

REPORT OF THE SELECT COMMITTEE ON HEALTH AND SOCIAL SERVICES ON THE BUDGET VOTE 19, THE ANNUAL PERFORMANCE PLANS OF THE DEPARTMENT OF SOCIAL DEVELOPMENT AND ITS ENTITIES FOR 2021/22 DATED 01 JUNE 2021

The Select Committee on Health and Social Services(henceforth, the Committee) having considered and deliberated on the Budget Vote, the Annual Performance Plans of the Department of Social Development (DSD), the South African Social Security Agency (SASSA)and the National Development Agency (NDA) on 01 June 2021, wishes to report as follows:

1. INTRODUCTION

Section 5(2) of the Constitution of South Africa (No. 108 of 1996) and Section 27(4) of the Public Finance Management Act (No.1 of 1999) sets out the role of Parliamentary Committees in overseeing the performance of government departments and entities.

This report summarises a presentation received from the Department and its entities on the Annual Performance Plans and Budget for the 2021/22 financial year and allocations over the medium-term expenditure framework (MTEF) period. The report entails the deliberations, observations and recommendations made by the Committee relating to Budget Vote 19.

On 01 June 2021, the Select Committee on Health and Social Services engaged the Department and its entities on the Annual Performance Plans (APPs) and Budget for 2021/22. The Department of Social Development Strategic Plan and Annual Performance Plan (2021/2022)

1.1 Mandate, Vision and the Mission of the Department

The key outcomes for the Department of Social Development (henceforth, the Department or DSD) during the 2019 – 2024 Medium Term Strategic Framework (MTSF) period are as follows:

- Reduced levels of poverty, inequality, vulnerability and social ills.
- Empowered, resilient individuals, families and sustainable communities.
- Functional, efficient and integrated sector.

These outcomes are in line with the mandate, vision and mission of the Department. The mandate of the Department is to provide social protection services and lead government efforts to forge partnerships through which vulnerable individuals, groups and communities become capable and self-reliant participants in their communities.

The vision of the Department is a to promote “caring and self-reliant society”, and its mission is to transform society by building conscious and capable citizens through the provision of comprehensive, integrated and sustainable social development services.

2. DEPARTMENT OF SOCIAL DEVELOPMENT (DSD) APP

The Department’s budget and APP was tabled at a time when the country is battling the COVID-19 pandemic, which has exacerbated economic slowdown and further strained the national budget. Therefore, the DSD’s budget and APP should be viewed against this backdrop. The DSD APP 2021/22 articulates the Departments’ mandate, vision, impact, outcomes and indicators of achievements.

Most importantly, the DSD’s budget and APP should also be viewed against budget cuts over the medium term (MTEF). In this regard, the DSD expenditure is expected to decrease at an average annual rate of 2.2%, from R230.8 billion in 2020/21 to R216.1 billion in 2023/24. This is mainly due to a decrease in the social grant budget allocation following the cessation of the additional social grants for the COVID-19 pandemic (top up budget for existing social grants and Social Relief of Distress Grant (SRD) in 2020/21. An additional R32.8 billion was allocated for this intervention for

2020/201 financial year. It is worth noting that to accommodate for the extension of the Special COVID-19 Social Relief of Distress Grant, an additional R2.8 billion was allocated in 2020/21. This was a direct charge for grant payments in February and March 2021. The projected decrease in spending on social grants will amount to R36 billion over the MTEF period due to the Cabinet-approved reductions. It is however, expected that social grants will be extended to 300 000 additional beneficiaries per year.

2.1 Overview of the 2020/21 Financial Year

As a precursor to analyzing the 2021/22 budget and APP of the DSD, it is important to take stock of its performance at the third quarter of 2020/21 financial year. For the 2020/21 financial year, the DSD had an available budget of R230.8 billion, of which R229 billion was appropriated for transfers and subsidies. Of this amount, a total of R220.6 billion (which is 96%) is transferred to households for social grants, and R7.4 billion is a transfer to the South African Social Security Agency (SASSA) for the administration of social grants, and R216 million to the National Development Agency (NDA).

The bulk of social grants are allocated to the child support grant (CSG), which benefits 12.97 million poor children, and the old age grant (OAG) which benefits 3.7 million people aged 60 and above.

Table 1 outlines the expenditure of the DSD as at the last quarter of the 2020/21 financial year.

Table 1: Fourth Quarter Expenditure of the Department of Social Development 2020/21

Programme	Adjusted Budget in Rand	Actual Q4 expenditure		Projected Spending Q4 In Rand	Available end of Q4 in Rands	COVID-19 spending in Rand
		in Rand	% Spent			
1	426.6	391.5	91.8%	426.6	35.1	43.0
2	220 606.6	218 956.9	99.3%	220 606.6	1 649.6	19 543.0
3	7 585.8	7 548.5	99.5%	7 585.8	37.3	1.1
4	1 842.3	1 717.5	93.2%	1 842.3	124.8	0.9
5	346.1	318.3	92.0%	346.1	27.8	0.0
Total	230 807.3	228 932.8	99.2%	230 807.3	1 874.5	19 588.0

Source: National Treasury, 2021

Table 1 indicates that the Department spent R228.9 billion by the end of the fourth quarter, about R1.8 billion below the available budget. This means that the Department had spent 99.2% of its available budget for 2020/21 financial year. The under expenditure is mainly due to delays in payments for the March R350 special COVID-19 social relief of distress grant.

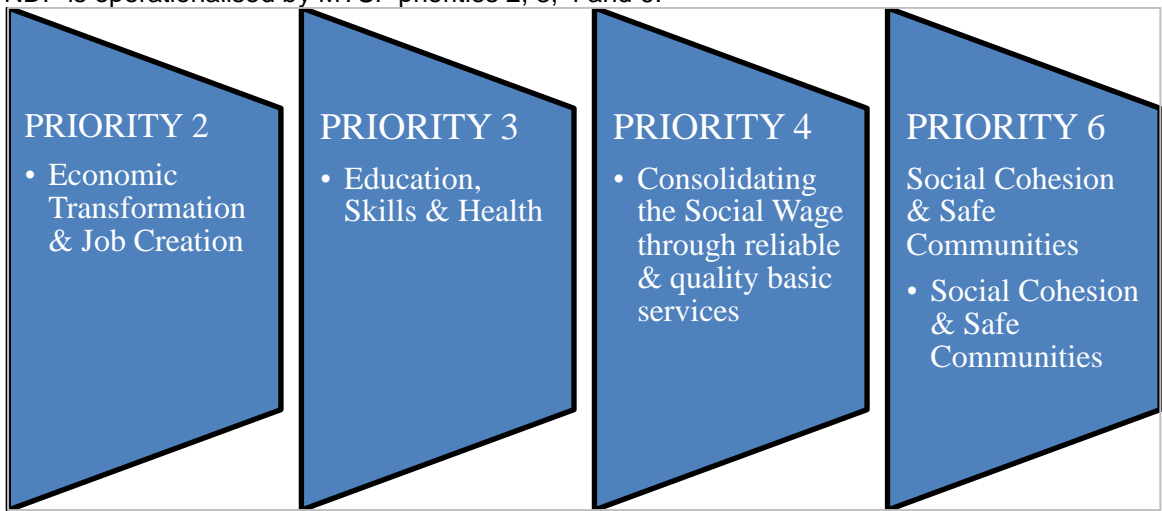
As at the end of the fourth quarter, the department reports R19.588 billion in COVID-related expenditure. The bulk (R19.541 billion) of this was for payments to beneficiaries of the R350 special COVID-19 social relief of distress grant. Over 6 million beneficiaries have received this grant to date. There is also an amount of R29.7 billion paid for top-up grants, adding up to a total of R49.3 billion spent on Programme 2: Social Assistance. R43.0 million was spent within Programme 1 Administration mainly for the procurement of personal protective equipment (PPE), as well as on communications and advertising mainly related to media campaigns on COVID-19 regulations.

3. ALIGNMENT OF DSD POLICY PRIORITIES TO THE NDP, MTSF, AND SONA 2021

This section seeks to determine whether the DSD priorities for the period under review are aligned with the strategic frameworks such as the National Development Plan (NDP), the Medium Term Strategic Framework (MTSF) 2019 – 2024, and the 2021 State of the Nation Address (SONA).

Government has recently adopted a new MTSF electoral cycle. In the previous electoral cycle 2014 – 2019, the social development sector took ownership of outcome 13 (inclusive and responsive social protection system) out of the 14 government priority outcomes. The new MTSF 2019 – 2024 structure has changed from 14 priority outcomes to seven (7). However, it remains informed by the policy goals in the NDP. The seven (7) priorities outcomes are the practical framework within which the sixth administration is implementing the NDP. Three of these priorities are geared directly towards social protection.

Further, the current MTSF 2019–2024 looks towards a more integrated, multi-pronged and cooperative approach. Currently, the Ministers of Health and Basic Education co-chair the Social Protection, Community and Human Development Cluster. Within the social development sector, the NDP is operationalised by MTSF priorities 2, 3, 4 and 6:



South Africa is party to several international goals and agendas and has an obligation to implement them. Examples include the United Nations (UN) Sustainable Development Goals (SDGs). The aspirations articulated in the SDGs resonate with those found in the NDP and the statutory and policy mandates of the Department.

Over the medium term, the DSD will continue to transfer funds to beneficiaries for the provision of social grants as administered and paid by SASSA for the provision of social grants to the elderly, children, war veterans and persons with disabilities. Social grants account for an estimated 94.3% (R175.3 billion per year on average) of the Department's total budget over the MTEF period. The DSD is expecting to pay social grants to more than 81.6 million people in 2021/22, up from 18.1 million people the previous year. This is in line with the NDP, which commits to achieving a defined social protection floor. The NDP defines social protection as mechanisms used by Government to protect the most vulnerable in society and ensure that all citizens live above the 'social floor'. The 'social floor' is the minimum defined level of income and a social wage that ensures no one suffers from malnutrition or hunger and has access to basic services, education and health.

It is well documented that the social grant system continues to be a major anti-poverty programme of government, providing income support to millions of poor households. In addition, the 2021 SONA announced an extension of the payment of the Special COVID-19 Social Relief of Distress grant by three months. This announcement comes as the COVID-19 pandemic and lockdown continue to devastate the economy, entrenching extraordinarily high unemployment and poverty. However, there is a notable budget cut on Social Relief of Distress during the year under review.

The NDP supports social security reforms that are being considered by government, including mandatory retirement contributions. It emphasises the need for social protection of the working age population, including enhancing public employment programmes such as the Expanded Public Works Programme (EPWP). The NDP further advocates that social welfare services be expanded,

funding for non-profit organisations (NPOs) reviewed, and more education and training expanded for social service practitioners. It also highlights gaps and strategies that government must pursue to effectively build a human capital foundation for the country through Early Childhood Development (ECD) programme.

The MTSF agenda for social protection is to consider how to progressively realise rights, mitigate current patterns of inequality, prevent further deprivation as well as contribute to the economic and social transformation agenda. For social protection to play the expected developmental role there is a need to consider new policy instruments and re-envision how the different policy instruments can interact and contribute to the betterment of poor South Africans.

Further, the 2021 SONA outlined several policy imperatives for DSD. SONA 2021 highlights combating gender-based violence (GBV), women empowerment, extension of the Special COVID-19 Grant, and empowerment of people with disabilities as key issues for the social development sector. This means that DSD should continue to provide services for the vulnerable groups of our societies, which include victims of GBV; children, the elderly, and person with disabilities.

South Africa has one of the highest GBV rates in the world, with a Femicide rate that is reportedly five times higher than the global average. The recent crime statistics released by the South African Police Service (SAPS) revealed a 5% increase in reported sexual offences between October-December 2020. SONA 2021 recognises that GBV is a crisis in South Africa. In its efforts to end GBV, the South African government has developed the National Strategic Plan (NSP) on GBV and plans to strengthen the criminal justice system through the introduction of legislation, as well as reducing the backlog of GBV cases.

4. DSD 2021/22 BUDGET ANALYSIS

The Social Development Sector provides social protection services and leads government efforts to forge partnerships through which vulnerable individuals, groups and communities become capable and self-reliant participants. This mandate is realised through the following five (5) budgeted programmes: Administration; Social Assistance; Social Security Policy and Administration; Welfare Services Policy Development and Implementation Support; and Social Policy and Integrated Service Delivery.

Table 2: The national Department of Social Development appropriation 2020/2021 and 2021/2022

Programme	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	R million	2020/21				
Programme 1: Administration	426,6	413,2	- 13,4	- 30,1	-3,14 per cent	-7,05 per cent
Programme 2: Social Assistance	220 606,6	195 516,4	- 25 090,2	- 32 970,9	-11,37 per cent	-14,95 per cent
Programme 3: Social Security Policy and Administration	7 585,8	7 576,0	- 9,8	- 315,2	-0,13 per cent	-4,15 per cent
Programme 4: Welfare Services Policy Development and Implementation Support	1 842,3	1 367,3	- 475,0	- 530,1	-25,78 per cent	-28,77 per cent
Programme 5: Social Policy and Integrated Service Delivery	346,1	353,9	7,8	- 6,5	2,25 per cent	-1,87 per cent
TOTAL	230 807,4	205 226,8	- 25 580,6	- 33 852,7	-11,1 per cent	-14,67 per cent

Table 2 indicates that the DSD has been allocated a budget of R205.2 billion for 2021/21 financial year, which shows a nominal decrease of R25.5 billion (or 11.1%) compared to the R230.8 adjusted budget of 2020/21 financial year. Programme 2: Social Assistance consumes the bulk of the DSD budget to the value of R195.5 billion for 2021/22 financial year. Programme 2 consist of payments made to beneficiaries for the provision of social grants as administered and paid by SASSA on behalf of DSD.

The DSD is experiencing budget cuts (in real terms) across all its programmes. The programme that has a significant budget decrease is Programme 4: Welfare Services Policy Development and Implementation Support, that is, from R1.8 billion in 2020/21 to R1.3 billion in 2021/22 financial year, indicating a nominal decrease of -R475.0 million (-25.78 percent).

Since the Department’s budget declines in both nominal and real (inflationary related) terms, it indicates the money available for the current financial year has less purchasing power compared to what it had during the previous financial year.

Figure 1 illustrates how the DSD budget allocation is affected by the inflation rate of 4.2 percent for the year under review.

Figure 1: DSD budget over the medium term in nominal and real (with inflation rate of 4.2%) Rand value

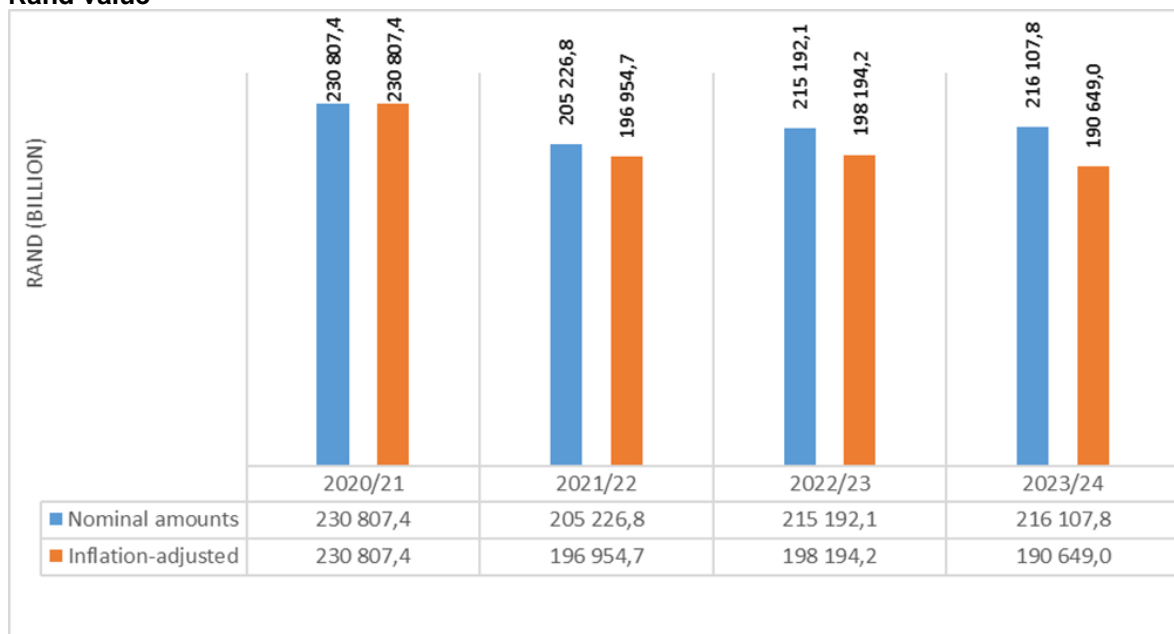
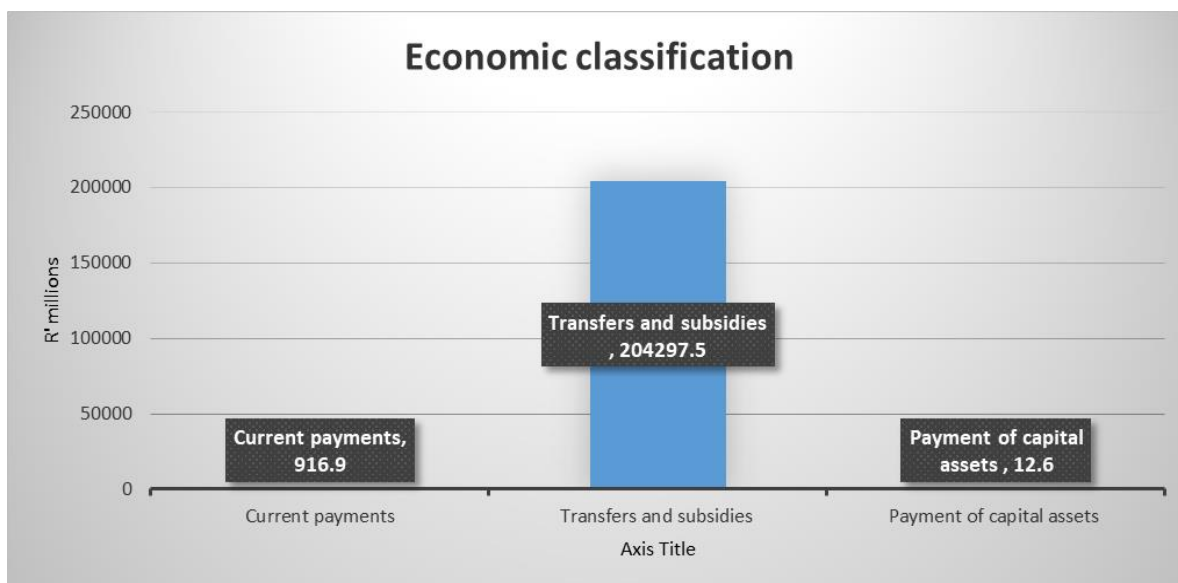


Figure 1 illustrates that when the inflation rate of 4.2 percent is considered, the purchasing power of the DSD is R196.9 billion compared to last year. This means that the DSD budget decreases by R33.8 billion when compared to the adjusted allocation of R230.8 billion in the 2020/21 financial year. It is projected that the DSD budget will decline by 6.2% over the medium term period.

In terms of budget spent on specific line items according to economic classifications, Figure 2 indicates that a large portion of the DSD budget goes to transfers and subsidies, which is R204.2 billion (or 96% of the total departmental budget). This is followed by current payments to the value of R916.9 million (0.4%) and payment of capital assets at only R12.6 million (0%).

Figure 2: Allocation per economic classification in Rand value, 2021/21



The current payment budget decreases from the adjusted R999.5 million in 2020/21 to R916.9 million in 2021/22. This shows a nominal decrease of R82.6 million or 8.3% from the adjusted budget of 2020/21. Of the R916.9 million, about R510.7 is allocated to the compensation of employees (CoE) line item. The CoE budget has been reduced by R140 million or 22.3% (in real terms) from R630.8 million allocated in 2020/21. The goods and services line item shows a budget increase from R368.7 million in 2020/21 to R406.2 in 2021/21 financial year. This shows a nominal increase of R37.5 million (or 10.17%) and a real increase of R21.1 (or 5.73%).

The transfers and subsidies budget decreases by R25.4 billion or 11.38% percent in nominal terms from an adjusted budget of R229.7 billion in 2020/21 financial year to R204.2 billion in 2021/22 financial year. When the inflation rate is considered, the budget declines by R33.7 billion or 14.68%. The budget cuts are driven by the following line items:

- Non-Profit Organisations (NPOs): the transfer to non-government organisations declines by R8.9 million in nominal terms, from R42.6 million in 2020/21 to R33.7 million in 2021/21 financial year.
- Households: there is a notable real budget decrease of R32.9 billion (or -14.95%) from R229.7 billion in 2020/21 financial year to R204.2 billion in 2021/22 financial year.

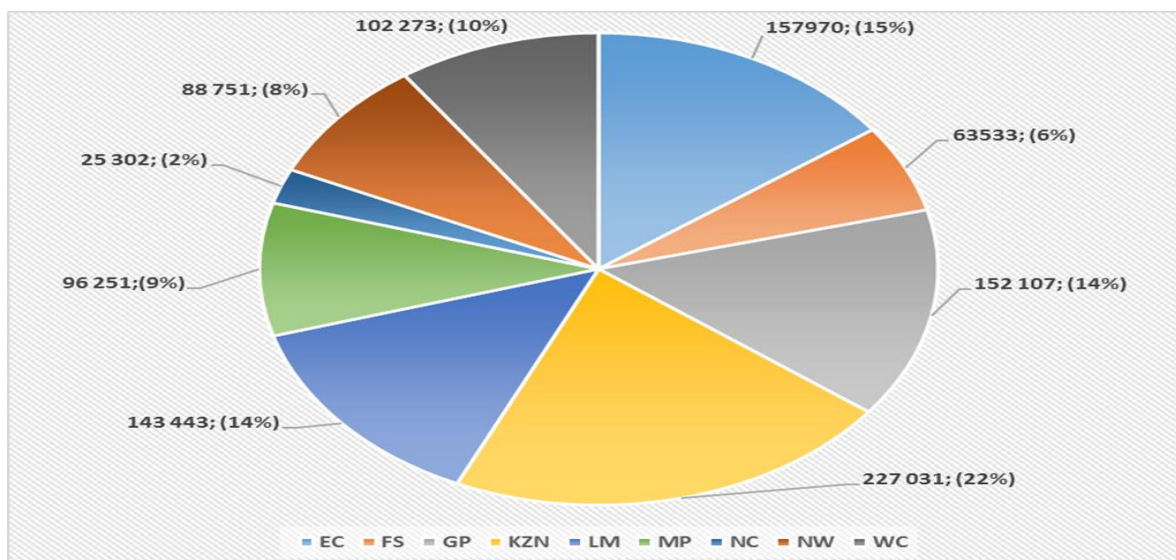
The payment of capital assets budget increases by 5.9% (nominal percent change) from R11.9 million in 2020/21 to R12.6 million 2021/22 financial year. Of the R12.6 million, a total of R11.9 million, about 94.96% of the allocation is allocated to machinery and other fixed structures line item.

4.1 Conditional Grant Allocations

The Early Childhood Development (ECD) grant is the only direct grant that is allocated to the DSD. This grant is meant to support Government's prioritisation of early childhood development, as envisioned by the NDP. This grant aims to improve poor children's access to early childhood programmes and ensure that early childhood development centres have adequate infrastructure.

This grant has two components with detailed outputs, conditions and responsibilities for each component specified in separate frameworks. These include the infrastructure component and subsidy component. The subsidy component is aimed at assisting registered ECD centres that do not receive funding elsewhere or conditionally registered care facilities. The infrastructure component provides supplementary funding to provinces to support maintenance upgrades of unregistered and conditionally registered ECD centres in poor wards.

Figure 3: ECD grant share allocations per province, 2021/22



The ECD grant receives a total share of R1.056 billion. Of this amount, R963 million is allocated to the subsidy component, whereas the maintenance component receives a share of R94 million. Over the medium term, the Early Childhood Development grant is funding is not expected to decrease.

In terms of grant share allocation per province, as illustrated by Figure 3, KwaZulu Natal (KZN) receives the largest share to the tune of R227.0 million (or 22% of the total grant) and followed by Eastern Cape (EC) to the value of R157.9 million (or 15%). Gauteng and Limpopo receive an amount of R152.1 million and R143.4 million, respectively. The smallest share goes to Northern Cape to the value of R25.3 million, i.e. only 2% percent of the total grant allocation.

Provinces are tasked with implementing the ECD function, so it is their responsibility to prioritise funding from their equitable share to provide additional support for their ECD programmes. Therefore, DSD should facilitate compliance to the National Integrated ECD Policy approved by Cabinet on 9 December 2015 by ensuring that the delivery and maintenance of any capital investment is coordinated in an efficient manner that is consistent with norms, standards and guidelines.

4.2 DSD Programme Performance Targets

This section provides an analysis of the planned target performance of the DSD for 2021/22 financial year. Table 3 provides the overall number of planned targets across the five budget programmes of DSD for 2021/22 in comparison with the planned targets in the previous financial year.

Table 3: Performance targets across the 5 programmes, 2020/21 and 2021/22

PROGRAMME	NO. OF TARGETS 2020/21	NO. OF TARGETS 2021/22
1. Administration	8	13
2. Social Assistance	1	1
3. Social Security Policy and Administration	7	10
4. Welfare Services Policy Development & Implementation Support	25	24
5. Social Policy & Integrated Service Delivery	18	20
Total	59	68

The DSD has set itself to achieve 68 performance targets for 2021/22. This number is higher than the revised 59 performance targets set in the 2020/21 financial year. The increase in the number of

performance targets should be viewed in the context of budget cuts across all the departmental programmes and the implications for resource availability in the Department.

The analysis of the performance targets per programme against the allocated budget follows.

4.3 Programme Analysis

This programme is responsible for providing leadership, management and support services to the departments and the sector. Some of the core business units of the DSD are located within this programme, i.e. Ministry, Internal Audit, and departmental management. Table 4 provides the budget allocation of this programme and its sub-programmes:

Programme 1: Administration provides leadership, management and support services to the department and the sector.

Table 4: Administration Programme

Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Sub-programme 1: Ministry	40,2	42,6	2,4	0,7	5,97 per cent	1,70 per cent
Sub-programme 2: Department Management	68,4	71,7	3,3	0,4	4,82 per cent	0,60 per cent
Sub-programme 3: Corporate Management	187,2	164,1	- 23,1	- 29,7	-12,34 per cent	-15,87 per cent
Sub-programme 4: Finance	70,2	73,6	3,4	0,4	4,84 per cent	0,62 per cent
Sub-programme 5: Internal Audit	16,2	16,2	0,0	- 0,7	0,00 per cent	-4,03 per cent
Sub-programme 6: Office Accommodation	44,4	45,0	0,6	- 1,2	1,35 per cent	-2,73 per cent
TOTAL	426,6	413,2	- 13,4	- 30,1	-3,1 per cent	-7,05 per cent

The Administration programme receives a budget of R413.2 million for the 2021/22 financial year, which shows a nominal decrease of R13.4 million compared to the adjusted budget of R426.6 the previous year. However, when inflation is considered, the budget shows a real decrease of R30.1 million (or -7.05%).

The Corporate Management sub-programme is the main driver of the declining budget. This means that Corporate Management has R29.7 million less purchasing power than the previous year (i.e. -15.87%). The Corporate Management sub-programme is the largest in terms of budget share compared to other sub-programmes hence the noticeable budget decline. Other sub-programmes that show real declines include Internal Audit and Office Accommodation at -4.03% percent and -2.73% in real terms, respectively.

Under the programme, the DSD has set itself the target of developing sector strategies, policies, and frameworks in areas such as Strategy, Human Resources, Infrastructure, Governance, and Digital Monitoring and Evaluation. In addition, this programme has to ensure that the DSD obtains a positive audit outcome. The realisation of the above-mentioned targets will contribute to the achievement of Government priority outcomes 3 and 6.

Figure 4: DSD planned target performance for Programme 1: Administration, 2021/22

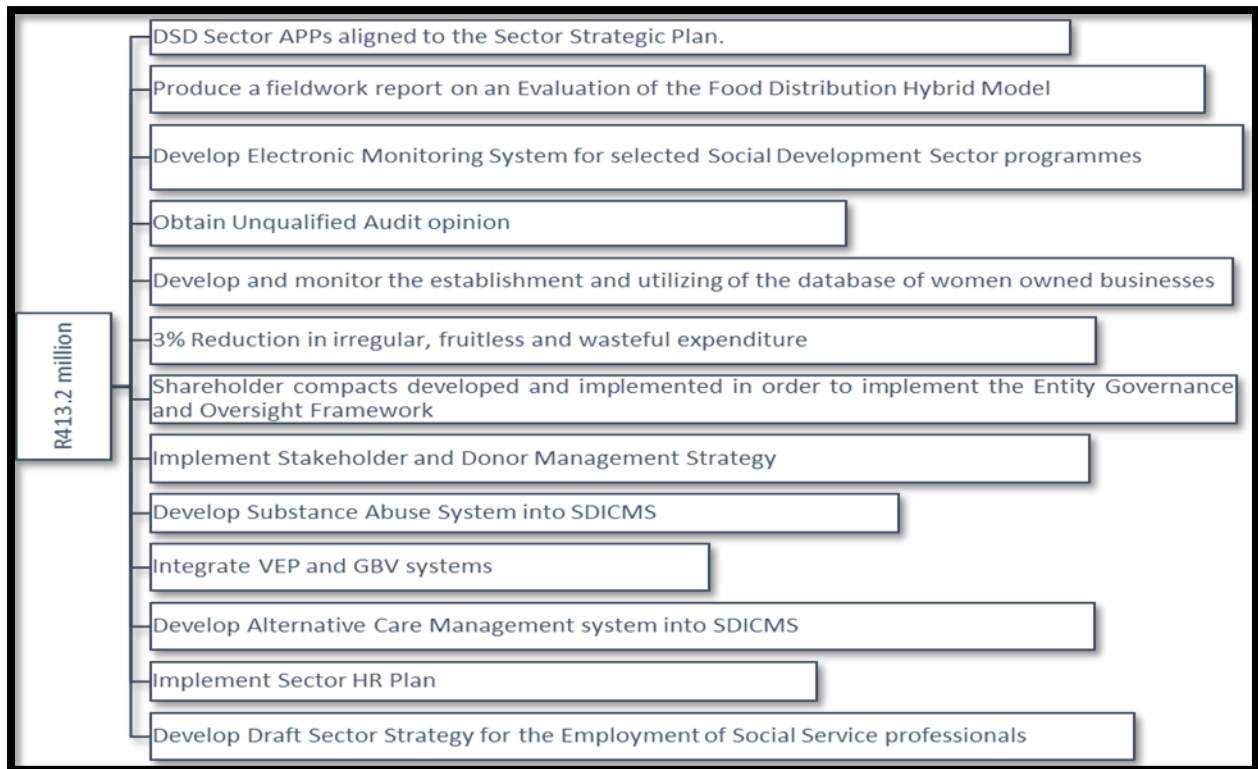


Figure 4 shows that for 2021/22, this programme has 13 planned performance targets; i.e. slightly higher than the previous eight (8) adjusted planned targets for 2020/21. The notable performance targets that have been included from the previous financial year targets included:

- Integration of Victim Empowerment Programme (VEP) and GBV systems.
- Three percent reduction of irregular, fruitless and wasteful expenditure.
- Develop and monitor the establishment and utilisation of the database of women owned businesses.

Programme 2: Social Assistance ensures the provision of social assistance to eligible beneficiaries in terms of the Social Assistance Act (No. 13 of 2004) and its regulations. The programme consists of payments made to beneficiaries for the provision of social grants as administered and paid by the South African Social Security Agency (SASSA) on behalf of DSD.

Table 5: Appropriation for Programme 2, 2020/21 and 2021/22

Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Old Age	83 105,6	86 486,7	3 381,1	- 104,9	4,07 per cent	-0,13 per cent
War Veterans	1,8	1,2	- 0,6	- 0,6	-33,33 per cent	-36,02 per cent
Disability	24 390,1	23 578,9	- 811,2	- 1 761,6	-3,33 per cent	-7,22 per cent
Foster Care	5 046,1	4 338,1	- 708,0	- 882,9	-14,03 per cent	-17,50 per cent
Care Dependency	3 568,6	3 658,0	89,4	- 58,0	2,51 per cent	-1,63 per cent
Child Support	84 885,6	73 317,9	- 11 567,7	- 14 522,9	-13,63 per cent	-17,11 per cent
Grant-in-Aid	1 632,2	1 600,1	- 32,1	- 96,6	-1,97 per cent	-5,92 per cent
Social Relief of Distress	17 976,6	2 535,5	- 15 441,1	- 15 543,3	-85,90 per cent	-86,46 per cent
TOTAL	220 606,6	195 516,4	- 25 090,2	- 32 970,9	-11,4 per cent	-14,95 per cent

The only target for this programme is to pay social grants to eligible individuals. The programme's budget shows a decline from R220.6 billion allocated in 2020/21 to R195.5 billion in 2021/22 financial year. This shows a nominal budget decrease of R25.9 billion (or 11.4 percent). However, when the effects of inflation are considered, this amounts to R32.9 billion less than the previous year (-14.95% real decline).

Table 5 indicates a significant budget decrease in child support from R84.8 billion in 2020/21 to R73.3 billion in 2021/22 financial year. This illustrates a nominal decrease of R11.5 billion or (-13.63%). Considering inflation, this translates into a real decrease of R14.5 billion or -17.11%. In real terms, the allocations to all the sub-programmes under the social assistance programme remain below inflation. The largest contributor to the budget decline in this programme is the budget cuts on Social Relief of Distress sub-programme from R17.976 billion in 2020/21 to R2.535 billion in 2021/22. In real terms, it declines with -86.46%. Social Relief of Distress is a temporary grant of assistance intended for someone in desperate need. The grant helps those who are unable to provide for their or their families most basic needs. The grant may come in the form of a food parcel, a voucher or cash.

Whilst there are budget cuts in real terms across all the social grants, the DSD expects SASSA to pay social grants to 18.6 million beneficiaries in 2021/22, up from 18.2 million in 2020/21 financial year.

Programme 3: Social Security Policy and Administration is responsible for the provision of social security policy development and the fair administration of social assistance.

Table 6: Appropriations for Programme 3, 2020/2021 and 2021/2022

Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Sub-programme 1: Social Security Policy Development	54,4	66,1	11,7	9,0	21,51 per cent	16,61 per cent
Sub-programme 2: Appeals Adjudication	37,6	40,6	3,0	1,4	7,98 per cent	3,63 per cent
Sub-programme 3: Social Grants Administration	7 416,2	7 393,0	- 23,2	- 321,2	-0,31 per cent	-4,33 per cent
Sub-programme 4: Social Grants Fraud Investigation	72,6	70,9	- 1,7	- 4,6	-2,34 per cent	-6,28 per cent
Sub-programme 5: Programme Management	5,1	5,5	0,4	0,2	7,84 per cent	3,50 per cent
TOTAL	7 585,9	7 576,1	- 9,8	- 315,2	-0,1 per cent	-4,15 per cent

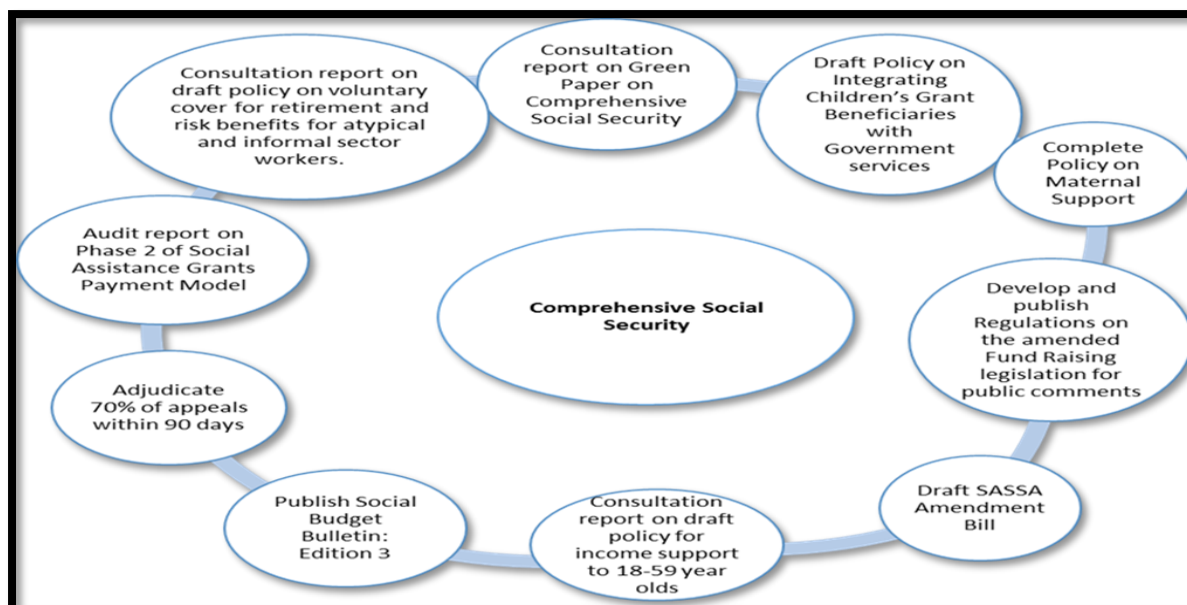
This programme's budget decreases from R7.585 billion in 2020/21 to R7.576 billion in 2021/22 financial year. This represents a decline from the previous year both in nominal (0.1%) and real terms (4.15%).

The Social Grants Administration and Social Grant Fraud Investigation sub-programmes, which declines in both nominal and real terms from the previous year drives the decline in the voted allocation of the programme. The budget decline, especially for the Social Grant Administration sub-programme (which is a transfer to SASSA), is concerning because the budget cuts could make it challenging for the entity to optimally perform its duties.

However, the budget increase in both nominal and in real terms for the Appeals Adjudication sub-programme is commendable as the DSD is planning to reduce the time it takes for appeals to be adjudicated from 180 days to 90 days during the year under review. The budget for this sub-programme increases from R37.6 million in 2020/21 to R40.6 million in 2021/22. This represents a nominal increase of R3.0 million or 7.98%. However, considering inflation, this represents a real increase of R1.4 million or 3.63%.

The R7.576 billion allocated to this programme will be spent to achieve 10 planned target performances for the 2021/22 financial year. These are:

Figure 5: Programme 3 planned performance targets for 2021/22 financial year



The DSD plans to amend the Social Assistance Act, SASSA Act, and the Fund-Raising Act to address existing gaps and inconsistencies in the legislation. The amendment to the Social Assistance Act aims to introduce a provision to empower the Minister, with the concurrence of the Minister of Finance, to augment the child support grant benefit provided to orphaned children residing with relatives.

The DSD further aims to complete the extensive policy proposals on social security reform, ranging from extending social assistance coverage to all, introducing mandatory contributions for retirement, death and disability. It also seeks to create a platform for informal sector workers to participate in social security coverage and developing an appropriate institutional architecture for a coherent, efficient and sustainable social security system in the long term.

The severe impact of the COVID-19 pandemic on the economy and its ability to create jobs has raised new questions about the reliance on economic growth to address unemployment and poverty and revived interest in the prospect of a Basic Income Grant (BIG) as another lever to tackle poverty and inequality, and engender a more inclusive growth path.

Table 7: Targets towards the realisation of the Basic Income Grant (BIG), 2021/22

ANNUAL TARGET	Q1	Q2	Q3	Q4
Consultation report on draft policy for income support to 18-59 year olds	Finalize policy on income support for 18 to 59 year olds	Obtain Cabinet approval for consultations on Policy	Conduct Stakeholder consultations	Conduct stakeholder consultations

In 2021/22, the DSD will initiate a feasibility assessment of a Basic Income Grant (BIG). The issue of the BIG has been on the public debates for quite some time. Therefore, Parliament should closely monitor progress towards the realisation of the grant, as well as public debates on the issue.

According to the DSD, ongoing policy development will continue, particularly to address very specific social security coverage gaps in relation to pregnant and lactating women, and institutional mechanisms and the cost thereof, to crowd in all government interventions to address the social protection needs of children, using the social grants as an entry point.

Programme 4: Welfare Services Policy Development and Implementation Support creates an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards and best practices.

Some of the developmental-social welfare issues identified in the 2021 SONA are located in this programme. These includes GBV and services to persons with disabilities.

The 2021 SONA reaffirms Government's commitment to strengthen access to ECD. Given that ECD services are mainly delivered by non-profit organisations (NPOs), the Department plans to develop the ECD service delivery that will outline Government's approach to the delivery of ECD services and the role of each stakeholder during this financial year. Further, the focus will be on the development of Quality Assurance and Support system; and Human Resources (HR) strategy for ECD. These contributes towards Government's mandate of provision of quality ECD. The Department will also train Master Trainers on the parenting programme, who will in turn empower parents/caregivers on parenting.

Table 8: Appropriation for programme 4, 2020/21 and 2021/22

Programme R million	Budget		Nominal Increase/ Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Sub-programme 1: Service Standards	27,9	31,8	3,9	2,6	13,98 per cent	9,38 per cent
Sub-programme 2: Substance Abuse	20,0	21,9	1,9	1,0	9,50 per cent	5,09 per cent
Sub-programme 3: Older Persons	15,4	20,3	4,9	4,1	31,82 per cent	26,50 per cent
Sub-programme 4: People with Disabilities	12,9	13,8	0,9	0,3	6,98 per cent	2,66 per cent
Sub-programme 5: Children	1 512,0	1 148,2	- 363,8	- 410,1	-24,06 per cent	-27,12 per cent
Sub-programme 6: Families	10,6	10,8	0,2	- 0,2	1,89 per cent	-2,22 per cent
Sub-programme 7: Social Crime Prevention and Victim Empowerment	169,7	73,5	- 96,2	- 99,2	-56,69 per cent	-58,43 per cent
Sub-programme 8: Youth	10,8	13,6	2,8	2,3	25,93 per cent	20,85 per cent
Sub-programme 9: HIV and AIDS	35,9	25,5	- 10,4	- 11,4	-28,97 per cent	-31,83 per cent
Sub-programme 10: Social Worker Scholarships	22,9	3,4	- 19,5	- 19,6	-85,15 per cent	-85,75 per cent
Sub-programme 11: Programme Management	4,3	4,6	0,3	0,1	6,98 per cent	2,66 per cent
TOTAL	1 842,4	1 367,4	- 475,0	- 530,1	-25,8 per cent	-28,77 per cent

Notwithstanding the importance of this programme, the programme's budget decreases from R1.845 billion in 2020/21 to R1.367 billion in 2021/22, which denotes a nominal decrease of R475 million or -25.8%. Considering inflation, this shows a real decrease of R530 million or -28.77%. This decline is driven by reductions in allocations to the Children, Social Crime Prevention and Victim Empowerment, and Social Worker Scholarship sub-programmes; these declines in real terms with -27.12%, -58.43%, and -85.75% respectively.

Whilst social crime prevention is also one of the key priorities mentioned in SONA 2021, the budget directed to social crime prevention and victim empowerment has been significantly reduced from R169.7 million in 2020/21 to only R73.5 million. In real terms, this shows a decline of R99.2 million from the adjusted budget of 2020/21. With the substantial budget cuts under this programme, the DSD is planning to achieve the targets outlined in Table 9:

Table 9: Planned target performance for Programme 4, 2021/22

SUB-PROGRAMMES	PERFORMANCE TARGETS 2021/22
Early Childhood Development (ECD), Children's Legislation and Families	<ul style="list-style-type: none"> • Consultation on the draft Regulations of Children's Amendment Bill. • Draft ECD quality assurance and support system. • Increase the number of children accessing quality ECD services by 5%.

	<ul style="list-style-type: none"> • Monitor registration of ECD services. • Conduct capacity building on the Sinovuyo Teen Parent digital programme for implementation by provinces.
HIV/AIDS	<ul style="list-style-type: none"> • Capacitate 300 SSPs on psychosocial support guidelines. • Capacitate 400 SSPs on Social and Behaviour Change (SBC) programmes.
Social Crime Prevention and Anti-Substance Abuse	<ul style="list-style-type: none"> • Target 9 high risk Districts implementing Anti- Gang strategy. • Reach about 8 campuses through prevention & early intervention measures to curb social ills amongst children and youth. • Capacitate about 7 public treatment centres on the UTC. • Capacitate 4 provinces and 6 GBVF hotspot districts on the provision of psychosocial services policy and inter-sectoral policy on the sheltering services in implementing the NSP, • Submit the VSS Bill to Cabinet for approval.
Services to Persons with Disabilities	<ul style="list-style-type: none"> • Submit Policy on Social Development Services to Persons with Disabilities to Cabinet for approval, • Submit the Guidelines on Respite care services for Families of children and Persons with disabilities for approval and implementation

Over the medium term, the DSD will prioritise the transformation and standardisation of social welfare through the development and coordination of overarching policies, legislative frameworks, and norms and standards that promote defined, integrated, quality driven, professional and accountable service delivery. In this regard, the DSD is planning to:

- Finalize a second amendment to the Children’s Act (2005) to enable government social workers to render adoption services;
- Draft a Bill for social service practitioners to ensure the delivery of professional and accountable social services through the effective regulation of social service practice;
- Revise the 1997 White Paper on Social Welfare, which is expected to lead to the development of a draft social development bill and the national community development policy framework; and
- Implement the social development sector funding policy, accompanying guidelines to streamline the prioritization, and funding of welfare services across provinces, including for services delivered by NPOs.

The above-mentioned policy developments will be supported through the medium-term allocations in the Welfare Service Policy Development and Implementation Support Programme and the Social Policy and Integrated Service Delivery programme. However, the expenditure in the Welfare Services Policy Development and Implementation Support programme is set to decrease from R1.8 billion in 2020/21 to R1.6 billion in 2023/24 due to a one-off allocations related to the presidential employment intervention in 2020/21. This includes allocations of R380 million through the Early Childhood Development grant to provide support to 83 333 ECD-related workers, and R76 million to extend the contracts of 1 809 social workers employed to provide psychosocial support to individuals and families affected by COVID-19.

Programme 5: Social Policy and Integrated Service Delivery is responsible for developing and facilitating the implementation of policies, guidelines, norms and standards for effective and efficient delivery of community development services to enable the poor, the vulnerable and the excluded within South African society to secure a better life and build sustainable, vibrant and healthy communities.

Table 10: Appropriation for Programme 5, 2020/21 and 2021/22

Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Sub-programme 1: Social Policy Research and Development	6,8	6,4	- 0,4	- 0,7	-5,88 per cent	-9,68 per cent
Sub-programme 2: Special Projects and Innovation	8,8	12,0	3,2	2,7	36,36 per cent	30,87 per cent
Sub-programme 3: Population Policy Promotion	36,4	37,8	1,4	- 0,1	3,85 per cent	-0,34 per cent
Sub-programme 4: Registration and Monitoring of Non-profit Organisations	39,8	40,9	1,1	- 0,5	2,76 per cent	-1,38 per cent
Sub-programme 4: Substance Abuse Advisory Services and Oversight	6,0	6,9	0,9	0,6	15,00 per cent	10,36 per cent
Sub-programme 5: Community Development	28,0	30,1	2,1	0,9	7,50 per cent	3,17 per cent
Sub-programme 6: National Development Agency	216,2	216,0	- 0,2	- 8,9	-0,09 per cent	-4,12 per cent
Sub-programme 7: Programme Management provides	3,9	3,8	- 0,1	- 0,3	-2,56 per cent	-6,49 per cent
TOTAL	349,9	353,9	4,0	- 10,3	1,1 per cent	-2,93 per cent

Expenditure for the programme increases from R349.9 million in 2020/21 to R353.9 million in 2021/22, indicating a nominal increase of 1.1%, but declines with -2.93% in real terms.

The National Development Agency (NDA) is located within this programme, and its budget declines from R216.2 million in 2020/21 to R216.0 million in 2021/22 financial year. This represents a nominal decrease of 0.09%. However, when considering inflation, the NDA budget further declines with -4.41% real terms. It is concerning that the budget of the NDA keeps on declining year on year as this entity provides grants to civil society organisations (CSOs) to implement sustainable community-driven projects that address food security and create employment and income opportunities. Key budget highlights include the following:

- The Registration and Monitoring of NPOs sub-programme has the second largest allocation in this programme to the value of R40.9 million in 2021/22, up from R38.9 million in 2020/21. However, this budget shows a real decrease of -1.38%. This sub-programme is responsible for the registration and compliance monitoring of NPOs in terms of the Non-Profit Organization Act (Act No. 71 of 1997).
- The budget allocations for the Special Projects and Innovations, Substance Abuse Advisory Services and Oversight, and Community Development sub-programmes are all above the inflation.
- The Social Policy Research and Development sub-programme's budget declines from R6.8 million in 2020/21 to R6.4 million in 2021/22. Showing a real decline of -9.68%.

Under programme 5, the Department has set itself 20 performance targets for 2021/22, up from 18 in the previous financial year. Some of the targets include:

- The Programme will conduct community capacity enhancement in all nine provinces to bolster social cohesion. Functional community structures will be created as part of prevention and addressing the social ills of communities. Out of 17.4 grant recipients, the programme intends to target 2 percent to link the beneficiaries as a means to alleviate poverty and build sustainable communities.
- Through the EPWP, the Programme will continue to create meaningful work opportunities as a social protection safety net for vulnerable individuals over the MTSF period. For the year under review, the DSD is planning to create 175 253 EPWP work opportunities.
- The Programme administers the NPO Act and has identified the following outputs; NPO Policy framework, Turnaround time on NPO registration, NPO compliance monitoring and NPO education and awareness programmes as pillars that will ensure the outcome

“Reduced levels of poverty” is achieved. The DSD hope to this by increasing public trust and confidence through effective yet fair regulation of NPOs.

- Over the medium term, the DSD will implement the National Food and Nutrition Security plan for South Africa that seeks to ensure the implementation of food and nutrition security initiatives targeting vulnerable individuals and households. This will be accomplished through the coordination of DSD food and nutrition interventions, which include all centre, based feeding programmes providing nutritious food to the poor and vulnerable in partnership with the Civil Society organizations, Social Partners and Agencies.
- The Department will also prioritize the linking of CSG recipients below 60 years of age to sustainable livelihoods opportunities. The community development branch will continue with the development of policy framework, guidelines and tools to enhance community development within the country

6. COMMITTEE DELIBERATIONS

- The Committee sought clarity on the status of the Social Relief of Distress Grant (SRD) with regard to its extension. Related to that, it also wanted to know about the progress made in the discussions about the introduction of the Basic Income Grant (BIG).
- The Department reported that the SRD Grant came to an end at the end of April 2021, however it was planning on engaging National Treasury for its extension. It was in its final stages of formalizing a request for an extension. It also conducted an impact assessment and found that the grant has had a significant impact on the lives of people. Also, studies conducted by academic researchers, National Treasury, and other government departments had similar outcomes. This reinforced the motivation for the extension of the grant. The Department was also looking at ways to link the SRD Grant to BIG.
- The Committee also raised a concern that the budget of the Department had no allocations made for the payment of the Child Support Grant Top Up as legislated in the Social Assistance Amendment Act (No. 16 of 2020) as part of a legal solution to the challenges of backlogs in the foster care system.
- The Committee wanted to know the type of employment opportunities that will be created through the Extended Public Works Programme (EPWP).
- The Department explained that employment opportunities through EPWP are created through the social cluster. So the target of 175 000 work opportunities is implemented through the cluster. DSD contributes through the employment of ECD practitioners and home based care workers. The Department of Health contributes through the employment of primary health care workers. The Department of Basic Education contributes through the employment of contractors who deliver the national school nutrition programme.
- The Committee also wanted to know whether the Department’s plans to be innovative using technology, maximizing partnership opportunities and improving coordination of the social development portfolio and provincial Departments, will also include implementation of food vouchers in all provinces.
- The Department responded that it had engaged provinces and agreed to implement food vouchers. Two provinces have already implemented them. The implementation will be monitored during this current year (2021/2022).
- The Committee also wanted to know the progress made by the Department in issuing registration certificates to all the registered NPOs. A number of registered NPOs had indicated that they had not received them.
- The Department explained that the COVID-19 lockdown created a backlog in the issuing of the NPO registration certificates but it has since been cleared. Other delays were caused by incorrect email addresses provided by the NPOs.

- The Committee expressed a concern over the impact the budgetary cuts over the medium term period, will have on service delivery. It was particularly concerned that over the medium term, budgetary cuts in the social assistance programme will amount to R19.5 billion in 2023/2024. This is despite the increasing child malnutrition and stunting. It also expressed a particular concern on the impact the budget cuts will have in the funding of the NPOs. It wanted to know which NPOs will be affected – provincial funded NPOs or those funded by the national department? It also wanted to know what measures the Department was putting in place to cushion the impact of the budget cuts.
- The Committee also raised a concern about non-payments, late payment or subsidy cuts to NPOs and NGOs who provide vital services on behalf of the State.
- The Committee further raised a concern over the impact of budget cuts on the employment of social workers, which the sector desperately needs.
- The Department reported that only NPOs funded by the national department will be affected. It also reported that it will be conducting an impact assessment on the impact of the budget cuts and thereafter identify interventions that would need to be implemented.

7. SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) 2021/22 APP

The mandate for SASSA (or the Agency) is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework.

SASSA's work for the MTEF period will be streamlined towards achieving the four outcomes as identified and detailed in its strategic plan 2020 – 2025. These outcomes include:

- Reduced poverty levels.
- Economic transformation - empowered individuals and sustainable communities.
- Improved customer experience.
- Improved organisational efficiencies.

7.1 Alignment of SASSA Priorities with International and National Frameworks

The NDP suggests that South Africa needs to ensure that vulnerable groups and citizens are protected from the worst effects of poverty by 2030. The social protection measures proposed to support those in need, including children, people with disabilities and the elderly. In addition, the NDP seeks to promote active participation in the economy and society for those who are unemployed and underemployed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.

The NDP recommends that priority should be improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits. In this regard, SASSA is responsible for the provision of a basket of social assistance services (income support and safety net to the most vulnerable) through amongst others, and oversee services responding to the needs of the community. In line with the requirement to addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, for the 2021/22 financial year, SASSA prioritized improving coverage for children below the age of one (1). Further, SASSA has prioritized implementing measures to reduce the administrative bottlenecks that prevent people from accessing social assistance benefits.

Government has recently adopted a new MTSF electoral cycle. In the previous electoral cycle 2014 – 2019, the social development sector took ownership of outcome 13 (inclusive and responsive social protection system) out of the 14 government priority outcomes. The new MTSF 2019 – 2024 structure has changed from 14 priority outcomes to seven (7). However, it remains informed by the policy goals in the NDP. The seven (7) priorities outcomes are the practical framework within which the sixth administration is implementing the NDP. The main priority that speaks directly to the mandate of SASSA is Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services. In this regard, SASSA has prioritized improving coverage of the social assistance

programme, including for eligible refugees, with the objective to ensure that South Africans who are unable to support themselves and/or their dependents are not excluded.

As stated earlier, the SASSA was established, amongst others, to eliminate poverty and its causes; this speaks to the SDGs aspirations. The SDGs, otherwise known as the global goals, is a global agenda consisting of 17 goals aimed at ending poverty, protecting the planet and ensuring that humanity enjoys peace and prosperity. The SDGs recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. In this regard, SASSA contributes to South Africa's target of ensuring that no South African lives below the extreme poverty line by 2030. SASSA provides temporary relief of distress to individuals and households experiencing undue hardship due to disasters, loss of breadwinners etc. Further, SASSA ensures that vulnerable groups such as women and children are prioritized when processing the social assistance programmes.

The State of the Nation Address (SONA) for 2021 outlined several policy imperatives for the social development sector. SONA 2021 highlighted women empowerment, the extension of the Special COVID-19 Grant, and the empowerment of people with disabilities as key issues for the social development sector. This means that SASSA should continue to provide safety nets for the vulnerable groups of the South African societies, which include people with disabilities, children, and the elderly.

8. OVERVIEW OF THE SASSA 2020/21 BUDGET

The overall budget of SASSA for 2020/21 financial year was R7 718 421 billion. The actual expenditure for the third quarter was R5 305 623 billion (69%) compared to R3 372 186 (44%) billion in the second quarter. With regard to non-financial performance, the Agency had set to achieve 47 targets for the third quarter and managed to achieve 35 (74%), which was an improvement compared to 39% and 71% in quarter 1 and 2.

8.1 Performance Information by Programme

The Agency functions through two main programmes, namely, Programme 1: Administration and Programme 2: Benefits Administration and Support.

Programme 1: Administration

Under this programme SASSA managed to achieve 76% of its planned targets and related to this NDP priority for this quarter. They are as follows:

- SASSA managed to achieve 94.2% (925 429 of 982 497) of its 95% target of processing new grant applications within 10 days.
- It achieved its target of developing and implementing the online grant application solution at district offices. It piloted solution in at least 28 districts. More than 9 499 grant applications were received through this channel. At least 842 grants administration officials were trained on how to use the online grants application solution. Those trained included 440 capturers, 332 verification officials, and 70 Customer Care officials.
- It also achieved its target to develop an integrated validation database with government datasets.
- It further achieved its target to implement the biometric identity access management system for SOCPEN users. The scanning solution was developed and staff were trained on the new solution. The solution is being implemented in 231 local offices.
- It also investigated 81% (198 of 243) reported fraud, theft and corruption cases. The target was to investigate 50%.

Programme 2: Benefits Administration and Administration and Support

This programme is responsible for the implementation of the core business of SASSA, that of administering the payment of social grants. It is the programme that was mainly affected by the changes in the budget for payment of social grants and introduction of the Special Relief of Distress

Grant. Accordingly, it had eight (8) new targets added to it. It also significantly contributes towards the achievement of most of the NDP priorities, SONA priorities and MSTF priorities listed above.

Under this programme SASSA managed to achieve 72% of its planned targets and related to this NDP priority for this quarter.

8.2 Budget Analysis for the 2021/22 Financial Year

Social assistance has proved to be one of the most effective pro-poor programmes that keep vulnerable people from falling into abject poverty. In the period 2017/18 – 2020/21 (December 2020), SASSA continued to implement its mandate of providing Social Assistance to the most vulnerable people of South Africa. During this period, SASSA increased the number of grants in payment, including a grant in aid from 17 509 995 at the end of March 2018 to 18 265 487 at the end of December 2020. This represents an increase of approximate 4.14% during this period.

Compensation of employees accounts for an estimated 46% or R10.5 billion of the agency's budget over the medium term. The remainder of the budget is earmarked for goods and services for essential operational requirements such as grant payments, building leases, security, cleaning and computer services.

Over the medium term, the spending priorities of SASSA include:

- Compensation of employees accounts for an estimated 46% or R10.5 billion of the agency's budget over the medium term.
- The agency plans to implement a fully automated grant application process (these include: e-application, scanning supporting documents, digital signatures and electronic files) over the MTEF period at an estimated cost of R128 million.
- The biometric data of an estimated 21 million beneficiaries that was captured by payment contractors between 2012 and 2018 has been migrated to the agency's new system and is expected to be fully rolled out in 2021/22. This is expected to ensure that no transaction processed are repudiated. An estimated R68 million will be spent on the system over the MTEF period. The Agency's new operating model, emanating from its 2020-2025 strategic plan, proposes clustering its nine (9) regions into three (3). The high-level structure review will continue at an estimated cost of R40 million over the MTEF period, ensuring that the agency is structured to be fit for purpose, with modernized systems that improve operational efficiency and reduce the growth in the wage bill and executive management.

Table 11 provides the budget allocation of SASSA for 2021/22 financial year in comparison with the revised allocation of 2020/21 financial year.

Table 11: Overall appropriation of SASSA for 2021/2022 and 2021/2022

Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Programme 1: Administration	3 538,3	3 007,7	- 530,6	- 651,8	-15,00 per cent	-18,42 per cent
Programme 2: Benefits administration support	4 556,4	4 461,9	- 94,5	- 274,3	-2,07 per cent	-6,02 per cent
TOTAL	8 094,7	7 469,6	- 625,1	- 926,2	-7,7 per cent	-11,44 per cent

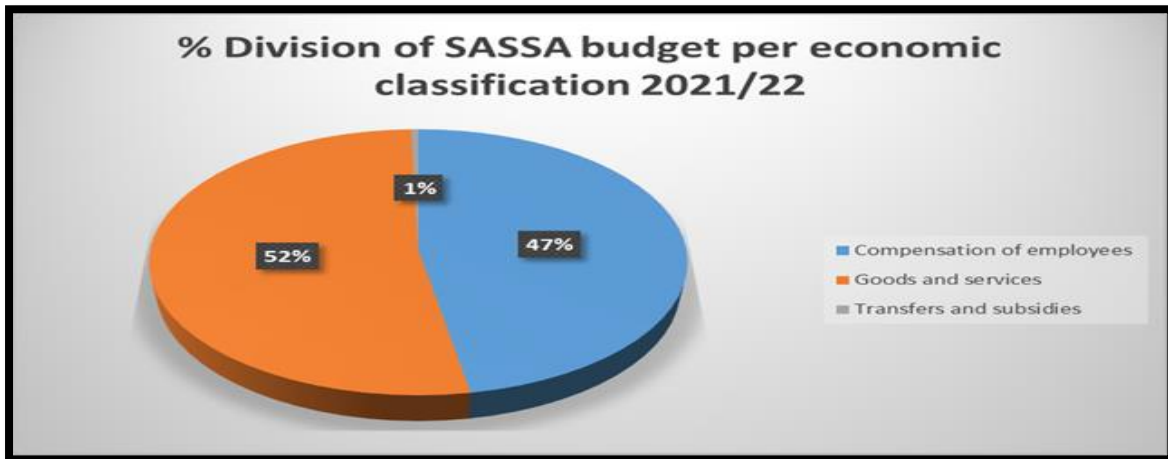
Table 11 indicates that SASSA receives an allocation of R7.469 billion for 2021/22 financial year, which shows a nominal budget decline of R625.1 million or 7.7%. When the inflation is considered, SASSA budget further declines by R926.2 million or 11.44%. Both programmes of the agency show a nominal and a real budget decline from the 2020/21 budget allocation.

Programme 1: Administration shows a significant budget cut from R3.538 billion in 2020/21 to R3.007 billion in 2021/22 financial year, representing a nominal budget decline of R530.6 million or 15% (R651.8 million or 18.4% when the inflation is considered). It is concerning to note the alarming decrease in expenditure for programme 1, noting that this programme is responsible for ensuring effective leadership and administrative support services within SASSA.

Programme 2: Benefits administration support receives an allocation of R4.461 billion in 2021/22, down from R4.556 billion allocated in 2020/21 financial year. This illustrates a nominal budget decline of R94.5 million or 2.07%. When the inflation is considered, this programme’s budget is further reduced by R274.3 million or 6.02% for 2021/22 financial year.

Figure 6 shows the percentage proportion of the total SASSA budget spent on specific line items according to economic classification:

Figure 6: Percentage share of the total SASSA budget spent on specific line items according to economic classification



The largest share of the total budget of SASSA per economic classification is allocated to Goods and Services to the value of R3.886 billion (52% of the total budget), whereas the Compensation of Employees receives R3.500 billion (47% of the total budget). One percent (1%) or R34.4 million is for Transfers and Subsidies.

8.3 Programme Analysis

SASSA’s budget structure is implemented through two programmes, namely:

- Programme 1: Administration, and
- Programme 2: Benefits Administration and Support.

Table 12: Overall targets of SASSA for 2021/2022 financial year

PROGRAMME	TARGETS 2020/21	TARGETS 2021/22
Administration		25
Benefits Administration & Support		12
Total Targets	31	37

As can be seen on Table 12, SASSA has set itself to achieve 37 performance targets for 2021/22. This number is higher than the revised 31 performance targets set in 2020/21 financial year. The

increase in the number of performance targets compared to the previous financial year should be viewed in the context of budget cuts for both the agency's two programmes.

The analysis of the performance targets per programme against the allocated budget follows.

Programme 1: Administration provides leadership, management and support services, which constitute as sub-programmes of it. They are Executive Management, Corporate Services, Financial Management, Information and Communication Technology and Strategy and Business Development.

Table 13: Linking SASSA outcomes with annual performance targets

OUTCOMES	ANNUAL PERFORMANCE TARGETS
Economic transformation	Linking social grant beneficiaries to developmental opportunities through existing relationship among the Department of Social Development and NSFAS
Improved customer experience	Utilise SASSA database as a strategic asset to improve decision making and effective integration with other government institutions;
Improved organisational efficiency	<ul style="list-style-type: none"> • Improve organisational efficiency and governance; • Intensify the fight against fraud and corruption; and • Clear existing irregular expenditure register. • Consider various options towards migration from legacy system to modern solutions.

Critical to the identified priorities within this programme are the organisational transformation interventions, which deals with the capacity of the Agency to deliver on its mandate. Among these projects is the skills audit aimed at the proper placement of staff for optimal utilisation. Similarly, the modernisation of business processes remains a priority for SASSA in the MTEF period. The programme's compensation of employees will increase from R1. 092 billion in 2021/22 to R1.102 billion in 2023/24. The increase in compensation of employees is expected to accommodate the outcomes of the planned initiatives, e.g. automation and the review of business processes.

To improve the quality of its financial reporting, the agency reports that it will invest in a business intelligence solution to verify that all payments to grant recipient bank accounts were successful and match claims from the South African Post Office (SAPO). This solution is expected to allow data to be profiled comprehensively and effectively to support transactional, operational and analytical workloads regardless of source, volume or latency.

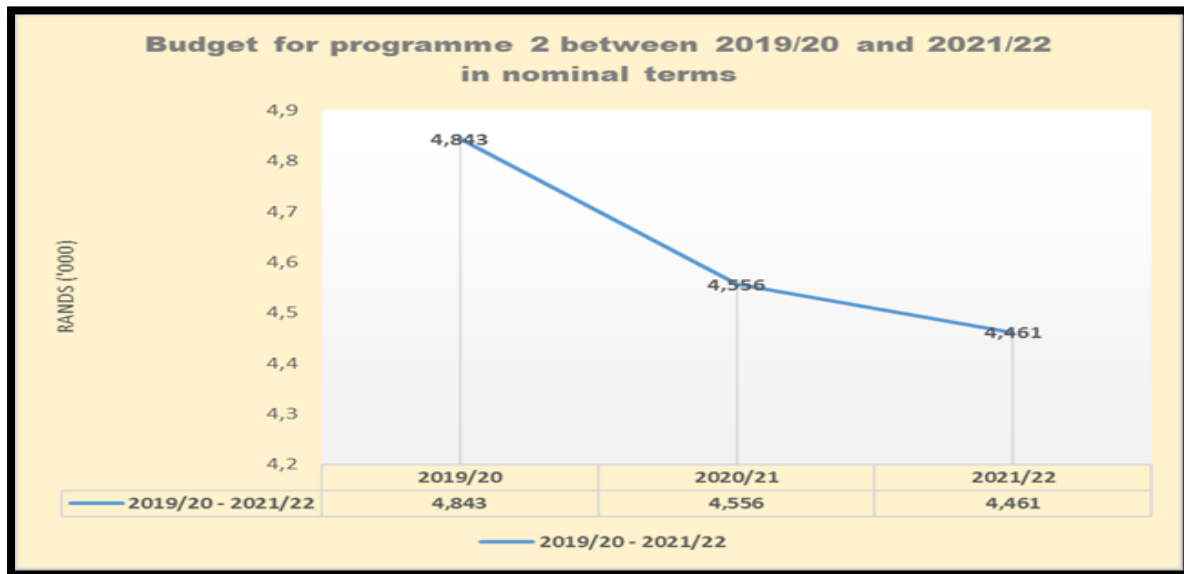
Programme 2: Benefits Administration and Support provides grant administration service and ensures that operations within SASSA are integrated. It manages the full function of grant administration from application to approval, as well as beneficiary maintenance.

This programme is responsible for the core business of SASSA and ensures the implementation of the full value chain of grants administration. The functions relating to this programme cut across all levels within the Agency, including the day-to-day interface with clients.

Programme 2 has a total of 12 performance targets. The budget allocation for the programme is R4.461 billion for 2021/22, as opposed to the revised budget of R4.556 billion allocated for 2020/21 financial year.

Figure 7 shows the budget allocation trends for programme 2 between 2019/20 and 2021/22 financial years:

Figure 7: Trends in budget allocation for Programme 2 of SASSA between 2019/20 and 2021/22 in nominal terms



As can be seen from Figure 2, over the past three financial years the budget allocation for programme 2 has been declining. Over the medium term, the cumulative growth rate for the budget of this programme is expected to be 0.0%. However, when the inflation rate is considered, over the medium term, this programme’s budget is expected to decrease by -4.1% between 2020/21 – 23/24.

The programme is responsible for the core business of SASSA and it provides an efficient and effective grant administration service for the implementation of the social assistance programme across the country. The programme manages the full function of grant administration from application to approval, as well as beneficiary maintenance, benefit payment, customer care, strategic direction and guidance pertaining to grant operations. It monitors and evaluates improvements, innovations and service delivery networks.

Some of the notable interventions that SASSA is planning in the next MTEF include:

- Increase the number of grants in payment including grant-in-aid to an estimated 18.8 million at the end of March 2022 (actual grants in payment as at 31 December 2020 – 18,2 million);
- Reduce the turnaround time for processing social grant applications from 10 days to 5 days and gradually to 1 day at the end of the MTSF period;
- Improve time spent in resolving customers’ enquiries and disputes;
- Strengthen the management of SASSA’s payment partnerships in order to ensure that social grants beneficiaries receive their correct grants at the right time and place;
- Explore the possible value that can be added to the SASSA beneficiaries using the economies of scale that we have and the improvements in the payment landscape.

9. COMMITTEE DELIBERATIONS

- The Committee wanted to know the progress made in the assessments to renew lapsed Temporary Disability Grant (TDG).
- SASSA reported that all the assessments for the grant were completed. A number of people did not re-apply and follow ups were made on 10% sample. Those contacted indicated that they were not ill anymore and some had other sources of income. The Agency is in the process of initiating payments.
- The Committee was concerned that SASSA’s budget will be cut by R641 million in this financial year, noting that the bulk of the cuts will affect employee compensation. Given the high vacancy

rate at SASSA this budget cut is concerning in relation to the effect it will have on SASSA's ability to deliver services to the vulnerable grant beneficiaries.

- The Committee reiterated its concern over overcrowding at SASSA and SAPO (South African Post Office) offices. It wanted to know what plans SASSA has to ensure that each town has a fully operational office, in line with its turnaround strategy.
- The Committee emphasized its concern over the escalating fraud and corruption in the payment of social grants, particularly fraudulent activities in the SAPO/SASSA card system. It wanted to know what plans SASSA has put in place to intensify the fight against fraud and corruption.
- The Committee wanted to know what plans SASSA has put in place to clean the social grant payment system off ineligible beneficiaries. It wanted to know the update on the investigations of 241 government employees who received the SRD Grant even though they did not qualify.
- It also reported that before payments are made to SAPO, it first validates the payment file from SAPO to make sure it is aligned with SOCPEN (SASSA payment system). SAPO accounts for 70% of social grants payments and so it takes time to validate the file from SAPO.
- It further reported that it will recover all the money that was paid to government employees. It was still conducting investigation. It was also engaging with DSD on what actions should be taken against those implicated. It will also engage with the departments these people work for to explore disciplinary actions to be taken.
- In the light of increasing child malnutrition and stunting, the Committee wanted to know if SASSA was working with the Department of Home Affairs to ensure that more children are registered in the Birth Register and enrolled in the social assistance programme. The Department of Home Affairs is in the process of expanding its birth registration system.
- The Committee noted that SASSA APP has no targets set in relation to the modernization of the Call Centre. This is despite the fact that SASSA contracted a service provider at a cost of R30 million a month to improve capacity of the call centre. The APP should have made targets pertaining to the kind of service delivery improvement envisaged at the call centre and skills transfer from the contractor to SASSA officials.
- The Committee reiterated its concern that communication provided to it is not filtered through to the public and to the front desk officials. This negates all the interventions the Agency is implementing.
- It wanted to know the causes of non-compliance to SCM rules and regulations and are there any disciplinary actions taken against implicated officials?
- The Committee asked how many social workers have been absorbed by Provinces.
- SASSA reported that it had taken a zero tolerance on non-compliance to SCM rules and regulations. Disciplinary actions were delayed by management not being able to conduct physical hearings due to lockdown regulations.

10. NATIONAL DEVELOPMENT AGENCY (NDA) 2021/2022 APP

The National Development Agency (henceforth, NDA or the Agency) is an agency of government that reports to Parliament through the Department of Social Development (DSD). The NDA is classified as a public entity under Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999). The NDA was established in November 1998 as government's response to the challenge of poverty and its causes in South Africa. The NDA has a two-fold legislative mandate consisting of a primary mandate and a secondary mandate.

Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) for carrying out projects or programmes aimed at meeting development needs of poor communities and strengthening the institutional capacity of

CSOs involved in direct service provision to poor communities. The secondary mandate is to promote consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state; debate on development policy; and undertake research and publications aimed at providing the basis for development.

10.1 Alignment of the NDA Policy Priorities to South Africa's Strategic Framework

The above-mentioned mandates in the main contribute towards the eradication of poverty and its causes. This is achieved through granting of funds to CSOs to enable them to implement development projects in poor communities. The NDA is also entrusted with strengthening the institutional capacity of CSOs that provide services to poor communities.

The 2021/22 budget and annual performance plan (APP) of the NDA should be viewed within the context of the COVID-19 pandemic and budget cuts across government departments. South Africa and the world at large is faced with an enormous challenge of Covid-19 pandemic. This pandemic has hit across the all races, class, ages and all sectors of our societies. The NDA has not been spared by the ravaging wrath of COVID-19. The enormity of COVID-19 has seen massive changes across public, private and CSOs. That said, the NDA has a mandate to fulfil even during difficult times to empower the civil society sector so that one day, South Africa could also celebrate the end of extreme poverty.

The concerted global response to the pandemic from its onset has been on of prioritising resources towards healthcare in a bid to lessen the envisaged impact on humanity. The overall impact on developing countries was and continue to be catastrophic as these countries are largely faced with a myriad of development challenges competing for limited resources.

South Africa's response to the detriments caused by the pandemic and its lockdown restrictions came in the form of an economic stimulus package to the value of R500 billion announced by the President of South Africa. This economic stimulus package was intended to lift the country from the economic abyss imposed by the Covid-19. In response to the COVID-19 pandemic and the need to create awareness, advocacy and education on COVID-19 and behavioural change programme to communities, the NDA launched a Volunteer Programme in April 2020. In this regard, the NDA received an allocation of R1.8 million to collaborate with 52 CSOs that provide ten volunteers each, amounting to 520 volunteers. The volunteers were deployed to distribute food parcels and other necessities to the elderly and persons with disabilities in communities, according to the NDA.

This paper outlines the policy priorities for the NDA as highlighted in amongst others, the 2021 State of the Nation Address. This is followed by an analysis of the budget and the performance targets for the 2021/22 financial year, as well as highlighting issues that Parliament may consider discussing with the Department regarding the budget and APP for the 2021/22 financial year.

10.2 Overview of the NDA 2020/21 Financial Year

For the 2020/21 financial year, the NDA had an operational budget of R230.8 million compared to R215.3 million received in 2019/20. In nominal terms, the budget of NDA increased by R15.5 million (7.2%). However, when the inflation rate of 4.4% is taken into consideration, the budget only increased by R5.8 million (2.6%) from previous financial year.

Over the years, the main costs drivers of the NDA have been the employment costs and operating overheads such as rental for offices and Information and Communication Technology (ICT) infrastructure, which are increasing at a rate above Consumer Price Index (CPI). For the past three years, the NDA operational budget has been increasing in nominal terms from R202.6 million in 2018/19, R215.3 million in 2019/20, and R230.8 million in 2020/21.

Table 14 outlines the expenditure of the NDA as at third quarter of the 2020/21 financial year.

Table 14: NDA expenditure as at 31 December 2020

2020-21 QTR 3 - DEC 2020 FINANCIAL PERFORMANCE	FULL YEAR BUDGET (Incl 19 - 20 COMMITMENTS)	YEAR-TO-DATE EXPENDITURE 31 DEC	BUDGET REMAINING	% BUDGET SPENT	% BUDGET LEFT
Prog 1: Governance and Administration	111 435 793	64 040 403	47 395 390	57%	43
Prog 2: CSO Development	226 021 757	109 338 553	116 683 204	48%	52%
Prog 3: Development Management & Research	8 483 991	4 341 154	4 142 837	51%	49%
TOTAL EXPENDITURE BUDGET	345 941 541	177 720 110	168 221 431	51%	49%
TOTAL BUDGET (EXCLUDING CARA)	250 387 841	153 170 110	97 217 731	61%	39%

The budget as indicated in Table 14 includes the budget from 2019-20 commitments hence the budget indicates a total budget of R345.9 million as opposed to the 230.8 million allocated for 2020/21 financial year.

Table 14 depicts that a total amount of R177.7 million was spent, which represented a budget utilisation of 51% as at the end of December 2020. This meant that the NDA had R168.2 million budget available to spend between January 2020 and 31 March 2020.

As at third quarter of 2020/21, **Programme 1** had spent 57% of its full year budget, and had 43 percent remaining for implementation. There has been underspending on consulting & professional fees (R3.3 million), Information Technology (IT) costs (R3.4 million), audit fees (R1.3 million), and travel (R1.1 million).

Programme 2 had spent 48% of its full year adjusted budget (including 2019-20 commitments), and had 52% of the budget remaining for implementation over the last 3 months. Excluding the CARA project, Programme 2 has spent 65% (R85 million) of its full year budget, whilst 35 percent of budget (R46 million) remains for spend over the last 3 months. In terms of expenditure per economic classification, there has been a notable underspending on mobilisation and formalisation, capacity building, NDA grant funding, and CARA grants.

Programme 3 had spent 51% of its full year budget, as at the end of December 2020. The drivers of the under expenditure in this programme is research studies and monitoring and evaluation line items.

10.3 NDA 2021/22 Budget Analysis

The main source of funding for the NDA is allocation from the DSD, located within Programme 5: Social Policy and Integrated Service Delivery.

The mandate of the NDA is realised through three (3) budgeted programmes, namely, (1) Administration, (2) Civil Society Organisation, and (3) Research. Table 2 provides the budget allocation of the NDA for the 2021/22 financial year and estimates over the medium term.

Table 15: Appropriation for the NDA for 2021/22 financial year

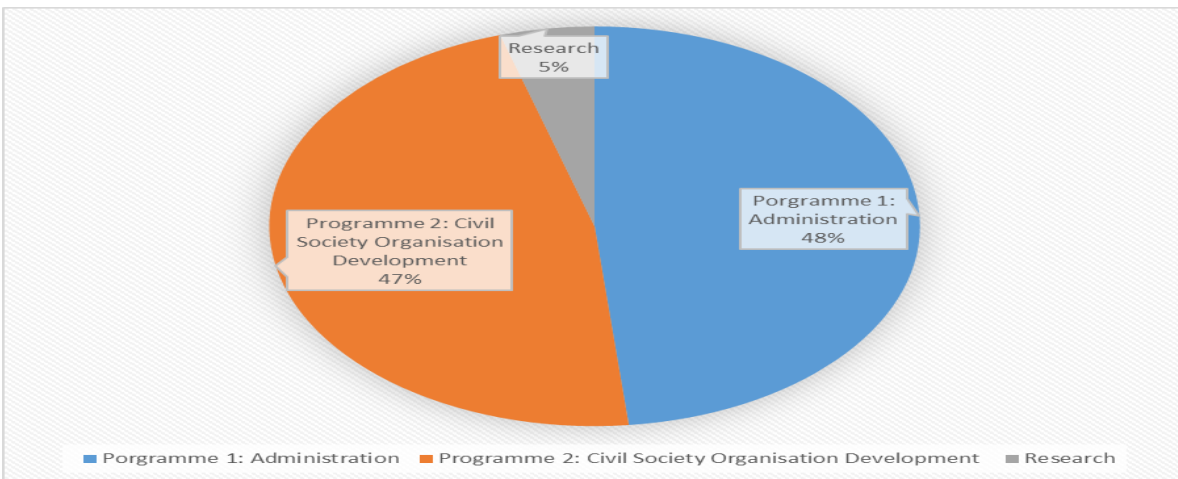
Programme R million	Budget		Nominal Increase / Decrease in 2021/22	Real Increase / Decrease in 2021/22	Nominal Percent change in 2021/22	Real Percent change in 2021/22
	2020/21	2021/22				
Programme 1: Administration	103,7	105,3	1,6	- 2,6	1,54 per cent	-2,55 per cent
Programme 2: Civil society organisationsdevelopment	121,0	102,4	- 18,6	- 22,7	-15,37 per cent	-18,78 per cent
Programme 3: Research	7,5	10,2	2,7	2,3	36,00 per cent	30,52 per cent
TOTAL	232,2	217,9	- 14,3	- 23,1	-6,2 per cent	-9,94 per cent

The NDA receives a budget allocation of R217.9 million for 2021/22 financial year, down from a revised budget allocation of R232.2 million in 2020/21. This illustrates a nominal decrease of 6.2% and a real decrease of 9.9% (when inflation is considered). The real decrease is R23.1 million.

10.4 Budget Allocation per Programme

Figure 8 provides a percentage share of the three programmes of the NDA. The bulk of the Agency’s budget is allocated to programme one (1) and programme two (2).

Figure 8: percentage share of total budget per programme



Read with Table 15, Figure 8 indicates that Programme 1 of the NDA consumes 48.3% of the total budget of the NDA to the value of R105.3 million for 2021/22. Whilst Programme 2 receive 47% of the total budget to the value R102.4 million during the same period. Programme 3, which is the smallest in terms of budget allocation, consumes only 4.6% of the total budget of NDA for the 2021/22 financial year.

The significant budget cuts in the NDA budget for 2021/22 is largely driven by the budget cuts in programme 2. This programme’s budget has been reduced by 15.37% (nominal percentage change) and 18.78% (real percent change).

Programme 1: Administration is focused on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee wellbeing, cost containment as well as brand enhancement and recognition. These will be achieved within a sound governance and administration environment.

This programme has an allocation of R105.3 million for 2021/22, up from a revised budget allocation of R103.7 million in 2020/21 financial year. For 2021/22 financial year, the NDA is planning to achieve the following six (6) performance targets it set for itself:

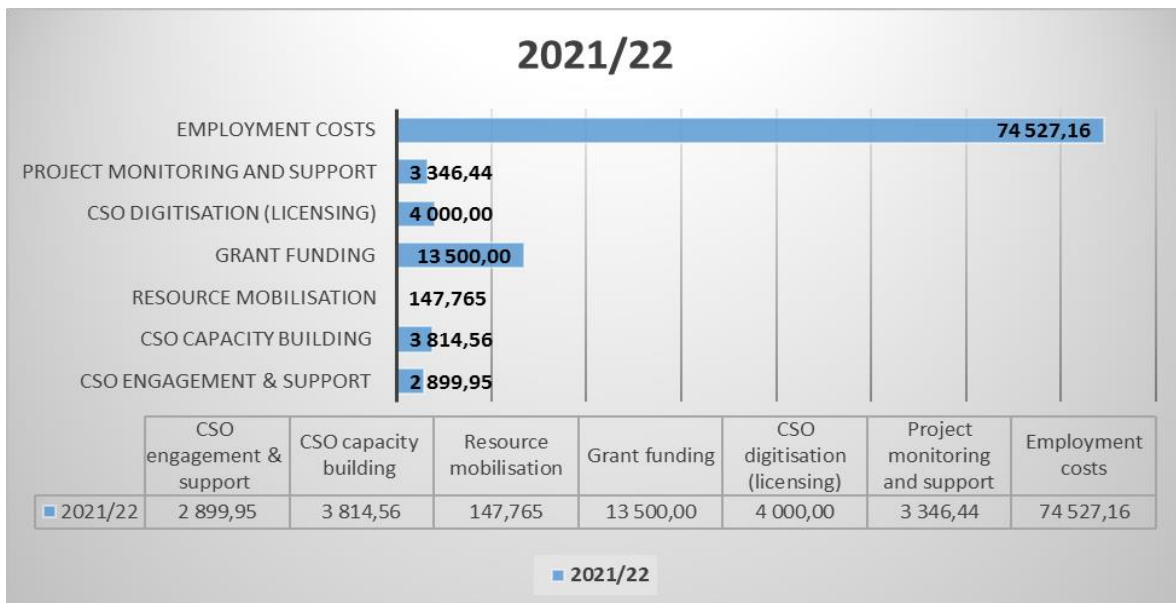
Table 16: Indicators and annual performance targets for Programme 1 of the NDA

OUTPUT INDICATOR	ANNUAL TARGET
Percentage % reduction of cumulative balance of irregular, fruitless and wasteful expenditure (IFW) reported in prior year annual financial statements	The NDA plans to reduce by 80% the cumulative balance of IFW expenditure reported in prior year annual financial statements.
Integrated Information Management system developed	The NDA is planning to develop an integrated portal
Percentage % of Skills Audit Recommendations implemented	The Agency has set itself to implement at least 30% of Skills Audit recommendations
Approved turnaround strategy	Revised NDA turnaround strategy approved
State and CSO Partnership model developed	Approved partnership model developed

Programme 2: Civil Society Organisation Development is focused on elevating the NDA to become the lead coordinator of development initiatives, in its pursuit of becoming the Premier Development Agency in the country. This programme also focuses on creating effective poverty eradication impact through utilising key mechanisms and channels of poverty eradication, including but not limited to support of CSO's.

The budget allocation for this programme declines from an adjusted budget of R121.0 million in 2020/21 to R102.4 million in 2021/22 financial year.

Figure 9: Expenditure items for programme 2



As evident in Figure 9, the employment costs line item consumes 72.5% or 74.5 million of the total budget of programme 2. The grant for CSOs only receives 13.1% or R13.5 million of the total budget under this programme. The resource mobilisation line item only receives R147 765.

This programme has a total number of four (4) performance targets for 2021/22 as opposed to the seven (7) targets for the 2020/21 financial year. During the year under review, the NDA plans to raise R20 million to fund CSOs and intend to create 500 work opportunities as a result of CSOs development interventions. It also plans to capacitate about 1800 CSOs during the year under review.

Programme 3: Research is focused on action research and impact evaluative studies that will be used to inform programme planning, implementation and management of NDA CSOs development Programmes. The outcome is to inform national development policy debates and engagements on issues relating to the development and poverty alleviation in general.

This programme has a total number of three (3) targets for 2021/22 which is a reduction compared to the five (5) targets for the 2020/21 financial year. The Agency is planning release three research publications and three evaluation reports for the year under review. It is also planning to have five (5) external dialogues to engage on the NDA research outputs during this period under review.

Table 2: Expenditure per line items of Programme 3

KEY EXPENDITURE ITEMS	2021/22
Research Studies	2 178,147
Dissemination Sessions	175,000
Knowledge Management	213,905
Monitoring & Evaluation Studies	1 531,015
Employment Costs	6 169,504
Total Programme Allocation	10 267,571

Programme 3 is expected to contribute to reducing the levels of poverty in South Africa, by focusing on influencing development policy through thought leadership. The outcome of this programme is to produce research and thought leadership that solely aims to influence development policy.

11. COMMITTEE DELIBERATIONS

- The Committee reiterated its concern over the lack of visibility of the NDA. It also raised a concern with regard to the budget structure of the NDA wherein operational costs accounts for more budget allocation compared to its core mandate implemented through Programmes 2 and 3. The Committee wanted to know the rational or motivation behind this budget structure and how it is aligned to the Agency’s objectives of poverty reduction and capacity building of CSOs as well as setting of performance targets.
- The Committee resolved that a special session should be organized with the NDA wherein its mandate, budget structure and performance planning will be discussed in detail. The session will also discuss the draft Turnaround Strategy, which is aimed repurposing the NDA programme in alignment with the NDA mandate and Government’s policy direction.

12. RECOMMENDATIONS

Having considered the APPs and Budget of the Department and its entities, the Committee makes the following recommendations:

12.1 Department of Social Development

- The Minister should as a matter of urgency ensure that the Department finalizes a budget allocation with National Treasury for the Child Support Grant (CSG) top-up grant.
- The Minister should ensure that during the 2021/22 financial year the Department addresses the AG’s findings on status of controls. The Department only had an improvement in oversight and monitoring – there needs to be improvement.

- The Minister should ensure that within the current year the Department prioritizes and conducts an impact study on the implications and impact of budget cuts over the medium term period and develop necessary interventions. Particular focus should be on ensuring that service delivery and social assistance programme are not adversely impacted upon.
- The Minister should also ensure that the Department as a matter of urgency, investigates the non-payment, late payment or subsidy cuts to NPOs and NGOs who provide vital services on behalf of the State.
- The Minister should further ensure that the Department and SASSA explore all avenues to ensure that debt owed to them are recovered.
- The Minister should also as a matter of urgency ensure that the Department engages with relevant Departments to make sure that the 2019 Cabinet resolution on the employment of social workers is implemented.
- The Minister should also ensure that within the current financial year, the inter-ministerial interventions with the Department of Communications and Digital Technologies on addressing fraud and corruption in the SAPO/SASSA card system are implemented.

12.2 South African Social Security Agency (SASSA)

- The Minister should ensure that SASSA (within the current financial year) completes investigations on government employees who received the SRD Grant and ensure that necessary disciplinary actions are taken. The Minister should also ensure that SASSA takes harsh disciplinary actions against its employees who were involved in fraud and corruption activities.
- The Minister should also ensure that within the current financial year SASSA strengthens its monitoring systems in the payment of social grants to ensure that there is a preventative mechanism that will give early warning of ineligible beneficiaries receiving grants. This includes implementation of the biometric system and efficient and speedy validation process of ID numbers from SAPO payment file.
- The Minister should ensure that SASSA works with the Department of Home Affairs to ensure that all children registered with the Department of Home Affairs are enrolled in the social assistance programme.
- The Minister should also ensure that SASSA conducts skills transfer from the contractor currently operating at SASSA's call centre to SASSA staff to ensure a more efficient and effective service call centre.

Report to be considered.