



PRESS STATEMENT

THE R350 SRD GRANT CRISIS IS FAR FROM RESOLVED

21 July 2022

In an apparent response to civil society court action against unfair aspects of the SRD grant regulations, the Department of Social Development has issued proposed amendments which aim to address the precipitous drop in SRD grant approvals, in particular by raising the means test threshold. This is a welcome step forward, but regrettably, the changes do not address key injustices in the administration of the grant, which will continue to exclude millions of people, if not corrected. Cumulatively, between April and June, over 27 million fewer payments were made than would have been the case if the previous level of payment had been maintained. This is a national crisis. The proposed amendments fall far short of resolving the crisis of non-delivery of the SRD Grant to its rightful beneficiaries.

Whilst the immediate problems must be fixed, the crisis underscores the need for a universal basic income grant following the expiry of the SRD grant, which would eliminate the risk of these administrative issues.

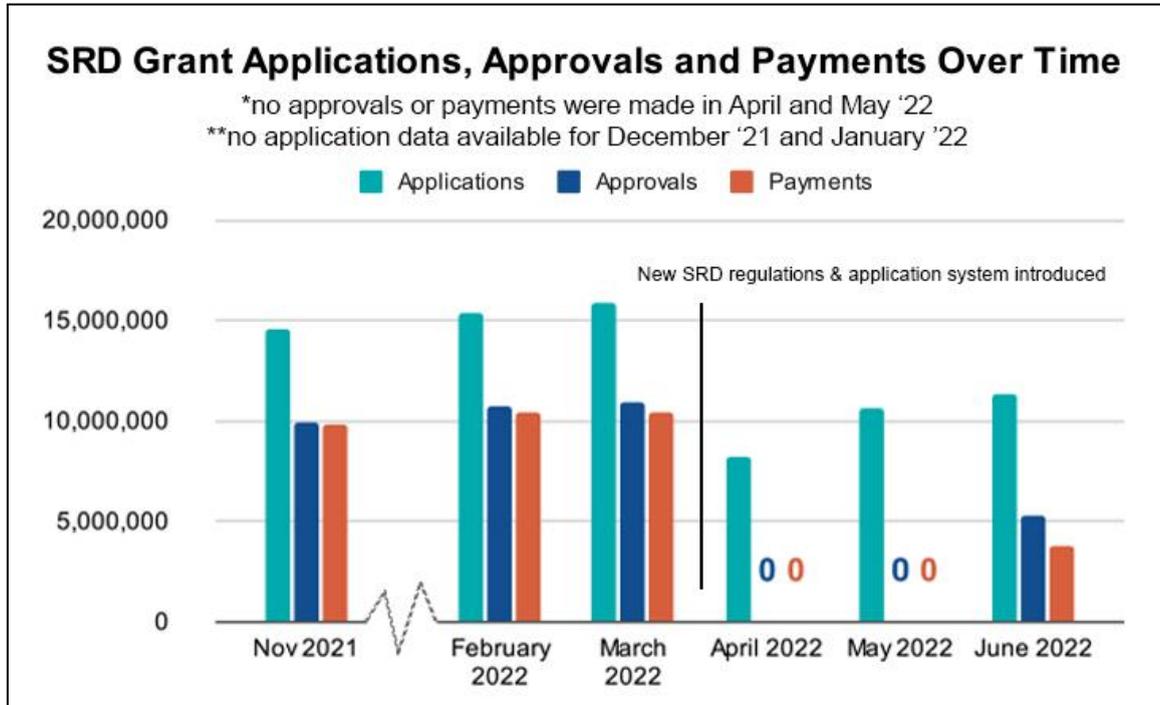
The current crisis of non-delivery includes:

1. **Failure to pay April and May grants:** Following the transition of the grant to a new administrative system, the government failed to process any applications in April or May. These are now only being dealt with in July and August respectively. While April and May payments are still to be disbursed, this is of little consolation to the 10.9 million previous beneficiaries who had been relying on that income to feed their families in April and in May.
2. **Collapse in beneficiary numbers:** When the administration of the grant was resumed in June, we witnessed a dramatic collapse in beneficiary numbers, due to direct and indirect mechanisms of exclusion imposed by the government agencies. At least 7 million beneficiaries who received grants in March did not benefit in June (given that only 3.7 million were paid). This comes at a massive cost—to households experiencing extreme hunger, to children facing long-term developmental and psychological damage, and to social stresses that communities around the country are facing.

This collapse in delivery of the grant since March is shown in the graph below, and the attached appendix. (Note that because April and May applications have not been processed, we compare approval and payment rates in the months of March and June). The numbers highlight:

- Taking March as the baseline, over the three months from April to June, cumulatively over 27 million fewer payments were made than would have been the case if the previous level of payment had been maintained.
- Around 4 million fewer people applied for the grant in June compared to March (11.36 million vs around 15.5 million);
- While 70% of applications made in March were approved (10.9 million), only 50% of applications made in June were approved (5.27 million). In other words, the approval rate dropped by 20 percentage points, and the absolute number by half.

- Only 66% of *approved* June applicants (3.72 million) actually received their payments in June, with the backlog spilling into July. This is in contravention of the government's own undertakings to pay within the month of application.



This is nothing short of an implosion in SRD grant delivery. This goes well beyond ‘teething problems’, and reflects systemic issues that need to be addressed if this dire situation is to be corrected. The draft regulations recently published by government respond in part to this, but don’t go far enough to resolve the crisis that is denying millions of destitute people access to income.

The key problems that the proposed revised regulations don’t address include:

- **Irrational budget cap:** At the root of attempts to suppress the number of beneficiaries is the imposition of an arbitrary and irrational budget cap—set by National Treasury—that only assigns sufficient funds for 10.5 million beneficiaries, a figure with no evidential basis¹. The government’s own figures show that 18.3 million people have a monthly income below R624. The budget needs to be revised to accommodate all rightful beneficiaries.
- **A means test set at an unreasonably low threshold:** The ridiculously low means test of R350 (a means test excludes those who have any monthly income above the stipulated level) has excluded large numbers of poor people. The proposed revised means test of R624, while an improvement, is still far too low. At the very least anybody living in poverty—i.e. with a monthly income below the Upper Bound Poverty Line (currently at R1335)—should qualify for the grant.
- **Bank verification:** The system of bank verification privatises the process of approvals, introduces another layer of bureaucracy (and cost) into the system, and discriminates against those who don’t have bank accounts. Income tests on bank accounts cast the net extremely wide in aiming

¹ Numbers of approvals had already exceeded the 10.5 million ceiling in March, despite large exclusion errors due to the inaccurate UIF and SARs databases previously exclusively used to verify applicants. Research conducted by SALDRU for government suggests that if these databases had been up to date, the number of approvals would have been several million greater.

to exclude anyone who has any source of support, with the perverse consequence that poor people desperately needing assistance, are deemed to be above the income threshold because for example they have held money in their account for a relative, have been paid maintenance support for their child, or been given a small amount of money by a relative to assist them.

- **Databases:** Despite the April regulations requiring the government to give precedence to bank account checks over other methods of verifying applicants' eligibility such as government databases, it appears that faulty UIF and SARS databases [continue to be used](#) to exclude people. These databases need to be accurate and up to date before they can be used to check applications. This is particularly urgent now that the new draft regulations propose once again to give these faulty databases the same status as bank verification in vetting applications.
- **'Self-exclusion':** Reports suggest that around 2 million (nearly 18%) of applications in June were denied on the basis of "self-exclusionary" answers given to questions on the newly introduced application form. Much of this stems from the fact that the application form is confusing, and asks unjustified and leading questions. The application form is only available in English. Applicants are asked to provide ID details of their partners and parents for no justifiable reason. It is not sufficiently clear which questions are optional and which are compulsory. The application form also asks confusing questions about peoples' past employment and methods of survival which cannot provide a basis for a decision about their eligibility.
- **Electronic systems:** Since April, applications for the grant can only be made online. This discriminates against those who don't have access to devices or connectivity, or lack digital literacy. This is exclusionary and needs to be corrected.
- **Demoralisation of beneficiaries:** an astoundingly high number of previous applicants- at least 4 million, *failed to apply* in June. Information supplied to IEJ suggests that application numbers (while expected to have recovered somewhat) remain suppressed in July, compared to March. Reports from organisations working with grant beneficiaries indicate that people are frustrated, demoralised, and angered by the many barriers they are facing, and many are simply giving up applying, despite their dire circumstances.
- **Poor communication:** The decline in the number of applicants has also undoubtedly been exacerbated by a confusing application process, and DSD and SASSA's failure to clearly and timeously communicate processes and requirements. It is incumbent on government service providers to explain people's rights to them, and ensure that application processes are as streamlined as possible.

We will shortly be submitting comments on the draft amendments to the regulations (as will our civil society coalition partners), to raise these and other concerns. Further, depending on government's response, IEJ will continue to consider pursuing legal action on the identified issues, as it cannot be accepted that millions of poor people are excluded and discriminated against by the very system that is supposed to be assisting them.

Fixing the SRD grant delivery challenges is only a short-term solution. The international evidence shows that means-testing *always* produces perverse and unfair outcomes. By March 2023, it is essential that we have a clear pathway to implementing a universal basic income system. We continue to seek a follow-up meeting with the President on this matter, as was his commitment when we met him in January 2022. This is now urgent, as budgets and policy interventions need to take into account the MTBPS in October 2022, the 2023 Budget, and the policy and legal interventions required beyond March 2023.

Appendix: SRD grant applications, approvals and payments Nov 2021- June 2022

| | APPLICATIONS | APPROVALS | PAID |
|-----------------------|-----------------|---------------|---------------|
| 10 Nov 2021 Report | 14 527 226 | 9 898 486 | 9 840 199 |
| December 2021 | Not available | 10 448 885 | 10 363 810 |
| January 2022 | Not available | 10 564 418 | 10 436 969 |
| 15 Feb 2022 Report | 15 329 512 | 10 681 457 | 10 387 108 |
| March 2022 | 15, 86 million* | 10 901 236 | 10 381 098 |
| April 2022 | 8 148 777 | 0 by end June | 0 by end June |
| May 2022 | 10 615 570 | 0 by end June | 0 by end June |
| 30 June 2022 Report | 11 369 797 | 5 278 563 | 3 729 525 |
| Difference March-June | -4 490 203 | - 5 622 673 | -6 651 573 |

The data in this table has been compiled by IEJ from various reports produced by SASSA.

** The March 2022 Applications figure is a rounded-off number provided directly to IEJ by SASSA*

November 2021 report [here](#).

February 2022 report [here](#).

June 2022 report [here](#).

[ENDS]

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