# SOUTH AFRICA

## Social Assistance Programs and Systems Review

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# Foreword

A cornerstone of the partnership between South Africa and the World Bank Group is knowledge development and exchange. The ***Social Assistance Programs and Systems Review*** for South Africa generates knowledge not only for South Africa in its endeavors to strengthen its social protection system, but also for other countries in the world to learn from one of South Africa's most important post-Apartheid policy successes, that is, protecting the poorest segments of its population. This ***Social Assistance Programs and Systems Review*** takes stock of the current performance of South Africa's social assistance policies, programs and systems, and their appropriateness in the face of the poverty and vulnerability profile of the country.

To be effective, social protection systems need to be tailored to the social, economic, fiscal and policy context of a country, which may change over time. Poverty and inequality, including pockets of deep deprivation, remain two of South Africa's most pressing concerns. Alongside extreme inequalities, South Africa struggles with high unemployment and low labour market participation rates. In this context, social assistance is a critical policy response and represents one of South Africa's important successes in the post-apartheid era.

South Africa's social assistance system is an effective intervention for providing support to the poorest segments of the population. Social grants provide resources to poor households which, at the very least, significantly reduces the depth of poverty and inequality. Further, by providing regular and dependable income, they ameliorate vulnerability. This is particularly true if the effects of social grants on other outcomes such as health, education, and labour supply are considered. The system is extensive in terms of both the number of people it covers, directly and indirectly, as well as in terms of the amount of scarce resources it consumes. Approximately one in three South Africans is a direct beneficiary of a social grant, while nearly two-thirds of the population (64.0 percent) are either direct or indirect beneficiaries of the system. Evidence shows that social assistance transfers have significant positive impacts on reducing poverty and inequality in South Africa and boosting development outcomes.

This review highlights, that in the medium term, there is an opportunity for the social assistance system in South Africa to link beneficiaries to other Government services and programs that help advance access to the labour market and earnings. South Africa spends more on social assistance than most other countries globally - 3.31 percent of Gross Domestic Product (GDP). Yet, social assistance is not available for a large share of the working-age members of the population and unemployment benefits are only available for those who work in the formal sector. The social assistance system may also benefit from greater integration of technology-based solutions in the application, eligibility testing, and payment processes, as well as from addressing the fragmentation of the social assistance system at the institutional level.

It is my sincere hope that the analysis of this report will be helpful not only for the next steps in South Africa's quest to strengthen social protection systems and sustain its commitment to protecting vulnerable groups, but also for other countries, especially when the COVID-19 pandemic has been testing the effectiveness of existing social assistance systems, generally.

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# Executive Summary

**Despite being an upper middle income country, South Africa's high inequality and the long-lasting legacies of apartheid mean that the country is faced with numerous development challenges, many of which are characteristic of countries with much lower incomes.** Poverty and inequality remain two of the country's most pressing concerns. While money-metric poverty rates in 2015 were lower than those observed in 2006, there are some indications that the latter part of the period saw deterioration. Inequality, as measured by the Gini coefficient, fell marginally over the same period, although it remains extreme by any measure. Alongside extreme inequalities, South Africa struggles with high unemployment, low labour market participation rates, and widespread poverty, including pockets of deep deprivation. In this context, social assistance is a critical policy response on the part of government and represents one of the important successes of the post-apartheid era.

It is within this context that social assistance and social protection policy is implemented in South Africa. **The country's broader social security system consists of three main pillars: social assistance, the statutory funds, and the voluntary funds.** Social assistance, broadly defined, covers three sets of government interventions: i) social grants, the responsibility of the Department of Social Development and administered by the South African Social Security Agency; ii) public works, such as the Expanded Public Works Programme, coordinated by the Department of Public Works and Infrastructure, and the Community Work Programme, which falls under the auspices of the Department of Cooperative Governance and Traditional Affairs; and iii) other programmes such as the National School Nutrition Programme within the Department of Basic Education. The statutory funds include the Unemployment Insurance Fund and the Compensation Funds, which fall under the Department of Employment and Labour, and the Road Accident Fund, which falls under the Department of Transport. Finally, the voluntary funds are comprised of medical schemes and retirement funds, which are regulated by the relevant government authorities.

**South Africa's social assistance system represents a major intervention by government in addressing deprivation amongst the country's population. The system is extensive both in terms of the number of people it covers, directly and indirectly, and in terms of the amount of scarce resources it consumes.** According to official data, the number of grants paid out by government has increased from 12.02 million in 2006/07 to 17.81 million in 2018/19. Of these, child support grants are the vast majority (12.45 million children), followed by the older persons grant (3.55 million people), and the disability grant (1.05 million people). These three grants also dominate spending on grants: of the total of R162.7 billion spent on grants in 2018/19, the older persons grant accounts for R70.6 billion, the child support grant for R60.6 billion, and the disability grant for R22.0 billion. Together, these three grants account for 94 percent of total spending on grants and nearly 96 percent of all grants.

**This report provides a review of the South African social assistance system and consists of three broad thrusts.** First, the review provides a sense of the operation of the social assistance system, the types of benefits it provides through its key programmes, and the tools and administrative systems that support its functioning. Second, it reviews the performance of the social assistance system in terms of coverage, targeting, benefit incidence, adequacy, cost-effectiveness, and outcomes. Third, it assesses the extent to which the system is aligned and equipped to address the so-called "triple challenge" of poverty, inequality, and unemployment as shown by data, and reviews its limitations in the design, delivery systems, and institutional coordination at different administrative levels.

**The core focus of this paper is on social assistance and, specifically, the system of social grants in South Africa.** Labour market programmes are addressed in a separate forthcoming paper, while social insurance and contributory programmes are not included. Five key questions guide the analysis; these are:

1. What is the landscape of social protection and social assistance in South Africa, and what risks and vulnerabilities do the policies and programmes aim to address (chapter 3)?
2. How is South Africa's social assistance system performing in terms of providing adequate support to the poorest, and addressing and preventing vulnerability and inequality (chapter 4)?
3. What is the value for money, spending efficiency, and future fiscal sustainability of the current social assistance landscape (chapters 2, 3, and 4)?
4. How well are the current social assistance programmes aligned with South Africa's development challenges, and to what extent is South Africa's social assistance system set up to mitigate the structural causes of poverty and inequality and improve the economic inclusion and human capital of the poorest (chapter 5)?
5. Are the current governance and coordination arrangements, the level of coordination and capacity, and integration of systems appropriate for social assistance programmes to effectively address the country's development challenges (chapter 3)?

**To answer these questions, the paper brings together a variety of data, including household survey data, administrative and official data, information from discussions with Government officials, and data from global databases to describe and compare the South African social assistance system with that of other countries.**

**The first question to answer is what is the landscape of social protection and social assistance in South Africa and what risks and vulnerabilities do the policies and programmes aim to address?** In terms of the design of the social protection system in South Africa, **there are three main components: i) social assistance, which includes social grants, the public works programmes, and other interventions such as the National School Nutrition Programme; ii) the statutory funds, including the Unemployment Insurance Fund and the Compensation Fund; and iii) the voluntary funds,** such as medical schemes and retirement funds. While the employment-linked statutory and voluntary funds are financed through contributions by employers and workers, social assistance is financed from general tax revenues.

**Social grants are by far the largest facet of the social protection system in terms of the number of people covered,** with 17.8 million grants paid out by SASSA on a monthly basis in the 2018/19 financial year. The National School Nutrition Programme reaches upwards of nine million learners. Social grants encompass eight key programmes, excluding the COVID-19 social relief of distress grant implemented in 2020, namely: the older persons grant, the child support grant, the disability grant, the care dependency grant, the foster child grant, the war veterans grant, grant-in-aid, and social relief of distress. **The system is dominated in numerical and budgetary terms by the older persons, child support, and disability grants.** The grants are designed to address specific lifecycle and other risks, with a particular emphasis on children (the care dependency, child support, and foster child grants) and the elderly (older persons and war veterans' grants, and grant-in-aid). The temporary COVID-19 social relief of distress grant was implemented to address the impact of the national lockdown in response to the COVID-19 pandemic, targeting working-age individuals with no income and no access to other forms of assistance.

**The three compulsory contributory social security funds—the Unemployment Insurance Fund (UIF) and the Compensation Funds, administered by the Department of Employment and Labour, and the Road Accident Fund (RAF)—provide conditional income for eligible individuals.** The UIF provides unemployment insurance immediately after the loss of employment, including where this is the result of illness, maternity or adoption, and is the largest of the three funds in terms of claims. The Compensation Funds provide compensation for disablement or death caused by occupational injuries or diseases sustained or contracted by employees. However, both UIF and Compensation Fund benefits are available only to formal sector employees. The Road Accident Fund (RAF) is funded primarily through a fuel levy and it provides compensation in relation to road accidents.

**The Expanded Public Works Programme (EPWP) and Community Work Programme (CWP) are key interventions targeted at the working age population, which aim to provide income, work experience, and training to the unemployed.** In 2019/20, the EPWP provided 838 000 work opportunities or 267 000 full-time equivalent jobs, while in 2018/19 the CWP provided 280 000 work opportunities. These programmes target the working-age population as part of government's broader efforts to address joblessness in South Africa.

**The second question revolves around South Africa social assistance system's performance in terms of providing adequate support to the poorest and addressing and preventing vulnerability and inequality.** By any measure, the South African social assistance system is extensive. Approximately one in three South Africans is a direct beneficiary of a social grant, while nearly two-thirds of the population (64.0 percent) are either direct or indirect beneficiaries of the system. Transfers are equivalent to 7.3 percent of households' expenditure nationally and 60 percent of expenditures in quintile 1, the poorest 20 percent of the population. This is one way in which South African society demonstrates, through government, the value placed on providing support to its poorest and most vulnerable members. High coverage rates are primarily the consequence of the size of the programme of child support grants: children receiving a child support grant represent almost one-quarter of all South Africans according to the Living Conditions Survey (LCS) of 2014/15.

**The data presented demonstrates that the system performs well in addressing both poverty and inequality.** Based on static simulations using data from the LCS 2014/15, social grants are estimated to reduce the poverty rate by between 10.1 percentage points and 38.5 percentage points, depending on the choice of official poverty line. Similarly, the post-transfer Gini coefficient (i.e. income including social grants) is 6.7 percent lower than the pre-transfer Gini coefficient (i.e. income excluding social grants).

**These strong effects on poverty and inequality are the benefits of a system that is well-targeted at those who most need support.** Coverage—including indirect beneficiaries—is almost universal in the poorest pre-transfer quintile (95.2 percent) and is as high as three-quarters (74.1 percent) in the third quintile. Indeed, more than half (56.1 percent) of the population in the poorest pre-transfer quintile alone are direct grant beneficiaries, while coverage for the child support and older persons grants of the age-eligible population in the bottom quintile is 86.9 percent and 96.6 percent respectively. As a result, the poorest 60 percent of the population account for almost 80 percent of all direct and indirect grant beneficiaries, and a similar proportion of social assistance benefits. Quintile 1 alone accounts for 29.8 percent of direct and indirect beneficiaries and 33.1 percent of benefits.

**Importantly, while grants are small in value in absolute terms, the extent of inequality means that they are relatively large for a significant proportion of households.** The average transfer per capita for beneficiary households in 2014/15 is estimated to have been only R3 279, or around R273 per month. However, compared to beneficiary households' per capita household expenditure, this amount is significant. Averaged across all beneficiary households, grant income is equivalent to roughly one-quarter of per capita household expenditure. However, this figure is as high as two-thirds for beneficiary households in quintile 1 and 40 percent for beneficiary households in quintile 2.

**South Africa's social assistance system is therefore effective in providing support to the poorest segments of the population. Social grants provide resources to poor households that, at the very least, significantly reduce the depth of poverty and inequality.** Further, by providing regular, dependable income, they ameliorate vulnerability. This is particularly true if the effects of social grants on other outcomes such as health, education, and labour supply are considered.

**A key weakness of the system, which has been identified by a number of authors, is the system's blind spot around working-age adults.** While there are several programmes within the social protection system that cover working-age adults, each of them is limited in terms of their coverage. The only social grant accessible to working-age adults is the disability grant, which is predicated on disability; and unemployment insurance and the Compensation Funds are only accessible to formal sector workers. In the absence of a jobseekers grant, **the EPWP and CWP are the only interventions available to the majority of working-age adults and, while they can potentially play an important role in establishing a minimum level of income, their current coverage is limited.** As with interventions aimed at children, these programmes may benefit from greater integration in order to encourage the unemployed to re-join the labour market. Indeed, there is scope for integration with labour market interventions through, for example, the Department of Employment and Labour to strengthen overall outcomes. **The result of weak coverage of this cohort, however, has important implications for other social assistance interventions, as benefits received by children and the elderly are shared with working-age adults who have no other means of support.**

South Africa spends more on social assistance than most other countries globally: at 3.31 percent of GDP, it ranks as the fourth-highest spender on the continent and tenth amongst all countries with data. Given the competing demands in terms of government spending, it is therefore important to understand ***what is the value for money, spending efficiency, and future sustainability of the current social assistance landscape?***

From the perspective of value for money, estimates of the benefit-cost ratio for social assistance in South Africa reveal that, while the country performs around ten percent better than the average for Sub-Saharan African countries and is on par with upper middle-income countries overall, its performance is almost one-fifth weaker than the average for countries in Latin America and the Caribbean. **Given South Africa's strong performance in terms of the poverty-reducing impact of social assistance, the value-for-money performance is lower than expected and suggests that the costs of South Africa's system are relatively high compared to other countries.** Given the relatively sparse information in the public domain on the costs associated with administering social assistance in South Africa, understanding the cost structures and cost drivers in different settings is an area for future research.

**Nevertheless, the evidence suggests that the efficiency of the system has been improving.** The average cost to pay out a grant has decreased in real terms from around R57 in March 2020 prices during the 2005/06-2009/10 period, to R36.70 in the 2019/20 financial year. Similarly, the proportion of the budgeted social assistance transfers that is allocated to administration has fallen from 7.8 percent in 2008/09 to 4.4 percent in 2019/20.

Between health, education, and social protection, roughly half of consolidated government spending is accounted for. At the same time, spending on social protection increased by 3.7 percent per annum in real terms during the 2010s, which is somewhat more rapid than the rate of growth of total spending (3.3. percent). Total spending on social grants, excluding administration costs, increased by 3.2 percent per annum on average in real terms between 2008/09 and 2018/19. **While the level and pace of spending growth is not problematic on its own, the country's fiscus has been under significant strain for some time.** This is the result of a decade of particularly slow economic growth, diminished state capacity, and other effects of state capture, and an inability to rein in spending, all of which are exacerbated by the COVID-19 pandemic. **Thus, while there are not particularly pressing concerns regarding the long-term financial sustainability of the social assistance system on its own, it seems clear that government's ability to further expand the system will be constrained for the foreseeable future.**

Fourth, ***how well are the current social assistance programmes aligned with South Africa's development challenges, and to what extent is the social assistance system set up to mitigate the structural causes of poverty and inequality and improve the economic inclusion and human capital of the poorest?*** In answering these questions, we focus primarily on the triple challenges of unemployment, poverty, and inequality. Economic growth in South Africa since the global financial crisis has been weak. **Low growth has constrained job creation** and hence the ability of the economy to absorb new jobseekers into employment. This has **made it difficult for households to support themselves and invest in their human capital.** Further, growth has been relatively capital-intensive, and where job creation has occurred it has been biased towards higher skilled occupations.

**Even before the national lockdown aimed at slowing the COVID-19 pandemic, unemployment in South Africa was close to all-time highs,** the narrow unemployment rate having reached 30.1 percent in the first quarter of 2020 (Statistics South Africa, 2020d). The labour market is one of the arenas in which the fault lines of disadvantage and exclusion—across race, gender, age, educational attainment, and location, amongst others—are clearly evident. Spatially, the effects of apartheid have been to locate many jobseekers far from work opportunities, with the result that transportation costs have become a significant barrier to poorer jobseekers. These spatial distortions have been largely unaddressed and have, in some instances, been compounded in the post-apartheid era.

**Although there is still relatively little data available on the longer-term effects of the COVID-19 response and lockdown, it is clear that the labour market has been deeply impacted as employers have been forced to reduce wages or retrench workers.** Along with the total shutdown of informal sector activity during the initial (Level 5) lockdown, the poverty impact has certainly been substantial and immediate, prompting government to announce a series of interventions aimed at cushioning the blow. Amongst these interventions has been the implementation of the COVID-19 social relief of distress grant.

**Social assistance has a significant impact on both poverty and inequality.** Based on the Living Conditions Survey 2014/15 data, it was shown that social assistance significantly reduces poverty across a broad range of poverty lines. The impact is stronger for measures, such as the poverty gap and poverty gap squared, that place greater emphasis on individuals furthest below the poverty line. Thus, while social grants may be insufficient to lift the poor completely out of poverty, they do go some way towards ameliorating the deepest poverty in the country.

**In terms of the design of the social grants, however, there appears to be no overt consideration of or attempt to align them with South Africa's systemic development challenges, apart from poverty.** Indeed, the emphasis is very much on the amelioration of deprivation—as illustrated by the DSD's and SASSA's stated objectives and mandates, which mention poverty and vulnerability, but not inequality—so that the impact on inequality is almost incidental. South Africa does not make use of conditional cash transfers, which can be used to encourage or discourage specific behaviours such as increasing household investment in health and education, a policy choice that aligns to government's rights-based approach. Improving the integration of the social protection system into a broader response to the underlying causes of socio-economic inequality – lack of opportunity, unequal access to and level of human capital, unemployment, and economic exclusion – would allow for the development of a package of services available to individuals and households, especially for poor children, based on their particular situations.

**This is not to say that social grants do not have broader impacts that may address key development challenges.** There is a growing literature that points to broadly beneficial impacts of social grants—either a specific grant or grants generally—on a wide variety of outcomes in the areas of poverty and inequality, nutrition and food security, education, health, labour supply and livelihoods, and fertility. **This body of research points to the ways in which social grants have enabled poor households to invest in and build their human capital through improvements in educational attainment, nutrition and health, and suggest the potential for the grant system to have positive effects that play out intergenerationally and over the long term. All these positive impacts could be further strengthened if they would be made more explicit and their pursuit able to shape the design of the system of social grants.** The evidence also suggests that, while negative impacts on labour supply may be observed, these may be explained by changes in household structure and by their location. This research also highlights the importance of having regular household surveys that collect sufficient data to explore these cross-cutting issues. It is also important that SASSA and the DSD regularly publish performance data, not just on the numbers of grant recipients, but on aspects of administration such as costs and modes of payment.

South Africa is typically not affected by shocks in the way that many other countries tend to experience weather-related cyclical shocks. However, the COVID-19 crisis and national lockdown has arguably plunged the country into the deepest economic, unemployment, and poverty crisis seen in a long time. **Parts of the social protection system were able to effectively scale up – social grants quickly increased the benefit levels and payments from the UIF could be channelled on to furloughed or laid-off formal sector workers. However, the crisis exposed other parts of the system that were not able to respond quickly to the crisis.** There was no effective way of identifying new shock-affected people to provide them with support, whether through cash grants or food parcels. The National Integrated Social Protection Information System (NISPIS) project should be fast-tracked to address the lack of central social registry. Moreover, limitations in payment withdrawal caused delays, confusion, and social crowding at pay-points. Further research could investigate alternative payment modalities which would allow recipients to retrieve and use their social assistance payments closer to where they live and in markets where they normally shop.

***Finally, are the current governance and coordination arrangements, the level of coordination and capacity, and integration of systems appropriate for social assistance programmes to effectively address the country's development challenges?*** **Unfortunately, integration across programmes and government agencies and departments is not particularly strong. This represents a lost opportunity to build the types of synergies that could lead to strong positive impacts for programmes, both individually and collectively. Such integration may be particularly beneficial for the child support grant, which has already been shown to have important positive effects on human development.** Setting up a unified social registry, such as the NISPIS, linking together and making interoperable a number of government databases will be a large step in the right direction. Given the long-term consequences of investment (or lack thereof) in children's human capital, there is strong incentive to do as much as possible to strengthen impacts. This is particularly true within the current fiscally constrained environment.

**The South African social protection system is highly capable and benefits from strong delivery systems for targeting, case management, data administration, and payments.** However, there is room for improvement, especially in terms of coordination and integration, starting with the interoperability of databases across government department as well as last-mile payment services. Mthethwa (2019, p.103) notes the lack of integration of the institutional and administrative frameworks related to social security. At the very least, this leads to duplication of work, of processes, and of function, all of which drive up the cost of the system. This type of fragmentation and duplication is not unique to SASSA and the DSD but is widespread across government. Moreover, while the payment system is highly digitised and large number of grants are paid out on a timely basis and accounted for every month, beneficiaries still struggle to access funds queuing at retailers and other pay-points month-after-month.

**In sum, to better align the social protection system, especially the social assistance system, to more effectively address the structural causes of socio-economic inequality in South Africa a number of adjustments are suggested over the next five years.**

Strengthening delivery systems, integration, and coordination:

- Continue to improve the interoperability of databases and registries in the government departments to serve as a social registry to identify groups of vulnerable individuals and households.
- Strengthen the overall coordination and integration of social grants with system and services in other departments including the Departments of Basic Education, Health, Employment and Labour, Home Affairs, and Public Works and Infrastructure.
- Improve the last mile accessibility of social grants to quickly and efficiently get funds to recipients by, for instance, engaging the vast network of informal 'spaza' shops.

Programme-level adjustments:

- Prioritise strengthening the quality and reach of public and non-government employment service programmes to be able to more effectively link social assistance beneficiaries to the labour market. As noted in the beginning of this report, a review of active labour market programmes, especially youth employment programmes, is conducted separately.
- Strengthen the links for social grants to other social services via case management to facilitate households' access and invest in the human capital of their children.

It must be recognised, however, that **the South African government faces severe fiscal constraints that are likely to impact on the flexibility of policy to address the country's challenges in the post-COVID environment.** While revenue shortfalls, rising expenditure, and rapidly growing public debt are problems that have longer term roots, they have been exacerbated by the impact of the lockdown and the cost of interventions that the COVID-19 pandemic and the lockdown itself have necessitated. Given government's stated commitment to rein in public spending in order to stabilise public debt (National Treasury, 2020c), all ministries have come under pressure to cut spending. We would argue that **enforcing such cuts on social assistance would have significant negative impacts across a wide range of potential outcomes, and that the cost would be borne by those households who are least able to weather such shocks,** undermining the system's objectives of preventing and alleviating poverty in both the short- and long-term.

That said, the analysis does suggest South Africa's average benefit-cost ratio of social assistance is driven by relatively high costs. In this respect, **the system may benefit over the medium-term through greater integration of technology-based solutions in the application and payment processes, and through addressing the fragmentation of the social assistance system at the institutional level.** With technology solutions safety and security measures need to be in place to minimize fraud.

# 1. Introduction

South Africa is an upper middle income country (UMIC) with the most sophisticated economy on the continent. In 2018, its GDP per capita in constant 2020 US dollars was estimated at $7 434, which places South Africa just behind Colombia ($7 692), China ($7 753), and Botswana ($8 031), but 13 percent below the upper middle income average of $8 541 (World Bank, 2020b). However, **despite this relatively high level of income, inequality and other long-lasting legacies of apartheid mean that the country is faced with numerous socio-economic development challenges, many of which are characteristic of countries with much lower incomes.**

These problems often contribute to and reinforce patterns of disadvantage established under apartheid, serving to perpetuate them through a quarter of a century post-apartheid democracy. This compromises the ability of individuals and households to earn a living and invest in their human capital. Thus, alongside extreme inequalities, **South Africa struggles with high unemployment and widespread poverty, poor education outcomes, and pockets of deep deprivation as its economy proves unable to generate rapid and inclusive economic growth over a sustained period of time.** In this context, social assistance is a critical policy response on the part of government and, indeed, represents one of the important successes of the post-apartheid era.

**Social assistance has a long history in South Africa.** Beginning in the early twentieth century, the system was initially implemented along racial lines with Whites as the primary beneficiaries and discriminated against other groups in terms of both access and benefits. However, the system was gradually extended to include other race groups while the gap in benefits narrowed in the latter years of the apartheid era. Post-1994, the system has been refined and further extended so that it is now accessible and well-targeted. Today, the South African social assistance system is one of the most extensive in the world and the system has been studied globally.

**However, the social assistance system in South Africa is expensive (3.31 percent of GDP) and with a tightening fiscal environment there is increasing pressure for the system to become more flexible and to deliver better value-for money especially in protecting working-age adults who are outside the labour market.** These are some of the challenges, and more are discussed in subsequent chapters, which motivates this report.

**This report aims to review the social assistance system in South Africa** to first understand how it functions and what kinds of benefits it provides through which programs, and what tools and systems it uses to do so. Second, it reviews the performance of the system in terms of coverage, targeting, benefit incidence, adequacy, cost-effectiveness, and outcomes. Third, it assesses the extent to which the system is aligned and equipped to address the so called "triple challenge" of poverty, inequality, and unemployment as shown by data. It also reviews the limitations in the design (e.g. structure of cash grants and appropriateness of program mix), delivery systems (e.g. interoperability of information systems for different schemes), and institutional coordination at different administrative levels.

**This paper focuses on social assistance and, specifically, the system of social grants in South Africa.** Labour market programmes are assessed in a separate paper which will be forthcoming. Social insurance and contributory programs are not included. This paper aims to provide answers to five broad questions, namely:

1. What is the landscape of social protection and social assistance in South Africa, and what risks and vulnerabilities do the policies and programs aim to address (chapter 3)?
2. How is South Africa's social assistance system performing in terms of providing adequate support to the poorest and addressing and preventing vulnerability and inequality (chapter 4)?
3. What is the value of money, spending efficiency, and future fiscal sustainability of the current social assistance landscape (chapters 2, 3 and 4)?
4. How well are the current social assistance programmes aligned with South Africa's development challenges, and to what extent is South Africa's social assistance system set up to mitigate the structural causes of poverty and inequality and improve the economic inclusion and human capital of the poorest (chapter 5)?
5. Are the current governance and coordination arrangements, the level of coordination and capacity, and integration of systems appropriate for social assistance programmes to effectively address the country's development challenges (chapter 3)?

**To answer these questions, the paper brings together a variety of data, including household survey data, administrative and official data,** information from discussions with Government officials, and data from global databases to describe and compare the South African social assistance system with that of other countries. Chapter 2 provides context in terms of the South African economy and its key socio-economic challenges of unemployment, poverty, and inequality. It also outlines some of the impacts—both measured and predicted—of the national lockdown in response to the COVID-19 pandemic. In chapter 3, the focus turns to social assistance policy and briefly outlines the historical development of the system before detailing the current institutional set-up and South Africa's social assistance programmes (one of which being the temporary COVID-19 grant). Section 3.1 places social assistance within a broader picture of social protection programmes, while section 3.3 details the resourcing of social assistance in South Africa, and section 3.4 focuses on delivery systems and administration. In chapter 4, the performance of social assistance programmes is analysed across a variety of metrics related to adequacy, inclusiveness, and cost-effectiveness. The chapter also summarises some of the existing evidence on the impact of social assistance grants within the South African context. Finally, chapter 5 summarizes the assessment findings and discusses the fit of the social assistance system, given South Africa's development challenges.

**Based on the analysis, this paper provides some recommendation for what adjustments and improvement the South African social assistance system could undertake in the next five years in** order to better align the system address the structural causes of poverty and inequality in addition to providing relief and income support. Chapter 6 concludes and provides some policy and programme recommendations for the future.

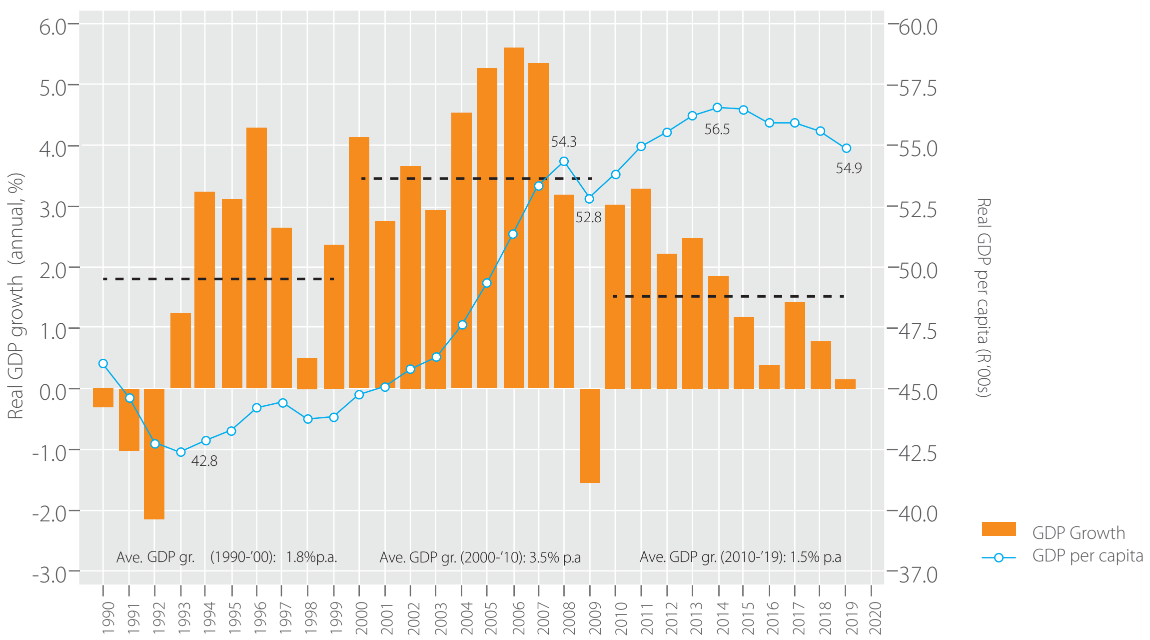
# 2. South Africa's Socio-economic Context

## 2.1 Macro-economic Performance

South Africa is an upper-middle income country and the second-largest economy on the African continent, just behind Nigeria, based on 2019 estimates of GDP in current US dollars (World Bank, 2020b). However, **South Africa's economic growth over the past 30 years has been largely unremarkable:** in real Rand terms, GDP growth has averaged just 2.2 percent per annum between 1989 and 2019, while real per capita GDP growth has averaged just 0.5 percent per annum over the same period. Based on World Bank (2020b) data, GDP per capita in constant 2011 PPP dollars grew by an average of 0.73 percent per annum between 1990 and 2018; this is below the average of 1.04 percent for Sub-Saharan African countries, and compares poorly with peers such as Brazil (1.16 percent), Nigeria (1.65 percent), Colombia (1.96 percent), Botswana (2.40 percent), and Thailand (3.39 percent). Indeed, South Africa's growth is far below the upper middle income country average of 3.72 percent per annum over this 28-year period. This is despite a period of dynamic economic growth following the end of Apartheid and up to the Global Financial Crisis (GFC). South Africa's real GDP per capita grew by 2.1 percent per annum between 1994 and 2008. However, South Africa was unable to return to pre-GFC growth rates over the next decade, mostly hampered by domestic structural constraints, leading to a contraction of real GDP per capita by 0.1 percent per annum over 2008-2019, partly reverting progress achieved in the previous decade.

Figure 2.1 presents South Africa's economic growth performance since 1990, as well as the level of real GDP per capita in constant 2010 prices. Recovering from a deep recession in the early 1990s, **South Africa's economy had just returned to growth by the time of the first democratic elections in 1994.** GDP growth averaged 1.8 percent per annum over the 1990s, but real GDP per capita was 2.8 percent lower by the end of the decade than in 1990 (R44 735 in 2000 compared to R46 020 in 1990).

**Figure 2.1. Real GDP Growth and GDP Per Capita, 1990-2019**




Source: *Own calculations, South African Reserve Bank (2020).*

Notes: *Horizontal dashed lines represent the average annual GDP growth rate for each decade. GDP per capita figures are in constant 2010 prices.*

**The global recession in 2008-09 revealed the fragility of the South African economy and labour market, and concerns around the types of jobs that had been created during the period of rapid growth**, as the economy shed 900 000 jobs within three quarters (own calculations, Kerr et al., 2019). GDP expanded by an average of 3.5 percent per annum between 2000 and 2010, and per capita GDP ended the decade 20.3 percent higher at R53 823.

**The past decade has seen the country's growth performance continue to deteriorate as it struggled with policy uncertainty, political turmoil, a deepening energy crisis, and mounting evidence of deeply entrenched corruption and so-called 'state capture'.** While economic growth quickly rebounded after the 2009 recession, it became more fragile over time. With economic growth falling below the rate of population growth, GDP per capita began to decline from its 2015 peak of R56 470, falling 2.7 percent to R54 906 in 2019. This is a level last seen in 2011 and confirms the 2010s as a lost decade from the perspective of economic growth. The structural weaknesses of the economy produce important negative consequences across a wide range of socio-economic issues. **The low-growth environment has constrained job creation, which in turn has put pressure on resources available to households to support themselves and invest in their own human capital.**

## 2.2. The Labour Market and Human Development

### 2.2.1. Recent Labour Market Performance

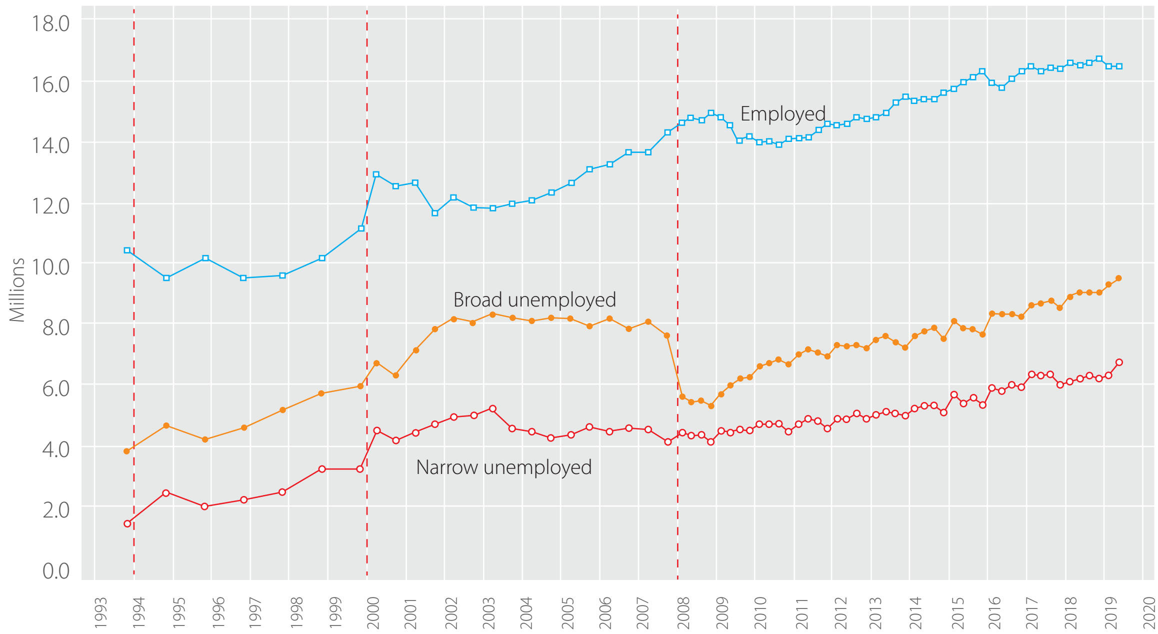
The labour market plays a pivotal role in linking individuals and households with the economy and the fruits of economic growth. However, its history of discrimination and exclusionary policy has meant that **South Africa's labour market is an arena in which inequality and disadvantage both manifest themselves and are replicated.** As a result, labour market policy and regulation are hotly contested as they try to deal with apartheid's historical legacy and present economic realities.

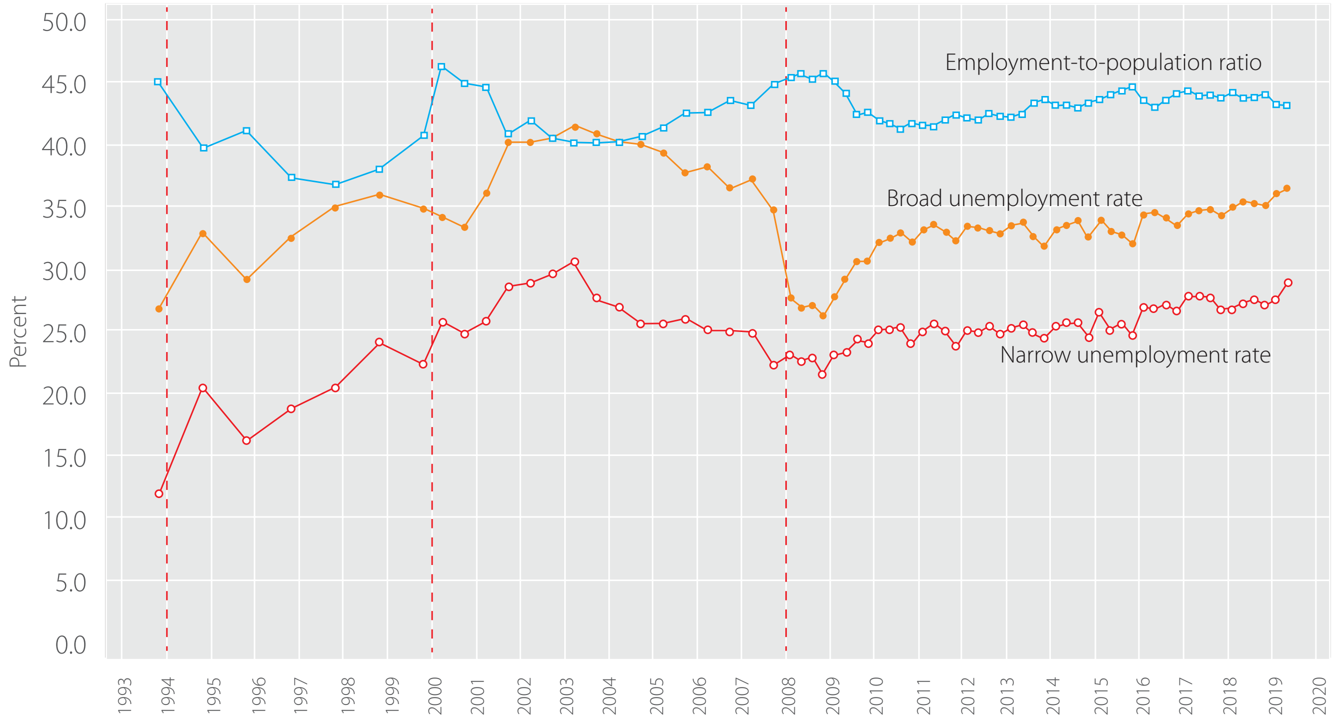
**The transition to democracy coincided with the first efforts at the systematic collection of household survey data covering the entire population by Statistics South Africa.** Figure 2.2 presents the trends in key labour market indicators over the past quarter century using the Post-Apartheid Labour Market Series (Kerr et al., 2019), which harmonises the country's labour market surveys conducted since 1993. The upper panel of the figure presents the total number of employed and unemployed individuals, using both the narrow and broad definitions of unemployment, while the lower panel presents the narrow and broad unemployment rates, as well as the employment-to-population ratio.

On the basis of the data presented in Figure 2.2, a number of points should be highlighted. First, **South Africa's economy has generally been creating jobs throughout the post-apartheid period.** The key exception is the roughly two-year period after the global financial crisis in 2008 (the decline observed in 2001 being due to the overestimation of employment in the early waves of the Labour Force Survey (Kerr and Wittenberg, 2019, p.3)).

**Second, despite this growth in employment, the number of people who are unemployed has also increased over time.** Given changes in the measurement of unemployment, comparisons over time of the results from the same types of surveys (i.e. between the dotted vertical lines) are more reliable than those that compare results from different surveys. This rise in unemployment is observed for each sub-period—1994-1999, 2000-2007, and 2008- 2019—and across both definitions of unemployment. The only exception is that the number of narrow unemployed at the end of 2007 was marginally lower than in early 2000.

**Figure 2.2. Labour Market Trends since 1993**





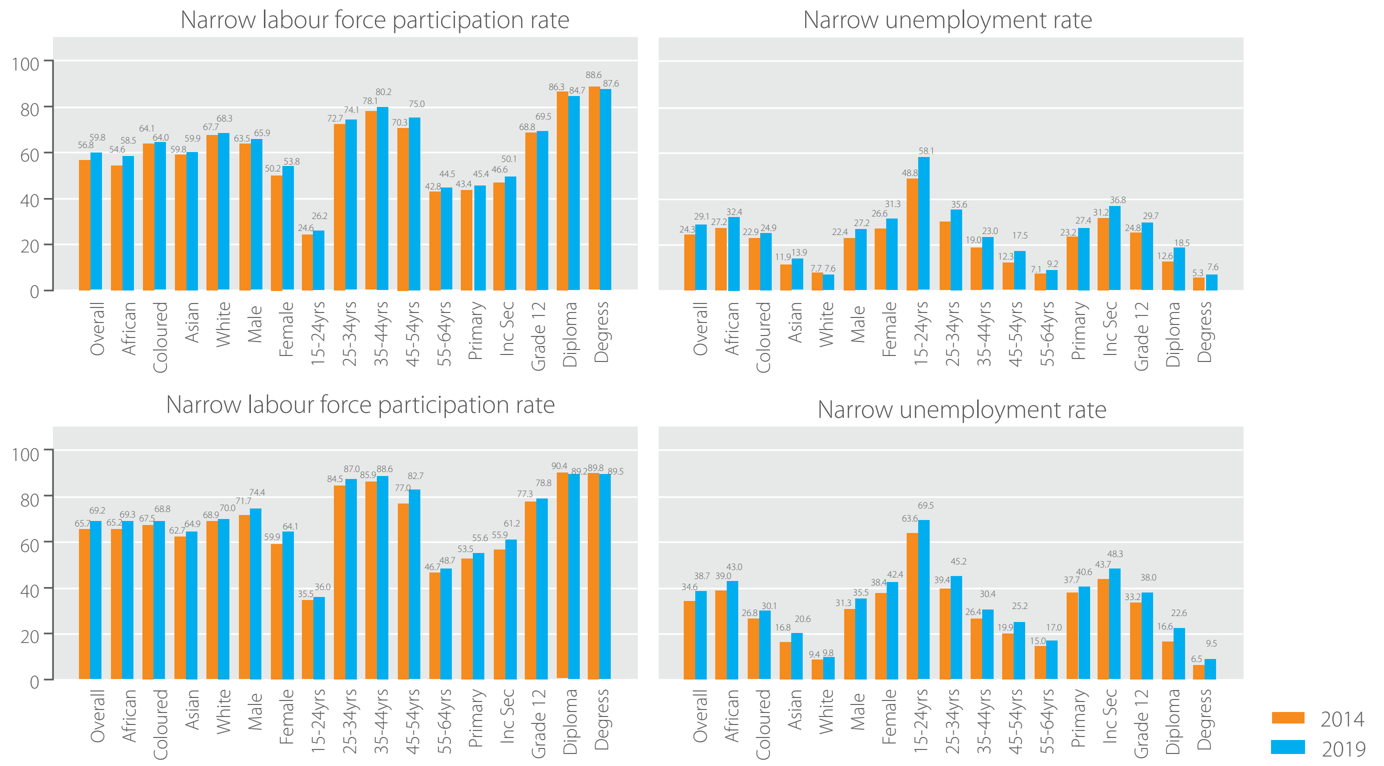

*Source:* *Own calculations, Kerr et al. (2019).*

*Note:* *Vertical lines indicate changes in the underlying surveys: The Project for Statistics on Living Standards and Development in 1993; the October Household Surveys from 1994 to 1999; the Labour Force Surveys from 2000 to 2007; and the Quarterly Labour Force Surveys from 2008 onwards. The narrow definition of unemployment, which is the official definition, defines the unemployed as individuals aged 15-64 years who were not employed in the reference week, who actively sought work or tried to start a business during the preceding four weeks, and who were available for work in the reference week (Statistics South Africa 2008). The broad definition is identical to the narrow definition but does not require that the unemployed took active steps to find work or start a business during the preceding four weeks.*

Third, **the 2000-2007 period is unique in that unemployment rates fell. This period, particularly the latter years, coincided with rapid job growth that exceeded labour force growth and drove down unemployment.** However, in general, the situation has been one of rising unemployment rates even while employment has been growing, indicating labour force growth rates that are in excess of the employment growth rate. Fourth, despite **the increase in employment over the past quarter century, the employment-to-population has remained relatively stable and within a narrow range of between 40 percent and 45 percent. This is very low in comparison with other countries and is the result of relatively low participation rates combined with very high unemployment rates.** The International Labour Organisation (2020) estimates an employment-to-population ratio for South Africa in 2020 of 40.0 for the population aged 15 years and above; this is much lower than the estimate of 58.8 percent for Africa and 59.9 percent for upper-middle income countries. Only 11 countries globally have lower ratios. With COVID-19 impacts hitting employment hard, the official unemployment rate stood at 23.3 percent (excluding discouraged workers) in the second quarter of 2020 (Statistics South Africa, 2020f).

**Aggregate figures obscure important differences between groups and it is these differences that are critical to the understanding of the socio-economic challenges facing South Africa.** Figure 2.3 presents estimates of the labour force participation (LFPR) and unemployment rates for the two definitions of unemployment across a range of demographic covariates, namely race, gender, age, and educational attainment.

**Figure 2.3. Labour Force Participation and Unemployment Rates, 2014 and 2019**




*Source:* *Own calculations, Statistics South Africa (2015b, 2020c).*

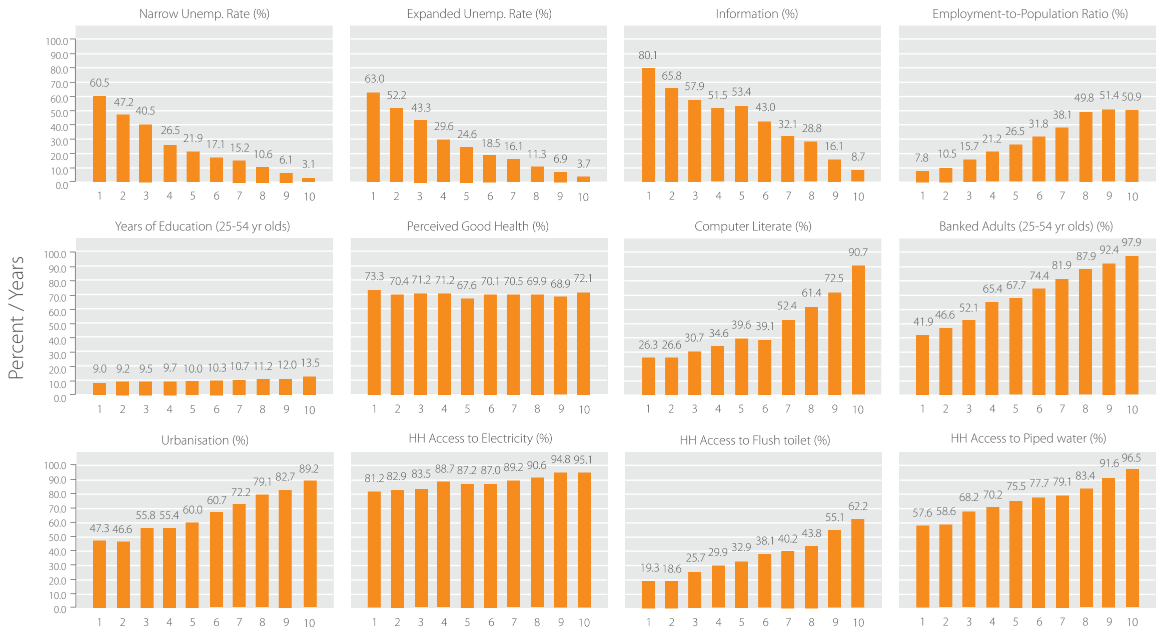
There are clear differences across groups in terms of these two types of indicators. **Labour force participation rates are higher for men than for women, for those aged 25-54 years than for other working age adults, and for those with higher levels of educational attainment.** While the differences between race groups in expanded LFPRs are small, they are much more pronounced for the narrow LFPR: Whites are more likely to participate in the labour market than Africans, for example. However, at least part of this difference is explained by differences in, for example, educational attainment and location (urban areas have higher participation rates, and higher proportions of Whites reside in urban areas).

**Unemployment rates tend to be higher for Africans and Coloureds than for Asians and Whites. Women are more likely to be unemployed than men, while unemployment rates are particularly high for the youth (15-24 year-olds in particular).** Higher levels of education are associated with lower unemployment rates.

Labour market disadvantage extends beyond participation and unemployment rates. For example, similar patterns of disadvantage have been observed in terms of prevalence of low pay (Oosthuizen, 2012); informality (Bhorat et al., 2016), and employment volatility (Zizzamia and Ranchhod, 2019).

**The extent of inequality in South Africa will be discussed in more detail in section 2.3, but it is worth noting here the significant disparities that exist in terms of labour market and other outcomes across the income distribution.** Figure 2.4 provides a sense of some of these inequalities: the first row of figures relates to the labour market, the second to individual characteristics, and the third to household characteristics. Bars denote deciles of the per capita income distribution, with the poorest decile (decile 1) the leftmost and the richest decile (decile 10) the rightmost in each panel.

**Figure 2.4. Labour Market and Socio-economic Outcomes across the Income Distribution (decile), 2017**




Source: *Own calculations, Saldru (2018).*

Note: *(1) The informality rate refers to the proportion of employment in each decile that is informally employed. (2) The employment-to-population ratio is the ratio of employment in a given decile to that decile's total population. (3) Perceived good health refers to the proportion of each decile's population that rates their health as excellent or very good. (4) Computer literate refers to the proportion of each deciles' population aged 15 years and older that rates their computer literacy as advanced or basic. (5) Banked adults refers to the proportion of adults between the ages of 25 and 54 years who have their own bank accounts. (6) For urbanisation and household access rates, figures are calculated as the proportion of households and not of the population.*

Across virtually every one of the 12 indicators, there are important differences based on the position on the income distribution. **Unemployment rates are up to 20 times higher for the poorest ten percent of the population compared to those in the richest decile.** Similarly, while 8.7 percent of the employed in the top decile are informally employed, this is true of 80.1 percent of those in the bottom decile. The employment-to-population ratio is around 50 percent in the top three deciles; this means that, on average, for every employed person in these deciles there is one other person who is not employed. In contrast, this proportion is around 10 percent in the poorest three deciles, implying that for every employed person there are nine others who are not employed.

Adults between the ages of 25 and 54 years in the top decile have an average of 4.5 years more education than their counterparts in decile 1. **While there are important differentials in South Africa in terms of number of years of education, these underestimate the true nature of inequality in educational outcomes.** This is due to the wide variation in the quality of education across the South African education system. The South African education system performs poorly relative to those of other countries, with Van der Berg et al. (2007, p.854) highlighting the fact that the country is outperformed by other African countries with far lower incomes and fewer government resources. In 2013, for example, South Africa was ranked seventh and sixth amongst the 13 countries that participated in the Southern and Eastern Africa Consortium for Monitoring Education Quality (SACMEQ) tests (Mlachila and Moeletsi, 2019, p.14).

There are also strong differences in the proportion of the population aged 15 years and above who indicate they at least have basic computer literacy (90.7 percent in decile 10 compared to 26.3 percent in decile 1), and in the proportion of adults between the ages of 25 and 54 years who have bank accounts (97.9 percent in decile 10 compared to 41.9 percent in decile 1). **The richest segment of the population is overwhelmingly urban, while amongst the poorest deciles the majority live in rural areas.** The households in which the poorest deciles reside are also substantially less likely than their wealthier counterparts to have access to electricity, to flush toilets, and to piped water.

Together, these figures bring the extent of inequalities in South Africa into stark relief. **The poor are particularly disadvantaged in terms of labour market outcomes—this is a dominant reason why they are poor—but they are also marginalised in terms of their ability to engage fully in the economy.** They have around one-third less education than their counterparts in wealthiest decile, have much lower levels of computer literacy, and reside in households and communities that are under-resourced and that are often distant from employment. Kerr (2017) thus finds that Africans' average daily commute time in 2013 was 58.44

minutes, compared to 37.17 minutes on average for Whites.

Kerr's analysis is useful in providing a sense of how urban spatial patterns, established under apartheid and largely unaddressed post-1994, impact on ordinary South Africans' daily lives and budgets. **On average, commuting costs were estimated at 15 percent and 17 percent of total income for those who used their own cars, buses, or minibus taxis for their daily commute, and as high as 21 percent for those who used multiple modes of transport** (Kerr, 2017, p.334). Framing commuting time as a tax on income, Kerr (2017, p.335) finds effective tax rates of 38.5 percent for those who use multiple modes of transport, and around 28 percent for users of public transport (trains, buses, and minibus taxis) who are typically from lower income groups.

**Human development outcomes in South Africa are lower than what is expected for the country's GDP level – especially educational attainment.** The World Bank's 2020 Human Capital Index (HCI) notes that a child born in South Africa today will be 43 percent as productive when she grows up as she could be if she enjoyed complete education and full health (World Bank 2020d). This is higher than the average for sub-Saharan Africa but lower than the average for Upper Middle Income Countries (UMICs). Between 2010 and 2020, the HCI value for South Africa remained approximately the same at 0.43. The part that sets South Africa behind is mainly linked to the low levels of test scores and learning-adjusted years of schooling. In South Africa, 80 percent (2016) of 10-year-olds cannot read and understand a simple text by the end of primary school. This is similar to the average for sub-Sahara Africa (80%) but much higher than the average for countries of similar income levels (38%). Moreover, in 2017 22 percent of adolescent girls were out of school, which is more than twice as high as for countries of similar income levels (10 percent). Below are the ratings of the HCI components in 2020.

- **Probability of Survival to Age 5. 97 out of 100** children born in South Africa survive to age 5.
- **Expected Years of School.** In South Africa, a child who starts school at age 4 can expect to complete 10.2 years of school by her 18th birthday.
- **Harmonized Test Scores.** Students in South Africa score **343** on a scale where 625 represents advanced attainment and 300 represents minimum attainment.
- **Learning-adjusted Years of School.** Factoring in what children actually learn, expected years of school is only 5.6 years.
- **Adult Survival Rate.** Across South Africa, **69 percent** of 15-year olds will survive until age 60. This statistic is a proxy for the range of health risks that a child born today would experience as an adult under current conditions.
- **Healthy Growth (Not Stunted Rate). 73 out of 100** children are **not** stunted. **27 out of 100** children are stunted, and so are at risk of cognitive and physical limitations that can last a lifetime.

## 2.3. Poverty and Inequality

**Poverty and inequality are two of the so-called 'triple challenge' that faces South Africa, and closely related to the third, namely unemployment.** As with unemployment, there is a clear 'hierarchy' in South African society in terms of poverty. This should come as no surprise given the importance of income from labour (or a lack thereof) within total household income. Hundenborn et al. (2016), for example, show that labour income accounted for 73.0 percent of total household income in 2014.

**The measurement of poverty trends relies on the consistent application of poverty line across survey data from different points in time.** This makes it difficult to find consistent estimates across the full post-apartheid period. Fortunately, Statistics South Africa (2017) have published poverty estimates covering the period between 2006 and 2015 using their official set of poverty lines and per capita household expenditure. Table 2.1 presents some of their high-level estimates.

**Table 2.1. Absolute and Relative Poverty Indicators, 2006-2015**

| | Unit | 2006 | 2009 | 2011 | 2015 | Change (2006-2015) |
|---|---|---|---|---|---|---|
| **Food poverty line** | | | | | | |
| Population in poverty | mil | 13.4 | 16.7 | 11.0 | 13.8 | +0.4 |
| Poverty rate | % | 28.4 | 33.5 | 21.4 | 25.2 | -3.2 |
| Poverty gap | % | 9.3 | 12.3 | 6.8 | 9.0 | -0.3 |
| **Lower-bound poverty line** | | | | | | |
| Population in poverty | mil | 24.2 | 23.7 | 18.7 | 21.9 | -2.3 |
| Poverty rate | % | 51.0 | 47.6 | 36.4 | 40.0 | -11.0 |
| Poverty gap | % | 22.2 | 21.0 | 14.3 | 16.6 | -5.6 |
| **Upper-bound poverty line** | | | | | | |
| Population in poverty | mil | 31.6 | 30.9 | 27.3 | 30.4 | -1.2 |
| Poverty rate | % | 66.6 | 62.1 | 53.2 | 55.5 | -11.1 |

| | Unit | 2006 | 2009 | 2011 | 2015 | Change (2006-2015) |
|---|---|---|---|---|---|---|
| Poverty gap | % | 35.6 | 33.5 | 25.5 | 27.7 | -7.9 |
| **Share of income to bottom 40% of households** | **%** | **8.2** | **7.3** | **7.5** | **8.3** | **+0.1** |

*Source:* *Statistics South Africa (2017) and own calculations.*

*Note:* *The levels of the three poverty lines are as follows (in April 2017 Rands): the food poverty line is set at R531 per capita per month, the lower-bound poverty line is R758 per capita per month, and the upper-bound poverty line is R1 138 per capita per month. Estimates presented here are based on per capita household expenditure. Estimates based on the Income and Expenditure Surveys of 2005/06 and 2010/11 and the Living Conditions Surveys of 2008/09 and 2014/15.*

**Irrespective of the poverty line used, the poverty rate was lower in 2015 than in 2006**. Using the upper-bound poverty line (UBPL), the poverty rate is estimated to have been 55.5 percent in 2015, 11.1 percentage points lower than in 2006. The reduction in the poverty rate using the lower-bound poverty line (LBPL) is of a similar magnitude (11.0 percentage points down to 40.0 percent). However, the food poverty rate declined by just 3.2 percentage points to 25.2 percent in 2015, indicating that much of the progress has been concentrated on the population above the food poverty line but below the LBPL and UBPL. This is further confirmed by the virtually unchanged food poverty gap (9.3 percent in 2006 and 9.0 percent in 2015) compared to declines in both the lower- and upper-bound poverty gaps. The slow progress in reducing food poverty means that the population in food poverty increased by 400 000 over the 2006-2015 period to 13.8 million.

**Although more recent official poverty estimates do not exist due to a lack of data, the World Bank (2020d) has projected that the upper bound poverty rate increased from 55.5 percent in 2015 to 56.5 percent in 2019.** The poverty rate for 2020 is projected to rise to 58.6 percent—1.7 percentage points higher than the original projection—due to the COVID-19 pandemic and associated economic disruption. Using the $1.90 per day poverty line, they project an increase in the poverty rate from 19.0 percent in 2015 to 19.8 percent in 2019, and 20.6 percent in 2020.

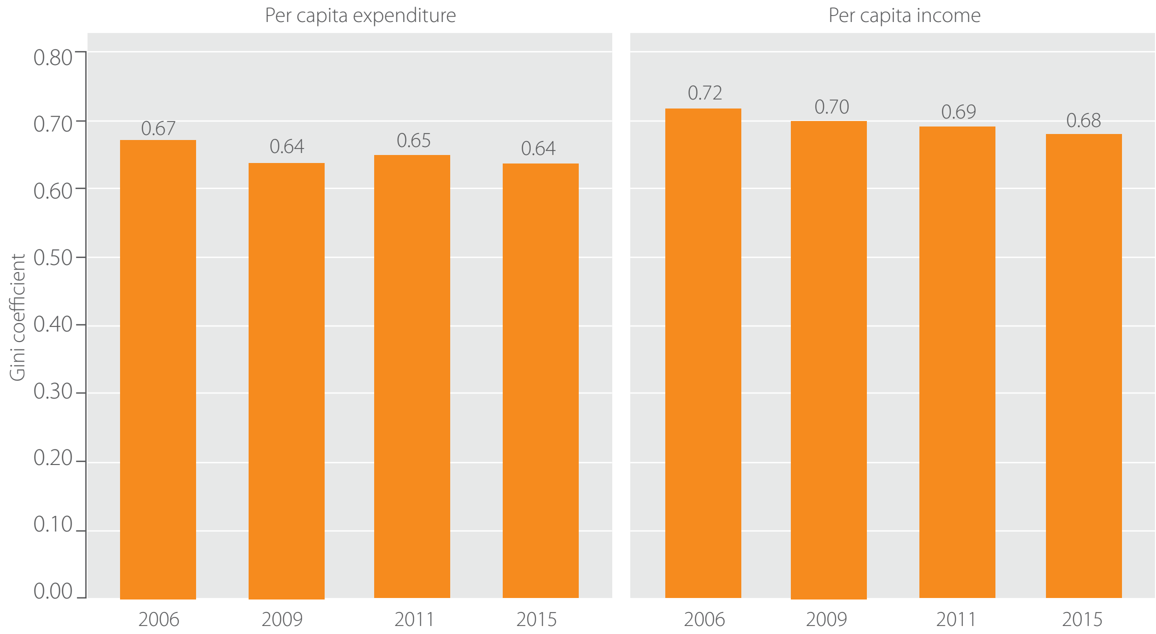
**Poverty trends based on subjective and multidimensional poverty indicators confirm a decline in poverty, although the periods are slightly different.** Using three subjective poverty measures, Statistics South Africa (2018b) finds a decline in subjective poverty rates between 2009 and 2015. Similarly, the multidimensional poverty index, which includes three non-monetary dimensions of deprivation (health, education, and living standards) suggests that the multidimensional poverty rate fell from 17.9 percent in 2001 to 8.0 percent in 2011 (Statistics South Africa, 2014), and further to 7.0 percent in 2016 (World Bank, 2018). Declines in multidimensional poverty are consistent with positive trends in access to assets and services, such as water, electricity, and sanitation, and represent an important achievement of the South African government in the post-apartheid era. However, the World Bank (2018) notes that "[unemployment] and education (years of schooling) remain the top two contributors to multidimensional poverty in South Africa", with unemployment's contribution increasing over time.

**Despite gradually falling poverty rates, South African society remains the world's most unequal and there is no compelling evidence of improvement in this regard.** One way that this inequality is illustrated is through the proportion of income that accrues to the poor. For example, Statistics South Africa (2017) shows that the proportion of income accruing to the bottom 40 percent of households (which, due to the correlation between per capita income and household size, are home to more than 40 percent of the population) has been virtually unchanged over the 2006-2015 period (see Table 2.2). In 2015, this share was estimated to be a mere 8.3 percent.

Estimates of South Africa's Gini coefficient indicate only slight changes in inequality between 2006 and 2015 (Figure 2.5). The Gini coefficient can take on a value between zero and one, with zero indicating perfect equality (i.e. all individuals earn the same income) and a value of one indicating perfect inequality (i.e. one individual earns all the income). Estimated using either per capita income or expenditure data, South Africa's Gini coefficient is extremely high. Expenditure-based estimates of the Gini published by Statistics South Africa (2017) range between 0.64 and 0.67 between 2006 and 2015; income-based estimates are even higher, ranging between 0.68 and 0.72. Amongst the 160 countries with data since 2000, **South Africa ranks as the most unequal country in the world with a Gini coefficient of 0.630** (World Bank, 2020b).

Compared more broadly with regional medians provides a stark indication of the extent to which South Africa stands out. **South Africa's Gini coefficient is around two-thirds higher than the global median of just 0.369 and 0.387 for upper middle income countries. Inequality in South Africa is strongly linked to labour market inequality.** Hundenborn et al. (2016), using data from the *National Income Dynamics* Survey, estimate that income from the labour market accounted for 90 percent of the Gini coefficient in 2014. Labour income was found to have had a Gini coefficient of 0.73 compared to a value of 0.655 for total household income per capita. **Further, lower-income households are much less likely to have access to labour income, which in turn accounts for a smaller proportion of total income for these households** (see, for example, Leibbrandt et al., 2016).

**Figure 2.5. South Africa's Gini Coefficient, 2006-2015**




*Source: Statistics South Africa (2017).*

## 2.4. The Impact of COVID-19 and the Nationwide Lockdown

**During the time that this report has been written, the COVID-19 outbreak had rapidly escalated to a global pandemic.** The ensuing responses from government around the world—to partially or totally restrict individual movement and economic activity—have led to large scale economic disruption, massive job losses, and widespread uncertainty. **In South Africa, a National State of Disaster was declared on 15 March 2020, and the country went into a complete national lockdown—one of the strictest globally—on 26 March 2020 for three weeks,** which was later extended to five weeks. At the end of this period, the country moved to what has been termed a Level Four lockdown, which is slightly less restrictive, with further easing to Level Three on 1 June 2020, and eventually down to Level 2 in July 2020, and Level 1 in August 2020. As part of the gradual reopening, the Department of Basic Education reopened schools in phases by grade.

While the lockdown has had some success in delaying the infection curve and providing time for government to prepare for the predicted rise in COVID-19 infections, it is expected to have a devastating economic impact. **While National Treasury predicted 0.9 percent growth in real GDP for 2020 in the 2020 Budget delivered at the end of February, forecasts from various institutions compiled by Bhorat et al. (2020) range between -5.8 percent and -9.5 percent.** In October 2020 the World Economic Outlook projected GDP growth for South Africa to slow down to -8.0 percent (IMF, 2020). However, at this point there is very little hard data that provides an indication of the extent of the long-term impacts of lockdown phases on the economy.

**The lockdown and other interventions aimed at dealing with the pandemic will have numerous long-term effects, both large and small, for economies and societies around the world.** From the perspective of social assistance, some of the key impacts in South Africa include:

- A sharp economic contraction and a high degree of economic uncertainty;
- Formal sector job losses with knock-on effects in the informal sector, and a large increase in unemployment: it is estimated that South Africa lost 2.16 million jobs between the second quarters of 2019 and 2020, of which roughly half were either in the informal sector (767 000 jobs lost) or domestic work (278 000 jobs lost) (Statistics South Africa, 2020e), while third quarter figures suggest 1.7 million jobs were lost year-on-year, of which 539 000 job losses were in the informal sector and 165 000 in domestic work (Statistics South Africa, 2020f);
- Rising poverty levels and incidence of hunger;
- Pressure on tax revenues alongside increased demands for higher government spending to both deal with the negative health and socio-economic effects of the crisis and stimulate economic activity and, consequently, a reprioritisation of the national budget; and
- Increased prominence of the Department of Social Development and the South African Social Security Agency (SASSA) as frontline state institutions tasked with mitigating the effects of the crisis, and increased scrutiny of their technical capacity, efficiency, and flexibility in responding.

**In terms of the poverty effects, a number of papers have begun to emerge that assess the poverty impact of the lockdown and related policy responses.** In their simulation of the impacts of social protection interventions in response to the pandemic, **Caron and Tiongson (2020) of the World Bank estimate an increase in the upper bound poverty rate of between 1.5 and 3.9 percentage points, depending on the length of the lockdown period considered and assumptions regarding the types of workers experiencing income shocks. Bassier et al. (2020) estimate a 5.2 percentage point increase in the upper bound poverty rate, rising to 18.8 percentage points for households that include informal workers** (they assume a 75 percent reduction in informal worker incomes due to the lockdown). In their analysis of the first wave of the NIDS-CRAM survey, Wills et al. (2020) find that 47 percent of adult respondents reported that their households had insufficient money to purchase food in April 2020, while 15 percent of adults with co-resident children reported that at least one of those children had gone hungry in the preceding week, a situation exacerbated by the fact that the National School Nutrition Programme was not operational from the start of the lockdown until early July 2020. Based on the same data, Jain et al. (2020) estimate that between 15 percent and 30 percent of individuals who lost their jobs between February and April 2020 fell into poverty, and suggest figures of one million job losses and an additional two million dependents falling into poverty due to lockdown-related job losses.

# 3. Social Assistance Policy, Systems, and Programmes

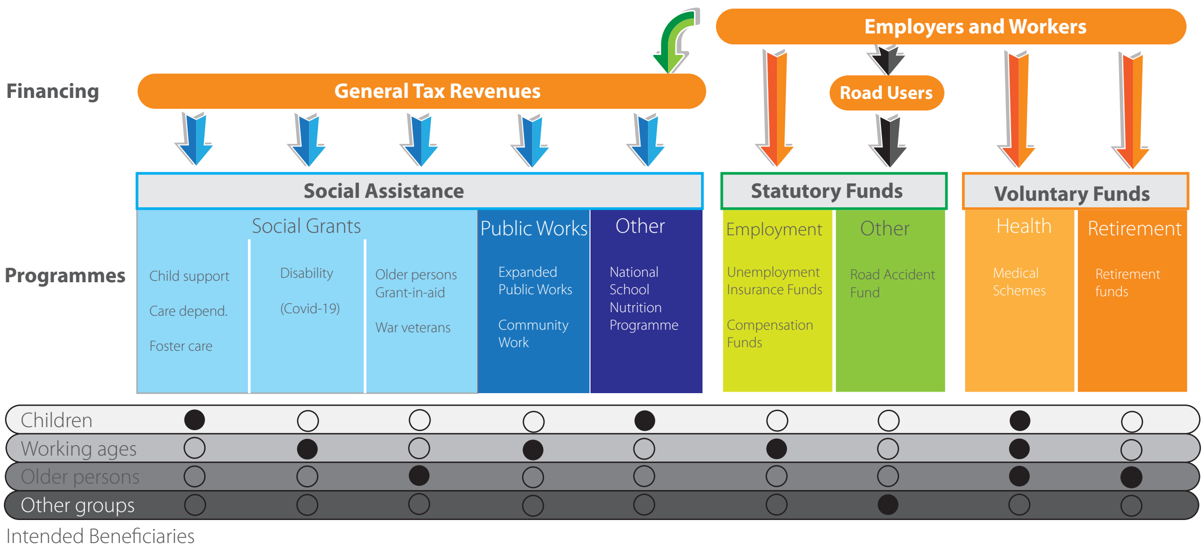
**In this chapter we review the social assistance landscape in South Africa, the policies and legislation that guide the system and the programs that exist.** The chapter also presents the resources and financing of social assistance given the high costs and limited fiscal space. Finally, the chapter reviews the institutions and delivery systems that are used to administer the programs and the level of capacity and coordination of institutions and agencies.

## 3.1. Social Assistance in South Africa

### 3.1.1. An Overview of Social Protection Programmes in South Africa

Social assistance represents only one component of a broader system designed to provide support to individuals and households who may be in need due to a number of life events or risks. The contours of South Africa's broader social security system are illustrated in Figure 3.1. **The three main components of the system are social assistance, the statutory funds, and the voluntary funds. Within social assistance are the social grants, the public works programmes, and other interventions such as the National School Nutrition Programme.** There are three main statutory social insurance funds. Two of these programmes are linked to the labour market, namely the Unemployment Insurance Fund and the Compensation Funds, while the Road Accident Fund is intended to protect victims of road accidents. Finally, the voluntary funds can be divided into those that protect against health risks and those that provide retirement benefits.

**Figure 3.1. Social Security in South Africa**




*Source: Adapted from National Treasury (2010a, p.102).*

The various programmes are financed differently. **Social assistance is financed from general tax revenues,** while the employment-linked statutory funds and voluntary funds are financed through contributions by employers and workers. The Road Accident Fund is financed through a fuel levy, which is paid for by road users. Employers and workers also indirectly help finance social assistance through their tax contributions and, as road users, contribute to the Road Accident Fund.

Support received from any of these programmes is likely to be shared within and across households to at least some extent. However, the lower section of the figure indicates who the intended direct beneficiaries of each of the listed programmes are. **Children are directly targeted through child grants, school feeding, and as dependents in medical schemes. Working-age adults are covered by the disability grant (and the new temporary COVID-19 grant), public works, the employment-linked statutory funds, and as contributing members or dependents in medical schemes. Older persons are covered by three types of social grants, as contributing members or dependents in medical schemes, and through retirement funds.** However, the centrality of formal sector employment to 'earning' coverage should not be overlooked: without formal employment, working-age adults are only covered by social assistance if they have a disability, by the Road Accident Fund if they are involved in a road accident, and by medical schemes if they are a dependent of a member. Given high levels of long-term unemployment in South Africa, this means that **a large proportion of the working-age population have no access to social security.** Further, contributions to voluntary retirement funds are contingent on employment, particularly formal employment, thus limiting the number of older persons who are covered by retirement funds. Box 1 provides a brief historical review of social assistance in South Africa.

**Box 1: A Brief Overview of the Historical Development of Social Assistance in South Africa**

While social security has a relatively long history in South Africa, for most of that time it was characterised by discrimination, particularly discrimination along racial lines. As Van der Berg (1997) notes, "an embryonic welfare state was erected [by the apartheid state] to protect whites against various contingencies". Specifically, racial discrimination was exercised along both the extensive and intensive margins: individuals were only eligible for access to particular programmes if they were a member of a particular race group (extensive margin), while benefit levels were often differentiated according to race (intensive margin).

The earliest social assistance programmes date back to the early decades of the twentieth century. The first programme to provide support to children was implemented through the Children's Protection Act No. 25 of 1913, with Africans being ineligible (Mthethwa, 2019). Military pensions were established in 1919 (Van der Berg, 1997). The 1928 Old-Age Pensions Act (No.22) introduced state (or social) pensions with age criteria and means-testing for Whites and Coloureds without occupational retirement insurance, with the former entitled to higher benefit amounts (Mthethwa, 2019; Van der Berg, 1997). Finally, support for the disabled was implemented in the mid-1930s—1936 for the blind, and 1937 for the disabled—but access was again initially limited to only White and Coloured individuals.

The early 1940s saw further expansion of the system. In 1941, pensions were instituted for war veterans. The social pension was extended to Asians and Africans in 1944, with different benefit levels and stricter means-testing (Van der Berg, 1997). Two years later, in 1946, Asians and Africans became eligible for disability benefits, while "family allowances for large low-income families [were introduced] in 1947, but these excluded black people" (Van der Berg, 1997). According to Van der Berg (1997), "[the] levels and types of social grants were thus a result of the peculiar nature of political patronage in apartheid society".

By the 1970s and 1980s, there was a gradual move towards equalising benefits across race groups. However, fiscal considerations meant that this would have to be achieved through an erosion of benefit levels for Whites and occurred "most readily …where resistance to reducing white benefit levels was least" (Van der Berg, 1997). One example was social pensions, where benefits were equalised through "enhancing black pension benefits (by 7.3 per cent per year in real terms from 1970 to 1993) and seriously eroding real white pensions" (Van der Berg, 1997).

South Africa's first democratic government therefore inherited a system of social assistance that was relatively extensive given the country's income levels (Woolard et al., 2010). However, the process of equalisation of benefits across race groups meant that absolute benefit levels were lowered to ensure that programmes were affordable, if not sustainable over time. Nevertheless, the extent of inequality within the country meant that even these lower benefit levels were able to make significant contributions to the resources available to destitute households.

**Table 3.1 provides an overview of the extent of some of the key programmes within the broader social protection system in South Africa,** including social grants and school feeding (social assistance); the Unemployment Insurance Fund (UIF), Compensation Fund, and Road Accident Fund (RAF) (social insurance); and the Expanded Public Works and Community Work Programmes (employment programmes). Details are also provided for the private retirement and medical scheme industries, as well as the Government Employees Pension Fund (GEPF). It is immediately clear from Table 3.1 that the **social grants are by far the largest facet of the social protection system from the perspective of the number of people covered.** As of the 2018/19 financial year, 17.8 million grants—equivalent to roughly 31 percent of the country's population of 57.7 million (Statistics South Africa, 2018a)—were paid out by SASSA on a monthly basis.

**Table 3.1. Social Protection Coverage since 2013 ('000s)**

| Financial Year | | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|---|---|---|---|---|---|---|---|
| Social grants | Recipients | 15 932 | 16 643 | 16 992 | 17 201 | 17 510 | 17 812 | .. |
| National School Nutrition Prog. | Learners fed | 9 132 | | | | | | |
| Unemployment Insurance Fund | Approved claims | 763 | 708 | 691 | 651 | 799 | 771 | .. |
| Compensation Fund | Claims registered | 311 | 226 | 129 | 352 | 155 | 156 | .. |
| Road Accident Fund | Claims registered | 147 | 174 | 189 | 202 | 272 | 328 | .. |
| | FTE jobs | 213 | 387 | 285 | 302 | 399 | 404 | 267 |
| Expanded Public Works | Work opp. | 862 | 1 104 | 742 | 779 | 900 | 997 | 838 |
| Community Work Prog. | Work opp. | 217 | 202 | 213 | 235 | 264 | 280 | .. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Government Employees Pension Fund (GEPF) | Active members | 1 277 | 1 266 | 1 270 | 1 274 | 1 273 | 1 265 | .. |
| | Pensioners | 391 | 406 | 272 | 283 | 292 | 303 | .. |
| | Spouses | | | 150 | 153 | 157 | 160 | .. |
| **Calendar Year** | | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| Private sector retirement funds | Active/Contrib. members | 10 411 | 10 969 | 11 134 | 11 070 | 11 245 | .. | .. |
| | Other members | 4 845 | 4 973 | 5 306 | 5 574 | 5 700 | .. | .. |
| Medical schemes | Members | 3 931 | 3 914 | 3 871 | 3 925 | 3 912 | 3 947 | 4 000 |
| | Dependents | 4 847 | 4 900 | 4 938 | 4 953 | 4 960 | 4 970 | 4 955 |

*Source:* *Council for Medical Schemes (2017, 2020); Department of Basic Education (2015); Department of Cooperative Governance (2017, 2019); Department of Labour (2013, 2016b, 2019a,b); Department of Public Works and Infrastructure (2014, 2015, 2016, 2017, 2018b, 2019a, 2020); Financial Services Board (2011, 2012, 2013a,b, 2014, 2015, 2016, 2017, 2018); Government Employees Pension Fund (2017, 2019); National Treasury (2012a, 2017b); Road Accident Fund (2013, 2016, 2019); SASSA (2019).*

*Notes:* *(1) EPWP figures for 2019/20 are for the nine months ending 31 December 2019. (2) Retirement fund figures include double counting. (3) Where data has not been located, this is indicated by '..'. (3) Figures for 2013/14 and 2014/15 for the GEPF combine pensioners and spouses.*

**Data on the extent of the National School Nutrition Programme (NSNP) is relatively scarce, but the number of learners fed by the programme does not appear to have changed much from the 9.1 million reported for 2013/14.** In its latest annual report, Department of Basic Education (2019, p.18) indicates that "over nine million learners" benefited from the programme, with almost R7.7 billion allocated to the National School Nutrition Programme for the 2020/21 financial year in the national budget (National Treasury 2020b). Based on data from the 2018 General Household Survey, it is estimated that 10.3 million school-attending children under the age of 20 at least occasionally eat food provided by the NSNP, while 8.95 million report eating this food every day (own calculations, Statistics South Africa 2018c).

**The three compulsory contributory social security funds—the UIF and the Compensation Funds, administered by the Department of Employment and Labour, and the RAF—provide conditional income for eligible individuals.** The UIF provides unemployment insurance for a period of up to 365 days immediately after the loss of employment. This period was recently increased from 238 days through an amendment to the Unemployment Insurance Act (Republic of South Africa, 2016). Benefits are paid in the event of unemployment to certain employees, and for illness, maternity, adoption and dependant benefits related to the unemployment of such employees (Department of Labour, 2016b). Contributions of one percent of gross salary are paid by both formal private sector employees and their employers. The Compensation Funds provide compensation for disablement or death caused by occupational injuries or diseases sustained or contracted by employees (Department of Labour, 2016a). The Fund provides "medical care and income benefits to workers who are injured while at work, or who develop occupational diseases", as well as benefits for workers who are fatally injured at work (Woolard et al., 2010). Importantly, the UIF and Compensation Funds only cover individuals in the formal sector of the economy. The Road Accident Fund (RAF) is funded primarily through a fuel levy and it provides compensation "for loss or damage wrongfully caused by the driving of a motor vehicle" (Road Accident Fund, 2016). Compensation covers loss of earning, loss of support, general damages, and medical and funeral costs for road accident victims.

**Of these three social security funds, the UIF is the largest in terms of claims. Over the six-year period between 2013/14 and 2018/19, the UIF received between 650 000 and 800 000 claims per year.** Given that the period of UIF coverage is less than one year, the average number of individuals receiving UIF benefits is slightly lower. The Compensation Fund and RAF are broadly similar in size: claims registered by the Compensation Fund ranged between 129 000 and 352 000 per year over the six-year period, while those registered by the RAF ranged between 147 000 and 328 000. The data confirm strong growth in the number of claims registered by the RAF, with claims having more than doubled over the period. However, it should be noted that by the start of the six-year period claims had been in decline for four years from almost 300 000 in 2008/09.

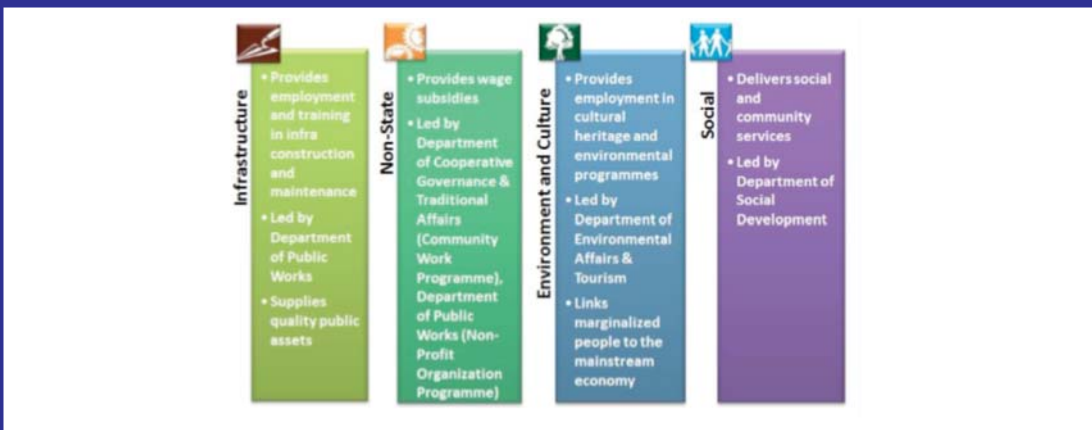
**The Expanded Public Works Programme (EPWP) is a key intervention targeted at the working-age population, which aims to provide income, work experience, and training to the unemployed (Box 2).** The programme is administered by the Department of Public Works and Infrastructure. Work opportunities—up to 100 days of work—are provided in four sectors: infrastructure, non-state (supporting employment in non-profit organisations), environment, and culture and social. In 2019/20, the EPWP provided 838 000 work opportunities or 267 000 full-time equivalent jobs. In terms of work opportunities, this is considerably lower than the peak recorded in 2014/15 of just over 1.1 million. Similarly, full-time equivalent jobs in the 2019/20 financial year were a third lower than the 404 000 recorded in the preceding year. Across the four sectors, more than R7.7 billion was paid out to employees on EPWP projects for the nine months to the end of December 2019 (Department of Public Works and Infrastructure, 2020).

**Box 2: The Expanded Public Works Program**

The Expanded Public Works Programme (EPWP) provides poverty and income relief through temporary work for the unemployed to carry out socially useful activities. It is one of the government's flagship programmes aimed at drawing a significant number of unemployed South Africans into productive work and enable them to gain skills and increase their capacity to earn an income that will contribute towards the development of their communities.

The EPWP is implemented across all spheres of government (national, provincial, and local) with work opportunities grouped into four productive sectors (figure below). The Department of Public Works and Infrastructure (DPW) acts as the overall coordinator with the departments of Cooperative Governance and Traditional Affairs, Environmental Affairs and Tourism, and Social Development as sector leads for the non-state, environment and culture, and social sectors respectively. In the infrastructure sector, beneficiaries are engaged in the construction, rehabilitation, and maintenance of rural and low-volume roads as well as schools and clinics. In the non-state sector, work opportunities are created through the non-profit and community organisations where participants deliver communal programmes and services. Activities include planting and cultivating food gardens at clinics, schools, churches, and household plots; home-based care; developing recreation spaces and sporting facilities; environmental rehabilitation; general maintenance work including the cleaning of schools; and, other tasks to support schools and community safety. The non-state sector encompasses the Community Works Programme (CWP), introduced in the second phase of the EPWP, whose primary objective is to create access to a minimum level of regular and predictable work opportunities for those in need. In the environment and culture sector, beneficiaries are involved in public environment management (e.g. water, parks, fire, wetlands, waste) as well as through cultural programmes (e.g. tourism, arts, crafts). In the social sector, participants undertake public social programmes including Early Childhood Development, Community Based Care, and Community Safety.

**Thematic Areas of the EPWP**




*Source: Department of Public Works and Infrastructure website*

Since its inception in 2004, the EPWP has been successful in creating mass employment. The programme is currently in Phase IV (2019-2024). In 2017/18, 900 234 work opportunities[1] were created resulting in the transfer of R10.108 billion in wages to 827 205 participants – the CWP alone reached over 280 000 beneficiaries (2018/19). A wide array of services was provided, and assets created in poor communities including home-care services, school feeding, and community gardens. Access roads were built in the infrastructure sector and community parks were beautified, while the coast was cleaned and maintained in the environmental sector. Of the 4.5 million work opportunities created during Phase III (8 million since EPSW inception), 44 percent comprised youth, 66 percent women, and 1 percent people living with disabilities. In addition, most beneficiaries were poor or historically disadvantaged in quintile 2 and 3 households, residing in poorer or high unemployment provinces and had completed less than a matric education.

**Employment creation in the infrastructure sector often involves ramping up labour-intensity where feasible within existing government budgets for infrastructure, "making these jobs technically 'free' in budgetary terms" (TIPS, 2018, p.13).** The social sector—a South African innovation within a global context—initially entailed home-based care, particularly for those with HIV and tuberculosis, but later expanded to support Early Childhood Development Centres and literacy training. The environment and culture sector began with the Working for Water programme within

1 35.7% of these opportunities were created at the national sphere, 41.5at the provincial sphere and 22.8% by municipalities.

It is important to note that the focus on performance against 'work opportunity' targets for the implementing ministries has in some cases, resulted in substitution of workers displaced from existing formal jobs. The renaming of pre-existing jobs as EPWP jobs, and the re-categorisation of voluntary workers receiving sub-market rate stipends as 'EPWP employees', has not necessarily contributed to additional employment (McCord, 2017).

the Department of Water Affairs, with a variety of additional environmental programmes subsequently added.

**The Community Work Programme (CWP) is a component of the EPWP—specifically, it is part of the non-state sector—but differs from it in a number of key respects. The CWP aims to provide "a social safety net and work experience for participants and promote social and economic inclusion by targeting areas of high unemployment**" (Department of Cooperative Governance, 2019, p.75). While both the EPWP and CWP aim to provide 100 days of work in a year, the CWP's approach is to spread this across the entire year, providing "regular, part-time work - in practice two days a week or eight days a month" (Department of Cooperative Governance, 2011, p.3). This approach is a response to the context of high unemployment in South Africa: **EPWP participants are likely to return to unemployment given the economic and structural constraints to employment generation, and the concentrated period of full-time employment does not typically lead to fundamental changes in livelihood strategies. Regular income from the CWP, however, serves to create an income floor for participants in the same way that a social grant does.** Further, there is no forced exit from the CWP, "in recognition of the limited economic alternatives for participants under current conditions" (TIPS, 2018, p.16). Work opportunities provided by the CWP are, however, limited due to a shortage of funding and have grown gradually from 217 000 in 2013/14 to 280 000 in 2018/19.

**In contrast to EPWP, the CWP is "designed as a community-driven model of public employment" (TIPS, 2018, p.15).** The programme is implemented by non-profit agencies at a variety of different sites, which cover defined geographic areas within a particular ward or group of wards, and the intention is that they remain active on an ongoing basis. These sites are chosen to specifically "[target] the poorest and most marginal areas" (Philip, 2013, p.12). Importantly, the work undertaken in a given site is determined by the community, rather than by government, and such work must be 'useful work', defined as "work that contributes to the public good, or improves the quality of life in communities" (TIPS, 2018, p.17). As such, the work covers a wide variety of activities, but the programme's target of labour-intensity of 70 percent—meaning that labour costs must make up 70 percent of the cost at the site level—does limit the types of activities that are feasible.

**In 2020, in response to the economic and employment crisis caused by the COVID-19 pandemic the Presidency launched the Employment Stimulus (Box 3) with the aim to create 800 000 temporary employment opportunities across a number of government departments and national and local levels.** The Program builds and expands on the EPWP model and its timed start date for workers in January 2021 coincides with the ending of the temporary COVID-19 grant which provided needed relief for a large number of workers, especially informal sector workers since May 2020.

**Box 3: The Presidential Employment Stimulus**

The Presidential Employment Stimulus was launched in October 2020 and seeks to confront the impact on poverty and employment caused by the COVID-19 pandemic, as part of government's broader economic recovery agenda. Its aim is to support livelihoods while the labour market recovers – investing in public goods and services, enhancing skills and employability, and boosting demand in the economy at the same time. The vision of the program is to build a South Africa that works – counteracting job losses and creating new opportunity for growth and renewal. The Employment Stimulus is part of the R100 billion commitment for job creation made by President Ramaphosa in April 2020.

The Presidential Employment Stimulus is designed to support a spectrum of opportunities, focusing on job creation through public employment; on job retention in vulnerable sectors; on direct support to livelihood strategies; as well as on fast-tracking high-impact employment enablers. Phase 1 of the employment stimulus, which received funding of R12.6 billion from the Special Adjustment Budget, spans all 11 government departments, all provinces, all metro areas, and aims to create 800 000 temporary opportunities—most of them public employment opportunities. The majority of opportunities are in basic education (school assistants), social development (income support to the early childhood development sector), and agriculture (relief for subsistence producers). Other more traditional public works programmes are being expanded such as the EPWP's provincial roads maintenance and environment programmes.

The 11 national departments are responsible for implementing the various programmes either directly or through provincial governments. The Project Management Office (PMO) in the Presidency is responsible for overall coordination of the stimulus. The implementing departments are responsible for all program activities including targeting, recruitment, and operational management of each program. The wages set in public employment programs depend on the skill level required of the participants who vary from engineers to low-skilled youth with a matric or less. Some employment opportunities are full-time for four to six months while others, like those offered by the EPWP are part time. As of December 1, 2020, the Presidential Employment Stimulus has already recruited workers for over 400 000 opportunities which are expected to start around January 2021.

*Source: Extracted from Government of South Africa (2020)*

**Retirement funds and medical schemes are voluntary insurance schemes, which are regulated by the state.** It is estimated that there were 11.2 million active or contributing members of retirement funds in South Africa in 2017, the latest year for which the Registrar of Pension Funds has published data. The GEPF, which covers the public sector, had just shy of 1.3 million active members as of March 2019. It is the largest pension fund in South Africa, and one of the largest on the continent (GEPF 2020). Medical schemes cover just under nine million people: 4.0 million contributing members and 4.955 million dependents. Membership of retirement funds and medical schemes has been growing relatively slowly, constrained as it is by the level of formal employment in the South African economy.

### 3.1.2. The Current Social Assistance Policy Landscape

**Today, the responsibility for social assistance lies with the Department of Social Development (DSD).** The DSD delineates their work according to two primary functions. First, the Department is responsible for managing and overseeing social security, including both social assistance and social insurance policies. Here, the objective is to "prevent and alleviate poverty in the event of life cycle risks such as loss of income due to unemployment, disability, old age, or death occurring" (Department of Social Development, n.d.). Second, the Department is tasked with providing development social welfare services in partnership with civil society organisations and other institutions to **"reduce poverty, vulnerability, and the impact of HIV and AIDS through sustainable development programmes"** (Department of Social Development, n.d.).

At its most foundational level, the DSD derives its core mandate from the Constitution of the Republic (Republic of South Africa, 1996). First, Section 27(1) states that **"Everyone has the right to have access to …social security, including, if they are unable to support themselves and their dependants, appropriate social assistance".** Second, social services are explicitly referenced in Section 28(1), which states that "[every] child has the right …to basic nutrition, shelter, basic health care services, and social services". Finally, in terms of Schedule 4 of the Constitution, welfare services, population development, and disaster management are denoted as being of concurrent national and provincial legislative competence.

**While the Constitution establishes South Africans' rights to social security, social assistance, and social services in broad terms, and allocates responsibility to the national and provincial spheres of government, the detailed operationalisation of these rights occurs through various pieces of legislation.** Thus, the DSD identifies the following pieces of legislation as comprising their legislative mandate (Department of Social Development, n.d.):

- The Aged Persons Act, 1967 (Act 81 of 1967);
- The Fund-raising Act, 1978 (Act 107 of 1978);
- The Social Service Professions Act, 1978 (Act 110 of 1978);
- The Child Care Act, 1983 (Act 74 of 1983);
- The National Development Agency Act, 1998 (Act 108 of 1998);
- The Probation Services Act, 1991 (Act 116 of 1991);
- The Prevention and Treatment of Drug Dependency Act, 1992 (Act 20 of 1992);
- The Social Assistance Act, 1992 (Act 59 of 1992);
- The Non-profit Organisations Act, 1997 (Act 71 of 1997);
- The Welfare Law Amendment Act, 1997 (Act 106 of 1997);
- The White Paper for Social Welfare Service (1997);
- The Older Persons Amendment Act, 1998 (Act of 1998);
- The White Paper on Population Policy for South Africa (1998);
- The Advisory Board on Social Development Act, 2001 (Act 3 of 2001);
- The Social Assistance Act, 2004 (Act 13 of 2004);
- The South African Social Security Agency Act, 2004 (Act 9 of 2004); and
- The Policy on Financial Awards to Service Providers.

**Except for the Welfare Laws Amendment Act, 1997, and the Advisory Board on Social Development Act, 2001, all other acts have been amended at various points in time since the advent of democracy.** Further, the Children's Act (2005), the Older Persons Act (2006), the Prevention of and Treatment for Substance Abuse Act (2008), and the 2015 White Paper on the Rights of Persons with Disabilities are also identified as determining the DSD's mandate by National Treasury (2020b, p.293).

**In terms of social assistance, specifically, the two key pieces of legislation are the Social Assistance Act (No.13 of 2004) and the South African Social Security Agency Act (No.9 of 2004) (Republic of South Africa, 2004a, b).** The Social Assistance Act provides the legislative framework for the implementation of social assistance in South Africa and, inter alia, makes provision for a national-level agency responsible for delivering grants. The Act also specifically provides for the current suite of grants provided by government: the care dependency grant, the child support grant, the disability grant, the foster child grant, grant-in-aid, the older persons grant, and the war veterans grant. It is in terms of the latter piece of legislation that the South Africa Social Security Agency (SASSA) was established in 2006, as a schedule 3A public entity in terms of the Public Finance Management Act. According to SASSA (n.d.), "the principle aim of the Act is to make provision for the effective management, administration and payment of social assistance and service through the establishment of the South African Social Security Agency".

**SASSA outlines its mandate as being "to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework"** (SASSA, n.d.).

**The lead institution responsible for the Expanded Public Works Programme is the Department of Public Works and Infrastructure,** with the Minister seen as its "overall champion" (Department of Public Works and Infrastructure, n.d.b). According to the Department, it "derives its mandate from the President's call following the Cabinet Lekgotla held in July 2006, the mandate which includes the eradication of poverty, unemployment, and underdevelopment" (Department of Public Works and Infrastructure, n.d.a). Within the Department of Public Works and Infrastructure, the EPWP Branch is tasked with "overall coordinating and implementing support, developing funding frameworks, providing technical support to participating public bodies and monitoring [and] evaluation" (Department of Public Works and Infrastructure, n.d.b).

**However, EPWP involves government broadly, including all of its spheres and the state-owned enterprises and therefore requires substantial cooperation between numerous institutions.** The Department of Public Works and Infrastructure coordinates the infrastructure and non-state sectors, while the environment and culture sector and the social sector are coordinated and led by the Department of Environmental Affairs and the Department of Social Development respectively. The EPWP also coordinates with the Department of Higher Education and Training and various Sector Education and Training Authorities (SETA) with respect to the training component of the programme (Department of Public Works and Infrastructure, 2018a, p.15).

**The structures responsible for the EPWP at the national level are mirrored within each of the provinces.** Provincial Departments of Public Works, led by Members of the Executive Councils for Public Works within provincial governments, provide leadership at the provincial level. Within each of these provincial departments exists an EPWP Unit; which is "instrumental in mobilising other provincial departments as well as municipalities within the province to perform in accordance with the objectives of the EPWP" (Department of Public Works and Infrastructure, n.d.b).

**While the Community Work Programme forms part of the EPWP, it is coordinated by the Department of Cooperative Governance and Traditional Affairs (COGTA).** However, given the design of the programme it requires extensive intergovernmental cooperation. Thus, while the programme is managed and coordinated nationally, it is supported by the provinces and local governments. Indeed, local government approval is required before a CWP site may be set up within a given area. Furthermore, partnership with non-governmental organisations (NGO) is central to the CWP model: the CWP is implemented at the local level by implementing agents—themselves non-profit NGOs—who partner with local non-governmental and community-based organisations. The CWP also requires close engagement with local communities, who play a central role in terms of identifying useful work to be performed.

**CWP Reference Committees play a central role in bringing stakeholders together to ensure successful implementation at a given site.** These committees provide an advisory role only as they are not governance structures. The committees are comprised of stakeholders from the local community, representatives of local government, and community leaders. Membership of these committees is often also extended to representatives of "local offices of provincial government departments, such as Social Development, Health, Education and Agriculture" (Department of Cooperative Governance, 2011, p.8).

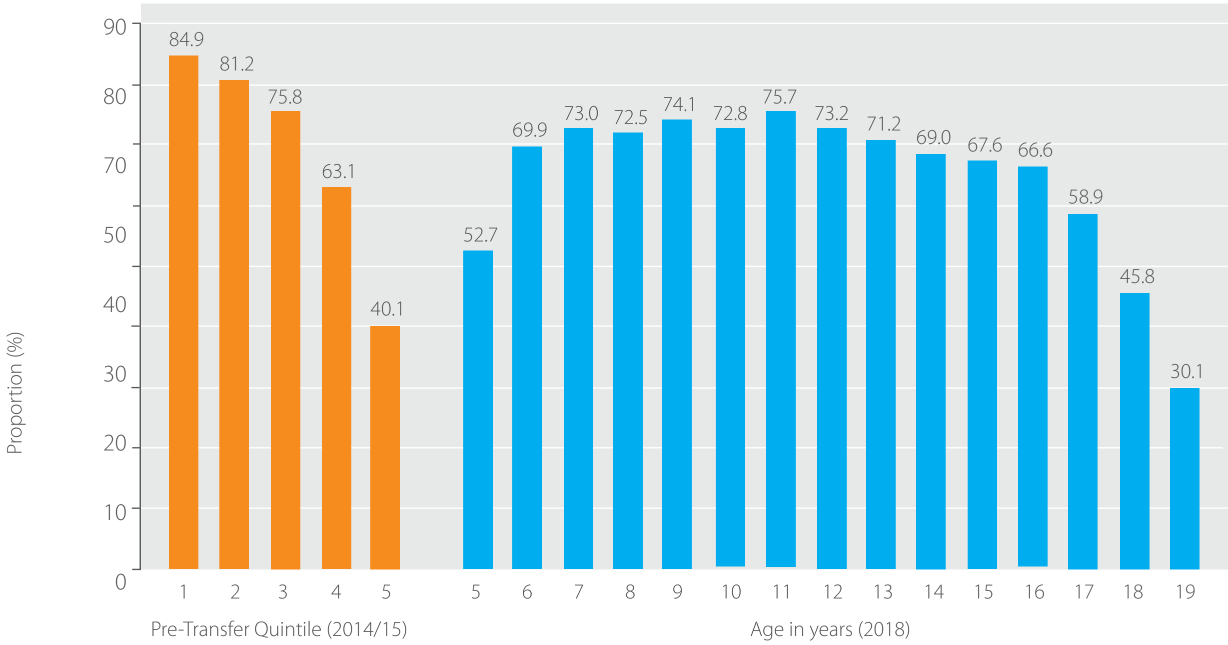
**The National School Nutrition Programme is implemented by the Department of Basic Education**, although it was initially the responsibility of the Department of Health when it was established (as the Primary School Nutrition Programme) in 1994 (JET Education Services, 2016). Although the original intention was that it would be superseded by other initiatives implemented as part of the Reconstruction and Development Programme, in 2004 the Department of Education (as it was called at the time) took over the programme, which became known as the National School Nutrition Programme. Having initially targeted all primary schools in quintiles one, two and three, coverage was gradually extended: in 2009, quintile one high schools were included, with quintile two and three high schools added in April 2010 and April 2011 respectively (JET Education Services, 2016).

**The NSNP is viewed as being an educational intervention in the first instance:** the programme aims to "enhance the educational experience of the neediest primary school learners through promoting punctual school attendance, alleviating short-term hunger, improving concentration, and contributing to general health development" (JET Education Services, 2016). According the Department of Basic Education (2020) the programme's objectives are "to provide nutritious meals to learners so as to improve their ability to learn [and to teach] learners and parents on ways of living a healthy lifestyle, and promoting development of school vegetable gardens".

**Since education is a provincial competence, the NSNP is effectively implemented by provincial education departments, with funding provided by the national department through the NSNP conditional grant.** This occurs through either a centralised or a decentralised model (JET Education Services, 2016). In the case of the centralised model, the provincial education department appoints service providers to source and deliver food to schools. In the decentralised model, schools themselves are responsible for appointing local service providers. Food is prepared by volunteer food handlers (VFH), based on a ratio of 1 VFH for every 200 learners; in small schools, a ratio of 1:125 is used instead (Department of Basic Education, 2020). While led by the DBE and provincial education departments, the NSNP is a multi-stakeholder programme which receives support from various partners including the departments of health and agriculture, the private sector, and non-governmental organisations. As described by JET Education Services (2016), the "programme operates at four levels: national (the DBE and partners); provincial ([provincial education departments] and partners); district ([provincial education department] district officials and partners); and school (principals, school management teams, [school governing bodies], NSNP Co-ordinators, NSNP committees, VFHs, and gardeners)".

**As Figure 3.2 illustrates, between two-thirds and three-quarters of (pre-)school-going children aged six to 16 at least occasionally ate food provided by the NSNP in 2018.** Further, more than 80 percent of (pre-)school-going children under the age of 20 were reported to attend a school at which a government feeding scheme operated in 2014/15. Coverage rates decline from 84.9 percent amongst the poorest 20 percent of the population to 63.1 percent in quintile 4, and 40.1 percent amongst the richest 20 percent of the population. However, since targeting is done through schools, there are issues of poor learners not being able to access the NSNP because they attend quintile four and five schools (JET Education Services, 2016).

**Figure 3.2. Access to School Feeding in South Africa, 2014/15 and 2018**




*Source:* *Own calculations, Statistics South Africa (2015a, 2018c).*

*Notes:* *(1) Figures for 2014/15 refer to the proportion of children under the age of 20 who report attending a school at which a government feeding scheme operates. (2) Figures for 2018 refer to the proportion of (pre-)school-going children who at least occasionally eat food provided by "the school feeding scheme/Government nutrition program".*

## 3.2. Social Assistance Programmes

### 3.2.1. Overview

**Social assistance in South Africa currently encompasses eight key programmes, excluding the public works programs (and the 2020 Presidential Employment Stimulus), school feeding, and the COVID-19 grant that was recently introduced in response to the economic effects of the pandemic and the consequent national lockdown.** These programmes are the older persons grant, the child support grant, the disability grant, the care dependency grant, the foster child grant, the war veterans' grant, grant-in-aid, and social relief of distress. As will be shown, **the system is dominated in numerical and budgetary terms by the older persons, child support, and disability grants.**

**These eight programmes/ social grants are designed to address specific lifecycle and other risks, with particular emphasis on children—the care dependency, child support, and foster child grants—and the elderly—the older persons and war veterans' grants, and the grant-in-aid.** These groups of people are those that cannot participate in the labour market and therefore face the risk of poverty. The system of individual (categorical) grants each targeting a specific risk-group stem out of the social and political dynamics of the country at the time the system was designed. All programmes are unconditional (do not impose any required actions or co-responsibilities of for recipients such as investments in human capital or work-seeking) and are all means-tested based on income (explicitly or based on proxies), except for the foster child grant. The pros and cons of the overall system design and composition is discussed further in chapters 5 and 6. The remainder of section 3.2 provides an overview of each of the eight social assistance programmes mentioned above, as well as of the COVID-19 grant. The aim has been to provide a description of the purpose of the grant, the eligibility criteria, and the current grant values.

### 3.2.2. Older Persons Grant

**The older persons' grant is a non-contributory means-tested pension** that was at different times in the post-apartheid period known by different names. **The older persons' grant is accessible from the age of 60 years, provided that the individual is not cared for in a state institution.** To qualify for the grant individuals must be South African citizens, permanent residents or refugees, and should not be in receipt of any other social grant for themselves. In other words, to qualify for the older persons' grant, individuals should not be direct beneficiaries of any other grant.

**As noted, the older persons' grant is means tested.** From April 2020, eligibility is restricted to age-eligible individuals earning less than R86 280 per annum if they are unmarried, and whose assets do not exceed R 1 227 600; for those who are married, the applicable limits are R172 560 per annum and R2 455 200 (National Treasury, 2020b, p.300).

**The older persons' grant has two benefit levels: individuals aged 60-75 years receive R1 860 per month (R22 320 per annum), while those above the age of 75 receive R1 880 per month (R22 560 per annum) (SASSA, 2020c).** The grant is paid on a sliding scale, with higher private income leading to a lower grant value.

**Approximately 3.7 million people received the older persons' grant** in the 2019/20 financial year, making it the second largest grant in terms of the number of direct beneficiaries (National Treasury, 2020b, p.294).

### 3.2.3. Child Support Grant

**The child support grant provides income support to parents and caregivers of children under the age of 18 years and is the country's largest social assistance programme by number of beneficiaries.** Established in 1998, the child support grant was initially available only to children under the age of seven. These grants are applied for by the parent or primary caregiver on behalf of the child; the parents and caregivers are deemed the grant recipients, while the children are the beneficiaries. In order to qualify for the child support grant, the primary caregiver must be a South African citizen, permanent resident or refugee, and both caregiver and child must reside in the country. Where primary caregivers are not the child's biological parents, they are required to prove their status as primary caregiver. While there is no limit to the number of biological children for whom a parent may receive the child support grant, primary caregivers may not apply for the grant for more than six non-biological children. Children who are cared for in state institutions are not eligible for this grant.

**The child support grant is also means tested, although only on self-declared (with evidence) income.** Where applicants are single, they must earn no more than R 52 800 per annum in order to qualify for the grant; for married applicants, the earnings threshold is raised to R105 600 (SASSA, 2020c).

**The value of the child support grant is R450 per month (R 5 400 per annum) from 1 October 2020 making it the lowest value grant amongst the pre-COVID-19 suite of social grants (SASSA, 2020c).** The child support grant was paid out to caregivers on behalf of approximately 12.7 million children in the 2019/20 financial year (National Treasury, 2020b, p.294).

### 3.2.4. Disability Grant

**Income support is provided to individuals between the ages of 18 and 59 years with permanent or temporary disabilities through the disability grant.** In order for individuals to qualify for the disability grant, they must provide a medical report confirming severe permanent physical or mental disability; this report must not be older than three months at the time of application. Further, applicants must be South African citizens, permanent resident or refugees; they must be resident in the country; and they may not be a direct beneficiary of any other grant. Individuals cared for in state institutions are not eligible for the disability grant.

**Disability grants may be permanent or temporary.** Temporary disability grants may be valid for between six and 12 months, after which the individual would need to reapply if he or she has not returned to work (GroundUp, 2017). Permanent disability grants may be reviewed every 12 months to determine continued eligibility (Social Security Administration, 2019).

**As with the older persons grant, the disability grant is means tested on both income and assets.** Single recipients of the grant may not earn more than R86 280 per annum or have assets in excess of R1 227 600. For married recipients, the income and asset thresholds are doubled to R172 560 and R2 455 200 respectively (National Treasury, 2020b, p.300).

**The disability grant is valued up to R1 860 per month (R22 320 per annum), on par with the older persons' grant (SASSA, 2020c).** The grant is paid on a sliding scale, with higher benefit levels for households with lower private income. In the 2019/20 financial year, approximately one million disability grants were paid out, making it the third largest social grant in terms of the number of beneficiaries (National Treasury, 2020b, p.294).

### 3.2.5. Care Dependency Grant

**The care dependency grant is aimed at supporting the care of children under the age of 18 years with mental or physical disabilities.** To be eligible, the child must have been found to have a disability that is both permanent and severe, and caregivers applying for the grant must avail the child for assessment by a medical officer. Caregivers applying for the care dependency grant are required to be South African citizens, permanent residents or refugees. Both the caregiver(s) and the child in question must be resident within the country. Children who are cared for in a state institution on a permanent basis are not eligible for the care dependency grant.

**Eligibility for the care dependency grant is subject to an income-based means test, except in the case of foster parents.** The current means test for the grant limits eligibility to single caregivers earning no more than R223 200 per annum and double that amount (R446 400) for married caregivers (National Treasury, 2020b, p.300).

**Like the older persons grant and the disability grant, the value of the care dependency grant is currently set at R1 860 per month (R22 320 per annum) (SASSA, 2020c).** In the 2019/20 financial year, almost 155 000 disabled children were covered by the care dependency grant (National Treasury, 2020b, p.294).

### 3.2.6. Foster Child Grant

**For children under the age of 18 years who have been placed in foster care by the courts, the foster child grant is available to foster parents who are South African citizens, permanent residents or refugees.** Further, both the foster parent applying for the grant and the child in question are required to reside within South Africa. Foster parents are no longer entitled to the grant once the child leaves their care. The foster child grant is unique amongst other South African grants in that eligibility is not conditioned on meeting a means test.

**The value of the foster child grant is currently R1 040 per month (R12 480 per annum) (SASSA, 2020c).** As of the 2019/20 financial year, just over 351 000 children were covered by the foster child grant (National Treasury, 2020b, p.294).

### 3.2.7. War Veterans' Grant

**The war veterans' grant is currently targeted at individuals who fought in World War II or the Korean War.** As such, this grant is currently 'ageing out' of the system and is now by far South Africa's smallest social assistance programme in terms of numbers of beneficiaries. In order to be eligible for this grant, veterans must be South African citizens or permanent residents, and must be resident within the country. Further, veterans must be at least 60 years old (a criterion that is now non-binding in practice) or disabled, should not be a direct beneficiary of any other social grant, and may not be cared for in a state institution.

**Eligibility for the war veterans grant is subject to an income- and asset-based means test.** Single applicants may not earn more than R86 280 per annum or have assets in excess of R1 227 600; for married applicants the respective thresholds are doubled to R172 560 and R2 455 200 (National Treasury, 2020b, p.300). This means test is consistent with that for the older persons grant, for war veterans would also be eligible.

**War veterans' grants provide R1 880 per month to beneficiaries, which is R10 per month higher than the upper tier value of the older persons' grant (SASSA, 2020c).** Over a year, the war veterans' grant is worth R22 560. As of the 2019/20 financial year, just 78 veterans were receiving war veterans' grants (National Treasury, 2020b, p.294).

### 3.2.8. Grant-in-Aid

**The grant-in-aid is an additional benefit to beneficiaries of either the older persons, disability, or war veterans grants who require someone to provide regular attendance for them due to their physical or mental disabilities.** The grant-in-aid is therefore not a standalone grant. Proof of the disability is required in order to access the grant, while those who are cared for in a state-subsidised institution are ineligible. There are no additional eligibility criteria, although applicants would have already complied with the specific criteria for whichever of the older persons, disability or war veterans' grant they receive.

The grant-in-aid is valued at R450 per month (R5 400 per annum) from 1 October 2020 (SASSA, 2020c). Almost a quarter of a million (247 000) adults received the grant-in-aid in the 2019/20 financial year (National Treasury, 2020b, p.294).

### 3.2.9. Social Relief of Distress

**Social relief of distress is "the temporary provision of assistance intended for persons in such dire need that they are unable to meet their or their families' most basic needs" (SASSA, 2020c).** Beneficiaries must be South African citizens, permanent residents or refugees, and must be resident in South Africa. In order access social relief of distress, individuals must meet at least one of the following criteria:

- They are waiting for payment of an approved social grant;
- They have been found to be medically unfit to work for pay in the short-term (less than six months);
- The household's breadwinner has died within the 12-month period preceding the application;
- The household's breadwinner has been admitted to a public or private institution for at least one month;
- They have been affected by a disaster as per the Disaster Management Act or the Fund Raising Act of 1978; or
- "Refusal of the application…will cause undue hardship" (SASSA, 2020c).

**Social relief of distress is approved for a maximum period of three months, although extensions for an additional three months can be made in exceptional circumstances.** Individuals who receive other grants are not eligible for social relief of distress.

**Unlike other grants, social relief of distress can take various forms.** For example, it may be issued in cash as income support, but it may also take the form of food parcels.

**In essence, then, the social relief of distress grant is a flexible social assistance intervention that allows government to deal with conventional temporary situations of need and to respond rapidly in emergency situations, such as natural disasters.** Social relief of distress has, for example, been a key way through which government has provided support in the context of the COVID-19 lockdown. Further, the COVID-19 grant discussed below is implemented as social relief of distress in the form of cash income support.

### 3.2.10.COVID-19 Social Relief of Distress Grant

**As its name suggests, the COVID-19 Social Relief of Distress Grant is an ad hoc intervention to address the economic fallout of the national lockdown.** Aiming to reach working-age individuals who are unable to access other forms of assistance, whether COVID-19-specific or conventional interventions, the grant has a relatively broad set of eligibility criteria. Specifically, applicants for the COVID- 19 grant must:

- Be a citizen or permanent resident of South Africa, or a refugee, special permit holder, or asylum seeker[2];
- Be a resident within the country;
- Be unemployed;
- Be over the age of 18 years;
- Not be in receipt of any income;
- Not be in receipt of a social grant of any kind;
- Not be receiving or eligible to receive benefits from the Unemployment Insurance Fund (UIF);
- Not be receiving a stipend from the National Student Financial Aid Scheme (NSFAS); and
- Not reside in a government-funded or -subsidised institution.

However, there is an important grey area in terms of the requirement to be unemployed as government has only a limited ability to confirm that an individual is unemployed. Certainly, government may be able to detect income-related financial flows through applicants' bank accounts, to identify individuals currently paying income tax or unemployment insurance contributions, and to know whether individuals are receiving unemployment benefit or NSFAS stipends. However, it cannot distinguish the economically inactive from the unemployed, or from those working for cash in the informal sector. **The consequence at the onset of this grant was that the pool of potential beneficiaries of this grant was massive, estimated between 8-15 million people, and the final numbers of beneficiaries would be a function of SASSA's ability to process applications.**

**The value of the COVID-19 grant was set at R350 per month for 6 months: May-October 2020, equivalent to R 4 200 per annum.** In October 2020 grant was extended for three more months until the January 2021. In their review of the COVID-19 response, the Auditor-General (2020) reports that R4.318 billion—just over one-third of the amount budgeted for the six-month intervention—had been paid out to a total of around 6 million approved applicants between May and November 2020.

### 3.2.11 Summary

Table 3.2 provides an overview of each of the grants discussed above.

2 In June 2020 asylum seekers whose Section 22 visas or permits were valid as of March 15, 2020 were also accepted to receive the COVID-19 grant in addition to special permit holders from Lesotho, Angola and Zimbabwe.

**Table 3.2. South Africa's Social Grants, 2020**

| | Older persons | Child support | Disability | Care dependency | Foster child | War veterans | Grant-in-aid | Social relief of distress | COVID-19 |
|---|---|---|---|---|---|---|---|---|---|
| Nationality | Applicant must be South African citizen, permanent resident or refugee | Applicant must be South African citizen, permanent resident or refugee | Applicant must be South African citizen, permanent resident or refugee | Applicant must be South African citizen, permanent resident or refugee | Foster parent must be South African citizen, permanent resident or refugee | Applicant must be South African citizen, permanent resident or refugee | None specified, but implied | Applicant must be South African citizen, permanent resident or refugee | Applicant must be South African citizen, permanent resident, refugee or asylum seeker, special permit holders from Lesotho, Angola or Zimbabwe |
| Residence | Resident in South Africa | Resident in South Africa (both caregiver and child) | Resident in South Africa | Resident in South Africa (both caregiver and child) | Resident in South Africa (both foster parent(s) and child) | Resident in South Africa | None specified, but implied | Resident in South Africa | Resident in South Africa |
| Age restrictions | Age 60 and above | Child aged 18 years or younger | Aged 18-59 years | Child under 18 years | Child under 18 years | Age 60 and above (or disabled) | None specified, but implied (i.e. 18 years or older) | None | Above the age of 18 years |
| Identity confirmation | Identity document or smart ID card | Identity document or smart ID card; birth certificate for child | Identity document or smart ID card | Identity document or smart ID card; birth certificate for care-dependent child | Identity document or smart ID card; birth certificate for foster child | Identity document or smart ID card | Identity document or smart ID card | None | Identity document or smart ID card |
| Documentary evidence required | | Confirmation that applicant is the child's primary caregiver | Report confirming disability within three months of date of application | Report confirming child's permanent severe disability | Court order indicating foster care status | | | Documentation only for specific cases | None, but SASSA verification of information in other government databases |

| | Older persons | Child support | Disability | Care dependency | Foster child | War veterans | Grant-in-aid | Social relief of distress | COVID-19 |
|---|---|---|---|---|---|---|---|---|---|
| Means-tested | Yes | Yes | Yes | Yes (excl. foster parents) | No | Yes | None specified, but implied | No | None, but SASSA verification of information in other government databases including the South African Revenue Service (SARS) |
| Income-based means test threshold | R86 280 per annum (single); R172 560 per annum (married) | R52 800 per annum (single); R105 600 per annum (married) | R86 280 per annum (single); R172 560 per annum (married) | R223 200 per annum (single); R446 400 per annum (married) | None | R86 280 per annum (single); R172 560 per annum (married) | None specified, but implied | None | None |
| Asset-based means test threshold | R1 227 600 (single); R2 455 200 (married) | None | R1 227 600 (single); R2 455 200 (married) | None | None | R1 227 600 (single); R2 455 200 (married) | None specified, but implied | None | None |
| Beneficiary | Older person | Child | Adult with a disability | Child | Child | War veteran | Adult, older person or war veteran, with a disability | Individuals or households | Unemployed adult with no income |
| Value (as of 1 April 2020), per beneficiary | R1 860 per month for 60-75 year-olds; R1 880 per month for those over 75 years | R440 per month | R1 860 per month | R1 860 per month | R1 040 per month | R1 880 per month | R440 per month | No set value | R350 per month for May-October 2020 only but in October the grant period was extended by 3 months until January 2021. |

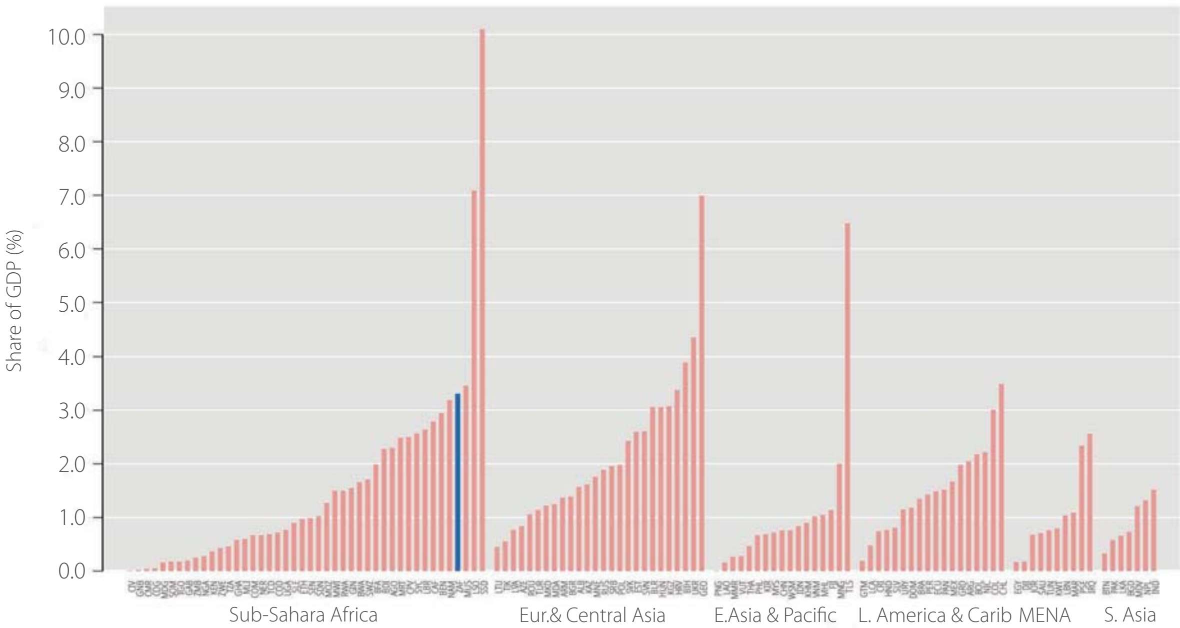
| | Older persons | Child support | Disability | Care dependency | Foster child | War veterans | Grant-in-aid | Social relief of distress | COVID-19 |
|---|---|---|---|---|---|---|---|---|---|
| COVID-19 adjustments | Between May and October 2020, the grant was increased by R250 per beneficiary. | In May 2020, the grant was increased by R300 per beneficiary (i.e. per child). For the months of Jun-Oct 2020, an additional R500 was paid per recipient (i.e. per caregiver, who may be receiving child support grants for multiple children). | Between May and October 2020, the grant was increased by R250 per beneficiary. | Between May and October 2020, the grant was increased by R250 per beneficiary. | Between May and October 2020, the grant was increased by R250 per beneficiary. | Between May and October 2020, the grant was increased by R250 per beneficiary. | Between May and October 2020, the grant was increased by R250 per beneficiary. | N.A. | N.A. |
| Sliding scale applicable | Yes | No | Yes | No | No | Yes | No | No | No |
| Eligible if receiving other grants | No | No | No | No | No | No | Only available if receiving older persons, disability or war veterans' grant | No | No |

| | Older persons | Child support | Disability | Care dependency | Foster child | War veterans | Grant-in-aid | Social relief of distress | COVID-19 |
|---|---|---|---|---|---|---|---|---|---|
| Other restrictions | | Not available for more than six non-biological or non-adopted children | | | Child must remain in the care of the foster parent(s) | Must have fought in World War II or the Korean War | Must require regular attendance by another person due to physical or mental disability | Range of specific circumstances in terms of which individuals are eligible, including that refusal of the application would cause undue hardship | Applicant may not receive any income, any social grant, any UIF benefits, or any stipend from NSFAS; Applicant may not qualify for UIF benefits |
| | Ineligible if cared for in a state institution | Ineligible if child cared for in a state institution | Ineligible if cared for in a state institution | Ineligible if child cared for in a state institution | | Ineligible if cared for in a state institution | Ineligible if cared for in state-subsidised institution caring for beneficiary | | Ineligible if resident in a government-funded or -subsidised institution |

## 3.3 Resourcing for Social Assistance in South Africa

**South Africa is one of the biggest spenders globally on social assistance as a share of GDP. The country allocates 3.3 percent of GDP to social assistance, the fourth-highest share in Sub-Saharan Africa and the tenth-highest share of all countries for which there is data.** details the level of spending on social assistance as a share of GDP across 124 countries globally. At 3.3 percent of GDP, this places the country higher than many of its peers, including Argentina (2.1 percent of GDP), the Russian Federation (1.9 percent), Mexico (1.7 percent), India (1.5 percent), Brazil (1.4 percent), and China (0.8 percent). While the preceding section clearly shows that social protection generally, and social assistance in particular, requires a substantial amount of resources from the state, this section puts these figures in an international context. It is clear that there is wide variation in the share of GDP allocated to social assistance around the world. However, the vast majority of countries are within the range of zero percent to four percent of GDP as just five countries have shares over four percent. These are South Sudan (10.1 percent of GDP), Lesotho (6.4 percent), Georgia (7.0 percent), Timor-Leste (6.5 percent), and the Ukraine (4.4 percent). At the opposite end of the spectrum, Côte d'Ivoire and Papua New Guinea allocate just 0.01 percent of GDP to social assistance spending.

**Figure 3.3. Spending on Social Assistance as Share of GDP, 2009-2016**




*Source:* *World Bank (2020a).*
*Note:* *Most recent estimates for 2009-2016 for 124 countries.*

explores the level of resource allocation in further detail, disaggregating the total by type of programme and comparing these with figures for Sub-Saharan Africa, upper-middle income countries, and all countries for which there is data. The high proportion of GDP allocated to social assistance in South Africa is reconfirmed: South Africa's 3.3 percent share is 3.4 times the median for Sub-Saharan African countries, 2.4 times the median for upper-middle income countries, and 2.9 times the global median. **Compared with other countries in Sub-Saharan Africa, South Africa is an outlier in terms of its resource allocations to unconditional cash transfers; at 1.27 percent of GDP it is 14.1 times the regional median. The country also spends 6.5 times the median share of GDP on school feeding, and 6.3 times the median share on public works. Compared with other upper-middle income countries, South Africa devotes relatively large proportions of GDP to social pensions and unconditional cash transfers, respectively 6.2 times and 4.7 times the medians for this group of countries.** Indeed, resource allocations to the social pension stand out across all three country groupings, indicating the uniqueness of the older persons grant within a global context.

**Table 3.3. Social Assistance Spending by Programme as Percent of GDP, 2009-2016**

| | South Africa | Sub-Saharan Africa | | Upper-Middle Income | | All | |
|---|---|---|---|---|---|---|---|
| | | Median | Ratio | Median | Ratio | Median | Ratio |
| All social assistance | 3.31 | 0.98 | 3.4 | 1.37 | 2.4 | 1.14 | 2.9 |
| Unconditional cash transfers | 1.27 | 0.09 | 14.1 | 0.27 | 4.7 | 0.17 | 7.5 |
| Social pension | 1.68 | 0.00 | - | 0.27 | 6.2 | 0.04 | 42.0 |
| School feeding | 0.13 | 0.02 | 6.5 | 0.00 | - | 0.00 | - |
| Public works | 0.22 | 0.04 | 6.3 | 0.00 | - | 0.00 | - |
| Food and in-kind | 0.01 | 0.04 | 0.3 | 0.01 | 1.0 | 0.02 | 0.5 |
| Fee waivers | 0.00 | 0.00 | - | 0.00 | 0.0 | 0.00 | - |
| Other social assistance | - | 0.00 | - | 0.01 | - | 0.01 | - |

*Source:* *World Bank (2020a).*

*Notes:* *(1) Most recent estimates for 2009-2016 for 124 countries. Ratios are calculated as the value for South Africa divided by the relevant median. (2) Programme figures do not add to the total for all social assistance due to differing data availability within countries across programmes.*

**The set of social assistance programmes implemented by the South African government requires a substantial commitment of resources on an ongoing basis, even if grant values are relatively low especially for the Child Support Grants.** For the system to be sustainable over time and for it to be possible to extend coverage or raise benefit levels, it is critical that the state is able to raise sufficient resources for—and allocate them to—social assistance.

**Social spending, broadly defined to include health, education, and social protection has generally accounted for just under one-half of total government spending over the past decade, or between 14 percent and 17 percent of GDP.** Of these three sets of expenditure, education is the largest, averaging 21.0 percent of total government spending (Table 3.4). Education is followed by social protection, which has averaged 15.4 percent of government spending over the period, while health has averaged 12.4 percent.

Of the three types of spending, **social protection spending has grown the most rapidly over the nine-year period, averaging 3.7 percent in real terms.** This is 0.4 percentage points per annum higher than the growth rate of total spending (3.3 percent); it also represents somewhat faster growth than occurred for health (3.3 percent per annum) and education (3.6 percent). In the case of the latter, at least part of this growth can be linked to the phased-in implementation of free tertiary education during the latter part of the period. **Due to the above average growth rate of spending, social protection has seen its share of consolidated government spending rise from 15.2 percent in 2010/11 to 16.2 percent in 2019/20.**

Within this context of a relatively robust rate of increase in spending on social protection, illustrates how real expenditure on social grants has increased since 2006/07. Overall spending on social grants increased by 2.9 percent per annum in real terms over the period, rising from R122.1 billion to R172.8 billion Rand in March 2020 prices. **Amongst the current suite of social grants, the three largest in terms of spending are the older persons grant, the child support grant, and the disability grant.** In 2018/19, R75.0 billion in March 2020 Rand was transferred to households through the older persons' grant, while a further R64.4 billion and R23.4 billion were transferred through the child support and disability grants.

**Table 3.4. Consolidated Government Spending, 2010/11-2019/20**

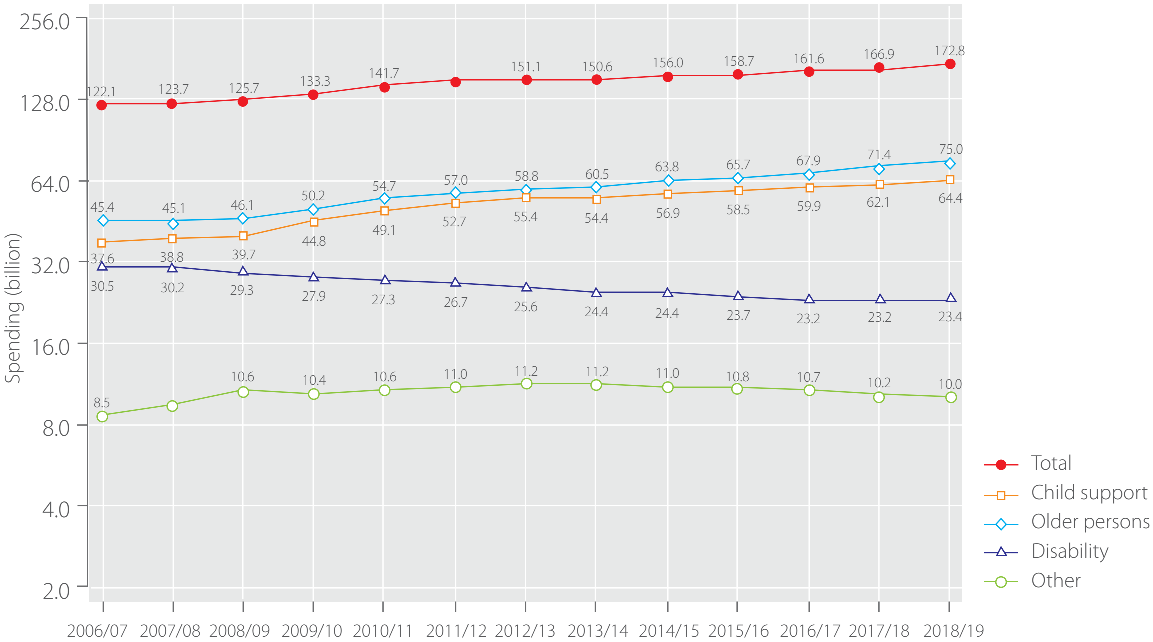
| Financial Year | Spending (R billions) | | | | Share (%) | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Health | Education | Social Protection | Health | Education | Social Protection | Combined Total |
| *Nominal R billions* | | | | | | | | |
| 2010/11 | 839.0 | 101.7 | 171.7 | 130.7 | 12.1 | 20.5 | 15.6 | 48.2 |
| 2011/12 | 922.0 | 115.1 | 197.4 | 140.4 | 12.5 | 21.4 | 15.2 | 49.1 |
| 2012/13 | 1 001.9 | 124.2 | 213.7 | 152.1 | 12.4 | 21.3 | 15.2 | 48.9 |
| 2013/14 | 1 095.7 | 133.0 | 230.4 | 170.3 | 12.1 | 21.0 | 15.5 | 48.7 |
| 2014/15 | 1 144.0 | 143.8 | 246.4 | 146.7 | 12.6 | 21.5 | 12.8 | 46.9 |
| 2015/16 | 1 303.2 | 154.8 | 265.1 | 201.7 | 11.9 | 20.3 | 15.5 | 47.7 |

| Financial Year | Spending (R billions) | | | | Share (%) | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Health | Education | Social Protection | Health | Education | Social Protection | Combined Total |
| 2016/17 | 1 379.8 | 172.7 | 286.8 | 219.4 | 12.5 | 20.8 | 15.9 | 49.2 |
| 2017/18 | 1 479.4 | 188.2 | 304.8 | 235.3 | 12.7 | 20.6 | 15.9 | 49.2 |
| 2018/19 | 1 591.4 | 203.6 | 341.5 | 259.3 | 12.8 | 21.5 | 16.3 | 50.5 |
| 2019/20 | 1 781.2 | 217.4 | 375.7 | 288.4 | 12.2 | 21.1 | 16.2 | 49.5 |
| *Real R billions, March 2020 prices* | | | | | | | | |
| 2010/11 | 1 358.9 | 164.8 | 278.1 | 211.7 | 12.1 | 20.5 | 15.6 | 48.2 |
| 2011/12 | 1 414.8 | 176.6 | 303.0 | 215.5 | 12.5 | 21.4 | 15.2 | 49.1 |
| 2012/13 | 1 456.6 | 180.5 | 310.7 | 221.2 | 12.4 | 21.3 | 15.2 | 48.9 |
| 2013/14 | 1 505.6 | 182.7 | 316.6 | 234.0 | 12.1 | 21.0 | 15.5 | 48.7 |
| 2014/15 | 1 488.1 | 187.1 | 320.6 | 190.8 | 12.6 | 21.5 | 12.8 | 46.9 |
| 2015/16 | 1 611.9 | 191.5 | 327.9 | 249.5 | 11.9 | 20.3 | 15.5 | 47.7 |
| 2016/17 | 1 605.6 | 201.0 | 333.8 | 255.3 | 12.5 | 20.8 | 15.9 | 49.2 |
| 2017/18 | 1 644.0 | 209.1 | 338.7 | 261.5 | 12.7 | 20.6 | 15.9 | 49.2 |
| 2018/19 | 1 689.9 | 216.2 | 362.6 | 275.4 | 12.8 | 21.5 | 16.3 | 50.5 |
| 2019/20 | 1 815.5 | 221.6 | 382.9 | 294.0 | 12.2 | 21.1 | 16.2 | 49.5 |
| *Average annual growth rate (2010/11-2019/20)* | | | | | | | | |
| Nominal | 8.7 | 8.8 | 9.1 | 9.2 | | | | |
| Real | 3.3 | 3.3 | 3.6 | 3.7 | | | | |

*Source:* *National Treasury (2014a, 2015a, 2016a, 2017a, 2018a, 2019a, 2020a); Statistics South Africa (2020b).*

*Note:* *Nominal expenditures deflated using average headline CPI for April to March of each year. Updated figures based on the Supplementary Budget have not yet been released. Spending as a share of GDP is presented in Table B.1 in the appendix.*

**Figure 3.4. Real Spending on Grants, 2006/07-2018/19 (log scale)**



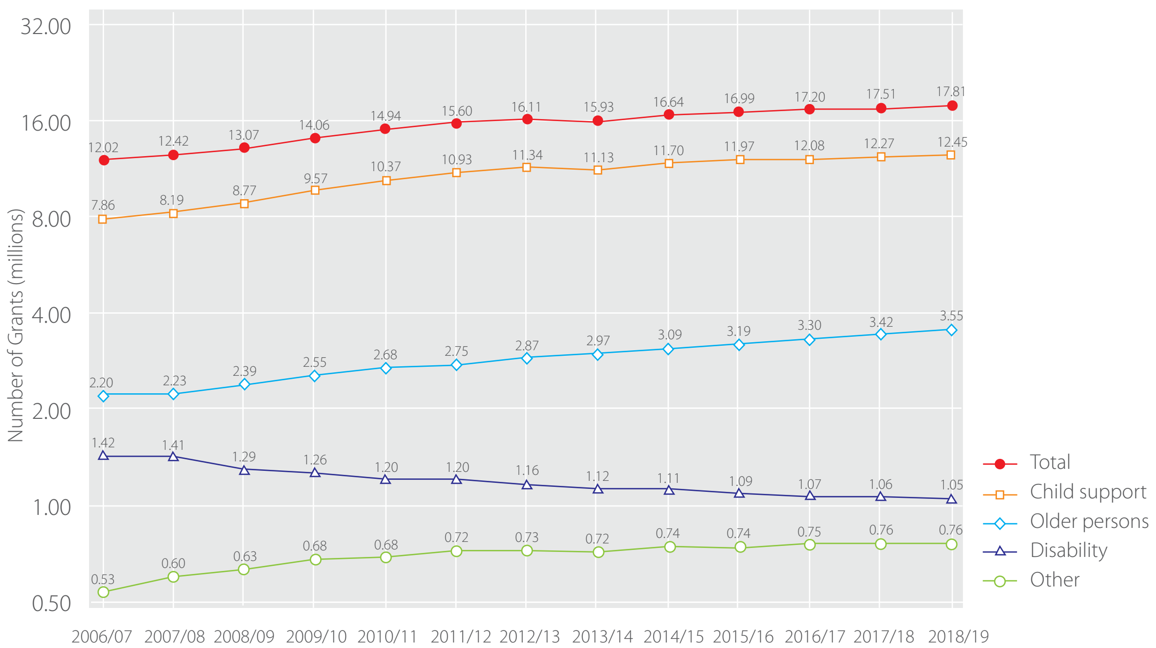

*Source:* *Own calculations, SASSA (2019); Statistics South Africa (2020b).*

*Notes:* *Grants included under 'Other' are the care dependency grant, the foster child grant, grant in aid, social relief of distress, and the war veterans' grant. Spending figures are deflated to March 2020 prices using average headline CPI for April to March of each year. Full details are available in Table B.2 in the Appendix.*

**Both the older persons' grant and the child support grant have seen above average growth in real spending over the period: real spending on these two grants increased by an average of 4.3 percent and 4.6 percent per annum respectively. This is in line with the relatively strong increases in beneficiaries observed for both of these grants during this period of 4.1 percent and 3.9 percent respectively** (see discussion of). In contrast, spending via the disability grant has declined by almost a quarter in real terms over the 12 years, equivalent to an annual contraction of 2.2 percent on average. This fall in spending, alongside declines in the much smaller foster child grant and war veterans' grant, has served to dampen the overall increase in spending over the period.

**On average, though, spending on grants has not kept pace with the growing number of beneficiaries** (): while total spending across all grants (excluding social relief of distress) increased by 2.9 percent on average per annum, the number of direct grant beneficiaries (or the number of grants paid out) increased by 3.3 percent. This indicates a **decline in the average monetary value of grants paid out by the South African government over the 12-year period and is largely the result of a shift in the composition of grants towards low value child support grants as access to this grant increased.** Indeed, the data indicates that the average annual grant paid per beneficiary fell from R10 153 in 2006/07 to R9 676 in 2018/19 in March 2020, a decline of 4.7 percent. However, over time the values of the major grants have gradually increased in real terms. The older persons' and disability grants have increased from R1 641 in April 2020 in October 1994 to R1 860 in April 2020, a growth rate of approximately 0.5 percent per annum in real terms. The child support grant has increased from R319 in April 2020 when it was implemented in July 1998, to R450 in October 2020, equivalent to real growth of 1.4 percent per annum.

**Figure 3.5. Number of Grants, 2006/07-2018/19**




*Source:* *Own calculations, SASSA (2019).*

*Notes:* *Grants included under 'Other' are the care dependency grant, the foster child grant, grant in aid, and the war veterans' grant. Full details are available in Table B.2 in the Appendix.*

In the 2018/19 financial year, SASSA paid out 17.81 million grants, up from 13.07 million a decade earlier and 14.94 million in 2010/11. Given the national population of 57.94 million in mid-2018 (Statistics South Africa, 2019a), this suggests a coverage rate of 30.7 percent of the South African population. **An estimated 75 percent of the grant recipients are women.** Women are the bulk (97 percent) of the recipients of the (12 million) child support grants and they are roughly half of the beneficiaries of the other social programs (approx. 12 million beneficiaries).

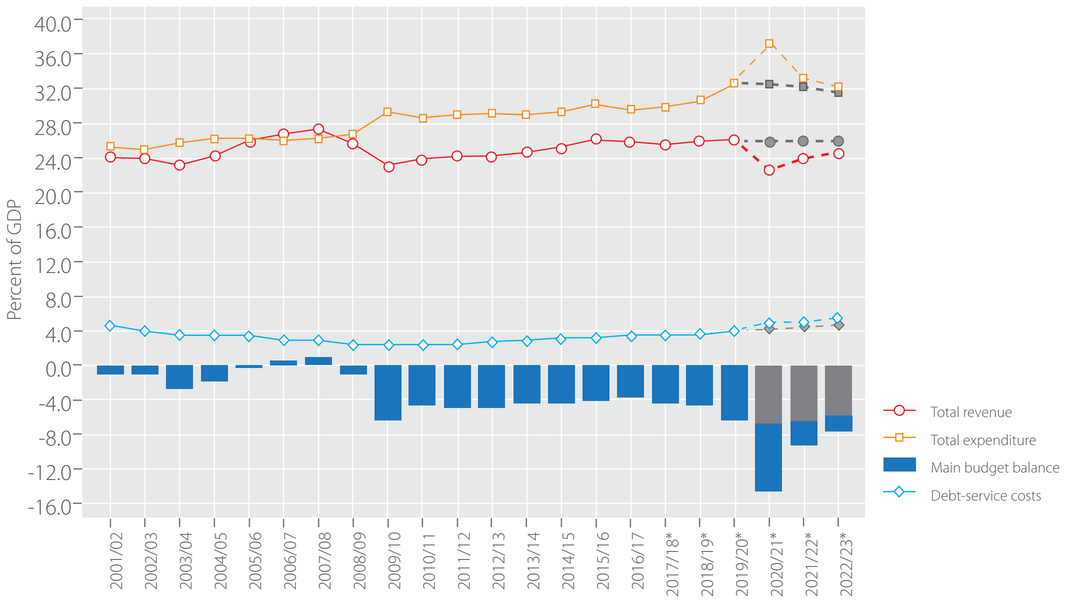
**The overall increase in the number of grant beneficiaries is clearly driven by growing numbers of beneficiaries of the older persons grant and the child support grant.** Beneficiaries of these two grants increased by 5.95 million over the 12 years considered here, compared to the overall increase of 5.8 million. In contrast, the number of disability grant beneficiaries fell by almost 375 000, outweighing the increase of 225 000 observed for the remaining grants. This latter increase was primarily driven by an increase in the number of beneficiaries of the grant-in-aid, which grew by an average of 17.5 percent per annum over the 12 years from 32 000 to 222 000.

**The data on spending and numbers of beneficiaries reveal the dominance of the older persons' grant, the**

**child support grant, and the disability grant within the social grants system.** Together, these three grants accounted for 94.2 percent of total spending on grants and 69.9 percent of the total number of grants in the 2018/19 financial year. This high proportion of spending relative to the number of grants is driven by the fact that the older persons' grant and the disability grant are two of the highest value grants, as shown in Table 3.2.

**For the first 15 years of the post-apartheid era, there was increasing fiscal space available to government to roll out new programmes and expand existing ones.** This was particularly true once government debt levels had been stabilised and later reduced, and coincided with the improving growth performance, particularly in the decade preceding the global financial crisis. However, South Africa has failed to rebuild fiscal buffers since the global financial crisis. Fiscal balances have deteriorated as a result of rising expenditures, especially transfer to public corporations, the public sector wage bill, and debt service payments (Figure 3.7). As a result, while the country generated budget surpluses in 2006/07-2007/08, since 2009/10 it has maintained large budget deficits of between 3.8 percent and 6.5 percent of GDP. The projected deficit of 6.8 percent of GDP in the 2020/21 financial year does not account for the economic fallout of the COVID-19 pandemic, with more recent estimates putting the deficit as high as 15.7 percent of GDP in 2020/21.

**Figure 3.6. Main Budget Aggregates for South Africa since 2001/02 (percent of GDP)**




*Source:* *National Treasury (2020a, c).*

*Note:* *Data for 2017/18 and 2018/19 are preliminary outcomes; data for 2019/20 are revised estimates; and data for 2020/21 onwards are medium-term estimates; these are indicated by an asterisk (*). Estimates from 2020/21 onwards that are in grey are from the 2020 National Budget, while those in colour are from the Supplementary Budget released in June 2020.*

**A key concern in this regard has been the increase in the public sector wage bill.** Real public sector salaries increased by around 40 percent during the past 12 years (National Treasury, 2020a), with compensation of employees projected to represent 32.8 percent of consolidated public spending in 2020/21 (National Treasury, 2020a). At the same time, debt service costs have been the fastest rising budget category and are expected to reach 4.8 percent of GDP in 2020, risking crowding out much needed social expenditures. The projected impact of the pandemic on government finances is clear from the figure. Together, the expected impacts on revenues and expenditures imply a budget deficit of 15.3 percent of GDP in 2020/21, more than twice the original estimate. Thus, the projected budget deficits for the next three financial years are higher than any recorded since 2001/02.

**The deteriorated fiscal situation and need for consolidation to restore debt sustainability implies trade-offs in government expenditures over the next few years.** The 2020 Medium-Term Budget Policy Statement reveals the need to realign the composition of spending from consumption towards investment and to reduce budget deficits. The consolidation plan relies principally on a significant reduction of the compensation of public sector employees. However, it also presents conservative assumptions for social protection spending, which is assumed to grow by about 2.2 percent per annum over the next few years in nominal terms. This holds important implications for spending on social assistance and the DSD and SASSA will need to actively pursue solutions, such as improving efficiencies, that reduce the impact of budget cuts on grant recipients.

**Consolidated government spending has increased by an average of 8.7 percent per annum in nominal terms, or 3.3 percent per annum in real terms between 2010/11 and 2019/20 (; spending as a share of GDP is presented in Table B.1 in the appendix).** According to figures presented in the national budget in February 2020, total government spending reached R1.78 trillion in 2019/20, which is up by roughly one-third in real terms since 2010/11.

## 3.4. Administration and Delivery of Social Protection and Social Assistance

### 3.4.1. Institutions and coordination of social assistance

**Social assistance in South Africa relies on an intricate network across the three spheres of government, its agencies, and partnership with implementers** such as state-funded institutions, Non-Governmental Organisations (NGOs), Community-Based Organisations (CBOs), and Faith-Based Organisations (FBOs) to deliver services to vulnerable people and communities. As noted above, the national Department of Social Development (DSD) has overall responsibility and accountability for provision of social assistance to reduce poverty, vulnerability, and the impact of HIV and AIDS guided by the 'Batho Pele' principle that places people at centre of service delivery (Department of Social Development, n.d.). It also has the responsibility for national legislation, the overall policy environment and to coordinate.

**At the national level, social assistance is delivered and monitored through five programmatic areas** in the Strategy Plan 2015-2020: i) *administration* manages governance risk and monitoring and evaluation component of the department; ii) *social assistance* is responsible for the delivery of the eight grants; iii) *social security policy and administration* enables development of policy and removes barriers to access for beneficiaries, iv) *welfare services policy* puts systems in place for efficient delivery of social services; and, and v) *social policy and integrated service delivery* supports community-based interventions and provides the research for evidence based policy making. The baseline indicators are set every five years in the national strategy and implemented through the Annual Performance Plans (Department of Social Development, 2015).

**Provincial departments follow similar programmatic categorisation; administration, social welfare services, children and families, restorative services and development and research**, with a heavier emphasis on individual, household, and community welfare programs to reflect this proximity to grass root challenges (Western Cape Department of Social Development, 2020; Gauteng Department of Social Development, 2020). The decentralised provincial and municipal structures coordinate with national DSD to an extent and largely independent in program design and implementation. Provincial departments have additional policies and laws[3] guided and consistent with the constitution and national policies.[4]

**National and local level have been moving towards an integrated approach to service delivery to poor and vulnerable people, but it still remains fragmented.** One of NDP 13 commitment is to build uniformity across social development system and that consistency is maintained across different spheres through the monitoring framework embedded in the five-year strategies and the annual performance plans. However, there is no integrated monitoring and evaluation system with national level and monitoring is still heavily paper based. While provincial departments monitor the same indicators across the five programmatic areas,[5] it is not clear how they link with national targets and indicators. The development of a joint data management system would enable all levels to access information, but such a system is still a long way away, although it is contained in the national strategy 2015-2020.

**To an extent, the three spheres of government provide similar services and programs at varying scale and impact, and there are some overlaps and duplication of some programs.** Decentralisation brings services closer to people in line with 'Batho Pele' principles and benefit poor and vulnerable families, but it can be often confusing for applicants to know where to go to access services. A similar offer of programs across provinces and local districts such as youth programs and extended public works may limit impact and reach with beneficiaries double dipping across programs. Coordination could be improved. For instance, each province registers early childhood development centres (ECDs) and issues best practices and conditional grants, but these functions are also provided by national DSD creating duplication of functions and added admin for ECDs, which are NPOs government relies on for service delivery. Nutrition programs and relief to vulnerable people are also administered at the three spheres. The other services include shelter and programs for homeless, old age homes, for people with disabilities and those requiring assistance to substance abuse, victims of gender-based violence and the prevention thereof.

**DSD established the South African Social Security Agency (SASSA) mandated by the South African Social Security Act of 2004 to ensure an effective and efficient administration, management, and payment of social assistance** (Department of Social Development, 2019, p.54). SASSA is regulated, operationalised and reports under the social assistance of DSD's five programme areas (Department of Social Development, 2019, p. 43). As of 2019, the agency has a network of 9 provincial offices, 46 district offices, 389 local offices, 1163 service points, and 1740 pay points nationwide (SASSA, 2019a, p.12).

3 Example: Western Cape Commissioner for Children's Act, (2/ 2019) Section 78 of the Constitution of the Western Cape, 1997, establishes the office of a provincial Commissioner for Children and provides that the Commissioner must assist the Western Cape Government in protecting and promoting the rights, needs, and the interests of children in the Province. Western Cape Strategic Plan 2020-2025. P 15.

4 Examples: *The Gauteng Strategic Policy Framework on Gender Equality and Women Empowerment* (Gauteng Annual Report 2019/20. *Western Cape Provincial Strategy for the Provision of Child and Youth Care Centres (CYCCs)* (2016) in the Western Cape Department of Social Development Strategy 2020-2025.

5 Based on Strategic Plans, Annual Performance Plans and Annual Reports for Limpopo, Gauteng, and Western Cape.

Despite the heavy footprint of offices throughout the country, beneficiary access to services remains a challenge to the extent that SASSA and the department are implementing Project Mikondzo and the Integrated Community Registration Outreach Programme (ICROP) to improve the service delivery, and to increase access to social assistance to poor beneficiaries (Department of Social Development, 2019, p. 81).

**But there are issues related to capacity within SASSA.** SASSA (2019, p.88) reported a vacancy rate of 55.9 percent as of 31 March 2019. This is a problem experienced broadly across the organisation and in critical areas. For example, vacancy rates were reported to be 67.5 percent in Fraud and Compliance, 61.8 percent in Internal Audit and Risk Management, 65.5 percent in Information and Communications Technology, and 77.8 percent in Strategy and Business Development. However, of the 10 477 vacant posts just 332 were funded (SASSA, 2019b, p.88); in other words, SASSA is only allowed to fill three percent of these vacancies. Recent problems associated with the implementation of the COVID-19 grant serve to highlight these capacity constraints, which are largely linked to the current weak fiscal situation.

### 3.4.2. Delivery systems of social assistance

**Applications for social grants take place in person at one of the 360 local SASSA offices** (except for the COVID-19 grant which has an electronic application process discussed below). Applicants should bring their 13-digit South African national ID number and supporting documents related to children, disability, residency, assets and income, marital status, etc. Based on the form filled out by the applicant at the local SASSA office it takes SASSA up to three months to process the application and cross-check the documentation with the national systems to confirm eligibility. The applicants are informed via letter about the status of their application and, if admitted, they are added to the database and pay lists for the programme for which they qualify. Biometric enrolment was tried in 2018 using an external service provider but phased out later that year due to a dispute between SASSA and Labour Unions.

As noted in the grant descriptions above, **all social grants (except the foster child grant) are means tested in different ways** using the national ID number and income or assets as a basis and comparing the applicants' documentation against the national databases such as the South African Revenue Service (SARS).

**The information system used to manage the social grants is called the Social Grant Payment System (SOCPEN)** and is mainly used for:

- processing applications for the old age, disability, war veterans, child support, foster child and care dependency grants;
- generating a pay file monthly for the approximately 17 million grants; and
- automatically producing a list of beneficiaries due to be reassessed.

**The SOCPEN interfaces with the Department of Home Affairs ID system and a number of other government databases such as the government's payroll system, the Unemployment Insurance Fund, the National Treasury, and the Department of Basic Education learner database.** However, it does not interface with the SARS database with income information and also not with databases of the Department of Employment and Labour, and Public Works which have information on jobseekers and those benefitting from public employment programs. SOCPEN includes data for all major social grant applicants (eligible and non-eligible) and all the payments made to them. The COVID-19 top-ups of the existing social grants are all recorded in SOCPEN except for the special new COVID-19 grant.

**In addition, within the DSD the Social Development Integrated Case Management System (SDICMS) enable the tracking of social services for households.** DSD services that are currently covered include: Household and Community Profiling, Child Protection Register, Probation Case Management, Victims Empowerment, and Adoptions and Register of Adoptable Children and Prospective Adoptive Parents. While the face-to-face grant application process at the local offices and the ***up to*** 90-day period to determine eligibility seem cumbersome and lengthy, it is necessary to collect all the information which are needed for the system. The face-to-face meeting with local social workers is also important for case management and ensuring households get the right kinds of social service support and counselling for their needs. The Integrated Community Registration Outreach Programme (operating in some wards) enables poor and vulnerable people to access government services within their reach. According to the SASSA annual report, the time spent processing social grants continues to be narrowed as 98.88 percent (1 618 503 of 1 636 755) of grants were processed within 10 days, while 84 percent (1 372 781 of 1 636 755) were processed within one day.

**While SOCPEN is largely a database for grant management, there is no real functioning social registry in South Africa with the ability to link together all social services for its citizens. However, in order to comprehensively address the triple challenge of poverty, unemployment and inequality the National Development Plan (Vision 2030) proposes the development of the National Integrated Social Protection Information System (NISPIS).** At the beginning, in 2014, the DSD wanted to measure education outcomes for social grant recipients with the view to locate and improve the wellbeing of vulnerable children through education as an essential building block in the progress towards sustainable development. Hence, efforts were made to link the SASSA grants databases, other social service databases of the DSD, NSFAS student bursaries, with the learner databases of the Department of Basic Education (DBE), the Department of Health information system and Home Affairs. The vision is also to add links to the databases of Department of Rural Development, CoGTA, Department of Employment and Labour, Department of Public Works and Infrastructure, and Department of Transport. NISPIS would also be accessible by provinces and districts.

**Today the NISPIS project is well underway, although it has taken a back seat to other urgent priorities during the COVID-19 period.** A steering committee has been put in place to develop and implement the NISPIS. A thorough strategy and costed process of linking systems are necessary to move forward. A number of assessments of the existing social databases in various departments have been undertaken, and a set of recommendations have been made available for how datasets can be made interoperable, both functionally and technically. The NISPIS has the potential to lead to a better tracking, not just of social grant recipients and beneficiaries, but also those who receive other kinds of social assistance such as those participating in the EPWP or the recent Employment Stimulus program. It may be possible to strengthen the support that social grant recipients get in accessing employment services such as those provided by the Department of Employment and Labour or the Presidential Youth Employment Intervention Pathway Management Network.

**The need for the social protection system to quickly identify households and individuals affected by joblessness, loss of income, and food insecurity caused by the COVID-19 pandemic exposed that there was no good central information system that could identify people in need.** While existing social grants could top up benefits, there was no central way of knowing who the newly affected households were. Especially urgent was the need to increase food distribution and to provide support to informal sector workers who did not qualify for the UIF.

In addition, the scale up of food distribution programs during the COVID-19 lockdown received a lot of criticism as media reported on food packages ending up with the wrong people and extremely long queues of hungry people at distribution points. A number of databases were consulted such as that of the school nutrition programme at the DBE, the indigent registry, SOCPEN, and the malnutrition databases of the Department of Health. However, lists were not compatible. **A unified registry or interoperable information systems may have facilitated the identification of food insecure households, improved the targeting, and enhanced the effectiveness of the food parcels distributed during the COVID-19 crisis.**

**Moreover, the COVID-19 crisis also exposed that no good central system existed for identifying informal sector workers who lost their income as a result of the lockdown.** Because needs were urgent and a national lockdown was in effect it was not possible for SASSA to accept new applications at their local offices, which had been closed down. In record time, SASSA had to build up a new application and registration system to handle the huge caseload of millions of applications for the special COVID-19 grant using all electronic means. Using public announcements, in early May 2020 SASSA opened a fully digital process where applicants sent in their applications and supporting documentation via WhatsApp, SMS, USSD, or online. At the end of June, social workers were also dispatched to some areas to assist applicants who had difficulty using the electronic methods. By the end of November 2020, over 9 million complete applications had been received and around 6 million had been approved.[6] . To determine eligibility of applicants SASSA checks the master applications with six databases: SARS, the Department of Home Affairs, UIF, SOCPEN, and the NSFAS. Further, for eligible applicants, banking information is checked with the National Treasury. The COVID-19 grant is fully administered outside the SOCPEN system. Examples of how Chile and Turkey have developed social registries and interoperable databases for better managing social protection programmes are described in Box 4.

6 Many applications were received but about half of them were duplications or incomplete and were therefore not considered for further processing.

**Box 4: Interoperability and Integrated Social Protection Information Systems: Chile & Turkey**

Chile's Social Registry of Households (RSH) is one example of a highly interoperable system that combines self-reported information from citizens and real-time data exchange with numerous other administrative systems. Chile first pioneered the development of a social registration and eligibility system (Ficha CAS) in the early 1980s, with the Ficha CAS proxy-means testing system serving multiple social programs early on in its inception. The RSH built on that early experience with the Ficha CAS system and was developed in response to the concrete changes and operational needs of the Chile Solidario initiative, which links extreme poor families to numerous benefits and services with active social worker intermediation and outreach. The design of a national system for social protection addressed the lack of communication among information systems managed by different agencies for numerous programs serving the Chile Solidario initiative. The 2004 law creating the Chile Solidario System included a mandate for the creation of a Social Information Registry (RIS), combining both the Household Social Registry (RSH) with an Integrated Beneficiary Registry (RIB) that links numerous program beneficiary registries. The RSH now covers about 75 percent of the Chilean population and serves over 80 programs. Citizen interface is permanent, integrated, and dynamic: citizens can apply for over 80 social programs, update their information, and access their information online or through local offices. Self-reported information includes family composition, housing conditions, education, health, occupation, and income. Data drawn from other administrative systems include information on: taxes, social security contributions, unemployment insurance, pensions, health insurance, education, and property and vehicle ownership, and so forth. Interoperability is facilitated by a unique National ID. The RSH operates within the context of an Integrated System for Social Information (SIIS), with real-time two-way links to an Integrated Beneficiary Registry that permits coordination of both the demand for social programs (via the Social Registry) and the supply of programs (via the Integrated Beneficiary Registry).

**Turkey's Integrated Social Assistance System (ISAS)** also maintains real-time interoperability with numerous information systems (population registry, social security, education and health, land registry, revenue administration, agriculture, etc.). This capacity was developed to consolidate parallel social registries that were largely paper-based systems and to reduce the amount of time needed to collect appropriate paper documents and complete the processing of applications. With the improved technology, the Integrated Social Assistance Service System (ISAS), Bütünlesik, was developed within the context of a broader digital governance strategy, allowing program administrators to query in real time and online a large number of government databases to verify the status of households applying for social assistance. At present, the system gives online query access to 22 institutions and 28 databases through a web service system and is used by numerous social programs. For all social assistance programs, the initial application involves presentation of the applicants' National ID numbers and signing of a consent form to allow institutions to review their information. A socio-economic profile is generated in ISAS by linking datasets from various institutions to the citizen's unique national ID number. The profile is then assessed for completeness of information, inconsistencies, and potential eligibility via data exchange with numerous information systems (population registry, social security, education and health, land registry, revenues administration, agriculture, etc.). Subsequently, a social worker carries out a home visit to collect and verify information of households and their member using a standardised questionnaire (with approximately 50 questions). At present, this home visit questionnaire is still paper based, but there are plans to move to a digital interface. Once information from the home visit is digitalised, the Social Registry is available for use by 17 programs (as of 2017), including various types of income support (such as CCT, old age and disability pension), Universal Health Insurance subsidies, scholarships and other educational supports, and so forth.

*Source: World Bank (2017). "Social Registries for Social Assistance and Beyond: A Guidance Note & Assessment Tool.*

There has been a gradual shift within the social assistance system towards paying grants electronically, rather than having people come to pay-points to collect their grants in cash. Figure 3.8 provides estimates of the share of grants paid through the banking system between 2004/05 and 2010/11. Over this period, the proportion increased from 10.8 percent to 37.5 percent, an increase of almost 250 percent.[7] **Today, the vast majority of payments are made electronically via SASSA debit cards (Mastercards) which can be used at any ATM and major retailers, or to the applicants' own bank accounts.** Payments are made timely on a monthly basis during the first days of each month. A small number of beneficiaries, mainly in rural and remote areas still retrieve their payments in person/over the counter at a physical pay-point, commonly the local Post Bank, which does not offer online or mobile banking. While the Post Bank has an important role in boosting financial inclusion, its range of services has so far been limited. Postbank only accepts deposits—it does not offer loans. **SOCPEN and the digital payment system of the South African grant system make it possible to pay millions of grants quickly and timely to the right beneficiaries every month.** In September/October 2020 SASSA also piloted a new cash send/mobile money option intended to make it easier for unbanked recipients to obtain their grants but only to 100 000 recipients (see more below). **Hence, to date very few social grant payments are made using mobile technology and bank payments dominate.**

**Another main challenge with the social grant payment system is the last mile, namely the withdrawal and use of funds by the beneficiaries.** While the first part of the payment delivery chain – from the government to the beneficiaries' accounts/debit cards – is highly digitised, the

7 More recent data are not available to complete the figure.

last mile distribution related to how the beneficiary accesses, withdraws, and uses the funds is still a challenge in South Africa. First, retailers are often overwhelmed by volumes of grant recipients who withdraw money on paydays even though the SASSA card can be used as a debit card. This (even pre-COVID) leads to long lines of people waiting at retailers on payday at the beginning of each month. Second, ATM machines and retailers who accept debit cards are scarce in townships and rural zones where many beneficiaries live. Recipients are not able to use local spaza shops (small informal convenience shop) or other local convenience stores to withdraw cash or to make purchases using the SASSA card. Instead, many recipients, especially in rural areas, must travel far incurring transport expenses and dedicating significant time to reach urban centres to be able to access and spend the grant money. Due to these costs, many beneficiaries tend to withdraw the full amount of their funds up-front.

**Engaging the extensive network of spaza shops and other informal vendors in the digital payments ecosystem is an enormous opportunity to overcome the last mile challenges while supporting commerce in poor neighbourhoods.** There is a gap in SASSA's vendor model and in South Africa's ecosystem for digital payments more broadly. Spaza shops and informal vendors in townships and rural zones are largely outside of the digital payments eco-system. Most spaza shops and other informal vendors do not have electronic card readers and cannot accept debit cards, only accepting cash. The relatively high cost of a point-of-sale system and the fees associated (approx. 3.5% of transacted value) with these payments make cash more attractive for spaza shop owners. Most spaza shops are informal, some are owned by migrant workers, and their regulatory environment is complicated. In short, improving the last mile accessibility would reduce the travelling and queueing for grants, reduce transport costs, enhance social distancing, and stimulate the local economy if grant payments were made available closer to where recipient households live and in places where they normally shop and trade. Importantly, engaging spaza shops in grant payments would however require that service quality assurance measures are in place – especially for older persons.

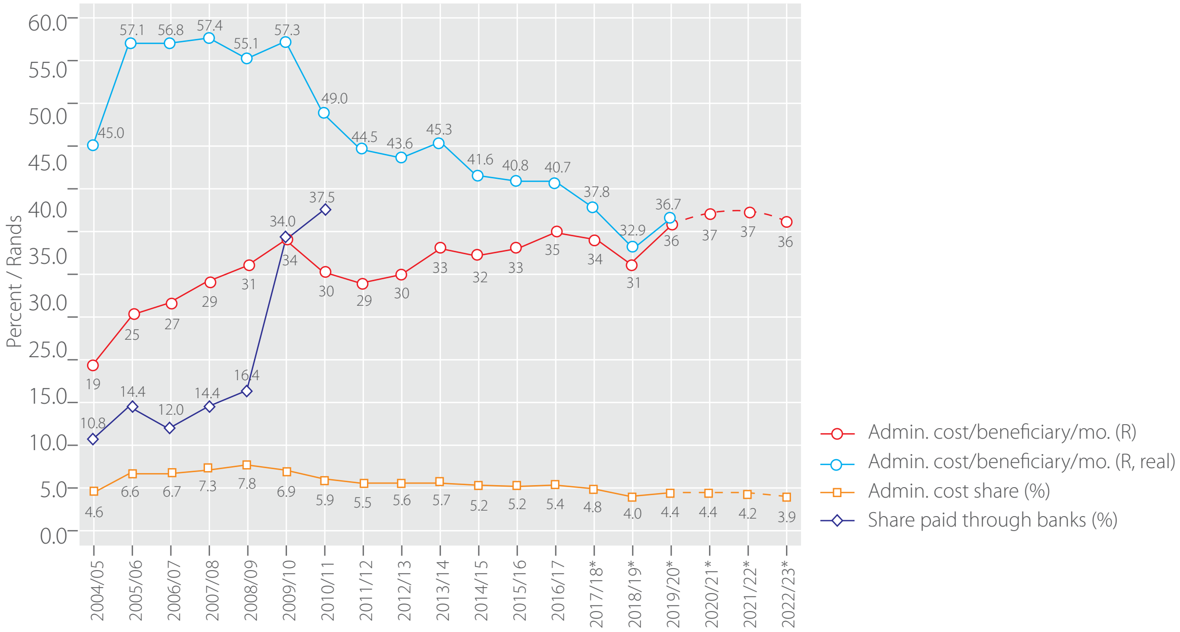
**New mobile payments have been piloted but providing payments outside the formal banking system remains challenging.** The total number of around 6 million people paid though the COVID-19 grant is right in the middle of the 5-8 million that SASSA expected in the first few months of the grant. Around 4.07 million payments were made though the Post Bank (which was meant as the default option), another 1.7 were made through direct deposits to bank accounts, and approximately 100 000 payments were made through the new cash send/mobile money channel. For the first time, mobile payments which can be cashed out via ATMs without a debit card were tried, although the number of people reached through that channel was much lower than expected. According to SASSA, this was due to a requirement that there has to be a positive link between the applicant and the mobile number into which the grant would be paid. As the majority of applicants did not have phones registered in their name the direct link could not be established. In June 2020 SASSA also reported that some COVID-19 grant payment challenges were encountered as the system could not pay out multiple payments to the same bank account or mobile number. It is evident that challenges still remain in how social assistance payments can be effectively delivered to people outside with limited financial inclusion, and how the social grant system can also be leveraged to enhance the financial inclusion of the population. As the Presidential Employment Stimulus rolls out wage payments to around 800 000 temporary workers in early 2021 opportunities for innovation may be possible.

**SASSA and DSD have invested significantly in the new electronic application and management system for the special COVID-19 grant.** Although the COVID-19 grant is temporary and may only be active until January 2021, the investments made in the system will likely continue to benefit existing grant programs for processing applications electronically. Especially, it is expected that the regular Social Relief of Distress Grant will be able to benefit for this investment to help process applications electronically and making more payments in cash instead of in-kind.

### 3.4.3. Administration of social assistance

**There is comparatively little data available about the efficiency with which the South African government has been able to administer the social assistance system.** Currently, two relevant measures are published as part of the national budget documentation, namely the average cost of administering social assistance per month (administrative cost per beneficiary per month), and the administration costs as a proportion of the social assistance transfers budget. A third measure—the share of beneficiaries receiving payments through the banking system—an indirect measure of administrative efficiency, was published between 2004/05 and 2010/11. The evolution of these three measures is presented in Figure 3.8, with the current MTEF projections indicated by dotted lines.

**Figure 3.7. Efficiency of Social Assistance Administration since 2004/05**




*Source:* *National Treasury (2008, 2009, 2010b, 2011, 2012b, 2013, 2014b, 2015b, 2016b, 2017b, 2018b, 2019b, 2020b).*

*Note:* ** Data for 2017/18 and 2018/19 are preliminary outcomes; data for 2019/20 are revised estimates; and data for 2020/21 onwards are medium-term estimates. Real administration cost figures are deflated to March 2020 prices using average headline CPI for April to March of each year.*

**In the 2019/20 financial year, the latest for which there is actual data, it is estimated that it cost an average of R36 per month to pay each grant.** While this is almost double the R19 estimated for 2004/05, in real terms the cost has declined significantly. Between 2005/06 and 2009/10, administration costs per beneficiary per month were around R57 in March 2020 prices; however, this fell to R49 in 2010/11 and generally continued falling thereafter, reaching a low of R32.90 in 2018/19 before rising again to R36.70 in the following year. This means that in 2018/19, the latest year for which there is data on numbers of and expenditure on grants, the average cost of administering social assistance represented 4.1 percent of the value of the average grant. This is down 2.6 percentage points (or around two-fifths) from 6.7 percent in 2006/07.

**This decline in the average cost of administering social assistance is further reflected in the declining proportion of the social assistance transfers budget that is allocated to administration.** This indicator peaked at 7.8 percent in 2008/09 but has subsequently declined by just over two-fifths to 4.0 percent in 2018/19 and 4.4 percent in 2019/20.

**Between 2004/05 and 2010/11, the proportion of grants paid through banks more than tripled from 10.8 percent to 37.5 percent.** According to more recently published data (SASSA 2020d), virtually all beneficiaries in July 2020 were paid through either the South African Post Office (SAPO)/Postbank (8.3 million, or 72.7 percent), ACB/Banks (2.2 million, or 19.0 percent), or Grinrod Bank (944 000, or 8.3 percent).

# 4. Social Assistance Programme Performance

In this chapter we assess the performance of the social grant system in terms of providing adequate support to the poorest, and preventing and addressing vulnerability and inequality. The chapter also presents the impacts and outcomes of social assistance programs in South Africa on a number of economic and social outcomes and reviews the spending efficiency and value for money of the current social assistance system. It also puts South Africa's performance in perspective against global evidence and other UMICs. Finally, the chapter discusses the Government's social protection response to the COVID-19 pandemic and its impacts.

## 4.1. Coverage and Adequacy

### 4.1.1. Coverage

**As noted previously, official data on the number of grants paid out by SASSA suggest a coverage rate of social assistance of 30.7 percent of the total population.** This is relatively close to the estimate of coverage from the Living Conditions Survey 2014/15 data in terms of direct beneficiaries.[8] As Table 4.1 indicates, the coverage rate for all social assistance programmes is estimated at 33.1 percent in 2014/15. This slightly higher figure aligns with the relatively high estimate from this survey of the number of children receiving child support grants.

**Table 4.1. Social Assistance Coverage Rates (%), Direct Beneficiaries Only, 2014/15**

| | Pre-Transfer Distribution | | | | | | Post-Transfer Distribution | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Q1 | Q2 | Q3 | Q4 | Q5 | Total | Q1 | Q2 | Q3 | Q4 | Q5 |
| All social assistance | 33.1 | 56.1 | 45.9 | 36.0 | 21.4 | 5.8 | 33.1 | 46.8 | 47.2 | 40.3 | 24.4 | 6.6 |
| Older persons | 5.8 | 9.1 | 7.1 | 4.8 | 4.9 | 3.1 | 5.8 | 3.2 | 7.5 | 7.9 | 6.8 | 3.6 |
| Disability | 2.2 | 4.0 | 3.0 | 2.2 | 1.5 | 0.5 | 2.2 | 1.3 | 3.3 | 3.8 | 2.2 | 0.6 |
| Child support | 24.1 | 41.0 | 34.6 | 28.2 | 14.6 | 2.1 | 24.1 | 41.3 | 34.9 | 27.3 | 14.9 | 2.3 |
| Care dependency | 0.2 | 0.4 | 0.4 | 0.2 | 0.1 | 0.0 | 0.2 | 0.1 | 0.4 | 0.4 | 0.1 | 0.0 |
| Foster child | 0.7 | 1.6 | 0.9 | 0.5 | 0.4 | 0.1 | 0.7 | 0.9 | 1.1 | 0.9 | 0.4 | 0.1 |
| Grant-in-aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other, e.g. social relief | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Age-specific coverage rates* | | | | | | | | | | | | |
| Child support (<18 yrs) | 67.2 | 86.9 | 81.1 | 76.3 | 49.7 | 9.2 | 67.2 | 85.6 | 81.4 | 75.2 | 51.0 | 9.9 |
| Older persons (60 yrs+) | 71.8 | 96.6 | 94.6 | 85.5 | 70.6 | 28.3 | 71.8 | 89.0 | 94.1 | 91.0 | 77.8 | 31.7 |

*Source:* *Own calculations, Statistics South Africa (2015a).*

*Note:* *(1) Figures for the war veterans grant are not included as no respondents in the Living Conditions Survey 2014/15 report receiving the grant. (2) The two age-specific coverage rates refer to the proportions of the age-eligible population covered by the child support or older persons grants.*

**The overall coverage rate is driven primarily by the child support grant: it is estimated that nearly one-quarter of the population were direct beneficiaries of the grant in 2014/15. This is followed by the older persons grant (5.8 percent) and the disability grant (2.2 percent).** Between them, the remaining grants account for just 0.9 percentage points of the overall coverage rate. Given that each of the grants has its own age-eligibility criteria, Table 4.1 also provides age-specific coverage rates for the child support and older persons grants. **Coverage rates were high for both grants: 67.2 percent of children under the age of 18 years received child support grants, while 71.8 percent of adults aged 60 years and above received the older persons grant.**

**Coverage is the highest among the poorest households.[9]** Considering the post-transfer distribution, almost half (46.8 percent) of individuals in quintile 1 households were direct beneficiaries of social assistance, compared to 6.6 percent of those within quintile 5 households. Here too, this difference is largely the result of difference in coverage of the child support grant, which ranges from 41.3 percent in quintile 1 to just 2.3 percent in quintile 5. The difference is even wider in terms of the age-specific coverage rate: amongst children under 18 years, 85.6 percent of quintile 1 children were covered compared to 9.9 percent of quintile 5 children. In contrast, inter-quintile differences in coverage rates for the older persons' grant are small: just 4.3 percentage points between the highest and lowest quintile-specific coverage rates.

For the older persons' grant, coverage at the population level was highest in quintile 3 (7.9 percent), while age-specific coverage was highest in quintile 2 (94.1 percent). This is linked to the reordering of the pre-transfer income distribution due to the magnitude of the older persons grant. Thus, for example, coverage rates for each of the grants was highest in quintile 1 of the pre-transfer distribution. It is estimated that 56.1 percent of

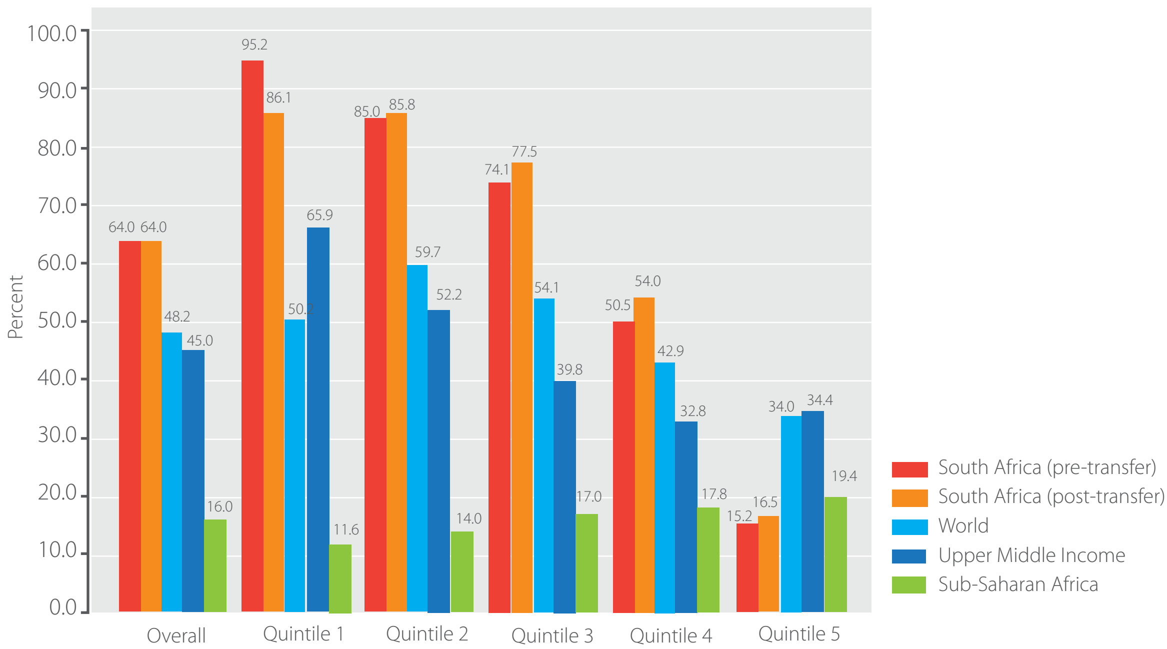
8 See Appendix A for detail regarding the identification of direct grant beneficiaries in the Living Conditions Survey 2014/15

9 Throughout this report, where figures are reported across the pre- and post-transfer distributions, these are the distributions of per capita household income. The post-transfer distribution is the distribution observed in the data, while the pre-transfer distribution is a hypothetical distribution that is created by removing income from social assistance from respondents' reported incomes. It is important to note, however, that this pre-transfer distribution is unable to account for changes in the structure of households or the patterns of household formation that would occur in the absence of social assistance transfers.

the pre-transfer quintile 1 population were direct beneficiaries of social assistance, with coverage falling to 45.9 percent in quintile 2 and 36.0 percent in quintile 3. Age-specific coverage rates indicate that the older persons' grant was virtually universal amongst adults aged at least 60 years in the poorest 40 percent of the population, while the child support grant reached at least four out of five children within this cohort.

Given that household members also benefit indirectly from an individual receiving a social grant, these indirect beneficiaries can be considered to be covered. The inclusion of indirect beneficiaries within the measure nearly doubles the coverage rate for all social assistance. Thus, **in 2014/15, close to two-thirds (64.0 percent) of the South African population either received a social grant or were co-resident with someone who received a grant** (Figure 4.1).

**Figure 4.1. Coverage of Direct and Indirect Social Assistance Beneficiaries across Quintiles**




*Source:* *World Bank (2020a) and own calculations, Statistics South Africa (2015a).*
*Notes:* *Data for regional averages are for the 2008-2016 period; data for South Africa are for 2014/15.*

**The coverage of South Africa social assistance grants is four times the level of coverage in Sub-Saharan Africa (16.0 percent) and around one-third higher than the global average (48.2 percent across all quintiles); it is also substantially higher than the average coverage rate amongst upper middle income countries (45.0 percent across all quintiles).** Based on estimates from the ASPIRE database (World Bank 2020a) (see Table B.3 in the appendix), South Africa compares favourably with upper middle income countries such as Argentina (coverage of 19.8 percent), Brazil (23.7 percent), China (43.8 percent), Mexico (32.5 percent), and Turkey (18.0 percent). However, coverage rates are even higher in Botswana (73.8 percent), Malaysia (82.8 percent), and the Russian Federation (67.9 percent).

**Disaggregating the population by income quintile confirms the strong progressivity in coverage rates in South Africa**, with coverage of social assistance programmes falling from 95.2 percent in quintile 1 of the pre-transfer distribution to 15.2 percent in quintile 5. Thus, the quintile 1 coverage rate is more than six times that in quintile 5. A similar pattern is observed for South Africa's post-transfer distribution. While the average upper middle income coverage rates also decline as welfare increases, the decline is more gradual, falling from 65.9 percent in quintile 1 to 34.4 percent in quintile 5. Globally, coverage rates are highest in quintile 2, while in Sub-Saharan Africa they are correlated with level of welfare, rising from 11.6 percent in quintile 1 to 19.4 percent in quintile 5. Few upper middle income countries can compare to South Africa in terms of coverage rates amongst the poorest quintile of the population. In terms of the pre-transfer distribution, the only countries with coverage rates of over 90 percent are Belarus (91.8 percent), Botswana (94.9 percent), Georgia (92.9 percent), and Malaysia (94.2 percent), making South Africa the top performer on this metric. **By regional and global standards, therefore, not only is overall coverage of social assistance in South Africa high, but it is also so strongly targeted at the poorest 60 percent of the population that coverage in quintile 5 in South Africa is less than half the average for upper middle income countries.**

**Given potential demographic differences across quintiles and the significant differences in the values of the various grants, it is useful to analyse the extent to which the mix of grants received at different points of the income distribution may differ.** Table 4.2 presents a breakdown of grants received by the population within each of the five quintiles. According to the survey estimates, nearly three-quarters (73.0 percent) of all grants received in 2014/15 were child support grants. A further 17.7 percent were older persons' grants, while disability grants accounted for 6.8 percent of the total. Together, these three grants accounted for more than 97 percent of all grants received by respondents.

**Table 4.2. Composition of Grants Received by Households across the Pre-Transfer Distribution, 2014/15**

| | Overall | Quintile 1 | Quintile 2 | Quintile 3 | Quintile 4 | Quintile 5 |
|---|---|---|---|---|---|---|
| *Number of grants ('000s)* | | | | | | |
| Any social assistance | 18 102 | 6 145 | 5 026 | 3 947 | 2 344 | 640 |
| Older persons | 3 178 | 1 002 | 781 | 528 | 532 | 336 |
| Disability | 1 232 | 436 | 330 | 245 | 163 | 57 |
| Child support | 13 206 | 4 496 | 3 784 | 3 093 | 1 598 | 235 |
| Care dependency | 121 | 43 | 39 | 25 | 11 | 4 |
| Foster child | 373 | 171 | 96 | 58 | 41 | 8 |
| Grant-in-aid | 8 | 3 | 1 | 1 | 1 | 2 |
| War veterans | 0 | 0 | 0 | 0 | 0 | 0 |
| Other (e.g. social relief) | 5 | 2 | 1 | 1 | 2 | 0 |
| *Proportion (%)* | | | | | | |
| Any social assistance | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Older persons | 17.6 | 16.3 | 15.5 | 13.4 | 22.7 | 52.6 |
| Disability | 6.8 | 7.1 | 6.6 | 6.2 | 7.0 | 8.9 |
| Child support | 73.0 | 73.2 | 75.3 | 78.4 | 68.2 | 36.7 |
| Care dependency | 0.7 | 0.7 | 0.8 | 0.6 | 0.5 | 0.6 |
| Foster child | 2.1 | 2.8 | 1.9 | 1.5 | 1.7 | 1.3 |
| Grant-in-aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 |
| War veterans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other (e.g. social relief) | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |

*Source:* *Own calculations, Statistics South Africa (2015a).*

*Note:* *Figures for the war veterans grant are not included as no respondents in the Living Conditions Survey 2014/15 report receiving the grant*

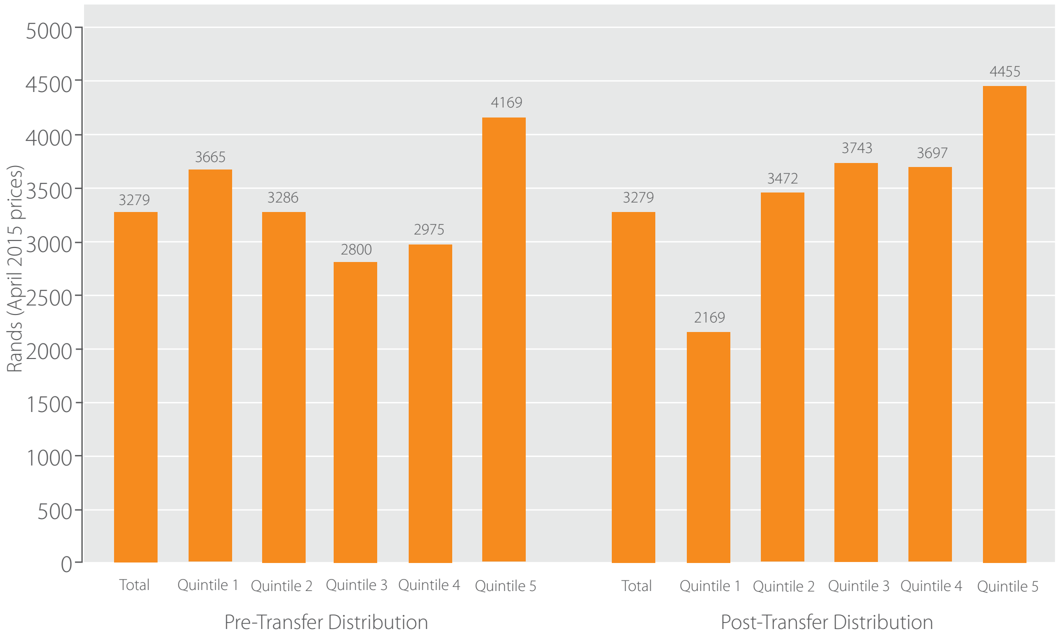
**Amongst the poorest three pre-transfer quintiles, child support grants account for around three-quarters of all grants received.** Even in quintile 4, nearly seven out of ten (68.2 percent) of grants are child support grants. However, in quintile 5 this proportion falls to just over one-third (36.7 percent). Instead, amongst the richest 20 percent of the population, the older persons grant dominates, accounting for 52.6 percent of all grants received by this group. This is more than three times the proportion observed in the poorest three quintiles (13-17 percent) and more than twice the proportion in quintile 4 (22.7 percent). The data also illustrates that the disability grant is relatively more common amongst quintile 1 and quintile 5 households, while the foster child grant is relatively more common amongst quintile 1 households. These differences are the result of a number of factors related to household structures and differences in means tests, amongst others, and have implications for some of the patterns that will be observed below (for example, benefit incidence).

**Therefore, overall social assistance coverage rates in South Africa are high relative to other upper middle income countries and relative to other countries in the region. Importantly, this high rate of coverage is combined with a strong focus on poorer individuals and households, such that coverage amongst the quintile 1 population in South Africa is around five times that of the quintile 5 population.** This helps to ensure that a large proportion of the benefits of the system accrues to the poor and is a crucial requirement for a social assistance system to be able to impact efficiently on poverty and inequality. **At the same time, even in terms of the pre-transfer distribution, high-value grants such as the older persons' grant and the disability grant make up larger proportions of all grants received by richer quintiles. Conversely, low-value grants such as the child support grant dominate the mix of grants within the poorer quintiles.**

### 4.1.2. Adequacy/Benefit Levels

In order to begin to understand the impact of social assistance transfers, one must know how much households are receiving. Figure 4.2 presents the average transfer value per capita per annum for beneficiary households only. Both direct and indirect beneficiaries are included in the calculation. **On average, beneficiary households received social assistance transfers of R3 279 per capita in April 2015 prices. This is equivalent to an average of R15 798 per household per annum.** To put these figures in perspective, the upper bound poverty line in April 2015 prices was R11 904 per capita per annum (R992 per capita per month).

**Figure 4.2. Average Transfer Value Per Capita, Beneficiary Households Only, 2014/15**

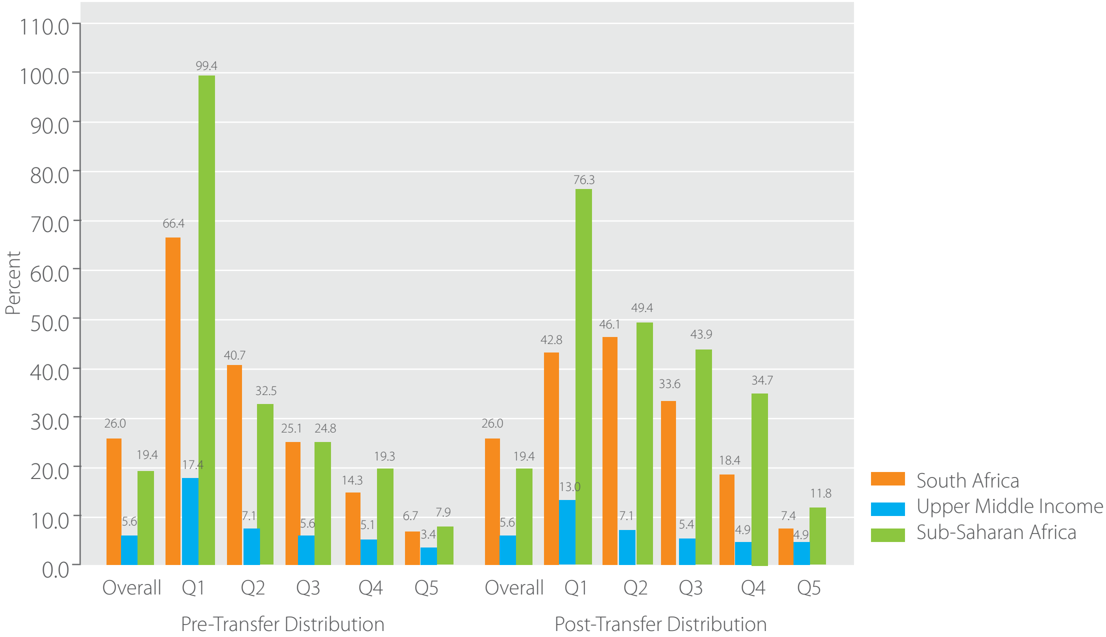



*Source:* *Own calculations, Statistics South Africa (2015a).*
*Notes:* *Average per capita transfer value is calculated excluding households that do not report receiving any grants.*

What is clear from the pre-transfer distribution is **that per capita transfers are largest for the top quintile (R4 169 per capita), followed by the poorest quintile (R3 665).** The average transfer per capita in the middle three quintiles ranges between R2 800 and R3 300. At least two factors contribute to this pattern. First, as already mentioned, better-off households tend to have fewer members, resulting in higher per capita transfers. The second relates to the pattern of grant types received by the beneficiaries across the five quintiles. A breakdown of the composition of grants across the quintiles of the pre-transfer distribution was presented in Table 4.2. There, it was shown that the older persons' grant was more common within quintile 5 households than was the case in any other quintile: 52.6 percent of grants received by the quintile 5 population were older persons' grants, compared with 17.6 percent for the population as a whole. Overall, high value grants such as the older persons' and disability grants represent a higher proportion of total grants received by quintile 5 than they do in other quintiles, thereby contributing to higher average transfer values per capita for quintile 5.

The absolute value of the transfers made by government are a first step in assessing their importance in supporting consumption amongst the poor in particular. The value of social assistance can be related directly to individuals' welfare through the measure referred to as the adequacy, or generosity, of benefits. The adequacy of benefits is defined as the total transfer received by beneficiaries relative to their total welfare, with welfare an appropriate money-metric measure such as income or consumption. Thus, the adequacy of benefits in quintile 1 is calculated as the amount of transfers received by beneficiaries within quintile 1 divided by the total income or consumption of beneficiaries in quintile 1. The adequacy of benefits across income quintiles is presented in Figure 4.3. For South Africa, the measure of welfare is per capita household expenditure. **Overall, social assistance transfers in South Africa are equivalent to 26.0 percent of beneficiaries' expenditure. This is a higher proportion than in Sub-Saharan Africa (19.4 percent) and is almost five times the proportion in upper middle income countries (5.6 percent). Thus, social assistance is relatively generous in South Africa when compared to beneficiaries' expenditure.** Only one upper middle income country has a significantly higher adequacy rate than South Africa: Belarus, where social assistance benefits represent 42.2 percent of beneficiaries' expenditure (see Table B.3). Adequacy rates comparable to South Africa's are observed in Georgia (29.2 percent), the Maldives (24.8 percent), and Mauritius (28.8 percent). In contrast, South Africa performs particularly well compared to China (2.3 percent), Colombia (5.1 percent), Malaysia (1.7 percent), Peru (6.8 percent), the Russian Federation (6.8 percent), and Turkey (6.5 percent).

**Figure 4.3. Social Assistance Benefits as a Share of Total Expenditure (Adequacy of Social Assistance Benefits) across Quintiles**




| | |
|---|---|
| *Source:* | *World Bank (2020a) and own calculations, Statistics South Africa (2015a).* |
| *Notes:* | *(1) Data for regional averages are for the 2008-2016 period; data for South Africa are for 2014/15. (2) For South Africa, the welfare measure is per capita household expenditure as recorded in the survey. (3) The ASPIRE database does not include estimates for the World.* |

The pattern of adequacy of benefits across the income distribution in South Africa is broadly similar to the patterns observed in both upper middle income and Sub-Saharan African countries: adequacy is highest for the poorest quintile and falls consistently to the richest quintile. Sub-Saharan Africa performs particularly well in terms of adequacy of benefits for the poorest quintile: social assistance transfers account for 99.4 percent of consumption in quintile 1 of the pre-transfer distribution and 76.3 percent in the post-transfer distribution. **In South Africa, social assistance accounts for two-thirds of expenditure for beneficiaries in quintile 1 of the pre-transfer distribution.** In contrast, amongst upper middle income countries, this proportion is only 17.4 percent. Adequacy in the lowest quintile of the pre-transfer distribution is estimated at 34.0 percent in Brazil, 7.5 percent in China, and 15.1 percent in Thailand, but is as high as 124.1 percent in Belarus, 83.0 percent in Georgia, and 63.9 percent in Mauritius. **Adequacy rates are particularly high in South Africa's rural areas—the overall adequacy rate is 41.4 percent in rural areas (compared to 19.5 percent in urban areas),** and rates are highest in the Northern Cape (36.8 percent), Eastern Cape (35.7 percent), and Limpopo (35.7 percent) provinces—indicating a severe lack of alternative income sources, such as wage income or even subsistence agriculture, in these areas. Estimates of adequacy by geographic location can be found in Figure B.2 in the Appendix.

**While adequacy rates drop off quite quickly of higher quintiles,** social assistance transfers are still equivalent to 40.7 percent of beneficiaries' expenditure in quintile 2 and 25.1 percent in quintile 3 of the pre-transfer distribution. By quintile 4, the adequacy rate in South Africa drops below that of Sub-Saharan Africa and, by quintile 5, the three adequacy rates are similar.

**Overall, the South African government made social assistance transfers equivalent to 7.3 percent of individuals' total expenditure** in 2014/15 (Table 4.3). This is referred to as the relative incidence of social assistance, which is defined as the proportion of social assistance transfers within total expenditure. Relative incidence is very similar to adequacy of benefits, with the key difference being that where adequacy of benefits considers only the income or expenditure of direct and indirect beneficiaries, relative incidence covers the entire population. The two largest contributors to this figure were the older persons' grant and the child support grant; transfers in terms of these two grants accounted for 3.2 percent and 2.6 percent of total expenditure respectively. The disability grant accounted for a further 1.2 percent of expenditure, with the remaining grants accounting for around 0.3 percent.

The figure of 7.3 percent obscures wide variation in relative incidence across the income distribution. **Within the pre-transfer distribution, social assistance transfers accounted for 60.7 percent of quintile 1 expenditure, 31.9 percent of quintile 2 expenditure, and 16.6 percent of quintile 3 expenditure.** The older persons' grant accounts for 25.5 percentage points of the total for quintile 1, and this contribution roughly halves from one quintile to the next, falling to 13.0 percent in quintile 2, 6.1 percent in quintile 3, 3.2 percent in quintile 4, and just 0.5 percent in quintile 5. A similar pattern is observed for the disability grant. The child support grant's contribution to quintile 1 relative incidence is slightly lower at 21.6 percentage points, falling to 12.3 percentage points in quintile 2, and just 0.1 percentage points in quintile 5.

**Table 4.3. Relative Incidence, (%), 2014/15**

| | Overall | Quintile 1 | Quintile 2 | Quintile 3 | Quintile 4 | Quintile 5 |
|---|---|---|---|---|---|---|
| *Pre-Transfer Distribution* | | | | | | |
| All social assistance | 7.3 | 60.7 | 31.9 | 16.6 | 6.4 | 0.7 |
| Older persons | 3.2 | 25.5 | 13.0 | 6.1 | 3.2 | 0.5 |
| Disability | 1.2 | 10.4 | 5.3 | 2.6 | 0.9 | 0.1 |
| Child support | 2.6 | 21.6 | 12.3 | 7.2 | 2.0 | 0.1 |
| Care dependency | 0.1 | 0.9 | 0.5 | 0.3 | 0.1 | 0.0 |
| Foster child | 0.2 | 2.3 | 0.8 | 0.4 | 0.1 | 0.0 |
| Grant-in-aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other (e.g. social relief) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Post-Transfer Distribution* | | | | | | |
| All social assistance | 7.3 | 31.8 | 34.6 | 23.1 | 8.4 | 0.8 |
| Older persons | 3.2 | 8.4 | 14.0 | 10.1 | 4.5 | 0.6 |
| Disability | 1.2 | 3.0 | 5.8 | 4.6 | 1.4 | 0.1 |
| Child support | 2.6 | 19.2 | 12.9 | 7.3 | 2.2 | 0.1 |
| Care dependency | 0.1 | 0.2 | 0.7 | 0.4 | 0.1 | 0.0 |
| Foster child | 0.2 | 0.9 | 1.2 | 0.7 | 0.1 | 0.0 |
| Grant-in-aid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other (e.g. social relief) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

*Source: Own calculations, Statistics South Africa (2015a).*
*Note: Figures for the war veterans grant are not included as no respondents in the Living Conditions Survey 2014/15 report receiving the grant.*

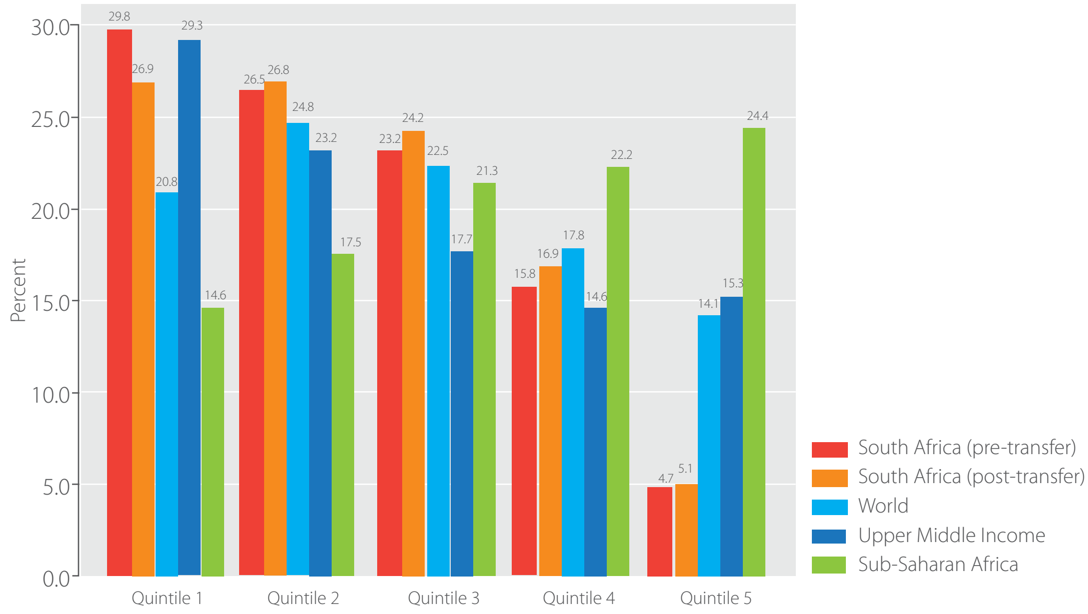
**These patterns are quite different in the post-transfer distribution. Relative incidence is around one-third in quintiles 1 and 2, falling to 23.1 percent in quintile 3, 8.4 percent in quintile 4, and 0.8 percent in quintile 5.** However, in quintile 1 of the post-transfer distribution the child support grant is the dominant contributor to the relative incidence estimate at 19.2 percentage points. This is more than twice the contribution of the older persons' grant (8.4 percentage points) and more than six times the contribution of the disability grant (3.0 percentage points). However, by quintile 2 the older persons grant has overtaken the child support grant (14.0 percentage points compared to 12.9 percentage points) and remains the largest contributor in each of the higher quintiles. The disability grant is a particularly large contributor in quintiles 2 and 3 (5.8 percentage points and 4.6 percentage points respectively).

## 4.2. Inclusiveness

### 4.2.1. Targeting

**Most social assistance beneficiaries can be found in the lower income groups.** Higher coverage rates amongst the poorest segments of South Africa's population relative to better-off groups translate into high proportions of social assistance beneficiaries at the lower end of the income distribution. Figure 4.4 presents the distribution of direct and indirect beneficiaries across quintiles using both the pre- and post-transfer distributions for South Africa. In 2014/15, the poorest three quintiles accounted for the lion's share of direct and indirect beneficiaries: in the pre-transfer distribution, these quintiles accounted for 79.5 percent of all beneficiaries, with 29.8 percent in quintile 1 alone. In contrast, just 4.7 percent of beneficiaries were resident in quintile 5 households. A similar pattern is observed in the post-transfer distribution, although beneficiaries are slightly less concentrated in the lower quintiles.

**Figure 4.4. Distribution of Social Assistance Beneficiaries Across Quintiles**



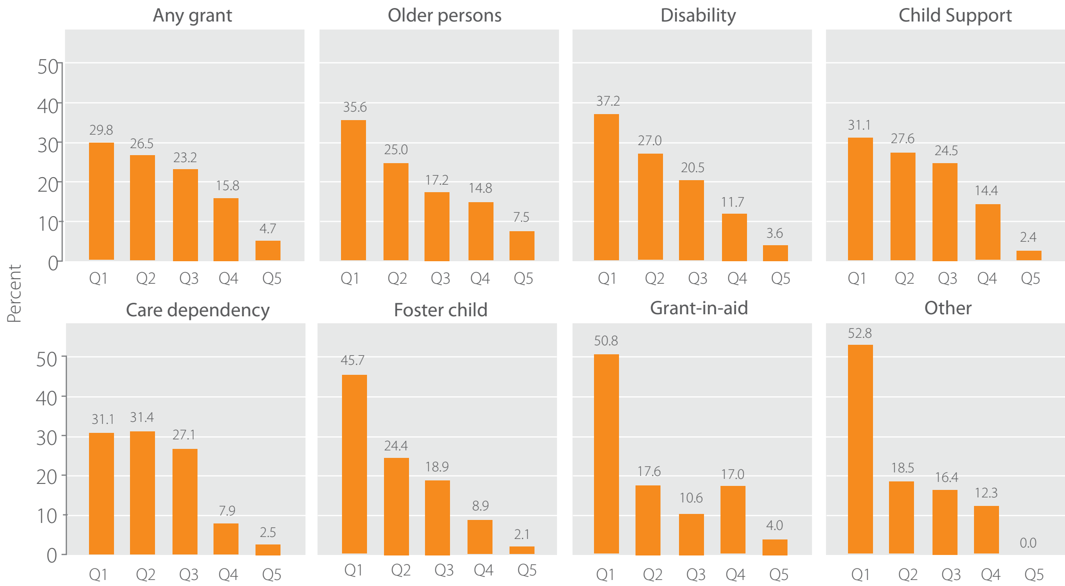

*Source:* *World Bank (2020a), and own calculations, Statistics South Africa (2015a).*

*Notes:* *(1) Data for regional averages are for the 2008-2016 period; data for South Africa are for 2014/15. (2) Beneficiaries include direct and indirect beneficiaries.*

South Africa performs well in the international comparison. On average, amongst all the countries in the ASPIRE database, 68.1 percent of beneficiaries are found in the poorest three quintiles; the corresponding proportion amongst upper middle income countries is 70.1 percent. However, amongst Sub-Saharan African countries just 53.4 percent of social assistance beneficiaries are found in the bottom three quintiles. Since the poorest three quintiles represent 60 percent of the population, this means that the poor are under-represented amongst social assistance beneficiaries in the region. **South Africa's relatively high concentration of beneficiaries within the bottom three quintiles of the distribution puts it on par with the average for Latin America and the Caribbean (80.5 percent), suggesting that the country's performance on this measure is not particularly unusual amongst highly unequal middle income countries.** Indeed, a comparison amongst upper middle income countries reveals a number of countries that have substantially higher proportions of beneficiaries amongst the poorest 60 percent of the population, including Argentina (91.6 percent), Brazil (94.0 percent), Montenegro (93.6 percent), and Turkey (90.8 percent) (see Table B.3 in the appendix). At the other extreme, only 64.0 percent of beneficiaries in Malaysia are in the poorest 60 percent of the population, as are 66.7 percent in Romania, and 68.1 percent in the Russian Federation.

**At the programme level, there is some variation in the distribution of direct and indirect beneficiaries and, therefore, the proportion of beneficiaries within the poorest three quintiles.** Figure 4.5 presents estimates of the distribution of direct and indirect grant beneficiaries across quintiles for each of the grants in 2014/15. The poorest three quintiles of the pre-transfer distribution accounted for nine out of ten care dependency grants (89.6 percent) and foster child grants (89.0 percent). For the disability grant, the child support grant, and other social assistance (which includes social relief of distress), this proportion ranged between 83 percent and 88 percent. For the older persons' grant and grant-in-aid, the poorest 60 percent of the population accounted for almost eight out of ten grants (77.7 percent and 79.0 percent respectively).

**Figure 4.5. Distribution of Social Grant Beneficiaries Across Quintiles, 2014/15**



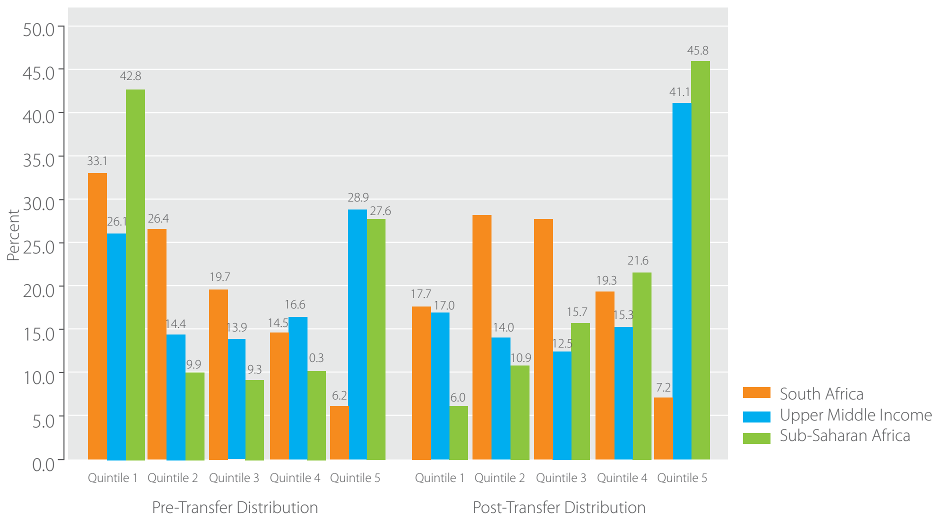

| | | |
|---|---|---|
| *Source:* | *Own calculations, Statistics South Africa (2015a).* |
| *Notes:* | *(1) Beneficiaries include direct and indirect beneficiaries. (2) The LCS 2014/15 data includes no beneficiaries of the war veterans' grant.* |

### 4.2.2. Benefit Incidence

**The South African social assistance system performs well relative to other countries in ensuring that a large proportion of social assistance beneficiaries come from the poorest segments of the population** (as was seen in Section 4.2.1). Figure 4.6 takes this a step further and investigates the extent to which actual financial benefits accrue to beneficiaries across the income distribution. It is quite possible, for example, with a system that includes grants of different monetary values, that poor beneficiaries are well-targeted while the bulk of the benefits accrue to the rich. The opposite may also be true.

Therefore, Figure 4.6 presents the distribution of social assistance benefits in South Africa across the pre- and post-transfer income distributions and compares them with the distributions for upper-middle income and Sub-Saharan African countries. The ASPIRE database does not include average estimates for the world. **The estimates for South Africa show that close to one-third of social assistance benefits accrue to the poorest 20 percent of the population, and a further 26.4 percent accrue to those in the second-poorest quintile.** Therefore, the poorest 40 percent of the population account for three-fifths (59.5 percent) of total benefits, and the poorest 60 percent account for four-fifths (79.3 percent). **Just 6.2 percent of social assistance benefits flow to the richest quintile.**

**Figure 4.6. Distribution of Social Assistance Benefits Across Quintiles**




| | |
|---|---|
| *Source:* | *World Bank (2020a), and own calculations, Statistics South Africa (2015a).* |
| *Notes:* | *(1) Data for regional averages are for the 2008-2016 period; data for South Africa are for 2014/15. (2) The ASPIRE database does not include estimates for the World.* |

**The figure clearly illustrates that South Africa is something of an outlier amongst upper-middle income countries and amongst those in Sub-Saharan Africa. Both groups of countries have high proportions of benefits flowing to the poorest quintile and to the richest quintile in the pre-transfer distribution, creating a U-shaped pattern that is particularly deep for the latter.** Thus, while Sub-Saharan Africa does well in ensuring that 42.8 percent of benefits accrue to the poorest 20 percent of the population, more than one-quarter (27.6 percent) flow to the wealthiest quintile. This means that each of the middle three quintiles receive around 10 percent of total benefits each. Amongst upper-middle income countries, the largest proportion of benefits flow to the richest quintile. Targeting in terms of the proportion of benefits flowing to the poorest three deciles in the pre-transfer distribution is particularly good in Argentina (91.1 percent of benefits), Belarus (92.3 percent), Brazil (92.6 percent), Costa Rica (90.0 percent), Kosovo (91.1 percent), Montenegro (90.1 percent), and Peru (96.6 percent). In contrast, just 66.3 percent of benefits accrue to the poorest 60 percent of the population in Botswana, with a slightly lower proportion observed in Malaysia (60.9 percent). Detailed figures for upper-middle income countries are presented in Table B.3 in the appendix.

**The difference between South Africa and the two country groupings is even starker in the post-transfer distribution, with nearly half of all benefits accruing to the top quintile (45.8 percent in Sub-Saharan Africa and 41.1 percent amongst upper-middle income countries).** While the pattern for upper-middle income countries is more of a J-curve, that for Sub-Saharan Africa is monotonically increasing with income. Along with the inverted U-shaped pattern for South Africa, the figure reveals the ability of social assistance to significantly reorder distributions. If one takes the view that social assistance benefits that flow to the top quintile are essentially leakages, then it is clear that leakages in South Africa are low by international standards. Nevertheless, various upper-middle income countries—all in Latin America and the Caribbean—see even smaller shares of benefits accruing to the richest quintile, including Argentina (2.6 percent), Brazil (2.0 percent), and Peru (0.5 percent).

**Importantly, the proportion of benefits going to the poorest three quintiles in South Africa is very similar to the proportion of beneficiaries within those quintiles (79.5 percent, as highlighted in section 4.2.1).** A comparison of the pre-transfer distribution in Figure 4.4 and Figure 4.6 reveals that is only quintile 1 and quintile 5 where the share of benefits exceeds the share of beneficiaries. For quintile 1, this is the type of pattern that one would hope to see as it implies relatively high per capita transfers amongst the poorest households. For quintile 5, this is likely related to the greater importance of higher value grants such as the older persons' grant for these households.

**Table 4.4 presents details on the distributions of beneficiaries and benefits across the five pre-transfer quintiles for all social assistance, as well as for the three major grants, namely the older persons, child support, and disability grants.** Overall, the data shows that the three middle quintiles receive a smaller share of social assistance benefits than their shares of total beneficiaries. Quintile 1's share of benefits is around 11 percent higher than its share of beneficiaries; for quintile 5, this rises to 32 percent. These differences translate into lower per capita transfers for the middle three quintiles relative to quintile 1, which in turn has lower per capita transfers than those received in quintile 5.

**Table 4.4. Distribution of Beneficiaries and Benefits Across Pre-Transfer Quintiles, 2014/15**

| Grant Type | Measure | Quintile 1 | Quintile 2 | Quintile 3 | Quintile 4 | Quintile 5 |
|---|---|---|---|---|---|---|
| All social assistance | Beneficiaries | 29.8 | 26.5 | 23.2 | 15.8 | 4.7 |
| | Benefits | 33.1 | 26.4 | 19.7 | 14.5 | 6.2 |
| Older persons | Beneficiaries | 35.6 | 25.0 | 17.2 | 14.8 | 7.5 |
| | Benefits | 31.6 | 24.6 | 16.6 | 16.8 | 10.4 |
| Disability | Beneficiaries | 37.2 | 27.0 | 20.5 | 11.7 | 3.6 |
| | Benefits | 35.5 | 27.2 | 19.6 | 13.2 | 4.6 |
| Child support | Beneficiaries | 31.1 | 27.6 | 24.5 | 14.4 | 2.4 |
| | Benefits | 32.7 | 28.3 | 23.8 | 13.0 | 2.1 |

*Source:* *Own calculations, Statistics South Africa (2015a).*
*Note:* *Includes direct and indirect beneficiaries of social assistance programmes.*

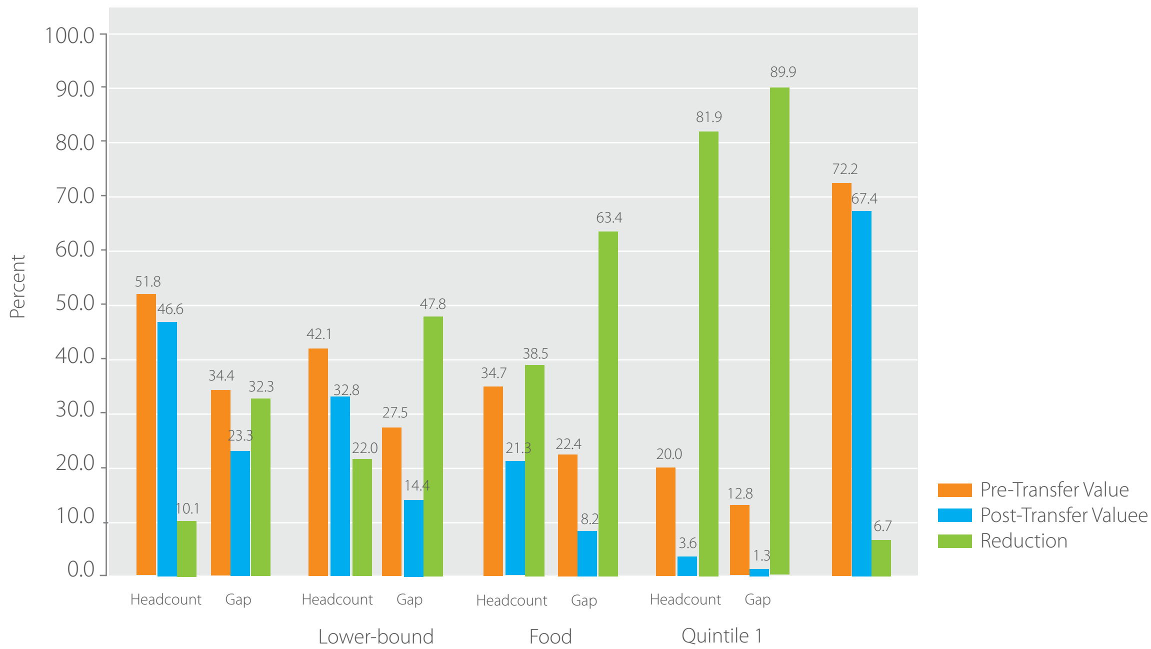
This general pattern is not observable for any of the three main grants, however**. For the child support grant, the poorest two pre-transfer quintiles account for slightly higher shares of benefits than beneficiaries; in the case of quintile 1, the share of benefits is approximately 5 percent higher than the share of beneficiaries, while in quintile 2 this gap falls to half that proportion.** For the older persons' grant, the poorest three quintiles are home to larger shares of beneficiaries than benefits, while the richest two quintiles receive substantially larger shares of benefits than their shares of beneficiaries. For the disability grant though, there is no clear pattern. Given the standardisation of grant values, these patterns are driven by a combination of differences in household size and in the coverage rates of direct beneficiaries in each quintile. For example, the coverage rate of the child support grant in terms of direct beneficiaries is 41.0 percent in pre-transfer quintile 1 (see Table 4.1), roughly 20 times the coverage rate in quintile 5; for the older persons' grant, the quintile 1 coverage rate is less than three times that of quintile 5.

## 4.3. Cost Effectiveness

**Given that one of the key aims of social assistance is to ameliorate poverty, this represents an important metric in assessing social assistance systems.** Poverty is measured here using the first two of the conventional Foster-Greer-Thorbecke (Foster et al., 1984) (FGT) P-alpha measures. These measures are the poverty headcount rate (P0), the proportion of the population that falls below the poverty line; the poverty gap (P1), the average percentage shortfall in the income of the poor; and the squared poverty gap (P2). As alpha increases from zero, so the weight attached to individuals who are furthest below the poverty line increases.[10]

Figure 4.7 explores the impact of social assistance on the poverty headcount rate and the poverty gap, using various poverty lines. The food, lower-bound and upper-bound poverty lines are the official poverty lines published by Statistics South Africa (2019b) of R441, R647, and R992 per capita per month in April 2015 prices. The upper bound (poverty line) of quintile 1 is the Rand value of that designates the boundary between quintiles 1 and 2 in the pre-transfer distribution, which is R161.71 per capita per month. It is important to note here that determining the true effect of social assistance on poverty and inequality is complicated by the fact that household formation is influenced by available income. In other words, many households would not be viable economic units in the absence of grant income and would either fragment or would not have formed without it. The estimates presented in Figure 4.7 simply consider poverty and inequality with and without social grants; they do not allow for the dissolution or re-formation of households in response to changes in income.

**Figure 4.7. Simulated Poverty and Inequality Reductions (%) Associated with Social Assistance Programmes**




*Source:* *Own calculations, Statistics South Africa (2015a).*

*Note:* *Per capita monthly poverty lines in April 2015 Rands are: R441 (food poverty line), R647 (lower-bound poverty line), and R992 (upper-bound poverty line) (Statistics South Africa, 2019b); and R161.71 (quintile 1 poverty line) (own calculations, Statistics South Africa, 2015a). The Gini coefficient is calculated using per capita household income with and without income from social grants.*

**Social assistance significantly lowers poverty in South Africa.** Based on per capita household income, 46.6 percent of the South African population were poor relative to the upper-bound poverty line in 2014/15. **If income from grants is excluded, the poverty rate rises to 51.8 percent. Thus, social assistance is associated with a 10.1 percent decrease in the upper-bound poverty rate (from 51.8 percent to 46.6 percent). In terms of the poverty gap, the reduction is almost one-third (32.3 percent), from 34.4 percent without social assistance to 23.3 percent.** The upper-bound poverty line is the highest of the four poverty lines, and as the poverty line and poverty rates fall so the poverty impact of social assistance rises. For the lower-bound poverty line, the impact on the headcount and poverty gap is

10 The Foster-Greer-Thorbecke indices are a family of poverty measures calculated as:

$$FGT_\alpha = \frac{1}{N}\sum_{i=1}^{H}\left(\frac{z-y_i}{z}\right)^\alpha$$

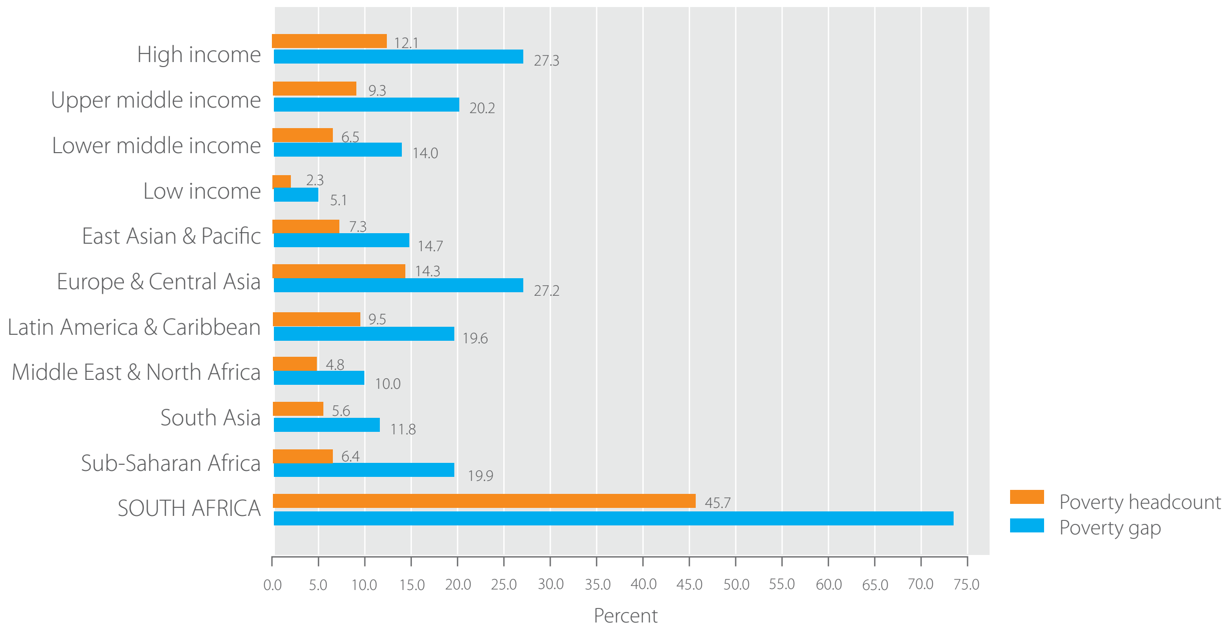
where refers to the size of the population, refers to the number of poor individuals, is the poverty line, and is the income of individual . The parameter is a measure of poverty aversion: a "larger gives greater emphasis to the poorest poor" (Foster et al., 1984).

estimated at 22.0 percent and 47.8 percent; for the quintile 1 poverty line, these rise to 81.9 percent and 89.9 percent.

**Social assistance significantly lowers inequality measures in South Africa.** The figure also presents the inequality impact of social assistance transfers, using the Gini coefficient as the measure of inequality. Based on per capita household income, the Gini coefficient for South Africa in 2014/15 is estimated at 0.68. This represents a 6.7 percent reduction from the pre-transfer income Gini coefficient of 0.72.

**Figure 4.8 and Figure 4.9 present estimates for regional and income groupings, as well as the published estimates for South Africa from the ASPIRE database (World Bank, 2020b).** These estimates for South Africa are quite different from the estimates calculated directly from the Living Conditions Survey 2014/15 (Figure 4.7); however, having been calculated according to a standardised methodology, these estimates provide a good sense of South Africa's performance relative to other countries.

**Figure 4.8. Simulated Poverty Reduction (%) Associated with Social Assistance Programmes Globally**

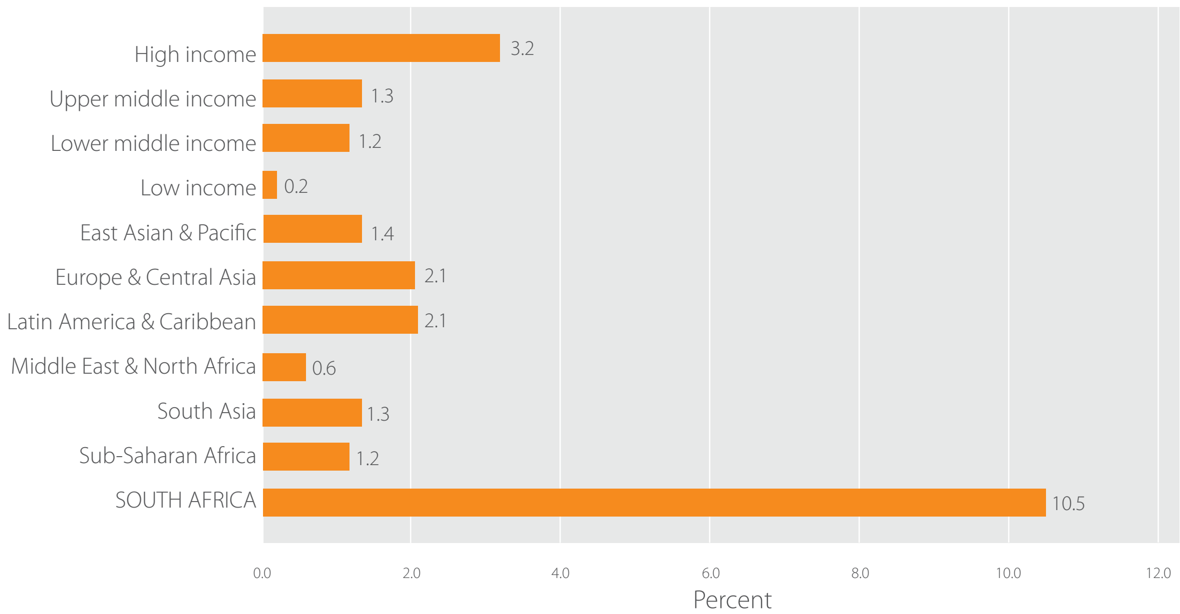



*Source:* *World Bank (2020b).*
*Note:* *Estimates for South Africa are the estimates published in the ASPIRE database.*

**In terms of both poverty reduction and inequality reduction, it is clear that South Africa performs well.** According to these estimates, social assistance transfers are estimated to have reduced the poverty headcount rate and poverty gap in South Africa by 45.7 percent and 73.4 percent respectively. This is a substantially larger impact than is observed for any of the country groupings. For example, amongst upper-middle income countries, the poverty rate is reduced by 9.3 percent on average, while the poverty gap is reduced by 20.2 percent. In Sub-Saharan Africa, income from social assistance is associated with declines in these measures of 6.4 percent and 19.9 percent respectively. On these metrics, South Africa performs well compared to other upper-middle income countries such as Brazil (10.9 percent poverty rate reduction and 38.4 percent poverty gap reduction), Colombia (6.5 percent and 10.6 percent), Malaysia (6.3 percent and 13.3 percent), the Russian Federation (16.9 percent and 25.5 percent), and Turkey (3.1 percent and 10.4 percent). Only three upper-middle income countries come close to South Africa's performance on these metrics: social assistance in Belarus, Georgia, and Mauritius is estimated to reduce the poverty rate by 41.6 percent, 42.6 percent, and 36.9 percent respectively, and the poverty gap by 77.6 percent, 68.4 percent, and 60.9 percent respectively.

**Similarly, South Africa's social assistance system has a substantial impact on inequality, reducing the Gini coefficient by 10.5 percent.** This is eight times the magnitude of the average impact in upper-middle income countries, and closer to nine times that observed for Sub-Saharan African countries. Amongst upper-middle income countries, the largest inequality reductions are observed in Belarus (31.4 percent), Georgia (19.1 percent), and Mauritius (13.8 percent), with South Africa seeing the fourth-largest reduction (see Table B.3 in the appendix for detailed estimates). Indeed, these four countries along with Bulgaria (7.8 percent) and Romania (9.3 percent) are outliers: in no other country does social assistance reduce the Gini coefficient by more than five percent. South Africa's performance is all the more impressive given the country's extremely high Gini coefficient.

**Figure 4.9. Simulated Inequality Reduction (%) Associated with Social Assistance Programmes Globally**




*Source:* *World Bank (2020b).*
*Note:* *Estimates for South Africa are the estimates published in the ASPIRE database.*

**Once the poverty and inequality effects are disaggregated by the type of grant, it is clear that the older persons and child support grants are responsible for the majority of the poverty and inequality reductions associated with social assistance** (Table 4.5). In addition to the measures presented above, the table includes the impact on the squared poverty gap (P2): social assistance transfers in South Africa are associated with a 46.4 percent reduction in this poverty measure. The simulated poverty reductions for the individual grants give an estimate of the impact of a particular grant on its own. Since households might receive multiple types of grants and any of these might lift a household out of poverty, the estimates for the grants individually do not sum to the estimate for all social assistance.

**Table 4.5. Simulated Poverty Reductions (%) Associated with Social Assistance Programmes, 2014/15**

| | Poverty Headcount | Poverty Gap | Poverty Gap Squared | Gini Coefficient |
|---|---|---|---|---|
| All social assistance | 10.1 | 32.3 | 46.4 | 6.7 |
| Older persons | 5.8 | 15.8 | 23.3 | 2.7 |
| Disability | 2.4 | 7.1 | 10.3 | 1.1 |
| Child support | 4.4 | 16.4 | 26.0 | 2.8 |
| Care dependency | 0.3 | 0.7 | 1.1 | 0.1 |
| Foster child | 0.5 | 1.5 | 2.4 | 0.2 |
| Grant-in-aid | 0.0 | 0.0 | 0.0 | 0.0 |
| Other (e.g. social relief ) | 0.0 | 0.0 | 0.0 | 0.0 |

*Source:* *Own calculations, Statistics South Africa (2015a).*
*Note:* *Estimates based on upper-bound poverty line, set at R992 per capita per month in April 2015 Rands (Statistics South Africa, 2019b).*

**In terms of the poverty headcount rate, the older persons' grant has the largest impact, reducing the poverty rate by 5.8 percent, followed by the child support grant with a 4.4 percent reduction.** The impact of the disability grant is considerably smaller at 2.4 percent, with the foster child (0.5 percent reduction) and care dependency (0.3 percent) the only other grants with a measurable impact. However, for poverty measures that place greater emphasis on individuals furthest below the poverty line, such as the poverty gap and squared poverty gap, the child support grant has the largest impact, followed by the older persons' grant. Similarly, the child support grant followed by the older persons' grant have the largest impacts on the Gini coefficient. Schiel et al. (2014, p.20) highlight this ability of the child support grant to reduce income inequality in their study focussing on the impact of grants on inequality, noting that "even though the child support grant makes a small contribution to total income this contribution has increased substantially over the post-apartheid period and when this is combined with the fact that it is well targeted at the bottom of the income distribution, it leads to …a notable impact on reducing inequality".

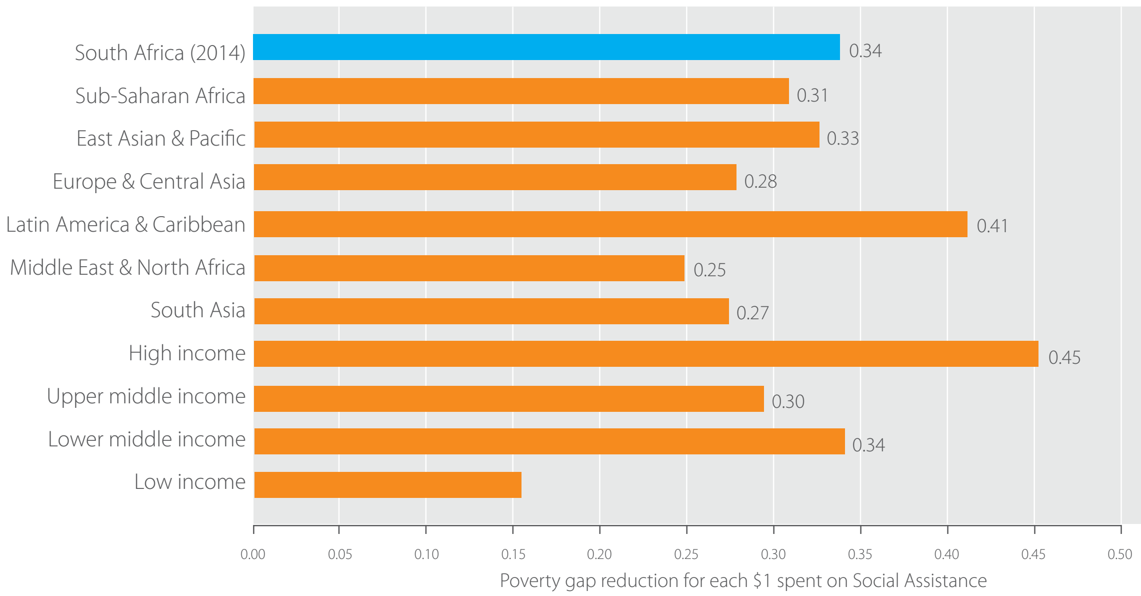
**Differences in the strength of the impacts are the result of a combination of various factors, including coverage patterns, the value of the grant, and the level of the poverty line itself.** It is therefore interesting to see two quite different grants—the low value child support grant with high coverage rates, and the higher value older persons' grant with much lower coverage rates—have relatively similar effects on poverty and inequality. **Thus, it is only on a measure such as the poverty rate that the high value of the older persons' grant allows it to outperform the child support grant.** Further, the much lower coverage rate of the disability grant weakens its eventual impact, despite being a high value grant, while no other grants have the type of coverage that would see them have significant effects on poverty or inequality. These results are consistent with the findings of Beukes et al. (2016) who model the poverty effects of changes to the child support grant's eligibility criteria. They find that, of all their simulations, simply doubling the value of the child support grant "resulted in the biggest decline in poverty and inequality" (Beukes et al., 2016, p.523).

**These results—that social assistance programmes reduce poverty—are not new, but confirm the continuation of the social assistance system's poverty-reducing impact.** Woolard et al. (2010), for example, show similar results using data for 1993, 2000, and 2008. **Specifically, they show that without grants the poverty rate is marginally higher, but the depth (poverty gap) and severity (poverty gap squared) of poverty are significantly higher.** Similar findings are presented by Leibbrandt et al. (2010). Using data for 1997 and 2006, Posel and Rogan (2012) find that "[w]ith the receipt of social grant income in households, both the extent and depth of poverty are significantly lower than they would have been had households relied only on income earned through employment".

**On the inequality impact, however, the findings here stand in contrast to decompositions of the Gini coefficient that find that grants contribute little to the level of the Gini coefficient, whether positively or negatively.** Van der Berg (2014) finds that in 2005/06 grants contributed less than 0.2 percent (0.001 out of 0.6501) to the Gini coefficient. Similarly, Leibbrandt et al. (2012b) show that grants' contributions to the Gini coefficient in 1993 and 2008 were 0.2 percent and 0.3 percent respectively. These analyses do, though, decompose the post-transfer distribution, rather than doing direct comparisons of the pre- and post-transfer Gini coefficients. The findings presented here are, however, consistent with those of the World Bank (2014), which finds a significant reduction in inequality once cash transfers are included within income (gross market income less direct taxes, compared with gross market income less direct taxes plus cash transfers).

**Finally, Figure 4.10 relates the costs associated with social assistance to the benefits they generate. Specifically,** the figure calculates a benefit-cost ratio across countries that relates the simulated reduction in the poverty gap (the pre-transfer poverty gap less the post-transfer poverty gap) to total spending on social assistance. In this calculation, poverty is defined to be the poorest 20 percent of the income distribution. Thus, the higher the benefit-cost ratio, the greater the benefit for a given cost.

**Figure 4.10. Benefit-Cost Ratio of All Social Assistance**




*Source:* *World Bank (2020b).*
*Note:* *Estimates for South Africa are the estimates published in the ASPIRE database.*

The benefit-cost ratio is estimated at 0.34 for South Africa, which places it within the third quartile of countries for which there are data between 2008 and 2016 (33rd out of 99 countries). While the country slightly outperforms other countries in the region—the average benefit-cost ratio for Sub-Saharan Africa is 0.31—it lags countries in Latin America and the Caribbean by some margin. In fact, South Africa's ratio is only three-quarters of the average for Latin American and Caribbean countries of 0.41. In Latin America and the Caribbean, countries such as Argentina, Brazil, Ecuador, and Peru perform particularly well with benefit-cost ratios of 0.525, 0.440, 0.430, and 0.636 respectively. Alongside Kosovo (0.619), Peru is the top performer globally by this metric. Nevertheless, **South Africa's benefit-cost ratio is slightly above the average for all upper-middle income countries.** Amongst these countries, South Africa performs better than Botswana (0.188), Malaysia (0.237), and the Russian Federation (0.224), and similarly to Albania (0.328), Colombia (0.378), and Georgia (0.335).

**Given the strong effect of the social assistance system in reducing poverty in South Africa, the country's performance on the benefit-cost ratio is lower than expected.** Given that the country's social assistance system performs very well in reducing poverty, **this relatively weaker performance in terms of the benefit-cost ratio seems instead to be linked to the level of costs associated with social assistance in South Africa.**

## 4.4. Impacts of Social Assistance in South Africa

**Given the various pressing problems around poverty and deprivation facing the South African society, and given the existence of an extensive social assistance system that specifically aims to address these challenges, it is unsurprising that a large literature has developed on the role and impact of social assistance in addressing these issues.** Importantly, in a variety of areas, there are important differences in effects by gender, which have implications for policy design as well as for the ability of the social grants system to positively impact South African society more broadly than simply through poverty reduction. This section aims to provide a sense of this literature and its findings regarding the role of social grants in improving the welfare of deprived South Africans across a wide range of dimensions. Box 5 also summarizes the evidence from evaluations of the EPWP.

**Box 5: Outcomes of the Expanded Public Works Program**

Programme results of the EPWP has evolved over the four phases but have hinged around employment creation and skills development (enhancing potential to find future work including self-employment); income support and poverty alleviation in poor communities (earning an increased income and improving social security); and, development of community assets and provision of services to benefit communities. The EPWP contributes to different broader social protection functions as per the National Development Plan's vision of a comprehensive social protection system for the country:

- **Employment creation and skills development:** Though the EPWP is neither creating sustainable employment nor building the human capital of the unemployed, this is to be expected as public employment programs offer short-term unemployment relief and typically do not have medium- to long-term job creation effects (Kluve, 2014). Tracer studies from phase III indicate that 75% of individuals remain unemployed, with 20% employed after exiting the EPWP compared to roughly the same 65% unemployed and 19% employed before joining the program (DPW, 2019). Although the integration of skills development training has been a key EPWP innovation, its success has been limited as the training component of the programme has not been adequate to lead to the acquisition of higher skills (McCord, 2017). In addition, the shorter than anticipated duration of the programme (an average of four months) does not enable meaningful upskilling (DPW, 2019). As a result, many participants return to unemployment status upon exiting the programme.
- **Income support and poverty alleviation:** Income transfers as wages into poor communities not only reduces poverty but is also a form of economic stimulus targeted directly at the poor. Macro-economic analysis indicates that an injection into the economy in the form of EPWP expenditure triggers a positive impact on the whole economy in terms of an increase in output, GDP, and income (DPW, 2019). The increased focus on the CWP and other sectors in the EPWP Phase III also allows this stimulus to address spatial inequality, targeting the poorest areas, and strengthening productive activities in marginalised local economies.

In phase II of the program, the EPWP doubled the annual household income for the poorest group[11] for the year they were working on the program. Phase III impacts are presented in the table below – both poverty and inequality diminish (DPW, 2019). While incomes received are mostly used to cover family and household expenses, particularly food and utilities, close to 35% spent some of their earnings on education (either for themselves or someone else), while only 5% of participants (compared to 11% before enrolling on the program) indicated borrowing money to live on. The EPWP has thus, positive household formation effects. However, some critics argue that the poverty alleviating effects have been minimal with EPWP wage rates significantly lower than the National Minimum Wage (DPW, 2019).

11 The majority (60%) of participants were poor and had income levels below the poverty line used in the NDP; 32% had income levels that fell below half this poverty line. The poverty line used in the NDP is R419 per capita per month, and half of this amounts to R210 per capita per month.

**Box 5: Outcomes of the Expanded Public Works Program**

| | Poverty headcount index | Poverty gap Index | Gini |
|---|---|---|---|
| Post-transfer indicators | 0.541 | 0.458 | 0.847 |
| Indicators without EPWP transfers | 0.547 | 0.469 | 0.850 |

*Source: Department of Public Works and Infrastructure (2019b).*

*Notes: The simulated impact is the change in a poverty or inequality indicator due to EPWP transfer, assuming that household welfare will diminish by the full value of that transfer.*

**Community assets and service provision:** These can have transformative social development impacts and include food security, community safety, as well as improving the overall quality of life in communities.

**Improved psycho-social outcomes (individual and community):** Unemployment contributes to a myriad of social problems, with high social costs. These include health problems, depression, alcohol and drug abuse, domestic violence, crime, and alienation from society. As such, participation through work in public employment programs can assist in mitigating these effects through building self-esteem, social networks, providing structure in individuals' lives, and recognition of their value to their communities. To this end, the EPWP has offered hope to the unemployed who have less than a matric education and were unemployed for a long time, many of them females and young people.

Thus, the EPWP has achieved significant success by attempting to address common limitations of public works programs through its innovative methods and approaches. These include creating short-term employment at a large scale, diversifying employment in various sectors, creating incentives and formal obligations for various ministries to share responsibility, and creating employment in social services (Peres, 2019). Even so, while the EPWP provides an important avenue for labour absorption and income transfers to poor households in the short- to medium-term, it was not designed as a policy instrument to address the structural nature of the unemployment crisis. Also, monitoring and evaluation of the EPWP should be strengthened through a more systematic and rigorous comparison of before and after situations to determine program impacts particularly on poverty, inequality, labour market participation, and human capital formation.

### 4.4.1. Poverty and Inequality

Social assistance and social grants explicitly aim to address at least the worst deprivations of poverty and, by extension, inequality and it is therefore a key area of research interest. **A key challenge in terms of the grant system's ability to address poverty and inequality is that, in many instances, the values of the grants are insufficient to lift whole households out of poverty. This is especially the case for child grants.** This issue is explicitly or implicitly noted by various authors focussing on both direct and indirect measures of poverty and deprivation (for example, Posel and Rogan, 2012; Zimbalist, 2017; Ngubane and Maharaj, 2018; Chakona and Shackleton, 2019). Thus, research has not simply focussed on the poverty rate, but has also included other measures of poverty, such as the poverty gap, that are more sensitive to a narrowing of the distance of poor households from the poverty line. Thus, authors tend to find relatively small poverty reductions due to grants in terms of the poverty headcount, but much larger effects for the depth and severity of poverty (see, for example, Barrientos, 2003; Armstrong and Burger, 2009; Woolard and Leibbrandt, 2010; World Bank, 2018).

**Numerous authors have found positive effects on poverty of social assistance in general (Armstrong and Burger, 2009; Leibbrandt et al., 2010; Van der Berg et al., 2010; Woolard and Leibbrandt, 2010; Posel and Rogan, 2012; Inchauste et al., 2015).** Others have found similarly positive effects for specific social grants (for example, Barrientos (2003), Jensen (2004) and Oosthuizen (2013) for the older persons' grant). These types of positive impacts should not come as too much of a surprise, given the extent to which grants are targeted at the lower end of the income distribution. Leibbrandt and Levinsohn (2011, pp.7-8) find concentration ratios for spending on social grants to be between -0.35 and -0.44 between 1995 and 2006 (where a value of -1 indicates fully progressive and a value of one is fully regressive), making it more progressive than any other type of spending they assessed. These estimates for social grants are similar to those by Van der Berg et al. (2010).

**There are various ways in which to look at the poverty impact of grants.** An example noted above is a focus on a particular sub-group targeted by a specific grant. Posel and Rogan (2012, p.111) focus on gender and find that "receipt of social grant income may have been relatively more effective in reducing particularly the depth of poverty for females and female-headed households". Zimbalist (2017) explores the impact of social assistance in the context of urbanisation. Using household survey data, he finds a positive effect of social grants on poverty at the national level but shows that this effect is much stronger in rural areas, and that the magnitude of the effect increased over time. In rural areas, "the poverty-reducing contribution of grants increased by 13 percentage points for the headcount rate and by 19 and 20 percentage points for the depth and severity of poverty" (Zimbalist, 2017, p.160) .

**Importantly, households that have access to social grants [illegible] nts as a source of**

**income.** For example, Delany et al. (2008, p.30) show that, for households receiving it, the child support grant accounted for 40 percent of household income; further, 21 percent of these households' income derived from other grants or money from government. More recently, it is estimated that 54 percent of the incomes of the chronically poor comes from social grants, as does 25 percent of the incomes of the transient poor World Bank (2018, p.36).

**Various studies have analysed the poverty-reducing effects of grants from the broader perspective of multidimensional poverty.** Pasha (2016), for example, uses the National Income Dynamics Survey data to investigate the impact of cash grants on multidimensional poverty and finds a positive impact. The author finds that, despite its low value, the child support grant was "able to reduce multidimensional poverty and inequality amongst each household", and also finds positive effects for the older persons' grant (Pasha, 2016, p.38, 39).

**The evidence on the effect of grants on inequality is less clear.** Studies that perform static decompositions of inequality by income source find that grant income slightly lowers (Armstrong and Burger, 2009) or marginally raises (Hundenborn et al., 2016, using 1993 data) inequality, or has no discernible impact (Leibbrandt et al. 2012a; Hundenborn et al. 2016, using 2008 and 2014 data).

**Agüero et al. (2007) consider the effect of government through taxes and social grants on income distribution, using the KwaZulu-Natal Income Dynamics Survey panel data, and find that these reduce the Gini coefficient by 8.5 points in the 2004 data.** They find, however, that the effect increased from 4 points in 1993 to 7 points in 1998, a period they note as coinciding with improvements in the grant in terms of coverage and benefit level. They also find a negative correlation—indicating progressivity—between grant income and their measure of expenditure having excluded the effects of taxation and grants, with a correlation coefficient of -0.30 (Agüero et al., 2007, p.806).

**Schiel et al. (2014) focus specifically on understanding the effect of social grants on inequality. Using the Lerman and Yitzhaki decomposition of inequality by income source, a static approach, they find that grants have "either a negligible effect or small equalising effect on total income inequality" (Schiel et al., 2014, p.9).** However, dynamic approaches yielded different results. Their results lead them to conclude that "social assistance awarded to the elderly has had little effect on equality …[changes] in the targeting of the state pension have led to a small disequalising effect …[while] additional social protection programs initiated in the post-apartheid era have had an equalising effect" (Schiel et al., 2014, p.20).

**Inchauste et al. (2015, p.29) finds that the Gini coefficient falls from 0.750 to 0.694 when comparing net market income (market income less direct taxes) to disposable income (market income less direct taxes plus cash transfers), while Pasha (2016) finds positive effects of grants on multidimensional inequality.**

**Using dynamic methods, Hundenborn et al.** (2016) find that social grants were important in countering increasing inequality in South Africa between 1993 and 2008. They find that "[poverty]-alleviating policies that resulted in an increase in government grants limited the increase in inequality [between 1993 and 2008] immensely" (Hundenborn et al., 2016, p.20). Further, the authors find that these policies were able to successfully reach the poorest households.

**While we have not managed to locate South African evidence on this issue, it is important to highlight that social assistance transfers represent substantial injections of resources into local economies, many of which are characterised by very little in the way of economic activity.** As a result, these large injections of cash have the potential to stimulate particularly rural local economies and can achieve relatively large multiplier effects. In their review of the evidence, for example, the FAO (2015) show that local income multipliers of cash transfer programmes in Africa range between 1.25 and 2.52 (i.e. one dollar transferred through a cash transfer is able to generate between 0.25 and 1.52 additional dollars of income in the local economy). Such multiplier effects suggest the potential for greater coordination between social assistance programmes and interventions aimed at supporting small-scale farming activities in South Africa's rural areas.

### 4.4.2. Nutrition, Food Security, and Hunger

**The impact of grants on nutrition and other related outcomes, such as prevalence of hunger, are mixed.** Closely related to concerns around poverty, the impacts on nutrition have also received attention within the South African literature but impacts are not always discernible and appear to be dependent on the exact outcome variable used. Further, effects may be mediated by the gender of the grant recipient.

**Duflo (2000; 2003) investigates the impact of receipt of the older persons' grant on the nutritional status of young children, using weight-for-height and height-for-age to assess shorter and longer term impacts of grant receipt.** Using the 1993 PSLSD data, she finds that receipt of the older persons' grant is associated with improvements in the nutrition of young co-resident girls, but not for boys. Thus, receipt of the grant was associated with improvements in "the height-for-age z-scores of younger girls by at least 1.16 standard deviations, and the weight-for-height z-scores of girls by 1.19 standard deviations", roughly equivalent to the gap between South African and US girls (Duflo, 2003, pp.21-22). Importantly, Duflo finds that the effect is driven by grants received by women. The 2000 analysis covers only height-for-age and the size of the effect is closer to half the gap between South African and US girls (Duflo, 2000, p.398).

**Based on data on 290 households in the Agincourt**

**demographic surveillance area, Case and Menendez (2007) investigate the impact of the older persons' grant on adult and child nutrition.** They find an approximately 20 percentage point reduction in the incidence of adults missing meals in households that have access to the grant (Case and Menendez, 2007, p.160). They also find that, by raising household income, the older persons grant also reduces the incidence of hunger amongst children (Case and Menendez, 2007, p.161).

**Using data from the National Income Dynamics Survey, Coetzee (2013) finds a positive effect of the child support grant on households' food expenditure, and on children's height-for-age.** However, she notes that, while "these estimates do provide some evidence of the positive effect of the CSG on the lives of children, the estimates are small and do not provide clear evidence that the transfers received by caregivers are spent mainly on improving the well-being of children" (Coetzee, 2013, p.448).

**Waidler and Devereux (2019), using data from the National Income Dynamics Survey, focus on three indicators of food security, namely total expenditure on food, dietary diversity, and body mass index.** They find, for example, that while the older persons' grant is associated with improvements in the dietary diversity index, this is not the case for the child support grant; they further find no significant relationship with total household expenditure on food for either grant (Waidler and Devereux, 2019, p.693). While the authors find no effect on the body mass index for the older persons' grant, they do find some evidence of a positive effect for the child support grant (Waidler and Devereux, 2019, p.693).

**Based on their quantitative and qualitative data collected from 554 women aged 15-49 years in Richards Bay, Dundee, and Harrismith in a study looking at the role of social grants and the consumption of wild foods as options to address hunger, Chakona and Shackleton (2019, p.92) argue that social grants have "no significant influence" on household food security.** The study, however, does not assess the potential impact in a multivariate setting, nor does it account for the fact that, while household food security is a function of household welfare levels, grant receipt is both a function and a determinant of household welfare levels. Instead, the argument rests on comparing the means of the chosen measures of food security between households receiving social grants and those not receiving social grants. Findings from the qualitative data did, however, highlight the fact that grant recipient households were highly dependent on grants as a source of income and the perception of grant values being very low (Chakona and Shackleton, 2019, p.89).

### 4.4.3. Education

A number of papers have focussed on the relationship between receipt of different grants by households and educational outcomes of school-aged household members. **The impact of social grants on education outcomes tend to be positive, but in a number of these studies, there are important differences according to the gender of grant recipient and, indeed, according to the gender of the child.**

**Case et al. (2005) find a positive relationship between receipt of the child support grant and school enrolment using longitudinal data collected as part of the Africa Centre for Health and Population Studies' demographic surveillance system in KwaZulu-Natal. At the time, the child support grant was only available to children under 7 years.** The authors found that receipt of the grant was associated with an increase in the school enrolment rate of 8.1 percentage points for six-year-olds, and 1.8 percentage points for seven-year-olds (Case et al., 2005, p.479). This finding, they argue, is particularly important given that child support grant beneficiaries live in poorer households and their caregivers have lower levels of education than is the case for non-beneficiary children. The presence of an older persons' grant within the household was also associated with an increase of 5 centimetres in a child's height for age, equivalent to approximately one standard deviation (Case, 2001, p.11).

**In their analysis of Agincourt data, Case and Menendez (2007, p.162) find evidence of a positive impact of the older persons' grant on school enrolment for girls, with girls living with recipients of the grant being ten percentage points more likely to be enrolled in school than their same-aged counterparts in similarly wealthy households.** Further, they find that this relationship is linked to female pensioners specifically: "[all] else held constant, girls living with a woman receiving the pension are 14 percentage points more likely to be enrolled in school" (Case and Menendez, 2007, p.162). No positive effect was found for boys, however.

**Receipt of the child support grant has been found to be positively associated with progress through the schooling system (Coetzee, 2013).** Similarly, income from the older persons' grant has been found to positively impact rates of school attendance, particularly for girls (Samson et al., 2001, as cited by Leibbrandt et al., 2010). Pension income is found to positively impact total years of schooling for co-resident children aged 6-19 years, with the effect larger for girls, although for children aged 13-19 years the effect differs by gender of the pensioner: education is increased for boys and decreased for girls if the recipient is a male, while female recipients have little effect on either (Hamoudi and Thomas, 2005, as cited in Leibbrandt et al., 2010).

**More recently, Standish-White and Finn (2015) find that the older persons' grant impacts co-resident children's education positively, irrespective of the child's gender. Using National Income Dynamics Survey data, the authors find that, on average, in households with female pensioners, girls obtained an additional 0.6 years of education and boys an additional 0.4 years compared with their counterparts in other households.** While a similar effect is not found for male pensioners, they were found to provide other benefits: "[girls] living with a male pensioner miss 1.3 fewer days of school each month on average" (Standish-White and Finn, 2015, p.24).

#### 4.4.4. Health

**Case (2001) analyse data collected in a 1999 survey of 300 households in the Langeberg Health District in the Western Cape to investigate the relationship between receipt of the older persons' grant and health outcomes.** The authors find a positive relationship for the health outcomes of adult household members, including the recipients of the older persons' grant, that differed according to whether or not the households pooled income: where they did not, grant recipients reported significantly better health status than other adult household members, but this difference disappeared where there was pooling.

**A 2013 set of case studies by Knight et al. (2013) found that the disability grant was important in terms of enabling households to care for members undergoing anti-retroviral treatment for HIV.** Thus, income from the disability grant helped to compensate for the sick member's lost labour income and, at the same time, bolstered their ability to care for them until such time as they were able again to contribute to the household (Knight et al., 2013, p.145).

**Using data from the Agincourt Health and Socio-Demographic Surveillance System site in rural Mpumalanga, Pettifor et al.** (2016) investigate whether cash transfers might be able to reduce the likelihood of young women contracting HIV using a randomised controlled trial in which approximately 2 500 young women, aged 13 to 20 years, and their parents or guardians were enrolled over a period of up to three years. Half of the young women received a cash transfer of R100 per month, while their parent or guardian received R200 per month, conditional on an 80 percent attendance rate at school. The authors find "no significant effect of a cash transfer conditional on school attendance on HIV incidence in young women", nor do they find a positive effect on school attendance although they note that attendance rates were very high (95 percent) in both study groups (Pettifor et al., 2016, pp.e983-e984). However, they do find that school attendance was associated with a lower risk of contracting HIV, whether or not the individual received the cash transfer (Pettifor et al., 2016, p.e983).

**Some research has explored the relationship between cash transfers and gender-based violence. Kilburn et al.** (2018), for example, consider the effect of a conditional cash transfer on young women's risk of physical intimate partner violence, using the same Agincourt study as Pettifor et al. (2016). The authors find that receipt of the transfer was associated with reduced risk of physical violence, but not for sexual violence, and had positive effects on sexual debut, having a sexual partner in the preceding 12 months and the number of sexual partners in the preceding 12 months (Kilburn et al., 2018). Further, the authors find that the reduction in risk of intimate partner violence "is due in part to girls choosing not to engage in sexual partnerships, thereby reducing the opportunity for [intimate partner violence]", which may in turn reduce the risk of HIV infection (Kilburn et al., 2018, p.47).

**Finally, Eyal and Burns (2018) investigate the impact of cash transfers from the perspective of mental health and, in particular, the intergenerational transmission of depression.** Using panel data from the National Income Dynamics Survey, the authors find large and significant protective effects of receipt of cash transfers for teenagers' mental health. Specifically, their results suggest that "CSG receipt reduces parental depression transmission by forty-five or sixty-seven percent, for maternal or paternal depression respectively", and that rates of transmission are also lower where households are in receipt of other social grants (Eyal and Burns, 2018, p.44).

#### 4.4.5. Labour Supply and Livelihoods

One of the key concerns around social assistance generally is its perceived negative impact on the willingness of recipients to work and establish sustainable sources of income from work. This is an issue for direct beneficiaries (i.e. the elderly themselves) and for indirect beneficiaries (i.e. co-resident working age adults). One of the key complicating issues is the way in which households form and reform in response to changes in the financial resources available. This is particularly important when analysing labour supply in South Africa, given that labour migration—and therefore household exit—is an important strategy amongst work seekers. **The literature has found both negative and positive impacts of social grants on labour supply, although more recent studies have tended to find positive impacts.**

**One of the earliest papers to investigate the impact of social grants on labour supply in South Africa is that by Bertrand et al.** (2003). The authors make use of the 1993 PSLSD data to analyse the labour supply response of working-age African adults aged 16-50 years to the presence of an older persons' grant within the household and find significant negative effects on labour supply. Specifically, men's employment rates and hours of work decline in response to an increase in pension income, while for women the impact is smaller and limited to working hours. The authors further find that the effect is larger where the individual receiving the older persons' grant is a woman (Bertrand et al., 2003, p.43).

**Jensen (2004) use the 1993 Project for Statistics on Living Standards and Development (PSLSD) to analyse potential crowding out of private income by public transfers.** They also find evidence that receipt of the older persons' grant is associated with lower household earnings. However, the estimated effect is small: "receiving a pension of 370 rand reduces home income by about 22 rand, which is less than 3 percent of the average household income" (Jensen, 2004, p.108). Further, the authors do not find evidence to support the idea that pension receipt affects household composition.

**Ranchhod's (2006) analysis of Labour Force Survey data focuses on the labour supply of elderly Africans.** He finds that receipt of the older persons' grant has a significant effect on their labour supply: a reduction of 8.4 percent for elderly men and 12.6 percent for elderly women. He further finds a positive impact on the likelihood of the elderly being employed in jobs where they have full control over the number of hours worked, which also implies a reduction in their labour supply.

**Eyal and Keswell (2008) replicate the approach by Bertrand et al.** (2003) using later Labour Force Survey data and, while they find that receipt of an older persons' grant is negatively related to labour supply, the effect is much smaller. The authors suggest that this may be due to the earlier study having picked up the effects of the equalisation of the value of the pension across race groups.

**By including migrant household members in defining households, Ardington et al.** (2009) find that the presence of a recipient of an older persons' grant raises labour supply amongst working-age household members. Using longitudinal data on roughly 100 000 individuals in KwaZulu-Natal, the authors find that, in households where at least one member receives an older persons' grant, the likelihood of employment amongst prime working-age adults increases by approximately three percent (Ardington et al., 2009, p.32).

**Grants may also impact on labour supply indirectly. In their examination of the persistence of unemployment in South Africa, Klasen and Woolard (2009) argue that access to resources plays an important part in determining where the unemployed locate themselves.** Without access to unemployment insurance, the unemployed must rely on private support networks and, since familial support is often located in rural areas, the unemployed are drawn to economically distant areas where job search is difficult and employment opportunities relatively scarce. Thus, by at least partly funding this type of familial support, older persons' grants may contribute to longer unemployment spells.

**The dynamic nature of household formation is explored further by Ranchhod (2017), who investigates the effect of a loss of pension income on household composition and the employment of household members using panel data from the Quarterly Labour Force Survey.** Loss of pension income is indeed found to impact on households in important ways, including out-migration of school-aged children and young, typically non-employed adults. Households gain older adult members and, at the same time, an increase in the probability of older adults being employed is observed. As a result of these changes, young adults that remain within the household are one-fifth more likely to be employed than before, while there is an increase in the amount of time older adults allocate to productive activities in the market and the home (Ranchhod, 2017, pp.12-13).

**Eyal and Woolard (2011) use a decade's worth of national household survey data to explore the impact of receipt of the child support grant on labour market outcomes amongst African mothers between the ages of 20 and 45 years who are co-resident with their children.** They find that receipt of the child support grant is associated with a higher likelihood of labour force participation and, amongst those who were economically active, a higher probability of employment.

**Sinyolo et al. (2019) explore the issue from the angle of smallholder farmers and their engagement with local markets. Using data they collected in four districts within KwaZulu-Natal from 774 smallholder farmers, the authors explore the effects of grant receipt on the probability and level of market participation.** Based on their results, they conclude that "social grants undermine smallholder incentives to produce a marketable surplus or sell their agricultural produce", decreasing both the probability and level of participation in the market for maize (Sinyolo et al., 2019, p.466).

**Lovo (2011), however, found that receipt of the older persons' grant had a positive impact on farming households' technical efficiency amongst a sample of 549 farming households from the third wave of the KwaZulu-Natal Income Dynamics Survey, and allowed households to increase their involvement in both on- and off-farm productive activities.**

### 4.4.6. Fertility and Childbearing

**Amongst all the social grants provided by the South African government, the child support grant is perhaps the most contentious within the public discourse.** Given that children are the direct beneficiaries of the grants, some have argued that the grant incentivises childbearing, particularly amongst young and teenage women. A strong counterargument, however, is that the low value of the child support grant means that it is unable to cover the costs associated with raising a child and therefore provides little incentive to fall pregnant. **Overall, the literature does not find any positive impact of social grants on childbearing.**

**Rosenberg et al**. (2015) analyse data from the Agincourt Health and Socio-Demographic Surveillance System in Mpumalanga, as well as data from the Africa Centre Demographic Information System, to investigate the impact of grant receipt—specifically the child support grant—on second pregnancy. Instead of providing incentive to fall pregnant, the data points to the opposite effect: "[time] to second pregnancy was significantly longer among CSG recipients compared to non-recipients at both the 25th…and 50th percentiles" (Rosenberg et al., 2015, p.7). Further, they found no evidence that losing access to the child support grant for the first child was associated with a second pregnancy and, importantly, that these results hold true for both younger and older women (Rosenberg et al., 2015, p.8).

**Ngubane and Maharaj (2018) approach the issue qualitatively, conducting in-depth interviews with 15**

**African mothers aged 18-24 years in a rural area in KwaZulu-Natal.** Only mothers who were in receipt of a child support grant were selected for participation. Consistent across all participants was the assertion that the pregnancy was unplanned and unmotivated by access to the child support grant. Further, the interviews confirmed the small value of the child support grant relative to expenses, but that "the grant benefited children especially in the absence of financial support from their fathers" (Ngubane and Maharaj, 2018, p.7).

**Similarly, Makiwane (2010) does not find any evidence of a link between the child support grant and trends in teenage fertility.**

#### 4.4.7. Shock responsiveness

**The social assistance response to the lockdown-induced humanitarian crisis has been impressive in scale.** Government announced a boost of R300 per beneficiary for the child support grant for May 2020, to be followed by an increase of R500 per month per recipient (i.e. caregiver) for the child support grant in the following months, as well as an increase of R250 per beneficiary per month for all other grants. In addition, the R350 per month COVID-19 grant was introduced. In total, depending on take-up rates and the speed of rollout, these interventions have been estimated to cost as much as R45 billion over a six-month period (Bhorat et al., 2020). Importantly, this intervention is just one component of a much broader policy response.

**In the context of the lockdown, conventional social relief of distress interventions have played an important role, even considering the challenges associated with trying to reach the kind of scale that the situation required.** Data recently published by SASSA (2020d) indicate a massive rollout of additional social relief of distress. In March 2020[12], SASSA reported 10 762 beneficiaries receiving social relief of distress; a month later this had more than doubled to 26 619 beneficiaries and averaged nearly 23 000 beneficiaries each month over the May-July period. According to the Auditor-General (2020), SASSA distributed 146 963 food parcels, valued at almost R177 million, to applicants between the end of March 2020 and 11 May 2020, with SRD applications made from 11 May 2020 diverted through the COVID-19 grant application process.

**The Solidarity Fund—a public benefit organisation established in the wake of the outbreak of the pandemic to "support the national health response, contribute to humanitarian relief efforts and mobilise South Africans in the fight against COVID-19" (Solidarity Fund 2020b)—details the broader relief effort in terms of food relief.** According to the Fund, 59 811 food parcels were distributed through DSD's Community Nutrition and Development Centres, financed through a R20 million contribution from the DSD and R23.5 million from the Solidarity Fund. However, this was only one of four pillars in the Solidarity Fund's approach: four national food distribution NPOs distributed 151 276 food parcels valued at almost R56 million; community- and faith-based organisations distributed another 69 000 parcels valued at almost R27.5 million; and, in a partnership with the South African Council of Churches, 23 500 food vouchers were distributed. By mid-June, the Fund expects to have reached over 300 000 households.

Implementing a brand new grant under conditions of a national lockdown was always going to be a challenge. New grants are introduced infrequently and, as noted above, the lockdown imposed important constraints in terms of enrolling new applicants into the system and paying them. **In many respects, SASSA therefore found itself in uncharted territory and under massive pressure to rapidly implement a programme at scale using untested approaches and technologies.** The speed with which the crisis unfolded and its immense scale exposed important weaknesses within the system, ranging from issues around design, to technical capacity to rapidly roll out a grant at scale, to communication around the new grant.

**In terms of design, it became clear very early in the process that the current suite of social grants, while effective at reaching the poorest members of South Africa society, would be insufficient to address the fallout associated with the lockdown. In particular, a large portion of informal sector workers—who would have suffered almost complete loss of income during the lockdown—are not co-resident with grant recipients** (Bhorat et al., 2020). However, it was also clear that government had no real way of identifying these individuals through any single database at its disposal. Eligibility for the COVID-19 grant is instead determined by cross-referencing multiple government databases belonging to SASSA, the Unemployment Insurance Fund, the South African Revenue Service, the Government Employees Pensions fund, and the National Student Financial Aid Scheme. It should be noted that the challenge in estimating and determining the number of people who may be eligible for the grant also had a lot to do with budget limitations and care had to be taken not to over-promise on the number of estimated beneficiaries.

**Other design-related problems include SASSA's underestimation of the extent to which a purely electronic application process would represent a critical barrier to access and initial eligibility criteria that were simply not feasible in the context of the lockdown.** Reliance on an electronic system was necessitated by the lockdown regulations, but it also represents an efficient means of receiving very large numbers of applications. More recently, despite the relaxation of the lockdown, SASSA is still only taking electronic applications while the appeals process is also electronic. Social workers were dispatched to communities to help people prepare and submit their COVID-19 electronic grant applications.

12 The SASSA (2020d) publication refers to March 2019, but this seems to be an error.

**SASSA's technical capacity to implement the COVID-19 grant has also been put to the test.** While relatively little information has been made public as to the progress with rolling out the grant, it is clear that there have been significant problems in terms of capacity to process the number of applications, despite the electronic application process. However, building the whole system in 30 days was a mammoth undertaking. A SASSA media statement from 25 May 2020 indicated that they had tested the payment system on a sample of ten beneficiaries, with one failing due to an error in the submitted bank details. According to SASSA the ideal time between application to payment was seven days. In the beginning, processing took much longer as the system was developed at the same time and the number of applicants was very high. Further technical capacity constraints are evident in the problems experienced in implementing the increases to the existing grants, with reports of some recipients being paid twice, while others were not paid at all.

**To put these figures in context, it is worth looking back at data detailing the expansion of the grant system over the past 20 years.** An extended time series of detailed annual data on grant beneficiaries by programme is difficult to locate, but based on estimates from National Treasury (2007, 2009) and SASSA (2019) it is possible to construct a series going back to the 2002/03 financial year. The most rapid expansion of the social grants system occurred at the beginning of this period: between 2002/03 and 2003/04, the number of grants grew from 5.8 million to 7.9 million, an increase of just over 2.1 million or 36.7 percent. Approximately 1.2 million COVID-19 grants were paid out in the (just less than) six weeks between the opening for applications on 11 May 2020 and the 18 June 2020 media release, and in November 2020 over 6 million people had received the grant. This is equivalent to processing and paying out 10.4 million new grants in a 12-month period; this is a remarkable pace and would represent roughly five times the largest annual increase in grant recipients observed since 2002.

**The process has also been plagued with unclear communication from SASSA and government more broadly. Perhaps most glaring was the fact that the initial announcement by the President of the intervention did not match the programme that was eventually implemented**. Specifically, the initial announcement spoke of higher payments per child support grant beneficiary, while the implementation has been in terms of child support grant recipients (i.e. caregivers). This has a material impact for households depending on the number of children and primary caregivers, and in terms of the progressivity of the programme (Box 6, Bhorat et al., 2020). There has also been poor and conflicting communication with respect to the required documentation for applications.

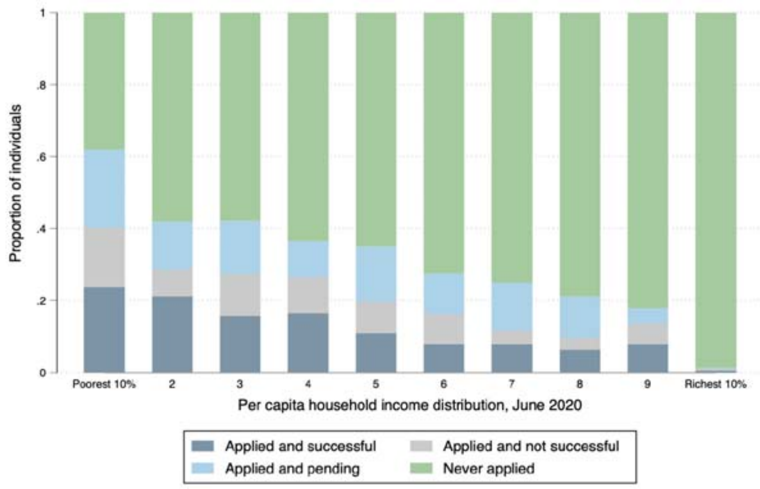
**Box 6: Take-up of the COVID-19 Grant**

Given the timing of the implementation of the COVID-19 grant evidence on the patterns of coverage, take-up or impact of the grant has only recently begun to emerge. A key source of these emerging data is the National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM), a panel survey of South African individuals that derives its sample from Wave 5 of the National Income Dynamics Study (NIDS). The NIDS-CRAM survey is planned to include five waves during 2020 and 2021, with the second wave having already been conducted, and the data is considered to be "broadly nationally-representative" (www.cramsurvey.org).

Using the second wave data from NIDS-CRAM, Köhler and Bhorat (2020) analyse, amongst other things, take-up and coverage of the COVID-19 grant:

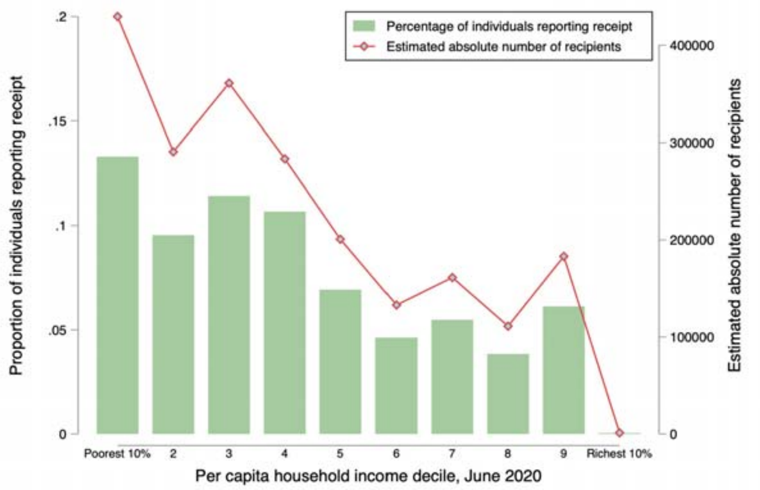
*We estimate that as of the time of the NIDS-CRAM Wave 2 survey in July and August 2020, of the 11.33 million individuals who reported applying for the grant, 4.32 million (nearly two in every five, or 38.1%) were successful. The remaining 7 million individuals either report a pending (4.35 million, or 38.5%) or rejected (2.65 million, or 23.4%) application. However, application for and receipt of the grant appears to have been relatively pro-poor: most individuals who applied for the grant, and were successful in their application, are in the middle and lower parts of the June 2020 household income distribution [see figure below]. Conditional on applying, 23% of individuals (1.4 million) in the poorest quintile of households were successful, in contrast to 4.5% (250 000) in the richest quintile. Close to 90% of individuals in this latter group never applied, in contrast to nearly one in every two individuals in the poorest quintile. Up to the richest quintile, pending applications do not vary considerably across the distribution, although individuals in the poorest quintile of households were more likely than others to experience this outcome (17.64%, or 1.1 million individuals).*

**Application Status for COVID-19 SRD Grant across the Distribution, June 2020**




*Source: Reproduced from Köhler & Bhorat (2020).*

**Receipt of COVID-19 SRD Grant across the Distribution, June 2020**




*Source: Reproduced from Köhler & Bhorat (2020).*

*Although the above findings refer to application (successful or not) of the grant at the time of the survey, we can also analyse variation in actual receipt in June 2020. [The figure above] presents the distribution of personal receipt of the COVID-19 SRD grant, in June 2020, across the June 2020 household income distribution. Our aforementioned finding holds: in both absolute and relative terms, individuals who live in poorer households were more likely than others to receive the grant. About 11.5% of individuals (or 720 000) who live in the poorest 20% of households received the grant in June 2020. This is in sharp contrast to the 3.3% (184 000) who live in the richest 20% of households. In other words, for every person who lived in quintile 5 households and received the grant in June, nearly four who lived in quintile 1 households received the grant. Household-level receipt was also progressive, as indicated in Figure 6: of the 7.9 million individuals who co-resided at least one household member who received the COVID-19 SRD grant in June, about three in every five (59.5%) live in the poorest 40% of households, as opposed to 5.6% who live in the richest quintile of households.*

*Source: Köhler and Bhorat (2020, pp.15-16)*

**Finally, there has been a clear tension between accuracy of targeting and speed of rollout.** While targeting of grants is important in terms of ensuring that those who most need support receive it, it has come at the cost of time. In their apology for the slow rollout, SASSA (2020b) highlighted how they "have eliminated a number of undeserving applicants and this has saved the Fiscus close to R14 million which could have sky-rocketed to over R81 million by October". The delay in payments was directly blamed on the application verification process in SASSA's June media release (SASSA, 2020a). Clearly, SASSA is required to appropriately screen applicants, but the lack of integration of systems across departments combined with an approach that arguably over-emphasises eliminating leakages appears to be contributing to the slow response.

Certainly, a saving of R81 million is substantial, but it pales in contrast to the total estimated cost of COVID-19 grant and, indeed, to the desperate need for support.

**Despite these problems, there have been important successes. These include the relatively quick agreement across various government departments and institutions to share data so as to screen applicants.** This may potentially provide a basis—and precedent—for further cooperation and integration as part of the NISPIS project. Importantly, the implementation of the COVID-19 grant may be breaking through some of the resistance to the idea of expanding social assistance to better support working-age cohorts through, for example, some type of basic income grant or jobseeker grant.

# 5. Effectiveness of social assistance in South Africa

**In this chapter we summarize the strengths and areas for improvement of the social assistance system and discuss how well it is aligned with the country's broader development challenges.** While recognising that it is not the role and mandate of social protection or social assistance to address the underlying social and structural challenges in a society, but rather to protect its vulnerable groups from the consequences, we do ask the question "to what extent is South Africa's social assistance system geared to mitigate and reduce the structural causes of poverty and inequality and to improve economic inclusion, upward mobility, and human capital investment of the poorest".

## 5.1. Strengths of the social assistance system

**The social assistance system has a number of important strengths. First, the social grant programmes are extensive. Approximately one in three South Africans is a direct beneficiary of a social grant.** This is primarily due to the number of beneficiaries of the child support grant—children receiving a child support grant represent almost one-quarter of South Africans according to the Living Conditions Survey 2014/15 data. More than two-thirds of children under the age of 18 years received child support grants, while over 70 percent of adults aged 60 years and above received the older persons' grant. On average, coverage of South Africa's social assistance grants is substantially higher than for other upper-middle income countries.

**Second, the system is well targeted. The ability of the system to provide benefits to those in need is critical if it is to have the intended beneficial impact in terms of reducing poverty.** More than half (56.1 percent) of the population in the poorest pre-transfer quintile are direct beneficiaries of the grant system, while coverage for the child support and older persons grants of the age-eligible population in the bottom quintile is 86.9 percent and 96.6 percent respectively. The poorest 40 percent (pre-transfer) of the population account for 56 percent of beneficiaries and almost 60 percent of the total benefits. In some sense, one might expect that these proportions of beneficiaries and benefits could be even higher, ensuring a more concentrated focus on those at the lower end of the income distribution. However, the country's extreme level of inequality means that even households in the middle of the distribution have low incomes and require social assistance.

**Third, the system has a significant impact on both poverty and inequality.** Based on the Living Conditions Survey 2014/15 data, it was shown that social assistance significantly reduces poverty across a broad range of poverty lines. Based on simulations using the LCS 2014/15 data, it was estimated that social grants reduced the poverty headcount rate by between 10.1 percentage points and 81.9 percentage points depending on the poverty line used. Similarly, the Gini coefficient was reduced by 6.7 percent. The impact is stronger for measures, such as the poverty gap and poverty gap squared, that place greater emphasis on individuals furthest below the poverty line. Thus, while social grants may be insufficient to lift the poor completely out of poverty, they do go a long way towards ameliorating the deepest poverty in the country. Additionally, **the beneficial impact of the grant system extends far beyond money-metric poverty and inequality as illustrated by the numerous studies that have found important broader positive effects of grant receipt on various aspects of human development. Such findings suggest the potential for the grant system to have positive effects that play out intergenerationally and over the long-term. However, these benefits could be multiplied if the social assistance programs could be intentionally and explicitly reformed towards nudging households' investments in human capital.**

**These strong effects on poverty and inequality are the benefits of a system that is well-targeted at those who most need support. Coverage is almost universal in the poorest pre-transfer quintile** (95.2 percent), while it remains around three-quarters (74.1 percent) in the third quintile. As a result, the poorest 60 percent of the population account for almost 80 percent of all direct and indirect grant beneficiaries, and a similar proportion of social assistance benefits. Quintile 1 alone accounts for 29.8 percent of direct and indirect beneficiaries and 33.1 percent of benefits.

**Importantly, despite the fact that grant values are low in absolute terms, the extent of inequality means that they are relatively large for a significant proportion of households.** The average transfer per capita for beneficiary households in 2014/15 is estimated to have been only R3 279, or around R273 per month. However, compared to beneficiary households' per capita household expenditure, this amount is significant. Averaged across all beneficiary households, grant income is equivalent to roughly one-quarter of per capita household expenditure. However, this figure is as high as two-thirds for beneficiary households in quintile 1 and two-fifths for beneficiary households in quintile 2.

**In summary, South Africa's social assistance system is effective in providing support to the poorest segments of the population and significantly reduce the depth of poverty and inequality.** Further, by providing regular, dependable income, they ameliorate vulnerability. This is particularly true if the effects of social grants on other outcomes such as health, education, and labour supply are considered.

## 5.2. Shortcomings/areas for improvement of the social assistance system

**At the same time, the social assistance system does have some weaknesses from the perspective of this research.** These weaknesses, or better yet, areas for improvement, presently limit the ability of the system to address the structural causes of poverty and inequality beyond just providing relief.

#### 5.2.1. Categorical programs addressing individual risk

First, although the system of social grants reaches the main vulnerable groups, **an inherent weakness with social assistance systems built around lifecycle risks and composed of programs aimed for particular categorical groups (although means-tested to target the poor) is that they tend to lack measures to assist households to transition out of poverty, and may have limitations in providing coordinated support to poor households over time. I**n the South African case, households are only supported by social grants if they include a child, a person with a disability, or an elderly person. But in South Africa households are formed around income and decisions on household composition and labour force participation may be endogenous choices as their needs change over time. On the other hand, grants aimed for individual groups of the population tend to be relatively fixed and leave policy makers with limited flexibility to support households dynamically and promote mobility towards productive inclusion and better access to the labour market and self-sustainability. We delve on this broader system design challenge and its opportunities more in the next section.

#### 5.2.2. Integration and coordination

**Second, integration across programmes, government levels and departments is not particularly strong. This represents a lost opportunity to build the types of synergies that could lead to strong positive impacts for programmes, both individually and collectively.** Such integration may be particularly beneficial for the child support grant, which has already been shown to have important positive effects on human development. The delivery systems behind the South African social protection programs are technically highly capable and benefits from strong systems for targeting, case management, data administration, and payments. But there is room for improvement, especially in terms of coordination and integration, starting with delineation of responsibility for the three levels of government, the interoperability of databases across government department, as well as last-mile payment services. This lack of interoperability was one of the weaknesses in terms of the COVID-19 response as discussed below.

**Setting up a unified social registry, such as the NISPIS, and linking together and making interoperable a number of government databases would be a significant step in the right direction.** Given the long-term consequences of investment (or lack thereof) in children's human capital, there should be strong incentives to do as much as possible to strengthen impacts. This is particularly true within the current fiscally constrained environment. Similarly, as discussed below, there is scope to better integrate the public employment programs to provide beneficiaries with a wider set of support and job-seeker services. However, the governance improvements and integration ought to go beyond ICT platforms. Mthethwa (2019, p.103) notes the lack of integration of the institutional and administrative frameworks related to social security. At the very least, this leads to duplication of work, of processes, and of functions, all of which drive up the cost of the system. This type of fragmentation and duplication is not unique to SASSA and the DSD but is widespread across government.

#### 5.2.3. Working-age adults

**A third area for improvement—and one that has been identified by a number of authors—is the system's blind spot around working-age adults, who have no access to social assistance unless they have a disability.** While there are some programmes within the social protection system that cover working-age adults, each of them is limited in terms of their coverage. The only social grant accessible to working-age adults is the disability grant, which is predicated on disability; and unemployment insurance and the Compensation Funds are only accessible to formal sector workers. During the COVID-19 crisis, the government introduced some temporary relief programs targeted at working adults; It is estimated that the COVID-19 SDR grant, which is meant to close in January 2021, provided benefits to around 6 million people, while the Employment Stimulus may only, with its best effort, create up to a million work opportunities, the target being 800 000. However, these programs are meant to be phased out as the current crisis ends. Hence, the working-age population represent a key gap in the system in terms of coverage. Indeed, as Altman et al. (2014, p.349) note, "there is no social assistance aimed at able-bodied working-age young people".

While programs such as basic income guarantees, universal basic incomes, or job-seeker grants have been discussed and debated from time to time, **the EPWP and CWP are the only interventions available to the majority of working-age adults. While they can potentially play an important role in establishing a minimum level of income, their current coverage is limited**. Also, they do not benefit from systematic rigorous impact evaluation to fully know their impacts of poverty reduction and sustainable job creation (see Box 5). The recent Presidential Employment Stimulus initiative is building upon and scaling up these same approaches exponentially in an attempt to provide work opportunities to those who have been left idle by the COVID-19 crisis and to the millions who were already chronically unemployed before the crisis. As with interventions aimed at children, the EPWP and CWP programmes may benefit from greater integration in order to link the unemployed back into the labour market. Indeed, there is scope for integration with labour market interventions through the Department of Employment and Labour or the Pathway Management Network, for example, to strengthen overall outcomes.

**The result of weak coverage of the working-age adult cohort has important implications for other social assistance interventions, as benefits received by children and the elderly are shared with working-age adults in the same households who have no other means of support.** While many recipients of child support grants are working-age adults (97 percent are women), these grants are meant for the children.

What makes the gap for the working-age adults particularly glaring is the fact that **the social security system is not designed or equipped to provide comprehensive protection against unemployment**, leading Van der Berg (1997) to argue that unemployment is the "major contingency against which the social security system provides no proper protection". **The unemployment insurance system caters only to those who have been employed in the formal sector; considering the high levels of long-term unemployment and that close to one-fifth of the employed are located in the informal sector, this leaves the vast majority of the unemployed without any direct access to government support.**

### 5.2.4. Value for money – expenditure efficiency

**A fourth area for improvement is the value for money, spending efficiency, and future fiscal sustainability of the current social assistance system.** From the perspective of value for money, estimates of the benefit-cost ratio for social assistance in South Africa reveal that, while the country performs around ten percent better than the average for Sub-Saharan African countries and is on par with upper-middle income countries overall, its performance is almost one-fifth weaker than the average for countries in Latin America and the Caribbean. **Given South Africa's strong performance in terms of the poverty-reducing impact of social assistance, the value-for-money performance is lower than expected and suggests that the issue lies with the system's cost which is high compared to other countries.**

**The overall challenge is that further improvements in the social assistance system may have to be implemented in a "zero" additional budget context,** given the dire fiscal situation in the country, documented in chapters 2 and 3. As already noted, social assistance consumes a significant amount of resources. Between health, education, and social protection, roughly half of consolidated government spending is accounted for. At the same time, spending on social protection increased by 3.7 percent per annum in real terms during the 2010s, which is somewhat more rapid than the rate of growth of total spending (3.3 percent). Total spending on social grants, excluding administration costs, increased by 3.2 percent per annum on average in real terms between 2008/09 and 2018/19. **While the level and pace of spending growth is not problematic on its own, the country's fiscus has been under significant strain for some time.** This is the result of a decade of slow growth, diminished state capacity and other effects of state capture, and an inability to rein in spending, and will be exacerbated by the COVID-19 pandemic. **Thus, while there are not particularly pressing concerns regarding the long-term financial sustainability of the social assistance system, it seems clear that government's ability to further expand the same system will be constrained for the foreseeable future.**

### 5.2.5. Shock responsiveness – ability to scale up to address crises

**Finally, there is space to improve how the social assistance system can address major covariant shocks such as the economic consequences of the COVID-19 pandemic.** South Africa is typically not severely affected by shocks the way that many other countries tend to experience weather-related cyclical shocks, for example. But the COVID-19 crisis and national lockdown significantly lowered the country into the deepest economic, unemployment, and poverty crisis seen in a long time. **Parts of the social protection system could effectively be scaled up—social grants quickly increased the benefit levels and payments from the UIF could be channelled on to furloughed or laid-off formal sector workers. However, the crisis exposed that other parts of the system were not ready to respond quickly to the crisis.** There was no effective way of identifying new shock-affected people to provide them with support—cash grants or food parcels. Yet, the current crisis may offer the opportunity to undertake the needed reforms and bring the system of social assistance to "the next level", towards the design and implementation features of countries of more advanced level of development.

**In the next chapter, chapter 6, we discuss possible reform options to address the above noted areas for improvement in the context of both the political environment related to efficiency reforms and the continuously tightening fiscal space in the aftermath of the COVID-19 crisis.**

**First, however, we take a wider look at the fit of the social assistance system for addressing South Africa's broader development challenges.** While recognising that it is not the role and mandate of social protection or social assistance to address the underlying social and structural challenges in a society, but rather to protect its vulnerable groups from the consequences, we do ask the question "to what extent is South Africa's social assistance system geared to mitigate and reduce the structural causes of poverty and inequality and to improve economic inclusion, upward mobility, and human capital investment of the poorest".

## 5.3. Fit of the System vs. South Africa's Development Challenges

**In the National Development Plan (NDP), the National Planning Commission (2011) identifies the eradication of poverty and the reduction of inequality as two broad policy objectives, both of which are identified as deeply intertwined with the country's shortage of formal employment.** Consequently, poverty, inequality, and unemployment have come to be seen as South Africa's "triple challenge" and feature prominently in the contextualisation of the NDP's chapter on social protection.

**As was discussed in chapter 2, South Africa has numerous development challenges that are the outcome of policy-induced distortions and chronic exclusion of the majority of the population under apartheid.** These challenges are manifested in diverse, yet often intersecting arenas, such as the labour market, human development, the quality of human capital, poverty, and inequality. At their most basic, however, unemployment, poverty and inequality are at the core of the country's various development challenges. Aside from the extent to which these problems reinforce each other, addressing them is made more complicated by the overlapping disadvantages associated with race, gender, age, and location, amongst others.

**While South Africa's social assistance system was largely developed under minority rule to cater primarily to the needs of the country's White population, it has been expanded during the democratic era and consequently plays a pivotal role in addressing chronic and deep deprivation.** Of the country's various development challenges, it is poverty which is the system's primary focus.

**As it is currently designed, the social assistance system is geared towards key lifecycle risks. Thus, virtually all programmes are targeted to children and the elderly, who are at greatest risk of poverty due to their inability to participate in the labour force.** Of the suite of seven grants (excluding the COVID-19 grant and social relief of distress), three are only accessible to the elderly, while three are only accessible to children. Given that the system is very successful in targeting the poorest in South African society (as shown in chapter 4), it is not surprising that it performs well in terms of alleviating poverty. **Both the child support grant and the older persons' grant make substantial contributions towards reducing extreme poverty amongst their respective target populations, as well as their households.**

**The HIV/Aids pandemic has presented significant additional risks to children, particularly through the potential for orphan hood.** Here, the foster child grant is available to address this risk. Further, the stipulation that child support grants can be paid to the child's primary caregiver, rather than necessarily the parent, introduces additional flexibility into the system in the context of the many different patterns of household formation that exist in South Africa. Thus, this stipulation responds to the South African context in terms of varying household structures and facilitates the ability of the system to automatically respond to changing circumstances.

**The final risk that is addressed by the social assistance system is that of disability.** Amongst working-age adults, disability may compromise their ability to be and remain gainfully employed; amongst children and the elderly, disability may require households to devote additional scarce resources to their care. In both instances, disability poses a risk to individuals and households that they may fall into poverty. Thus, South Africa's social assistance system addresses disability amongst the working-age population through the disability grant, while provision is made through the care dependency grant and the grant-in-aid where disability amongst children and the elderly requires full-time caregivers.

**As already highlighted, the system of social grants has played a critical role as a relief against the structural problems of poverty, inequality, and chronic unemployment.** One can even go on as to say that without this system of social grants it would have been much more difficult to maintain social peace in the post-apartheid era.

**However, in terms of the design of the social grants, there appears to be no overt consideration of or attempt of designing the system of social grants to address the chronic exclusion of the majority of citizens, which is at the root of South Africa socio-economic challenges.** This may be a missed opportunity given the poor Human Capital Index in South Africa—where a child born today is only 43 percent as productive when she grows up as she could be if she enjoyed complete education and full health (World Bank 2020d). Indeed, the emphasis is very much on the amelioration of deprivation—as illustrated by the DSD's and SASSA's stated objectives and mandates, which mention poverty and vulnerability, but not inequality—so that the impact on inequality of the South Africa system of social assistance is almost incidental. For example, as previously noted, South Africa does not make use of conditional cash transfers, which can be used to encourage specific behaviours such as increased investment in health and education, a policy choice that aligns to government's rights-based approach. Improving the integration of the social protection system, through the NISPIS project for example, into a broader response to the underlying causes of socio-economic inequality—lack of opportunity, unequal access to and level of human capital, unemployment, and economic exclusion—would allow for the development of a package of services available to individuals and households, especially for poor children, based on their particular situations.

**This is not to say that social grants do not have broader impacts that may address key development challenges.** As noted above, there is a growing literature that points to broadly beneficial impacts of social grants—either a specific grant, or grants generally—on a wide variety of outcomes in the areas of poverty and inequality, nutrition and food security, education, health, labour supply and livelihoods, and fertility. **This body of research points to the ways in which social grants have enabled poor households to invest in and build their human capital through improvements in educational attainment, nutrition and health.** The evidence also suggests that, while negative impacts on labour supply may be observed, these may be explained by changes in household structure and by their location. This research also highlights the importance of having regular household surveys that collect sufficient data to explore these cross-cutting issues. Yet, in the case of South Africa, these "positive spill-overs" of the system of social grants on human capital or economic inclusion are almost "incidental", in the sense that they are not the result of explicit design features or policies. More and better results may be possible with more explicit program features to support households to invest in human capital, for instance when it comes to early childhood development (ECD) where access to ECD centres is not yet widespread and where households and caregivers play a large role in young children's cognitive development.

# 6. Conclusions and forward look – reform options

**South Africa's social assistance system represents a major intervention by government in addressing deprivation amongst the country's population. The system is extensive both in terms of the number of people it covers and in terms of the amount of scarce resources it consumes.** According to the LCS 2014/15 data, nearly two-thirds of the population (64.0 percent) are covered, directly or indirectly, by the system, while data from National Treasury indicate that social assistance grants in 2020 cost R156.0 billion in March 2020 prices. Put differently, it is estimated that social assistance transfers are equivalent to 7.3 percent of households' expenditure nationally, and around 60 percent of the total expenditure for the poorest quintile. This is one way in which South African society demonstrates, through government, the value placed on providing support to its poorest and most vulnerable members.

**In South Africa the social assistance system has been used to "substitute" and mitigate the absence or weakness or lack of inclusivity of other mechanisms** such as contributory pensions utilised in other countries to respond to the same risks (risk of poverty in old age, for example, or risk of disability), and to provide relief against the structural problems of poverty, inequality, and chronic unemployment discussed in chapter 2.

**There is always room for improvement in a social assistance system as long as poverty remains a problem in society.** Sometimes such improvements derive from adjusting the rules of existing programmes or in the form of higher benefit levels or alterations to improve benefit incidence. In other instances, improvements in the efficiency of the system are required. And sometimes yet, new programmes are required to reach previously uncovered populations.

**A number of adjustments are suggested over the next five years to better align the social protection system, especially social assistance, to more effectively mitigate the structural causes of socio-economic inequality, improve its cost- and administrative-effectiveness, and the ability to protect working-age informal sector workers.** This chapter lays out some simulations to serve as examples of possible program-level effectiveness gains.[13] It also reflects on the feasibility of broad reforms and proposes some shorter-term options which policy makers could consider for the future of social assistance in South Africa.

## 6.1. Feasibility of broader reforms

It must be recognised that **the South African government faces severe fiscal constraints that are likely to impact on the flexibility of policy to address the country's challenges in the post-COVID environment**. While revenue shortfalls, rising expenditure, and rapidly growing public debt are problems that have longer term roots, they have been exacerbated by the impact of the lockdown and the cost of interventions that the COVID-19 pandemic and the lockdown itself have necessitated. Given the government's stated commitment to rein in public spending in order to stabilise public debt (National Treasury, 2020c), government ministries have been required to cut spending.

We would argue, as is evident by the analysis in the preceding chapters which points to the importance of the social assistance programs in preventing further poverty and inequality, that **enforcing such cuts on social assistance would have significant negative impacts across a wide range of potential outcomes and that the cost would be borne by those households who are least able to weather such shocks**, undermining the system's objectives of preventing and alleviating poverty in both the short- and long-term. Moreover, we think that eroding the support for the poorest groups of the populations, those historically excluded from participating in the economic growth is also not politically feasible. The South African social assistance system is a pillar of the social contract between the state and the people and enjoys strong political support.

**On the other hand, any major scale up of the existing grant system in the current fiscal situation seems difficult and would require further investigation of alternatives.** Savings and resources may have to be found in efficiency improvements and in further sharpening the pro-poor focus of some of the grants. The dilemma of the future of the South Africa's social assistance system rests in the opposing pull of these two forces: the limited political appetite for cost-saving reforms and the need to consolidate expenditures to avoid further deepening of the macro-economic crisis and debt burden. **Feasible options for broader reform hence need to balance political will and the need to contain costs.**

## 6.2. Shorter-term reform options

### 6.2.1. Addressing cost-effectiveness and value for money

**As discussed above, the system of categorical grants could benefit from introducing more flexibilities.** South Africa's expansive social assistance system with one grant for each vulnerable group is in no doubt expensive at 3.31 percent

13 For both simulations, it is important to remember that the simulations are static. They do not account for changes in household formation that may result from a changed distribution of resources. Further, they do not account for changes in individual behaviour in response to changed incentives. It is also assumed that there is full income sharing within households. In other words, any additional income (or loss of income) is shared equally amongst household members.

of GDP and may not provide the tools for policy makers to adjust parameters over time to contain costs while maximizing outcomes. However, there is no clear evidence to suggest that broader reform to the set of programs (e.g. consolidation of programs, introducing conditional cash transfers) would lead to drastic efficiency gains, stronger impacts or reduced costs, or even gain any political traction. **But it may be useful to speculate as to how the overall package of programs could transition to be more productive and outcome-focused over time**. Some more technical reform options that should be considered are discussed below.

### 6.2.2. Strengthening outcomes and incentivising productive inclusion and economic mobility

**At its core the social assistance system is focussed on providing relief and income, rather than on attempting to systematically address structural development challenges and underlying causes of poverty and inequality either alone or in concert with other government interventions. For example, South Africa does not make use of conditional cash transfers to attempt to change behaviour, since conditionalities do not align well with South Africa's rights-based approach** and may lead, for example, to children being punished twice where caregivers are non-compliant. There are however potential ways to improve coordination of social service provision for poor children, such as through case management systems and usage of an integrated registries (e.g. NISPIS) and management systems which can track services provided to children as well as the development and achievement of the children benefitting from social services.

One way to improve expenditure efficiency is to strengthen outcomes without significantly increasing costs. We ask the question: **would it be possible to enhance the untapped potential of social grants to address other long-standing development challenges by slightly adjusting programme designs and implementation arrangements? This may involve building in more explicit support services and family sessions for households with children to break the intergenerational cycle of poverty by investing more strongly in the development of the children.** Social service programme coordination across government departments and case management would be important (see discussion on integrated service databases below).

**Access to primary education in South Africa is almost universal but the quality of schooling is low compared to comparable countries and learning outcomes are below UMIC averages (see presentation of HCI results in chapter 2).** However, access to early childhood centres is not yet available to a large number of young children and may be encouraged through the child support grant. Also, in several countries including in the Sahel, in Rwanda, Jamaica, and Madagascar, providing a package of accompanying measures (family sessions on better parenting, childcare, nutrition, and children's cognitive stimulation) together with the grant have shown positive impacts on social outcomes. Especially for poorer households in lagging regions. Moreover, in Rwanda, Ethiopia, and Madagascar mothers and caregivers are being trained to manage home-based and community ECD centres. This modality has helped in highlighting the role of cash grants beyond income support/amelioration of deprivation, to also addressing other stubborn human capital development challenges such as stunting and low cognitive development during early years, especially among the poorer families. It also allowed governments to start making other adjustments in the overall safety net programs to link up with diverse development objectives.

**Moreover, supporting households to engage more actively in job-searching, training, and develop small productive activities has shown positive impacts around the globe**. This may be an option especially for households which are not labour constrained. With the Presidency developing the new Pathway Manager Network as a digital platform for job-seekers to get coaching, job-readiness training, profiling and matching, there is an opportunity to link working-age adult social grant recipients/beneficiaries (for households receiving the child support grant, the COVID-19 special SDR grant, or who participate in public employment programs).

### 6.2.3. Providing coverage for the working-age adults

**Since unemployment insurance is only available to those who were previously formally employed, this excludes everyone employed in the informal sector, as well as individuals informally employed within formal sector firms.** While these are not particularly problematic features of unemployment insurance in developed economies, South Africa's dire unemployment problem—a combination of high unemployment rates and the prevalence of long unemployment spells—means that relatively few are able to access unemployment benefits. Indeed, these same characteristics of unemployment in South Africa pose an immense challenge from the perspective of cost and financial sustainability to extending social assistance coverage to the working-age segment of the population.

**If the gap in the system is to be closed, it would require either significant scaling up of existing public works interventions, which is currently being started through the Employment Stimulus or the introduction of a new type of grant, or both.** The cost of implementing such a new grant would be considerable and would require careful analysis and investigation of alternatives. Box 7 presents a simulation which builds on the COVID-19 grant and can be seen as an application example of a basic income guarantee. Specifically, this exercise simulates a 'jobseekers' grant', targeted at the unemployed. The implementation of such a grant may provide opportunities to link jobseekers into other programmes, such as the Department of Employment and Labour's Employment Services of South Africa (ESSA), which may constitute a package of support for the unemployed. Indeed, such integration with other services may be important in terms of ensuring that only active jobseekers are eligible for the grant, thereby containing costs to some extent.

**Box 7: A Jobseekers' Grant**

The simulation presented here provides an example of a jobseekers' grant which aims to give support to unemployed working-age adults who would otherwise have no direct means of support. However, instead of this grant being simply about income support for the unemployed, it could be integrated within a broader set of interventions that are explicitly focussed on getting the unemployed into work. Grant beneficiaries would be able to benefit from services such as job matching, career counselling, job-readiness training, training on life skills, and accessing apprenticeships, amongst other services. Thus, a well-designed jobseekers' grant would have as its primary objective to link the unemployed back into gainful employment and strengthening their ability to remain employed.

For the simulation, the value of the grant is set at R350 per month in April 2019 prices similar to the special COVID-19 grant. Given that the idea is that the grant be targeted at those actively seeking employment, eligibility is restricted to the narrow unemployed over the age of 18 and under the age of 60. This need for beneficiaries to prove their eligibility (being job-seeking and within the age rage) is precisely what distinguishes this from a basic income guarantee which is commonly discussed in South African media. Narrow unemployment assumes active job search, and this ties into the idea of linking the grant to an employment service programme. Individuals receiving the disability grant or income from the UIF are also excluded.

For this simulation, answers to the following questions are sought:
- What is the total cost of the new grant example?
- How are the benefits and beneficiaries distributed?
- How does the grant impact on poverty and inequality?

**Simulated Cost and Distributional Impact of a Jobseekers Grant**

| Decile | Annual Cost (R bil) | | Benefits | Beneficiaries | |
|---|---|---|---|---|---|
| | 2017 Prices | Apr 2020 Prices | (%) | ('000s) | (%) |
| Decile 1 | 2.5 | 2.7 | 16.9 | 649.7 | 16.9 |
| Decile 2 | 2.0 | 2.2 | 13.6 | 522.9 | 13.6 |
| Decile 3 | 2.2 | 2.4 | 14.8 | 570.8 | 14.8 |
| Decile 4 | 1.6 | 1.8 | 11.0 | 423.8 | 11.0 |
| Decile 5 | 1.5 | 1.7 | 10.4 | 399.8 | 10.4 |
| Decile 6 | 1.3 | 1.5 | 9.0 | 348.1 | 9.0 |
| Decile 7 | 1.4 | 1.5 | 9.3 | 358.4 | 9.3 |
| Decile 8 | 1.2 | 1.4 | 8.4 | 322.5 | 8.4 |
| Decile 9 | 0.7 | 0.7 | 4.5 | 174.7 | 4.5 |
| Decile 10 | 0.3 | 0.3 | 2.1 | 81.3 | 2.1 |
| TOTAL | 14.9 | 16.2 | 100.0 | 3 852.1 | 100.0 |

*Source: Own calculations, Saldru (2018).*
*Note: Deciles refer to the post-transfer income distribution. Eligibility for the jobseekers' grant is modelled as: (1) narrow unemployed; (2) over the age of 18, but younger than 60 years; (3) receives no income from the UIF; and (4) does not receive a disability grant. For the purposes of the simulation, a 100 percent take-up rate is assumed.*

**At R350 per month, the cost of a jobseekers' grant is significant.** Based on an estimate of almost 3.9 million beneficiaries, the cost is estimated at R14.9 billion per annum in 2017 prices or R16.2 billion in April 2020 prices. Of this R16.2 billion amount, R7.3 billion in benefits—or 45.3 percent of total benefits—accrues to the poorest 30 percent of the population. A further 39.7 percent of benefits accrues to the middle 40 percent of the population (deciles 4 through 7). Given that the value of the proposed grant does not vary across individuals, individual deciles' shares of benefits correspond to their shares of beneficiaries.

**Box 7: A Jobseekers' Grant**

**Given the grant's relatively small value and the relatively small number of beneficiaries—a jobseekers' grant value would be somewhat lower than the child support grant, but it has less than one-third as many direct beneficiaries—the impact on poverty and inequality is relatively small** (table below). However, as a complement to already existing social assistance grants, a jobseekers' grant's main objective may not be poverty reduction, rather it may be to increase those who actively seek employment and increase labour supply. **Nevertheless, the proposed grant does reduce both poverty (irrespective of the poverty line used) and inequality.** Using the upper-bound poverty line, the poverty rate is estimated to decline by 0.9 percentage points to 42.4 percent. This 0.9 percentage point reduction compares quite favourably with the reduction (using a different dataset) attributed to the child support grant presented in the table below. The magnitude of the reduction is similar across all three poverty measures and for both poverty lines. The Gini coefficient falls slightly from 66.3 to 65.8 with the introduction of the grant.

**Simulated Poverty and Inequality Impact of a Jobseekers Grant**

| | Poverty Rate | Poverty Gap | Poverty Gap Squared | Gini |
|---|---|---|---|---|
| *Upper-bound poverty line* | | | | |
| Baseline | 43.2 | 19.7 | 11.3 | 66.3 |
| With proposed grant | 42.4 | 18.7 | 10.4 | 65.8 |
| … Change from baseline | -0.9 | -1.0 | -0.9 | -0.5 |
| *Lower-bound poverty line* | | | | |
| Baseline | 29.3 | 11.1 | 5.6 | 66.3 |
| With proposed grant | 28.0 | 10.0 | 4.8 | 65.8 |
| … Change from baseline | -1.3 | -1.1 | -0.8 | -0.5 |

*Source: Own calculations, Saldru (2018).*

**The simulations indicate that the cost of a jobseekers' grant is considerable.** Its R16.2 billion price tag would probably make it the fourth largest grant in terms of spending and represents approximately 9.4 percent of total spending on social grants in the 2018/19 financial year. However, the cost of such a grant may be bigger than shown in numbers, because of perverse incentives created in the labour market. Those currently not searching for jobs (the discouraged jobseekers) may change their behaviour to be identified as searching unemployed, and low-income informal workers may also decide to rather search for jobs in order to qualify, thus reducing informal activity. In contrast, the Presidency's recently launched Employment Stimulus received a budget of R12.6 billion for Phase 1 to create 800 000 temporary employment opportunities for around six months. While the jobseekers' grant has a beneficial impact on both poverty and inequality, it is perhaps the integration of the grant with other interventions that offers the greatest potential for impact. By linking grant recipients to the Employment Stimulus, the Department of Employment and Labour, to the SETAs and, where appropriate, to the broader education and training system, it may be possible to facilitate economic participation and support livelihoods.

**Public works programmes have typically been established to deal with unemployment of a cyclical or frictional (i.e. short-term) nature. However, South Africa's unemployment is structural and long-term**: according to data published by Statistics South Africa (2020d), 72 percent of the unemployed are 'long-term unemployed', having been unemployed for more than one year. The EPWP and CWP represent key interventions to address poverty for working-age adults, providing up to 100 days of work to working-age participants. One of the advantages of the CWP—mentioned by Philip (2013, p.15)—over the EPWP is the sustained part-time employment that it offers, which establishes an earnings floor and mimics the effect of a social grant. While it seems clear that participation in the EPWP would have some beneficial impact on individual- and household-level poverty during the period of participation, it is not clear what the impact of the programme is post-participation, or whether participation has measurable positive effects on the probability of employment post-participation.

**More palatable, perhaps, may be the scaling up of the CWP,** given its targeting of the poorest communities and the potential multiplier effects from specific types of investments within these communities, although here too there are significant fiscal implications for interventions that do not significantly reduce unemployment and whose longer-term effects on employment have not been rigorously assessed. This is in fact the direction taken by the Employment Stimulus recently introduced by the Office of the President (see Box 3).

Regardless of other considerations (e.g. fiscal constraints, implementation challenges) one fact remains: **a better evaluation of what has worked and not worked under the existing EPWP and CWP programmes would have created**

**a better evidence basis for this new** Employment Stimulus **initiative.** Going forward, therefore, greater emphasis needs to be placed on measuring, monitoring, and evaluating the impacts of these interventions. Unfortunately, evaluations of these programmes are scarce (see Box 5). The main monitoring and evaluation reports focus mainly on the 'outputs' of the programmes and opinions of participating individuals and organisation, but do not try to measure the actual impact of the programme for individuals and their households, either during or after their participation in the programme. Prioritising strengthening the quality and reach of public and non-government employment service programmes to be able to more effectively link social assistance beneficiaries to the labour market would be important. As noted in the beginning of this report, a review of active labour market programmes, especially youth employment programmes, is conducted by the World Bank separately.

**Another alternative involves reform of unemployment insurance by raising benefits or extending the period of coverage (as was recently done), or by extending participation in the system to informal workers.** Once again, irrespective of the policy choice, it should be based on clear evidence of impact in order to achieve the objectives of poverty reduction, employment creation, and ensuring that as many South Africans as is feasible are covered by the system.

#### 6.2.4. Delivery system and program level technical reforms

**Reducing the administrative and delivery costs of implementing social assistance programs may reduce expenditures.** As demonstrated above in chapter 3, while administration costs have been reduced over the years, cost-efficiency is low. The need to strengthen program integration, interoperability, and reduce overheads could help improve the value-for-money of the social assistance system.

Except for the NISPIS project, there has been limited collaboration and sharing of information across government departments in a way that might create synergies and amplify impact. The DSD and SASSA do not normally coordinate with relevant departments—such as the Department of Employment and Labour, the Department of Basic Education, or the Department of Health—to create a package of services or interventions to address broader challenges related to the labour market or human capital development. **An interoperable social registry as envisioned for NISPIS could serve the basis for more integrated service delivery, especially related to investments in human capital of vulnerable children and their school-to-work transitions. However, the issue is not just one of dataset interoperability, but rather one of a different and better governance systems and more effective inclusive leadership. Institutions ought to be reorganised so that they are functionally better aligned to the development challenges they are confronting. For example, making a dent on early childhood development would require much better coordination among several agencies at central and local level responsible for cash transfers, health, education, and nutrition services.**

**The usefulness of this type of coordination and information sharing across departments has surfaced in 2020 with the outbreak of the global COVID-19 pandemic.** South Africa's social assistance system has not often had to deal with large-scale immediate crises, such as widespread droughts: the country is relatively urbanised, with smallholder agriculture representing a small proportion of household income (especially given low participation in markets), while market-oriented agriculture is dominated by a relatively small number of large-scale commercial farmers. This means that such disasters are addressed through mechanisms other than social assistance. **Thus, the COVID-19 pandemic and the national lockdown implemented by government poses an unprecedented challenge to the ability of the social assistance system to respond rapidly and at scale.**

**As another example, while the payment system is highly digitised and large number of grants are paid out on a timely basis and accounted for every month, beneficiaries still struggle to access funds queuing at retailers and other pay-points month-after-month. Limitations in payment withdrawal cause delays, confusion, and social crowding at pay-points.** Further research could look into alternative payment modalities which would allow recipients to retrieve and use their social assistance payments closer to where they live and in markets where thy normally shop. Improving the last mile accessibility of social grants by, for instance, engaging the vast network of informal spaza shops or other informal vendors would be important provided service quality assurance measures are in place.

**Another way to increase outcomes without significantly raising costs is to attempt to adjust the technical parameters of programs—such as the benefit incidence—to attempt to skew outcomes towards the group with lowest outcomes.** A second simulation (Box 8) shows that there is room to improve programme benefit incidence toward the lower quintiles especially for the child support grant. This reform would strengthen impact on poverty without increasing cost. The simulation involves a refinement of the child support grant that introduces a rough sliding scale, providing slightly larger benefits to children in the poorest households and slightly lower benefits to children in better-off households. The analysis in chapter 4 above shows that the amount of the child grant is relatively low, and impact could be improved if the grant was increased, especially for the poorest. The idea with this simulation is to improve the targeting of benefits to those children (and their households) who most need the additional income. Further, the proposal acknowledges the fact that children in the upper part of the income distribution require less support to escape poverty.

**Unlike the jobseekers' grant discussed above, a differentiated child support grant would in principle not increase costs, though administrative costs may rise.** Also, such differentiation requires a fine-tuning of the means test that may be beyond the capacity of the administrative system. As a substantial part of the recipients of the child support grant are in the informal sector, where incomes are difficult to monitor and wages change frequently, it would be extremely difficult to maintain such a system.

**Box 8: A Differentiated Child Support Grant**

The objective of this simulated adjustment of the child support grant is to boost the benefit levels for children in the poorest households and to lower the levels for those in better-off households. This has a precedent in the sliding scale of the older persons' grant, which sees the grant value reduced depending on the level of recipients' income from other sources. While this proposal would allow for greater support to be directed to those most in need, it does come with an additional administrative burden. Certainly, it would seem that regular means-testing would be required to ensure that beneficiaries are awarded the correct level of benefit, particularly given the fact that caregivers may only have an incentive to report income reductions as opposed to rises in incomes.

For the simulation, the design is kept very simple. For children in the poorest 20 percent of the population, the value of the child support grant is increased by 25 percent; for those in the richest 50 percent of the population, the value of the grant is reduced by 30 percent; however, children in deciles 3 through 5 see no change to the grant value. These numbers are somewhat arbitrary but are informed by the fact that child support grant recipients are concentrated amongst the poorest deciles and by the desire to keep the overall budget envelope unchanged (or to at least keep the budget at a similar level). This means that this simulation represents a redistribution of spending across deciles but within the current budget envelope. The simulation uses the Living Conditions Survey 2014/15 data (Statistics South Africa, 2015a).

For this simulation, answers to the following questions are sought:
- What is the total cost of the proposal relative to the original cost of the grant?
- How does the distribution of benefits change and how does it compare to the distribution of beneficiaries?
- How does the impact on poverty and inequality change?

The table below details the cost and distributional impact of the differentiated child support grant. The baseline cost of the grant—i.e. the total value of child support grant income observed in the survey data—is R41.7 billion for the year in April 2015 prices. As noted, the intention with the simulation is to keep the overall cost very similar and this has been achieved with the proposed grant costing R41.9 billion for the year.

**Simulated Cost and Distributional Impact of a Differentiated Child Support Grant**

| Decile | Annual Cost (R bn, Apr 2015 prices) | | | Share of Benefits (%) | | | Beneficiaries |
|---|---|---|---|---|---|---|---|
| | Baseline | Proposed | Change | Baseline | Proposed | Change | (% share) |
| Decile 1 | 7.2 | 9.0 | 1.8 | 17.3 | 21.6 | 4.2 | 17.9 |
| Decile 2 | 6.4 | 8.0 | 1.6 | 15.4 | 19.2 | 3.8 | 16.2 |
| Decile 3 | 6.2 | 6.2 | 0.0 | 14.8 | 14.7 | -0.1 | 15.2 |
| Decile 4 | 5.7 | 5.7 | 0.0 | 13.6 | 13.5 | -0.1 | 13.5 |
| Decile 5 | 5.4 | 5.4 | 0.0 | 13.0 | 13.0 | -0.1 | 12.9 |
| Decile 6 | 4.5 | 3.1 | -1.3 | 10.7 | 7.5 | -3.3 | 10.5 |
| Decile 7 | 3.6 | 2.5 | -1.1 | 8.6 | 6.0 | -2.6 | 7.9 |
| Decile 8 | 1.9 | 1.3 | -0.6 | 4.4 | 3.1 | -1.3 | 4.2 |
| Decile 9 | 0.7 | 0.5 | -0.2 | 1.7 | 1.2 | -0.5 | 1.4 |
| Decile 10 | 0.2 | 0.1 | -0.1 | 0.4 | 0.3 | -0.1 | 0.3 |
| TOTAL | 41.7 | 41.9 | 0.2 | 100.0 | 100.0 | 0.0 | 100.0 |

*Source:* *Own calculations, Statistics South Africa (2015a).*
*Note:* *Deciles refer to the pre-transfer distribution of the population.*

## Box 8: A Differentiated Child Support Grant

It is clear that the differentiated grant alters the distribution of benefits quite significantly. In total, the poorest 20 percent of the population receive R17.0 billion for the year under the simulation, compared to 13.6 billion under the prevailing structure, an increase of R3.4 billion. In contrast, the top half of the distribution sees the annual value of transfers received in terms of the child support grant fall from R10.8 billion to R7.6 billion. In relative terms, the poorest 20 percent of the population account for 34.0 percent of beneficiaries and see their share of benefits rise from 32.7 percent of the total to 40.8 percent under the proposed grant. Deciles 3 through 5 maintain their share of benefits under the change, which are roughly equivalent to their share of beneficiaries. Consequently, the top half of the distribution sees its share of benefits decline from 25.9 percent to 18.1 percent, while it accounts for 24.4 percent of beneficiaries.

The table below provides a sense of the impact of the simulated change on poverty and inequality. The impact on poverty is assessed in terms of both the upper- and lower-bound poverty lines, and across three conventional poverty measures. **By allocating larger benefits to the poorest grant recipients, the revised child grant has a stronger poverty-reducing impact than the child support grant in its current format.** Further, this impact is observed across all three poverty measures.

Simulated Poverty and Inequality Impact of a Differentiated Child Support Grant

| | Poverty Rate | Poverty Gap | Poverty Gap Squared | Gini |
|---|---|---|---|---|
| *Upper-bound poverty line* | | | | |
| Baseline (excluding CSG) | 48.2 | 27.4 | 19.3 | 69.3 |
| With conventional CSG | 46.6 | 23.3 | 14.6 | 67.4 |
| … Change from baseline | -1.6 | -4.1 | -4.7 | -1.9 |
| With proposed CSG | 45.9 | 22.4 | 13.6 | 67.2 |
| … Change from baseline | -2.3 | -5.0 | -5.7 | -2.1 |
| *Lower-bound poverty line* | | | | |
| Baseline (excluding CSG) | 36.4 | 19.4 | 13.3 | 69.3 |
| With conventional CSG | 32.8 | 14.4 | 8.2 | 67.4 |
| … Change from baseline | -3.6 | -5.0 | -5.1 | -1.9 |
| With proposed CSG | 32.1 | 13.3 | 7.2 | 67.2 |
| … Change from baseline | -4.3 | -6.0 | -6.0 | -2.1 |

*Source: Own calculations, Statistics South Africa (2015a).*

Using the upper-bound poverty line, it is estimated that the proposed grant would lower the poverty rate by 2.3 percentage points compared to the baseline (post-transfer income but excluding child support grant income). This is almost one and a half times the effect of the standard child support grant (1.6 percentage points). The difference in impacts is smaller for the poverty gap and poverty gap squared, but in both instances the proposed grant is more effective in reducing poverty. The simulated grant also has a slightly stronger inequality-reducing effect, lowering the Gini coefficient by 2.1 points from 69.3 to 67.2.

**This simulation suggests that there is scope for fine-tuning the child support grant to achieve a stronger impact in terms of poverty reduction. By providing different levels of support according to need, more resources are directed to the poorest households, which is particularly beneficial in reducing the poverty gap and poverty gap squared, measures that are more sensitive to particularly poor individuals.** One potential way around the administrative burden associated with updating beneficiaries' information for regular means-testing may be to use other administrative data, such as the child's school quintile. This would, though, be dependent on the properly integrated social registry that has been highlighted already.

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# A. Appendix One

***The Living Conditions Survey 2014/15 Microdata***

**The Living Conditions Survey 2014/15 (Statistics South Africa, 2015a) is a key source of data for the analysis in this report.** While the survey collects extensive data on, amongst other things, incomes and receipt of social grants, it presents particular challenges with respect to the analysis of social grants. This is primarily because the two parts of the survey that collect information about the receipt of social grants do not necessarily align with each other.

**In section 4 of the questionnaire, respondents are asked to indicate whether they receive any social grants.** Those that answer in the affirmative are then asked to indicate which grant they receive. This section is complicated by two issues. First, children under the age of 18 do not answer the initial question directly; instead, where children under 18 years receive a grant, the information is linked to the caregiver. In other words, where a child receives a child support grant, they would answer "No" to the question whether they receive a social grant, while their caregiver would answer "Yes" and would indicate that they receive a child support grant. Thus, it is possible that the information pertaining to multiple children is consolidated under a single caregiver. Second, there is insufficient information to accurately disentangle these consolidated responses, or to even identify these consolidated responses. This is because the household roster identifies individuals' relationships to the household head, but not to each other. Further, when respondents are asked to indicate which grants they receive, they are not asked how many of these grants they receive.

This problem impacts all of the child-related grants, namely the child support, care dependency, and foster child grants, which together account for 73 percent of all grants in the 2018/19 financial year (see Table B.2). Further, it is particularly difficult where households receive multiple different types of child grants.

**In section 24 of the questionnaire, respondents are asked to provide detail on the income received in the 12 months preceding the survey period.** They are further asked to detail income received during the survey period through the diary that is administered as part of the survey. Here, grant income is recorded against the adult grant recipient or the adult caregiver, and it is therefore not possible to directly tie a particular child grant to a particular child. However, this data does provide a sense of the number of children within a household for whom grants are received. It should also be noted that cross-checking this information against the access information from section 4 reveals inconsistencies, which are not entirely unexpected given the different reference periods.

**There are thus two options for imputing grant access at the individual level in this dataset.** The first option uses the access data from section 4 but requires the allocation of child grants to individual children in isolation of any further information, and raises significant issues around the distribution of multiple types of grants across multiple children within a household. The second option approaches the challenge from the income side: by using the level of income relative to the known value of each of the grants, it is possible to determine approximately how many grants of each type are received. These need to then be allocated to individual children, although for the purposes of this report it is not important exactly which child receives which grant.

**Given that the second approach uses more information to make the allocation, it is the preferred option here.** In making the allocation it is assumed that children receive only one grant and that the reported income refers to receipt of a grant for the full 12 months (i.e. not two grants received for 6 months). The steps followed were:

1. Construct household-level annual grant income variables for each of the child grants, consolidating all income for each grant across all household members.
2. Divide the household-level annual grant income variables by 12 and by the value of that grant itself, to estimate the number of grants.
3. Based on the number of children within each household, determine how many receive each type of grant (e.g. within each household, the number of child support grants divided by total number of child grants multiplied by the number of children). When these numbers are aggregated again at the household level, they should not exceed the number of children. In the case of only two households, the number of grants is estimated to be greater (by one) than the number of children; for these households, the number of child support grants is reduced by one.
4. Allocation to specific children can be done in various ways. For this research, children are ranked from youngest to oldest and grants allocated sequentially. If there are x child support grants, y care dependency grants, and z foster child grants in a household, the youngest x children are allocated child support grants, the next y youngest children are allocated care dependency grants, and the next z children are allocated foster child grants. This sequence is arbitrary and inconsequential to the analysis presented, since grant access is not analysed by age.
5. Finally, based on these allocations, it is then possible to allocate the household-level income for each grant to individual children.

Table A.1 presents the estimates of direct grant beneficiaries used as a basis for the analysis in this report, and compares them to official numbers of grants paid out by SASSA and to the estimates generated from a pre-release version of the LCS 2014/15 microdata and used by Oosthuizen (2017).

**Table A.1. Allocation of Grants to Individuals in the LCS 2014/15 Microdata**

| | SASSA (2014/15) | Previous Report | Derived from Income Questions |
|---|---|---|---|
| Older persons | 3 087 | 3 204 | 3 178 |
| Disability | 1 113 | 1 165 | 1 232 |
| Child support | 11 703 | 13 275 | 13 206 |
| Care dependency | 127 | 127 | 121 |
| Foster child | 500 | 464 | 373 |
| Grant-in-aid | 113 | 79 | 8 |
| Other, e.g. social relief | | 255 | 5 |
| TOTAL | 16 643 | 18 569 | 18 124 |
| Total excl. other | 16 643 | 18 314 | 18 119 |

*Source:* *Own calculations, Oosthuizen (2017); SASSA (2019); Statistics South Africa (2015a).*
*Notes:* *Figures from the Oosthuizen (2017) report were derived from a pre-release version of the LCS 2014/15 microdata by the World Bank.*

As is the case for the data used by Oosthuizen (2017), the method described above yields substantially more child support grants than are officially reported by SASSA (2019). It also yields fewer foster child grants. However, in general, the allocation used here provides broadly similar estimates to those used previously. What it does mean, however, is that estimates of coverage based on the microdata will be somewhat higher than the true value.

# B. Appendix Two

**Table B.1. Consolidated Government Spending, 2010/11-2022/23**

| Financial Year | GDP (Nominal R billions) | Consolidated Government Spending as Share of GDP (%) | | | | |
|---|---|---|---|---|---|---|
| | | Total | Health | Education | Social Protection | Combined Total |
| 2010/11 | 2 749.5 | 30.5 | 3.7 | 6.2 | 4.8 | 14.7 |
| 2011/12 | 3 080.9 | 29.9 | 3.7 | 6.4 | 4.6 | 14.7 |
| 2012/13 | 3 327.6 | 30.1 | 3.7 | 6.4 | 4.6 | 14.7 |
| 2013/14 | 3 624.3 | 30.2 | 3.7 | 6.4 | 4.7 | 14.7 |
| 2014/15 | 3 867.9 | 29.6 | 3.7 | 6.4 | 3.8 | 13.9 |
| 2015/16 | 4 127.0 | 31.6 | 3.8 | 6.4 | 4.9 | 15.1 |
| 2016/17 | 4 419.4 | 31.2 | 3.9 | 6.5 | 5.0 | 15.4 |
| 2017/18 | 4 698.7 | 31.5 | 4.0 | 6.5 | 5.0 | 15.5 |
| 2018/19 | 4 921.5 | 32.3 | 4.1 | 6.9 | 5.3 | 16.3 |
| 2019/20 | 5 157.3 | 34.5 | 4.2 | 7.3 | 5.6 | 17.1 |
| 2020/21 | 5 428.2 | 34.6 | 4.1 | 7.1 | 5.8 | 17.0 |
| 2021/22 | 5 759.0 | 34.0 | 4.1 | 7.1 | 5.6 | 16.9 |
| 2022/23 | 6 126.3 | 33.5 | 4.1 | 7.0 | 5.7 | 16.7 |

*Source:* *Own calculations, National Treasury (2014a, 2015a, 2016a, 2017a, 2018a, 2019a, 2020a).*
*Note:* *Budgeted expenditure for the MTEF (2020/21-2022/23) presented in the 2020 National Budget.*

**Table B.2. Grant Beneficiaries and Spending, 2006/07-2018/19**

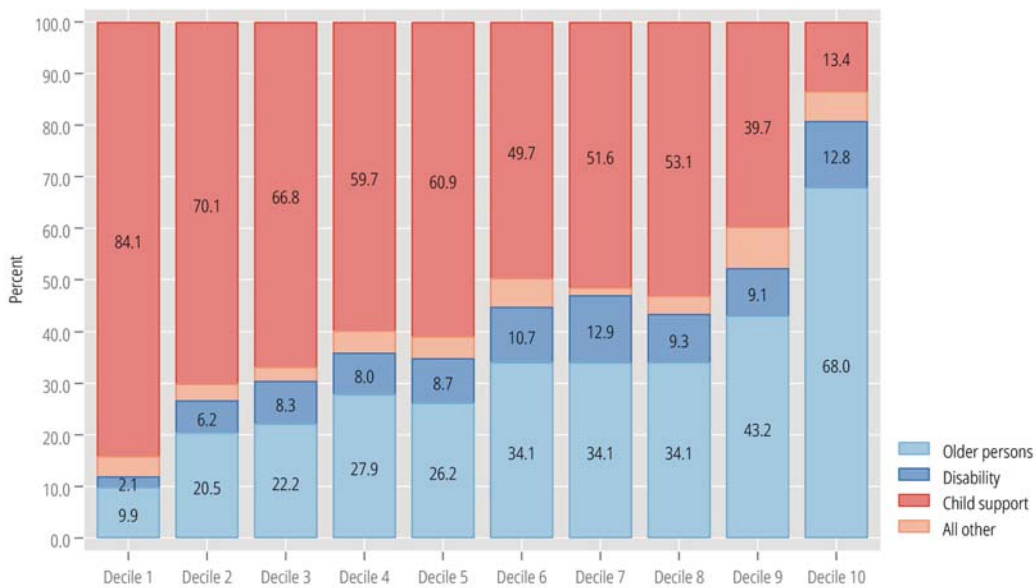
| | Care Depen-dency | Child Support | Disability | Foster Child | Grant-in-Aid | Older Persons | Social Relief of Distress | War Vete-rans | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| *Nominal Spending (R billions)* | | | | | | | | | |
| 2006/07 | 1.0 | 17.6 | 14.3 | 2.9 | 3.0 | 21.2 | 0.0 | 0.0 | 57.0 |
| 2007/08 | 1.1 | 19.6 | 15.3 | 3.4 | 3.0 | 22.8 | 0.1 | 0.0 | 62.5 |
| 2008/09 | 1.3 | 22.3 | 16.5 | 3.9 | 3.0 | 25.9 | 0.6 | 0.0 | 70.7 |
| 2009/10 | 1.4 | 26.7 | 16.6 | 4.4 | 3.0 | 29.8 | 0.2 | 0.0 | 79.3 |
| 2010/11 | 1.6 | 30.3 | 16.8 | 4.6 | 3.0 | 33.8 | 0.2 | 0.0 | 87.5 |
| 2011/12 | 1.7 | 34.3 | 17.4 | 5.0 | 3.0 | 37.1 | 0.2 | 0.0 | 96.0 |
| 2012/13 | 1.9 | 38.1 | 17.6 | 5.3 | 3.0 | 40.5 | 0.2 | 0.0 | 103.9 |
| 2013/14 | 2.0 | 39.6 | 17.8 | 5.3 | 3.0 | 44.1 | 0.5 | 0.0 | 109.6 |
| 2014/15 | 2.2 | 43.7 | 18.7 | 5.4 | 3.0 | 49.0 | 0.5 | 0.0 | 120.0 |
| 2015/16 | 2.4 | 47.3 | 19.2 | 5.4 | 3.0 | 53.1 | 0.4 | 0.0 | 128.3 |
| 2016/17 | 2.6 | 51.5 | 19.9 | 5.3 | 3.0 | 58.3 | 0.6 | 0.0 | 138.9 |
| 2017/18 | 2.8 | 55.9 | 20.9 | 5.0 | 3.0 | 64.2 | 0.5 | 0.0 | 150.2 |
| 2018/19 | 3.1 | 60.6 | 22.0 | 5.1 | 3.0 | 70.6 | 0.4 | 0.0 | 162.7 |
| *Real Spending (R billions, March 2020 prices)* | | | | | | | | | |
| 2006/07 | 2.2 | 37.6 | 30.5 | 6.1 | 3 | 45.4 | 0.1 | 0.1 | 122.1 |
| 2007/08 | 2.2 | 38.8 | 30.2 | 6.8 | 3 | 45.1 | 0.2 | 0 | 123.7 |
| 2008/09 | 2.3 | 39.7 | 29.3 | 7 | 3 | 46.1 | 1.1 | 0 | 125.7 |
| 2009/10 | 2.4 | 44.8 | 27.9 | 7.5 | 3 | 50.2 | 0.3 | 0 | 133.3 |
| 2010/11 | 2.6 | 49.1 | 27.3 | 7.5 | 3 | 54.7 | 0.3 | 0 | 141.7 |
| 2011/12 | 2.7 | 52.7 | 26.7 | 7.7 | 3 | 57 | 0.3 | 0 | 147.3 |

| | Care Depen-dency | Child Support | Disability | Foster Child | Grant-in-Aid | Older Persons | Social Relief of Distress | War Vete-rans | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| 2012/13 | 2.7 | 55.4 | 25.6 | 7.8 | 3 | 58.8 | 0.3 | 0 | 151.1 |
| 2013/14 | 2.7 | 54.4 | 24.4 | 7.3 | 3 | 60.5 | 0.7 | 0 | 150.6 |
| 2014/15 | 2.9 | 56.9 | 24.4 | 7 | 3 | 63.8 | 0.6 | 0 | 156 |
| 2015/16 | 3 | 58.5 | 23.7 | 6.7 | 3 | 65.7 | 0.5 | 0 | 158.7 |
| 2016/17 | 3 | 59.9 | 23.2 | 6.2 | 3 | 67.9 | 0.7 | 0 | 161.6 |
| 2017/18 | 3.2 | 62.1 | 23.2 | 5.5 | 3 | 71.4 | 0.5 | 0 | 166.9 |
| 2018/19 | 3.3 | 64.4 | 23.4 | 5.4 | 3 | 75 | 0.4 | 0 | 172.8 |
| *Beneficiaries (thousands)* | | | | | | | | | |
| 2006/07 | 99 | 7 864 | 1 423 | 401 | 32 | 2 195 | 2.3 | | 12 015 |
| 2007/08 | 102 | 8 190 | 1 408 | 454 | 37 | 2 230 | 1.9 | | 12 424 |
| 2008/09 | 107 | 8 765 | 1 287 | 475 | 46 | 2 391 | 1.5 | | 13 072 |
| 2009/10 | 111 | 9 570 | 1 264 | 511 | 53 | 2 547 | 1.2 | | 14 057 |
| 2010/11 | 112 | 10 372 | 1 201 | 513 | 58 | 2 679 | 1 | | 14 936 |
| 2011/12 | 115 | 10 928 | 1 198 | 537 | 66 | 2 751 | 0.8 | | 15 596 |
| 2012/13 | 120 | 11 342 | 1 164 | 532 | 74 | 2 873 | 0.6 | | 16 106 |
| 2013/14 | 121 | 11 126 | 1 120 | 512 | 83 | 2 970 | 0.4 | | 15 932 |
| 2014/15 | 127 | 11 703 | 1 113 | 500 | 113 | 3 087 | 0.3 | | 16 643 |
| 2015/16 | 131 | 11 973 | 1 086 | 470 | 138 | 3 194 | 0.2 | | 16 992 |
| 2016/17 | 145 | 12 081 | 1 067 | 440 | 164 | 3 302 | 0.2 | | 17 201 |
| 2017/18 | 147 | 12 269 | 1 062 | 416 | 192 | 3 423 | 0.1 | | 17 510 |
| 2018/19 | 150 | 12 452 | 1 048 | 386 | 222 | 3 553 | 0.1 | | 17 812 |

*Source:* *Own calculations, SASSA (2019); Statistics South Africa (2020b).*

*Notes:* *Grants included under 'Other' are the care dependency grant, the foster child grant, grant in aid, social relief of distress, and the war veterans' grant. Spending figures are deflated to March 2020 prices using average headline CPI for April to March of each year. The number of beneficiaries of social relief of distress is not reported by SASSA.*

**Figure B.1. Social Grants Across the Income Distribution, 2017**




*Source:* *Own calculations, Saldru (2018).*

**Figure B.2. Adequacy of Social Assistance Benefits Across Geography, 2014/15**


*Source:* *Own calculations, Statistics South Africa (2015a).*

## Table B.3. ASPIRE Estimates for Upper-Middle Income Countries

| Country | Spending on Social Assistance | | Social Assistance Coverage (% of Population) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | % of GDP | Year | Pre-Transfer Distribution | | | | | | Post-Transfer Distribution | | | | | |
| | | | | Overall | Q1 | Q2 | Q3 | Q4 | Q5 | Overall | Q1 | Q2 | Q3 | Q4 | Q5 |
| Albania | 2014 | 1.57 | 2012 | 19.1 | 31.3 | 20.4 | 19.8 | 13.2 | 10.6 | 19.1 | 27.7 | 22.8 | 19.8 | 15.1 | 10.0 |
| Argentina | 2015 | 2.05 | 2013 | 19.8 | 49.2 | 25.9 | 15.4 | 6.9 | 1.4 | 19.8 | 45.8 | 30.2 | 14.7 | 6.6 | 1.5 |
| Armenia | 2014 | 1.37 | 2014 | 28.4 | 45.7 | 32.8 | 23.8 | 21.9 | 17.9 | 28.4 | 40.1 | 31.9 | 27.0 | 23.3 | 19.6 |
| Azerbaijan | 2014 | 0.84 | 2015 | 26.9 | 38.6 | 24.8 | 25.7 | 23.1 | 22.5 | 26.9 | 33.4 | 25.1 | 26.7 | 24.9 | 24.5 |
| Belarus | 2015 | 3.06 | 2016 | 54.1 | 91.8 | 59.6 | 46.6 | 39.2 | 33.3 | 54.1 | 64.9 | 56.7 | 52.2 | 50.5 | 46.1 |
| Belize | | .. | 2009 | 16.3 | 20.1 | 20.3 | 12.7 | 16.7 | 11.6 | 16.3 | 18.5 | 21.1 | 13.6 | 16.3 | 11.9 |
| Bosnia & Herzegovina | 2010, '11 | 3.89 | 2015 | 17.4 | 30.7 | 21.5 | 14.6 | 11.8 | 8.6 | 17.4 | 23.2 | 23.2 | 16.5 | 13.3 | 11.0 |
| Botswana | 2014–16 | 1.66 | 2009 | 73.8 | 94.9 | 87.8 | 79.4 | 66.6 | 40.3 | 73.8 | 91.6 | 87.3 | 80.2 | 67.5 | 42.3 |
| Brazil | 2015 | 1.35 | 2015 | 23.7 | 64.2 | 31.6 | 15.7 | 5.5 | 1.6 | 23.7 | 58.5 | 33.6 | 17.3 | 7.3 | 1.9 |
| Bulgaria | 2014 | 1.39 | 2007 | 39.5 | 61.5 | 45.8 | 35.6 | 33.9 | 20.9 | 39.5 | 57.6 | 41.6 | 38.9 | 35.4 | 24.2 |
| China | 2014 | 0.76 | 2013 | 43.8 | 61.0 | 54.5 | 42.1 | 32.8 | 28.7 | 43.8 | 65.0 | 53.3 | 40.2 | 31.2 | 29.3 |
| Colombia | 2015 | 3.01 | 2014 | 59.3 | 83.3 | 77.0 | 64.1 | 47.3 | 24.5 | 59.3 | 81.4 | 78.5 | 64.5 | 47.8 | 24.1 |
| Costa Rica | 2013 | 0.74 | 2014 | 45.8 | 79.4 | 62.6 | 47.5 | 29.4 | 10.3 | 45.8 | 77.6 | 63.6 | 48.3 | 29.6 | 10.1 |
| Dominica | | .. | 2002 | 8.0 | 15.8 | 11.0 | 8.9 | 3.0 | 1.6 | 8.0 | 10.6 | 13.6 | 10.0 | 2.9 | 3.0 |
| Dominican Rep. | 2015 | 1.18 | 2014 | 30.0 | 44.7 | 38.9 | 30.5 | 24.6 | 11.1 | 30.0 | 40.6 | 39.6 | 31.3 | 26.5 | 11.8 |
| Ecuador | 2010, '15 | 1.49 | 2016 | 67.1 | 87.1 | 81.4 | 71.8 | 58.6 | 36.3 | 67.1 | 86.7 | 82.0 | 72.0 | 59.3 | 35.3 |
| Fiji | 2015 | 1.14 | 2008 | 9.6 | 16.5 | 7.9 | 7.4 | 6.9 | 9.0 | 9.6 | 11.2 | 9.0 | 9.4 | 8.1 | 10.0 |
| Gabon | 2014 | 0.20 | 2005 | 44.7 | 48.2 | 54.2 | 50.2 | 42.5 | 28.4 | 44.7 | 48.8 | 54.0 | 48.8 | 43.6 | 28.3 |
| Georgia | 2013 | 6.99 | 2011 | 64.6 | 92.9 | 76.3 | 62.8 | 47.1 | 44.1 | 64.6 | 77.8 | 67.8 | 66.7 | 58.2 | 52.8 |
| Guatemala | 2013 | 0.19 | 2014 | 59.1 | 71.5 | 73.0 | 67.1 | 55.7 | 28.2 | 59.1 | 71.6 | 73.1 | 66.9 | 55.8 | 28.1 |
| Iraq | 2012–13 | 2.56 | 2012 | 75.8 | 87.1 | 81.7 | 77.5 | 72.0 | 60.5 | 75.8 | 86.1 | 81.7 | 77.2 | 72.4 | 61.5 |
| Jamaica | | .. | 2010 | 55.0 | 73.9 | 73.4 | 52.3 | 44.1 | 31.4 | 55.0 | 72.1 | 74.5 | 51.7 | 45.1 | 31.5 |
| Jordan | 2009 | 0.68 | 2010 | 65.7 | 86.4 | 78.1 | 72.2 | 61.3 | 30.5 | 65.7 | 83.3 | 76.8 | 75.4 | 61.1 | 31.8 |
| Kazakhstan | 2014 | 1.62 | 2015 | 30.6 | 53.9 | 35.9 | 26.5 | 21.5 | 15.2 | 30.6 | 44.6 | 34.8 | 29.2 | 25.0 | 19.5 |
| Kosovo | | .. | 2013 | 14.1 | 42.7 | 10.3 | 7.5 | 4.4 | 5.5 | 14.1 | 35.4 | 13.6 | 9.2 | 5.5 | 6.6 |
| Lebanon | 2013 | 1.04 | 2004 | 4.8 | 3.2 | 4.6 | 6.1 | 5.7 | 4.6 | 4.8 | 3.2 | 4.6 | 6.1 | 5.7 | 4.6 |
| Malaysia | 2013 | 0.72 | 2008 | 82.8 | 94.2 | 88.1 | 82.8 | 78.4 | 70.5 | 82.8 | 93.8 | 87.9 | 82.7 | 78.6 | 71.0 |
| Maldives | 2010–11 | 1.21 | 2009 | 13.5 | 15.4 | 15.1 | 12.7 | 13.3 | 11.4 | 13.5 | 14.0 | 15.9 | 12.4 | 13.1 | 12.2 |
| Mauritius | 2014–15 | 3.46 | 2012 | 44.9 | 83.5 | 51.1 | 36.0 | 27.8 | 25.9 | 44.9 | 51.8 | 46.8 | 43.1 | 42.5 | 40.0 |
| Mexico | 2015 | 1.67 | 2014 | 32.5 | 61.2 | 39.0 | 30.3 | 20.1 | 12.1 | 32.5 | 53.8 | 39.3 | 32.7 | 23.4 | 13.4 |

| Country | Spending on Social Assistance | | Social Assistance Coverage (% of Population) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Year | Pre-Transfer Distribution | | | | | | Post-Transfer Distribution | | | | | | |
| | Year | % of GDP | | Overall | Q1 | Q2 | Q3 | Q4 | Q5 | Overall | Q1 | Q2 | Q3 | Q4 | Q5 |
| Montenegro | 2013 | 1.76 | 2014 | 8.1 | 24.8 | 5.6 | 7.4 | 1.3 | 1.3 | 8.1 | 22.6 | 6.4 | 4.1 | 4.6 | 2.6 |
| Namibia | 2014 | 3.19 | 2009 | 15.2 | 26.1 | 21.9 | 16.1 | 9.0 | 2.8 | 15.2 | 26.1 | 21.9 | 16.1 | 9.0 | 2.8 |
| Paraguay | | .. | 2014 | 55.8 | 82.6 | 72.7 | 58.1 | 44.9 | 20.6 | 55.8 | 81.7 | 72.8 | 58.1 | 45.8 | 20.4 |
| Peru | 2015 | 1.43 | 2014 | 56.1 | 88.0 | 76.1 | 59.2 | 42.0 | 15.1 | 56.1 | 88.0 | 76.4 | 59.8 | 41.5 | 14.8 |
| Romania | 2014 | 1.06 | 2012 | 61.8 | 74.7 | 67.0 | 64.6 | 60.3 | 42.6 | 61.8 | 82.9 | 69.3 | 62.7 | 52.5 | 41.8 |
| Russian Fed. | 2015 | 1.89 | 2016 | 67.9 | 85.3 | 76.7 | 69.1 | 59.2 | 49.1 | 67.9 | 78.9 | 73.1 | 68.2 | 64.8 | 54.5 |
| Serbia | 2013 | 1.96 | 2015 | 13.4 | 30.7 | 16.1 | 9.6 | 6.4 | 4.1 | 13.4 | 29.5 | 13.2 | 10.7 | 8.1 | 5.6 |
| South Africa (ASPIRE) | 2015 | 3.31 | 2014 | 78.6 | 99.6 | 95.1 | 85.3 | 69.4 | 43.6 | 78.6 | 96.1 | 93.0 | 86.8 | 72.4 | 44.9 |
| South Africa (own calc.) | | .. | 2014/15 | 64.0 | 95.2 | 85.0 | 74.1 | 50.5 | 15.2 | 64.0 | 86.1 | 85.8 | 77.5 | 54.0 | 16.5 |
| Sri Lanka | 2013–15 | 0.66 | 2012 | 26.2 | 48.3 | 33.3 | 23.9 | 16.5 | 9.0 | 26.2 | 46.7 | 34.1 | 24.3 | 16.7 | 9.2 |
| Thailand | 2010–11 | 0.47 | 2013 | 59.3 | 83.7 | 72.4 | 63.1 | 45.5 | 31.8 | 59.3 | 81.6 | 72.3 | 63.4 | 47.0 | 32.4 |
| Turkey | 2013 | 1.14 | 2016 | 18.0 | 49.1 | 22.4 | 10.0 | 5.9 | 2.4 | 18.0 | 51.3 | 20.1 | 10.9 | 5.5 | 2.1 |
| Venezuela | | .. | 2006 | 4.7 | 5.0 | 6.1 | 5.6 | 4.1 | 2.9 | 4.7 | 5.0 | 6.1 | 5.6 | 4.1 | 2.9 |

## Table B.3. ASPIRE Estimates for Upper-Middle Income Countries (cont.)

| Country | Beneficiary Incidence (% of Beneficiaries) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | Pre-Transfer Distribution | | | | | Post-Transfer Distribution | | | | |
| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q1 | Q2 | Q3 | Q4 | Q5 |
| Albania | 2012 | 32.8 | 21.4 | 20.7 | 13.9 | 11.2 | 29.0 | 23.9 | 20.7 | 15.9 | 10.5 |
| Argentina | 2013 | 49.8 | 26.2 | 15.6 | 7.0 | 1.4 | 46.3 | 30.5 | 14.9 | 6.7 | 1.5 |
| Armenia | 2014 | 32.1 | 23.1 | 16.7 | 15.4 | 12.6 | 28.2 | 22.5 | 19.0 | 16.4 | 13.8 |
| Azerbaijan | 2015 | 28.7 | 18.4 | 19.1 | 17.1 | 16.7 | 24.8 | 18.7 | 19.8 | 18.5 | 18.2 |
| Belarus | 2016 | 33.9 | 22.1 | 17.2 | 14.5 | 12.3 | 24.0 | 21.0 | 19.3 | 18.7 | 17.1 |
| Belize | 2009 | 24.6 | 25.0 | 15.6 | 20.5 | 14.3 | 22.7 | 25.8 | 16.8 | 20.1 | 14.6 |
| Bosnia & Herzegovina | 2015 | 35.2 | 24.7 | 16.7 | 13.6 | 9.8 | 26.6 | 26.6 | 18.9 | 15.2 | 12.6 |
| Botswana | 2009 | 25.7 | 23.8 | 21.5 | 18.1 | 10.9 | 24.8 | 23.7 | 21.7 | 18.3 | 11.5 |
| Brazil | 2015 | 54.1 | 26.7 | 13.2 | 4.7 | 1.3 | 49.4 | 28.3 | 14.6 | 6.1 | 1.6 |
| Bulgaria | 2007 | 31.1 | 23.2 | 18.0 | 17.1 | 10.6 | 29.1 | 21.0 | 19.7 | 17.9 | 12.3 |
| China | 2013 | 27.8 | 24.9 | 19.2 | 15.0 | 13.1 | 29.7 | 24.3 | 18.4 | 14.2 | 13.4 |
| Colombia | 2014 | 28.1 | 26.0 | 21.7 | 16.0 | 8.3 | 27.5 | 26.5 | 21.8 | 16.1 | 8.2 |
| Costa Rica | 2014 | 34.6 | 27.3 | 20.7 | 12.8 | 4.5 | 33.8 | 27.8 | 21.1 | 12.9 | 4.4 |
| Dominica | 2002 | 39.4 | 27.1 | 22.1 | 7.5 | 3.9 | 26.5 | 33.8 | 24.7 | 7.4 | 7.7 |
| Dominican Rep. | 2014 | 29.9 | 26.0 | 20.3 | 16.4 | 7.4 | 27.1 | 26.4 | 20.9 | 17.7 | 7.9 |
| Ecuador | 2016 | 25.9 | 24.3 | 21.4 | 17.5 | 10.8 | 25.9 | 24.4 | 21.5 | 17.7 | 10.5 |
| Fiji | 2008 | 34.5 | 16.6 | 15.5 | 14.3 | 19.1 | 23.4 | 18.9 | 19.7 | 17.0 | 20.9 |
| Gabon | 2005 | 21.6 | 24.2 | 22.5 | 19.0 | 12.7 | 21.8 | 24.2 | 21.8 | 19.5 | 12.7 |
| Georgia | 2011 | 28.7 | 23.6 | 19.4 | 14.6 | 13.6 | 24.0 | 21.0 | 20.6 | 18.0 | 16.4 |
| Guatemala | 2014 | 24.2 | 24.7 | 22.7 | 18.9 | 9.5 | 24.2 | 24.8 | 22.6 | 18.9 | 9.5 |
| Iraq | 2012 | 23.0 | 21.6 | 20.4 | 19.0 | 16.0 | 22.7 | 21.6 | 20.4 | 19.1 | 16.2 |
| Jamaica | 2010 | 26.8 | 26.6 | 19.1 | 16.1 | 11.4 | 26.0 | 27.3 | 18.8 | 16.4 | 11.5 |
| Jordan | 2010 | 26.3 | 23.8 | 22.0 | 18.7 | 9.3 | 25.4 | 23.4 | 23.0 | 18.6 | 9.7 |
| Kazakhstan | 2015 | 35.2 | 23.5 | 17.3 | 14.1 | 9.9 | 29.1 | 22.8 | 19.1 | 16.3 | 12.7 |
| Kosovo | 2013 | 60.6 | 14.7 | 10.6 | 6.2 | 7.9 | 50.3 | 19.3 | 13.2 | 7.8 | 9.4 |
| Lebanon | 2004 | 13.0 | 19.1 | 25.3 | 23.6 | 19.0 | 13.0 | 19.1 | 25.3 | 23.6 | 19.0 |
| Malaysia | 2008 | 22.8 | 21.3 | 20.0 | 18.9 | 17.0 | 22.7 | 21.2 | 20.0 | 19.0 | 17.2 |
| Maldives | 2009 | 19.2 | 22.7 | 19.7 | 20.5 | 17.9 | 20.2 | 23.2 | 18.6 | 19.8 | 18.3 |
| Mauritius | 2012 | 37.2 | 22.8 | 16.0 | 12.4 | 11.6 | 23.1 | 20.9 | 19.2 | 19.0 | 17.9 |
| Mexico | 2014 | 37.6 | 24.0 | 18.6 | 12.4 | 7.4 | 33.1 | 24.1 | 20.1 | 14.4 | 8.3 |
| Montenegro | 2014 | 61.5 | 13.7 | 18.5 | 3.3 | 3.1 | 56.1 | 15.9 | 10.0 | 11.6 | 6.4 |
| Namibia | 2009 | 34.4 | 28.9 | 21.2 | 11.8 | 3.7 | 34.4 | 28.9 | 21.2 | 11.8 | 3.7 |
| Paraguay | 2014 | 29.6 | 26.1 | 20.8 | 16.1 | 7.4 | 29.3 | 26.1 | 20.8 | 16.4 | 7.3 |

| Country | Beneficiary Incidence (% of Beneficiaries) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | Pre-Transfer Distribution | | | | | Post-Transfer Distribution | | | | |
| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q1 | Q2 | Q3 | Q4 | Q5 |
| Peru | 2014 | 31.4 | 27.1 | 21.1 | 15.0 | 5.4 | 31.4 | 27.2 | 21.3 | 14.8 | 5.3 |
| Romania | 2012 | 24.1 | 21.7 | 20.9 | 19.5 | 13.8 | 26.8 | 22.4 | 20.3 | 17.0 | 13.5 |
| Russian Fed. | 2016 | 25.1 | 22.6 | 20.4 | 17.4 | 14.5 | 23.2 | 21.5 | 20.1 | 19.1 | 16.1 |
| Serbia | 2015 | 45.8 | 24.1 | 14.4 | 9.6 | 6.1 | 44.1 | 19.7 | 15.9 | 12.0 | 8.3 |
| South Africa (ASPIRE) | 2014 | 25.3 | 24.2 | 21.7 | 17.7 | 11.1 | 24.4 | 23.7 | 22.1 | 18.4 | 11.4 |
| South Africa (own calc.) | 2014/15 | 29.8 | 26.5 | 23.2 | 15.8 | 4.7 | 26.9 | 26.8 | 24.2 | 16.9 | 5.1 |
| Sri Lanka | 2012 | 36.9 | 25.4 | 18.3 | 12.6 | 6.9 | 35.7 | 26.0 | 18.5 | 12.7 | 7.0 |
| Thailand | 2013 | 28.2 | 24.4 | 21.3 | 15.3 | 10.7 | 27.5 | 24.4 | 21.4 | 15.8 | 10.9 |
| Turkey | 2016 | 54.6 | 25.0 | 11.2 | 6.6 | 2.6 | 57.1 | 22.4 | 12.1 | 6.1 | 2.4 |
| Venezuela | 2006 | 21.1 | 25.7 | 23.8 | 17.3 | 12.2 | 21.1 | 25.7 | 23.8 | 17.3 | 12.2 |

**Table B.3. ASPIRE Estimates for Upper-Middle Income Countries (cont.)**

| Country | Year | Benefit Incidence (% of Benefits) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Pre-Transfer Distribution | | | | | Post-Transfer Distribution | | | | |
| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q1 | Q2 | Q3 | Q4 | Q5 |
| Albania | 2012 | 39.3 | 18.2 | 18.7 | 12.3 | 11.4 | 27.6 | 18.3 | 21.2 | 19.2 | 13.7 |
| Argentina | 2013 | 54.4 | 23.0 | 13.6 | 6.4 | 2.6 | 46.4 | 28.2 | 14.8 | 7.1 | 3.5 |
| Armenia | 2014 | 50.9 | 18.6 | 12.3 | 9.8 | 8.4 | 32.3 | 22.0 | 17.3 | 16.2 | 12.2 |
| Azerbaijan | 2015 | 57.0 | 13.6 | 9.7 | 9.9 | 9.8 | 17.4 | 11.6 | 19.1 | 19.0 | 32.9 |
| Belarus | 2016 | 76.9 | 10.5 | 4.9 | 3.5 | 4.2 | 27.1 | 23.3 | 18.1 | 14.9 | 16.6 |
| Belize | 2009 | 32.6 | 14.7 | 14.7 | 14.6 | 23.4 | 18.7 | 20.6 | 10.4 | 19.8 | 30.4 |
| Bosnia & Herzegovina | 2015 | 44.3 | 18.9 | 12.8 | 12.8 | 11.2 | 16.5 | 20.0 | 19.5 | 19.3 | 24.7 |
| Botswana | 2009 | 32.8 | 18.4 | 15.2 | 17.3 | 16.4 | 12.8 | 15.6 | 18.7 | 24.2 | 28.6 |
| Brazil | 2015 | 57.0 | 22.9 | 12.6 | 5.5 | 2.0 | 31.6 | 26.2 | 24.8 | 13.5 | 4.0 |
| Bulgaria | 2007 | 38.0 | 23.7 | 14.9 | 14.0 | 9.3 | 28.1 | 20.2 | 19.3 | 17.3 | 15.1 |
| China | 2013 | 33.0 | 23.0 | 16.8 | 14.2 | 13.0 | 24.2 | 23.7 | 19.2 | 16.4 | 16.4 |
| Colombia | 2014 | 40.8 | 26.9 | 17.8 | 8.4 | 6.0 | 33.1 | 28.9 | 20.5 | 11.4 | 6.2 |
| Costa Rica | 2014 | 50.0 | 24.2 | 15.8 | 8.1 | 1.9 | 31.1 | 31.7 | 21.9 | 12.4 | 2.9 |
| Dominica | 2002 | 12.8 | 14.7 | 34.7 | 11.6 | 26.2 | 2.4 | 17.5 | 19.2 | 13.7 | 47.2 |
| Dominican Rep. | 2014 | 27.8 | 24.7 | 20.7 | 17.7 | 9.1 | 22.5 | 24.9 | 21.7 | 20.2 | 10.6 |
| Ecuador | 2016 | 46.9 | 22.8 | 16.2 | 10.7 | 3.4 | 35.7 | 26.6 | 19.4 | 13.8 | 4.4 |
| Fiji | 2008 | 57.0 | 10.1 | 8.0 | 8.5 | 16.5 | 13.7 | 11.2 | 24.1 | 17.6 | 33.4 |
| Gabon | 2005 | 48.1 | 17.2 | 19.1 | 8.7 | 6.8 | 4.7 | 8.7 | 13.7 | 31.0 | 42.0 |
| Georgia | 2011 | 38.8 | 19.5 | 16.6 | 12.7 | 12.4 | 20.4 | 19.4 | 20.6 | 20.6 | 19.0 |
| Guatemala | 2011 | 37.6 | 25.0 | 19.1 | 11.2 | 7.1 | 30.5 | 25.8 | 20.0 | 13.7 | 10.0 |
| Iraq | 2012 | 34.3 | 15.9 | 14.6 | 16.4 | 18.9 | 12.4 | 14.4 | 17.6 | 20.1 | 35.5 |
| Jamaica | 2010 | 45.7 | 28.7 | 15.3 | 7.4 | 2.9 | 41.7 | 28.2 | 16.8 | 9.2 | 4.1 |
| Jordan | 2010 | 47.7 | 14.4 | 13.2 | 11.3 | 13.5 | 22.7 | 17.0 | 17.7 | 20.4 | 22.2 |
| Kazakhstan | 2015 | 39.1 | 19.4 | 14.9 | 14.2 | 12.4 | 21.5 | 20.0 | 19.7 | 19.5 | 19.3 |
| Kosovo | 2013 | 72.2 | 11.6 | 7.4 | 3.9 | 5.0 | 50.6 | 22.5 | 13.3 | 4.8 | 8.8 |
| Lebanon | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Malaysia | 2008 | 25.5 | 18.5 | 16.9 | 17.0 | 22.1 | 20.8 | 18.5 | 17.8 | 18.0 | 24.9 |
| Maldives | 2009 | 22.2 | 18.9 | 17.4 | 17.7 | 23.8 | 19.8 | 19.8 | 18.3 | 17.2 | 24.9 |
| Mauritius | 2012 | 45.6 | 18.5 | 13.3 | 10.6 | 11.9 | 16.5 | 18.7 | 19.3 | 21.3 | 24.2 |
| Mexico | 2014 | 42.1 | 23.1 | 17.0 | 10.9 | 6.8 | 28.4 | 24.7 | 21.7 | 15.6 | 9.7 |
| Montenegro | 2014 | 55.5 | 11.6 | 23.1 | 7.1 | 2.8 | 43.1 | 17.7 | 10.9 | 17.7 | 10.6 |
| Namibia | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Paraguay | 2014 | 49.8 | 24.0 | 13.1 | 10.6 | 2.5 | 25.4 | 33.8 | 22.7 | 14.8 | 3.3 |

| Country | Benefit Incidence (% of Benefits) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | Pre-Transfer Distribution | | | | | Post-Transfer Distribution | | | | |
| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q1 | Q2 | Q3 | Q4 | Q5 |
| Peru | 2014 | 65.2 | 22.6 | 8.9 | 2.8 | 0.5 | 60.7 | 25.6 | 9.9 | 3.2 | 0.5 |
| Romania | 2012 | 41.3 | 20.3 | 15.9 | 12.4 | 10.1 | 24.0 | 20.9 | 17.7 | 16.4 | 21.0 |
| Russian Fed. | 2016 | 29.7 | 22.8 | 20.5 | 15.5 | 11.5 | 12.7 | 22.3 | 24.0 | 22.2 | 18.8 |
| Serbia | 2015 | 53.2 | 20.5 | 12.2 | 7.3 | 6.8 | 34.5 | 16.2 | 16.8 | 14.2 | 18.3 |
| South Africa (ASPIRE) | 2014 | 40.0 | 23.0 | 16.9 | 12.1 | 8.0 | 25.5 | 25.0 | 22.6 | 16.5 | 10.5 |
| South Africa (own calc.) | 2014/15 | 33.1 | 26.4 | 19.7 | 14.5 | 6.2 | 17.7 | 28.2 | 27.6 | 19.3 | 7.2 |
| Sri Lanka | 2012 | 46.0 | 19.8 | 14.6 | 11.7 | 7.8 | 30.0 | 22.0 | 19.0 | 12.2 | 16.8 |
| Thailand | 2013 | 35.0 | 21.9 | 17.2 | 14.1 | 11.8 | 24.4 | 23.4 | 19.5 | 16.5 | 16.3 |
| Turkey | 2016 | 52.1 | 22.5 | 13.1 | 7.3 | 5.0 | 43.9 | 24.2 | 17.6 | 8.2 | 6.1 |
| Venezuela | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |

## Table B.3. ASPIRE Estimates for Upper-Middle Income Countries (cont.)

| Country | Adequacy (Social Assistance Benefits as a Share of Total Expenditure) (%) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | Pre-Transfer Distribution | | | | | | Post-Transfer Distribution | | | | | |
| | | Overall | Q1 | Q2 | Q3 | Q4 | Q5 | Overall | Q1 | Q2 | Q3 | Q4 | Q5 |
| Albania | 2012 | 6.0 | 12.7 | 6.3 | 5.2 | 3.9 | 2.9 | 6.0 | 10.9 | 5.8 | 6.0 | 5.3 | 3.6 |
| Argentina | 2013 | 11.3 | 22.3 | 9.3 | 6.6 | 4.7 | 5.3 | 11.3 | 21.9 | 10.0 | 7.2 | 5.4 | 6.8 |
| Armenia | 2014 | 17.0 | 31.5 | 17.4 | 13.1 | 9.9 | 6.6 | 17.0 | 32.4 | 21.1 | 16.3 | 12.9 | 8.0 |
| Azerbaijan | 2015 | 6.1 | 20.4 | 5.7 | 3.4 | 3.0 | 1.9 | 6.1 | 8.1 | 5.0 | 6.6 | 5.4 | 5.9 |
| Belarus | 2016 | 42.2 | 124.1 | 24.6 | 12.7 | 8.6 | 7.8 | 42.2 | 92.3 | 61.0 | 41.7 | 28.6 | 22.4 |
| Belize | 2009 | 8.6 | 27.6 | 9.0 | 12.8 | 8.9 | 3.9 | 8.6 | 23.4 | 12.0 | 9.6 | 12.2 | 4.8 |
| Bosnia & Herzegovina | 2015 | 13.8 | 31.4 | 13.3 | 10.2 | 9.1 | 6.4 | 13.8 | 19.4 | 14.1 | 14.3 | 13.0 | 11.6 |
| Botswana | 2009 | 9.5 | 47.5 | 16.3 | 9.2 | 7.0 | 3.6 | 9.5 | 22.5 | 14.3 | 11.2 | 9.9 | 6.1 |
| Brazil | 2015 | 17.3 | 34.0 | 13.8 | 10.0 | 8.0 | 3.8 | 17.3 | 24.5 | 15.7 | 18.0 | 15.5 | 6.7 |
| Bulgaria | 2007 | 13.0 | 31.0 | 16.1 | 10.1 | 7.9 | 5.4 | 13.0 | 26.8 | 15.7 | 12.3 | 9.5 | 7.7 |
| China | 2013 | 2.3 | 7.5 | 3.9 | 2.4 | 1.7 | 0.8 | 2.3 | 6.0 | 4.0 | 2.8 | 2.0 | 0.9 |
| Colombia | 2014 | 5.1 | 13.2 | 5.9 | 3.8 | 2.5 | 1.5 | 5.1 | 12.4 | 6.2 | 4.3 | 3.1 | 1.6 |
| Costa Rica | 2014 | 13.3 | 26.4 | 12.2 | 8.3 | 6.3 | 4.2 | 13.3 | 22.9 | 15.1 | 11.1 | 7.9 | 5.6 |
| Dominica | 2002 | 21.0 | 47.0 | 20.0 | 26.8 | 12.9 | 16.8 | 21.0 | 31.2 | 25.4 | 16.7 | 19.3 | 22.1 |
| Dominican Rep. | 2014 | 5.3 | 11.1 | 6.8 | 5.0 | 3.7 | 2.3 | 5.3 | 10.7 | 6.9 | 5.3 | 4.0 | 2.6 |
| Ecuador | 2016 | 12.6 | 27.0 | 11.9 | 8.8 | 6.8 | 3.9 | 12.6 | 26.3 | 14.2 | 10.0 | 7.7 | 4.5 |
| Fiji | 2008 | 14.0 | 61.9 | 16.2 | 10.0 | 7.8 | 4.5 | 14.0 | 30.3 | 18.7 | 25.8 | 14.5 | 8.5 |
| Gabon | 2005 | 19.6 | 66.6 | 25.1 | 17.8 | 6.2 | 5.6 | 19.6 | 11.2 | 17.9 | 19.7 | 23.1 | 19.4 |
| Georgia | 2011 | 29.2 | 83.0 | 36.5 | 26.2 | 19.5 | 10.9 | 29.2 | 68.4 | 43.4 | 33.1 | 27.4 | 14.5 |
| Guatemala | 2011 | 3.4 | 11.1 | 4.8 | 3.0 | 1.7 | 0.9 | 3.4 | 9.9 | 5.0 | 3.2 | 2.0 | 1.2 |
| Iraq | 2012 | 2.8 | 9.1 | 3.0 | 2.2 | 2.0 | 1.5 | 2.8 | 3.4 | 2.8 | 2.7 | 2.4 | 2.8 |
| Jamaica | 2010 | 4.6 | 9.3 | 4.7 | 3.0 | 2.0 | 1.7 | 4.6 | 9.6 | 4.5 | 3.4 | 2.2 | 2.2 |
| Jordan | 2010 | 4.0 | 13.0 | 3.1 | 2.4 | 1.8 | 2.7 | 4.0 | 6.9 | 3.8 | 3.1 | 3.2 | 4.2 |
| Kazakhstan | 2015 | 12.6 | 21.1 | 12.3 | 10.4 | 9.8 | 7.6 | 12.6 | 15.8 | 13.5 | 12.9 | 12.0 | 9.9 |
| Kosovo | 2013 | 13.0 | 24.2 | 9.7 | 6.8 | 4.9 | 3.0 | 13.0 | 22.9 | 15.7 | 10.7 | 5.3 | 4.6 |
| Lebanon | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Malaysia | 2008 | 1.7 | 7.8 | 3.2 | 2.0 | 1.3 | 0.8 | 1.7 | 6.5 | 3.2 | 2.1 | 1.4 | 0.9 |
| Maldives | 2009 | 24.8 | 85.3 | 38.2 | 27.8 | 19.2 | 13.7 | 24.8 | 75.6 | 37.6 | 30.6 | 19.4 | 14.1 |
| Mauritius | 2012 | 28.8 | 63.9 | 31.8 | 24.3 | 18.7 | 11.2 | 28.8 | 54.9 | 42.2 | 35.1 | 28.6 | 16.8 |
| Mexico | 2014 | 13.9 | 29.7 | 14.5 | 10.6 | 7.8 | 5.8 | 13.9 | 26.0 | 16.9 | 13.0 | 9.7 | 7.1 |
| Montenegro | 2014 | 22.1 | 31.1 | 18.0 | 19.0 | 19.2 | 5.5 | 22.1 | 28.0 | 25.7 | 19.1 | 21.7 | 11.6 |
| Namibia | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Paraguay | 2014 | 14.2 | 24.2 | 13.5 | 8.5 | 7.7 | 9.3 | 14.2 | 18.2 | 17.9 | 12.7 | 9.0 | 10.3 |

| Country | Adequacy (Social Assistance Benefits as a Share of Total Expenditure) (%) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | Pre-Transfer Distribution | | | | | | Post-Transfer Distribution | | | | | |
| | | Overall | Q1 | Q2 | Q3 | Q4 | Q5 | Overall | Q1 | Q2 | Q3 | Q4 | Q5 |
| Peru | 2014 | 8.0 | 12.3 | 6.0 | 4.1 | 2.8 | 2.2 | 8.0 | 12.5 | 6.4 | 4.3 | 2.9 | 2.2 |
| Romania | 2012 | 10.9 | 30.8 | 13.5 | 8.7 | 5.7 | 4.3 | 10.9 | 19.7 | 13.1 | 9.5 | 8.1 | 8.5 |
| Russian Fed. | 2016 | 6.8 | 19.8 | 10.3 | 7.3 | 4.6 | 2.4 | 6.8 | 10.5 | 11.1 | 9.0 | 6.3 | 3.6 |
| Serbia | 2015 | 22.2 | 41.4 | 19.6 | 15.1 | 11.0 | 9.6 | 22.2 | 31.3 | 20.0 | 19.9 | 17.3 | 19.7 |
| South Africa (ASPIRE) | 2014 | 29.4 | 125.3 | 50.0 | 27.0 | 15.1 | 6.7 | 29.4 | 114.0 | 58.9 | 36.2 | 19.5 | 8.1 |
| South Africa (own calc.) | 2014/15 | 26.0 | 66.4 | 40.7 | 25.1 | 14.3 | 6.7 | 26.0 | 42.8 | 46.1 | 33.6 | 18.4 | 7.4 |
| Sri Lanka | 2012 | 3.7 | 8.5 | 3.5 | 2.7 | 2.2 | 1.4 | 3.7 | 5.8 | 3.8 | 3.4 | 2.3 | 3.0 |
| Thailand | 2013 | 6.2 | 15.1 | 8.2 | 5.7 | 4.3 | 2.5 | 6.2 | 13.1 | 8.9 | 6.3 | 4.8 | 3.2 |
| Turkey | 2016 | 6.5 | 10.8 | 5.8 | 5.1 | 3.4 | 2.7 | 6.5 | 8.8 | 6.7 | 6.1 | 3.8 | 3.5 |
| Venezuela | | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |

**Table B.3. ASPIRE Estimates for Upper-Middle Income Countries (cont.)**

| Country | Social Assistance Impact on Poverty & Inequality | | | | | Benefit-Cost Ratio | |
|---|---|---|---|---|---|---|---|
| | Year | Reduction (%) | | Year | Reduction (%) | Year | Ratio |
| | | Poverty Rate | Poverty Gap | | Gini | | |
| Albania | 2012 | 4.6 | 11.0 | 2012 | 1.6 | 2012 | 0.328 |
| Argentina | 2013 | 6.5 | 16.7 | 2013 | 2.1 | 2013 | 0.525 |
| Armenia | 2014 | 11.8 | 28.7 | 2014 | 4.2 | 2014 | 0.434 |
| Azerbaijan | 2015 | 6.3 | 15.5 | 2015 | 2.1 | 2015 | 0.343 |
| Belarus | 2016 | 41.6 | 77.6 | 2016 | 31.4 | 2016 | 0.434 |
| Belize | 2009 | 0.7 | 2.2 | 2009 | 0.2 | 2009 | 0.259 |
| Bosnia & Herzegovina | 2015 | 10.1 | 17.0 | 2015 | 2.6 | 2015 | 0.281 |
| Botswana | 2009 | 20.0 | 38.4 | 2009 | 3.9 | 2009 | 0.188 |
| Brazil | 2015 | 10.9 | 23.5 | 2015 | 2.8 | 2015 | 0.440 |
| Bulgaria | 2007 | 19.2 | 34.9 | 2007 | 7.8 | 2007 | 0.384 |
| China | 2013 | 5.0 | 10.0 | 2013 | 1.1 | 2013 | 0.286 |
| Colombia | 2014 | 6.5 | 10.6 | 2014 | 0.9 | 2014 | 0.378 |
| Costa Rica | 2014 | 8.9 | 16.9 | 2014 | 1.9 | 2014 | 0.421 |
| Dominica | 2002 | 4.4 | 4.8 | 2002 | 0.5 | 2002 | 0.072 |
| Dominican Rep. | 2014 | 6.1 | 10.2 | 2014 | 1.3 | 2014 | 0.257 |
| Ecuador | 2016 | 6.9 | 15.6 | 2016 | 2.0 | 2016 | 0.430 |
| Fiji | 2008 | 5.7 | 11.2 | 2008 | 1.0 | 2008 | 0.211 |
| Gabon | 2005 | 0.7 | 1.6 | 2005 | 0.1 | 2005 | 0.139 |
| Georgia | 2011 | 42.6 | 68.4 | 2011 | 19.1 | 2011 | 0.335 |
| Guatemala | 2011 | 1.5 | 4.1 | 2011 | 0.4 | 2011 | 0.329 |
| Iraq | 2012 | 7.9 | 14.8 | 2012 | 1.6 | 2012 | 0.212 |
| Jamaica | 2010 | 10.2 | 9.4 | 2010 | 1.2 | 2010 | 0.401 |
| Jordan | 2010 | 10.4 | 24.8 | 2010 | 3.0 | 2010 | 0.354 |
| Kazakhstan | 2015 | 17.0 | 32.3 | 2015 | 4.9 | 2015 | 0.327 |
| Kosovo | 2013 | 7.5 | 21.8 | 2013 | 3.8 | 2013 | 0.619 |
| Lebanon | | .. | .. | | .. | | .. |
| Malaysia | 2008 | 6.3 | 13.3 | 2008 | 1.3 | 2008 | 0.237 |
| Maldives | 2009 | 11.7 | 27.9 | 2009 | 3.9 | 2009 | 0.287 |
| Mauritius | 2012 | 36.9 | 60.9 | 2012 | 13.8 | 2012 | 0.319 |
| Mexico | 2014 | 13.6 | 25.3 | 2014 | 3.2 | 2014 | 0.376 |
| Montenegro | 2014 | 3.9 | 23.1 | 2014 | 2.6 | 2014 | 0.527 |
| Namibia | | .. | .. | | .. | | .. |
| Paraguay | 2014 | 5.5 | 8.8 | 2014 | 1.0 | 2014 | 0.381 |

| Country | Social Assistance Impact on Poverty & Inequality | | | | | Benefit-Cost Ratio | |
|---|---|---|---|---|---|---|---|
| | Year | Reduction (%) | | Year | Reduction (%) | Year | Ratio |
| | | Poverty Rate | Poverty Gap | | Gini | | |
| Peru | 2014 | 2.6 | 7.7 | 2014 | 0.8 | 2014 | 0.636 |
| Romania | 2012 | 23.1 | 43.5 | 2012 | 9.3 | 2012 | 0.359 |
| Russian Fed. | 2016 | 16.9 | 25.5 | 2016 | 4.8 | 2016 | 0.224 |
| Serbia | 2015 | 9.9 | 27.7 | 2015 | 4.6 | 2015 | 0.471 |
| South Africa (ASPIRE) | 2014 | 45.7 | 73.4 | 2014 | 10.5 | 2014 | 0.338 |
| South Africa (own calc.) | | .. | .. | | .. | | .. |
| Sri Lanka | 2012 | 4.1 | 9.1 | 2012 | 0.9 | 2012 | 0.324 |
| Thailand | 2013 | 11.5 | 21.1 | 2013 | 2.6 | 2013 | 0.300 |
| Turkey | 2016 | 3.1 | 10.4 | 2016 | 1.1 | 2014 | 0.434 |
| Venezuela | | .. | .. | | .. | | .. |

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