

Post-Basic Education and Training: Education and Poverty - Beyond the Basics

South Africa: Post Basic Education and Training for Growth, Employment and Poverty Reduction

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The challenge

South Africa has high levels of poverty despite its relative wealth and development. 18 - 24 million South Africans are poor, and of these 8 - 10 million live in extreme poverty. This poverty has pronounced spatial, racial and gender dimensions. Despite government transfer payments, income inequality in South Africa remains amongst the highest in the world. The current unemployment rate (March 2005) is 26.5% on the narrow definition, or about 10 points higher on the broad definition.

Having achieved some macroeconomic success during the First Mbeki Presidency (1999-2004), the government is increasingly emphasising the need for a more interventionist microeconomic strategy as a way of addressing the triple challenge of poverty, inequality and unemployment. Education and training have been prominent: with relatively high levels of basic education delivery, the strong emphasis on international competitiveness and with growing socio-political pressure for access to higher levels of education, education and training policy has focused largely on improving access and quality at the post-basic level.

The national development agenda to 2014

The restatement of the "People's Contract" in the ANC Manifesto for the 2004 elections highlighted four pledges for the next decade:

- halving unemployment;
- halving poverty;
- accelerating employment equity; and
- improving broad-based black economic empowerment.

The May 2004 State of the Nation Address outlined a three-pronged approach to addressing these challenges:

- encouraging the growth and development of the First Economy, increasing its possibility to create jobs;
- implementing a programme to address the challenges of the Second Economy; and
- building a social security net to meet the objective of poverty alleviation.

Growing the first economy

The government's vision makes it clear that growth in the formal market economy is vital to meeting these development goals. In order to enhance growth, the government has recommitted itself to fiscal prudence whilst expanding its strategy of providing incentives for foreign direct investment and reaffirming its commitment to reduce the cost of doing business in South Africa. The

state is also continuing to encourage a sectoral charter process that focuses not simply on high-level black ownership but also acts as a catalyst for growth of black-owned small and medium enterprises as sub-contractors and service providers.

The state also committed itself to doing more to improve export performance, focusing on services and manufactured goods. Particular attention is being paid to taking the best advantage from existing trade agreements and to concluding other agreements. There is also a strong focus on further interactions with the African continent, especially within the context of SADC and NEPAD. The new vision continues to stress the importance of the national science system and greater funding of the science councils and improved commercial application of scientific innovations are promised.

Addressing the challenges of the second economy

The May 2004 State of the Nation address reiterated the commitment to a new Expanded Public Works Programme (EPWP). The EPWP seeks to integrate the objectives of the development of the social and economic infrastructure, human resource development, enterprise development, and poverty alleviation.

The Address also recommitted the state to its existing Urban Renewal and Rural Development Programmes. In particular, it sought to improve the effective and coordinated financing of these Programmes by the three levels of government and different departments. Further deployment of Community Development Workers and the extensive use of information and communication technologies (ICT) in the development nodes were also stressed as urgent priorities.

Building a social security net

The Address signalled that work would continue to ensure that social grants reach all the 7.7 million beneficiaries. The following priorities were also highlighted:

- universal household access to clean running water by 2009;
- increasing household access to basic sanitation;
- universal household access to electricity by 2012;
- an annual 10% reduction in malaria cases;
- speedy implementation of the Comprehensive Plan on HIV and AIDS and the Khomanani social mobilisation campaign for home-based care;

- development of a comprehensive programme dealing with human settlement and social infrastructure, including rental-housing stock for the poor; and
- expenditure of R14.2 billion to promote access to basic shelter over three years.

However, the President's speech made it clear that a society in which large sections depend on social welfare cannot sustain its development. Thus, the Address pictured a comprehensive programme to grow the economy, including the interventions in both the First and Second Economies, improving sustainable livelihoods and create work in order to ensure that, over time, a smaller proportion of society, in particular the most vulnerable, subsists solely on social grants.

The importance of state capacity

Underpinning these three strands of the national development strategy is a fourth element: a commitment to building the state's capacity to support development. This has seen a concentration on how to improve formal training for the public service, including attempts to reform the public sector-related Sector Education and Training Authorities which are the state's principal training institutions. There has also been a growing focus on how the whole culture of the public sector can become more oriented towards public service. Transparency and the spread of e-government are also emphasised.

Challenges to the overall strategy

The first strand of the approach is to reduce unemployment through growing the formal economy. In order to meet its target of halving unemployment by 2014, South Africa will not only have to improve its growth rate significantly but will also have to make its growth more labour-absorbing. This will not be easy. Already the country has had a strong focus on macroeconomic stability through the GEAR programme. This policy has largely been implemented as intended, and has led to impressive indicators of macroeconomic performance such as the lowest interest rate for 23 years and the lowest inflation rate for 45 years. However, it has not resulted in the expected levels of growth or foreign direct investment. Future growth is also constrained by the low levels of savings and gross domestic capital formation.

It is apparent that there remain a number of barriers to adequate levels of investment in the economy by both domestic and international actors and that many of these are primarily perceptual. In spite of falls in levels of reported crime; low levels of industrial action; and a strong commitment to good governance, there remains a high level of investor reluctance to invest in South Africa. Investment and employment have also been constrained by the rand's volatility and recent appreciation against major currencies.

Weaknesses in education and training as a stimulator of the first economy

Although the argument that post-basic education and training are crucial to stimulating the first economy makes sense, there are 6 potential weaknesses that limit the likely effectiveness of this approach:

1. There are still inter-departmental tensions about the details of the integration of education and

training, as witnessed in the slow resolution of the NQF Review process.

2. There are serious weaknesses in the capacity of both the Department of Education and Labour to implement their policy visions. These weaknesses are both of quality and quantity of staff.
3. Many education and training institutions are young and fragile, having experienced complex merger processes. They and their staff find themselves confronted with a new set of challenges for which they have little preparation.
4. There is a challenge of making funds available for the necessary interventions at the national level, although the current FET college recapitalisation may prove important in this regard. There continue to be problems of effective disbursement of levy-grant funds.
5. The funding situation is complicated by the constitutional position of the provinces, which set their own budgets for education (except higher) and which cannot be relied upon to prioritise in the same way as national government. In particular, they have tended to underfund FET.
6. Although PBET is important, there are still serious challenges in general education, most notably around quality and retention.

Weaknesses in education and training as stimulators of the second economy

There is generally less focus on how education and training can stimulate the second economy. Obvious challenges that exist here include the following:

1. There is a need to perform better on adult basic education and training (ABET) – including understanding motivations for attending such programmes and reasons for not attending.
2. There is a need to turn commitments into reality in the Department of Labour's work with communities and small enterprises.
3. The promise of the Expanded Public Works Programme has been overstated by some in government, leading to a very serious potential problem for the Programme regarding reach and impact.
4. There needs to be more consideration of FET colleges' involvement in lower level, less formal skills development programmes aimed at poorer communities.
5. Education and training for rural farm and non-farm activities remain weak.
6. The state and other actors such as NGOs are in urgent need of skills development themselves in order to improve the efficiency and effectiveness of their work.

The future role for PBET as part of a South African developmental strategy

South Africa has seen the emergence of a development strategy that recognises a central role for the state in driving both growth and redistribution. Moreover, this strategy contains a realistic assessment of the limitations of state capacity and commits the government to addressing this. Inevitably, education and training is given considerable prominence in the overall strategy and in capacity building for a more developmental state. Crucially, given the official reading of the socio-economic challenges faced, the focus is mainly on further and higher education and training as South Africa seeks to

build the intermediate and advanced skills that it judges vital to better incomes in the informal economy, a growth in wage employment, and greater success in the upper reaches of the global economy.

Achievement of the development vision will not be easy, in spite of real and widespread commitment to delivery. Equally, the central role ascribed to education and training will be difficult to realise. There are good

policies, maturing institutions and capable individuals in place but there are weaknesses too in each of these areas and in their interfaces. Whilst strengthening post-basic education and training cannot solve poverty on its own, it is evident that its continued improved performance can play an important role in South Africa's progress towards halving unemployment and poverty by 2014.

Further information sources

This briefing note draws upon a fuller country study on Post-Basic Education and Training in South Africa, as part of a 6-country study coordinated by the Centre of African Studies at the University of Edinburgh and funded by the Department for International Development (DFID). The Policy Brief does not, of course, represent the views of DFID. The full paper 'Post-Basic Education and Training and Poverty Reduction in South Africa: Progress to 2004 and Vision to 2014', by Salim Akoojee and Simon McGrath is available in electronic format from www.cas.ed.ac.uk/research/projects.html. More information on the full project, as well as country studies for Ghana, Tanzania, Kenya, Rwanda and India can also be obtained from this address.