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**Bold promises, constrained capacity,
stumbling delivery:
the expansion of social protection in
response to the Covid-19 lockdown in
South Africa**

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Bold promises, constrained capacity, stumbling delivery: the expansion of social protection in response to the Covid-19 lockdown in South Africa¹

Abstract

The South African government was quick to impose a lockdown in response to the Covid-19 pandemic. The lockdown deprived millions of South Africans of their livelihoods, rapidly deepening the country's existing crises of unemployment, poverty and hunger. The government quickly announced temporary reforms of unemployment insurance – assisting businesses and workers in formal employment – but was slow to announce palliative measures to assist the poor or people whose informal livelihoods had collapsed under lockdown. After a delay, the government also announced bold (albeit temporary) reforms of social assistance, through both raising benefits for existing social grants and extending coverage through a new emergency social grant (albeit with modest benefits). Together, these promised to extend financial support from one-third of the population to more than one half, and perhaps even two-thirds, of the population. The government appeared to be providing for almost all households except for the rich, i.e. unprecedented and quasi-universal protection. Problems of state capacity, however, severely delayed the implementation of the new set of programmes. Actual benefits fell far short of what was promised, apparently because of the lack of capacity, and perhaps also lack of leadership, within the South African Social Security Agency (SASSA) and national Department of Social Development.

¹ This paper uses some material first published in a series of online articles on GroundUp. I tried repeatedly and failed to obtain clearer statistics (and explanations) from both the South African Social Security Agency (SASSA) and the national Department of Social Development. I requested unsuccessfully an interview with the Chief Executive Office (CEO) of SASSA. I owe a big thank you to: Dr Kate Philip, Dr Mark Blecher, Dr Robert Macdonald, Shivhani Wahab, Kathy Nicolaou-Manias and Nathan Geffen. Whilst there has been a shortage of in-depth and critical reporting in the South African media, I would like to acknowledge articles on the Unemployment Insurance Fund (UIF) for Business Day by Carol Paton. The lockdown also precluded most academic fieldwork on lockdown's effects on the ground. For a notable exception, see the [Lockdown Diary Project](#) (a collaboration between the University of the Western Cape and Edinburgh University in Scotland).

1. Introduction

As Covid-19 spread across the world, governments closed their borders and imposed economic and social lockdowns on their own populations in order to contain the pandemic. It was soon apparent that the economic effects of locking down an estimated 90% of the global economy would be massive. In early May, a United Nations report estimated that the global economy would contract by more than 3% in 2020, in the sharpest contraction since the Great Depression. A more pessimistic scenario would entail a 5% contraction. Plummeting commodity prices and the collapse of tourism revenues ensured that the contraction in the developed countries of the global North reached even developing countries in the global South, which only later began to experience high levels of Covid-19 morbidity or mortality. Contracting economies result in shrinking tax revenues at the same time as there are demands for increased government expenditure, compelling governments to borrow, often at high interest rates. This will push an estimated 34 million people – mostly in Africa – below the *extreme* poverty line. Whereas the number of people in extreme poverty fell steadily through the 2000s and 2010s, it is now predicted to rise through the 2020s (United Nations, 2020).

The pandemic compounded existing problems of drought and unemployment across much of Southern Africa. The World Food Programme reported in early May that 26 million people in rural areas were already ‘food insecure’ prior to the pandemic. The pandemic will push into food insecurity an estimated 3 million more people in rural areas and as many as 13 million people in urban areas (World Food Programme, 2020). Food insecurity was widespread even in South Africa, despite its level of economic development (Seekings, 2020c).

Diverse international organisations called on national governments to expand their social protection systems as part of large-scale plans to mitigate poverty and accelerate economic recovery. Government after government around the world announced emergency measures, including social protection reforms. Data collated by Ugo Gentilini and colleagues at the World Bank (with assistance from other agencies) indicated that, by the 22nd of May, most countries around the world had planned, introduced or adapted social protection measures. Reforms to social assistance measures alone benefitted almost 1.8 billion people (although benefits may have been minor for many people) (Gentilini et al., 2020).

South Africa’s social protection reforms, announced in two stages by the Minister of Employment and Labour on the 25th of March and by President Cyril Ramaphosa on the 21st of April, were among the boldest in the world. Contribution-financed social insurance would be massively expanded through emergency benefits to millions of workers who had been in formal employment. Benefits under South Africa’s already extensive existing set of tax-financed social grants would be increased, a new emergency grant would be introduced to assist

anyone without other income, the unemployment insurance system would be expanded, and the distribution of food parcels would be accelerated. The R500 billion package (equivalent to about 10% of Gross Domestic Product, GDP) included commitments of R40 billion in additional benefits through the Unemployment Insurance Fund (UIF) and R50 billion for social grants and food parcels over six months. This total of at least R90 billion (or close to 2% of GDP) probably underestimated the prospective cost of the reforms announced by the president. There do not appear to be good cross-country data on commitments to emergency social protection – let alone actual expenditure – but (as of late May) only ten countries appeared to have both increased benefits and expanded coverage, as South Africa’s government had announced that it would do (Gentilini et al., 2020).

The emergency social protection reforms were also unprecedented in South African history. Both before and after democratization in 1994, South African governments resisted expanding social protection for working-age adults. Reforms to unemployment insurance were very modest in comparison with the steady rise in the number of unemployed. Proposals to introduce some kind of basic income grant were repeatedly rejected in the 2000s as the government insisted on addressing unemployment through job creation only, whilst also expanding social grants for poor children through its Child Support Grant programme (see, for example, Seekings and Natrass, 2015: chapter 6). The president’s announcement in April suggested that Covid-19 had succeeded, where activists had failed for twenty-five years, in pushing the government to expand dramatically social protection for the unemployed.

This paper examines the formulation of proposals for, the announcement of and the initial implementation of this unprecedented expansion of social protection, focusing on unemployment insurance and social grants. I explain how and why the crisis accompanying Covid-19 led to massive, if temporary, reforms that had been stalled in South Africa in the past, and in most other similar countries into the present. I examine the uneven performance of the South African state in delivering the promised reforms timeously: Whilst emergency unemployment insurance was paid out and supplements to existing grants paid (after some hiccups), the state experienced considerable difficulties in rolling out the new emergency grant. The paper examines the first three months of the lockdown, from late March to late June 2020. The timeline is set out in Appendix A. In the conclusion, the paper speculates on the possible future of these reforms. This paper focuses on cash transfer programmes. Food parcels and feeding schemes are examined in a separate paper (Seekings, 2020c). What both papers show is that bold announcements of reform might attract widespread attention – internationally as well as within South Africa – but they may not lead smoothly to actual, timely delivery.

2. Covid-19 and lockdown in South Africa

The first case of Covid-19 in South Africa was announced on the 5th of March 2020. By the 15th of March there were fifty confirmed cases, including the first cases of local transmission. That day President Ramaphosa [declared a national state of disaster](#), giving his government a battery of extraordinary powers. Constraints were placed on bars and restaurants, and schools and universities were closed. The following week, as the number of confirmed cases passed four hundred, Ramaphosa [announced that a full countrywide lockdown](#) would be in effect from midnight on Thursday the 26th of March. The number of confirmed cases passed one thousand and the country's first death was announced on the first day of the lockdown, Friday 27th March.

South Africa's lockdown was (for the first five weeks at least) unusually severe by international standards. No one was allowed out of their houses for exercise. Sales of alcohol and cigarettes were prohibited. Only workers in narrowly-defined 'essential services' were permitted to work. The army – heavily armed – was deployed to assist the police in enforcing the lockdown. The militaristic Minister of Police (Bheki Cele) [described](#) the public health crisis as a 'war' and warned that '[w]hoever breaks the law and chooses to join the enemy against the citizens will face the full might of the law'. Government was co-ordinated from a militarized 'National (Coronavirus) Command Council' (see below). Brutal enforcement – including eleven deaths by the 5th of May – attracted widespread attention. In late April it was [reported](#) that almost 120,000 people had been charged with violating lockdown regulations; one month later this number had almost [doubled to 230,000](#) (possibly [more than in any other country](#)). Veteran journalist Ferial Haffajee [wrote that](#) '[t]he Covid-19 story has been one long story of police and army violence as lockdown policing turned nasty'. From 1 May, South Africa was subject to a countrywide night-time curfew. Even the Department of Social Development [established its own 'War Room'](#) to coordinate its response to the pandemic.

Although it appears that the lockdown was observed very unevenly, it nonetheless did appear initially to slow down the rate of new infections. In May and June, however, the numbers of infections and deaths climbed rapidly. It appeared that the 'curve' had not been 'flattened' as much as postponed or delayed. In the meantime, the economic costs of lockdown intensified. Despite rising numbers of new confirmed cases and deaths, the government eased the lockdown (moving from 'level 5' to 'level 4') from 1 May and then eased it further (to 'level 3') from the 1st of June. Under this 'level 3', children began to return to school, almost all workers returned to work, restrictions on religious meetings were eased and people were allowed outside at any time (although they were still encouraged to stay at home as much as possible).

The lockdown appears to have had a massive effect on livelihoods. Unemployment, poverty and hunger were already widespread and appear to have worsened. The precise effects are yet to be documented satisfactorily, not least because lockdown regulations preclude the face-to-face interviews on which most social research organisations rely. The parastatal Statistics South Africa conducted a survey in the sixth week of the lockdown (i.e. at the end of April and beginning of May) with an online convenience sample. One in ten respondents reported that they had worked prior to the lockdown but now had no income. One in four respondents reported that their income had dropped (StatsSA, 2020). The Director-General of the National Treasury [reportedly](#) warned that the economy could contract by about 10%, pushing the (official) unemployment rate up to about 40% (from its pre-lockdown level of 30%). The Reserve Bank [predicted](#) an economic contraction of 7%. The Department of Labour [said](#) in mid-May that it had paid out benefits from the UIF for 2.5 million workers. Surveys of public opinion (conducted by phone or online) found widespread anxiety over unemployment and the challenges of feeding families. As many as one in three adults reported that they went to bed hungry. Many households were running down savings or running up debt (AskAfrika, 2020). Civil society organisations [warned](#) that as many as twenty or even thirty million people needed food parcels.

3. Policy-making processes

One of the effects of the lockdown was to remove from public gaze and even scrutiny almost all government decision-making. Parliament was been largely inactive even into May and only began to consider legislation again in late June. Members of Parliament (MPs) were able to table questions and some of the portfolio committees held virtual meetings, but neither opposition MPs nor backbench MPs from the governing African National Congress used these to much effect.

This represents a major break from tradition in that social grants and unemployment insurance have hitherto always been governed by legislation. Unemployment insurance is subject to the 2001 Unemployment Act, whilst social grants fall under the 2004 Social Assistance Act. The Social Assistance Act did provide for Social Relief of Distress awards. A Social Assistance Amendment Bill drafted in 2016 and introduced into Parliament in 2018 provided more explicitly for Social Relief of Distress awards in the event of a national disaster, but this Bill had not been passed by the time of the lockdown in early 2020.

During the lockdown, major decisions – notably, on the imposition and then easing of the lockdown – were said (by the president himself) to have been made in the National Coronavirus Command Council (or National Command Council, NCC), a new structure established without either a constitutional basis or any transparency. It is unclear to what extent major decisions about social protection

reforms were taken in the NCC rather than in cabinet. The normal process is for policy reforms to be discussed in ‘clusters’ of ministers – such as the ‘Economic Cluster’ (i.e. ministers responsible for finance, economic development, labour and so on) or the ‘Social Cluster’ (i.e. ministers responsible for health, education, social development and so on) – prior to being discussed in the full cabinet. It seems that these ministerial clusters did meet during the lockdown, but it not clear either when they met or whether the meetings were important.

Decision-making over social protection reforms has probably been bifurcated, as social protection often is, between employment-linked forms of social protection and tax-financed social assistance. The former are the responsibility of the Department of Labour (renamed the Department of Employment and Labour in mid-2019) and, with regard to unemployment insurance, the UIF. Social assistance falls under the Department of Social Development and is administered by the South African Social Security Agency (SASSA). Reforms to these two sides of social protection are subject to rather different political processes. Reforms to unemployment insurance are discussed fully between state, business and organized labour in the National Economic, Development and Labour Advisory Council (NEDLAC). Both employers and unions are backed up by batteries of labour lawyers. There is no comparable corporatist framework for discussion of social assistance (although NEDLAC sometimes discusses it), and the only non-state organisations to pay attention are relatively poorly-funded civil society organisations such as the Black Sash. Unemployment insurance would normally fall under the Economic Cluster of ministers, whereas social grants would fall under the Social Cluster.

The design in March/April 2020 of reforms to unemployment insurance appears² to have been undertaken primarily through NEDLAC. Four senior ministers (but not the president) attended a ‘Special Executive Council’ meeting of NEDLAC on the 16th of March (the day after the declaration of a National Disaster).

Government indicated that they are committed to a number of additional measures to support companies and their employees who become distressed due to the negative impact of the Covid-19 epidemic including the recently established Temporary Employee Employer Relief Scheme administered jointly by the CCMA and UIF.³

The Department of Employment and Labour [reportedly](#) circulated proposals on the weekend of 21/22 March, including vague proposals for an extraordinary

² Little of the usual NEDLAC documentation is available on the council’s website.

³ NEDLAC, ‘Press statement: Outcome of Special ExCo on the Covid-19 Epidemic’; see also Department of Labour’s [statement](#) (dated 17 March).

‘national disaster’ benefit to pay minimum wages to workers who lost their jobs. By 24 March, the Department was [stumbling towards a plan](#). The plan was reportedly [finalized in NEDLAC](#) on the 7th of April. It appears that the government’s initial idea was for some kind of national disaster benefit, but intense pressure from business and labour in NEDLAC led to unemployment insurance being extended through a massively revised version of the existing Temporary Employee Employer Relief Scheme (TERS). TERS – also known as the ‘training layoff scheme’ – provided for businesses experiencing financial distress to lay off workers temporarily while the workers received training (through Sector Education and Training Authorities, SETAs) and were paid a training allowance. TERS had come into effect in December 2019 following negotiations in NEDLAC. The scheme was funded by the UIF but administered by the Commission for Conciliation, Mediation and Arbitration (CCMA) – an institution concerned primarily with the resolution of industrial disputes. The application process was apparently very onerous in that the employer was required to submit annual financial statements, a turnaround plan and much more.⁴ The new Covid-19 TERS was to have massively streamlined application process (as we shall see below).

Whereas the reform of unemployment insurance seems to have been negotiated in – and driven from – NEDLAC, the reform of social assistance appears to have been centralized, primarily within the presidency, although the state here was acting in part in response to pressure from civil society. Proposals for reforms to social protection appear to have been initiated both within the government – specifically, the presidency – and by civil society, in late March. Proposals divided between two broad approaches, each reflecting the priorities of actors within the state and civil society. One approach focused primarily on extending the reach of the social protection system to provide benefits to newly-destitute adults. The second approach focused on additional spending on the existing Child Support Grant.

The first proposals for a new grant came from within the state. Even before the lockdown was imposed, a special Covid-19 grant was proposed by Kate Philip. Philip, who had formerly worked on job creation for unions and on public works programmes for the government (through the ‘Presidency’), was, in early 2020, doing contract work for the Project Management Office (PMO, within the Presidency) on the Presidential Youth Employment Intervention. In an online article published on the 22nd of March, Philip [called](#) for monthly payments over five months, initially of R1000 per month and then reduced in the fourth and fifth months, to about six million people.

⁴ See <https://www.ccma.org.za/Services/Unions-Employees-Employers-Employer-Organisations/Training-Layoff-Scheme>.

This would limit the cost while at the same time giving real relief and a measure of security to poor households through what is currently expected to be the worst phase of the pandemic and its knock-on poverty impacts. If there is funding appetite or opportunity for a longer duration — all the better.

Philip proposed that grants be targeted on the ‘most vulnerable’ people, i.e. people without earnings and without direct access to social grants or relief from the UIF. People who were earning wages could be excluded through the Pay As You Earn (PAYE) tax records. Philip calculated that this would cost about R25 billion over 5 months, i.e. about 0.1% of GDP per month.

Long before Covid-29, Philip had called for South Africa to adopt a version of India’s national rural employment guarantee scheme as a way of expanding the social safety net (Philip, 2012). The Indian scheme guarantees rural households a modest daily wage – set at the national minimum, which is low – for up to one hundred days of workfare per year. The state is required to pay the stipend if it is unable to provide work. The scheme has had a significant effect on seasonal poverty both directly and indirectly, through pushing up rural wages. Philip’s proposed Covid-19 grant reflected similar concerns. In South Africa, an employment guarantee scheme (or any other workfare programme) was ruled out under the lockdown.

Philip’s proposal had already been discussed within the PMO. The PMO had been established in late 2019 to oversee the implementation of President Ramaphosa’s pet job creation programmes, especially his Presidential Youth Employment Intervention. The PMO – headed by former trade unionist Rudi Dicks – invited researchers and experts (including from the banking sector) to participate in a proposal-drafting process. On the 28th of March, Philip’s team tabled a proposal for a special Covid grant ‘into government’s Covid-19 emergency response processes’ (Philip et al., 2020a). The proposal was apparently discussed within the NCC. It was also discussed in the Economic Cluster of cabinet ministers, but it is not clear precisely when this was. The National Treasury was apparently unenthusiastic at the outset. It seems that it was not discussed in the Social Cluster of cabinet ministers.

The leading role of the PMO reflected its prior leading role in job creation initiatives. The Department of Employment and Labour was concerned more with the regulation of wages, conditions of employment and industrial disputes, not employment. The Department of Social Development oversaw existing social grants (administered though SASSA).

Philip’s team initially focused on the newly-unemployed because civil society was already mobilizing around the existing Child Support Grant (CSG). An

informal network of civil society organisations and academics was already well established, and a formal network (Alliance for Children’s Entitlement to Social Security) existed to promote provision for children. It soon became evident that there was some resistance within the state – including from within the National Treasury – to increasing (even temporarily) the CSG or other grants. Philip’s team therefore broadened their focus to include supplementing the CSG as well as introducing a new grant. The case for raising benefits under the CSG was made publicly – in an article published on 31 March – by a team of University of Cape Town (UCT) economists, using research that they had conducted as part of the PMO initiative. They argued that this was the most practical way of reaching households affected by the collapse of informal livelihoods during a lockdown. They cited (pre-Covid-19) survey data that showed that most poor households with someone in informal employment also include someone who receives a CSG. Therefore, they argued, if you want to help households whose household income has collapsed due to the loss of informal livelihoods, then supplementing the CSG is a sensible and administratively feasible way forward. A R500 per month temporary ‘top-up’ would also be affordable (at a cost, they calculated, of about 0.1% of GDP per month) ([Bassier et al., 2020](#)). A much broader group of [academics and activists based at UCT’s Children’s Institute called for an ‘urgent increase’](#) in the CSG of R500 per month, for six months. Their concern was primarily with the welfare of children (and their caregivers). By mid-April, [600,000 people had reportedly signed the online petition](#) in support of this proposal.

Meanwhile, a new grant was included in reforms proposed by more than [one hundred economists and other academics](#) to introduce a set of measures including a ‘special COVID-19 grant, a top-up to existing grants, and/or a universal basic income grant’. The Institute for Economic Justice (IEJ) in Johannesburg expanded on this, [proposing an ‘emergency rescue package’](#) that included almost universal new payments. The IEJ recommended an immediate payment of R500 plus top-up payments of R500 per month for three months to all grant recipients – i.e. including old-age pensioners and disability grant recipients as well as CSG recipients – together with the extension of CSGs to pregnant women and a once-off universal basic income payment of R4500 to all adults. These measures would cost close to R200 billion or about 3% of GDP. [Members of the Concerned Africans Forum called](#) for a special Covid-19 or universal basic income grant. If this proved unfeasible, then the CSG should be supplemented. The [Black Sash](#) reiterated a call for a universal basic income grant.

Business and labour were also lobbying for supplements to existing grants. On or about the 14th of April, business tabled a proposal in NEDLAC. The convenor of the labour market cluster in Business for South Africa (B4SA), Rob Legh (of the legal firm Bowman’s) was [reported](#) as saying that:

The area of looking after people who are not in employment is very much on our radar. There is a discussion in Nedlac and communities feel this is an area that has not had proper attention. We have tabled a proposal in Nedlac. There is an affordability issue. This is a question for National Treasury to start answering.

B4SA proposed a R500 once-off payment to all existing grantholders, at a cost of R9 billion. COSATU spokesperson Matthew Parks said that ‘first prize’ for the unions was that all grants would be doubled for three months, ‘but if that cannot be done, we support a top-up R500 on all grants’. The Minister of Finance, Tito Mboweni, told journalists that the government was ‘looking at’ temporary ‘adjustments’ to the old age and child support grants, i.e. a pale shadow of the Philip team’s proposal. The Minister of Finance apparently favoured temporary increases to the old age grant and only modest increases to the CSG – despite research showing that supplements to the CSG would have much broader reach. At this point the parties in NEDLAC do not seem to have been considering the introduction of a new grant. COSATU’s spokesman was [quoted](#) as saying that ‘it would take too long to design a universal grant’.

The Minister of Finance presented proposals to cabinet on Wednesday the 15th of April, but the discussion was reportedly inconclusive. Meanwhile, the Philip team developed its proposal, combining explicitly the detailed proposal for a new grant with the more straightforward proposal to supplement existing grants. In a new document (finalized on the 17th of April), the team set out, in some detail, options for extending social assistance (Philip, 2020b). The team was led from the PMO (including the PMO’s head, Rudi Dicks, as well as Philip) and included UCT economists (responsible for estimating the likely effects), a task team concerned with payment systems (headed by the head of the National Payments System at the South African Reserve Bank, Tim Masela, and convened in partnership with the private sector Payments Association of South Africa) and selected other academics and civil society activists. The team set out options for a new grant. The scheme could last for either three or four months, with benefits set at either R375, R500 or R700 per month (i.e. less than Philip had originally proposed). The number of beneficiaries could be as high as 15 million, but this number could be reduced (to, say, eight million) through either setting the age threshold higher than 18 or imposing a household income limit:

Through engagement with the Banking Association of South Africa (BASA), it has been confirmed that it would be feasible to apply an upper income threshold on applicants, based for example on an average turnover in their bank accounts over the last three months. (*ibid.*)

Assuming eight million beneficiaries, the total cost would be between R10 billion and R23 billion over three (or four) months (Philip et al., 2020b). The new document did not specify options for the (temporary) supplement to the CSG.

It was understood that the new grant would only satisfy the government – especially the National Treasury – if the cost was contained. This would be achieved through the proposed means-test as well as its limited duration and modest benefits.

Three days later (on Monday the 20th of April), the National Working Committee of the governing party, the African National Congress (ANC) – meeting virtually – [reportedly](#) called on the government to ‘look at a minimum income support grant that covers those falling outside of social grants, particularly informal workers and the unemployed.’ Proposals were supposed to be discussed in cabinet that same day. Cabinet presumably approved the proposals for a new grant as well as supplements to existing grants, because the president announced these in an address that evening.

Civil society activists had long called unsuccessfully for the expansion of social protection to cover working-age adults with no other source of income. In 1997/98, concern within South Africa’s trade unions over rising unemployment led the trade unions to call for consideration of a basic income grant. Civil society activists and academics in Cape Town were attracted to the idea, in the face of the ANC government’s apparent inaction over poverty. Sustained advocacy from civil society resulted in the endorsement of a basic income grant by the government-appointed Committee of Inquiry into a Comprehensive System of Social Security (the Taylor Committee) in 2002. In 2009/10, the issue arose again in connection with possible expansion of grants to assist people with HIV/AIDS, perhaps through a ‘Chronic Illness Grant’. From 2015, the Black Sash led a new wave of advocacy, focused on the lack of an adequate safety net for the unemployed (Seekings, 2020a).

Whilst there has always been some support for the expansion of social assistance within the ANC, the party’s leadership and the government have long been resistant. Under President Mbeki, the government made clear its opposition to a basic income grant – although it did respond to the pressure by expanding the CSG (Seekings & Matisonn, 2012). The ANC continued to focus on workfare under Jacob Zuma, who ousted Mbeki from the presidency of the party in 2007 and became president of the country in 2009. Insofar as the ANC envisaged any bold social policy reforms, its focus was on the introduction of National Health Insurance. The further expansion of social assistance programmes remained off its agenda. Prior to Covid-19, there was little indication that Ramaphosa would be any different to his predecessors. The ANC’s conferences prior to, and manifesto for, the 2019 election did not suggest any significant reforms. At least

one senior ANC leader and minister in Ramaphosa's government had previously dismissed calls for a basic income grant: In 2009, Zweli Mkhize – then the Premier of the KwaZulu-Natal province and regarded as a strong supporter of Jacob Zuma – declared that a basic income grant was unaffordable ('it would bankrupt government').⁵ In early 2020, Mkhize was Treasurer-General of the ANC and Minister of Health in the Ramaphosa government.

The context in 2020 was obviously transformed by the scale of the economic distress resulting from the lockdown. It may also have been important that the Philip initiative was the first to come from within government, not from civil society.

Key officials from the Department of Social Development and SASSA had been invited to participate in the discussions over social grant reforms. Much later, the CEO of SASSA said that SASSA had '[not been aware of the Task Team](#)' that had developed the proposal for the emergency grant. This seems to indicate a breakdown between SASSA and the national Department of Social Development. It is possible that the proposals were discussed only in the Economic Cluster of cabinet ministers, not in the Social Cluster, which would have been bad judgement on the part of the government. The proposals clearly should have been discussed in both ministerial clusters.

4. The government's emergency relief package

Neither when a State of Disaster was announced (on the 15th of March) nor when the lockdown was announced (on the 23rd of March) did the government indicate what kind of emergency measures would be put in place to relieve destitution. It seems unlikely that the government had any plan – not even for the continuation of feeding schemes when it shut down its national school feeding programme, which had hitherto provided daily meals for nine million children (see Seekings, 2020b). The government's emergency expansion of social protection was announced subsequently, in two parts. First, on the 25th of March, the Department of Employment and Labour announced the expansion of unemployment insurance through the establishment of a Covid-19 Temporary Employee Employer Relief Scheme (Covid-19 TERS)⁶, adapting the existing TERS (see above). Businesses that were required to close, experienced ensuing financial distress and were already registered with the UIF could claim financial support for up to three months. Benefits would be paid on the existing UIF sliding scale (ranging from 38% to 60%) with a minimum benefit set at the statutory minimum wage in the relevant sector or, in the absence of any sectoral minimum, the national minimum

⁵ Mail and Guardian (online), 23 July 2009.

⁶ This was formally gazetted the following day, in Department of Labour Notice 215 of 2020, *Government Gazette* 43161 (26 March 2020).

wage. Most importantly, the usual eligibility requirement of minimum contributions would be waived, i.e. the scheme was ‘delinked’ from standard UIF rules.⁷

The second part of the package was [announced](#) by President Ramaphosa in a national address on the 21st of April, in the fourth week of the lockdown. He saluted his ‘fellow South Africans’ for their fortitude, endurance, suffering and sacrifice. He emphasized that the lockdown had been necessitated by medical concerns but demanded also ‘an economic response that is equal to the scale of the disruption’ caused by the pandemic. Ramaphosa announced ‘a massive social relief and economic support package’, costed at R500 million (about \$25 billion), i.e. about 10% of GDP. The package included major reforms to the country’s social protection system. On the one hand, unemployment insurance would be massively expanded: R 40 billion (or close to 1% of GDP) would be budgeted for this. On the other, the country’s social assistance system – i.e. its social grants – would be expanded, through supplements to existing grants and a new emergency grant. Feeding programmes would be expanded massively to tide poor families over until the increased and new social grants could be paid. This additional expenditure on social grants and feeding schemes would account for R50 billion (about 1% of GDP). Together, these promised an unprecedented expansion of South Africa’s social safety net, providing potentially seamless coverage for not only the very poor or selected categories of the ‘deserving’ poor, but a large majority of the South African population.

The package reflected the broad design proposed by the Philip team, although with more modest benefits. The CSG – paid to about 7 million mothers or other caregivers, for about 12.5 million children – would increase by R300 in May and R500 per month from June to October. Other social grants – including the Old Age Grant (or pension) and the Disability Grant – would be increased by R250 per month from May to October. A new ‘Covid-19 Social Relief of Distress grant’, of R350 per month, would be introduced for people who were unemployed but not yet receiving any social grant or support from the Unemployment Insurance Fund. This would also be paid for six months. The president declared that the Department of Social Development would ‘issue the requirements needed to access and apply for this funding’. Additionally, the distribution of food parcels would be reorganized: 250,000 food parcels would be distributed within two weeks, and a new system of vouchers or cash payments introduced.

Together, the reforms to unemployment insurance and social grants promised widespread support for the poor. The extension of unemployment insurance

⁷ The Ministry of Finance [announced](#), on the 29th of March, a temporary increase in wage subsidies provided to employers under the Employment Tax Incentive scheme. It was reported that this might cost about R10 billion and benefit perhaps 4 million workers.

would support millions of workers in formal employment, ensuring that they continued to receive an income despite the closure of the businesses where they worked. Supplements to existing grants would quickly put extra cash into the hands of a massive number of adults with no other income, including people who had worked in the informal sector.

This broad package was preferable to a narrow focus on the CSG because burdening the CSG with the support of entire poor households would undermine the core purpose of the CSG, i.e. to support children in particular. Whilst researchers can analyse survey data on households, no government department collects data at the household level. Social grants are – and have to be – paid to individuals. Relying on CSG supplements alone would encourage the belief that the CSG should be used to support entire households. It might also exacerbate conflict within households or between kin over the CSG (see Moore and Seekings, 2019). By distributing additional expenditure across several programmes, the government signalled that the CSG should continue to be primarily for the benefit of children and the immediate caregivers; other adults should not rely on it.

No sooner had each of the two arms of the relief package been announced, however, than the government was forced to correct important details. With respect to unemployment insurance, the Department of Employment and Labour had to correct not only the flawed Directive that it had gazetted but also a guide for employers that it had published. The guide wrongly suggested that the ‘National Disaster Benefit’ would be paid out at a flat rate equal to the national minimum wage (R3,500 per month).⁸ The flaws in the Directive meant that the number of beneficiaries would be limited to a fraction of the target population. The Department of Employment and Labour had to amend the Directive on the Covid-19 TERS – first on the 8th of April, then again on the 16th of April and for a third time in May. The first amendment⁹ removed the requirement (replicated from the pre-Covid TERS) that employers be in ‘financial distress’. The benefit was for affected employees, not companies. It clarified that benefits would not be capped at R 17,712 per month (as the original directive had implied) but rather that the maximum salary to be considered would be this amount. The maximum benefit, calculated on the income replacement rate sliding scale, would be 38% of R 17,712, i.e. R 6,730 per month. It further clarified that employees who were paid in part but not full were also eligible (which was not permitted under the original TERS). The [second amendment](#) introduced a requirement for employers to apply on behalf of employees whose wages had been reduced. The third

⁸ In fact, the national minimum wage had been raised to R 3,633 per month as of 1 March: Government Gazette 43026 (17 February 2020).

⁹ Department of Labour Notice no. 240 of 2020, [Government Gazette no. 43216](#) (8 April 2020).

amendment¹⁰ on 15 May allowed employees to apply directly if their employer had not done so and they were not covered by a bargaining council acting on behalf of employers and employees.

The pro-business newspaper *Business Day* (on the 14th of April) gave business the credit for these reforms: ‘Business has done a very good job in coaxing the government to adapt the old TERS benefit into one that will work in this crisis’, especially through relaxing the requirement that a business be in financial distress and allowing employers to part pay wages and salaries.

The supplements to existing grants were also clarified. The government explained that the CSG would not increase (from June) by R500 per child, but by R500 per caregiver. In a press conference on 29 April, the Minister of Social Development, Lindiwe Zulu, explained that the government could not afford an increase of R500 per child per month.

I wish to acknowledge all the proposals and input we received on how we should augment the social grants. One of the key contributions was the call for an increase in the child support grant by R500 per child. While I acknowledge that all the proposals were sound and well motivated, we were unfortunately not able to provide the necessary funding to accommodate every one of the proposals.¹¹

Whereas the clarifications of the reform of unemployment insurance meant that larger benefits could be disbursed to more people, this clarification of the reform of social grants reduced considerably the cost and hence the benefit to poor recipients. Child grants were paid for about 13 million children but to only just over 7 million caregivers. This meant that the monthly supplement from June would cost R 3.6 billion per month rather than R 6.7 billion per month, or R 18 billion rather than about R 33.5 billion over five months. The question of paying the CSG supplement per caregiver or per child had been discussed within the PMO-based team. It is not clear, however, whether the ambiguity in the President’s announcement was due to political calculation or to a failure to understand the difference between the two options.

Even with this correction, the government had not allocated sufficient budget. The actual cost would depend on the number of approved claimants, which would depend on the precise conditions of eligibility, and the period for which claims would be paid.

¹⁰ Department of Labour Notice no. 486 of 2020, [Government Gazette no. 43265](#) (16 April 2020).

¹¹ Quoted in an article in *Business Day* by [Carol Paton](#).

If the emergency unemployment insurance scheme paid out on average about R 5,000 per month per worker, then one million claimant workers would cost R 5 billion per month (without any allowance for administrative costs). Two million claimants would cost R 10 billion per month, and so on. The budget of R40 billion would thus cover (say) three million claimants for two months and two million for a third month. If businesses were unable to reopen and pay their employees fully, then the cost could soon rise above the budget. For example, three million claimants for five months would cost a total of R 75 billion, or almost double the budget.

The cost of the supplements to existing grants was clear. The cost of the supplement to the CSG would be just under R 4 billion in May and then a little less from June, giving a total of just over R 22 billion over six months. The cost of the supplements to other grants would be close to R 1.2 billion per month, or R 7 billion over six months. The total cost of supplements would therefore be just under R 29 billion over six months. Administrative costs would be small.

The cost of the new Covid-19 Social Relief of Distress Grant would depend entirely on the number of claimants. This new emergency grant was aimed at people who were (in the president's own words) 'currently unemployed and do not receive any other form of social grant or UIF payment'. It was later revealed that the Treasury budgeted for eight million claimants per month. This figure is broadly consistent with pre-Covid data on the number of unemployed people. The most recent available data on the labour market come from the [Quarterly Labour Force Survey](#) (QLFS) conducted by Statistics South Africa in the 4th quarter of 2019. Analysis of the survey data suggests that, of the approximately 33 million men and women aged between 18 and 60 (and hence not eligible for either the CSG or the Old Age Grant), 30% (i.e. 10 million people) were unemployed, using the expanded definition of unemployment that includes 'discouraged work-seekers'. Fewer than 1% of these reported receiving benefits from the UIF. One in five (21%) reported receiving a CSG. These data suggest that 8 million people were unemployed and did not receive any other grant.

But it is not clear why there would not be many more claimants. These figures do not include anyone who has lost their jobs or livelihoods over the past four months. [UCT economists](#) estimated that, of South Africa's 16 million working people, 45% (or close to 8 million people) were not eligible for relief from the UIF. If three-quarters of these 8 million people lost their livelihoods and most remained ineligible for unemployment insurance, then the number of unemployed people eligible for the new grant could be as high as 14 million. Moreover, another 8 million people aged 18-59 were recorded in the QLFS in late 2019 as 'not economically active'. These were working-age adults who were not working but said that they did not want work or were not available for work, perhaps because they were disabled or studying or fully-occupied in unpaid care work. The QLFS

data suggest that about one in four (26%) receive either a CSG or a Disability Grant. This leaves 6 million people without any social grant. A very small number might have other sources of income and be ineligible for a means-tested social grant. This means that as many as 20 million people might apply for the new grant on the grounds that they have no other income. The Philip team calculated that at least fifteen million people would be eligible (in the absence of any means test). If any more than eight or nine million people received the new grant, the cost would exceed the budget. Imposing a means test (using PAYE or banking records) would contain the cost, but it is not clear whether anyone knows whether this would limit access to about eight million people.

It is not difficult to imagine that the cost of unemployment insurance reforms might have been as much as double the budget (R 75 billion rather than R 40 billion) and the cost of social grant reforms might have been R10 billion or more higher than the budget of R 50 billion, pushing the total cost up to about R 135 billion. This underscores the significance of the reforms announced in March and April. ANC governments had repeatedly insisted that they were moving towards a comprehensive system of social protection, including a seamless social safety net for the poor. Hitherto, they resisted expanding coverage to unemployed, working-age adults, emphasizing instead the ‘dignity of work’ and promising (if necessary) to expand workfare through public works programmes (see, for example, Barchiesi, 2011). The current crisis pushed the ANC to make this step, albeit temporarily. The vision was undoubtedly bold. It turned out, however, that the state could not deliver on this vision. The costs of the relief package were not only much lower than the top end of my estimates; the costs also proved to be less than the Treasury budgeted in April.

5. Implementing the expansion of unemployment insurance

The process for delivering the emergency expansion of unemployment insurance – through the Covid-19 TERS programme – was agreed at NEDLAC between business, trade unions and the government. The process would be administered by the UIF, not by the CCMA. But it was clear to everyone except perhaps the UIF itself that the UIF did not have the capacity to cope with the challenge. On the 14th of April, in an editorial, *Business Day* warned that implementing the new scheme was ‘a big ask for the UIF’. The existing TERS ‘can take so long in approving employers and getting the money to flow that the business has gone under by the time it does’. Rolling out a new scheme for a million or more applications in just a few weeks would be difficult for any institution. ‘For the UIF, which has a limited infrastructure, it is a very tall order.’ *Business Day* recommended an alternative plan, considered but dismissed in NEDLAC, that benefits be paid out through the South African Revenue Service (SARS).

The UIF opened its online application system on the 16th of April. Crucially, employers submitted applications on behalf of their employees, reducing massively the number of discrete applications. Some reported [major difficulties](#). Nonetheless, four days later, on the 20th of April, the Minister of Employment and Labour, Thulas Nxesi, [reported](#) that the UIF had received more than 55,000 applications from employers on behalf of about 1.6 million employees. The UIF had processed more than 37,000 applications for more than 600,000 employees. It had already paid out a total of R1.1 billion. The Minister acknowledged that the UIF had not coped:

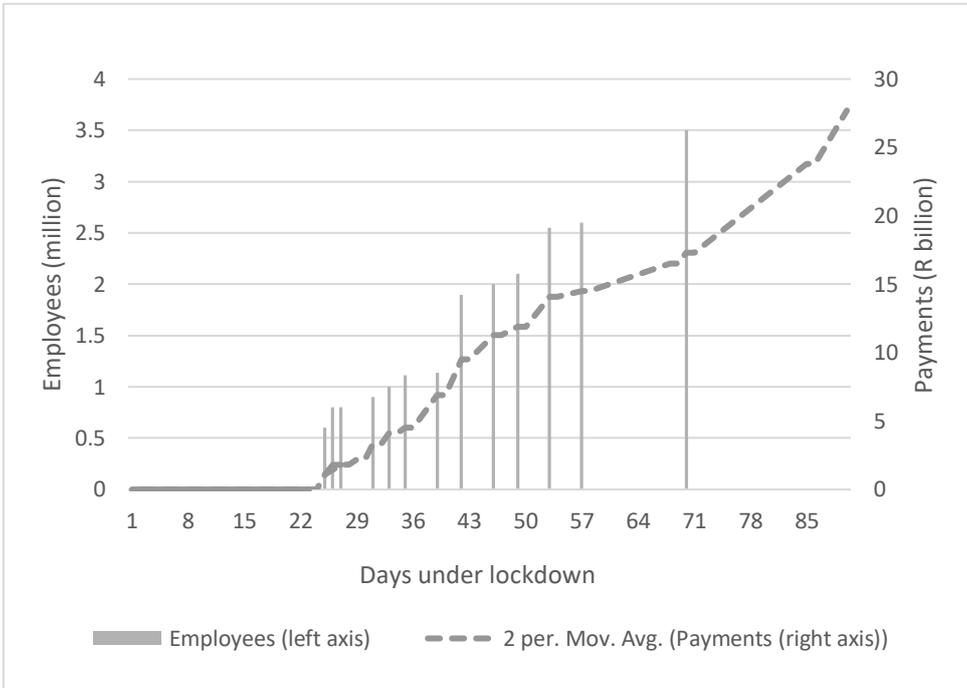
We have acknowledged that our system was not designed to accommodate the increased volumes of requests that we are witnessing due to the Covid-19. We have already taken steps to mitigate this risk. We have asked the South African Revenue Service to work with us to resolve the backlog we are currently experiencing. SARS has responded positively and they are sending a team to work with the UIF to ensure that we distribute funds to deserving beneficiaries as swift and cost-efficient as possible. We have equally engaged other private sector companies to work with UIF to enhance the capacity of our IT system to respond to the growing number of requests.

Some [problems](#) persisted. Employers complained of delays in payment. When they received funds, they were not told how to apportion them between employees. Foreign workers were apparently excluded because the UIF's system only recognized South African identification document (ID) numbers. Applications for May were not open as of [22 May](#).

Overall, however, the UIF appeared to have expanded its capacity successfully. After one month (i.e. as of 22 May), the UIF reported that it had approved applications from more than 200,000 employers on behalf of 2.6 million workers, with a total value of just under R 14.5 billion (see Figure 1). Nxesi reported that payments were being made within 24 to 48 hours after applications were cleared. The number of agents in the UIF call centre had been increased, first from 75 to 200, and later to 500, dealing with up to 70,000 calls per day. When some workers complained that employers had not disbursed to them funds from the UIF, NEDLAC agreed to a plan to permit the payment of funds directly into employees' bank accounts. The Minister began to worry that some distressed businesses [were not applying](#) for the Covid-19 TERS funds. The UIF also [announced](#) that more than 600,000 domestic workers might be eligible for payments from the UIF (although it is not clear how long the process would take). There continued to be many reports of inefficiency. A [survey of 2000 small businesses](#), in 55 different fields, by the Cape Chamber of Industry and Commerce

revealed a ‘chaotic picture’ of the UIF/TERS scheme. Newspapers reported examples of both [laid-off workers who had received nothing](#) and cases of individuals who had, through either fraud or incompetence on the part of the UIF, [received in error millions of rands](#).

Figure 1: Covid-19 unemployment insurance beneficiaries



Payments for May trickled out slowly through June. As of the [24th of June](#), R8.4 billion had been paid out for May, for a total of 2 million employees. This brought the total payouts since mid-April to R27.7 billion. This supposedly covered ‘5.8 million workers’ but it appears that this meant 5.8 million worker-months, comprising (presumably) close to 4 million payments for April and 2 million for May. Another 1 million applications had not been approved. The [UIF blamed employers](#) (and said that there was no ‘backlog’); [business blamed](#) the UIF’s ‘grossly unreliable’ systems; trade unions blamed employers and the UIF. Payments for June were delayed because of ‘[technical glitches](#)’ in the [application system](#). The [UIF announced](#) that the Covid-19 TERS scheme would only run to the end of June, i.e. for three months. No payments would be made for July. Despite these delays and limits, and whilst lagging behind what was needed, substantial sums were disbursed through the scheme.

6. Paying supplements to existing grants

The government’s package of social grant reforms proved more difficult to implement. The payment of supplements to existing social grants proceeded with minor hiccups, the delivery of food parcels was poor and the introduction of the new Covid-19 Social Relief of Distress grant was delayed.

Paying supplements to existing grants was expected to be the easiest part of the package to implement. Grants are administered by SASSA. Payment is mostly done through transfers to financial institutions – banks and now the Post Office – who deposit the correct funds in the grant recipients’ accounts. Fewer than 200,000 out of about 12 million recipients – i.e. less than 2 percent of the total – receive their grants through cash pay points. Since the appointment of the South African Post Office as South Africa’s national grant paymaster [in 2018](#), SASSA has [closed many of its 8,086 cash paypoints](#) due to concerns over the high cost of physical cash disbursements.

Hitherto, SASSA paid all grants on the same day, at the beginning of the month. When it did so at the beginning of April, shortly after the lockdown was imposed, the result was ‘quite a bit of pandemonium’ (as SASSA’s CEO [later told MPs](#)) because large numbers of people gathered to retrieve cash from ATMs and retailers. This precluded the social distancing required under lockdown. To address this problem, SASSA decided that the May grant payments would be staggered: Old Age and Disability Grants would be paid on Monday the 4th and Tuesday the 5th of May whilst Child Support Grants and other grants would be paid from Wednesday the 6th of May. Grant recipients would be paid their usual grant plus the supplements announced by the president.

Serious problems transpired in three provinces. In KwaZulu-Natal, more than 470,000 elderly and disabled people in KwaZulu-Natal did not receive their grants on the Monday. SASSA [said](#) that it resolved the problem late on Monday and grants were paid into beneficiaries’ accounts. Late payments were attributed to a ‘[system glitch](#)’. In the Western and Northern Cape, as many as [600,000 pensioners received double payments](#). Instead of receiving R2,110 – i.e. the regular R1,860 per month plus the R250 Covid supplement – beneficiaries received R4,220! A Western Cape SASSA official said that there had been ‘a few challenges’ with ‘payment files’: ‘Technical errors’ had resulted in double payments to 435,000 beneficiaries in the province. SASSA tried to reverse payments as soon as it discovered the technical error – without success, it seems. These double beneficiaries were [warned](#) through the [media](#) that they would not receive a social grant payment for June 2020. It is unclear precisely what SASSA has actually done about these erroneous payments. It is possible that SASSA will be staggering deductions over several months from July onwards.

SASSA’s CEO attributed these ‘[glitches](#)’ to SASSA having to change its payment system from paying everyone at the same time to separating payments to the elderly and disabled from the child grant and other payments. She said that SASSA was ‘really sorry’ for inconveniencing beneficiaries: ‘I have been beating myself up about this’. She proceeded to assure child grant recipients ‘that we have double checked the system and that going forward everyone will receive their money on time’. It seems that she was correct. SASSA in the Western Cape told

me that there were no glitches in the payment of child grants on Wednesday and no problems were reported in the media.

It seems that the ‘glitches’ may also have been the result of the rushed change in payment procedures. The President announced the grant increase on the evening of the 21st of April – after the payment process for May was initiated from SASSA. This meant that SASSA had to rapidly amend the payment files on the 22nd of April, and apparently worked through the night to get this done. In the rush, the files for the Northern and Western Cape were duplicated and the file for KwaZulu-Natal omitted. The error wasn’t immediately noticed because the number of grants that were duplicated was approximately the same as the number of grants that were omitted. The error was fixed very quickly once it was noticed. I am not aware of any subsequent ‘glitches’ with the supplements paid in June or July.

7. The new emergency grant

The introduction of the new grant proved to be much more of a challenge. The last time an entirely new grant was introduced – the CSG in 1998 – it was three years before the number of grants paid reached one million. Faced with the unprecedented challenge of delivering the new Covid-19 grant to millions of new recipients within weeks, SASSA stumbled.

The first stage in delivering the new grant entailed setting up an application process that could handle millions of applications in a short period of time. None of SASSA’s existing programmes provided a model.

Naming the new grant the ‘Covid-19 Social Relief of Distress’ grant provided dubious legality but did nothing to clarify how it would be administered. The administration of the existing Social Relief of Distress programme did not provide a model. The application process for the existing programme was not specified in the 2004 Social Assistance Act (nor the 2018 Amendment Bill), but the [Department of Social Development’s website](#) explains that applicants must go in person to a SASSA office and present a battery of documents, including a supporting statement from a social worker, councillor, chief or minister of religion. [One study reports](#) that, in practice, it is social workers who identify deserving individuals, then SASSA approves the recommendations. Extensions beyond three months are also dependent on a letter of motivation written by a social worker. In the 2018/19 year, SASSA made about 440,000 awards. The new Covid-19 grant would require scaling this up tenfold or more, which would be far beyond the capacity of South Africa’s social workers, especially given the paucity of social workers in the poorest parts of the country and the restrictions on movement under the Lockdown. Moreover, SASSA’s local offices were shut under the lockdown.

7.1 Applications

SASSA's usual application process for its other social grants is also bureaucratic: An applicant goes to their nearest SASSA office with the required documentation and lodges his or her application. SASSA, which has about 9,000 employees, has several hundred local offices in addition to its national, 'regional' (i.e. provincial) and district offices. This bureaucratic process works reasonably smoothly with the usual flow of applications. In the [first quarter of 2019](#), SASSA received just over 200,000 applications per month, three-quarters of which were new applications for one or other social grant. Official SASSA data suggest that applications are processed quickly: Of the 150,000 new applications per month during the first quarter of 2019, almost 80% were approved immediately, another 12% were approved within ten days, 1% took longer to approve, and 8% were refused. The government expected the number of applicants for the new Covid-19 grant to be at least fifty times larger than the usual monthly total of applications processed by SASSA.

SASSA cannot, however, administer smoothly all of its existing grants. The limits to its capacity were already evident with respect to foster care grants. The courts have repeatedly ordered the Department of Social Development to roll over foster care grants when SASSA lacked the capacity to process renewals - including, most recently, at the end of [2019](#). More generally, the documentary requirements of the application process served to exclude many applicants. Most social grants are subject to a means test, which means that they must present documents such as salary slips, bank statements (for the preceding three months), pension slips, Unemployment Insurance Fund (UIF) cards or a 'discharge certificate' from their previous employer, or otherwise demonstrate their income. Claimants must present a barcoded South African identity document (showing their age, which is especially relevant for pensioners). CSG applicants must also submit a birth certificate for the child. If the applicant is not the child's parent or guardian, then he or she needs a written note of permission from the parent or guardian, some indication that they have tried to get the parents to pay maintenance and some confirmation that they are the child's primary caregiver. If documents are missing, an applicant needs other documentation from Home Affairs, affidavits and sworn statements.¹² The Children's Institute at the University of Cape Town has estimated that as many as two million children are eligible for the CSG but do not receive it, often because of the documentary requirements. This would correspond to about one in seven of all eligible children. Applicants for a disability grant must also be certified disabled by an approved medical professional and applicants for a foster care grant also require a court order. These constraints on access to CSGs have been documented in a series of studies, including by [Department of Social](#)

¹² The requirements do not appear to be set out fully on SASSA's website but are set out fully [here](#).

[Development, South African Social Security Agency and UNICEF \(2010\), Zembe-Mkabile et al. \(2012\) and Delany and Jehoma \(2016\) in South African Child Gauge 2016.](#)

A new and emergency Covid-19 grant would require an entirely new application process. In many African countries, ‘communities’ are asked to identify deserving recipients of social grants for programmes that are targeted on the very poor. These selections are generally subject to bureaucratic approval; how this works in practice is not entirely clear. It is likely that such community-based targeting will result in both ‘inclusion errors’ (when people who do not meet the formal criteria are awarded grants, perhaps because they are well-connected locally) and ‘exclusion errors’ (when people who should be eligible are excluded, for whatever reason). The South African government does not trust community leaders to implement a process of this sort. There may be good reasons to avoid relying on partisan structures, including local government councillors and their ward committees. The ANC has a long history of ‘capturing’ structures on the ground ([Piper & Anciano, 2015](#)). Councillors have already come under criticism during the lockdown for the ways in which they have allocated food parcels. Civil society structures on the ground have a very uneven history also. Similarly, chiefs in rural areas would be controversial intermediaries.

The South African government preferred to use technology. The Philip team – including technical experts – quickly established that it would be impossible to add timeously millions of new individuals into SASSA’s existing ‘SOCPEN’ database. A new database would need to be constructed, allowing also for automated comparison with other databases (in order to approve applications) and for a smooth payment system (not through SASSA’s existing channels). The Philip team’s proposal was accepted because it set out a well-grounded and entirely new set of procedures for processing grants that, it appeared, would enable the new grants to be paid out rapidly and efficiently.

When the Department of Social Development and SASSA took over responsibility for delivering the new grant, however, they revisited parts of the Philip team’s proposal. Just two days after President Ramaphosa’s announcement of the new grant (on the 21st of April), SASSA’s senior manager in charge of grants administration [reported](#) (virtually) to the parliamentary Portfolio Committee on Social Development on the plan that the agency was developing. The ‘front end’ of administration would entail applications for the new grant via WhatsApp and Unstructured Supplementary Service Data (USSD) platforms. She reported that the process was already being tested. She did not comment on the verification process. Meanwhile, she said, SASSA was working on the ‘back end’ of the process, i.e. the payment system. Payments would be made through bank accounts, e-wallets or ‘cash-send’ phone-based mechanisms. This ‘digital platform’ could be used to apply for a grant for oneself or on behalf of someone

else. The system was substantially new, but was not what the Philip team had proposed.

The application system ‘was supposed to have gone live’ on Monday the 4th of May, according to a [SASSA official](#). SASSA had launched a ‘test run’ of its application processes through WhatsApp and email. [SASSA received](#) 91,000 applications via WhatsApp – at which point the system [crashed](#) – and 250,000 applications through email. On the 6th of May SASSA had to announce (including on twitter) that the system was not yet live. Finally, on Monday the 11th of May, the Minister of Social Development and CEO of SASSA announced details of how to apply. The application process was opened.

Applications could be made through either email, WhatsApp or mobile phones through USSD codes (operated by Vodacom SA). Whereas the test run for WhatsApp had used a platform hosted by the Department of Health, when the full system was opened on the 10th of May it used a WhatsApp platform hosted by a private company (GovChat). All mechanisms required that applicants record their name, ID number and address, and confirm that they have no other income. Applicants were only asked for banking details – to be entered through a secure website – after their applications had been approved.

This process precluded any requirement that documents be submitted. Even if the technology were to allow for documents to be attached to a phone-based application, SASSA lacked the capacity to check submitted documents – and it may have been the case that attaching documents to applications slowed down the automated process. Any requirement to submit documents would also have seriously impeded applications from many poor people. When the Minister of Social Development and SASSA first announced the application process, they mistakenly stated that applicants must submit proof of residential address. This requirement was sensibly retracted from the final process. A phone-based application also precludes most conditionality. Approval cannot be made conditional on, for example, community service (as has been [suggested](#)).

Most people across South Africa can access a mobile phone. When Afrobarometer surveyed South Africa in mid-2018, they found that 91% of their respondents said they had a mobile phone and 5% said that someone else in the household had one. Only 4% said that no one in their household had a mobile phone. [Another 2018 survey](#) showed the same picture: 51% of South Africans used smart phones, 40% used basic (or feature) phones and only 9% had no phone. [Another online source suggests](#) that about 20 million South Africans used smart phones in 2018, and that figure was expected to have risen to 23 million by 2020. In total, there were 92 million mobile phone subscriptions in South Africa, with many people continuing to use ‘basic’ phones (‘feature’ or ‘flip’ phones), mostly prepaid. Many people had two or more phones. Network coverage might be more of a problem.

The coverage maps of the major networks (including [MTN](#)) show large rural areas where there is no coverage. Afrobarometer fieldworkers reported in 2018 that 26% of the realized sample lived in neighbourhoods where there was no mobile phone coverage. But Afrobarometer also found that almost everybody with a phone said that they used their phone everyday. In short, very few households have no access to a phone and network. It is likely that most of these very few households know someone in the neighbourhood – a priest, teacher or simply neighbour – who has a phone.

On the day after the application process was opened, Business Insider SA published an account of [their experience in trying to submit applications](#). None of the application mechanisms seemed to work reliably. SASSA's website was reportedly not available, its WhatsApp system was not responsive, its email system was not easily used, and neither the promised SMS nor Facebook Messenger systems seemed to be available. Business Insider SA eventually succeeded in submitting an application – late at night – through the USSD mechanism.

These teething problems were probably due to the volume of attempted applications. Little more than 48 hours after the application process was opened, President Ramaphosa stated (in his address to the nation on the evening of Wednesday 13 May) that [3 million people had applied](#) for the new grant. On Thursday, SASSA released a statement recording the number of applications received via the different mechanisms each day since Monday (South African Social Security Agency, 2020). As many as 1.5 million applications were reportedly received on Monday, one million on Tuesday, just under half a million on Wednesday and just over half a million on Thursday. The total came to almost 3.6 million. Two-thirds of the applications were made using USSDs, half a million through WhatsApp, the same by email, with another 200,000 through the website.

SASSA has at different times provided very different numbers of how many people were expected to apply successfully. Brenda Sibeko, a Deputy Director General in the Department of Social Development, [told MPs](#) that the Treasury only agreed to a budget for an additional six to eight million new grant beneficiaries; 'we had wanted much more money'. SASSA later [provided](#) the figure of 7 million expected claimants. SASSA officials told me that they were expecting about 6 million eligible applications. In an interview with the [Sunday Times](#), however, SASSA's CEO said that the agency anticipated that 500,000 people would register for the grant in May.

The Labour Department [reportedly](#) told the Department of Social Development that there were about 4.6 million job seekers registered on its database. The press reported that this was their estimate of the number of applicants for the new grant. 'This grant is primarily for those who sell food in the informal sector but because

the lockdown cannot work, and then for those who are unemployed’, [SASSA’s CEO explained](#). As noted above, however, the total pool of eligible, jobless adults in South Africa was probably somewhere between fifteen and twenty million.

After almost three months of lockdown, SASSA reported that it had received a total of about seven million non-duplicated and complete applications for the new grant. It is unclear why the number of applications was so much lower than the estimated total number of eligible adults.

7.2 Verification or validation

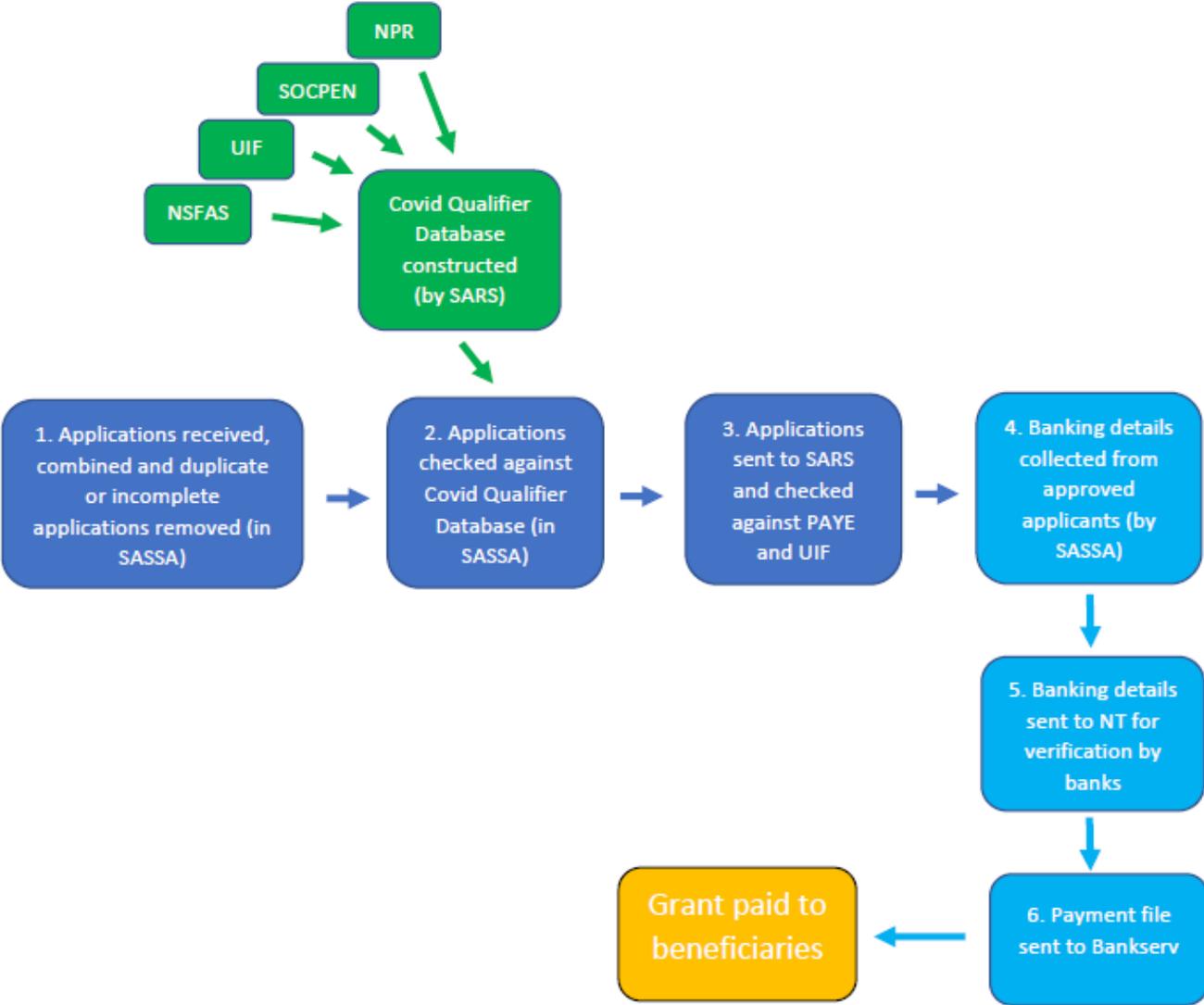


Figure 2: Verification and payment process

Having received applications, SASSA had to verify that the applicants were indeed eligible. Whereas the Philip team had proposed a more integrated process, SASSA preferred a process that entailed a sequential series of stages. After some sparring between SASSA, the National Treasury and other parts of the state, a

simplified but still sequential process was adopted, as illustrated in Figure 2, in the dark blue boxes. First, SASSA collated applications, removed duplicates and incomplete applications, and compared the valid applications against a Covid-19 Qualifier Database. This database was pre-constructed by SARS – which had the required expertise and capacity, which were lacking within SASSA – but was then housed within SASSA. SARS used the National Population Register (NPR) as a base, then integrating data from the UIF (unemployment insurance recipients), SASSA (through its SOCPEN database of pension recipients) and National Student Financial Aid Scheme (NSFAS, i.e. students receiving government funding). This database was unprecedented in South Africa, and the PMO had to exert pressure on the various government departments controlling the component databases to secure their cooperation. At first, datasets were too large to share electronically, and hardware had to be driven from one government building to another under armed guard.

Applications would be rejected if the applicant was already receiving a social grant, unemployment insurance or student funding, or had recent formal employment (and, if now unemployed, was therefore eligible for unemployment insurance). Then SASSA sent a data file to SARS to be checked against PAYE and UIF data (again).

The Philip team's original and revised proposals (28 March and 17 April) had envisaged further means-testing (or proxy means-testing) so as to limit the number of grants paid to about eight million people per month. The original proposal had stated that it would be 'technically feasible to use ID numbers (a) to establish who is unbanked – as a basis for inclusion – and (b) to set an income turnover threshold above which applicants are excluded', enabling the grant to be targeted to the poor. The revised proposal did not elaborate, but the team had ascertained that banks could cooperate in checking applications against bank accounts to exclude applicants with substantial other income (perhaps using the national minimum wage as a threshold) over the immediately preceding months. SASSA appears to have favoured a much lower threshold: Applicants would be excluded if their bank accounts indicated any other income over the preceding months. The email application form used by SASSA in mid-May required that applicants consent to SASSA verifying information provided by the applicants not only through other government databases but also through data from financial institutions including 'past and present bank accounts, stock holdings and any other financial records relevant to the application'. SASSA and the banks negotiated over possible verification of applications against bank accounts, but the cost of this would be significant and the banks would also need legal assurances. In the end, the proposed means test was abandoned entirely.

The press had reported that SASSA has proposed another requirement in the verification process. It seems that SASSA envisaged matching the cellphone

number provided by an applicant against other government databases. [According to one report](#), SASSA confirmed that any applicant who had previously provided one cellphone number to an institution such as the SARS or the UIF and applied for the new Covid grant using a different number, would be ‘kicked out’ automatically. When I asked one SASSA communications official about this, she denied that SASSA would require matching phone numbers. It was also reported that there would be some kind of check on how many applicants were received from each household or homestead. This may have been proposed by the National Treasury. SASSA’s CEO accordingly announced that the new grant would be [limited to two people per household](#). She also said that [address details were needed](#) ‘so that we can get a sense of how many people are applying in one particular homestead because that is going to be critical for us to keep control’. SASSA officials – as well as members of the Philip team – were clear that this was not feasible, and SASSA’s CEO later [confirmed](#) that there was no viable way of doing this.

On 1 May, SASSA’s Western Cape communications official said that the agency expected the process – from application to approval – [to take two or three working days](#). In reality the gap between applications (from the 11th of May) and payments (from the 31st of May) was twenty days, very little of which was spent on post-approval payment. Why was the process protracted? SASSA has been less than transparent in reporting on the process. It – and its parent Department of Social Development – have also provided conflicting information. From what I can tell, delays seem to have occurred at several stages in the process.

The Minister of Social Development and SASSA staff repeatedly stated that payments of the new grant would begin on Friday the 15th of May, i.e. the beginning of the eighth week of South Africa’s lockdown. As late as the 14th of May, SASSA was telling the press that grants would be paid the following day. On the 15th, however, SASSA and the Department of Social Development went largely silent. After interviewing Lindiwe Zulu, [Radio 702](#) misreported the minister as saying that payments were being effected. What the minister actually said was that the ‘system is good so far’. The previous glitches with the WhatsApp application mechanism had been sorted out, she said; the process was proceeding ‘smoothly’. She proceeded to say that she was awaiting updated figures from SASSA on ‘how many people have applied, how many people have been approved’. The minister’s mostly positive account conflicted with the views of call-ins, who said that they were worried because they had applied, had not heard back from SASSA and therefore had not been asked for details of their bank accounts. Subsequent information implies that, at this time, no applications had been approved and no applicants contacted to provide their banking details. The Minister appears to have been less than honest.

The Department of Social Development (through its Acting Director-General) and SASSA (through its CEO) [briefed](#) (virtually) the parliamentary portfolio committee on Thursday the 21st of May, ten days after applications had opened. The CEO provided further clarification – but some different numbers – in a [radio interview](#) the following day. They seemed to explain the situation as follows:

- Of the first 4.9 million applications received, 2.4 million had been duplicates or incomplete (i.e. discarded in stage 1 of Figure 2) – or, perhaps, were from people already receiving a social grant.
- SASSA had vetted (i.e. in stage 2 in Figure 2) the first batch of applications internally, then sent either 75,000 or 300,000 to SARS (for the ‘last leg of validation’, i.e. stage 3 in Figure 2).
- SARS found that many of the applications were from people who received salaries in April, presumably according to SARS data on PAYE taxation. The figures given in the briefing were 39,000 out of the first 75,000 applications. The figures given in the radio interview were 100,000 out of the first 300,000 applications. Many of the remaining applicants had not authorized SASSA to share their details with SARS, so SARS told SASSA that SASSA needed to revert to the applicants to obtain their permission. Perhaps only 11,000 out of the initial batch of 75,000 applicants cleared stage 3 at this time.
- On the 20th of May, they said that SASSA would be contacting these successful applicants immediately (i.e. stage 4 in Figure 2) and ‘hoped’ to pay them ‘this week’. On the 21st of May, the CEO said that the first 100,000 approved applicants had been sent messages (she also seemed to say that they would be paid ‘today’, but later clarified that payments could only be effected after applicants had sent SASSA their banking details).

Meanwhile, SASSA had sent another 300,000 applications to SARS. SASSA intended to send SARS batches of about 300,000 applications every few days. SASSA planned to pay out applicants in batches of 300 000 continuously every two days after they had been verified (‘so that we can push through the numbers’). In short, SASSA’s CEO emphasized, the process was protracted because of the difficulties of verification.

This information suggests that the verification process of the first (small) batch of applications had been completed just before the 21st of May, at which point stage 4 began. In other words, it took close to ten days to complete the verification of any applications. It would have been extraordinary if these databases had been smoothly and quickly compared without hiccups. As far as we know, there is no previous history of government databases ‘talking’ to each other. (SASSA’s CEO seemed to acknowledge this in the press conference on Monday the 11th of May). Ten days was, however, much longer than anticipated. The delay appears to have

been in part due to some unanticipated technical problems, linked to the size of the files.

In late June, SASSA reported that two-thirds of applications that had been declined (i.e. 2.1 million out of 3.3 million) were because the applicant appeared on the UIF database. These failed applications would be reviewed, especially given concerns over the quality of the UIF database. SASSA said that they had now received a new, clean UIF database. Some of the applications that had been rejected may have been rejected in error. [SASSA has said](#) that as many as 85% of these 2.1 million applications may have been rejected wrongly. SASSA says that they will sort this out. It was not clear how long this would take.

7.3 Payment

The Philip team proposed an integrated payment system run by BankServ, the non-profit arm of the Reserve Bank. SASSA balked at this proposal and insisted on implementing a more complex and time-consuming system. The next three stages in the process are shown in light blue in Figure 2. After SARS returned files to SASSA, SASSA contacted approved applicants (usually by SMS) asked them to register their banking details (using a secure facility). SASSA then sent this file to the National Treasury (NT) who sent it to the various banks so that the approved applicants' banking details could be confirmed. The corrected file was then sent back to SASSA, which extracted a 'payment file' and sent this to Bankserv (for EFT payments) or banks (for disbursements of cash via phones).

Making payments into personal bank accounts would be a relatively straightforward exercise for beneficiaries who are already 'banked'. SASSA would merely have to collect and verify beneficiaries' account details which could be submitted electronically during registration. The 2017 General Household Survey found that 29% of South African households reported that no household members had a bank account. The poor – who are the intended target of the new grant – are especially likely to be live in a household where no one has a bank account: 35% of the unemployed and 40% of the 'not economically active' population in South Africa lived in households where no one had a bank account. This accords with other sources (e.g. this [2018 survey](#)). These figures might overestimate slightly the 'unbanked' population, both because of under-reporting in surveys and because of rising access to bank accounts since 2017/18. But it is clear that many poor people do not have access to a bank account. When the Post Office took over as national paymaster in 2018, SASSA was able to [open Postbank accounts](#) on behalf of its regular grant beneficiaries (in some cases even against their will). This was possible because beneficiaries had already undergone an extensive registration process, including the collection of their biometric data. Doing this for the recipients of the emergency Covid-19 grant would be very difficult.

SASSA appeared to place the onus of opening accounts on applicants themselves. At the [press conference on Monday 10 May](#), SASSA's CEO pointed to the [Mzansi](#) accounts operated by the Post Office (through Postbank, where she had previously been CEO). Pick'N'Pay and many other institutions now offer low-cost accounts that can be opened very easily and cheaply.

In the absence of an account with a bank, the post office or retailer, payments could be made through cash-sending platforms such as First National Bank's e-wallet or Absa's CashSend. As [SASSA later elaborated](#), SASSA Grant recipients would receive instructions on their phones and could then withdraw cash from any ATM. As of early July, this payment system had not been effected. SASSA's CEO also said that SASSA was considering payment through vouchers. She had previously [said](#) that the automation of systems was the key to resolving any future problems. 'That is why we turned to e-vouchers, which can be sent to any cellphone, can be used at any retailer, are not limited in value, can be used to purchase any items and have no time period in which they must be used'. The Philip team had considered food vouchers in its second report in April. The Philip team had noted that 'challenges remain in making food vouchers available at all spazas, ... in creating interoperable systems across all the retailers' and ensuring that vouchers were spent on approved foods. Whilst not ruling out food vouchers, the Philip team preferred cash payments. It is unclear why SASSA revived the idea. In [practice](#), however, no voucher system was in place in time for the 15th of May payment target, nor indeed by the end of June.

It was a full week before SASSA admitted that it was yet to pay out grants. It was reported that the agency had [paid only ten people](#) in its test run, to check that 'the system worked'. In a subsequent [statement](#), SASSA elaborated that it had tested its payment mechanism on a sample of ten approved applicants. One had entered his banking details incorrectly, so only nine were paid initially. It seems that even this was not quite right: Fourteen approved applicants were contacted, asking for their banking details; ten provided bank account details, four saying that they did not have bank accounts. The bank account details were not verified and the intended mass payment system was not used. Because there were errors, only nine payments were made successfully. It seems that the 'test run' did not even test fully the payment system that would be rolled out.

The overall verification process clearly took SASSA much longer than the two or three working days stipulated previously by one of its officials. In the parliamentary briefing, radio interviews and public statements, it was clear that SASSA and the Department of Social Development were very anxious about paying grants to people who should not receive them, lest they (SASSA and the Department) receive a negative assessment by the Auditor-General. In a [statement](#) on Monday the 25th of May, SASSA emphasized that it is 'important for SASSA to only start paying out this grant after tight systems have been established and

tested to avoid wasteful expenditure and fraud’. The Minister of Social Development also emphasized the imperative of having what she called a [‘watertight’ process](#) that ensured that grants were not paid to anyone who should not have received them.

The Democratic Alliance’s shadow minister of Social Development, Bridget Masango, [responded](#) that:

SASSA should hang their heads in shame. They’ve had more than three weeks to plan and approve a significant proportion of applications. It is ridiculous that only 10 people have received this grant and no amount of spin will justify this mammoth failure on the part of Minister Lindiwe Zulu and CEO Memela-Khambula.

When the president addressed the country on the evening of Sunday the 24th of May, he did not refer to the grant payments he had promised more than a month previously. The following day, in a [statement](#), SASSA’s CEO extended an ‘unreserved apology to those inconvenienced by the slower than expected process’.

It was also unclear precisely when payments would be effected. In its statement on the 25th of May, SASSA worryingly said that ‘the mammoth task of ensuring that the correct and deserving individuals are paid has started in earnest’ – begging the question why it had not started in earnest almost two weeks earlier, when SASSA began to receive applications. Moreover, SASSA appeared to say that the payment mechanisms for ‘unbanked’ applicants were still being sorted out. SASSA explained again that unbanked applicants could either open accounts at the post office or they could be sent authorization by phone and then use an ATM of their choice. But SASSA then said that it was concluding contracts with banks ‘today’ – i.e. on the 25th of May – ‘so that such payments can be made this week’.

SASSA soon proffered a new promise: the first grants would be paid before the end of May (i.e. in the tenth week of lockdown). In a [radio interview](#) (with Jacaranda Radio), a SASSA spokesman said that 9,000 people would receive their grants by the end of the month. The Minister of Social Development, in a separate [radio interview](#) (with Radio 702), said that 140,000 people had been ‘cleared’. Pushed by the interviewer to say how many people would be paid by the end of the week, she said that these 140,000 needed to be paid ‘immediately’.

It seems that SASSA ran into further problems in verifying the bank account details that approved applicants sent to SASSA. Under stage 5 in Figure 2 (above), SASSA sends the information supplied by applicants to the National Treasury for ‘Account Verification’. Many of the composite files that SASSA sent to the National Treasury proved to be corrupted and had to be returned. Eventually, in

early June, the Treasury helped SASSA to set up a new online system. As of the 27th of May, fewer than 38,000 accounts had been verified, with another 65,000 being processed. By the 5th of June, about 350,000 bank account details had been verified, more than half by Capitec alone, with about 50,000 verified by the PostBank.

The first 11,000 payments were initiated on 26 May. By the end of 30 May, a total of 113,361 payments totaling R 40 million had been initiated. On the 1st of June, SASSA issued a statement announcing that it had paid successfully 116,867 ‘clients’. It subsequently transpired that some or all of these payments had been made before the account details had been verified.

The CEO of SASSA [presented new data to the portfolio committee on the 11th of June](#). As of the 7th of June, she reported, 6.5 million complete and non-duplicated applications had been received. Most (79%) of these had used the USSD application channel, with only 14% using WhatsApp and 6% using the internet. Of this total, just under one half – i.e. 3.1 million applications – had been approved. Payments were being effected through personal bank accounts and PostBank accounts. SMSs had been sent to 1.4 million approved applicants requesting their banking details. Of these, 860,000 had submitted their banking details. Of these, almost 192,000 had been paid through EFTs. Just over one million approved applications had been sent to the PostBank ‘for account creation’ – implying that the PostBank would open new accounts for these individuals. A total of 353,000 accounts had been ‘pre-opened’ and 253,000 payments effected by EFT into these PostBank accounts.

In total, according to SASSA’s CEO, a total of about 445,000 grants had been paid by EFT through either banks or the PostBank by the 7th of June. In her verbal comments, the CEO of SASSA added that another 200,000 grants were paid on Monday the 8th of June (through PostBank) and a further 200,000 on the 11th of June itself. SASSA intended, she said, to pay another 200,000 grants on the 13th of June. By the 16th of June, she said, SASSA intended to have paid grants to all of the 1 million approved applicants to be paid through the PostBank, implying a total (by mid-June) of 1.2 million grants.

These figures do not accord with the data I have seen on actual payments effected. According to these data, only 141,000 payments had been initiated by 7 June. An additional 84,000 were made on 8 June, then about 207,000 on 11 June and 209,000 on 13 June, bringing the total to 641,000. SASSA does not appear to be reporting accurate data.

7.4 The position after three months of lockdown

On the 25th of June, almost exactly three months into the lockdown, the Department of Social Development and SASSA reported to the parliamentary

portfolio committee. The meeting focused primarily on the delivery of food parcels (see Seekings, 2020c), but the CEO of SASSA took the opportunity to update the portfolio committee on grant payments.¹³

As of the 22nd of June, SASSA had (it reported) received 7.16 million non-duplicated and complete applications (i.e. they had completed the first step shown in Figure 2 above). A total of 3.2 million applications had been approved (i.e. had completed stage 3 in Figure 2). This was the same figure that she had provided in a SASSA media release dated 18 June. Of these, close to 2 million had been paid (as of the 22nd of June). By the 25th of June, this number had risen to 2.1 million. The CEO broke down the applications and payments by province. The largest shares went to KwaZulu-Natal and Gauteng. The smallest shares went to the Western Cape, Free State and (especially) Northern Cape. Six out of ten grants were paid to men.

When the CEO said that about 2 million people had been paid, it seems that what she meant was that payments had been submitted to the banks and PostBank. She did not provide any detail on payments (as she had in her presentation on the 11th of June, see above). The figure of 2 million was an increase from the approximately 650,000 reported on the 11th of June and 1.2 million reported in the media release on the 18th of June. The CEO said that a further 300,000 would be paid through 'cash send'. SASSA was still waiting for bank details from 930,000 approved applicants. It seemed unclear when SASSA would finally complete the payments to approved applicants who had applied six weeks earlier, in mid-May.

Of the 3.3 million applications that had been declined, almost two-thirds (2.1 million) were because the applicant appeared on the UIF database. Much smaller numbers of applicants were refused because the applicant appeared on PAYE records (667,000), SASSA's own SOCPEN database (406,000), the NSFAS database (148,000) or the public sector payroll (25,000). Another 208,000 could not be matched against the Home Affairs database. These failed applications would be reviewed. The CEO said that there were concerns over the old UIF database but on the 25th of June SASSA had received a new, clean UIF database. She said that it was likely that some of the applications that were initially rejected would be found to have been rejected in error, because they were wrongly listed on the old UIF database. Anyone whose grant had been wrongly rejected would be paid out.

Revised costings by Treasury were presented in one of the powerpoint slides shown by the CEO. It is not clear when the Treasury produced these estimates, but SASSA's CEO presented them to the Portfolio Committee as if they were up-to-date. According to the estimates, a total of almost R30 billion would be paid

¹³ The video of the meeting and powerpoint presentations are available on the [PMG website](#).

out in supplements to social grants over six months, as anticipated. But the budget for the special Covid-19 Social Relief of Distress grant was slashed to R3.5 billion over six months. This was a fraction of the R17 billion budget that appeared to have been envisaged in the president's announcement in April. The revised budget provided for 743,000 emergency grants to be paid in May (costing R 226 million) and 1.1 million in June (costing R 366 million), bringing the total to close to 2 million grants (costing close to R 600 million) by the end of June. The revised budget set out further payments to be made in the following four months: 1.5 million grants in July (costing R 506 million), 1.9 million in August (costing R 646 million), 2.3 million in September (costing R 786 million) and 2.7 million in October (costing close to R 1 billion). Even in October, after six months, the number of recipients would be barely one quarter of the figure of 8 million imagined at the outset.

By early June it was apparent to the Treasury that grants would be rolled out at a fraction of the rate envisaged in April. Over six months, the Treasury assessed, the number of grants paid would be less than one-third of the original target. This gloomy assessment was corroborated by the slow pace of grant payments in June itself. When the Minister of Finance gave his (delayed) emergency budget speech on the 24th of June, he appeared to adjust downwards the budget for emergency relief, down from the R50 billion announced in April to at most R 40.8 billion (which was higher than the R 33 billion price tag on social grants in the Treasury table presented to the portfolio committee). The Minister reported that 1.5 million people had already received the special Covid-19 SRD grant. He also said – mistakenly – that over 18 million people had received a temporary Covid-19 grant, when he meant to say that they had received supplements to their existing social grants. He further stated that R23.6 billion had been paid out in emergency unemployment insurance to 4.7 million workers by mid-June, although he conceded that there were still ‘challenges’ with regard to unemployment insurance.

7.5 Why did it take so long?

The ‘Expert Working Group’ or ‘Task Team’ – i.e. the Philip team – that proposed the new grant in mid-April thought that their proposal was not only affordable – in that the cost could be limited to below R20 billion over six months – but could also be implemented easily and quickly. SASSA, however, appears to have paid out its first grants on the 31st of May. Whereas the plan had been to pay as many as eight million grants per month, by late June only 2 million had been paid, i.e. over two months. In short, the grants paid out amount to just one-eighth of what was originally envisaged. The cost per grant also appeared to be higher than envisaged at the outset.

The delays in paying the new grant were due to the system developed within SASSA – which was quite different to the system proposed in April by the task team from the Presidency, National Treasury and Reserve Bank. SASSA’s CEO told the portfolio committee on the 25th of June that the decision ‘had been taken’ to ‘utilise’ SASSA’s own ‘internal resources’ in order to build ‘internal capability’ within SASSA, so that SASSA could improve its grant processing systems generally.

Precisely why the process took so long remains unclear. Every stage of the process seems to have taken very much longer than expected. There were delays in setting up the application system. The internal and external verification systems were slow. The collection and verification of banking details added another delay. And payment seems to have been slower than anticipated. Moreover, more than three months after the lockdown had been imposed, payments appear to have been limited to bank and PostBank accounts, with no payments yet made through mobile phone technologies.

SASSA itself is quick to point to staffing problems, given that only one third of SASSA staff were working (and many SASSA offices were in municipal offices that remained closed). The obduracy of public sector unions appears to have delayed the payment of grants. The Department of Social Development and SASSA also acknowledged that their public communications had been deficient.

SASSA’s CEO [admitted](#) at the very beginning of May that ‘the past four weeks have been incredibly hard, with many sleepless nights’. Presumably she had many more sleepless nights over the following months also.

It is difficult not to conclude that SASSA had deep-rooted organisational weaknesses. SASSA (and its parent Department of Social Development) suffered serious decline in capacity when Jacob Zuma was president and Bathabile Dlamini was his Minister of Social Development (from November 2010 to February 2018). Under Dlamini, SASSA’s capacity was undermined by rapid turnover in senior positions.

SASSA had ten CEOs or Acting CEOs between 2010 and 2020. In her final two years as minister, Dlamini got through no fewer than six SASSA CEOs or Acting CEOs. SASSA’s first CEO, Fezile Makiwane, was put on ‘special leave’ in July 2009, tried to resign in January 2010 and was eventually dismissed by then Minister Edna Molewa in April 2010. Makiwane challenged his dismissal in court and won a substantial financial settlement (Foley & Swilling, 2018). Molewa appointed Coceko Pakade, the then chief financial officer of the Department of Social Development, as Acting CEO. In April 2011, the new minister (Dlamini) appointed ANC stalwart Virginia Petersen as CEO. Petersen herself resigned in May 2016 as the ‘Sassagate’ scandal deepened (see Foley & Swilling, 2018).

SASSA executive Raphaahle Ramokgopa served as Acting CEO until around November 2016, when Thokozani Magwaza (the Acting Director-General in Social Development) was appointed as SASSA CEO. It was not long before Magwaza took sick leave – in February/March 2017, because of the stress of conflict with his minister – during which time first Thamo Mzobe and then Wiseman Magasela were Acting CEOs. (Mzobe only lasted one week before she too left, sick). Magwaza returned in March but soon after (in July 2017) resigned following a high-profile clash with Dlamini. Pearl Bhengu (SASSA regional manager in KZN) was appointed Acting CEO in July 2017. Abraham Mahlangu (from within SASSA’s head office) took over as Acting CEO in April 2018. Busisiwe Memela took up the position of CEO in May 2019. In contrast to most of her predecessors, Memela was not a SASSA or Social Development insider. She was the former Managing Director of SA Post Office (PostBank) and had served as a senior executive in the private sector also. Her appointment presumably reflected the perceived importance of improved operations at the agency.

Turnover has not been limited to the position of CEO. SASSA’s most recent Annual Report (for 2018/19, published in late 2019) reported that five of the top ten executive positions in the national office (including the position of CEO) were or had been vacant, as were six of nine top positions in SASSA’s regional (i.e. provincial) offices.

The turnover in senior leadership might also explain why SASSA – with the support of the Department of Social Development – rejected key aspects of the Philip team’s proposals. It is possible that SASSA balked at implementing an entirely new system for administering grants because it entailed handing the de facto control of parts of the process to other state or parastatal agencies. SASSA was simply protecting its own turf, and its own established way of doing things. Unfortunately, neither SASSA nor the Department of Social Development were held to account by the supine parliamentary Portfolio Committee, and my requests for interviews have gone unanswered. Question marks also hang over the role accorded to PostBank. PostBank appears to be using grant payments to expand its financial services. As [Gronbach](#) has argued, this is what Net1/CPS did in the past, leading to terrible abuses of grant recipients.

7.6 The scale and pace of redistribution

Even before Covid-19 arrived in South Africa the economy had slid into recession. Unemployment – at close to 40% using the definition preferred by almost all economists – was rising. The lockdown imposed to contain Covid-19 infections deprived millions more working people of their livelihoods. Millions had been formally employed by businesses that were required to close. Millions more worked in the informal sector doing work that was either not permitted under

the lockdown or for which there was now no demand. Following the imposition of lockdown in late March, the South African government promised bold reforms to the country's social protection system. It budgeted additional expenditure of, on average, R15 billion per month for six months, i.e. about 0.3% of GDP per month or about 2% of GDP in total. Temporarily, the number of adults receiving support would have doubled and expenditure would have more than doubled.

The design of the package would have meant that the benefits of increased expenditure were distributed widely. Recipients of existing grants – almost all means-tested – would have received supplementary benefits. Millions of workers who had been in formal employment until the lockdown, and therefore had not been poor, would have received unemployment benefits. Millions of adults who had been unemployed or working informally would have received the new Covid-19 grant.

For the first month of the lockdown, however, no additional funding was distributed. The new emergency unemployment benefits began to be paid in the second half of April. After one month of lockdown, about R 4 billion of additional funding had been distributed, all to about 1 million workers who had been in formal employment. No additional funding had reached the really poor. At the beginning of May, about R 5 billion was paid out in supplements to existing social grants, paid to more than 12 million adults. Unemployment benefits continued to be paid: About R 11 billion was paid out in the second month of lockdown, for an additional 1.5 million workers. But payment of the emergency Covid-19 grant, promised in mid-May, had not commenced after two months of lockdown. In total, in the second month of lockdown, about R 16 billion was spent in addition to regular expenditure, mostly to non-poor formal workers. After two months of lockdown, therefore, a total of R 20 billion had been spent, three-quarters to former workers, one quarter to the poor. Only 0.1% of GDP has been redistributed to the poor over two months.

Approved applicants for the new emergency Covid-19 grant only began to receive grants in June. After three months of lockdown, about 2 million grants had been paid (although it was not clear when they were received by the beneficiaries), and another 1 million had been approved but not paid. Adding together the additional unemployment insurance payments (at least R24 billion), the supplements to existing social grants (about R10 billion) and the new Covid-19 grant payments (less than R1 billion), a total of about R35 billion had been paid out over three months. More than two-thirds of this was to workers who had been in formal employment, few of whom were in the poorest half of the population. Less than 0.2% of GDP had been redistributed to the poorest half of the population.

At the end of June, SASSA shared with the Portfolio Committee projected costings over six months. The budget for the special Covid-19 SRD grant was

slashed to R3.5 billion over six months. This was a fraction of the R17 billion budget apparently envisaged in the president's announcement in April. The revised budget provided for a total of 2 million grant payments over May and June combined. By October, the number of anticipated grant payments would rise to 2.7 million. This was less than one-third of the figure of 8 million payments per month imagined back in April.

When the Minister of Finance gave his (delayed) emergency budget speech on the 24th of June, he appeared to adjust downwards the budget for emergency relief, down from the R50 billion announced in April to at most R 40.8 billion. The difference appears to be due to the poor rollout of the special Covid-19 grant. It is important to emphasise that it was SASSA's inability to roll out the grant, not parsimony on the part of the Minister of Finance, that lay behind the reduced budget allocation. Had SASSA been able to roll out the grant as envisaged in April, then all the indications are that the Minister of Finance would have funded it fully.

The state has not failed the poor completely, but it has delivered only a fraction of what it had promised. Its performance was also very poor in comparison with its neighbour, Namibia.

8. The Namibian Model

Governments across the world have announced bold reforms of social protection (Gentilini et al., 2020). South Africa is probably not alone in the delays in actual delivery. Neighbouring Namibia, however, shows that more can be done, even in a middle-income Southern African context.

Namibia imposed a partial lockdown in late March, at more or less the same time as South Africa. On 1 April – three weeks before South Africa – the Namibian Minister of Finance [announced](#) that the government would introduce a new grant for people who were struggling as a result of the pandemic. Just over one week later – on Thursday 9 April – he announced details of the once-off Emergency Income Grant of R750, to be paid to people aged 18-59 who have lost informal livelihoods or were already unemployed. People with work, including all people with formal employment, were excluded, as was anyone who already received one or other social grant. Anyone who had been formally employed but had lost their job would be supported through a separate scheme, through Namibia's Social Security Commission.

Applicants for Namibia's Emergency Income Grant could register from Friday 10 April, i.e. the day after the details of the new grant were announced. Applicants registered by sending an SMS to a toll-free number and following the ensuing set of clear and simple instructions. Applicants did not need to use their own phone

but they did need to use a Mobile Telecommunications Company (MTC) phone. MTC is Namibia's first and largest mobile phone operator, owned by the state through the post office. It claims to have [more than 2.5 million active subscribers](#) in a country with a total population of only 2.5 million people!¹⁴ The government said that the application process took 'less than five minutes'. In practice, unsurprisingly, so many people sent SMSs that the system operated by MTC was [overwhelmed](#) and had to be redesigned quickly, contributing to a short delay.

The Minister of Finance estimated that 739,000 people were eligible. [It was reported](#) that at least 350,000 applications had been received by Monday 13 April. [One week later](#), 579,000 applications had been received.

The government initially [announced](#) that the approval process would take only two days and payments would begin on Tuesday 14 April. i.e. only five days after the new grant was first announced. It turned out that the verification process took a little longer. After a delay of two days – only two days! – 'due to a strict verification process', the first 147,000 grants were [reportedly](#) paid on Thursday 16 April, exactly one week after the initial announcement. A spokesman said that 32,000 applications were rejected after the applicants were found to be taxpayers (i.e. with formal employment) and a very small number of applications were rejected because the supposed applicant was found to have died or be underage. Applicants received an SMS when their application had been verified and a further SMS when payment was effected. By [Monday 20 April](#), 579,000 applications had been received, of which 234,000 had been approved and 148,000 rejected. Many of the rejected applications were because multiple applications were made from the same cellphone number. These were being investigated, because some would have been valid applications. By 30 April, the Ministry of Finance had [approved 576,000 applications](#), i.e. for one in every five people in Namibia, out of 970,000 applications; most of the approved applicants had already received their payments. In late May I was told that a total of 747,000 people had been paid a grant, with a total cost of N\$562 million. 'A further 120, 000 people are expected to benefit after completion of the verification process.'¹⁵

The spokesman for the Ministry of Finance [attributed](#) rejections to a string of reasons, including ID numbers belonging to the deceased persons, mismatches between names and ID numbers in applications and other official records. The Namibians then had to establish a procedure for unsuccessful applicants to demonstrate why they were eligible. Unsuccessful applicants were referred to district-level 'verification centres', usually constituency offices. Large numbers

¹⁴ Although MTC has 90 percent of the Namibian mobile phone market, it has [limited or no coverage](#) outside of towns and major villages. (It aims to cover the entire population by 2022).

¹⁵ Email to me from spokesman for Ministry of Finance, 29th of May 2020.

of people reportedly gathered at some centres, in glaring violation of social distancing regulations – prompting some [criticisms](#).

The grant was paid via mobile phones and the ‘digital wallets’ organized by various banks. The [official announcement](#) explained:

After the approval of the application, you will receive a token from the bank you have selected in the application process. The token would be for one of the following e-money products offered by the respective bank namely; e-wallet, bluewallets or easy-wallets. The token can then be redeemed using the cardless services at that bank’s ATM, or can be used to transact directly via the various value added services provided by the various wallets.

Advice for anyone who did not already have a ‘cell phone wallet’:

If you do not have a wallet, don’t worry. Pick your preferred banking institution (preferably the one with the closest ATM, and one without long ATM queues for social distancing purposes) and a wallet will be automatically created for you.

On the 17th of April, people were [reported](#) to be queueing at ATMs to withdraw money. Some residents in remote rural areas [complained](#) of the cost of transport to the nearest ATMs.

The Emergency Income Grant was a one-off grant. It was surely entirely insufficient to mitigate poverty under the lockdown that persisted into May and June. Nonetheless, its remarkably quick and comprehensive rollout in April contrasted with the slow and partial rollout of the equivalent grant in South Africa. It should embarrass the South African government that, at this time of crisis, it consistently lagged behind its Namibian neighbour: in announcing an emergency grant, in opening up for applications and, most importantly of all, in paying money out.

9. Conclusion

President Ramaphosa himself [told the press](#), on the 31st of May, that ‘the capacity of the state has been a major problem’ with respect to the emergency grant. He inherited, he said, a ‘weakened’ state. Setting up the new grant had been a huge challenge. But the first grants had now been paid – he said 120,000 – and they were making progress towards the target of paying grants to 3.5 million unemployed people. The target of 3.5 million people was itself a reduced target compared to the original target of 8 million people. Nonetheless, almost one

month later, in late June, SASSA had only just succeeded in paying grants to half of this number.

The emergency unemployment insurance, supplements to existing grants and new grants have surely made life easier for many poor individuals and households facing hardship due to the lockdown. Moreover, if the pandemic and lockdown persist beyond October, or if economic recovery is slow, then there will be a strong case for extending the emergency payments. The South African state certainly has done something. But it has done less than promised and less than was needed. The national Departments of Social Development and Basic Education and the UIF have all massively under-performed. None of them shows any willingness to accept responsibility, instead of passing the buck. Parliament failed to hold the national government to account and the president failed to step in and ensure that his promises were honoured.

The delay in paying out the emergency grant meant that food parcels comprised the only support received by many poor people. The government apparently set a target of one million food parcels. After three months of lockdown, this target appeared to have been achieved. But, as I show elsewhere (Seekings, 2020c), most of these food parcels were delivered by civil society, with some assistance from provincial and local government. The national government distributed a modest 105,000 food parcels, which is precisely the number it distributed over three months prior to lockdown, i.e. the national government failed to distribute any additional food parcels beyond the usual number. Even more significantly, the government suspended its national school feeding programme – which had provided daily school meals to almost 10 million children – as well as other, smaller feeding programmes. The total volume of food distributed to the poor under three months of lockdown was small compared to the total volume distributed ordinarily.

Both the cash transfer and food distribution stories point to the wide gap that can exist between the programmes that governments announce and what they actually deliver. The data collated by Gentilini et al. (2020) provide a useful survey of announced programmes. The South African case reveals the importance of taking into account programmes that are suspended, as well as delivery failures. None of this would surprise scholars of emergency relief programmes in response to drought or other natural or human disasters. But they are a rude reminder to social protection scholars of the challenges found in expanding social protection.

The long-term implications of these emergency measures also remain unclear. The National Executive Committee (NEC) of the ANC, at a virtual meeting on 27/28 June, [agreed](#) that the emergency social relief measures might need to be extended through a broadened permanent social safety net. The NEC tasked two

ANC committees (the Social and Economic Transformation Committees) to investigate again ‘the feasibility and detailed modalities of a Basic Income Grant’.

But, as the South African Minister of Finance emphasized in his emergency budget speech in late June, the government faced severe fiscal constraints. Reduced tax revenues and increased public expenditure would push the anticipated budget deficit for 2020/21 to 16% of GDP, pushing total public debt to 82% of GDP. High interest rates mean that about one-quarter of all tax revenues would be spent on servicing debt. The fiscal space for any long-term expansion of social protection remains very constrained. It is unlikely that any such expansion will be possible without substantial savings in other areas of public expenditure – most likely in the payroll – but this would provoke massive opposition from public sector unions.

In short, the emergency social protection measures have entailed disappointingly little, disappointing late, with a still-small chance that they will become permanent features of South Africa’s welfare state.

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Appendix A: Timeline

March	13	National Disaster declared	
	16	NEDLAC meeting	
	21/22	Department of Labour circulates proposals for unemployment insurance	
	22	Kate Philip article published in Daily Maverick	
	?	PMO commissions research and convenes advisory group	
	25	Department of Labour announces unemployment insurance reforms	
	28	First day of national lockdown PMO proposal for emergency grant	
	29	PMO proposal discussed in NCC (?) (and cabinet?)	
	30	Letter from 76 economists etc	
	31	SALDRU article on child grants and poverty published in the Conversation	
	April	7	NEDLAC finalizes unemployment insurance reforms
8		Department of Labor gazettes first correction on unemployment insurance	
15		Cabinet discusses grant reforms	
16		Department of Labor gazettes second correction on unemployment insurance Applications opened for special unemployment insurance	
20		NEC of ANC meeting	
21		President announces social grant reforms (etc.)	
29		Minister of Social Development ‘clarifies’ supplements to child support grant	
May		4-5	grant payment ‘pandemonium’
		11	Applications opened for emergency grant
	15	Department of Labor gazettes third correction on unemployment insurance SASSA misses deadline for paying emergency grant	
	26	First payments of emergency grant	
June	1	SASSA press statement announcing successful payments	
	11	SASSA presentation to Portfolio Committee	
	24	Emergency budget speech	
	25	SASSA presentation to Portfolio Committee	