PROPOSALS AROUND REPLACEMENT OF THE SRD GRANT AND PROSPECTS FOR A UNIVERSAL BASIC INCOME GUARANTEE

Institute for Economic Justice
Presentation to Civil Society virtual briefing
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Current context debates on Basic Income

• Much of civil society, trade unions, and the governing party have come out in support for the extension and improvement of the SRD R350 grant, beyond March 2023 to at least the Food Poverty Line of R624 and its transformation into a Universal Basic Income Grant or Guarantee, progressively reaching the upper bound poverty line (UBPL) of R1335

• There is sharp contestation in society. This is being opposed by National Treasury (NT), and sections of business.

• Approaching the MTBPS, within a continuing austerity framework, NT continues to argue there is no fiscal space for an SRD grant extension, let alone Basic Income, and that money would have to come from other cutbacks.

• This is despite a large revenue overrun of +R250 bn since the 2021 budget, which NT says must be used to retire debt.
Interesting ANC resolution calls for both a UBIG as well as additional grants to assist jobseekers and micro business.

There is lack of an open discussion by policy makers with society on the options.

Policy is being determined by opaque internal processes in government outside of engagement that started with civil society - meeting with President January 2022.

Contestation taking place within government, particularly between NT, DSD, and elements of Presidency

It was in this context that internal documents developed by Treasury and Presidency officials were leaked, proposing to replace the SRD Grant.

This briefing seeks to contextualize these in current developments, and outline key elements of proposals to replace the SRD grant, which go against both the ANC policies, as well as the view of the overwhelming majority of civil society.
Recent developments with SRD Grant

• Before going into these proposals, NB to give a background on the SRD Grant, because this helps to understand current dynamics & underlying logic.
• Since 2020, NT has been opposed to the extension of the SRD Grant, and has repeatedly attempted to terminate it, or limit it.
• Although terminated eg in April 2021 before July looting, it has been extended several times as a result of civil society pressure, and intervention by the President.
• It currently is extended to March 2023.
• But NT’s opposition to it has effected its rollout (eligible beneficiaries) as well as its level. It has been at R350 since 2020 & hasn’t been adjusted for inflation.
• NT’s role in suppressing the grant has become most evident post April 2022, with the passing of new regulations, and the termination of the State of Disaster.
NT interventions cause collapse in SRD grants

• Because Treasury/ MoF had to concur with the Regulations, DSD were compelled to put in place regulations that inter alia:
  • Contained a ridiculously low threshold of R350
  • Require stringent bank verification requirements
  • Contain highly exclusionary provisions leading to questions that ‘self-exclude’ millions of applicants
  • Only allow digital applications.
  • Placed a budget cap on the no. of approvals allowed at 10.5 mn per month (despite fact that in March 2022 10.9 million qualified)

As a result
- Applications collapsed from April 2022 (from over 15 million in March to 8 million in April)
- The number of beneficiaries qualifying literally imploded (from 10.9 million to 4.7 million in April)
- Complex systems meant SASSA was unable to process payments for months
- Court action by Black Sash, supported by IEJ forced an increase in the threshold to R624
- While this increased the numbers, latest available figures (for August) shows that applications (12.2 million) and approvals (7.3 million) are still 3.5 million down on March.
Applications & approvals have plummeted since March
Implosion in grant delivery has affected millions

• On average over one third fewer people have been approved for SRD grants over the last six months, when compared with the budgeted 10.5 million grants per month
• In total 22.1 million fewer grants have been paid out over this 6 month period
• This has resulted in massive underspending of the budgeted amount- R7.69 billion less than was budgeted over 6 months
• If these trends continue, over the 2022/23 financial year, 44.2 million fewer SRD grants will have been paid than the 126 million budgeted for, and there will be an underspending of R15.38 billion on the SRD grant, out of a budget of R44 billion
• This is a huge scandal considering that these grants are aimed at the poorest South Africans, on the brink of destitution and hunger.
<table>
<thead>
<tr>
<th>Month</th>
<th>Applications</th>
<th>Approvals</th>
<th>Payments</th>
<th>Approvals as a % of applications</th>
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</thead>
<tbody>
<tr>
<td>Nov 2021</td>
<td>14,527,226.00</td>
<td>9,898,486.00</td>
<td>9,840,199.00</td>
<td>68.14%</td>
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<td>January 2022</td>
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<td>February 2022</td>
<td>15,329,512.00</td>
<td>10,681,457.00</td>
<td>10,387,108.00</td>
<td>69.68%</td>
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<td>March 2022</td>
<td>15,860,000.00</td>
<td>10,901,236.00</td>
<td>10,381,098.00</td>
<td>68.73%</td>
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<td>April 2022</td>
<td>8,148,777.00</td>
<td>4,765,039.00</td>
<td>3,852,291.00</td>
<td>58.48%</td>
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<td>May 2022</td>
<td>10,615,570.00</td>
<td>5,711,884.00</td>
<td>4,515,559.00</td>
<td>53.81%</td>
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<td>June 2022</td>
<td>11,369,797.00</td>
<td>6,517,150.00</td>
<td>4,078,190.00</td>
<td>57.32%</td>
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<td>1 July 2022</td>
<td>11,823,674.00</td>
<td>5,628,478.00</td>
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<td>47.60%</td>
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<td>August 2022</td>
<td>12,179,270.00</td>
<td>7,366,028.00</td>
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<td>60.48%</td>
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</table>

**Total approvals since March**: 40,889,815.00

**Budgeted 63 mn**: 22 110 185

**Estimated cost (approvals x R350)**: 14,311,435,250.00

**Budgeted 22 bn**: 7 688 564 750

**Annual budgeted grants**: 126 000 000

**- 44 220 370**

**Annual budgeted cost (budgeted grants x R350)**: 44100000000

**-15 377 129 500**
How to address underspending on the SRD grant

Government can **rectify this large underspending** by amongst other:

1. Removing/ amending problematic questions particularly on financial support to deal with false exclusions
2. Making the new R624 threshold (raised from R350) retrospective to April
3. Paying caregivers wrongly excluded for receiving the child support grant
4. Raising the threshold to the UBPL of R1335 effective November 2022. *Note* - the August figure of 7.3mn beneficiaries is still way below the 10.5 mn target, despite the fact that the R624 threshold was in place for this month.
5. Increasing the value of the SRD grant in the interim from R350 to at least account for inflation from April 2020 to October 2022. This would be around R405. This could then be uprated to R624 from March 2023.
6. Further, bank verifications should only be conducted at most once every 6 months, following eg of other grants.
Treasury (& Presidency) proposals to replace the SRD Grant
What is NT proposing?

The NT presentation is opaque, and does not present its proposals in any coherent way, possibly because it is wary of its proposals being rejected outright..

**NT proposes a selection, or potential combination, of four grants** that would only go to limited sub-groups of those currently receiving the SRD grant:

- The SRD grant;
- A jobseekers’ grant;
- A household grant; and
- A caregivers’ grant.

**In addition, NT proposed various ‘add-ons’** – presumably to make up for the obvious gaps in the original proposals – in the form of:

- Social insurance;
- Skills development; and
- Informal sector / economic support
Treasury proposals are confusing and opaque

- **Treasury proposals are opaque & convoluted, but propose replacing the SRD with an overly complicated & highly exclusionary system.** The proposals are underpinned by a logic of narrowing the grant beneficiaries as much as possible - ie excluding as many people as possible - & preferring non-income support measures.

- The proposals separate poor people into three somewhat arbitrary and hard to distinguish categories (“extreme poor/multiple constraints”, “poor/some constraints”, “less poor/fewer constraints”) and then proposes a complex web of interventions dependent on the category. This includes the removal of income support entirely in the third category and, in the remaining two, the possible replacement of the SRD grant with a household grant or a jobseekers grant, adding yet another layer of conditionalities, many of which are nonsensical given South Africa’s context.

- Treasury segments (see attached table) 10.6 million SRD beneficiaries into three categories along the lines used by the World Bank report:
  - Group 1: Extreme Poor with multiple constraints (4.6 million or 44%)
  - Group 2: Poor with some constraints (4.1 million or 38%)
  - Group 3: Less Poor with fewer constraints (1.9 million or 18%)
Treasury proposals to replace the SRD Grant

- Like last year’s (rejected) proposals to replace the SRD with a family grant, NT’s proposals are mainly aimed to preempt the possibility of a basic income being institutionalised in the form of an extended & transformed SRD grant. This despite the success of the SRD grant in combating the worst forms of hunger and poverty, and the fact that the governing party has resolved to extend and improve the SRD grant.

- NT’s document is incoherent and riddled with inconsistencies, and fails to make any logical case for the changes it is proposing, other than to cut back the costs of whatever scheme is implemented. It has no assessment of its workability, nor its impact on the population whose lives the proposals are meant to improve.

  The document is framed by an exclusive focus on unemployment.
  - While unemployment is a national crisis that requires urgent addressing, the primary job of basic income is to combat poverty and hunger.
  - Neither NT nor Presidency documents look seriously at promoting basic income as an instrument to assist with livelihoods despite the stated intention of using grants as a lever to improve labour market outcomes (misguided as this strategy is in many respects), for example, through raising the level of the grant to increase its positive demand impact and catalyse communities to set up businesses.
Treasury proposals are unimplementable

The NT proposal’s use **excessive targeting as a manner of reducing eligibility to contain numbers**, thereby excluding those most in need and making the grant unimplementable. Apparent ignorance of the harm of this approach is surprising in the light of the massive exclusion errors the SRD grant is currently experiencing, directly as a result of the conditionalities put in place since April 2022.

- **Targeting grants at employment** is not only unrealistic, given the realities of our labour market, and the trajectory of unemployment, it also results in putting in place all sorts of conditionalities which prejudice the very poor that grants are supposed to assist, for example by proposals to exclude discouraged work seekers from the jobseekers’ grant.

- **The schemes proposed are extremely complex**, making implementability a severe obstacle.

- **The proposal fails to consider the administrative and systemic changes** that would be required (although the Presidency document is far more thoughtful in this regard).

- **The proposals ignore the extensive research** by civil society organisations, for example, on the problems with grant conditionality, and disregard the recent resolutions of the governing party’s Policy Conference proposals. The latter opposes means testing, and proposed that support for jobseekers, informal workers, etc. needs to be additional instruments on top of a universal grant.
Treasury proposals for a ‘job seekers grant’

There is a clear preference in the document for attaching income support to job-seeking conditionalities. This seems to draw largely from a 2021 World Bank proposal for replacing the SRD grant with a jobseekers’ grant aimed only at active jobseekers. This is highly problematic:

• It assumes that jobs exist in the economy for people to “seek”, ignoring the structural nature of South Africa’s persistent unemployment and the failure of existing job-seeking databases and skills development programmes to produce any real change.

• It rests on the fundamentally patronising and moralistic assumption that without such conditionalities, grants are likely to increase dependency and laziness; something which is not supported by any of the evidence from South Africa or globally.

• The attachment of such conditionalities adds an extensive layer of bureaucracy to the process of applying for the grant. This is both counterproductive and inefficient, as evidenced in the administration of the SRD since conditionalities were introduced in April 2022 that resulted in the exclusion of as many as 5 million previous SRD grant beneficiaries.
The policy risks having perverse outcomes, for example, should the policy end up having a (shared) household grant for the “extreme poor” and a (individual) jobseeker grant for the “poor”, then those more in need receive less than those regarded as ‘less in need’. This categorisation also risks further stigmatisation of poor people.

The household grant is similarly problematic if it is to replace individual income support:

- In targeting household heads, not members, it will reduce the number of beneficiaries, lessen the poverty-reducing impact of households pooling a no. of individual grants, & limit the positive impact social grants can have on women’s autonomy, so is fundamentally anti-poor.
- It is administratively burdensome to test for such complex conditionalities and poorly suited to the South African context where there is no single, fixed definition of a household, such a situation runs the risk of heightened corruption.
- This is no doubt why a previous Treasury proposal for this grant failed to gain support in government and garnered strong opposition by civil society.

Modelling- see over- shows that a universal BIG (going to multiple members of the household) has at least double the impact than an unemployment grant- given that a FPL level universal grant, half the value of a UBPL unemployment grant- has a greater impact on household poverty. This can be used as a proxy for the impact of a household grant, which would be smaller than that of an unemployment grant, since there would only be one grant per household.
Impact on Households of a universal BIG

- The important unit in exploring impact is Households, not Individuals
  - Pooling incomes within households is the common trend within SA (for example, 88% of COVID SRD grant recipients reported doing exactly this with their grants).
  - Under a Universal BIG, we can reasonably expect a significantly larger average number of beneficiaries per household, than if targeted.
  - Hence, even if we accept that a UBIG would give lower transfer values, the collective impact on household income can be greater. ADRS’s recent work shows that a UBIG at the FPL increases disposable income in the lowest 3 quintiles, more than a unemployment BIG at the UBPL.

### Household Disposable Income (Compound Annual Growth Rate between 2020-2025, %)

<table>
<thead>
<tr>
<th>Household Disposable Income</th>
<th>Baseline</th>
<th>Broad Unemployment BIG</th>
<th>Adult Universal BIG (ages 18-59)</th>
<th>Fully Universal BIG (all ages)</th>
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<td></td>
<td>FPL</td>
<td>LBPL</td>
<td>UBPL</td>
<td>FPL</td>
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<tr>
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Treasury proposals. Caregivers grant

• In addition to a jobseekers’ grant, Treasury floats a highly-limited version of a possible ‘caregivers grant’. Treasury appears to support a version in which only those caring for children under the age of 2 qualify. Such a limitation radically alters the scope of the grant. There are approximately 7 million caregivers overall and 4 million who receive the SRD grant but only 1.5 million with children under 2 and in late pregnancy. A combined jobseekers’ grant (going to only Treasury’s ‘middle group’ category of 4.1 million jobseekers targeted for this grant) and caregivers’ grant could well be restricted to around 5.5 million beneficiaries, around half of the SRD grant beneficiaries in March 2022.

• The IEJ memo contains a detailed assessment of NT proposals for the different types of grants: • A jobseekers’ grant; • A household grant; & • A caregivers’ grant. It also contains an assessment of proposed ‘add-ons’
Treasury on financing

• The financing estimates in the NT document lack credibility, ignore the large tax surplus accrued since 2020, exclude progressive tax options, and both documents focus on gross not net costs.

• The data used is questionable, eg on SRD beneficiaries where NT uses a WB paper relying on outdated NIDS-CRAM data, rather than SASSA data.

• The preference for widespread exclusion is also present in Treasury’s extensive argumentation for why a continuation of the SRD grant, or variations thereof, are ‘unaffordable’, a position which privileges narrow fiscal considerations over human wellbeing. It rejects with superficial consideration a myriad of proposals that have shown ways in which the grant can be fiscally appropriate, through progressive financing. It also ignores the manner in which the grant would stimulate the economy boosting economic growth and creating a multiplier effect, in the process reducing the cost to government through increased revenue (including from VAT). Further, it is a profoundly political choice to channel large tax overruns (over R200 bn) to reducing debt rather than to extend income support to millions living in poverty and experiencing daily hunger.
Treasury approach to Financing

- NT devotes extensive space to showing that multiple financing options proposed by various policy actors are not workable; stressing the threat to the fiscus, and rising debt; that increased spending is not viable; that any additional resources must be devoted to reducing the budget deficit and debt; that spending reprioritisation is a key avenue; that tax increases have failed to raise significant revenue; that progressive tax measures are not feasible and won’t achieve their objective; that wealthy and middle class South Africans are already overtaxed; that raising VAT or reducing zero rating (albeit regressive) is the key financing option available; and that the Minister of Finance will, exclusively, determine what tax changes can be made. They also propose scaling down or closing of certain programmes and rationalisation of departments or entities as a solution to raising the R50 billion required.
Flaws in NT’s approach to financing

- Fundamental flaws in NT’s approach include:

  1. **Their assumption that the gross cost of the grants are the same as their net cost.** This ignores that the net costs of the grants can be calculated to be around half of their gross cost: at least 12% of the grant expenditure is returned in VAT; about 25% of the cost is returned via a progressive clawback mechanism such as a Social Security Tax (SST); IEJ and others estimate an initial partial take-up of around 60% rising to 80% in the medium term, lowering the initial costs substantially; and grants raise tax revenue through economic multipliers. None of this is considered by NT.

  2. **Their opposition to harnessing increased revenues to finance a programme that directly and indirectly benefits over half the population in favour of a dogmatic, ideological view that any additional revenue should be devoted to reducing the budget deficit and debt.** This is unconscionable in the context of the extreme distress, hunger, and poverty in the country, given that less than 2.5% of the budget will relieve such a high proportion of the population from this crisis; and in the context of a large surplus tax revenue since 2020 estimated at over R250 billion in relation to projections in the 2021 and 2022 Budgets, which could easily finance this expenditure in the short to medium term, and could certainly be combined with other financing mechanisms to expand income support.
3. Ideological decisions that certain financing policy choices should be excluded because NT is not in favour of certain options. Treasury conflates what is possible with policy choices – for example, they dismiss a Social Security Tax (SST) on the basis that ‘Treasuries don’t like’ dedicated or ringfenced taxes, without engaging with the merits of the proposal, which allows all to contribute according to their ability, and to receive the grant based on their need.

4. Presenting increased expenditure as a zero-sum game, that is, an item can only be increased if others are reduced. NT’s proposals in the document to scale down or close certain programmes and rationalise departments or entities to finance this expenditure is opportunistic and divisive. If it is justified to reduce a programme or rationalise entities, this must be justified on its own terms – just as NT needs to be open that an assessment of needs in a particular area may require expansion of capacity, and increased expenditure. The grant debate cannot be used as a lever to slash spending and pit grants against other important programmes of government.
5. The assumption that only regressive taxation, namely VAT can be effectively used as a financing instrument, and that progressive taxes must, for one reason or another, be discounted is problematic. International studies find that contrary to NT’s assertion, the use of VAT to finance grants, has negative implications for growth and employment, in addition to their regressive impact on the incomes of the poor.

6. NT too easily dismisses the value of progressive tax instruments, including but not only the wealth tax, and presents selective evidence on a range of financing proposals that have been made by researchers, creating the strong impression that they have predetermined their conclusions in a way that is designed to protect the wealthy from contributing their fair share. A more balanced and objective discussion of a range of financing options that have been placed on the table needs to take place.

We have little doubt that if there was the will to find the resources, both for an extension and improvement of the SRD grant and its translation into permanent income support, this could be readily done, just as the President’s decision to extend the grant over a period of three years has been accompanied by the ability to find the resources, even in a period of fiscal austerity.
Presidency draft proposals

• The Presidency document has, on the whole, a more realistic appraisal of various options, and takes a more detailed and thoughtful approach to wider issues. However it fails to fully follow through on the developmental aspects of its analysis.

• These aspects include: acknowledgement of the international evidence on the developmental value of grants; that the country needs immediate high-impact interventions which address the poverty crisis; and that employment strategies will only have an impact over the medium term.

• The logic of these elements, however, needs to be consolidated, extended, and better integrated into the proposed policies. For example, the policies do not follow through on the complementarity between grants and promotion of local economic activity, including self-employment and job-seeking.

• The IEJ memo contains a more detailed analysis of the Presidency document.
Implications

• The upshot of these proposals, if adopted, would be that millions of poor people – those who should be the primary target of cash transfer programmes like this – will be excluded from receiving support for the grant, either because they do not qualify or because the complexities of the system being imposed make it entirely inaccessible to them.

• These developments should also be read in the context of the fact that the Presidency has reneged on commitments made in April 2022 to meet with the civil society coalition in preparation for a planned follow-up meeting with the President by the end June 2022. Indications are that these proposals have been developed over the last several months, and that the decision not to engage civil society was deliberate. This signals a lack of respect for democratic participation and makes a mockery of the President’s continual reference to social compacting.
What has civil society demanded

• Representatives of the coalition have written to the Presidency to express our strongest objections both to the contents of the proposals, and to the failure of government to engage with the coalition despite repeated undertakings to do so.
• The detailed memo analysing these documents was sent to Presidency, DSD, and Treasury with a proposal to
  - urgently meet with the civil society coalition to provide feedback on these proposals;
  - hear alternatives from the Coalition on pathways to basic income;
  - and to make arrangements for a follow-up meeting with the President, following our successful meeting in January.
• We have only received a formulaic response.
• Failure to respond substantively to our concerns means we are now in deadlock. Civil society organisations, trade unions, etc concerned with this issue need to decide on how to deal with this situation.
Prospects moving forward

• Civil society remains determined to push for the intro of a U/BIG. Civil society Trade unions, and supportive political parties need to intensify the campaign.
• ANC National Conference needs to endorse the Policy Conf resolution- attached.
• Business and government need to be engaged on the disastrous social and economic implication of not moving forward with basic income, and the positives which are extensively documented by international and local evidence.
• There needs to be pressure on the Presidency for a further engagement on the issues that were addressed in the January meeting.
• Research needs to be deepened that shows the viability of a UBIG, and contest the alarmist research that is arguing that there will be economic implosion if it is introduced- just as was contested during the NMW negotiations.
• Partners are doing good work on this. IEJ is modelling pathways towards a UBIG, looking at various options and how these can be achieved going forward
### Three groups of SRD beneficiaries used by NT

<table>
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<tr>
<th>Poverty Status of beneficiaries</th>
<th>Extreme poor/multiple constraints</th>
<th>Poor/some constraints</th>
<th>Less Poor/fewer constraints</th>
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<tbody>
<tr>
<td>Below the food poverty line (proxied by reporting “hunger/no food” in the NIDS-CRAM)</td>
<td>Poor (but not food poor)</td>
<td>Not poor, some employed (proxied by reporting &gt;matric in NIDS-CRAM)</td>
<td></td>
</tr>
<tr>
<td>Approx. number of people</td>
<td>Around 4.6 million (44%)</td>
<td>Around 4.1 million (38%)</td>
<td>Around 1.9 million (18%)</td>
</tr>
<tr>
<td>Job readiness of beneficiaries</td>
<td>Cannot work due to too many constraints (less than a matric, live far from economic centers, multiple social constraints, trauma, other constraints that make work difficult)</td>
<td>Can work if assisted in managing constraints and job are available (some social constraints, living in townships, matric completed, some ability to work)</td>
<td>Work ready, need access to jobs (matric+, job networks, more developed socio-emotional skills, some assets)</td>
</tr>
</tbody>
</table>

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SRD R350 grant
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------------------ Child Support Grant
-------------------------------------------
National Treasury Option 1: “Efficiency package”

- **All 10.6 million Covid SRD R350 beneficiaries**

  **Extreme Poor/multiple constraints**
  - R350/H350 grant
    - Potentially a household grant rather than individual grant
    - Improve efficiency & coverage, moving more off SRD R350 beneficiaries into these programs

  **Poor/some constraints**
  - R350/H350/Jobseeker Grant (for those not yet in programs listed below)
    - EPWP/CWP
    - PESTimulus/Social Employment Fund
    - YES-type program (work experience + training)
    - Revamped National Youth Service (continue to receive R350)

  **Less Poor/fewer constraints**
  - ETI-type program (wage subsidy)
  - NYDA/SEFA-type entrepreneurship support to SMMEs
  - TVETs/SETAs (technical + on-the-job training)
    - (there is no SRD R350 income support to this group)

  Intermediation: SAYouth/ESSA & DEL Centers

Complement with vouchers for airtime, transport, or other job search help.
NT Option 1

Our understanding of these proposals is as follows.

● The first group of 4.6 million – extreme poor – receive either the SRD or household grant (with NT preferring the latter) on the basis that ‘they cannot work due to too many constraints’.

● The middle group (consisting of 4.1 million beneficiaries) get the jobseekers’ grant, if they cannot be absorbed by public works programmes, or private sector incentivised schemes. This is close to the 3.8 million active workseekers that the World Bank report suggests would get the jobseekers’ grant.

● The third group of 1.9 million – so-called ‘less poor’ - receive no grant.

● This is complemented by vague reference to proposed vouchers, transport or other job search help, and intermediation via proposed employment centres, for the latter two groups.
# National Treasury Option 2: “Enhanced activation package”

<table>
<thead>
<tr>
<th>Extreme Poor/multiple constraints</th>
<th>Poor/some constrained</th>
<th>Less Poor/fewer constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>• R350/H350/ Jobseeker Grant</td>
<td>• R350/H350/ Jobseeker Grant (if you are registered for programs below but not actively receiving)</td>
<td>• Scaled up/reformed: ETI-type program (wage subsidy)</td>
</tr>
<tr>
<td>• New: BPS (income support + socio-emotional + intermediation support)</td>
<td>• EPWP/CWP</td>
<td>• Scaled up/reformed: NYDA/SEFA-type entrepreneurship support to SMMEs</td>
</tr>
<tr>
<td></td>
<td>• PESTimulus/Social Employment Fund</td>
<td>• New: PEI-type program for the informal hustle economy (5% SRD R350 population)</td>
</tr>
<tr>
<td></td>
<td>• YES-type program (work experience + training)</td>
<td>• Reformed: TVETs/SETAs-type (technical + on-the-job training)</td>
</tr>
<tr>
<td></td>
<td>• Revamped National Youth Service</td>
<td></td>
</tr>
</tbody>
</table>

Coordinator: These into a wider work-experience program?

Intermediation: SAYouth/ESSA & DEL Centers
NT option 2

In option 2:

- The extreme poor might get a SRD, household, or jobseekers’ grant, but the proposal is vague on this.
- The middle group would get the jobseekers’ grant, but only if they had registered for various jobs programmes, but were not yet ‘actively receiving’ those. For this group, the distinction (if any) between ‘not yet in programs’ listed (option 1) and ‘registered for programs below but not actively receiving’ (option 2) is never explain.
- The less poor would also not get any grant.
- This is complemented by unexplained reference to a proposed new PEI-type program for ‘informal hustle economy’ (whatever that means), and intermediation via proposed employment centres.

In addition, the NT proposes a introducing a ‘caregivers grant’ although it is unclear how this fits within the two options above. This is directed towards those that ‘can’t reasonably direct to work – e.g. looking after infants’.
Presidency- Options to Consider

The need for an integrated approach that disaggregates the poor and unemployed

All 10.6 million SRD Grant beneficiaries (at peak)

**Extreme Poor**
- Multiple constraints exclude from labour market – discouraged and NEA
  - 4.6 m

**Very Poor**
- Facing labour market access constraints but seeking opportunities
  - 4.1 m

**Poor**
- Able to transition into labour market, self-employment with support
  - 1.9 m on SRD

**Unemployed but not receiving SRD**

**R350 grant**
- Mitigating desperation as a necessary precondition for social and economic inclusion
- Create links to livelihood support
- Enhance rural focus – subsistence farmers
- Success enabled by a ‘package of support’, including micro-finance, group formation, skills interventions (see interventions in Pillar 4: Livelihoods Support)

**R350 grant**
- For those not in programmes listed below
- A PEP portfolio targeting different needs: EPWP/CWP/PES
- Plus enhanced focus on PEPSLs – PEPs with integrated focus on livelihood support and ‘hustling’:
  - Social employment
  - Youth Service
  - CWP (scope for asset transfers)
- Livelihood and enterprise support

**R350 grant**
- For a sub-set of this group not in programmes below
- ETI (wage subsidy)
- PEPs as ALMPs focused on quality of work experience
- NYDA/SEDA/SEFA-type entrepreneurship support to SMMEs
- YES (work experience + training)
- TVETs/SETAs (technical + on-the-job training)

Job seeker support and intermediation: SAYouth/ESSA & DEL/NYDA
Presidency Options

The need for an integrated approach that disaggregates the poor and unemployed

All 10.6 million SRD Grant beneficiaries (at peak)

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- R350 grant
- For those not in programmes listed below
- A PEP portfolio targeting different needs: EPWP/CWP/PES
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  - Social employment
  - Youth Service
  - CWP (scope for asset transfers)
- Livelihood and enterprise support
- R350 grant
- For a sub-set of this group not in programmes below
- ETI (wage subsidy)
- PEPs as ALMPs focused on quality of work experience
- NYDA/SEDA/SEFA-type entrepreneurship support to SMMEs
- YES (work experience + training)
- TVETs/SETAs (technical + on-the-job training)

Job seeker support and intermediation: SAYouth/ESSA & DEL/NYDA
ANC 2022 Policy Conference Resolution on Basic Income Grant

• The ANC supports the introduction of the **universal Basic Income Grant** to meet basic needs and reduce unsustainable wealth and income inequality. Universalism is a vital principle that supports the dignity of all. Grants can be clawed from the wealthier by using the tax system.

• Since there are social grants for children and people with disabilities, the focus should shift to add the 18-59 age group of the population.

• The data of the social relief of distress intervention should be used to establish baseline data of how the Basic Income Grant can be used to catalyse inclusive social and economic change.

• The social grant expenditure value chain should be used to drive transformation in local economies. Social grant income can have a multiplier of 1.5 which could be maximised through localised support for economic activities.

• Government should develop a strategy to link working age unemployed grant recipients to economic activity: this could include recognition for existing care work undertaken by grant recipients, recognition of and support for informal livelihoods already undertaken. A jobseeker’s programme should be improved that links registration of unemployed adults with public works programmes or available private sector work.

• All available public employment schemes should be centrally-accessible to maximise access for the unemployed and linked to available skills training.
ANC Resolution cont.d

- All people should receive an unconditional universal basic income to meet their basic needs indexed to the Food Poverty Line, which will be clawed back from the better off through the tax system, and people may apply for the second type of income support to recognise their social investment as care workers, to support their working capital as micro entrepreneurs, or to support their activities as active job seekers. An additional support for those who apply as support for additional economic activity/community work undertaken as part of social investment. To be effective this economic empowerment grant should be indexed to the Lower Bound Poverty Line on introduction and increase, with the BIG, as a percentage of the National Minimum Wage subject to GDP growth.

- Public works jobs must be decent work.

- Government should prioritise child-headed household in the provision of additional social relief measures.

- Government should continue to pay the Social Relief of Distress Grant of R350 until the introduction of the Basic Income Grant, and should be linked to the food poverty line.

- Government should come up with a financing strategy within 12 months that identifies new sources of financing which could include a wealth tax, closing tax loopholes and base profit shifting by corporates, a transactions tax and other means to prevent money being taken away from other state programmes.