

**Deputy Minister of Public Works
N Kganyago on behalf of Minister S Sigcau
18 October 2004**

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Seminar on sustainable corporate social responsibility

I have been asked to speak today about the way I see corporate social responsibility (CSR) investment playing its proper role in contributing to the creation of a better society that we are all trying to create.

My brief is also to map out some of the platforms in which the corporate sector could, in partnership with government, play its role in support of specific programmes, such as the Expanded Public Works Programme (EPWP) which my department runs.

I must say from the onset that we have been very pleased so far with the support and cooperation we have been receiving from private sector organisations throughout our government and levels.

For the purposes of this gathering, I think it is necessary to first of all lay the basis from which I will launch the thrust of my speech today by defining what I understand the concept of social responsibility to be and very briefly how the movement has evolved.

I also propose in this discussion to give you a brief background of one of government's social responsibility programmes if you like, the Expanded Public Works Programme (EPWP).

In doing so, I hope to indicate where the opportunities for corporate social responsibility lie in government with specific reference to the EPWP.

So let me start.
We live in a globalised world!

A few events took place very far away from us but still had a telling impact on the way we viewed the world as South Africans. These events were among others the fall of the Berlin Wall in November of 1989.

Secondly perhaps is what could be described as a process rather than an event, the end of the Cold War. This was to a large extent signified by the internal reforms forced by economic realities and leading to the break up of satellite states in the Soviet Union. These were followed in the same year of 1989 by unheralded international summits between President Reagan and Prime Minister Gorbachev.

So, the sum effect of all this was that by the time Boris Yeltsin came to power in a much smaller Russia, soccer club Chelsea, which is based in the heart of Western capitalism London, was all but ready to be taken over by a Russian billionaire, Roman Abramovich. The world had indeed come full circle.

The phenomenon of globalisation, driven largely by the pace of technological development, meant that South Africa could not go on unaffected.

The miracle of our negotiations started when president FW de Klerk unbanned political organizations and threw the gates of prison open for leaders of the calibre of Mr Nelson Mandela's to play their role in the creation of a better life for all.

We live in an unequal world!

It was with the above understanding that President Thabo Mbeki addressed the delegates at the World Summit on Sustainable Development in Durban in 2002. He said: "All of us understand that the goal of shared prosperity is achievable because, for the first time in human history, human society possesses the capacity, the knowledge and the resources to eradicate poverty and underdevelopment."

There is every need for us to demonstrate to the billions of people we lead that we are committed to the vision and practice of human solidarity, that we do not accept that human society should be constructed on the basis of a savage principle of the survival of the fittest," he added.

Globalisation, in this regard, provides us with the ability to develop shared prosperity.

I believe that the goal of Corporate Social Responsibility is ultimately sustainable development. Sustainable development links economic growth, social development and environmental protection as interdependent elements of long-term development.

As a society, South Africa remains one of the most contradictory countries in the world. We are Africa's largest economy and have the best infrastructure, yet we have one of the highest per capita poverty rates in the world and the highest infrastructure or asset poverty rates in the world.

Unemployment and to an extent crime are concerns of the entire population quite rightly so. But it is critically important to underscore the fact that there is an interrelationship between these factors. Jobless economic growth and an inappropriate education are some of the drivers of unemployment. Unemployment has within it the seeds of social disorder including crime which all ultimately impacts on the environment in which the private sector has to do its business. The seeds of instability have very little to contribute to the long term stability and economic growth of a country.

So we are in this together. We will rise and fall depending on whether we work together or go our separate ways.

I am glad to say that in this country business, through the Business Trust has pledged support for the EPWP creating the EPWP Support Unit. This is the direction in which I would like us to proceed.

Very briefly, the EPWP aims to bridge the gap to the first economy for the millions who are unemployed and poor.

It is important to note that the EPWP falls within Government's broader economic development strategies and should not be viewed in isolation. Through collective effort by all levels of government and the private sector, the programme aims to create a million job opportunities through projects in infrastructure, environment and culture, social and economic sectors of our economy.

Business can assist.

We have been very open and frank in our presentations both to parliament, labour and other publics through the media, that the essence of our work is to create job opportunities in their millions by giving our people for example in the infrastructure sector, a learnership which is a combination of Theory and Practice. They are being trained over a period and given contracts for practice so that they can progress to being independent business people themselves.

On average these jobs will last only months, with the longest period being two years. During this period they will earn special wages outside the Labour Relations Act. This we have agreed between ourselves, business and labour in order to make employment easier on condition that the employers provide training and such conditions have a limited time span.

The question is what happens after two years or whatever the period is.

We reason that one of the characteristics of our labour market is that there is gap between current economic growth on one hand and the available human resource to take up those opportunities. In other words we need to align the requirements of the labour market more closely to what we are producing at tertiary institutions.

You will be aware that there are many matriculants and university graduates who are unemployed today. They cannot find jobs because their training does not meet the requirements of the private and sometimes public sector as well.

We believe the EPWP tries to do something about this phenomenon.

Business could also come in here.

Clearly we need to extend the period of employment, in other words we need together to work closely on the exit strategy side of the EPWP.

We know that the reasons for business engaging in corporate social investment range from creating an environment conducive to the pursuit of business through addressing the socio-economic environment to outright political correctness.

We are also aware that some of the recent drivers of CSR in this country include government's Black Economic Empowerment including the charters such as the Construction Charter which is currently being discussed. Other drivers are the King 11 Report on the conduct of South African companies, the Johannesburg Stock Exchange and government's own procurement requirements.

What we have noted, and we agree with the CSIR in this regard, is that there is not enough focus in all these

programmes on job creation.

We estimate that we need to alleviate unemployment for a minimum of one million people every five years. We will also aim to halve unemployment by 2014. This we cannot do alone.

We have already committed an estimated R20billion over the next five years in the Expanded Public Works Programme.

The EPWP will provide exposure to the world of work in a context where a very high proportion of the unemployed has never worked. Indeed, in the 16 - 34 age group 70% report never having worked, while 59% of all unemployed people have never worked.

The programme involves reorienting line function budgets and conditional grants so that government expenditure results in more work opportunities, particularly for unskilled labour.

It is important to note that the Growth and Development Summit (GDS) agreed that EPWP must not displace existing permanent jobs and all opportunities must be based on real demand for services.

In order to be sure we are making an impact, an EPWP reporting template has been developed in consultation with the various reporting bodies. A draft monitoring framework for the EPWP has been developed with the assistance of the Human Sciences Research Council. A number of indicators have been identified which will be monitored and measured in all EPWP projects. As far as possible, these indicators have been integrated into existing reporting systems of the various sectors.

It has been agreed with Statistics South Africa that indicators on the EPWP will be included in both the Labour Force Survey (LFS) and the General Household Survey (GHS).

The Human Sciences Research Council has also designed a draft evaluation system for the EPWP so that the impact of the programme can be measured. The recommended framework has been circulated and is currently being reviewed by other sector departments, independent experts and Statistics South Africa. Based on their input the framework will be finalised and contracts will be tendered for the evaluation by independent agencies. This is to give an example of what we are already doing to ensure that the money we spend achieves the goal we set out.

The Business Trust (BT) has agreed to support the EPWP. In close cooperation with Department of Public Works a framework for the type of support that the BT will provide has been prepared.

It has been agreed that the Business Trust (BT) will establish a Facilitation Fund to support the EPWP, by funding activities that will facilitate the implementation of the EPWP. A call for proposals for organisations to manage this fund has been issued and this fund should be operational by the end of 2004. The Business Trust will provide R15 million to this fund in the first year.

Organised labour is being briefed on a regular basis on progress with regard to the EPWP. DPW also reports on progress to NEDLAC. Progress on the EPWP was reported to the NEDLAC Executive Council as part of the one-year review of the Growth and Development Summit (GDS), of which the EPWP is a key outcome.

The British Department for International Development (DFID) is in discussions with the Business Trust regarding a possible contribution to the Facilitation Fund mentioned above. Discussions are also being held with various other donors, including the European Union and the World Bank, regarding possible support for various capacity building and technical assistance aspects of the EPWP.

I do not mean to go on. We are merely making the point that government already has platforms in which the money you are already spending could be spent in a coordinated manner with the right outcomes. We are saying that corporate social responsibility presents one of the many opportunities we are seeking to cement our private public partnerships.

In my view, here are some of the challenges facing this industry:

1. There is no co-ordination. Each company uses its own monitoring and measurement tools in isolation from the rest of the corporate world. This might be due to competition, but it seems to me that given the nature of the business of corporate social responsibility, we have more in common than in competition.
2. There are no commonly agreed standards for Corporate Social Responsibility.
3. There is often a gap between expectation and delivery. This is largely because 10 years into our democracy, the beneficiaries are still not an integral part of the planning process. As a result the possibility of white elephants with no benefits for the community still remains.
4. There is also the problem of lack of sustainability which afflicts a good number of CSR programmes. Let me say this, not because Meshack Khosa is here, that there is at least one exception I can think of, MTN multi

media centres which have what they call built-in sustainability.

5. Given the fact that South Africa is one of the most politically aware and unionised societies, there is also perhaps the issue of legitimacy, which could result in genuine CSI programmes being treated with disdain by the intended beneficiaries.

So I am suggesting that CSR organisations and the pirate sector need to meet in forum on a regular basis to iron and manage these observations.

I am also suggesting that given the nature of the challenge we face, better co ordination and measurement will no doubt lead to higher yields per CSR rand spent than has hitherto been the case.

In this regard I would like to suggest further the following:

1. We require a commitment first of all from all the corporates that they recognise the role of CSI as a necessity in the development of our unequal society.
2. Corporates need to commit themselves to growing and not cutting their CSI obligations
3. CSI as a movement needs to develop its own set of guidelines for the industry, in a way regulating itself instead of expecting this top come from the state.
4. There is a dire need for the development of a measurement toolkit looking at the funding terrain and the impact CSI makes in the fight against poverty.
5. Lastly, we need to cement the partnership between government and corporates in the fight for better living conditions for our people.

I have no doubt that the calibre of men and women gathered here will be able to put their heads together, all for a better and sustainable South Africa, for the sake of generations today and in the future.

I thank you.

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