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[*paying the right social grant, to the right person,
at the right time and place. NJALO!*]

Re-thinking social protection in a changing Arab region: South African experience

13 – 15 May 2014

Presentation outline



- Overview of South Africa
- Summary of poverty indices
- Background on social protection in SA
- SASSA as a service delivery institution
- SASSA footprint to deliver services
- Staffing for delivery
- Summary of social assistance
- Numbers of grants in payment
- Creating fiscal space
- Re-registration programme
- SASSA payment card
- Developmental impact of social grants
- Way forward

Overview of South Africa



- South Africa has a population of 51,7 million
- 36% of the population is younger than 19 years, while 7,6% are older than 60
- 51,3% are female and 48,7% male
- Major areas of concern – poverty, unemployment and inequality

Summary of poverty indices



- Official unemployment rate is 25,2%
- 10,7% of the population live on less than \$1,25 per day, while 36,4% live on less than \$2,50 per day
- Poverty inequality (gini coefficient) is 0,69%

(Source: Stats SA)

Background on Social Protection in SA



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- The country's response to the challenges of poverty and inequality was to facilitate a redistribution of resources to stimulate broader participation in the economy.
- Existing social protection programmes were expanded to become fully inclusive. The social protection net includes
 - employment insurances for the economically active namely occupational pension funds, unemployment insurance, insurance for maternity leave, compensation for injuries, disability and death.
 - For the economically inactive population there is social assistance, namely targeted social grants for older people, people with disabilities and children. Social Relief of Distress is short term assistance awarded to individuals who experience destitution or undue hardship.
- There is still a gap in social security provision for the economically inactive population aged 18 – 59 years.

Background on Social Protection in SA (cont...)



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- The social assistance programme (cash transfers) is South Africa's largest and most extensive intervention to reduce poverty, support the vulnerable and reduce social exclusion.
- Social grants reach over 31% of the population in South Africa and its impact on reducing poverty ranges from 20% to 65% for the varying groups of recipients.
- The objective of the grants (cash transfer) is to ensure a minimum income support to vulnerable citizens, namely children, people with disabilities and older persons.
- Research has shown that 76% of the spend on social grants in South Africa reaches the poorest 40% of the population. The targeting is thus generally effective.

SASSA as a Service Delivery Institution

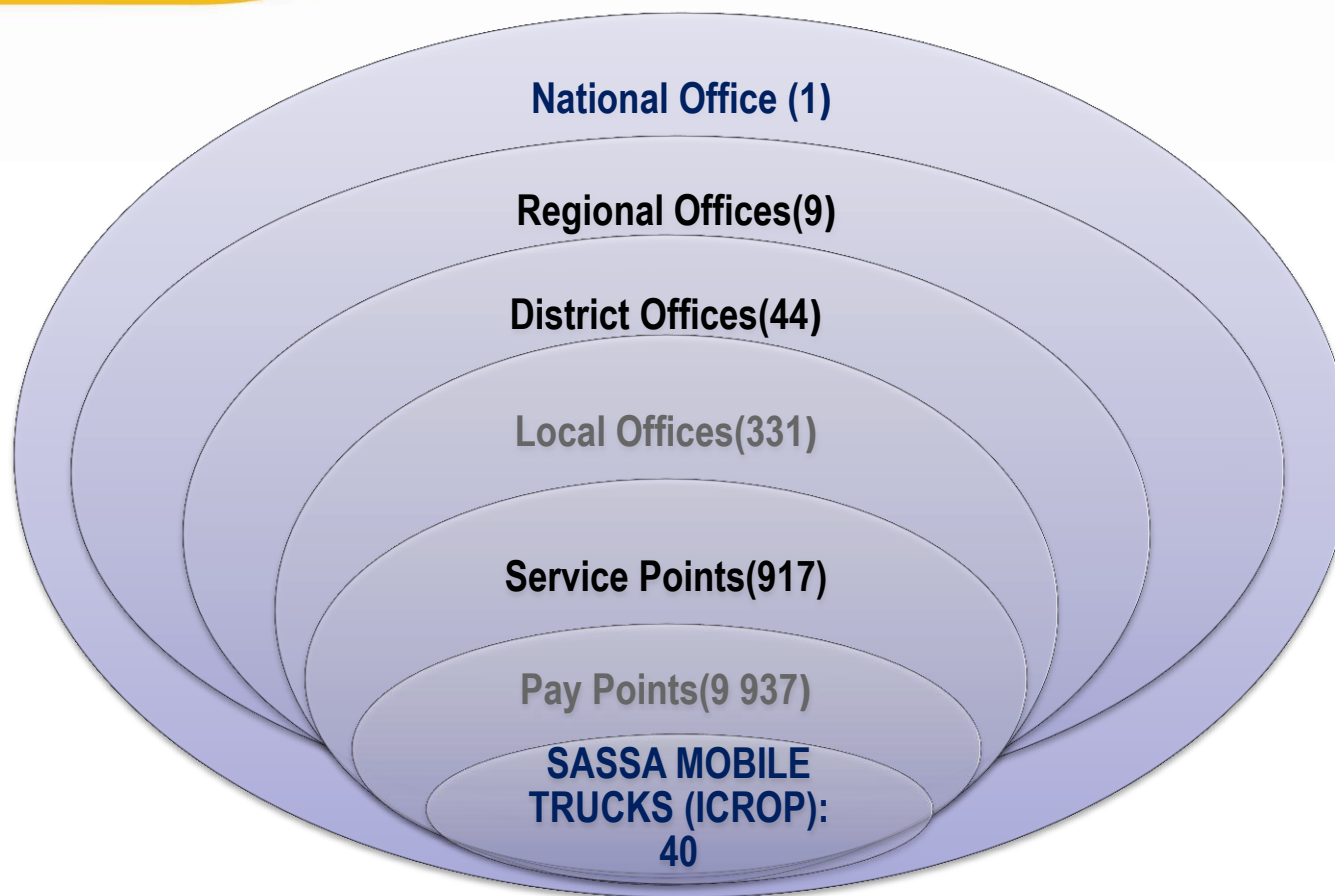


- SASSA is a Schedule 3A Public Entity established in April 2006 to manage, administer, and pay social security transfers in South Africa
- The vision of SASSA is to be a leader in the delivery of social security services
- The mission is to administer quality customer-centric social security services to eligible and potential beneficiaries
- Currently SASSA administers social assistance in the form of targeted social grants. A total of 16 million grants are paid monthly, with an annual budget of R114 billion (\$11,4 billion)

SASSA Service Delivery Tiers



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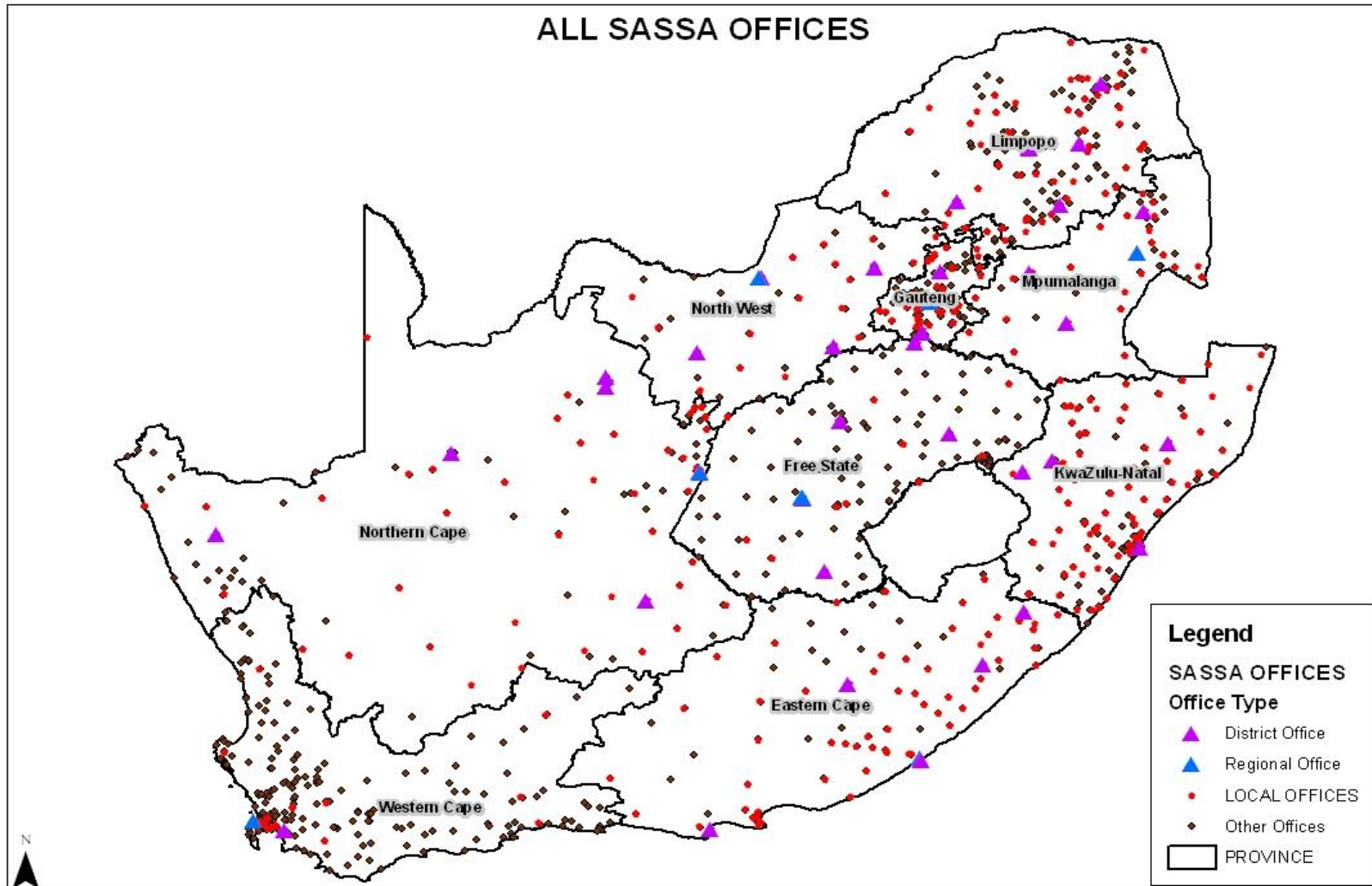


The Agency's footprint straddles the length and breadth of South Africa, bringing much-needed social assistance relief to the most vulnerable in our society.

Geographical Spread of SASSA Offices



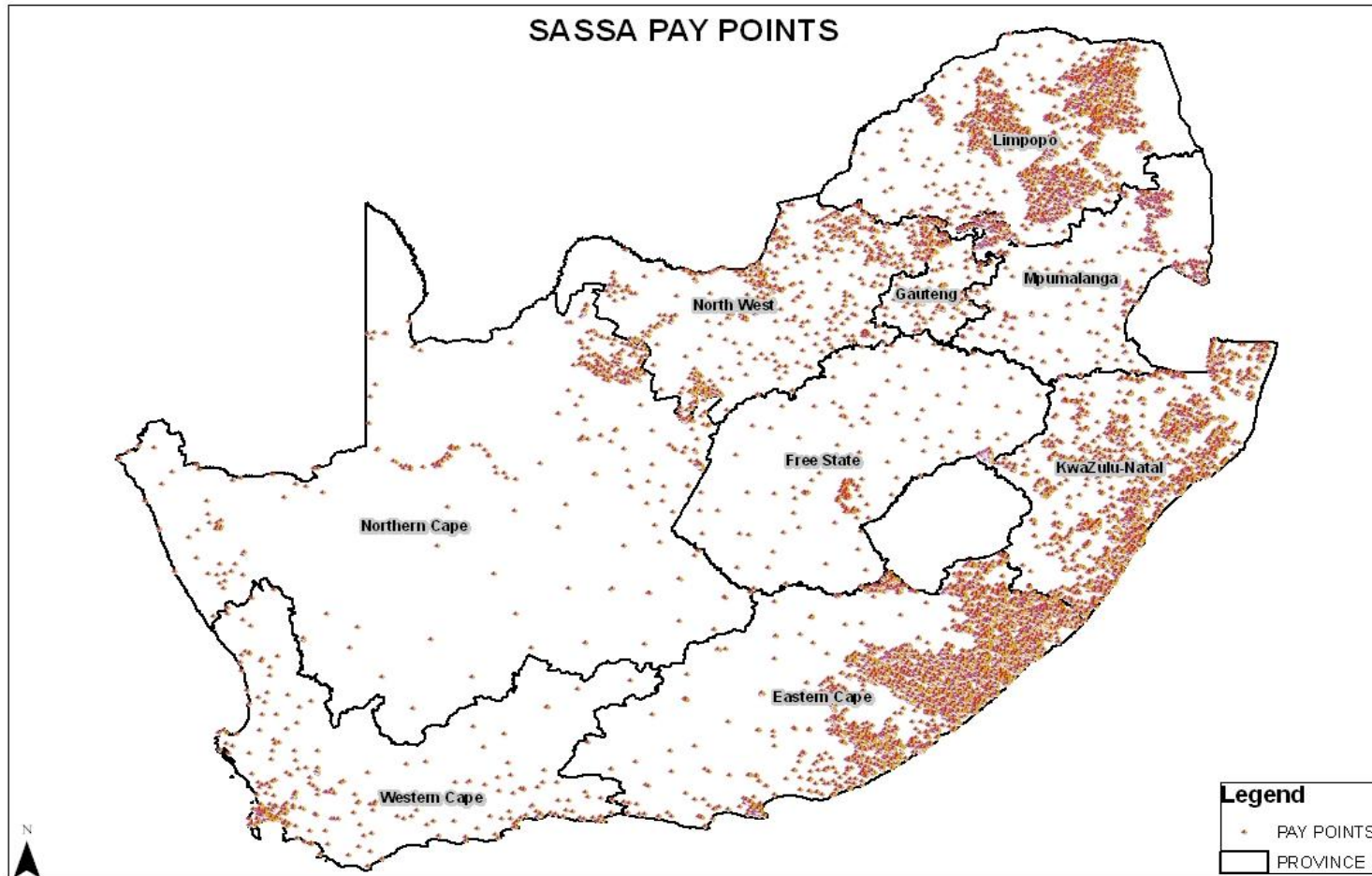
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Distribution of SASSA Pay-points



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NB: Additional to the cash pay-points are banks, ATM's, merchants and departmental stores at which social grants can be drawn, facilitated by our new SASSA card.

Staffing for service delivery



- SASSA currently has 9 885 staff members – 494 at Head Office and the remainder in provinces
- 1 364 are EPWP and contract workers – commitment to creating work opportunities
- 5 968 of the staff (60%) are in core business while 40% are in support services
- 73% of the staff are on levels 5 – 8, which are the staff directly responsible for service delivery

Social Assistance



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- The following cash transfers or social grants are provided to the adults and care givers of children who are either economically inactive or earn an income which is less than the income exclusion threshold namely:

ADULTS

- **Older persons (R1350 - \$13,5 & R1370 - \$13,7):** awarded to individuals who are 60 years and older and have income below the means test income threshold. 69.2% of the older population are in receipt of an old age pension.
- **Disability Grant (R1350 - \$13,5):** awarded to individuals between the ages of 18 and 59 years and who are assessed to be disabled and live below the income means threshold.
- **War Veteran (R1370 - \$13,7):** awarded to veterans of the 2nd World War or the Korean War
- **Grant In Aid (R310 - \$31):** awarded to adults who receive a social grant and who require full time care.

CHILDREN

- **Child Support Grant (R310 - \$31) –** awarded to children from birth to 18 years, where the care givers earn less than a set income threshold. 63% of all children in South Africa are in receipt this grant.
- **Foster Child Grant (R830 - \$83) –** awarded to children found in need of care and protection and legally placed in the care of court appointed foster parents. Approximately 3% of the children are in receipt of this grant.
- **Care Dependency Grant (R1350 - \$13,5) -** awarded to care givers of children who are severely disabled and require 24 hour care.

Numbers of grants

- As at 5 May 2014, a total of 16 006 281 grants are in payment, as follows:

Grant type	Number of beneficiaries	Number of children
Aged – 75 years	2 182 820	
Aged + 75 years	801 729	
War veterans	419	
Disabled	1 093 595	
Grant in aid	85 070	
Foster child	369 769	522 910
Care Dependency	119 022	121 420
Child Support	6 173 967	11 198 318

Creating fiscal space

- Social assistance funded from fiscus – this is a government programme
- Budget made up of administration (R6,5 billion - \$650 million) and grants (R114 billion - \$11,4 billion). Administration budget is approximately 5,7% of the grants budget. International best practice puts this at between 2 and 4% so room for improvement
- Administration costs :40% for compensation of employees (R2,6 billion - \$260 million); 60% for all other costs, including capex (R3,8 billion - \$380 million). Of the 60%, just over 50% (R2 billion - \$200 million) is for service fees for outsourced payments
- Cost for grants approximately 3.5% of GDP – relatively consistent despite expansion of safety net
- Extension of social assistance programmes – equalization of age for old age pensions, progressive increase of qualifying age for child support grants, inclusion of refugees in safety net – funded through re-prioritization of budget and initiatives to address fraud and inclusion errors

Re-registration exercise

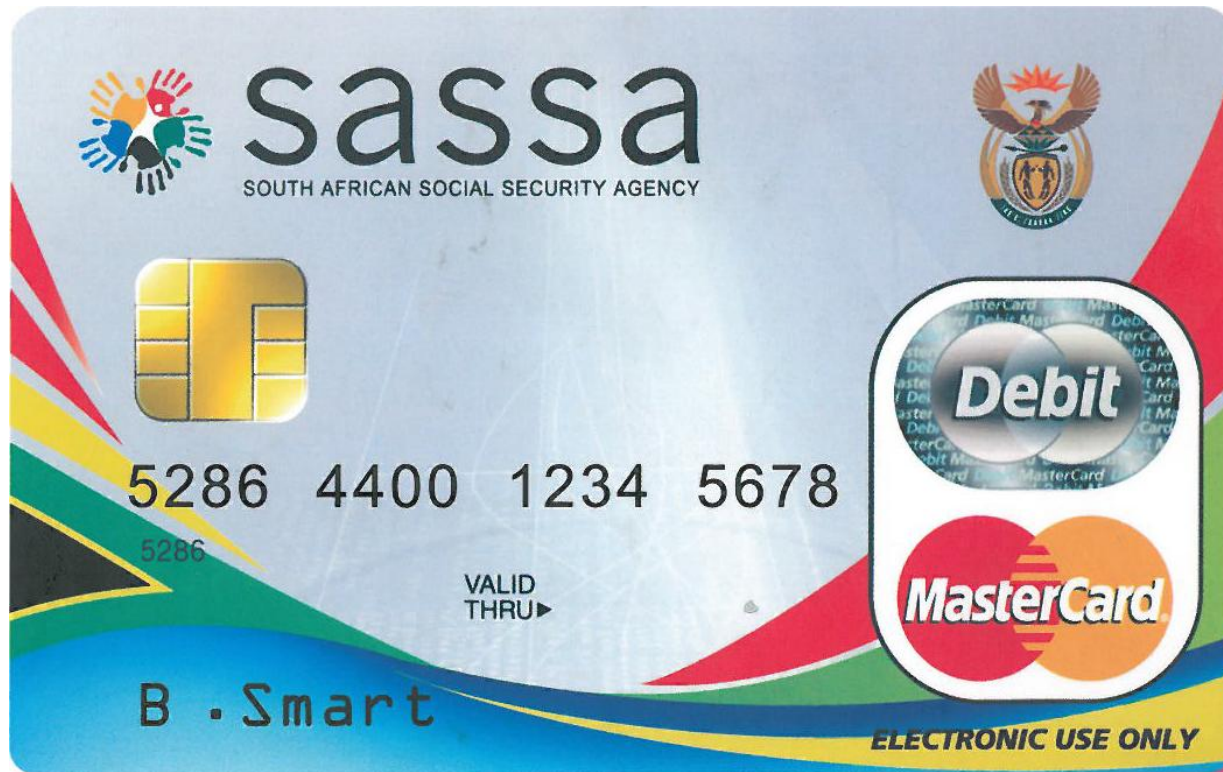
- Biggest initiative to clean the social assistance database undertaken over 18 months from April 2012
- 21.7 million beneficiaries biometrically registered -10 fingerprints, facial image, voice print and personal details
- Information checked for duplicates and further clean up still underway
- Biometrics now used for all payments on monthly basis

SASSA Payment Card



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Biometric re-registration of every beneficiary, child and procurator has been done over the past 18 months. Each beneficiary has a SASSA payment card, which allows him/her to access the social grant anywhere in the country, at any time during the month, utilising multiple channels (pay points, merchants and ATM's)



Developmental Impact of Social Grants



Social Grants contribute to Poverty Reduction

- Extensive research from different institutions and scholars indicates that if social grants were removed, poverty levels in SA would be higher. The Africa Growth Initiative reported in 2014 that the gini coefficient in South Africa would have been at 0,74 if it were not for the social grants programme
- CSG gains include reduced poverty, improvements in school attendance and hunger reduction.
- Research also shows that most of the social grant money is used for increased food consumption resulting in improvements in health, nutrition and well-being.
- OAG is spent on education in poor households and thus leads to higher school enrolment.

Developmental Impact of Social Grants



Social Grants contribute to Local Economic Development;

- There is evidence that the social grants payment network is helping retailers in township shopping centres and in rural areas to weather tough economic conditions.
- Most shops continue to operate because social grants beneficiaries spend their grants in the local shops.
- Some shops act as merchants for payment of grants
- Through the SASSA Card, social grants have transformed the banking industry. Individuals who were previously unbanked can participate in the banking network. However, despite gains made, there have been unintended consequences such as exposure of beneficiaries to marketing initiatives (advance airtime, sale of financial products) and micro-lending abuses.

Way Forward

- SASSA was set up to administer and pay grants – to date we have only attended to the administration. Payments have been outsourced
- Government has made the commitment to insource the function to pay grants by 2017
- Work currently underway to develop new payment model
- Will require different skills sets and additional cadre of staff – financial and banking skills



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Thank You