



Social Grants – The National Planning Commission's Vision

1. Introduction

According to the National Planning Commission's Diagnostic Report, 48% of South Africans lived on less than R252 per month in 2008. This stark reality is a reminder of the important role that social grants and other forms of social protection play in society. Roughly 16 million people in South Africa rely on social grants to help them meet their most basic needs. Of this number, 11.3 million are children (through the child support grant), 2.8 million are seniors (through the old age pension) and about 1.2 million are people who are disabled (through the disability grant). In total, social grant spending is R 104 billion, 3.1% of South Africa's GDP. Given our high rates of poverty and inequality, this investment in the country's future is an important one. Obviously, social grants on their own will not be able to resolve these issues, but they make an important contribution, and they will continue to do so for the foreseeable future. This briefing paper, which is based on a roundtable discussion hosted by CPLO, the Goedgedacht Forum for Social Reflection, and the Hanns Seidel Foundation at the end of October, looks at social grants from the perspectives of the National Development Plan, civil society analysts, and Catholic Social Teaching.

2. The National Development Plan

The NDP articulates a vision for the role social grants should play in addressing South Africa's current challenges. The plan was written after extensive consultation with people from many different sectors of society. It sets out goals for where South Africa should be by the year 2030 and gives recommendations for how to get there.

Its primary goals are to eliminate poverty and reduce inequality, and it views social grants as a vital tool to help accomplish these goals. South Africa must define a basic standard of living below which no one should fall, a 'social floor'. Then, as a society we must ensure these norms and standards are met throughout each individual's entire life cycle. Social grants provide one way to ensure these basic needs are met, at least for those people eligible to receive them. Cash grants specifically aim to provide protection to vulnerable individuals who are not gainfully employed because of their inability to work, rather than unwillingness to work. The cash grants serve to protect these individuals from the worst effects of poverty.

Social grants have limited goals and are just one aspect of the National Planning Committee's vision for social protection; just one measure to address the problems of inequality, poverty and vulnerability present in our society. On their own they would be insufficient, providing support for only a few sectors of society through one specific form of social security. Other services beyond cash grants are needed to reinforce the outcomes of these social grants. These include the following: medical aid, unemployment insurance, pension fund arrangements, education, work related benefits, food and nutrition security programs, and labour market incentives. The NDP does address these other forms of social protection and makes recommendations for how they can also be used to meet the goals of the NDP because it acknowledges the importance of using a wider range of interventions in order to best promote social and economic inclusion of all people.

The National Planning Commission acknowledges

that there are gaps that need to be addressed in the current social grants system to ensure that those who qualify for grants are able to receive them. Due to exclusion errors many people are not accessing the benefits they are entitled to receive; there are especially strong concerns about lack of access in rural areas and informal settlements, and there is a clear need to improve service delivery in these areas. Inefficiencies in the system are largely caused by administrative and bureaucratic problems, with the administrative burden often placed on the poor. Gaps also exist because every person that falls below the established social floor is not eligible to receive social grants. The fact that deficiencies remain in providing the unemployed working-age population with active assistance is exactly why the wide range of social protections beyond cash grants must also be improved.

It is important to ask questions about why social grants are important theoretically, but also about how effective and efficient they are in achieving their intended goals. Administratively, cash grants are easier to provide than other forms of assistance. It is not difficult to monitor whether the intended beneficiary is receiving the grant or not, and it is also easy to track fraud and address corruption. Social grants are effective: they provide their recipients with immediate assistance, and have indirect benefits as well. For example, the child support grant not only reduces poverty and inequality; it has also improved school attendance, contributed to hunger reduction and increased investment in local communities. Overall, social grants are a good solution because they give South Africa the most efficient returns for the money it spends, and because poverty for the most vulnerable sectors of society would be far worse if the grants were removed.

Ultimately, under the Constitution, it is the responsibility of the State to provide for the social care of its citizens. In reality, the current burden of social care rests largely on the goodwill of society – whether that be churches, neighbors, NGOs or anyone else who can afford to help. The NDP states that this is not an acceptable long-term solution; government must fulfill its obligation for social protection. At the same time, civil society still needs to be actively involved in holding government and all sectors of society accountable. The National Planning Commission must continue to work collaboratively in order to implement the NDP by means of an ongoing

process in which all of society can and should engage.

3. Civil Society Feedback

The NDP's approach to social grants has received much praise, but also some pushback from civil society. Nkosikhulule Nyembezi, advocacy officer of the Black Sash – an NGO working to ensure that government attends to the basic needs of all its people and that all members of society take responsibility for reducing inequality and extreme poverty – has a few criticisms of the NDP. While the Plan offers some promising ideas and recommendations, the current system still needs much improvement and only vague suggestions have been proposed about how to address some of these very practical challenges. There are still problems with poor service-delivery, fraud, and South Africa's lack of infrastructure and fragmentation. These are serious obstacles that need concrete solutions.

Given the current economic situation, a safety-net for the most vulnerable is now more important than ever in fighting our high rates of unemployment and poverty. The Black Sash would like to see a comprehensive social security system implemented, one that cares for the chronically ill, the structurally unemployed and those working in the informal sector. These are groups which it believes are currently left out of the social protection system. While it is true that many of these people may not be eligible for cash grants, the NDP still advocates for the government to provide them with social protection in a different form, possibly through improved health care, incentives for employers to create new jobs, or household food and nutrition security programs. Both the Black Sash and the National Planning Commission agree that the NDP requires good governance and ethical conduct from our leaders in order for the progressive ideas of the Plan to take root. Meaningful public participation in the National Planning process must be a priority, and civil society must be actively committed to holding all levels of society accountable.

A different view was offered by Temba Nolutshungu, a representative of the Free Market Foundation, which focuses on promoting freedom and personal liberty as a means of upholding human rights and democracy. Mr. Nolutshungu advocates a traditional neo-classical approach to

address poverty; in his view, social grants are not a solution to South Africa's unemployment crisis and therefore will not eliminate poverty. Instead, the Free Market Foundation proposes that South Africa should reduce the amount of government-imposed regulations so that the private sector can grow, and thus create more jobs for those that are unemployed. The Free Market Foundation's work is based on the premise that less regulation will enhance economic productivity, and that these economic gains will ultimately lead to higher employment in South Africa. Mr. Nolutshungu also criticised the NDP for placing too much emphasis on reducing inequality, claiming that this matters only to the extent that basic standards of living are met. This emphasis distracts from what should be the primary goal, boosting employment and increasing productivity. Mr. Nolutshungu asserted that those with the most resources play an important role because they are job creators, and that this fact justifies some degree of inequality.

Lastly, he proposed that perhaps the best institution to implement welfare policies is not the government at all, but the private sector, especially churches and social institutions in the NGO sphere. He believes these would be more effective than the government because they have one-on-one relationships with the intended beneficiaries of welfare that government may lack. He did not acknowledge a state obligation under the Constitution to fill this role. Despite these criticisms, Mr. Nolutshungu still approved of the NDP because it does not advocate a social welfare state. Still, no matter how promising the Plan is, he warned that it will not be effective unless it has the support of the private sector, much of which is uninformed about the Plan's goals and recommendations.

While some of the Free Market Foundation's ideas contradict the NDP, not all do. The Plan does acknowledge the importance of employment. In fact, it states, "the provision of work opportunities is one of the most effective forms of social protection." The NDP advocates for various active labour-market initiatives including public works programs, training and skills development, and employer hiring incentives in order to increase employment. At the same time, it points to the need for a balance between providing a safety net and encouraging economic participation. As economic justice requires, the economy should serve people, not the other way around. High levels of employment

do not negate the need to provide social grants to those who are unable to enter the workforce due to their vulnerable status, the same group that is currently eligible to receive cash grants. There is thus no trade off between welfare and work, and an overemphasis on the role of the private sector will not address structurally embedded poverty and inequality.

4. Catholic Social Teaching

The NDP's view of social grants, along with its goals of eliminating poverty and reducing inequality, are strongly supported by Catholic Social Teaching. Social grants help to promote human dignity by acknowledging that all South Africans have basic rights and are worthy of respect, especially those who are weak, vulnerable, or marginalized – the individuals who are eligible to receive social grants. The preferential option for the poor teaches us that the needs of the poor and vulnerable should come first. Programs like social grants are essential to meet their basic needs and protect their dignity.

Social grants and social protection as a whole are also important because they provide an alternative to the individualistic focus that too often saturates our society. Social protection aims to serve the common good, recognizing that depriving some members of society of their basic human rights is harmful for the entire community. We have a responsibility to one another, and a right and duty to participate in society in order to promote the common good. Just like individuals, government also has an important role in promoting the common good. It is in a unique position to provide services to all sectors of society and it has an obligation to do this in order to protect human rights and ensure that basic needs are met.

Catholic Social Teaching speaks at length about the NDP's goal of reducing inequality. As the U.S. Catholic Bishops state in their pastoral letter *Economic Justice for All*, "Basic justice calls for the establishment of a floor of material well-being on which all can stand. This is a duty of the whole of society and it creates particular obligations for those with greater resources. This duty calls into question extreme inequalities of income and consumption when so many lack basic necessities." In addition to this concern for meeting basic needs, inequality can have other harmful consequences for communities. Extreme

inequality, such as we have in South Africa, can lead to conflict. In his encyclical *Populorum Progressio: On the Development of Peoples*, Pope Paul VI warned that extreme inequality is “a threat to the solidarity of the human community, for great disparities lead to deep social divisions and conflict.” It is therefore very encouraging that the National Planning Commission chooses to place such an emphasis on this important social problem.

5. Conclusion

The NDP sets important goals: to eliminate poverty, reduce inequality and protect against vulnerabilities. These goals and the Planning Commission’s efforts to incorporate feedback from all sectors of society complement Catholic Social Teaching. Social grants are a small, but important, part of social protection. They do not negate the need for employment or other social programs and the NDP does not claim otherwise.

There is some debate over whether social grants should be expanded, and while it is clear that something must be done to help ensure that members of society who do not qualify for cash grants are able to stay above the social floor, it is unclear whether an expansion of social grants is the best way of achieving this. Nevertheless, it is clear that there is a need to address the current gaps in the system to ensure that everyone who is currently eligible to receive grants is able to do so.

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