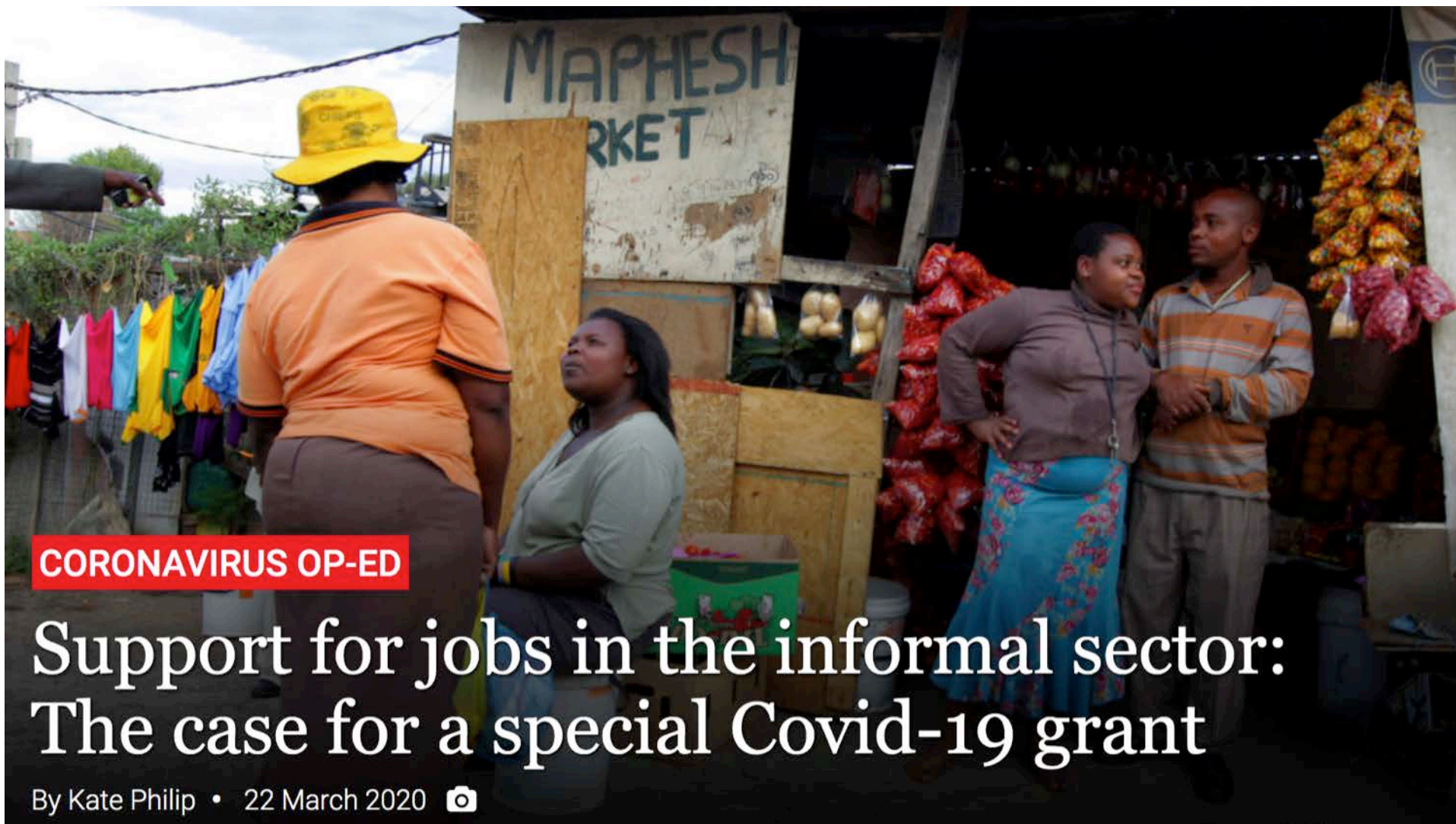




THE AFRICAN PROGRAMME ON RETHINKING DEVELOPMENT ECONOMICS (APORDE): VIRTUAL PUBLIC SEMINAR SERIES

The Story of the Special Covid Grant
Kate Philip
7 September 2020



CORONAVIRUS OP-ED

Support for jobs in the informal sector: The case for a special Covid-19 grant

By Kate Philip • 22 March 2020 



The starting point:

How to target households affected by
loss of informal sector income?

Just not possible.....

We have statistical data
but no administrative data.

No IDs. No addresses.

Informal = Informal.

And no register of households.

So.....

**How about just addressing the wider
social protection gap?**

**And 'catching' the informal sector in
the net in the process?**

**SALDRU team, advisory group
on board.**

The data was clear:

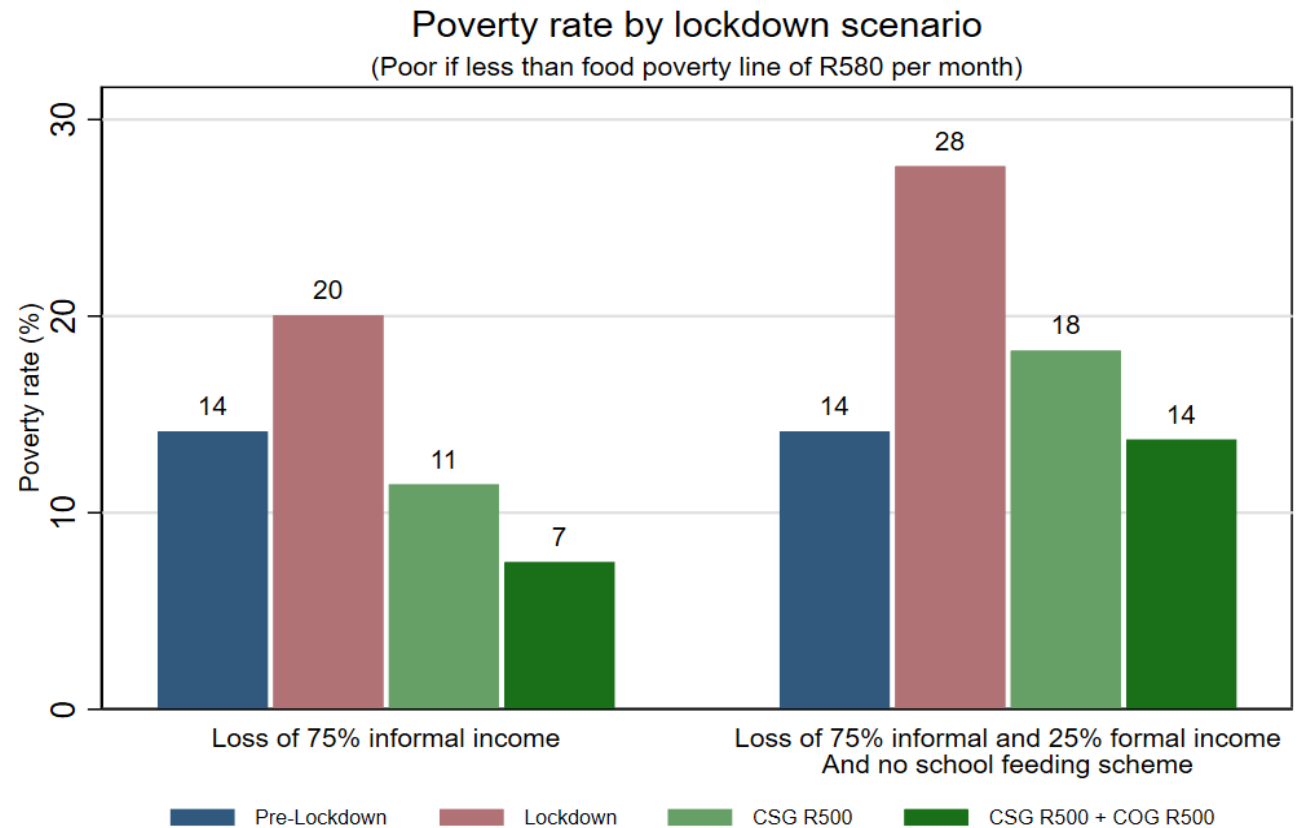
Quickest, easiest, and biggest poverty impact: increase the Child Support Grant.

BUT: this reproduces the existing social protection gap.

A proposal tabled by the PMO/ Presidency: 28 March:

Increase the CSG asap.

While developing proposals for a Special Covid Grant further.



Notes: Calculated using NIDS 2017 by Bassier, Budlender, Leibbrandt, Ranchhod and Zizzamia

Mind the Gap

The social protection gap in SA is those who are unemployed but get no form of social support.

Excluding for existing social grants, UIF, PAYE, NSFAS: 15 million people qualify.

More than the total recipients of Old Age Pension and Child Support Grant together.

Political economy?
Fiscal appetite?

Table 3: Number of potential Special Covid Grant recipients by household income per capita, by age range and by decile

HH income pc decile	Individual Special Covid Grant recipients			HH income pc (R)	
	(Age 18-59)	(Age 21-59)	(Age 25-59)	(decile min)	(decile max)
1	1,390,849	1,104,197	872,753	56	492
2	1,332,701	1,088,026	818,693	493	710
3	1,361,278	1,103,169	877,203	710	957
4	1,429,819	1,187,912	931,830	957	1,298
5	1,530,509	1,237,649	957,912	1,298	1,698
6	1,574,202	1,328,349	1,049,559	1,699	2,322
7	1,606,244	1,353,902	1,140,689	2,322	3,281
8	1,660,352	1,513,681	1,231,625	3,282	5,216
9	1,571,823	1,389,835	1,179,465	5,216	11,036
10	1,655,460	1,451,310	1,304,473	11,044	682,543
Totals	15,100,000	12,800,000	10,400,000		

Calculated from NIDS 2017 by Bassier, Budlendar, Leibbrandt, Ranchod and Zizzamia

So, how to get those numbers down?

A deal-breaker

Table 3: Number of potential Special Covid Grant recipients by household income per capita, by age range and by decile

HH income pc decile	Individual Special Covid Grant recipients			HH income pc (R)	
	(Age 18-59)	(Age 21-59)	(Age 25-59)	(decile min)	(decile max)
1	1,390,849	1,104,197	872,753	56	492
2	1,332,701	1,088,026	818,693	493	710
3	1,361,278	1,103,169	877,203	710	957
4	1,429,819	1,187,912	931,830	957	1,298
5	1,530,509	1,237,649	957,912	1,298	1,698
6	1,574,202	1,328,349	1,049,559	1,699	2,322
7	1,606,244	1,353,902	1,140,689	2,322	3,281
8	1,660,352	1,513,681	1,231,625	3,282	5,216
9	1,571,823	1,389,835	1,179,465	5,216	11,036
10	1,655,460	1,451,310	1,304,473	11,044	682,543
Totals	15,100,000	12,800,000	10,400,000		

10 million people.
With the top per capita incomes in decile 7 still below minimum wage

5 million people in top 3 deciles eligible.

How to exclude?

An income threshold?

Calculated from NIDS 2017 by Bassier, Budlendar, Leibbrandt, Ranchod and Zizzamia

Meanwhile.....

- The policy rationale was clear.
- The targeting was getting clearer.
- But now the issue was not whether we should do a grant but whether we could do one...

HOW HOW HOW

could it even be implemented?

- How could people be enrolled, with SASSA offices closed, the call center overwhelmed already, and no queues?
- Vetted?
- Paid, without without queues at ATMs, payment of the unbanked?
- CSG - it took a full year to upload people into the banking system....

Meanwhile.....

- The policy rationale was clear.
- The targeting was getting clearer.
- But now the issue was not whether we should do a grant but whether we could do one...

HOW HOW HOW

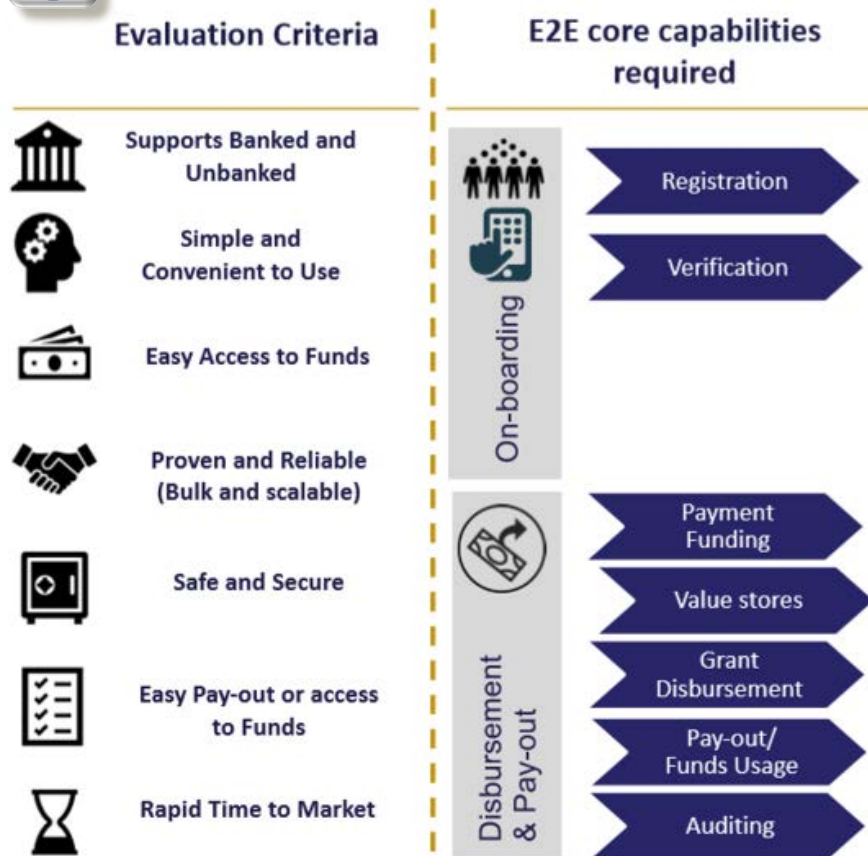
could it even be implemented?

- How could people be enrolled, with SASSA offices closed, the call center overwhelmed already, and no queues?
- Vetted?
- Paid, without without queues at ATMs, payment of the unbanked?
- CSG - it took a full year to upload people into the banking system....



Enter the Special Payments Task Team
under the leadership of the Reserve Bank and PASA

Steps in the grant-making process

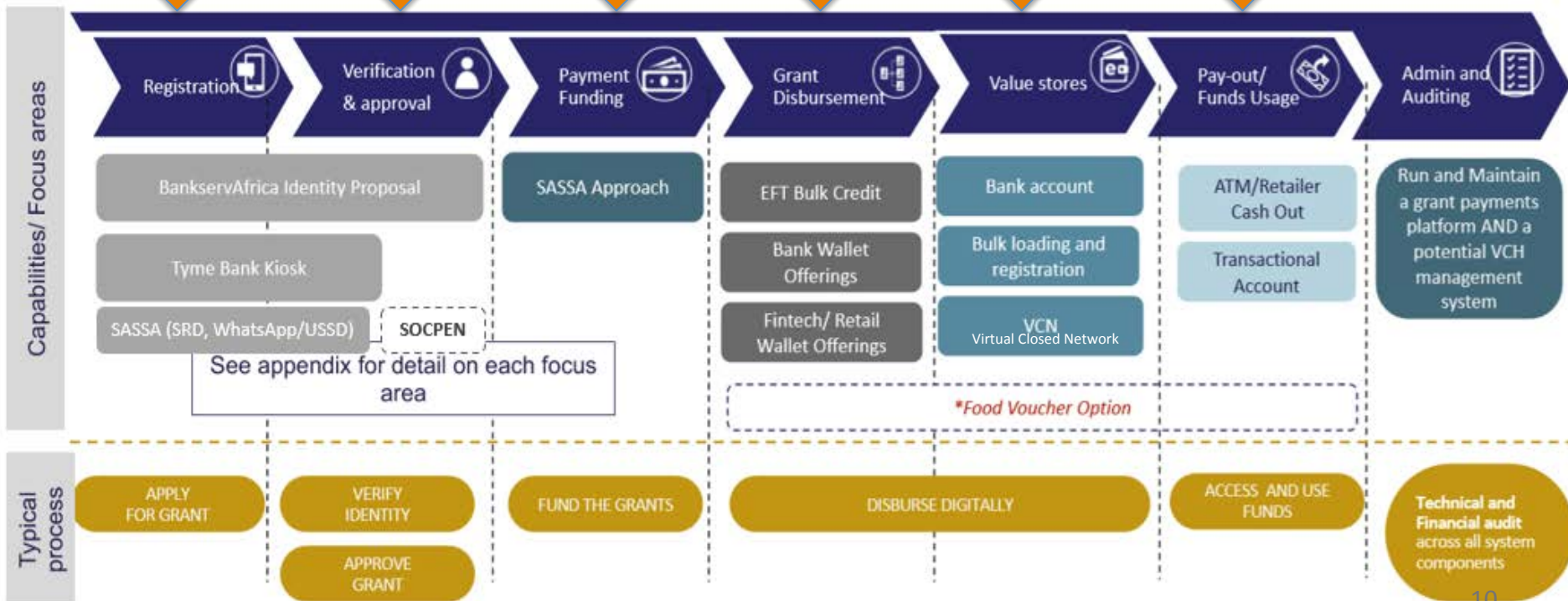


- **On-boarding:**
 - registration
 - verification (which includes authentication)
 - approval.
- **Disbursement and pay-out process:**
 - payment funding
 - value stores (namely whether it's a bank account, a cash wallet for e-vouchers or food vouchers etc.)
 - Disbursement
- **Reconciliation:**
 - auditability, traceability and transparency.

E2E Process from the Special Task Team



In order to effectively deliver a solution within a **30-60 day** time window, it is imperative to utilise assets that are currently deployed, operate at scale and are fit for purpose to deliver a grant solution to the segment of the South African population that would qualify for a grant. In order to achieve this, the approach to the solution can be divided into **7 distinct capabilities or areas of focus**.



E2E Process from the Special Task Team

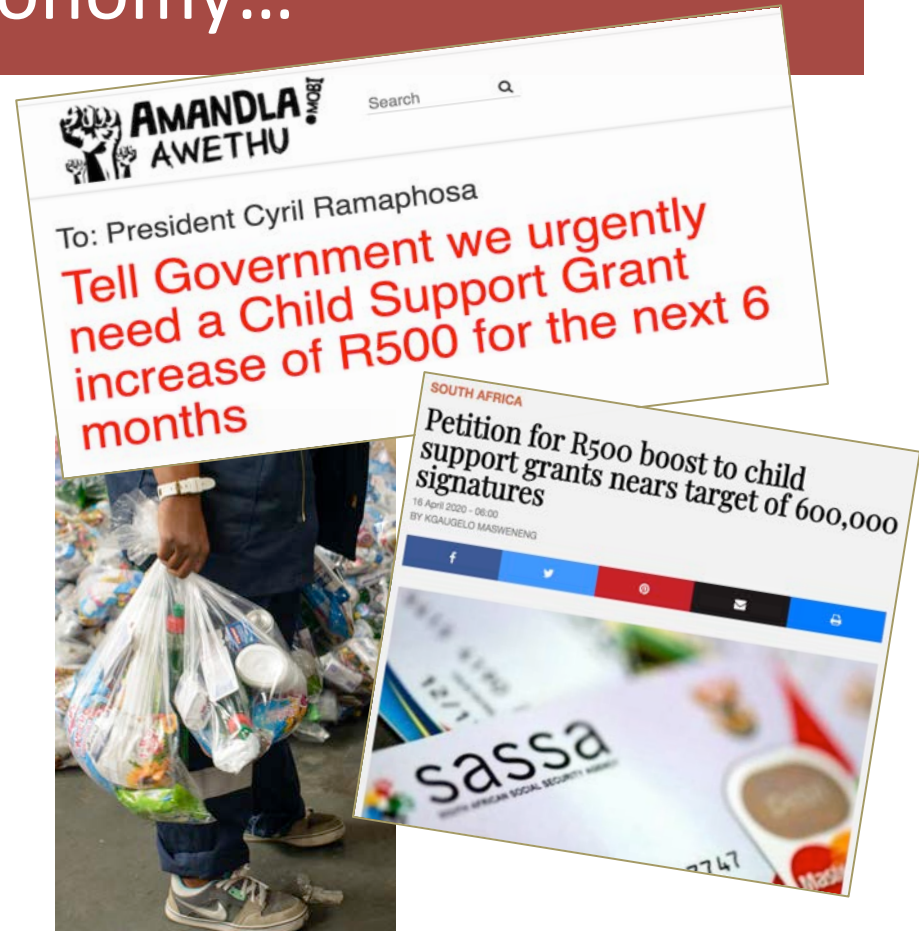


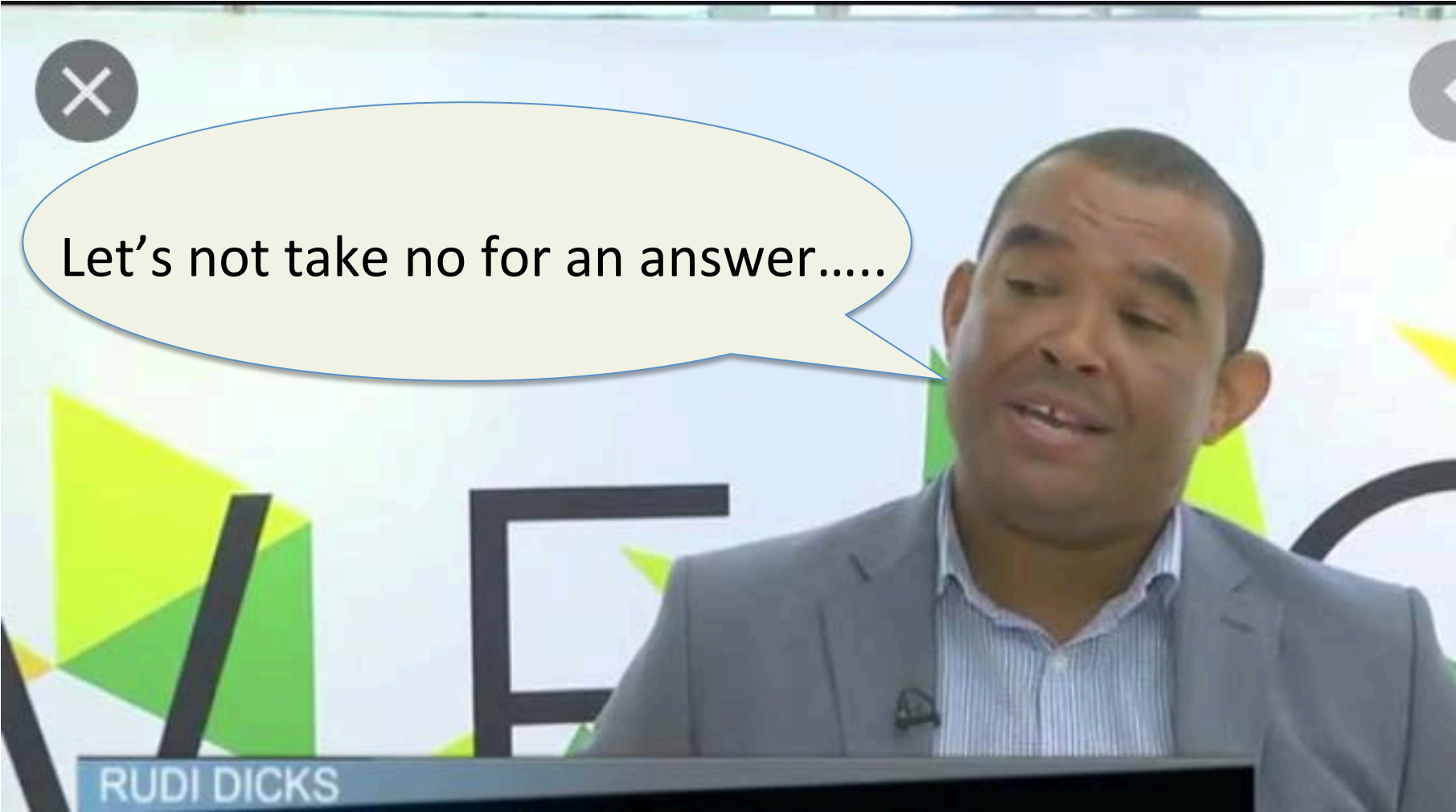
In order to effectively deliver a solution within a **30-60 day** time window, it is imperative to utilise assets that are currently deployed, operate at scale and are fit for purpose to deliver a grant solution to the segment of the South African population that would qualify for a grant. In order to achieve this, the approach to the solution can be divided into **7 distinct capabilities or areas of focus**.



Meanwhile....political economy...

- Weeks went by....
- Hunger was rising...
- The proposal on the table appeared to have fallen off it.....
- We were still holding on to an increase in the CSG....
- Smoke puffs emanating from the corridors of the state..
 - There is no fiscal space.
 - There may be an increase to the OAP...
 - The Special Covid Grant is dead in the water.
- We started signaling defeat to the Special Task Team ... who were working day and night...
- [So, as it happens, were key people in Treasury..)
- And in 48 hours it all changed.



A video frame showing a man, Rudy Dicks, speaking at a podium. He is wearing a grey suit jacket over a blue and white striped shirt. A speech bubble is overlaid on the left side of the frame, containing the text "Let's not take no for an answer.....". The background features a large screen with a yellow and green geometric design. In the top left corner of the video frame, there is a circular icon with a white 'X' on a dark background. In the bottom left corner, a blue banner displays the name "RUDI DICKS" in white capital letters.

Let's not take no for an answer.....

RUDI DICKS

Let's not take no
for an answer.....



R50
billion

Social Assistance

SA COVID-19 **ECONOMIC** STIMULUS



R500
billion
overall

- Child Support Grant increased by R300 per child in May and R500 per caregiver for 5 months.
- All other grants topped up by R250 for 6 months.
- A Special Covid Grant of R350 p/p per month for 6 months: for those receiving no support.
 - Excludes those employed, receiving UIF, other social grants
 - SASSA regulations then added: 'only for people with no income'.

From theory to practice....



It's not as if SASSA
had nothing on their plate.....

Joining up the data

So the theory was we could target without physical means-testing by using Home Affairs data and excluding all those on UIF, PAYE, SASSA, NSFAS etc using joined-up data.

Small problem:

The data had never been joined up before.

These data-sets sit in different departments, under different mandates and regulatory frameworks, in different data systems.....

So, who within the state COULD do this? In the time frames?

Joining up the data



Well.....
actually...
Yes, we can!

And they did....

R350 SRD grant: 123,000 applicants failed bank account verification process – Zulu

🕒 14th July 2020 👤 Staff Writer 📁 Society, South Africa 🗳️ 4



There have been challenges....

It's true.

But that 3 week deadline was straight-up unfair...

And for the first time:

- An app used for registration.
- Joined up data did create a net file of eligible applicants.
- Payments include mobile money transfers.
- While the task team's recommended payment system was not used, it has opened innovation in government-to-person payment options.

And 5,1 million people currently receive the grant.

The BIG question

- For all its flaws, the Special Covid Grant is the first time SA has had a mechanism to close a key social protection gap.
- Yes, it is too little and for many, it's certainly late....
- **The counter-factual, however, might well be: no grant at all.**
- If we lose this moment, how long will it take to get a foot back in that door?
- The grant is currently scheduled to end at the end of October.
- If an extension is not included in the Adjustment Budget in October, the grant will end. That's how the rules work.
- *The time to address this is before the budget is finalised, not afterward - when it's too late for tears....*
- Laying the basis for social policy reforms that close the social protection gap once and for all.