

Country profile: South Africa

South Africa response to the Financial crisis

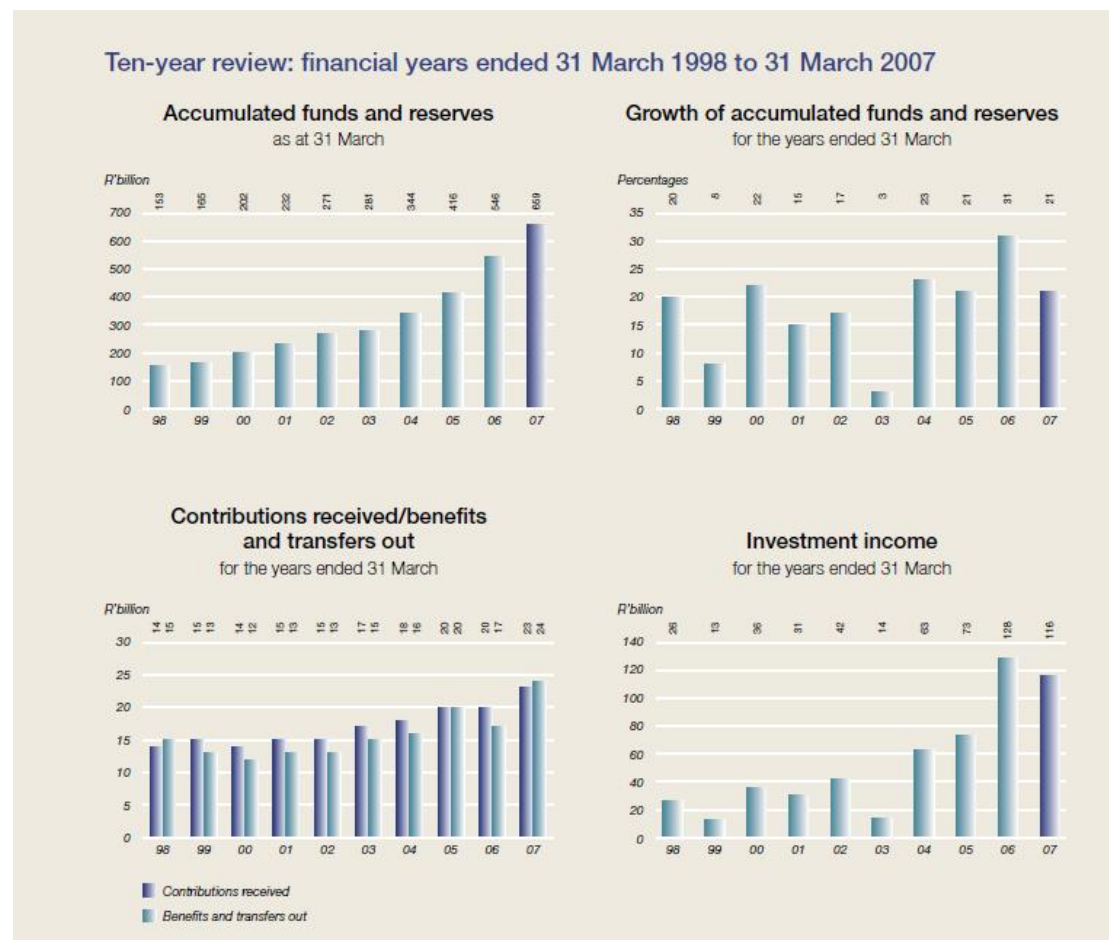
1. South Africa pension (1998-2008)

-The accumulated funds and reserves of the Government Employees Pension Fund (GEPF) amounted to R707, 0 billion as at 31 Marc 2008.

-Fund and reserves have grown by 31,3%, 20,8% and 7,3 over the last three financial years.

- Contributions received for the year ended 31 March 2008 amounted to R25,9 billion (2007: R22,7 billion) and net benefits paid amounted to R24,1 billion (2007: R21,3 billion).

-Net investment income for the year ended 31 March 2008 amounted to R48,0 billion (2007: R116,0 billion). This is the total of interest, dividends, rentals, net profit on sale of investments, adjustments to fair value and impairments



<http://www.gepf.co.za/docs/GEPF%20Full%2038485.pdf>

2. Statement of Changes in net assets and fund by GEPF (Government Employees Pension Fund)

	Total 2008 (R'000)	Total 2007 (R'000)
Transfers and benefits	25 670 042	24 127 397
Net income before transfers and benefits	73 944 217	137 332 739
Net income after transfers and benefits	48 274 175	113 205 342
Balance at end of period	707 042 381	658 768 206

<http://www.gepf.co.za/docs/GEPF%20Full%2038485.pdf>

3. Stimulus plan adopted by South Africa

To counteract the effects of the recession, South Africa has adopted a major public investments programme of R787 billion, this package aimed at building infrastructure like improving roads, public transportation, port operations, sanitation infrastructure, housing construction including low-income housing as well as education and in the process create additional decent work opportunities whilst meeting the basic needs of the society¹. This programme will be spread across both urban and rural areas. For the rural development, it should include programmes to create employment, alleviate poverty, and improve access to health and education. For this programme, South Africa is counting on Development Finance Institutions to provide financial and technical support for public sector investment projects taking into account both immediate and long term needs.

In response to the crisis, South Africa came up with **“The National Job Initiative”**.

The value of this new scheme is estimated at about R10 billion over the three years Medium Term Expenditure Framework. It will draw on resources in the Department of public works, Department of Labour and the Department of Minerals and Energy. And this initiative will have as its mandate the coordinated and accelerated financing

¹ www.southcentre.org/index.php?option=com_docman&task=doc_download&gib=1287&Itemid=-

of industrial and special employment measures as well as social measures to avoid job losses and to actively increase the number of employed persons. And all social partners, including parastatals, will encourage local procurement of supplies, services and other requirements wherever possible in order to maintain and increase local output and employment levels.

Another plan that South Africa has adopted to respond to the crisis is about the second phase of the **Expanded Public Work Programme (EPWP)**.

The phase 2 of EPWP will create a cumulative total of 2 million full time equivalent jobs for poor and unemployed people in South Africa so as to contribute to halving unemployment by 2014, through the delivery of public and community services.

The 2 million full time equivalent will be created through the creation of a cumulative total of 4.5million work opportunities from 2009/10 to 2013/14 financial year.

One million unemployed youths, women and disabled people will be targeted in public employment programmes directed at socially useful activities, including home-based care, crèches, school cleaning and renovation, community gardens, tree planting and school feeding².

Emergency Food Relief supported through partnership with the private sector, NGOs and community base organisation, will enhance food accessibility and affordability to the poorest communities experiencing difficulty as a result of the economic crisis.

Emergency Food Relief will be aligned to the existing initiatives such as Social Relief of Distress Fund and other food security strategies. The main objective of these types of scheme is to make sure that the global economic crisis does not lead to increase the level of hunger in South Africa and to work together to achieve the goal of Food For All Programme which is affordability of basic foods all households and communities. In order to achieve such objective, the government will encourage and support food

² Ibid

production schemes in rural and peri-urban areas for households to grow their own food and will support them in form of seeds, fertilizers and pesticides³.

In spite of fiscal pressures currently faced because of lower than expected revenues, the Government of South Africa will maintain social transfers and other key social expenditures, including increasing access to free basic services such as water and electricity to the poor⁴.

South Africa is promoting the establishment and funding of cooperatives in this moment of economic crisis, because it recognises the important role that cooperatives can play in absorbing the unemployed and the poor into employment as well as in providing services in poor communities

It has suggested that the government could start with a default savings scheme that would cover people not already covered by existing private schemes, especially those working for smaller employers with no private retirement or benefit funds for employees⁵.

South Africa has increased the maximum age for child support, from 14 to 15 years old, and South Africa is also working in equalising the pensionable age between men and women.

³ Ibid

⁴ Ibid

⁵ <http://allafrica.com/stories/200812010282.html>