

# SOCIAL SECURITY REVIEW

## VOLUME 2



*Social security in the time of COVID-19*



social development

Department:  
Social Development  
REPUBLIC OF SOUTH AFRICA

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## ACKNOWLEDGEMENTS

The Department of Social Development extends its appreciation to the Human Sciences Research Council for providing editorial services for this edition of the Social Security Review. Special thanks go to Ms Shirin Motala, Dr Tim Hart, and Mr Stewart Ngandu for their excellent guidance and support to the Department to ensure a high standard for the publication, including management of the peer review of all the chapters. Dr Jaqueline Harvey, serving in her capacity as project manager for the publication, ably managing the entire process. The Department is immensely grateful to the Authors for their submissions under very tight timelines and for the various edits and approving of final drafts. This is more so as many of these requests came at short notice.

We wish to acknowledge the contribution of the team of Peer Reviewers, who will remain unnamed as the approach used was a double-blind peer-review process. They provided their intellectual insights and gave direction to the authors to enhance the quality of the contributions.

We appreciate other colleagues at the Human Sciences Research Council whose various contributions in the execution of the project enables the achievement of milestones under tremendous pressure. These include Shingirirai Muzondo, Mmatsetlane Maja, Ilse Visagie, Lindiwe Malumbazo, Tahiya Moosa, and Amanda Diphoko-Phetla.

A special thanks to Kashan Advertising and in particular Bryony Terblanche who exercised immense patience and flexibility in ensuring that we got the publication to this stage.

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Department of Social Development

This publication is an output of the Department of Social Development with support from researchers at the Equitable Education and Economies Division of Human Sciences Research Council as editors.

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Publisher: Kashan Advertising

Ordering information: Copies can be obtained from the DSD

Edition and Year: Second Edition 2024

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### Suggested citation

Department of Social Development. (2024). Social Security Review Volume 2: Social Security in the time of Covid-19. Department of Social Development, Pretoria.

**ISBN:** 978-0-621-51839-9



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## Minister's Foreword

It is my pleasure to present the Social Security Review Volume 2 publication. This Volume follows the inaugural edition entitled, “*Social Security Review 2021: Evolution of Social Security in South Africa, An Agenda for Action*”. The first edition showcased the evolution of social security in South Africa, domestic and international legal frameworks, and policy gaps that called for further action in the development of social security systems.

The inaugural edition unpacked the historical journey in the evolution of South Africa's social security system dating back to decades of apartheid which was dominated by racial segregation. The fragmented social security system was based on race, gender and geographic location. These legacy policies, legislation and programmes were inadequate, inequitable, inappropriate, and ineffective in addressing poverty and basic human needs, and it is for this reason that they were scrapped.

The post-1994 democratic ethos within which the social and economic transformation has been taking place demands of our social security system to become more inclusive with coverage extended to previously-excluded vulnerable groups. It is on this backdrop that progressive legislative changes have contributed to the gains we have witnessed to date. For instance, in the signing the Social Assistance Act into law, South Africa took a historic step toward fulfilling a fundamental principle of the Freedom Charter and the Constitution of our country: that access to social security is a right, not a privilege.

Thirty (30) years on — under the constitutional democracy — our social security system continues to be transformed and strengthened. Our social assistance programme cushions millions of vulnerable children, women, persons with disabilities, older persons and unemployed adults of working age from abject and dehumanising conditions of extreme poverty and inequality. Our social grants have been proven to be effective in poverty alleviation. Social security is and will remain a sound investment in the human capital of our country.

Building on the inaugural edition, this second edition entitled, “*Social Security Review 2023: Social Security in the times of COVID-19*” explores the intersections of the social security policy imperatives and the COVID-19 pandemic-induced crises which exacerbated the pre-existing challenges of poverty, inequality and unemployment. Surely, the lessons from this experience can be transposed to future disasters, crises and shocks.

The peer-reviewed chapters in this edition are centred on the extension of social security coverage to vulnerable groups such as atypical and informal sector workers, migrant workers, unemployed working age adults (aged between 18—59), institutional frameworks, the role of technology in social security and creation of fiscal space to fund critical social security interventions.

The COVID-19 pandemic resulted in a crisis that affected everyone in different ways and its impact will be felt over a long-period of time. As a policy response, many countries expanded their existing social security provisions and introduced new, albeit of a short-term nature, interventions.



In 2020, the government of South Africa unveiled a R500 billion socio-economic relief package to counter the effects of the COVID-19 pandemic. This investment included the introduction of innovative social assistance programme within which was the payment of temporary top-up grants as well as the special COVID-19 Social Relief of Distress (SRD) (R350) for unemployed adults of working age.

This publication therefore inspires a national discourse on social security issues arising from the past and the COVID-19 crisis experiences. Various authors underline the importance of addressing the identified social security gaps. Establishing a comprehensive social security system that ensures that no one is left behind is therefore critical.

While it is evident that the COVID-19 pandemic presented unprecedented challenges, it equally offered social security institutions with opportunities that could be leveraged pursuant of accelerating the implementation of our timely social security policy responses. Going forward, there is need to augment the investments made to build a coherent and systematised social security that cushions everyone from vulnerabilities and contingencies due to whatever catastrophic eventualities.

I thank all the contributing authors and editors. The Department of Social Development welcomes the diverse views provided by the independent contributing authors. The recommendations in each chapter are critical for the

review and improvement of the design and implementation of our social security interventions.

The Department remains committed to the promotion of knowledge generation that is relevant to everyday living and can influence policymaking debates for the benefit of all South Africans. This Social Security Review publication was commissioned in recognition of the need to contribute to knowledge generation and provide thought leadership in the social security policy and legislative environment by institutionalising a regular publication that can act as a reference resource for use by social policy practitioners, researchers, students, journalists, ordinary citizens and other stakeholders.

As we mark the 30 years of our democracy, I am convinced that this Social Security Review publication will make a huge contribution to policy debates in the 30 years ahead of us. This must continue to be a platform for engagements which help in building a better life for all South Africans.

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**Ms Lindiwe D Zulu, MP**

Minister of Social Development



# 1. Introduction: Social Security in the Time of COVID-19

Editors: Ms Shirin Motala, Dr Tim Hart and Mr Stewart Ngandu

In the wake of the COVID-19 pandemic, the world witnessed unprecedented socio-economic disruptions, fundamentally challenging the resilience and inclusivity of social security systems globally. This second volume of the *Social Security Review*, themed ***Social Security in the Time of COVID-19***, is a timely and critical contribution to the discourse on social protection in the face of large-scale socio-economic shocks, particularly in the context of developing countries such as South Africa. The Department of Social Development, with the Human Sciences Research Council (HSRC), has curated a collection of insightful chapters that not only dissect the pandemic's profound impact on vulnerable populations but also offer a forward-looking perspective on enhancing the resilience and inclusiveness of social security systems.

## Comprehensive overview and significance

This volume emerges from a crucial need to address the gaps in understanding and implementing effective social security measures during times of crisis. It builds on the foundational work of the inaugural edition, moving from identifying gaps to proposing actionable strategies for a more inclusive and responsive social security framework. The chapters collectively argue for a shift towards universal and inclusive social security systems that can better protect the vulnerable, informal and migrant workers, female workers, parents, people with disabilities, children, youth, elderly and the unemployed, during times of crisis.

## Integration of diverse viewpoints

The diverse chapters, while varied in focus, converge on the imperative of extending social protection coverage to all vulnerable groups. From exploring the extension of parental protections to informal workers to the innovative use of blockchain technology for social grant disbursement, the volume offers a multifaceted understanding of the challenges and opportunities within South Africa's social security landscape. The narrative weaves through legal and policy frameworks for social security for migrants, the rationale for comprehensive social insurance, and the transformative potential of grants on child development, to insights into food assistance and the financing and innovation in social security.

## Expert commentary and future directions

It is evident that the COVID-19 pandemic has served as a stark reminder of the fragility of our existing social security

systems, and it also presents an unparalleled opportunity to rethink and reconfigure these systems. The volume underscores the need for South Africa to prioritise reforms that enhance the inclusivity, resilience, and responsiveness of its social protection system, balancing fiscal implications with human rights.

## Key points and directed readings

The volume is designed to guide readers through a comprehensive exploration of social security in times of crisis, emphasising:

- **The need for extending social protection** to informal and migrant workers, as well as parents and the unemployed.
- **The potential of technology** to transform social security delivery and accessibility.
- **The critical role of legal and policy frameworks** in ensuring inclusive social security for migrants.
- The importance of a **comprehensive social insurance model** to address long-term social issues and crises.
- **The impact of social grants** on child development, especially among vulnerable populations.
- The effectiveness of **food assistance and cash grants** in reaching intended recipients during crises.
- **Innovative financing mechanisms** and the potential for a basic income grant (BIG) as part of South Africa's social security future.
- **Enhancing the social protection system's robustness and responsiveness** through



inclusiveness, financial and fiscal sustainability, and cost-effective optimisation of service delivery.

## Scholarly foundation and frameworks

The chapters' theoretical, methodological, and conceptual frameworks provide a solid foundation for understanding and analysing the complex dynamics of social protection. These frameworks are crucial for interpreting evidence and applying it to policy and practice, particularly in disciplines such as social protection and public policy.

## Chapter overviews

**Cunningham** explores blockchain's transformative potential to revolutionise social grant administration and disbursement is explored by Cunningham in her chapter **"The Potential for Blockchain to Promote Social Security Inclusion"**. Despite limitations, the chapter recommends exploring blockchain solutions to enhance social security inclusion by exploring its potential to address pervasive challenges of fraud, access barriers and inefficiencies in South Africa's social assistance system. Characteristics of blockchain technology, namely its security, transparency, immutability, and efficiency, are examined as a solution to these pervasive challenges. Cunningham concludes with a forward-looking perspective, recommending that the Department of Social Development, alongside public and private sector partners, actively explore and potentially adopt blockchain solutions as they become more feasible. This entails not only investing in the technology itself but also in the infrastructure and educational programmes necessary to bridge the digital divide.

**Olivier** spotlights migrant rights in **"Social Security for Migrants Post-COVID-19"** through scrutiny of the adequacy of social security policies for migrants, rooted in the understanding that the pandemic not only exposed but exacerbated the fragilities in the social security net available to migrants, including temporary workers and undocumented individuals. The author highlights the essential role of international law standards and constitutional mandates in shaping a more inclusive social security policy that extends protections to all individuals within the country's borders, regardless of their migration status. Through this chapter, Olivier presents a compelling case for reevaluating and reforming South Africa's social security policies for migrants. He articulates a vision for

a more inclusive, equitable system that recognises the inherent dignity and rights of all individuals, highlighting the need for a concerted effort to bridge the gap between policy and practice in the post-pandemic era.

In **"From Exclusion to Inclusion: Extending Parental Protection to Informal Workers"** **Bob et al.** examine the challenges faced by informal workers, particularly women, who were excluded from social protection during the COVID-19 pandemic, particularly maternal and paternal protection. Through empirical findings, the authors illustrate the exacerbated challenges faced by informal workers, including increased care burdens due to school closures and the closure of informal enterprises resulting in reduced working hours and income. The authors highlight the importance of social capital as a coping mechanism and call for the inclusion of representative informal worker organisations in the social insurance system to advocate for and secure the rights and protections of informal workers. The authors argue for extending maternity and paternal protections to the informal sector and advocate for early childhood development services near informal workplaces.

Analysis by **Tatham et al.** **"Grants and Development? Exploring the Relationship Between Child Support Grant Access and Child Cognitive Development in Children of Adolescent Mothers in South Africa"** highlights the relationship of timely Child Support Grant (CSG) access as a catalyst for child cognitive development. Drawing on evidence from the Eastern Cape, findings reveal that children who accessed the CSG within their first year exhibited significantly higher cognitive development scores. Conversely, each month's delay in CSG initiation was associated with a decrement in these scores, underscoring the grant's profound impact on early childhood development. Moreover, the analysis highlights a concerning trend—adolescent and young mother recipients faced challenges securing the CSG timeously, compared to caregivers, pointing towards systemic barriers that exacerbate vulnerabilities. They recommend 'cash-plus' interventions designed for adolescent mother-child pairs that cater to the unique needs of adolescent mother-child pairs.

In **"Food Assistance and Cash Grants During Early COVID-19 Waves: Insights from South African Experiences,"** **Jacobs et al.** offers a comprehensive assessment of South Africa's response to food insecurity

during the initial stages of the COVID-19 pandemic. The study focused on the South African government's suite of livelihood protection measures including food parcels, food vouchers, and the expansion of cash grants, designed to mitigate the growing hunger crisis. One key finding is the significant role that geographic location played in determining the receipt of food assistance, indicating disparities in the capacity of different provinces to respond to the crisis. The research also highlights the pivotal roles of non-governmental organisations and civil society in distributing food, suggesting a critical need for institutional preparedness and flexibility in crisis response. The authors recommend that food assistance during crises like the COVID-19 pandemic should be universally applied, irrespective of an individual's demographic or socio-economic status.

**Van den Heever** provides a compelling case for overhauling social insurance in his chapter **"Social Insurance for South Africa: The Rationale and the Options"**. He offers an incisive critique of South Africa's existing social security framework, illuminating its failure to establish a comprehensive and equitable system. Van den Heever argues for a modernised social security system that can adeptly navigate both longstanding socio-economic challenges and emergent crises. He proposes a visionary three-tier system designed to offer robust non-contributory protections, introduce basic contributory benefits through public social insurance schemes, and encourage complementary private coverage. This comprehensive model underscores the necessity for aligning social security measures with the multifaceted needs of the South African populace. The chapter presents a compelling case for systemic overhaul, emphasising the urgent need for policies that foster inclusivity, resilience, and social justice. Van den Heever's analysis and recommendations offer a blueprint for transforming South Africa's social insurance landscape, charting a path towards a more equitable and secure future for all.

The chapter, **"An Assessment of South Africa's Social Protection System's Response to COVID-19 Using the Core Diagnostic Instrument (CODI) Framework"** by **Ngandu et al.** employs the CODI Framework to evaluate South Africa's social protection response to COVID-19. The assessment reveals strengths in policy coherence and

integration but identifies gaps in inclusiveness, financial and fiscal sustainability, and cost-effectiveness. One of the most striking revelations from the assessment is the system's struggle with financial and fiscal sustainability, achieving a lower score in this dimension. This challenge is particularly concerning given the increased demands on social protection during the pandemic and the subsequent strain on national resources. The authors recommend improvements in evidence use for policymaking, governance, stakeholder participation, and financial planning to build a more robust and responsive social protection system that can effectively support vulnerable populations during crises and beyond.

The timely contribution of **Tim Hart et al. "COVID-19 Triggers Growing Support for a Basic Income Grant (BIG) in South Africa"** explores the mounting advocacy for BIG as a response to the pandemic's economic impact. This chapter scrutinises the historical reluctance of the South African government to adopt a universal or basic income grant despite the glaring challenges of poverty, inequality, and unemployment exacerbated by the pandemic. The authors highlight the introduction of the temporary R350 Social Relief of Distress (SRD) grant in April 2020 as a pivotal moment, providing a lifeline to vulnerable South Africans affected by the economic fallout of the pandemic. The chapter argues for BIG as a viable policy measure for post-pandemic recovery and long-term socio-economic resilience.

**"Financing and Innovation in Social Security Amidst COVID-19: Impacts and Long-Term Considerations"** by **Blecher et al.** navigates the financial underpinnings and innovative practices that bolstered South Africa's social security system during the pandemic. Highlighting the government's expanded expenditure on social grants and the introduction of the COVID-19 Social Relief of Distress (SRD) grant, the narrative addresses the dual challenges of immediate crisis response and the sustainability of such measures in the long term. The continuation, or potential permanency, of the COVID-19 SRD grant is depicted as a critical issue, demanding a reliable financing strategy to avoid exacerbating the fiscal deficit. The authors advocate for continued investment in digital infrastructure and comprehensive reforms to strengthen social security and labour market interventions for the working-age population.





## Conclusion

The chapters in this edited volume collectively demonstrate the significant progress South Africa has made in expanding social protection, despite facing serious fiscal constraints. The country's social protection system has shown resilience and adaptability in the face of the unprecedented challenges posed by the COVID-19 pandemic, while also highlighting areas for improvement and reform. The collective insights from this volume offer a blue-print for action—highlighting the urgency of extending and enhancing social protection coverage, leveraging

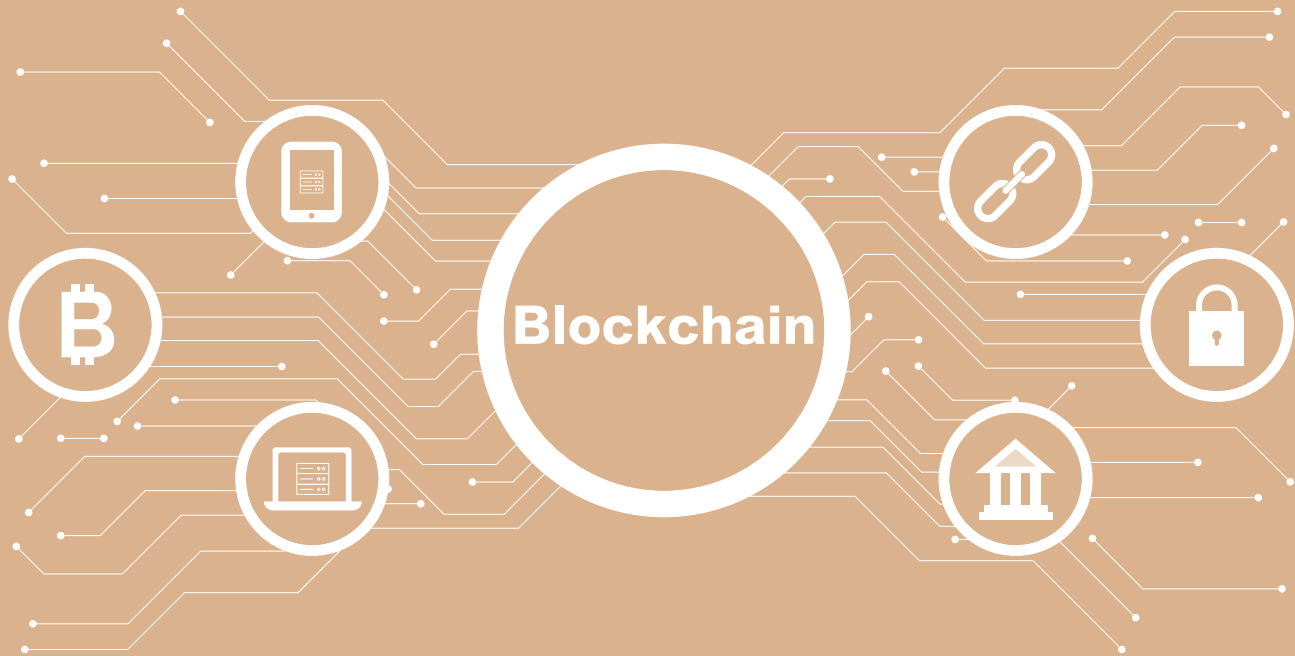
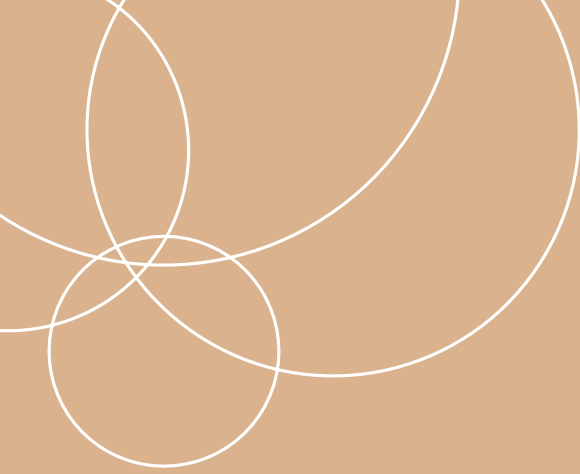
digital technologies, and engaging in the national debate on basic income support. The recommendations serve as a valuable guide for policymakers and stakeholders in their efforts to build a more inclusive, responsive, and sustainable social protection framework that can effectively support the nation's most vulnerable populations, even in times of crisis. As South Africa continues to navigate the complex landscape of social protection provisioning within the context of limited resources, the lessons learned from this volume will undoubtedly contribute to shaping a more equitable and resilient future for all its citizens.

## Author profiles

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## The Role of Digital Technology in Social Security and COVID-19



## 2. The Potential for Blockchain to Promote Social Security Inclusion

Ms Robyn Evans Cunningham<sup>1</sup>

### Abstract

COVID-19 accelerated the use of technology in our daily lives. The digital momentum it created has been touted as an opportunity to transform and accelerate government service delivery, especially in developing countries. During the pandemic in South Africa, technology was harnessed to speed up the delivery of social protection grants, helping to reach millions in a short period, but the process was hampered by infrastructural challenges and inefficiencies. Furthermore, many without digital access and literacy were excluded. Blockchain technology could provide solutions to some of the implementation problems by improving trust in the system. Whilst the technology is relatively unproven in its public sector application, its security, transparency, immutability and efficiency features present compelling solutions to a social security system dogged by fraud, delay, compromised security and inaccessibility. However, the technology is complex and would require significant investment, and in South Africa, parallel investment in improving digital access and literacy to narrow the digital divide. Whilst not a panacea, as blockchain matures and becomes more viable for large-scale use, there is a strong argument for further research and interdisciplinary evaluation of its benefits for social security inclusion.

### Introduction

Lockdowns initiated to curb the spread of the COVID-19 pandemic around the world led to technology being utilised in new ways for service delivery, e-commerce, work and entertainment, spurring huge momentum in digital transformation (Deganis et al., 2021). One area where technology was critically harnessed was in the delivery of social protection and financial support to vulnerable people hardest hit, or “government to people (G2P) social transfer programmes” (Gelb & Mukherjee, 2020:1). South Africa’s well-developed social welfare apparatus

still relied predominantly on cash-based transfers but digital innovations to speed up the distribution of the Special COVID-19 Special Relief of Distress (SRD) grant demonstrated the potentially transformative power of digital technology (Gronbach et al., 2022). The digital system used to deliver the grant was problematic, however, and created barriers for those without digital access, highlighting the extent of the digital divide in South Africa (Gronbach et al., 2022; Senona et al., 2021).

It has been argued that the experience of COVID-19 presents an opportunity for accelerating digital adoption to improve the quality of government service delivery in developing countries, which in many cases has been frustrated by poor infrastructure, networks, technology, and skills (Ndulu et al., 2022). Certainly, given the impact of the SRD, it is imperative for the Department of Social Development (DSD) and the South African Social Security Association (SASSA) to assess the potential of different technology solutions to drive greater socio-economic inclusion. This will need to be accompanied by a frank assessment of whether the supporting infrastructure is fit for purpose, how it might help to close the digital divide, the technology skills that will be required to build and support the technology, and whether the overall benefits outweigh the cost of significant upfront investment.

In evaluating alternative digital solutions, DSD must consider technologies that can address some of the challenges that have dogged social grant payments in the past, including compromised security of cash and data transfers, corruption, delays, costs, and barriers to access (Gronbach et al., 2022). Blockchain was identified but not implemented in the proposed design of the SRD in 2020 (Philip et al., 2020). Blockchain technology has received a lot of hype in recent years for its ability to provide security, transparency, and immutability to transactions and information flows. Monethi (2023) and

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Shava and Mhlanga (2023) argue that blockchain has the potential to address challenges faced by several African governments in service delivery service delivery, such as corruption, and a lack of transparency and accountability in bureaucratic processes. However, whilst there has been a lot of interest globally in how blockchain could be harnessed to improve government services, there is a degree of ambivalence towards it and few viable use cases exist (Di Prisco & Strangio, 2021; Lindman et al., 2020; Sung & Park, 2021).

Little research has been conducted on the topic in South Africa, with the exception of an examination of its application to reduce fraud in public records management and procurement (Ajibade & Mutula, 2021), and improving security and trust in services offered by health systems (Ndayizigamiye & Dube, 2019). Certainly, the author is not aware of any research on the use of blockchain to facilitate social grant dissemination. Therefore, this chapter seeks to elucidate the potential opportunities and challenges for blockchain as a technology solution to some of the ongoing implementation problems encountered in social grant dissemination in South Africa. This study, through a critical review of the literature, aims to catalyse further examination of the topic, especially in the South African context. The first section reviews the impact of digital technologies on the rollout of the SRD in South Africa during COVID-19. Then an overview is given of the core features of blockchain and why these make it a disruptive technology. The third section illustrates potential use cases of blockchain technology for social grant management and payment. Finally, there is a discussion on the implications of the use cases presented within the South African context, and considerations for future research.

## COVID-19 advancing digital transformation

COVID-19 and the lockdown measures introduced in response led to a major increase in the number of people around the world working remotely, to internet traffic escalating, to digitalisation of products and services, and to governments providing more services online (Deganis et al., 2021). This surge in digital transformation demonstrated the connective power of technology and

the opportunities it presents to promote greater social inclusion. However, this relies on internet accessibility and usage, and in South Africa, 31.8% of the population does not have internet access, despite high levels of mobile telephone penetration (FurtherAfrica, 2022; GSMA, 2022). Those households that do, access it predominantly through mobile broadband, or via work, places of study, public hotspots, or through family members who have access to these channels. Moreover, there is a wide disparity between the network coverage in rural and urban areas (Ndulu et al., 2022). Ndulu et al. (2022) also make the point that the lack of internet usage is perhaps more critical than access, which is, despite the gaps, continuously improving. Household usage tends to be much higher in metropolitan areas (83%) compared with households in general (75.3%) (Stats SA, 2022). Barriers to usage range from cost, to poor internet speed and connectivity, to a lack of digital literacy and to digital content that is not always relevant to all users.

The COVID-induced drive towards digital adoption has therefore also laid bare the “digital divide” (Deganis et al., 2021:1) in South Africa and the resulting social exclusion of those without mobile or internet access and connectivity, or with low levels of digital literacy. To fully realise the social potential of digital technology, this gap needs to be closed.

In the specific case of G2P transfers, a report compiled mid-pandemic by the Center for Global Development (Gelb & Mukherjee, 2020) highlights the role that digital infrastructure can play: from onboarding, identifying, and screening recipients, to making payments to them, resolving their grievances, managing databases of recipients, and integrating this data with digital infrastructure. In South Africa, emergency relief measures were enacted during the pandemic, both topping up existing social welfare grants and also introducing the SRD as an additional grant for vulnerable people not already receiving a grant. Whilst the grant payment process remained predominantly cash based, to process applications and verification for the SRD grant, SASSA cooperated with private companies to develop the country’s first automated social grant application system.

This system leveraged mobile technology, digital communication platforms and biometric verification

technologies. It had significant challenges, such as system crashes due to high application numbers, reliance on digital applications making access difficult for those without cell phones or internet connectivity, lack of live support, and database inaccuracies (Senona et al., 2021). Nonetheless, it has been argued that this automated application portal was the “most innovative and transformative feature of South Africa’s social protection response” to COVID-19 (Gronbach et al., 2022:51), enabling it to reach most intended recipients in a relatively short period.

The payment system for the SRD grant relied heavily on manual cash disbursements and was frustrated by inconsistencies, poor communication, red tape, confusion and delays (Gronbach et al., 2022; Senona et al., 2021). Unlike other sub-Saharan African countries, mobile cash transfers had not previously been used for social grant payments. The mobile payment option mooted by the DSD, in which recipients could opt to receive payments via a code sent to their mobile phones that would enable them to withdraw cash from an ATM, was not implemented in the first 12 months of the SRD grant programme (Gronbach et al., 2022).

Despite these challenges, over 6 million people received the SRD in that period (Gronbach et al., 2022). This experience suggests there is potential for digital technology to alleviate some of the ongoing challenges SASSA has been facing since its inception in 2005, variously including irregularities and fraud in the grant payments process, delays, costs, barriers to access, and compromised security of cash and data transfer (Davis, 2019; Gronbach et al., 2022).

## What is a blockchain?

A blockchain at its core is a shared digital database and encrypted store of information. Unlike traditional databases, a blockchain stores information in a series of records, called ‘blocks’, that are linked using cryptography. The database is shared amongst different computers in a network such that multiple identical copies of the database are held on many different machines, or ‘nodes’. Each time new information is created or added to the database, such as a payment transaction, it must first be validated by a majority of network participants before it is recorded

in a block and encrypted with a cryptographic hash, or unique block identifier, and timestamp. Each hash contains information from previous blocks and transactions, in addition to new information related to the new transaction (Hayes, 2023; Synopsys, 2023).

New information is validated once all participants reach consensus using a consensus model. Traditionally, decision-making or validation is done by a central authority, but in a blockchain these mechanics are decentralised, or ‘distributed’. Different types of consensus models are used depending on the type of blockchain or context. Each time new information is added, including changes or amendments, a new block is created, cryptographically hashed (given a secure unique ID), and linked to the previous block, creating a chronological record, or ‘chain’. That record, being held by multiple parties, is visible to all participants in the network, and as such is unchangeable, or ‘immutable’ unless there is consensus to change it (Berryhill, et al., 2018; IBM, 2023).

It is this distributed structure of blockchains or distributed ledger technology (DLT) that makes them potentially disruptive. DLT is a unique method for enabling data to be shared quickly, reliably, securely and without being altered, via decisions made either through the consensus of decentralised actors, or the logic of encrypted algorithms called smart contracts. Smart contracts are algorithms that enable automatic execution, for example of a payment transaction, based on logic built into the code. Smart contracts are autonomous and decentralised. In other words, they run automatically off information held within the blockchains into which they are built. No centralised intervention is possible, and no centralised server is required off which to run them (Berryhill et al., 2018; Tang et al., 2022).

It is no longer necessary to rely on a centralised intermediary or authority like a government or a bank to mediate a transaction or process (Berryhill et al., 2018). By decentralising the decision governing a transaction away from a central authority, to a consensus of nodes in the distributed ledger - or different computers in the network - trust is shifted to users of the network. This works because of the checks and balances and security built into the system that makes it inherently trustworthy



to participants. Furthermore, each party in a transaction is verified using cryptography, allowing them to securely send and receive information or funds.

Blockchain's security protocols enable trust, removing friction, and the potential for moral hazard. The technology presents a potentially transformative solution for public sector departments and stakeholders. It could enable information sharing by cutting across siloes, and remove loopholes and the potential for corruption and manipulation that may arise as information and funds flow between them. This would increase transparency, consistency of information and fairness. Blockchain also makes the process of application and identity verification easier for recipients as they need only register once, or provide proof materials once (Berryhill et al., 2018; Tang et al., 2022). These features on the face of it make a compelling case for blockchain as a technology solution for public sector management of information and fund flows such as those administered by SASSA and the South African Post Office (SAPO). The next section evaluates use cases in more detail.

## Illustrating blockchain's potential

Whilst operational public sector use cases are few and far between (Di Prisco & Strangio, 2021; Lindman et al., 2020; Sung & Park, 2021), the following examples illustrate some ways in which the technology could be leveraged to support elements of SASSA's social welfare disbursement infrastructure.

### Use case 1: protecting the integrity of government data

After a series of cyberattacks in 2007, the Estonian government sought to find ways to protect the integrity of internal data such as healthcare registries and property registries (Lindman et al., 2020). The Riigi Infosüsteemi Amet<sup>2</sup> (RIA), the Estonian Information System Authority, developed a blockchain based technology that uses linked time stamping to protect sensitive information held offline in digital databases.

The "KSI Blockchain" (Lindman et al., 2020:54) links the data to hashed records in the blockchain where any change or addition must first be approved or validated by consensus. It stores unique hashes that cannot be tampered with, protecting the data and making them immutable. Blockchain services are provided to different parts of the Estonian government by the RIA giving confidence to the Estonian government that the data can be trusted, enforced, and verified in real-time.

SAPO, which has handled SASSA payments since 2018, suffered a similar security breach in 2019 (Gronbach et al., 2022). There are critical lessons here for SAPO. One is that blockchain could help to build trust in its ability to guarantee the accuracy of data upfront, to protect it securely and prevent any tampering, and that it is able to protect the personal details of beneficiaries and prevent fraudulent abuse of grants. The other is the importance of leveraging a well-resourced and skilled information authority that is able to navigate the complexity of the technology and deliver technology services that are fit for purpose, rather than trying to develop solutions independently.

### Use case 2: precise allocation of public funding

In the Netherlands, blockchain technology was developed to support a voucher system for low income people to receive discounts on municipal services (Lindman et al., 2020). Individuals received a 'quick response' or QR code from the municipality on their mobile phones, which would then be used to pay for certain services. The technology was used to validate the vouchers using smart contracts with the intention of reducing fraud and double-spending, and improving the cost efficiency of the service. This worked well for about 20,000 users but when it needed to be scaled up they reverted to more traditional technologies (Lindman et al., 2020).

In South Africa, the questions for implementing this system would be twofold. Firstly, scalability, which depends on the speed and ability of a blockchain to process transactions, store data, and reach consensus as new information is added. The technology is still in many respects very

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<sup>2</sup> This is the Estonia Information System Authority.

nascent and capacity constraints are a challenge (Prabhat, 2022). However, ways to improve this are constantly evolving, for example by storing data offline and using private permissioned blockchains and consensus models (Tang et al., 2022) as we will see below.

In early communications about the SRD, SASSA put forward an e-voucher option, but the idea was subsequently abandoned when they were overwhelmed by thousands of proposals for voucher systems (Gronbach et al., 2022). Perhaps introducing criteria such as the security provided by blockchain, and automation afforded by smart contracts, might help to narrow the field for a voucher system in the long-term.

### Use case 3: improved internet coverage in underserved communities

*XOneFi* is a UNICEF-funded start-up in Nigeria that is developing a solution to improve internet coverage in underserved communities (UNICEF, 2023a). Using blockchain technology, they are creating a decentralised Wi-Fi sharing platform through which small businesses and individuals can share their internet access with the community at a much lower cost. *XOneFi*, whilst still being piloted, aims to create exponential and cheaper access through mini-Internet Service Providers (ISP), by giving internet access to more users through a single internet subscription held by individuals and small businesses.

If proved viable and scalable, this solution could potentially serve to close internet service gaps in poorly served areas of South Africa. Whether this model could be scalable in South Africa would depend on the extent and quality of existing ISP coverage in more remote areas, and the cost of alternative sources of internet or Wi-Fi if mobile options are inadequate. However, as discussed above, accessibility is only half the battle; encouraging usage is the other, and a big focus on developing both sides would be essential to creating successful and fair access to digital grant services.

### Use case 4: cash transfers to aid recipients

A second UNICEF-funded start-up, CHATS (Convexity Humanitarian Aid Transfer Solution) uses blockchain technology to track and enable transfers of cash to aid recipients by donor programmes (UNICEF, 2023b), using not only mobile wallets but also SMS vouchers, QR codes, paper vouchers, and cards for those who do not have phones or internet access. Specifically, the use of a digital cash voucher transfer platform based on blockchain aims to remove fraud from the payment chain, ensuring that aid reaches the correct recipients, and giving donors certainty that this has happened. The CHATS paper voucher is designed with several security elements built into it, including barcoding that tallies with the CHATS platform ensuring that use is subject to beneficiary verification. Redemption can be done at selected participating vendors and then reconciled with the CHATS database (CHATS, 2023).

In South Africa, a solution that could remove the potential for irregularities and fraud in grant payments, and ensure traceability of those payments, would be game-changing. Furthermore, using SMS or even paper vouchers removes the need for reliance on the internet (at least for the disbursement side of the offering). This example presents another argument for SASSA to give voucher systems more serious consideration.

### Use case 5: blockchain-based accounting to support mobile bank accounts

SPENN<sup>3</sup> is a mobile banking application (app) that allows users to control their own financial affairs (SPENN, 2023). The SPENN model is unique in that it eliminates the need for cash by digitalising national currencies. Users are able to easily download and register with the app on a smartphone, and then immediately create a digital account with the ability to transact and interact with others in the financial system.

<sup>3</sup> SPENN is the name of a blockchain system and is not an acronym.

SPENN uses a blockchain-based accounting system to keep track of the transactions and funds on the user's SPENN account. The balance in the SPENN application reflects the balance of the customer's funds held with a local bank partner. Their business model is finding traction in countries including the Philippines, Kenya, Rwanda, and Zambia (SPENN, 2023), where increased mobile penetration has enabled faster, safer, and wider adoption of digital accounts.

Digitalising currency in this way could solve quite a few issues faced in the South African context and in the distribution of social protection grants. For one, the app is designed to be operated on 95% of all smartphones globally (Evans-Cunningham, 2018) and could therefore be used on low cost entry-level smartphones. Using the app consumes only a little mobile data and requires low bandwidth, lowering the cost barrier to mobile phone and mobile internet usage.

This brings a financial inclusion solution to the table in addition to driving greater social inclusion. Banks that ordinarily struggle to service poor customers managing small sums of money such as the SRD could more efficiently and profitably handle accounts and transactions involving smaller amounts by leapfrogging hurdles like cost, identification verification, credit, and compliance risk. Perhaps the major stumbling block is that mobile cash and e-cash transfers have not previously been used for social grant payments in South Africa (Gronbach et al., 2022) and would require a significant investment in educating recipients, especially those less digitally literate, to increase the usage and viability of this type of solution.

## Use case 6: a blockchain based identity management system in South Korea

With the exponential growth of data and digitalisation, and the accelerated effects of COVID-19 on digital adoption, there is a growing demand for user-driven public services that are both transparent and cost effective (Sung & Park, 2021). The question of privacy of personal information has also come to the fore, driving the concept of information sovereignty, or the right for individuals or companies to control their information themselves. Sung and Park (2021)

describe the features and benefits of blockchain-based identity solutions in South Korea, which use decentralised identifiers (DID). These are technologies that provide data subjects with a unique identifier that is managed and stored in a distributed ledger. Electronic identity cards are issued by a national authority and accessed by individuals via mobile phones. Whilst these identities are issued by a centralised agency, they are owned and managed by the data subject. The technology also enables identity authentication in real-time through links to central government agency databases, validating digital signatures and storing them on the blockchain.

The decentralised nature of the blockchain removes the single point of failure problem associated with data stored on centralised servers, reducing hacking risk. It also increases trust in the system as users have control over their own data. In the disbursement of the SRD during COVID-19 in South Africa, the digital application process (whilst innovative) fed into an approval system that required separate checks by SASSA, the South African Revenue Service (SARS), the Unemployment Insurance Fund (UIF), SOCPEN (SASSA's existing grant system) and other databases, some of which contained out of date information, leading to thousands of eligible candidates for the grant being excluded (Senona et al., 2021).

Therefore, the solution presented by a DID system could significantly improve accuracy, security, and efficiency of identity management and application processes. However, issues such as mobile usage, data literacy, and government regulatory compliance could present significant barriers to its successful adoption in South Africa. Sung and Park (2021) recommend that for this type of system to reach its potential, all stakeholders (including financial institutions, mobile operators, regulators, infrastructure operators, and policymakers) across the public and private sectors, would need to collaborate to holistically consider the frameworks required for implementation.

## Discussion

What these examples show is that whilst blockchain is not yet sufficiently scalable to support very large scale application (Lindman et al., 2020; Prabhat, 2022), it might offer some solutions for G2P payments such as the grants

disbursed monthly to millions of South Africans by SASSA, protecting data integrity, reducing fraud, improving internet coverage and narrowing the digital divide, making and tracking payments, and promoting financial inclusion. These are all good reasons for the DSD, with the support of its public and private sector information and communication technology partners, to research and pursue blockchain options as they become more viable. Yet, the technology does have drawbacks that would need to be evaluated.

The problem of scalability has already been alluded to above. Each block in a blockchain can store only small amounts of data that execute and guide smart contracts or algorithms. They are not designed for the storage of large data sets, and this can limit the ability to track high volume payments (Berryhill et al., 2018; Prabhat, 2022). One way to get around this is to store data in distributed off chain storage systems and link them from within a block on the blockchain. In this way, the blockchain becomes a trustworthy record of a transaction, but the actual data related to it is cryptographically sealed and stored off chain (Berryhill et al., 2018; Tang et al., 2022).

A second issue is the complexity of the technology and the importance of ensuring that its application benefits not only the system, but also its beneficiaries. In other words, whether it will not only drive efficiency and trust in the system, but also social and financial inclusion. In South Africa, this presents both a supply-side and demand-side challenge. On the supply-side, technology and skills development is critical and there is a significant need for more training opportunities for blockchain development graduates – such as that offered by the University of Johannesburg's financial engineering degree's blockchain course (Monethi, 2023). Also, government departments will need to review and update their governance frameworks and protocols for G2P transfers (Sung & Park, 2021; Zein & Twinomurizi, 2023). Questions of legality, regulation, ethics, user-friendliness, public education, infrastructure, and application all need to be answered, which requires considerable time and cost.

On the demand-side, it will require closing the digital divide by increasing affordable internet connectivity, improving digital literacy, and raising public awareness of the benefits of technology, amongst other things. It might require innovative approaches that acknowledge gaps in mobile penetration, as was recognised by

Namibian emergency relief measures during COVID-19, for example, that allowed up to ten applications to be made from one SIM (Gelb & Mukherjee, 2020). It will require significant investment replacing legacy systems and integrating existing databases into the system, which requires extensive time and planning, and which can be exacerbated by the lack of skills referred to above (Komalavalli et al., 2020). Furthermore, existing databases will need updating to ensure eligibility screening is done using accurate information. The Black Sash organisation found that many applications for the SRD grant were rejected because of outdated information held in the UIF and other databases, and that applicants were not given a chance to prove their eligibility (Senona et al., 2021). It must also be recognised that despite the efficiencies and cost savings that technology offers, in-person services will still play a critical role in supporting vulnerable groups such as the elderly and disabled. The digitalisation of the SRD application process enabled processing of millions of applications much faster than would previously have been possible. However, the lack of in-person support and assistance from SASSA excluded those without digital literacy or mobile connectivity (Gronbach et al., 2022).

A third question relates to the suitability of blockchain for integrating, managing, and storing sensitive private data. Whilst blockchains and smart contracts can help to automate data integration and reconciliation, and enable data sharing, there are trade-offs between decentralised decision making and protecting data privacy (Berryhill et al., 2018). In a typical or 'public' blockchain, all information held within it is visible to all network participants, but to protect sensitive private data such as health records or financial data, a G2P transfer system would need to review the benefits of public versus private blockchains, and how to govern who participates in them, in order to control which actors have access to which data. The type of information stored in the blockchain would also need to be reviewed, as once on the chain, it cannot be removed.

To comply with South Africa's Protection of Personal Information (POPI) legislation, DSD would therefore need to use 'private' blockchains governed by one organisation that determines who participates in the network and which consensus protocol or rules will govern the system. Different types of blockchain databases exist, both

permissionless – those that have no central authority and are entirely decentralised – and permissioned, which enable control or permissions for who can access and add new information to the database. DSD would most likely prefer permissioned blockchains, meaning that restrictions are placed on who can participate, what information each participant can see and access, and also what new information can be added (Lindman et al., 2020).

Finally, it is worth addressing the efficiency of different types of blockchain in terms of their suitability for public sector use. Public blockchains tend to have quite low efficiency because, being permissionless, they have thousands of participants or nodes, and their consensus models can be slow, costly, and energy-consuming (Komalavalli et al., 2020). An example is the often-cited criticism of how much energy is consumed in the Bitcoin mining process, the process of creating and adding new Bitcoins to the blockchain. This process uses a consensus model known as ‘Proof of Work’ that requires Bitcoin miners to solve a puzzle, consuming significant processing time and electricity to do so. However, only Proof of Work processes consume this type of energy. An alternative consensus model used in public blockchains is ‘Proof of Stake’ which gives decision-making authority to those with more ‘at stake’; in other words, those with either more cryptocurrency in the network or some other measure of priority. It is more likely that a government blockchain would be private and permissioned, and therefore use a consensus mechanism more suited to a permissioned blockchain (Berryhill et al., 2018) such as ‘Proof of Authority’. Under this protocol certain users are given authority to validate new blocks. The only requirement in this protocol is that the identity of validators must be verified – a much faster approach to decision making and approval, incentivising users through reputation

and identity to preserve the credibility of the network. Whilst so-called ‘consortium blockchains’, which combine features of both have been proposed as an alternative (Tang et al., 2022), there is an argument that a Proof of Authority consensus model in a private network is the most applicable for the public sector and most adaptable to its complex processes (Berryhill et al., 2018).

## Conclusion

This chapter considered the potential opportunities and challenges for utilising blockchain technology to improve social grant administration and disbursement in South Africa. The promise for digital technology as a whole to transform social inclusion through improvements in social security payment systems is not to be underestimated. This review has illustrated how blockchain can help to remove friction in paper and cash-based systems, reducing cost, delay, and the risk of fraud. It can enhance security and protect sensitive information, increase transparency, accountability, and reliability in the system, and through this, build trust amongst users.

Yet, the technology is relatively unproven for public sector use, and complex. Assessing and implementing blockchain as a tool supporting the grant administration system would require significant outlay of financial, time, and expert resources, across multiple disciplines. Further research therefore needs to be interdisciplinary, going beyond the technology to evaluate legal, infrastructural, practical and cost implications – and to weigh the benefits for all stakeholders. It is especially important that emphasis is placed on initiatives that narrow the digital divide in South Africa, and care is taken to bring along citizens with low levels of digital literacy or access at the same time.



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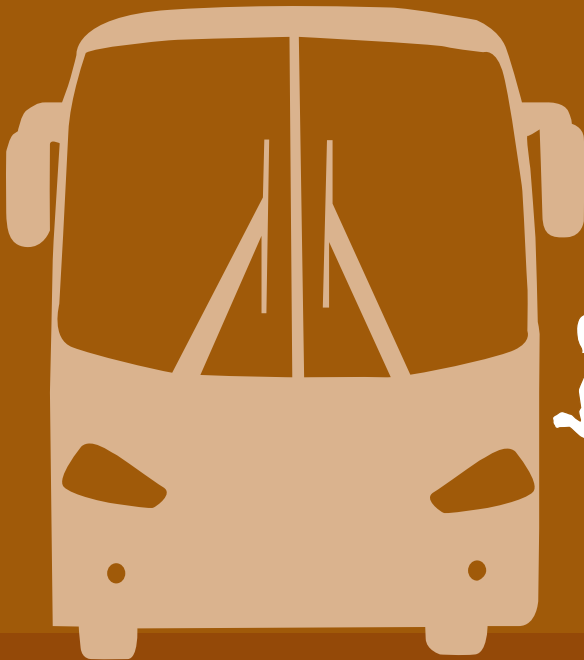
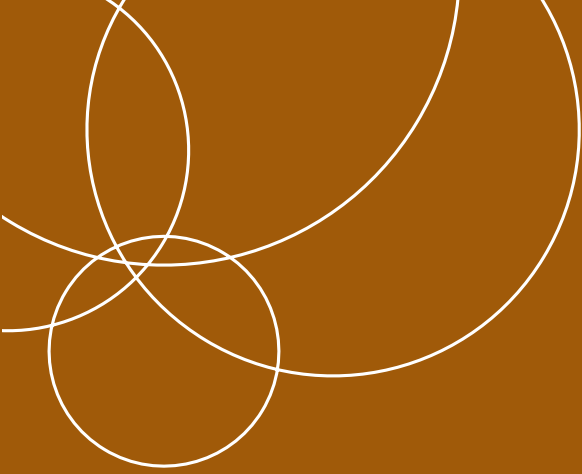
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# Migrant Workers and Access to Social Security



### 3. Social Security for Migrants Post-COVID-19: Revisiting the Legal and Policy Framework

Prof. Marius Olivier <sup>4,5,6</sup>

#### Abstract

This chapter critically reflects on the legal and policy framework informing social security policy-development and-implementation in relation to migrants – given the heightened vulnerability and movement restrictions experienced during the COVID-19 pandemic. The adoption of COVID-19 social security measures had some impact on particular migrant categories – temporary migrant workers and undocumented migrants being left extremely exposed. The existing legal and policy framework is restrictive and incomplete while the judicial responses have been consistently mindful of the protection to be afforded to migrants. With reference to constitutional prescripts and international law standards, a pandemic context requires much more extensive access to medical treatment and services, and to basic forms of assistance, irrespective of migrant category. This is justified by the heightened vulnerability experienced by asylum-seekers in the event of a public health emergency, including pandemics such as COVID-19, and as a result of movement restrictions. Considering that international law perspectives on migrants' social security protection are particularly instructive, and given the international law-friendly approach of the South African Constitution, it is argued that South Africa could benefit from ratifying and implementing a number of key social security conventions at the global and regional level, and concluding dedicated bilateral labour and social security agreements, providing for migrants' social security protection on a reciprocal basis. There appears to be an urgent need for the design and implementation of an integrated policy dealing with access to social security for migrants, also in a pandemic context, to be accompanied by an aligned legal framework.

#### Introduction

The COVID-19 pandemic has had a detrimental impact on the lives and livelihoods of citizens and non-citizens. In *Scalabrini Centre of Cape Town v Minister of Social Development* (2021), the High Court noted the “untold suffering to sections of the South African population brought about by the pandemic” and emphasised the importance of respecting the rights to equality, human dignity, and access to social security enshrined in the Constitution (1996), also in the course of the pandemic. Innovative response measures adopted by the South African Government, available also to qualifying migrants, increased the horizontal and vertical scope of social security support, and included a R500 billion stimulus package; an Unemployment Insurance Fund (UIF) - funded temporary employer/employee relief scheme; benefits paid by the Compensation Fund if the coronavirus was contracted in the workplace; raised social assistance grant amounts; and a special COVID-19 Social Relief of Distress (SRD) grant introduced for unemployed citizens, permanent residents, and refugees, extended per the decision of the High Court in *Scalabrini Centre of Cape Town* (2021) to asylum-seekers and foreigners who are holders of special dispensation permits. The vulnerability of migrants, already recognised in South African constitutional jurisprudence, has therefore been accentuated, fuelled by limited access to social security and widespread xenophobia, and increasing statutory and other measures adopted post-pandemic in relation to certain migrants to limit their labour market access, impacting on their ability to participate in contributory social security arrangements. Even pre-pandemic, several migrant categories had restricted, albeit varied access to social security benefits.

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The purpose of this chapter is to critically reflect on the legal and policy framework informing social security policy-development and-implementation in relation to migrants – also with a view to pandemic crises that may arise.

## Methodology

The methodology encompasses a critical evaluation of the South African constitutional, legal and policy context, jurisprudential responses, and South Africa's international law obligations in relation to the social security of migrants. Focus is placed on selected migrant categories, i.e., permanent residents; temporary residents and migrant workers; undocumented migrants; and special (dispensation) permit holders. Refugees and asylum-seekers are not considered, as several other recent contributions have reflected on their social security status in law and policy (Olivier & Govindjee, 2021; Olivier & Tewolde, 2023). Relevant South African policy frameworks and Green and White Papers, the Constitution and relevant laws, as well as case law have been analysed, in addition to related international (global and regional) instruments. The constitutional and international law lens, in particular, has been employed to inform the evaluation.

This chapter concerns (legal) access to social security. In referring to this term, neither the Constitution (1996), nor relevant South African laws specifically define this. Reference is therefore made to the African Union *Protocol to the African Charter on Human and Peoples' Rights on the Rights of Citizens to Social Protection and Social Security* (2022), which contains the following definition:

**'Social Security' includes the social protection concept, social assistance, social insurance and social allowances, public and private measures, or mixed public and private measures, designed to protect individuals and families against income insecurity caused by contingencies such as unemployment, employment injury, maternity, sickness, poor health, disability, old age, maintenance of children and death of a family member. Art. 1(s)**

Entitlements to social security derive from, firstly, the payment of social security contributions for prescribed periods (i.e., *contributory schemes*, usually structured as *social insurance* arrangements), defined to mean "...a contributory form of social security designed to protect income earners and their dependants against a reduction or loss of income as a result of exposure to risks." (*Protocol*, 2022: Art. 1(q)). Secondly, social security also includes non-contributory schemes in the form of *universal schemes* for all residents and some *categorical or means-tested schemes*, usually financed through tax or other state revenues, while categorical schemes target specific groups/categories of the population (e.g., the elderly above a certain age). *Means-tested social assistance* schemes are therefore meant to support those who experience specific resource conditions. Social assistance is a form of social security, funded from government revenue, which provides assistance in cash or in-kind to persons who lack the means to support themselves and their dependants. It also includes payments financed from government revenue which are granted to designated categories deemed to have exceptional needs (*Protocol*, 2022: Art. 1(p)).

Temporary and permanent residents are non-citizens who have respectively attained temporary or permanent resident status in terms of the *Immigration Act* (2002). A migrant worker is a person who is to be engaged, is engaged, or has been engaged in a remunerated activity in a State of which he or she is not a national (*International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families*, 1990, Art. 2(1)). From an *Immigration Act* perspective, these are foreigners who are entitled to work in the country, on the basis of a visa issued in terms of the Act. Undocumented migrants or migrants in an irregular situation are non-nationals who enter or stay in a country without the appropriate documentation (International Organization for Migration, 2019). The equivalent term used in the South African *Immigration Act* is that of an "illegal foreigner", defined to include a foreigner who is in the Republic in contravention of the Act (Art. 2). Special (dispensation) permit holders are foreigners who were illegally residing in the country, but who have been granted a permit by the Minister of Home Affairs to reside and work in South Africa, and are accorded (limited duration) permanent residence status, on the basis of the provisions of the *Immigration Act* (2002) (Art. 31(2)(b)).



## International law framework

Key provisions regarding the status and role of international law in the South African legal system are contained in the Constitution (1996) including, among others:

- (a) South Africa is bound by an international agreement (as a rule) upon ratification, i.e., after both the National Assembly and the National Council of Provinces have approved the agreement (section 231(2)).
- (b) Once an international agreement has been enacted (i.e., transformed or incorporated) into law by national legislation, it becomes law in South Africa (section 231(4)).
- (c) In interpreting the fundamental rights enshrined in the Bill of Rights, courts, tribunals, and forums are enjoined to consider international law (section 39(1)). The Constitutional Court has held this to include both binding and non-binding international law (*Makwanyane*, 1995; *Grootboom*, 2000). This obligation exists irrespective of whether international law has been transformed or incorporated in South African law. As noted by the Constitutional Court in *Glenister* (2011, paras. 107, 182, 189-196): “What reasonable measures does our Constitution require the state to take in order to protect and fulfil the rights in the Bill of Rights? That question must be answered in part by considering international law. And international law, through the inter-locking grid of conventions, agreements and protocols we set out earlier, unequivocally obliges South Africa to...”.
- (d) When legislation is interpreted, every court “...must prefer any reasonable interpretation of the legislation that is consistent with international law over any alternative interpretation that is inconsistent with international law” (section 233).

International law has indeed played a prominent role in South African jurisprudence relating to non-citizens, including social security for non-citizens. In *Rahim* (2016), the Constitutional Court stated that international norms must be considered by the Minister of Home Affairs when detaining persons in contravention of immigration regulation. Similarly, *Scalabrini* (2023, para. 55) and *Aboe* (2022, para. 42) are case law examples of reliance on international law regarding the protection of refugees

and asylum-seekers. Infringement of treaty obligations embedded in the UN Convention on the Rights of the Child (1989) contributed to the Constitutional Court ruling in *Fitzpatrick* (2000) that a certain provision in the then *Child Care Act* (1983: section 18(4)(f)) was unconstitutional. In *Discovery Health* (2008, paras. 42-47), in a matter concerning the protection relevant to undocumented migrant workers, the Labour Court held that the standards laid down in United Nations and International Labour Organization (ILO) Conventions not ratified by South Africa had to be considered.

Also, in *Rafoneke* (2022), the Constitutional Court held that reserving trade, occupations, or professions for South Africans needs to take into account South Africa's international law reciprocal obligations under multilateral and bilateral treaties, such as GATS (*General Agreement on Trade in Services*, 1995). Therefore, the envisaged imposition of quotas, foreseen in *Draft National Labour Migration Policy for South Africa* (2022), has to be mindful that citizens from designated countries may have an entitlement to work in a particular trade, occupation or sector.

The normative content of international social security standards in relation to distinct migrant categories is briefly indicated below. Here it suffices to highlight four key matters:

- (a) A rights-based approach: The right to social security accrues to every person. According to Art. 22 of the *Universal Declaration of Human Rights* (1948), “Everyone, as a member of society, has the right to social security”. Similarly, Art. 9 of the *International Covenant on Economic, Social and Cultural Rights (ICESCR)* (1966) provides: “States Parties...recognise the right of everyone to social security, including social insurance”. Modern social security law places an obligation on States to provide basic social security to all residents and children, regardless of whether another State has (also) assumed responsibility. In particular, paragraph 6 of the *ILO Recommendation on National Floors of Social Protection*, 2012 (Recommendation 202) stipulates that “Members should provide the basic social security guarantees referred to in this Recommendation to at least all residents and children”.

- (b) Differentiated coverage with reference to the social security funding source: The source of social security funding may impact on the scope of the obligation imposed on States to realise the right to social security. According to Art. 68(1) of ILO *Social Security (Minimum Standards) Convention*, 1952 (No. 102), special arrangements may be adopted “in respect of benefits or portions of benefits which are payable wholly or mainly out of public funds and in respect of transitional schemes”. State practice confirms that countries often restrict access to social assistance to citizens and, at times, select migrant categories.
- (c) Differentiated coverage with reference to the different categories of migrants: International law (as is the position with state practice) often also *differentiates between different categories of migrants* as regards accessibility to social security benefits. For example, according to Art. 24 of the UN *Convention relating to the Status of Refugees* (1951), countries that have ratified the Convention shall accord to refugees lawfully staying in their territory the same treatment as is accorded to nationals in respect of social security, subject to certain limitations.
- (d) Restricted access for migrants to labour markets: International law is sensitive to the balance between foreigners’ access to labour markets and the protection of host community members’ participation in the labour market. There appears to be an in-principle scope for governments to regulate, and even restrict, the access of foreigners to the labour market of the host country. This is also recognised in Art. 52 of the UN *International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* (1990). As indicated by the International Commission of Jurists (ICJ) (2021:314), “States may legitimately regulate or restrict the right to work of non-citizens or particular categories of non-citizens – those with particular types of work or residence permits, or asylum seekers.” However, different applications of the right to work of non-citizens and citizens, as well as differences between different categories of non-nationals, must be objectively justifiable and non-discriminatory on other grounds, such as race or ethnicity (ICJ, 2021). The envisaged quota regime indicated earlier should be seen in the light of these international standards. In fact,

from the perspective of state practice, country policies and practices in relation to the quota arrangement intended in the narrower sense above, differ vastly. Imposing quota regimes is a worldwide phenomenon, also in countries of the Global North, for example in EU Member States (European Commission, 2013). In *Rafoneke* (2022) the Constitutional Court affirmed that the constitutional reservation of the right to trade, occupation, or profession to citizens is not uncommon in democracies, and that the South African state has an obligation to protect the interests of its citizens.

Key *Africa-specific continental* instruments relating to social security for non-citizens could also be referred to. Although the right to social security is not specifically enshrined in the *African Charter on Human and Peoples’ Rights* (1981) (ratified by South Africa), in its *Principles and Guidelines on the Implementation of Economic, Social and Cultural Rights in the African Charter on Human and Peoples’ Rights* (2010, para. 81) the African Commission on Human and Peoples’ Rights (ACmHPR) stated that this right can be derived from a cumulative reading of a number of rights guaranteed under the Charter, as well as being strongly affirmed in international law. These rights include the right to life, dignity, liberty, work, health, food, protection of the family, and the right to the protection of the aged and the disabled. The ACmHPR emphasised that that (both regular and irregular) migrant workers must be regarded as vulnerable and disadvantaged groups. States should therefore recognise and take steps to combat intersectional discrimination based on, among others, migration status, and ensure that migrants are covered by the social security system and have physical access to social security services.

The AU *Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment* (2018) provides for the free movement of workers and stipulates that nationals of an AU Member State shall have the right to seek and accept employment without discrimination in any other Member State in accordance with the laws and policies of the host Member State, and may be accompanied by a spouse and dependants (Art. 14). The Protocol also provides for the portability of social security benefits (Art. 19).

## Current legal and policy framework

### Constitutional imperatives

Non-citizens are constitutionally protected. In the key judgments of *Khosa* (2004, paras. 46–47) and *Lawyers for Human Rights* (2004) the Constitutional Court ruled that the fundamental rights contained in the Constitution's Bill of Rights apply to citizens and non-citizens, except for those provisions which apply to citizens only – for example, the constitutional provisions regarding political rights (provided for in section 19); and the right to choose one's trade, occupation, or profession (section 22). In the seminal judgment of *Rafoneke* (2022), the Constitutional Court held that section 22 of the Constitution preserves the rights of citizens to choose their trade, occupation, or profession freely. The section empowers the State to enact legislation to regulate freedom of trade, occupation, and profession: in so doing, the State is empowered to limit access to a trade, occupation, or profession to citizens only. However, section 22 does not, as such, include the imposition of a general prohibition on *seeking employment*, which is wider in ambit than that of the right foreseen in section 22. In *Union of Refugee Women* (2007, paras. 47, 57) the Constitutional Court held that: "The Refugees Act guarantees the applicants the right to seek employment. It is the choice of vocation that is reserved only for citizens and permanent residents." Sentiments to similar effect were expressed by the Supreme Court of Appeal in *Somali Association* (2015, para. 38).

The rationale supporting the general rule of equal treatment is to be found in the recognition by the courts of the vulnerable status both of non-citizens as a group, and of particular categories of non-citizens, including children, refugees, and asylum-seekers. This has been accentuated by COVID-19, as noted in the now withdrawn Green Paper on Comprehensive Social Security and Retirement Reform (2021:11): "The crisis has also shown us that everyone is vulnerable, and that we need a responsive social security system that can mitigate shocks as well as prevent and mitigate routine and predictable social harms that sustain inequality, poverty and unemployment". Unequal treatment, therefore, is, subject to the exceptions indicated above, not to be allowed. In a myriad of judgments, the courts have given constitutional effect to this recognition (e.g., *Khosa*,

2004, para. 74; *Larbi-Odam*, 1998; *Watchenuka*, 2004; *Somali Association*, 2004). In interpreting section 27(1)(c) of the Constitution, providing for the constitutional right to access to social security, including the right to access social assistance, *Khosa* (2004) and other matters have ruled that non-citizens are also included. Two other fundamental rights underpin the right to access social security: the right to human dignity (section 10) and the right to equality (section 9). The critical importance of the right to dignity accruing to non-citizens was recently highlighted by the High Court in *Scalabrini* (2023): "In *S v Makwanyane* the Constitutional Court stated that the right to dignity and the right to life are intertwined, and are the most important of all human rights. The right to dignity is afforded to everyone."

In relation to accessing social security, in *Khosa* (2003:573A) the Constitutional Court stated:

**A society had to attempt to ensure that the basic necessities of life were accessible to all if it was to be a society in which human dignity, freedom and equality were foundational. The right of access to social security, including social assistance, for those unable to support themselves and their dependants was entrenched because society in the RSA valued human beings and wanted to ensure that people were afforded their basic needs.**

The Constitutional Court has held that the fundamental rights are interrelated, interdependent, and equally important (see, among others, *Khosa* (2004, paras. 80, 83–84). It could be argued that the interrelated nature of fundamental rights would support a conclusion that a constitutional basis is laid for an entitlement to an adequate level of minimum social security support. Movement restrictions and the associated limitation on income-generation possibilities during COVID-19, have underlined the need for a calibrated and integrated approach to the limitation of social security-related fundamental rights (Olivier & Govindjee, 2021).

Some of the other relevant fundamental rights include:

- Everyone has the right to fair labour practices (section 23(1)), considering the employment protection embedded in this provision (*Discovery Health*, 2008) and the fact that several labour laws contain social security-pertinent provisions.
- “Everyone has the right to have access to healthcare services, including reproductive health care” (section 27 (1)(a)); and “No one may be refused emergency medical treatment” (section 27(2)).
- “Everyone has the right to social security, including, if they are unable to support themselves and their dependents” (section 27(1)(c)).
- Every child has “the right to a name and nationality from birth” (section 28(1)) and “the right to basic nutrition, shelter, basic health care services and social services” (section 28(1)(c)).
- Sections 21 and 23 have a direct bearing on the management of international movements and residence rights of foreigners and citizens:
  - o “Everyone has the right to freedom of movement” (section 21(1));
  - o “Everyone has the right to leave the Republic” (section 21(2));
  - o “Every citizen has the right to enter, to remain in and to reside anywhere in, the Republic” (section 21 (3)); and
  - o “Every citizen has the right to a passport” (section 21 (4)).

The rights in the Bill of Rights are subject to limitation (section 36 of the Constitution). Section 27(2) emphasises the obligation on the state to ensure access to social security, and simultaneously specifies the scope available to the state when giving effect to the constitutional right: the State is enjoined to take *reasonable* legislative and other measures, within its available resources, to achieve the progressive realisation of this right. A higher standard than rationality is embedded in the reasonableness criterion: in *Khosa* (2004, 573D-E), the Court held that a rational basis

for differentiating between citizens and non-citizens did not mean that it was not an unfairly discriminatory criterion to use in the allocation of benefits. Differentiation on the grounds of citizenship was found to be a ground analogous to the grounds listed in section 9(3) of the Constitution, and therefore amounted to discrimination. It therefore had to be established whether that discrimination was unfair.

## Statutory framework

Subject to important qualifications and caveats (see below), the principle of equality of treatment as regards citizens and non-citizens is enshrined in South African legislation. Therefore, social security laws as well as labour and other legislation providing for social security matters, apply equally to non-citizens, and in particular to migrant workers. The laws so affected include, but are not limited to the following.

- *Pension Funds Act No. 24 of 1956* (as amended) and other pension laws, in terms of which long-term benefits (retirement; disability; survivors) and at times short-term benefits (sickness; healthcare; unemployment; occupational injuries and diseases; maternity; family) are embedded in retirement schemes.
- *Labour Relations Act No. 66 of 1995* (as amended) (providing, among others, for a framework for collective bargaining and other instruments that invariably regulate also important social security matters pertaining to workers, including migrant workers, and their families; protection against maternity-related dismissals and unfair labour practices; etc.).
- *Basic Conditions of Employment Act No. 75 of 1997* (as amended) (covering a host of social security issues, including sick leave and benefits; maternity leave and benefits).
- *Employment Equity Act No. 55 of 1998* (prohibiting discrimination in the workplace in relation to any “employment policy or practice”, including pregnancy and disability).
- *Promotion of Equality and Prevention of Unfair Discrimination Act No. 4 of 2000* (containing wide-ranging discrimination prohibitions, including on the basis of pregnancy and disability, and indicating



unfair practices in relation to healthcare services and benefits, insurance services and pensions beyond the employment relationship).

- *Compensation for Occupational Injuries and Diseases Act (COIDA) No. 130 of 1993* (as amended) (providing for employment injury and disease benefits) and the *Occupational Diseases in Mines and Works Act (ODMWA) No.78 of 1973* (covering lung-related disease benefits in the mining sector).
- *Unemployment Insurance Act No. 63 of 2001 (UIA) (as amended)* (providing for benefits in relation to unemployment due to job loss, sickness, or maternity) and *Unemployment Insurance Contributions Act No. 4 of 2002 (UICA)* (as amended) – the earlier existing exclusion of migrants employed on a temporary basis has been removed.

However, several qualifications and caveats require consideration. The *first* has to do with *employment* status. With some exceptions (e.g., contributory pension and health arrangements), contributory social security schemes, especially *public* schemes such as the UIF and the Compensation Fund, presuppose the existence of an employment relationship. ‘Employees’, ‘workers’ or ‘contributors’, and their dependants, as defined in the relevant legislation, are covered. Self-employed persons, informal economy workers, and other non-covered non-standard workers consequently fall outside the scope of relevant social security legislation. The same applies to the long-term unemployed, who may have exhausted any social security benefits they may have been entitled to. While workers in formal employment may have had access to the Temporary Employee Relief Scheme (TERS), introduced in response to COVID-19, those working as atypical workers, self-employed, or informal workers, do not meet the definition of ‘contributor’ and ‘employee’ in terms of the UIA and the UICA, and hence would not be covered under South Africa’s unemployment insurance regime: “Workers who may be self-employed, in the informal sector or so-called platform or gig economy have not been covered and had had access to no form of relief except possibly the R350 SRD grant” (*Green Paper*, 2021:19; Olivier & Govindjee, 2021).

Currently, with the exception of the COVID-19-introduced SRD grant, unemployed individuals of working age have no income protection in terms of the South African social assistance system. In fact:

Noting that the distress faced by this group spans even before the COVID-19 crisis due to the high levels of poverty, unemployment, inequality and food insecurity, there has [sic] been growing calls for consideration of some permanent measures that provide income guarantee security for all...for this group, a number of interventions could include a mix of measures, including, some form of phased-in social assistance income support; active labour market interventions such as allowances linked to skills development and the expanded public works programme; further education and training; and youth employment programmes. (*Green Paper*, 2021:30)

The *second* concerns *immigration* status, which has impacts on access to social security: migration status could often be viewed as being superimposed on social security status. Key examples include:

- Section 27(b) of the *Refugees Act No. 130 of 1998 (as amended)* stipulates that “A refugee is entitled to full legal protection, which includes the rights set out in Chapter 2 of the Constitution of the Republic of South Africa, 1996, except those rights that only apply to citizens”.
- Given their *undocumented* status, undocumented migrants, and in particular undocumented migrant workers have very limited access to social security – as explained later.



- *Non-citizens* who are likely to become a *burden* on state finances (including welfare support) may be refused entry, or access to permanent residence status in South Africa (*Immigration Act*, 2002: section 30(1)(a)). This may impact detrimentally on access to social security.

The *third* qualification relates to *labour* market status, in particular, access to the labour market. Labour market access is relevant not only for purposes of ensuring partial compliance with documented status requirements, but also to create a direct pathway to contributing to and benefiting from social security (contributory) arrangements. Issues such as the ease of and delays experienced with work permit approvals, issuance, and renewals, in practice play an important role. Restrictions on labour market access are increasingly contained in legislation, for example:

- The draft *Employment Services Amendment Bill* (2022, Chapter 3A), read with the provisions of the *Immigration Act* (2002), contains several provisions essentially aimed at restricting the employment of foreign nationals (other than foreigners with permanent resident or refugee status), unless that foreign national has obtained a visa, which entitles them to work, or is permitted to work in South Africa on the basis of any other legislation or international agreement binding on South Africa. Obligations are imposed on employers to ensure that the foreign national is entitled to work in South Africa and to perform the work in which they are employed. Employers also have to satisfy themselves that there are no persons in South Africa, other than foreign nationals, with the requisite skills to fill the vacancy; prepare a skills transfer plan in respect of any position in which a foreign national is employed; employ such foreign national on terms and conditions not inferior to those applicable to a South African citizen, permanent resident, or refugee; and retain copies of documents reflecting the lawful employment of the foreign national.
- Of critical importance are the provisions regarding a quota regime, contained in the *Immigration Act* and now also in the draft *Employment Service Amendment Bill*. As noted in the *Draft National Labour Migration Policy for South Africa* (NLMP) (2022, para. 5.3.4.1), the imposition of quotas to limit the number of foreign

nationals from competing for the few technical and low skilled jobs available, is already a current requirement, contained in the *Immigration Regulations* (2014) (as amended), as regards business persons applying for either a business visa or a permanent residence permit. The Bill now provides that the Minister of Labour, after consulting with the Employment Services Board may, by notice in the *Gazette*, specify a maximum quota for the employment of foreign nationals by employers in any sector – which may differentiate between occupational categories and different regions.

- Unlike refugees, asylum-seekers no longer have an automatic right to seek employment (*Refugees Act*, No. 130 of 1998 (as amended) (section 27A). These provisions have a significant impact on the ability of asylum-seekers to contribute to and benefit from contributory social security.

*Restricted access to social assistance* for several migrant categories is the *fourth* qualification. As a rule, access by foreigners to non-contributory social assistance benefits is restricted to (recognised) refugees and permanent residents (*Social Assistance Act*, 2004, and its implementing regulations). However, in the context of the COVID-19 pandemic, asylum-seekers and special permit holders have been granted access to the (currently, temporarily extended) COVID-19 dedicated SRD Grant. However, the payment is a mere ZAR 350 (approximately USD 23) per month – which only goes some way to address the vulnerability experienced (Olivier & Tewolde, 2023).

The *fifth* qualification relates to the tendency, increasingly, in recent legislation to curtail directly or indirectly access to contributory social security arrangements. The impact of restricted access by foreigners to the South Africa labour market, on access to contributory benefits, has been indicated above. The recently adopted *National Health Insurance Bill* (B 11B, 2019) provides a telling example. The Bill applies to South African citizens, permanent residents, and refugees. For the rest, unspecified coverage of “certain categories or individual foreigners” must be determined by the Minister of Home Affairs (after consultation with the Minister of Health and the Minister of Finance) (B 11B, 2019, clause 41). The Bill further treats asylum-seekers on par with “illegal foreigners”,

stipulating that an asylum-seeker or illegal foreigner is only entitled to (a) emergency medical services; and (b) services for notifiable conditions of public health concern (clause 4(2)). However, all children, including children of asylum-seekers or illegal migrants, are entitled to basic healthcare services as provided for in section 28(1)(c) of the Constitution (clause 4(3)).

The *sixth* and final qualification concerns the constitutional provision, not only allowing but also imposing an obligation on the State to safeguard the interests of citizens by restricting the *right to choose their trade, occupation or profession freely can be restricted to citizens only* – thereby impacting on the ability of affected migrant categories to access contributory social security benefits (Rafoneke, 2022). However, as explained below, this does not imply that a blanket ban on labour market access would be constitutionally permissible.

## Case law developments

South African case law has drawn important conclusions impacting on access to social security for several categories of migrants. At times, these have concerned access to the labour market, which in itself holds implications for access to social security. The following overview of the case law can be provided (see draft NLMP, 2022, para. 3.3.6), with further elaboration and additional case law indicated in the discussion on specific categories of migrants below.

- The right to social security accrues to every person (Khosa, 2004), even if this right can be qualified in relation to specific categories of migrants. The State could enact legislation to regulate *freedom of trade, occupation, and profession*, and to exclude non-nationals, or categories of non-nationals, from access to a particular trade, occupation, or profession – as long as the state does not act arbitrarily, and as long as the exclusion or restriction does not amount to a blanket prohibition to work (Rafoneke, 2022).
- The blanket prohibition of *wage-earning employment* (Watchenuka, 2004), or to seek self-employment (Somali Association, 2015), would deprive a foreigner from earning a living and leave them destitute; this would infringe their right to human dignity.

- Permanent residents may not be discriminated against vis-à-vis citizens in relation to permanent employment in the public sector as teachers (Larbi-Odam, 1998, paras. 30–31; Baloro, 1995) and to access to social assistance (Khosa, 2004, paras. 68–75) – this would infringe their fundamental right to equality (read with the right to human dignity and the right to access to social security). Some case law authority exists for a distinction to be drawn between foreigners with permanent and those with temporary residence status (Khosa, 2004).
- Due to the operation of the constitutional right to fair labour practice, a foreign worker whose work permits had expired was held to be entitled to statutory employment protection (Discovery Health, 2008).
- As indicated, the COVID-19-introduced SRD grant was extended to include asylum-seekers and special permit holders (Scalabrini, 2021).

## Policy framework

A government discussion paper recommends an integrated social security system for South Africa, covering all citizens and permanent residents, (Inter-departmental Task Team on Social Security and Retirement Reform, 2012:21). The now withdrawn *Green Paper on Comprehensive Social Security and Retirement Reform* (2021:46, para. 4.2) also suggests that “Consistent with the requirements of the Constitution, South Africa’s integrated social security system should cover all citizens and permanent residents, including migrant workers”. In view of the structural gaps amplified by the COVID-19 crisis, it calls on government to adopt drastic measures to introduce a comprehensive response, and a social security system that is centred on universal coverage (2021:10–11).

There are limited references to the social security position of migrants in recent sectoral policy instruments. The 2017 *National Health Insurance Policy* recommends that migrants – including refugees, asylum-seekers, and irregular migrants – receive “basic health care services in line with the Refugees Act...and international conventions that South Africa is a signatory to” (Department of Health, 2017:21, para. 101). Furthermore, the recent *White Paper on Citizenship, Immigration and Refugee Protection* (2023)

indicates a restrictive approach, by emphasising the need to couple border control with immigration, noting both the need to ensure that “...the contribution of foreigners in the South African labour market does not adversely impact on existing labour standards and the rights and expectations of South African workers” (para. 9.3.1), and the provision in the NLMP, providing for quotas for the employment of foreign nationals (para. 105). It also envisages South Africa’s possible withdrawal of relevant UN refugee instruments, or making reservations in terms of the provisions of these instruments, regarding the rights to which refugees may be entitled (para. 31) – which possibly include the right to work and welfare rights. The White Paper does not otherwise specifically address (possible changes to) the social security position of non-citizens.

The recent NLMP (2022, para. 4.1.3) adopts a rights-based approach as regards the protection of all workers, guided by the principle of equality of treatment, in accordance with South Africa’s international obligations, regional and SADC commitments, as well as obligations under its national labour legislation. Nevertheless, the NLMP acknowledges that it remains a fundamental expression of a country’s sovereignty to retain control over access to its territory and labour market (2022, para. 5.3.2.1). It prioritises the need to improve the social security of migrant workers in South Africa and upon return in their country of origin (2022, para. 5.3.2.2). Specific challenges to the social protection of migrant workers are emphasised, and a range of measures proposed. These include (2022, para. 5.3.7): (a) actual enforcement of social protection rights which migrant workers are entitled to, including access to health care; (b) effective and sustainable facilitation of access to accrued rights and benefits in South Africa and when back in the country of origin; (c) emergency exhaustion of outstanding claims; (d) actual enforcement of claims for compensation under COIDA and ODMWA; (e) prevention of exposure of migrant workers to Occupational Safety and Health hazards; and (f) improvement of data capturing and reporting on social protection and compensation.

## Social security access for selected migrant categories

### Permanent residents

In *Larbi-Odam* (1998), the Constitutional Court held that the provision in the bill of rights, allowing for the limitation of fundamental rights, could not justify the restriction of permanent employment (in the education sector) to South African citizens. It stressed the permanent nature of the relationship they have with the country (para. 31).

Non-citizens with permanent resident status are entitled to social insurance benefits. For example, since they contribute to the Unemployment Insurance Fund, they are entitled to benefits upon losing their job, illness, adoption of young children or pregnancy. In the event of their death, their dependants could access benefits under the UIA. Also, in the event of an accident or disease, they are entitled to workers compensation benefits. Furthermore, the *National Health Insurance Bill* (B 11B-2019) includes permanent residents within its sphere of coverage (clause 4(1)(b)).

However, permanent residents do not have unhindered access to the labour market. As indicated, in *Rafoneke* (2022) and other judgments, the Constitutional Court emphasised that section 22 of the Constitution restricts the *right to choose their trade, occupation, or profession freely* to citizens only. In relation to the matter before the Court, the legislature is at liberty to decide how far to extend admission into the legal profession to non-citizens. As it has chosen to draw the line at permanent residents, the legal provision is “...more expansive than section 22 of the Constitution” (paras. 76, 79). The social security implication of this constitutional restriction is clear – to the extent that permanent residents may be excluded from accessing any particular trade, occupation or profession, they would have to seek other employment pathways to securing (contributory) social security coverage.

Generally, the rationale underlying the social security protection of permanent residents is associated with the vulnerability of migrants, including permanent residents. This has an impact on the eligibility of permanent residents to access *social assistance*. In finding that the exclusion of permanent residents from the *social assistance* system amounted to *unfair* discrimination, the Constitutional Court held (*Khosa*, 2004, para. 74; see also *Rafoneke*, 2022, para. 94):

There can be no doubt that the applicants are part of a vulnerable group in society and, in the circumstances of the present case, are worthy of constitutional protection....Because both permanent residents and citizens contribute to the welfare system through the payment of taxes, the lack of congruence between benefits and burdens created by a law that denies benefits to permanent residents almost inevitably creates the impression that permanent residents are in some way inferior to citizens and less worthy of social assistance.

Their exclusion would fundamentally affect their right to human dignity and to equality (para. 85). The Court noted that in this particular case one is concerned with the aged and children and they are unlikely to provide for themselves: the self-sufficiency argument does not hold up in such a case (para. 65). It also emphasised that the financial burden caused by the extension of social assistance benefits, must be considered within the framework of the infringement of key fundamental rights. The Court remarked (para. 45):

It is also important to realise that even where the state may be able to justify not paying benefits to everyone who is entitled to those benefits under section 27 on the grounds that to do so would be unaffordable, the criteria upon which they choose to limit the payment of those benefits (in this case citizenship) must be consistent with the Bill of Rights as a whole. Thus, if the means chosen by the legislature to give effect to the state's positive obligation under section 27 unreasonably limits other constitutional rights, that too must be taken into account.

Furthermore, while the “concern that non-citizens may become a financial burden on the country is a legitimate one” and that there are “compelling reasons why social benefits should not be made available to all who are in South Africa irrespective of their immigration status”, it is necessary to distinguish between those who have become part of South African society and those who have not (para. 58). The Court also considered that “the cost of including permanent residents in the system will be only a small proportion of the total cost” (para. 62).

Based on the earlier international law discussion, it cannot be said that South Africa is not adhering to international standards – and practices – as regards access by permanent residents to social security. In fact, by granting permanent residents access to social assistance, South Africa did not utilise that more restrictive framework allowed by international law in this regard – given the requirements posed by the South African constitutional framework.

That South Africa's treatment of permanent residents is on par with citizens as regards social security was also evident during the COVID-19 pandemic – which was also common in the approach of other countries.



## Temporary residents and migrant workers

Non-citizens with temporary resident status, including migrant workers employed on a temporary work visa, do not have access to South African social assistance benefits. From a constitutional perspective, the rationale for their exclusion from South African social assistance legislation can be justified on the basis of their “tenuous” link with the country, as explained by the Constitutional Court in *Khosa* (2004). There is a deeper-rooted rationale, as explained by the Constitutional Court in *Rafoneke* (2022, paras. 80-81):

Those permitted to study or given residential status in order to work are permitted to do so for a limited time and purpose. Hence, they do not have the fixity of connection to the country and the right to work on a more permanent basis that makes their admission desirable. While this policy may be open to debate, the fact that the Legislature has adopted it is not arbitrary or illegitimate. It is restrictive and protectionist, and those are permissible governmental objectives.

Access by migrant workers employed on temporary work visas to contributory social security appears to vary. They are included under the statutory regimes applicable to unemployment insurance and workers’ compensation benefits. However, as far as national health insurance is concerned, the *National Health Insurance Bill* (B 11B-2019, clause 4(1)(e)) does not extend coverage in the same way as it does for permanent residents, but merely states: “The Fund, in consultation with the Minister, must purchase health care services, determined by the Benefits Advisory Committee, on behalf of...(e) certain categories or individual foreigners determined by the Minister of Home Affairs, after consultation with the Minister and the Minister of Finance, by notice in the *Gazette*.”

The right of temporary migrant workers to access the South African labour market is restricted by the terms and conditions contained in their work visas. In addition, as explained above, access to particular trades, occupations,

and professions can be restricted to South African citizens only, as per the provisions of section 22 of the Constitution. In all these cases, temporary migrant workers are restricted in their pathways to seek inclusion under South Africa’s contributory social security system.

International law requires, in principle, the equal treatment in social security of migrant workers vis-à-vis nationals (ILO, 2006; ILO, 2021, and instruments indicated there) – except, as earlier indicated, in the case of benefits provided wholly or partially from public funds. The extension of social security to migrant workers and their dependants is also often regulated via bilateral social security agreements (BSAs). Bilateral labour agreements (BLAs) may also provide an avenue for extending social security to migrant workers and their dependants. However, South Africa has not utilised these mechanisms to any significant extent, save for limited provision made in a few of the BLAs with neighbouring countries. Lately, however, three critically important global and African guiding documents indicate a new pathway for extended social security coverage via BLAs. These are: (i) *Global Compact for Safe, Orderly and Regular Migration* (GCM) (2018); (ii) the *UN Guidance on Bilateral Labour Migration Agreements* (2022); and (iii) the *AU Guidelines on Developing Bilateral Labour Agreements* (BLAs) (2022a). Key principles flowing from the *AU Guidelines on Developing Bilateral Labour Agreements* concern access to and portability of social security, including healthcare. More specifically, the following principles are apparent:

- equality of treatment and migrant worker access to national social protection schemes in respect of all social security branches;
- availability of social protection floor coverage to all migrants;
- provision of health insurance and coverage, and work injury compensation and benefits;
- portability of social security entitlements;
- facilitation of social security claims and disbursement of social security benefits and assistance; and
- equal treatment in the event of pandemics.



During the COVID-19 period, temporary workers contributing to the UIF benefited from the Temporary Employee Relief Scheme (TERS), introduced in response to COVID-19. However, they remained excluded from any form of social assistance. In several other countries though, steps were taken to protect migrant workers (ILO, 2021:134).

South Africa's treatment of temporary residents and migrant workers regarding access to social security generally follows the international law position. The same applies to limitations on access to employment, and the consequent restricted access to contributory social security. However, in two areas improvements, supported by international law guidance, may be of value. Firstly, significant scope exists to provide for streamlined social security coverage and access for both migrant workers to and from South Africa on a reciprocal basis, through the medium of dedicated provisions in BSAs and BLAs. Secondly, consideration should be given to implementing the protection that undocumented migrants enjoy as regards medical emergency and basic/essential forms of assistance with minimum treatment, also in relation to temporary migrants and migrant workers. It is suggested that this would also be in line with the South African constitutional imperatives.

## Undocumented non-citizens

Based on conventional wisdom, as explained in earlier court judgments and CCMA awards (*Goldberg*, 1983; *Safika Holdings*, 2001; *Craighall Spar*, 2004), irregular migrants are excluded from social insurance schemes in South Africa. Since they are not holders of a valid work permit or visa, as required by section 19 of the *Immigration Act* (2002), they were deemed not to be an employee, with a valid contract, for labour law and, one could add, social security law purposes – in particular, with a view to bringing a case before the labour law adjudicating institutions.

However, section 27 of COIDA states that the Director-General has a discretion to deal with a claim as if the contract was valid at the time of the accident. Also, the *National Health Insurance Bill* (B 11B-2019) stipulates that an asylum-seeker or illegal foreigner is only entitled to (a) emergency medical services; and (b) services for notifiable

conditions of public health concern. Section 27(3) of the Constitution also stipulates that no one may be refused emergency medical treatment. Unlike the general right to access to healthcare services provided for in section 27, this specific constitutional right is directly enforceable and not subject to the qualifications pertaining to “progressive realisation” and “available resources”. However, The *Bill* also stipulates that all children, including children of asylum-seekers or illegal migrants, are entitled to basic healthcare services as provided for in section 28(1)(c) of the Constitution (clause 4(3)).

The conventional wisdom concerning the need for a valid work permit/visa indicated above, may be open to constitutional challenge. A broader, fundamental rights-infused reflection may provide a different basis on which matters pertaining to access by at least certain categories of undocumented migrants, who may have an irregular status in the country, may have to be dealt with in future – in particular, those migrants who entered the country on the basis of a lawfully issued work permit/visa, but whose visa or permit may have expired. The Labour Court decision in *Discovery Health* (2008) extended labour rights to a foreign national whose work permit had expired. It ruled that the interpretation of the provisions of the *Immigration Act* must not unduly limit the constitutional right of “everyone” to “fair labour practices”. Consequently, even though the employer may have breached the provisions of the *Immigration Act*, this does not affect the validity of the employment contract (para. 33). Also, the definition of “employee” in the *Labour Relations Act* (1995) does not assume the existence of a valid underlying employment contract. This approach may have significant implications, not only for labour law, but also for (employment-based) social insurance arrangements.

As a rule, migrants in an irregular situation do not qualify for social assistance in South Africa, even though a previous *White Paper on International Migration* (1999, paras. 2.2–2.4) recognised that there is no constitutional basis to exclude, *in toto*, the application of the Bill of Rights on the basis of the status of a person while in South Africa, including irregular migrants. It may be argued that, due to the operation of the fundamental rights regime, including the right to dignity and the right to access social security (and social assistance) accruing

to everyone, even irregular non-citizens in South Africa are constitutionally entitled to core social assistance. This may not necessarily imply monetary support, as long as basic amenities are made available. This position appears to be in line with international best practice, where social assistance benefits often take the form of non-financial services or benefits in-kind, such as food, clothing, and housing. Also, given their vulnerability, children are entitled to differential treatment (*Khosa*, 2004, para. 65). Section 28 of the Constitution confirms the right of (all) children to basic nutrition, shelter, basic healthcare services, and social services.

The severe impact of social security exclusionary arrangements in relation to undocumented migrants was particularly evident during the COVID-19 pandemic. Several countries, though, extended some form of income and/or in-kind support to such migrants (ILO, 2021; United Nations, 2020; Olivier et al, 2022). Yet, in many instances the special social protection so introduced was short-lived, as noted with deep concern in the first *Progress Declaration*, issued with reference to the *Global Compact for Safe, Orderly and Regular Migration* (2018), after the first UN International Migration Review Forum (IMRF) (2022).

The international law position regarding access by undocumented/irregular migrants to social security can be summarised as follows.

- Migrant workers, including migrant workers in an irregular situation, and members of their families shall have the right to receive any medical care that is urgently required for the preservation of their life or the avoidance of irreparable harm to their health on the basis of equality of treatment with nationals of the State concerned (UN *International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families*, 1990, Art. 28; ILO, 2006, paras. 9–10). An “expanded” notion of emergency medical treatment may be apposite, and seems to be supported by the constitutional provisions contained in section 27 of the South African Constitution (Schoukens & Pieters, 2004:11).
- Presumably, irregular migrants are also entitled to access basic/essential forms of assistance, on the basis that both regular and undocumented migrants are entitled to the core content of economic, social and cultural rights (*Report of the United Nations Commissioner for Human Rights*, 2010, para. 14).
- According to the ILO *Migrant Workers (Supplementary Provisions) Convention*, 1975 (No. 143), migrant workers in irregular situations should enjoy equality of treatment in respect of rights arising out of past employment as regards remuneration, social security, and other benefits (Art. 9).
- The Code on Social Security in the SADC (2007, Art. 17.3) provides that illegal residents and undocumented migrants should be provided with basic minimum protection (which has not been specified) and should enjoy coverage according to the laws of the host country.
- As indicated earlier, international law allows disparate treatment of migrants when it comes to non-contributory social security benefits. However, children in an irregular situation – whether accompanied or unaccompanied – enjoy protection in terms of the rights set forth in the UN *Convention on the Rights of the Child* (1998, Art. 2). According to the European Committee of Social Rights, children of irregular migrants are entitled to healthcare provision (*International Federation of Human Rights Leagues*, 2004; Council of Europe, 2006, para. 13.3).

Invariably, neither BSAs nor BLAs include migrants in an irregular situation in their scope. In fact, the very essence of BLAs is to create a regime for regular and orderly migration. The key exceptions relate to bilateral arrangements providing a pathway for regularisation of migrants in an irregular situation, which could translate into access to social security. As explained in more detail in the next section, South Africa’s regularisation dispensations, informed by underlying Memoranda of Understanding (MOUs) with the affected neighbouring countries of destination, and Thailand’s National Verification Process (for nationals from Cambodia, Lao PDR and Myanmar) are examples.

It is submitted that irregular migrants, at least those whose status has become irregular because of the expiry of their legal entitlement to work, in South Africa could be entitled to (employer-funded) workers compensation under both COIDA and ODMWA – in the light of *Discovery Health* (2008). However, unlike workers compensation, unemployment insurance is a contributory scheme to which both employees and employers contribute. Based on the provisions of the *International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families* (1990, Art. 27(2)), it could be argued that in this case, there is either no entitlement or a limited entitlement, which in practice amounts to the return of the contributions that the migrant in an irregular situation may have made. Furthermore, while emergency medical treatment is meant to be available to undocumented migrants, consideration should be given to extend core (social) assistance to them too, based on international law prescripts and comparative best practice.

### Special permit holders

In the wake of a steady growth in the number of undocumented migrants, inordinate problems experienced with the asylum processing system, and political and/or socio-economic challenges in a number of neighbouring states, policy responses on the part of the South African Government included the adoption of ad hoc regularisation schemes (introduced in 1996, 2001, 2009 and 2016, and in some cases subsequently extended). This resulted in what has become known as special (dispensation) permit (visa) regimes (with Angola, Lesotho, and Zimbabwe) to operationalise the regularisation dispensation. The permit regime was designed in consultation and on the basis of MOUs with the governments of the countries of origin concerned. From a domestic law perspective, holders of the permit are entitled to reside and work in South Africa, and are accorded (limited duration) permanent residence status, on the basis of the provisions of the *Immigration Act* (2002, section 31(2)(b)). Over the years, between 2009 and 2019, these special permit regimes offered pathways to legal residence for approximately 336 000 people (Bule & Landau, 2020; Olivier, 2021). The announced decision to terminate the currently existing Zimbabwean Export Permits (ZEPs), affecting around 178 000 Zimbabweans, was recently found to be unlawful, unconstitutional, and

invalid and set aside by the High Court in *Helen Suzman Foundation* (2023) – for want of sufficient compliance with consultation requirements (finding, among others, that CSOs representing the interests of ZEP holders should also have been consulted properly), rationality, and the unjustifiable limitation of fundamental rights, also in relation to children.

The NLMP (2023, para. 2.3.3) observes that, while these special dispensation regimes create legal pathways for the holders to reside and work in South Africa, the (limited duration) permanent residence status attached thereto may create discrepancies in comparison with the treatment in law, rights, and entitlements of particular temporary categories of migrant workers, who often entered South Africa legally. The Constitutional Court held in *Rafoneke* (2022, para. 83) that a foreign national who has been granted an exemption in terms of section 31(2)(b), would qualify for treatment on par with permanent residents. This implies that they should, through their labour market engagement in the formal economy, have unrestricted access to contributory social security benefits (unless they, and for that matter, other permanent residents too, have been excluded from accessing a certain trade, occupation, or profession), by virtue of the provisions of section 22 of the Constitution.

Also, due to their permanent residence status, they are entitled to access social assistance, on par with (other) permanent residents. This was also evident during the COVID-19 period. In particular, while the COVID-19-introduced SRD grant (for unemployed persons not in receipt of any other social grant or Unemployment Insurance Fund benefits), initially excluded special permit holders, this was subsequently extended to them as well. In doing so, the court considered that special permit holders are lawfully in the country (*Scalabrini*, 2020, paras. 29 and 33) and noted the infringement of their fundamental rights that would otherwise occur (para. 40; see also paras. 26, 34 and 38).

In fact, regularisation is generally regarded as a key intervention to be pursued in relation to migrants in an irregular situation (Objective 5 of the UN *Global Compact*, 2018). A key reason is that regular/documentated migrant status provides not only in-principle access to the labour

market in countries of destination, but also pathways towards at least *contributory* social security and wider social protection services in the country of destination. Examples of such regularisation scheme interventions include Thailand's National Verification Process (NVP) (for nationals from Cambodia, Lao PDR, Myanmar, and Vietnam). The NVP process in principle implies access to social protection in Thailand, although access may be hampered by practical considerations (Olivier, 2018:87,90–91).

## Conclusions

The COVID-19 pandemic has emphasised the importance of the operation of the fundamental rights provisions of the Constitution. The adoption of COVID-19 social security measures had some, but restricted impact, concerning particular migrant categories. Some migrant categories, including temporary migrant workers and undocumented migrants, were left extremely exposed. Many other countries provided a better and targeted response framework to assist vulnerable migrant categories in the context of the pandemic. A pandemic context requires much more extensive access to medical treatment and services, and to basic forms of assistance, irrespective of migrant category. This is justified by the heightened vulnerability experienced by asylum-seekers in the event of a public health emergency, including pandemics, and as a result of movement restrictions (Olivier & Govindjee, 2021).

While the right to access social security is constitutionally granted to “everyone”, nuanced and differentiated approaches may be required, particularly regarding access to social assistance (*Khosa*, 2004). More recently, in *Rafoneke* (2022), the Constitutional Court confirmed that the right to choose their trade, occupation, or profession freely can be restricted to citizens only – thereby impacting on the ability of affected migrant categories to access contributory social security benefits. However, a blanket ban on labour market access would not be constitutionally permissible. International law standards also call for a nuanced social security approach, while recognising that essential forms of social security support should be available to undocumented migrants.

The international law perspectives are significantly instructive, given the international law-friendly approach adopted by the South African Constitution. In some respects, though, South Africa has not ratified certain key migration- (and social security-) related instruments, while limited use has been made of bilateral agreements to extend meaningful social security coverage and access to migrants. Also, while limited emergency health care may be available to vulnerable migrants, there is little indication in the South African social security system of extending basic, core assistance beyond emergency health treatment to migrants other than permanent residents and recognised refugees.

Immigration law is effectively superimposed on the social security legislative framework. Also, the policy framework informing immigration law appears to be particularly restrictive, regarding migrant vulnerability and their need for appropriate access to social security (Olivier & Govindjee, 2022; Department of Home Affairs, 2023).

And yet, as has been argued, the judiciary has studiously upheld the protection embedded in the tenets of the Constitution and has applied its ethos and prescripts, values and fundamental rights: “In the process, the courts have consistently given effect to South Africa’s international law obligations, in view of well-established principles of non-discrimination, dignity, and non-refoulement. One is left with the impression of a growing disconnect between immigration policy and adjudication” (Olivier & Tewolde, 2023).

## Recommendations

1. There is an evident need for a quick and sufficient social security response to critical needs experienced by migrants, including undocumented migrants, in pandemics, given their extreme vulnerability. While some migrant categories legally have access to contributory and even non-contributory social security benefits, major categories have to be included in the roll-out of at least essential, basic assistance, and emergency health care responses under these circumstances. This recommendation appears to be supported by South African constitutional prescripts, the international law standards framework, and comparative best practice.



2. Better use can be made of guiding social security standards embedded in international and regional instruments. Improved and streamlined social security outcomes could be achieved via the adoption and implementation of dedicated, reciprocal bilateral labour and social security agreements, and possibly multilateral social security agreements. Consideration should be given to the ratification of key ILO, UN and AU instruments including the ILO *Migration for Employment Convention (Revised)* (1949, No. 97) and the ILO *Migrant Workers (Supplementary Provisions) Convention* (1975, No. 143), as well as the ILO *Maintenance of Social Security Rights Convention*, (1982, No. 157); the ILO *Private Employment Agencies Convention* (1997, No. 181); the UN *International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families* (ICRMW) (1990); and the AU *Protocol on Free Movement of Persons, the Right to Residence and the Right of Establishment* (2018).
3. The current social security legal and policy regimes require improvement and elaboration, given the overly restrictive treatment of certain migration categories. In several instances, there are no current legal provisions or (sectoral) policies, while the immigration law and policy frameworks increasingly tend to (over) emphasise security and border management considerations. It is recommended that an integrated policy dealing with access to social security for migrants, also in a pandemic context, be designed and implemented. This policy should be sensitive to the international law framework and give effect to the prescripts, rights, values, and principles emanating from the South African Constitution, and could take its cue from the NLMP approach to and provisions in relation to social security for migrants, bearing in mind immigration and border security considerations. The legal framework should follow suit, and be aligned with the overarching policy to be so adopted.

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## Author's profile

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Professor Marius Olivier holds ad-hoc professorial appointments with Nelson Mandela University, North-West University and the University of Venda in South Africa and the University of Western Australia. He holds BA(Law) and LLB degrees (University of Pretoria) as well as an LLD degree (University of South Africa). He has been specialising in advising on and writing on social security, social protection, labour law and migration, and development planning with a focus also on regional dimensions and comparative contexts. He has worked on several social security, social protection and migration review assignments in African and Asian countries, and has rendered comprehensive services to international and regional organisations, to several governments, social security institutions, and to development agencies and donor institutions involved in social protection. Among others, he has undertaken several continental-, regional- and country-level studies on extending social protection to migrant workers.



## Social Security Coverage for Atypical and Informal Sector Workers



## 4. From Exclusion to Inclusion: Extending Parental Protection to Informal Workers

Mr Shaka Keny Bob<sup>7</sup>, Ms Shirin Motala<sup>8</sup> and Mr Charles Parkerson<sup>9</sup>

### Abstract

Informal workers have been excluded from the state social security system in South Africa for the past 30 years. The COVID-19 crisis provided an opportunity to identify gaps in social security with the intention of realigning laws and policies according to social realities. This chapter provides an argument for the extension of social protection benefits to the informal sector and situates this in the context of the South African Law Reform Commission's Project 143: *Investigation into maternity and parental benefits for self-employed workers*. Crucial to understanding the need for these benefits in the informal sector is to understand the existing gender imbalances, risks, and vulnerabilities that affect this type of work. The chapter uses empirical findings from a qualitative study carried out at the Bellville Transport Interchange in Cape Town and documents how the lack of maternal and paternal protection negatively impacts informal workers' livelihoods and resilience against shocks. The sample was restricted to informal workers who identify as waste pickers, clothing traders, and food vendors because these occupations were under threat due to the COVID-19 lockdown restrictions. The study was underpinned by the resilience conceptual framework to understand how informal workers responded to stresses and shocks to their livelihoods and the life cycle conceptual framework helped understand gender imbalance in the informal sector. All female street traders interviewed experienced increased care burdens during the lockdown period. This is likely because of the temporary closure of schools, increased care burden due to the health pandemic, closure of informal enterprises due to the lack of capital, and the inability to attain their pre-COVID-19 earnings levels after the reopening of the economy. This

chapter provides examples of how informal grassroots organisations in South Africa have begun to lobby to address the lack of maternal and paternal benefits for those who are self-employed, thus strengthening women-led solidarity movements that are contributing to this agenda.

### Introduction

Research on the informal sector in South Africa has led to growing calls for the extension of social protection to this sector. This debate is of utmost importance given declining formal labour force absorption rates and the increase in precarious and vulnerable employment. Given the magnitude of the COVID-19 pandemic and its gendered impact on women's productive and reproductive roles, greater policy emphasis is required in support of maternity and parental protection benefits to informal workers. The COVID-19 lockdown, travel restrictions, limitations on movement and the gathering of people, sparked interesting research on how informal workers cope during crisis periods in the absence of state social security and social insurance initiatives. This research seeks to advance an argument for the extension of social protection benefits to informal workers, and therefore positions its findings in dialogue with the South African Law Reform Commission's Project 143: *Investigation into maternity and parental benefits for self-employed workers* (SALRC, 2022).

### Conceptual framework

**Resilience** is a concept which emerged in ecological literature and has been narrowly defined as the "ability of a system to recover following a disturbance" (Béné et al., 2014:600). In this context, COVID-19 can be interpreted as a shock to the South African economy (Rogan & Skinner,

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2020; 2021). Brown and Kulig (1996) state that resilience can be understood as a framework that consists of three intertwined dimensions, namely, absorptive capacity, adaptive capacity, and transformative capacity. Absorptive capacity refers to the ability to reduce exposure to shocks and stresses. Adaptive capacity can be interpreted as the ability to make anticipative choices about alternative livelihood strategies. Transformative capacity refers to changes within the system that promote sustainable resilience (Béné et al., 2014).

Allison and Hobbs (2004) point out that resilience has been applied to the field of social protection because of the challenges surrounding shocks, vulnerability, and risks. Street traders are classified as the working poor, have few assets, and little access to capital during times of economic crisis, and have limited resilience strategies. This calls for transformation to take place to better their living and working conditions. The resilience framework is central to understanding how informal workers absorbed, coped, and adapted to external and internal shocks associated with the COVID-19 pandemic. This framework was selected because it helps understand how shocks and stresses in developing economies impact upon the livelihoods of the urban working poor. Using this approach, the study identifies gaps in the current South African social protection framework and demonstrates how vulnerability manifests within informal markets and public spaces.

The **life cycle conceptual framework** was also used in this research to explain the gendered risks within labour markets and to make the case for the extension of maternity and parental protection to informal workers in South Africa. According to the United Nations Development Fund for Women (UNIFEM, 2005), risks and vulnerabilities associated with employment can be understood using the different stages of the life cycle. A misconception is the belief that women can control the probability of falling pregnant because it is predictable and therefore cannot qualify as a risk at work (Ahmed & Ramm, 2006). Lund and Srinivas (2000) point out that the life cycle course analysis can be used as a methodology to understand risks that originate from a person's relationship (including indirect relationships) with the labour market, for example, informal

working arrangements. People's experiences differ over the life cycle and thus factors such as demography, culture, and physical location have a major bearing on participation in the labour market and the need for social protection (UNIFEM, 2005). For example, pensions benefit men more than women because they work more frequently in the formal sector, which renders women more vulnerable to poverty due to the care burden they must endure throughout their lifetime (Ahmed & Ramm, 2006).

The aim of this chapter is to describe how informal traders coped with the COVID-19 lockdown restrictions and seeks to provide an empirical and theoretical justification for the extension of maternity and paternity benefits to the informal sector.

## South Africa's social assistance system

South Africa's social protection is designed using a non-contributory tax financial social assistance model (Seekings, 2008). This means that taxes are used to take care of individuals in society who are unable to fend for themselves or their families. Until recently, the social welfare model did not consider the unemployed or those who work in the informal sector (Devereux, 2020). The model provides social insurance for employees in the formal sector, which includes but is not limited to provident funds, retirement funds, unemployment insurance, medical insurance, and compensation against injury at the workplace. The deliberate exclusion of informal workers from the state social insurance system leads to livelihood insecurity because the working poor in the informal sector operate without cover against risks at work; biological risks, occupational hazards, and risks emanating across the life cycle. Seekings (2008: 35) suggests that "*social protection measures in South Africa were designed to cater for the deserving poor (elderly, disabled, children, caregivers) and the undeserving poor who are able-bodied but are not able to find employment*". With rising poverty levels, a key question is who the deserving poor in South Africa are, considering that the need for social protection goes beyond one's formal employment status.

As extensive as this social welfare model is, it has been criticised for not suiting the South African context because its design emanates from the Global North (Seekings, 2008). Furthermore, it is limited to a small demographic population that excludes the working poor, informal sector workers, and migrants (Seekings, 2008). Informal sector workers, who represent almost a fifth (17%) of the labour force, are outside social protection systems and this made them especially vulnerable during COVID-19 lockdowns, where restrictions on economic activity meant that they had no means of income or protection (Chen et al., 2021). The rationale for this study is that the informal sector sustains the livelihoods of 4.8 million people (Stats SA, 2019) in South Africa and that in terms of the impact of COVID-19 and other related shocks, the government needs to understand how this sector absorbs and adapts to these shocks, and what transformative strategies need to be put in place to facilitate sustainable livelihoods.

## Conceptualisation of the informal sector from a South African perspective

The term 'informal sector' is defined as all informal enterprises, their owner-operators/employees, paid and unpaid, in all economic sectors (manufacturing, retail, and agriculture) (Fourie, 2018). The International Labour Organization (ILO) (1993) defines the informal sector as production and employment that takes place in informal enterprises namely, unincorporated, unregistered, or small enterprises. In their study of the informal economy in South Africa, Xaba, Horn and Motala (2002) point out that the definition of the informal sector should not be restricted to self-employment but should incorporate formal economic activities that possess informal characteristics. Xaba et al. (2002) argue that the term informal sector should not be misinterpreted to mean activities that operate outside state regulations because some enterprises operate within

the parameters of the law. To elaborate, some firms are registered as formal in nature, but their working conditions are informal in nature. Statistics South Africa (Stats SA) (2015: 1), defines informal employment as comprising of *"persons in the informal sector, employees in the formal sector, and persons working in private households who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment."* According to Rogan and Skinner (2021), Black South Africans dominate the informal sector at 86%. Budlender et al. (2001) and Essop and Yu (2008) highlight that the informal sector provides employment for Black and 'Coloured'<sup>10</sup> workers, and women. Chen (2018) defines informal employment as employment that does not have social protection benefits, both within and outside the informal sector. Against this background, the informal sector might helpfully be understood in relation to both the degree of formalising of work and the degree of social protection.

Within the informal sector, different types of informal working arrangements are a common feature because of the differences in status in employment (Chen, 2012). To elaborate, informal workers can be disaggregated into waged employment, self employment, unpaid family worker, or a member of a cooperative group. All these classifications present a different set of complex vulnerabilities that are not included in informal economy policy provisions. Instead, the constant handling of informal workers as a homogenous entity is a root cause of their exclusion from state social insurance mechanisms. The different working arrangements in the informal sector have made it challenging to overcome the lack of maternity and paternity benefits for the self-employed. For example, some people who work in the informal sector are own-account workers, unpaid care workers, and employees, and this complicates who is entitled to receive social security and social insurance benefits.

<sup>10</sup> Various debates examine the use of the word 'coloured' to denote an ethnic group. For further reading please refer to Gqola, P. (2010) – *What is slavery to me? Postcolonial/Slave Memory in post-apartheid South Africa*, Wits University Press.

## Vulnerability within informal markets and public spaces

Vulnerability can be viewed as a state of uncertainty in situations and is normally associated with factors that render a person susceptible to social, economic, and political risk. In the informal economy, vulnerability manifests in different ways (Lund & Srinivas, 2000). It is crucial to understand how risks and vulnerabilities impact informal workers individually to understand the urgent need for the extension of social insurance benefits to this sector. To elaborate, scholars such as Skinner (2018) and Potts (2007) point out that from a spatial perspective, informal workers are vulnerable geographically because their work takes place mostly in public spaces filled with constant threats from other people and law enforcement agents.

Barrientos and Barrientos (2002) point out that informal workers are faced with multiple social risks that can be traced to the nature of their employment relationship. Some examples include asset loss, disability, death, income poverty, and social and political exclusion. Van Ginneken (2003) adds that risks can be understood by viewing the list in the Social Security (Minimum Standards) Convention, 1952 (No.102) that classifies nine areas, namely, medical care, old age, unemployment, benefits in case of sickness, family circumstances, employment injury, maternity, invalidity, and widowhood. Van Ginneken (2003, 1999) argues that the reason most informal workers are not covered under formal (contributory) social security arrangements is that they earn less, are located in vulnerable economic sectors and occupations, and this renders it difficult for them to pay monthly contributions towards their retirement.

## Conceptualisation of social protection and coverage among informal workers

There are multiple conceptualisations of social protection (Van Ginneken, 2003; ILO, 2006). The ILO's Social Security (Minimum Standards) Convention (ILO, 1952) defines social security as protection against risks awarded to vulnerable members of society. A consensus exists on the need to provide social protection when vulnerable populations face challenges given the state's responsibility to protect its citizens (Lund and Srinivas, 2000; Ghai, 2002; ILO, 2006; Webster et al., 2015). For the purposes of this chapter, the definition of social protection is divided into social insurance and social assistance. Whereby, social insurance involves mitigation measures against the risk of losing an income, and social assistance is related to cash-transfer and social programmes designed to provide the poor with a minimum income for their basic needs (Seekings, 2008). It is crucial to note that Taylor (2002) states that although the concepts social assistance and social security are included in the Constitution of the Republic of South Africa, there is no standardised definition of these terms and that these concepts are used interchangeably.

Dekker (2001), as cited in Olivier (2001), argues that the definition of social security by the ILO does not suit South Africa's particular set of social and economic problems, as defined in the White Paper on Social Welfare (Department of Welfare, 1997). Ghai (2003) explains that the framing of social security was based on the principle of mitigating waged labour from risks arising in the workplace. However, the labour force in developing countries has become increasingly precarious and informal, questioning the validity of the international definition of social security and its application in the South African context. The White Paper on Social Welfare (Department of Welfare, 1997) defines social security as consisting of private and public initiatives that provide assistance using cash or in-kind benefits.

## Gender and social protection

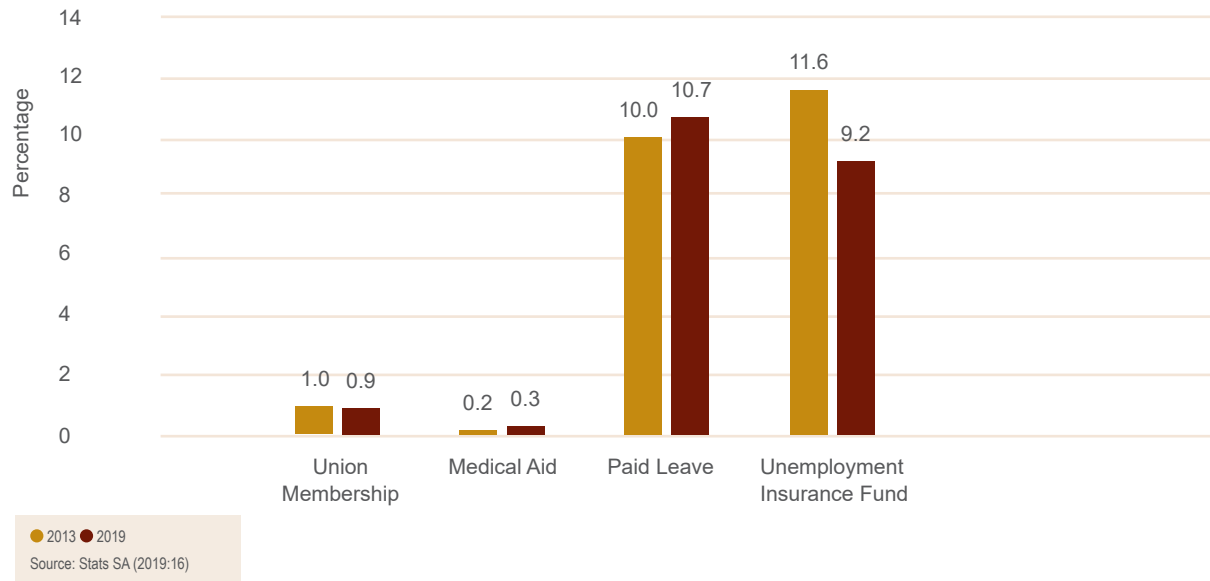
The SALC noted that current legislation offers minimal maternity protections predominantly to formally employed citizens, while self-employed workers remain excluded (SALRC 2021: 153). The exclusion of informal workers from maternity protection remains a present and unjustified challenge in South Africa. This is against a background where female informal workers risk loss of livelihood opportunity through forced relocations, lockdowns, ill health, reproduction and child-rearing, death or disability, loss of assets, unemployment, and increased expenditure for social events (Lund & Srinivas, 2000). Lund and Nicholson (2003) and Lund and Srinivas (2005) argue that globalisation has worsened conditions in the informal economy in the Global South and women are mostly affected because they are situated in vulnerable or low-earning unprotected economic sectors. The need for maternity social protection stems from the fact that women are deemed to be vulnerable within the workplace (labour market) and home due to the patriarchal system that

burdens women with productive and reproductive roles (Lund & Srinivas, 2005). Lund and Srinivas (2005) state that poor women are vulnerable to risks that the market and state do not cater for, such as crises or disaster scenarios.

## Gendered nature of the informal sector in South Africa

Informal workers in South Africa require the extension of maternity and parental protections to the informal sector because informal workers are susceptible to poverty and exploitation (Stats SA, 2019). Informal workers are also vulnerable because they lack access to protections such as social insurance, union membership and benefits to which formal workers are entitled (Stats SA, 2019). For example, Stats SA (2019) reveals that out of the 4.2 million people employed in the informal economy in South Africa in 2019, 0.9% had access to medical aid, 10.7% has access to paid leave, and 9.2% had access to unemployment insurance funds (UIF) (Figure 1).

**Figure 1: Distribution of those in informal employment with union membership, medical aid, paid leave, and UIF (2013, 2019).**



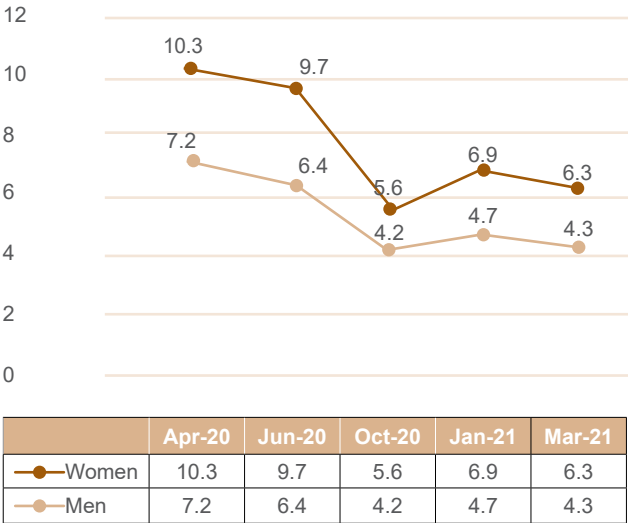
The COVID-19 pandemic exposed the vulnerability of female informal workers to economic and social shocks (Casale et al., 2021). The National Income Dynamics Study-Coronavirus Rapid Mobile survey (NIDS-CRAM) revealed that during the hard lockdown women in the informal economy reported a 49% decrease in their typical working hours compared with a 25% reduction for males (Rogan & Skinner, 2020). Moreover, women reported a 70% decline in typical earnings compared to men who reported a 60% decrease in earnings (Rogan & Skinner, 2020). Casale and Shepherd (2022) argue that the uneven COVID-19 crisis impacts on women and men was due to existing gender imbalances in the South African labour market. For example, Casale et al. (2021) point out that women were harder hit by the COVID-19 crisis because prior to the pandemic, women were already working in less secure occupations that were likely to be impacted by lockdown restrictions and social distancing regulations. They also point out that the COVID-19 pandemic worsened the gender gap in employment rates from 13.3% in February 2020 to 16.4% in March 2021.

Evidence from the NIDS-CRAM data suggests that women experienced a huge burden in providing childcare assistance during the closure of schools and places of work at various intervals during the lockdown (Casale & Shepherd, 2021). Figure 2 illustrates that women spent longer hours on care work responsibilities, especially during the initial lockdown phases, compared to males. Wills and Kika-Mistry (2021) and Mohohlwane et al. (2021) point out that the care burden was most likely at its peak during the hard lockdown because schools were not open at full capacity. Holmes and Hunt (2021) argue that another factor compounding women’s care burden is the proclivity for female-headed households and father absenteeism that exists in South Africa, and this was a great contributory factor to the anxiety, depression, and psychological distress that women endured because of the extreme hardship caused by the COVID-19 pandemic.

Women in the Informal Economy Globalising and Organising (WIEGO) scholars (Rogan et al., 2019; Chen, 2017; Dias et al., 2015) have attempted to explain the causes of gender inequality in the informal economy and argue that gendered ideologies and social practices,

concentration of women in high-risk employment, as well as lack of access to basic services and infrastructure are key reasons that explain this anomaly. Within the informal economy in South Africa, women are burdened with the responsibility of carrying out unpaid family work (Posel & Casale, 2019; Stats SA, 2019; Budlender, 2005). Rogan and Skinner (2018) argue that informal sector earnings are low, with formal sector workers averaging twice the monthly earnings of an informal sector employee. A key argument raised by scholars such as Heintz and Posel (2008), and Kingdon and Knight (2004) is that previous studies on the informal sector have paid more attention to differentiation by income and status in employment while neglecting variables such as gender, industry, and spatial differentiation by province, city, and settlement type. This suggests that policy-related research has not fully captured the income and earnings challenges faced by workers in this sector or the gendered and age dimensions of their work. Moreover, scholars such as Casale and Posel (2002), Heintz and Posel (2008), Wills (2009), Rogan and Alfors (2019), and Magidimisha and Gordon (2015) highlight that although women dominate the informal economy in South Africa, they are concentrated in low-paid sectors and earn less than their male counterparts.

Figure 2: Time spent on childcare



Source: Casale and Shepherd (2021:10)



## South African Law Reform Commission Project 143: Investigation into maternity and parental benefits for self-employed workers

### Background

In 2022, the South African Law Reform Commission (SALRC) explored options for extending maternity and parental benefits to self-employed workers. Currently, such workers lack access to these benefits, exacerbating poverty and inequality. The project aimed to investigate the shortcomings in the existing maternity and parental social safety net provisions, to determine who is responsible for the gaps, and how to address them.

Two questions provided direction for the investigation:

- Who should be included in the definition of 'self-employed worker'?
- What is the nature and extent of the maternity and parental benefits offered to self-employed workers?

The legal investigation examined South Africa's legal obligations and mechanisms for extension of coverage under its own legislative framework, and with respect to international conventions, legal instruments and best practice, including the requirements and implications of ratifying ILO Convention no. 183 relating to maternity protection. The second question required a social needs investigation<sup>11</sup>, which it was hoped, would help define the target group and provide a rationale for the nature and extent of the benefits.

### Legal imperatives

The legal imperatives and obligations for extending protection to the self-employed can be found in domestic and international instruments. South Africa's Constitution (RSA, 1996) and subsequent jurisprudence related to the extension of socio-economic rights provide a rich source from which to draw guidance on the matter. The

Bill of Rights lodged in the Constitution provides for an interlocking system of rights and freedoms which apply to equality, safety and health, social security, and childcare.

The report noted that various regional and international legal instruments made provision for the extension of maternity and parental rights from differing vantage points, including but not limited to:

- (a) Maternity Protection Convention, 2000 (No.183) (Art. 6(5) and 6(6) [Not ratified by South Africa];
- (b) Recommendation Concerning the Transition from the Informal to Formal Economy (No.204) (Art. 18);
- (c) Social Protection Floors Recommendation, 2012 (No.202) (Art. 5(a));
- (d) Convention on the Elimination of All Forms of Discrimination Against Women (Art. 12);
- (e) African Charter on the Rights and Welfare of the Child (Art. 14);
- (f) Protocol to the African Charter on Human and People's Rights and the Rights of Women in Africa (Maputo Protocol) (Art. 14);
- (g) Charter of Fundamental Social Rights in the SADC (Art. 10); and
- (h) SADC Protocol on Gender and Development (Art. 19).

### The SALRC review findings

The legal investigation revealed the State's labour legislation to be discriminatory, when examined against the Constitution and case law, by excluding certain categories of workers from maternity or parental benefits and protections (SALRC, 2022).

The SALRC report concluded that current legislation offers maternity protections predominantly to formally employed citizens; for example, the Basic Conditions of Employment Act (BCEA) — the primary legislation governing leave (maternity, parental, other) and protections for employees before and after childbirth — caters only for

<sup>11</sup> The investigation was not undertaken due to a lack of funding.

formal employment, while self-employed workers remain excluded (SALRC, 2022). Despite NEDLAC partners having negotiated a National Social Security Fund (NSSF), significant legislative gaps persist regarding parental benefits for informal workers despite their constitutionally guaranteed socio-economic rights (SALRC, 2022).

These myopic legislative provisions have dire consequences. That disproportionately impact poor, Black women concentrated in precarious forms of self-employment, violating their rights to equality and human dignity, and accentuating apartheid's discriminatory patterns (SALRC, 2022). The Commission found South Africa's framework inadequate compared to international commitments like ILO Convention 183 (to which SA is not a signatory) requiring at least 14 weeks paid maternity leave to all workers, including atypical workers. In addition, providing two thirds of their earnings in cash benefits, sufficient to maintain the mother and child's health and a suitable standard of living (ILO, 2016; SALRC, 2022).

Regarding the financial implications, Cornerstone Economic Research (CER) (2022) modelled costs of providing a pregnancy support grant for six months before childbirth to uninsured, low-income pregnant women. Depending on eligibility criteria, uptake estimates ranged from R1.89 billion to R3.26 billion per annum (CER, 2022). Adding all self-employed to the UIF would increase the fund's revenue by R15-R19 billion annually if similar contribution rates applied. However, it was noted that higher claims could also result in more maternity claimants (SALRC, 2022).

International best practice relating to maternity protection for self-employed workers overwhelmingly points to the provision of conditional cash transfers (CCT) which attach requirements such as attending health care services or educational programmes (SALRC, 2022). Critics, however, argue that CCTs have high administrative costs, can be costly to monitor, have certain paternalistic overtones, and may still exclude the very poor without proper identification mechanisms or complementary social services expansion. However, it was also noted that the conditions attached do incentivise health-seeking behaviour (SALRC, 2022).

In determining to whom and which benefits apply, the SALRC avoided amending the definition of employee

to include informal economy workers, because a wide range of rights and obligations are attached to the term which would not apply to informal workers. Instead, the commission opted to add to the relevant legislation the term 'self-employed worker', which was defined as an umbrella term including own account workers and wage workers (SALRC, 2022).

The system would be designed to target informal economy workers in a number of industries, including transport, trade, agriculture, fisheries, waste recycling, street trade, home-based workers, artists, and informal childcare workers. Verification of persons working in the informal sector could follow a self-verification process, where no employment contract was in place, providing the vital data regarding the worker for the UIF system (SALRC, 2022). The mechanism of providing benefits was decided, for various reasons, to be linked to the social insurance system already in place in SA.

The comprehensive investigation and report made 10 recommendations responding to the two framing questions, these were:

1. Define 'self-employed worker' in labour laws to include informal earners (SALRC, 2022). This would enable extending statutory benefits through mandatory or voluntary inclusion in amended social security frameworks like the UIF, adapted to flexibly accommodate those with fluctuating incomes through technologies like mobile registration and payments (ILO, 2016; SALRC, 2022).
2. Extend the existing unemployment insurance apparatus to include self-employed workers (SALRC, 2022).
3. Refer the policy decisions to NEDLAC regarding the following recommendations: a) pegging maternity benefits at 100% of the reference wage; and b) that government subsidise the cash benefit should it not meet the international legal standard of supporting the health and standard of living of the mother and child (SALRC, 2022).
4. That the Department of Employment and Labour consider legislative reform extending maternity cash benefits, where alternative work cannot be found, as required in international law (SALRC, 2022).

5. Extend maternity leave benefits, currently available to formal employees, to informal workers (SALRC, 2022).
6. Extend parental cash benefits to self-employed workers, at a rate on par with formal workers, that is 66% of the contributor's earnings (SALRC, 2022).
7. Extend parental leave, adoption leave, and commissioning leave benefits to self-employed workers, as is currently catered for in the BCEA (SALRC, 2022).
8. Introduce a maternity support grant (MSG), as an extension of the child support grant (CSG), to all qualifying self-employed pregnant women, for six months of pregnancy (SALRC, 2022).
9. Amend the Social Assistance Act to facilitate the creation of a MSG (SALRC, 2022).
10. Support the roll out of Early Childhood Development centres in workplaces and spaces accessible to informal self-employed workers. This recommendation is thought to have considerable implications for local government infrastructure and space planning (SALRC, 2022).

## Research methodology

The main research question of this study was to understand how informal workers coped with the COVID-19 pandemic and to what extent they needed some form of social protection to address their vulnerabilities and sustain their livelihoods.

An empirical study was carried out at the Bellville Transport Interchange (BTI), Cape Town, with the intention of investigating the challenges surrounding the exclusion of informal workers from the state social security system. The study was undertaken between 1 May 2022 and 31 July 2022, after the economy was officially reopened

and the National State of Disaster was lifted on 5 April 2022. The BTI is an important transport node, close to an industrial and commercial hub, that promotes economic activity. A key feature of this transport node is the influx of street vendors who bring commerce and business to the interchange. Bellville was selected as the research location because it is a centre with vibrant domestic and international travel that attracts informal workers from many African countries.

This study used a qualitative case study research design because it allowed informal workers to be studied in their place of work. The targeted sample were food vendors, clothing vendors, and waste pickers. Organisations such as the South African Informal Traders Alliance, Bellville Informal African Traders Alliance, and the South African Waste Pickers Association were approached with the objective of interviewing those of their members who aligned with the sampling criteria. The inclusion criteria were informal workers aged 18 and above who traded at the BTI and identified as clothing traders, food vendors or waste pickers. Purposive, convenience, and snowball sampling techniques were used to locate research participants. A questionnaire was used in combination with qualitative interviews as the primary data collecting instruments. The advantage of using a questionnaire is that it allowed access to a larger sample than qualitative methods are usually able to access. The qualitative data was analysed using Braun and Clarke's (2006) six steps of thematic analysis. Thematic analysis is a process whereby the researcher reads through the completed questionnaire forms and interview notes looking for patterns of similarity and differences.

## Results

### Demographic composition of the sample

The realised sample comprised 36 respondents, representing 12 respondents from each of the categories of informal workers, namely, clothing trading, food vending or waste picking (Table 1).

Table 1: Respondent demographics

Informal Sector category	Male	Female	Race	
			African	Coloured
Food Vendors	0	12	58%	42%
Clothing Vendors	0	12	92%	8%
Waste Pickers	6	6	83%	17%

Source: Author compilation

All waste pickers interviewed were South African whilst 41% of the clothing and food vendors were foreign nationals. The clothing traders who participated in the study estimated that they had been working at BTI between 15 and 35 years, while 75% of waste pickers reported that they had under 15 years working experience.

### Nature of informal work

There were three categories of informal workers within the BTI. These include:

- Informal workers who are deemed legal street traders because they hold permits to trade at the BTI. This group consists mostly of South African citizens.
- Street traders who do not hold permits and are not registered with the City of Cape Town. This group was mostly foreigners from other African countries who claimed that they work in the informal sector because they are not properly documented in line with migration laws in South Africa.
- Informal workers who ply their trade parallel to legally traded goods. This group includes those who sell counterfeit goods and drugs, posing as informal workers, and they are part of what is defined as the 'shadow economy'.

This classification of informal workers should be interpreted with caution because the nature of the informal sector is dynamic rather than static and workers' membership and registration may not be permanent.

### Informal sector workers' experience of the lockdown

Registered informal workers suffered more during and after the COVID-19 pandemic when compared with unregistered

informal workers. This is most likely because the registered informal workers had to adhere to the City of Cape Town's COVID-19 directives that stipulated who had access to the BTI. Recognising the decline of earnings, the City of Cape Town implemented a 12-month permit fee waiver to all formally registered informal workers to allow them to recover from the shock caused by COVID-19. Illegal informal workers were largely not affected by the pandemic regulations because they did not have to report to the City of Cape Town, and neither were they registered on its databases.

During a stakeholder meeting between City of Cape Town officials, informal workers' representatives, and informal workers it was reported that illegal activities were occurring within Bellville during the lockdown period. Competition between registered and illegal informal workers had increased to the point that illegal informal workers were carrying out reprisal attacks on registered informal workers who notified law enforcement agents about their illicit transactions. In addition, storage facilities that were initially closed by the City of Cape Town at the start of the lockdown were used by illegal informal workers to store their counterfeit goods. Undocumented immigrants reported that during lockdown, they were able to work from home if they could access social media, where they would search for clients in online markets.

### Waste pickers ability to work during the lockdown

All waste pickers reported that they were able to work during the lockdown as their occupation was deemed an essential service. However, a key observation from the waste pickers was that the City of Cape Town did not appear to recognise the value of the recycling work that they performed. A female waste picker pointed out that

despite being declared essential service workers, they did not have immediate access to personal protective equipment to reduce the risk of contracting COVID-19 from waste.

### Clothing vendors ability to work during the lockdown

All clothing traders pointed out that the ban on clothing sales stalled their business and that they were unable to make any earnings during this period. Half the clothing traders pointed out that although the reopening of the economy allowed them to return to work, pre-COVID-19 earnings had not been reached. This was likely because the public were also feeling the economic strain that COVID-19 brought to their livelihoods and households.

### Food vendors ability to work during the lockdown

All food vendors reported that during the first hard lockdown, they were unable to work as Bellville had been closed off. Interestingly, 25% of food vendors reported being able to come up with innovative ways to communicate with their customers via social media and sell their food.

One of the key informants revealed that *“no one knew how to cope, as it was a huge shock, nothing of this magnitude has ever occurred in the South African economy and history”*. Food vendors reported losing their stock and faced difficulties recapitalising their enterprises after the ease of lockdown restrictions. Some traders reported that their stock went rotten whilst others had to consume it themselves out of desperation.

Moreover, the ban on uncooked food negatively created false stereotypes that prepared food sold by informal food vendors was not prepared in accordance with the municipality's health and safety regulations. A female respondent pointed out that *“since the reopening of the economy, we have not sold much because of the negative perceptions that are circulating in the public that our food is dirty and contaminated”*.

## Coping mechanisms employed by informal sector workers

Informal workers reported various initiatives that they used to cope with the negative shocks of the COVID-19 pandemic. Some clothing traders reported that they experienced reduced access to stock compared to the pre-COVID period and that they diversified the goods and services they sold after the hard lockdown phase. Food vendors reported using a similar coping mechanism. A few vendors also opted for temporary part-time work in the formal hospitality sector to supplement the poor earnings from informal trade.

## Gendered differences in experiences of male and female waste pickers

Female waste pickers experienced more hardship when compared to their male counterparts, arising from the increased care burden that COVID-19 imposed on households as children remained at home due to the temporary closure of schools and the increase in the sick individuals who needed care at home. This resulted in reduced working hours, which translated to reduced incomes. In contrast, male waste pickers did not report any increased care burdens during the lockdown period.

Half of the waste pickers pointed out that they received the CGS in respect of their children which lightened the household-level burden. A female waste picker pointed out that *“the money offered in exchange for recyclables is so low I am unable to work with my children, so leaving them with a caregiver is expensive because I have to provide them with a food hamper in exchange for the service rendered. At least my job is not stationary, so I do not have to worry about trading permit fees.”* An example of the hardship experienced by female waste pickers is demonstrated by an interview where an informal worker stated that *“I work two jobs to survive. During the day, I work as an informal food employee at [a restaurant (name deleted)] from 6 a.m. to 6 p.m., whilst after hours I work as a waste picker collecting recyclables for reuse and resale.”*



## Access to social capital as a coping mechanism

Several examples of how social capital provided safety nets to informal sector workers were reported. Clothing traders reported that as they did not have medical aid, when a family member of one of them fell ill with COVID-19, the rest of the traders contributed money towards groceries, hospital costs, and burials.

Interestingly, clothing traders argued that the most vulnerable street vendors were food vendors, as they sell perishable goods and lack storage facilities, and they posited that food vendors should be prioritised for social assistance.

The study identified two informal employers who made maternity benefits available to their employees, but this was found to be heavily dependent on the relationship between the employee and employer. An informal food vendor who employs three female assistants pointed out that *“I have to take care of my workers when they are pregnant because I know how it feels like to lose your earnings with no other financial alternative in place”*.

A clothing trader pointed out that *“life was extremely difficult during the hard lockdown phase”*. Female clothing traders who had known each other for over 30 years, trading at the interchange, decided that the only way to survive without earnings was to share food amongst themselves as a form of social solidarity. A female clothing trader reported that *“if I have flour and my colleagues did not have, we would meet at the shops during specified hours to travel and exchange products then proceed home”*.

Social capital is an important form of social protection for informal workers, but the results show that this was only available to some of them.

## Challenges experienced by informal traders

Skinner and Watson (2020) noted that lockdown restrictions increased the challenges experienced by informal food traders and disrupted their street food trading system during that period.

Some food traders at the BTI utilised municipal kiosks provided by the City of Cape Town to prepare and sell their food. However, they raised concerns about the high rental costs and, with a slump in business during the pandemic, reported struggling to service their monthly rentals. Another challenge cited by the food traders was the intrusion of mobile food traders within the junction who are not paying fees to the City of Cape Town and therefore unfairly competing with the permitted food vendors on the site, potentially reducing their earnings.

Research by Park-Ross (2018) indicates the complexity surrounding how food vending intersects with factors such as race, nationality, and gender with evidence of this emerging from female food traders at the BTI who reported that they are vulnerable to factors such as discrimination, intimidation, and harassment.

Another challenge was the location of their vending site. One female food vendor pointed out that *“Bellville is a terminus but not all spots within the interchange are commercially viable for informal enterprises.”* This is because the construction of the gates has redirected pedestrians to follow a certain path once commuters enter the junction. Informal traders who are positioned towards the periphery of the interchange lack customers and can go weeks without making a sale. It was also reported that some traders who do not have an ideal trading location either end up becoming mobile food vendors or end up working on the pavements outside which causes congestion on public walkways.

In mitigation, traders who have been working in the interchange for many years were able to use their experience to pinpoint which trading bays within the taxi rank are commercially viable. Moreover, informal traders reported that over the years of trading at the interchange, they have built good rapport with their customers who have become regular clients.

A more pervasive challenge was the construction of a fence and gates around the BTI during the hard lockdown, which were not in place prior to the pandemic. All informal workers blamed the construction of security infrastructure as the root cause of their diminishing income levels. The informal workers believed that the gates promoted crime

in the interchange as many commuters were robbed every day. A female clothing trader reported that by erecting a fence, the City of Cape Town had divided street traders at the interchange, who mostly rely on informal networks of support for survival and protection. For example, a clothing trader stated that: *“when there is trouble with our colleagues, we rush there to protect them from harm, and they do the same for us. How does the City expect us to help each other if we are now divided?”*

It was assumed that income generating opportunities would revert to pre-COVID-19 levels, however, a month after the reopening of the economy this was not the case. Possible reasons for this include less disposable income available to the public and the generally slower recovery of the economy than anticipated.

## Innovations around informal trading during COVID-19

In response to the lockdown regulations imposed by the Disaster Management Act, informal workers had to come up with innovative solutions to maintain their livelihoods. A female clothing trader reported that since the reopening of the economy in Level 3 she diversified her business to include the sale of jewellery to avoid the ban on the sale of clothes. Post-COVID-19 this clothing trader maintained an enterprise that focuses on selling clothing and jewellery. A key reason cited for this was that clothing traders realised that selling one item can create vulnerability. It was also reported that many more clothing traders were diversifying their stands to incorporate higher value products such as electrical gadgets.

Social media platforms were another area of innovation that was used for recruiting customers. In addition, all three groups of informal workers used social media as a source of social cohesion within the community. Traders were able to market their goods on WhatsApp groups or could broadcast their messages to multiple contacts who formed their network of customers. Clothing traders pointed out that social media enabled traders to communicate amongst themselves, even during the hard lockdown, and allowed them to meet and exchange goods for which supplies in their own households were insufficient. Waste pickers reported the lowest use of social media for livelihoods

because their customers were waste companies who purchased waste for recycling.

## Lack of support from fathers and extended families for the care of children

Female street traders reported a lack of childcare assistance from the fathers of their children, and that the absence of support from extended family members negatively impacted the growth and development of informal workers' children. An informal female clothing trader reported not being supported by her children's father and that when she lost her employment in the teaching sector, she was forced to become a street trader to earn money to survive. She further reported that *“it has become common to see a 70-year-old trading in the streets of Cape Town as the SASSA [South African Social Security Agency] pension was not enough to cater for me and my grandchildren that I have to take care of.”*

## Advocacy for maternal benefits in the informal sector

Civil society organisations can play a crucial role in lobbying the government to extend social security rights to informal workers. It is well-documented that informal workers are difficult to organise owing to their working arrangements. However, there is progress in this regard. The study found that informal workers have begun organising themselves to increase their bargaining power because informal work is not represented by trade unions. Informal sector organisations include the South African Informal Traders Alliance and the South African Waste Pickers Association, which formed in 2009. A female food vendor revealed that despite BTI consisting of a diversity of informal workers, who have different working arrangements and represent different economic sectors, informal workers have formed a representative body, called the Bellville African Traders Association, to advance their interests and to secure social security for informal workers. In addition, key representatives in the South African informal sector have initiated lobbying efforts, advocating for maternal benefits within the informal economy.

## Considerations from this study for SALRC's Project 143

In general, the results of this study provide some direct and indirect evidentiary support for key findings and recommendations made by the SALRC Project 143. However, the results also expose certain shortcomings of the Commission's findings which can be traced back to the methodological limits of the project. These are the focus of the discussion below.

### Defining the self-employed: are foreign nationals excluded from benefits?

By widening the definition of the 'self-employed' to include own account workers, wage workers and the self-employed in the informal economy, the SALRC recommendation takes a significant stride to abide by international and domestic legislation. However, in this study more than 40% of the sample were found to be foreign nationals. While exact ratios may vary in trading sites across the country, the phenomenon of foreign nationals working informally in South African cities and towns is commonplace. Moreover, the court's reliance on the right to dignity to advance traders' right to work applies to South Africans as much as it does to foreign nationals. This was specifically endorsed in relation to refugees and asylum seekers lawfully in South Africa in a judgement handed down by the Supreme Court of Appeal in the *Somali Association of South Africa v Limpopo Department of Economic Development, Environment and Tourism* (Socio-Economic Rights Institute, 2018). If foreigners, legally in the country, are self-employed in the informal economy, does this imply that they are entitled to maternity and parental rights, protections, and benefits as recommended in the SALRC (2022) research? Further research into the legal contours of this question may be warranted.

### Maternity leave benefits and employment security – potential negative outcomes

The findings of this study suggest that locational advantage and the predictability of finding traders, particularly food vendors, in the same trading location was reported to have a significant impact on the earnings of the informal enterprise. For this reason, female workers registered to conduct business in a public space, should not be

discriminated against by losing their specific trading bay allocation when returning to work. These possible negative outcomes may need to be considered through further legal research and specifically indicated in the relevant labour legislation and possibly the Businesses Act (No. 71 of 1991) and the Municipal Systems Act (No. 32 of 2000).

### Findings in the waste recycling industry support maternity leave, parental cash, and parental leave benefits

Though men made up a minority of the sample, and only featured in the waste picker sub-sample, the nature of the waste picking is such that waste must be collected on the day or risk losing market share to competing recyclers. In other words, risk reduction strategies of using social media and social networks to boost sales or augmenting traded goods to offset a downturn in one commodity, are not viable strategies for waste pickers. This feature of the recycling industry suggests that both men and women in the recycling industry would benefit greatly from parental and maternity leave coupled with the cash benefits.

### Maternity support benefits, child-care infrastructure and services—maintaining social networks and encouraging a 'centre' for informal social security responses

Results of this study demonstrate the multiple vulnerabilities of women working in the informal sector especially during times of economic hardship. The loss of income due to market conditions and additional unpaid care work force the female workers to seek additional paid work to make ends meet. For these reasons, the health and wellbeing (mental, physical, emotional) of vulnerable pregnant women must be protected for their own sake and, critically, for the health of the unborn child. Strong social ties serve as a source of protection from physical harm and harassment and as a source of informal social protection. In the same way, creating job opportunities in childcare at the place of work for women and men who work in public spaces means they share not only the same work location but share an incentive to ensure the safety and success of both enterprises thereby generating norms of reciprocity and mutuality. Early Childhood Development

(ECD) centres located conveniently close to home or work and near transport interchanges such as BTI, can support women and men to better meet both the reproductive and productive demands of the household. ECDs as meeting places for women, men, and children should serve as physical centres where social needs can be identified and addressed through informal social assistance responses. This study uniquely demonstrated that informal workers are able to rank and prioritise vulnerability, as was shown for food workers. This tacit local knowledge could be harnessed through formal institutions such as ECDs.

### Defining a role for representative informal worker organisations

The SALRC report did not directly identify a role for informal worker organisations in advancing the protection and rights of informal sector workers. However, providing defined benefits for self-employed workers presents a defined role for worker-representative organisations. Obvious roles include participating in advocacy and awareness campaigns and registration drives, provide representation in decision making forums such as NEDLAC, provide direct services to informal workers such as child care and skills training as well undertaking research and evidence gathering to inform policy. Less immediately discernible roles could relate to participating in monitoring and evaluation investigations; perhaps more fundamentally, participating in the design and delivery of alternate, home grown social insurance mechanisms that are contextually relevant and meet real and felt needs of informal workers.

### Conclusion

This chapter describes how three groups of informal workers in Belville, Cape Town, coped with and adapted to COVID-19 shocks. The results justify the extension of maternity and parental protection to the self-employed in the informal sector in South Africa. Three areas receive further attention as key reasons for extending social protection to self-employed workers in the informal economy that may not have been sufficiently highlighted in the SALRC Project 143 report (2022).

The leveraging of social capital by informal workers to ameliorate the negative effects of short-term shocks should be interpreted as a case for the inclusion of self-employed workers within the social insurance safety net

and not a reason to avoid their inclusion. Enhancing maternal and parental resilience and preserving social capital, or preventing the depletion of social capital among the vulnerable, can only serve to strengthen absorptive resilience among the self-employed poor.

The strength of the social ties was such that it also enabled an empathic evaluation of vulnerability among the different categories of workers. Workers in the clothing retail sector prioritised food vendors above other categories of informal workers as deserving recipients of social assistance and insurance. Social capital was also identified as a key component of the extension of informal maternity leave benefits among self-employed workers in the informal economy at the BTI.

Regarding vulnerability among female workers in the informal economy, female street traders at BTI are vulnerable to income loss due to intimidation and harassment at the workplace, pregnancy and childbirth, child-care responsibilities, lockdown restrictions, and politics within the informal markets that all play a role in reducing women's earnings. Child-care responsibilities, due to school closures, and care for the sick were particularly challenging for women during the pandemic resulting in reduced working hours and income.

It should also be noted that informal work is largely low-income and often precarious work. Moreover, generalised, and widespread economic shocks depress earnings for lengthy periods from which informal workers may never recover. Food workers suffered the hardest in the beginning and clothing retailers experienced hardship when prevented from selling clothes (as a result of COVID-19 emergency regulations). A general dampening in demand affected all retail sectors. For this reason, swift, consolidated, and coordinated responses are required from lawmakers and several levels of government. This can include the waiver of registration fees, provision of food parcels, expanding access to existing markets, and providing access to new markets by extending trading hours, particularly in high-demand areas.

The pandemic demonstrated the gendered differences in childcare responsibilities within and between economic sectors, with the burden ultimately falling on women. Relying on childcare support from the father or extended family cannot be relied on, as was demonstrated in this



study. For this reason, the provision of reliable, accessible, and affordable child-care services is a key component of a strategy to reduce the gendered burden of child-care.

These findings demonstrate in-principle support for the recommendations made to extend social protection to self-employed informal workers through legislative reform. The SALRC Project 143 also demonstrates that South Africa's failure to ratify the Maternity Protection Convention 2000, No. 183, is not a sufficient impediment to withholding maternity and parental social protection. A raft of international conventions and instruments, including the Constitution, serve as injunctions on the State to extend maternity and parental benefits and protections to the self-employed in the informal economy.

## Recommendations for Project 143: SALRC investigation into maternity and parental benefits for self-employed workers

This study lends direct and indirect support for the certain key findings and recommendations of SALRC Project 143. The considerations drawn from the study also predictably deepen and contextualise the Commission's findings albeit from a limited base. On the other hand, study generates unexpected provocation in considering the extension of social protection to foreign nationals, and the extended role of representative worker organisations, in addition to the potential role of child care services and infrastructure serving as sites for extending formal and informal configurations of social protection.

Arising from the findings of this study, and taking cognisance of the SALRC Project 143 findings; the following recommendations are submitted, aimed at improving working conditions, extending and protecting rights, and strengthening the collective agency of informal self-employed workers:

- **Maternity and parental rights, protections and benefits should accrue to self-employed foreign nationals legally in South Africa.** Further legal research is required to determine whether, under which conditions and to what extent self-employed foreign nationals are entitled to the social insurance benefits envisioned in SALRC Project 143.

- **Maintaining 'job security'** after maternity or paternity leave benefits must be considered by the local government. Due to the impact of location on informal business, women should be entitled to return to their specific site of work when returning to work.
- **Vulnerability differs across sectors** and must be identified and responded to in a nuanced way through the refinement of the social protection system over time or prioritisation of access to the system by the most needy.
- **Early childhood development services (ECD): the provision of such services by self-employed workers** should be enabled as far as possible to ensure community social ties are maintained and reinforced through this service. ECDs should be encouraged to adopt a community care role by identifying parents in need of such support and finding ways of coalescing formal and informal support around the most vulnerable.
- **Defining a role for representative informal worker organisations:** informal worker representative organisations should be included in various aspects of the social insurance system. Roles include education, registration, raising public awareness, and consultation during monitoring and evaluation.

It is further proposed in addition to the recommendations emanating specifically, from this research, that consideration be given to the following recommendations to improve the investigation into maternity and parental benefits for self-employed workers in South Africa:

- **Legal framework review:** There is a need for relevant international conventions to be ratified.
- **Financial implications:** It is also pertinent to consider in more detail what the anticipated contributions from self-employed individuals would be including for waged workers in the informal sector.
- **Flexibility and inclusivity:** Advocate for flexible benefit structures that accommodate various business models and income streams. Ensure inclusivity by addressing the needs of diverse self-employed workers.



- **Digital platforms and inclusivity:** There is also a need to enhance the use of digital platforms for streamlined registration and administration of benefits. Ensure accessibility for those without easy access to digital resources.
- **Public awareness campaigns:** Recommend public awareness campaigns to inform self-employed individuals about their rights and the importance of taking advantage of parental benefits.

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Towards a Comprehensive  
Social Security System



## 5. Grants and Development? Exploring the Relationship Between Child Support Grant Access and Child Cognitive Development in Children of Adolescent Mothers in South Africa

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### Abstract

Exposure to adversities strongly predicts early childbearing among adolescent girls and young women. Early motherhood is associated with negative effects on their children's developmental outcomes, but the factors contributing to the well-being of children born to adolescent mothers remain uncertain. The Child Support Grant (CSG) emerges as a potential avenue of support. This paper analysed cross-sectional data of adolescent mother-child dyads ( $N=1,046$  mothers; 1,144 children) from the Eastern Cape of South Africa, collected between 2017 and 2019. Adolescent and young mothers (aged 10-23 years at the birth of their first child) completed questionnaires on their well-being and health. The Mullen Scales of Early Learning Composite Score was used to measure children's cognitive performance in expressive language, receptive language, visual reception, and fine motor domains. We tested the association between the timing of CSG initiation and child cognitive development. Additionally, we assessed whether the child's relationship with the CSG recipient (the adolescent mother herself, versus the caregiver of the adolescent mother) is associated with the timing of CSG initiation. Children accessing the CSG within their first year of life demonstrated significantly higher

child development scores, with a substantial 6.79-point increase, while each one-month delay in CSG initiation was associated with a 0.39-point decrease in children's cognitive scores. Adolescent and young mother recipients took on average one month longer to secure the CSG for their child than caregivers of adolescent or young mothers. These analyses support the need for cash-plus intervention designs that address the needs of adolescent- and young mother-child dyads, especially targeting those facing challenges in early grant access. Increasing support for adolescent mothers might be particularly important to optimise child development in the aftermath of the COVID-19 pandemic—which increased risks for caregiver mortality – to avoid negative effects on child development.

### Introduction

In the wake of the COVID-19 pandemic, South Africa has witnessed a concerning rise in early pregnancy rates, highlighting a distressing trend (DBE, 2021). The pandemic has heightened the social and economic vulnerabilities faced by adolescent and young mothers in South Africa and these vulnerabilities reverberate to influence the development of their children (Mahlangu et al., 2022; May et al., 2020; Rena et al., 2023). The Child Support Grant

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(CSG) could serve as a crucial safety net by providing financial assistance to alleviate socio-economic challenges for these families, but there is a lack of research that interrogates the benefits on the development for young mothers' children. This study explored the associations between CSG access and child development, and the associations between child age at CSG initiation and child development. Considering the potential barriers to early grant access faced by adolescent and young mothers (e.g., mothers below the age of 16 years can only access the grant through their caregiver as outlined in the Social Assistance Act No. 13 of 2004) (DSD, 2004). This study explored 1) the associations with CSG receipt and direct receipt for adolescent and young mothers and 2) whether CSG recipient type (adolescent or young mother vs the mother's caregiver) mattered for the timing of grant receipt.

From 2017 to 2021, births to younger adolescents (aged 10–14 years) in South Africa increased by 48.7%, and in older adolescent girls (aged 15–19 years) by 17.9%. These increases were elevated following the COVID-19 pandemic, with delivery rates per 1,000 adolescent girls aged 10–19 years increasing year on year from 24.7 in 2018/19 to 27.8 in 2021/22 (Barron et al., 2022). Early pregnancies frequently proceed from – and coincide with – severe early-life adversity (e.g., abuse, forced or transactional sex, and orphanhood), and are a leading cause of death among adolescent girls (Neal et al., 2012; WHO, 2019). Moreover, early pregnancy and childbearing can exacerbate vulnerabilities and increase marginalisation of adolescent and young women by diminishing their educational and employment opportunities and generating additional financial demands (e.g., transport to health facilities, nutrition, cost of childcare and schooling) (Chersich et al., 2011; Jochim et al., 2022). Children of adolescent and young mothers are often exposed to multiple forms of deprivation which place them at risk of not reaching their full developmental potential (Attanasio et al., 2022; Erfina et al., 2019; Jochim et al., 2023b; Reed et al., 2022).

In 1998, the South African government introduced the CSG in an effort to mitigate child poverty. Of the 10.3 million eligible children in 2020, 82.6% received the CSG. However, many eligible children still do not have access to the CSG, especially following the COVID-19

pandemic, with take-up decreasing by 4.1% (UNICEF, 2022). High rates of early pregnancies in South Africa raise concerns about challenges faced by adolescent and young mothers in accessing the CSG, with obstacles including age restrictions and caregiver loss (mothers under the age of 16 years must access the grant through their caregiver). These challenges, exacerbated by increased adolescent birth rates and associated caregiver deaths during the pandemic, remain pertinent. There is a need for targeted policy considerations and support mechanisms for this vulnerable demographic population.

## Adolescent motherhood and child development

Early childhood builds the foundational capabilities for subsequent, lifelong skill attainment. Children's development during this time has lasting implications for an individual's successful transition from childhood, through adolescence, into adulthood (Draper et al., 2023; Darling et al., 2020; Edmond et al., 2019). This has broad community- and societal- consequences, with unsuccessful transitions associated with poor health and well-being outcomes. Such outcomes perpetuate cycles of poverty and have wider implications for the growth of regional, national, and global economies (Daelmans et al., 2017; Richter et al., 2017).

Globally, children of adolescent and young mothers are not reaching their full potential: They are more likely to experience poor development outcomes, poor nutrition, and school disruption or grade repetitions (Brason et al., 2013; Bozzoli, 2016; Habito et al., 2021; Koenig et al., 2004; Steventon Roberts et al., 2023; Toska et al., 2020; Wado et al., 2019). Children of adolescent and young mothers face unique challenges to successful development, as a result of growing up in poorly resourced households (Attanasio et al., 2022; Reed et al., 2022), lower educational achievement of their parents (Jochim et al., 2023a), and lacking parental knowledge that facilitates their development (Erfina et al., 2019). While evidence from South Africa is limited, research suggests that children of adolescent mothers perform worse than average on cognitive development measures (Steventon Roberts et al., 2023). Little is known about the protective factors of child development, with one exception showing that

higher maternal education was associated with better child development (Steventon Roberts et al., 2023).

South Africa also bears unique, interlinked challenges to good child development for children of adolescent and young mothers, characterised by exposure to risks such as violence, poverty and HIV and significant inequalities in health, education and income generating potential due to poorly developed support systems (Mekonnen et al., 2019). The economic vulnerabilities that adolescent and young mothers face have the potential to interrupt the educational trajectory of these young women and place them at increased risk of exposure to violence and HIV (Copping et al., 2013; Ward et al., 2015). Investigating the interaction of adolescent motherhood and HIV, Steventon Roberts and colleagues (2022) have shown that children of mothers living with HIV performed worse in gross motor tasks compared to those with HIV-negative mothers. Also, gender-based violence prevails in South Africa with more than 40 percent of adolescent mothers reporting having experienced intimate partner violence (IPV) during pregnancy (Gebrekristos et al., 2023), increasing the risk for psychological trauma and post-traumatic stress disorder (PTSD) (Smith & Holmes, 2018). PTSD symptomology, in turn, correlates with child development scores, especially when mothers are also affected by HIV (Nöthling et al., 2013; Steventon Roberts et al., 2023).

## The Child Support Grant

Receipt of the CSG has the potential to positively contribute to the wellbeing of young mothers, and plays a critical role in ensuring their and their child's successful transition into adulthood (DSD et al., 2012; Eyal & Njozela, 2016; Eyal & Woolard, 2013; Marteleto et al., 2006). The provision of timely and effective public social protection to adolescent and young mother-child dyads that creates a pathway to their development, is of paramount importance to societal health and wellbeing (Darling et al., 2020). Public social protection for young mothers in South Africa is available in many forms, such as tax regulations like zero-VAT-rated food items, and free or subsidised services, including therapeutic feeding, subsidised meals at registered early childhood development centres (ECDs), a large school nutrition programme, largely free primary and secondary education, inpatient and outpatient mental

health services, and targeted free secondary and tertiary health care for pregnant women and children under six years of age. Although these social protection instruments are important (even when they function at suboptimal levels), the cornerstone of the South African state's framework of social policy and social protection is its social assistance programmes (Docrat et al., 2019, Gronbach et al., 2022, Martin et al., 2010, May et al., 2020, Okeyo et al., 2021, Sello et al., 2023, South African Human Rights Commission, 2019, Zembe-Mkabile et al., 2021). The CSG is one such programme that could benefit young mothers-child dyads (Hall et al., 2023; Hochfeld, 2022; May et al., 2020).

The CSG is a monthly means-tested state-funded unconditional cash transfer of R510, designed to provide financial assistance to low-income families raising children (South African Government, 2023). Aimed at the poorest segment of society, beneficiaries of the grant are more likely to live in rural areas, experience more community violence, and live in households in the lowest wealth and income quintiles, with more household members and greater monthly grant income compared to those households not receiving the grant (Eyal & Woolard, 2013; Garman et al., 2022).

In 2021, the grant reached 13 million disadvantaged children through their primary caregiver (Hall, 2022). Caregiver recipients are mostly women (96%) and are typically the child's biological mother or grandmother (De Koker et al., 2006). Caregivers are eligible for receipt of the grant if they have South African citizenship or permanent residence, are 16 years or older and do not earn more than R52,800 per year, if they are single, or R105,600 if they are married (South African Government, 2023). Children of mothers under the age of 16 years must access the grant through their mother's caregiver (Social Assistance Act No. 13 of 2004), who may also be the grant recipient for their adolescent child (children under the age of 18 years are eligible for the grant).

There is well-established evidence of the wide-ranging health benefits for children when their caregivers receive cash transfers. These benefits encompass improved educational outcomes, reduced sexual risk behaviours, delayed first pregnancies, and enhanced child nutrition



(Aguero et al., 2006; Gibbs et al., 2018; Handa et al., 2015; Rosenberg et al., 2015), while female caregivers may also experience health benefits, encompassing an increase in autonomy and a reduction in experiences of violence (Haushofer & Shapiro, 2013). Although this small amount of cash is insufficient to fully protect against the worst outcomes of stunting and malnutrition (Govender et al., 2020; Hall et al., 2023), it provides financial support to adolescent and young mothers to fund the costs associated with raising children (Granlund & Hochfeld, 2020).

## Timely access and barriers to CSG access

Timely access to unconditional cash transfers profoundly impacts child development during critical periods (Aguero et al., 2006; Baird et al., 2019; Handa et al., 2015; Rosenberg et al., 2015). Research in South Africa shows that accessing the CSG, especially early in life, significantly enhances developmental outcomes from birth to adulthood, including improved education and health outcomes (DSD et al., 2012; Eyal & Njozela, 2016; Eyal & Woolard, 2013; Marteleto et al., 2006), particularly for those whose mothers have more than eight years of schooling (DSD et al., 2016). Adolescent beneficiaries also benefit from improved schooling and reduced risky behaviours compared to non-beneficiaries (Baird et al., 2019; DSD et al., 2016).

The CSG influences child development through various pathways, including providing resources for food, clothing, school uniforms, daycare, and transportation costs (Bhana & Nkani, 2016; Khosa & Kaseke, 2017; Ngubane & Maharaj, 2018). Early access enables access to vital nutrition for cognitive development (Lindsay et al., 2019; Norris et al., 2022; Sherr et al., 2020; Sherr et al., 2021) and facilitates childcare support, essential for adolescent mothers' return to school (Jochim et al., 2022).

However, barriers to early CSG access for adolescent mothers persist, including eligibility uncertainties, documentation requirements, and institutional challenges (DSD et al., 2016; UNICEF, 2022). Age restrictions prevent mothers under 16 from applying directly (Social Assistance Act No. 13 of 2004), and societal challenges such as stigmatisation, diminished status, and early marriage also hinder access (Jordan et al., 2014). Unwarranted stigma surrounds young mothers receiving the CSG, who might

feel discouraged or limited to access the grant for claims that the grant encourages repeat pregnancies (Jordan et al., 2014). Adolescent mothers in South Africa have been found to experience delays in CSG access compared to their adult counterparts, with implications for accessing health services and ensuring food security (le Roux et al., 2019). To overcome these challenges, some children may be able to access the grant through their mother's caregiver; however, addressing these obstacles is crucial for unlocking the grant's potential in supporting child development and empowering adolescent and young mothers.

## Rationale for the present study

Adolescent and young mothers face numerous physical, social, and economic vulnerabilities – exacerbated by COVID-19 – that place their children at risk of poor cognitive development. This study aims to provide evidence to inform interventions aiming to support young mother-child dyads by investigating the association between CSG access and the development of children of adolescent and young mothers in South Africa. Barriers and delays in CSG access are explored for both adolescent mother recipients and caregiver recipients.

## Methods

### Participant and public involvement statement

The study used a collaborative process with young mothers who were part of a long-standing Teen Advisory Group. These young mothers were consulted prior to the start of data collection regarding questionnaire design, items, and interview practices.

### Research design

The analyses followed a quantitative research design using a cross-sectional dataset from the first wave of a prospective cohort study called HEY BABY (Helping Empower Youth Brought Up in Adversity with Their Babies and Young Children). Between 2017 and 2019, 1,044 adolescent and young mothers (aged 10–23 years) were interviewed, and their children completed a standardised cognitive assessment ( $n = 1,144$ ).



## Research setting and sample

Adolescent and young mother-child dyads ( $n = 1,044$  mothers, 1,144 children) located in urban, peri-urban, and rural areas of the Buffalo City Municipality health districts in the Eastern Cape province of South Africa were recruited for this study. Participants were recruited at 73 district public health facilities, 43 secondary schools, and nine maternity obstetric units. Additional sampling strategies included recruitment from service provider referrals, referrals from adolescent mothers, and door-to-door recruitment within the community. In consultation with the Teen Advisory Group, this sampling strategy was designed to ensure that hard-to-reach adolescents were included in the study and that recruitment bias was minimised. Inclusion in the study was restricted to adolescent girls and young women who had been between 10-23 years old at the time of their first birth. All children of recruited adolescent mothers were invited into the study. Rates of successful recruitments and refusals for each channel were recorded, with successful enrolment rates for each channel being between 95% and 98% for all mothers identified as eligible.

## Ethical considerations

The participants in this project are an especially vulnerable group. The Eastern Cape is also one of the poorest provinces in South Africa (Statistics South Africa, 2018), with high HIV prevalence (Johnson & Dorrington, 2023), and adolescent pregnancy rates (Barron et al., 2022). Voluntary and informed consent was sought from young mothers who were above the age of 18, and assent was provided by younger participants in addition to consent from their adult caregiver. Additional consent was obtained from the child's primary caregiver if the young mother identified that they were not the main caregiver for their child. All consent forms and questionnaires were available in English and isiXhosa and were read aloud to participants who requested them. Ethical approval for the study was granted by the Universities of Oxford (R48876/RE002) and Cape Town (HREC 226/2017). Permission to conduct the study was also provided by the Eastern Cape Provincial Departments of Health and Basic Education.

## Data collection procedure

Participants completed two surveys in a location and language (English or isiXhosa) of their choosing. Interviews were completed on electronic tablets using audio-assisted mobile self-interviewing with the assistance of trained local interviewers. Child development assessments were conducted and scored by trained researchers, and the length of assessments depended on the child's age and skill level (approximately 15–60 minutes). Throughout the study, the confidentiality of participants was upheld, except in cases where participants required referrals and gave consent for their details to be shared ( $n = 25$ ). Other referrals included food referrals and grant access referrals. All participants were given a pack composed of useful items such as diapers and soap and awarded a certificate. Refreshments were also provided during the surveys and development assessments.

## Scales and measures

### Independent variables

**CSG receipt** was measured using a binary variable (1 = CSG receipt; 0 = no CSG receipt) created based on adolescent and young mother participants' self-report on CSG receipt for each of their children.

**Mother CSG recipient** is a binary variable which describes who receives the CSG for each of the adolescent and young mother participants' children (1 = adolescent and young mother; 0 = not adolescent and young mother/adolescent and young mothers' caregiver – depending on the sample). This was based on adolescent and young mother participants' self-report on who receives the CSG for each of their children (i.e. child's mother, child's father, my caregiver, my partner/husband/boyfriend – not child's father, my partner/wife/girlfriend – not child's mother, someone else in my family).

**Child's age at CSG initiation** was measured by a continuous variable capturing the child's age in months when they started receiving the CSG. This was based on adolescent and young mother participants' self-report on the age (in years, months, and days) of each of their children when they received the CSG.





## Dependent variable

**Child development** was described using the Mullen Scales of Early Learning (MSEL) Composite Score (Mullen, 1995), which measures the overall cognitive development of children regarding visual reception, fine motor, expressive language, and receptive language domains. The composite score combines (and transforms to age-standardised t-scores) scores relating to each domain. The MSEL has shown good psychometric properties and have been adapted for and used in South Africa and other parts of sub-Saharan Africa (Boivin et al., 2019; Bornman et al., 2018; Mebrahtu et al., 2020; Milosavljevic et al., 2019). Table 1 Appendix A provides an overview of all relevant covariates which were explored within the analyses.

## Data analysis

Data from children were included in the analysis if they fell into the MSEL age range (0–68 months) ( $n = 38$  excluded). A further 88 children were excluded because these mother-child dyads had missing values (see Table 1 Appendix A). The total included sample consisted of 1,018 children and 960 adolescent and young mothers ( $N = 126$  excluded; see Table 2 Appendix A for sample description). Further analysis was conducted with a subsample of only CSG recipients ( $n = 245$  non-recipients excluded), if they had access to the CSG through their mother or their mother's caregiver ( $n = 67$  recipients excluded). Seventeen children were excluded because of inconsistencies in their date of birth across different measures. The final analysis was based on 689 children of 655 young mothers ( $N = 329$ ; see Table 3 Appendix A for sample description). Due to the specific nature of mother-child dyads and to control for potential biases, the multivariable regression analyses were run using family-level clustering.

The data were analysed using Stata 17.0 and followed four steps. Preliminary analyses found that the assumptions of normality and homoscedasticity were not upheld for the regressions. Given this heteroscedasticity, a first-

order Taylor-series linearisation method was used, which provides more robust calculations of variance (Huber, 1967). The frequencies and distributions of each independent variable were assessed and used to determine relevant covariates. Step 1 examined the associations of all relevant covariates with CSG receipt and mother CSG recipient. Step 2 explored the association between CSG receipt and child development. Step 3 explored the association between child's age at CSG initiation and child development. Step 4 explored the association between child's age at CSG initiation and mother CSG recipient. Significance was set at  $p < .05$  for all analyses and only significant results were reported on.

## Results

**Multivariable analysis exploring the associations with CSG receipt (Table 4 Appendix A)<sup>19</sup> and mother CSG recipient type (Table 5 Appendix A)<sup>20</sup>**. Older children and those with birth certificates were more likely to access the CSG. Children of mothers who lived in informal dwellings, attained higher school grades, and had experienced domestic violence or conflict were also more likely to access the CSG. Maternal orphans and those living with a romantic partner were less likely to access the CSG. Receipt of the CSG by the adolescent or young mother (versus their caregiver) was associated with older maternal age, higher food security, and co-residency of the adolescent and young mother and the child. Receipt of the CSG was associated with less childcare support from the caregiver, not having a birth certificate for the child, no maternal PTSD symptomatology, and older child's age at CSG initiation. Thus, it took longer for adolescent and young mother to secure the CSG for their child, compared to caregiver recipients.

**Multivariable analysis exploring the relationship between CSG receipt and child development scores (Table 6 Appendix A)**. Child and maternal characteristics associated with worse child development outcomes

<sup>19</sup> In the total sample of children of adolescent and young mothers, all children with severe malnutrition and two siblings were CSG recipients (vs non-beneficiaries), so these variables were dropped from the regression exploring the associations with CSG receipt. See Table 1 and 2 in Appendix B for sensitivity analyses.

<sup>20</sup> In the sub-sample of CSG recipients, all children with two siblings had mother CSG recipients, so this variable was dropped from the regression exploring the associations with mother CSG recipient. See Table 3 and 4 in Appendix B for sensitivity analyses.

included severe child malnutrition, older child age, and maternal PTSD symptomatology. Child and maternal characteristics associated with better child development included formal childcare attendance and higher maternal school grade attainment. However, CSG receipt was not significantly associated with child development.

***Multivariable analysis exploring the relationship between a child's age at CSG initiation and child development scores (Table 7 Appendix A).*** Child and maternal characteristics associated with worse child development included severe malnutrition, any disability, maternal PTSD symptomatology, and older age at CSG initiation. Child and maternal characteristics associated with better child development were higher maternal school grade attainment and CSG initiation within the child's first year of life. A one-month delay in CSG receipt was associated with a 0.39 decrease in child development scores. Cumulatively, children who initiated the CSG within their first year of life showed 6.79-point higher child development scores, compared to those who had initiated the CSG later. This is greater than the impact of child disability ( $\beta = -4.22$ ), maternal PTSD symptomatology ( $\beta = -6.19$ ) or one additional maternal school grade ( $\beta = 1.65$ ).

***Multivariable analysis exploring the relationship between mother CSG recipient and child's age at CSG initiation (Table 8 Appendix A).*** Later CSG initiation was associated with mother recipient type (compared to caregiver recipient type). Earlier CSG initiation was associated with some childcare support from the mother's caregiver, the mother being age eligible for direct receipt at the birth of her child, living in a rural area and past year maternal mental distress and IPV.

## Study limitations

This study had several limitations. First, as the study followed a cross-sectional study design, it is challenging to infer about the direction of the association. For instance, a well-developing child might make it easier for the young mother to engage in the CSG application process. While some of our hypotheses, like the impacts of CSG access on child development, have been theorised based on prior evidence, there is also a third wave of the HEY BABY

study currently underway, which is collecting data for future longitudinal analysis which could help us infer temporal relationships. Second, there was also the potential for an omitted variable to bias the results. For instance, children of adolescent mothers who received the CSG earlier in life may have more eager and supportive mothers and caregivers, which would result in improved child development (Aguero et al., 2006). However, this analysis tried to account for this potential bias by controlling for other factors that influence a child's age at grant access and child development outcomes. Third, some questions require recall from adolescent mothers, such as the age at CSG initiation, which also limits the accuracy of the data used. While acknowledging the possibility of recall bias in the reported age at which children first receive the CSG, there is no compelling evidence to suggest that such measurement error systematically skews above or below the true value. Consequently, this study assumes that any recall bias present in the data is non-systematic and is unlikely to have a large impact on the regression results (Wooldridge, 2016). Fourth, the participants in this sample share similar backgrounds and are not nationally representative of the entire South African population, so results might only be generalisable to adolescent and young mothers living in peri-urban settings in the Eastern Cape. While the socioeconomic conditions and poor access to services are representative of populations across Southern Africa, further testing is required to determine if the results are generalisable to the rest of South Africa and other low and middle income (LMIC) settings. Fifth, while only children who fell into the age range for the MSEL were included in this study, previous research done by Yitzhak et al. (2016) found that MSEL scores are affected by ceiling effects. This means that older and more cognitively able children within our sample might have MSEL scores that are underestimated. However, this study tried to account for this by controlling for the child's age within all regressions looking at child development scores. Lastly, a potential drawback of this study is our measure of cognitive development which was adapted from the Global North (Mullen, 1995), although previously successfully used across sub-Saharan Africa (Boivin et al., 2019; Bornman et al., 2018; Mebrahtu et al., 2020; Milosavljevic et al., 2019). Cognitive measures in the Global South that are introduced from 'afar' might not



capture the diversity, cultural context, and needs of local realities including gender and power dynamics which are particularly influential in adolescent motherhood (Jain et al., 2019). Children and adolescents across Africa are less likely to have access to social security support, they are more likely to be homeless or working, maternally or paternally orphaned and might function as the heads of households. Without acknowledgement of these contextual factors, the ‘northern bias’ cognitive measures might lack the ‘quality’ for local communities because they do not reflect the realities of children, nor the cultural agendas that shape their daily lives. It will remain important to develop local measures of development that consider these issues, and allow future research to determine associations of these measures and social support access.

This study, despite its limitations, holds significant strengths. Notably, it is the pioneering endeavour of its kind in the Global South, breaking new ground in research on the CSG’s impact. Uniquely, in exploring the connection between CSG receipt and child development outcomes for children of adolescent and young mothers, the study innovatively explores the influence of CSG recipient type on the timing of grant access. The sampling strategy employed ensures the inclusion of even the most vulnerable and hard-to-reach young mothers, enhancing the study’s robustness. This approach aligns with the study’s commitment to encompassing diverse perspectives and in addressing potential biases in the existing literature.

## Discussion

This study aimed to investigate the association between CSG access and the development of children of adolescent and young mothers in South Africa, while also exploring barriers and delays in CSG access. Furthermore, it contributes to the current literature by examining the associations with direct CSG receipt for adolescent and young mothers and comparing these associations with the timing of grant access when compared to caregiver receipt. Timely access to the CSG showed potential in

counteracting some of the risks for poor development faced by the children of adolescent and young mothers in South Africa. Though there was no association between CSG receipt and child development, early CSG access was associated with child development, with a seemingly large cumulative effect over the first year of life. Moreover, we identified some barriers to and delays in CSG access, such as lacking birth certificates and the presence of a supportive adult caregiver. These findings are in line with the hypotheses of this paper and are suggestive of the CSG potential in supporting young mother-child dyads. It is of note that some of these obstacles to CSG access might be exacerbated since the advent of COVID-19 due to higher-than-normal adult mortality rates.

Our findings reveal a complex interplay between vulnerability and the CSG within mother-child dyads affected by poverty and violence. Vulnerable households, experiencing issues like domestic violence and residing in informal dwellings, were able to access the CSG. The well-established link between poverty and violence often manifests within households, leading to inequalities like sexual exploitation and physical violence from various sources, including family members and partners (Nabugoomu et al., 2020). Moreover, our study highlights the vulnerability of children in mother-child dyads lacking safety nets from their mother’s caregiver, exposing them to delays in CSG access and potential susceptibility to the negative impacts of IPV and maternal mental health challenges (Bain & Durbach, 2021). The association between IPV and poor mental health, including PTSD symptomatology, can adversely affect child development (Hochfeld, 2022; Nabugoomu et al., 2020; Nöthling et al., 2013; Steventon Roberts et al., 2023; Taplin, 2009).

Despite the hurdles and stigma affecting adolescent and young mother receipt of the CSG, this study found that children who were able to access the grant through their mother (as compared to their mother’s caregiver) were more likely to live with their mother and have higher food security. The mothers were also less likely to experience

PTSD symptomatology. To ensure the positive and cumulative impact of the grant, adolescent and young mothers need to be able to access the grant for their children as soon as possible. To reduce these barriers to access, SASSA offices have been running outreach and information campaigns. However, these activities were put on hold following the outbreak of COVID-19. To facilitate early applications for the grant, efforts have also been made to make birth certificates rapidly available at hospitals after delivery. However, some mothers do not have access to the documentation needed, and it is unclear whether this programme is being offered to adolescent mothers (UNICEF, 2022). To improve this, young mothers attending antenatal care services at the hospital could be informed of this programme and assisted with obtaining the required documentation before birth. Barriers such as travel costs, difficulties accessing grant offices during school hours, and limited services from Home Affairs might be mitigated by implementing measures such as localised service centres, flexible application hours, and collaborations with educational institutions to facilitate easier access for young mothers (DSD et al., 2016; UNICEF, 2022).

This study delved into the intricate dynamics surrounding CSG access and the development of children of adolescent and young mothers in South Africa. Timely access to the CSG emerged as a pivotal factor in mitigating developmental risks, with a notable cumulative effect in the first year of life. Challenges and delays in access – potentially caused by issues such as a lack of documentation and the absence of supportive caregivers, might pose hurdles for grant

access to young mother-child dyads. The COVID-19 pandemic could further compound these problems via heightened adult mortality rates. Policy recommendations could include streamlining the grant application process for adolescents and young mothers. Interventions should not only streamline the application process but also actively work to challenge societal attitudes, promoting inclusivity, and empowering young mothers to overcome stigmatising factors, ensuring their equitable access to financial and social support.

### **Authors' note:**

This research was funded by the Fogarty International Center, National Institute on Mental Health, National Institutes of Health [K43TW011434]; the European Research Council (ERC) under the European Union's Horizon 2020 research and innovation programme [771468]; Research England [0005218]; joint funding by the UK Medical Research Council (MRC) and the Foreign Commonwealth and Development Office (FCDO) under the MRC/FCDO Concordat agreement, together with the Department of Health and Social Care (DHSC) [MR/R022372/1]; University College London's HelpAge funding; UNICEF Eastern and Southern Africa Office (UNICEF-ESARO); CIPHER grant from the International AIDS Society [2018/625-TOS]; UKRI GCRF Accelerating Achievement for Africa's Adolescents (Accelerate) Hub (ES/S008101/1); Oak Foundation [OFIL-20-057 and R46194/AA001]; the National Research Foundation (NRF) [Grant numbers 136531 and 138070] and Wellspring Philanthropic Fund [Grant no. 16204].



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## Appendix A

**Table 1: Measure descriptions and missing values**

	Description	Missing
<b>Child measures</b>		
Female	Child is a girl (vs boy).	n = 1
Age	Child's age measured in months.	
One sibling	The child has one sibling.	
Two siblings	The child has two siblings.	
Severe malnutrition	MUAC measurements < 11.5 mm.	n = 22
Moderate malnutrition	MUAC measurements ≥ 11.5 mm & < 12.5 mm.	
Food security	The number of days in the past week that this child went without food.	n = 9
Any disability	Any child disability, as measured by the WHO Ten Questions Screen, was also added as a covariate. This measure was designed to screen for common disabilities, such as physical, visual, hearing, mental, and speech disabilities, as well as epilepsy (Durkin, 1995).	
Formal childcare	The child attends formal childcare for 15 hours or more per week.	n = 19
Caregiver support	The caregiver of the mother provides some form of childcare to this child.	n = 9
Lives with mother	The child lives in the same household as their mother.	n = 1
Has a birth certificate	The child has their birth certificate.	n = 1
<b>Maternal measures</b>		
Age at birth	Mother's age in years at the time of this child's birth.	
Age	Mother's age in years at interview date.	n = 3
Mental distress	<p>Depressive symptoms were evaluated with the 10-item Child Depression Inventory short form (CDI-S), where scores ranging from 0 to 2 and a indicated no, mild, or definitive symptoms (Roberts et al., 2022; Kovacs, 1992) score of ≥3 signaled probable depression (Kovacs &amp; Staff, 2003). The CDI-S demonstrated strong psychometric properties (<math>\alpha=0.66</math>) (Roberts, 2022). Suicidality/self-harm was assessed through the five-item Mini International Neuropsychiatric Interview (MINI-KID), globally validated with good reliability (<math>\alpha=0.89</math>) (Sheehan et al., 2010; Lecrubier et al., 1997; Sheehan et al., 1997; Roberts, 2022). Affirmative responses indicated the presence of suicidal symptoms.</p> <p>If a participant scored above the cut-off on the Child Development Inventory short form (CDI-S) screener or showed signs of suicidality or displayed PTSD symptoms, they were classified as experiencing mental distress in the past year.</p>	
PTSD	Post-traumatic stress symptoms were evaluated using a 19-item Child PTSD checklist. Adolescents rated the frequency of distressing event-related feelings on a scale of 0–3 across four domains (re-experience, avoidance, hyperarousal, dysphoria). Those affirming "most of the time"/"all of the time" across all domains with specific frequency criteria were classified as probable posttraumatic stress disorder, following DSM-5 criteria. The checklist displayed good internal consistency ( $\alpha=0.84$ ) (Amaya-Jackson et al., 1995; Seedat et al., 2004; Seedat et al., 2000; Roberts, 2022).	
Living with HIV	HIV status was determined by reviewing clinical notes and cross-referencing with self-reported information from participants or caregivers on an individual basis.	n = 14
Highest school grade attained	The highest school grade that the mother has attained.	n = 1
Eligible for direct CSG receipt	Mother was older than 16 years at child's birth and was thus age eligible for direct CSG receipt.	
Maternal orphan	The mother's biological mother has passed away.	
Lives with caregiver	The mother is living with her caregiver.	



	Description	Missing
Lives with romantic partner	The mother is living with her romantic partner.	
IPV	In the past year, the mother experienced insults or physical assault from her romantic partner. Three items were used to measure experiences of partner violence: "Does your boyfriend always want to know where you are?" "Have they insulted or sworn at you?" and "Have they pushed, shoved, grabbed, or slapped you?"	
DV or conflict	The mother has a history of domestic violence or domestic arguments. Exposure to family conflict and domestic violence was assessed using items from the UNICEF Measures for National-level Monitoring of Orphans and Other Vulnerable Children (2 items) (Snider & Dawes, 2006).	
<b>Household measures</b>		
Number of residents	The total number of people in the household, including the participants.	
Number of children	The total number of children in the household.	n = 12
Informal dwelling	Items from the South African Census (SSA, 2001) determined whether children live in an informal (i.e. shacks) structure.	n = 29
Rural area	The household is situated in a rural area.	
Other grants	The household is receiving any grants other than the CSG grant, including the Foster Care Grant, Pension, Disability Grant and Care Dependency Grant.	
No adults working	No adults in the household are employed. Household employment was assessed by tallying the number of individuals residing with the child who are engaged in part-time or full-time work.	
Past week food insecurity	The household has experienced more than 2 days without food in the past week. Food insecurity was assessed using a measure from the South African National Food Consumption Survey (1999) (Labadarios et al., 2003).	
No basic necessities	The household lacks basic necessities, indicating poverty. Poverty was gauged by assessing access to the top eight socially perceived necessities for children, identified by the Centre for South African Social Policy in the 'Indicators of poverty and social exclusion project' (Wright, 2008). These essentials, endorsed by over 80% of the South African population in the nationally representative South African Social Attitudes Survey 2006 (Pillay et al., 2007), include items such as 'enough clothes to keep you warm and dry' and '3 meals a day' ( $\alpha=0.74$ for all, 0.72 for HIV-positive at baseline).	
Community violence	The occurrence of community violence in the area was assessed. Community-level trauma was measured using four items from the Child Exposure to Community Violence (CECV) Checklist (Martinez & Richters, 1993), modified to mirror prevalent community traumas in South Africa, and identified through national police statistics (SAPS, 2005).	
<b>GSC characteristics</b>		
CSG receipt	Those children with CSG receipt vs those without CSG receipt.	
Age at CSG initiation	Child's age in months at CSG initiation.	
CSG receipt within the first year	The child received the CSG within their first year of life (< 12 months) vs those who received the CSG after.	
Mother recipient	The child received the CSG through their mother.	
Biological mother is caregiver	Those caregivers who are the adolescent mother's biological mother.	
<b>Child development measure</b>		
Overall cognition	Overall cognition regarding visual reception, fine motor, expressive language, and receptive language domains. The composite score combines (and transforms to age-standardised t-scores) scores relating to each domain. The Mullen Scales of Early Learning have shown good psychometric properties and have been adapted for and used in South Africa and other parts of sub-Saharan Africa (Boivin et al., 2019; Bornman et al., 2018; Mebrahtu et al., 2020; Milosavljevic et al., 2019).	



**Table 2: Total sample descriptives (N = 1018 children; 960 young mothers)**

Variables	Mean/n	Sd/%	Min	Max	Skew	Kurt
<b>Child characteristics</b>						
Female	502	49.30%	0	1	0.03	1.00
Age	18.51	14.31	1.97	66.04	0.93	3.14
One sibling	128	12.60%	0	1	2.26	6.10
Two siblings	8	0.80%	0	1	11.15	125.26
Severe malnutrition	3	0.30%	0	1	18.34	337.34
Moderate malnutrition	11	1.10%	0	1	9.46	90.56
Food security	0.33	1.09	0	7	3.64	16.58
Any disability	251	24.70%	0	1	1.18	2.38
Formal childcare	242	23.80%	0	1	1.23	2.52
Childcare support from caregiver	720	70.70%	0	1	-0.91	1.83
Lives with mother	959	94.20%	0	1	-3.78	15.32
Has a birth certificate	943	92.60%	0	1	-3.26	11.65
<b>Maternal characteristics</b>						
Age at birth	16.87	1.73	10	23	0.16	3.37
Age	18.33	1.86	12	25	0.17	3.44
Mental distress	125	12.30%	0	1	2.30	6.28
PTSD	260	25.50%	0	1	1.12	2.26
Living with HIV	294	28.90%	0	1	0.93	1.87
School grade attainment	9.66	1.68	1	12	-0.79	4.47
Eligible for direct CSG receipt	587	57.70%	0	1	-0.31	1.10
Maternal orphan	205	20.10%	0	1	1.49	3.22
Lives with caregiver	921	90.50%	0	1	-2.76	8.60
Lives with romantic partner	32	3.10%	0	1	5.37	29.85
IPV	51	5.00%	0	1	4.13	18.01
DV or conflict	87	8.50%	0	1	2.97	9.80
<b>Household characteristics</b>						
Number of residents	6.30	2.63	1	24	1.10	5.91
Number of children	3.15	1.88	1	14	1.42	6.90
Informal dwelling	226	22.20%	0	1	1.34	2.79
Rural area	291	28.60%	0	1	0.95	1.90
Other grants	425	41.70%	0	1	0.34	1.12
Food insecurity	240	23.60%	0	1	1.25	2.55
No basic necessities	24	2.40%	0	1	6.28	40.44
No one working	380	37.30%	0	1	0.52	1.28
Community violence	262	25.70%	0	1	1.11	2.23
<b>CSG measures</b>						
Mother CSG recipient	436	42.80%	0	1	0.29	1.08
Caregiver recipient	270	26.50%	0	1	1.06	2.13
CSG receipt	773	75.90%	0	1	-1.21	2.47
<b>Child development</b>	<b>93.05</b>	<b>21.47</b>	<b>49</b>	<b>154</b>	<b>0.16</b>	<b>2.27</b>


**Table 3: Total sample descriptives (N = 1018 children; 960 young mothers)**

Variables	Mean/n	Sd/%	Min	Max	Skew	Kurt
<b>Child characteristics</b>						
Female	340	49.30%	0	1	0.03	1.00
Age	20.22	14.71	1.97	66.04	0.85	3.00
One sibling	90	13.10%	0	1	2.19	5.81
Two siblings	7	1.00%	0	1	9.77	96.44
Severe malnutrition	3	0.40%	0	1	15.06	227.67
Moderate malnutrition	7	1.00%	0	1	9.77	96.44
Food security	0.30	0.99	0	7	3.63	16.34
Any disability	178	25.80%	0	1	1.10	2.22
Formal childcare	187	27.10%	0	1	1.03	2.06
Childcare support from caregiver	503	73.00%	0	1	-1.04	2.07
Lives with mother	666	96.70%	0	1	-5.20	27.99
Has a birth certificate	673	97.70%	0	1	-6.33	41.09
<b>Maternal characteristics</b>						
Age at birth	16.93	1.75	12	23	0.15	3.16
Age	18.54	1.87	14	25	0.14	3.35
Mental distress	84	12.20%	0	1	2.31	6.34
PTSD	184	26.70%	0	1	1.05	2.11
Living with HIV	215	31.20%	0	1	0.81	1.66
School grade attainment	9.83	1.66	2	12	-0.78	4.25
Eligible for direct CSG receipt	410	59.50%	0	1	-0.39	1.15
Maternal orphan	122	17.70%	0	1	1.69	3.86
Lives with caregiver	630	91.40%	0	1	-2.96	9.77
Lives with romantic partner	14	2.00%	0	1	6.80	47.24
IPV	36	5.20%	0	1	4.02	17.19
DV or conflict	67	9.70%	0	1	2.72	8.39
<b>Household characteristics</b>						
Number of residents	6.23	2.52	1	24	1.22	7.31
Number of children	3.02	1.65	1	11	0.83	3.79
Informal dwelling	161	23.40%	0	1	1.26	2.58
Rural area	200	29.00%	0	1	0.92	1.85
Other grants	283	41.10%	0	1	0.36	1.13
Food insecurity	160	23.20%	0	1	1.27	2.61
No basic necessities	12	1.70%	0	1	7.38	55.43
No one working	266	38.60%	0	1	0.47	1.22
Community violence	178	25.80%	0	1	1.10	2.22

Variables	Mean/n	Sd/%	Min	Max	Skew	Kurt
<b>CSG measures</b>						
Mother CSG recipient	425	61.68 %	0	1	-0.48	1.23
Biological mother is the caregiver	450	65.30%	0	1	-0.64	1.41
Age at CSG receipt	4.50	5.50	0	45	3.45	19.02
CSG receipt within the first year	617	89.60%	0	1	-2.59	7.69
<b>Child development</b>	91.52	21.15	49	154	0.28	2.45

Table 4: Associations with CSG receipt

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.01	0.10	0.93	-0.18	0.20
Age	0.02	0.01	0.04	0.00	0.04*
One sibling	-0.30	0.18	0.10	-0.65	0.05
Moderate malnutrition	-0.03	0.39	0.94	-0.79	0.73
Food security	0.01	0.05	0.87	-0.08	0.10
Any disability	0.02	0.12	0.85	-0.21	0.25
Formal childcare	0.05	0.14	0.73	-0.22	0.32
Childcare support from caregiver	-0.14	0.12	0.23	-0.38	0.09
Lives with mother	0.25	0.24	0.29	-0.22	0.72
Has a birth certificate	1.48	0.19	0.00	1.11	1.84*
<b>Maternal characteristics</b>					
Age at birth	0.03	0.11	0.82	-0.19	0.24
Age	0.11	0.11	0.33	-0.11	0.32
Mental distress	-0.11	0.17	0.52	-0.44	0.22
PTSD	0.20	0.12	0.10	-0.04	0.43
Living with HIV	-0.01	0.13	0.93	-0.27	0.25
School grade attainment	0.09	0.03	0.01	0.02	0.15*
Eligible for direct CSG receipt	-0.16	0.16	0.33	-0.49	0.16
Maternal orphan	-0.47	0.13	0.00	-0.71	-0.22*
Lives with caregiver	-0.23	0.21	0.26	-0.64	0.17
Lives with romantic partner	-0.92	0.31	0.00	-1.53	-0.32*
IPV	-0.06	0.22	0.79	-0.49	0.37
DV or conflict	0.56	0.20	0.01	0.16	0.96*
<b>Household characteristics</b>					
Number of residents	0.00	0.02	0.85	-0.05	0.04
Number of children	-0.01	0.03	0.78	-0.07	0.05
Informal dwelling	0.30	0.13	0.02	0.05	0.55*
Rural area	0.15	0.11	0.19	-0.08	0.37
Other grants	-0.01	0.10	0.89	-0.22	0.19
AIC	981.6				
BIC	1120				
Log-likelihood	-462.8				

\* p&lt;0.05; n = 1018



**Table 5: Associations with mother CSG recipient**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.09	0.11	0.43	-0.13	0.30
Age	-0.02	0.01	0.10	-0.04	0.00
One sibling	0.43	0.23	0.06	-0.01	0.88
Severe malnutrition	0.21	0.74	0.77	-1.24	1.67
Moderate malnutrition	-0.06	0.49	0.91	-1.02	0.91
Food security	-0.11	0.05	0.05	-0.22	0.00*
Any disability	-0.18	0.13	0.18	-0.44	0.09
Formal childcare	0.15	0.15	0.31	-0.15	0.45
Childcare support from caregiver	-0.56	0.14	0.00	-0.85	-0.28*
Lives with mother	0.96	0.34	0.01	0.28	1.63*
Has a birth certificate	-1.17	0.46	0.01	-2.07	-0.27*
<b>Maternal characteristics</b>					
Age at birth	0.05	0.13	0.68	-0.19	0.30
Age	0.28	0.12	0.02	0.04	0.52*
Mental distress	-0.07	0.18	0.71	-0.41	0.28
PTSD	-0.28	0.14	0.04	-0.54	-0.01*
Living with HIV	0.01	0.15	0.93	-0.28	0.30
School grade attainment	-0.03	0.04	0.47	-0.11	0.05
Eligible for direct CSG receipt	0.22	0.22	0.31	-0.21	0.65
Maternal orphan	0.14	0.15	0.38	-0.17	0.44
Lives with caregiver	-0.40	0.24	0.10	-0.88	0.08
Lives with romantic partner	0.16	0.37	0.66	-0.55	0.88
IPV	0.33	0.26	0.21	-0.19	0.84
DV or conflict	-0.13	0.19	0.48	-0.51	0.24
<b>Household characteristics</b>					
Number of residents	0.02	0.03	0.59	-0.04	0.08
Number of children	0.04	0.04	0.39	-0.05	0.12
Informal dwelling	-0.02	0.14	0.88	-0.30	0.26
Rural area	0.23	0.13	0.08	-0.03	0.49
Other grants	-0.02	0.12	0.87	-0.26	0.22
Age at CSG initiation	0.03	0.01	0.01	0.01	0.06*
AIC	770.8				
BIC	906.8				
Log-likelihood	-355.4				

\*  $p < 0.05$ ;  $n = 689$

**Table 6: Child development outcomes regressed against CSG receipt**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	-0.93	1.27	0.46	-3.42	1.55
Age	-0.39	0.13	0.00	-0.65	-0.14*
One sibling	4.16	2.15	0.05	-0.05	8.38
Two siblings	-5.53	6.65	0.41	-18.59	7.52
Severe malnutrition	-11.44	4.92	0.02	-21.10	-1.79*
Moderate malnutrition	7.34	5.52	0.18	-3.50	18.18
Food security	-0.85	0.62	0.17	-2.06	0.36
Any disability	-2.43	1.67	0.15	-5.71	0.84
Formal childcare	3.75	1.87	0.05	0.08	7.42*
Childcare support from caregiver	1.37	1.48	0.36	-1.54	4.27
Lives with mother	-0.25	2.56	0.92	-5.29	4.78
<b>Maternal characteristics</b>					
Age at birth	1.77	1.37	0.20	-0.92	4.47
Age	-2.36	1.33	0.08	-4.98	0.25
Mental distress	1.07	2.18	0.62	-3.20	5.35
PTSD	-5.17	1.55	0.00	-8.20	-2.13*
Living with HIV	0.29	1.76	0.87	-3.16	3.73
School grade attainment	1.09	0.44	0.01	0.22	1.96*
Eligible for direct CSG receipt	1.76	2.18	0.42	-2.52	6.04
<b>Household characteristics</b>					
Number of residents	0.27	0.30	0.36	-0.32	0.87
Number of children	-0.26	0.38	0.50	-1.01	0.49
Informal dwelling	0.26	1.65	0.87	-2.97	3.49
Rural area	2.04	1.45	0.16	-0.81	4.89
Other grants	0.19	1.33	0.88	-2.42	2.81
<b>CSG measures</b>					
Mother CSG recipient	-1.98	1.61	0.22	-5.14	1.17
CSG receipt	-0.35	1.75	0.84	-3.78	3.08
R-squared	0.17				
AIC	8990				
BIC	9118				
Log-likelihood	-4469				

\* p&lt;0.05; n = 1018





**Table 7: Child development outcomes regressed against child's age at CSG initiation**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	-1.29	1.56	0.41	-4.35	1.77
Age	-0.21	0.16	0.20	-0.53	0.11
One sibling	3.77	2.89	0.19	-1.90	9.45
Two siblings	-7.78	7.71	0.31	-22.91	7.35
Severe malnutrition	-9.98	4.44	0.02	-18.70	-1.26*
Moderate malnutrition	5.87	7.00	0.40	-7.88	19.61
Food security	-0.75	0.75	0.32	-2.22	0.72
Any disability	-4.14	1.98	0.04	-8.02	-0.25*
Formal childcare	3.12	2.18	0.15	-1.16	7.40
Childcare support from caregiver	0.82	1.87	0.66	-2.85	4.49
Lives with mother	-1.26	3.53	0.72	-8.20	5.67
<b>Maternal characteristics</b>					
Age at birth	2.65	1.78	0.14	-0.85	6.16
Age	-2.53	1.72	0.14	-5.91	0.85
Mental distress	0.46	2.76	0.87	-4.97	5.88
PTSD	-5.78	1.90	0.00	-9.51	-2.05*
Living with HIV	-1.01	2.27	0.66	-5.48	3.45
School grade attainment	1.66	0.55	0.00	0.59	2.73*
Eligible for direct CSG receipt	0.05	2.70	0.99	-5.25	5.34
<b>Household characteristics</b>					
Number of residents	-0.03	0.41	0.95	-0.83	0.77
Number of children	0.08	0.58	0.89	-1.05	1.21
Informal dwelling	0.72	2.07	0.73	-3.34	4.78
Rural area	-0.10	1.86	0.96	-3.75	3.56
Other grants	0.86	1.67	0.61	-2.42	4.14
<b>CSG measures</b>					
Mother CSG recipient	-1.44	1.85	0.44	-5.07	2.19
Age at CSG receipt	-0.39	0.17	0.02	-0.72	-0.07*
R-squared	0.16				
AIC	6094				
BIC	6212				
Log-likelihood	-3021				

\*  $p < 0.05$ ;  $n = 689$

**Table 8: Child development outcomes regressed against CSG receipt within the child's first year of life**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	-1.18	1.55	0.45	-4.23	1.86
Age	-0.20	0.17	0.22	-0.53	0.12
One sibling	4.02	2.85	0.16	-1.58	9.63
Two siblings	-7.87	7.60	0.30	-22.79	7.06
Severe malnutrition	-8.51	4.36	0.05	-17.07	0.05
Moderate malnutrition	6.17	7.09	0.38	-7.76	20.09
Food security	-0.83	0.75	0.27	-2.30	0.64
Any disability	-4.22	1.97	0.03	-8.09	-0.36*
Formal childcare	3.23	2.17	0.14	-1.03	7.50
Childcare support from caregiver	0.85	1.86	0.65	-2.79	4.50
Lives with mother	-1.60	3.50	0.65	-8.46	5.27
<b>Maternal characteristics</b>					
Age at birth	2.81	1.79	0.12	-0.70	6.32
Age	-2.73	1.72	0.11	-6.11	0.65
Mental distress	0.82	2.77	0.77	-4.62	6.26
PTSD	-6.19	1.91	0.00	-9.95	-2.43*
Living with HIV	-0.72	2.27	0.75	-5.17	3.73
School grade attainment	1.65	0.54	0.00	0.59	2.72*
Eligible for direct CSG receipt	0.01	2.70	1.00	-5.30	5.32
<b>Household characteristics</b>					
Number of residents	0.01	0.41	0.98	-0.80	0.82
Number of children	0.08	0.58	0.89	-1.05	1.21
Informal dwelling	0.57	2.06	0.78	-3.48	4.61
Rural area	-0.02	1.86	0.99	-3.68	3.64
Other grants	0.72	1.67	0.67	-2.56	4.00
<b>CSG measures</b>					
Mother CSG recipient	-1.71	1.82	0.35	-5.28	1.85
CSG receipt within one year	6.79	2.55	0.01	1.77	11.80*
R-squared	0.16				
AIC	6095				
BIC	6213				
Log-likelihood	-3022				

\* p&lt;0.05; n = 689



**Table 9: Child age at grant receipt regressed against CSG recipient type**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	-0.20	0.42	0.63	-1.03	0.62
Age	0.09	0.04	0.02	0.01	0.17*
One sibling	-0.44	0.76	0.57	-1.93	1.06
Two siblings	-0.32	1.21	0.79	-2.69	2.05
Severe malnutrition	0.19	2.26	0.93	-4.25	4.63
Moderate malnutrition	-0.26	0.75	0.73	-1.73	1.22
Food security	0.08	0.19	0.67	-0.29	0.46
Any disability	0.30	0.51	0.55	-0.69	1.30
Formal childcare	-0.15	0.63	0.81	-1.39	1.09
Childcare support from caregiver	-1.14	0.53	0.03	-2.19	-0.10*
Lives with mother	1.33	0.81	0.10	-0.27	2.93
Has a birth certificate	1.50	1.19	0.21	-0.85	3.84
<b>Maternal characteristics</b>					
Age at birth	-0.30	0.42	0.48	-1.12	0.53
Age	0.46	0.49	0.34	-0.49	1.42
Mental distress	-1.39	0.66	0.04	-2.68	-0.09*
PTSD	0.58	0.58	0.32	-0.56	1.72
Living with HIV	-0.52	0.53	0.33	-1.55	0.52
School grade attainment	0.04	0.20	0.84	-0.35	0.42
Eligible for direct CSG receipt	-1.55	0.66	0.02	-2.84	-0.27*
Maternal orphan	0.57	0.69	0.40	-0.77	1.92
Lives with caregiver	0.69	0.82	0.40	-0.93	2.30
Lives with romantic partner	-1.07	1.30	0.41	-3.63	1.49
IPV	-1.27	0.58	0.03	-2.40	-0.13*
DV or conflict	-0.58	0.50	0.25	-1.57	0.40
<b>Household characteristics</b>					
Number of residents	0.13	0.09	0.17	-0.06	0.31
Number of children	-0.09	0.16	0.59	-0.40	0.23
Informal dwelling	0.11	0.63	0.86	-1.13	1.35
Rural area	-0.95	0.48	0.05	-1.90	0.00*
Other grants	0.53	0.45	0.24	-0.35	1.40
<b>Mother CSG recipient</b>	1.28	0.48	0.01	0.34	2.22*
R-squared	0.17				
AIC	4236				
BIC	4372				
Log-likelihood	-2088				

\* p<0.05; n = 689

## Appendix B

**Table 1: Associations with CSG receipt**

\*All children in the sample with two siblings and severe malnutrition were CSG recipients, so these participants were removed from the regression analysis

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.01	0.10	0.89	-0.18	0.20
Age	0.02	0.01	0.04	0.00	0.04*
One sibling	-0.28	0.18	0.13	-0.63	0.08
Two siblings	0.00	0.00			
Severe malnutrition	0.00	0.00			
Moderate malnutrition	-0.12	0.40	0.77	-0.91	0.67
Food security	0.01	0.05	0.83	-0.08	0.10
Any disability	0.03	0.12	0.81	-0.20	0.26
Formal childcare	0.04	0.14	0.76	-0.23	0.31
Childcare support from caregiver	-0.14	0.12	0.25	-0.38	0.10
Lives with mother	0.25	0.24	0.31	-0.23	0.72
Has a birth certificate	1.47	0.19	0.00	1.10	1.83*
<b>Maternal characteristics</b>					
Age at birth	0.02	0.11	0.85	-0.20	0.24
Age	0.10	0.11	0.35	-0.11	0.32
Mental distress	-0.10	0.17	0.55	-0.43	0.23
PTSD	0.20	0.12	0.09	-0.03	0.43
Living with HIV	-0.02	0.13	0.86	-0.28	0.24
School grade attainment	0.09	0.03	0.01	0.03	0.15*
Eligible for direct CSG receipt	-0.15	0.17	0.37	-0.47	0.18
Maternal orphan	-0.46	0.13	0.00	-0.71	-0.22*
Lives with caregiver	-0.21	0.21	0.31	-0.62	0.20
Lives with romantic partner	-0.93	0.32	0.00	-1.55	-0.30*
IPV	-0.05	0.22	0.83	-0.48	0.39
DV or conflict	0.54	0.21	0.01	0.14	0.94*
<b>Household characteristics</b>					
Number of residents	0.00	0.02	0.86	-0.05	0.04
Number of children	-0.01	0.03	0.72	-0.07	0.05
Informal dwelling	0.30	0.13	0.02	0.04	0.55*
Rural area	0.15	0.11	0.18	-0.07	0.38
Other grants	-0.02	0.10	0.83	-0.23	0.18
AIC	977.9				
BIC	1116				
Log-likelihood	-461				

\* p<0.05; n = 1007



**Table 2: Associations with CSG receipt**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.01	0.10	0.95	-0.18	0.19
Age	0.02	0.01	0.04	0.00	0.04*
No siblings	0.24	0.18	0.20	-0.12	0.59
Malnutrition (moderate/severe)	0.13	0.36	0.72	-0.57	0.83
Food security	0.01	0.05	0.89	-0.08	0.10
Any disability	0.02	0.12	0.87	-0.21	0.25
Formal childcare	0.05	0.14	0.71	-0.22	0.32
Childcare support from caregiver	-0.14	0.12	0.24	-0.38	0.09
Lives with mother	0.26	0.24	0.29	-0.22	0.73
Has a birth certificate	1.47	0.19	0.00	1.11	1.84*
<b>Maternal characteristics</b>					
Age at birth	0.02	0.11	0.86	-0.20	0.24
Age	0.11	0.11	0.32	-0.11	0.33
Mental distress	-0.11	0.17	0.50	-0.44	0.22
PTSD	0.20	0.12	0.10	-0.04	0.43
Living with HIV	-0.01	0.13	0.92	-0.27	0.25
School grade attainment	0.09	0.03	0.01	0.02	0.15*
Eligible for direct CSG receipt	-0.16	0.17	0.33	-0.48	0.16
Maternal orphan	-0.46	0.13	0.00	-0.71	-0.22*
Lives with caregiver	-0.23	0.21	0.28	-0.63	0.18
Lives with romantic partner	-0.91	0.31	0.00	-1.52	-0.30*
IPV	-0.07	0.22	0.76	-0.50	0.37
DV or conflict	0.55	0.21	0.01	0.15	0.95*
<b>Household characteristics</b>					
Number of residents	0.00	0.02	0.88	-0.05	0.04
Number of children	-0.01	0.03	0.73	-0.07	0.05
Informal dwelling	0.30	0.13	0.02	0.05	0.56*
Rural area	0.15	0.11	0.20	-0.08	0.37
Other grants	-0.02	0.10	0.88	-0.22	0.19
AIC	982.7				
BIC	1121				
Log-likelihood	-463.3				

\* p<0.05; n = 1018



**Table 3: Associations with mother CSG recipient**

\*All children in the sample with two siblings had mother recipients, so these participants were removed from the regression analysis

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.09	0.11	0.41	-0.13	0.30
Age	-0.02	0.01	0.10	-0.04	0.00
One sibling	0.44	0.23	0.05	-0.01	0.89
Two siblings	0.00	0.00			
Severe malnutrition	0.22	0.74	0.77	-1.24	1.68
Moderate malnutrition	-0.19	0.53	0.72	-1.23	0.86
Food security	-0.10	0.05	0.06	-0.21	0.00
Any disability	-0.17	0.14	0.21	-0.44	0.09
Formal childcare	0.15	0.15	0.32	-0.15	0.45
Childcare support from caregiver	-0.56	0.14	0.00	-0.84	-0.28*
Lives with mother	0.95	0.34	0.01	0.28	1.62*
Has a birth certificate	-1.17	0.46	0.01	-2.06	-0.27*
<b>Maternal characteristics</b>					
Age at birth	0.05	0.13	0.71	-0.20	0.29
Age	0.28	0.12	0.02	0.04	0.52*
Mental distress	-0.06	0.18	0.72	-0.41	0.28
PTSD	-0.27	0.14	0.05	-0.54	0.00*
Living with HIV	0.00	0.15	0.97	-0.29	0.29
School grade attainment	-0.03	0.04	0.50	-0.11	0.05
Eligible for direct CSG receipt	0.23	0.22	0.30	-0.20	0.65
Maternal orphan	0.14	0.15	0.38	-0.17	0.44
Lives with caregiver	-0.38	0.25	0.12	-0.86	0.10
Lives with romantic partner	0.12	0.37	0.75	-0.61	0.84
IPV	0.33	0.26	0.21	-0.18	0.85
DV or conflict	-0.14	0.19	0.46	-0.52	0.23
<b>Household characteristics</b>					
Number of residents	0.02	0.03	0.59	-0.04	0.08
Number of children	0.04	0.04	0.42	-0.05	0.12
Informal dwelling	-0.02	0.14	0.87	-0.30	0.25
Rural area	0.24	0.13	0.07	-0.02	0.50
Other grants	-0.02	0.12	0.85	-0.27	0.22
<b>Age at CSG initiation</b>	0.03	0.01	0.01	0.01	0.06*
AIC	769.6				
BIC	905.3				
Log-likelihood	-354.8				

\* p<0.05; n = 689



**Table 4: Associations with mother CSG recipient**

	$\beta$	se	p-val	95% LB	95% UB
<b>Child characteristics</b>					
Female	0.09	0.11	0.43	-0.13	0.30
Age	-0.02	0.01	0.10	-0.04	0.00
No siblings	-0.46	0.23	0.04	-0.90	-0.02*
Malnutrition (moderate/severe)	0.01	0.42	0.99	-0.81	0.82
Food security	-0.11	0.05	0.05	-0.22	0.00*
Any disability	-0.17	0.13	0.20	-0.44	0.09
Formal childcare	0.15	0.15	0.32	-0.15	0.45
Childcare support from caregiver	-0.56	0.14	0.00	-0.84	-0.28*
Lives with mother	0.96	0.34	0.01	0.28	1.63*
Has a birth certificate	-1.17	0.46	0.01	-2.07	-0.27
<b>Maternal characteristics</b>					
Age at birth	0.05	0.13	0.70	-0.20	0.29
Age	0.28	0.12	0.02	0.04	0.52*
Mental distress	-0.07	0.18	0.71	-0.42	0.28
PTSD	-0.27	0.14	0.05	-0.53	0.00*
Living with HIV	0.01	0.15	0.96	-0.28	0.30
School grade attainment	-0.03	0.04	0.49	-0.11	0.05
Eligible for direct CSG receipt	0.22	0.22	0.31	-0.21	0.65
Maternal orphan	0.14	0.15	0.37	-0.16	0.44
Lives with caregiver	-0.40	0.24	0.10	-0.87	0.08
Lives with romantic partner	0.13	0.36	0.71	-0.58	0.85
IPV	0.33	0.26	0.21	-0.18	0.85
DV or conflict	-0.14	0.19	0.47	-0.51	0.23
<b>Household characteristics</b>					
Number of residents	0.02	0.03	0.58	-0.04	0.08
Number of children	0.04	0.04	0.42	-0.05	0.12
Informal dwelling	-0.02	0.14	0.88	-0.30	0.26
Rural area	0.23	0.13	0.08	-0.02	0.49
Other grants	-0.02	0.12	0.85	-0.27	0.22
<b>Age at CSG initiation</b>	0.03	0.01	0.01	0.01	0.06*
AIC	768.2				
BIC	899.7				
Log-likelihood	-355.1				

\*  $p < 0.05$ ;  $n = 689$

## 6. Food Assistance and Cash Grants During the Early COVID-19 Waves: Insights from South African Experiences

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### Abstract

To mitigate the effects of the COVID-19-induced lockdowns, South African authorities launched a suite of livelihood protections towards mid-2020 with an emphasis on food parcels, food vouchers, and expanding cash transfers. In the context of the traditional cash transfers versus food assistance trade-off in social protection studies, this chapter examines the extent to which food assistance reached the intended recipients during the early waves of COVID-19 in South Africa, when food insecurity gained prominence. In addition to demographic and subjective behavioural factors, the analysis, based on a logit regression and odds ratios, quantifies the effects of socio-economic, information access, institutional, and location variables on the receipt of food relief. The province of residence was associated with the odds of receiving food assistance for the average recipient. Other impediments to food relief were long lines at food handout outlets, reliance on mass media to communicate the availability of food, and the operations of social assistance agencies. The results underscore the urgency for institutional preparedness and agility in the provision of appropriate food relief in similar crises.

### Introduction

South Africa implemented a widespread programme of social cash transfers and food assistance during COVID-19. Almost 40 million individuals received cash and food assistance from mid-2020 to the end of 2021, with food parcels distributed to more than 3.2 million recipients and their families, approximately 6 million people received the Temporary Employee/Employer Relief Scheme Unemployment Insurance Fund (TERS-UIF) and more than 10 million individuals received the Social Relief

of Distress grant (SRD) (HSRC, 2022). Although a growing literature explores the principles and socio-economic impacts of social cash transfers and income protection programmes during the pandemic in South Africa, less is known about the mechanisms of food assistance.

The outbreak of COVID-19 exposed the fragilities of South Africa's social protection system. The pandemic also tested how fast social protection systems can adapt to mitigate the cost-of-living crisis that afflict populations extremely vulnerable to livelihood shocks (International Labour Organization [ILO], 2022). In addition to laying bare enduring human well-being crises in developing countries, the COVID-19 pandemic worsened socio-economic hardships, particularly for the poor. In this context, safeguarding the consumption needs and nutritional status of people arose as compelling motivations behind the innovations in social protection during the pandemic.

Food and nutrition security is a longstanding benefit of social protection, even if it is not always spelled out in the stated goals of social safety net programmes (Case & Deaton, 1998; Aliber, 2009; Woolard et al., 2011; Devereux, 2008; Zembe-Mkabile et al., 2015). Case and Deaton (1998), in a seminal characterisation of the benefits of South Africa's old age pension grant, called into question the cash transfers versus food assistance trade-off proposition. These authors argue that recipients of cash transfers use it to satisfy multiple needs, in effect treating a grant like any other income. Thus, those who receive cash assistance or contributory social insurance payouts use a share of the money to buy food, a share that invariably differs from recipient to recipient.

Towards mid-2020, South African authorities launched a suite of livelihood protection initiatives, with an emphasis

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on food parcels, food vouchers, and expanding cash grants. Food assistance, through distributing meals or restrictive vouchers, was one of the main responses to the growing reports of hunger (HSRC, 2022).

Several studies have produced evidence indicating that cash transfers increase access to food and reduce food insecurity (Waidler & Devereux, 2019). In addition, during the pandemic, when levels of poverty and unemployment soared, grants protected the vulnerable from food insecurity (Miyajima, 2023). However, while recipients of cash grants use a share of this money to buy food, the amount and quality of food they buy are unknown (Aliber, 2009). In addition, it is also unclear whether the 'food basket' purchased with cash grants meets nutritional diversity and adequacy standards, especially when food prices in retail outlets rise steeply. This is because the SRD amount of R350 was far below the country's food poverty line of R663 at that time (Statistics South Africa [Stats SA], 2022).

This chapter examines the extent to which food assistance reached the intended recipients during the early waves of COVID-19 in South Africa, as this holds learnings for the design and execution of targeted safety nets in comparable settings. The chapter also probes the logic behind the direct versus indirect food assistance interventions and describes the economic and social traits of the recipients of the government's expanded food and cash safety nets. From an institutional governance angle, the argument and findings highlight how prepared authorities were to administer and manage food assistance in an emergency.

## Selective overview of pandemic response social safety nets

### Global South social protection responses during COVID-19

Many countries introduced and extended social protection programmes, or modified existing ones, to cushion poor people from the effects of COVID-19, as an economic response to the pandemic. According to Gentilini (2022), globally, one in six people received a minimum of one cash transfer payment, with 1.36 billion people getting cash transfers across the world; cash transfer payments

were 70% higher during the pandemic compared to the pre-COVID-19 period. About 10% of the population of Africa received cash transfer payments, in comparison to 50% of the North American and East Asian populations (Gentilini, 2022).

Types of social protection, the monetary value of transfers, and target beneficiaries varied across countries. The most widely used social protection during the COVID-19 crisis was cash transfers (Jerving, 2020). Countries that already had well-established social safety net structures prior to the pandemic only needed to expand, particularly those with widespread use of mobile money (Jerving, 2020).

### Cash transfers

Cash transfers offer better social protection than food distribution because they can be very efficient where they typically pass through fewer middlemen, making them less prone to corruption (Amundsen, 2020). Babatunde and Olagunju (2020) concurred that not only are cash transfers more efficient than in-kind food assistance, but they are also relatively cheaper to access than in-kind food assistance. However, while cash transfers are said to be economically more efficient and usually cheaper to run than food assistance (Dasgupta & Robinson, 2022), the literature highlights that in higher-income countries food assistance improves household food consumption more than cash transfers.

Makkar et al. (2022) analysed the impact of cash transfers on food security in India before lockdown and post-lockdown. Their findings showed that with food insecurity rising from 20% pre-lockdown to 47% after lockdown, social protection like cash transfers in Bihar state reduced the likelihood of a household that received cash transfers being food insecure compared to a household that did not receive them. In Nigeria, the government mitigated challenges for households to maintain livelihoods and food security during the pandemic by providing cash transfers and food assistance to vulnerable households in the National Social Register. Babatunde and Olagunju (2020) analysed the effectiveness of and preferences for food versus cash transfers by these beneficiaries. They found that overall, most social safety net recipients prefer cash transfers over food assistance, with more households preferring a combination of food and cash

than food assistance only. However, households with many dependents, older household heads, and richer households tended to prefer food assistance. The study also found cash transfers to be more efficient than food assistance, resulting, on average, in greater food consumption and diversity in diet and costing recipients only half of what they incur to access food assistance.

**Food assistance**

Food assistance can be provided in the context of low food availability or low food access. In another study in the Bihar state, Husain et al. (2022) assessed the effectiveness of cash transfer policies compared to a food subsidy in ensuring a healthy diet among recipients during the COVID-19-induced lockdown in rural areas. While coverage of cash transfers was greater than food assistance, cash transfers-only recipients were more likely to experience a decline in healthy dietary practices compared to recipients of only food subsidies. In addition, Husain et al. (2022) found that recipients of both cash transfers and food assistance, and recipients of food assistance only had the same likelihood of experiencing worsening dietary practices during lockdown. They concluded that food assistance might be more effective in ensuring food security when there are breakdowns in supply chains.

Dasgupta and Robinson (2022) used data from 11 countries (Armenia, Cambodia, Chad, Djibouti, Ethiopia, Kenya, Malawi, Mali, Nigeria, South Africa, and Uganda) and up to six waves of household-level telephone survey data on COVID-19 and its impacts on households. The study found that safety nets in the form of cash transfers have the potential to reduce the probability of food insecurity among

households over time, but the impact of food assistance on food insecurity was insignificant. A report by Czuba et al. (2017) showed that in-kind food assistance improved food and nutrition security and reduced malnutrition in Kenya and Somalia.

**South Africa’s livelihood protection policies**

Before the COVID-19 pandemic, the number of social grant beneficiaries in South Africa ranged between 16.38 million in 2015 and 18.05 million in 2019 (Stats SA [Stats SA], 2016; 2020). The numbers soared during the pandemic, reaching 18.4 million in 2020-2021 (South African Social Security Agency [SASSA], 2023). During the pandemic, the SRD was introduced as a new temporary measure, reaching 10 million additional beneficiaries by 2022, over and above the recipients of existing unconditional cash transfers (SASSA, 2023).

The TERS-UIF grant was another measure introduced by government, as a cash wage subsidy, targeted at workers in the formal sector who contributed to unemployment insurance but were temporarily laid off because of the social mechanisms that were implemented to curtail the spread of COVID-19 infections.

Table 1 describes the South African food assistance and cash transfers from 2020-2021, during the early waves of COVID-19. The figures reflect some of the changes in recipient numbers for each social safety net category. The established cash transfers, predominantly the child support and old age pension grants, make up 51% of this headcount and continue to be major categories of means-tested social assistance.



**Table 1: Characteristics of South Africa's food assistance and cash transfers during early waves of COVID-19, 2020-2021**

Categories for analysis framework	Direct food assistance	SRD*	TERS- UIF**	Cash Transfers***
Food/Cash Transferred	Food parcels, food vouchers and nutritional supplements	Cash: R350 per month to poor person passing a means test	Monthly cash wage subsidy as income relief to workers in temporary unemployment	Monthly cash transfer to eligible recipients; adjusted cash value depends on the grant type
Recipient headcount	3.2m (Government); 1m (NPOs and private sector)	7.8m	5.7m	18.4m
Duration of intervention	April-December 2020	Introduced in April – October 2020 with temporary extensions thereafter	Launched in April – June 2020 with periodic extensions until April 2022	Cash values adjusted annually based on inflation and national budget
Implementing agency	DSD/SASSA/NGOs/ Private Sector	SASSA	UIF, Department of Employment and Labour	SASSA
Citizenship criteria	South Africans, permanent residents, refugees	South Africans, permanent residents, refugees, asylum seekers and special permit holders	Registered worker in enterprises temporarily closed due to pandemic restrictions	South Africans (children 18 and younger, disabled, older persons aged 60 and above)
Socio-economic access conditions	Poor and vulnerable individuals (living below the food poverty line and with inadequate access to food)	Monthly income ≤R624 (official food poverty line) and not accessing other official social safety net	Employer applies on behalf of registered workers	Income/means test cut-off differs by grant type

Source: HSRC (2022)

\* SRD = Social Relief of Distress Grant

\*\* TERS-UIF = Temporary Employee/Employer Relief Scheme - Unemployment Insurance Fund (closed in July 2022)

\*\*\* Cash transfers include Old Age Pension grant, Child Support Grant, Disability and Foster Care Grant, Veterans grant

Unlike the established cash transfers that target certain household or recipient groups without tying their eligibility to any specific characteristics, the assistance distributed through the SRD and the TERS-UIF set out to mitigate the negative socio-economic effects of the pandemic on qualifying individuals.

Beyond the 5.7 million reported in Table 1, the scheme was successful in saving 2.7 million jobs between April and May 2020 (Kohler et al., 2023). However the TERS-UIF effectively ended in April 2022 when the Department of Employment and Labour, responsible for receiving applications and transferring cash to eligible workers, announced that it would no longer accept any new applications.

The status of both TERS-UIF and the SRD, especially the number of actual recipients, declined as health authorities brought infection rates under control and the number of those eligible decreased with the relaxing of lockdown conditions. How the value of SRD and TERS-UIF grants relate to the affordability of food that provides adequate nutrition thus raises similar questions on their sufficiency to ensure food and nutrition security, as for the traditional social cash transfers.

Qualifying criteria made those who were already receiving cash assistance from a state programme ineligible for the SRD. Tighter means-tests pegged to the lower-bound poverty line contributed to the exclusion of would-be recipients and out of 11.4 million applicants for the month of June 2022, only 5.2 million beneficiaries were

approved (South African Government News Agency, 2022). Additional criteria to qualify for the SRD required, among other conditions, a quarterly assessment to verify if a recipient was still in need of the R350 monthly cash transfer (South African Government News Agency, 2022).

Compared to cash transfers, direct food assistance reached a relatively smaller number of people in South Africa. The administrative headcount in Table 1 shows that 4.2 million people received food parcels, vouchers, or cooked meals from state and non-state entities. However, these figures are probably an underestimate because during 2020 and 2021, the intensive phases of the pandemic, hunger was in the spotlight (HSRC, 2022). In response to the spike in the demand for food relief, many agencies expanded soup kitchens and the delivery of food parcels to those in need.

Food parcels were distributed by SASSA and the Department of Social Development (DSD). DSD partnered with the Solidarity Fund, non-governmental organisations (NGOs), civil society and community-based organisations to distribute food parcels in all provinces. Criteria for food parcels differed as various organisations were involved in their distribution. The government used a means-test to assess eligibility (Wills et al., 2020). In Gauteng for example, citizens earning less than R3 600, pensioners, the disabled, and military veteran grant recipients qualified for food relief (Vermeulen et al., 2020). Some organisations used geographical targeting, focusing on the outskirts of cities, poverty-stricken areas, informal settlements, and rural areas (Wills et al., 2020). Some organisations targeted recipients using their knowledge of who needed assistance while still others assisted anyone in need regardless of whether they were receiving government grants or not (Wills et al., 2020).

## Food and nutrition in social assistance: Conceptual framework

Conceptually, accessing enough food to meet a person's dietary needs and sustain ecological agrofood production capacity are prominent in social protection schemes, especially in low-income countries where the poor are trapped in episodic or chronic hunger. The social protection measurement and monitoring platforms of the ILO (2022) and World Food Programme (2022), for example, prioritise

food and nutrition issues. Acknowledging the inseparability of food and nutrition security from social protection is not limited to global agencies, but many countries have adopted, enhanced, and diffused this approach in social policy. In fact, as the food assistance element of social protection gained acceptance and prominence, the need for deeper analyses of the specifics and mechanisms of food assistance also advanced (Lavers & Hickey, 2021; Gentilini, 2016; Barrientos, 2013). This section explains the standout principles and logic of the direct and indirect mechanisms through which state and non-state agencies provide food assistance to those in need.

When situating food assistance in social protection, clarifying what food assistance means is useful to start tracing the nuanced mechanisms driving its provision and how it affects hunger status. While this chapter reports on the mechanics of food provision in COVID-19, rather than formally assessing the effects on food and nutrition outcomes, understanding what it takes to provide food assistance should not be overlooked (Figure 1).

Food assistance can range from the distribution of cooked meals to multiple forms of farm inputs that aim at increasing the availability of food. When social safety net agencies deliver ready-to-eat meals and baskets with a mix of food items, the assistance is a direct response to the consumption needs of targeted recipients. However, social protection for subsistence farmers is also a common example of conceptualising the underpinnings and rollout of food assistance in practice (Lavers, 2021; Cirillo et al., 2017; Sabates-Wheeler & Devereux, 2008; Tendler, 2004).

When people mainly or exclusively farm for food, agricultural input subsidies deliver food assistance, but through an indirect channel: indirect because the recipient is not supposed to immediately eat the inputs, but rather use the inputs (ranging from cash to seeds to farming implements) to produce food (Lowder et al., 2017; Hidrobo et al., 2018). The presumption is that public investment in producing food crops and animal sourced foods will eventually yield enough food to satisfy the dietary needs of a subsistence farming household. Furthermore, social transfers in aid of farm livelihoods often form part of sweeping transformational ambitions, such as equitable agrarian restructuring and structural transformation.



The conceptual approach used in this chapter begins from the analytical grounding of social protection that Armando Barrientos, Sam Hickey and their co-thinkers have developed in recent decades (Barrientos & Hulme, 2008; Barrientos & Santibáñez, 2009; Barrientos, 2013; Hickey, 2008; Lavers & Hickey, 2021). What defines this scholarly tradition is the notion of social transfers as a means to rid society of poverty and inequality. In a seminal text on social assistance, Barrientos (2013) starts from the normative ideal of a society without poverty and the catalytic role of social assistance. Theoretical inspiration for this perspective draws on Sen's livelihood capabilities propositions which essentially call for a socially acceptable quality of life for all and entrenching this imperative into human rights, distributional fairness, and societal obligations. To realise meaningful social assistance from this perspective thus requires purposeful and agile institutional governance regimes.

The working definition that forms the departure point of this text also stresses the instrumental value of social assistance as it centres on "transfers in cash and/or in kind to individuals or households experiencing poverty or vulnerability, with the aim of facilitating their permanent exit from poverty" (Barrientos, 2013: 3). Indeed, designing social assistance schemes that pave an exit from poverty without the possibility of falling back into destitution is particularly daunting when socio-economic crises and institutional fragility endure. However, social assistance transfers for an equitable and sustainable society cannot be done without appropriate institutions. Barrientos also underscores that while institutional governance of, and for, social assistance evolve over time, the fundamental ingredients are "constitutional or legal changes and the creation of ministries of social development" (2013:15). Meaningful social assistance policies to help end poverty and inequality must be backed by a strong legal architecture, capable government departments, and coordinated implementation that are highly responsive and sensitive to the plight of recipients (Barrientos & Santibáñez, 2009).

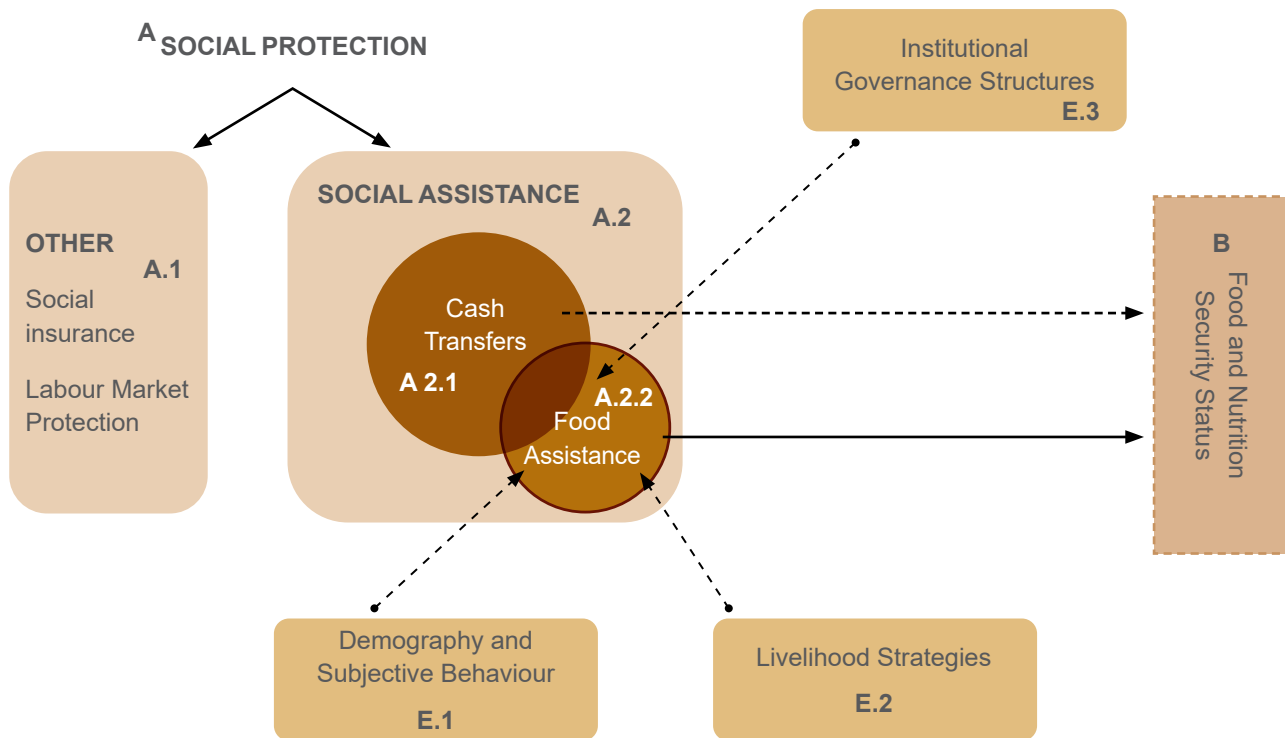
Institutions that are essential for meaningful social assistance incorporate diverse facets that range from the principles in policy conceptualisation, to competition over fiscal resources, to the administration of social

transfers in practice (Lavers & Hickey, 2021). Knowing the characteristics and workings of each facet is crucial to map the intricate routes through which institutional governance affects social assistance. It is easy to be persuaded by arguments for stronger social assistance institutions to reach larger numbers of needy recipients, but blind and blanket approaches to institutional strengthening that empower bureaucrats should be avoided. Hickey (2008), for example, elaborates such a critical political economy perspective, arguing for the centrality of context and non-linear interactions in exploring the ways in which institutions shape social protection arrangements and outcomes. Safety nets ought to be premised on social solidarity, but in the absence of an activist citizenry, elites can exploit social assistance schemes for self-seeking gains. In this instance, Hickey demonstrates, how the system of governance functions is a key contextual factor. Undemocratic polities, or when electoral participation is nominal, disempower people and exclude the voices and lived experiences of majorities from how authorities design and administer social protection (Hickey, 2008; Barrientos & Santibáñez, 2009).

Based on the foregoing synthesis, Figure 1 displays how food assistance fits into social protection. Food assistance schemes seek to overcome food and nutrition shortfalls, an idea broadly synonymous with 'food poverty' (Lowder et al., 2017; Gentilini, 2016). As such, food assistance is firmly embedded in the anti-poverty rationale for social assistance. Studies that compare cross-country experiences usually account for laws and rules that govern the provision of social protection, the capacity of agencies to roll out social protection and geographic boundaries that separate one geopolitical sphere (nation states to municipalities) (Lavers & Hickey, 2021; Barrientos & Santibáñez, 2009).

To sum up: Figure 1 concentrates on behavioural, socio-economic, structural, and institutional factors without any feedback loops, except for those between cash transfers and food assistance. This high-level illustration does not show all the secondary connections, interactions, and feedback flows in the conceptual framework. The main reason for not depicting such detail is to deliberately limit attention to the salient relationships and to ease reading of the intuition captured in this analytical illustration.

Figure 1: Food assistance in social protection and delivery mechanisms



Source: Authors

Therefore, the framework starts with a summary of the overarching proposition: social protection (denoted A) promotes better food access and nutritional outcomes (denoted B) among the recipients. Theoretical and empirical studies synthesised in this chapter support this proposition. However, as explained at the outset, the scope of this contribution looks at food assistance (denoted A.2.2), which is a specific category of social assistance (denoted A.2). Against this backdrop, we explore the ways in which sets of explanatory factors (E.1, E.2, and E.3) have influenced food assistance (A.2.2) during COVID-19.

Providers of food usually target recipients with the aid of demographic and subjective behavioural markers (E.1) and livelihood strategies (E.2). Inclusion or exclusion of beneficiaries based on these traits is not unique to food assistance schemes. In fact, they are inherent to social assistance where the providers try to balance the inclusion of all deserving beneficiaries with optimal efficiency in

stretching available resources. When state and non-state agencies deliver a meal or food parcel to selected recipients, they do so on the basis of policy prescriptions, guidelines, operational capacity, and awareness campaigns to inform would-be beneficiaries. Therefore, the presence (or absence) and functionality (dysfunctionality) of institutional governance and implementation structures (E.3) is crucial for food assistance. A caveat of this analysis turns on the non-linear and interactive character of the explanatory factors, as the cash transfer (A.2.1) and food assistance (A.2.2) intersection underscores.

## Methodology and empirical approach

Data was collected through a dual survey mode (telephonic and face-to-face). In order to ensure a representative sample of recipients (n=502) of food and cash transfer assistance, a simple probability-based random sampling method for the selection of each food aid package recipient



was used. The sample of households was taken from recipients of food packages in March and September 2020, using the DSD administrative records which cover the nine provinces of South Africa (523 490 households).

The study analysed the experiences of recipients of food assistance as they sought to meet their basic consumption needs during living standards crises and the 2019-2021 recession exacerbated by the COVID-19 pandemic. In order to place the survey in perspective and explain nuances of the statistical results, the study included key informant interviews with 57 representatives from state and non-state agencies. A retrospective module included in the survey helped reconstruct the pre-2020 socio-economic and livelihood status of roughly one million individuals in the administrative records of DSD.

The study relies initially on a descriptive analysis of standard food access indicators (such as the COVID-19 -assistance awareness and receiving information from government or media) to compare the 2019 and 2020 food status of recipients of food assistance. The descriptive analysis provides information about the demographic characteristics (e.g., gender, age, number of adults and children in the household) as well as the socio-economic status and livelihoods (such as, employment status, main income source) of people receiving food assistance. This descriptive analysis helps to foreground the multivariate analysis which follows.

The multivariate analysis uses food assistance as the dependent variable and explanatory variables that capture institutional drivers and demographic markers of the population, such as age of the household head and agency distributing the food. Odds ratios were used to quantify and explain the factors that affected the likelihood of obtaining food assistance (see Appendix 1 for a Technical Methodological Note and Annexure 2 for details of the logit regression and odds ratios).

## Findings and insights: Accessing food assistance

### Demographic and livelihood profiles

Demographic profiles and socio-economic status of prospective recipients are common targeting criteria in social assistance schemes as discussed above (Figure 1). The necessity to stretch limited resources in satisfying the food needs of the most deserving people may be the main reason for targeting. However, criteria used to target social assistance beneficiaries should eliminate the risk of excluding some with greatest need from the safety net benefits.

Demographic and livelihood criteria can either hinder or enable participation in food assistance programmes, for multiple reasons. Gender and age are the main demographic traits examined. Socially inherited or pre-existing gender inequality and gender-based discrimination, for instance, present a socio-structural barrier that often disadvantages women in times of humanitarian crises and inequality. Moreover, women have a higher caregiver burden in poor households, hence their heightened propensity to seek food assistance compared to men. Age intersects with household size, often stimulating diverse subjective responses to food assistance search. While younger people are more likely to be food insecure due to insufficient accessibility or inability to afford food, older people tend to have more dependents in the family that make the pressures for direct food handouts more acute. Table 2 provides a socio-demographic profile of the respondents by whether they received food assistance or not.

Nearly 80% of survey respondents self-identified as female household heads while the remainder were male. Receipt of food assistance was not determined by gender of the recipient, with about 73% and 75% of males and female respondents, respectively, receiving direct food aid benefits.



**Table 2: Socio-demographic profile of respondents**

Explanatory Variables		N=Obs.	Food Assistance Received		Test Statistic (P-value)
			Yes (%)	No (%)	
Gender	Male	112	73	27	$\chi^2 = 0.2180$ (0.641)
	Female	390	75	25	
Adults (mean headcount)		502	3	3	t = -1.0693 (0.2855)
Children (mean headcount)		502	2.6	2.4	t = -0.9684 (0.3333)
Recipient age bracket	18-35 yrs	135	70	30	$\chi^2 = 4.3535$ (0.226)
	36-45 yrs	128	74	26	
	46-60 yrs	152	80	20	
	≥61 yrs	87	75	25	
Recipient completed education	No Schooling	50	74	26	$\chi^2 = 0.1009$ (0.951)
	Primary and Secondary	434	75	25	
	Tertiary Education	18	72	28	

Source: Authors own calculations

The age category of the respondent, however, was an important determinant of whether respondents benefitted or not from food assistance. People in the 46-60 years age group had the highest proportion of direct food aid beneficiaries, with 80% of respondents having received food assistance. Thus, older adults in this pre-pension age group, 46-60 years, enjoyed a higher chance of accessing food assistance than younger household heads and pensioners. Relative to individuals aged 35 years and younger, the reference group in the integrated analysis, adults aged 46-60 years, had almost twice the chance of receiving food assistance.

The inclusion of the highest level of education of the respondent captures the ability to process information (such as food assistance awareness campaigns) as well as economic achievement and livelihood status. On average, people with less education are strongly associated with higher levels of unemployment and poverty, including food poverty and hunger. Ninety-six percent of the respondents only had secondary or primary schooling or never went to school. Only 3.6% self-reported post-school tertiary

education. Food aid beneficiary status, however, did not substantially differ on the basis of education although respondents with tertiary education constituted a marginally smaller proportion of food assistance recipients.

The analysis also looked at livelihood profiles based on source of income and income level at the time of COVID-19. Livelihood profiles and level of income are targeting factors commonly used in social assistance schemes as a way to increase the efficiency of the scheme by earmarking resources for those in highest need.

Table 3 shows that source of income was associated with receiving food assistance. Recipients of cash grants, especially child support and pension grants, were more likely to access food assistance than those reliant on any other income source. Those who received a cash transfer had almost double the chance of receiving food assistance. Receiving cash transfers appeared to facilitate searching for and finding where food was being donated, most likely through sharing information with other cash transfers beneficiaries.

**Table 3: Socio-economic status/livelihoods of recipients**

Explanatory Variables		N=Obs.	Food Assistance Received		Test Statistic (P-value)
			Yes (%)	No (%)	
Employment Status	Unemployed	394	76	24	$\chi^2 = 3.7665$ (0.152)
	Employed and Self-employed	71	73	27	
	Other Employment Status	37	62	38	
Main Income Source	No income	9	78	22	$\chi^2 = 10.9152$ (0.012)*
	Social grants	329	78	22	
	Salary and Remittances	122	64	36	
	Business and other income	42	83	17	
Monthly Income (mean ZAR)		502	R1 963	R2 630	t = 3.8069 (0.0002)*

Significance level: \*\*\* p&lt;0.01; \*\* p&lt;0.05; \* p&lt;0.10

Source: Authors own calculation

Overall, the analysis showed that the need for food assistance was not influenced by demographic or livelihood profiles of recipients. Thus, during a crisis such as the COVID-19 pandemic, food assistance should be rolled out universally, irrespective of an individual's gender, age, level of education, or source of income. Even though providers of social assistance select eligible beneficiaries to stretch the limited resources available, targeting on demographic profiles, behavioural factors, livelihood strategies, or any other criteria often excludes deserving people. Selective coverage thus creates an obstacle to social protection and leaves out some of those in greatest need. In this case, the goal of achieving improved access to food and better nutritional outcomes is counteracted.

### Resident province and institutional arrangements

The residential location of hungry people, represented by the province variable, influenced their ability to obtain food assistance through intricate mechanisms. Province thus captures multiple facets of anti-hunger programme implementation in different localities. It incorporates the food distribution structures, capacity, institutional arrangements, and strategies of state and non-state food safety net providers.

Differences in the proportion of beneficiaries of food assistance across provinces reveal the chances of a hungry person securing food aid and localised arrangements in food provisioning. Therefore, a province with a higher proportion of beneficiaries, holding everything else constant, means that more people have received free food and that agencies are better at distributing food handouts. It is thus useful to check how the share of direct food aid beneficiaries reached in one province compares with that in other provinces.

Less than 80% of those sampled in KwaZulu-Natal actually received food assistance whereas 98% of respondents from Limpopo received food assistance. Any person from Limpopo would thus have been more likely to receive food assistance relative to their counterparts in KwaZulu-Natal during the pandemic. Relatively smaller shares of surveyed respondents received direct food handouts in Northern Cape (reaching only 39%), Western Cape (40%), and Free State (50%) respectively.

This initial province-by-province descriptive comparison suggests that the influence of provincial residency merits closer scrutiny. Using North West as the reference category, provincial factors reduce the odds of receiving food assistance, except for those residing in Limpopo.

However, in the provinces with high significant coefficient estimates, the lower odds ( $\Omega$ ) of obtaining food ranges from  $\Omega=0.02$  in Western Cape to  $\Omega=0.08$  in Gauteng relative to North West, *ceteris paribus*. Even though a food recipient in Limpopo has nearly twice the odds of getting food assistance relative to the reference province  $\Omega=1.92$ , this coefficient estimate is not significant (see Appendix 2: Table A.2.1 for further detail).

Agencies from which beneficiaries received food assistance form a key institutional element of anti-hunger relief schemes. This study did not directly survey the free food provision capacity and activities of state and non-state agencies. Instead, the food delivery operations of these agencies were pieced together from the experiences of food assistance recipients.

Community food distribution centres, walk-in outlets of the DSD, emerged as popular food aid hubs in 2020 and 2021. Local administrators of cash grants (SASSA officials) often referred grant beneficiaries in need of food to these centres. Volunteer soup kitchens usually distribute meals outside community healthcare facilities and social grant payout stations. Non-governmental relief organisations invested in providing for the food needs of a steeply growing number of hungry people. During the intensive waves of the pandemic, NGOs and state agencies often joined forces in anti-hunger responses, but it was not possible to establish if this cooperation was effective or sustainable. A food assistance beneficiary who self-reported that she or he received a meal or food parcel from any agency was almost never turned away emptyhanded.

Our results highlight the instrumental roles of NGOs and civil society groups in handing out food to hungry people during COVID-19. Against all other modes of food provision to people, NGO food delivery increased the chance of getting food via this channel by a factor of  $\hat{\beta}_i=4.825$  and it is highly significant ( $p<0.01$ ). Remarkably, the odds of receiving food from NGOs was approximately 125 times higher ( $\Omega=124.62$ ) compared to recipients who got food from alternative providers, inclusive of the state and private sector.

## Direct food aid obstacles and information access

Effective anti-hunger responses pose dual information problems. One side of this information equation has to do with what providers of food know about who is hungry, where they are located geographically, and how to reach them before the food insecurity crisis worsens. On the other side of this equation stands hungry people who must know where they can find enough to eat. Balancing the two sides of this hunger information equation during COVID-19 was complicated by the nature of the SARS-CoV-2 virus in the absence of widespread vaccination in 2020. As a highly contagious respiratory virus, physical distancing was the primary tool that health authorities used to limit infections and prevent more people from falling ill or dying from COVID-19. In this context, it became vital to ensure that information channels flowed without hindrance between food providers and the recipients of food.

Different information issues influenced searching for and securing food aid in various ways. This study explored information issues that confront food recipients by zooming in on factors such as their awareness of food handout schemes and the main source from which recipients learned where to find food. Before explaining each set of information factors, it is crucial to know the context in which these food aid information issues played out. During the 2020 and 2021 waves of COVID-19, the media reports spotlighted the experiences of hungry people in accessing cooked meals, food parcels, and vouchers from different agencies. Scattered news of hunger and difficulties in getting a cooked meal or food parcel proliferated, showcasing long queues at food distribution centres. Food delivery agencies, some respondents complained, occasionally ran out of meals or food parcels to meet food demand in an area. While it is true that food handout beneficiaries did not pay for the meal or food they received, traveling to-and-from a food distribution outlet and time waiting in food queues imposed 'hidden costs' on these beneficiaries.

Against the backdrop of these media headlines, survey participants were asked whether or not they had experienced any of these difficulties. In 2020, 50% of



the respondents said that they faced barriers in obtaining food assistance. This proportion dropped to 33% in 2021, which means that the impediments to finding something to eat impacted fewer people even though tight physical distancing restrictions to combat COVID-19 infections remained in place.

Although relatively fewer people faced barriers to obtaining food assistance as the pandemic progressed, the proportion was remarkably large for a survey that sampled beneficiaries from administrative records of state and non-state food relief agencies. The expectation was that an unfettered system of direct food aid would speedily reach everyone in need, but this was not fully realised. The main explanations for why these difficulties persisted turn on hungry people's remoteness from food handout outlets coupled with institutional coordination failures (as illustrated in Figure 1).

When demographic, varied provincial implementation practices, and other institutional factors are factored into the analysis, as reported in Appendix 2: Table A.2.1, then the barriers in accessing food aid differ between beneficiaries and non-beneficiaries. Self-reported difficulties in 2020, for example, decreased the probability of food handouts among both groups, which is consistent with insights from the conceptual framework discussed earlier. Explanatory variables such as access barriers,

information sources, and providers of food support make institutional factors explicit in the estimated logit and odds. The survey probed for different obstacles to accessing food, such as joining long lines and uncertainties about the availability of food. Due to the high collinearity among each type of barrier, a derived variable was incorporated into the model (with no significant difference between 2020 and 2021 access barriers). As expected, this variable has a negative coefficient estimate ( $\hat{\beta}_i = -0.592$ ) which indicates a reduced access to food assistance relative to those who did not face similar obstacles. However, this variable is only marginally significant ( $p < 0.10$ ), and it lowers the odds of food assistance by slightly more than half ( $Q = 0.55$ ).

Survey respondents got to know about the distribution of food aid mainly through state agencies, mass and social media, and word-of-mouth messages shared in family and friendship networks as reflected in Table 4. While one respondent might have been exposed to food aid information from multiple sources within a day or week, the aim here is to explore, retrospectively, the main source through which a survey participant first became aware of food aid provision. It also probes whether or not this primary information source facilitated the chances of getting anti-hunger relief. Reasons behind how food aid beneficiary status changes as a result of the source of awareness are also explained.

**Table 4: COVID-19 assistance awareness of food assistance and receipt of food assistance**

Explanatory Variables		N=Obs.	Food Assistance Received		Test Statistic (P-value)
			Yes (%)	No (%)	
COVID-19 Assistance Awareness	Yes	402	72	28	$\chi^2 = 6.7754$
	No	100	85	15	(0.009)*
COVID-19 information source: Government	Yes	92	90	10	$\chi^2 = 14.0574$
	No	410	71	29	(0.000)*
COVID-19 information source: Media	Yes	162	58	42	$\chi^2 = 36.2337$
	No	340	83	17	(0.000)*
COVID-19 information source: Family and Friends	Yes	102	77	23	$\chi^2 = 0.4430$
	No	400	74	26	(0.506)
Food support difficulties					
2020	Yes	164	75	25	$\chi^2 = 0.0013$
	No	338	75	25	(0.971)
2021	Yes	127	74	26	$\chi^2 = 0.0708$
	No	375	75	25	(0.790)

Significance level: \*\*\* p&lt;0.01; \*\* p&lt;0.05; \* p&lt;0.10

Source: Authors own calculations

A rational and reasonable response to food safety nets suggests that knowing where to obtain food aid should help a hungry person get food assistance. Knowledge of the availability of food aid is the first information hurdle a would-be beneficiary must navigate in the circuitous path towards the actual receipt of food. Four in five survey participants were aware that state and non-state agencies were freely distributing meals and food parcels to hungry people.

Some people reported that they were unaware of free food delivery, but actually received food. In this group, 85% said that they got food. By contrast, more than a quarter (27%) of those aware of free food distribution reported that they did not receive any direct food benefit. On the one hand, this apparent paradox may be as a result of the proactive agency of hungry people and capacity of food

providers. However, this food aid awareness puzzle might be more nuanced, and thus a factor of the information source through which people became aware of the food handout services.

Seventy-one percent reported that they learned about the food handouts through one of the sources mentioned earlier, with the majority saying that they relied on the popular media and the smallest share heard about it from the government. A minority of survey respondents self-selected into a 'no-information source group', constituting a reference category to paint an integrated picture of the status of food assistant beneficiaries. Without any source of food assistance information, this 'reference group' had to proactively search for food which, in the final analysis, points to agency of hungry people.





The interaction of food aid recipient status with each information source on its own merits closer attention before looking into the integrated analysis. Food assistant recipients who learned from government about meal and food parcel handouts made up the highest share of beneficiaries (90%) who got food, whereas those dependent on the media formed the smallest share (58%) of beneficiaries. This finding is counterintuitive because it suggests that there is no consistent positive correlation between intensive exposure to an information source and the chance of food handout receipt. Even though a minority heard about food aid from government, perhaps due to a low key food aid awareness campaign, it undoubtedly helped almost everyone who became aware of food assistance from this source to get something to eat.

The main information source whereby food recipients became aware of the COVID-19 support presents a mixed picture based on coefficient estimates, significance values, and odds ratios. Efforts to access food without reliance on any known information source is the reference category. Relative to the no-information source food recipients, the dependency on the mass media and friend/family circles reduced the likelihood of accessing food with  $\hat{\beta}_i = -1.360$  and  $\hat{\beta}_i = -0.132$  as the respective estimates. It is worth noting that reliance on the media is highly significant, which is probably explained by the delayed awareness of when and where food handouts took place. Obtaining food delivery information from the government, mainly DSD, facilitated access, with the odds more than double ( $\Omega=2.27$ ) relative to recipients who effectively got food assistance through their own proactive search. It is possible that learning about food handouts through the DSD, for instance, may have been promoted at cash transfer payout centres that those in need increasingly resorted to for the SRD grant.

In summary, estimated results suggest that demographic traits included in the multivariate logit show no substantive heterogeneity among food assistance recipients, except for adults between 45 and 60 years of age being more likely to have received food. Beneficiaries of food assistance confronted and navigated multiple barriers to access food, evidently made more onerous by provincial institutional impediments. However, through their own proactive efforts, many searched for and found food handout spots. While state agencies may have aided awareness

of where food was being distributed, non-governmental organisations were far more proactive in actual food provision. Furthermore, cash transfers evidently facilitate food assistance but through mechanisms that are indirect and less straightforward than receiving cash and food from one government agency.

## Conclusion and policy learning

Food assistance dominated the livelihood support initiatives of the South African Government in the early phases of combating the spread of COVID-19 and the disproportionate spillovers of some anti-pandemic measures on the poor and unemployed. Many questions about the social development perspective that informed anti-hunger measures are yet to be answered. Nevertheless, this perspective framed and guided the orientation of officials on the ground, and ultimately, whether those battling to secure enough food received the needed assistance.

This study has identified factors associated with whether or not a person received a food parcel and/or voucher as part of livelihood assistance provided during South Africa's 2020 and 2021 waves of COVID-19. In addition to demographic and subjective behavioural factors, the analysis has drawn attention to the influences of socio-economic status, information access, and institutional and location variables on the receipt of food relief. A logit model was fitted to the unique dataset to examine the probabilistic effects of multiple independent variables on the outcome: receipt of food assistance. Based on the estimated multivariate model, the study quantifies the effects of the explanatory variables mentioned above with estimated odds ratios and highlights the particular importance of cash transfers, non-governmental organisations, and recipient agency in overcoming information constraints and provincial barriers to food assistance.

In terms of targeting, food assistance during COVID-19 appears to have reached the right populations: people below the official food poverty-line and who self-reported that they did not have enough food before the COVID-19 food insecurity crisis (HSRC, 2022). However, food recipients experienced difficulties in accessing food during the pandemic which underscores the extent to which institutional agility matters for timely anti-hunger interventions.

Distributed food, ranging from cooked meals to vouchers, marginally relieved hunger, but with considerable variation across provinces. This unevenness is tied to the capacity and preparedness of state agencies to deliver and manage food distribution in hunger emergency crises. Some provinces were better capacitated and prepared to intervene than others.

## Appendix 1: Technical Methodological Note

Receipt of direct food assistance is a binary outcome variable. It registers the self-reported response from individuals who received a food parcel and/or a food voucher ( $y=1$ ) and those who did not ( $y=0$ ). In view of the binary nature of food assistance (0;1), a logit (also called logistic) regression model is appropriate to estimate and quantify how the probability of receiving food assistance (as a food parcel and/or voucher) relates to demographic, socio-economic, information access, institutional and location-specific factors. Logistic regression is used to model the relationship between a categorical response variable with two or more possible values and at least one explanatory variable. Logistic regression uses odds, which are a ratio of proportions of the two or more possible outcomes or the probability of an outcome occurring. Logistic regression is therefore used to estimate the probability of an event or occurrence falling into a specific response category given a set of explanatory variables.

As explained above, direct food relief includes food parcels, food vouchers, or a combination of these forms in which a recipient has been supported with food. The latent dependent variable ( $y^*$ ) captures the unobservable net benefit to the receiver of food assistance:

$$y_i^* = x_i \beta_i + u_i$$

Where,

$x_i$  = explanatory variables

$\beta_i$  = unknown regression coefficients

$u_i$  = residual term

Agresti (2007) and Hosmer and Lemeshow (2000) detail the statistical derivation and properties of the binary logit. One property of the logit is that coefficient estimates can be used to derive odds ratios that can be meaningfully and insightfully interpreted. In general, the odds ratio (or cross-product ratio) is represented in the following form:

$$\Omega = \frac{\omega_0 / (1 - \omega_0)}{\omega_1 / (1 - \omega_1)}$$

This case illustrates the odds ratio for a basic binary outcome and binary independent variable which compares the odds of one outcome [ $\omega_0 / (1 - \omega_0)$ ] to another [ $\omega_1 / (1 - \omega_1)$ ]. In the context of a binary logit regression, the odds ratio links the estimated coefficient values ( $\Omega = e^{\beta_1}$ ) as illustrated here:

$$\Omega = \frac{\exp(\beta_0 + \beta_1)}{\exp(\beta_0)} = \exp(\beta_1)$$

Calculating the odds ratio for a continuous independent variable measures the percentage change over the interval of the  $x$  variable,  $\Omega = \exp\{\hat{\beta}_1(c)\}$  where  $c$  measures the units of change in the continuous variable (Hosmer & Lemeshow, 2000; Agresti, 2007).



## Appendix 2

**Table A.2.1: Logit regression and odds ratios**

Dependent variable: Food Assistance (0;1)					
Independent Variable	Coefficient		z-stat	[95% CI.]	Odds Ratio ( $\Omega$ )
	$\hat{\beta}_i$				
Constant	2.991*	3.01	1.040	4.941	19.901
Demographic Profile					
Female head	-.183	-0.56	-.831	.464	.832
Head age group (Ref: $\leq 35$ )					
36–45	.155	0.42	-.571	.881	1.167
46–60	.657***	1.75	-.078	1.393	1.929
$\geq 61$	-.154	-0.33	-1.080	.771	.857
Marital status (Ref: single)					
Married	-.194	-0.53	-.913	.526	.824
Cohabit	-.576	-1.20	-1.516	.363	.562
Other	-.850***	-1.72	-1.818	.118	.427
Income Source					
Cash Transfer Recipient	.666**	2.23	.079	1.253	1.947
Provincial factors (Ref: North West)					
Eastern Cape	-2.072**	-2.26	-3.869	-.275	.126
Free State	-2.936*	-3.01	-4.848	-1.024	.053
Gauteng	-2.503*	-2.76	-4.277	-.728	.082
Northern Cape	-3.304*	-3.47	-5.172	-1.436	.037
Western Cape	-3.819*	-3.96	-5.710	-1.927	.022
KwaZulu-Natal	-1.499***	-1.73	-3.193	.196	.223
Limpopo	.653	0.49	-1.977	3.283	1.921
Mpumalanga	-.623	-0.66	-2.472	1.226	.536
Institutional Factors (Selected)					
NGO food delivery	4.825*	4.63	2.783	6.867	124.622
Information Source C19 Support (Ref: no source)					
Government	.820***	1.67	-.145	1.786	2.271
Media	-1.360*	-3.72	-2.077	-.643	.256
Family and friends	-.132	-0.31	-.976	.712	.876
Access barriers - 2020	-.592***	-1.93	-1.192	.008	.553
LR $\chi^2(21)$	210.03				
Prob > $\chi^2$	0.0000				
Pseudo R <sup>2</sup>	0.3713				
N	502				
Goodness-of-fit					
Number of covariate patterns	405				
Pearson $\chi^2(383)$	330.39				
Prob > $\chi^2$	0.9757				
Number of groups	10				
Hosmer–Lemeshow $\chi^2(8)$	3.82				
Prob > $\chi^2$	0.8728				

Significance level: \*\*\* p<0.01; \*\* p<0.05; \* p<0.10

Source: Authors own calculations

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## 7. Social Insurance for South Africa: The Rationale and the Options

Prof. Alex van den Heever<sup>22</sup>

### Abstract

South Africa has largely failed to implement a comprehensive system of social security, arguably institutionalising inequality and poverty. A comprehensive system typically includes both non-contributory and contributory systems of income protection. Just such a framework is implicit in the right to social security framed in South Africa's Bill of Rights. While there is some incremental progress in the implementation of non-contributory income protection, social insurance has remained virtually unchanged since 1994. In large part this has been due to the fragmented policy-making framework, with multiple ministries complicating the process of policy formation and execution. Weaknesses in the overall social security system were revealed during the COVID-19 pandemic, where both the contributory and non-contributory systems had severe challenges in responding to the social consequences of the periodic lockdowns. This chapter examines the rationale for social insurance reform in South Africa and the central preconditions for a reform framework consistent with a comprehensive system of social security. The focus is on income protection for the following contingencies - unemployment, parental care, sickness, invalidity, loss of a breadwinner, and old age.

### Introduction

Although South Africa expanded aspects of non-contributory social security (social assistance) after the democratic transition in 1994, the system is far from comprehensive and continues to reflect many of the institutional and coverage weaknesses inherited from

earlier governments (Department of Social Development & Wits School of Governance, 2021; Van den Heever, 2011, 2021a, 2022). In numerous processes, the absence of a strong contributory framework for social security, typically referred to as social insurance, has been identified as a significant gap (Department of Social Development, 2007; Inter-departmental task team on social security, 2012; National Treasury, 2007; Taylor Committee, 2002).

There are presently four publicly administered social insurance arrangements, all with histories that pre-date the 1994 transition and which, by 2018, accounted for only 1.6% of Gross Domestic Product (GDP) (Department of Social Development & Wits School of Governance, 2021):

- the Unemployment Insurance Fund (UIF), which provides, inter alia, insurance benefits in the form of income replacement for the loss of employment;
- the Compensation Fund (CF) and related schemes, which provide income-replacement benefits for lost income and support and the reimbursement of medical expenses arising from accidents and injuries on duty;
- the Medical Bureau for Occupational Diseases (MBOD) which provides compensation for occupational lung diseases for mineworkers; and
- the Road Accident Fund (RAF) which provides benefits for lost income and support and medical expenses arising from road accidents.

In contrast, private quasi-voluntary<sup>23</sup> schemes (excluding health insurance) responsible for the coverage of old age, death, and disability benefits, that typically form part of

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<sup>23</sup>Contribution to retirement (death and disability) schemes are tax privileged and in the case of large employers tend to be subject to an employer (rather than a government) mandate to participate. The tax status of these funds arguably helps to encourage the employer mandate.

social insurance systems, spend approximately 4.0% of GDP on benefits (Department of Social Development & Wits School of Governance, 2021).

There are five government departments that oversee contributory social security, including: the Department of Social Development (DSD), which is responsible for comprehensive social security; National Treasury (NT), which oversees the financial services regulatory framework together with the tax system; the Department of Employment and Labour (DOEL), which administers the UIF and the CF; the Department of Health (DOH), which administers the MBOD; and the Department of Transport (DOT) which oversees the RAF.

The various arms of the contributory system of social security are heavily siloed institutionally, involve fragmented risk pools, and do not coordinate or integrate with complementary systems of social protection (i.e., social services, the health system, social housing, and labour activation schemes) (Department of Social Development & Wits School of Governance, 2021; Taylor Committee, 2002).

Weaknesses in the overall social security system were revealed during the COVID-19 pandemic, where both the contributory and non-contributory systems had severe challenges responding to the social consequences of the periodic lockdowns (Van den Heever, 2022). Of most concern is that the various platforms could not react timeously as the systems required to rapidly target those in need were not developed.

In the case of the COVID Social Relief of Distress Grant, digital platforms needed to be rapidly implemented as the cumbersome systems needed to apply means tests took too long with payment systems via the South African Post Office underdeveloped, leaving beneficiaries without benefits for extended periods (SASPEN, 2022; Senona et al., 2021; Van den Heever et al., 2021).

The UIF, which needed to rapidly implement some form of emergency relief (which took the form of the Temporary Emergency Relief Scheme or TERS), does not have a membership registry – which required the rapid implementation of application portals, which delayed

the approval of benefits and introduced administrative obstacles, irregularities, and fraud into the process (SASPEN, 2022; Van den Heever, 2022).

Had the system of social security been less siloed and supported by an effective system of administration and member management, targeted benefits could have been deployed rapidly, ensuring that those most in need could be reached with emergency relief. The weaknesses revealed by the COVID-19 crisis, while particular to the domestic requirements resulting from a global emergency, clearly showed up the systematic weaknesses that also impact more broadly on the quality of social protection available in South Africa.

A modernised system of social security should, therefore, be able to respond both to deep, long-term social pathologies as well as temporary crises and emergencies that occur from time to time. A well-designed regime that addresses the former, should have the built-in capabilities and agility to deal with the latter.

This chapter therefore offers a critical review of the current system of social insurance in South Africa and the reform options feasible for South Africa. The review is divided into three parts. First, the broader social security context is described and discussed. Second, the existing contributory social security system is evaluated. Third, proposals for the reform of social insurance as proposed to date are critically reviewed. Fourth, taking account of the evaluation and reform review, an indicative feasible reform path will be identified together with pre-requisites for success.

## Methodology

The evaluation of the existing social insurance framework involves a narrative qualitative review in which the rationale for social insurance based on Van den Heever (2021b) is used as a point of departure. The proposed policy reforms are evaluated qualitatively in relation to the policy problems they are meant to address. Policies that appear incomplete are also identified. The feasible reform path is derived from the policy evaluation and makes use of reasoned argument.

## Background

The ‘evolution’ of South Africa’s system of social security has not followed a coherent path. Approaches to addressing systemic poverty have largely followed the idiosyncrasies of the relevant powers in control of various governments in what is today South Africa. While there were differences between the Dutch, British, and Boer governments in the pre-Apartheid period, they all accepted the basic distinction between those who deserved and those who did not deserve social protection and that social protection should be differentiated by race (Van der Merwe, 1997).

However, while the racial distinctions in social protection were to a muted extent being contested in the 1940s (Van der Merwe, 1997), in 1948 the National Party began the long road to institutionalised Apartheid, reversing the social protection of race groups other than Whites. Much greater emphasis was then placed on addressing poverty amongst the white Afrikaners who had been given initial prominence by the 1932 Carnegie inquiry into poor whites in South Africa (Seekings, 2006).

In contrast, the post-war European ‘consensus’ on social security dispensed with notions of the deserving versus undeserving poor, introducing comprehensive systems that combined non-contributory and contributory social protection with systems of labour activation (Rhodes, 2001). While European social security systems demonstrate institutional and design differences located in their individual histories and politics, they broadly address the standard life-cycle contingencies that result in inadequate and reduced incomes and that drive social segmentation at a societal level. Thus, while South Africa drew much of its ‘inspiration’ for its social protection approaches from Europe up until the mid-1940s, it deviated dramatically after 1948, with some, arguably weak, convergence beginning in the early 1990s (Van der Berg, 1997) as the democratic transition approached.

The period following 1994, however, did not usher in a mature conception of comprehensive social security (Department of Social Development & Wits School of

Governance, 2021; Van den Heever, 2021a, 2021c). Despite some expansion in social assistance, poverty levels and malnutrition have not reduced (Devereux & Waidler, 2017), while income inequality worsened relative to pre-1994 levels (Orthofer, 2016; Wittenberg, 2017). While various government reports have argued for comprehensive systems of social security (Inter-departmental Task Team on Social Security 2012; Taylor Committee, 2002), by 2023, no significant policy reforms had been adopted.

South Africa’s limited progress in implementing a comprehensive system of social security can be attributed to four factors: first, the fragmented nature of government social security policy-making (Inter-departmental task team on social security, 2012; Van den Heever, 2011); second, cost concerns related to the expansion of non-contributory schemes (Van den Heever et al., 2021); third, ‘ideological’ positions that suggested that improved basic education and employment subsidies were appropriate substitutes for social protection (Van den Heever, 2021c); and fourth, stakeholder lobbies concerned that an expansion of publicly offered social insurance will impact on their markets.<sup>24</sup>

While social security systems are strongly associated with social transfers of various forms, their strength lies in the institutional frameworks that are established to enhance the quality of transfers through effective integration and coordination of the various functions. These include risk pooling mechanisms, vertical cross-subsidies of various forms, member and beneficiary administration, integration and coordination with labour activation programmes, welfare services, social housing of various forms, and contribution and tax regimes.

Consistent with South Africa’s experience, even mature social security systems emerged in a piecemeal fashion, with new ‘instruments’ implemented in isolation as needs were identified. Consolidation and rationalisation has therefore occurred over time in more industrialised countries (De Neubourg et al., 2021). Low- and middle-income countries, however, presently retain considerable

<sup>24</sup> See for instance the arguments against broadening social insurance in the social partner discussions on comprehensive social security reform contained in NEDLAC (2018).



complexity, potentially impacting on their ability to efficiently enhance social cohesion and resilience. Complicated systems reduce response capabilities, which undermine the effective deployment of existing and new instruments needed for both deep social problems and periodic shocks (Van den Heever, 2022).

Adaptive responsiveness is reduced at two levels - policy development and policy execution. The former is affected by a shallow political focus which in turn weakens policy teams and encourages rent-seeking by stakeholders (in both the public and private sectors) arguably privileging vested interests with an interest in the status quo. The latter arises from the failure to upgrade delivery platforms to operate more effectively and dynamically. Such social security systems therefore lack the ability to adapt to emerging social complexity, permitting social pathologies to deepen, and outrun the interventions.

## Rationale for social insurance

The rationale for social insurance in the functional area of social insurance is argued in Van den Heever (2021b, p. 69) to arise from a failure of voluntary private insurance markets to efficiently and fairly cover important social contingencies such as “healthcare, old age, the death of a breadwinner, invalidity, unemployment, and illness.” This market failure is structural and flows from the pre-requisites for sustainable voluntary insurance arrangements.

Eight conditions for sustainable voluntary health insurance are listed by Van den Heever (2021b: 70-71): first, “insured events must be uncertain”; second, “individual risk must be separate or idiosyncratic”; third, “the insured cannot influence the insured event”; fourth, “adverse selection must be countered”; fifth, “the insurer must control moral hazard”; sixth, “the risks must be quantifiable”; seventh, “the insurer must assess the value of the loss incurred”; and eighth, “the insurer must derive an adequate return”.

To comply with these conditions, private insurers need to implement five measures that result in the exclusion of the vulnerable (Van den Heever, 2021b: 71-72): first, “applicants are risk-rated”; second, “applicants are risk-selected”; third, “certain contingencies are excluded from benefits”; fourth, “claims are adjusted for experience”; and fifth, “some contingencies are excluded from coverage altogether”.

Any private insurer that does not implement these five measures will be driven from the market by those that do or prove unviable irrespective of market dynamics. Whereas these measures prove relatively unproblematic in some private insurance offerings (for instance, motor vehicle and household insurance) they will result in the exclusion from protection of persons who are precariously employed (and with resulting intermittent incomes) and those with pre-existing medical conditions and disabilities. The voluntary nature of coverage also exposes families to the myopic behaviour of breadwinners, who may defer or avoid timeous insurance and contributions to retirement funds in favour of immediate consumption. When they need coverage, due to aging and the onset of serious medical conditions, insurers either charge prohibitive premiums or refuse coverage. An important social contingency generally not covered by private insurance is unemployment.

Social insurance, which can either operate through a public scheme or a regulated private market, seeks to address the sustainability problems of private insurance through enhanced approaches to pooling. These involve four adjustments to the provision of insurance not available to private markets (Van den Heever, 2021b: 72-73): first, “the voluntary features of private insurance are replaced with statutory mandates”; second, “cross-subsidies in the form of implicit income and risk transfers between households, are applied at the societal level”; third, “mandatory participation...enables coverage of instances where the probability of claiming is 100 per cent”; and fourth, “the scale of the insurance pool enables coverage of contingencies which involve connected (covariate) claims between individuals”.

Social insurance arrangements, to fulfil their mandate, also need to have an institutional framework that effectively supports efficient administration of revenue, benefits, members, and beneficiaries. Fragmented frameworks, often the result of piecemeal advancements in systems of social protection, undermine coherence between the branches of social protection and their modes of delivery (Van den Heever, 2021b).

Five important disadvantages result from fragmentation (Van den Heever, 2021b: 74-75): first, “policy coordination becomes very difficult due to the number of ministries involved”; second, “the limited scale of each ministry’s role

leads to underinvestment in policy determination”; third, “the social insurance agencies specialising in specific benefits fail to coordinate covered contingencies they have in common”; and fourth, “scale economies are lost with many small agencies with different administrative platforms for each”; and fifth, “balance sheets will be separate for each scheme or agency, which may narrow strategic considerations for benefit deepening”.

In summary, social insurance arrangements broaden the coverage opportunities for important social contingencies beyond what would be possible through private voluntary insurance, in particular ensuring that vulnerable persons are included. However, where social and private sector coverage has expanded on a piecemeal basis over time, institutional frameworks need to be adjusted to the relevant social protection mandates. Key features of the institutional framework include policy determination platforms (i.e., government departments) and an array of integrated and coordinated public organisations that regulate and administer social security benefits.

## Social insurance gaps in South Africa

### Benefits

Social insurance benefits are presently limited to unemployment insurance (and related benefits), compensation for occupational injuries and diseases, and third-party coverage of motor vehicle accidents. Retirement and related insurance benefits for death and disability are, however, provided exclusively in the private sector through occupational schemes of various forms and individually sold life insurance products.

Two strategic gaps have been identified in the provision of social insurance (Inter-departmental Task Team on Social Security, 2012). First, the existing public schemes are not aligned administratively, statutorily, or in terms of benefits offered. Second, no comprehensive framework exists to ensure that all income earners can access some form of contributory system of retirement and death and disability insurance.

While private forms of social security (pensions and related insurance) may appear adequate for income earners, access depends on an employment contract and a regular

income. If these disappear for any reason, protection either ceases or is severely compromised.

Increasingly precarious employment contracts coupled with frequent changes of employer mean that standard employee benefit arrangements offer an incomplete version of social security consistent with the expected coverage failures of private markets for contingencies covered by social security systems.

In summary, the strategic gaps in a contributory system of social security require first, that the existing public social insurance scheme benefits be aligned and streamlined, and second that a comprehensive framework for ensuring access to retirement, death, and disability coverage be established.

### Institutional framework

The institutional framework for social security in South Africa has been largely inherited from the pre-1994 era and its associated priorities. The system has evolved on a piecemeal basis without an over-riding set of social protection goals.

Weaknesses exist at two levels. First, key social security functions are distributed inconsistently across various government departments, systems are poorly managed, and supervision is not standardised and appears ineffective. These aspects, among others, complicate policymaking and policy coordination. Second, arising from the weak institutional framework, the array of government agencies and regulators suffer from performance failures due to, inter alia: poorly designed public entity governance arrangements; deep siloes and poor alignment in terms of contributions and entitlements; fragmented systems of contributor and beneficiary administration; and inefficient interfaces with the public, which reduce access to systems of support and benefits.

In summary, the institutional framework for social security requires modernisation to support the implementation of a more complete and better structured system of social protection. This requires addressing fragmentation in policymaking and execution and the delivery of social protection through public and private organisations and arrangements.

## Addressing the gaps - benefits

The absence of a comprehensive basic contributory social security tier is both an institutional and a benefit problem. Those who struggle to access basic contributory social protection require institutional arrangements that facilitate their access to low-cost insurance vehicles able to offer savings and risk benefits. Without closing the institutional gap, the feasibility of coverage for low- and middle-income households is difficult.

Addressing the benefit gap appears contingent on the implementation of a more complete three-tier social security system, with the first tier providing appropriate non-contributory protection (social assistance); a second tier offering basic contributory earnings-related benefits through public social insurance schemes and a third tier of regulated private coverage which also qualifies as a form of social insurance. The third tier permits higher-income earners to top up their tier two coverage.

The implementation of a comprehensive publicly delivered social insurance tier (tier two) is therefore principally a question of institutional reform, as the platforms need to be established before the benefits can be aligned, upgraded and added.

## Addressing the gaps - institutional framework

### Overview

A range of policy documents and reports on policy engagements on comprehensive social security reform have become public from 2009 (Department of Social Development, 2009, 2012; Inter-departmental task team on social security, 2012; Minister of Social Development, 2021; NEDLAC, 2018; Sorenson, 2019). Aspects of this framework have also been discussed by Van den Heever (2011, 2021a, 2022).

Based on these reports, an institutional framework for a system of comprehensive social security is divided into

five areas.<sup>25</sup> First, are the policymaking departments (policy platform) – which deal with how government is organised to address this as a specialised area. Second, are the organisations responsible for social security benefit administration (social security funds). Third are organisations with cross-cutting or transversal functions that support all or several of the social security funds (transversal functions). Fourth, are the ‘corporate governance’ arrangements for all public entities (public entity governance). Fifth, are arrangements implemented for continuous public engagement on social security matters to bridge the gap between policymakers and the served public (social security engagement).

### Policy platform

To address fragmentation in the development and execution of strategic social security policy, it is proposed that the functional responsibility for income-protection be consolidated into a single government department or social security department (SSD). Income protection<sup>26</sup> is understood to have two distinct elements: non-contributory income protection, which involves social transfers funded from general taxes transferred to income-compromised households; and contributory social protection, or social insurance, which involves benefit entitlements based on a contribution or premium.

There are also functions related to social security that fall outside the ambit of income protection. These include labour market regulation and labour activation measures; the regulation of private financial organisations, which include those that provide coverage for contingencies important to social protection, such as retirement provision and insurance for death and disability; social welfare services; and healthcare services.

It is argued that a degree of functional specialisation will enhance efficiencies (policy determination and execution) and coordination. Specialist departments can focus on what they do best, enabling them to perform their own functions better, while investing in capabilities to coordinate with related departments.

<sup>25</sup>To ensure easy reading, the framework is presented as a synthesis based on these reports, but without specific citations.

<sup>26</sup>Note the discussions on the definition of social security in the following reports: Department of Social Development, (2017); Department of Social Development, & Wits School of Governance; (2021).

A streamlined distribution of functions across government would therefore see the following changes. First, the DSD would transfer the functions for social assistance and social insurance to the DSS. The DSD would retain the functions associated with social services. Second, the DOEL, DOH and DOT would transfer functional responsibility for contributory social insurance schemes to the DSS. The DOEL would retain the functions for labour market regulation and activation. Third, the NT would retain their functional authority over the regulation of the financial market and tax policy, while sharing authority of social security-related regulation of private markets for retirement provision and insurance for death and disability.

In summary, the streamlined allocation of policymaking authority over the various aspects of social security is argued to reverse the fragmented platforms for strategic social security policy and thereby enhance their capabilities to make and execute the relevant policies.

## Social security funds

Consistent with the reorganisation of social security functions is a reorganisation of social security funds responsible for the existing contributory benefits (unemployment, illness, maternity, compensation for occupational injuries and diseases, and third-party insurance for motor vehicle accidents) and the addition of a new public fund for retirement, death, and disability coverage.

There are three parts to this reorganisation. The first involves the change in supervision for the funds. Consistent with the consolidation of policy functions, the various social insurance funds, formerly falling under the DEL, DOH and DOT would now fall under the DSS.<sup>27</sup> This realignment would ensure that the legislative powers for the various funds would now lie with a Minister of Social Security (MSS). The second involves the establishment of new funds to address the contributory coverage gaps in the areas of retirement, death, and disability. This has involved proposals for the establishment of a National Social Security Fund (NSSF) to administer these arrangements. A third part looks at the possible consolidation of social insurance arrangements into the proposed NSSF. Each specialist area of contributory coverage would then operate

as a division of the NSSF rather than as an autonomous organisation. The execution of this consolidation could be deferred until such time as the policy platform shifts have stabilised together with the relevant funds. While there are advantages to the amalgamation from a balance sheet and scale perspective, a key disadvantage is role overload – where the organisation's energies are dissipated owing to too many complicated functions. Retaining distinct organisations for specialised bundles of benefits may therefore still prove necessary.

In summary, the rationalisation of social insurance funds first moves the existing funds under the ambit of a more focused policymaking platform, the DSS. An additional fund, the NSSF, is then added to address coverage weaknesses in retirement, death, and disability. Over time, consideration can be given to an amalgamation of funds once the prior function shifts have stabilised. However, this could be examined on its merits at an appropriate future date.

## Transversal functions

There is a loss of scale for important support functions if they are vertically integrated into each social insurance fund. For this reason, proposals have been made for these functions to be arranged into specialised organisations that support all the funds and, in some cases, the comprehensive social security system. The outcomes of the NEDLAC engagements on comprehensive social security reform were supportive across all constituencies (NEDLAC, 2018).

There are six main transversal functions that have been proposed. First, revenue collection for social insurance would be through the South African Revenue services by way of a consolidated social security contribution. All existing and new contributions for social security would be consolidated into a single contribution, except where it makes sense to dedicate a revenue stream to a particular benefit entitlement. Second, a master social security registry would be established and operated as a dedicated public entity. This master registry would support all branches of the social security system and maintain information on all contributors, beneficiaries, and members of the population, on a real time basis. The social security

<sup>27</sup>For non-contributory social security, the South African Social Security Agency (SASSA) would also move from the DSD to the DSS.



funds would each maintain their own registries, backed up by the master registry. Third, to standardise and ensure fairness in the assessment of disability benefits for all parts of the social security system, including regulated private funders, a single public entity would manage all the assessments. This would ensure fair assessments which are considered independently of the funders, whether public or private. Fourth, to support a general system of complaints adjudication throughout the social security system, a single specialised social security adjudication system should be established. This system would replace existing complaints adjudication regimes dedicated to specific funds and benefit entitlements. This system would be able to operate at scale with a permanent staff of adjudicators and judges. Fifth, asset management for all social security fund reserves should be allocated to a public organisation that distributes to private asset managers on a transparent, fair, and equitable basis. Sixth, it has been proposed that the interface between all social security funds (whether non-contributory or contributory) and the general public be managed by a single public entity. This would allow for the implementation of 'one-stop-shop' walk-in centres and online interfaces for all social security benefits. This would greatly simplify the experience of members of the public in accessing and receiving advice. It would also allow, inter alia, for the integration of labour activation functions and unemployment social security benefits and Home Affairs document applications – as these could all be administered through a single public interface. In addition to the above, possible additional transversal functions noted in various reports include member and beneficiary administration and clearing house functions (particularly for retirement provision).

In summary, the six main transversal functions offer opportunities to streamline operations through accessing the efficiency advantages of scale and specialisation.

### Public entity governance

Social security funds and related organisations need to address two risks. First, such funds are gatekeepers of benefits and supervise and deploy significant resources.

They are therefore vulnerable to misconduct and corruption. Second, as social security organisations have an indefinite lifespan, incentives to perform, innovate, and be responsive to the public can be muted.

Public entity governance (the public sector equivalent of corporate governance) designs need to be tailored to the requirements of each social security public entity. This would include regulators, funds, and organisations responsible for transversal functions. Proposals to date have motivated for the establishment of independent supervisory boards for each public entity under consideration. These boards would need to comply with explicit fit-and-proper criteria and appoint and remove the relevant public entity chief executives. The nomination, appointment, and removal of board members should also avoid any possible contamination by political party membership.

## Discussion

Arising from the policy processes and research performed to date, social security reform is both about institution-building and benefit design. The former must be sufficiently capable to analyse social needs, identify interventions, and efficiently and effectively deliver the benefits. The existing system can only engage with policy in silos and execute through low capability organisations.

A reorganisation of the system of social insurance has two principal hurdles to overcome. The first is the function shift from existing departments to a new DSS. This is arguably the least contentious adjustment. The establishment of a publicly offered contributory tier for retirement, death, and disability coverage encroaches on private sector coverage – principally that offered through occupational retirement schemes of various types. This raises the important question as to whether basic earnings-related retirement, death, and disability coverage can be offered through enhanced regulation of private retirement arrangements rather than replacing a tier of coverage using a public scheme. The rationale for a second-tier retirement scheme is four-fold.



First, costs can be minimised through offering retirement benefits on a pay-as-you-go<sup>28</sup> basis, reducing the need for substantial reserves, which attracts costly asset management fees. The ability to operate with a partial reserve occurs because of the size of the risk pool – which includes all income earners, and not merely those employed by a single employer. Second, certain income-related subsidies can more easily be allocated in respect of a single public scheme than a proliferation of smaller employer-related and multi-employer schemes. These can take the form of a contribution subsidy and various subsidies for acceptable breaks in contributions (e.g., periods of unemployment for specified periods). Grandfathering approaches, where reasonable benefits can be offered in newly established retirement systems offered to those close to retirement at implementation.<sup>29</sup> Third, a second-tier retirement scheme provides a stable platform for the implementation of schemes aimed at the informal sector where contributions are voluntary and often interrupted. It also offers a stable platform for the implementation of schemes that operate in the private sector – as efficiency-inducing market makers. Examples include default retirement schemes and annuity providers.

In summary, in the absence of a streamlined institutional framework for contributory social security, many households who would be able to contribute to their own social protection will fall through the cracks, with many facing significant life-path reversals on the occurrence of typical life-cycle-related contingencies.

## Reform path

While the rationale for a complete framework for social insurance can be reasonably defended, the identification of a coherent reform path lies largely in the realm of reasoned speculation. Significant institutional reforms are context specific and influenced by local constraints and political dynamics – especially if there are significant trade-offs and implications for established stakeholders. Flowing from the analysis in this paper, however, the following

five sequential reform steps can be inferred.

1. Major changes to the benefit regimes are contingent on reforms to the institutional framework.
2. The first step in the institutional reform pathway is the consolidation of the platform of policy making. This requires the establishment of the DSS.
3. The DSS should oversee the transfer to itself of existing social security functions from other departments.
4. The DSS, in consultation with relevant departments, the private sector, and the public, should oversee the implementation of a new public scheme for retirement, death, and disability, together with public entities with important transversal functional responsibilities.
5. Together with the NT, the DSS should develop the enhanced regulatory framework for private retirement, death, and disability coverage.

## Conclusion

The implementation of a comprehensive system of social security is arguably a fundamental pillar in the de-segmentation of South African society. The slow pace of reform, however, can in part be attributed to the historical fragmentation of the institutional framework in South Africa. This has interrupted and complicated the processes of reform. The Apartheid period caused the first divergence from international trends, while the post-1994 period lacked the institutional history of an evolving system of values and associated institutions. To ensure a break with the past, therefore, a fundamental institutional reform is first needed to set a new path. As a first step, this will require the consolidation of functional responsibility for social security into a single specialised department. Thereafter, delivery organisations can be restructured. Only once the institutional framework has settled can enhanced benefits be considered. Incremental improvements in the existing siloes remain possible throughout and need not be foreclosed.

<sup>28</sup> This refers to schemes which largely fund current liabilities from current contribution revenue. This requires that a long-term equilibrium is maintained between the contribution rates and the benefits paid out. Achieving this balance without the need for anything more than a partial (or buffer) reserve has been addressed in scheme designs in countries such as Sweden, Poland and Canada.

<sup>29</sup> Grandfathering avoids the excessive accumulation of reserves in newly established pay-as-you-go schemes. In simple terms, it matures a newly implemented scheme faster.

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# 8. An Assessment of the Response of South Africa's Social Protection System to COVID-19: A Systems Approach

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## Introduction

The Coronavirus 19 (COVID-19) crisis exposed vulnerabilities in social protection systems worldwide, testing South Africa's system's resilience and adaptability. This chapter evaluates South Africa's social protection response using the Core Diagnostic Instrument (CODI) Framework, grounded in systems thinking, policy and programme evaluation, and public administration management science (ISPA, 2014). The holistic approach assesses the system's effectiveness during crises, recognising the importance of coordination in implementing social protection.

This chapter evaluates South Africa's social protection system's response to the pandemic using the CODI Framework, grounded in systems thinking within policy and programme evaluation, formulation, and public administration management science. By examining how South Africa's system performed under these extraordinary circumstances, valuable insights can be gained to help prepare for future challenges.

## Social protection systems

Social protection systems ensure vulnerable individuals are not left behind due to poverty, social exclusion, or vulnerability (ISPA, 2014). The COVID-19 crisis exposed vulnerabilities, emphasising the need for resilience and adaptability. A systems approach is necessary to evaluate the interconnected components and their overall effectiveness. Thus, evaluating outcomes in isolation may not accurately reflect its overall effectiveness.

To achieve this, the Inter-agency Social Protection Assessment (ISPA) and CODI's Performance Framework was utilised by the authors to assess South Africa's

social protection system (ISPA, 2014). Therefore, the purpose of this examination is not only to assess the effectiveness of the response but also to promote the implementation of the CODI framework as suggested by ISPA guidelines.

## Methodology

The underlying theoretical model for this analysis is a comprehensive framework combining social protection theory, systems theory in programme and policy evaluation, and public administration management science. This holistic approach allows for a thorough assessment of the system's effectiveness, particularly during crises. It establishes common definitions, assessment tools, and outcome metrics, enabling consistent evaluation across agencies and stakeholders. Integrating various theoretical approaches offers valuable insights to strengthen systems and improve readiness for future challenges.

The chapter uses ISPA's CODI Performance System Assessment Framework, specifically the sub-component focusing on social protection system assessment and benchmarking (ISPA, 2014). The framework captures important aspects of a social protection system, providing a standardised set of outcome metrics for measuring performance. The primary target audience includes policymakers, social practitioners, stakeholders, and partners at national and international levels.

The CODI framework, selected for its ability to capture important components of a social protection system and built on universally unified social protection definitions and tools, provides tangible evidence for policy debates and discussions, allowing for recommendations on fortifying South Africa's social protection system.

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The main objective of this assessment is to provide valuable information that key players can use to make informed decisions about the performance of South Africa's social protection system during future pandemics.

The review used the framework as an evaluative and analytical tool and applied unobtrusive research to operationalise the scoring of the 10 dimensions across 47 indicators. Appendix 1 shows the 10 dimensions of the CODI Social Protection System Assessment and Benchmarking Framework together with the description of the dimension and the number of sub-dimensions it subsumes.

The Performance Criteria, served as an evaluation rubric, the advantages being that it:

- Fosters standardisation and consistency by offering a structured approach to evaluating performance, (Reddy & Andrade, 2010);
- Enhancing objectivity by establishing clear evaluation benchmarks;
- Reduces biases and promotes evidence-based evaluations by giving a description of what the latent or advanced components of the system should ideally look like (Jonsson & Svingby, 2007):
- Facilitate transparent communication by clarifying expectations and standards for all stakeholders (Andrade, 2005); and
- Provide actionable feedback by specifying criteria and enabling guidance on strengths and improvement areas (Brookhart, 2008).

## Scoring System within the context of COVID-19

The COVID-19 pandemic highlighted the importance of robust and responsive social protection systems in mitigating socio-economic impacts. The CODI Frameworks Social Protection Progress Scale (ISPA, 2014) evaluates the progression of social protection systems during the

pandemic across 10 Performance Criteria and 47 sub-dimensions, ranging from 1 (Latent) to 4 (Advanced), with intermediary levels of 2 (Developing) and 3 (Progressive). [Details of the 47 sub dimensions and the related performance criteria can be found in the link below [https://socialprotection.org/sites/default/files/publications\\_files/CODI-English.pdf](https://socialprotection.org/sites/default/files/publications_files/CODI-English.pdf) (p 114-130)].

The criteria rates South Africa's performance based on actual evidence of its response to the crisis. Using Table 1 below as an example of how the assessment criteria was applied, consider the sub-dimension of gender equality, non-discrimination and special needs within the inclusiveness dimension. If evidence shows that South Africa's social protection programme struggled to adapt offering limited coverage and weak targeting mechanisms, the response in this sub-dimension would Score 1 (Latent). This might be reflected by the programmes failure to reach significant proportions of vulnerable populations due to insufficient resources.

A score of 2 (Developing) would indicate the response may have involved attempts to utilise existing programmes but targeting limitations may have excluded certain vulnerable groups. For example targeting based on outdated data or overly complex application process could hinder inclusivity.

Evidence for a more proactive response would include prioritising vulnerable groups with improved targeting mechanisms leading to a score of 3 (Progressive). This could include digital technologies, expanding inclusion criteria for specific vulnerable groups or introducing new programmes.

A score of 4 (Advanced) would be reflective of exceptional resilience and responsiveness. Robust crisis management mechanisms would have allowed for a swift and effective response.

By evaluating each sub-dimension using this framework and considering the supporting evidence we can gain a comprehensive understanding of South Africa's social protection programmes performance, particularly during the crisis.



**Table 1: Social Protection System Assessment Scoring Criteria Dimension 1: Inclusiveness: Example**

1. Inclusiveness: Refers to the system's capacity to protect all members of society along the life cycle with special consideration for the most vulnerable					
	Sub-dimension	Latent	Developing	Progressive	Advanced
		1	2	3	4
1	<b>Gender equality, non-discrimination, and special needs</b>	Gender equality, non-discrimination and special needs of vulnerable persons were not considered in the design and implementation of South Africa's social protection laws, policies, strategies and programme during the COVID-19 pandemic.	Only a few of South Africa's social protection programmes considered gender equality, non-discrimination and special needs of vulnerable persons in laws, policies, strategies and implementation during the COVID-19 pandemic.	Gender equality, non-discrimination, and special needs of vulnerable persons were taken into consideration in the design and implementation of some of South Africa's social protection programmes during the COVID-19 pandemic with legal provisions supporting a majority of the programmes.	Majority of South Africa's social protection programmes took into consideration gender, non-discrimination and special needs of vulnerable persons in the design and implementation, with comprehensive legal provisioning supporting all programmes.

Source: Adapted from ISPA, 2014

## Assessment of South Africa's social protection system's during systemic crises

During the pandemic, social protection systems across the globe were confronted with the enormous challenge of navigating emerging and swiftly changing issues. South Africa, with its distinctive socio-economic environment, was no exception. While the general CODI dimensions of a social protection system are thorough, adaptations were necessary to effectively tackle the specific challenges brought by the pandemic in the South African context. Tailoring the original CODI dimensions to evaluate South Africa's response to COVID-19 enables a more insightful analysis of the evidence. Instead of adding entirely new sub-dimensions, the focus was on modifying existing dimensions to assess how well the dimension performed during the COVID-19 crisis.

Taking the "inclusiveness" dimension as an example, the general sub-dimension of gender equality, non-discrimination, and special needs was modified to assess

whether social protection programmes addressed the specific needs and vulnerabilities of different genders, minority groups, and people with disabilities during the pandemic. For instance, this considered the extent to which there were access barriers for women to receive benefits or if assistance programmes catered to the specific needs of children with disabilities during school closures. The sub-dimension of effective coverage would analyse how effectively the social protection system reached the population segments most affected by the pandemic. This involved looking at the percentage of newly unemployed workers receiving unemployment benefits or the proportion of informal sector workers included in emergency relief programmes. Adapting the framework in this way promotes smoother execution of the assessment and wider acceptance among stakeholders.

In the following section refer to Appendix 1 which outlines the (ISPA) Social Protection Assessment System for a better understanding of the realised scores.

Due to space limitations only the most significant pieces of evidence are presented in this chapter.

## Inclusiveness

South Africa's social protection system during the pandemic should have ensured comprehensive and non-discriminatory coverage, extending protection to all citizens, including those in the informal economy and the most vulnerable groups. This would have entailed expanding programme accessibility by adapting eligibility criteria, streamlining application processes, and ensuring that information about available benefits and support was readily accessible, even for those with low literacy levels or limited access to technology.

### Sub-dimension 1: Gender equality, non-discrimination, and special needs

The analysis highlights some positive steps taken by South Africa's social protection system to address gender equality, non-discrimination, and special needs of vulnerable persons, but also identified gaps in the implementation. The Social Relief of Distress Grant (cSRD) initially excluded caregivers, predominantly women, refugees and asylum seekers until a court order extended the grant (World Bank, 2021; Khan & Kolabhai, 2021). The government added a Child Support Grant (CSG) Caregiver's Allowance, reaching over 7 million caregivers, but only for 5 months (Zembe-Mkabile et al., 2023). Challenges in reaching vulnerable groups, such as those in rural areas or with disabilities, were reported (Ncamane, 2022:822).

This sub-dimension scores a 3 as gender was considered in the design and implementation of some of South Africa's social protection programmes during the COVID-19 pandemic, with legal provisions supporting a majority of these programmes.

### Sub-dimension 2: Coverage: Non-contributory

The COVID-19 SRD reached over 6 million previously uncovered beneficiaries in its first iteration and had over 8.3 million approved applications in its second iteration as of October 2021 (Gronbach et al., 2022). As at February 2023 it had benefited over 8.2 million people (SASSA, 2023). However, coverage was limited, and many eligible individuals were excluded such as those living in rural areas and persons with disabilities (Noyoo, 2021).

Therefore, this sub-dimension scores a 3, acknowledging the system's significant effort in expanding coverage while also recognising the persistent gaps in reaching harder-to-reach and marginalised groups equitably during the crisis response.

### Sub-dimension 3: Coverage: Contributory

The COVID-19 pandemic significantly impacted the economically active population in South Africa, including informal sector workers. The Temporary Employer Relief Scheme (TERS) provided wage support to affected workers, but the number of TERS beneficiaries was only around 49% of those who lost their jobs (Bhorat et al., 2021). The TERS policy did not apply to the informal sector, which accounts for about 25% of employment in South Africa.

Therefore, this sub-dimension would score a 2. Reflecting the gaps in providing comprehensive support through contributory mechanisms which excluded informal sector workers.

### Sub-dimension 4: Effective coverage

South Africa's social protection response relied primarily on cash-based measures, reaching 32,6 million beneficiaries representing 54% of the population (SASSA, 2023). The expanded social grants, unemployment benefits, and employment creation initiatives targeted previously excluded groups. South Africa's response made it one of the most extensive and durable social protection responses to COVID-19 in the African continent (Gronbach et al., 2022; World Bank, 2021).

This sub-dimension scores a 3 as the roll out of social protection was amongst the highest across the African continent.

### Sub-dimension 5: Accessibility

Significant barriers emerged in accessing social protection programmes, including high transaction costs, administrative inefficiencies, and a lack of awareness among potential beneficiaries.

The enrolment process for social relief grants was hampered by difficulties and long waiting periods between application rounds. As of 30 June 2020, SASSA had

received just under 7.4 million applications for SRD grants, of which nearly 3 million applicants were rejected. SASSA acknowledged that it had utilised an outdated Unemployment Insurance Fund (UIF) database. It further noted that 85 per cent of the UIF cases, which were previously deemed not to qualify, did qualify (Ntwaagae, 2020), and importantly, it was evidently “demonstrating serious administrative ineptitude” (Rogan & Skinner, 2020:10). Mismanagement of allocated funds, fraud, and maladministration left intended beneficiaries in a state of destitution without any means to seek justice due to a lack of information, lengthy adjudication processes, exorbitant legal fees, and the absence of an independent system to evaluate social security claims (Ncamane, 2022). The suspension of the National School Nutrition Programme (NSNP) impacted 9.6 million children (Rogan & Skinner, 2020).

Therefore, this sub-dimension scores a 1.

### Overall score for inclusiveness

To compute the overall score for inclusiveness, we averaged the scores from the five sub-dimensions:  $(3 + 3 + 2 + 3 + 1) / 5 = 2.4$

The overall score for inclusiveness is 2.4, indicating that South Africa's social protection system during the COVID-19 pandemic had some considerations for inclusiveness, but there were significant gaps and limitations.

### Adequacy

The programmes and schemes within the system should provide regular and predictable benefits sufficient to meet the social protection needs of the population, ensuring income security, access to healthcare, and poverty reduction. During the COVID-19 pandemic it would have been expected that the benefits provided should have been sufficient to address the increased needs, such as loss of income and higher healthcare costs.

#### Sub-dimension 1: Benefit levels compared to social protection needs

South Africa's social protection system provided some regular and predictable benefits, but these were not adequate to address the population's social protection

needs. The impact of the cSRD grant was diluted due to the small grant amount and the fact that most recipients (70%) lived in households with four or more members (Department of Social Development, 2021). Despite the availability of social grants, a significant portion of the population continued to face food insecurity and hunger with 53% households reporting their households ran out of money for food and 18% had a child go hungry (Will et al., 2020; Van der Berg et al., 2021).

This sub-dimension attained a score of 2.

#### Sub-dimension 2: Benefit level compared to national benchmarks

The benefit levels across South Africa's social protection programmes appeared inadequate when compared to national benchmarks such as the poverty line and minimum wage. The cSRD grant amount of R350 per month fell significantly below the national food poverty line (R663 pppm), lower-bound (R945 pppm), and upper-bound poverty lines (R1,417 pppm) (Gronbach et al., 2022). The TERS also faced challenges in providing adequate support, with lower waged workers disproportionately affected as the payments were capped at a percentage of the employee's salary (Bhorat et al., 2021).

This sub-dimension received a score of 2.

#### Sub-dimension 3: Impact of benefits on economic activity

South Africa's social protection system demonstrated a moderate capacity to promote productive economic activity for those of working age during the pandemic. The TERS programme was instrumental in preserving employment, preventing approximately 2 million more job losses than observed (Bhorat et al., 2021). Köhler and Bhorat (2020) found that the SRD grant reached approximately 36% of households in the poorest income quintile, providing much-needed relief to vulnerable populations. However, a more targeted approach considering local market conditions and employers' specific needs was needed. The Economic Reconstruction and Recovery Programme (ERRP) has potential but has yet to show enduring results (Ncamane, 2023) with evidence suggesting that in 6 out of 10 major economic sectors were yet to reach their pre-2020 levels.

This sub-dimension performance outcome thus aligns with a score of 3 as the impact of benefits was significant on economic activity. However, the long-term economic impact of the pandemic and the effectiveness of these measures in promoting a sustainable recovery remains to be seen.

#### **Sub-dimension 4: Benefits compared to national/programme objectives**

The government implemented various social protection measures, with the primary objectives of providing income support, preserving jobs, and maintaining social stability during the pandemic. These interventions were broadly consistent with the government's overall goals of reducing poverty and inequality.

The TERS programme aimed to provide income support and prevent job losses, aligning with the objective of maintaining social stability and reducing poverty. The cSRD grant targeted individuals who were not covered by other social assistance programmes, particularly those in the informal sector. cSRD was predominantly used by recipients to purchase food, making a positive difference in their lives (Department of Social Development, 2021; World Bank, 2021). However, there were areas where the benefit levels were low compared to the poverty line and not all informal sector workers were reached. The SRD grant could have been more aligned with specific programme objectives.

This sub-dimension thus achieved a score of 3.

#### **Sub-dimension 5: Redistribution or poverty reduction effects**

The design of South Africa's social protection system achieved some distribution of resources in favour of selected groups, provided some protection against risks and vulnerability. Fiscal incidence analysis showed that additional spending on the Child Support Grant (CSG) and Old Age Pension (OAP) benefitted individuals in the poorest households which had a discernible impact on poverty alleviation (Kohler & Bhorat, 2020). TERS played a crucial role in reducing hunger and preventing job losses, while the cSRD provided temporary relief to unemployed individuals. The level of effort was progressive enough to give this sub-dimension a score of 3.

#### **Sub-dimension 6: Benefit provision and service delivery standards**

The country's social protection system exhibited defined benefit provision and service delivery standards for most programmes, but consistent enforcement was limited. Efforts were made to promote transparency and accountability in the distribution of certain benefits, such as the TERS fund (Bassier, 2023). However, the system faced challenges in extending financial support to certain groups, such as taxi drivers due to non-compliance with membership requirements (Wakelin-Theron & Ukpere, 2021; Melzer, 2020). Service delivery standards were not optimal, with reports of long queues and administrative challenges (Noyoo, 2021).

The benefit provision and service delivery standards were more progressive than advanced, leading to this sub-dimension achieving a score of 3.

#### **The overall score for adequacy**

The overall score for adequacy is 2.67, calculated by averaging the scores from the six sub-dimensions:  $(2 + 2 + 3 + 3 + 3 + 3) / 6 = 2.67$ .

South Africa's social protection system demonstrated some adequacy during the COVID-19 pandemic, but there were significant areas for improvement. Benefits and services were regular and predictable to some extent but often fell short in meeting needs. Benefit levels were low compared to national food and poverty line benchmarks, limiting their effectiveness. The impact on economic activity was adequate, but there was room for improvement. The system achieved some redistributory and poverty reduction effects, but enforcement was inconsistent.

#### **Appropriateness**

The system should be designed to effectively address the social protection needs of the population during the pandemic. This requires setting realistic targets and timeframes, considering financing and institutional capacities, and making policy decisions based on evidence. The response should be tailored to the specific challenges of the pandemic, focussing on short-term relief for immediate needs and long-term support to address the economic fallout.

Using the definition of appropriateness, and the criteria in the five sub-dimensions of appropriateness to critically assess the extent to which social protection system was appropriate during the COVID-19 pandemic.

### **Sub-dimension 1: Formulation of objectives, targets, and timeframes**

During the COVID-19 pandemic, South Africa's social protection system demonstrated a partially formulated set of objectives, targets, and timeframes, exhibiting a moderate level of preparedness and responsiveness to the evolving crisis. The two policy initiatives, the TERS and SRD grant incorporated some realistic targets and timeframes to address the immediate socio-economic impacts of the pandemic. The government demonstrated agility by revising the timeframes and extending the disbursement of benefits as the lockdown was extended.

This sub-dimensions performance was consistent with a score of 3.

### **Sub-dimension 2: Alignment of social protection policies/programmes/strategy**

The alignment of South Africa's social protection policies, programmes, and strategy with national needs during the pandemic was somewhat present. The government implemented measures such as food parcel distribution, social grant expansions, and the TERS to align the social protection response with evolving population needs. However, challenges persisted in reaching all vulnerable groups, indicating an incomplete alignment between policies and national needs. This translates to a score of 3.

### **Sub-dimension 3: Combination of schemes and programmes**

The mix of social protection programmes implemented by South Africa during the pandemic included a mix of pre-existing programmes and new interventions. These programmes demonstrated a balanced approach to addressing a significant portion of the population's social protection needs and socioeconomic realities. The government introduced initiatives such as the cSRD grant, topping up of existing grants, distributing food parcels, reintroducing school feeding programmes, and implementing the TERS and public employment schemes.

The mix of social protection programmes in South Africa during the pandemic was fairly balanced and addressed a significant portion of the social protection needs and socio-economic realities. The majority of functions were addressed; however, there was room for improvement in coverage and adequacy and achieved a score of 3.

### **Sub-dimension 4: Composition of expenditure**

The composition of expenditures in South Africa's social protection system during the pandemic partially reflected the population's needs. Significant expenditure was dedicated to the SRD grant, with a total expenditure of over R20 billion during its first 12-month iteration (Gronbach et al., 2022) and a budget of R26.7 billion for the second iteration (Department of Social Development, 2021; World Bank, 2021). The government also set aside R40 billion for COVID-19 TERS, but the UIF ended up disbursing R64 billion, surpassing its initial budget projections (DoEL, 2022).

A score of 3 is indicated for this sub-dimension.

### **Sub-dimension 5: Evidence-based policy and programme design**

South Africa's social protection policies and programmes during the pandemic were designed based on evidence, including risks and vulnerability analysis, social protection needs, and gaps assessments. The government utilised available data and research to inform the design and implementation of interventions. The use of evidence in programme design has been driven by the National Evaluation Framework and the National Evaluation Plan.

This sub-dimension achieved a score of 3.

### **Overall score for appropriateness**

The overall score for appropriateness is 3, calculated by summing up the scores from each of the five sub-dimensions and dividing by the total number of sub-dimensions:  $(3 + 3 + 3 + 3 + 3) / 5 = 3$ .

South Africa's social protection system demonstrated a moderate level of appropriateness during the COVID-19 pandemic.



## Respect for rights and dignity

The system should be guided by national laws and regulations that outline entitlements to benefits, protect individual rights, and ensure dignity. It should also have mechanisms in place to handle complaints and appeals, protect private information, and avoid humiliation of beneficiaries. Ensuring that the delivery of benefits during the pandemic respected the dignity of recipients, with clear communication about entitlements and rights. This also includes safeguarding personal data, especially in the context of health-related information.

To assess the extent to which South Africa's social protection system was respectful of rights and dignity during the COVID-19 pandemic, we will analyse each sub-dimension of respect for rights and dignity and score them on a scale of 1 to 4.

### Sub-dimension 1: Entitlements anchored in law

In South Africa, social protection entitlements are legally codified for some schemes, as enshrined in the country's constitution, which recognises social security as a basic right (Section 27(2)). However, there were gaps and inconsistencies in the legal framework governing different social protection programmes. Initially, the exclusion of asylum seekers, refugees, and special permit holders compromised this constitutional right, which was later redressed in a June 2020 court order (Gronbach et al., 2022; Khan & Kolabhai, 2021). Established schemes like the UIF have their qualifying conditions and benefit levels prescribed by law, but not all programmes have their entitlements explicitly prescribed by law. The cSRD grant was provisioned initially under the Disaster Management Act and only in its third iteration the cSRD was shifted back, initially it did not have a comprehensive legal framework, leading to the exclusion of informal sector workers, migrants, and refugees.

Consequently, this sub-dimension can be scored as 2.

### Sub-dimension 2: Enforcement mechanisms: public authority, complaint and appeal mechanisms, and public awareness

Enforcement mechanisms in South Africa's social protection system are partially in place. Public authorities, such as the Department of Social Development and the UIF, are responsible for implementing and overseeing social protection programmes. However, the enforcement mechanisms, including the complaint and appeal processes, are not always efficient and accessible. The COVID-19 crisis exposed weaknesses in South Africa's social security system, including a deeply fragmented and poorly governed structure (Van den Heever, 2022). The Auditor-General's report revealed delays in processing compensation due to inadequate internal control measures, and fraud and corruption plagued the TERS (Ncamane, 2022).

Given these enforcement and governance challenges, this sub-dimension can be scored as 3.

### Sub-dimension 3: Respect for dignity and human rights

The benefit design and delivery mechanisms of some programmes in South Africa reflect respect for human rights standards and principles. South Africa's constitution enshrines social security as a basic right (Section 27(2)), and the SRD grants expanded access to social assistance for millions of previously excluded citizens (Gronbach et al., 2022; World Bank, 2021). However, there were instances where the implementation of social protection programmes fell short of upholding the dignity and human rights of beneficiaries, such as the initial exclusion of certain groups and the short duration of the Child Support Grant Caregiver's Allowance (Zembe-Mkabile et al., 2023). Additionally, long queues and administrative challenges faced by beneficiaries when accessing grants could be deemed dehumanising.

Therefore, this sub-dimension aligns with a score of 3.

#### Sub-dimension 4: Confidentiality of private information

There are mechanisms in place for most programmes in South Africa that sufficiently protect private individual information. The Department of Social Development and the South African Social Security Agency have protocols and systems to ensure the confidentiality of beneficiary information. However, instances of data breaches and leaks such as the Postbank databreach, highlight the need for continuous improvement (Gronbach, 2020). Therefore, we can score this sub-dimension as 3.

#### Overall score for respect for rights and dignity

The overall score for respect for rights and dignity is 2.75, calculated by averaging the scores from each of the four sub-dimensions:  $(2 + 3 + 3 + 3) / 4 = 2.75$ . South Africa's social protection system during the COVID-19 pandemic demonstrated some level of respect for rights and dignity, but there are areas for improvement in ensuring efficient and accessible complaint and appeal mechanisms, public awareness of entitlements, and the design and delivery mechanisms of programmes.

#### Governance and institutional capacity

The system should have clear rules, regulations, and reporting mechanisms that define the roles and responsibilities of stakeholders. It should promote stakeholder participation, have transparent financial and delivery systems, and possess sufficient institutional capacity to effectively administer the programmes. Strengthening the capacity of institutions to handle the increased demand for social protection, ensuring transparency and accountability in the distribution of benefits, and actively involving stakeholders in decision-making processes.

To critically assess the extent to which South Africa's social protection system had on good governance and institutional capacity during the COVID-19 pandemic, we will evaluate each sub-dimension of governance and institutional capacity using the provided criteria.

#### Sub-dimension 1: Reporting mechanisms, roles, and responsibilities anchored in law

South Africa has a legal framework that outlines reporting mechanisms, roles, and responsibilities within the social protection system for some programmes. The Social Assistance Act of 2004 delineates the roles and responsibilities of SASSA in administering social assistance programmes. However, the introduction of new programmes, such as the cSRD grant, presented challenges in that it was introduced through temporary regulations, which may have contributed to some ambiguity in terms of institutional roles and accountability (Bhorat & Köhler, 2020). Departments with social protection responsibilities and associated agencies appear to operate in silos, "with a well-entrenched inability to coordinate and integrate responses with related public services and economic actors" (Van den Heever, 2022: 5). The AGSA reported that some key indicators related to the cSRD grant were not clearly defined, leading to inconsistencies in reporting and monitoring (AGSA, 2021).

This sub-dimension scored a 3, recognising that SA has a legal framework that mentions and provides some specifications for reporting mechanisms, roles, and responsibilities. However, there have been instances where the roles and responsibilities were not clearly defined, leading to confusion and delays in the distribution of benefits during the pandemic.

#### Sub-dimension 2: Programme implementation guidelines/operational manuals state reporting mechanisms, roles, and responsibilities

While some programmes within the social protection system have implementation guidelines and operational manuals that define reporting mechanisms, roles, and responsibilities, this is not consistent across all programmes. The World Bank noted that South Africa grappled with aspects such as recourse and payment mechanisms during the pandemic response (World Bank, 2021). The lack of interoperability between SASSA and UIF databases and outdated information resulted in numerous wrongful rejections of applicants initially (Gronbach et al., 2022). Since more still needs to be done in this sub-dimension, South Africa scored a 2.

### Sub-dimension 3: Enforcement mechanisms

South Africa has enforcement mechanisms in place to ensure compliance with programme rules and minimise error and fraud for most programmes within the social protection system. However, several reported cases of fraud, totalling approximately R1 billion, involved funds being paid to individuals who did not qualify for the TERS (Ncamane, 2022). The pandemic response also exposed limitations in coordination across government agencies and databases (World Bank, 2021). Despite the existing enforcement mechanisms, more robust measures are required to effectively enforce programme rules, errors, and misappropriation of funds.

Consequently, a score of 3 is appropriate for this sub-dimension.

### Sub-dimension 4: Institutional supervisory capacity

South Africa faces significant limitations in institutional capacity, including inadequate staffing, equipment, and financial resources, to effectively carry out or supervise tasks related to policy and programme design, implementation, and monitoring within the social protection system. Van den Heever (2022) highlighted the lack of adequate and independent supervision over both the UIF and Compensation Fund, which are effectively departmental structures within the government. Furthermore, the absence of a registry of households and their socioeconomic situation hinders the ability to design and implement targeted and effective social protection programmes. These capacity and data limitations do not reflect a progressive and robust social protection system.

Consequently, South Africa scores a 2 in this sub-dimension.

### Sub-dimension 5: Staff implementation capacity

While some social protection programmes in South Africa have an adequate number of programme staff, and many of them are adequately trained to carry out their respective tasks, this is not consistently the case across all programmes within the system. During levels 4 and

5 of the hard lockdowns, the SASSA operated with less than a third of its staff despite most of its operations being digitised, leading to significant challenges (GroundUp, 2020). The UIF offices were closed, and all operations were moved online, disadvantaging farm workers and domestic workers in accessing these services (PMG, 2020). While South Africa's social protection response during the pandemic was progressive in some respects, the identified challenges in staff implementation capacity and accessibility for vulnerable groups indicate that more needs to be done.

Consequently, this sub-dimension receives a score of 2.

### Sub-dimension 6: Stakeholder participation

South Africa has established structures and processes to facilitate the participation of relevant stakeholders in the design, implementation, and monitoring of social protection programmes. However, there is room for improvement in ensuring the participation of all relevant stakeholders, especially during the pandemic when decisions regarding programme adjustments and distribution were made. Limited information is available about the nature and extent to which stakeholders concerned with social protection measures were adequately consulted and involved in the decision-making processes.

Based on the foregoing discussion, this sub-dimension receives a score of 2.

### Overall score for governance and institutional capacity

The overall score for governance and institutional capacity is 2.33, calculated by averaging the scores across all six sub-dimensions:  $(3 + 2 + 3 + 2 + 2 + 2) / 6 = 2.33$ .

South Africa's social protection system demonstrated moderate governance and institutional capacity during the COVID-19 pandemic. While there were some strengths, such as a legal framework specifying reporting mechanisms and roles/responsibilities, there were areas of weakness, including limited implementation guidelines, enforcement mechanisms, and institutional supervisory capacity.

## Financial and fiscal sustainability

The system's financial resources should be aligned with programme outcomes, demographic patterns, and economic development. Contributions should be based on beneficiaries' capacity to contribute, and budgets should be executed as planned to ensure full implementation and monitoring of social protection schemes. Ensuring that the increased spending on social protection in response to COVID-19 is sustainable, with a clear plan for funding these initiatives without compromising long-term fiscal health.

We used the criteria in the six sub-dimensions of financial and fiscal sustainability to critically assess the extent to which SA's social protection system had good financial & fiscal sustainability during the COVID-19 pandemic.

### Sub-dimension 1: Domestic or external financing

South Africa's social protection system during the COVID-19 pandemic relied to some extent on external funding. Financial support from international organisations and foreign governments was leveraged to implement social protection measures. The International Monetary Fund provided R4.3 billion in emergency support, while the World Bank provided over R400 million in loans (IMF, 2020; World Bank, 2022). The government's COVID-19 measures, which were announced, totalled R500 billion (10.3% of GDP). The government reprioritised internal resources through budget reallocations to cover the rest of the expenditure. Although fiscal support was made available rapidly and comprehensively, the implications of this fiscal spending may further compromise South Africa's already precarious debt sustainability.

Therefore, the score for this sub-dimension would be 3.

### Sub-dimension 2: Contributory capacity considered in financing arrangements

The social protection budget in South Africa did not fully align with the financing or contributory capacity of the beneficiaries. Social contributions as a proportion of total revenue have been relatively modest, accounting for approximately 1.25% of total revenue in 2021 (World Bank 2022). Other revenue streams, such as personal income tax, corporate income tax, and value-added tax (VAT),

also contribute to funding social programmes.

Therefore, the score for this sub-dimension would be 1.

### Sub-dimension 3: Alignment of budget allocation with policy priorities

During the pandemic the South African Government made efforts to align budget allocations with policy priorities in the social protection sector. The government introduced a ZAR 500 billion stimulus package, which included a significant allocation for social assistance programmes (National Treasury, 2020).

However, there were some concerns about the sufficiency and sustainability of these budget allocations. The allocation of the social protection budget in South Africa during the pandemic was not fully aligned with priority programmes targeting vulnerable populations, most of whom are not contributors to formal social protection insurance measures. While some programmes received adequate funding, others were neglected or received insufficient funds. South Africa's fiscal capacity limited its ability to be more expansive in this response.

Therefore, the score for this sub-dimension would be 2 as the allocation of the social protection budget during the pandemic was not fully aligned with priority programmes.

### Sub-dimension 4: Long-term budget planning in line with demographic developments

The budget planning processes in South Africa rely on a medium-term expenditure framework. The long-term financial commitments for social protection in South Africa are partially addressed in the legal framework and social protection strategy. The National Development Plan 2030 (NPC, 2012), which serves as a long-term strategic framework, acknowledges the importance of social protection but does not provide detailed financial projections or commitments. The introduction of the Presidential Youth Employment Initiative (PYEI) reflects a focus on addressing the youth unemployment crisis with approximately 800 000 young people provided work opportunities in the first year and continued funding provided in subsequent years. However, there was a lack of comprehensive planning and budgeting for social

protection programmes based on different scenarios, largely informed by South Africa's strained fiscal context pre-COVID-19 (National Treasury, 2024).

Therefore, the score for this sub-dimension would be 3 as there were some provisions for long-term commitments but they were not fully comprehensive.

### **Sub-dimension 5: Long-term financial commitments considered in legal framework and social protection strategy**

The long-term vision of social protection and related financial commitments were partially addressed in the legal framework and social protection responses of South Africa for example the Social Assistance Act of 2004 provides a legal basis for the provision of social grants. There have been some provisions for long-term commitments, such as the continuation of the cSRD R350 grant. However, the specific financial commitments and sustainability measures are not comprehensively outlined in the legal framework.

Therefore, the score for this sub-dimension would be 3 as there were some provisions for long-term commitments but they were not fully comprehensive.

### **Sub-dimension 6: Reliability and progressivity of social protection financing**

The country's social protection system is primarily funded through general tax revenues, which are sensitive to economic fluctuations (Woolard et al., 2020). The economic downturn caused by the pandemic put pressure on government revenues affecting the reliability of funding for social protection programmes.

With respect to progressivity, South Africa's social protection system has some progressive elements, such as means-tested social grants that target low-income households. However, the pandemic exposed gaps in coverage particularly for informal sector workers and those who were not previously enrolled in social assistance programmes (Bassier et al., 2021).

Prior to COVID-19, South Africa's social wage accounted for 60% of government spending. There was a lapse in the delivery of cSRD for a few months after its initial introduction and delays in the implementation of newer programmes. Therefore this sub-dimension achieved a score of 3.

## **Overall score for financial and fiscal sustainability**

The overall score for financial and fiscal sustainability is 2.33, calculated by summing up the scores for each sub-dimension and dividing by the number of sub-dimensions:  $(1 + 1 + 2 + 2 + 3 + 3) / 6 = 2.33$  as the allocation of the social protection budget during the pandemic was not fully aligned with priority programmes.

This indicates that South Africa's social protection system had a moderate level of financial and fiscal sustainability during the COVID-19 pandemic, with significant gaps and areas for improvement.

## **Coherence and integration**

Social protection policies should be balanced with other related policies and aligned to complement existing programmes. Institutional arrangements should promote coordination and minimise fragmentation, overlaps, and duplication. Aligning COVID-19 response measures with existing social and economic policies and ensuring that new initiatives complement rather than duplicate existing programmes was critical.

Using the definition of coherence and integration, the five sub-dimensions of coherence and integration were critically assessed to determine the extent to which South Africa's (SA) social protection system was coherent and integrated during the COVID-19 pandemic.

### **Sub-dimension 1: Complementarity of social protection policies/degree of duplication and overlap**

During the COVID-19 pandemic, South Africa's social protection system displayed some complementarity of policies and programmes within individual agencies, but there was minimal synchronisation across agencies. The government implemented various measures, such as the COVID-19 SRD Grant and the TERS. However, there were instances of duplications and inefficiencies, with some individuals receiving multiple forms of support while others were left without any. Beneficiaries of the cRD grant were found to be receiving other forms of support, such as the UIF benefits (Bhorat et al., 2020).



Therefore, the score for this sub-dimension can be 3 as the social protection system showed some degree of synchronicity of policies and programmes within agencies.

### **Sub-dimension 2: Institutional framework to ensure coordination**

South Africa had established reasonable legal provisions, institutional arrangements, and frameworks to facilitate coordination, integration, and complementarity across some social protection programmes. The Department of Social Development, Department of Employment and Labour, and other institutions played crucial roles. However, there were limitations in coordination and integration across all departments and initiatives, leading to delays and discrepancies in support provision.

This sub-dimension is scored at 3.

### **Sub-dimension 3: Integration of programme implementation**

Most social protection programmes in South Africa shared common delivery systems, allowing for information sharing and validation across many programmes. However, not all programmes had fully integrated implementation processes. The cSRD grant had its own application and verification process, separate from other existing programmes, which required screening of applicants across seven government databases (Rogan & Skinner, 2020). Efforts were made to align policies and programmes, but there were still instances of duplication, inefficiencies, and gaps in reaching all vulnerable groups effectively (Noyoo, 2021).

This sub-dimension is scored as 3.

### **Sub-dimension 4: Possibility of integrated analysis of social protection financing**

South Africa's social protection system has some mechanisms in place that allow for integrated analysis of social protection financing including the National Treasury

budget reviews and expenditure reports that provide an overview of social protection spending across different programmes and departments (National Treasury, 2020).

The classification of budget expenditures and revenues within South Africa's social protection system allowed for a certain level of integrated analysis of social protection expenditures and financing across many functions. The government allocated additional funds for COVID-19 relief measures, and mechanisms were put in place to track and analyse expenditures and financing. However, there is still scope for improvement in capturing and comprehensively analysing all social protection expenditures and financing. The AGSA reported that the lack of a centralised database for beneficiaries of the various social protection programmes hindered the ability to conduct a full analysis of spending and identify potential areas of duplication (AGSA, 2021).

This sub-dimension is scored as 3 as the social protection system allows for some integrated analysis of social protection expenditures and financing across the majority of programmes.

### **Sub-dimension 5: Coherence with other policy areas**

South Africa had mechanisms and procedures in place to promote coherence between social protection and some other sectors, and these were applied in some circumstances. Collaborations between the Department of Social Development and the Department of Health were formed to provide healthcare services to vulnerable populations. However, there were gaps in ensuring coherence with all relevant sectors. The South African Law Commission noted the lack of coherence regarding maternity and paternity benefits for informal sector workers in accessing UIF benefits and social assistance benefits (SALC, 2023). This sub-dimension receives a score of 3.

## Overall score for coherence and integration

The overall score for Coherence & Integration is 3, calculated by summing up the scores from each sub-dimension and dividing by the five sub-dimensions assessed:  $(3 + 3 + 3 + 3 + 3) / 5 = 3$ .

This indicates that South Africa's social protection system had a reasonably coherent and integrated response during the COVID-19 pandemic, with areas for improvement in reducing duplications and inefficiencies, enhancing coordination across all programmes, fully integrating programme implementation, conducting a comprehensive analysis of social protection financing, and ensuring coherence with all relevant sectors.

## Responsiveness

The system should be flexible and able to adapt to changing social protection needs during the pandemic. This requires regular monitoring, evaluation, and communication of adjustments or changes to the system, as well as the creation of contingency funds to respond rapidly to emergencies or crises. Having mechanisms in place for the social protection system to quickly adapt to changing needs and circumstances caused by the pandemic, including the ability to scale up or introduce new programmes as needed.

Using the definition of Responsiveness, we used the criteria in the five sub-dimensions of Responsiveness to critically assess the extent to which SA's social protection system was responsive during the COVID-19 pandemic.

### Sub-dimension 1: Responsiveness of budget and implementation mechanisms

During the COVID-19 pandemic, South Africa's social protection system demonstrated a degree of responsiveness in terms of budget and implementation mechanisms. The government allocated additional funds to support vulnerable populations and implemented various social assistance programmes, such as the cSRD grant and the TERS programme. However, the responsiveness was not uniformly evident across all programmes, creating gaps in the system's ability to effectively respond to the needs of all vulnerable groups.

This sub-dimension achieved a score of 3.

### Sub-dimension 2: Availability, quality, and timeliness of data on trends and social protection programmes

The availability, quality, and timeliness of data on social protection trends and programmes in South Africa faced challenges during the pandemic. DSD reported delays in receiving data from various agencies, affecting its ability to monitor and respond to emerging needs effectively (DSD, 2020). Several data sources were generated during and after COVID-19, including the National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) and surveys by the Human Sciences Research Council/ University of Johannesburg. The NIDS-CRAM study, undertaken in partnership with the Department of Policy, Monitoring and Evaluation (DPME), provided nationally representative panel data on various indicators. While these data sources have the potential to inform policy design, programming, and implementation, it is not possible to comprehensively assess their contribution. The historical challenges in evidence uptake suggest that while generating evidence is important, enhancing evidence uptake in public programmes is equally crucial.

Consequently this sub-dimension achieved a score of 2, as availability and quality of data was limited hindering effective decision-making.

### Sub-dimension 3: Information dissemination mechanisms

South Africa had some capacity for information dissemination, outreach, and awareness raising during the pandemic, including for short-term and emergency changes. The government utilised various communication channels to inform the public about changes in programme implementation and eligibility criteria. However, there were challenges in reaching all relevant parties, especially those in remote or marginalised communities. A pandemic-ready dissemination system is needed.

A score of 3 was achieved for this sub-dimension.

### Sub-dimension 4: Mechanisms for parametric adjustments

South Africa's social protection programmes lacked a well-functioning mechanism for parametric adjustments during the COVID-19 pandemic. While there were some mechanisms in place, they were not consistently applied in practice. The eligibility criteria and benefit levels of existing social assistance programmes were not adequately adjusted to address the increased needs and changing circumstances caused by the pandemic.

A score of 2 was achieved for this sub-dimension because South Africa's social protection programmes lacked a well-functioning mechanism for parametric adjustments during the COVID-19 pandemic. While there were some mechanisms in place, they were not consistently applied in practice. The eligibility criteria and benefit levels of existing social assistance programmes were not adequately adjusted to address the increased needs and changing circumstances caused by the pandemic.

### Sub-dimension 5: Coverage of emergency response operations in practice

The coverage of emergency response operations in South Africa's social protection system during the COVID-19 pandemic was relatively good, but not without delays. The government implemented various relief programmes to support those affected by the pandemic. However, there were challenges in reaching all affected individuals in a timely manner, especially in remote or underserved areas.

This sub-dimension consequently scores a 3.

### Overall score for responsiveness

The overall score for Responsiveness is 2.6, calculated by summing up the scores from each of the five sub-dimension and dividing by the five sub-dimensions assessed:  $(3 + 2 + 3 + 2 + 3) / 5 = 2.6$ .

South Africa's social protection system demonstrated a moderate level of responsiveness during the COVID-19 pandemic. While there were some positive aspects, there were also significant shortcomings. The system lacked efficient budget and implementation mechanisms, timely and comprehensive data, consistent parametric adjustments, and timely coverage of emergency response operations.

### Cost-effectiveness

The system should have efficient delivery systems that minimise resource requirements and reduce costs for beneficiaries to access social protection programmes. It should be both efficient in terms of service delivery and effective in achieving desired outcomes. Ensuring that the resources devoted to COVID-19-related social protection are used efficiently, achieving the maximum possible impact for the investment made. This dimension had only one sub-dimension.

The cost of programme delivery raised concerns about efficiencies with some programmes having high administrative costs such as the cSRD with 15-20% of costs being administrative (Bhorat et al., 2020). This is evident in the case of the cSRD Grant, where the administrative costs and delays in processing applications resulted in a slow and inefficient delivery of benefits. Many eligible individuals had to wait for months before receiving the grant, which reduced the overall cost-effectiveness of the programme.

Furthermore, the delivery cost varied across different programmes within the social protection system. While some programmes had relatively low benefit/cost ratios, indicating a moderate level of cost-effectiveness, many programmes suffered from high delivery costs and low benefit/cost ratios. This indicates that the system overall was costly and ineffective in delivering the intended impact.

In contrast, TERS and UIF were found to be relatively more cost-effective in terms of programme delivery (Bhorat et al., 2020).

Based on these observations, we would score the sub-dimension of cost of programme delivery for South Africa's social protection system during the COVID-19 pandemic as 2 (delivery cost varies by programme, but most programmes have a relatively low benefit/cost ratio, making the system overall costly and ineffective). The high delivery costs and inefficiencies in programme implementation hindered the system's ability to achieve the desired impact in a cost-effective manner.

## Incentive compatibility

Programmes should be designed to create incentives for individuals to work, save, and participate in risk-pooling arrangements. This includes incentivising employers to register workers and pay required contributions, tax authorities to collect contributions, and service providers to enrol eligible beneficiaries and provide quality services. The overall balance of changes in behaviour should be positive and encourage participation in the system. Designing COVID-19 response measures in a way that encourages positive behaviours, such as compliance with public health guidelines, while avoiding creating disincentives for work or other productive activities.

Using the definition of Incentive Compatibility, we used the criteria in the four sub-dimensions to critically assess the extent to which South Africa's (SA) social protection system had good incentive compatibility during the COVID-19 pandemic.

### Sub-dimension 1: Consideration of incentives in programme design

During the COVID-19 pandemic, South Africa's social protection system made efforts to consider incentives in programme design. The Temporary Employer/Employee Relief Scheme (TERS) aimed to incentivise employers to retain employees and prevent layoffs by providing wage subsidies (DoEL, 2020). However, shortcomings such as delays in disbursing funds could have been better addressed to enhance incentive compatibility. While progressive, the consideration of incentives was not as progressive as it could be.

This sub-dimension consequently achieved a score of 3.

### Sub-dimension 2: Incentives for persons covered

Programmes like the cSRD Grant provided temporary financial assistance, but limitations in eligibility criteria and coverage excluded many vulnerable individuals, such as informal workers or those in the gig economy, creating disincentives for them to participate in formal social protection schemes (Vanleeuw et al., 2022). Insufficient financial support could also discourage individuals from actively seeking employment.

The incentives for beneficiaries to work, save, or participate in risk-pooling arrangements were mixed during the pandemic in South Africa, leading to a score of 2.

### Sub-dimension 3: Incentives for employers

There were reasonable incentives for employers to register their workers with social security programmes during the pandemic in South Africa (DoEL, 2020). The Employment Tax Incentive (ETI) aimed to reduce the cost of employment and stimulate job creation by providing tax subsidies for employers with low-income employees. The Emergency Tax Relief Measures and the expanded ETI in July 2021 further incentivised employers to formalise their workforce and contribute to the social protection system (SARS, 2021). However, challenges in ensuring widespread compliance, particularly among small and informal businesses were experienced.

This sub-dimension is scored a 3.

### Sub-dimension 4: Incentives for scheme administrators

There were insufficient incentives for scheme administrators to enrol eligible beneficiaries and increase programme take-up during the pandemic in South Africa. The high demand and urgency strained the administrative capacity of social protection agencies, leading to delays and inefficiencies in the enrolment process. Many eligible individuals, especially vulnerable groups such as those living with TB, faced difficulties accessing benefits (Vanleeuw et al., 2022). The lack of strong incentives for scheme administrators to improve programme take-up resulted in missed opportunities to provide timely support.

Consequently this sub-dimension achieved a score of 2.

### Overall score for incentive compatibility

The overall score for incentive compatibility is 2.5 calculated by summing up the scores from each sub-dimension and dividing by the four sub-dimensions assessed:  $(3 + 2 + 3 + 2) / 4 = 2.5$

The overall score of 2.5 indicates that South Africa's social protection system had moderate incentive compatibility during the COVID-19 pandemic. While efforts were made

to consider incentives in programme design and provide reasonable incentives for employers, there were shortcomings in incentives for persons covered and scheme administrators.

## Average assessment

The foregoing assessment examined the response of South Africa's social protection system to the COVID-19 pandemic across ten key dimensions. Table 3 displays the average scores of each dimension and its sub-dimensions. It also indicates that when evaluated across all 10 dimensions, South Africa's Social Protection system received an overall score of 2.56 on the Social Protection Progress Scale.

**Table 2: Overall assessment**

#	Dimension Of Assessment	Description	No. of indicators	Score
1	Inclusiveness	The system's capacity to protect all members of society along the life cycle with special consideration for the most vulnerable	5	2.40
2	Adequacy	The sufficiency of the system's benefit levels	6	2.67
3	Appropriateness	The system's overall arrangements to respond to national context and needs	5	3.00
4	Respect For Rights and Dignity	Refers to social protection entitlements and implementation arrangements being anchored in law	4	2.75
5	Governance and Institutional Capacity	Assesses the system's rules, regulations, roles, responsibilities, and related implementation capacities	6	2.33
6	Financial and Fiscal Sustainability	The system's financial and fiscal sustainability	6	2.33
7	Coherence and Integration	Refers to the alignment and coherence of the system across its policies, programmes, and administrative structures, as well as coherence with related policy areas	5	3.00
8	Responsiveness	The system's M&E framework and flexibility to adjust/adapt in response to socio-economic crises	5	2.60
9	Cost-Effectiveness	Cost effectiveness both for those financing and for those benefiting from a programme (apply only if evidence exists)	1	2.00
10	Incentive Compatibility	Ensuring that the system's programmes don't generate distortionary effects (apply only if evidence exists)	4	2.50
	<b>Average Score</b>		<b>47</b>	<b>2.56</b>

Source: Authors

The ***inclusiveness score of 2.40*** highlights significant gaps in addressing non-discrimination and gender equality, underscoring the need for more equitable and targeted strategies to reach and support the most vulnerable, especially those in the informal economy.

With an ***adequacy score of 2.67***, the system shows a commendable contribution to poverty reduction and income security. Nonetheless, there is an evident

necessity to enhance the regularity and predictability of benefits to fully meet the population's social protection needs.

The ***appropriateness score of 3*** scoring the highest suggests that while the country has set clear targets and timeframes, the use of evidence in policymaking requires strengthening to effectively address the evolving needs of its people.



The **respect for rights and dignity, scoring 2.75**, indicates alignment with human rights standards, yet there is room to improve complaint and appeal procedures and the protection of personal information in administrative systems.

The **governance and institutional capacity score of 2.33 points** to the need for bolstered governance, enhanced stakeholder participation, and stronger systems to minimise errors and mismanagement.

**Financial and fiscal sustainability, at a score of 2.33**, signals challenges in aligning financial resources with outcomes and securing long-term funding, necessitating more effective budget execution and financial planning.

The system's **coherence and integration, also scoring the highest at 3.00**, showing progress in policy alignment and reduced fragmentation, but further efforts are needed to enhance coordination and efficiency.

**Responsiveness, with a score of 2.60**, indicates some adaptability to changing needs, but there's a call for improved monitoring, evaluation, and communication, alongside establishing contingency funds for emergencies.

The **cost-effectiveness score of 2.00** suggests that more efficient service delivery methods and outcome optimisation are needed.

Finally, the **incentive compatibility score of 2.50** highlights the importance of designing programmes that encourage active participation and balance behavioural incentives, pointing towards a more effective and sustainable system.

## Conclusions and recommendations for enhancing South Africa's social protection system

Based on the Social Protection System Assessment and Benchmarking Framework, South Africa's social protection system's overall score of 2.56 indicates that while considerable progress has been made, the system has not yet reached a level that can be considered fully responsive, comprehensive, or sustainable.

The COVID-19 pandemic exposed vulnerabilities in South Africa's social protection system including limited coverage and adequacy of benefits, insufficient coordination and coherence across programmes and institutions, challenges in ensuring cost-effectiveness and financial sustainability, and a need for stronger mechanisms to promote accountability, transparency, and participation. To build resilience, inclusivity, and effectiveness, it is crucial to learn from the pandemic and draw on best practices from other middle-income countries including Bolsa Família (Brazil), Oportunidades (Mexico), Solidario (Chile), Keluarga Harapan (Indonesia) and MGNREGA (India) (Soares et al., 2010; Dutta et al., 2012; Attanasio et al., 2010; Barrientos, 2010; Cahyadi et al., 2020; Levy, 2006).

Key recommendations across ten critical dimensions are indicated below.

### 1. Inclusiveness

- Strengthen legal provisions and conduct vulnerability assessments to ensure consideration of gender equality, non-discrimination, and special needs of vulnerable persons.
- Expand coverage of non-contributory programmes by streamlining eligibility criteria, simplifying application processes, and leveraging technology.
- Develop tailored programmes covering informal sector workers, such as micro-insurance schemes or social protection floors including extending existing social insurance schemes such as maternity support, access to healthcare and provision of child care, and incentives or subsidies to join voluntary insurance schemes.

### 2. Adequacy

- Conduct a comprehensive review of benefit levels considering national benchmarks, the cost of living, and specific needs of different population groups.
- Align benefit levels with national benchmarks, such as the poverty line and minimum wage, to ensure benefits provide meaningful support and contribute to poverty reduction.

- Tailor benefits to local market conditions and employers' needs to enhance the impact of benefits on economic activity.

### 3. Appropriateness

- Develop a comprehensive national social protection strategy with clear objectives, targets, and timeframes.
- Improve alignment with the specific needs of the population by conducting regular assessments of social protection needs.
- Strive for a balanced mix of programmes that address various dimensions of social protection.

### 4. Respect for rights and dignity

- Strengthen the legal framework anchoring social protection entitlements in law to ensure clarity, transparency, and legal protection for beneficiaries.
- Establish efficient, accessible complaint and appeal mechanisms and promote public awareness about entitlements and rights within the social protection system.

### 5. Governance and institutional capacity

- Strengthen legal frameworks to clearly define reporting mechanisms, roles, and responsibilities across different programmes and schemes.
- Develop comprehensive implementation guidelines and operational manuals for all programmes within the social protection system.
- Enhance enforcement mechanisms to ensure compliance with programme rules and minimise error and fraud.

### 6. Financial and fiscal sustainability

- Diversify funding sources and enhance domestic resource mobilisation by exploring alternative financing mechanisms and updating the taxation system.
- Align budget allocation with policy priorities by conducting regular assessments to determine the effectiveness and impact of different programmes.

- Incorporate long-term planning by integrating projected economic and demographic developments into budget planning processes.

### 7. Coherence and integration

- Strengthen inter-agency coordination aligned to a comprehensive Social Protection Strategy.
- Streamline and integrate delivery systems to enable seamless implementation and information sharing across social protection programmes.

### 8. Responsiveness

- Strengthen budget and implementation mechanisms to respond to shocks, crises, and socio-economic changes.
- Improve data infrastructure, collection, and analysis to inform policy actions and adaptations to evolving needs and socio-economic trends.

### 9. Cost-effectiveness

- Streamline administrative processes and reduce bureaucratic hurdles to enhance administrative efficiency.
- Leverage technology and digital platforms for programme delivery to reduce administrative costs and ensure timely and accurate delivery of benefits.

### 10. Incentive compatibility

- Enhance programme design by carefully assessing the potential behavioural impacts of social protection programmes on workers, employers, and administrators.
- Ensure comprehensive coverage and expand eligibility criteria to include vulnerable groups such as informal workers and those in the gig economy.

### 11. Cross-cutting recommendations

- Strengthen coordination and collaboration among relevant government departments, agencies, and stakeholders to ensure a cohesive and integrated social protection system.

- Invest in data infrastructure, collection, and analysis to inform evidence-based policy decisions and monitor the effectiveness of social protection programmes.
- Enhance public awareness and accessibility of social protection programmes through targeted communication campaigns and user-friendly application processes.
- Regularly assess and adjust social protection programmes to ensure they remain responsive to the evolving needs of the population and socio-economic changes.
- Learn from international best practices and adapt successful strategies to enhance the inclusiveness, adequacy, appropriateness, and cost-effectiveness of South Africa's social protection system.
- Design and improve delivery mechanisms that prioritise human rights standards and strengthen data protection measures.
- Invest in institutional capacity and improve staff training and numbers to enhance implementation capacity and reduce errors and delays.
- Institutionalise stakeholder participation to enhance transparency, accountability, and the effectiveness of social protection initiatives.

By adopting these recommendations and adapting them to the local context, South Africa can develop a more robust, equitable, and sustainable social protection system that effectively supports vulnerable populations during crises and contributes to long-term social and economic development.

According to the analysis, South Africa's social protection system has an average score of 2.47 across all dimensions, which suggests that it is currently in the developing stage. The findings highlight South Africa's progress in certain dimensions, such as appropriateness, coherence and integration, where efforts have been made to balance social protection policies with related policies and minimise fragmentation. Additionally, the assessment identified areas that require attention, such as financial and fiscal sustainability, where alignment of financial resources and long-term funding commitments need improvement. Through this analysis, we aim to contribute to the ongoing efforts to strengthen social protection systems in developing countries and, in South Africa, enabling countries to better respond to crises like the COVID-19 pandemic and to create a more robust and efficient social protection system to withstand future disruptions and ensure the well-being and security of their populations.

## Appendix 1: Social Protection System Assessment and Benchmarking Framework

Table 3: Social Protection System Assessment Criteria.

	Dimensions	Latent	Developing	Progressive	Advanced
		1	2	3	4
<b>Dimension 1. Inclusiveness: Refers to the system's capacity to protect all members of society along the life cycle with special consideration for the most vulnerable</b>					
1	<b>Gender equality, non-discrimination, and special needs</b>	Gender equality, non-discrimination, and special needs of vulnerable persons were not considered in the design or implementation of South Africa's social protection laws, policies, strategies, and programmes during the COVID-19 pandemic.	Only a few of South Africa's social protection programmes considered gender equality, non-discrimination, and the special needs of vulnerable persons in their laws, policies, strategies, and implementation during the COVID-19 pandemic.	Gender equality, non-discrimination, and the special needs of vulnerable persons were considered in the design and implementation of some of South Africa's social protection programmes during the COVID-19 pandemic, with legal provisions supporting a majority of these programmes.	The majority of South Africa's social protection programmes during the COVID-19 pandemic were designed and implemented with consideration for gender equality, non-discrimination, and the special needs of vulnerable persons, with comprehensive legal provisions supporting all programmes.
2	<b>Coverage: non-contributory</b>	The coverage of South Africa's target population across the life cycle through non-contributory programmes during the COVID-19 pandemic was very low.	The coverage of South Africa's target population across the life cycle through non-contributory programmes during the COVID-19 pandemic was low.	The coverage of South Africa's target population across the life cycle through non-contributory programmes during the COVID-19 pandemic covered a majority of the target population.	The coverage of South Africa's target population across the life cycle through non-contributory programmes during the COVID-19 pandemic was high.
3	<b>Coverage: contributory</b>	A small share of the economically active population, including informal sector workers, was covered by contributory social security (insurance) programmes and labour market services during South Africa's COVID-19 pandemic response.	The majority of the economically active population in the formal economy was covered by contributory social security (insurance) programmes and labour market services during South Africa's COVID-19 pandemic response, but coverage of informal economy workers was low.	The majority of the economically active population, including informal sector workers, was covered by contributory social security (insurance) programmes and labour market services during South Africa's COVID-19 pandemic response, though some groups (e.g., migrants) were excluded.	All or almost all of the economically active population, including informal sector workers and migrants, was covered by contributory social security (insurance) programmes and labour market services during South Africa's COVID-19 pandemic response.
4	<b>Effective coverage</b>	Most of the target and potentially eligible population was excluded in practice from receiving benefits when a contingency occurred during South Africa's COVID-19 pandemic response.	Less than half of all eligible population received benefits in practice during South Africa's COVID-19 pandemic response.	A majority of the potentially eligible population received benefits in practice during South Africa's COVID-19 pandemic response.	Practically all eligible population received benefits in practice during South Africa's COVID-19 pandemic response

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
5	<b>Accessibility</b>	Important barriers in accessing social protection programmes existed due to high transaction costs during South Africa's COVID-19 pandemic response, such as the inability to enrol, long periods between enrolment rounds, or lack of awareness among potential beneficiaries.	Access to social protection programmes was challenging due to moderate transaction costs during South Africa's COVID-19 pandemic response, such as a modest information campaign or irregular rounds of enrolment with no or limited access to individually request for enrolment.	Almost universal awareness of social protection programmes existed due to effective communication, good access to the enrolment process, proactive efforts to minimise enrolment costs to beneficiaries, and short periods between enrolment rounds with the possibility for enrolment at individual requests during South Africa's COVID-19 pandemic response.	Proactive measures minimised costs to beneficiaries and facilitated the enrolment process, such as rolling updates or automatic enrolment (i.e., through employment contracts), and effective, tailored, and timely communication led to universal awareness during South Africa's COVID-19 pandemic response.
<b>Dimension 2. Adequacy: Refers to the sufficiency of the system's benefit levels</b>					
1	<b>Benefit levels compared to social protection needs</b>	Benefits or services across social protection programmes were neither regular nor predictable during the COVID-19 pandemic and did not meet the social protection needs of the population.	Benefits and services of a minority of programmes were regular and predictable during the pandemic and somewhat met the social protection needs of the population.	Benefits and services of the majority of programmes were regular and predictable during the pandemic and adequately met the social protection needs of the majority of the population.	Throughout the COVID-19 pandemic, benefits and services were consistently regular, predictable, and fully met the social protection needs of the entire population.
2	<b>Benefit level compared to national benchmarks</b>	During the COVID-19 pandemic, the benefit level across programmes was not adequate when compared to national benchmarks such as the poverty line, minimum wage, or market wage.	Throughout the pandemic, the benefit level of a majority of programmes appeared too low relative to national benchmarks like the poverty line, minimum wage, or market wage.	During the pandemic, the benefit level of a minority of programmes appeared too low compared to national benchmarks such as the poverty line, minimum wage, or market wage.	Throughout the COVID-19 pandemic, benefit levels were adequate in relation to all national benchmarks (poverty line, minimum wage, market wage) for all programmes.
3	<b>Impact of benefits on economic activity</b>	There are limited government benefits and support services available to assist those of working age in finding employment or re-skilling for jobs impacted by the COVID-19 pandemic.	While some government benefits and support services exist, they are insufficient to adequately address the significant economic disruption caused by the COVID-19 lockdowns and business closures. These limitations hinder the ability of many South Africans of working age to find productive employment.	A combination of government benefits (e.g., Social Relief of Distress Grant) and support services (e.g., online skills training) are offered. However, these programmes may not fully consider the specific needs of local job markets or the skills currently demanded by employers in a post-pandemic economy.	A comprehensive suite of government benefits (e.g., extended unemployment insurance, targeted grants) and support services (e.g., industry-specific skills development programmes, wage subsidies) are effectively assisting South Africans of working age in finding productive employment that aligns with the needs of the post-COVID-19 economy.



	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
4	<b>Benefits compared to national / programme objectives</b>	The existing social protection benefits during the COVID-19 pandemic fall short of achieving the national objectives set out to mitigate the socio-economic impact. This could be due to factors like insufficient benefit amounts, limited reach, or targeting inefficiencies.	The provided benefits make some contribution towards achieving South Africa's social protection goals during the COVID-19 crisis. However, significant gaps remain in areas like poverty alleviation or ensuring food security for vulnerable populations.	The combination of social protection benefits implemented in response to COVID-19 has demonstrably progressed towards achieving most of the national objectives. This might include supporting unemployed workers, assisting vulnerable households, and mitigating the pandemic's overall social impact.	The social protection benefits offered during the COVID-19 pandemic effectively address the national objectives established to safeguard the well-being of South Africans.
5	<b>Redistributive or poverty reduction effects</b>	The social protection system implemented during COVID-19 had minimal effect on redistributing resources towards the poor, offering equal protection against vulnerabilities, or reducing poverty levels.	The design of the COVID-19 social protection measures aimed to prioritise the poor and vulnerable, but the effectiveness in achieving these goals was uneven. While there might have been some progress in poverty reduction or offering basic protection, significant gaps remain.	The social protection response during COVID-19 demonstrably achieved some redistribution of resources towards low-income households and offered a degree of protection against vulnerabilities for a wider population. This might have had a moderate impact on poverty reduction, but further efforts might be needed for sustained progress.	The design and implementation of the COVID-19 social protection system demonstrably achieved a significant redistribution of resources towards the poor, provided a strong level of protection against pandemic-related vulnerabilities, and demonstrably reduced poverty levels.
6	<b>Benefit provision and services delivery standards</b>	Benefit provision and service delivery standards were largely absent during the initial stages of the COVID-19 social protection response.	While some programmes implemented during the COVID-19 crisis eventually developed benefit provision and service delivery standards, these might not have been consistently enforced across the system. This inconsistency could have created confusion and unequal access to support.	Defined benefit provision and service delivery standards were established for most COVID-19 social protection programmes. However, enforcement mechanisms might have been uneven, leading to variations in programme quality and efficiency.	South Africa's COVID-19 social protection response effectively established clear and consistent benefit provision and service delivery standards across all programmes. These standards were rigorously enforced, ensuring a high level of quality and efficiency in service delivery.

	Dimensions	Latent	Developing	Progressive	Advanced
		1	2	3	4
<b>Dimension 3. Appropriateness: Refers to the system's overall arrangements to respond to national context and needs</b>					
1	<b>Formulation of objectives, targets, and timeframes</b>	In response to the COVID-19 pandemic, South Africa's social protection objectives were poorly defined, lacked clear and measurable targets, and had no established timeframes. Additionally, no comprehensive national strategy was formulated to guide the overall response.	Social protection objectives were established during the COVID-19 crisis, but the targets set might have been unrealistic or lacked achievable timeframes for implementation. A draft national strategy might have existed, but without a clear action plan for executing those strategies.	South Africa partially defined its social protection objectives during the COVID-19 response. Some objectives had realistic targets and timeframes, but a comprehensive national strategy remained underdeveloped or lacked a detailed action plan.	South Africa's response to the COVID-19 pandemic established well-defined social protection objectives with realistic targets and measurable timeframes within a formally approved national strategy. This strategy was further supported by a clear action plan outlining the implementation process.
2	<b>Alignment of social protection policies / programmes / strategy</b>	During the COVID-19 crisis, South Africa's existing social protection policies, newly introduced programmes, and the overall response strategy demonstrated a weak alignment in addressing the country's specific social protection needs arising from the pandemic.	Social protection policies, programmes, and the overall strategy implemented during COVID-19 showed some coherence in addressing the country's social protection needs. However, there might have been gaps or inconsistencies between these elements.	The social protection policies, programmes, and the national strategy adopted during COVID-19 demonstrated a strong alignment in addressing the country's social protection needs caused by the pandemic. This suggests a coordinated approach with complementary elements.	South Africa's response to the COVID-19 pandemic achieved a high degree of alignment between its social protection policies, the newly introduced programmes, and the national strategy. This comprehensive approach effectively addressed the country's social protection needs under pandemic conditions.
3	<b>Combination of schemes and programmes</b>	During South Africa's COVID-19 response, the mix of social protection programmes offered limited support, with many essential needs not addressed.	The combination of social protection programmes implemented during South Africa's COVID-19 response did not fully consider the population's needs and socioeconomic realities, resulting in gaps in addressing critical areas.	South Africa's COVID-19 response included a mix of social protection programmes that partially met the needs of the population and addressed some socioeconomic challenges.	In their response to the COVID-19 pandemic, South Africa implemented a comprehensive set of social protection programmes that effectively complemented each other, fully addressing the social protection needs and socioeconomic realities of the population.
4	<b>Composition of expenditure</b>	The allocation of funds in South Africa's COVID-19 social protection response did not adequately reflect the population's needs, and resources were spread out across different areas without a clear prioritisation strategy.	Spending during South Africa's COVID-19 response addressed some of the population's needs, but the funding was primarily concentrated on a single aspect of social protection.	South Africa's COVID-19 spending on social protection addressed most of the population's needs, but the resources were focused on a limited number of social protection areas.	The allocation of expenditures in South Africa's COVID-19 response fully reflected the needs of the population across all social protection functions.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
5	<b>Evidence-based policy and programme design</b>	During South Africa's COVID-19 response, the design of policies and programmes (including their budgets) lacked a strong foundation in evidence-based analysis, such as assessments of risk, vulnerability, social protection needs, and existing gaps.	In South Africa's COVID-19 response, some policies and programmes (including their budgets) were informed by evidence-based analysis, but this approach was not consistently applied.	South Africa's COVID-19 response saw the development of policies and programmes (including their budgets) that were largely informed by evidence-based analysis, including risk and vulnerability assessments, social protection needs evaluation, and gap identification.	South Africa's COVID-19 response was characterised by comprehensive evidence-based policy and programme design (including budgeting). This involved using up-to-date, in-depth analysis across all social protection functions, disaggregated data (including local levels), and assessments of risk, vulnerability, social protection needs, and existing gaps.
<b>Dimension 4. Respect for Rights &amp; Dignity: Refers to social protection entitlements and implementation arrangements being anchored in law</b>					
1	<b>Entitlements anchored in law</b>	During South Africa's COVID-19 response, social protection entitlements were not always clearly defined within the legal framework.	Some COVID-19 social protection schemes and programmes in South Africa had legal provisions outlining the range, duration, eligibility criteria, and benefit levels.	The legal framework for the majority of COVID-19 social protection schemes and programmes in South Africa specified the range of benefits offered, their duration, qualifying conditions, and benefit levels.	All COVID-19 social protection schemes and programmes in South Africa had clear legal provisions outlining the range of benefits offered, their duration, qualifying conditions, and benefit levels.
2	<b>Enforcement mechanisms: public authority, complaint and appeal mechanisms, and public awareness</b>	Enforcement mechanisms for South Africa's COVID-19 social protection programmes were lacking in the early stages. There was no clear public authority responsible for oversight, limited options for complaints and appeals, and insufficient public awareness about the programmes themselves.	Enforcement mechanisms for South Africa's COVID-19 social protection programmes had some functionality, but weaknesses remained. The responsible public authority may have lacked resources, complaint and appeal processes may have been complex or inaccessible, and public awareness campaigns may not have reached everyone.	Enforcement mechanisms for South Africa's COVID-19 social protection programmes became more responsive over time. A designated public authority emerged to oversee some programmes, complaint and appeal mechanisms were partially established and improved accessibility, and public awareness campaigns reached a larger portion of the population.	South Africa's COVID-19 social protection programmes ultimately benefited from strong and responsive enforcement mechanisms. A well-defined public authority ensured oversight, efficient and accessible complaint and appeal channels were available, and comprehensive public awareness campaigns ensured widespread knowledge of benefit entitlements.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
3	<b>Respect for dignity and human rights</b>	The design and delivery of benefits (including application, registration, and distribution) during South Africa's COVID-19 response did not always adhere to human rights standards and principles.	In some COVID-19 social protection programmes in South Africa, the way benefits were designed and delivered (application, registration, and distribution) reflected a partial commitment to human rights standards and principles.	South Africa's COVID-19 response saw improvements in the design and delivery of benefits (application, registration, and distribution) for several programmes, ensuring better alignment with human rights standards and principles.	All COVID-19 social protection programmes in South Africa ultimately delivered benefits (through application, registration, and distribution) in a way that fully respected human rights standards and principles.
4	<b>Confidentiality of private information</b>	During South Africa's COVID-19 response, there were initial concerns about the lack of safeguards for protecting the privacy of individuals' information collected for social protection programmes.	Mechanisms implemented to protect the privacy of individuals' information in some South African COVID-19 social protection programmes may not have been entirely sufficient.	The majority of COVID-19 social protection programmes in South Africa developed mechanisms to adequately protect the confidentiality of personal information collected.	South Africa's COVID-19 response ultimately ensured strong protections for the confidentiality of private information collected through social protection programmes.
<b>Dimension 5. Governance &amp; Institutional Capacity: Assesses the system's rules, regulations, roles, responsibilities, and related implementation capacities</b>					
1	<b>Reporting mechanisms, roles, and responsibilities anchored in law</b>	In the early stages of South Africa's COVID-19 response, the legal framework lacked clear definitions for reporting mechanisms, roles, and responsibilities of various agencies involved in the social protection programmes.	The legal framework for South Africa's COVID-19 social protection response mentioned reporting mechanisms, roles, and responsibilities for different agencies, but the specifics of their functioning were not clearly outlined.	Over time, South Africa's legal framework for COVID-19 social protection programmes was amended to provide more detailed specifications regarding reporting mechanisms, as well as the roles and responsibilities of the various agencies involved.	South Africa's COVID-19 social protection response ultimately had a clear legal framework that defined the functioning of reporting mechanisms and assigned well-defined roles and responsibilities to the different agencies involved in each programme.
2	<b>Programme implementation guidelines / operational manuals state reporting mechanisms, roles, and responsibilities</b>	During South Africa's COVID-19 response, many social protection programmes lacked clear implementation guidelines or operational manuals outlining reporting mechanisms, agency roles, and programme administration, delivery, and monitoring responsibilities.	In some South African COVID-19 social protection programmes, implementation guidelines or operational manuals were developed, but they may not have comprehensively defined reporting mechanisms, agency roles, and programme administration, delivery, and monitoring responsibilities.	The majority of COVID-19 social protection programmes in South Africa eventually established implementation guidelines or operational manuals that clarified reporting mechanisms, agency roles, and programme administration, delivery, and monitoring responsibilities.	All COVID-19 social protection programmes in South Africa ultimately had well-defined implementation guidelines or operational manuals that clearly outlined reporting mechanisms, agency roles, and programme administration, delivery, and monitoring responsibilities.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
3	<b>Enforcement mechanisms</b>	Enforcement mechanisms to ensure compliance with programme rules and minimise errors or fraud were lacking for many social protection programmes in the South Africa's COVID-19 response.	Enforcement mechanisms implemented for some South African COVID-19 social protection programmes may have been weak or not implemented universally, limiting their effectiveness in ensuring compliance with programme rules and minimising errors or fraud.	Over time, South Africa developed more responsive enforcement mechanisms for a majority of COVID-19 social protection programmes, improving compliance with programme rules and reducing errors or fraud.	Enforcement mechanisms for South Africa's COVID-19 social protection programmes ultimately became strong and efficient, effectively ensuring compliance with programme rules and minimising errors or fraud across most or all programmes.
4	<b>Institutional supervisory capacity</b>	In South Africa's COVID-19 response, institutional capacity (including staffing, equipment, and financial resources) for supervising and carrying out tasks related to policy design, programme implementation, and monitoring of social protection programmes was minimal or entirely absent.	Throughout South Africa's COVID-19 response, institutional capacity (staffing, equipment, and financial resources) for supervising and carrying out tasks related to policy design, programme implementation, and monitoring of social protection programmes remained limited.	Over time, South Africa improved its institutional capacity (staffing, equipment, and financial resources) to a sufficient level to oversee and manage most tasks related to policy design, programme implementation, and monitoring of COVID-19 social protection programmes.	South Africa's COVID-19 response ultimately benefited from a strong institutional capacity with ample staffing, equipment, and financial resources to effectively supervise and carry out all tasks related to policy design, programme implementation, and monitoring of social protection programmes.
5	<b>Staff implementation capacity</b>	During South Africa's COVID-19 response, many social protection programmes faced challenges due to insufficient staffing levels and inadequate training for existing staff, hindering their ability to effectively perform their duties.	Staffing shortages and/or a lack of proper training for staff in some South African COVID-19 social protection programmes hampered their ability to effectively carry out their respective tasks.	Over time, South Africa improved staffing levels and provided training for staff involved in most COVID-19 social protection programmes, allowing them to better handle their programme-specific duties. However, inconsistencies may have remained across all programmes.	Ultimately, South Africa's COVID-19 social protection programmes were staffed by a sufficient number of personnel who received adequate training, enabling them to effectively perform their respective tasks for most or all programmes.



	Dimensions	Latent	Developing	Progressive	Advanced
		1	2	3	4
6	<b>Stakeholder participation</b>	There was a lack of established structures and processes to ensure relevant stakeholders were adequately informed, consulted with, and able to participate in designing, implementing, and monitoring most social protection programmes in South Africa's COVID-19 response.	During South Africa's COVID-19 response, some social protection programmes developed structures and processes to keep relevant stakeholders informed, consulted with, and involved (where necessary) in programme design, implementation, and monitoring. However, this approach was not consistently applied across all programmes.	Over time, South Africa established structures and processes for most COVID-19 social protection programmes, ensuring all relevant stakeholders were kept informed, consulted with, and had opportunities to participate in programme design, implementation, and monitoring.	Ultimately, South Africa's COVID-19 response benefitted from well-functioning and institutionalised structures and processes that ensured all relevant stakeholders were informed, consulted with, and had opportunities to participate in the design, implementation, and monitoring of key social protection programmes.
<b>Dimension 6. Financial &amp; Fiscal Sustainability: Refers to the system's financial and fiscal sustainability</b>					
1	<b>Domestic or external financing</b>	To finance the social protection response to the COVID-19 pandemic, South Africa relied heavily on external funding, with domestic resources covering a fraction of the total expenditures.	External funding played a significant role in South Africa's COVID-19 social protection response, contributing less than 50% of the total expenditures, with the remaining share financed by domestic resources.	Domestic resources funded a substantial portion (more than 50%) of South Africa's COVID-19 social protection spending, with external funding playing a complementary role.	South Africa's COVID-19 social protection response was financed entirely through domestic resources, without relying on external funding.
2	<b>Contributory capacity taken into account in financing arrangements</b>	During South Africa's COVID-19 response, the allocation of funds for social protection programmes did not fully consider the country's ability to finance them in the long term (contributory capacity).	In some of South Africa's COVID-19 social protection programmes, the funding allocated somewhat reflected the country's long-term ability to afford them (contributory capacity), but this was not consistent across all programmes.	South Africa's COVID-19 response saw efforts to align the social protection budget with the country's long-term ability to afford these programmes (contributory capacity) for a significant portion of the spending in most programmes.	Ideally, South Africa's COVID-19 social protection programme budgets would have been entirely aligned with the country's long-term capacity to finance them (contributory capacity).
3	<b>Alignment of budget allocation with policy priorities</b>	During South Africa's COVID-19 response, the allocation of funds for social protection programmes did not perfectly match the government's identified priorities.	Social protection budget allocation in South Africa's COVID-19 response aligned with some, but not all of the government's key priorities.	South Africa's COVID-19 social protection budget allocation was largely directed towards the government's priority programmes.	South Africa's COVID-19 social protection budget allocation was entirely dedicated to funding the government's priority programmes.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
4	<b>Long term budget planning in line with demographic developments</b>	South Africa's budget planning processes for future social protection allocations did not fully consider projected economic and demographic changes in the aftermath of the COVID-19 pandemic.	Budget planning for some COVID-19 social protection programmes in South Africa began to incorporate projections of future economic and demographic changes when allocating resources.	South Africa developed projections of programme costs under various demographic and socio-economic scenarios, informing budget planning and financing strategies for many COVID-19 social protection programmes. Additionally, some programmes demonstrated cost-effectiveness.	South Africa's post-pandemic budget planning for social protection comprehensively factored in projected economic and demographic changes to ensure sustainable funding allocation across all COVID-19 programmes.
5	<b>Long term financial commitments considered in legal framework and social protection strategy</b>	South Africa's legal framework and social protection strategy did not fully account for the long-term financial commitments associated with the COVID-19 social protection response.	The long-term financial implications of South Africa's COVID-19 social protection programmes were partially addressed within the legal framework and social protection strategy.	South Africa made efforts to integrate the long-term financial commitments of COVID-19 social protection programmes into the legal framework and social protection strategy.	South Africa's legal framework and social protection strategy explicitly considered the long-term financial commitments arising from the COVID-19 social protection response.
6	<b>Reliability and progressivity of social protection financing</b>	South Africa's response to the COVID-19 pandemic exposed challenges in the reliability and fairness of social protection financing. Delays and irregularities in delivering financial support occurred, and the tax burden used to fund these programmes may have disproportionately impacted lower-income earners.	Social protection financing for South Africa's COVID-19 response experienced some delays and inconsistencies in disbursement, with the tax structure used to fund these programmes potentially placing a greater burden on lower-income groups.	While there were occasional issues with the timeliness and consistency of social protection financing during South Africa's COVID-19 response, the tax structure used to fund these programmes moved somewhat closer to a progressive model where higher earners contribute more.	Social protection financing for South Africa's COVID-19 response was delivered reliably and consistently, funded by a progressive tax structure ensuring a fairer distribution of the financial burden.
<b>Dimension 7. Coherence &amp; Integration: Refers to the alignment and coherence of the system across its policies, programmes, and administrative structures, as well as coherence with related policy areas</b>					
1	<b>Complementarity of social protection policies / degree of duplication and overlap</b>	During South Africa's COVID-19 response, social protection policies and programmes across different agencies did not always complement each other effectively, leading to duplication of efforts and inefficiencies.	A plan emerged to improve the coherence of social protection policies and programmes within individual government agencies during South Africa's COVID-19 response, but achieving this across different agencies remained a challenge.	South Africa's COVID-19 response saw progress in ensuring social protection programmes within individual agencies were more coherent and complementary, although some duplication and inefficiencies likely persisted across different government departments.	South Africa's COVID-19 social protection response ideally aimed for complete coherence and complementarity across all programmes, eliminating duplication and inefficiencies. However, achieving this level of integration may have proven challenging in practice.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
2	<b>Institutional framework to ensure coordination</b>	South Africa's response to the COVID-19 pandemic lacked a well-defined legal framework, institutional mechanisms, or other structures to ensure effective coordination, integration, and complementarity across different social protection programmes.	Limited legal provisions, reliance on ad-hoc arrangements, or the use of other frameworks resulted in some challenges in coordinating, integrating, and achieving complementarity between South Africa's COVID-19 social protection programmes.	South Africa developed a more comprehensive framework for coordinating its COVID-19 social protection response, including legal provisions, institutional arrangements, and other mechanisms to promote collaboration and ensure different programmes functioned together effectively.	South Africa's COVID-19 response aspired to create a clear and well-defined legal framework, robust institutional structures, and other mechanisms to comprehensively coordinate, integrate, and achieve complementarity across all social protection programmes.
3	<b>Integration of programme implementation</b>	During South Africa's COVID-19 response, many social protection programmes functioned with separate and incompatible implementation and information systems, hindering data sharing and streamlined delivery.	Some South African COVID-19 social protection programmes began to share at least one delivery system (such as identification, transaction processing, targeting, enrolment, or management information systems). This allowed for limited information exchange and verification across a few programmes.	During South Africa's COVID-19 response, most social protection programmes adopted common delivery systems for functions like identification, transactions, targeting, enrolment, and management information. This improved data sharing and verification capabilities across the majority of programmes.	All COVID-19 social protection programmes in South Africa utilised entirely unified delivery systems, allowing for seamless data exchange and streamlined programme delivery.
4	<b>Possibility of integrated analysis of social protection financing</b>	South Africa's budget expenditure and revenue classifications made it difficult to conduct a comprehensive analysis of how the COVID-19 social protection response was financed.	The classification system for South Africa's COVID-19 social protection budget expenditures allowed for a more integrated analysis of spending and financing for some social protection areas.	The classification system for South Africa's COVID-19 social protection budget expenditures allowed for a more integrated analysis of spending and financing across a majority of social protection functions.	South Africa's budget expenditure classification system allowed for a complete and integrated analysis of all COVID-19 social protection spending and financing from the outset.
5	<b>Coherence with other policy areas</b>	There are limited mechanisms or procedures in place to ensure South Africa's COVID-19 social protection response aligned with policies in other sectors.	During South Africa's COVID-19 response, some efforts were made to consider coherence between social protection policies and those of other sectors during policy development. However, consistent implementation of these considerations remained a challenge.	South Africa developed mechanisms and procedures to promote coherence between its COVID-19 social protection programmes and some relevant sectors, and these were applied in specific situations.	South Africa's COVID-19 response established and consistently applied mechanisms to ensure comprehensive coherence between its social protection programmes and all relevant policy areas.

Dimensions	Latent	Developing	Progressive	Advanced
	1	2	3	4
<b>Dimension 8. Responsiveness: Refers to the system's M&amp;E framework and flexibility to adjust / adapt in response to socio-economic crises</b>				
<b>1 Responsiveness of budget and implementation mechanisms</b>	South Africa's existing budget and programme implementation mechanisms were not fully equipped to effectively respond to the shocks, crises, socioeconomic changes, and demographic shifts brought about by the COVID-19 pandemic for most social protection programmes.	While legal frameworks for some social protection programmes may have mentioned responding to shocks or crises, the budget allocation and implementation mechanisms in place during South Africa's COVID-19 response proved inefficient in adapting to these challenges.	In response to the COVID-19 pandemic, South Africa developed or adapted budget and implementation mechanisms for several social protection programmes, allowing them to react more effectively to the evolving socioeconomic and demographic landscape. Legal frameworks may have also been adjusted for some programmes.	South Africa's social protection system had well-defined budget allocation processes and flexible implementation mechanisms in place for all programmes, enabling them to respond swiftly and efficiently to shocks, crises, socioeconomic changes, and demographic developments like the COVID-19 pandemic.
<b>2 Availability, quality, and timeliness of data on trends and social protection programmes</b>	During South Africa's COVID-19 response, data, statistics, and monitoring reports were often produced on an irregular basis and not readily available to key government agencies. This limited their usefulness in informing policy decisions and adapting social protection programmes to meet changing needs and socioeconomic trends. Programme evaluations were also scarce.	In response to the COVID-19 pandemic, South Africa improved data accessibility for key agencies. However, data, statistics, and monitoring reports were not always produced frequently or delivered in a timely manner. This hindered efforts to analyse trends and use the information to revise and adjust social protection programmes as circumstances evolved.	As South Africa's COVID-19 response progressed, data collection and reporting became more timely, with information readily available to relevant government agencies. However, consistent use of this data to inform revisions and adaptations to social protection programmes may not have always been prioritised. Programme evaluations remained infrequent.	South Africa's COVID-19 social protection response benefitted from a well-established system for generating high-quality data, statistics, and regular programme evaluations. Timely dissemination of this information to key agencies allowed for ongoing analysis of trends and socioeconomic factors, ultimately facilitating data-driven adjustments to social protection programmes throughout the pandemic.
<b>3 Information dissemination mechanisms</b>	South Africa lacked a comprehensive information dissemination strategy to effectively communicate changes in social protection programme implementation during the COVID-19 response.	In response to the COVID-19 pandemic, South Africa developed some capacity for information dissemination, outreach, and awareness raising. This included efforts to publicise short-term or emergency programme changes. However, these efforts were not always adapted to effectively reach all relevant parties.	As South Africa's COVID-19 response matured, information dissemination mechanisms for most social protection programmes improved. This allowed for better communication regarding programme changes, including short-term adjustments, and outreach efforts were tailored to reach a wider range of relevant parties.	South Africa's COVID-19 response had well-established and robust information dissemination mechanisms in place for all social protection programmes. These mechanisms ensured clear and consistent communication of programme changes, including emergency adjustments, reaching all relevant parties effectively.

	Dimensions	Latent 1	Developing 2	Progressive 3	Advanced 4
4	<b>Mechanisms for parametric adjustments</b>	Social protection programmes in South Africa lacked well-defined mechanisms for making parametric adjustments during the initial stages of the COVID-19 response. This limited the ability to adapt programme parameters (e.g., benefit levels, eligibility criteria) to meet the evolving needs of the pandemic.	While mechanisms for parametric adjustments existed for some social protection programmes in South Africa's COVID-19 response, these were not always implemented in practice. This inconsistency hindered efforts to optimise programme effectiveness throughout the pandemic.	As South Africa's COVID-19 response progressed, most social protection programmes developed mechanisms to allow for parametric adjustments. This improved the ability to tailor programmes to the changing circumstances brought on by the pandemic.	All of South Africa's COVID-19 social protection programmes had well-functioning mechanisms for consistent parametric adjustments throughout the response. This allowed for a more dynamic and responsive approach to social protection during the pandemic.
5	<b>Coverage of emergency response operations in practice</b>	During South Africa's COVID-19 response, emergency relief programmes only reached a limited portion of the population affected by the pandemic, and significant delays were experienced in delivering support.	As the COVID-19 crisis unfolded in South Africa, emergency response programmes expanded to cover a substantial portion of the population impacted by the pandemic. However, these programmes were still hampered by delays in reaching all those in need.	South Africa's COVID-19 response improved its ability to deliver emergency relief, with a majority of the affected population eventually included in these programmes. However, achieving timely assistance for all may have remained a challenge.	South Africa's COVID-19 response ensured comprehensive and timely emergency relief coverage for the entire population affected by the pandemic. This required efficient and swift delivery mechanisms to reach all those in need.
<b>Dimension 9. Cost-effectiveness: Refers to cost effectiveness both for those financing and for those benefiting from a programme (apply only if evidence exists)</b>					
1	<b>Cost of programme delivery</b>	During South Africa's COVID-19 response, the high delivery costs of some social protection programmes resulted in a low return on investment (benefit-to-cost ratio), making them less effective in achieving their goals.	Delivery costs for South Africa's COVID-19 social protection programmes varied across initiatives. While some programmes achieved moderate benefit-to-cost ratios, the overall system's cost-effectiveness was compromised by programmes with high delivery costs relative to the benefits delivered.	As South Africa's COVID-19 response matured, efforts were made to streamline delivery processes for some social protection programmes, leading to moderate delivery costs and a corresponding improvement in the overall benefit-to-cost ratio for the system.	South Africa's COVID-19 social protection response prioritised cost-effectiveness from the outset. This involved implementing programmes with low delivery costs that maximised the benefits delivered to the population in need.



Dimensions	Latent	Developing	Progressive	Advanced
	1	2	3	4
<b>Dimension 10. Incentive Compatibility: Refers to ensuring that the system's programmes don't generate distortionary effects (apply only if evidence exists)</b>				
<b>1 Consideration of incentives in programme design</b>	During South Africa's COVID-19 response, the design and implementation of social protection programmes did not fully consider how incentives could influence the behaviour of workers, employers, or programme administrators.	While designing social protection programmes in response to the COVID-19 pandemic, South Africa made some efforts to incorporate behavioural incentives for workers, employers, or programme administrators. However, these considerations may not have been consistently applied across all programmes.	As South Africa's COVID-19 response progressed, programme design increasingly factored in potential behavioural impacts. This included efforts to create positive incentives that would influence the desired actions of workers, employers, or programme administrators.	South Africa's COVID-19 social protection programmes were designed with a strong focus on positive behavioural incentives. This involved strategically using incentives to encourage the most beneficial behaviours from workers, employers, and programme administrators throughout the pandemic.
<b>2 Incentives for persons covered</b>	The design of some social protection programmes launched during South Africa's COVID-19 response may have unintentionally discouraged beneficiaries from working, saving, or participating in risk-sharing mechanisms.	The impact of South Africa's COVID-19 social protection programmes on beneficiary behaviour was mixed. While some programmes offered incentives to work, save, or participate in risk-pooling arrangements, others might have created disincentives for these actions.	As South Africa's COVID-19 response evolved, efforts were made to refine programme design to create positive incentives for beneficiaries. This could involve encouraging behaviours like seeking employment, saving for the future, or participating in social security programmes.	South Africa's COVID-19 social protection programmes were designed to consistently provide positive incentives for beneficiaries to work, save, and participate in risk-pooling arrangements, promoting long-term financial security and economic participation.
<b>3 Incentives for employers</b>	During South Africa's COVID-19 response, social protection programmes generally offered limited incentives for employers to formally register their workers. This could have discouraged businesses from registering employees, potentially affecting programme reach and sustainability.	The incentives offered to employers to register workers with social security programmes during South Africa's COVID-19 response were mixed. While some initiatives may have provided some encouragement, the overall impact on employer registration behaviour remained limited.	During South Africa's COVID-19 response, most social protection programmes incorporated incentives designed to encourage employers to formally register their workforce. This could have involved offering administrative simplifications or financial benefits.	South Africa's COVID-19 social protection established strong incentives for employers to register their workers with social security programmes. This increased programme coverage, improved data collection, and potentially enhanced long-term social security participation.

	Dimensions	Latent	Developing	Progressive	Advanced
		1	2	3	4
4	<b>Incentives for scheme administrators</b>	South Africa's COVID-19 social protection programmes lacked strong incentives to motivate scheme administrators to actively enrol eligible beneficiaries and expand programme participation.	Incentive structures for scheme administrators within South Africa's COVID-19 social protection response may have been insufficient. While some encouragement for beneficiary enrolment might have existed, it may not have been effective in driving significant programme uptake.	During South Africa's COVID-19 response, efforts were made to develop or improve incentive structures for scheme administrators. These changes aimed to encourage them to actively enrol eligible beneficiaries and increase programme participation.	South Africa's COVID-19 social protection programmes implemented robust incentive structures from the outset. These incentives motivated scheme administrators to prioritise enrolling all eligible beneficiaries, maximising programme reach and effectiveness throughout the pandemic.

Source: Adapted from ISPA (2014)

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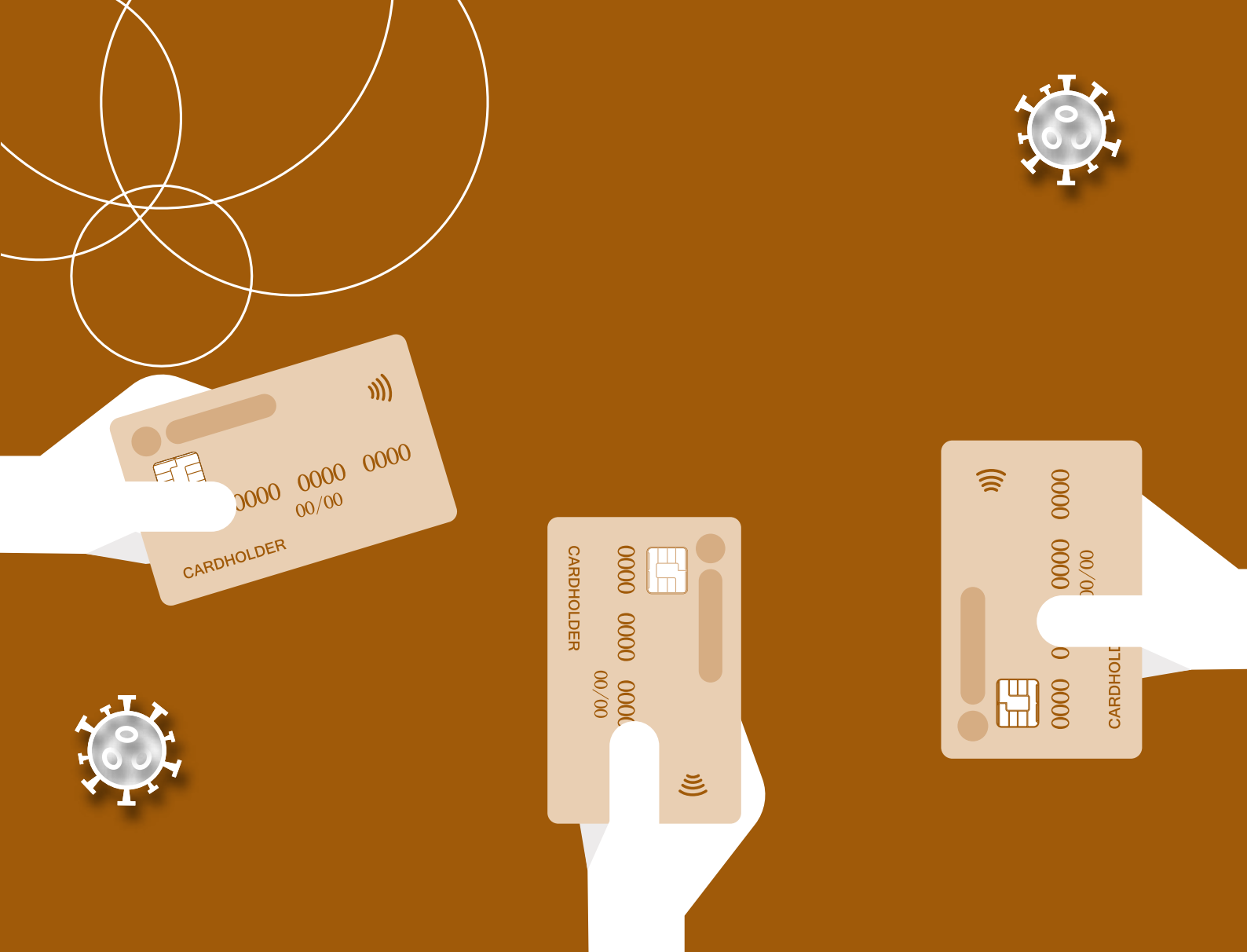
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# The Politics of the COVID-19 SRD R350 Grant in the Context of a National Debate on Basic Income Support in South Africa



## 9. COVID-19 Triggers Growing Support for a Basic Income Grant in South Africa

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### Abstract

Since 1994, the South African Government has been hesitant to roll out a universal or basic income grant (BIG), even for the chronically poor and unemployed. Nevertheless, a temporary monthly R350 Social Relief of Distress (SRD) grant was introduced in April 2020 to help vulnerable South Africans during the COVID-19 pandemic. This chapter focuses on whether the South African public will support a higher and lasting BIG for the chronically poor in the future. The chapter reflects on how the SRD grant lessened the economic impact of COVID-19 on the general conditions of millions of unemployed and chronically poor and whether such a grant is a feasible post-pandemic policy option. Data from the University of Johannesburg (UJ) and the Human Sciences Research Council's (HSRC) COVID-19 Democracy Survey are used to demonstrate that many South Africans support a regular SRD grant and for making it permanent. Such a grant could be incrementally implemented as a regularly assessed pilot intervention that is progressively expanded to those most in need.

### Introduction

According to the National Planning Commission (NPC, 2012:354), the “low levels of formal employment that exclude a large section of the population from actively taking part in the economy” have negatively impacted the well-being of many South African households who experience high levels of income inequality and poverty. Many in the age range 18-59 years lack skills relevant to available work opportunities and live without work for

most of their lives. Most South Africans in this age group become overly exposed to shocks and stresses, such as those during COVID-19 and the national responses to the pandemic during 2020 and 2021. Statistics South Africa (Stats SA) (2017) data showed that even if those in this age group are not chronically poor at all times, they continue to suffer from acute, seasonal, and cyclical poverty. The lack of formal jobs, the year-on-year rising unemployment rate, and the increasing cost of basic services and food further intensify these poverty conditions.

Despite this situation, South African administrations have been hesitant to back a basic or universal income grant (BIG/UIG) for unemployed and chronically poor citizens. South Africans aged 18-59 years have no access to social security relief, excepting Grant-in-Aid<sup>34</sup> and Disability Grants, should their circumstances so require, irrespective of their employment circumstances, poverty level, or experiences of hunger, all of which worsened during the COVID-19 pandemic. The primary caregiver of children younger than 18 qualifies for an income means-tested Child Support Grant (CSG) (Patel, Hochfeld and Chiba, 2019; Triegaardt, 2005), while those aged 60 years or older can apply for a pension or Old Age Grant (OAG), also based on an income means-test in an attempt to keep apace with inflation' after 'annually (Midgely, 2001). Both these grants are increased annually, and their coverage has been gradually extended since 2002 (Stats SA, 2014).

The lack of significant progress with implementing a BIG/UIG or similar provision of social security prompted the South African Human Rights Commission (SAHRC) in 2018 to request National Treasury and the Department

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<sup>34</sup>The Grant-In-Aid (GIA) is a payment to current social grant recipients who are unable to care for themselves, in order for them to pay someone to take care of them full-time.



of Social Development (DSD) to assess the feasibility of a BIG and to develop a plan for a pilot study (SAHRC, 2018). Unfortunately, these suggestions had not been included in the plans of the Presidency, the Treasury, or DSD when South Africans entered the COVID-19 lockdown. Consequently, the government had to introduce temporary mitigation measures from 21 April 2020 to reduce the socio-economic impact of the lockdown. Measures included slight increases of the CSGs, OAGs, and disability grants, the repurposing of the Temporary Employer-Employee Relief Scheme (TERS) for formally employed workers through the COVID-19 TERS, the distribution of more than 250,000 food parcels, and an 'emergency' monthly Social Relief of Distress (SRD) grant to the value of R350 per individual. Most of these relief measures were repeatedly extended during 2021 and 2022, with the COVID-19 SRD extended until 31 March 2024 (Government Gazette No R. 3210, 2023).

Using the NIDS-CRAM survey, Jain et al. (2020) reported that by June 2020 the SRD was playing an important role in mitigating the effects of the lockdown. A more qualitative study, undertaken by Plagerson et al. (2023) in five urban and peri-urban settings from April 2020 to June 2022, found that the SRD increased the demand for and improved the circulation of goods and services in local economies, placed money in the hands of those who would normally not have it, helped informal businesses to survive and enabled a small number of new businesses, and assisted both customers and traders to afford transport costs, thereby supporting the movement of people, money, products and services. They concluded that it "functioned as an effective shock-responsive mechanism for households and local economies. The detection of economic multipliers in a time of emergency signals the potential for a long-term intervention that could be beneficial to local economies" (Plagerson et al., 2023:3), indicating that the SRD improved people's well-being during the emergency.

A modelling simulation by Bassier, Budlender and Goldman (2022), drawing on the Quarterly Labour Force Surveys of 2020, found that the SRD grant was able to reduce the poverty head count by between 0.7 million and 2 million individuals. Goldman, Bassier, Budlender et al. (2021), using simulations invoking the Food Poverty Line of 2020/21 (R624), argued that a reworked SRD grant of

R460 is ideal with regards to the efficiency of reducing the poverty headcount and has fewer implementation challenges, in comparison with a Family Poverty grant (based on the Brazilian *Bolsa Familia*) and increases in the CSG. However, Stats SA (2023a) introduced new and higher Income Poverty Lines during 2023; a Food Poverty Line (FPL) of R760, a Lower Based Poverty Line (LBPL) of R1,058 and an Upper Based Poverty Line (UBPL) of R1,558 per individual, all based on an income means-test. This change means that some of these simulations now need to be redone using more recent post-pandemic statistics.

Despite its low monetary value of R350 per person, the implementation of the SRD is a significant milestone in the BIG/UIG debate, as it is aimed at those with no income, including the long-term unemployed, discouraged jobseekers and, importantly, individuals in the 18-59 years age group who are excluded from the current social protection policy. It is acknowledged that the SRD and other similar COVID-19 relief interventions are temporary, but they raise important questions. Can the SRD grant experience and perceptions about its vital contribution signify the readiness of citizens to support a higher and enduring grant for the chronically unemployed and poor in the future? Furthermore, is such an income grant perceived as a viable and sustainable post-pandemic option for chronically poor South Africans?

It is against this background that we argue that the favourable appraisal and widespread uptake of the SRD grant, provided to millions of unemployed South Africans, indicates the willingness of South African citizens or residents to support a higher and lasting BIG for chronically poor 18-59-year-olds in the future and that studies by others illustrate that the SRD grant lessened the economic impact of COVID-19 and improved the general conditions of millions of the unemployed and chronically poor. We also reflect on the debates about whether such a grant is a possible and affordable post-pandemic policy option.

## Poverty, inequality and hunger in South Africa

High levels of poverty and inequality influence the well-being of most South African households. Poverty levels began to increase in 2011, when 30.4 million people were

living in poverty according to the UBPL of R992 per person per month, or over one-quarter of South Africans when employing the LBPL of R647 (Stats SA, 2017). Increases in poverty were largely attributed to declining economic growth, reduced employment (Stats SA, 2017), financial mismanagement and corruption at local and national levels (AGSA, 2019). According to Cowling (2023), as of 2022, around 18.2 million people in South Africa lived in extreme poverty, with approximately 123,000 more people being pushed into poverty compared to 2021. The situation is expected to worsen in the coming years, with 18.5 million South Africans expected to be living on less than US\$1.90 per day by 2025.

There is a close relationship between race and poverty. In 2015, 47% of the households headed by Black South Africans were poor (living below the LBPL) compared to 23% for those in households headed by Coloured South Africans, a little more than 1% for the population in households headed by Indian South Africans, and less than 1% among those headed by White South Africans (World Bank, 2018). In 2015, the poverty headcount among female-headed households was 51.2% compared to 31.4% among male-headed households (World Bank, 2018).

While inequality in South Africa, by most definitions, has decreased since 1994, it remains exceptionally high and, using the Gini coefficient as a measure of disparity, inequality rose from 0.64 to 0.67 between 1995 and 2008, indicating that income inequality is worsening. According to Stats SA (2017), the Gini coefficient was 0.68 in 2015. Furthermore, only 8.3% of South Africa's income was earned by the bottom 40% of the population, while 10% owned 90-95% of the wealth. The Gini coefficient for wealth inequality in South Africa is very high at approximately 0.95, largely a consequence of structural injustices inherited from apartheid-era law and policy inability to address these and new challenges.

Household-level hunger is a serious challenge in South Africa. Around 21.3% of South African households experienced inadequate or severely inadequate food security in 2017 (Stats SA, 2019a). Around 1.7 million households (6.8 million South Africans) experienced hunger in 2017, of which 60% were in urban centres.

Furthermore, around 13% of households with children under five years old experienced hunger (Stats SA, 2019). According to Mukumbang, Ambe and Adebisi (2020), COVID-19 worsened the situation, leading to an increase in both personal and household hunger. Masamha et al. (2020:1) argued that the COVID-19 lockdown contributed to “the disruption of entire food systems, especially those food value chain nodes that require intensive labour such as harvesting, processing and distribution”. Food insecurity increased in 2021, with 12% of the population in Gauteng in food crisis, and about 15% respectively in the Free State, Limpopo, Mpumalanga, and the Northern Cape (Dlamini and Weir-Smith, 2022). There are also concerns with access to basic services and food, especially for those residing in informal dwellings, all of which exacerbate existing inequalities (Hart et al., 2022).

Given this background, the need for a comprehensive social security system is fundamental. While the CSG, OAG and other grants have improved access to education, food, and other basic services, South Africa's population aged 18 to 59 has no access to social security relief, regardless of their employment status, level of impoverishment, hunger, and food and nutrition insecurity – all of which deepened during the COVID-19 pandemic, its aftermath, and South Africa's continued economic decline. While the right to food and freedom from hunger and decent social protection are rights enshrined in section 27 of the Constitution of the Republic of South Africa (1996), more than two decades later the BIG debate remains contested.

## The BIG and the right to social protection

The idea of a BIG has three main characteristics: (i) universal in scope, as it is paid to all without an income means-test; (ii) individually focused and designed to cater for individuals within households; and (iii) unconditional in that there is no requirement to work or demonstrate a willingness to seek work (Basic Income Earth Network, 2016). Mostly, supporters of BIG argue that it offers a regular income as a universal and unqualified right, thereby reducing inequality and poverty more effectively than income means-tested programmes and lessening





the effects of the possible supplanting of labour-intensive jobs by technology. It also potentially increases individuals' self-worth and access to basic human rights by providing them with the opportunity to undertake valuable work not always acknowledged or rewarded by the market, such as care work, domestic work, and volunteering. A BIG can also cover the costs of seeking employment or starting a micro-enterprise and provide food and other security. Pilot studies in several countries illustrate noteworthy decreases in inequality and poverty and greater economic activity where similar interventions have been introduced (Black Sash, 2020).

A BIG also has the logical effect of reducing displacement of costs onto other parts of the social welfare and healthcare systems, as well as onto law enforcement. In a systematic scoping review of public health effects of interventions like basic income support or a BIG, Gibson et al. (2020) found "strong positive effects on some outcomes, such as birthweight and mental health, but no effect on others", while "some evidence suggests positive effects on some other outcomes, including health outcomes". Devereux (2021) notes several related beneficial outcomes, including the injection of cash into poor communities, which stimulates local economies, and, less tangibly but no less important, building social solidarity and cohesion in marginalised communities that otherwise feel hopeless, frustrated and angry – a toxic brew.

Solving unemployment, poverty, and inequality is high on the South African policy agenda, as is providing social protection to those whose life phase typically excludes them from social protection instruments. Jobless South Africans aged 18-59 are excluded, and the proportion in this category increased with the execution of the COVID-19 lockdowns and the subsequent closing or downsizing of businesses. As the consequences of the COVID-19 pandemic and lockdowns became apparent, Stats SA (2020a) reported that unemployment in South Africa was at an all-time high of 43.1%, using the expanded definition. The consequences of the unprecedented economic shock of the pandemic further weakened precarious livelihoods and prevented the initiation of survivalist or stronger enterprises, reduced the ability to seek work, and increased experiences of hunger and poverty (Ohrnberger, 2022). Despite this, the current

SRD remains temporary. In April 2023, Minister of Social Development Lindiwe Zulu reported in Parliament that the grant had not been increased since its inception in 2020 and that her department had only been able to secure an extension until March 2024 (Felix, 2023).

## The early debates and outcomes

In 2002 the Taylor Committee presented a pathway for a comprehensive redesign of South Africa's "piecemeal and fragmented" social security system (Taylor Committee, 2002:x). The Committee proposed a basic income grant of R100 per person per month alongside a package of other reforms including extending the reach of existing grants. The Committee championed that the democratic state should seek to implement a system of comprehensive social protection rather than simply social security (Taylor Committee, 2002). The Committee further demonstrated how such a package could be achieved within the boundaries of National Treasury's 'non-negotiables' that were shaped by the neoliberal Growth, Employment and Redistribution (GEAR) framework. The Committee estimated that if existing grants reached more of those eligible to receive them (including children, persons with disabilities and the elderly), then "social security could reduce the poverty gap by 37%" (Hölscher, 2008:120). While existing grants were gradually rolled out and the uptake increased, the Minister of Finance and the National Treasury opposed the Taylor Committee recommendations, particularly the BIG.

Debates around the BIG inevitably reflect a range of differing ideological positions on the role of the state in safeguarding the well-being of its citizens. Although some economists argued that this was unaffordable, others provided local comparative models (Standing and Samson, 2003), and national organisations formed the BIG Financing Reference Group (BFRG, 2004) that proposed ways to fund such a scheme, which could in the short-term be rolled out as a pilot to the poorest in the country, periodically reassessed, and gradually increased and expanded.

While some scholars, such as Gray (2006), recognised the merit of redistributing income to the poor, they cautioned against a neoliberal capitalist project that essentially promoted extreme income inequalities. Gray (2006) further

argued that the social welfare policy must preferably focus on and be structured to increase economic participation; otherwise, it would create welfare dependency. Seekings (2022) showed the challenges within the ANC with the social grants versus economic inclusion debate and how meaningful job creation projects had failed under successive ministers. Coleman (2003) stressed that the poor are most dependent on the working poor and the strength of their local social networks to survive, as these are important social capital. South Africa's economic growth has increasingly downturned, exacerbated by the 2008 global recession and corruption within the public and private sectors (AGSA, 2019, 2020a; 2020b) and jobs to absorb the poor have become scarce.

The Taylor Committee's basic income proposals were not embraced by policymakers or the business sector. Economic growth, it was argued, should be prioritised, thereby improving employment and income rather than increasing social assistance. The focus was thus on the so-called 'trickle-down effect' advocated by neoliberalism, and it was largely left in the hands of the public and private sectors to create more jobs with better pay that would improve household wellbeing. One such state attempt was the Public Works Programme, later followed by the Expanded Public Works Programme (EPWP).

However, economic growth has not occurred. Some local and international authorities repeatedly testify that a BIG would provide an economic stimulus, a welfare lifeline, greater access to work opportunities, and a mechanism to break the intergenerational cycle of poverty (BFRG, 2004; UNDESA, 2018). Studies by the International Monetary Fund (IMF) (2017), based on 2012 data, showed that an annual payment of R1,584 to all individuals could reduce the Gini Coefficient by 0.05 points and poverty by 10.8%. The amount would need to be greater to achieve the same effect today. The IMF is in support of the gradual rollout of a BIG. The United Nations Economic and Social Council (UNESCO) appears to have a similar view and has acknowledged that:

...promoting universal access to social services and providing nationally appropriate social protection floors [or minimum levels] can contribute to addressing and reducing poverty, inequality and social exclusion and promoting inclusive economic growth...[and]... that social protection is an investment in people and thus in long-term social and economic development and that nationally appropriate social protection systems and floors are making a critical contribution to meeting the Sustainable Development Goals... (UNESCO, 2018:4).

The COVID-19 pandemic and the subsequent lockdown have emphasised the challenge that the chronically and transitionally poor face when economic growth is not a reality. The implementation of the SRD grant was positively appraised by most sectors of society, indicating unprecedented consensus around the issue, perhaps suggesting that the state is now in a stronger position to address this formidable policy question and constitutional right to decent social protection more comprehensively.

One of the key policy choices regarding the introduction of basic income relates to whether current social grant benefits would be replaced or complemented – in effect, the differentiation between a universal basic income grant (UBIG) and basic income support (BIS). The 2002 Taylor Committee favoured a regular flat-rate cash basic income grant that would be provided to all South African citizens or residents. Yet, since CSGs, OAGs and Disability Grants extend support to millions of children younger than 18 years, persons over 60 years, and disabled working-age adults, a BIG of this type would result in the duplication of existing forms of social protection or alternatively require the replacement of these social grants in favour of the flat-rate BIG. This has led the Expert Panel of Basic Income Support (Van den Heever et al., 2021:127) to instead



focus its proposals on BIS, which “also involves regular flat rate cash transfers, but is restricted for pragmatic reasons to part of the population, not for everybody”. In this instance, the target population for basic income support would be poor 18–59 year olds, many of whom are unemployed and lack any form of access to social policy support (Devereux, 2021).

## A constitutional imperative

The Constitution was intended to achieve a fundamentally improved quality of life for everybody, especially for the poor and vulnerable (Klare, 1998; Langa, 2006). Section 27(1) of the Bill of Rights in the Constitution specifies that all have the right to “access to...(c) social security, including, if they are unable to support themselves and their dependents, appropriate social assistance”.

The overarching section 7 of the Bill of Rights reinforces this right by providing that:

1. This Bill of Rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom.
2. The state must respect, protect, promote and fulfil the rights in the Bill of Rights.

However, section 7(3) pragmatically recognises the reality that the government cannot be expected to immediately realise all socioeconomic rights, such as social security. Thus:

3. The rights in the Bill of Rights are subject to the limitations contained or referred to in section 36, or elsewhere in the Bill.

One of these ‘limitations clauses’ appears in section 27(2), which requires the state to “take reasonable legislative

and other measures, within its available resources, to achieve the progressive realisation of each of these rights”.

The primary legislation that gives effect to the constitutional provisions regarding social security is the Social Assistance Act 59 of 1992. While this right must be increasingly realised, available resources must be allocated to all socioeconomic rights (SERs). In terms of section 27(2), the State is obliged to act “reasonably” in increasingly realising the right. The Constitutional Court (CC) has developed criteria to assess whether a government programme or policy meets the reasonableness test (Liebenberg, 2010). The CC has held that SERs are closely associated with the Constitution’s founding values of human dignity, equality, and freedom. Where these rights arise in cases involving SERs, they must be considered together with the available financial and human resources in order to determine whether the government’s plan meets the constitutional standard of reasonableness. Thus, even when the government argues that it cannot afford to fully realise these rights, the criteria used to justify a more constrained plan must be consistent with the Bill of Rights in its entirety.

The courts will not use the reasonableness test to “enquire whether other more desirable or favourable measures could have been adopted, or whether public resources could have been better” utilised. It is sufficient for government to show that its preferred measures enable the government to meet its obligations and to meet the requirements of reasonableness. “Policymakers have the expertise necessary to present a reasonable prediction about future social conditions. That is precisely the kind of work that policymakers are supposed to do. Unless there is evidence to the contrary, courts should be slow to reject reasonable estimates from policymakers” (Khosa v Minister of Social Development, 2003).

These provisions of the Bill of Rights and South African legislation are supported by several provisions in international law and treaty instruments. For example, Art. 22 of the Universal Declaration of Human Rights (UDHR) states that:

*[E]veryone, as a member of society, has the right to social security and is entitled to realisation, through national effort and international co-operation and in accordance with the organisation and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality (United Nations, 1948).*

South Africa has acceded to the International Covenant on Economic, Social and Cultural Rights (ICECSR), Art. 9 of which provides that “the States Parties to the present covenant recognise the right of everyone to social security, including social insurance” (United Nations, 1966). Nevertheless, before the COVID-19 pandemic, the SAHRC argued that “South Africa has failed to discharge its international and national [constitutional] obligations regarding the provision of social assistance to those most in need.” (SAHRC 2018:12).

### Pre-pandemic public support for a basic income grant

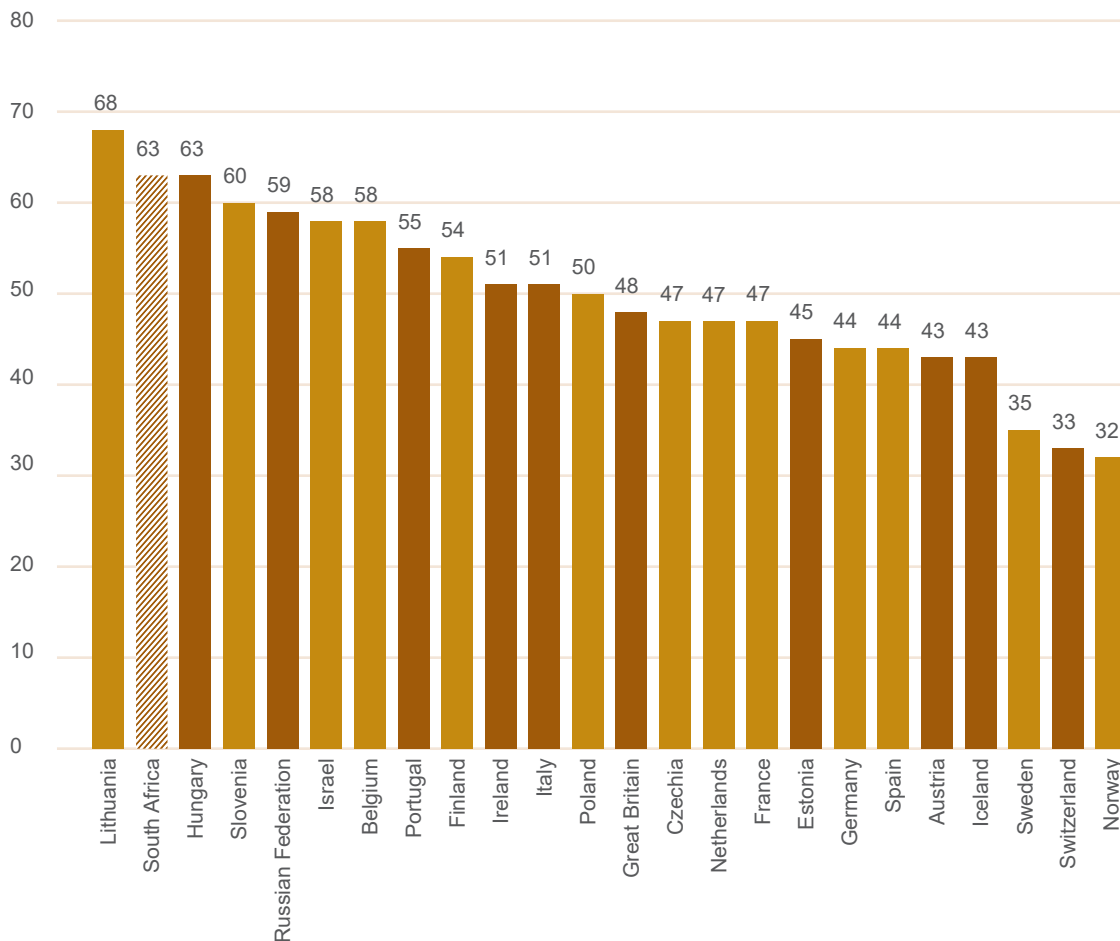
We now turn to analysing public attitudes towards the BIG before the pandemic using data from the South African Social Attitudes Survey (SASAS), a representative survey conducted annually by the Human Sciences Research

Council (HSRC). This survey series has consistently found that the South African public expresses broad satisfaction with government provision of social grants. It has also examined beliefs about whether taxes should increase to expand social welfare and assessed the level of demand for the introduction of a basic income grant.

The 2016 annual SASAS round fielded a question from Round 8 of the European Social Survey (ESS) (2016) that was designed to assess levels of public support for the introduction of a UBI scheme (Figure 1). In the ESS, substantive variation was evident, with the share favouring the scheme ranging from a low of 32% in Norway to 68% in Lithuania (Meuleman et al., 2018). Stronger support was observed in more unequal societies (such as Lithuania and Russia), with the least support provided by citizens living in the social democratic welfare states of Norway and Sweden (Meuleman et al., 2018). This suggests that a basic income scheme is perceived as a way of advancing social welfare in countries rather than an alternative to existing well-functioning welfare systems. Roosma and Van Oorschot (2020) draw similar conclusions about a European Union (EU) minimum income scheme. When dividing lines are based on contextual differences, they note that citizens in countries that are net receivers of, as opposed to net payers of EU support, the expectation is that EU interventions will result in improved social benefits and services in contrast to those available nationally (Roosma and Van Oorschot, 2020). In a study of food aid in Helsinki, Finland (Linnanvirta, Kroll and Blomberg, 2018), support for a basic income (BI) was high among the target population, but support was not unequivocal amongst this group. Furthermore, the support was not much greater than amongst the general population of Finland (see Kangas, 2016).



**Figure 1: Comparative public support for a Universal Basic Income (UBI) scheme in Europe and South Africa (% in favour).**



Sources: European Social Survey Round 8 (Meuleman et al., 2018); authors' analysis based on the HSRC's 2016 SASAS round.

Support for Universal Basic Income (UBI) in South Africa in 2016 ranked slightly lower than in Lithuania, was equivalent to what was observed in Hungary, and was only 4% above that of the Russian Federation (Figure 1). This social policy support signifies a high degree of legitimacy vested in the developmental state in the mid-2010s and conveys a desire to expand standing social protection arrangements to address persisting social needs and promote better living conditions.

## Methods

The primary evidence for this chapter is drawn from the University of Johannesburg (UJ)/HSRC COVID-19

Democracy Survey, an online, cross-sectional survey that was conducted during the pandemic (Runciman et al., 2020). The survey instrument consisted of 22 demographic questions and 29 questions that sought to understand knowledge, perceptions, and experiences of various COVID-19 related issues. Each survey round used the same core questions, but adaptations were made in each round to reflect emerging pertinent events. The online survey was fielded through the Moya messenger app, a social messaging platform that offers text messaging and access to other online content and services using a reverse billing model, whereby users of the app do not incur the costs of accessing content available on it. At the beginning of the survey, the app had 1.7 million



active users, and this increased to 6.1 million by the end of 2021 (Runciman et al., 2020). In addition to this, the survey URL was distributed to other potential respondents via social media platforms. This was intended to boost responses from segments of the adult population that were underrepresented in the demographic profile of subscribers to the online messaging platform – namely older, White, Indian and Asian people. The likely coverage gaps could be identified in advance owing to the demographic information that *Datafree* holds on its users. Rounds 4 and 5 were supplemented with a telephone survey of older respondents as the research began to focus increasingly on COVID-19 vaccine hesitancy (see Runciman et al., 2020; Alexander et al., 2021, Runciman et al., 2022).

Table 1 provides the dates of each round and the sample size for each round. These five datasets were weighted to coincide with the Stats SA Community Survey 2016 estimates of the distribution of the adult population by race, age group, and educational achievement, and can be regarded as broadly indicative of the adult population. In Round 5, an additional adjustment was made for vaccination rate by gender to match data provided by the Department of Health for the midpoint of the survey period. See Runciman et al. (2020) for further details on the weighting.

**Table 1: Survey round start dates, end dates, and sample size**

Round	Date opened	Date closed	Sample size
1	13 April 2020	11 May 2020	12,312
2	3 July 2020	8 September 2020	7,966
3	29 December 2020	6 January 2021	10,618
4	25 June 2021	12 July 2021	7,842
5	22 October 2021	17 November 2021	6,358

Source: UJ/HSRC COVID-19 Democracy Survey. Authors' own calculations.

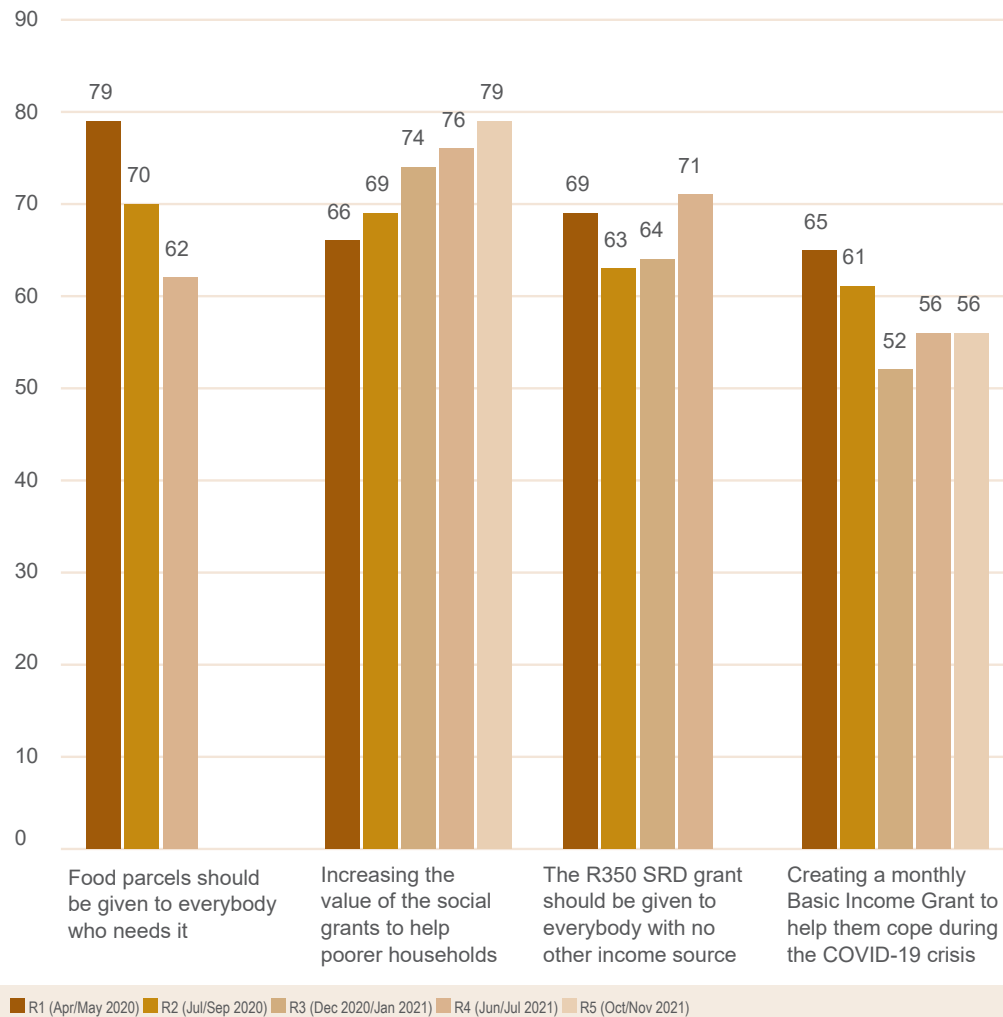
## South African's perceptions of key COVID-19 social protection interventions

Following the introduction of the SRD in April 2020, statistics provided by the South African Social Security Agency (SASSA) and the DSD showed that 7.19 million applications were received during the first two months. Of these applications, 3.25 million were approved, and 2.77 million paid out (SASSA, 30 June 2020). This provides a clear indication of the sheer scale of need and interest in the grant. The UJ/HSRC surveys provide further evidence of relatively high public approval for the SRD and food parcels, especially in comparison to other COVID-19 relief measures.

The UJ/HSRC COVID-19 Democracy Survey found strong public support for core social protection measures that were implemented during the COVID-19 pandemic (Figure 2). In all survey rounds, participants were presented with a set of policy measures, and asked which they supported. The list of policy options differed between rounds, informed mainly by the COVID-19 context at the time, with 19 different options tested across the five rounds, and an average of 11 options per survey round. Figure 2 illustrates that there was strong support for the distribution of food parcels, increasing the monetary value of pre-existing social grants, providing the SRD to individuals with no other source of income, and introducing a regular basic income grant, at least for the duration of the COVID-19 pandemic. Despite the slight declines in support for some policy measures between rounds and pandemic lockdown levels, we note that support for increasing the value of social grants increased and was equivalent to the demand for the SRD, while the demand for creating a monthly income grant dropped slightly from 65% to 56%. The drop concerning food parcels could be due to the corruption that surrounded the distribution of food grants and their inability to feed households with more than four members for a month.



**Figure 2: Public demand for (i) food parcels, (ii) increasing the value of social grants, (iii) providing the SRD Grant (R350), and (iv) creating a Basic Income Grant, across survey rounds (% favouring each social policy option).**



Source: UJ/HSRC COVID-19 Democracy Survey. Authors' own calculations.

Note: (i) food parcels were included as a policy support item in Rounds 1-3 only; (ii) support for the SRD grant was asked from Round 2 of the survey onwards.

## Comprehensive approval

How uniform was the level of support for grant-related social policy measures such as the ones described above? Table 2 disaggregates support for the SRD grant and the introduction of a BIG by selected personal characteristics of the survey respondents. The values for Survey Rounds 2 through 5 are displayed in the case of the SRD grant and Rounds 1 through 5 in respect of the BIG.

**Table 2: Public support for the Social Relief of Distress Grant (SRD, COVID grant) and a Basic Income Grant (BIG), by personal attributes (cell %).**

	R350 Social Relief of Distress (SRD) grant				Introducing a Basic Income Grant				
	R2	R3	R4	R5	R1	R2	R3	R4	R5
<b>South Africa</b>	69	63	64	71	65	61	52	56	56
<b>Gender</b>									
Male	67	66	67	71	66	61	53	59	57
Female	71	59	62	70	64	61	52	53	55
<b>Age group</b>									
18-24	66	63	68	71	61	57	52	54	52
25-34	70	62	64	70	64	62	54	57	57
35-54	72	64	63	70	65	65	55	54	56
55+	64	62	60	73	73	55	46	60	60
<b>Population group</b>									
Black African	68	63	64	71	62	58	50	54	56
Coloured	77	67	65	77	74	75	66	64	67
Indian/Asian	76	59	74	71	81	73	70	78	53
White	68	58	60	65	70	62	51	57	44
<b>Education level</b>									
Less than matric	67	62	64	72	62	59	49	54	57
Matric	73	65	65	70	69	65	57	58	56
Post-matric	66	57	59	63	62	58	49	56	52
<b>Subjective poverty status</b>									
Non-poor	56	56	53	66	56	50	46	52	44
Just getting by	68	64	63	69	66	59	52	55	55
Poor	73	67	68	73	69	67	54	57	61
<b>Personal monthly income</b>									
Less than R1,000	68	72	67	75	68	61	55	55	59
R1,001 - R2,500	71	66	65	72	68	58	55	58	60
R2,501 - R5,000	75	64	59	69	65	73	58	57	58
R5,001 - R20,000	59	49	59	56	66	53	44	56	50
More than R20,000	61	53	57	52	56	50	38	56	45
<b>Political party support</b>									
ANC supporters	67	65	65	72	-	58	49	54	56
EFF supporters	61	70	72	70	-	58	52	60	56
DA supporters	75	62	60	73	-	66	59	63	65
Other party supporters	67	59	60	66	-	63	55	57	55
Support no party	69	64	65	72	-	63	55	59	53
Minimum	56	49	53	52	56	50	38	52	44
Maximum	77	72	74	77	81	75	70	78	67
Difference (perc. pt.)	22	23	21	25	25	25	32	26	23

Source: UJ/HSRC COVID-19 Democracy Survey. Authors' own calculations.

Note: The SRD grant policy option and political party support were included from Round 2 onwards. Shaded cells represent above-average levels of support for the particular survey round.

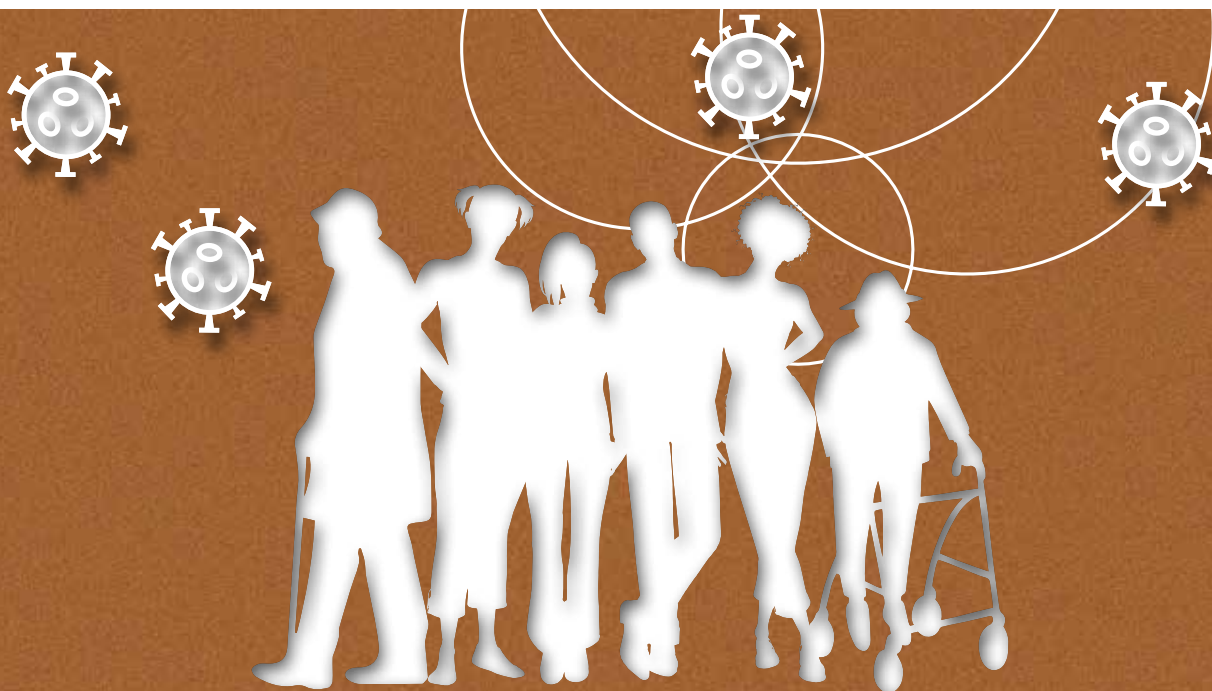


## The need for an SRD

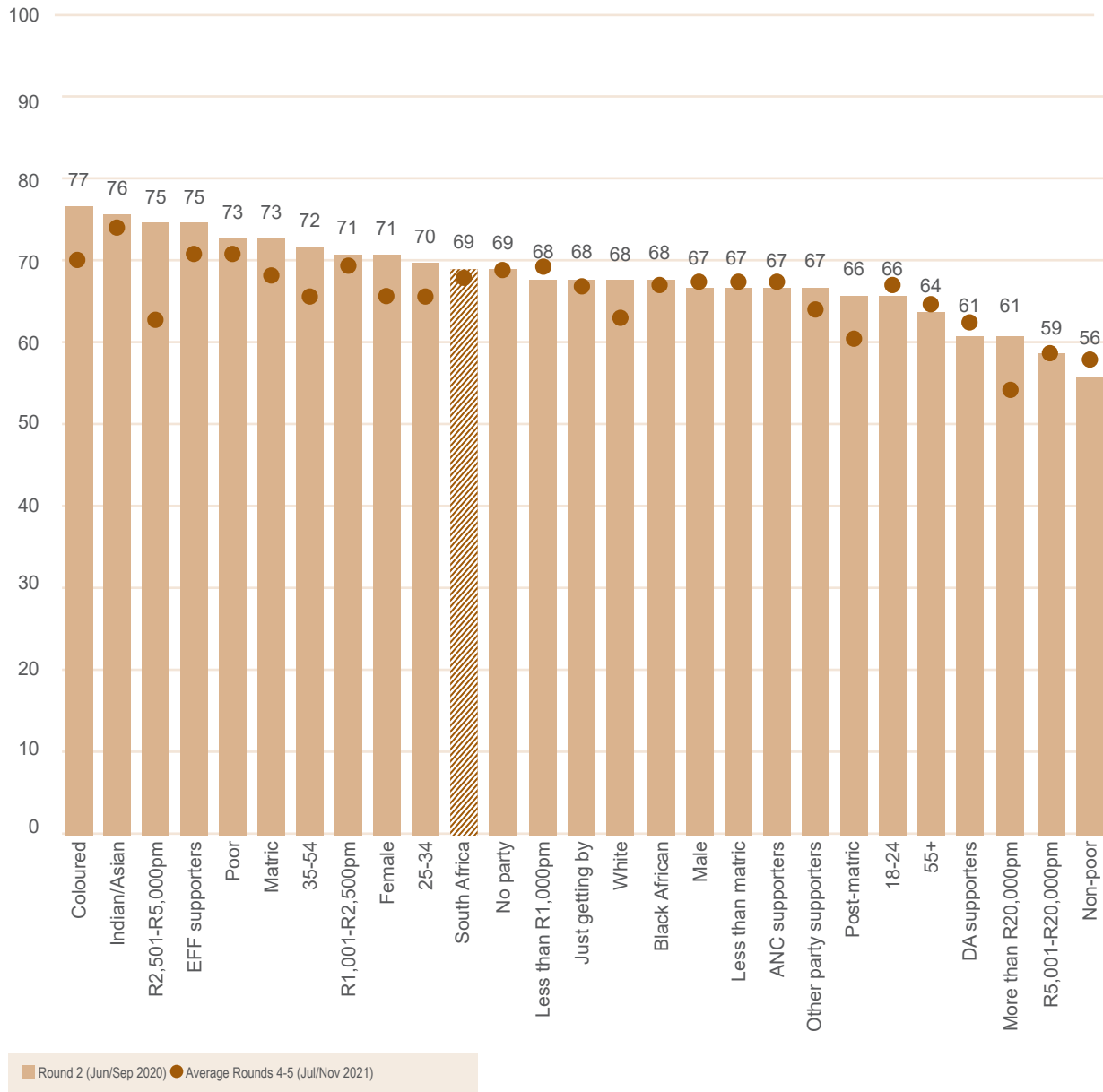
In each survey round, a majority of respondents across the different personal traits examined indicated a preference for the R350 per month SRD, ranging from a low of 49% favouring this social policy to a high of 77% (Table 2, minimum and maximum values). Differences in support based on income and subjective poverty status were the largest. The strongest support came from Coloured and Indian adults (77% and 76%, respectively in Round 2), followed by those who earn between R2,500 and R5,000 per month (75%), Economic Freedom Fighters (EFF) supporters (75%) and those that classify themselves as poor (73%), and those who had matriculated (73%) (Figure 3).

In contrast, those who classify themselves as non-poor (56% in Round 2), followed by those earning over R20,000 per month (61%) and between R5,000 and R20,000 per month (59%), Democratic Alliance (DA)

supporters (61%), those with a post-matric education (66%), and those older than 55 years (64%) were least in support of the SRD grant. This initial subgroup analysis reveals that a class divide exists, with the self-classified non-poor and those with a personal income exceeding R20,000 far less supportive of the R350 SRD grant than the poor and those earning less than R1,000 per month. Despite such variation, there was nonetheless a broad level of support for the SRD grant among the public during the hard and lower levels of the COVID-19 lockdown period. Apart from differences in support among select population subgroups at the upper and lower margins of the distribution shown in Figure 3, the spread of values for most groups ranged in a narrow band between approximately 66% and 73%. This represents a resolute demand for this form of social support during the time of the pandemic. The spread of values across all five survey rounds also remained relatively consistent (Table 2, minimum and maximum values).



**Figure 3: Support for the Social Relief of Distress Grant (R350) by personal attributes, Round 2 compared with the average for Rounds 4 and 5 (% supporting).**



Source: UJ/HSRC COVID-19 Democracy Survey. Authors' own calculations.





## Support for a BIG

A similar pattern emerges when we analyse support for the creation of a special grant that all South Africans would receive each month (such as a BIG as a coping strategy to assist with duress experienced during the coronavirus crisis (and beyond) (Table 2). The degree of support for the BIG varied between 56% and 81% in Round 1, with a similar range across different personal traits in Round 2 (between 50% and 75%) and Round 4 (between 52% and 78%). Lower levels of support were, however, evident in both Round 3 (between 38% and 78%) and Round 5 (between 44% and 67%).

Figure 4 shows differences at the subgroup level based on an average of the support levels expressed in Rounds 1 and 2 compared with the average support observed in Rounds 4 and 5. In this instance, those least supportive of the introduction of a BIG included those earning over R20,000 per month and those classifying themselves as non-poor (both 54% on average in Rounds 1-2), as well as African National Congress (ANC) and EFF supporters (both on 58%). Those being more in favour than average of a special grant to all South Africans included Indian (78%) and Coloured (74%) adults, the poor and those who had matriculated (both 68%), as well as those earning between R2,501 and R5,000 (67%).

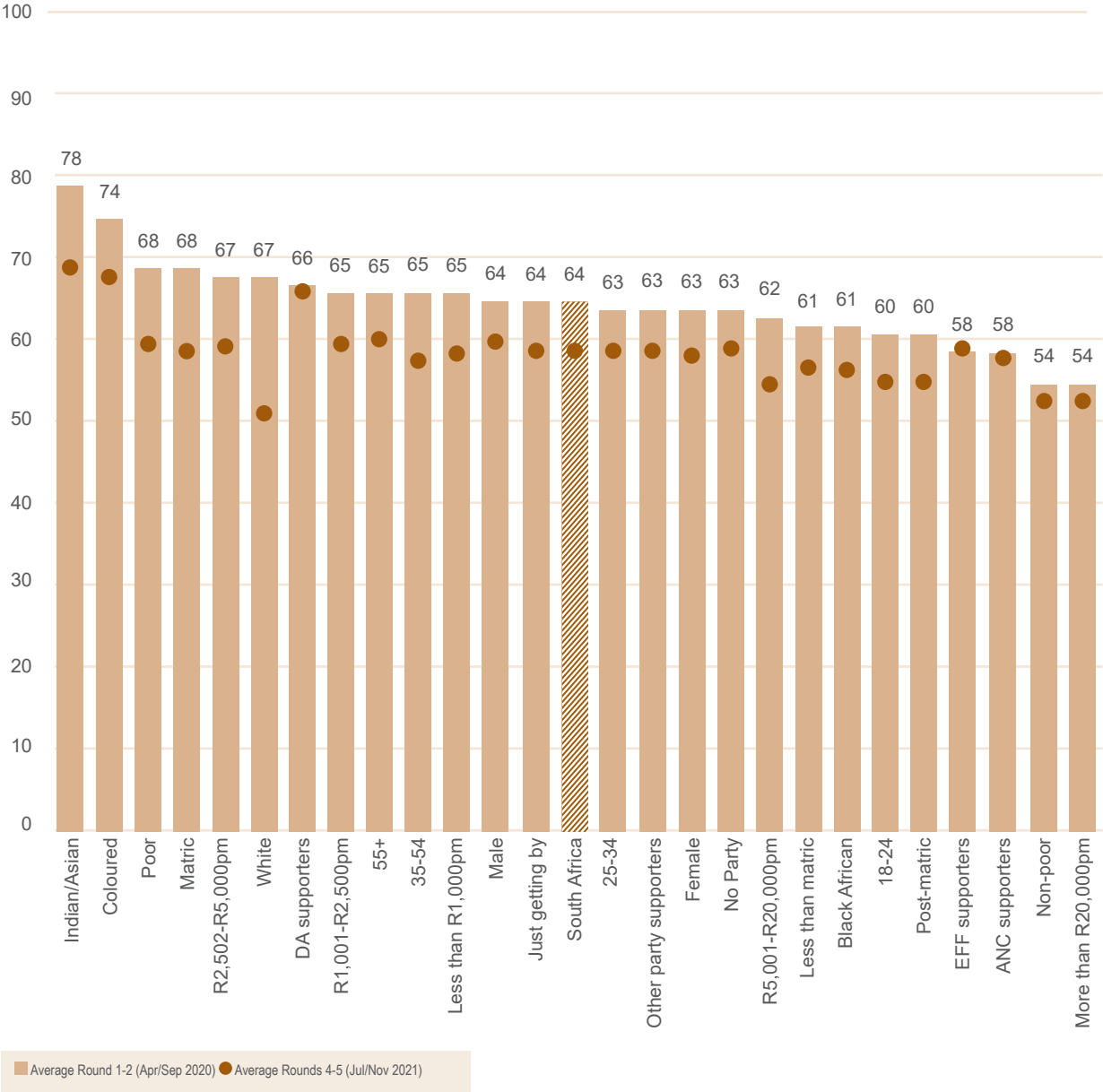
When we compared changes from Round 1 to Round 5 (Table 2), we found that support for a special monthly grant for all South Africans dropped the most for better-off South

Africans. This includes those earning between R5,001 to R20,000 (falling from 66% to 50% between Rounds 1 and 5), those earning more than R20,000 (from 56% to 45%), the non-poor (from 56% to 45%), those with a post-matric education (from 62% to 52%), as well as Indian and White adults (from 81% to 53% and 70% to 44% respectively). For other South Africans, the decline in support was less stark. Support for introducing a BIG fluctuated more than support for the SRD and tapered off somewhat as COVID-19 lockdown levels reduced, most especially for the better-off in society. However, 61% of poorer South Africans continued to support this social policy even in Round 5, meaning that support for a decent living level for working age adults remains a priority for many socially disadvantaged citizens and is likely to remain a key source of policy debate in the post-pandemic period.

The central message indicated by these results is that these two social protection measures received broad-based support across socio-demographic groups and political orientations in the country over time. Support for these types of redistributive policy is relatively high by South African standards (Roberts, 2019). Opposition to these policies comes mainly from those who do not need them or are currently ineligible, based on the existing income means test favoured by government. The means test threshold for the SRD grant was initially a personal income of less than R350 a month and this was raised to a R624 a month (equivalent to the FPL value at the time) in late 2022.



Figure 4: Support for the creation of a Basic Income Grant (BIG) that all South Africans would receive each month, by personal attributes, average for Rounds 1 and 2 compared with the average for Rounds 4 and 5 (% supporting).



Source: UJ/HSRC COVID-19 Democracy Survey. Authors' own calculations.



## Confronting the BIG debate

In policy debates regarding a BIG in the South African context, the primary opposing arguments are that it would: (i) create dependency and make it unnecessary for people to actively engage in job-seeking, and (ii) be prohibitively expensive to implement.

### The dependency fallacy

The first argument assumes that people will immediately suspend attempts to gain employment when they receive a BIG. A similar argument was previously levelled against social grant beneficiaries, particularly the CSG, but research has proven this to be false (Black Sash, 2020; DSD, SASSA & UNICEF, 2012; Noble and Ntshongwana, 2008). For example, Noble and Ntshongwana (2008) found that structural conditions of the job market and the wider economy are more crucial than unemployed persons' motivations to seek work and the workings of the grant system. Such clichéd social representations of grant recipients are misplaced (Plagerson et al., 2023), and critical action is required to uplift the wellbeing of socially disadvantaged and vulnerable citizens, who often face bleak living conditions in addition to harsh community and labour market environments. As Coleman (2003) states, the poor are most dependent on the 'working poor' and their social networks to survive. The evidence presented here suggests strong, although mixed, support across diverse socio-economic groupings favouring both the SRD and a similar longer-term BIG-style grant. Whilst robust support is evident from many quarters of society, it is imperative that financing for such social protection is sustainable.

### Financing a BIG

The evidence from the UJ/HSRC survey series combined with the SASAS data demonstrate public support for a BIG. However, political and ideological battles regarding its feasibility are still ongoing. From the perspective of government, it will be challenging to finance the SRD or a BIG as part of a permanently expanded social protection agenda. An already weak national economy suffered substantial setbacks ensuing from the various lockdown measures. The extended alcohol and tobacco bans, and the temporary closure of the hospitality industry, as well as the closure of many small enterprises during the

lockdown, resulted in the loss of excise and income taxes to the fiscus. Besides this, the government accumulated large debts due to the borrowing of funds to implement its COVID-19 relief measures and contain the spread of the coronavirus.

Black Sash (2020) has argued that making a BIG viable depends on the Rand value of the grant, whether it has widespread coverage, and whether a phased-in approach is adopted. The evidence above indicates broad-based support for such a grant and the low-value SRD, but a phased-in approach would need to be designed so that it and the grant value gradually increase and reach more citizens. Additionally, the risks and costs of governing a range of individual means-tested grants could be radically reduced through a universal basic income support grant (UBIG) that is then partly claimed back through ordinary income taxes on wealthier taxpayers (see Goldman et al., 2021). We have seen that, when faced with a national disaster, the government can make difficult decisions to protect the rights to health and life. Similarly, lessons learned during the temporary ban on alcohol and cigarette sales suggest that a significant increase in 'sin' taxes may be a palatable option for increasing revenue to provide for a BIG.

The UJ/HSRC survey asked whether making rich people pay more taxes was supported as a means of providing improved socioeconomic relief during the pandemic. Regression analysis (logistic) on the combined data showed that greater levels of support for this policy option were evident among those older than 55 years, followed by the self-categorised poor, those with a post-matric education, and Black African adults. Those least supportive of the wealthy paying higher taxes on average included women, Coloured and White adults, the non-poor, and youth 18 to 24 years. Interestingly, a proportion of those who need the benefit most are less supportive of increasing the taxes imposed on the rich, suggesting that these sections of society may prefer to see a BIG financed through a range of other revenue instruments, which might be more acceptable to the respondents and would need further exploration.

Potential sources of financing a BIG include budget reprioritisation, raising tax revenues, and, notably, greatly improved fiscal governance, urgently required

after decades of corruption and maladministration. This misgovernance was deplorably evident during the various stages of the lockdown, with the distribution of food parcels and procurement of essential health goods taking centre stage and condemned by the Auditor-General (2020a; 2020b).

## Conclusion

This chapter has argued that South Africa's poor, particularly those in the 18-59 years age cohort, could benefit from a basic or universal income support grant. During the COVID-19 pandemic and lockdown in South Africa, the poor often felt the brunt of the lockdown measures. Unemployment increased to its highest level since 1993 and earlier reductions in poverty are largely attributed to the expansion of social grants and their annual incremental increases. Any other reduction of poverty during the first decade of democracy was due to economic growth, which has seriously declined since 2005, and South Africa entered the pandemic at one of its lowest levels of economic performance. Growth is not expected to exceed 1-2% per annum in the near future. This means that the state and the private sector are unlikely to employ the millions of newly unemployed South Africans in the short- to medium-term, let alone those who were previously unemployed. In Quarter 1 of 2023, unemployment was at 42.4% according to the expanded definition that includes discouraged work-seekers (Stats SA, 2023b), which was slightly less than the 43.1% during the pandemic's peak in November 2020 (Stats SA, 2020c).

Our survey evidence, drawing on respondent's perceptions about the SRD and BIG, strongly indicates broad support for the temporary introduction of the SRD and for introducing a similar basic income support grant over the longer term for those who need it most; the poor and unemployed aged 18-59 years. Since the contributors to this chapter do not favour the removal of existing grants and recognise the

urgent need to support poor 18–59-year-olds, we adopt the Expert Panel's preference for a progressively implemented Basic Income Support grant or transfer scheme for this especially vulnerable segment of South African society. Given the current economic situation, this should be piloted as soon as possible and gradually extended and increased. Based on the current LBPL, this should begin with a monetary value of R1,058 per individual but may require further research using more recent post-pandemic income and labour statistics. A pilot intervention, along with regular assessments, starting at the current LBPL value, would allow purchasing a food basket to provide the minimum daily energy intake and enable purchasing some basic services. It will also help the recipients to seek work, purchase mobile phone airtime, pay for clothing, education, health, energy, and water. Furthermore, as Gibson et al. (2020) have demonstrated, a basic income support grant would reduce some of the burdens already felt by state services and may, for example improve safety and security.

The triple crises of unemployment, poverty, and inequality have persisted and deepened despite numerous policy and legislative interventions. Combined, they amount to a chronic disaster that is unravelling South Africa's social cohesion and weakening our constitutional democracy. A bold and pioneering response is urgently needed.

## Acknowledgement

This research was supported by the National Institute for the Humanities and Social Sciences (NIHSS), the National Research Foundation (NRF) and the Department of Science and Innovation. The analyses and views presented here represent those of the authors only. Our thanks to the people of South Africa who generously provided their time in completing the survey.



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# 10. Financing and Innovation in Social Security Amidst COVID-19: Impacts and Long-Term Considerations

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## National Treasury, South Africa

### Abstract

South Africa spent over R100 billion on social security<sup>39</sup> interventions during the COVID-19 pandemic from 2020/21 to 2022/23. A large portion of this spending went towards social grants<sup>40</sup> and the Unemployment Insurance Fund-Temporary Employer/Employee Relief Scheme (UIF-TERS). Existing social grants were increased, and a new grant, known as the COVID-19 Social Relief of Distress (SRD) grant, was introduced for the working age population. Government revenue decreased substantially during the pandemic and increased social spending was largely borrowing such as through domestic and international bonds as well as concessional loans from international financial organisations. UIF-TERS payments were largely financed through the UIF surplus.

The COVID-19 SRD grant was initially meant to protect the vulnerable for six months, but it has proved difficult to withdraw and was recently extended until 31 March 2025 (National Treasury, 2023a). The budget for 2025 needs to decide whether to continue this grant or not, also noting calls for a basic income grant. This also demonstrates difficulties government and communities have in making trade-offs between short-term and long-term responses to

crises, and in balancing fiscal constraints and the provision of social security.

The paper concludes that government should build on innovations developed during the COVID-19 period (digital systems, large database cross-checks) in strengthening the social grant system. South Africa needs to make progress in strengthening its social security and labour market interventions for the 18-59 working age group. However, the introduction or maintenance of existing social security measures in the long-term will require a permanent funding source as the country's current weak fiscal position makes it difficult to continue without additional funding. It is necessary to restore fiscal buffers to prepare for future disasters and pandemics.

### Introduction

The COVID-19 pandemic and the related lockdowns had devastating economic consequences for households when movement and economic activity were restricted to curb the spread of the virus and save lives. Much uncertainty emerged about the optimal balance between lives and livelihoods, especially in the context of prolonged lockdowns in low and middle-income countries with weak fiscal positions. The South African Government mounted a strong and early response to COVID-19. However, in

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<sup>39</sup>The ILO defines social security as "the protection that a society provides to individuals and households to ensure access to healthcare and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner".

<sup>40</sup>Social grants are defined in terms of Chapter 1 of the Social Assistance Act No. 13 of 2004 as a child support grant, a care dependency grant, a foster child grant, a disability grant, an older person's grant, a war veteran's grant and a grant-in-aid.

the course of one of the most rigid lockdowns globally, the problem of hunger and the risk of deep recession, higher unemployment, rising poverty, and plunging tax revenues became so large that it was impossible to continue the lockdown in the same manner. The alternative plan was to reopen businesses safely and provide income support to households.

The national lockdown posed a grave threat to income security of households and urgent income protection responses were required. The term 'social security' in South Africa comprises the three pillars laid out by the World Bank for income protection. The first pillar constitutes non-contributory cash transfers, which are the social grant system also called social assistance. The second pillar constitutes contributory social insurance systems such as the Unemployment Insurance Fund (UIF). The third pillar constitutes private insurance systems for protection of income (World Bank, 2021; Inter-Departmental Task Team on Social Security and Retirement Reform, 2012).

When the COVID-19 pandemic hit in March 2020, South Africa already had a weak fiscal outlook with a 0.3% real economic growth in 2019 and a forecast of 0.9% for 2020, and a high unemployment rate of 29.1% in the second half of 2019. Pressure emerging from the economic downturn and COVID-19 lockdown was, from the beginning, expected to result in high levels of distress, not only for usual social assistance<sup>41</sup> beneficiaries but many others who are usually not eligible for government income support. At the time, widely used measures globally included cash transfers, followed by wage subsidies, subsidised sick leave, and various forms of subsidised social security contributions and unemployment insurance (Gentilini et al., 2021). South Africa learnt from some of these models.

Among the COVID-19 mitigation measures committed to early on were health interventions and support for both households and businesses. Critical deliberations were had regarding possible forms of support, where

financing should be sourced, and how these measures were to be administered amid the lockdown. Resolutions on responses, including the introduction of new income support measures for households, did not always align with availability of funding, leading to several responses including shifting of funds from allocated programmes and acquisition of additional debt to support food security measures for households. The continued spending resulted in the country's fiscal outlook deteriorating substantially with growing debt-to-GDP ratio expected to stabilise at 73.6% of GDP in 2025/26 (National Treasury, 2023b).

This chapter examines the South African Government's income protection responses, innovations employed to reach the previously uncovered population, and social security funding mechanisms. It aims to discuss how the emergency social security response measures were introduced, how they were financed, what public finance management tools were used to make funds rapidly available, innovations which may be applicable to future social security systems<sup>42</sup>, and dilemmas around terminating some of the new forms of income support such as the COVID-19 SRD grant.

## Conceptual framework

### Financing social security/income support during a pandemic

The theoretical framework for financing social security during pandemics lies in the intersection of medium-term budget framework models, theoretical frameworks for financing social protection (Organisation for Economic Cooperation and Development [OECD], 2018; Hollander et al., 2022), and the financing of pandemic and disaster responses (Durán-Valverde, 2020; Manuel, 2022).

After the 2020 lockdown measures, many reports were published on the impact of the COVID-19 social relief measures and on other poverty mitigation options, with various recommendations for the future of the grant. For example, the OECD and International Labour

<sup>41</sup> The Social Assistance Act No.13 of 2004, amended 2020, defines social assistance as a social grant, social relief of distress or an additional payment contemplated in section 12A.

<sup>42</sup> The Swedish International Development Cooperation Agency (SIDA) defines social security systems as formal systems that create security for human beings in vulnerable situations.



Organization's (ILO) reviews laid out a range of income support interventions used across a spectrum of countries in response to COVID-19 (ILO, 2020a; Botha, 2023). Hollander et al. (2022) explored the trade-off between social relief and debt accumulation in South Africa, focusing on the economic growth and fiscal implications of different funding mechanisms. Their study suggests that extending the COVID-19 SRD grant could be sustainable with tax increases, but this would have a negative impact on the economy. Their analysis indicates that growth-enhancing reforms will be necessary in sustaining social transfers through private sector participation in addressing the energy crisis, government infrastructure investment, and employment expansion (Hollander, 2022).

Marcus Manuel (2022) argues that whereas some low-income countries (LIC) need to increase revenue (to 16% of GDP for LICs and 26% of GDP for lower-middle income countries [LMIC]), they frequently have limitations for increasing tax revenues, for example due to large informal sector economies, but there is also potential to increase the social protection proportion of the budget, which in the LICs analysed accounted for only 14% of total government spending. For some of the poorest LICs, Manuel's (2022) analysis shows that external donor funding should play some role.

The ILO (2020b) looks at financing gaps in social protection and considers five policy areas of the social protection floor, namely, children, maternity, disability, old age, and healthcare. The ILO estimates coverage gaps, the cost of providing universal coverage, the total financing gap for achieving universal coverage in 2020, and the annual incremental financing needs to achieve universal coverage between 2020 and 2030. The paper also presents 2019 estimates of the financing gap in contributory systems and suggests potential fiscal space for increased social security coverage or contribution rates. It suggests a global and solidarity-based response to complement the national financing efforts of low-income countries.

Another study suggests that between March 2020 and May 2021, 222 countries and territories implemented around 3 333 social protection measures to protect incomes, jobs, and livelihoods (ILO, OECD & World Bank, 2021). However, most of these measures were

temporary due to the COVID-19 pandemic's impact on public finances, leading to higher debt levels and declining tax revenues. To meet global commitments to extend social protection coverage, LICs needed to invest an additional 15.9% of their GDP, while LMICs needed 5.1%, yet these countries face structural challenges like economic informality, tax evasion, and illicit financial flows. To close the social protection financing gap, local, national, and international efforts are needed, supported by Integrated National Financing Frameworks (INFF). This would also require a strategy that involves coordinating various financing sources, expanding fiscal space, and implementing a holistic approach for financing development interventions, including social protection.

To bridge gaps in social protection financing, countries need to strengthen existing sources of finance while exploring new and more innovative ways to generate revenue. Internationally, countries use various strategies to generate fiscal space including increasing tax revenues, expanding social security coverage and contributory revenues, eliminating illicit financial flows, reallocating public expenditures and improving the quality of spending, using foreign exchange reserves, managing debt, adopting a macroeconomic framework, and increasing external direct investment. Debates on innovative financing sources, such as taxes on international financial transactions and carbon emissions, are ongoing.

Overall, creating a social protection system requires a nationally owned financing strategy that considers all available domestic and international sources. INFFs are a useful tool to inform financing strategies, demonstrating how a country's sustainable development strategy will be financed and implemented. INFFs can facilitate external support for social protection during COVID-19 recovery, particularly for LICs, and align official development assistance with other financing sources to support country-owned financing strategies (Manuel, 2022).

During the COVID-19 pandemic, social assistance spending was at its highest and this required changes in fiscal policy in many countries to accommodate higher spending. However, countries' ability to borrow is partially dependent on their credit ratings which became an important determinant of fiscal spending during the pandemic, resulting in LICs being less able to deploy

fiscal policy tools effectively during the crisis (Benmelech & Tzur-Ilan, 2020).

Central and Eastern European countries finance social security through employer and employee contributions (which generally exceed 20% of income) and government subsidies. These annual contributions ranged between 5 and 10% of GDP for 2020 (ILO, 2021). During the pandemic, states increased their subsidies to provide relief of employers' obligations. Although this temporary reduction of social security contributions met the immediate liquidity need for enterprises to continue their business and retain employees, contribution holidays directly affected the financing of social security schemes.

In 2021, the National Treasury commissioned the Southern Africa Labour and Development Research Unit (SALDRU) to model poverty reduction impacts of various medium-to-long-term grant social security policy options that could replace the existing COVID-19 SRD grant upon its expiry (Goldman et al., 2021). The study modelled five options examining design variations (eligibility, grant values), and the impact of each on extreme poverty reduction. The modelling showed that both COVID-19 SRD and CSG beneficiaries, while intended for the poorest and most vulnerable, were spread across all income quintiles. The report concluded that the COVID-19 SRD grant was neither specifically targeted nor necessarily the most cost-effective way to target household food poverty.

On the labour market, Bhorat et al. (2023) concluded that the grant had notable, albeit small, labour market effects and that receipt of the grant increased the probability of employment by just under 3% and a smaller effect (1.2% increase) on the probability of trying to start a business. Employment effects vary by duration of receipt, with larger effects estimated in the short-term reducing steadily to zero with additional exposure to the grant (Bhorat et al., 2023).

Other studies show that an expanded social security system may not be sufficient on its own to address the fundamental causes of economic vulnerability and inequality. Economic and fiscal effects are complex and vary depending on the financing mix between new or additional taxes, spending reprioritisation, and deficit financing. The distribution of social assistance through

a wider range of household types appears sensible from some perspectives, for example some poor households might not be supported through previously existing grants such as the child support grant (Van den Heever et al., 2021).

## Methodology

This study used a case study approach, drawing on the experiences of the National Treasury of South Africa in financing interventions to mitigate impacts of the COVID-19 epidemic from 2020/21 to 2025/26. Secondary data was drawn from National Treasury publications including the Budget Review and Estimate of National Expenditures (ENE) series and internal National Treasury databases and budget documents. The analysis focused on government spending on COVID-19 in the social security space and the sources of revenue for this spending.

## Results and discussion

### Overall government response

Early in the pandemic, the South African Government mounted a strong battle against COVID-19 to save lives as the country's disease profile includes a high burden of diseases that put many at higher risk of death from COVID-19 due to their compromised immune systems.

The President declared a national state of disaster on 15 March 2020 to empower government to take all necessary measures to prevent people from becoming severely ill. A National Coronavirus Command Council was established to lead the nation's plan to contain the spread of COVID-19 and mitigate negative impacts. Most businesses were closed with the exception of essential services which required a permit to operate. A myriad of detailed regulations was put in place affecting many aspects of personal and business life, including closure of the informal and hustle economy. Some of the restrictions generated controversy and resulted in over 60 court challenges, notably for bans on tobacco and alcohol sales and prolonged closure of some sectors. The lockdowns with harshest restrictions lasted for around five months, to September 2020 (Disaster Management Act: Amendment No. 43725, 2020). Several behavioural measures remained in place until April 2022 when the national state of disaster was lifted.



## Response to furlough, underemployment, and employment losses

### Unemployment Insurance Fund

The main social security instrument to assist employees is the UIF (pillar two of the contributory social security system) which provides temporary unemployment benefits to contributing workers who have lost their jobs. It is funded through a 2% contribution in remuneration (1% by the employer and 1% by the employee). Credits are accumulated for each month's contributions, which then makes employees eligible for benefits for unemployment, illness, death, and maternity/adoption (Unemployment Insurance Act as amended, 2016). A separate fund exists to cover injuries on duty, namely the Compensation Fund.

Prior to the pandemic, the unemployment rate was 30.1% (Statistics South Africa [Stats SA], 2020a); however, COVID-19 prevention measures resulted in unemployment increasing drastically to a maximum of 35.3% by the end of 2021 (Stats SA, 2021). As part of the three-part national strategy to save lives and protect livelihoods announced in April 2020, the UIF was to play a significant role in the "comprehensive package of economic support measures to assist businesses and individuals affected by the pandemic" (Ramaphosa, 2020a). For this, as per the President's speech, R40 billion was set aside by the UIF to help employees unable to work because of the lockdown. The UIF established a COVID-19 TERS scheme to provide benefits to contributors who had lost income or been required to take annual leave due to the COVID-19 pandemic (Department of Employment and Labour South Africa, 2020a). TERS scheme provided key income support benefits for previously working or furloughed employees (Barnes et al., 2021).

Table 1: Spending pattern for the UIF

Financial year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
UIF (R billion)	11 634	13 641	12 412	69 850	25 622	32 801	29 764	30 404	32 017

Source: National Treasury, 2023a.

Before the COVID-19 pandemic, the UIF spent R13.6 billion and R12.4 billion for 2018/19 and 2019/20, respectively. Between 26 March and 18 August 2020, TERS paid benefits of R51 billion to its claimants who lost their jobs or were furloughed. Payments for April 2020 amounted to R21 billion reaching 4 million workers attached to 410 523 employers (Department of Employment and Labour, 2020b). From May to August 2020, payments amounted to R29.4 billion. While capacity of the UIF system to accommodate the need during the lockdown came under extreme strain, rapid scale up and upgrades of system and capacity helped to address the backlog.

This fund is projected to spend approximately R30 billion a year over the 2023 Medium-Term Expenditure Framework (MTEF) in cash terms. Although TERS benefits were delinked from the UIF's normal benefits, and have since been terminated, the UIF's projected spending for the coming years continues to increase at a ratio higher than the pre-epidemic level, pointing possibly to slow economic recovery.

### Cash transfers to poor households

The COVID-19 lockdown was expected to plunge 35% of households into poverty (Wills et al., 2020), hitting non-grant receiving households in the poorest quintile the hardest. These are households and individuals that were already teetering on the margins of poverty prior to the state of disaster where many lost their main source of income. COVID-19 lockdowns resulted in 3 million job losses by April 2020 (Spaull et al., 2020). Members of such households are usually participants in the informal labour market or hold precarious work (Philip et al., 2020). The informal sector was expected to absorb laid-off workers from the formal economy during a crisis but that has not been the case in South Africa, in fact, these were the worst affected (Rogan & Skinner, 2022). This is likely the result of the extended prohibition of social activities including informal trading. Reduced wages, due to dramatically reduced working hours, were largest for women, whose earnings declined by 70% between February and April 2020 (Rogan & Skinner, 2020).



The Department of Social Development implemented food parcels distribution and additional cash transfers. The cash transfers consisted of top-up of existing social grants, and a new grant for the working age population not in receipt of any income support from government, the COVID-19 SRD grant.

Social grant top-ups

Social assistance plays a significant role in eradicating poverty and income inequality. Although South Africa has various forms of social assistance, social grants are the most visible and their role was pronounced during the pandemic response. South Africa has seven statutory grants that cover child support (aged 0-18), old age (aged 60 and above), war veterans, grant-in aid (additional support for grant recipients in need of full-time care), care dependency (for children with severe disabilities in need of care), disability (temporary and permanent) and foster care. As part of the response to the pandemic and state of disaster, the existing grants were increased by between R250 and R500 per recipient. Table 2 shows additional social grant spending introduced during phase one of lockdown to assist those in dire need due to COVID-19. These include the following:

- An additional R300 for Child Support Grant (CSG) beneficiaries in May 2020;
- R500 per month from June to October 2020 for CSG caregivers (an entirely new grant intervention); and
- R250 per month top-up from May to October 2020 for all other grants.

Table 2: Adjustments to social grant spending for 2020/21

Round	Baseline per month (R)	Number of Beneficiaries	Top-up per month (R)	Top-up	Actual Spending (R'000)
Old age	1 860	3 705 863	250	13.4%	5 530 677
Disability	1 860	1 064 943	250	13.4%	1 593 681
Care dependency	1 860	157 541	250	13.4%	235 171
Foster care	1 040	373 525	250	24.0%	543 989
Child support	445	12 777 995	300	67.4%	17 988 432
Child support caregivers	0	7 227 030	500	100%	3 833 399
Total					29 725 349

Source: National Treasury, 2021

Social grants, particularly the CSG, account for 60% of income in the poorest households, without which severe levels of poverty would be experienced (World Bank, 2018). Even then, during the initial months of lockdown, reported cases of hunger among adults (24%) and children (18%) showed that the existing system was unable to fully protect vulnerable people (Wills et al., 2020).

COVID-19 Special Social Relief of Distress grant

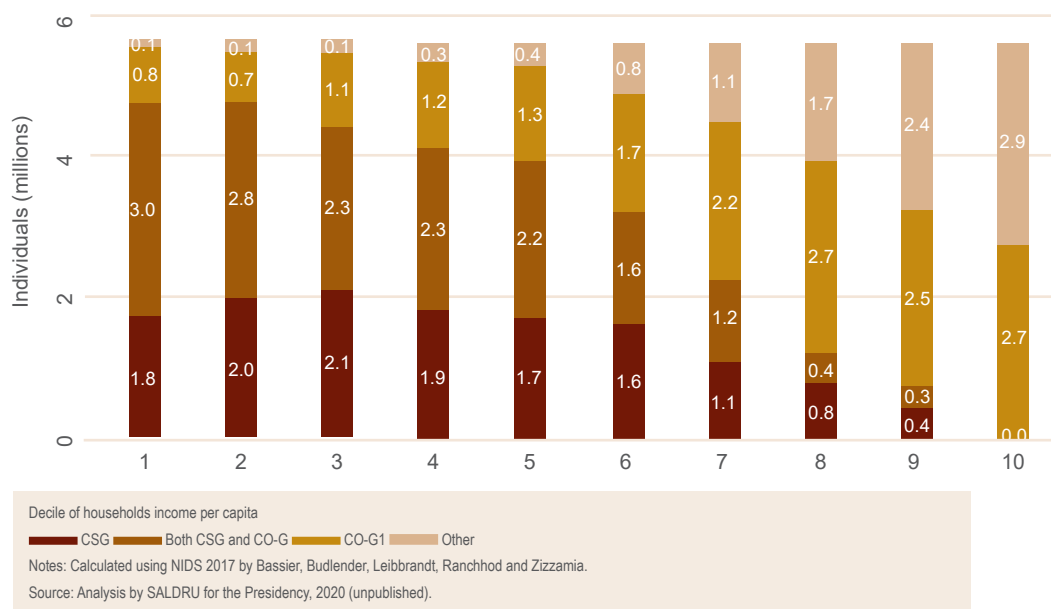
The normal SRD was offered both in-kind and as a cash transfer, and for a very limited term. Prior to COVID-19 and lockdown, SRD was provided at a relatively smaller scale and for a shorter term (DSD, 2022). During lockdown, the

social grants were insufficient to mitigate the economic effects of COVID-19 which disproportionally affected poor households that lost income earnings in the informal labour sector. Prior to COVID-19, the only grant geared for disaster response, was the normal SRD grant which had a budget allocation of R407 million in 2020, of which approximately R129 million was already utilised in April and May for the provision of food parcels. Beyond unemployment insurance in the formal employment sector, there was no provision to supplement lost income for poor working age people. This crisis highlighted the insufficient social security safety net, especially for long-term unemployed individuals.



Due to a lack of a social registry to identify the unemployed and informal workers, or to at least use it as a base for identifying households impacted by the closing of the economy, some researchers motivated for a top-up of the CSG to reach this population, using the existing social assistance system (Bhorat et al., 2020). A top-up grant of R500 per month would be progressive as well as have a large impact on poverty alleviation because of the presence of the working poor in many grant-receiving households. However, such a top-up would not reach a large proportion of the worst-affected households in need, particularly households in quintile 3-4 (Figure 1) that normally relied on the informal sector for income (Barnes et al., 2021). This group often does not live with the elderly or children receiving social grants. Hence a separate grant (called CO-G in Figure 1, but later called the COVID-19 SRD grant) was proposed to reach households that fall outside the social assistance and unemployment insurance net (Bhorat, et al., 2021).

**Figure 1: Coverage of households by intervention**



The COVID-19 SRD grant was introduced in May 2020 to mitigate the impact of COVID-19 on poverty and unemployment and support vulnerable citizens. The monetary value of the grant is R350 per person per month and it was meant to be a temporary measure to aid unemployed persons between 18 and 59 who are unable to meet their most basic needs during lockdown (Wright et al., 2021). Initially, the grant was introduced for six months, covering May to October 2020, and allocated R50 billion.

Primarily, the grant was meant for South African citizens and was given to around 4 million approved beneficiaries by May 2020 out of 6 million applications. However, after a court order, the grant was broadened to include asylum seekers and permit holders affected by the lockdown. The grant has since been extended five times, with the latest extension being for 12 months ending on 31 March 2025.

Figure 2: SRD grant applications and approved beneficiary trend 2020-2023

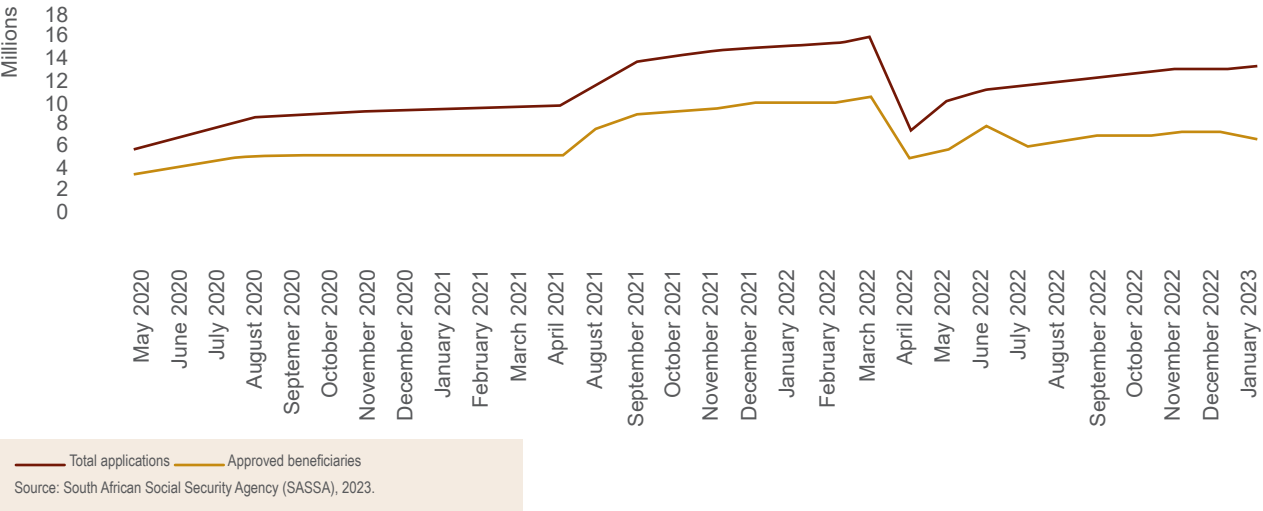


Figure 2 shows the COVID-19 SRD grant beneficiary trend which increased from 4.4 million beneficiaries in May 2020 to 10.8 million beneficiaries in March 2022. Recipients decreased in April 2022 due to tightened means testing which included bank verification and a lower qualifying threshold. As of January 2023, there were about 7.5 million approved beneficiaries.<sup>43</sup>

The grant reached its highest number of applications of over 15 million people in March 2022 of which 10.9 million were approved (SASSA, 2023). The absence of a pre-existing social registry at first slowed the process of approvals but later an extensive system of crosschecks against other databases (Department of Home Affairs, South African Revenue Service [SARS], UIF, etc.) helped to validate applicants' employment status. SASSA had to find a means of registering individuals without them presenting themselves at the SASSA office due to COVID-19 lockdown restrictions. When the national state of disaster was lifted in April 2022, COVID-19 SRD regulations to the Social Assistance Act, (No. 13 of 2004) were gazetted to provide for the use of bank verification and the food poverty line for means testing. The COVID-19 SRD grant is the first social grant to have been dealt with entirely electronically and provides important lessons for future grant systems. Table 3 shows increasing spending on the COVID-19 SRD grant since its inception.

Table 3: Spending on the COVID-19 SRD grant

Financial year	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Revised Estimate	2023 Estimate of National Expenditure
COVID-19 SRD Beneficiaries <sup>a</sup>	6 136 287	10 847 026	7 851 590	8 495 575
COVID-19 SRD Spending (R'000)	19 543 008	32 330 702	29 104 157	35 681 415

<sup>a</sup> Maximum approved for the year.  
Source: SASSA, 2023, Budget Review, 2023.

<sup>43</sup> The grant was payable from May 2020 and is currently scheduled to be paid until March 2024. There was, however, a period of three months when the grant was unpaid from May to July 2021.



## Responding to the lingering impact of COVID-19 on the economy and continuing underemployment

In addition to TERS, grant top-ups, and the COVID-19 SRD grant, the government intervened directly in the economy to mitigate against permanent decline in industrial and commercial capacity while supporting livelihoods. Supportive interventions in other sectors included a credit guarantee scheme, tax deferrals, job creation and support for SME and informal business in tourism, arts, and small business sectors, and municipalities for basic provision. For National Treasury, temporary measures were to be implemented for six months and allow for a transition to recovery and return to sustainable public finances (National Treasury, 2020b). In practice, however, further extension of the National State of Disaster in November 2020 to December 2020, and the delays in the return of jobs, heightened the support for cash transfers, in particular the COVID-19 SRD grant (Ramaphosa, 2020b).

In response to the post lockdown economic data and indicators including economic contraction and the 2.2 million more people unemployed between Q1 and Q3 (Stats SA, 2020b), the government launched an economic reconstruction and recovery plan that prioritised infrastructure, energy, and public and social employment as some of the measures to stimulate the economy and support livelihoods (Ramaphosa, 2020c). Both the COVID-19 SRD grant and the Presidential Employment Stimulus (PES) programme became the leading social security expenditure items in the recovery phase.

### Presidential Employment Stimulus (PES) and Public Employment Programmes

The Reconstruction and Recovery Plan, another form of social security, targeted the creation of 800 000 job opportunities (Rogan & Skinner, 2022). The PES was established as a public employment programme in October 2020 with the aim to create jobs, strengthen livelihoods, and support meaningful work while the labour market recovers. Between October 2020 and December 2022, over a million people benefited from job opportunities from the Employment Stimulus with a budget allocation of R42 billion (Presidential Employment Stimulus Overview, 2022). The short-term opportunities are spread across

various departments and include assistant teachers in the Department of Basic Education (assisting learners and teachers to implement COVID-19 prevention activities and support teaching and learning). In the Department of Agriculture, Land Reform and Rural Development, the Subsistence Farmer Support programme has helped to increase the number of subsistence farmers and to sustain food security.

The PES budget for 2023 was R9 billion allocated to continue alleviating high unemployment rates caused by the COVID-19 pandemic, specifically to young graduates who have difficulty finding employment that matches their skill level where existing vulnerabilities and inequalities were exposed and entrenched (Mutandiko, 2021). Around 61% of youth between 15 and 24 years out of 10.2 million were unemployed in Q4 2022 and about 3.4 million (33.6%) of this age group were not in employment, education or training (NEET), an increase from 32.8% in Q4 2021, compared to Q4 2021, the percentage of young persons aged 15–34 years who were NEET decreased from 44.7% to 43.4% in Q4 2022 (Stats SA, 2023).

## Financing of the social security response

The President and Minister of Finance initially announced a massive response, with a proposal for a ‘war time’ budget of 10% of GDP for the relief package to address the pandemic. This was proposed to include a R200 billion credit guarantee scheme (government guaranteed loans from commercial banks to businesses to help them through the pandemic), R100 billion support for small and medium enterprises, R70 billion for measures for income support, including tax deferrals and expansion of an existing employment subsidy, R50 billion for vulnerable households, R20 billion for health, R20 billion for municipalities, and some others. However, fiscal pressures made this package difficult to achieve, which meant that a significant share of the funds would have to be through reprioritisation (initial target R130 billion) or borrowed, including from international financial institutions (R95 billion).

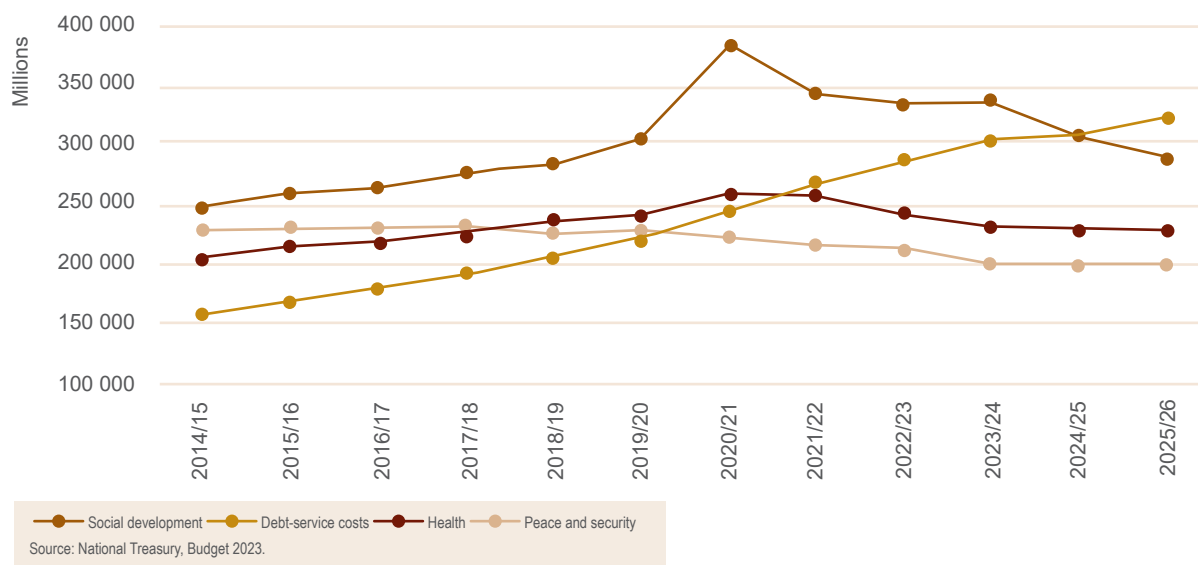
The social security response was financed through a range of measures:

- **Borrowing (deficit financing):** Because social spending increased substantially, especially in 2020/21, at the same time as the economy was substantially shut down and national revenues massively decreased, the large bulk of the funding for these measures had to be borrowed. Borrowings are managed through the Assets and Liabilities section of the National Treasury and include domestic and foreign bonds. Because of the high level of borrowing, the levels of national interest payments on debt rose from R204.8 billion in 2019/20 to a projected R398.8 billion in 2025/26. These higher interest payments have squeezed out other areas of spending including social spending. Several concessional loans were taken out from the World Bank, International Monetary Fund, African Development Bank and New Development Bank. The use of borrowings to fund the COVID-19 emergency response was not unique to South Africa. Several other developing countries such as Brazil breached their primary balance target and other restrictions under their fiscal responsibility law to ensure availability of funds for their COVID-19 response (IMF, 2022). Brazil's primary deficit increased from R\$95 billion in 2019 to R\$743 billion in 2020 (Sott et al., 2022).
- **Surpluses (reserves):** The UIF-TERS benefit was financed through the UIF's large reserves. This resulted in a decline in UIF investments from R147.4 billion in 2019/20 to R113.2 billion in 2021/22 (National Treasury, 2021). Capital and reserves declined from R81.1 billion in 2019/20 to R46.6 billion in 2021/22.
- **Revenue (taxation):** Tax revenues declined massively in 2020/21 due to the economic lockdown. It was not advisable to increase taxes during the pandemic as businesses had to be supported. However, an unexpected turn of events in 2021/22 saw strong revenue collections of R1.56 trillion against projection of R1.55 trillion despite an uneven economic recovery, which has allowed the country to decrease its gross borrowing requirements from projected borrowing of R547.9 billion to R412 billion. The strong revenue performance was driven by elevated commodity prices, and a continued recovery from the pandemic in the first three quarters of 2021/22. Manufacturing and financial firms are among the drivers of the recovery as they reported an increase of 10.3% and 4.6%, respectively. While some have suggested the use of the windfall revenue to finance social security in the long term, it is important to understand that using temporal revenue overcollection to commit to long-term social security spending would be unsustainable as it is uncertain how long the revenue windfall will last.
- **Reprioritisation:** An increase in the share of the budget has been directed to social development while substantially reducing the budget of other priorities and clusters such as peace and security (Figure 3). Social development is now the second largest area of government expenditure, overtaking health, and growing from 17.3% of non-interest expenditure in 2018/19 to 20% in 2023/24. In contrast, expenditure for peace and security cluster has declined from 13.7% to 12%. There has been effective reprioritisation within the budget towards social development.





Figure 3: Government expenditure by function, in real terms



## Public finance management tools used

A range of public finance management mechanisms were used to make funds rapidly available.

- An early adjustment budget was introduced in 2020, three months into the annual budget cycle, to make funds available with parliamentary approval. Further funds were made available through the second adjustment budget four months later. These included the use of funding for what are called “unforeseen and unavoidable” expenditure in terms of the Public Finance Management Act (PFMA) (Act No. 1 of 1999). The processes supported the reallocation of funds to COVID-19 mitigation measures and for the relief package.
- Other allocations were made by the Minister of Finance in terms of the emergency provisions of the PFMA. These enabled the use of savings and reserves to fill immediate funding pressure already supported by parliament.
- Virements or shifts of funds across programmes were approved within departments.
- Provincial disaster relief grants were used for certain urgent expenditures in provinces, including personal protective equipment (PPE).

Social grants already comprised 12.6% of budget spending in 2019/20, pre-COVID-19, and since then the allocation has increased significantly. The first iteration (May–October 2020) of the COVID-19 SRD grant and social grant top-ups were allocated R40.9 billion in the 2020 supplementary budget tabled on 24 June 2020 (National Treasury, 2020b). The allocation of R15.4 billion was through reprioritising savings realised because social grant payments for April 2020 were brought forward to March 2020, which meant that they were accounted for in the previous financial year. The balance of R25.5 billion was partially assigned from revenue raised from borrowings for 2020/21.

A further R7.3 billion, financed through debt, was allocated in the 2020 adjustment budget following the extension of the grant to January 2021. The actual spending on the COVID-19 SRD grant in 2020/21 was R19.5 billion, to at least 6 million beneficiaries. The audited outcome for 2021/22 was R32.3 billion and benefited 10.8 million recipients. The revised spending for 2022/23 is estimated at R29.1 billion owing to the introduction of a stricter income verification mechanism. The new iteration for 2023/24 is allocated R35.7 billion with projected beneficiaries of 8.5 million by September 2023.

Overall, spending on the COVID-19 SRD grant to date has been financed through increased borrowings at the peak of the pandemic and, of late, through tax revenue from revenue overruns resulting from the global commodities boom.

## Innovations during the COVID-19 response and application to future social security systems

SASSA, the institution responsible for administration of social grants had to adapt their processes and find new ways of delivery to cater for the new grants. First, SASSA had to rapidly change payment dates to ensure people received grants before the lockdown date, update systems to allow for top-up payments for existing grant beneficiaries from May 2020, and for new recipients, such as caregivers, from June 2020. SASSA also had to establish a new grant application process for the new COVID-19 SRD grant. Similarly, the UIF had to review and update their system to support a high volume of online applications and the need for rapid response to employers and employees' applications to TERS.

Putting in place the new COVID-19 SRD grant heavily tested the ability of SASSA to adapt. This grant was for a new population group (unemployed adults with no income aged 18-59 years), for whom there was no database, and it had to be done through electronic channels. In contrast, the new care-giver grant and top-ups of existing social grants could be achieved easily, given that these were known beneficiaries and recipients, already on the SASSA system.

The introduction of a digital/electronic application process was the first of its kind for SASSA. This required the crafting of new regulations and procedures for grant administration, update of grant information technology systems, setting up of USSD<sup>44</sup> lines through which applications are to be made, negotiation with various stakeholders for datasets of potential beneficiaries, resolution of payment and verification mechanisms, and contracting of service providers for cash payments.

The South African Post Office, as the contracted service provider, had to open accounts for SRD beneficiaries and pay out cash at its many branches.

Several hiccups were experienced in the beginning of this process, including challenges in accessing the grant application platform, approval of unqualifying people and decline of qualifying people, payments into wrong accounts, and long queues to access cash at post offices. Important lessons on how grant systems can be made more efficient were learnt from the challenges and successes. Ultimately in 2021/22, SASSA was able to implement an online grant applications solution for the CSG, Foster Child Grant, and the Old Age Grant wherein 191 140 applications were received. In addition, an online booking system for medical assessment of the Temporary Disability Grant was implemented to expedite the processing of assessments by health practitioners.

Another innovation to improve targeting and ensure that funding reached its intended target was the improved use of datasets of other social assistance programmes such as UIF, National Student Financial Aid Scheme, government personnel systems, and banks to confirm income eligibility (Social Assistance Act No. 13, of 2004, as amended, 2022). The matching of COVID-19 SRD grant applicants against the databases of various institutions resulted in the identification and declining of ineligible applications according to SASSA's annual report for 2021/22. This has provided a much-needed lesson in the process of means testing, although both inclusion and exclusion errors still occur.

## Impact of the COVID-19 pandemic on the South African economy

The challenges of poverty, inequality, and unemployment were worsened by the pandemic with unemployment increasing to a record high of 35.3% for the fourth quarter of 2021 (Stats SA, 2022), and the Gini coefficient at a record high of 63%, ranking South Africa as the most unequal country in the world (World Bank, 2022). The economic effects of the closure of an already struggling

<sup>44</sup> USSD (Unstructured Supplementary Service Data) is a Global System for a Mobile Communications (GSM) protocol that is used to send text messages similar to the Short Message Service (SMS) used on mobile phones.



economy for months have been huge, with initial reports of the loss of almost 3 million jobs (February-April 2020), a 7% decline in GDP, 15% increase in the fiscal deficit, and decline in national revenue of over R200 billion (Stats SA, 2020b). In the past year, there have been some improvements as unemployment reduced for four consecutive quarters to 32.7% but the energy crisis remains a big challenge for economic growth.

### Fiscal outcome

The government might have initially underestimated the effects of the lockdown restrictions on livelihoods, the economy, and fiscal space. The general sense at the time was that the economy would bounce back but lives lost could never be regained. By the time the supplementary budget was published, the extraordinary deterioration of the fiscal position, and the extent of the massive fiscal pressure had become apparent.

- Growth was projected to decline by 7%, in what would become the largest national and global recession in

a century. Although quarterly GDP recovered to pre-COVID-19 levels in Q1 of 2022, it has subsequently declined and the Q4 level for 2022 is still nominally below pre-COVID-19 levels. Growth in 2023 is anticipated to be 0.9% and average at 1.4% over the MTEF (National Treasury, 2023b). In real per capita terms South Africa's GDP remains below 2008/09 levels and slow economic progress over the previous decade constrains the ability to extend the social security system.

- At the time of the 2020 Budget, the fiscal deficit was expected to expand from 6.8% to 15% of GDP and by over R350 billion to R709 billion, the largest ever recorded. However, with the higher-than-expected revenue collection, government's plan is to allow a portion to be used to diminish the fiscal deficit rather than forming new spending. As a result, the main budget fiscal deficit will decline from 4.5% of GDP in 2022/23 to 3.3% of GDP in 2025/26 (National Treasury, 2023c).

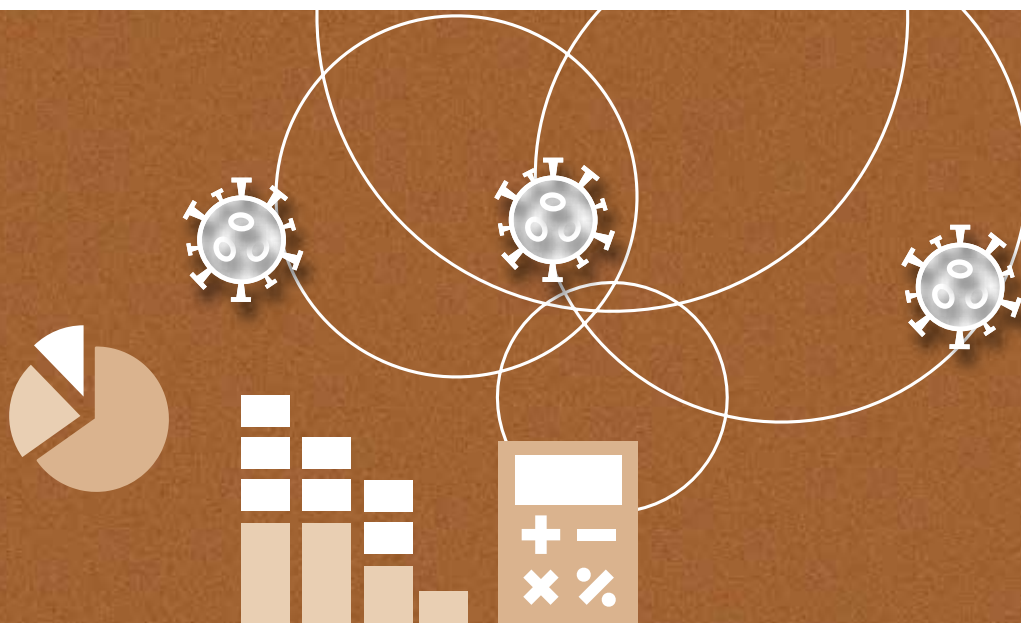


Table 4 shows the main budget revenue, budget expenditure, budget balance, and primary balance between 2019/20 and 2025/26.

**Table 4: National Treasury main budget revenue and expenditure**

R billion/percentage of GDP	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Outcome			Revised estimate	Medium-term estimates		
Main budget revenue	1 345.9	1 238.4	1 564.4	1 703.6	1 759.2	1 868.1	2 007.7
	23.6%	22.1%	24.9%	25.6%	25.1%	25.1%	25.3%
Main budget expenditure	1 691.0	1 789.0	1 887.5	2 004.0	2 034.6	2 137.9	2 266.5
	29.7%	31.9%	30.0%	30.1%	29.0%	28.7%	28.6%
Non-interest expenditure	1 485.2	1 556.4	1 619.4	1 696.8	1 694.1	1 775.1	1 869.4
Debt service cost	204.8	232.6	256.1	307.2	340.5	362.8	397.1
Main budget balance	-345.1	-550.6	-323.1	-300.4	-275.4	-269.9	-258.8
	-6.1	-9.8	-5.1	-4.5	-3.9	-3.6	-3.3
Primary balance	-140.4	-381.1	-55.0	6.7	65.1	93.0	138.3
	-2.5%	-5.7%	-0.9%	0.1%	0.9%	1.2%	1.7%

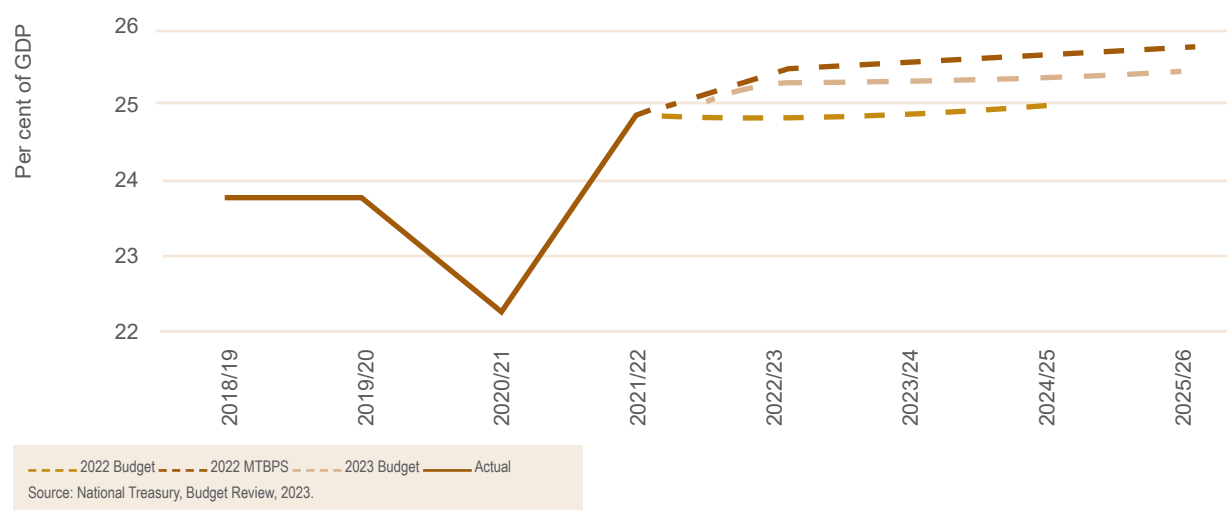
Source: National Treasury, Budget Review, 2023.

## Revenue

Tax revenues declined by R154 billion in 2020/21 (South African Revenue Service, 2022) in real terms during the economic shutdown due to COVID-19. Over the last five years, tax revenue shortfalls have accelerated. While a portion can be attributed to organisational changes at SARS during this period, the decline closely tracks worsening economic growth. However, with the reopening of the economy in 2021/22 and an unexpected commodity boom, tax revenues in real terms recovered to the baseline by 2021/22. Tax revenues for 2022/23 are projected to hit R1.69 trillion, an upward revision of R10.3 billion from the 2022 Medium-Term Budget Policy Statement (MTBPS) estimate (National Treasury, 2022). The tax-to-GDP ratio continues to recover from COVID-19 induced lows and is expected to reach 25.4% in 2022/23 (Figure 5). The additional revenue enabled government to respond to some immediate spending pressures while stabilising the public finances. However, given slow economic growth over the past decade, real per capita revenue remains fairly flat since 2008/09.



Figure 5: National Treasury tax-to-GDP ratio



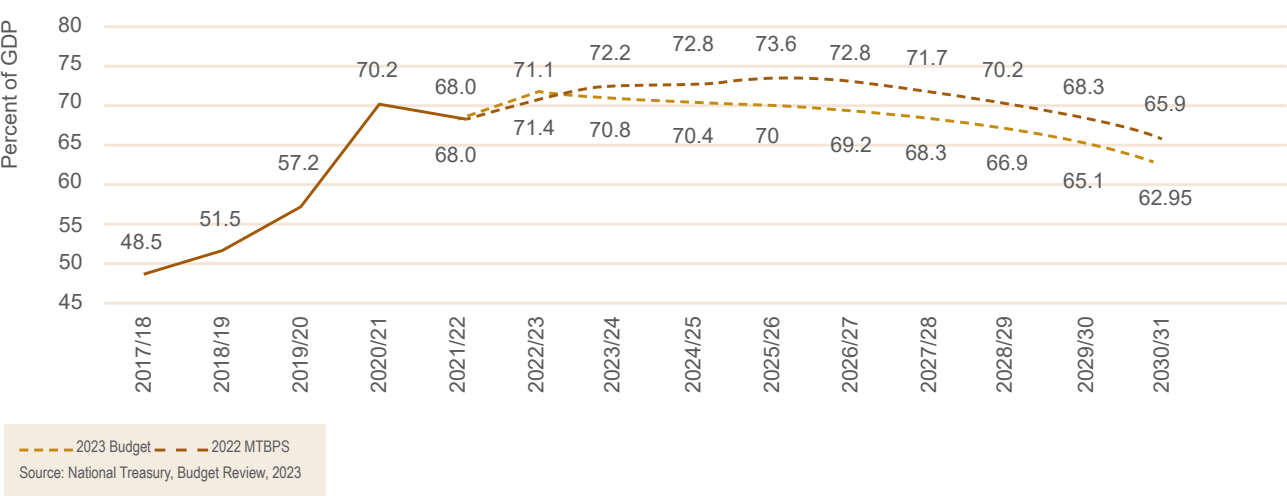
## Emerging debt challenges

For several years, government spending needs have exceeded total revenue collection resulting in a budget deficit, which needed to be financed through borrowing. Narrowing the budget deficit and stabilising debt has been government's priority. However, it has fallen short with gross debt-to-GDP increasing from 51.1% in 2018/19 to 72.8% in 2022/23 (Figure 6).

When the supplementary budget was tabled, its focus was a financing response for the pandemic, especially in health and income protection. However, what emerged was a national debt challenge or looming crisis as the country needed to borrow even more funds to implement the COVID-19 stimulus package. The deficit in 2020/21 reached R550 billion and escalating borrowings to fund the COVID-19 response and state-owned enterprises such as Eskom have severely increased annual interest payments of government, which are in turn squeezing out non-interest expenditure.

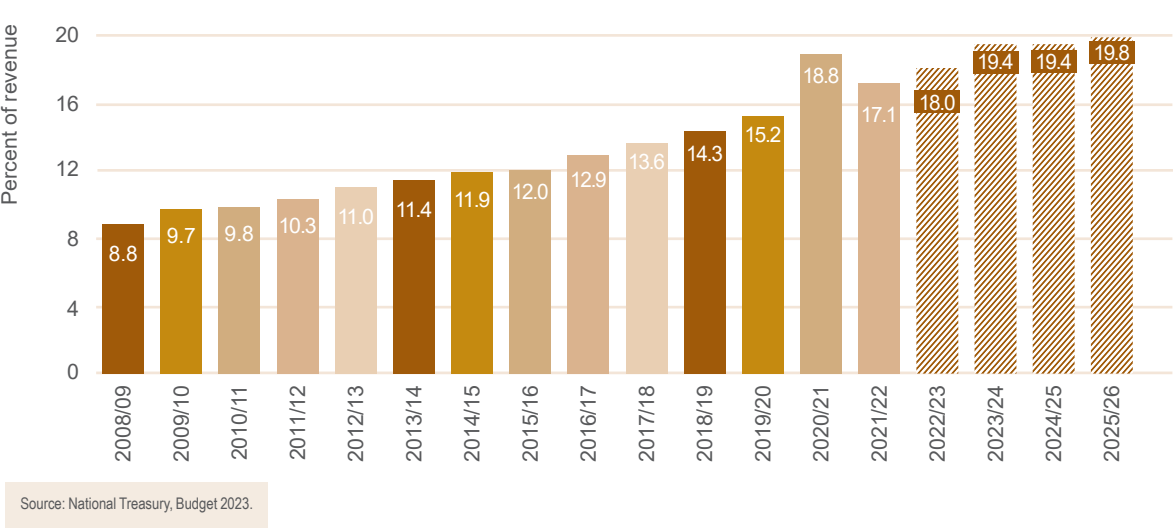


Figure 6: Gross debt-to-GDP outlook



Debt-service costs persist as the fastest growing spending element and over the medium term they are projected to rise at an average annual growth of 8.9%. Increasing debt-service costs remain a challenge as these costs continue to crowd-out spending on other government priorities (Figure 7) such as the social wage – for example, spending on health, social security, and community development is lower than servicing government debt.

Figure 7: National Treasury: Debt service costs as a share of the main budget





## Longer-term solution

Currently there are 26 million social grant recipients (including the COVID-19 SRD grant) and South Africa spends 3.5% of GDP on social grants (2022/23), one of the highest proportions in the world. The bulk of grants go to the elderly (38.3%) and children (31.4%) (Department of Social Development, 2022).

During the COVID-19 period, the social security response was largely financed through borrowings and UIF surpluses. Important innovations were introduced, such as electronic application processing as discussed above, which helped develop the future social security system. Nevertheless, South Africa still lacks an integrated, dynamic, social security registry.

After the pandemic, unemployment and reduced incomes persist, requiring longer-term solutions for the working age population. The COVID-19 SRD grant has been extended only until March 2025 and there is currently no permanent funding source for the grant; it follows that if the COVID-19 SRD grant were to be made permanent, it would require either an increase in borrowing or tax or both. As shown in earlier sections of this chapter, both

debt and tax rates are high and increasing them any further with no meaningful return to the economy poses a significant risk.

The constrained fiscal state of our public finances provides limited options for the funding of the COVID-19 SRD grant. Going into budget 2024, there are huge pressures on government tax revenues with the end of the commodity boom. The ability to reprioritise government spending is limited by the effects of spending reductions imposed on government departments over several years post-COVID-19 and the ability to borrow further is limited by high spending on interest payments, which is now the largest area of government expenditure. This makes further extension of the grant and further policy changes in the direction of a basic income grant, coupled with legal challenges around means testing, coverage, and grant amounts, one of the most difficult policy decisions for the coming budget.

In many countries, a solution for the working age population is a complex mix of work related/job seeker interventions and a grant as a solution for this group is unusual. For illustrative purposes, four cost scenarios for a more permanent SRD are shown in Table 5.

**Table 5: Cost trajectory of the COVID-19 SRD grant based on different scenarios**

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Scenario 1: Stay at R350	Value	R350	R350	R350	R350	R350	R350	R350	R350	R350
	Cost Rm	R32 227	R35 683	R38 870	R42 342	R46 125	R50 245	R54 734	R59 623	R64 949
Scenario 2: R350 adjusted for inflation	Value	R350	R350	R367	R384	R401	R419	R438	R458	R478
	Cost Rm	R32 227	R35 683	R40 736	R46 416	R52 838	R60 148	R68 469	R77 942	R88 725
Scenario 3: Closer to Food Poverty Line	Value		R350	R400	R450	R500	R550	R600	R650	R700
	Cost Rm		R35 683	R44 423	R54 440	R65 893	R78 957	R93 829	R110 729	R129 898
Scenario 4: R500 pm	Value		R350	R500	R525	R551	R579	R608	R638	R670
	Cost Rm		R35 683	R55 529	R63 514	R72 647	R83 093	R95 042	R108 708	R124 340

Source: National Treasury's own calculation.

The South African experience gained on financing social security during the pandemic potentially holds significant lessons for other developing and middle-income countries. South Africa's well-developed social grant system went through significant reforms during the COVID-19 period including shifts to digitisation with electronic application processes and administrative cross checks across multiple databases. Substantial funds were sourced relatively quickly through a range of Public Financial Management (PFM) tools including through new budget allocations, borrowings, reprioritisation with a greater share of the budget going to social development, and reforms to contributory social security systems such as the TERS-UIF arrangement. These lessons are relevant both to South Africa's social security development and to other developing countries.

## Conclusion

South Africa spent over a R100 billion on income protection interventions during the pandemic. The government's social security responses included increases to existing social grants, creation of a new form of income support for the working age population (COVID-19 SRD grant), UIF-TERS payments and public employment programmes. This pandemic response was financed through a mix of borrowings, surpluses in the UIF, reprioritisation of government expenditure, and revenue increase from 2021/22. A range of PFM mechanisms were used to make funds rapidly available.

However, the combination of higher expenditure, lower revenue during COVID-19, and a substantial increase in national debt and interest payments have left a weaker fiscal position post-COVID-19, which complicates a low national growth trajectory for South Africa which never recovered fully from the 2008 global recession.

This weaker fiscal position makes continuation or permanency of the COVID-19 SRD extremely challenging.

Making the COVID-19 SRD grant permanent would entail a permanent spending increase and would almost certainly require a permanent revenue source, such as an increase in taxation, along with increased borrowing and spending reprioritisation. Maintaining 26 million recipients on social grants out of a population of 60 million is extremely challenging in a country with a long-term economic growth problem (declining real per capita GDP since 2008).

## Recommendations

- South Africa should build on the innovations developed during the COVID-19 period (digital systems, online applications, large database cross-checks) in future strengthening of its social grant system.
- South Africa needs to make further progress on a longer term set of interventions to strengthen social security and labour market interventions for the 18-59 age group, including a sustainable funding source. The COVID-19 pandemic highlighted the gap in existing systems for the working age population. An appropriate balance of economic and job creation stimuli, and labour market and social security interventions, is essential given the extremely high rate of youth unemployment in South Africa. Where possible, social security interventions for unemployed adults should be complemented by support for job search, public employment or related interventions, to support social inclusion, skills development, and contribution to a wider set of developmental objectives.
- South Africa developed a useful range of PFM interventions to deal with the pandemic financing and it would be wise to strengthen these in preparation for future pandemics. South Africa should strengthen its preparation for financing future pandemics/disasters, including through restoring fiscal buffers.



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## Author's profiles

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Dr Mark Blecher is Chief Director: Health and Social Development in the National Treasury of South Africa. His academic qualifications include a four-year specialist degree in Community/Public Health from the University of Cape Town and a PhD in the area of health economics. He has over 50 publications in the field of public health and health economics in a range of books and journals including the South African Medical Journal, SA Health Review, Vaccine, OECD book and others. He supervises a team of ten in the National Treasury and has previously worked in policy and planning and health economics in the public sector. His work encompasses many areas including National Health Insurance research and development, putting in place health conditional grants like the HIV/AIDS grant, heading health and social protection function committees which make recommendations on sectoral budget allocations. His section of the Treasury also works on social grant modelling and budgeting, ECD and other aspects of health and social development. He has also worked on aspects of social security development. He was co-chair of UNAIDS Economic Reference Group and collaborates regularly with various global organisations such as WHO, GAVI, Global Fund, GFF and others. He is currently co-authoring several international cross-country studies on UHC.

### **Ms Nangamso C. Manjezi**

Nangamso C. Manjezi is an Economist in the Tax Policy Unit of the National Treasury with a primary focus on Corporate Income Taxes. Her focus is on economic tax analysis through research, data analysis and policy development as well as conducting international benchmarking. She holds a Master's degree in Economics from the University of Pretoria. She has a deep-rooted passion for social development and justice and a strong commitment to addressing societal challenges through effective policy development. This what attracted her to the social development sector where she is currently working as a Budget Analyst in the Public Finance division responsible for work on social development, women, youth, and persons living with disabilities sectors and supporting sound social sector policy development. She is responsible for budget allocations, recommendations and analysis, monitoring expenditure and costing. Her work also involves monthly monitoring of social grant expenditure as well as inputs into budget publications. Email: nangamso.manjezi@treasury.gov.za.

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Rito D. Valoyi is a Budget Analyst Intern, under the Chief Directorate Health and Social Development within the Public Finance Division in the National Treasury of South Africa. She holds a Bachelor of Commerce honours in Economics obtained in 2019 from the University of Limpopo. Her role as a budget analyst trainee is to be responsible for social development directorate departments (department of women, youth and persons with disabilities) and public entities (National Youth Development Agency, Commission for Gender Equality and the South African Social Security Agency). Her duties are to analyse and check the correctness of the department's database and participate in budget processes including Estimates of National Expenditure, Medium Term Expenditure Framework, Adjusted Estimates of National Expenditure and Medium-Term Budget Policy Statement. Her interests are taxation and its impact on equity and economic efficiency, government expenditure and its size and social welfare benefits. Email: Rito.Valoyi@Treasury.gov.za

### **Ms Lindi Mzankomo**

Lindi Mzankomo is a Senior Budget Analyst in the Public Finance division of the National Treasury South Africa and a senior lifelong global fellow, Atlantic Institute, Rhodes Trust. She has worked at the National Treasury for 14 years and her focus is on the social development sector. Her main responsibilities include budget allocation recommendations and analysis, monitoring expenditure and supporting sound social sector policy development and costing. She is instrumental in monitoring social grant take-up and expenditure as well as projecting future trends in this area. She is also instrumental in producing the social development chapter/section of National Treasury budget publications such as the Estimates of National Expenditure, the Budget Review and the Medium-Term Budget Policy Statement. She graduated from the University of KwaZulu-Natal with honours in economics and plans to further her studies soon. She was co-author of a chapter in the South African Child Gauge 2016: Children and Social Assistance publication as well as co-author of the UNU-WIDER working paper 2021/165 on Simulation of options to replace the special COVID-19 Social Relief of Distress grant and close the poverty gap at the food poverty line.

### **Ms Pebetse Maleka**

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ISBN: 978-0-621-51839-9

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