Case study

Policy in the time of pandemic

Social transfers in South Africa during the coronavirus national lockdown, 2020

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Key words: COVID-19, relief, welfare, policy, implementation

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Abstract

This case study details the policy choices and decisions of the South African government to provide economic relief, through social grants, to vulnerable South Africans and those resident in South Africa to enable them to withstand the effects of the coronavirus pandemic. The first phase of this relief was provided for six months in 2020. The most important and lingering decisions to mitigate the effects of the pandemic were made during this time. This case study presents the policy actors, processes and decisions that characterised the social relief policy during this time.

On 15 March 2020, South Africa declared a national state of disaster as a result of the rise in transmissions of the coronavirus. The national government convened a National Coronavirus Command Council and declared a 21-day national lockdown, beginning on 26 March 2020, as part of efforts to contain the spread of the virus. Urgent meetings and consultations were convened to enable balanced and important decision making about the measures required to assist millions of vulnerable individuals and households in South Africa.

These measures included top-ups of existing social grants as well as provision of the Social Relief of Distress (SRD) grant in addition to existing social grants. The first phase of the SRD and top-up grants took place between May and October 2020. In addition, at least 250,000 food parcels were distributed over a fortnight in April 2020.

In unravelling decision-making processes, the case study describes the range of policy actors, from the President to national government departments, research organisations, experts and civil society organisations, that were consulted and contributed to the government's social relief policy during this time. Particular attention is given to how these processes unfolded during a time of crisis and emergency and whether they were able to conform to ordinary consultation processes during an extraordinary time.

The objective of this case study is to provide students with an overview of the policy issues, main government and non-government actors, and key decisions that led to the adoption and provision of social relief measures during the 2020 phase of the pandemic. The issues that this case study will provide for students' critical analysis include: government's perceptions of the available choices for social relief, including assumptions about other sources of support for the poor, and how political factors might have influenced outcomes; perceptions about the government's fiscal space and the influence of such perceptions on decisions about the scope, amount and duration of the SRD grant and grant top-ups; influences around the formal decision-making processes in South Africa during this time; and the impact of topping up existing social grants and implementing the SRD grant.

Foreword

The onset of the COVID-19 pandemic was a huge test for the South African government. The circumstances were not favourable: the country had experienced five years of negative per capita growth; the political environment was unstable with power struggles in the ruling party and its major rival; and the burden of disease was high – HIV/AIDS, tuberculosis and non-communicable diseases such as diabetes and hypertension were widespread. While the health system had had major achievements in reducing the spread and effects of the AIDS epidemic and virtually eliminating malaria, critical care and other key facilities were limited, compared with richer countries.

Conditions favoured the rapid spread of disease. Many poor South Africans live in tightly packed informal settlements with limited sanitary facilities. The main form of public transport for most poorer South Africans – minibus taxis – normally have 15 or more people confined in a small space for a considerable time.

The rate of COVID-19 infection, first detected in South Africa on 5 March 2020, began to accelerate. At this time, little was known about the nature of the disease and how to treat it, and no vaccine existed. With many unknowns and high risks, the government decided that the prudent response was to prevent the uncontrolled spread of the disease, even though the economic costs would be high, and a tight lockdown began at zero hour on 27 March.

The lockdown prevented most poor people from continuing their normal forms of economic activities. While the Unemployment Insurance Fund was deployed to assist those in formal employment, large numbers of the poor living by informal means had no parachute. This case study considers how the government decided on and implemented measures to relieve the distress of the poor, whose existence depended on informal economic activities.

This case study was developed in the tradition of teaching case studies pioneered at Harvard in its business school and school of government. The purpose of such studies is to provoke a conversation in the classroom, led by the instructor, which helps participants to understand some key concepts and frameworks better. Unlike an academic article, the case study is deliberately descriptive, leaving much of the analysis for the classroom conversation to develop. This case is designed to help to prepare participants for strategic leadership at senior levels in the public sector. It does so by demonstrating the complexities of decision making and the wide range of factors which decision makers must consider.

The outcome of this case was extraordinarily positive. Despite the haste with which the Social Relief of Distress (SRD) grant was concocted, impact studies have shown that it was very well targeted at the needs of the most vulnerable in society. This successful outcome required unprecedented levels of cooperation, innovation and improvisation within the South African government as well as between it, researchers and other non-governmental organisations. The process of getting to this point was complex and messy, as government processes invariably are in times of crisis. This case study is a blow-by-blow, warts-and-all account of what took place in those crucial weeks in March, April and May 2020 to get to the successful outcome.

This is the fifth collaborative teaching case study between the South African Treasury, the Nelson Mandela School of Public Governance and the Public Affairs Research Institute. The previous four addressed the reform of the Treasury in the late 1990s, the reasons behind the electricity crisis of 2007/2008, the public–private partnership strategies of the Johannesburg Development Agency and the achievements of the Joint Initiative for Priority Skills Acquisition (JIPSA), the multi-stakeholder initiative to improve skills development in South Africa.

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Acronyms

ANC – African National Congress

CSG – Child Support Grant

DA – Democratic Alliance

DPRU – Development Policy Research Unit

GDP – Gross Domestic Product

GTAC – Government Technical Advisory Centre

IEJ – Institute for Economic Justice

NCCC – National Coronavirus Command Council

NDP – National Development Plan

NEDLAC – National Economic Development and Labour Council

NIDS-CRAM – National Income Dynamics Study and Coronavirus Rapid Mobile Survey

PEAC – President's Economic Advisory Council

QLFS – Quarterly Labour Force Survey

SALDRU – Southern Africa Labour and Development Research Unit

SARS – South African Revenue Service

SSA – Social Security Act, 2004

SASSA – South African Social Security Agency

SOE – State-Owned Enterprise

SPII – Studies in Poverty and Inequality Institute

SRD – Social Relief of Distress

TERS – Temporary Employer–Employee Relief Scheme

UIF – Unemployment Insurance Fund

Contents

Chapter 1 – Background and context

'*fiscally constrained environment*'
(Interview 7, The Presidency, 21 April 2021)

On 5 March 2020, President Cyril Ramaphosa of South Africa warned the nation that the coronavirus pandemic sweeping across the globe would become a 'national crisis'.[1] This came after the first South African patient with the novel virus was identified in KwaZulu Natal province following a trip to Italy. By 17 March 2020, more news came in about 23 cases in Gauteng, KwaZulu Natal and the Western Cape.[2] It became more and more evident to the President and his advisers that these cases could no longer be treated as isolated outbreaks. South Africa was now part of a global epidemic (later labelled a pandemic) where a new virus with no known vaccine or treatment was spreading rapidly in its country of origin, China, and increasingly in other countries around the globe. As head of state, he needed to take decisive action. In a country that had been savagely ravaged by HIV-AIDS, he could not afford to take chances with people's lives.

He knew that engaging this epidemic would be costly, and the country was not in a healthy economic condition. In the years leading to the coronavirus pandemic, as unexpected as it was, two words were frequently used to describe the South African economy: junk status. These words were widely used to describe the economic condition and as a criticism of the African National Congress (ANC) government. The almost annual downgrades of South African sovereign bonds from a negative outlook in 2013 to junk status in 2017[3] reflected a number of macroeconomic problems facing the country which had originated at the time of the 2008 global financial crisis.[4] This chapter will focus on the main factors which informed the policy on social grants and the provision of the Social Relief of Distress (SRD) grant between May and October 2020. These factors include the rate of economic growth and the overall state of the economy, the state of government finances, the severe and deteriorating state of unemployment, the role of the informal sector in helping people survive economically and the number of people reliant on social grants.

South Africa's real gross domestic product (GDP) and GDP per capita grew steadily between 1997 and 2008. But there was a sharp decline in both real GDP and real GDP per capita in 2009, which mirrored the effects of the global financial crisis. Real GDP and real GDP per capita rose slightly in subsequent years but then declined for six consecutive years to 2020, the year of the onset of COVID-19. The onset of the coronavirus pandemic took South Africa's GDP back to levels last seen in 2005.[5] In 2020, GDP fell to a level last seen during World War II.[6]

Unemployment worsened in the decade from 2008 to 2018. At the beginning of 2008, unemployment was 23.5%, and it steadily rose to about 28% at the beginning of 2018.[7] By the fourth quarter of 2020, the real effects of the pandemic on unemployment were reflected in the 32.5% unemployment rate – 'the highest unemployment rate recorded since the start of [South Africa's] QLFS [Quarterly Labour

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[1] BBC News (2020)

[2] Department of Health (2021)

[3] Saville (2017)

[4] The Conversation (2016)

[5] See Figure 1, Appendix A

[6] See Figure 2, Appendix A

[7] Statistics South Africa (2018a)

Force Survey] in 2008'.[8] South African women are disproportionately affected by unemployment, compared to men. In 2018, 29.5% of women were unemployed, compared to 25.3% of men.[9] This rose to 30.9% for women and 27.7% for men in 2019.[10] Women were also less likely to have successful applications for their SRD grants, for various reasons, as will be demonstrated in Chapter 2.

President Ramaphosa faced very difficult choices. Would he lock down society at the expense of economic activity to prevent the spread of the disease, or would he risk higher infection rates in an attempt to protect the economically vulnerable from great economic discomfort and even starvation? Option one was to counter the spread of the epidemic by locking down the economy and keeping people at home. The advantage of this approach was that it would give government time to assess the situation better, enhance the capacity of the public health system to cope with the pandemic and possibly find treatments or vaccines for the disease. In a situation where understanding of the disease globally was very limited – how the disease spread and how deadly it was were not even fully understood – lockdown seemed to be the prudent option. But this would be terribly difficult in a context where so many South Africans had precarious economic lives.

Worsening unemployment between 2008 and 2019 left many South Africans vulnerable, both in terms of unemployment and economic precariousness.[11] Many South Africans continue to live with uncertainty about their economic position, to the point that they can become poor the moment that their economic situation worsens. Sometimes, people face instant poverty and economic precariousness when they lose their jobs or when a member of their family passes away and they lose the grant that this person received in their household.[12]

Many people in South Africa live on the edge of poverty. By 2015, approximately 25.5% of South Africans were living in extreme poverty, otherwise known as the food poverty line.[13] The food poverty line is R561.[14] Two out of five South Africans live below the lower bound poverty line – which indicates that millions of South Africans can only afford food and basic living costs.[15] The lower bound food poverty line is R810.[16] Poverty is also segmented across rural and urban areas, as rural households are more vulnerable to poverty than urban households (82.86% of rural households vs 42% of urban households).[17] 'Single-parent households [are] substantially more likely to be poor',[18] and female-headed, single-parent households are three times more likely to be poor than male-headed, single-parent households. As such, in addition to unemployment spanning a quarter of South Africa's working-age population, structural unemployment and chronic poverty, individuals and households in South Africa are frequently vulnerable to poverty.

In addition to the declines in GDP and GDP per capita and employment over the past decade, South Africa's informal sector has grown in size and character. The informal sector is described as, 'all formal enterprises, their owner-operators/employers and all employees, paid and unpaid, in all economic

[8] Statistics South Africa (2021b)

[9] Statistics South Africa (2018b)

[10] Hlakotsa (2020)

[11] Zizzamia et al (2019)

[12] Zizzamia et al (2019: 12)

[13] Wilkinson (2018)

[14] Statistics South Africa (2019b)

[15] Wilkinson (2018)

[16] Statistics South Africa (2019b)

[17] Zizzamia et al (2019: 9)

[18] Ibid

sectors (manufacturing, retail, etc., including agriculture)…excludes domestic workers and also subsistence agriculture'.[19] It is important to understand the precarious nature of the informal sector because people in this sector are particularly vulnerable to unemployment and the lack of socio-economic protections that are available to employees in the formal sector. For instance, employees in the informal sector do not have access to the Unemployment Insurance Fund (UIF), as this is only accessible by formal sector employees.

There are also wider definitions of 'informality' within the employment and economics studies in South Africa.[20] Informality refers not only to individuals working in the informal sector but also to those who are informally employed in the formal sector and, 'who are largely invisible to the bureaucratic systems which could disburse this relief',[21] such as the UIF, discussed above.

Stats SA specifically identifies the informal sector by the following characteristics:

- 'Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages'; and
- 'Employers, own-account workers and persons helping unpaid in their household business.'[22]

Comparing quarterly labour force survey data (QLFS) from Stats SA, Rogan and Skinner (2018) find that, statistically, 'the size of the informal sector…has remained constant, at between 16% and 18% over the entire 2008-2014 period'.[23] Numerically, this means that from Q1 of 2008 to Q3 of 2014, over 2.5 million people relied on the informal sector for employment.[24] By June 2019, there were 3 million people working in the informal sector.[25] In addition, and in line with the explanation about unemployment and economic precariousness above, the informal sector comprises mostly black and coloured women.[26]

The introduction of the National Development Plan (NDP) in 2013 signalled an intent to catapult South Africa into developmental state territory. This would be done through a strategic focus on eliminating poverty and inequality.[27] The macroeconomic policies of the ANC, the governing party, have also outlined a 'new deal' for the economy.[28] This new deal aims at job creation, growth and investment, 'meaningful economic participation for the poor, the landless and the marginalised', macroeconomic policies for growth and economic sovereignty, greater black ownership and control of the South African economy, quality and accessible education, expansion of the manufacturing industry, infrastructure investment, restoring state-owned enterprises (SOEs) as 'drivers of economic growth and social development', and dealing with state capture and corruption.[29]

[19] Fourie (2018: 3)

[20] Bassier et al (2021)

[21] Ibid: 139

[22] Statistics South Africa (2019a: 64)

[23] Rogan and Skinner (2018: 85)

[24] Ibid: 82

[25] Statistics South Africa (2019b: 1)

[26] Rogan and Skinner (2018: 85)

[27] Government of South Africa (2013: 27)

[28] Polity (2017)

[29] Polity (2017)

This served to further weaken South Africa's economic position, state institutions and the state's capacity to implement policies and programmes. The Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector hearings show how the hollowing-out of state institutions has weakened the state's ability to oversee and implement lasting change in the economy.[30] Not only are state capacity and functional institutions integral to economic growth but they are also instrumental in unforeseen circumstances – such as the pandemic. A capable state is instrumental in circumstances such as the pandemic because such a state has functional systems and practices[31] that can be used to reach the most vulnerable people. As will be explained later in this case study, a capable state requires cross-sectional data that gives a realistic picture of living conditions in the country as well as the systems and functions required to respond to these conditions during a crisis.

Against this macroeconomic background, the existing social grants system in South Africa was providing a lifeline for millions of economically vulnerable individuals and households. The Bill of Rights contained in the Constitution of the Republic of South Africa, 1996 ('constitution') states that, 'Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents, appropriate social assistance'.[32] Based on this provision in the constitution, the main regulation for social assistance is the Social Assistance Act No. 13 of 2004, while the South African Social Security Agency (SASSA) is responsible for the provision of social grants. Chapter 2 of the Social Assistance Act names eight types of social grants: the child support, care dependency, foster child, disability, older persons, and war veterans' grants, as well as the grant-in-aid and SRD grant.[33]

By November 2019, a few months before South Africa was forced into a state of national disaster as a result of the pandemic, approximately 18 million grants had been paid to beneficiaries. Nearly one-third of South Africans relied on social grants and over 50 percent lived in households with grant income. For half of these households, grants represented the most important source of income[34] not only to provide for those who could not work, such as children and pensioners, but also to mitigate the effects of an economy that had been in decline for a decade and left them vulnerable to various poverty dynamics.

[30] February (2019)

[31] Qobo (2020)

[32] Constitution, 1996, Section 27(1) (c)

[33] See South African Social Security Agency (2020)

[34] Seekings and Nattrass (2015), quoted in Bassier et al (2021: 4)

Chapter 2 – Policy actors and choices

'We thought this was going to be a temporary thing'
(Interview 5, National Treasury, 20 April 2021)

Traditional policy making involves at least five stages: agenda setting, policy formulation, policy adoption, policy implementation, and policy review and evaluation. However, due to the unpredictable nature of the coronavirus pandemic and its effects, this process was not strictly followed. This chapter discusses the three critical factors that led to the government responding to the pandemic through social transfers, namely: the policy actors, policy processes and policy choices.

The President declared the coronavirus a national disaster in South Africa on 16 March 2020. Subsequent to this a national lockdown was declared on 26 March 2020. In light of this unprecedented health pandemic, a National Coronavirus Command Council (NCCC) was set up. At the same time, an advisory committee of scientists was set up to deal with health aspects of the pandemic. The lockdown meant that people could not go anywhere except for essential services, such as buying food and going to clinics and hospitals. A curfew was imposed, and alcohol sales were banned because these were linked to an increase in the number of trauma cases in hospitals. As hospitals were trying to prepare space for coronavirus patients, they could not risk having their trauma units and wards filled with patients who had alcohol-induced injuries. Despite the intentions of the lockdown, South Africa's lockdown measures were seen as some of the most severe, by global standards.[35]

But beyond the health effects, the socio-economic effects of the pandemic had to be confronted. What would it mean for the most vulnerable sectors of the population to be unable to work and earn an income? What could be done to mitigate against such effects? Against the total lockdown, quick action was required to ensure that people would be able to survive. Assisting people quickly required innovation and using existing mechanisms to reach thousands of people fast.

Policy actors

Three groups of policy actors debated the provision of social grants for vulnerable people during the first wave of the pandemic in 2020 – national government, research organisations and civil society. Inside national government, the key policy actors were the Presidency, National Treasury, the Government Technical Advisory Committee, Cabinet and the NCCC. Labour and business constituencies, such as the National Economic Development and Labour Council (NEDLAC), were also instrumental in lobbying this group of policy actors for social relief measures in the form of cash grants.

The second group of policy actors was research organisations such as the Southern Africa Labour and Development Research Unit (SALDRU) and the Development Policy Research Unit (DPRU). Research organisations relied on data from the National Income Dynamics Survey, Wave 5. The third group of policy actors were from civil society, particularly the Institute for Economic Justice (IEJ), the C19 Coalition and Black Sash.

In addition to these formal and institutionalised policy actors, there were a few individuals in government who recognised the impending devastation of the pandemic. These individuals took initiative to suggest social transfers as a policy response to the pandemic. This response would be based on the capabilities and resources of the relevant departments that would be involved in this policy. These individuals, said a researcher, were the '*bridge* between us empirically-minded people and whatever kind of political

[35] See Hirsch (2020) and Gustafsson (2020a).

consultation forum'[36] was held. These individual, yet highly influential, policy actors can be referred to as *policy brokers*, within this process. Policy brokers are essentially government officials who work in strategic parts of government such as the Presidency and National Treasury. They appreciate and use both practical knowledge about how government structures work and information and skills from research organisations, civil society and across government departments. In this specific case, policy brokers were instrumental in gathering the data and skills required to inform and facilitate social relief measures during the lockdown.

The Presidency was very concerned and the President 'was very clear that he thought everyone was underestimating the impact that this [pandemic] would have'.[37] As a result, the Project Management Office in the Office of the Presidency, assisted by the Government Technical Advisory Centre,[38] became absolutely instrumental in the social transfers policy. The National Treasury was the second most important actor in this policy process, described as being 'core to this entire endeavour'.[39] The National Treasury is the key institution in all policy making because it controls the country's purse strings – its budget and expenditure. The National Treasury also has internal units that deal with specific areas of the country's expenditure. The Health and Social Development unit provides annual projections and recommendations about social security. These recommendations are then reviewed by the Ministers of Finance and Social Development.[40] Consequently, the Health and Social Development unit was 'absolutely essential in this issue'.[41] Moreover, 'the Minister of Finance is extremely powerful in social grants, although he doesn't always like to go out and publicly say so'.[42]

Next in line as policy actors were the Department of Social Development[43] and SASSA.[44] The Department of Social Development has played an important role in social welfare policies since it was renamed in 2000,[45] while the SASSA facilitates grant payments to approximately 18 million South Africans.[46] In addition, the Department of Social Development and SASSA have databases of the millions of grant recipients who are either not of working age or economically vulnerable. Finally, the Cabinet and the NCCC were crucial decision makers in this urgent policy process. All policy decisions generally go through the Cabinet, but its role in policy approval during the pandemic cannot be emphasised enough. On the other hand, the NCCC was created during the pandemic.[47] It was created

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[36] Interview 9, Civil Society, 22 April 2021

[37] Interview 8, The Presidency, 21 April 2021

[38] The Government Technical Advisory Centre (GTAC) is a unit based in the National Treasury and reports to the Minister of Finance. The role of GTAC is to 'support public finance management through professional advisory services, programme and project management and transaction support' (https://www.gtac.gov.za/). This means that GTAC encourages better financial management within government by providing technical support for government departments and entities, and their projects; with the aim of building the skills and capacity of these departments and entities. On this occasion, GTAC was working on behalf of the Presidency to initiate and implement the social relief measures discussed in this case study.

[39] Interview 5, National Treasury, 20 April 2021

[40] Ibid

[41] Ibid

[42] Ibid

[43] The Department of Social Development, previously known as the Department of Social Welfare until July 2000, oversees the provision of social security in South Africa. This is usually in the form of social grants. The department functions under the mandates of Sections 27 and 28 in the Constitution of the Republic of South Africa, 1996, which iterate the need to provide social assistance to vulnerable people and children in South Africa. Furthermore, Schedule 4 of the Constitution describes the social welfare of South Africans as a concurrent function of both the national and provincial spheres of government. In addition, the department is strategic to South Africa's reconstruction and development goals, specifically poverty alleviation.

[44] SASSA works with, and on behalf of, the Department of Social Development to provide social security in South Africa. This provision includes vetting and accepting applications from eligible grant recipients; paying social grants and managing paymaster services; managing social security services other than social grants, such as food parcels; and reporting on its social security services.

[45] Department of Social Development (2021)

[46] Webb and Vally (2020)

[47] Hunter (2020)

by President Ramaphosa to lead and coordinate the country's response to the coronavirus pandemic. According to reports, this council was an inter-ministerial structure which met a few times every week and was situated at the national level of government. Members of the council included health and security officials, Cabinet members and directors general of different departments, who were entrusted to manage the pandemic. However, the NCCC was not well known until the pandemic because disaster management structures in South Africa are not well known.[48] In fact, structures such as the NCCC are such an anomaly in South Africa, that the main opposition party attempted to challenge its constitutionality.[49]

The challenges about the constitutionality of the NCCC were based on the fact that this structure seemed to be made up of a small group of ministers without clear lines of accountability at a time when 'people wanted to see that Cabinet was taking decisions'[50] that could be checked and accounted for in parliament. But while the Cabinet was ideal for decision making, it could not meet the demands of policy making in a pandemic. Ministers were still overseeing their portfolios during the pandemic and adjusting their work to the 'new normal'. The great advantage of the NCCC is that it worked 'round the clock',[51] was able to meet every two days and make quick decisions.

Influential research organisations included SALDRU, DPRU and researchers who compiled and were most familiar with the data from the National Income Dynamics Survey. These research organisations were influential and trusted due to their previous work on labour markets, inequality and poverty in South Africa and abroad. These policy actors became part of the conversation in the social transfers from 18 March 2020, two days after the lockdown was announced. The role of research institutions was to utilise their existing data to provide evidence-based models for efficient and effective social transfers during lockdown.[52] These research institutions were informally called upon to do this work by the policy brokers who worked between the Presidency and National Treasury.

Civil society is not often afforded the space to contribute meaningfully to policy making in South Africa. However, during this policy-making process in the pandemic, the space for policy making opened up for some institutions. As one research institution put it, 'A number of proposals that we put forward were adopted in some form'.[53] The pandemic was thus a unique opportunity in the policy space as 'there were lots of voices...that assisted with the decision making'.[54] In addition to the window of opportunity for civil society to influence the policy within government, civil society was influential outside government and institutionalised structures of decision making. For instance, the C19 People's Coalition[55] was formed to pressurise government into creating just social relief measures for the most vulnerable South Africans during the pandemic. There was also public pressure from civil society in the form of campaigns, such as #PayTheGrants,[56] and op eds[57] about the dire need for effective measures to curb hunger caused by falling incomes during the lockdown.

[48] Interview 8, National Treasury, 21 April 2021

[49] Tandwa (2020)

[50] Interview 8, The Presidency, 21 April 2021

[51] Interview 8, The Presidency, 21 April 2021

[52] Interview 1, Research Organisations, 12 April 2021; Interview 4, Research Organisations, 20 April 2021, Interview 9, Research Organisations, 22 April 2021

[53] Interview 10, Civil Society, 30 April 2021

[54] Interview 8, The Presidency, 21 April 2021

[55] See C19 People's Coalition website: https://c19peoplescoalition.org.za/

[56] #PayTheGrants is a coalition of civil society groups under the C19 Coalition that advocated for a fair and wide-reaching social grant during the height of the pandemic in 2020. See also C19 People's Coalition (2020) and Women in Informal Employment: Gloablising and Organising (WIEGO) (2021)

[57] See, for instance, Patel (2020)

Policy process

The President was really concerned that the effects of the pandemic were being underestimated. Similarly, the policy brokers and research organisations began working on policy ideas to mitigate the effects of the national lockdown.[58] One of the policy brokers was Kate Philip, who works in the Presidency's Project Management Office.[59] Like the President, Philip was aware of the devastating effects that the pandemic would have on the economy and the livelihoods of millions of people in South Africa. She proposed a special COVID-19 grant in the early days of the lockdown.[60] Importantly, the Social Assistance Act, by making provision for a SRD grant, provided the legislative framework within which to explore this option, with some tweaking.

On 22 March 2020, just seven days after the national state of disaster had been declared, researchers had penned a two-page document outlining policy proposals for economic and social relief during the lockdown.[61] Thus, research organisations had also left the starting blocks. These proposals were sent to the policy brokers in the National Treasury and the Presidency. As the idea of social transfers gained momentum, the policy brokers used the data and modelling from researchers to lobby for transformative social transfers policy during the pandemic.

The data that research institutions were generating and using related to the social and economic circumstances of people in South Africa. Much of the key information used in measuring the impact of policies came from the National Income Dynamic Study database. The Presidency and National Treasury had, 13 years previously, established and funded the surveys and the analysis which followed that formed the basis of this database. The reason for the establishment and funding of the National Income Dynamics Survey was that the Presidency felt it did not have a tool which could measure the social impact of policies and events with sufficient accuracy and over time. The National Income Dynamic Study is a longitudinal survey – it followed the members of 10,800[62] households in South Africa in five survey waves over more than a decade.

This information is collected through surveys of South Africans over a period of time, using the same participants. Research organisations used this data to 'design cash grants that would be most effective in ameliorating the effects of the pandemic, and specifically the lockdown'.[63] This was the first and main task of the research organisations. Their models showed how the lockdown would impact, probably worsen, poverty. These models also showed how social transfers would decrease poverty at this tough time. Research organisations also had to ensure that these models were crafted in a 'technically sound way'.[64] This meant that the social transfers models needed 'objective criteria'[65] for determining who needed social transfers. These criteria included a 'poverty reduction criterion'.[66]

But, as research institutions were working on these models, a mere three weeks into the lockdown, the National Treasury had still not left the starting blocks:

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[58] Interview 1, Research Organisations, 12 April 2021; Interview 4, Research Organisations, 20 April 2021; Interview 9, Research Organisations, 22 April 2021

[59] Seekings (2020)

[60] Philip(2020)

[61] Interview 4, Research Organisations, 20 April 2021

[62] See National Income Dynamic Survey (NIDS), 2020, http://www.nids.uct.ac.za/.

[63] Interview 9, Research Organisations, 22 April 2021

[64] Interview 9, Research Organisations, 22 April 2021

[65] Interview 9, Research Organisations, 22 April 2021

[66] Interview 9, Research Organisations, 22 April 2021

> 'At first, they didn't really see the crisis – which was a bit odd. It was as if they didn't quite see the damage this would have on the economy. In fact, I think they were divided: some got it and some really took a long time to see it.'[67]

The National Treasury admitted as much:

> 'We thought that this was going to be a temporary thing. We didn't realise, at that point, that this [the pandemic and subsequent lockdown] was going to continue.'[68]

When the National Treasury caught on to the need for social transfers due to the severe nature of the lockdown, its role was to evaluate the financial implications of the various proposals as well as its own models. At this point, two clear policy options emerged.

During the policy process, a number of consultations took place between the Presidency, research organisations, the private sector and other actors from civil society. Each of these groups was involved at different stages of the process – both as a collective and separately. Research organisations were involved from the beginning, and their involvement decreased as the Government Technical Advisory Centre and National Treasury took over the modelling and costing of the child support grant (CSG) and the SRD grant. Research organisations also compared their models and engaged with policy brokers about the possibilities and impact of social transfers to stop hunger caused by the pandemic. Civil society sent proposals to government and were part of some consultations about the social relief policy. There were also high-level advisory groups that submitted expert analysis to the Presidency. One of these groups was the President's Economic Advisory Council (PEAC). All these policy actors were concerned about poverty deepening during the pandemic and they contributed during the policy process.

Policy options

All policy actors agreed that the main concern was 'livelihoods and whether people would be able to sustain themselves'.[69] But the road to sustaining livelihoods was not always paved with good intentions. There were two main policy options that reflected two dominant ideas about the possibilities for social relief.

It is important to note that the policy options discussed in this section formed part of a package of relief options. Primary among these relief measures were measures implemented by the Department of Labour such as the Temporary Employer-Employee Relief Scheme (TERS), paying employees' contributions made to the UIF SARS. Then there were also relief and support measures available to businesses that were impacted by the lockdown, such as the Small Business Debt Relief Finance Scheme, the Spaza Support Scheme, the Agricultural Disaster Support Fund and the Tourism Relief Fund. By providing a package of relief measures, it was hoped that as many parts of South Africa's society and economy as possible would be assisted during the lockdown.

The first policy option, which came mostly from the National Treasury, attempted to 'substitute income for people who were working but now cannot work because of the lockdown'.[70] Let us call this the *income substitution policy option*. The second policy option aimed to provide social grants for everyone who was unemployed.[71] We will refer to this policy option as the *universal relief policy option*. Universal

[67] Interview 8, The Presidency, 21 April 2021

[68] Interview 5, National Treasury, 20 April 2021

[69] Interview 3, National Treasury, 16 April 2021

[70] Interview 5, National Treasury, 20 April 2021

[71] Ibid

relief was punted mostly by the policy brokers who worked between the Presidency, National Treasury, Department of Social Development, research organisations and other civil society organisations. It is important to flag that there had been calls to widen South Africa's social security policy since 2012.[72] In particular, there was already a call to provide an 'employment guarantee scheme'[73] which would guarantee the national minimum wage for people who were unable to find work. This is discussed later in this case study, where civil society explains how it has also been lobbying for a universal basic income grant or guarantee.

The pros and cons of both the income substitution and universal relief policy options led to deadlock within the policy groups and between policy actors. One of the pros of the income substitution policy option was that it was immediately quantifiable according to labour and tax records kept by the Department of Labour and the South African Revenue Service (SARS). However, it was not easy to quantify who would be eligible for income substitution because there was no single, comprehensive database of everyone employed in South Africa. This became a major hurdle to an otherwise easily implementable policy.[74]

> 'So, we had to very quickly...try to reconcile the lists available to us of who receives a grant that Social Development owns; and who would receive UI...and then SARS also had their databases...we got to a point where we could cross reference those databases in order to establish who was going to be immediately impacted by the stage 5 lockdown; and have no access to any form of income.'[75]

Apart from the scramble for a complete social register and big data, 'the main problem was informal workers'.[76,77] This is because informal workers are not captured in any database of formal employment precisely because they are outside this realm. Coupled with the fact that informal workers are not registered for formal socio-economic relief packages such as the UIF, this complicated the income substitution policy option. How would policy actors track down and support the estimated 3 million informal sector workers outlined in Chapter 1? And are these official statistics of 3 million informal sector workers, complete – or is this figure an underestimation?

The universal relief policy option's most obvious pros were that it would ensure coverage of the most vulnerable people in South Africa and that it would instantly ameliorate the effects of the lockdown, namely hunger and unemployment. This policy option also had a multifaceted approach which included food vouchers, food parcels, increasing all existing social grants and introducing an SRD grant. But noble and novel as the pros of the universal policy option were, the drawbacks proved almost insurmountable. The main drawback was the ideology that only working people faced a change in their economic situation during the pandemic. For those who were unemployed or worked informally, the sense was that '[t]heir income is not necessarily different from before because they never had an income'.[78] This sentiment about whether or not to support all unemployed people in South Africa, even if they had been unemployed prior to the pandemic, became a policy battle between the policy actors:

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[72] Seekings (2020)

[73] Ibid

[74] Interview 3, National Treasury, 16 April 2021

[75] Interview 3, National Treasury, 16 April 2021

[76] Interview 5, National Treasury, 20 April 2021

[77] This concern was raised by civil society and was also factored into the models that were designed by research organisations.

[78] Interview 5, National Treasury, 20 April 2021

> 'It was very clear to us that nobody was going to raise the issue of the poor. It was something that we raised vehemently at other meetings. The sense was that it was a nuisance, that there were other more important things to do.'[79]

The National Treasury favoured the income substitution policy option, 'because we were trying to aim at wage earners'.[80] But 'the case just started building'[81] for the universal relief policy option because people were standing in queues for food parcels and the lockdown would not end anytime soon. Moreover, the universal relief policy option was more likely to reach people in the informal sector, for whom there was little concrete data or pathways to access them through the existing social grant infrastructure.

So, the National Treasury began engaging with research organisations about their data and models. The most effective, reasonable and strategic way of providing social transfers was through the CSG. When research organisations began working with the National Treasury, they got the impression that '[n]o one was considering topping up the child support grant or the old age pension'.[82] And this was despite existing grants being accessible as a framework for social transfers during the pandemic.[83] Nevertheless, there was an eventual meeting of the minds to top up the CSG as part of the universal relief policy option. Topping up the CSG was convenient because:

> 'The child support grant had great indirect coverage of informal workers. The child support grant was the most effective intervention, cost effective intervention and had the advantage of, you could just deliver it immediately through the existing infrastructure. You didn't have to set up a new grants structure.'[84]

It was critical to target informal workers through the CSG because of the compounding factors that had led to their households being particularly vulnerable during the pandemic. For instance, as described above, some informal workers are part of the informal sector and the formal sector, which complicates whether or not they can be located in formal employment databases and are eligible for formal relief measures through the labour system. In addition, informal workers are usually part of large households in informal areas and to survive they rely on more than one income, which includes social grants.[85] Therefore, research organisations utilised existing data about informal workers and their typical household structure to inform their analysis about which grant, if it were to be topped up, would be most effective in reducing severe poverty.

As a result, research organisations suggested R500 per child for the CSG.[86] They suggested a top-up of the CSG only and no other existing social grant. The CSG was most likely to reach multiple recipients in one household – children, informal workers and unemployed individuals. It was the most effective poverty alleviation strategy during the lockdown. Other grants did not meet the poverty reduction criterion discussed above. For example, topping up the old age pension was, 'a much less efficient poverty reducing policy mechanism than assigning it to the social relief of distress grant or the child support grant'.[87]

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[79] Interview 2, Civil Society, 15 April 2021

[80] Interview 5, National Treasury, 20 April 2021

[81] Ibid

[82] Interview 1, Research Organisations, 12 April 2021

[83] See Appendix C, Figure 1

[84] Interview 1, Research Organisations, 12 April 2021

[85] Bassier et al (2021: 3)

[86] Interview 4, Research Organisations, 20 April 2021

[87] Interview 9, Research Organisations, 22 April 2021

The effectiveness of the CSG to target informal sector workers was questioned during the consultations about topping up the CSG. On one hand, there was agreement that the CSG was the most feasible mechanism through which to provide social relief. On the other hand, some research organisations believed that the CSG had significant leakage. Leakage refers to the proportion of the CSG, or any grant, that is lost before it reaches its intended beneficiary. Other research institutions focused instead on the coverage of the CSG, meaning that this grant would cater for a number of individuals and households through one payment. Regardless of what the money was spent on, it is likely that, due to the nature of the pandemic and the hunger that people were experiencing, the CSG would be used for multiple essential needs in a household for a few individuals.

Finally, in addition to topping up the CSG, the universal relief policy option included the introduction of the SRD grant. As mentioned in Chapter 1, this social transfer is defined in the Social Security Act of 2004. Debating and deciding on this grant would put hurdles in the way of this policy sprint.

Chapter 3 – Policy decision and implementation

'*It was a no brainer*'
(Interview 1, Research Institutions, 12 April 2021)

The universal policy relief option included the following elements:

1. Food vouchers
2. Food parcels
3. Topping up existing social grants
4. Providing an SRD grant.

Food vouchers were suggested in meetings where the response to the coronavirus pandemic was discussed, such as the National Joint Operational and Intelligence Structure.[88] President Ramaphosa also announced that food vouchers, along with the food parcels discussed below, would be part of the social relief measures.[89] But the Presidency, and President Ramaphosa in particular, was reluctant about food vouchers, because 'giving people food [vouchers] undermines their value, undermines their ability to make their own choices and decisions'.[90] To date, there is little evidence that food vouchers were provided as part of the universal relief policy option. Food parcels were more prevalent as food provision options.

Food parcels

In the early weeks of the lockdown, food parcels were a clear part of the universal policy option. But this was not due to the government's innovative thinking. Although the government had handed out food parcels in the past, it was actually civil society organisations that were handing out food parcels in the early weeks of the pandemic. This is probably because civil society organisations, such as religious places of worship, are the first point of call for individuals when they face hardship. Although non-governmental organisations (NGOs) played a significant role in food distribution, the Department of Social Development seemed to have some ambivalence about the distribution of food parcels, preferring, at the time, to regulate the provision by NGOs. It appears that the Department of Social Development did not initially realise the extent of the hunger during the early days of the pandemic. It was not until images of 5 km queues for food at NGOs and other centres began to emerge that the Department of Social Development saw the enormous need for food parcels for vulnerable people across the country. When the Department of Social Development eventually provided food parcels as part of the social relief initiatives during this first phase of the pandemic, the values of the food parcels ranged between R700 and R1200.[91] As the universal policy option became more of a reality, food parcels became part of the national government's response to the pandemic[92] rather than just a civil society initiative.

But food parcels have not always had the best reputation in South Africa. They are sometimes handed out to communities prior to national and local elections, and there is now an association between undue influence by particular parties during elections and handing out food parcels. Some research shows that communities themselves believe that political parties which hand out food parcels in their areas

[88] Interview 6, DPME, 20 April 2021

[89] South African Government (2020b)

[90] Interview 7, The Presidency, 21 April 2021

[91] Ibid

[92] Ibid

expect these voters to vote for these political parties.[93] During the pandemic, the bad reputation of food parcels continued as news about irregular tender processes for food parcels meant that tons of food were abandoned in warehouses during this critical time.[94] There were also reports that food parcels were actually being sold instead of being given to those in need[95] and, disturbingly, that food parcels were also being given only to members of the ANC in some provinces.[96]

In addition to food parcels, provincial governments had food nutrition centres, where people were able to get hot meals prior to the pandemic. During the lockdown, the special National Joint Operational and Intelligence Structure (NatJoints committee)[97] in government had to figure out how to keep these provincial food nutrition centres open to provide meals for vulnerable people.[98] Moreover, the Department of Cooperative and Traditional Affairs drafted regulations that allowed provincial feeding initiatives to remain in operation.[99] NatJoints was of the view, however, that the nutrition centres should close to contain the spread of the coronavirus. Instead, provincial food initiatives should use a 'knock and drop' strategy, where they would knock on people's doors and drop the food parcel on their doorstep without interacting with them, due to social distancing measures.[100]

There was also a discussion about the nutritional value of the food parcels.[101] They had to have enough nutritional and caloric value to prevent malnutrition in households. Furthermore, the monetary value of the food parcel was discussed and it was agreed that the parcel should not be worth less than R700 to R750.[102] Together with the Solidarity Fund, the Department of Social Development stepped up and drove the food parcel initiative. By 31 May 2020, over 115,000 food parcels had been distributed by SASSA, valued at R1,100.

Top-up of the CSG

In the grand scheme of policy making at the time, topping up the existing social grants and providing the SRD grant became the most critical decisions. Two issues had to be cleared up in relation to social grants. The first issue was whether to top up all existing grants or some existing grants – as mentioned above. According to some research organisations, the best poverty alleviation strategy during this time would be to top up only the CSG due to its coverage of informal workers, as described above.[103]

The second issue was the amount by which the CSG needed to be topped up. Research organisations suggested that the CSG should be topped up by R500 and that the new SRD grant should be introduced. The grant would cover unemployed and informal sector workers. No other grant should be topped up because these grants were already substantially higher than the CSG and, thus, would not achieve the goal of poverty alleviation during the pandemic.

[93] Graham et al (2016)

[94] Ritchie (2020)

[95] Rooi (2020)

[96] Ibid

[97] NatJoints is a committee that comprises department representatives from across national government. The role of this committee is to strategise and implement safety and security protocols during a large national event or during a national disaster. For instance, during the 2010 FIFA World Cup, the NatJoints committee drafted safety and security measures for the precincts around stadiums in case people got lost or children went missing.

[98] Interview 6, DPME, 20 April 2021

[99] Interview 3, National Treasury, 16 April 2021

[100] Interview 6, DPME, 20 April 2021

[101] Interview 5, National Treasury, 20 April 2021; Interview 6, DPME, 20 April 2021; Interview 8, The Presidency, 21 April 2021

[102] Interview 5, National Treasury, 20 April 2021

[103] Interview 1, Research Organisations, 12 April 2021

> 'What we settled on was R500 for the child support grant...[and] a new unemployed persons grant. We said, don't touch the pension, don't touch the pension, the disability grant, any other grant; it's money down the drain.'[104]

Some policy actors involved in the process were of the view that the national government was hesitant about topping up the CSG. This is because there is a view that the National Treasury is generally 'fiscally conservative'.[105] This appeared to be a result of the fiscally constrained economic environment in South Africa prior to the pandemic (Chapter 1). And some key policy actors did acknowledge that this is a plausible position because the role of the National Treasury is 'to take care of the [country's] finance'.[106] But this conservatism was overdone, given that the economy closed in 2020 due to the lockdown. The National Treasury was operating in a policy vacuum:

> 'Treasury seems to think that they are operating in a normal situation. Their normality is based on austerity budgeting of the past eight years, which flies in the attempt of any economic recovery.'[107]

Therefore, the National Treasury's hesitance to top up the CSG may seem valid given the tight economic situation in South Africa, but this was actually the result of failing economic policies, for at least a decade, and now questions about the ability of the NDP to achieve its objectives of eradicating unemployment, poverty and inequality by 2030.

The other reason why the National Treasury resisted topping up the CSG was the idea that this grant would not reach its targeted beneficiaries and recipients, specifically children and vulnerable informal sector workers. Other policy actors in the process were also concerned that there were parts of national government that were hesitant about topping up the CSG because of social prejudices associated with this particular grant:

> 'At the very highest levels of Treasury, there was very strong resistance to topping up the child support grant...the explanation being that women will use this to do manicures and get braids...There was more political appetite for topping up the pension than for the child support grant.'[108]

And,

> '[CSG grants are given to] young women of loose morals...and this idea that people get pregnant in order to get the CSG, etc.'[109]

Finally,

> 'We have conservative elements within the state that say if you give cash to people, you risk dependency.'[110]

These perceptions of dependency and women as illegitimate beneficiaries of the CSG, would affect the impact of the universal relief policy. Nonetheless, the models created by the National Treasury once

[104] Interview 1, Research Organisations, 12 April 2021

[105] Interview 1, Research Institutions, 12 April 2021

[106] Interview 8, The Presidency, 21 April 2021

[107] Interview 2, Civil Society, 15 April 2021

[108] Interview 1, Research Organisations, 12 April 2021

[109] Interview 4, Research Organisations, 20 April 2021

[110] Interview 2, Civil Society, 15 April 2021

they saw the need for social relief measures included the CSG as the best targeting option as a social grant. This agreed with the motivations provided by research organisations discussed in Chapter 2. Thus, topping up the CSG during the first phase of the pandemic would become one of the most integral parts of the universal policy option as it had significant coverage of households in South Africa. In addition, the CSG was an existing grant with available data and infrastructure for quick implementation.

Introducing the SRD grant

Apart from the CSG, there was a debate about whether to provide other economically vulnerable people with food vouchers or any type of support through the social grants system. As discussed above, the President was totally against food vouchers, so the most viable means of support became the SRD grant. The SRD grant could be implemented and paid to recipients using the infrastructure of the existing social grants system.[111]

Unlike the CSG, there was some consensus that the SRD should be an amount ranging between R600 and R800[112] for three or four months. The range of the amount for the SRD was determined by the food poverty line[113] in South Africa – a measure that defines how much money people need for food in order to avoid hunger and malnutrition. National Treasury created numerous models illustrating the possible amount of the SRD; different scenarios with estimations about the number of eligible recipients; the cost of providing the SRD grant; and the different lengths of time that the SRD could be provided for.

Regarding the number of eligible recipients of the SRD grant, it was clear that the number of informal sector workers cited above – approximately 3 million people – would be difficult to locate. The National Treasury consulted with the Department of Social Development, the Presidency and the Government Technical Advisory Centre about how many people it estimated would be eligible for this grant. The number ballooned from approximately 3 million to 15 million at one point in the process.[114] The increasing number of economically vulnerable people who would be eligible for the SRD grant also had cost implications. On one hand, the more people who were eligible for the grant, the higher the social grants bill – running into billions.[115] It would be difficult to justify a R30–R50 billion social grants bill,[116] especially because the economy could not generate income due to the national lockdown.

The National Treasury, the Government Technical Advisory Centre and the Presidency solicited the support of SARS in an attempt to get creative and use the information that it did have to calculate the number of people who would be eligible for the SRD grant. So, it worked with the national population database and the SARS database of taxpayers, while stripping out those on the social grants database, the National Student Financial Aid Scheme as well as those on the Unemployment Insurance databases. At a later stage, the government payroll database was also linked to this master file, filtering out the number of people that would be eligible for the SRD grant. In addition, the Social Security Agency would now be able to verify whether SRD grant applicants would be eligible for the grant almost immediately. All this verification had to be done electronically, which was different to the in-person application and eligibility verification process prior to the pandemic.

One verification option that was considered was requesting banks to check whether SRD grant applicants had money in their bank accounts at the time of their application.[117] This process would be

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[111] Interview 5, National Treasury, 20 April 2021

[112] Interviews 3, National Treasury, 16 April 2021; Interview 5, National Treasury, 20 April 2021

[113] Statistics South Africa (2019b: 5)

[114] Interview 5, National Treasury, 20 April 2021

[115] Ibid

[116] Interview 7, The Presidency, 21 April 2021

[117] Interview 7, The Presidency, 21 April 2021

carried out with the permission of the grant applicant. However, this verification process was complicated by the premise that grant applicants should not be receiving any income during the pandemic – including contributions from family. This was a particularly 'harsh and inhumane qualifying criteria of the grant'.[118] In the end, this verification method was abandoned.

After the eligibility verification issue was resolved, the next issue was how it would be distributed and accessed. Due to social distancing regulations, people could not go to their nearest Post Office or SASSA office to collect the SRD grant in cash. Again, some innovation was required and it was decided that the SRD grant could be paid straight into people's bank accounts, if they had bank accounts, or could be paid out in cash at the Post Office.

During the deliberations about how to pay the SRD grants, the Payments System Working Group was established. One of this working group's tasks was to evaluate the most cost-effective and efficient way of paying the SRD grant.[119] The banking sector was also consulted about whether it would be possible to pay grants into people's bank accounts instead of forcing grant recipients to collect cash from the Post Office and other social grant payment sites. The banking and financial sector was also a more cost-effective disbursement option[120] than using the Post Office and other social grant payment sites. The South African Reserve Bank, the Banking Association of South Africa, the Payments Association of South Africa, BankServ Africa, Visa and Mastercard were critical in these discussions.[121]

The final decision – family meeting!

On 21 April 2020, President Cyril Ramaphosa announced that all existing social grants would be topped up and a new R350 SRD grant would be introduced. In one of many announcements during 2020, which social media dubbed as #FamilyMeetings, the President chose the universal relief policy option.[122] This was followed by a Cabinet decision on 22 April 2021 to pay the SRD grant through the SASSA.

However, for some of the key policy actors in the process, there were some very unfamiliar parts of the policy. Firstly, as outlined above, research institutions found the decision to top up all existing grants 'extremely baffling'[123] as a poverty alleviation method during the pandemic. This was because the data and models that they provided indicated otherwise – as outlined earlier.

Secondly, some of the key policy actors did not know that the SRD grant would be R350; the amount that these key policy actors had suggested was between R600 and R800. However, the National Treasury was aware that the SRD grant would be R350 for six months:

> 'Then the President, kind of, intervened and he massively brought down the R350 grant...from, like R700, R800 to R350. In doing so, he changed the scope.'[124]

Thirdly, there was a lot of confusion about whether the CSG was going to be topped up per child and/or per care giver (Appendix C, Figure 2). Research institutions and other civil society organisations assumed that the SRD would be topped up by a specific amount per child. This would have been in line with the existing social grant structure where each child is eligible for the CSG in addition to, and separate from, other children in a household. These key policy actors knew that it would be difficult to

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[118] Written Input, Government Technical Advisory Centre, 21 June 2021

[119] See Covid19 Economic Ideas (2020).

[120] Interview 7, The Presidency, 21 April 2021

[121] Written Input, Government Technical Advisory Centre, 21 June 2021

[122] See Appendix C, Figure 1

[123] Interview 9, Research institutions, 22 April 2021

[124] Interview 5, National Treasury, 20 April 2021

provide CSG per child during the pandemic because the National Treasury would need to source funding for this at a time when the economy was at a standstill.

> 'What we initially thought, when the announcement was made, is that it was going to be R300 for the first month; presumably because they needed to get the budget in order. And the R500 once they'd secured the funds, per child, going forward. And it was this fraught week of trying to clarify what that settlement was; and in the end, it was per care giver not per child. And the reason, it seems the reason that it was per child and then per care giver...is that they needed to figure out not the budget, but the infrastructure.'[125]

By the time the President's announcement was clarified in the days that followed, it became clear that the CSG was going to be topped up by R300 per child for the month of May 2020. After that, the CSG would be topped up from June until October 2020 by R500 per care giver, irrespective of how many children were under their care.

> 'When he [the President] spoke, it seemed that it was going to be per child...it seemed that the meaner application, per care giver, caught a lot of people by surprise. It was clearly intentionally worded. So, there was an intention...probably by Treasury that it was going to be reduced.'[126]

The Presidency claims that '[p]eople misunderstood at first'[127] whether the top-up of the CSG was going to be per child or per care giver. There was less misunderstanding around the SRD grant. The eligibility criteria and application process[128] for the SRD grant were provided the day after the President announced the universal relief policy option.

[125] Interview 1, Research Organisations, 12 April 2021

[126] Interview 2, Civil Society, 15 April 2021

[127] Interview 8, The Presidency, 21 April 2021

[128] See South African Social Security Agency (2021a)

Chapter 4 – Impact and lessons learned

Overall impact

According to the National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM)[129] findings, the universal policy option led to the 'largest reduction in poverty over six months'.[130] In total, approximately 6.5 million people received the SRD grant and 5.7 million care givers received the CSG, bringing the total number of grant beneficiaries to 13.1 million for these targeted special relief grants during the pandemic.[131] This is an incredible achievement, driven by the foresight of the President, research organisations and the outside pressure from other civil society organisations. As always, the National Treasury provided and oversaw the finances for this, while the Department of Social Development and SASSA had to facilitate this process in a stable and responsible manner. Between May and October 2020, millions of people experienced a much-needed increase in their existing grants or received the SRD grant.[132]

Importantly, the SRD grant, which was provided in 2020 and extended until April 2021, was the first time in South Africa's history that working-age unemployed people not eligible for the CSG, or any other grant, were supported through a social grant. The SRD grant was also the first time since 1998 that a new grant was implemented in just under two months – between the announcement of lockdown in March 2020 and the first SRD grant payment in June 2020. There was definitely 'administrative teething'[133] involved, but the outcome was that millions of people in South Africa – both individuals and households – were spared from hunger.

But every policy process must be evaluated for its impact as well as its direct outcomes. Impact refers to the long-term consequences of the implementation of the top-up of the CSG and the introduction of the SRD. The impact in this case is the effects on women as grant recipients and beneficiaries. Outcomes refer to the immediate consequences of the universal policy options – specifically, the lessons learned during the process.

The gendered nature of the impact

'The gender regressive aspect became highly undesirable'
(Interview 4, Research Institutions, 20 April 2021)

During the policy formulation and decision-making phases of the implementation of the top-up for the CSG and the introduction of the SRD grant, women, as a constituency within the informal sector and the economy in general, were not considered as full individuals in need of personal support from social transfers. Rather, women were either categorised as care givers for children as grant beneficiaries or they were viewed as individuals who had their incomes and livelihoods supplemented by other individuals in their households.

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[129] NIDS-CRAM refers to 'a broadly nationally-representative panel survey of South African individuals. The same people are contacted every few months and asked a range of questions on their income and employment, their household welfare, receipt of grants, and about their knowledge and behaviour related to COVID-19'. See: https://cramsurvey.org/about/.

[130] Kohler and Bhorat (2020a: 7)

[131] Appendix D, Figure 1

[132] See Appendix D, Figure 2

[133] Interview 1, Research Organisations, 12 April 2021

This root of policy formulation and decision making manifested in the impact of the grant, as men made up two-thirds of the recipients of the SRD grant,[134] and women were expected to receive grants on behalf of children, with no actual plan for their own wellbeing. Kohler and Bhorat describe this as 'concerning',[135] because more women than men lost their jobs between February and April 2020.[136] In addition, women accounted for 'two-thirds of individuals'[137] who became unemployed in those early months of the national lockdown. However, by September 2020, it appears that SRD grants to women had only increased to 44%.[138]

It was not difficult to predict that women would be disadvantaged or ignored by the universal relief policy option. In addition to the unfounded perceptions about women as CSG recipients, research institutions and civil society pointed out very early on in the policy formulation process that women would suffer from the exclusionary nature of the conditions of the SRD grant, in particular the condition of the grant which specifies that successful applicants of the SRD cannot be recipients of any other grant. This became particularly pronounced when the top-ups were discontinued at the end of October 2020. In effect, women were being penalised because they were the primary care givers of children:

> '...the reality of setting in place some of those eligibility criteria is that you penalised women for being care givers because they were receiving the CSG, probably were also receiving another form of income which dried up, but weren't eligible for the SRD, because they are the care giver who receives the CSG.'[139]

And,

> 'Right from the beginning, we said that this is going to be regressive for women.'[140]

Women are the largest recipients of the CSG because they 'have an unfair care burden'.[141] There was no consideration for the increased care burdens that women experienced as a result of the lockdown. The crux of the top-ups was to compensate people for not being at work and loss of income, at the expense of women's wellbeing and the consequences of the lockdown.

On the other hand, as much as the grant became gender regressive for women, it was the first time that young men of working age had received any type of social support from the national government.[142] This was important for policy makers within government at the time because they believed that young men are more likely to become wayward and contribute to social ills when they are unemployed. Unfortunately, the unintended consequence of this policy choice is what was identified above: women were bypassed as grant beneficiaries and considered more as grant recipients on behalf of other people in their households, mostly children.

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[134] Kohler and Bhorat (2020a: 19)

[135] Ibid

[136] Ibid

[137] Ibid

[138] Ibid

[139] Interview 3, National Treasury, 16 April 2021

[140] Interview 4, Research Institutions, 20 April 2021

[141] Interview 4, Research Institutions, 20 April 2021

[142] Interview 7, The Presidency, 21 April 2021

Lessons learned

With every public policy, there are lessons that can be learned from the process and outcomes of the policy. The main lessons that were identified by key policy actors were the need for reform of the social grants system and the need for a more inclusive policy formulation and review process.

As discussed throughout this case study, it was researchers and civil society who had the data to provide models for possible social transfer policy responses during the pandemic. And key government policy actors, through their policy brokers, had to utilise the data and models provided by research institutions and civil society which relied on the National Income Dynamics Survey. The survey had previously been funded by the Presidency, the National Planning Commission and the Department of Planning, Monitoring and Evaluation to assist government with monitoring and understanding poverty, inequality and social mobility. The survey was used during the planning and implementation of the social relief measures, which shows how valuable such data is during crises. And despite the way that the government and research institutions had to scramble for cross-cutting data, the National Income Dynamics Survey served as a critical foundation to inform the social relief measures that were being initiated.

In response to this gap, research institutions have rightly pointed out that '[t]here have to be systems which are on standby which are able to respond to crises like this...The shock was immediate; the response to the shock took a month, a month and a half to be leveraged...And more can be done to prepare ourselves [for] these shocks'.[143] Some of the groundwork for future policy responses has already been laid through the first wave of the coronavirus pandemic. As many noted during the research for this case study, as a result of the social relief policy, the South African government as a whole now has certain capabilities, which include:

- Electronic application processes: an electronic application system was established for the SRD grant, using emails, WhatsApp and a USSD code. This was not the case for existing social grants prior to the pandemic, as all grant applicants had to appear in person at SASSA offices to apply for social grants. Now, people could apply for the SRD grant online or using their phone. Therefore, electronic application processes are now possible for social grants in South Africa;[144]
- Interoperable databases to automatically identify and verify eligible applicants: using a population database, with the SARS taxpayer database, the SOCPEN, UIF, NSFAS and PERSAL (government payroll) databases were stitched together to filter out those not eligible for the SRD grant. As soon as individuals applied, SASSA could check whether the applicant was on this master database or eligible application and approve the application in real time, preventing double-dipping into government programmes of social welfare or relief.[145] This created the potential for a 'cross functional social security system'[146] in South Africa; and
- Agile, adaptive and innovative problem solving:[147] government institutions problem reacted in an agile, adaptive and responsive way to the pandemic, providing the much-needed relief.

However, there is an alternative view to this first lesson, which is that the payment of grants during this time was not entirely novel. Rather, the issue at hand was how payments would be made within the

[143] Interview 1, Research institutions, 12 April 2021

[144] Interview 5, National Treasury, 20 April 2021

[145] Written Input, Government Technical Advisory Centre, 21 June 2021

[146] Interview 5, National Treasury, 20 April 2021

[147] Written Input, Government Technical Advisory Centre, 21 June 2021

constraints of the existing social grants system. As became evident during the first phase of the payment of top-ups on existing grants, there were a few 'glitches'[148] and inefficiencies in the system. For instance, some recipients were overpaid and payments had to be staggered to prevent recipients from collecting cash in large numbers,[149] which went against flattening the curve of the pandemic. Moreover, the delay in the payment of the SRD grant was due to the government trying to figure out how to roll out this new grant. According to this view, it is possible that the government was quite willing to provide social relief for millions of people during the pandemic. The question was 'how?'.

One of the answers to 'how' a new grant would be implemented was by creating new budget processes, manoeuvring resources within the country's available budget and relying on the Special Adjustment Budget. The Special Adjustment Budget was particularly important because it allowed the government to undertake a process for the 'redirection of resources',[150] given that resources had already been allocated to government functions prior to the pandemic. This was a technical but prescribed process, according to Section 16 of the Public Finance Management Act, 1999.[151] The heavy lifting of redirecting resources, planning and implementing the top-up of existing grants and the SRD grant required immense and time-sensitive work.

The second lesson from this process is that, according to some researchers and civil society actors, there needs to be a more inclusive policy-making process in both ordinary and extraordinary times. And this process needs to be one that does not rely on policy brokers who have specific problem-solving skills and interests that could disappear from government when they retire from the policy space. As mentioned in Chapter 2, there were policy brokers between the Presidency and the National Treasury who were concerned about the impact of the pandemic on informal sector workers. If these policy brokers had not been quick off the starting blocks, along with the Presidency, the policy response could have been very different.

> 'the process through which agenda items are put on the table, the context through which decisions are made are forged through very informal channels.'[152]

It is thus important to consider how the 'right' combination of key policy actors and the 'right' type of policy responses greatly affect people's everyday survival – especially during a pandemic. What would happen in policy making if there were a different combination of key policy actors and responses?

Moreover, research organisations were not only useful for providing the necessary data and modelling required in the early stages of the process but they were also used to legitimise some of the social relief options that were being considered at the time. The significant inclusion of research organisations in this process created the expectation that their views would be reflected in the final policy choices. This was partially the case as other considerations by national government dominated the final policy choices. The discontinuation of the SRD grant in April 2021 reflected a number of considerations at play, despite the ongoing lockdown caused by the pandemic.

Another lesson about policy making, particularly during the pandemic, is that for certain policy actors consultation decreases even more. And the reasons relied upon for this are the urgency of the matter at hand and the time constraints that bind the government into quick policy making.

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148 Seekings (2020)

149 Ibid

150 National Treasury (2020)

151 South African Government (1999)

152 Interview 1, Research Institutions, 12 April 2021

> ‘None of the work commissioned by any of the government players was shared. We were presented with decisions that *had* been made.’[153]

And,

> ‘the ability to mobilise quite quickly, the ability to get the right people in the room, the ability to consult within government, the ability to then talk to Cabinet through the NCCC, the ability to then get it passed, convince the President that he’s behind it.’[154]

On the other hand, new partnerships were formed between policy actors as they leaned on each other for ‘skills and expertise from the public, private, academic and CSO [civil society organisations] sectors’.[155] For instance, commercial banks and the Banking Association of South Africa worked with government agencies to develop the electronic policies for the grants and ensure that enough cash would be available for payment of the SRD grant, in particular. And, as alluded to above, government entities such as the Presidency, the Government Technical Advisory Centre, National Treasury, SARS, SASSA and the Department of Social Development all collaborated to collate datasets from PERSAL, SOCPEN, NSFAS, the National Population Register and the UIF.

These various perspectives of the policy-making process are divergent but important. They illustrate the hurdles that government could face in future if the policy processes and advances are not properly considered.

[153] Interview 2, Civil Society, 15 April 2021

[154] Interview 7, The Presidency, 21 April 2021

[155] Written Input, Government Technical Advisory Centre, 21 June 2021

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Timeline

16 March 2020: State of national disaster declared.

20 March 2020: Department of Labour announces national disaster and UIF benefits for formal workers and businesses.

26 March–30 April 2020: South Africa goes into lockdown at Alert Level 5 – the most serious lockdown level.

28 March 2020: SMME Debt ReliefFinance Scheme announced and commences.

08 April 2020: SASSA announces changes to payment dates for existing social grants.

21 April 2020: President announces social grant top-ups for all existing grants and a new Social Relief of Distress (SRD) grant.

29 April 2020: Department of Social Development announces criteria for SRD grant applications.

01–31 May 2020: South Africa moves down to Alert Level 4.

31 May 2020: 116,867 individuals receive SRD grant.

01 June–17 August 2020: South Africa moves down to Alert Level 3.

18 August 2020: South Africa moves down to Alert Level 2.

21 September–28 December 2020: South Africa moves to and remains on Alert Level 1.

31 October 2020: CSG top-ups end.

2 November 2020: Black Sash loses urgent court bid to stop the ending of the top-up of the CSG.

29 December 2020 –28 February 2021: South Africa moves up to adjusted Alert Level 3.

1 March 2021: South Africa moves down to Alert Level 1.

24 March 2021: Black Sash calls on government to extend the SRD grant and implement a universal basic income grant ('UBIG' or BIG') for all adults aged 18–59.

30 April 2021: SRD grant ends as scheduled, but is resumed after a one month interval, and later extended at the end of July 2021 until March 2022. .

Timeline Sources:

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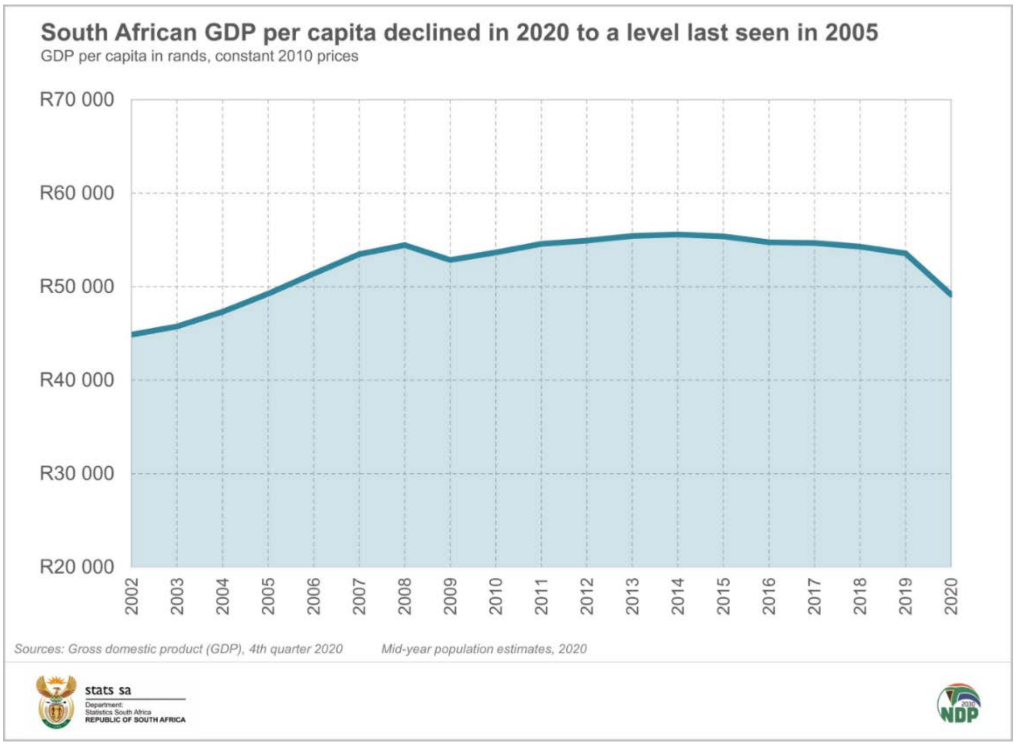
Minister Lindiwe Zulu; The Presidency (25 July 2021), Statement by President Cyril Ramaphosa on progress in the national effort to contain the Covid-19 pandemic

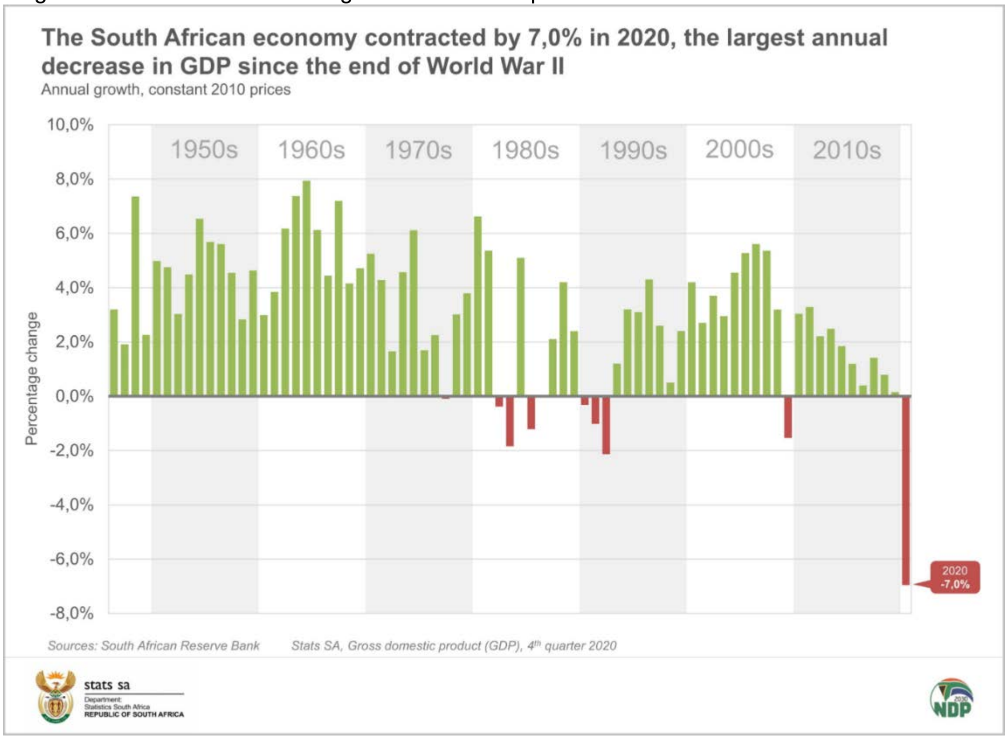
Appendix A: South Africa’s macroeconomic outlook

Figure 1: GDP per capita in South Africa, 2002–20



Source: Statistics South Africa (2021a).

Figure 2: Decline in GDP during the coronavirus pandemic



Source: Statistics South Africa (2021a).

Appendix B: Explanatory note

Social grants provided in South Africa, according to the Social Assistance Act No. 13 of 2004

Child support grant: S6. 'A person is...eligible for a child support grant if he or she is the primary care giver of that child'.

Care dependency grant: S7. 'A person is...eligible for a care dependency grant if he or she is a parent, primary care giver or foster parent of a child who requires and receives permanent care or support services due to his or her physical or mental disability; or, if the child is cared for on a 24 hour basis for a period exceeding six months in an institution that is funded by the State'.

Foster child grant: S8. 'A foster parent is...eligible for a foster child grant for a child for as long as that child needs such care'.

Disability grant: S9. **'**A person is...eligible for a disability grant...owing to a physical or mental disability, unfit to obtain by virtue of any service, employment or profession the means needed to enable him or her to provide for his or her maintenance'.

Older persons grant: S10. 'A person is...eligible for an older person's grant if...in the case of a woman, she has attained the age of 60 years; and...in the case of a man, he has attained the age of 65 years'.

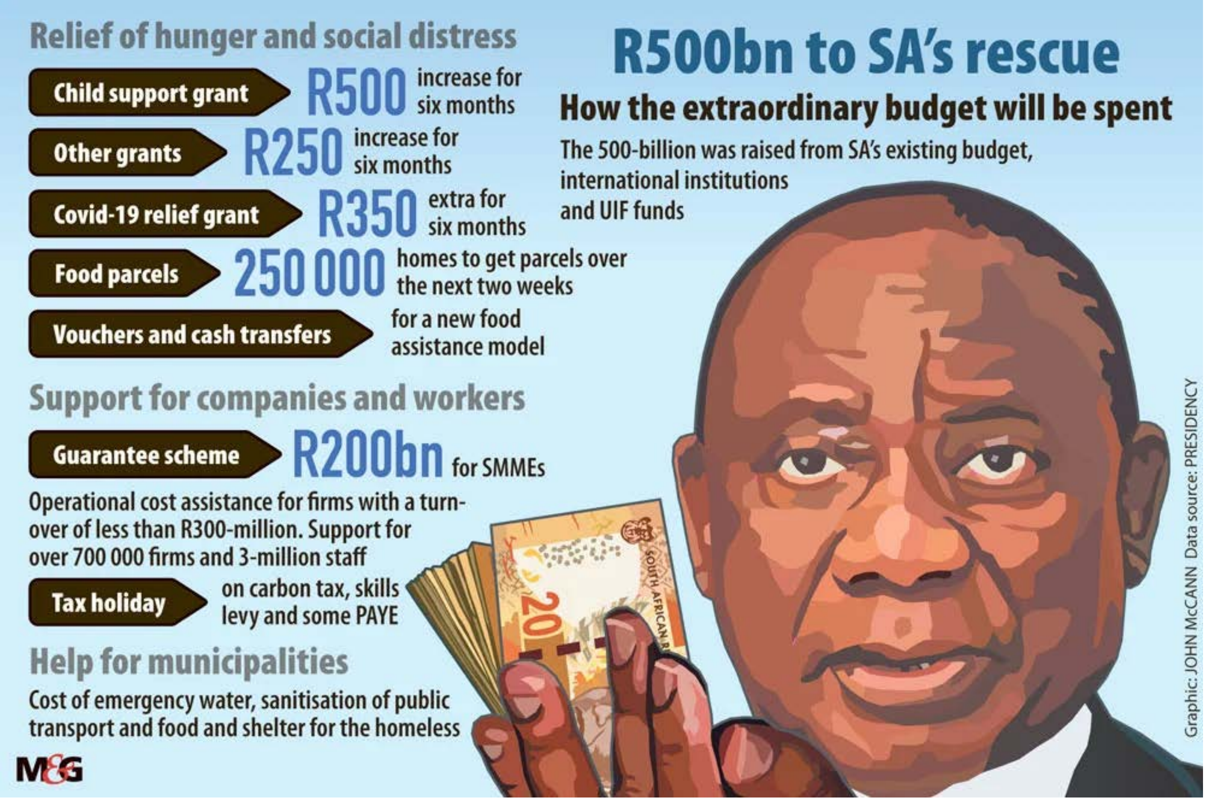
War veteran's grant: S11. 'A person is...eligible for a war veteran's grant if he or she...has attained the age of 60 years; or owing to a physical or mental disability, is unable to provide for his or her maintenance, and performed any naval, military or air force service during the Great War of 1914-1918 as a member of any Union or British Force, or was a member of the protesting burgher forces during the period September 1914 to February 1915; performed any naval, military or air force service during the war which 10 commenced on 6 September 1939 as a member of the Union Defence Forces or, in the case of a Union national, as a member of any British or Dominion Force or any force of a government which was allied to the Government of the Union during that war; while he or she was not a Union national, performed any naval, military or air force service during the war referred to in subparagraphs (i), (ii) or...as a member of any British or Dominion Force and who is a South African citizen on the date on which he or she applies for a war veteran's pension; or while he or she was a member of the Union Defence Force, signed an undertaking to serve in connection with the hostilities in Korea and who during such hostilities performed any naval, military or air force service on or after the date on which he or she had been detailed for duty in connection therewith'.

Grant-in-aid: S12. 'A person is...eligible for a grant-in-aid if, that person is in such a physical or mental condition that he or she requires regular attendance by another person'.

Social relief of distress: S13. 'The Minister may provide social relief of distress to a person who qualifies for such relief as may be prescribed'.

Appendix C

Figure 1: Summary of relief measures announced by President Ramaphosa on 21 April 2020



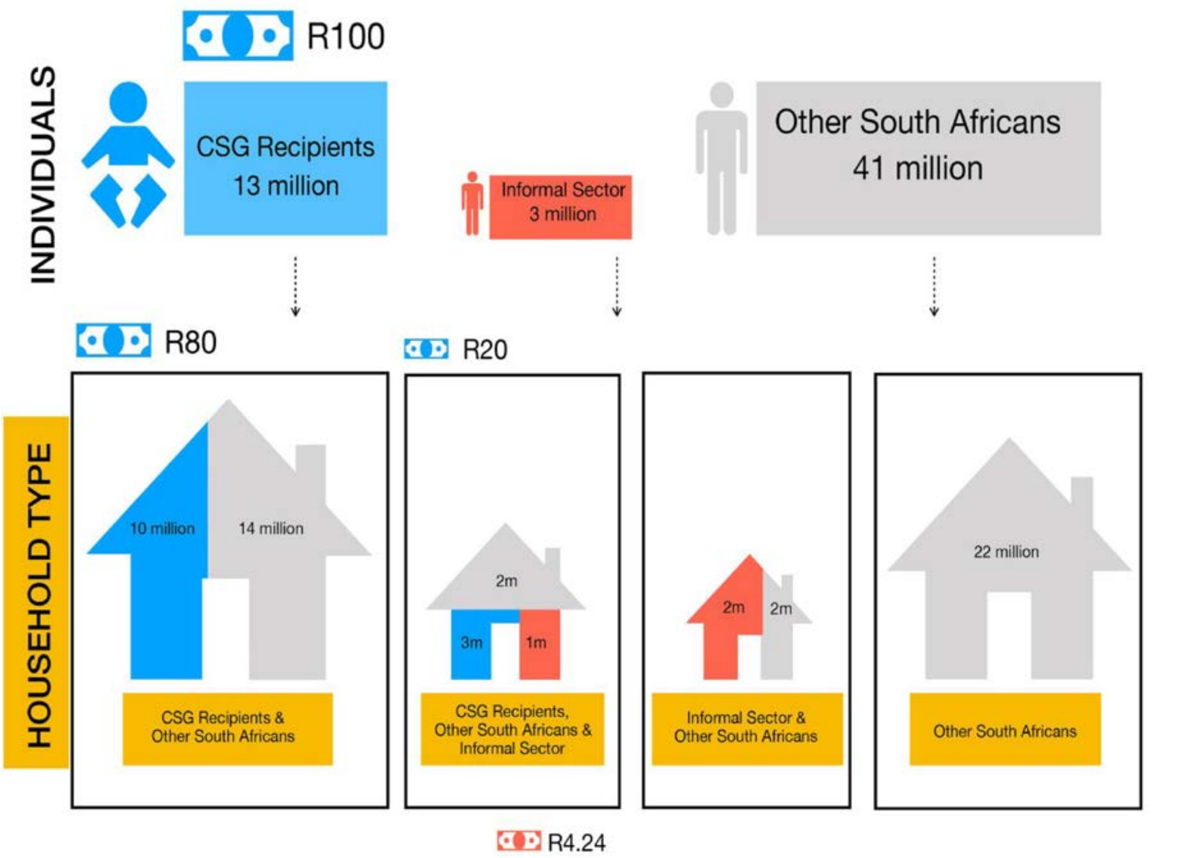
Source: John McCann / Mail & Guardian (M&G), 23 April 2020, online: https://mg.co.za/article/2020-04-23-top-up-is-for-caregivers-not-children/ (accessed in 2021); reproduced with permission.

Figure 2: Cost implications of per child vs. per care giver child support grant top-ups

	Top-up amount (Rands per month)	Number of caregivers or beneficiaries (millions)	Additional spending per month (R billions)	Additional spending over 6 months (R billions)
Strictly per child top-up	300	12.8	3.84	23.04
Strictly per caregiver top-up	500	7.2	3.60	21.60
Chosen policy	300 per child in May, 500 per caregiver from June to October	12.8 beneficiaries in May, 7.2 caregivers from June to October	3.84 in May, 3.60 per month from June to October	21.84

Source: Kohler and Bhorat (2020b: 22), licensed under Creative Commons Attribution Non-Commercial ShareAlike 2.5 South Africa.

Figure 3: Presidential Economic Advisory Council, 'CSG leakages in targeting informal sector workers'



Source: South African Presidential Economic Advisory Council (2020: 31), reproduced with permission.

Appendix D

Figure 1: Changes to South Africa's social grants, May to October 2020.

Grant	Pre-COVID-19 amount (Rands per grant per month)	Absolute (Rands per grant per month, unless indicated otherwise) and relative (%) increase		COVID-19 amount (Rands per grant per month, unless indicated otherwise)	
		May 2020	June-October 2020	May 2020	June-October 2020
Older Persons Grant*	1 860	250 (13.44%)	250 (13.44%)	2 110	2 110
War Veterans' Grant	1 880	250 (13.30%)	250 (13.30%)	2 130	2 130
Disability Grant	1 860	250 (13.44%)	250 (13.44%)	2 110	2 110
Care Dependency Grant	1 860	250 (13.44%)	250 (13.44%)	2 110	2 110
Foster Child Grant	1 040	250 (24.04%)	250 (24.04%)	1 290	1 290
Child Support Grant	440	300 (68.18%)	500 per caregiver	740	440 per grant + 500 per caregiver
COVID-19 SRD Grant	NA	NA	NA	350	350

Source: Kohler and Bhorat (2020a: 8), licensed under Creative Commons Attribution Non-Commercial ShareAlike 2.5 South Africa.

Figure 2: Statistics on overall impact

Proposed Intervention	Target Beneficiary Group
Increase of **R300 for CSG beneficiaries**[1] in **May 2020**	≈13,1 million grant beneficiaries
Increase of **R500 for CSG caregivers** from **June to October 2020**	≈5,7 million caregivers[2]
Increase of **R250 for all other grants** from **May to October 2020**	≈4,9 million grant beneficiaries
The **introduction of a Special Covid-19 Social Relief of Distress Grant** of **R350** from **May to October 2020** for those who **do not receive a social grant or UIF**	**≈3 to 15 million beneficiaries**[3] *targeting those aged 21-59 dependent on strict targeting through a pre-approved list of eligible beneficiaries*

Source: Nicolaou-Manias (2020), reproduced with permission.