Indigenous Social Security Systems: A South African Perspective

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Background

- South Africa having a social security system since 1920s
- Apartheid South Africa had racially biased policies, therefore only minority benefitted
- Social Security in SA influenced by European and British social security systems and by diffusion rolled out to entire population
- Post apartheid – social development integrated and social grants equalized to entire population
- System is well-developed but does not cover all those who need it
Poverty

- Endemic poverty in South Africa
- Economic globalisation, historical discriminatory laws, low levels of education
- Population of 53.7 m people 14.5 million households with about 21 m children (birth – 19 years)
- 25 million people (20-59 years) about 5 million people over 60 years
- 23 million people live in poverty, a majority of whom are female
  - General household survey, Statssa 2015
Poverty - population group and gender

Poverty levels in SA

Poverty by gender

52%

48%
Nomenclature around social protection

- **Formal social protection**
  - Different terminology used - researchers, development workers and policy makers
  - social assistance, social insurance, social welfare, etc
  - economic security, income security, income protection, income transfers, cash transfers, transfer payment, welfare
    - Midgley, 2012

- **Informal social security**
  - indigenous, traditional, informal and non-formal
    - Patel, Kaseke & Midgley, 2012

- **Non-traditional forms of social protection**
  - commodity subsidies, food for work, minimum wages and other provisions provided by NGOs
    - Devereux, 2011

- Terminology used in social protection – image different from reality
  - Standing, 2007
Social assistance

- Includes social grants, social relief of distress such as short term disasters (floods, fire, etc)
- South African Social Security Agency (SASSA)
- allocated budget of R 118 billion or 10% of the national budget in 2014 (DSD, 2015), increased to R 165 billion in 2016
- Means tested, not conditional, non-contributory
- Poverty statistics show that over 23 million people live in poverty
- Formal social security has about 16 million beneficiaries, where are the 7 million people?
Formal social protection in SA

- Expanded social assistance to over 16 million people (majority Children through the CSG)
- Access to free basic services (housing, water, energy, etc)
- Free education in 60% of public schools (school nutrition and transport) – Bana Pele
- Free health care for pregnant women and children under 6 years of age
- State social insurance through the unemployment insurance fund (UIF) – only employed from 2002 included domestic workers (Sectoral determination 7)
- Labour market policies to redress inequalities under apartheid
- Income support through EPWP programmes – job opportunities/experience?
- Social welfare approach being developmental in nature (white paper 1997)

- NDP 2030 vision
Formal social security in SA

- Over 16.4 million beneficiaries
- social grants which are means tested and non-contributory – administered by SASSA

1. Child support grant – introduced in 1998 (largest number of beneficiaries currently R 350 pm)

2. Older persons grant – payable to all who are over 60 years of age and currently R 1 500 pm (R1 510 Oct)

3. Disability grant – payable to working age adults unable to work due to ill-health R 1 500 pm

4. Foster care grant – children placed by court in foster care R 890 pm

5. Grant in aid – for those requiring full time care (must be recipient of older persons/disability grant)

6. War veterans grant – for those over 60 years, fought in WWII or Korean War R 1500 pm

7. Social relief of distress – for max 3 months in dire material need R 1500 pm
Formal social protection in SA

In addition to social grants –

– Road accident fund Act 56 of 1996 (risks related to vehicles)
– Private maintenance (Maintenance Act 99 of 1998)
– Compensation for injury on duty (COIDA Act 130 of 1993)
Indigenous Social Protection

- based on people’s cultural beliefs and norms and are self-organised, self-regulating systems of both obligation and entitlement offering not only financial aid but also psychological and emotional support (Olivier, Kaseke & Mpedi, 2008; Mupedziswa & Ntseane, 2013, Mpedi, 2008).

- Family/kin
- Community support networks (chiefs granary, letsema, etc)
- Mutual aid association (ROSCAs, SACCOS, burial, etc)
- Religiously mandated groups (Gift of the givers)
Mutual aid associations

- ROSCAs or SACCOS (savings, and credit cooperative societies)
- *stokvels, gooi gooi or diswaeti, umgalelo, mohodisano, mjikelezo* (South Africa)
- *Tontines* (West Africa), *Chita/chitu or bishi mandal* (India),
- burial societies, funeral association or benefit association that have evolved mainly from burial societies
Indigenous social protection

- Membership is based on periodic contribution, these are an existing type of indigenous peer lending arrangement (Requires no financial collateral (social collateral))
- Relatively substantial amounts of capital - business purposes, consumption or income smoothing
Community support

- Support for each other in new settings (urban)
- Circular migration to places of work/home
- Globalisation, neoliberal economy and impact on communities
- Communities have to cope
- Letsema concept – pool (human) resources to benefit the group
Stokvels

- Based on mutual trust, are self help
- Membership based on contribution and there is a ‘board’ of management
- In SA the Mutual Banks Act regulates stokvels
- National stokvels association of SA (1998)
- David Makhura addressed the Stokvel and Burial Society Indaba Soweto Theatre. City of Johannesburg, 18th September 2015
- However, this sector is still uncoordinated and not monitored, many organizations lack resources, skills and support
Methodology

– Findings emerged from a qualitative study undertaken to explore distance parenting in eThekwini

– Individual interviews were undertaken and invitation from an existing umjikelezo group – focus group discussion held with these women (30 -42 years)

– Recruitment was based on snowballing and generally open to women in stokvels
Participants in *umjikelezo*

- Women in low income groups, mainly domestic workers
- Earning between R1 700 – R2 500 pm
- Some sleep in and others sleep out, one “tea lady”
- All female (30 – 42 years of age)
- One focus group – their monthly meeting (Inanda community)
- Three individual interviews
- All received social grant (Child support grant)
Findings – umjikelezo

- General feeling was that government has let them down therefore this self help group
- Umjikelezo is not only a savings club, it becomes a circle of support (emotional, social, *Ubuntu* and reciprocity)
- Contribution consists of money (R150 pm), food (R 200 pm) and building materials (R 300 pm) to help each other satisfy an immediate need (build a home)
- The group also contributes food for immediate consumption by member households (chain store stamps)
- Concept of *letsema* used to build each others’ houses – all have a foundation and the group now in process of making bricks ‘to raise the walls’
Discussion

- Social grants are a lifeline for communities (child support grant)
- The grant was redistributed to others and used for other unintended purposes (building home) although the children would still benefit
- Grants don’t change the unemployment rate but provide regular income
- Social grants adjusted annually (from R100 in 1998 to R350 in 2016)
- Domestic workers - legally recognised by law, therefore protected and have access to certain benefits (maternity, overtime, etc)
- Minimum wage not always adhered to but there is some regulation of working hours, leave entitlements, dismissal processes and maternity benefits
- Household benefits and individuals have further access to social insurance (UIF) or blue card)
Discussion

- For the unemployed, even indigenous systems may be out of reach, therefore social grants are an important collateral
- Stokvels must be given support and may benefit from commercial reinsurance
- The preservative and palliative nature of mutual aid societies, can be further enhanced by support from well-developed formal social security systems
- Urban communities have much to learn from indigenous systems of social protection such as letsema
Letsema/Ilima

- age-old traditions of collective voluntary action among the Sotho and Nguni people.
- The practice of ‘letsema’ involved collective action by community members to perform a task for a particular household.
- food and beverages to give thanks to the volunteers (Twala, 2004)
- Important indigenous practice in Southern Africa, based on Ubuntu
- Based on a common goal (Lebeloane, Quan-Baffour, 2008)
- Stokvels being one type of Letsema (Ramagoshi, 2013)
Conclusion

- Stokvels have a preservative function – create resilience in communities
- Promotional – use of the social grant to build assets/ business or smooth income
- Mitigative – cushion shocks (burial societies) - Chitonge, 2012
- More than a social club for material benefit but also emotional and socially supportive
- Active participation of ‘beneficiaries’ – women as agents of own change
End

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