Expert Panel on Basic Income Support

EXECUTIVE SUMMARY

December 2021

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Department:
Social Development
REPUBLIC OF SOUTH AFRICA

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Report into the appropriateness and feasibility of a system of Basic Income Support for South Africa

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A report produced under the supervision of the International Labour Organisation for the Department of Social Development and the South African Government

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Panel members

Alex van den Heever: Chair

Margaret Chitiga-Mabugu

Stephen Devereux

Murray Leibbrandt

Michael Sachs

Jan van Heerden

Gemma Wright

DECEMBER 2021

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ABBREVIATIONS

BIG	Basic Income Grant
BIS	Basic Income Support
CGE	Computable General Equilibrium (model)
COVID-19	Coronavirus disease of 2019
COVID-SRD	Special Social Relief of Distress Grant created during COVID-19
CPI	Consumer Price Index
CT	Corporate Tax
DSD	Department of Social Development
DSLI	Decent Standard of Living Index
EPWP	Expanded Public Works Programme
FPL	Food Poverty Line
GDP	Gross Domestic Product
HFIAS	Household Food Insecurity Access Scale
IEJ	Institute for Economic Justice
LBPL	Lower Bound Poverty Line
MS	Microsimulation
NIDS	National Income Dynamics Study
NSNP	National School Nutrition Programme
OECD	Organisation for Economic Co-operation and Development
OPG	Older Persons Grant
PIT	Personal Income Tax
SALDRU	Southern Africa Labour and Development Research Unit
SAMOD	South African Tax-benefit Microsimulation Model
SASSA	South African Social Security Agency
CGE-Sim	Computable General Equilibrium Model Simulation
SRD	Social Relief of Distress
UBIG	Universal Basic Income Grant
UBPL	Upper Bound Poverty Line
UNICEF	United Nations Children’s Fund
VAT	Value Added Tax

PREAMBLE

Purpose

This Expert Panel (Panel) was established as part of an International Labour Organisation (ILO) initiative together with the Department of Social Development (DSD) to examine the salience and feasibility of Basic Income Grant options for South Africa.

Panel members

The Expert Panel (EP) was made up of a mix of economic and related disciplines, including specialist expertise in the field of social protection, specialist expertise in microsimulation modelling in the field of social protection; computable general equilibrium (economic) modelling; and public finance.

The Panel deliberations included staff from the Social Security division of the Department of Social Development (DSD) and the ILO regional office based in South Africa.

Members of the Panel:

- Prof (adjunct) Alex van den Heever: Panel Chair;[1]
- Prof Margaret Chitiga-Mabugu;[2]
- Prof Stephen Devereux;[3]

[1] Holds the Chair of Social Security Systems, Administration and Management Studies at the Wits School of Governance.

[2] Dean of the Faculty of Economic and Management Sciences, University of Pretoria.

[3] Fellow of the Institute of Development Studies at the University of Sussex, United Kingdom; and SA-UK Bilateral Research Chair in Social Protection for Food Security at the Institute for Social Development, University of the Western Cape, South Africa.

- Prof Murray Leibbrandt;[4]
- Prof (adjunct) Michael Sachs;[5]
- Prof Jan van Heerden;[6] and
- Prof Gemma Wright.[7]

The scope of work of the EP involves the following:

- Conduct a comprehensive review of evidence and on-going work and engagements on the Basic Income Grant or BIG in South Africa;
- Identify knowledge/evidence gaps, and propose and undertake further research;
- Identify BIG policy options and conduct economic appraisals (this will include feasibility assessments) (quantitative and qualitative analyses) of options for South Africa;

[4] National Research Foundation Research Chair in Poverty and Inequality Research, Director of the Southern Africa Labour and Development Research Unit and the African Centre of Excellence for Inequality Research and a Non-Resident Senior Research Fellow at UNU-WIDER.

[5] Is an adjunct Professor in the Southern Centre for Inequality Studies at the University of the Witwatersrand. He is also the Deputy Chairperson of the Financial and Fiscal Commission in South Africa and formerly held the post of Deputy Director General of the Budget Office in the South African National Treasury.

[6] Professor of Economics in the Faculty of Economic and Management Sciences at the University of Pretoria.

[7] Is a research director at Southern African Social Policy Research Insights (SASPRI); Professor Extraordinarius at the College of Graduate Studies, UNISA; and Research Affiliate, Centre for Microsimulation and Policy Analysis, at the University of Essex; and was for 11 years a Senior Research Fellow at the University of Oxford.

- Identify/advise on complementary policy actions (e.g., labour activation, linkages and policy reforms towards a comprehensive social security framework); and
- Provide written submissions, including research outputs, analysis/briefs on policy appraisals, design options, for input to processes considering the adoption of a BIG for South Africa.

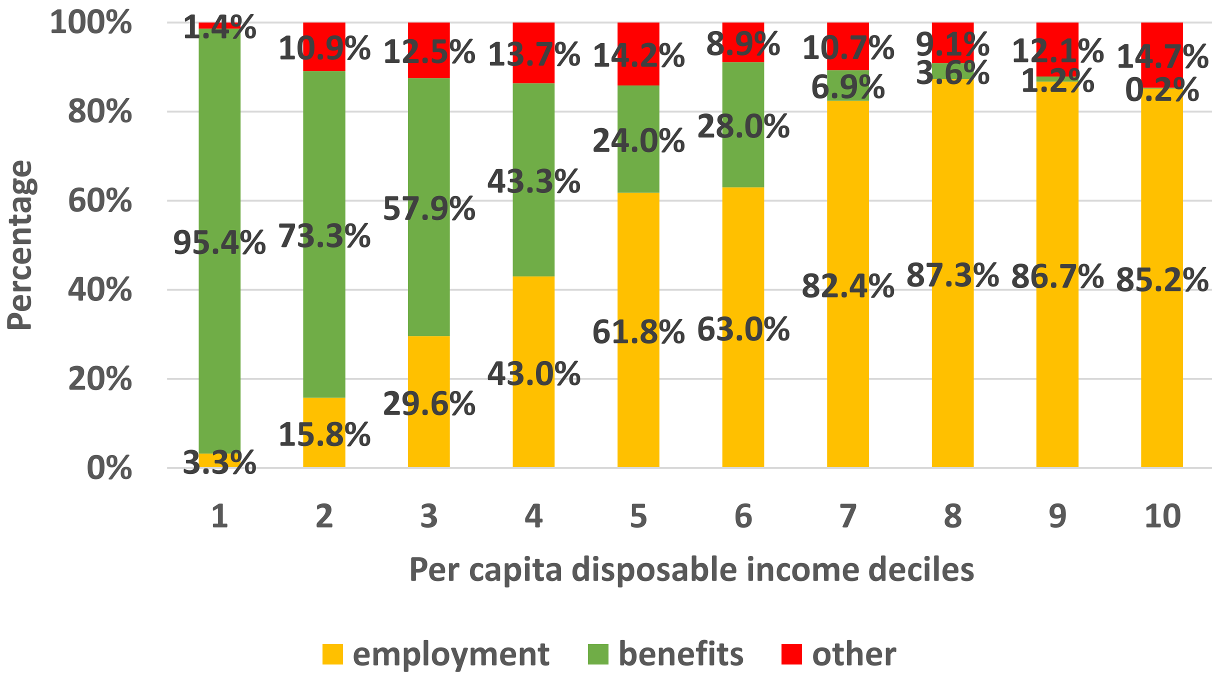
EXECUTIVE SUMMARY

Context

1. Consistent with our terms of reference we reviewed the current socioeconomic position of South Africa for a complete understanding of the plight of income-compromised adults and whether a sustainable system of income support can be implemented to mitigate their circumstances.
2. Through our work we confirm that income poverty in South Africa is so pervasive that more than half of the households live in poverty, with low incomes also extending into deciles 6 and 7.
    - 2.1. All households in deciles 1 and 2 (nearly 12 million people and 4 million households) fall below the food poverty line (FPL) equivalent to a monthly value of R595[8] in 2021. These households and over 90% of the households in decile 3 are below the Lower Bound Poverty Line (LBPL) equivalent to a monthly value of R860.
    - 2.2. All households in deciles 1 to 4 (equivalent to a population of 29 million in 8 million households) fall below the upper-bound poverty line (UBPL) equivalent to a monthly value of R1,300 in 2021.
3. From decile 6 downward, the income earned from employment also declines steeply with social grants making up an increasing proportion of disposable income. In decile 1, for instance, income from social grants makes up 95% of disposable income, with decile 2 at 73%.

[8] All values in this report are in 2021 prices.

Figure 1: Share of income from different sources, by per capita household disposable income decile[9]



Source: Analysis of output data for SAMOD V7.3-BIG using NIDS wave 5 reweighted to reflect labour market changes using 4th quarter 2020 QLFS and demographic changes using 2020 mid-year population estimates, and monetary variables uprated to February 2021 using the Consumer Price Index.

4. The distribution of income from employment is also highly skewed in favour of the 10th decile, with mean monthly per capita income more than double that of decile 9, and nearly four times that of decile 8.

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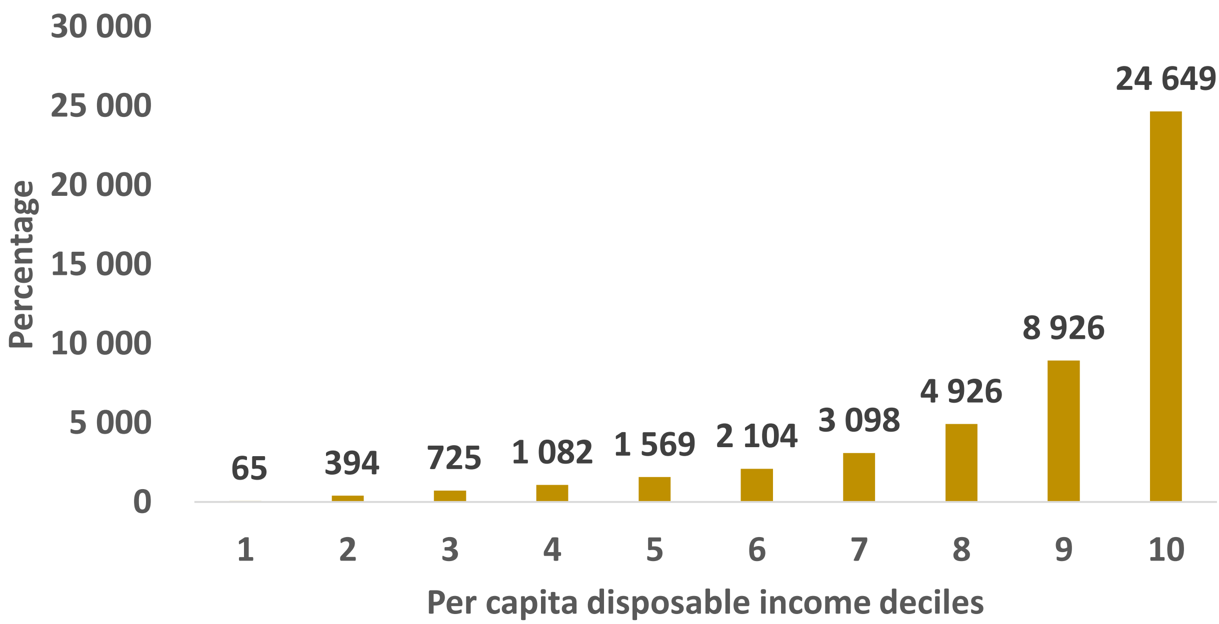
[9] Employment income: employment and self-employment; Benefits income: CSG, CDG, FCG, DG, OPG; Other income: property, private pension, interest, private transfers, workman's compensation, other, and non-taxable income.

Figure 2: Mean monthly per capita household disposable income, by per capita household disposable income decile



Source: Analysis of output data for SAMOD using NIDS wave 5 reweighted to reflect labour market changes using 4th quarter 2020 QLFS and demographic changes using 2020 mid-year population estimates, and monetary variables uprated to February 2021 using the Consumer Price Index.

5. The disparity in incomes from employment can be ascribed to very high levels of unemployment (48.9% for the broad definition as at April to June 2021 or approximately 11 million people) and very unequal pay scales for those employed.

6. Approximately 70% to 80% of South Africa's population therefore lives in precarious and insecure conditions with little prospect of any relief in the foreseeable future.

7. Although the COVID-19 pandemic has exacerbated certain of these conditions, the evidence indicates that these features are endemic and long-term in nature and have not responded to government interventions implemented to date.

8. It is within this context that we examined the appropriateness and feasibility of direct income support for adults who presently fall outside the existing systems of income support.

9. While some form of support exists for children until their 18th birthday, and for adults over the age of 60, no income support exists for adults from the ages of 18 to 59 unless they have a disability.

10. Arising from this context we needed to answer three questions.

    10.1. First, is social assistance for adults in the age range 18 to 59 necessary?

    10.2. Second, are there problematic trade-offs and risks to the introduction of such support?

    10.3. Third, if required, what form should the support take?

11. In answering these questions, we found that:

    11.1. The possibility of trade-offs increases with the scale of any such intervention, even if these can be significantly mitigated in a model analysis. Addressing the third question is therefore closely tied to our assessment of the second.

    11.2. We found however that income support in the form of a basic income support or BIS framework was necessary and that no alternative measures could reasonably address the widespread and urgent income-support needs of the relevant adults.

    11.3. We also found that, structural changes in the levels of poverty and inequality require programmes implemented at scale, and we therefore table a longer-run target in line with this. But, given prevailing fiscal and economic realities, we propose a phased approach that recognises that the pace of moving to scale is contingent on being able to finance these expansions in a sustainable manner.

    11.4. We did however find that the social relief of distress grant introduced as part of the COVID-19 package (COVID-SRD), involves limited trade-offs and risks. This because there is scope to raise additional revenue via the existing tax system as well as by exploring other potential sources of revenue.

12. *We therefore recommend that the existing COVID-SRD be institutionalised and form the platform for an expanded system of basic income support or BIS which can then be improved incrementally over time*.

13. *We also regard the elimination of income poverty – as measured using the UBPL - as the goal of the system of social assistance, including the BIS and which should be progressively achieved over time*.

Economic and fiscal considerations

14. Our economic analysis showed that the fiscal effects of an expanded social transfer scheme introduced at scale for adults from the ages of 18 to 59, which we refer to as basic income support or BIS, could be partially offset through economic growth over the medium-term when deficit financed.

15. However, when deficit financed, the growth effects are likely to prove transitory and there are not strong grounds to believe that increased redistribution will on its own necessarily result in improved growth performance over the long term. Therefore, the only sustainable basis on which to plan for the extension of basic income support is by financing the grant out of domestic resources, and the best way to mobilise these is through the tax system.

16. In scenarios where the new grant expenditure is financed largely from tax increases, the redistributive effects are fully preserved, with important social and economic benefits likely for the affected households and communities.

17. Important localised outcomes also result from the redistributive effects, which may aid in the diversification and development of local economies while at the same time contributing to systemic improvements in socioeconomic conditions.

18. *Taking these factors into account, we are of the view that an entry-level version of the BIS can be safely implemented using a mix of financing approaches, including limited debt financing, tax revenue improvements arising from any demand stimulus and carefully calibrated tax increases where required*.

Enabling employment and social participation

19. Negative forms of dependency are commonly raised as a risk associated with social transfers, especially those that benefit working-age adults.

20. In reviewing the extensive evidence available we find that social transfers are important in underwriting job search and the costs of participating in any demand-side employment activation interventions for labour force participants. Social transfers therefore promote job search, employment effects and entrepreneurial ventures without cultivating a dependency culture.

21. These positive effects of social assistance transfers to households therefore reflect enabling features of income support, such as promoting economic and social participation and agency on the part of recipients.

22. We find that there is no evidence to support the view that a dependency culture or syndrome exists in relation to social grants or is likely to exist in relation to an implemented BIS.

23. We also find that female- and male-headed household type both show improvements from the BIS, with increased values of the grant structurally altering both poverty and income inequality. However, we find that the relative position of female headed households changes little, even though they improve their situation relative to the baseline with each BIS expansion.

Eligibility

24. Eligibility for social assistance transfers can be specified across two dimensions.

    24.1. The first uses a category of beneficiary, such as an age band (to target children or older persons) or a particular contingency (such as persons with a disability).

    24.2. The second uses a qualifying measure of income to target only those in income-related poverty through a means test, where only persons below a specified income threshold are eligible.

    It should be noted, however, that an alternative approach with respect to the second dimension is to dispense with a means test and make a grant universally available, regardless of income and the category of beneficiary.

25. Across the first dimension, we regard the prioritisation of income vulnerable adults from the ages of 18 to 59 as a priority for a new system of social transfers. This

because coverage already exists for children below the age of 18 and for adults from the age of 60 and above.

26. Across the second dimension, the choices are more complex. These broadly fall into two approaches:

    26.1. First, a means test can be applied at a selected income threshold, which can vary in value depending upon the policy goal (e.g., which level of poverty is targeted); and

    26.2. Second, the means test is dispensed with, and no income-related qualification applied, generating a universally available benefit within the qualifying age categories.

27. Where income is removed as a criterion for the purposes of eligibility, we however found that the poverty outcomes for alternative benefit levels do not differ significantly between the means tested or universal options. This is because the universal benefit makes very little difference to the incomes of higher income groups as they are already above the poverty lines considered.

28. The direct costs of the two approaches are however quite different, due entirely to the larger eligible population where no income-related qualification is applied.

29. Given that no improved social outcomes flow from the additional expenditure on high income groups, we therefore regard some form of targeting within the eligible age groups as reasonable to make the best use of public resources. This then leaves open the question of the options for targeting.

30. We therefore looked at two approaches.

    30.1. First, use can be made of eligibility criteria, such as a means test, as already indicated.

    30.2. Second, a universal version of the scheme can be introduced together with an adjustment (or clawback) to the tax system to recover transfers paid to higher-income households. (This is distinct from tax increases that may be required to finance part of the expenditure arising from the benefit provided to the target group).

31. Either of these two approaches is worth considering, noting that both are feasible but have challenges.

    31.1. The means test approach has onerous administrative implications which would compromise efficiency and fairness if the administrative systems are not properly in place.

    31.2. The universal option, which addresses the administrative problems, must face perceptions of high expenditure and behavioural considerations when adjusting taxes.

32. The question of which income groups to target for either of the above two approaches is best achieved quantitatively using an indicative means test threshold.

33. As a first principle in setting this threshold, we recommend that the criteria be set in relation to measures of income poverty, as this is the relevant indicator of need.

34. In this respect we considered a lower and an upper level, with the former applicable to an entry level version of the BIS, consistent with a phased approach, and the latter to be achieved progressively over time.

35. Following this logic, we identified three important thresholds.

    35.1. *First, there is the level consistent with the continuation of the COVID-SRD grant until such time as the BIS can be implemented. Here the pragmatic approach is to set the means test at the FPL, or R595 per month, which reflects the grant as implemented in the 2021/22 financial year*.

    35.2. *Second, we see an entry or lower-level version of the BIS implemented with a threshold equivalent to that used for the child support grant or CSG of R4,600 per month and support the accommodation of caregivers in the BIS. This would then take over from the COVID-SRD framework when this can be achieved in a sustainable manner*.

35.3. *Third, we see an upper level, to be achieved over time, set equivalent to the personal income tax (PIT) threshold which stands at R7,275 per month*.

36. In setting the lower level, we were of the view that coverage should be as broad as possible to avoid excluding any adult living in income poverty.

37. The proposed upper-level threshold aligns access to the BIS with income earners that have insufficient incomes to pay PIT.

38. The maximum populations covered by each of these options would range from 13.4 million for the COVID-SRD grant where eligibility is equivalent to the FPL or R595 per month; 25.4 million with a R4,600 per month individual means test; and 27.5 million with a R7,275 (PIT) per month individual means test.

Benefit level

39. Given that the eligible population for the entry level BIS is large, to ensure sustainability, the initial benefit value would need to begin low and incrementally improve thereafter.

40. To assess viability and impact we looked at four monthly benefit levels, three of which are specified in relation to income poverty:

40.1. First, the R350 value of the COVID-SRD which has not been specified (by Government) in relation to income poverty;

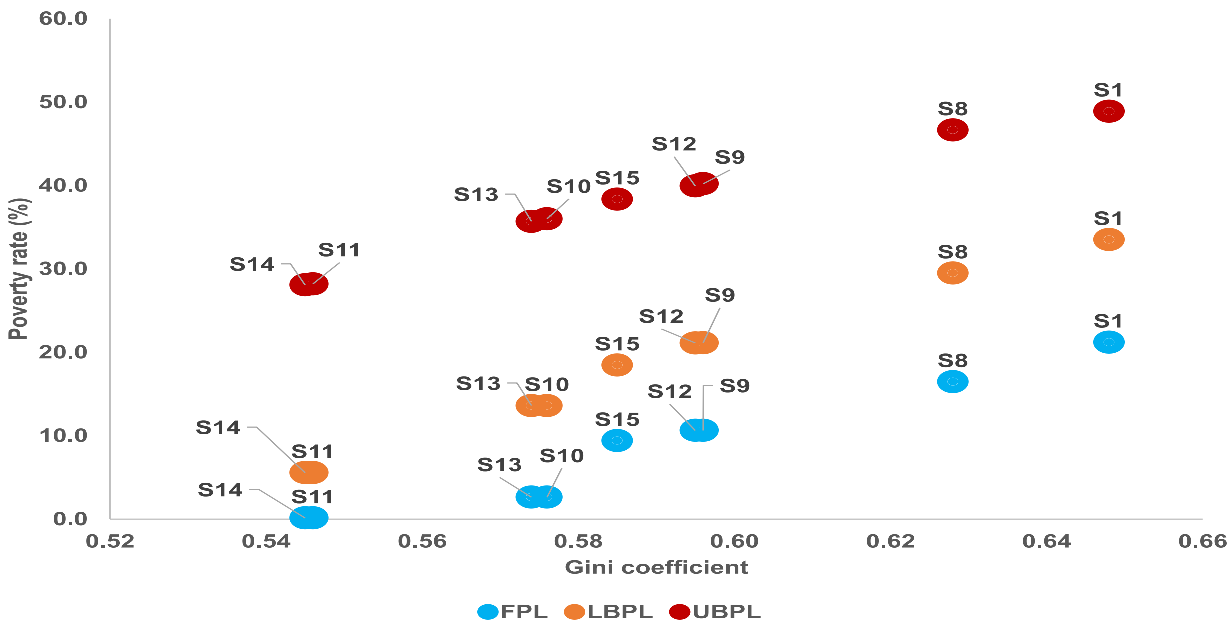
40.2. Second is the food poverty line or FPL at R595;

40.3. Third the lower bound poverty line or LBPL at R860; and

40.4. Fourth the upper-bound poverty line or UBPL at R1,300.

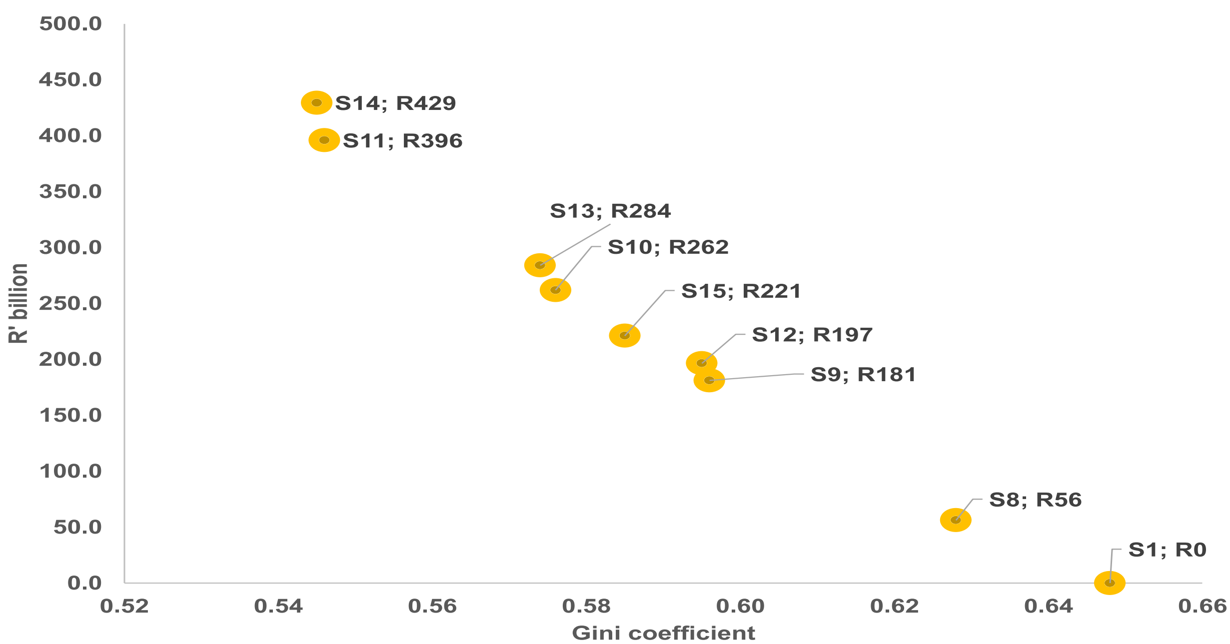
41. While the social impacts are quite moderate for lower values of the grant, when introduced at the level of R1,300 per month, poverty measured at the FPL and LBPL is almost eliminated. In these scenarios income inequality (as measured by the Gini coefficient) also improves dramatically from 0.65 to 0.55.

Figure 5.1: Impact of policy options (scenarios) on poverty and inequality (S = Scenario)



Source: Expert Panel Report.

Figure 5.2: Cost to achieve a specified reduction in inequality by policy options as indicated by the Gini coefficient (R' billion) (S = Scenario)



Source: Expert Panel Report.

42. In contrast, the scenario equivalent to the initial design of the COVID-SRD grant (benefits set at R350 together with a strict zero income means test and a maximum annual expenditure of R56 billion) mostly impacts poverty at the FPL (falling from 21% to 17%) but shows only a small shift at the LBPL (from 34% to 30%) and UBPL (from 49% to 47%). The Gini coefficient shift is also moderate, improving by 0.02 from 0.65 to 0.63.

43. The impact of a grant paid at the value of the FPL is, however, quite significant and offers what we believe to be a viable entry level version of the programme. The maximum total cost would be R181 billion and reduce income poverty at the FPL from 21.2% to 10.6%. Income poverty measured at the LBPL moves from 33.5% to 21.1% and at the UBPL income poverty moves from 48.9% to 40.2%.

44. *Given these impacts, we are of the view that an entry level version of the BIS should begin with a grant value equivalent to the FPL. Thereafter it should increase in sustainable increments, determined by affordability, until it reaches the UBPL*.

45. *As it is recognised that the cost of the entry level version of the BIS is significant, it is proposed that it be implemented only once the COVID-SRD grant has been stabilised and appropriately institutionalised*.

46. As with eligibility, we regard the present COVID-SRD as fiscally sustainable for continued implementation. *In this respect we regard the continuation of the COVID-SRD as a critically necessary intervention until such time as an entry level version of the BIS can be fully implemented*.

Improvement over time

47. While we accept that the wide-spread income poverty prevalent in South African society cannot be eliminated overnight, we nevertheless recognise the urgency of the situation and recommend that a policy framework be implemented that places the value of the BIS at the UBPL as soon as is sustainably possible.

48. *Although we have not proposed a timeline for the realisation of this goal, we see the following as central elements of such a policy framework, which should be established through a deliberative process of social engagement*:

   48.1. *The objective that is to be realised must be made explicit and underpinned by legislation to make the nature of the right unambiguous*;

   48.2. *A pathway to the realisation of the objective should be established and should be reasonable in both conception and implementation*;

   48.3. *The pathway should clarify the obligations placed on the State to ensure realisation over time*; *and*

   48.4. *While the State should retain flexibility to comply with the framework subject to available resources, the justifications for variations from the pathway should involve transparent deliberative processes consistent with an open and democratic society*.

Medium-term focus

49. With respect to the medium-term, which broadly refers to the next three years, we are aware of the following facts regarding the SRD grant and its administration:

   49.1. The COVID-SRD grant depends for its existence on the Disaster Management Act No. 57 of 2002 (DMA), as it was implemented as a COVID-19 relief measure.

   49.2. The SRD grant therefore has no institutional basis in the regular legislative framework for social assistance grants.

   49.3. The promulgation of new legislation to institutionalise the BIS will take some time.

   49.4. Reliance for the COVID-SRD on the DMA is therefore precarious and creates uncertainty for such an important programme.

   49.5. The South African Social Security Agency (SASSA), which administers the SRD grant, also lacks the administrative systems to manage a means test for such a large group of applicants if the programme is to reasonably reach the targeted beneficiaries. In this respect we note:

49.5.1. SASSA can manage roughly one million applicants annually using existing systems.

49.5.2. The SRD grant was extended using an expedited administrative process to rapidly give access to the targeted beneficiaries.

49.5.3. This relied on a simple means test (no income) with assessments performed only on declined enrolments when faced with an appeal.

49.6. The inability of SASSA to manage a means test can therefore restrict options for the adoption of a scalable approach to phasing.

50. *We therefore recommend that the medium-term focus for the implementation of the BIS include*:

50.1. *The immediate initiation of a process, prior to April 2022, to implement a BIS to take over from the SRD grant*.

50.2. *An immediate investment in the capability of SASSA and the South African Revenue Services (SARS) to be able to efficiently administer income tests at scale*.

50.3. *Alternatively, consideration can be given to the removal of the means test together with implementation of an adjustment to the tax system to claw back benefits accruing to higher income groups*.

Financing

51. Whereas we considered the social and economic implications of a BIS implemented at scale (from both a coverage and benefit value perspective), the medium-term constraints, both economic and administrative, require that the COVID-SRD grant be continued first, prior to the implementation of the entry level version of the BIS.

52. In this respect, the following should be noted:

52.1. The SRD for adults from the ages of 18 to 59 has already been implemented with a maximum of 13.4 million potential beneficiaries in the 2021/22 financial year (noting that during the 2020/21 financial year less than half this number actually enrolled).

52.2. The beneficiary numbers could increase to a maximum of around 18.3 million over the medium-term using the FPL as the income threshold, with an annualised cost (2021 prices) of R78.8 billion.

52.3. This is up from the baseline SRD arrangement (with eligibility restricted to those with zero income) using the original 2020 income test which had an annualised cost in 2021 of R56.2 billion.

52.4. If the means test is adjusted for marital status (i.e., an individual test of R595 if no spouse, or double this with a spouse) the eligible population declines relative to the individual test approach to 16.6 million with a maximum annualised cost of R69.4 billion in 2021.

53. *We therefore recommend the following medium-term configuration for the BIS*.

53.1. *The COVID-SRD should continue at the current value into the 2022/23 financial year and be adjusted annually considering the entry level value of the BIS*.

53.2. *At a minimum a means test should be applied at the annually determined value of the FPL for the medium-term and include in the assessment the income of the spouse*.

53.3. *Without accounting for enrolment delays, this should result in a maximum annual BIS outlay of R69.4 billion per annum*.

53.4. *As coverage stabilises, the value of the grant should be improved together with the means test threshold*.

53.5. Using the microsimulation model available to us, if the entry level BIS grant were to be financed from an adjustment to tax rates, the following are indications of the revenue that could be raised if PIT were used as the sole source:

53.5.1. A 3-percentage point increase on all income bands would raise R69 billion.

53.5.2. A 2-percentage point increase on all income bands would raise R45 billion.

53.5.3. A 2-percentage point increase on bands 1 to 3, and 3 percentage points on bands 4 to 7 would raise R50 billion.

53.6. When combined with moderate VAT increases, the above PIT increases could be substantially lowered.

53.7. These numbers are however presented as indicative maximum value requirements and are not recommendations. This is because expenditure on the grant generates additional tax revenue even without any increase in taxes. These arise from the initial changes in consumer demand (for instance revenue from VAT resulting from any expenditures arising) and through multiplier effects.

53.8. *Over the medium-term, government should therefore consider sequencing expenditure increases and tax increases with a view to leverage short-term stimulus effects and macroeconomic fluctuations, while being careful not to compromise medium- to long-term fiscal sustainability*.

53.9. *It is nevertheless important that government clearly identify any appropriate tax adjustments that may be required to pay for the grant so that the fiscal implications are fully transparent*.

53.10. *It would also make sense to spread any tax burden arising from the BIS across several tax bases as required*.

53.11. *In our view, it would be reasonable to rely on existing and well-established taxes with a demonstrated capacity to raise the necessary revenue in a reliable fashion such as PIT and VAT*.

53.12. *New taxes, for instance a wealth tax, could be considered over time if required as part of Government's financing mix, but be introduced gradually so to* *minimise adverse behavioural responses and to ensure they can develop as permanent and reliable elements of the tax system*.

53.13. *Aside from explicit tax increases, additional financing options through streamlining tax expenditure subsidies assessed to be of lower social value to the BIS should be considered to increase inter alia the PIT revenue. For instance, the tax subsidy framework for private pensions arrangements could be considered for review*.

53.14. *Where an increase in taxes is required, consideration should be given to the balance between the revenue raising and redistributive potentials of various taxes*.

53.15. *Progressive taxes on earnings (such as PIT) are, for instance, strongly redistributive. However, large redistributive effects are more effectively achieved on the spending side of the BIS. Given this, it is not always necessary to use a progressive tax to finance a very redistributive programme*.

53.16. *In raising finances to support this redistributive intervention, loading too much pressure on a narrower tax base could invite adverse behavioural responses and so limit revenue raising potential over time*.

53.17. *This strengthens the argument that, where required, financing be spread over several instruments and grant expansion spaced to as far as possible leverage off the benefits of economic growth*.

53.18. *Over time, Government could also consider "soft earmarking" a revenue stream from a surcharge on PIT, VAT or other taxes to the expenditure commitments associated with basic income support and other social protection measures*.

53.19. *This would have the advantage of linking the benefits of expenditure, for instance associated with future increases in grant values or coverage, to the cost and distribution of the additional tax burden*.

53.20. *At the same time, given the certainty of Government's obligation to pay the grants and the uncertainty associated with tax revenue as the economy* *develops, we do not recommend any direct hypothecation of taxes to finance the grant*.

Complementary measures

54. As the goal of the BIS is to make progress toward the alleviation and ultimate elimination of income poverty, it should be seen as a foundational measure supporting the social inclusion of the most vulnerable adults in conjunction with a range of complementary measures.

55. In certain instances, however, important complementary measures remain under-developed in South Africa.

56. While it is beyond our scope to make in-depth recommendations in this regard, it remains within scope to identify where such measures would enhance both the social and economic impact of the BIS framework.

57. *We therefore propose that consideration be given to the progressive implementation of the following complementary measures*:

    57.1. *A labour activation strategy should be developed in conjunction with industry with the following features: funded job-skilling and occupational learning initiatives for emergent industries; accessible job placement; and internships*.

        57.1.1. *The labour activation opportunities should be automatically available to grant recipients at no cost to them*.

        57.1.2. *The support framework should be accessible through a range of platforms, and not just at physical job centres*.

        57.1.3. *Employment in the labour activation system should draw from but not be limited to BIS grant recipients and include on-the-job training for key skills*.

    57.2. *For the purposes of strong accountability to the public, programme efficiency and the elimination of unfair exclusions, it is necessary to establish a credible, independent, transparent and effective complaints procedure or grievance* *mechanism, where people who feel they have been unfairly excluded from the BIS (and any other social grant) can lodge their complaints and have them heard and actioned expeditiously through a competent process*.

57.3. *Both the sectoral and macroeconomic effects of the BIS framework should also be evaluated on an ongoing basis and feed into deliberations on adjustments to the various parameters*.

57.4. *In addition, independent investigative structures are required to address accusations of fraud by beneficiaries and corruption by officials*.

Monitoring and evaluation

58. With the incremental expansion of the BIS, it would be important to implement an appropriate regime of surveillance and evaluation from the outset to improve opportunities for evidence-based adjustments to the policy framework.

59. Together with existing social grants and inter alia the Unemployment Insurance Fund or UIF, rich new sets of data can be generated which could augment existing labour market and household surveys.

60. *It is therefore recommended that appropriate systems for compiling new datasets be implemented, together with formal approaches to monitor and evaluate programme impacts, all of which should be publicly available and which should include*:

60.1. *A system of routine monitoring and reporting, especially during the inception phase, to ensure that the BIS is delivered in full, on time and with dignity to all eligible beneficiaries*;

60.2. *A single registry that compiles and maintains relevant information on all beneficiaries*;

60.3. *Regular impact evaluations to assess progress towards adequate levels of benefits*; *and*

60.4. *A complaints database that monitors all lodged complaints and how they were resolved, to minimise exclusion errors and ensure no-one is left behind*.

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