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TOWARDS THE RIGHT TO SOCIAL SECURITY FOR ALL

RIGHTS VS. AUSTERITY: THE BATTLE FOR DECENT UNIVERSAL BASIC INCOME IN SOUTH AFRICA

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EXECUTIVE SUMMARY:

An emergency Covid-19 cash transfer has opened a window of opportunity for the expansion of comprehensive social assistance to the working age population in South Africa. The transfer has become a key site of contestation between two camps: One group of actors, made up predominantly of the National Treasury and conservative economists with the backing of the International Financial Institutions, wish to reduce coverage through more narrow targeting, conditionality, and automation - in the name of fiscal consolidation. The other group, made up of civil society and labour organisations, progressive political parties, and the Department of Social Development, are campaigning to build the transfer into a rights-based universal adult income-support system. This contestation goes beyond the case of a single cash transfer - to the heart of the battle between austerity and constitutional rights in South Africa.

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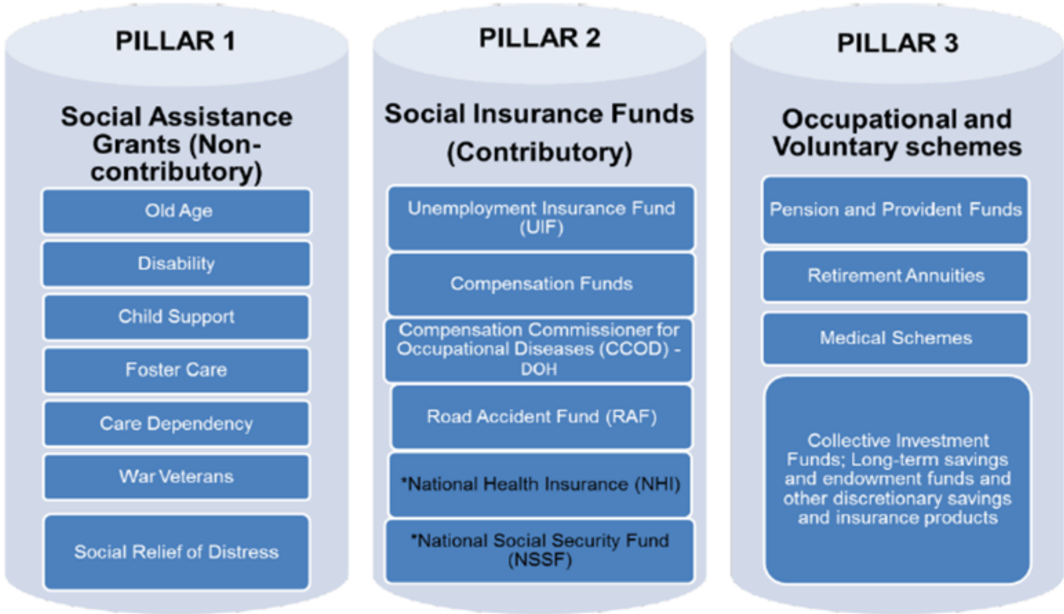
Summary

Social assistance is a critical pillar of South Africa's social security system in a country that has an unemployment rate of 42.6% (expanded definition, Q2 2024). However, there is a major gap in coverage for working age able-bodied adults. An emergency cash grant introduced for this category in response to the COVID-19 crisis—the Social Relief of Distress (SRD) grant—has formed the basis for advocacy towards a rights-based universal adult grant. Though the SRD grant has been a lifeline against hunger, its value is inadequate and has fallen in real-terms, currently equivalent to 46% of the food poverty line (FPL). In addition, headcount coverage is extremely low and has in fact contracted as a result of an extremely low means-test (also below the FPL) and a high rate of errors of exclusion due to unfit-for-purpose verification and disbursement systems. These coverage and adequacy shortfalls are attributable to the underfunding of the grant within the government's macroeconomic framework which has prioritised austerity and fiscal consolidation at the expense of basic rights, despite their Constitutionally guaranteed status. The macroeconomic framework is heavily influenced by advice and recommendations from both the World Bank and the IMF, which both continue to push for stricter job-search conditionality on and reduced coverage of social grants. In order to move towards rights-based and universal social protection, the government must transition the SRD grant into a permanent unconditional basic income for adults, informed by the national poverty lines to ensure adequacy, and move progressively towards universal coverage within a defined timeframe. This requires pivoting to an expansionary macroeconomic framework and unlocking additional resources to sustainably and redistributively finance socio economic rights-realisation.

1. Introduction and background to South Africa's social security system

South Africa's social security system is made up of both contributory and non-contributory programmes. It is based on three pillars (Figure 1). Pillar One is made up of social assistance programmes funded by the state. Pillar Two consists of mandatory social insurance programmes (only available to formal sector employees) funded by both employers and employees plus a statutory third party insurance arrangement—the Road Accident Fund—funded by the fiscus and a fuel levy. Pillar Three is made up of supplementary private retirement and insurance plans, generally only available for wealthier formal sector workers.

Figure 1: Three pillars of the South African social protection system



Source: Government Gazette No 45006. Figure 2, page 22.

The system has had an erratic, piecemeal development path. It was established in the Apartheid era to mainly cover white people, with some exceptions. The architecture for all three pillars was established during this era (Taylor, 2002; Brockerhoff, 2013). Following the end of Apartheid the new South African constitution was adopted, which guarantees to all a justiciable right to social security, including social assistance, subject to progressive realisation according to available resources.

This brief focuses on Pillar One of the South African social security system. After the end of Apartheid, social assistance programmes for groups less able or unable to gain income from employment due to specific characteristics, including older persons, children and people with disabilities, were extended to the majority black population on a means-tested basis. Grants came to make up a significant share of household income for the poorest households, providing the main source of income for 23% of households in 2023 (Stats SA, 2023, p. 60), and the country's democratic-era social assistance programmes have been celebrated as extensive for a middle-income country (World Bank, 2021). These programmes have been key for fighting poverty and hunger.

Nevertheless, following a brief period of growth in the early-mid 2000s, poverty, inequality and unemployment have since risen significantly—characterised as South Africa's 'triple crisis'. South Africa remains the most unequal country in the world, as measured by the Gini coefficient, which measures income inequality, and unemployment has again risen in the most recent quarter (Q2, 2024), reaching 42.6% (by the expanded definition, including discouraged work seekers) (Stats SA, 2024).[1] Much of this is due to failures of

[1] The expanded unemployment rate covers both the formal and informal sectors in South Africa, and includes those actively seeking work, as well as those who are not actively seeking work ("discouraged work seekers"). The narrow unemployment rate encompasses only those currently actively seeking work.

macroeconomic policy which have led to the underfunding of public services and infrastructure (Sachs et al., 2023), and increasing privatisation, alongside premature deindustrialisation and financialisation of the economy at the expense of productive sectors and job creation (Andreoni & Tregenna, 2021; Andreoni et al., 2021); as well as the hollowing out of state institutions and utilities due to what has been termed "state capture" or systemic corruption (Martin & Solomon, 2016). This has contributed to stagnant economic growth and a growing reliance on debt, increasing the debt-service burden. The neoliberal and austerity doctrines which have dominated over at least the past decade have been strongly influenced by the prescriptions and conditions of International Financial Institutions (IFIs) and other donors, as well as by the prioritisation of the interests of markets over socio economic rights in policymaking (Fourie, 2024).

Over the past quarter-century, then, the progressive realisation of social security has been advanced not by proactive policymaking but by ad-hoc constitutional court challenges that have *inter alia* extended the age limit for child support grant (CSG) eligibility to 18, and affirmed the eligibility of permanent residents and refugee/asylum seekers to social assistance. Reforms to retirement fund and social insurance policies have been undertaken to encourage preservation of funds for the former, and solvency of funds for the latter. Despite these victories, coverage gaps persist and the overall value of social assistance programmes including the Older Persons Grant (OPG) and the CSG, has fallen in real terms over the past several years.

Moreover, a key site of contestation in South African social security policy has been the lack of social assistance for able-bodied working-age adults, an estimated over 17 millions of whom are trapped below the food (or extreme) poverty line (FPL), due to structurally low labour absorption in the economy and wages below a living wage (Orkin et al., 2023, p. 19).

2. Coverage and adequacy

The lack of access to contributory social insurance for the vast majority of workers,[2] coupled with the lack of a permanent non-contributory social assistance scheme for those aged 18-59, constitutes a critical gap in South Africa's social security system. This gap must be closed as a critical first step in advancing universal social security coverage. In recent years a window of opportunity has opened to address this issue. During the Covid-19 lockdown period in 2020, the government introduced an emergency grant of R350 per month (equivalent to 60% of the then FPL), which was available to all unemployed adults, called the Social Relief of Distress grant (SRD).[3] The grant was rapidly rolled out and an early analysis suggested that it prevented 2-2.8 million people from experiencing food poverty in 2020 (Bassier et al., 2022). Despite multiple government attempts to remove the grant (spearheaded for the most part by the National Treasury) the grant remains in place—albeit in a compromised and wholly inadequate form—due to coordinated civil society advocacy. It has been moved from emergency COVID-19 disaster management regulations into the

[2] In 2022 less than 1% of the non-employed working age population (active and discouraged work seekers plus the economically inactive) had access to contributory unemployment insurance benefits (Bhorat et al., 2023).

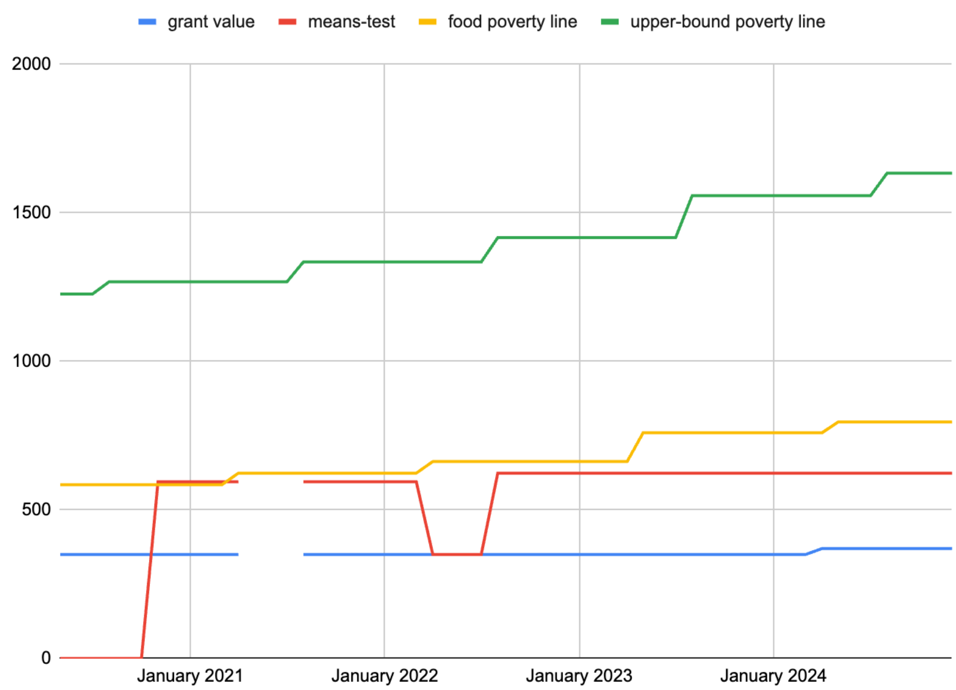
[3] "Unemployed" as a qualifying criterion was very loosely defined in this iteration of the grant. The grant was theoretically made available to everyone who did not appear on government databases as paying income tax or receiving unemployment insurance benefits. As such, informal sector workers would have qualified. Later a means test (of R10 above the FPL) was applied on appeal, verified through checks on appellants' bank accounts.

Social Assistance Act, but the regulations have continued to stipulate an end date for the grant—which has been extended multiple times in one-year increments and is currently set for March 2025. However, there is widespread acceptance that it will not be possible to terminate the grant, without replacing it with some form of permanent social assistance for working age adults.

2.a. Adequacy

The SRD grant's value was increased in 2024, following a sustained campaign by civil society groups, by R20 to R370. Despite this it now constitutes 46% of the FPL, compared to 60% of the FPL when it was introduced (figure 2).

<u>Figure 2. SRD Grant Value*, Means Test**; Food Poverty Line and Upper-Bound Poverty Line: May 2020 to March 2024 (Rands)</u>



Source: Institute for Economic Justice, 2024, 'Litigating the Right to Social Assistance: The SRD grant court case', Social Protection Policy Brief Series #5, p. 5.

**The programme was withdrawn between May and August 2021.*

***The programme was initially not subject to a formal means test. In late 2020 a means test of R595 began to be applied, only on appeal. In early 2022 a regulatory amendment slashed the means test from R595 to R350, to be applied each month to all applicants. Following a court challenge by the Black Sash, the means test was then increased to R624—the then FPL—where it has remained since August 2022.*

Although it was always woefully inadequate, it has been subject to serious real terms retrogression since its introduction. Headline inflation peaked at 7.8% in July 2022, with food inflation (particularly relevant for the grant's purchasing power) soaring to a peak of

14% in March 2023. Had the SRD grant value kept pace with headline inflation it would have stood at over R460 in August 2024. Retrogression has also been seen in other social grants in South Africa which have received below inflation increases, including the CSG which, at R530 per month is well below the FPL. Social protection advocates argue that the national poverty lines (of which the FPL is the lowest) should be the starting point for determining values of social protection in South Africa. These are independently set by Statistics South Africa annually and based on real prices in the economy. Any grant value below the highest poverty line (the Upper Bound Poverty Line, UBPL) is by definition inadequate for meeting people's economic, social, and cultural rights. Grant values below the FPL cannot be defended under any circumstances.

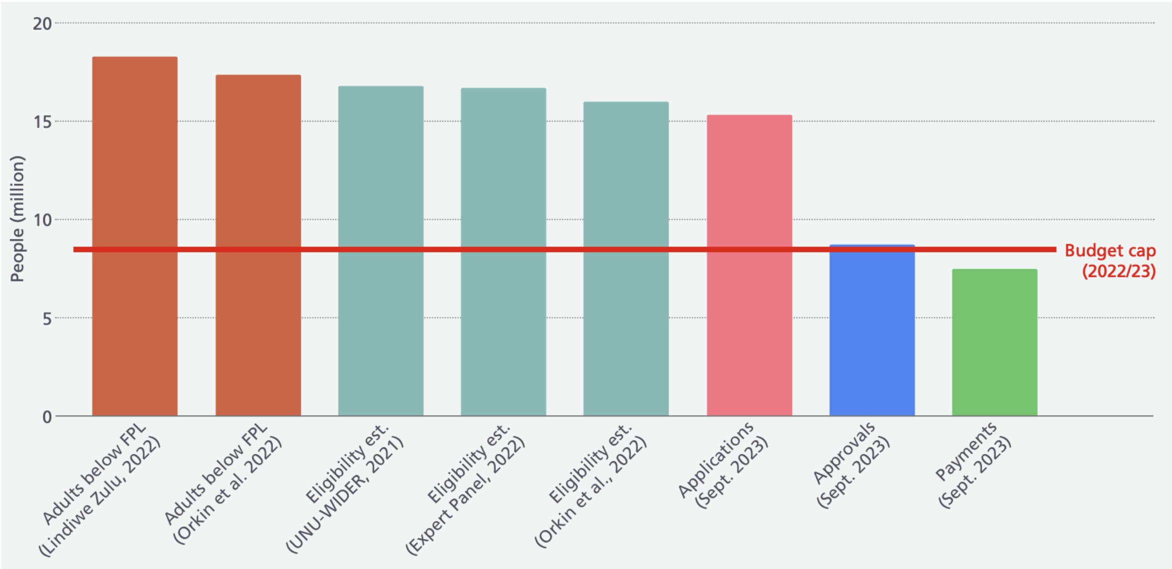
2.b. Headcount Coverage

With respect to coverage, the SRD grant, alongside other social grants in South Africa, is means-tested at an extremely low level. All other social grants impose means tests of several multiples of the grant value, and all are above the UBPL, making them theoretically available to anyone in the target group living in poverty—notwithstanding widely acknowledged issues with means-testing as a practice which introduces significant risks of exclusion, stigma towards beneficiaries, and dilution of the rights- based entitlement. Alongside the uncertain future of the SRD grant, the commitment to means-testing and other forms of poverty targeting across the system, despite strong evidence of its incompatibility with rights, is the greatest barrier to achieving universal social security coverage in South Africa. The SRD grant has served as a site of experimentation in methods for the enforcement of means-tests, alongside other aspects of beneficiary surveillance, and privatisation and digitalisation of payment systems (Howson et al., 2024).

When the income means-test for the SRD grant was formally introduced in legislation in 2022 it was set at equivalent to the value of the grant itself—R350 per month. Following a fierce backlash from civil society culminating in a High Court application by the human rights organisation Black Sash, the means-test was increased to the then food poverty line of R624 where it has since remained, despite the fact that the food poverty line has increased to R796 amidst high levels of inflation (and particularly high food inflation). Thus, a person living in food poverty who qualified for the grant in 2022 may not qualify today despite potentially having a lower income in real terms. This is argued by civil society groups to constitute a retrogression in constitutional rights (Pikoli, 2023), indeed recipient numbers have fallen by some 2 million since March 2022 (exact trends are not known due to a recent lack of government reporting).

It has been estimated that, based on the current eligibility criteria, 16.8 million individuals should qualify for the SRD grant (Orkin et al, 2023). Despite monthly applications having repeatedly approached that number, the budget allocation for the grant is capped at a disbursement of approximately 9 million per month—imposing a real exclusion rate of about 50% (Orkin et al., 2022; IEJ & PTG, 2022). The regulations allow the government to literally turn away eligible beneficiaries if and when the budget cap is exceeded (Figure 3).

Figure 3. Estimates of Adults Below FPL; SRD Grant Eligibility; and SRD Grant Applications, Approvals and Payments—Compared to National Treasury Budget Cap on Recipient Numbers (2022/23)6 (Millions of people)



Source: Institute for Economic Justice, 2024, 'Litigating the Right to Social Assistance: The SRD grant court case', Social Protection Policy Brief Series #5, p. 3.

However, the Department of Social Development (DSD) and implementation agency the South African Social Security Agency (SASSA) have succeeded in keeping approval numbers below the cap by other means, specifically a range of procedural barriers to access which have as their consequence, if not explicitly their purpose, the exclusion of eligible beneficiaries. As a result of these barriers, the government has significantly underspent on the grant in the past two financial years, leading to further reductions to the budget. Barriers to access include:

- A system of means-testing which involves monthly checks on applicants' bank accounts which treat all monetary flows (including funds held on behalf of others, ad-hoc donations from relatives and friends meant to prevent starvation, and loans) as income for the purposes of verifying eligibility.
- The effective exclusion of unbanked individuals due to the fact that 'bank verification' appears to have become mandatory by default as other verification and payment options have become defunct/been retired.
- Significant digital barriers, including the fact that the grant can only be applied for online, and the increasing use of biometric identity verification practices requiring beneficiaries to have ongoing access to the internet, as well as to a smartphone with a high-quality camera.
- The use of opaque algorithmic systems and third-party data (predominately from banks) to assign beneficiaries fraud risk scores and defer their payments until they are able to undergo biometric identification, and cancel them if they are not able to do so.

- The fact that biometric identification has been revealed to be impossible for holders of "Green ID books" (or paper IDs) who have not 'voluntarily' upgraded to the Smart ID card (digital ID) system, despite the fact that beneficiaries face high costs and wait times of many months in obtaining Smart ID cards.
- An appeals process which doesn't allow appellants to motivate their case or submit any additional evidence or documentation, and simply constitutes a repeat of the same bank verification process for the month in which the appeal was made. Appeal processes are thus unequipped to address instances where monetary flows were incorrectly treated as income, or any other individual extenuating circumstances.

3. The role of civil society

The above exclusionary procedures and provisions, alongside the retrogression in the value and means-test for the SRD grant, are currently the subject of a High Court application brought against DSD and SASSA, by NGOs the Institute for Economic Justice and #PayTheGrants (see IEJ, 2024). The application is grounded in the progressive realisation of socio economic rights obligation set out in the constitution, and as such has relevance for the social protection system as a whole and indeed for the broader tension between austerity policies and socio economic rights. The National Treasury has applied and been granted leave to intervene in the case in order to oppose key aspects. A hearing is scheduled for the end of October 2024.

This action is rooted in a long legacy of civil society advocacy towards a comprehensive social protection floor in South Africa, much of which has centred on the demand for a universal basic income. For over 20 years there has been an active lobby to increase coverage and membership of social security programmes and schemes. A ground-breaking 'Consolidated Report of the Committee of Inquiry into a Comprehensive Social Security System for South Africa' was published in 2002 (Taylor, 2002). This advocated a radical overhaul of the national approach to social security including the introduction of a universal basic income grant for adults, clawed back from those who don't need it through progressive taxation, and the replacement of individual private insurance funds by a national social insurance fund, with mandatory contributions by all and top-up schemes for those with higher incomes. The report has underpinned over two decades of discussions on social security reform but its key recommendations have not yet been adopted.

The initial call for social security reform was driven by organised Labour, and then a number of leading civil society organisations joined in a progressive coalition calling for the introduction of a universal basic income. In 2023 the coalition adopted the name Universal Basic Income Coalition (UBIC) and released a position paper laying out seven key demands for the progressive realisation of UBI in South Africa (UBIC, 2023).

Dialogue around social protection reform also takes place within the Social Dialogue Institute of the National Economic Development and Labour Council (NEDLAC), where UBIC has representation through member organisations. This is a "tripartite plus civil society" arrangement that draws on the ILO's approach to social dialogue. The reform discussions have been led by civil society and labour, and supported by the DSD. This led to the publication of a Comprehensive Social Security Reform Green Paper in 2021, which was withdrawn without due process shortly after its publication. This discussion paper included recommendations for expanded social insurance programmes and acknowledged the need to expand social assistance coverage.

The President and the DSD have maintained since 2022 that the government's policy direction is the realisation of a basic income building on the base of the SRD grant to reach progressively more adults, at a value increasing over and above inflation, and informed by the national poverty lines. However, rifts within government itself have long served to frustrate progress on social security reform. In particular, the National Treasury has repeatedly opposed and undermined this policy direction, including by opposing the extension and improvement of the SRD grant in closed-door forums, and releasing several policy proposals for highly compromised replacements for the SRD grant entailing strict targeting and conditionalities (in collaboration with the World Bank).

4. The role of international financial institutions

The IMF and the World Bank have had significant influence over the recent trajectory of South Africa's social protection policy, both in terms of direct financing and technical advice. More broadly, the influence of the IFIs has been visible in the country's overall approach to debt and inflation management and a restrictive macroeconomic policy framework, which in turn has limited the advancement of a rights-aligned social security system.

4.a. World Bank

The World Bank has assisted in the extension of the SRD grant, beyond the initial Covid-19 period. The World Bank Group provided a US$750 million loan to South Africa in early 2022, for the ongoing pandemic response, 38% of which was earmarked for social protection policy development (World Bank, 2024a), specifically to help continue the SRD grant, as well as to help "modernise" it by supporting the digitalisation of administrative systems to the grant—which would support an "adequate targeting of the most vulnerable" (World Bank, 2024b, p. 5). The allocation to social protection amounted to just over R5.5 billion, or nearly 13% of the annual cost of the SRD grant at the time. The loan included the condition that the country would maintain an "adequate" macroeconomic policy framework, and that the World Bank may comment on the macroeconomic policy framework from time to time. Whilst a seemingly benign clause, many argue that the country's macroeconomic framework set largely by Treasury (with weak oversight from the Executive and from Parliament), has long been an impediment to the realisation of social, economic, and cultural rights and inclusive development (for example Liebenberg, 2021; Sachs et al., 2023; Sibeko, 2019).

In addition the loan agreement included some stipulations with respect to design of and eligibility for the SRD grant, specifically that the grant would be targeted primarily to unemployed persons and informal sector workers who are not eligible for unemployment insurance benefits, and that it would be expanded to include unemployed caregivers who receive the CSG on behalf of children (World Bank, 2022). It did not directly stipulate a means-test or poverty-targeting.

However, unemployment targeting in the South African context is highly fraught and exclusionary. High levels of labour market churn; a sizeable informal sector (though smaller than other low- and middle-income countries); and poor and out-of-date databases make it very difficult to define and identify unemployed persons, and to be sufficiently responsive to changes in individual circumstances over time. Despite this, the World Bank has continued to indicate its support for tighter targeting measures, including in its July 2024 evaluation of the 2022 loan project (World Bank, 2024b, p. 14). The evaluation also praised the introduction of the online-only application system and monthly bank verification system due to their cost saving and 'efficiency' gains: "It is estimated that approximately 4.3 million ineligible applications were detected monthly between August 2021 and March 2022, translating into savings of R12 billion" (World Bank, 2024b, pp14-15). As the Institute for Economic Justice and #PayTheGrants argue (with extensive supporting evidence) in their High Court papers, the majority of these "ineligible applications" were actually exclusion errors, stemming in large part from the digital systems of application and verification being unfit for purpose (Institute for Economic Justice & #PayTheGrants, 2022).

The Bank continues to recommend the transformation of the SRD grant into a "jobseekers' grant", whose "main objective may not be poverty reduction, rather it may be to increase those who actively seek employment and increase labour supply" (World Bank, 2021, p. 69). This policy direction would be entirely out of step with the constitutional understanding of social assistance as a right. In their 2021 "Social Assistance Programs and Systems Review" of South Africa they provide a simulation of such a grant with cost and design specifics—which maintains the value of the SRD grant in real terms, and makes the grant conditional on beneficiaries proving active job search, slashing the number of recipients to a projected 3.9 million (p. 68)—or approximately 23% of adults currently below the FPL.

4.b. IMF

The IMF's most recent disbursement to the country was US$4.3b through the rapid financing instrument in 2020 following the onset of the pandemic, which by nature had no strict conditions. Social protection features in the IMF's general surveillance and reporting on the country, and whilst it is acknowledged as playing an "important role" (IMF, 2023, p. 110), the IMF actively recommends in its 2023 South Africa country report that any increases in social grants or the extension of the SRD grant must be funded through cuts to public expenditure in other areas (p. 18), as opposed to additional revenue raising. This recommendation is made in the context of the IMF's broader position that South Africa needs to prioritise debt stabilisation and reduction goals through "additional consolidation measures of 3 percentage points of GDP" within three years (p. 18).

The country report presents modelling that suggests that financing an expansion in the SRD grant via additional taxation, while having a positive impact on poverty and inequality, would undermine growth and employment—seen as an unacceptable trade-off. Opponents of additional revenue raising through taxation fear that it would undermine investment and lead to capital flight. However the IMF's modelling only simulates increases in VAT, personal income tax or corporate income tax, and does not consider options that have been advanced in South African policy circles including a wealth tax and resource rent tax;

or a social security clawback for higher income earners (IEJ, 2021), all of which would take time and political consensus to introduce, but would shift the taxation mix in a more progressive direction and have a higher impact on inequality and poverty alleviation.

Although the IMF argues that South Africa needs to ensure there are "strong work incentives" built into working-age social assistance, somewhat contradictorily, the report acknowledges that due to its very low 'generosity' (value) and means-test, the SRD grant is unlikely to "significantly impact the incentives for formal work and hence, does not significantly distort labor supply decisions" (IMF, 2023, p. 97). Indeed it is recognised that "the poor employment outcomes for beneficiaries reflects weak demand for their labor rather than their strong preference for leisure" (p. 125). The report notes that to meaningfully address unemployment in South Africa, fostering labour demand is necessary, as well as complementary policies which support job search activities such as transportation subsidies and housing support.

Despite this, the IMF prescribes achieving a reduction in 'benefit withdrawal rates', for instance through only providing benefits for fixed durations, and the introduction of job search conditionalities, alongside links to active labour market programmes, for any extension or replacement of the SRD grant, while noting that due to structural unemployment, job search requirements should avoid "a heavy-handed monitoring system". Nevertheless, the evidence cited to support the IMF's recommendations is drawn predominantly from high income countries which do not suffer a structural lack of labour demand and as such are not appropriate to apply to the South African context. Moreover, evidence from high income countries of the perverse effects of benefit sanctions on wellbeing, job quality, and earnings is touched on but not meaningfully incorporated into recommendations.

5. Policy recommendations for a rights-aligned social security system

The below recommendations are applicable primarily to the South African Government but can and must be supported and advanced by the World Bank and IMF through their lending and advisory capacities.

Establish an inclusive consultative structure. As part of the UN Human Rights-Based Approach, an inclusive consultative structure should be established by government with representation of beneficiaries, as well as experts, civil society and organised labour for policy reforms and regular reviews of adequacy, coverage, and implementation efficacy.

Transition the SRD grant into a permanent basic income grant for individuals at an adequate value with a commitment to the progressive realisation of universal eligibility for the 18-59 age-group within a determined time-frame. Increase the value of the SRD and the CSG grants to at least the equivalent of the FPL, and the means-test for the SRD grant to the UBPL, with an aim of the value reaching at least the UBPL and the means-test increased regularly and significantly to give way to universal eligibility over a maximum of eight years.

Remove or refrain from introducing job-search or other behavioural conditionalities which have been demonstrated to be inefficient from a cost perspective and ineffective from a policy perspective—particularly in a context of extreme structural unemployment and relatively high informality, as well as distance from labour markets amongst unemployed groups. They have also been shown to undermine people's rights, negatively impact job quality and earnings, and disadvantage caregivers.

Ensure financing of expanded social protection is achieved through non-regressive mechanisms, to realise redistribution, inequality-reduction and maximise the dynamic multiplier effect of social spending, as part of an expansionary macroeconomic framework. Financing of expanded social security should not involve increases to taxation to which the poor contribute disproportionately—especially VAT. This would serve to undermine the poverty alleviating and stimulus impacts of the expenditure. In addition, especially in a context where public services including healthcare and education have suffered years of real-terms budget cuts, funding must not be reallocated from other public services or existing social grants towards an extension and improvement of the SRD grant, as this would undermine constitutional rights as well as poverty alleviation.

In the most unequal country in the world, multiple avenues exist for responsible resource realisation that would support a redistributive social protection framework, including a wealth or resource rent tax, a clawback from higher income earners, and the removal of inefficient subsidies targeted to high income earners such as medical aid tax credits. In addition, careful borrowing may also be a feasible way to finance social spending which has a known high fiscal multiplier, as the growth impacts would improve South Africa's debt sustainability. Borrowing temporarily to finance expanded social security would help to kick South Africa into a higher growth trend in the short term due to increased aggregate demand. However, combined with complementary industrial policy to support increased labour absorption, it would also help to remove current serious drags on growth (namely the massive rate of economic exclusion and structural unemployment), and as such, higher demand and growth should be sustained in the long term. Credible modelling shows that progressive financing of a basic income grant would reduce its net cost significantly—with one exercise suggesting that while the annual gross cost of a universal adult basic income at the value of the UBPL would range from R153-R204bn (or approximately 3% of 2023 GDP at the higher end), its net cost may be 50% lower if financed through a mix of a small wealth tax and social security clawback, alongside the additional VAT revenue recouped through the grant stimulus (ADRS & IEJ, 2023).

Much greater care is needed to preserve rights as social protection administration systems are digitalised. A rapid digitalisation in the administration of the SRD grant with very little transparency and accountability has introduced widespread beneficiary surveillance, algorithmic decision-making and risk-profiling, and opaque data-sharing practices between public and private actors, whilst erecting significant barriers to access for those disadvantaged by the digital divide. Much greater care and consultation is needed to institute safeguards and ensure that the introduction of digital tools does not impose risks to privacy and exacerbate exclusion.

Protecting beneficiaries and ensuring accountability if and when private interests are involved in grant disbursement. Private companies including banks and others in the financial sector as well as large retailers are increasingly taking over functions of eligibility verification and payment disbursement in the social protection system. The terms on which these actors are engaged are not transparent, and few safeguards appear to be in place to mitigate risks to beneficiaries. Beneficiaries have been targeted for predatory loans using grants as collateral in the past (Torkelson, 2020), and the risk of profiteering and predation remains high. Companies are known to be offering advances on grants to vulnerable beneficiaries, as well as using beneficiary data for targeted advertising and promotion (Open Secrets, 2024).

Greater democratic accountability and inter-departmental cooperation is needed for budgetary decisions. Stated government policy including in the area of social protection is regularly contradicted, vetoed or undermined by the National Treasury, whose policy influence has extended significantly beyond its mandate, and who often claims to speak for the government as a whole. Treasury has liberally employed the tactic of pitting the interests of different departments against each other, and has effectively held the Department of Social Development to ransom via these means. Parliament has an important function in scrutinising and ultimately passing the budget, yet this has not been taken up or made meaningful use of over successive administrations. As austerity continues to undermine rights, government policy and electoral mandates, there is an urgent need for improved democratic oversight of fiscal decision-making, including in order to advance the right to adequate social protection.

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ABOUT THE GLOBAL COALITION FOR SOCIAL PROTECTION FLOORS

The Global Coalition for Social Protection Floors advocates for the right to social security for all individuals. We promote social protection floors as key instruments to achieve the overarching social goal of the global development agenda. Social protection is one of the foundations for inclusive, equitable and sustainable development. It can simultaneously address the economic, social, and environmental dimensions of sustainability and preservation of livelihoods.

Established in 2012, the Coalition now comprises over 130 NGOs and trade unions from around the world.

ABOUT THIS SERIES

In 2023, 96 economic justice, human rights, and faith-based organizations from around the world came together to advocate for the Right to Social Security. They called on the World Bank and IMF to stop promoting poverty-targeting programs and shift toward universal social security systems. They also advocated for equitable and sustainable public systems and for an end to harmful austerity. The group reiterated these demands in a public letter to the institutions' Board of Directors. They also started documenting the country-level impacts of World Bank and IMF policies. These findings are published in a series of policy briefs that spotlight urgent areas for reform. This is one of those briefs.

The views expressed in this brief are solely those of the authors and do not necessarily reflect the opinions of the Global Coalition for Social Protection Floors. The Coalition encourages its member organizations to share insights on national experiences that may support other members in shaping their own advocacy strategies.

ABOUT THE AUTHORS

Social Policy Initiative is a not -for-profit feminist social security policy think tank. Based in Johannesburg, South Africa, our work focuses on applied research into expanding social security coverage as part of our commitment to the attainment of a right- based Decent Standard of Living for all. SPI has been part of the campaign for a Universal Basic Income since our inception in 2006.

The Institute for Economic Justice is an economic policy think-tank located in South Africa. By acting as a research, policy and advocacy hub, the IEJ provides policy makers and progressive social forces in South Africa, and the region, with access to rigorous economic analysis and coherent policy options. These form the basis for economic interventions which materially improve the lives of ordinary people.

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