

# Strengthening Public Employment Programmes in South Africa's Social Protection Framework

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### PITCH

South Africa faces an enduring unemployment crisis compounded by structural inequalities. Public Employment Programs (PEPs) represent a critical intervention in this landscape, offering income support, fostering social inclusion, and bridging gaps between social assistance and active labour market policies. Recent innovations, such as the SRD Grant and Presidential Employment Stimulus, present an opportunity to reimagine the role of PEPs, focusing on their developmental and transformative potential. This brief outlines strategic directions to optimize PEPs within a cohesive social protection framework.

### ISSUES

Unemployment in South Africa drives poverty and inequality, with over 40% of the population facing joblessness, especially in marginalized groups. Historical legacies, such as land dispossession and centralized economic power, exacerbate structural inequalities. These factors are compounded by continued poor and unequal educational outcomes, with the education system failing to

provide many of the foundational competencies sought by employers – and needed for social and economic functioning – with poor educational outcomes reinforcing poverty and income inequality (Mlachila & Moeletsi 2019)<sup>[1]</sup>. The COVID-19 pandemic prompted pivotal shifts in social protection, including:

- The SRD Grant, providing basic income support to unemployed adults.
- The Presidential Employment Stimulus, expanding PEPs to reach over two million additional participants since its inception in 2020.

These changes alleviate immediate crises but also opened opportunities to redefine the expectations and potential of PEPs. As South Africa confronts stagnant labour market absorption and limited fiscal capacity, there is an urgent need to innovate within the PEP framework.

### METHODS

The study employs different methods to design a conceptual framework arguing for a more developmental role for PEPs in social protection, in addition to its income effects:

- **Policy analysis:** Examining global and domestic paradigms of public employment.
- **Case studies:** Assessing lessons from South Africa's long history of implementing public employment through the Expanded Public Works Programme and the advent of the Presidential Employment Stimulus.
- **Quantitative data:** Assessing labour market trends, SRD Grant uptake, and PEP outcomes.

This evidence base informs strategic recommendations for PEP design and implementation.

### RESULTS

South Africa's persistent structural inequality remains a fundamental obstacle to achieving inclusive economic growth and sustainable employment. Legacies of apartheid, such as land dispossession, concentrated economic power, and spatial inequalities, continue to undermine opportunities for equitable development. These systemic challenges hinder the capacity of traditional economic mechanisms to absorb labour and reduce unemployment effectively, leaving many marginalized communities trapped in cycles of poverty.

[1] Mlachila, M. & Moeletsi, T. (2019) Struggling to Make the Grade: A Review of the Causes and Consequences of the Weak Outcomes of South Africa's Education System. IMF Working Paper No. 2019/047. <https://www.imf.org/en/Publications/WP/Issues/2019/03/01/Struggling-to-Make-the-Grade-A-Review-of-the-Causes-and-Consequences-of-the-Weak-Outcomes-of-46644>

**Author** Kate PHILIP

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Full research paper is available at <https://www.afdfr/en/ressources/public-employment-programmes-south-africas-changing-social-protection-landscape>

The COVID-19 pandemic introduced two significant innovations that have reshaped South Africa's social protection landscape. First, the Social Relief of Distress (SRD) Grant addressed a long-standing gap by providing direct income support to unemployed adults for the first time. While the grant amount remains modest and below the food poverty line, it offers critical relief to millions of households. Second, the Presidential Employment Stimulus (PES) enabled a large-scale expansion of Public Employment Programs (PEPs). By employing over a million participants across various initiatives, such as the Basic Education Employment Initiative and the Social Employment Fund, the PES has demonstrated the potential of targeted public employment to achieve rapid scale and address immediate livelihood needs.

Despite these advancements, several challenges persist in the design and implementation of PEPs. Many

programs are characterized by short durations of employment and low wages, limiting their capacity to drive long-term transformation. While these programs provide temporary relief, their effectiveness in building sustainable pathways out of poverty or bridging participants into formal labour markets remains inconsistent. Furthermore, integration between PEPs, broader social protection mechanisms, and active labour market policies remains uneven, reducing the overall coherence and impact of these interventions.

Nonetheless, the evidence highlights the added value of work within PEPs, beyond their immediate income effects. Participation in work contributes to psychosocial well-being, enhances community cohesion, and fosters a sense of purpose and inclusion among participants. PEPs also generate valuable community assets and services, which further

reinforce social and economic inclusion. However, these benefits require stronger alignment between program design and long-term opportunities, particularly in fostering skills development and facilitating transitions into more sustainable livelihoods or employment.

Public Employment Programs are pivotal to addressing South Africa's unemployment and inequality challenges. They are also key in ensuring that social protection can fill its five functions: (i) protective; (ii) preventative; (iii) promotive; (iv) transformative; and (v) developmental. New pressures to do so also arise in the context of the Just Energy Transition. By leveraging recent policy innovations and aligning PEPs with a transformative agenda, South Africa can build a more inclusive and resilient social protection framework.

## RECOMMENDATIONS

- ▶ PEPs' objectives need to be redefined in order to shift from a primary focus on poverty relief to a broader developmental agenda emphasizing the added value of work for participants and of the assets and services created for communities.
- ▶ Social protection policies have to be better integrated to support transitions between social grants, PEPs and labour markets to prevent long-term exclusion – recognising also that pathways are rarely linear and there is a need for layered and often sustained support.
- ▶ Targeted and differentiated approaches should be used in order to design PEPs for diverse cohorts:
  - ▲ For marginalized groups: Long-term, part-time work with community impact and a strong link to inclusion in complementary livelihood activity.
  - ▲ For labour market-ready individuals: Full-time, skills-oriented roles providing work experience linked to market needs.