

# Social Compact Seminar CONTENT

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## Introduction and Opening remarks

Presented by Prof. Somadoda Fikeni Chairperson of the Indlulamithi Scenarios Trust

Indlulamithi would like to thank all delegates and speakers for taking the time to invest in Indlulamithi Day, and responding to the call to be part of the Social Compacting dialogue at GIBS.

A special word of thanks to the Indlulamithi Executive Committee for working tirelessly to make Indlulamithi Day a reality, and to the ongoing support and oversight of the Trustees of the Indlulamithi Scenarios Trust.

## Indlulamithi Day this year came at an important turning point in our nation. A moment in which:

- Trust in institutions and in leadership is at a breaking point, as evidenced by the low levels of political participation in the processes of our democratic life and the sporadic examples of unrest during the last year.
- Even though South Africans enjoy equality before the law, we suffer gross inequalities by almost every other measure, more especially in terms of income inequality and inequality of access to the basic provisions, or a dignified life through employment.
- Longstanding resentments and the unfinished work of reconciliation, continue to bubble up here and there, and crime and other social ills, create new forms of resentment that hurt our nation's cohesion.
- We are delicately balancing our fiscal resources on the one hand and our social deprivation on the other hand.
- We suffer these things, while having to navigate a global environment of Covid recovery and uncertain economic recovery.





These fault-lines in our nation's social fabric are tearing us apart – inflicting wounds on us even as we try to overcome and heal the deep wounds of the past.

The Indlulamithi Scenairos clearly show that we are fast becoming a Gwara Gwara nation, torn between immobility and restless energy and at risk of becoming a demoralised land of disorderand decay.

The Indlulamithi Barometer 2022 results shows that we are sliding dangerously close to an edge of uncertainty, and we must act decisively to arrest our national decline.

It is for this reason - the sense of urgency and a desperation to act - that we emphasised Social Compacting at this year's Indlulamithi Day.

South Africa cannot be allowed to succumb to its worst fears and be overcomed by its various challenges. We must find a way through this moment of uncertainty, and push ourselves towards a Nayi le Walk scenario.

We know that the Nayi le Walk vision of a South Africa marked by growing social cohesion, economic expansion and a renewed sense of constitutionalism is illusive. But we must pursue it together.

Indlulamithi would like to echo the President's words in one of his Monday's letters in which he stated:

"There is agreement among social partners that the social compact cannot be a vague set of commitments, but a clear pathway to achieve higher levels of equality, jobs and common prosperity. What we now need is to work together with greater urgency and purpose, to complete that work, rather than to point fingers at one another."

As Indlulamithi, we believe that one of the ways South Africa can move towards a Nayi le Walk future is through effective social compacts.

With this in mind, fellow South Africans, I remind you that we are here as leaders and contributors to a new chapter in South Africa's future – one focussed on problem solving and building a better future, together.





### Why Social Compacting

Or rather when (in what circumstances) does South African need social compacting initiatives?

Lisa Seftel
Executive Director: Nedlac

#### Lets start with defining what is and is not a Social Compact/Compacting

#### What is a Social Compact?

Mistra (2014) in a paper for the NDP argued that: The most instructive definition in the South Africa discourse of a social compact is one that has "the attributes of a core agreement among various societal role-players and their government that outlines the rights and duties of each party.

A social compact "requires elements of social partnership; it can only succeed in the context of social dialogue; and the processes of forging it would entail some level of collective bargaining" Thus, social compacting should be seen as both a process and an institutional framework.

#### What a Social Compact is NOT

It is not a solution/answer to problems/crisis that we face.

At best, the contents of a social compact MAY assist to define, determine and implement a solution.

## Social Compact is a MEANS to an END

#### With this definition, there is not one single form of Social Compact, nor is it new...

The following can be regarded as social compacts:

- Reconstruction and Development Programme
- The establishment of Nedlac
- Previous Job Summits and Jobs Accords
- The Economic Recovery and Reconstruction Plan
- Sector master plans
- Specific focused social compacts e.g. to support Eskom, to save Ashton canning factory

Maybe even the following can be regarded as social compacts:

Where the state may be a partner or not:

- Community Action Networks (CAN's) set up at community level to provide relief at the beginning of the Covid19 pandemic
- Changemaker's town network
- Within the state
- Effective coalition agreements at local government level

There is also a process in DSAC for a social compact on nation building and social cohesion – but it could be mixing up social contracting and social compacting. 4

## There are three possible options for a Social Compact:

- The "grand pact" to address holistically the crisis facing our country as has been done in Ireland & Australia
- Projecting the results of existing and ongoing processes such as the implementation of the ERRP
- **3** Single issue compacting.

## Therefore, the question is not so much why social compacting, but does South Africa need more Social Compacting?

If we regard social compacts as a mechanism/tool/ process to resolve a problem/challenge, then the prior or priority question or issue is to:

- Define/analyse the problem or challenge; and
- Determine a solution of which a social compact is at most PART of a solution because it may deliver:
  - trust and co-operation (which are mostly values);
     and
  - mechanisms to define roles and responsibilities of different parties and for them to hold each other accountable.

## Diagnosing the SA crisis – Democratic backsliding (Mncedisi Jonas input at Defend Democracy Conference 1 July 2022)

Jonas identified the following areas of democratic backsliding:

- Undermining democratic institutions.
- Rejecting the legitimacy of opposition parties (including the state giving violent non-state actors leeway).
- Curtailment of democratic practices.
- Global economic and climate crisis and volatile geo-politics.
- Political crisis within the ruling party.

He says: "Given the state of our crisis, we cannot just jump into a Nedlac-managed social compact, which is being presented as the magic bullet."

He calls instead for a "society-wide conversations about our future and what a minimum programme should entail" and says we should "prioritise as part of this minimum programme the reform of the political system itself."

#### **Social Compact to support Eskom**

Was initiated and forged towards the end of 2019 where the country faced a similar (even if less serious) energy crisis.

Was cast specifically as a social compact to Support Eskom while Eskom was not a party.

In the process of its development:

- The problem was diagnosed and short, medium and long term solutions identified with different social partners playing different roles.
- Trust was built and common cause identified.

The heart of the deal was as follows:

- Government would commit to turn around Eskom, stop the corruption, make it easier for the private sector to supplement generation capacity and initiate a just transition process.
- Business would invest in generation.
- Labour would support a solution using worker funds to address Eskom's balance sheet which at that time was seen as a significant constraint to energy security.
- Community would address vandalism and non-payment of electricity.

An implementation plan was developed and in Nedlac we set up structures to track implementation and co-ordinate areas of collaboration.



However, this has not happened very successfully since:

- Eskom did not believe that they had to account to social partners.
- The proposed balance sheet solution was not pursued by government.
- Community could not deliver on the ground Organised business (and other business) lobbied govt publicly (and privately) for them to be enabled to provide more generation (coal/gas/renewables) – rather than using the Nedlac forum.

Now, we have an emergency plan where government has promised to deliver and social partners to support.

#### **Evaluating these case studies**

In respect of defending democracy, what I read Jonas saying is that we need a mobilisation and organisation not a coming together of current stakeholders to try make trade offs around essentially incompatible interests.

In respect of supporting Eskom, did the Social Compact fail or is it failing because the parties could not deliver? Or was it the incorrect instrument – replacing decisive state leadership and action with due regard with what is at stake – not only energy security but the future of our planet.

## So when is a Social Compact needed? (most appropriate?)

A Social Compact is needed when there is a problem/challenge/crisis that can only be solved if:

- More than one stakeholder/set of interests is required to collaborate/agree/work together ("Intersectionality").
- Where the immediate interests of these stakeholders need to be subsumed in the long term interest of the business/sector/country ("Trade offs").
- Where trust is an essential ingredient that needs to be built and consolidated.

### Even if a Social Compact is needed, there are preconditions for success...

The balance of forces in society needs to lean towards rule of law, trust in government and legitimacy of government.

The state needs to play a leadership role and for this it must be internally coherent.

The parties to Social Compacting need to be:

- Diversely representative (not only those who are seen as 'insiders')
- Able to get a mandate and carry their constituencies.
- Capable of making hard decisions which may be unpopular in the short term but will have long-term benefits.
- Have capacity, capability and political will to deliver on commitments in social compact
- Able to take a leap of faith, have hope and trust - which in turn can lead to increasing levels of trust.

Each party needs to make a contribution which may not be equal but should be equitable. The playing field between different parties should be levelled e.g. through capacity building support, recognising others sources of knowledge and experience.

#### And a Social Compact can succeed when...

It can go beyond declarations and commitments. For example jobs social compacts are less likely to be successful if there is not agreement on:

- The causes of job loss.
- The role of macro-economic policy.
- A common vision of a job absorbing economy.

It can "ensure coalescence around essence" rather than become bogged down in too many objectives or details. Deliverables can be measurable.

Mechanisms are included to hold the parties accountable and monitor the implementation of agreements reached (as what happened with Presidential Job Summit).



# Indlulamithi Barometer and Response to Barometer

Presented by Dr Tara Polzer Ngwato



The Indlulamithi South Africa Scenarios 2030 were launched in June 2018 as a multi-stakeholder, research-driven initiative to provide tools – in the form of scenarios – to focus leaders from different sectors and people from all walks of life on a key question: What would a socially cohesive South Africa look like, and can we achieve it by 2030?

The scenarios are intended to support social compacts across all levels and sectors of society. Three Scenarios express the ways in which South Africa might develop:

#### Nayi le Walk

A Nation in Step with Itself

In a precise sequence of steps, **Nayi le Walk** choreographs a vision of South Africa where growing social cohesion, economic expansion and a renewed sense of constitutionalism get South Africa going.

#### **iSbhujwa**

An Enclave Bourgeois Nation

Epitomising a looselimbed, jumpy nation with a frenetic edge, **iSbhujwa** is a South Africa torn by deepening social divides, daily protests and cynical selfinterest.

#### **Gwara Gwara**

A Floundering False Dawn

In a nation torn between immobility and restless energy, **Gwara Gwara** 

embodies a demoralized land or disorder and decay.



The Indlulamithi Barometer provides an annual assessment of the direction South Africa is moving in relation to the three scenarios.

The sophisticated scenario barometer measures the extent to which the different scenarios are materialising over time.

The Barometer is updated annually on 'Indlulamithi Day' in June or July until 2030.

#### The three key driving forces are:





#### Resistance, resentment, reconciliation:

indicators on national identity, personal identity, trust in institutions, shared sense of history and confidence in the future.





**Institutional Capacity and Leadership:** indicators for state administrative capacity, policy making capacity, political representation, governance, accountability and civil society and the business environment.





**Social Inequality:** indicators on the macroeconomy, poverty, employment, education, health and safety.

#### **National Barometer Methodology**

The Indlulamithi Barometer uses indicators compiled from published datasets generated by a wide range of reputable institutions, within South Africa and globally.

Define Indicators from Scenario Narratives

Identify data source for each indicator.

Recognised gov, non-gov and international data sources: e.g. StatsSA, Auditor General, DWAF, World Bank, Social Progress Index, Afrobarometer, etc.

Establish cut off points per scenario for each indicator.

Points of Comparison for Indicator Cut-off Points

- 1. Average for Upper Middle-Income Countries (WDI)
- 2. National Development Plan targets for 2030
- 3 SPI comparison with 15 countries with similar GD
- 4. Global averages (in some cases)
- 5. Qualitative assessment (in some cases)

For each year, allocate each indicator to a scenario.

Generate Aggregate Barometer.

#### **National Barometer Composition**

The 53 indicators of the Barometer are organised into three key driving forces, and represent different elements of each. Together, they provide an overview of the various dimensions of South African society.





State capacity
Policy making capacity
Political representation
Governance, accountability
and Civil Society
Business environment

22 indicators

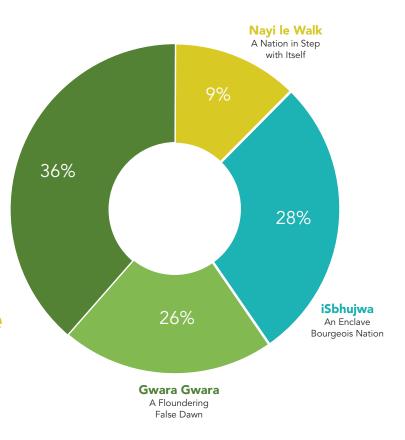


#### **National Barometer 2022**

The National **2022 Indlulamithi Barometer** measures trends from July 2021-June 2022. It shows that South Africa is continuing to move deeper into the Gwara Gwara scenario, marking a continued decline in social cohesion levels compared with 2021.

More than a third of indicators lie in the deeper version of Gwara Gwara, GG+.

How do we get from here to a socially cohesive South Africa?



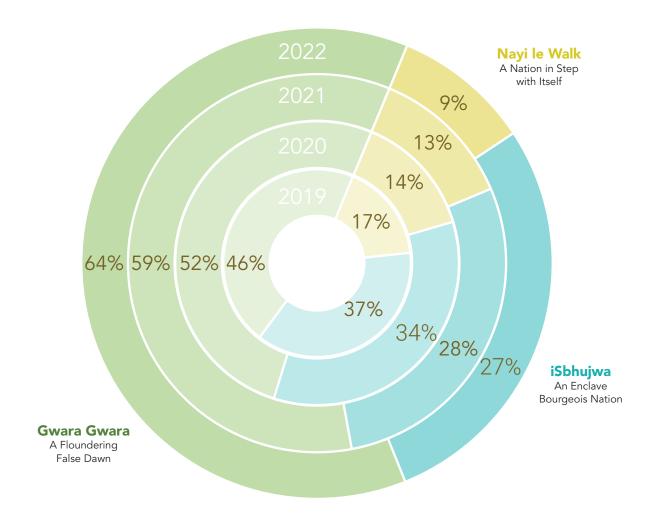


#### National Barometer 2022: by Key Driving Force July 2021 - June 2022 RESISTANCE, RESENTMENT, RECONCILIATION 11 42% 25% 25% Indicators INSTITUTIONAL CAPACITY AND LEADERSHIP 22 29% 33% 24% **Indicators** SOCIAL INEQUALITY 20 10% 25% 60% 5% Indicators Nayi le Walk iSbhujwa Gwara Gwara GG+

When viewed according to the three key driving forces, the 2022 Barometer shows that the Gwara Gwara scenario remains dominant across all Key Driving Forces. The darker green GG+ represents a deeper form of Gwara Gwara, which shows how indicators that have been in the Gwara Gwara scenarios for several years are still declining. Overall, 34% of the national indicators fall into GG+ in 2022.

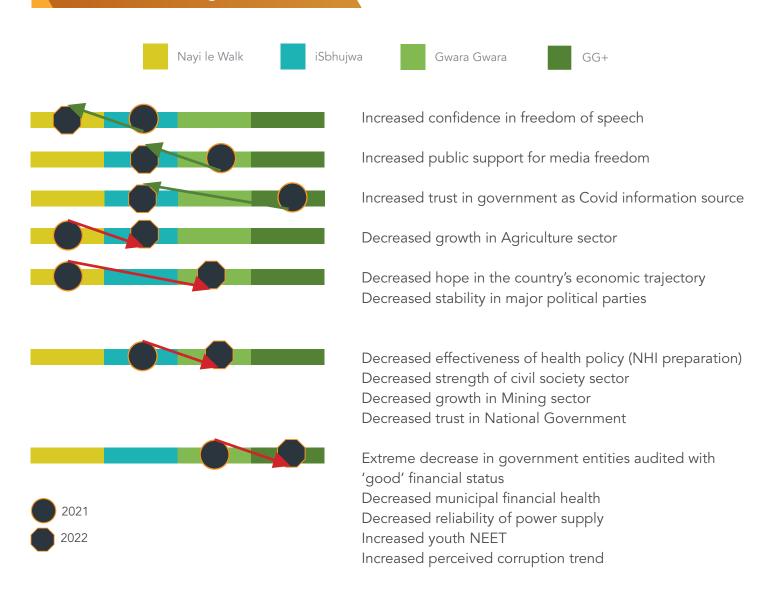
The Gwara Gwara and GG+ scenarios are most pronounced in relation to Social Inequality, as in previous years. This shows that the every-day life of the majority of South Africans is already deeply in the Gwara Gwara scenario.

#### **National Barometer Trend**



The trend from 2019 to 2022 has been a continuous decline toward the Gwara Gwara scenario, moving from 46% to 64%. Accordingly, a reduced number of indicators point towards Nayi le Walk and iSbhujwa.

#### 2021 - 2022 Shifting Indicacators



The 2021-2022 shifts in the National Barometer are due to movement in the indicators above.

#### **Barometer Presentation Recoding**

Please <u>watch the Indlulamithi Day 2022 event recording</u> for the full 2022 Barometer presentation which kicks off at the 1:20:00 mark

Click here for the full 2022 Barometer Presentation.

Click here for the Indlulamithi Barometer 2022 Digital Brochure

### Social Compacting Seminar Summary

More than 160 participants from across South Africa joined the Social Compacting Seminar histed at GIBS on 27 July 2022 in person and online.

Participants had consensus that social compact focussed on material issues were indeed possible and needed. That these would need to account for a lack of trust and misalignment between stakeholders and their interests.

That success would require:

- Responsiveness and respect for local conditions and communities and focussed on material needs & wellbeing
- Legitimacy, transparency, accountability, monitoring and reporting were needed
- 3 Inclusivity of civil society, especially youth

That self-interest and a lack of credible leaders were impediments to progress.

A key take out is that social compacting can work as a process to bring people together around common shared purpose. But that, government's current approach is detached from the broader societal needs. Big business is focussed on the short-term tactical interests of business, and not the society at large. Civil society is incapacitated and disorganised.

South Africa's challenges are well understood by the social partners, but it is unclear will lead, catalyse, mobilize and organize social compacts. Everyone is waiting for someone else to take the initiative.

#### **Menti Results**

We had a total of 68 participants contribute to the menti poll, across a range of 3 questions:

**Question 1:** What should the focus of South Africa's compact be?

Options were:

- a. Deep-seated issues of trust, identity and belonging (or trauma)
- b. Material issues arising from social-economic realities (such as security, mobility and inclusion)
- c. Multi-stakeholder alignment and coordination (for the mediation of interests).
- **Question 2:** What should a home-grown social compact look like?
- **Question 3:** What are the impediments and options for compacting?

Participants indicated that all three the focal issues for compacting were both "urgent" and important", but voted that **material issues** should be prioritised as the focus of the social compact, with attention being given firstly to deep-seated issues of trust, identity and belonging, and thereafter multi-stakeholder alignment and coordination.

We take from this that participants are of a view that a pragmatic compact, focussed on bread and butter issues is what is needed, but couched in the broader societal issues of better relations and competing interests.

Participants expressed strong views about the ideal form of a home-grown compact.



## Preferences and options for a home-grown compact

Participants gave impassioned contributions to the dialogue.

"Properly led multi-stakeholder efforts focusing on education, economy, health and effective municipal service delivery. Visionary, inclusive and consultative leadership is key"

They argued for an approach to compacting marked by: legitimacy, transparency, with a local (municipal level) focus, inclusive of civil society, responsive to local conditions and focussed on material conditions & amp; wellbeing (e.g. poverty, education and skills development). They argued for a social-need based, long-term approach, anchored in dignity, that is representative, distributive, focussed on the most vulnerable, with monitoring and reporting.

That resulted in practical commitments, involving the youth (at the centre), is trust building, enabled by ethical leadership, respect and a capacity for listening to local communities, but data-driven, with accountability (including to the law).

Minority views were different:

- Implement existing compacts
- Create multi-level compacts
- Implement universal basic income grant
- Build a capable, smart government (professionalised) without cadre deployment

#### Impediments to compacts

Participants also has strong views on the impediments to compacting:

"Self interests, greed, lack of ethical leadership in both business and government are the impediments. There isn't many options except to find common ground on what is good for the Country, and this is a call for Leadership, Leadership & Leadership" The notes issues of legitimacy and a lack of credible leaders, selflessness and common interests as well as a lack of sight of the common good and preventing compacts. Also, that unless they are binding and have good governance, given a lack of government capacity, compacts won't work.

That low trust, self-interest, and an unwillingness to act amid uncertainty prevent progress.

Finally, that a denial or trivialisation of black pain and a detachment of the privileged (whites) is an impediment.

#### **Participant comments**

It [sic] should not be led by government. Must be locally district led and in eg: KZN must include traditional authority.

Must strengthen the voice of civil society and address abuse by local govt and traditional structures. Should be led by civil society and look towards apolitical leadership.

"Focus on small sectors based on the social needs and available resources working with local municipalities to create binding and transparent contracts."

"Have flexibility in the SLP framework for businesses to focus more on local community needs and collaboration with local communities and municipalities."

"It must be of long term in nature. Inclusive and it must address the material conditions. It must solve well-being. It must solve physical and wellbeing of people. The environment and belonging. It must bring back the dignity of people. Nation build"



"Are we ready for new SC in a scenario where we haven & implemented the 2019 Eskom SC? The Evidence gap in the key areas of poverty, inequality, household FS? Why not implement the SCs already agreed and hear from the 63% experiencing gwara gwara day!"

"Balance collaboration with accountability"

"Listening to the 63% that is experiencing Gwara Gwara day-to-day through dialogues where all stakeholders are present may generate the active citizenship required, the trust required to produce responsive SCs"

"The concentrations of wealth need to be allowed to move to the people where wealth needs to flow"

"One where parties that have committed are held accountable. It should be one that focuses on the most vulnerable members of society and where there is continual feedback on progress made."

"I believe we desperately need to be data-driven and evidence in our engagements. It is increasingly looking like some policy areas are becoming more and more populist-driven than evidence-driven. Look at the issue of immigration.

Our political leaders cannot see beyond party politics and immediate political survival. And the masses are also not engaging data meaningfully or engaging it at all. So the level at which we hold leaders accountable is really sparse."

"Compacting at multiple levels, national, provincial, local, and at sectoral level"

"Social tipping points are aligning and becoming increasingly pressing. It creates a burning platform as we transition to a new era which could be a home-grown social compact."

"Material impact conditions trust, identity & belonging. People living in literal figurative crap are not ready for stakeholder engagement. Basic dignity issues need to be addressed and will have positive flow on effects for other areas."

"Practical commitments from each social partner to achieve identified outcomes. Commitments to be canvassed with communities and constituencies as part of compacting process."

"Since the youth is hopeful, should we not also be engaging and listening to them about possible Social Compacts"

"Responsive to the current pressing needs of society and accommodate into the future."

"Rebuild trust within and among government through accountability and leadership."

"Ethical leadership within all sectors. The sliding down of this impacts negatively in many aspects of our country."

"Accountability should be central to the compacting."

"Society has not been able to hold each other accountable for wrong doing in all aspects of society."



"Provide a common basis for ethical leadership and its supporting elements of trust, accountability and transparency."

"Visible results from prosecutions and results of dealing with issues of corruption and addressing the wrongs."

"Delivery on social promises that will ensure opportunities and access into the material benefits that result in social mobility of individuals and society"

"Accountable leadership"

Place should be central, by agreement and if needs be, transportation be provided for those who need it. Leaders should be as accommodating about the variety of cultural norms - not be pedantic on a technical level.

"We should move away from South African exceptionalism"

"Credibility and trust is key to working with people respectfully. Poverty alleviation and education from a young age."

"Respect and acknowledge the role of the private sector - what it can and should do and also what it should not be asked to be doing - listen and act in accordance with their place in a healthy society."

"ACCOUNTABILITY IS CRITICAL IN A SOCIAL COMPACT"

Principle of sacrifice and equity embraced by all parties to compact. Balancing the philosophical with the practical. approach... Ground-up Close the between between qap local and the government communities - inclusivity

"Address the pre-conditions for a social compact first; less social engineering/political rhetoric, protect public administration from political interference, insist governing alliance inertia/turmoil does not dictate pace of dialogue, honesty first."

"The Class question in SA is linked to RACE and elitism and those group of people hold the most privilege and enjoy social security those people must be ready to part with their privilege for us to achieve social compact."

"Inclusive of civil society, labour and government. Need to focus on top priorities - unemployment, inequality and as well as increasing poor educational outcomes! No future economic opportunities without good education."

"Separate politics and administration across all levels of government. Young people must be at the center of a social compact... not just about what young people need but compacting BY young people with and for themselves"

"Should focus positively changing the material conditions for the majority of the populace"

"It should aim to disrupt socio-economic and emotional poverty"

Are we ready for new SC in a scenario where we haven & implemented the 2019 Eskom SC? The Evidence gap in the key areas of poverty, inequality, household FS? Why not implement the SCs already agreed and hear from the 63% experiencing Gwara Gwara day!



"focus on socio-economic needs. Wellbeing of the Nation. At the center should have a capable and smart government as a catalyst to drive implementation of the social compact together with development partners."

improving lives and livelihoods.

Leaders must always have this in mind."

"Local communities need to feel valued, listened to and seen as co-creators. Government is a crucial leg of the 3-legged pot, and it needs to listen better. Anyone from outside who tries to influence local communities will find it hard to impact."

"A lesson from elsewhere could be taken from Ghana, who is one of only a handful countries that created a national dialogue mechanism:

The National Committee, led by civil society people, that has a mandate to get local people to talk and solve."

Who leads the process and who is involved in the process especially in communities where either the Councillor or traditional leader assumes the position. To agree the outcome even though I or my group may lose something in the process but to know that the outcome is binding to all others therefore ensuring the desired outcome. Finding an incorruptible way to mandate representatives into the process.

"Professionalise the public service, get rid of cader deployment at all levels"

"Context: based on the respondent & position.

- 1. Material Provision: enough for everybody. People must have the basics met.
- 2. Trust: can we trust those in power/accountable for delivery.
- 3. Businesses to know & meet their communities & needs."

Professionalization of the public service, building state capacity, prosecution of corruption cases. Change political system, minimum educations requirements for political leaders and election of presidents directly by public

"Impediments are the lack of trust and the presence of blockers that want personal gain."

"The need to want to be 'right' is an impediment."

"Build capacity for anticipating change (and not dictating it)."

"Impediments - A lack of trust - that needs to happen in a sustained manner. Credibility + respect for leaders. Persons in power unwilling to yield power and control. Options include trust building, common interest - commitment to addressing inequality" "Self interests, greed, lack of ethical leadership in both Business and Government are the impediments. There isn't many options except to find common ground on what is good for the Country, and this is a call for Leadership, Leadership & Leadership"

"Impediments: State capacity and capability, Intra governmental conflicts and interests, Trust deficit, policy capture. Reverse impediments.

Focus: Economy, Employment, Social Security, Education and Skills, Digital Economy. Build Cross Policy Lab."

"This may be a generalisation, but in my experience most white people are absent from spaces where people who have sufferered from or are still impacted by apartheid fearing that they may be & put on a guilt trip."

## Indlulamithi Day 2022 Videos

Click through and watch







#### A special thanks to all our speakers who contributed on the day:

Neeshan Bolton Andrew Borain Adam Kehane Lawrence Matemba Michelle Muschett Matthew Parks Lisa Seftel

#### Get in touch



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