Social citizenship and informality:
Contrasting the principles of unemployment insurance and public works programmes

Introduction
Large parts of the adult population in southern Africa make a living in the informal economy. Most work informally as a means of survival, more than choice, and most can be considered poor. Yet this population group is often excluded from social protection either because, being of active age and able-bodied, they are considered non-deserving of social assistance, or because, working in the informal economy or being unemployed, they do not have access to formal systems of social insurance.

Nonetheless, in South Africa, there are attempts to include the non-formally employed able-bodied working age population into the social protection framework. This paper focuses on two such policies – the Unemployment Insurance Fund (UIF) which has been extended to include some groups of informally employed workers, and the Expanded Public Works Programme (EPWP) which provides temporary income support for the working age poor. The principles of these two policies are critically reflected on the basis of two dominant, yet conflicting, definitions of social protection and with regard to how the policies may enlarge or restrict beneficiaries’ ability to be social citizens; that is, the citizens’ ability to take active part in social life as both contributors and recipients.

Social protection: conflicting concepts?
There is much enthusiasm for the increasing recognition and expansion of social protection across Southern Africa, and many see social protection as an essential component to address poverty and vulnerability. This pro-poor focus of social protection stands in contrast to the more traditional understanding of social protection which were not as unilaterally about poverty reduction, but rather about income smoothing over a life time. In the
following I discuss these two arguably conflicting views of social protection, particularly how they address the needs of the working age population.

‘Traditional’ social protection
Social protection has traditionally been viewed as policies that provide protection against livelihood risks (e.g. unemployment) and life-cycle vulnerabilities (such as retirement and disability). Social protection from this perspective consists of three main institutional components: social insurance, social assistance as well as active and passive labour market policies. Due to its origin in advanced industrial countries, this concept of social protection is here termed as ‘traditional’ even though it is still largely recognised as a workable definition of social protection (Barrientos, 2013).

Traditionally, social rights and entitlement to social benefits were derived principally through labour market participation – it was through work that adult citizens could contribute either directly to insurance schemes or indirectly through taxation to non-contributory social assistance schemes and government financed labour market policies. Work thus can be regarded as the main mechanism by which citizens contribute to social protection and, with that, the main mechanism to justify their entitlements to social protection.

Assuming near full employment of the adult population in a formal economy where insurance schemes are mandatory, social insurance is regarded as the principle instrument to protect against livelihood risks of unemployment and illness. Through contributions to unemployment and medical insurance schemes, adult citizens will not experience substantial drops in their incomes due to periods of ill health or unemployment; income protection in turn ensures a stable livelihood and ability to return to work relatively smoothly.

Social assistance policies for the working age population usually takes the form of targeting transfers to adult citizens that fall through the insurance net, for instance because they have been unable to contribute to social insurance schemes. Social assistance is often combined with active labour market policies to (re-)train beneficiaries and assist them to get redeployed as active contributors to the economy. Social protection for the able-bodied working age population is viewed as most successful when the large majority are
contributing to social insurance and when social assistance for this group is kept at a minimum (Leisering & Barrientos, 2013).

‘Pro-poor’ social protection
The traditional approach to social protection assumes extensive employment opportunities, at decent wages, in a formal economy. However, in many developing countries, and certainly in southern Africa, unemployment is usually very high and structural in that some groups are persistently unable to access formal employment opportunities; consequently, many (try to) make a living through informal work activities. In a context of limited formal employment opportunities, social insurance can be regarded as an insufficient and regressive policy – only the few in formal and relatively well-paid jobs contribute to such schemes and only they will benefit from unemployment and medical insurance in times of need.

Given the non-redistributive effects of social insurance policies, in contexts of structural unemployment and deep deprivation, it is maybe not so strange that the definition of social protection has shifted to more strongly emphasise poverty reduction:

“Social protection denotes the combination of formal and informal initiatives that provide income or in-kind transfer in combination with other forms of support to poor and vulnerable households to: i) act as a safety net for extremely poor people; ii) protect people against risks and consequences of livelihood shocks; iii) promote people out of poverty; and iv) support social justice for more equitable outcomes for all” (Roelen & Devereux, 2013; authors’ emphasis).

In one way, this approach to social protection is narrower than the traditional perspective. Rather than focusing on the protection against livelihood risks for all citizens and through a range of policy instruments, the primary mechanism of social protection is increasingly regarded as social assistance (cash or in-kind transfers) targeted specifically at the poor and vulnerable (Cook, 2013). In another way, however, social protection has increasingly come to include a wide range of policies with many different policy objectives (Roelen & Devereux, 2013). Social protection is not just about social insurance schemes, social assistance programmes and some strategies of improving employability, but may also include public works programmes, feeding schemes, subsidies of primary goods, informal and community based social security systems or saving schemes, and even income generation programmes and agricultural development projects (UNDP, 2011).
Social protection for the non-formally employed working age population

Although the ‘pro-poor’ social protection perspective appears to dominate, most countries operate with both concepts of social protection in an uneasy union. Social insurance schemes remain in place for those in well-paid and formal employment (a minority of the population), while social assistance programmes for the poor and vulnerable are the main strategies of social protection for the broader population. However, largely due to the value attached to work and the stigma still attributed to those who do not work, social assistance is targeted at the old, young and disabled. Social assistance to able-bodied adults is often regarded unsuitable (people should work, not depend on hand-outs) or unrealistic (too many would need social assistance in contexts of structural employment and large informal sectors). Consequently, in contexts of insufficient formal jobs, the able-bodied working age population have limited access to social protection. They are not directly eligible for social assistance and access to social insurance schemes is limited.

A distinct contrast between the two perspectives of social protection is the different emphasis given to social insurance vis-à-vis social assistance. As discussed, the traditional approach regards social insurance schemes as the backbone of social protection for the working age population. From this perspective then, one way to increase social protection for the working age population is to expand the population contributing to and benefiting from social insurance. The pro-poor approach instead concentrates primarily on social assistance. However, there is much uneasiness with providing grants for the able-bodied working age population. One strategy to assist the working age poor is to provide public works. This is maybe not a standard type of social assistance (as will be discussed later), but public works does provide a (conditional) transfer and is often championed as an important social protection strategy from the pro-poor, but not necessarily from the traditional, perspective.

Assessing social protection from a social citizenship approach

Strictly speaking, social protection is about ensuring stable incomes and about addressing basic needs at times when people are vulnerable and without sufficient resources. For this reason, social protection is often evaluated with respect to policies’ ability to address income poverty. Particularly, social assistance – cash transfer programmes – has gained
popularity precisely due to the many positive evaluations of the poverty reducing effects of these programmes. Nevertheless, such positive outcomes are hardly surprising – giving money to poor will make them less poor, particularly when poverty is measured narrowly in monetary terms.

However, social protection policies also have broader (often unintentional) consequences of both positive and negative character. For instance, receiving cash transfers might ensure increased well-being of the beneficiary, but may also be attached with a stigma that makes the beneficiary feel undignified and resented (Hochfeld & Plagerson, 2011). Focusing in this paper on the well-being of citizens (recipients of social protection), the view here is that poverty should be understood as more than deprivation of material resources. Rather, “poverty is the deprivation of basic capabilities stretching from elementary physical ones (food, clothes, shelter) to complex social achievements such as taking part in community life” (Hick, 2012).

This understanding of poverty fits well with the aspiration of social citizenship which implies participating as an equal by contributing to and benefiting from social life. “Social citizenship is not just about ‘having’ (receiving welfare benefits), but about ‘doing’, that is, about participating in social life” (Leisering & Barrientos, 2013). Basically, a citizen is “someone with rights, aspirations, and responsibilities to others in the community and the state” (Eyben 2006).

Leisering & Barrientos (2013) suggest that there are three dimensions to social citizenship (resources, participation and recognition) and that social protection can both enlarge and restrict beneficiaries’ command of these dimensions. Thus, social protection policies – and in our case, particularly policies aimed at the able-bodied working age population – can be assessed in terms of how the policies affect a citizens resource base, the ability of the citizens to participate in “common activities in markets, politics and civil society”, and whether the policies convey “a sense of belonging, dignity, personal worth and voice”, i.e. recognition (Leisering & Barrientos: 552).

In the following, we look at two types of social protection policies aimed at the nonformally employed working age population in South Africa – unemployment insurance and public works programmes – with the view of exploring whether these policies may enlarge or restricts recipients’ command of the three dimensions of social citizenships.
Social protection for the working age population in South Africa

South Africa is an interesting case to study within the southern African region because, although the relatively extensive social protection system in general fails to include the non-formally employed working age population, as in many other southern African countries, the country is experimenting with formal social protection policies that in different ways seek to include this group. In this section the social protection framework (social assistance and social insurance) is briefly described, followed by a discussion of how the principles of the Unemployment Insurance Fund (UIF) and the Expanded Public Works Programmes (EPWP) enlarge or restrict beneficiaries’ ability to be social citizens.

Social assistance and social insurance in South Africa

In terms of expenditure and coverage, South Africa has one of the most extensive social assistance programmes in the developing world (Devereux, 2011; Woolard et al., 2011). According to the latest government budget review, the fully publically funded cash transfer programmes amount to 3.4 per cent of GDP (R.S.A., 2013). The government’s budget for social grants has increased by an average of 11 per cent a year since 2008/09 (Gordhan, 2013), and now social grants expenditure covers 17.7 per cent of the government’s social budget and 10.5 per cent of total government expenditures (R.S.A., 2013, author’s calculations). Currently, the South African government distributes more than 16 million social grants, which means that almost a third of the population of 50 million people benefit from the social grant system. South Africa has seven different social grants: Old Age Pension (OAP), Disability Grant (DG), Child Support Grant (CSG), Foster Child Grant, Care Dependency Grant, Grant in Aid, and War Veteran’s Grant. The three main social grants in terms of reach are the Child Support Grant, the Old Age Pension and the Disability Grant; together they cover 95.5% of the total number of grants recipients.

Thus, social assistance in South Africa is targeted at identified vulnerable groups – the old, young and disabled. The programmes are also pro-poor in that the grant beneficiaries are subject to an income means-test, although the means-test is set relatively high so that many are eligible to receive the grants. The able-bodied working age population is not a direct beneficiary group of cash transfers. Adults may receive a cash grant on behalf of a child and in this way able-bodied adults may indirectly benefit from social grants, which enable them to improve the well-being of their households.
Social protection for the able-bodied working age population in South Africa has traditionally been linked to social insurance schemes under the assumption that citizens could contribute to and benefit from such schemes through formal employment. There are a variety of medical and pension insurance schemes available which are, however, expensive and only accessible for the better-off. In attempts to provide some social protection for workers in the informal sector, the Unemployment Insurance Fund (UIF) has been amended in recent years as discussed in the following.

*The Unemployment Insurance Fund (UIF)*

The Unemployment Insurance Fund has existed in South Africa since 1946 as part of the traditional social protection system, which assumed that the working age population could be covered against risk of unemployment and illness through their contributions to job related social security schemes. The UIF was amended in 2001 to include domestic and seasonal workers – groups that largely work informally.

The UIF is a typical contributory social insurance scheme where both employers and employees contribute to the Fund (one percent each of employees pay). The Fund provides short term income replacement benefits in cases of unemployment, illness, maternity, adoption and if family members lose the breadwinner in the family. The days and amount of benefits depend largely on prior work history, and it is therefore not surprising that better-off contributors to the UIF claim more substantial benefits. However, with the inclusion of domestic and seasonal workers, the UIF regulations were also amended such that lower income groups actually receive relatively higher payments than what their contributions would otherwise have stipulated (Bhorat et al., 2013; Lund, 2006). Thus, while generally a non-redistributive type of social protection policy, the UIF in South Africa does have an element of redistribution.

The UIF “provides much needed relief to those who find themselves out of work” (Bhorat et al., 2013). Nevertheless, even to the extent that employers of domestic and seasonal workers adhere to the legislation, the number of people receiving unemployment benefits and other social security provisions in South Africa is very low. In the 2011/12 financial year, the South African government paid UIF benefits to 706 000 people (R.S.A. 2013), a relatively small number compared to the scale of social grants, which currently have around 16 million beneficiaries. As a share of the unemployed, only five percent
receive unemployment benefits at any given time, which is partly due to the fact that the UIF does not serve those how have never worked, have been unemployed for more than a year, or who work informally in other sectors than domestic and farming work (Bhorat et al., 2013; NDP, 2012).

Arguably, the inclusion of domestic and seasonal workers have been a success as unemployment insurance has been extended to otherwise vulnerable groups participating in the labour market. However, these groups also have clearly identifiable employers and are therefore somewhat different from other types of informal work. In the National Development Plan 2030 this limitation is acknowledged and possible solutions suggested:

“The unemployment assistance fund could be accessible to the informal sector and contract/temporary workers who have not contributed but can prove they have worked for a particular period. It could be extended to those without formal contracts who can prove they have worked for a particular period of time. It could also include labour market reactivation measures, such as training and job search assistance, which will be accessible to this group that is outside the scope of UIF” (NDP, 2012: 371).

From the perspective of providing social protection for the non-formally employed working age population, a clear limitation of the UIF is that many are still excluded from coverage and much will depend on how the UIF, and other policies, can be extended in the future. Nevertheless, from a social citizenship approach, the extension of the UIF holds some promising traits.

As already mentioned, the UIF provides critical resources for beneficiaries in times of need that can smooth incomes. This means that citizens are in better positions to continue to participate in daily activities in their households, community and beyond. In addition, while still emphasising the limited reach and also the lack of other important social insurance schemes such as medical aid, the UIF is innovative in the sense that groups of informal workers are included into a formal government scheme. This way, these workers are recognised as important contributors to the economy and this acknowledgement includes them as working citizens on par with – rather than different from – other working citizens. However, admittedly, in line with the traditional definition of social protection, for the UIF and other insurance schemes to be fully successful it is a requisite that the large majority of the working age population are actually in some form of (identifiable) employment.
The Expanded Public Works Programme (EPWP)

As we saw above, some groups of informal workers can be relatively easy to identify and policies can be directly aimed towards them. However, others may survive through less obvious work activities and it may thus be more difficult to identify appropriate social protection policies. One way to address the needs of poor adults is through public works programmes. Cash-for-work and food-for-work programmes have been implemented across southern Africa for a long time. It is debatable whether a public works programme is strictly speaking a social protection policy at least in its traditional sense, and it is also questionable whether such programmes support the beneficiaries in being social citizens. This will be discussed in the following.

The South African government has run its Expanded Public Works Programmes (EPWP I and EPWP II) since 2004. The EPWP aims to provide the working age poor with income support and with the opportunity to obtain and practice skills in a working environment. Focused as it is on the poor, the EPWP clearly falls within the pro-poor definition of social protection, and the South African government also regard the public works programmes as part of its “comprehensive social protection system” (NDP, 2012: 355). Yet following the traditional approach to social protection, it is somewhat unclear whether public works should be regarded as an active labour market policy or rather as a social assistance scheme.

On the one hand, the EPWP has been promoted as a mechanism of employment creation with much attention given to the programmes’ ability to generate 1.6 million job opportunities between 2004 and 2009, and the target of the EPWP II being to create 4.5 million full time equivalent jobs by 2014 (Jacobs et al., 2010; Meth, 2011). Furthermore, given the government’s (initial) argument that those partaking in the EPWP would get training and gain skills that would enable them to continue work elsewhere after leaving the programme, it sounds much like an active labour market strategy (the defining characteristic of an active labour market policy being that “it is able to steer (coerce) the unemployed into ‘suitable’ employment after a spell on ‘benefits’” (Meth, 2011: 2).

On the other hand, however, the promising and central elements of training implied in the public works programmes have been disappointing. In most sectors included in the public works programmes, training has been very limited and has not provided beneficiaries
with additional skills that improve their employability. The government now appear to be downgrading the importance of training:

“In the initial stages it was assumed that Expanded Public Works Programmes (EPWP) would have a training component to enhance the employability of the participants and help them move on to a full-time job. However, it is now accepted that it is difficult to provide training through such programmes” (NDP, 2012: 380).

Combined with the fact that there are limited demands for low-skilled and unskilled labour and hence insufficient ‘actual’ jobs outside the EPWP, the programmes do not seem to fit well with the purpose of active labour market policies.

The EPWP may instead then be regarded as a kind of social assistance programme – cash or in-kind transfers to vulnerable groups. This fit the type of short-term public works programmes quite common in southern Africa, where public works is merely regarded as short-term safety nets that can provide some kind of poverty alleviation, but not any form of sustainable incomes for the majority (Budlender & Lund, 2011; Meth, 2011; McCord, 2008). These types of programmes have arguably not been very effective:

“The evidence suggests that this form of short-term [Public Works Programme] is unlikely to provide meaningful or sustained social protection benefits in contexts of chronic poverty and labour market failure, and that such interventions are likely to have only short term impacts on poverty reduction” (McCord, 2008).

Applying a social citizenship lens, public works may be somewhat restrictive for EPWP beneficiaries. Of course, participation in public works ensures some income that can help improve well-being, although participation is for a limited period only and for a pay usually lower than the minimum wage. In terms of participation, one could argue that public works offer an opportunity to engage in actual work in return for a salary (or stipend), rather than merely receiving a ‘hand-out’. Certainly, there is value to being an active participant in the economy, but it may also be that participation in public works keeps the participant busy with temporary and lowly paid work with limited skills development, while the participant may benefit more from participating in proper training programmes and be better off in the long by continuing in informal types of work activities. Finally, one could worry that EPWP participation is regarded with some stigma, particularly if the jobs are not seen as ‘real’ jobs, which will affect beneficiaries’ sense of dignity and personal worth. The lack of recognition may be exacerbated by the temporary nature of the public works programmes, where actual social protection is tied to the period of programme participation. Nonetheless, it
should also be acknowledged that at least some sectors require that EPWP participants become part of the Unemployment Insurance Fund (DPW, 2011).

**Conclusion**

In contexts of deep, structural unemployment where meaningful employment creation is difficult, it is easy to see the attractions of the pro-poor social protection approach with its focus on social assistance. The poor working age population is targeted through public works programmes where they receive temporary income support while concurrently the creation of job opportunities can be claimed.

However, from a traditional perspective of social protection, this type of assistance to the able-bodied working age population has its limitations. Here social assistance for the working age is considered to work best if combined with active labour market policies that assist beneficiaries to become employable. With the training elements being lost in public works programmes, it is difficult to see the EPWP as anything else than a conditional and temporary grant for the very poor. The EPWP may bring some occasional income support (resources), but it is more unclear how well these programmes contribute to proper citizen participation and sense of recognition. The extension of the UIF appears to better enhance citizens ability to participate in social life and to be recognised as equal citizens. However, a clear shortcoming of the UIF is that it is difficult to include everyone that works informally.

Possibly, as the coverage of the UIF may extend and the targets of the EPWP increase, more and more of the non-formally employed working age population will be able to access some form of social protection. However, there is a need to understand the limitations of the strategies in order to recognise how they can best be extended. Social insurance is based on contributions through work, so the way forward could be to find better ways of recognising different types of work no matter whether it is in the formal or informal economy. Public works in its current form can best be characterised as temporary, targeted and conditional social assistance for poor. If it wants to be claimed that it is also a tool to increase employability, larger emphasis should be on training in combination with the creation of actual job opportunities (with access to social insurance) outside the programmes.
References


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