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Gender Equality and Comprehensive Social Security Reform

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ABSTRACT

This paper explores the problems with poverty, unemployment and inequality. The analysis evaluates the shortcomings of the existing welfare system, evaluating its links to pressing gender issues. The final section of the paper evaluates policy options available for supporting greater equality and sustainable job-creating growth. It is written in the context of a specific brief provided by the Commission on Gender Equality so that the paper could serve to inform their submission to parliament around issues of social security and in particular the basic income grant.

INTRODUCTION

South Africa has considerable income and human development inequality along gender and racial lines. The poorest 40% of the population remain overwhelming female, african and rural.¹ With high levels of unemployment, insecure land rights, women are particularly vulnerable to poverty.²

Rural women are more at risk because they are dependent on remittances from absent male partners and low-wage agriculture.³ These vulnerabilities help to explain why the incidence of poverty among female-headed households is so high in South Africa. Given these conditions of poverty and inequality, the role of government in supporting a comprehensive social security system is critical. Not only can appropriate welfare programmes provide equitable redress to the historical legacy of apartheid—they can also support a virtuous growth dynamic that supports social development and greater equality.

This paper explores the problems with poverty, unemployment and inequality in South Africa. The analysis evaluates the shortcomings of the existing welfare system, evaluating its links to pressing gender issues. The final section of the paper evaluates policy options available for supporting greater equality and sustainable job-creating growth. It is written in the context of a specific brief provided by the Commission on Gender Equality so that the paper could serve to inform their submission to parliament around issues of social security and in particular the basic income grant.

1. NATIONAL LEVELS OF POVERTY

Apartheid created a society with a high degree of income inequality between whites and blacks. Most of the top income earners are white while the majority of the poor are black and in particular african. Fifty-two percent (52%) of all africans live below the poverty line compared to 2.1% of whites.

¹ UNDP, 2000. South Africa: Transformation for human development.

² Hasim, *et al.* 1998. Country gender profile. pg.43.

³ May *et al.* 1995

Even though South Africa is classified as an upper middle income country in per capita terms, 45% of South Africans experience absolute poverty.⁴ Poverty also has a strong rural bias. Forty-five percent of the population is rural. There are more Africans living in rural areas than any other race group. Seventy-two percent of South Africa's poor live in rural areas with seventy-one percent of people in rural areas falling below the poverty line.⁵

1.1 Poverty in the Provinces

The human development indices for the different provinces vary considerably. There is a close relationship between levels of development, poverty rates and rural areas. Provinces that have absorbed former homelands like the Northern Province and the Eastern Cape have low levels of development. Provinces that have a low level of overall development have higher poverty rates, and are predominantly rural and vice versa. Women outnumber men in all the provinces.

A provincial Household Circumstance Index (HCI) and Household Infrastructure Index (HII) were constructed for all the provinces by Statistics South Africa that ranked provinces from one to nine according to their level of development. The HCI combines the unemployment rate, average household size and children under the age of five to determine the well being of households across provinces. The HII measures the state of infrastructure development in each province. It combines formal housing, access to electricity for lighting, tap inside dwelling, flush or chemical toilet, telephone in dwelling or cellphone, refuse removal at least once a week, monthly household expenditure and level of education of household head. A high ranking indicates a low level of development and vice versa. For example, the Eastern Cape has a ranking of 9, which is interpreted as a low level of development.

⁴ UNDP, 2000. South Africa: Transformation for human development. pg.55

⁵ Ibid.

Table 1: Provinces ranked according to development indicators

Province	HCI Rank	HII Rank	Percentage of population in poverty	Percentage of population in rural areas
Northern Province	7	8	77.9	89
Eastern Cape	9	9	74.3	63
Mpumalanga	5	5	63.9	61
Kwazulu Natal	8	7	63	57
North West	4	6	60.9	..
Northern Cape	1	1	57.5	30
Free State	3	4	54.1	31
Gauteng	6	3	32.3	3
Western Cape	2	2	29.1	11

Source: Stats SA and UNDP report.

The HCI and HII indicate that the Eastern Cape, KwaZulu Natal and the Northern Province requires the most resources in terms of developmental backlogs to improve the life circumstances of the households and the level of infrastructure development. The Northern Cape and Western Cape appear to be the most well resourced. *Table 3* examines the various development indices for the different provinces. From the table, Kwazulu Natal, the Eastern Cape, the Northern Province and Mpumalanga are identified as the four most impoverished provinces in South Africa. These four provinces have more people living in rural areas relative to the national average. Women also more greatly out-number men in all four these provinces.

2. GENDER AND POVERTY

When using household data we find that female-headed households are heterogeneous and difficult to define. 'Gender of head of household' interacts with other factors such as race, location and dependency ratio to produce the patterns of disadvantage and poverty.⁶ However, some studies have attempted to tease out the difficulties in order to more clearly define the gender base of poverty in South Africa.

Data drawn from Statistics South Africa show that when using household expenditure data, female-headed households in South Africa are on average poorer than male-headed households in all the provinces. On average 77.2% of women and 56.9% of male-headed households in South Africa earn

⁶ May, Atwood *et al*, 1997.

a relatively low income of between R0 and R1800 per month. Fifteen point four percent (15.4%) of women and 18.7% of males earn between R1801-R3500 per month whilst only 7.5% of women and 24.4% of men earn more than R3500 per month. A provincial analysis reveals that the Eastern Cape, Free State, Northern Province and North West Province have the most female-headed households that fall in the very low-income category.

Table 2: Expenditure distribution by province and gender of household head

Province and Household Head	Gender of (1996)	Very low (R0-R1000)	Low (R1001-R1800)	Middle (R1801-R3500)	High (R3500 and up)
Eastern Cape	Male	59.8	15.6	11.9	12.7
	Female	71.2	13.3	6.8	2.6
Free State	Male	57.3	15.8	12.2	14.7
	Female	72.9	16.6	7.7	2.9
Gauteng	Male	19.0	20.2	22.1	38.7
	Female	26.1	24.4	30.2	19.3
KwaZulu Natal	Male	34.1	24.6	18.9	22.4
	Female	49.7	29.4	14.6	6.3
Mpumalanga	Male	34.8	28.6	20.8	15.7
	Female	41.2	40.2	15.4	3.2
Northern Cape	Male	45.3	21.1	14.3	19.3
	Female	48.1	30.4	15.9	5.5
Northern Province	Male	44.0	32.7	13.4	10.0
	Female	59.6	32.5	6.3	1.6
North West	Male	47.1	22.9	14.5	15.5
	Female	58.7	24.8	11.7	4.8
Western Cape	Male	15.6	20.2	27.4	36.8
	Female	18.3	28.4	34.6	18.6
South Africa	Male	34.9	22.0	18.7	24.4
	Female	51.8	25.4	15.4	7.4

Source: Stats SA

Women in rural areas are more vulnerable than those in cities. Seventy percent of female-headed households in non-urban areas fall in the very low-income category compared to 33.6% of urban females. These statistics underscore the importance of targeting women, especially those in rural areas, for social security programmes aimed at poverty reduction.

Table 3: Expenditure distribution by gender and residence (urban/non-urban)

	Very low (R0-R1000)	Low (R1001- R1800)	Middle (1801-3500)	High (3500 and more)	All income groups
Male (urban)	22.4	19.5	24.0	34.0	100%
Female (urban)	33.6	25.8	26.5	14.0	100%
Male (non-urban)	58.9	26.7	8.5	6.0	100%
Female (non-urban)	70.1	24.9	4.2	0.8	100%

Source: Stats SA

These results are further amplified and supported by statistics from the Poverty and Inequality Report which informs that 60% of households headed by women are poor compared with 31% of male-headed households. Further, they contend that rural households are twice as likely to be poor as households in non-rural areas.⁷

2.1 Gender and Unemployment

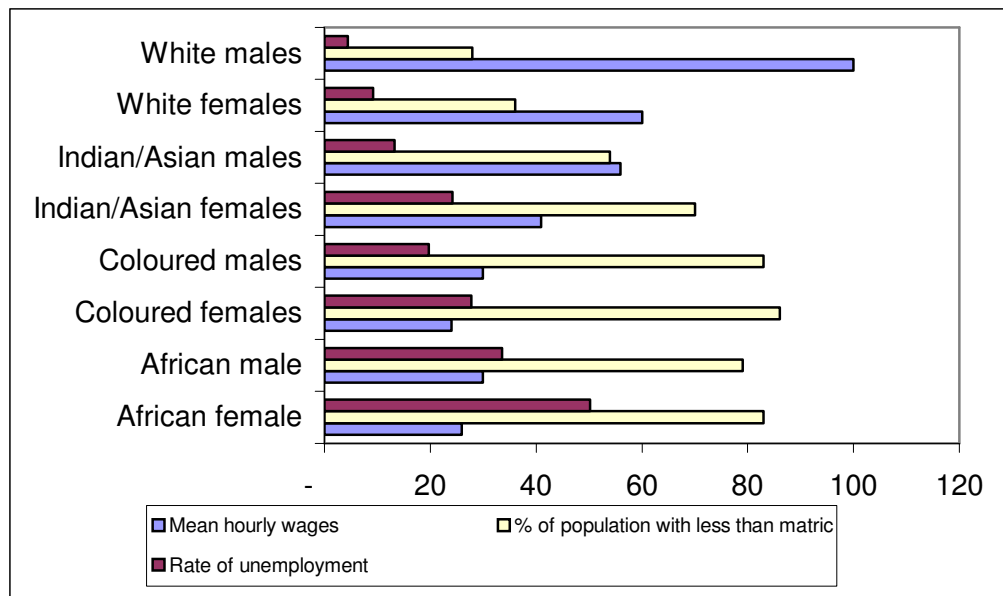
There are many reasons for the high level of poverty among women in South Africa. They earn lower wages per hour, have lower educational achievements and are more likely to be unemployed when compared to their male counterparts. **Error! Reference source not found.** documents the relationship between unemployment, relatively low levels of educational attainment and hourly wages for all race groups for both men and women. The situation for white males closely resembles that of industrialised countries. African and coloured males have higher rates of unemployment, lower wages and lower levels of educational attainment – a situation comparable to circumstances in most countries in sub-Saharan Africa. In all race groups females have lower hourly wage earnings, lower levels of education and higher rates of unemployment.

One reason for the lower earnings of women is that most women spend more time in domestic activities for which there is no formal wage compensation. For example: It is estimated that 60% of productive activities by

⁷ Poverty and Inequality in South Africa, pg.5

women in Kenya are not captured by the government statistics, compared to only 24% of that by males.⁸

Graphic 1: Correlation between educational attainment, hourly wages and levels of unemployment



Graphic 1 suggests a link between educational attainment levels, hourly wages and unemployment. Low educational attainment levels accompany high levels of unemployment and low hourly wages and vice versa. The high incidence of unemployment and poverty among females can partly be explained by the fact that they generally have lower levels of educational attainment. The role that education plays in reducing poverty levels and increasing growth rates can be further illustrated by a comparison between Sub-Saharan Africa and East Asia. In Sub-Saharan Africa, gender inequality in education and employment is estimated to have reduced per capita growth in the 1960-92 period by 0.8 percentage points per year.⁹

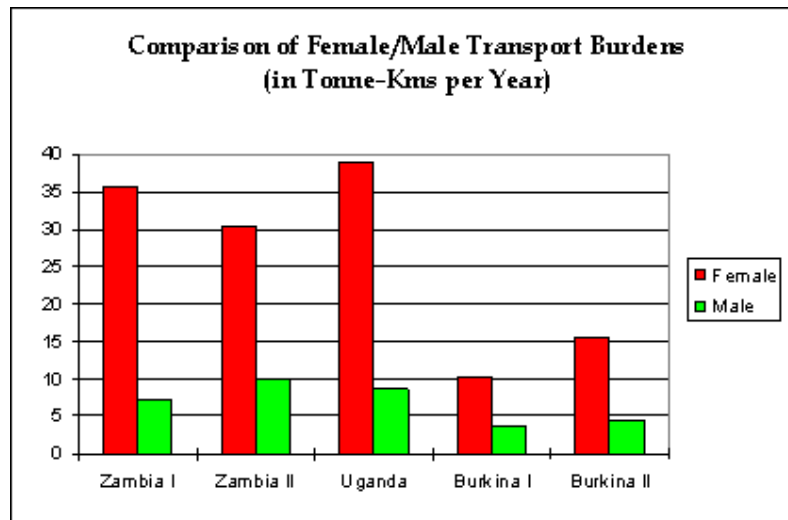
2.2 Gender and the Transport Burden

According to the World Bank females are often time-disadvantaged in rural areas because the burden of transportation is so time-consuming, leaving women with little time for other productivity-improving activities. A household

⁸ World Bank. 2000. The gender dimension of poverty. pg.2

survey in Ghana and Tanzania demonstrates that women have a threefold disproportionate share of the transport burden in the family unit.

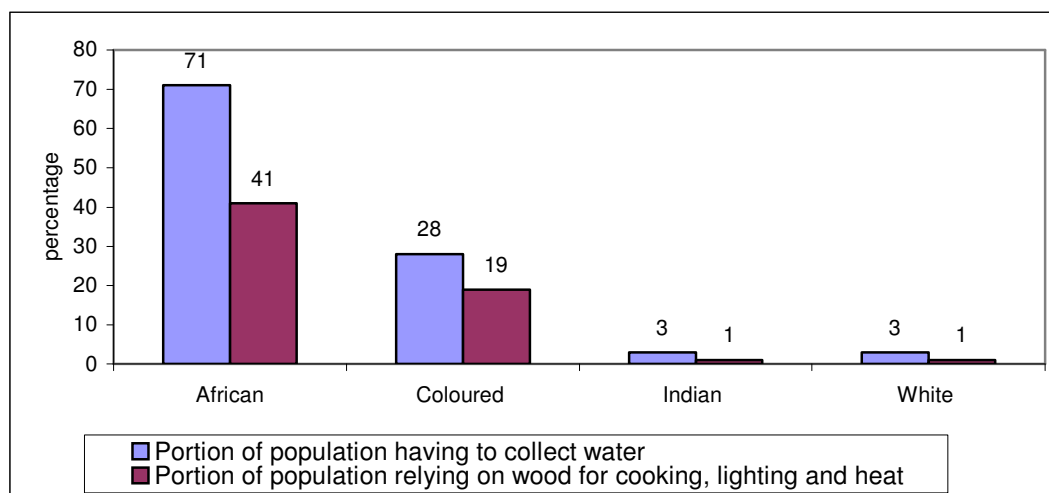
Graphic 2:



Source: World Bank 2000

Similarly, in South Africa the burden of providing firewood and potable water is disproportionately skewed towards women in the family unit.

Graphic 3: Number of households fetching water and wood by population group



Source: Budlender (1998:10-12)

Graphic 3 demonstrates substantial inequalities in transport burdens in South Africa. If we assume as is illustrated in Table 1 that the majority of poor households women, then, like in the rest of sub-Saharan Africa water and

⁹ World Bank. 2000. The gender dimension of poverty. pg.3

firewood-collecting activities take up a large amount of women's productive time and prevent women from undertaking more favourable investment.

3. SOUTH AFRICA'S SOCIAL SECURITY PROGRAMMES

The high levels of national poverty highlight the need for social assistance to poor communities. "Yet an analysis of the current social security system reveals a glaring gap in social assistance to the poorest and most vulnerable sectors of society."¹⁰ The system provides only for poor families with children under the age of seven and adults over the age of sixty (females) and sixty-five (males).

Since social security assistance represents a key investment by government to assist in poverty reduction, the lack thereof and shortfalls to uptake of particular grants continue to renege the vast majority of women in South Africa to lives of poverty, insecurity and vulnerability. A recent UNDP report on South Africa suggested the need for a basic income or development grant in order to address the severe levels of poverty in South Africa.¹¹ Problems associated with current grants such as uptake rates, the bureaucratic failures associated with means testing and lack of capacity to administer these means tests coupled with dwindling budgets at the provincial level, are some of the issues driving these new ideas for social security reform.

Despite the high levels of poverty provincially and nationally, per capita welfare expenditure across South Africa suffered a decline over the five-year period from 1998/99 to 2002/03.

¹⁰ UNDP.South Africa: Transformation for human development.2000.pg.60.

¹¹ Ibid

Table 4 : Provincial Welfare Expenditure

Real Per Capita Welfare Expenditure in Rands	1998/99	1999/00	2000/01	2001/02	2002/03
Eastern Cape	617	609	616	569	541
Free State	470	450	459	442	415
Gauteng	333	327	329	323	318
KwaZulu-Natal	505	478	446	444	419
Mpumalanga	411	405	394	384	375
Northern Cape	855	829	720	690	659
Northern Province	434	457	465	429	417
North West	413	416	417	391	376
Western Cape	599	557	533	504	489

Source: Intergovernmental Fiscal Review, 2000

Like health expenditure, welfare spending exhibited a skewed allocation across provinces, reflecting in part “historical differences in access to grants.” (Intergovernmental Fiscal Review, 2000). In the Northern Cape and Western Cape, about 80% and 60% of the respective populations of disabled people receive disability grants. Less than 20% of disabled people in Mpumalanga, the Northern Province, and the North West Province receive the grants. Old age grants, however, have a more progressive incidence. Nevertheless, fiscal austerity and the failure to index grants to the inflation rate have in the past undermined the social and productivity benefits of an appropriate social security system.

3.2 Definitions

The constitution embodies the right to social security.¹² In South Africa the government defines social security as public and private contributions that aim to address poverty prevention, poverty alleviation, social compensation and income distribution.¹³

There are four major elements in the approach of government to social security. The first two involve private contributions while the last two are public. **Private savings** and **Social insurance** (joint contributions by employers and employees to pension or provident funds) are private non-governmental

¹²S27 (1)(c) of the constitution 108 of 1996

¹³White paper for social welfare GN 1108 in GG 18166 of 8th of August 1997, chapter 7 pg.48

initiatives. **Social assistance** and **Social relief** (short-term measures to tide people over a particular individual or community crisis) are government initiatives. The latter are non-contributory and needs-tested.¹⁴

Initiatives are underway to develop a comprehensive approach to social security.¹⁵ This includes incorporating informal social security into the government framework, especially since it not only acts as a safety net but it is the mechanism, which supports them in the medium and short term.¹⁶

3.2.1 Social Security Grants

Social assistance aims at providing the poor with income to cover their basic needs. It is defined as non-contributory income-tested benefits provided by the State to groups such as people with disabilities, elderly people and unsupported parents and children who are unable to provide for their own minimum needs¹⁷.

The Social Assistance Act provides three financial mechanisms to achieve this objective:¹⁸

1. Social grants
2. Childcare grants
3. Social Relief

This system is financed by the budget allocation.

State Old Age Pensions (SOAP)

"Social old age pensions play a crucial role in combating poverty in South Africa, not only because many pensioners would otherwise be amongst the poorest, but also because pension money circulates widely in many poor communities."¹⁹ Eighty-nine percent of households receiving old age pensions are African and two thirds are situated in rural areas. [Lund and Arlington chapter 4 p 109]

¹⁴ *White paper for social welfare* GN 1108 in GG 18166 of 8th of August 1997, chapter 7 pg.48

¹⁵ SI & SA pg.5

¹⁶ SI & SA page 5/6

¹⁷ *White paper for social welfare* GN 1108 in GG 18166 of 8th of August 1997, chapter 7 pg.48

¹⁸ Act 59 of 1992 in SI & SA pg.38

¹⁹ Van der Berg *Issues in south African social security* 27

Child Support Grants (CSG)

This grant replaced the state maintenance grant [SMG]. The CSG is payable to a primary caregiver of a child under the age of seven years. Statistics provided by the department on the total number of people who have applied and received the CSG since its inception put the number at 580 000.

Table 5: Comparison of CSG Take-Up Rates 1998/99 to 1999/200

Provinces	Applications 1998/99	Registration % in relation to target	Applications 1999/2000	Registration % in relation to target	% Growth	Applications as at 14 June 2000
Western Cape	3 043	27%	10 835	33%	6%	16 326
Eastern Cape	5 552	0.57%	58 541	21%	20.43%	49 009
Northern Cape	2 050	55%	9 498	96%	41%	10 945
Free State	1 310	0.35%	22 303	15.7%	14.35%	30 130
KwaZulu Natal	7 501	10%	80 879	33%	23%	114 284
Gauteng	2861	25%	56 436	176%	151%	73 882
Mpumalanga	718	0.28%	35 358	42%	41.72%	36 554
Northern Province	2 249	0.30%	64 799	32.5%	31.15%	64 790
North West	1 430	0.34%	35 284	29%	28.56%	47 357
Total	26 714		311 797		1167%	386 196

Source: Idasa

A provincial breakdown of take up rates for the CSG show that the numbers are very small. This is especially the case in some of the poorer provinces outlined earlier. The Eastern Cape is of particular concern where only 30 997 of the targeted 241 000 for the 1999/2000 financial year were reached. Only 53 000 of a targeted 186 000 poor children are benefiting from the CSG in KwaZulu-Natal for the 1999/2000 financial year.²⁰ There are a number of factors that combine to contribute to this poor outcome. One of the most important being the means test. The means test excludes a large percentage of the poor.²¹ Some criticism against the CSG include:

- The grant is very small and is not linked to the needs of the child and the cost of supporting the child.

²⁰ Idasa, 2000. Budget information service

²¹ SI and SA pg. 176

- The grant is not linked to inflation.
- The administrative complexity of the policy and the ill-trained welfare officers causes inefficiency in the administration.
- The policy exploits women's unpaid and unrecognized work of caring for the children. With women being the primary caregivers the policy hits them the hardest.
- The qualifying requirements in many cases act as a barrier to entry. These include:
 - proof of guardianship and custodianship (sworn affidavit from legal parent/custodian) granting express or implied consent;
 - applicant and child's ID number;
 - proof of effort made to obtain maintenance from parent of the child/children;
 - proof of efforts made to join a development programme;
 - proof of marital status ;
 - clinic card; and
 - ID number of father/mother

The means test of seven years excludes a significant portion of poor children. The children who do not qualify will probably end up leaving school at an earlier age unskilled and under-educated. They will add to the ranks of street children, prostitutes and juvenile criminals. The short term cost saving of not providing for older children can in effect be seen in the medium to longer term as a future expense to the government in the form of rehabilitation, incarceration and increased levels of crime and violence against women (to name but a few).

4. GENDER AND VIOLENCE

"In South Africa today, the remedy for violence against women is sought through changes in legislation and policies. This solution is an attempt to attack effects as opposed to causes... Women have been the subjects or targets of laws - but their nature, capacity and experience have been

articulated from the male viewpoint - their voices have been silenced due to the subordinate position they occupy in all institutions - be it private or public.”²²

Violence against women is a human rights violation. Gender equality is entrenched in the Constitution of South Africa.²³ Further, in the South African context, political commitment has been ratified in several international instruments including CEDAW. The United Nations Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) of 1979 was ratified in South Africa in 1995.

In March 1999, the Gender Department of Justice in its Gender Policy Statement committed itself to “creating a legal environment to eliminate all forms of the trafficking in women... to ensure that all women and the girl child enjoy the right to freedom and security of person regardless of economic or occupational status”.²⁴ But this has proved to be deceptive. There is a perception that if legislation changes then the problem of violence against women in our society will be solved.

Understanding and incorporating into policy the capacity to overcome patriarchal and economic power relations between men and women in the country will go a long way in addressing human rights of women in South Africa. The thinking in state and government departments may still have some way to go in order to fully absorb and form the connection between women's rights and human rights. There is a pressing need to empower women through education, to provide legislative recourse and to help women escape the poverty trap of economic dependence.

Gender-based violence is difficult to quantify because it tends to be ‘invisible’.²⁵ There are four mutually reinforcing factors that contribute to this: a lack of credible statistics; it is most often confined to the domestic sphere; violence has a cultural dimension and may be seen as an acceptable means of conflict; violence is not reported because of fear of reprisal.

Since transition, South Africa has reported very high levels of both political as well as violent crimes. The vulnerability of women and children, in

²² Manjoo in Dawood et al, 1999, pg.13

²³ For further details see Molo Songololo, 2000, pg. 83 and Dawood, 1999, pg. 15

²⁴ Molo Songololo, 2000, pg. 75

²⁵ Dawood et al, 1999

particular young girls has had both economic and social ramifications. Reliable statistics for violence against women in South Africa are not readily available. Both domestic violence and sexual assault are pervasive in South Africa. They are committed almost exclusively against women, and often in places that women should be safe, and often by men that women know.

Further, the delays in processing cases (between two months and three years), postponement of cases (for further investigation), procedural, attitudinal as well as the small number of convictions that eventually take place are some of the reasons contributing to the low rate of formal reporting at police stations.

Women continue to have very little recourse through the legal framework and the judicial system. The system has failed to protect them from private and public violence. Reported rapes represent less than 2,8 % of occurrences and less than one third of these actually reach the courts.²⁶

“We believe that one of the reasons why we are not seeing a change in attitude of the judiciary, or why rape and domestic violence is almost condoned at community level, is because we have not created adequate space in the transformation process for the acknowledgement of our past traumas and a lack of adequate and appropriate mechanisms for healing the pain to which every single citizen in this country has been subjected to.”²⁷ In trying to come to grips with the severity and impact of violence in South Africa, this idea is gaining ground. Certainly, the idea has strong merits, but one also has to look at issues of power and in particular economic power relations within families to gain a fuller understanding of the broader dimensions of violence against women.

In a pilot study completed by the sexual Harassment Education Project (SHEP), it was found that one woman was murdered every six days by her partner or ex-partner in Gauteng province in 1993/94 (in Baden et al, 1998). This report also found that nearly 60% of women living in Gauteng were in abusive relationships. The Interpol International Crime Statistics Report in 1994 ‘indicates that South Africa has the highest reported rape ratio in the world’ (in Baden et al, pg. 37)

²⁶ Baden, 1998 and Olckers in Dawood et al, 1999

²⁷ Dawood et al, 1999

Women and children are regarded as the most vulnerable to violent attacks in their homes and communities and to and from places of work. The aged are also particularly vulnerable, especially when they go to collection points to receive their state pensions.

The Poverty and Inequality Report (1998) relates that wealthy people in South Africa tend to be victims of property crime, while the poor (typically african and women) face a stronger risk of personal crime. They report that poverty, high unemployment and marginalisation of men increases the risk of violence against women and often poorer women are trapped in abusive relationships because of their dependence on their partners for food, shelter and financial security.

Lack of infrastructure such as adequate street lighting, telephones, public transport and decent roads makes it difficult to facilitate the prevention of crime. Further, police resources are not distributed equitably - in 1996 nearly 75% of police stations were operating from historically white areas. The report further details that government policy is largely aimed at curbing crime and is still more reactive than preventative. (Poverty and Inequality Report, 1998)

4.1 Case Studies

The incidence of family violence is far higher than we can show statistically. Alongside the rape, abuse and battering that women experience, there is the abuse and incest experienced by children. Often mothers and daughters are afraid to talk about the problem of incest and so the offenders continue their abuse without any legal or institutional measures taken against them. Victims are often sent back into the environment where they were abused in the first place without any provision for safety or counseling. Most cases in studies and reports surveyed link violence and abuse in the home to men being unable to find work. This leaves them feeling inadequate, frustrated and angry.²⁸

Three main themes in many of the case studies surveyed seem evident.

1) When women want to enforce their legal rights then the burden of proof/responsibility rests on their shoulders.

²⁸ Taylor, 1997

This is the case whether women report sexual crimes perpetrated against their person, or the lack of maintenance support by a father.

In a case reported to the Commission on Gender Equality (CGE), when a respondent failed to comply with a maintenance order, a summons for his arrest was issued. However, after checking three times whether the father was going to pay the maintenance, the burden of bringing the father to justice was still the responsibility of the mother. In another case reported to the CGE, a woman was misinformed about her rights to apply for a foster care grant. She was told that she had a longer period for the application, than was the case in reality. The officials in charge would not take this into account.

In two out of five cases reported by rape survivors, the victims describe how the police did no follow-up to inform them of the outcome of the cases they reported. They were not told what to do or what to expect after the cases were made at the police station.²⁹

2) Many of the women depend on men for their economic well being.

A complaint investigated by CGE depicts how a woman who applied for her husband to comply with a divorce decree allowing her half of his pension/annuity was without resources to pursue the case and found herself without legal representation.

Dawood et al (1999) report a case where a women pursued an interdict against her husband. He violated the interdict. He was arrested and they appeared in court. He was given a one year suspended sentence and told not to hit his wife again. She says: "But after that, he is still beating me. I can't leave him because I have children to look after and he brings in the money".³⁰

3) Many of the men use violence against women to expropriate what earnings women have and to develop power to control women's freedom.

Molo Songololo (2000) report several cases of young girls being held captive for purposes of sexual exploitation and child prostitution. Often the violence is used as a method to ensure that the gang leader has power over other gang members so that his authority remains unchallenged.

²⁹ Dawood et al 1999

³⁰ Ibid pg. 52

The lack of economic options available to women is clearly a factor in promoting sexual survival strategies, and these carry a high risk of HIV/AIDS infection. This is particularly the case in urban areas. Budlender³¹ finds that in KwaZulu Natal between 1990 and 1992, HIV infection rates were 3.2 times higher among women than men.

A survey in 1994 in rural KwaZulu Natal³² found HIV infection rates of 13.4 % among women compared to 5.8% among men. Further, they document that women tend to become infected at an earlier age than men.

In addition, violence against women on public transport systems or on their way home or to work, not only leads to loss of life, health related problems and disabilities, but also to changes in work patterns and freedom of movement. It is not safe for women to work overtime or to work shift, unless transportation to and from work is provided. The economic and social cost to society is essentially a dead weight loss as it has very little growth enhancing potential for the country.

4.2 Children's Vulnerability

The type and level of abuse that children face is indicative of their vulnerability in relation to adults. But there is interdependence. Children's vulnerability is increased by the vulnerability of primary caregivers and also increases the vulnerability of primary caregivers. Reducing the economic vulnerability of children reduces the dependence and strain on the resources of the primary caregiver, who for the most part are women.

Between 1998 and 1999 it was estimated that South Africa has approximately 17 million children. Sixty one percent of these children live in poverty.³³ The United Nations Convention on the Rights of the Child (CRC) of 1979 was ratified by South Africa in 1995. Article 27(1) states that 'State parties recognise the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development'³⁴ Recognising this right obligates state parties to combat socio-economic underdevelopment

³¹ referenced in Baden et al, 1998

³² reported by Frohlich in Baden et al, 1998

³³ Molo Songololo, 2000, pg. 29

³⁴ Ibid pg. 75

and poverty. Further, the state is obligated to provide special protection to children experiencing sexual exploitation and/or physical or emotional abuse.

“South Africa has its own legacy to contend with. Whereas the welfare and social service sectors have had to cope with about 5 million people before 1994 it now has to cope with the demands of 40 million people, most of whom are getting poorer. This places children even more at risk, as there is no real safety net for them and their families.”³⁵ Much child prostitution is associated with survival sex and/or gang membership and this is indicative of the level of poverty these children face within the family context or as individuals.

The following are a few of the patterns and trends of sexual exploitation in children that were identified in an HSRC position paper:³⁶

- 1) The majority of sexually exploited children are girls and the vast majority of exploiters are men.
- 2) There is a growth trend in the sexual exploitation of boys and their exploiters are both men and women.
- 3) The children receive ‘in kind’ remuneration in the form of shelter, food, school fees etc.
- 4) Economically vulnerable adolescent children often engage in ‘survival sex’ and grow to see it as an acceptable means of earning an income.

A summary of reasons for sexual exploitation given by NGO’s, Community Workers and the media include the following:³⁷ poverty coupled with high unemployment, and school dropout rates; lack of effective social welfare support for children and families; lack of effective safety and protection services for children; sexual abuse of children; high levels of domestic violence; increased urbanisation and increased family disintegration; parental involvement.

Poverty is seen as a major contributory factor that affects school dropout rates because parents do not have enough money to pay school fees and transportation costs to send children to school. South Africa’s country report to

³⁵ Ibid pg. 5

³⁶ E. Schurink and W. Schurink, ‘Sexual Exploitation of Children: an HSRC Position Paper’ in ‘In Focus Forum’, Vol. 4 No. 3, Nov 1996 pg. 25 in Molo Songolo, pg. 10

³⁷ Molo Songolo (2000)

the UN Fourth Conference on Women in 1995³⁸ showed that there was a 50% school dropout rate for both sexes at both primary and secondary level. These children are expected to either contribute to the family's income or fend for themselves.

A Unicef report³⁹ indicated that only 65% of children enrolled between 1990 and 1995 reached grade 5. (One can only hope that Compulsory education to Grade 9, which has been legislated in 1997, has since ameliorated the school dropout rate)

The current welfare provision for destitute families is limited to a grant of R100 per child per month for children under 7 years of age. Approximately 30 percent of intended recipients did not receive the grant in 1999. This points to the lack of an effective welfare safety net for families who through lack of education, lack of skills and unemployment are unable to provide for their families' financial needs. This in turn places a strain on the family. In a society where there is a demand for sex with children in exchange for money, this then becomes one way in which the immediate needs of the family can be provided for.⁴⁰

"Typically child protection organisations, as part of the historically marginalised social service sector, lack basic resources and programme components, which are acquired to deal effectively with child abuse."⁴¹ With the media coverage and increase in public concern around issues of sexual abuse, welfare organisations have been flooded with referrals.

The budgetary cutbacks in social service provisions have exacerbated problems experienced (ineffective interventions and secondary abuse of traumatized children) by the already ill equipped service providers. Most of the organisations interviewed⁴² indicate that their biggest obstacle to service provision was related to their lack of financial and human resources to provide regular and ongoing services of high quality. The need for services far outstrips the available capacity.

³⁸ Ibid pg. 31

³⁹ cited in Molo Songololo, 2000

⁴⁰ Ibid, pg. 31

⁴¹ Ibid pg. 32

⁴² Ibid

“Research findings illustrate how severely the socio-economic situation in South Africa impacts on the vulnerability of children. These findings reflect high unemployment, and school dropout rates, lack of effective social welfare support for children and families, lack of effective safety and protective services for children, changing patterns in parenting and high levels of domestic violence.”⁴³ Poverty is not the only factor affecting exploitation of children, however poverty plays a leading role in the creation of the conditions for such exploitation.

5. POLICY OPTIONS FOR SOCIAL SECURITY REFORM

Given the problems discussed above, several policy options are available for the reform of the existing social security system. Most of the major proposals fall into three categories: (1) an extension of the CSG, (2) an unemployment insurance programme or social benefit, and (3) the implementation of a basic income grant. All of these proposals seek to cover some or all of existing gaps in the welfare system. The following discussion begins to evaluate the trade-offs in terms of relative costs and benefits.

5.1 Extending the Child Support Grant

The current CSG aims to cover children only up to their seventh birthday, and falls substantially short of reaching all eligible beneficiaries. Extending the grant to age eighteen would begin to close the gaps in the existing social security system. An analysis of the impact on households of this extension provides insight into the implications for poverty reduction and gender equality.⁴⁴ A household micro-simulation of an extension of the means-tested CSG up to the age eighteen documents a significant but incomplete impact on poverty reduction. The extension of the CSG will close nearly 60% of the poverty gap, reaching nearly nine million beneficiaries. The programme will cost approximately seventeen billion rand.

⁴³ Ibid pg. 42

⁴⁴ Haarman, Claudia. 2000. *Social Assistance in South Africa: Its potential impact on poverty*. Cape Town: University of the Western Cape. pg. 308-317.

The demographics of the extension of the CSG demonstrate improvements in gender equality. Rural households (disproportionately female) receive twice the aggregate benefits received by urban households. Only households with children receive benefits, and these households are more frequently headed by women compared to households with no children. The grant is well targeted to the poor—two-thirds of the benefits are received by the poorest households (bottom 40%), which are disproportionately headed by women.

The positive gender impact of this grant is realised through transfers to children. Women without children in their household do not benefit—in households with only working age adults, 95% of the household members receive no social grants at all. Extending the CSG provides focused assistance, but it does not address all of the gaps in the existing system.

Other issues in assessing the potential of the CSG include improving take-up rates and indexing the grant to inflation. Currently, the poorest provinces have some of the lowest take-up rates. Means tests that require burdensome compliance requirements hit the poor the hardest, since they frequently have the farthest to travel in order to fulfil administrative requirements, and the poor can least afford the drain on household resources. An effective programme for ensuring take-up will include information dissemination that reaches the poorest pockets of the country, as well as procedures that reduce the burden of administrative compliance.

Indexing the CSG is essential if the real purchasing power is not to be eroded over time. In particular, the index that is appropriate should measure the price increases of goods consumed by the poor. The standard consumer price index is poorly suited to the task—interest on bond payments, automobile expenses, and luxury goods do not feature prominently in the consumption basket of the poor. Particularly if the government implements an effective redistribution package, the price index of goods consumed by poor households is likely to diverge significantly from the standard consumer price indices.

5.2 Reforming Unemployment Benefits

According to the International Labour Organisation, unemployment benefits are designed “to provide income security during unemployment—on the straightforward argument that if, through no fault of his [or more frequently in South Africa’s case, her] own, a person is deprived of an income consisting of his [or her] earnings from employment, he [or she] has a right to expect income support at least for necessities of life, while he [or she] remains available for work.”⁴⁵ The current unemployment insurance fund (UIF) covers a small fraction of the unemployed. In particular, the UIF excludes domestic workers, casual workers, and others in the informal sector. Most jobless women receive no benefit from existing schemes that aim to protect the unemployed.

A major proposal for social security reform involves providing an income grant to the unemployed. Typically, this entails a small monthly grant to unemployed adults satisfying a means test. An analysis of the micro-simulation model employed for the extension of the CSG illuminates the household impact of a R100 per month grant to unemployed individuals.⁴⁶ For the purposes of this analysis, the means test eliminates the benefit for any unemployed person with personal income in excess of R800 per month. This unemployment benefit will close approximately 53% of the poverty gap, reaching over four million beneficiaries. The programme will cost approximately ten billion rand.

The demographics of an unemployment benefit demonstrate fewer improvements in gender equality compared to the extension of the CSG. Rural households (disproportionately female) receive only 60% more of the aggregate benefits received by urban households (compared to 100% more with the extension of the CSG). The *per capita* benefit for households with children (predominantly female) is less than half the benefit for households with no children. Since women bear primary responsibility for children in the

⁴⁵ ILO Report, 1975. *Social Security for the Unemployed*. Geneva: ILO. pg. 15. Reported in *Social Insurance and Social Assistance: Towards a Coherent Approach*. A Report to the Department of Welfare. Prof. Marius Olivier et al. December 1999. pg.100.

⁴⁶ Haarman, Claudia. 2000. *Social Assistance in South Africa: Its potential impact on poverty*. Cape Town: University of the Western Cape. pg. 289-298.

poorest households, the gender implications of an unemployment benefit are less favourable than those for an extension of the CSG.

5.3 The Basic Income Grant

A basic income grant for all South Africans would substantially improve gender equality in South Africa while sustaining economic growth and job creation. The potential benefits of the grant include improved health and education, better access to employment-supporting services, reduced strains on wage earners through remittances to poor family members and friends, improved social stability and lower crime rates. These benefits promote gender equality through several transmission mechanisms, which are discussed below. In addition, these benefits contribute to improved labour productivity, potentially leading to increased private investment. Income grants also fuel spending by the poor, stimulating job creation. The resulting economic expansion supports increased tax revenues, helping to finance the basic income grants and ensuring their sustainability.

The direct costs of a R100 per person per month basic income grant total R52 billion. Adjusting marginal tax rates and income thresholds in the tax structure to recapture the grant from relatively high-income individuals can yield additional tax revenue of approximately R24 billion. The net cost of the transfer—the amount of transfers to the poor and the near poor—is R28 billion.

Tax effort analysis demonstrates that South Africa is characterised by considerable taxable capacity—on the order of approximately five percent of national income. Potential revenue sources include increasing the progressivity of income taxation (R7-12 billion), reduction of private sector medical aid tax subsidies (R2-3 billion), the proceeds from capital gains taxation (R9-14 billion), an increase in the value-added tax (R4-7 billion), a higher value-added tax rate on luxury goods (R3-5 billion), and tapping the “hidden surplus” indicated by consistent over-attainment of tax revenue targets (R5-6 billion). The exact composition and level of financing is primarily a political question, but analysis suggests sufficient resources could be raised to finance the basic income grant, or any of the other social security reforms discussed in this paper.

The following discusses the transmission mechanisms through which a basic income grant promotes gender equality and sustainable job-creating growth.

5.3.1 Social Risk and Gender

When adversity strikes a household, more frequently women shoulder responsibility for ensuring the livelihoods of the children. Women face higher costs to high-risk/high-return investments because of the burden of family responsibility. This tends to nurture a risk-averse approach that can reinforce a poverty trap.⁴⁷ A basic income grant provides a guaranteed safety net that encourages low-income individuals (disproportionately women) to undertake risky yet high return investments in education, training, job search, and other income-generating activities.

A basic income grant stimulates overall economic activity, reducing the risk that the poor lose the jobs they have or fail to find employment if they are unemployed. The grants mitigate risk by providing the security of a guaranteed minimal level of income, enabling a poor mother to more securely send her children to school, confident that the resulting marginal loss in income will not mean the difference between perishing and survival. Low-income domestic workers can give up their R400 per month jobs and undertake riskier yet more remunerative self-employment, or acquire human capital in order find higher wage employment. The mere costs of job search—with its risky outcomes—can lock low-income workers into poverty traps. A basic income grant provides more than a safety net—it serves as a springboard that enables vulnerable individuals who fall into adversity to bounce back into more sustaining livelihoods.

International experience demonstrates the adverse developmental impact of shocks to people's livelihoods. One study documents the costly coping mechanisms households employ in low-income countries. Rural women face adverse weather fluctuations, business failure, economic recessions, and illness. Because of risk averse behaviour, households show

⁴⁷ Holzmann, Robert and Steen Jorgensen. 2000. "Social Risk Management: A new conceptual framework for Social Protection, and beyond." February 2000. SP Discussion Paper No. 0006. The World Bank.

reluctance to adopt new technologies and take advantage of economic opportunities.⁴⁸ In addition, parents may remove children from school in response to adverse income shocks. This undermines the accumulation of human capital and contributes to a vicious cycle of poverty.⁴⁹ The inability to cope with risk adversely affects the health of children, particularly girls. For example, the health of girls suffers during the seasons before a major harvest.⁵⁰ In India, the survival rate of girls relative to boys increases if income shocks are favourable in the early years of a child's life. Coping mechanisms for risk are not gender neutral.⁵¹

This evidence demonstrates the need for poor households, especially female and rural households, to have available effective means for coping with risk. A basic income grant provides a secure safety net that enables households to maintain sustaining livelihoods in the face of adverse shocks. In addition, the guarantee provided by the grant enables households to undertake high-risk but poverty-eradicating investments in human capital accumulation, new employment opportunities, and other activities.

5.3.2 Improving the Capacity of the Unemployed to find jobs

The basic income grant will raise living standards, supporting the capacity of unemployed job seekers to find work. Economic theory argues that basic income grants to the unemployed will tend to undermine their willingness to work, as additional income reduces the "opportunity cost" of not working. In the absence of basic income grants, the alternative to working may be unacceptable living standards. Basic income grants make the alternative living standards more tolerable. Empirical evidence from South Africa's 1997 *October Household Survey* as well as from the SALDRU/World Bank living standards survey does not support this premise. Statistical analysis by the Economic Policy Research Institute indicates that higher living standards are correlated with more extensive and more intensive job search efforts as well as

⁴⁸ Murdoch, 1995.

⁴⁹ Jacoby and Skoufias.

⁵⁰ Behrman. 1988.

⁵¹ Rose. 1994.

higher rates of finding employment, even when controlling for the effect of remuneration on consumption.

The samples of individuals in Gauteng, KwaZulu-Natal, and the Western Cape who expressed an interest in employment in October 1997 (active and passive job-seekers) were divided into five quintiles based on per capita household consumption in September 1997. Then the rates at which job seekers in each quintile found jobs in October 1997 were calculated. The analysis demonstrated that higher prior living standards are correlated with higher job-finding rates. One interpretation of this statistical result is that individuals who can better afford leisure nevertheless choose to find jobs and/or are apparently better able to secure employment. The analysis does not support the conventional argument that basic income grants will lead to reductions in labour supply.

5.3.3 Increasing Job Opportunities for the Unemployed

Basic income grants to the poor act as a wage subsidy, allowing wage increases to more efficiently raise the productivity of workers. Currently, the imperative of providing remittances to family members, friends, and other individuals in need reduces the remaining wage available to sustain the worker's productivity.

Wage increases are in part "taxed" by associated increases in remittances, since the working poor provide the primary social safety net for the very poor. As a result, the "efficiency wage" effect is diluted—wage increases do not lead to as powerful a productivity-enhancing effect as they would if the remittance pressures were reduced. This tends to create a low wage trap, as higher wages provide a public good, and market failure ensures that this "good" is insufficiently provided.

Basic income grants can reduce severe poverty and mitigate the demands on workers for remittances. This allows workers to channel more of their wages to productivity-enhancing consumption. Empirical evidence in South Africa and in other countries supports this hypothesis. The 1996 ILO study of the South African labour market documents how the tendency for large family remittances to flow from urban to rural areas places South African

firms at a structural disadvantage, resulting in reduced employment.⁵² A large body of cross-country evidence documents the substantial role remittances from the working poor play in creating a social safety net for the very poor. Empirical and theoretical analysis supports the applicability of the “efficiency wage” hypothesis. Wage increases that support nutrition, health, better housing, education, and other social and private assets significantly increase worker productivity.⁵³

5.3.4 Social Investment

The basic income grant can improve the social asset base of poor households while promoting gender equality. “People who are used to living in a persistent state of under-nourishment, illiteracy and lack of basic healthcare may come to think of nourishment or school education or medical attention as a luxury, rather than as a “need”, so that even if we go by their own self-perception of needs, we may take an unjustly limited view of their deprivation.”⁵⁴ A basic income grant changes the nature of fundamental social goods, supporting them as rights rather than luxuries.

A statistical study by the Economic Policy Research Institute demonstrated the strong effect of income grants in promoting educational attainment. The study, which analysed three-generation households using October Household Survey data, demonstrated that while both boys and girls improved educational outcomes if a grandparent received a pension, the positive effect was more pronounced for girls.⁵⁵

The basic income grant can finance household expenditure that yields substantial long-term benefits. The recent United Nations report by the Report of the Commission on the Nutrition Challenges of the 21st Century documents

⁵² Standing, G., J. Sender, and J. Weeks. 1996. *Restructuring the Labour Market: the South African Challenge*. Geneva: International Labour Office. Cited in *The South African Labour Market* by Frans Barker, 1999. Pretoria: J.L. van Schaik Publishers. pg. 118.

⁵³ Behrman, J. and A.B. Deolalikar. 1989. “Health and Nutrition”. Chapter 13 in H. Chenery and T.N. Srinivasan, eds., *Handbook of Development Economics*. Volume II. Amsterdam: North-Holland. Also, S. Strauss and D. Thomas. 1989. “Human Resources: Empirical Modeling of Household and Family Decisions”. Chapter 34 in H. Chenery and T.N. Srinivasan, eds., *Handbook of Development Economics*. Volume IIIA. Amsterdam: North-Holland.

⁵⁴ Jain, Devaki. 2000. “Towards sustainable consumption” in *Women, Economics and Development*. September 2000, pg. 6.

the extent to which inadequate early childhood nutrition contributes to long-term health and education problems, leading to lower productivity through poorer health and higher absenteeism.⁵⁶ In addition, conditions resulting from childhood deprivation lead to long term strains on the nation's health and education systems, draining resources that could efficiently target other social priorities. Poverty-linked HIV/AIDS also creates a cataclysmic burden on health resources, and truncates the productivity of human capital prematurely through the death of its victims.

5.3.5 A Social Stake

The basic income grant provides a social stake for the economically disenfranchised, promoting social cohesiveness and investor confidence. Poverty creates vulnerability to crime, and victimisation in turn erodes human and social capital and undermines access to employment. Theoretical economic and empirical cross-country evidence demonstrates that income grants yield social benefits that increase private investment and stimulate economic growth. Investing in basic income grants will likely yield substantial social returns, redressing the turmoil associated with South Africa's apartheid legacy and promoting social cohesion and stability. These dividends will support continued productive investment and economic expansion.

5.3.6 Gender-Related Violence and Poverty

Violence against women reinforces the gender dimension of South Africa's poverty trap. Economic vulnerability erodes alternatives available to women facing gender-related violence. And violence against women intensifies in the climate of frustration bred by high unemployment and poverty rates.

A study in Jamaica linked the lack of employment opportunities to levels of violence against women. Men reported that joblessness underpinned involvement in gangs, theft, imprisonment, and violence. Women in the same

⁵⁵ Samson, Michael and Oliver Babson. 2000. The Complementarity of Social Investment and Income Transfers. Cape Town: Economic Policy Research Institute. (forthcoming)

⁵⁶ James, Philip. 2000. Report of the Commission on the Nutrition Challenges of the 21st Century. New York: United Nations.

community linked unemployment to pregnancy, dependence on men, abuse, and other violence. Another study documented that women who have experienced violence earned 38% less than women unaffected by gender-related violence.⁵⁷ ***“According to recent World Bank estimates, gender-based violence—including rape, domestic violence, mutilation, murder, and sexual abuse—accounts for one out of every five healthy days of life lost to women of reproductive age.*** The health burden created by this type of violence is comparable to that from other conditions already high on the world agenda.”⁵⁸ This encapsulates the vicious circle. Violence breeds poverty, which in turn reinforces vulnerability and more violence.

In Ecuador and Hungary, domestic violence was identified as the most important reason for household restructuring, which in turn reduced the capacity of the household to maximise the use of its assets.⁵⁹ “Local and international economic policy interact with gender violence to affect, positively or negatively, the lives of women and their families.”⁶⁰

5.3.7 Fiscal Stimulus

Basic income grants to the poor stimulate aggregate spending, leading to increased economic activity which promotes economic growth. An analysis of South Africa’s productive capacity does not support the contention that basic income grants to the poor might be inflationary or unsustainable. Since 1995, utilisation of productive capacity has fallen approximately five percent. The substantial increase in economic activity generated by basic income grants will tend to increase capacity utilisation. This spending will provide a demand-side stimulus that increases the demand for labour, promoting increased employment. “Removal of poverty acts as a spur to demand, and therefore a stimulus to growth.”⁶¹

⁵⁷ Moser, Caroline. 1998. *Gender and Development Workshop*, April 2, 1998.

⁵⁸ Heise, Lori L., with Jacqueline Pitanguy and Adrienne Germain. 1994. *Violence against Women: The Hidden Health Burden*. World Bank Discussion Paper 255. Washington, D.C.: World Bank.

⁵⁹ Moser, Caroline. 1998. *Gender and Development Workshop*, April 2, 1998.

⁶⁰ Shrader, Elizabeth. 2000. *Gender Violence: Economic Policy and its Impact Globally and Locally*. World Bank Working Paper Series. Washington, D.C.: World Bank.

⁶¹ Jain, Devaki. 2000. *Women, Economics and Development*. Seminar at the University of the Western Cape. 26 September 2000. pg. 16.

5.3.8 Fostering Job-Creating Spending

Redistributing income to lower income individuals is likely to stimulate job creation, particularly if appropriate policies are implemented to enable the unemployed to undertake productive activities that meet the resulting increased economic demand. Effective micro-credit policies combined with logistical support for entrepreneurs can effectively maximise the resulting job creation. In particular, since the basic income grant will redistribute income from the relatively affluent to the poor, spending power will shift to rural regions. Gender equality will be improved not only because of the direct redistribution to poor women, but also through the indirect effects of stimulating economic activity in regions heavily populated by women. "Gandhiji... argued that if you want to remove poverty then buy that thing which the poor produce, like cheap clothes, handmade things, etc. If most of us would have that ethic... then you would have exercised your economic vote on behalf of the poor."⁶²

6. CONCLUSION

Social security reform is one of South Africa's most important gender issues. Poverty and unemployment are critically linked to gender inequality. While certain social security programmes—the State Old Age Pension, in particular—are effective in addressing these problems, large gaps exist that prevent the social security system from comprehensively addressing the need for social protection. The linkages between gender violence, children's vulnerability, poverty, and social security emphasise the need for a comprehensive approach to social security reform. Policy options differ in their respective capacities to address the problem of gender inequality. Conventional unemployment benefits do not begin to address the gender issues. An effective extension of the child support grant demonstrates some promise, but still falls short in theory and probably shorter in practice. Preliminary analysis suggests that the potential for a basic income grant to

⁶² Jain, Devaki. 2000. *Women, Economics and Development*. Seminar at the University of the Western Cape. 26 September 2000. pg. 16.

improve gender equality while promoting economic growth merits further investigation.