



planning, monitoring
& evaluation

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



BI-ANNUAL PROGRESS REPORT ON THE MTSF

APRIL TO SEPTEMBER 2020

PRIORITY 4:

CONSOLIDATING
THE SOCIAL WAGE
THROUGH RELIABLE
AND QUALITY
BASIC SERVICES

LET'S GROW SOUTH AFRICA TOGETHER

1. PURPOSE OF THE REPORT

This report presents the of DPME's analysis of the Social Protection Sector's Bi-Annual Progress Report on the implementation of the Medium Term Strategic Framework (MTSF) 2019-2024, for the period April to September 2020. The Bi-Annual Report was submitted on behalf of the social protection by the Department of Social Development, and focuses on Priority 4 namely: Consolidating the social wage. This briefing focuses only on a fraction of the entire basket of the social wage, namely social security (social assistance and social insurance), social welfare, aspects of developmental social welfare and Early Childhood Development (ECD). Other components of the social wage are monitored in other priorities. Priority 5 - Spatial Integration, human settlements and local government, monitors access to free basic services such as housing, water, sanitation and energy for poor households is monitored. Priority 3 – Education, skills and health, monitors progress in relation to health care and education (Free health care and no fee schools). Priority 2 – Economic transformation and job creation measures Public Employment.

The report provides the Cabinet Committee with progress on the implementation of the MTSF covering the period April to September 2020 and highlights the challenges and blockages in the likelihood of achieving the 2024 targets and NDP 2030 targets.

2. Strategic Intent of the Priority – foregrounding the Priority

The National Development Plan positions social protection as a critical part of public policy providing support that reduces vulnerability, alleviates and ultimately prevents poverty, and empowers individuals, families and communities through a range of social development services. The formation of a social protection floor and a comprehensive, inclusive and responsive social protection system ensures the resilience of citizens and protects them from the ravages of extreme poverty. Priority interventions in the next five years are about includes:

- Addressing social grants exclusion errors by improving targeting (orphans, children, aged on farms, remote rural areas, disabilities),

- Increasing UIF coverage as currently only 5% of unemployed people benefit from this Fund,
- Reducing the turn-around times for the payment of the Unemployment Insurance benefit,
- Finalising a comprehensive policy on social security that will include low-paid workers and informal traders, as well as pregnancy and maternity benefit schemes,
- Strengthening the capacity of the social sector by increasing the number of social sector practitioners,
- Solidifying the relations and partnerships between the state and civil society, and by building the capacity of civil society organisations,
- Developing and implementing a sustainable livelihood framework that support the graduation of Child support Grant recipients of working age from social grants to self-reliance,
- Increasing ECD coverage and the number of children in receipt of ECD subsidy,
- Integrating the Social Protection Information systems for early and timeous intervention

3. Priority Components NDP 2030 targets

3.1 Reduce inequality – The Gini coefficient should fall from 0.69 to 0.6.

Inequalities in South Africa are high and manifest through a skewed income distribution, unequal access to opportunities, and regional disparities and they are very pronounced, more so in terms of wealth than income.

Wealth: An April 2020 a report by the Southern Inequality Studies indicate that ‘the top 10 percent own 86 percent of aggregate’ wealth whilst a tiny 0.1 percent own almost 33% of the aggregate wealth. The engine of inequalities in South Africa in terms of wealth are land, housing, financial securities, pension funds etc.

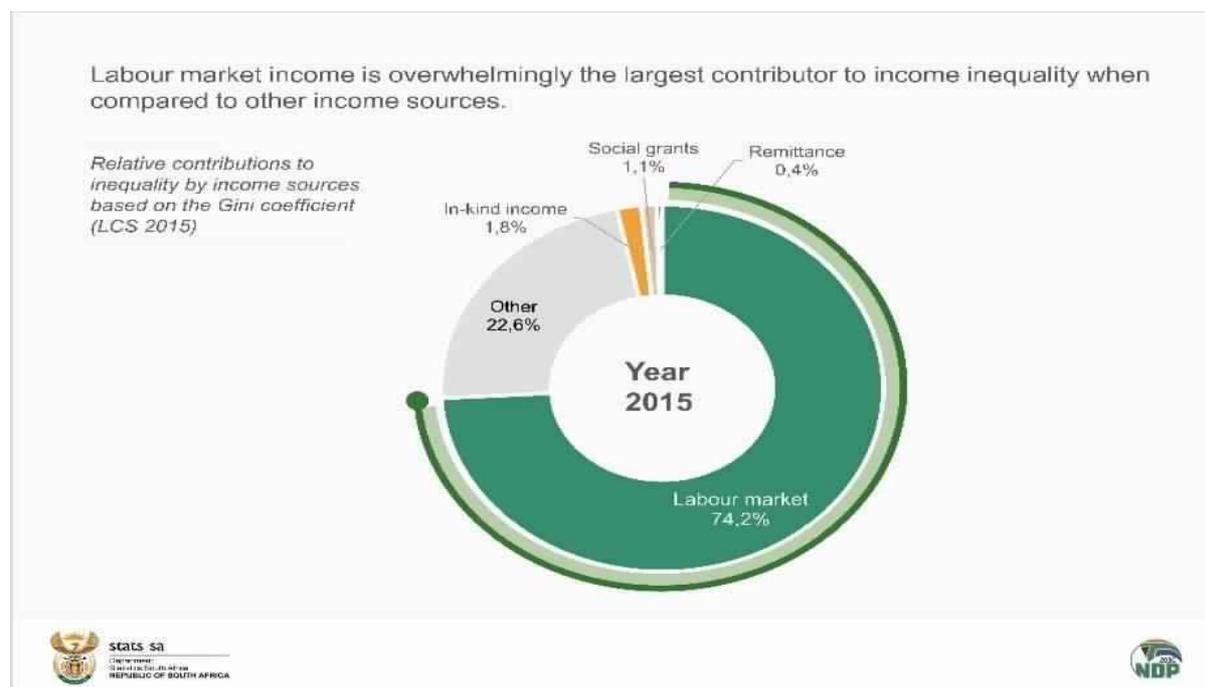
Income: South Africa suffers among the highest levels of inequality in the world when measured by the commonly used Gini index. The top 20 percent of the population earns over 68 percent of income (compared to a median of 47 percent for similar

emerging markets). The bottom 60% of households depend more on social grants and less on income from the labour market (StatSA 2019).

Despite having a progressive Constitution that espouses non-sexism and non-racialism, inequalities are still produced along gender and race.

Female workers earn approximately 30% less, on average, than male workers - males are more likely to be employed and have relatively better-paying jobs compared to females. Black Africans have higher rates of joblessness and earn the lowest wages when they are employed. Whites, in contrast, earn substantially higher wages than all the other population groups. The mean real earnings between 2011 and 2015 amongst employed black Africans was R6 899 (real earnings) per month. For coloureds and Indians/Asians, the corresponding figures are R9 339 and R14 235 per month, respectively. Amongst whites, it was R24 646 per month, or more than three times as high as it was amongst black Africans (StatsSA 2019). Wage Income is the greatest contributor to income inequality contributing 74.2% (see figure 1)

Figure 1: Contributors to inequality



The income inequalities particularly using the race dimension are further revealed through the social grants distribution. The racial distribution of the social grants shows that Coloureds and Black Africans possess the highest rates of social grant receipt (29.3 and 33.8 respectively) compared to only 6.1 percent of the White population. About 34 in a 100 black people receive grants compared to only 6 in a 100 in the white

population. Blacks are more than five times more recipients of the social grants than White people, and more than double the rate the rate of Indian recipients who are at 14.5 percent.

3.2 Summary of Impact indicators: NDP 2030 targets Eliminate Poverty

As with inequality, poverty too has a gender, regional and race dimension. According to the Living Conditions Survey of 2014/15, using the Upper Bound Poverty Line, adult males and females experienced a poverty headcount of 46,1% and 52,0%, respectively. Adult females experienced higher levels of poverty when compared to their male counterparts, regardless of the poverty line used. The provinces with the highest headcount of adult poverty are Limpopo (67,5%), Eastern Cape (67,3%), KwaZulu-Natal (60,7%) and North West (59,6%) (StatsSA2015). 64% of blacks, 41% of Coloureds, 6% of Indians and 1% of whites South Africans are living in poverty (SAHRC 2017).

The NDP target is not likely to be met as poverty levels are increasing. At least 2.5 million more South Africans fell into poverty between 2011 and 2015. Forty percent of the population lived below the LBPL in 2015 compared to only 36.4% in 2011. The impact of lockdown due to COVID19, has worsened the situation. 23.8% of the population (14 million people) were food insecure (experience hunger) prior to COVID-19 pandemic and now 50% of the population is at risk of being food insecure.

The individual deprivation measure study confirms the regional dimension of poverty - poverty is relatively rooted in rural areas than it is in urban areas. Before the advent of COVID19, 18.2 percent of rural poor were mildly food insecure compared to 12.7 percent in urban areas. However, in the category of the severely food insecure, poverty is more pronounced in urban areas as 31.9 percent of the urban poor experience poverty compared to 28.5 percent of the rural poor. Severe food insecurity is relatively high amongst people with disability than any other disaggregated category of the poor. Persons with disability fair relatively poorly on all poverty measure dimensions such as on access to water, shelter, health, and education. Women are also disproportionately affected by poverty than men are. About 38.8 percent of men do not experience any food insecurity compared to 34 percent of women. On the other hand, 30.4 percent men are severely food insecure compared to 31 percent of women.

3.3 Summary of Impact indicators: Redistribution and Poverty eradication

Studies show that the progressive tax system and social transfers reduce inequality and poverty. There is a significant drop in the market income Gini from 0.73 to 0.66 after taking into account the impact of the selected fiscal tools (direct taxes and social grants).

Using income per capita as the welfare indicator, fiscal policy reduced the “market income” Gini coefficient from 0.771 to a “disposable income” Gini of 0.694 once direct taxes (PIT and payroll taxes) and transfers (cash transfer and free basic services) are taken into account, in line with what is typically reported by Statistics South Africa. However, as demonstrated through numerous studies, if an extra step is taken and the value of health and education spending is monetised, bearing in mind potential differences in the quality of services, the “final income” Gini coefficient would be 0.596. Social transfers are also capable of making a significant contribution to improving the current lives of the poor and hold the promise of reducing persistent poverty. Using the US\$1.25 PPP per day poverty reference line, South Africa’s social cash transfers are well targeted and reduce extreme poverty significantly. The incidence of extreme poverty reduces by 68 per cent (from 26 per cent to 8 per cent) after accounting for social transfers.

4. Impacts we were seeking to achieve in the component (social protection)

4.1 Transforming elements of social protection through inter alia;

- a. Optimising the social welfare and comprehensive social security policy space
- b. Expanding the number of Social Services Professionals in the public service from 18 300 social workers to 31 744;
- c. Creating an enabling environment for children’s services through legislation, policy, effective practice, monitoring, evaluation and quality assurance,
- d. Developing a core package of social welfare interventions including an essential minimum psychosocial support and norms and standards for substance abuse, violence against women and children, families and communities;
- e. Strengthening prevention and response interventions for substance abuse such that there is a 10% increase in the number of people accessing prevention and treatment programmes by 2024;

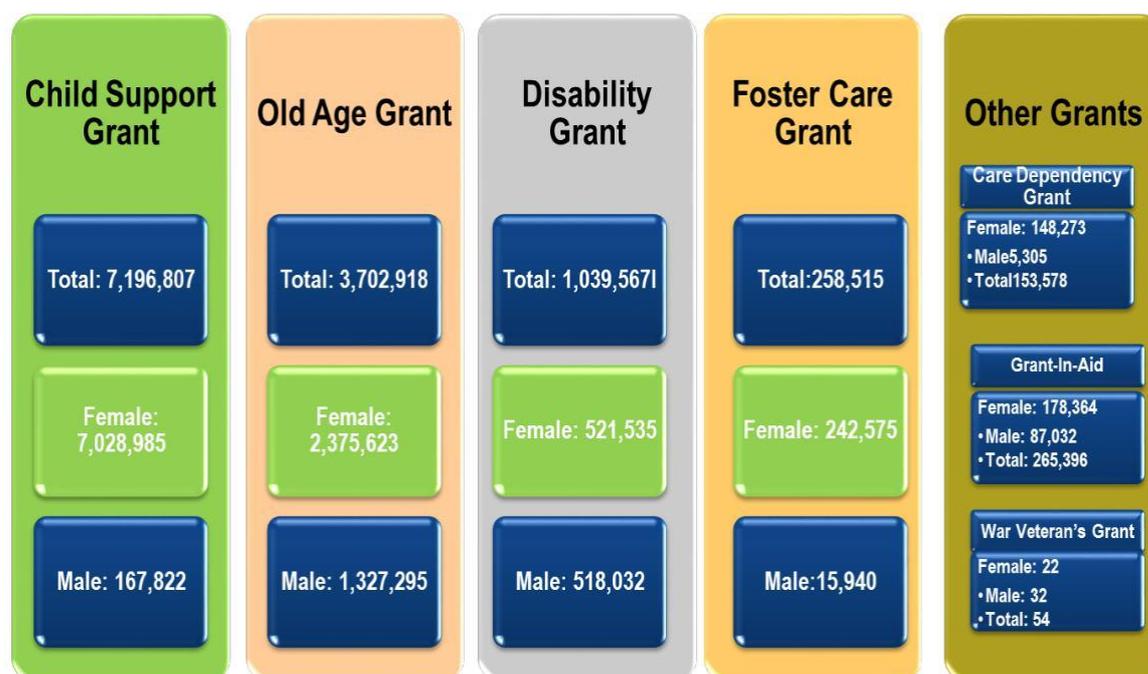
- f. Increasing access to quality ECD services and support such that 3.6 million children access ECD services from the current 2 487 599 by 2024 and a School Readiness Tool Assessment system is operational by 2021;
- g. Articulating the practical meaning of the social protection floor, developmental social welfare and sustainable community development interventions

5. Overview of main achievements

Transformed Social Welfare: As at June 2020, a draft White Paper for Social Welfare Services has been completed and will be shortly tabled at Cabinet.

Comprehensive Social Assistance System - coverage: The South African Social Security Agency (SASSA) pays 18.3 million social grants to approximately 12 million beneficiaries at a cost of R15 billion per month.

Figure 2. Grants recipients by gender – 26 August 2020



SASSA 2020

In addition, SASSA is implementing social relief measures to alleviate the impact of the Covid-19 pandemic by releasing of temporary grants in order to provide for those vulnerable citizens who are desperately affected by the virus. The Total Covid-19 relief package is R40.9 million for a period of six months May to October 2020. The grant has since been extended by a further three months.

Due to the fact that there is congestion at the point of sales, ATMs and cash pay point on the day of social grants pay out, the Department and South African Social Security Agency (SASSA) resolved to stagger the payment of social grant in the months of April and May. The staggering was also intended to ensure that there was social distancing to minimise the chances of the spread of the virus and that beneficiaries who are elderly and those who had disabilities and frail were not caught the congestion.

Increased access to social insurance - UIF: Since COVID-19 lockdown (between 26 March 2020 to 09 October 2020), over 960 000 employers were paid R49.2 Billion COVID-19 TERS on behalf of 11 million employees.

6. Overview of the main challenges

The social protection policy including social welfare services and legislative framework has still not been optimised as also identified by the 1997 Social Welfare White Paper Review. This contributes to lack of uniformity across provinces in funding; serious inequities in available services across provinces; prioritisation of different service areas and services; contradiction of an absence of minimum service delivery packages in some cases e.g. as it relates to care for survivors of abuse, existing side by side with a proliferation of norms and standards to implement policies - the different documents in some cases seem to contradict each other and there is a huge implementation gap. For example, in respect of services for older persons, in 2015/16, Western Cape has by far the highest amount (R1 448) per poor person aged 60 years and over, and Limpopo the lowest (R203).

The social welfare sector is underfunded. The need for social welfare services including psychosocial support in critical areas such as child protection, violence prevention, substance abuse, trauma counselling and in mental health as well as in the care of the elderly, far outstrips current levels of provision. Service delivery to previously disadvantaged areas has expanded and services are now more integrated, but there are still clear imbalances in access. The funding available for social development, particularly social welfare services, remains limited. The NAWONGO court case concluded that government is fully responsible for the provision of social welfare services to those that are most vulnerable in society – fully fund not subsidise. A study commissioned by National Treasury found that to move from subsidising NPOs, to fully funding them to provide the services on behalf of the department, as

required by the NAWONGO judgments, the state would need an additional R9.18bn in transfers to existing NPOs that provide social welfare services.

The concept of developmental social welfare - a pro-poor strategy which strives to promote a welfare system that facilitates the development of human capacity and self-reliance within a caring and enabling socio-economic environment - is now widely accepted as the underlying approach to social development, although there are differences in how it is understood and so is yet to be implemented.

The payment of social security is fraught with challenges:

- **Social Assistance:** The corporatization of Postbank and separation from SAPO Postbank as a bank may have adequate capital, but SAPO has capital adequacy issues; Inadequate security features of the SAPO card; Poor security level at Post Offices resulting in burglaries and robberies and even death;
- **Road Accident Fund:** Despite the high investment in the Fund in terms of Rand value, it remains severely under-capitalised with liabilities exceeding assets by R262.4 billion in 2018/19. This liability has increased from R206.3 billion in 2017/18. By December 2019 the liability of RAF stood at R293 billion and subsequently increased to R325 Billion by January 2020. This huge liability has the potential of destabilising the state and financial markets if the creditors would call.
- **Fraud and corruption:** Non-compliance with the Unemployment Insurance Contributions Act by employers who have not been contributing when they were supposed to and thus leading to delays in finalising the payment of claims to their employees as well as technical glitches due to system overload.

7 DISCUSSION

7.1 Assessment of progress on major interventions

7.1.1 Transformed Social Welfare

The White Paper for Social Development was just recently presented to technical government structures and will soon be submitted to Cabinet for approval.

Cabinet approved submission of Children's Amendment Bill to Parliament. The Draft Children's Amendment costing report with 10 year projections has been developed.

In the current MTSF the sector is to develop a strategy for the employment of social service professionals, as at June 2020, only public sector capacity analysis tool for the social work practitioners has been developed.

The DSD has allocated R58 462 000 to fund 925 students currently registered for the Bachelor of Social Work degree in various universities. As at 31 March 2020, there were 5 372 scholarship social work graduates who were still unemployed. On the other hand, the total number of unemployed social work graduates and social auxiliary workers who were registered on the department's but were not recipients of the scholarship stood at 3 912 and 3 640 respectively.

7.1.2 Social security policies: not completed.

A number of policies intended to deepen social assistance and expand social security access were not delivered in the 2014-2019 MTSF and were thus rolled over into the 2019 -2024 MTSF to ensure their finalisation. These include: Policy on Mandatory Cover for Retirement; Disability and Survivor Benefits; Maternal and Child benefits policy; Policy on the Inclusion of Informal Workers and Policy on the Universalization of Benefits to Older Persons. All these policies are part of the Comprehensive Social Security Framework Paper that is being finalised at NEDLAC. A draft policy such as the Universalisation of other benefits to older persons was rejected by the FOSAD cluster owing to the fact that it was not subjected to adequate consultation particularly with the National Treasury for feasibility. The legislation to increase the value of the

Child Support Grant to Orphans and Child-Headed households was also not completed.

7.1.3 National integrated social protection information systems: not completed.

The system was intended for the tracking of the access of the vulnerable to the social wage. The Department of Social Development has not even completed the linking of internal system let alone the making linkages with systems administered by other government departments. The DSD attributes the non-achievement to what it terms lack of resources. Only seven of the eleven existing silo welfare services have been integrated into a single information case management system.

7.1.4 Early Childhood Development

According to the 2018 General Household Survey, about 2.1 million children out of a total of 5.8 million attend Early Childhood Development in different forms of ECD such as day care centres, crèches, ECD playgroups, nursery school and pre-primary. This means that about 64% of children between 0 and 4 do not attend any centre and non-centre based ECD owing to a lot of factors such as poor infrastructure, poor and inequitable access to ECD subsidies and lack of parental support. About 710 223 children accessed ECD services during 2019/20 financial year. About 3 197 822 children have accessed ECD services by March 2020, almost reaching the target of 3.6 million children accessing ECD services by 2024. There are about 800 654 children currently accessing registered ECD programmes. Of this figure, about 624 000 receive an ECD subsidy of about R17 per child per day for 264 days. It must be noted that a 2020 joint report by Bridge, Ilifa Labantwana, National ECD Alliance (NECDA), Nelson Mandela Foundation, Smartstart, South African Congress for Early Childhood Development (SACECD) indicates that unregistered ECD operators provide ECD services to over 1.5 million vulnerable children. With the advent of COVID 19 lockdown, ECD centres closed.

7.1.5 ECD Infrastructure

In 2016, National Treasury allocated a conditional grant to the value of R812 towards increasing access to ECD services over the MTSF period. However, due to COVID-

19, the ECD Infrastructure Grant has been redirected from funding infrastructure to the purchasing of PPEs, Health & Hygiene products for ECD Centres.

7.1.6 ECD other

The Diagnostic report on the ECD function shift to DBE is at final draft stage, being discussed by DBE, NT, DSD and DPME. The Early Learning National Assessment (ELNA) pilot to assess school readiness (ELNA) – Grade 1 was conducted in 8 provinces by March 2020

7.1.7 Social insurance

Since COVID-19 lockdown (between 26 March 2020 to 09 October 2020), over 960 000 employers were paid R49.2 Billion COVID-19 TERS on behalf of 11 million employees.

Over the 2014-2019 MTSF period the UIF was amended to extend the length of period for which claimants can receive the benefit; from a maximum period of six months to a new maximum of 12 months. Prior to the UIF Amendment of 2016, which was implemented retrospectively from January 2017, beneficiaries were supposed to lodge claims within six months of not being in employment. Most importantly as result of the amendments, claimants of maternity leave are now entitled to a flat rate of 66 percent of their income. Previously, women on unpaid maternity leave could claim a benefit at a rate of between 38 and 60 percent of their wages. Furthermore, other categories of workers who were previously not covered, were included (e.g. workers of foreign origin, and workers on learnerships) and thus extending social insurance coverage and reducing income vulnerabilities of unemployed workers. The credit days also accrue faster (i.e. one credit day for each four days worked as opposed to one credit day for each six days worked). The unemployment benefits (i.e. the benefit paid to those who lost their jobs and were not going to go back to their former jobs for reasons such as retrenchment and dismissals) were reduced to 15 days since 2018/19 whilst the deceased benefit took an average of 20 days for payment to be effected.

Despite this progress, there still needs universality and consistency in terms of the number of days it takes for the payment of the different benefits. For instance, in the financial year 2019/20, about 94% (or 733 215 of 783 683) of unemployed benefits were paid within 15 days. 95 Percent (or 13 483 out of 14 214) of deceased benefits paid within 10 working days. Notwithstanding this, the UIF still needs to include other

category of excluded workers such as graduates, artists, the self-employed, informal traders and business owners who do not have employees. Ironically these category of workers have most potential to create jobs and employ others.

7.1.8 Social Assistance:

Currently, about 18.3 million beneficiaries are enrolled on the social grant system, and 3.9 million unemployed people have been paid SRD grant of R350. In some provinces every second person is on grants (Eastern Cape and Limpopo)

Table 1: Access to grants

NUMBER OF SOCIAL GRANTS PLUS COVID 19 PER PROVINCE				
Prov.	Population Est.	Social Grants as at July 2020	Covid -19 SRD Grant	Grants as a % of the total population
Eastern Cape	6,712,276	2,835,249	740,590	53%
Free State	2,887,465	1,042,344	296,877	46%
Gauteng	15,176,116	2,814,767	1,187,226	26%
KwaZulu-Natal	11,289,086	4,072,116	1,244,673	47%
Limpopo	5,982,584	2,620,628	776,584	57%
Mpumalanga	4,592,187	1,549,661	470,537	44%
North West	4,027,160	1,285,198	382,917	41%
Northern Cape	1,263,875	498,929	107,728	48%
Western Cape	6,844,272	1,651,085	369,891	30%
South Africa	58,775,022	18,369,977	5,577,023	41%

Source: SASSA 2020

7.1.9 Protective measures for **nutritional and food security**:

23.8% of the population (14 million people) were food insecure (experience hunger) prior to COVID-19 pandemic. As at 02 October 2020, a little over 1.3 million food parcels were distributed feeding about 6.6 million people (assuming that one food parcel fed five people). About 7.4 million food insecure people are yet to be reached through government-led initiatives. During the MTSF period under review, over 1 million vulnerable households and 2.4 million individuals accessed food. In the financial 2019/2020 alone, about 320 308 vulnerable individuals accessing food and whilst 98 412 households accessed food through DSD programmes. The Community

Survey of 2016 shows that around 13,8% (2,33M) of all households were engaged in household agriculture. This is worrying in light of the fact that in 2011 there were 19,9% (or 2,88M) of households who were involved in household agriculture. This has led to food insecurity and the loss of households' productive assets in the form of livestock and harvest. The decline in household meant that households have to depend on supermarkets for food making the country the only one on the continent whose poor depends on the markets for all of its household's food.

7.1.10 The following constitute major interventions put in place following commitments made in the previous **states of the nation address**:

7.1.10.1 In the 2018 SONA, the President raised concerns around the alarming incidences of violence against women and children. Also in 2019, the President during the June 2019 SONA indicated that following intensive consultations and engagements, that the country was working towards the establishment of the Gender Based Violence and Femicide Council and a National Strategic to eradicate this national scourge. Subsequent to the two SONAs, a Presidential Summit on Gender Based violence and femicide (GBVF) was convened. The DSD has set up a GBVF Please Call Me functionality and a 24 hour GBV Command Centre through which it provides professional psychosocial support and trauma counselling to victims of GBV. In order to enable access to psychosocial support to persons living with disabilities, on support related to GBVF, a Helpme GBV and an SMS functionality was developed. The services provided through the GBVCC have a GBVCC is its geolocation technology, which enables the practitioner to correctly identify the caller's exact physical location and thus enabling the practitioner to link the caller or victim directly with other service points such as nearest police stations, healthcare facilities or shelters.

7.1.10.2 Employment of Social service practitioners against GBV: with regard to human resources issues an amount of about R93 million was reprioritized and is being utilised to increase the workforce/human capacity. Consequently, about 200 social workers were appointed in December 2019 in order to deal and respond to GBV issues in the country and a further R50 million was sourced in to provide financial support to non-profit

organisations that offer response services to GBVF. The DSD and the National Development Agency are also evaluating over 500 business proposals on GBVF and in a process to conduct site visits to selected NPOs before the disbursement of funds towards the fight against GBVF. Furthermore, in order to strengthen and promote of GBV services additional two white doors were established; one in Kwazulu Natal and the other in the Northern Cape.

7.1.10.3 Mandate shift of ECD from DSD to DBE: in the SONA February 2019 the President stated that government will 'migrate responsibility for ECD centres from Social Development to Basic Education, and proceed with the process towards two years of compulsory ECD for all children before they enter Grade 1. The Department of Basic Education with the participation of a Think Tank consisting of a select government departments and civil society has developed a Diagnostic report on the ECD function shift and a Draft Framework on the Mandate Shift from the Department of Social Development (DSD) to the Department of Basic Education. As at June 2020, the ECD mandate is still with the DSD as the deliverable to migrate the responsibility for pre-schooling to the Department of Basic Education has not been achieved.

7.1.10.4 Substance abuse: The 2019 SONA decried the high levels of substance abuse which fuels crime and violence against women and children. Since the SONA, the DSD presented the Victim Support Service Bill and policy to Cabinet for approval. The Bill has already been gazetted for public comments. In October 2019, Cabinet approved the 2019-2024 National Drug Master Plan. The MTSF deliverable to increase access to support programmes by victims of substance abuse has suffered under-performance in this reporting period. The department holds that this was attributable to restrictions related to COVID-19 particularly restrictions with regard to the movement of persons. 1 796 people accessed treatment programmes in the reporting period. There is currently training underway of officials working in Substance Abuse Treatment centres and trainers of the Colombo Plan Universal Treatment Curriculum (UTC). There are also campaigns against substance abuse in institutions of higher learning.

7.1.10.5 Job creation: The President in his June 2019 SONA indicated that government should ensure that young people are employed in social economy jobs such as in early childhood development and health care. In support of this initiative, particularly for the financial year 2019/20, the Department has allocated R58 462 000 to fund 925 students currently registered for the BSW degree in various universities.

7.1.10.6 Social worker scholarship programme: in October 2016, National Treasury approved a conditional grant to the value of R 591 269 097 to employ 566 graduates over a period of three years. A total of 925 social work students were awarded the scholarship resulting in 447 completed their studies in 2019. In order to mobilise sufficient resources for the employment of financial resources for the employment of social workers, in the financial year 2017/18 the DSD discontinued the provision of scholarships towards the study of social work so that these financial resources could be shifted and allocated towards the employment of social work graduates. Although the decision to discontinue the training of social workers was good in the short term in light of the fact that there was the pressing need to balance need for social workers to address social ills such as gender-based violence, foster care, substance abuse and the provision of psychosocial support against offering scholarships to students towards the study of social work degree. However, in the medium and long-term the department may have to revert to offering scholarships. Over 1500 social workers were employed by the end of the MTSF period whilst about 2000 were awarded scholarships.

7.2 Major challenges and blockages affecting implementation of the interventions

identified in the MTSF - Impact of Covid-19

7.2.1 Apart from the development of legislative frameworks, a number of deliverables were not achieved such as targets to increase the number of social service professionals in the public service, construction and maintenance of new ECD centres as the infrastructure funds will be used to

purchase PPEs and attend to Health & Hygiene at ECD Centres in response to COVID 19.

7.2.2 SAPO experiences challenges related to the payment of grants:

7.2.2.1 Poor security level at Post Offices resulting in burglaries and robberies and even death. The many cash in transit robberies impact on the availability of money in many post offices.

7.2.2.2 Inadequate security features of the SAPO card. There are systemic flaws in the SAPO/ Postbank environment. The SAPO card has compromised the grant payment landscape. This has resulted in a SARB directive to SAPO to implement a number of remedial measures, including replacement of all SAPO cards by 31 March 2021. The cost of replacing this card is estimated at R1billion.

7.2.2.3 Postbank as a bank may have adequate capital, but SAPO has capital and profitability challenges. This impacts negatively on the payment of grants because on 1 April 2019 the rights, obligations, assets and liabilities of the Postbank Division of SAPO were transferred to the Postbank. The corporatization of Postbank and separation from SAPO in accordance with the requirements of the Financial Matters Amendment Act currently pose a challenge to the SAPO/SASSA collaboration. This is due to the withdrawal of the SARB Designation Notice that makes SAPO a designated clearing system participant and this negatively impacts on SAPO operations due to its financial constraints.

7.2.2.4 The separation has highlighted SAPO's financial constraints and has potential impact on SASSA business of paying out grants. The Master Services Agreement entered on 28 September 2018 by SASSA and SAPO, could be legally terminated and SASSA may enter into a new agreement with just the Postbank without going out on open tender, because the Master Services Agreement has the following clause: "Notwithstanding anything else to the contrary contained in this Agreement, a resolution by SAPO entitling SAPO to commit any of the actions specified in clause 12.1 will entitle SASSA to reserve its rights to withdraw as a Party to this Agreement

thereby effectively withdrawing the right for SAPO to render the Services on behalf of SASSA with no further obligations on SASSA. If SAPO i) disposes shares or the business of the post-bank; ii) disposes of the whole, or substantially the whole function performed by the post-bank in respect of this Agreement; and iii) disposes all, or the greater portion of, the assets of the post-bank.”

7.2.3 **Food security:** before the COVID-19 the DSD used to provide cooked meals to food insecure individuals. The non-feasibility of this approach during the lockdown meant that food parcels had to be distributed in lieu of cooked meals. As at June 2020 about 5.2 million (37% of 14 million of the food insecure) people access food through government and other partners support as part of COVID-19 response. Besides corruption, at this scale of food parcels’ distribution, about 7,9 million (56%) of food insecure and vulnerable people have not been reached. In order to cover an additional 2 million food insecure people over the next 9 months will require an amount of amount of about R3 Billion. The DSD referring to an Oxfam report indicate that about 12 000 people could die on a daily basis if the bid for the R3 Billion was not supported and granted. Business society, civil society and the Solidarity Fund have collectively donated through the DSD financial resources or food items valued at R66 447 250.00. This contribution though welcome, is very small in comparison to the need on the ground and the financial capacity that these sectors possess.

7.2.4 **Social insurance:** The UIF set aside an amount of about R40 Billion towards the implementation of COVID19TERS for the duration of 3 months (26 March 2020 to 30 June 2020) to assist affected employers and employees. For the period ending July 2020, about 921 322 employers lodged claims for about 10 411 988 employees. However, 8 298 054 employees’ claims were regarded as valid and subsequently paid at an expenditure of R 37 132 443 225.47. This means that claims of about 2.2 million were not regarded as valid for a variety of reasons such as administrative errors on the part of employers filing the claims, ineligibility etc. Though the work of the UIF is commendable particularly taking into account the fact that the system was not developed to cope with the numbers it had to contend with during the lockdown period, a number of

workers particularly those in the informal sector as well as unregistered domestic workers and related workers were excluded. Furthermore, a number of claims and allegations of corruption and fraud were levelled against the Fund and some unscrupulous employers.

7.2.5 Early Childhood Development: Despite the fact that the DSD has continued to provide registered ECD centres with a subsidy of R17 per child per day to about 700 000 children during the COVID-19 national lockdown, an April 2020 report by Bridge, Ilifa Labantwana, National ECD Alliance (NECDA), Nelson Mandela Foundation, Smartstart, South African Congress for Early Childhood Development (SACECD) reveals the extent of exclusions of the ECD sector from the socio-economic support during the COVID-19 national lockdown period. This is compounded by the fact that the majority of the ECD operators are not compliant with a myriad of requirements; they are not registered with the DSD, Companies Intellectual Properties Commission, and SARS, do not pay UIF or any form of social insurance. Unregistered operators provide ECD services to over 1.5 million vulnerable children. A survey conducted by Bridge, et al. (2020) indicated that; 99% of operators reported that caregivers have stopped paying fees owing to the lockdown, 83% of operators have not been able to pay full salaries of staff over the lockdown period, 96% of respondents reported that their income was not sufficient to cover their operating costs, 68% were worried that they would not be able to reopen 35% of the ECD workforce who participated in the survey were UIF registered, 13% of operators were CIPC registered and 45% SARS registered. If the ECD sector is to be saved post the COVID-19, the Bridge et al. report makes a clarion call to government to provide socio-economic support or grant support of about R1000 or R6000 per operator (particularly to the unregistered ones) for a period of between three to six months.

7.2.6 In preparation for the reopening of ECD centres, the DSD has introduced a self-assessment system to be completed by centres to determine their readiness to open. The self-assessment tool is based on health protocols and can be completed online or manually. Upon completion, the DSD provincial offices verify the veracity of the self-assessment. To date about 24 209 centres have completed the self-assessment, but only 5 927 have

so far being verified resulting. The findings were that of the 5 927 only 1 812 centres (or 30.5 percent) met the readiness assessment. A new target that seeks to enable recipients of child support grant to be in active economic activity has been introduced. The target is to have about 2 percent of CSG recipients below 60 linked to sustainable livelihoods opportunities by 2024. In the reporting period, no programmes have already been put in place and the measurement of the target is scheduled for the 2021/2022 financial year. Currently the CSG comprises 69.7 percent of the total social grant system. The grant is paid to 12.76 million beneficiaries through 7,1 million recipients at a monthly cost of R9,3 billion (inclusive of the caregiver grant).

7.3 Actions needed to address major constraints and challenges (innovative action to achieve the MTSF targets (in the presence of COVID-19)).

- 7.3.1 **Social Security: Social Assistance:** SASSA must partner with Post Bank; and begin now encouraging beneficiaries to join a bank institution of choice including the Post Bank. If all beneficiaries migrate to the existing Banking system, there will be no need to have a SASSA branded card. SASSA should be communicating more aggressively that the R350 SRD grant is ending in October and effort should be made to expand the Public Employment Programmes such as the Community Work Programme.
- 7.3.2. **The Road Accident Fund** can be replaced with a referral system to existing public services. The advent of the National Health Insurance will avail to all, quality health care including rehabilitation from injuries. Alternatively, a wholesale amendment of the RAF Act in order to reshape the RAF within the context of existing social protection can be undertaken.
- 7.3.3. **The social insurance provided through the UIF** should be timeous and also convenient to those without access to technology. Furthermore, the UIF will need to invest in the development of technological capacity to respond to high volume of claims and expedite payments. At the height of TERS COVID-19 and UIF claims, the capacity of the UIF was stretched to the limit and the Fund utilised Harambee's capacity. The UIF will need to explore how to exploit of the residual legacy left by the partnership with Harambee. The Department of Labour will also need to enforce legislation with the

Unemployment Insurance Act and Unemployment Insurance Contributions Act with regard to the registration of eligible employers. This will ensure that workers are registered and eligible to claim when they lose their jobs.

- 7.3.4 The current number of beneficiaries targeted through various initiatives such as CNDCS will have to be increased. There should also be expansive and coordinated efforts and adequate resources for social relief of distress to support food security efforts. These efforts should go beyond traditional stakeholders who are part of Outcome 13 to include stakeholders such as Department of Agriculture and COGTA. The DSD should also redirect some of its resources from the CNDCS that provide cooked meals to individuals to providing food parcels for consumption by poor and eligible households.
- 7.3.5 Optimise social protection policy: The delivery of social protection related legislation should be minimally impacted by COVID-19. A substantial part of the deliverables within the social wage priority entail the delivery of legislative frameworks. With due consideration to the limitations that COVID-19 creates on face-to-face consultations, there will be need for consultation strategies that will ensure that consultations towards legislation and policy development are not only limited to those with access to technology. Limiting participation to virtual platforms may inadvertently exclude the participation by sections of society that are technologically excluded.
- 7.3.6 A large number of ECD centres do not comply with the health standards as they were already non-compliant with basic norms and standards required for registration. This entrenches inequalities of access as ECD centres that are compliant and subsidised are generally those that are generally privileged in some ways. Currently the ECD centres that stand a chance of being reopened are those that meet a predetermined set of health standards. The challenge of non-compliant ECD centres will be compounded by the fact that the ECD infrastructure grant has been reallocated to address the need for PPE needs within the ECD sector. Government should take responsibility upon itself that every ECD centre that was operational is enabled to comply with the COVID-19 health standards so that they can also open. This cannot be left in the hands of poor ECD centres to comply.

7.3.7 This is opportune time to employ the large number of social workers who will help provide psychosocial support brought about COVID-19 Trauma.

7.4 Implication of this to the review of the MTSF and optimizing how government operates

7.4.1 With dwindling financial resources, the priority will need to consider the following options in order to accrue some savings: i) Redirecting some of its goods and services budget towards service delivery as some of the goods and services budget will not be utilised owing to COVID-19 disruption e.g. funds for conferencing, catering, stationery, travelling, etc. ii) Cutting down on consultancy fees and where possible consider negotiating down on existing contracts such as office accommodation and cleaning expenses, owing to reduced utilisation of office spaces iii) alternative innovative means of raising resources for the welfare sector must be implemented.

7.4.2 With regard to content issues of the MTSF, the priority should consider the following:

7.4.2.1. Optimising social security and social welfare policy and standards/ Standardise norms & Standards for Welfare Services in all provinces/ rationalise financial support to non-profit organisations such as early childhood development centres, organisations working on social welfare;

7.4.2.2. Enhance provision of psychosocial support; Expand the number of social services professionals in the sector,

7.4.2.3. Improve coverage and efficiencies in social security: minimising social grant exclusions, promoting public employment; enhancing efficiencies is delivering the social security – UIF, RAF, COIDA, Compensation fund,

7.4.2.4. Elaborate on developmental social welfare: Resolving fragmentation within the Community Development Work by streamlining Community development work across government; Resolving fragmentation, sustainability and impact of the food programme; Reposition the role of the NDA and align its mandate with NDA Act; Link profiling with other services and conduct cross referrals; Build Monitoring and reporting capacity of the NPO sector,

7.4.2.5. Respond & invest in programmes that combat GBV and Substance abuse

7.4.2.6. Address resourcing inequalities within the sector (by adjusting for inequalities perpetuated by equitable share allocations)

8. RECOMMENDATIONS

It is recommended that:

- 8.1.1 Cabinet resuscitates the IMC for Social Protection to fast track; the definition of the social protection floor; elaboration of developmental social welfare and its implementation, approval of a comprehensive social security policy framework, resolution on the payment challenges of the SASSA grants, RAF and the UIF; and resolve the challenges of underfunded social welfare space. (Build UIF administrative capacity to process high volumes of applications within a short space of time - the current capacity was beefed up by Harambee's capacity; Aggressively ensure that there is compliance with the UIC Act by enforcing compliance amongst employers who defy the obligations to contribute; Introduce a social insurance system that covers those who work in the informal economy - Social insurance should include the employed & unemployed; tighten governance issues when putting in place social protection interventions such as food parcels; UIF, grants etc.
- 8.1.2 Cabinet gives national treasury the mandate to raise non debt funds e.g. wealth tax) so as to provide financial support to amongst others non-profit organisations such as early Childhood development centres, organisations working; for food security and Health initiatives (such as HIV/AIDS and provision of dignity packs), economic Participation and inclusion, and organisations working against gender-based Violence and substance abuse.
- 8.1.3 DSD accelerates the optimisation of the social welfare policy and legislation space
- 8.1.4 DSD working with SITA and DPME establishes an inclusive social protection register for the vulnerable (NIPSIS) for timely intervention during times of crises (e.g. COVID-19). This will be assisted by the establishment of the social protection floor,
- 8.1.5 DSD must lead the building/strengthening of linkages between social security and developmental social welfare initiatives,
- 8.1.6 DSD must foster a culture of cooperation and coordination intra-government and with civil society organisations on an ongoing basis,

Cabinet Committee recommendation:

2.2.4 The Committee recommended that Cabinet –

- (a) *notes the Department of Planning, Monitoring and Evaluation's Review of the Bi-Annual Progress Report of the Medium-Term Strategic Framework (MTSF): January to July 2020 for Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services, as presented; and*
- (b) *approves the recommendations outlined in slide 8 of the presentation.*