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SOUTH AFRICAN SOCIAL SECURITY AGENCY

Technical Committee for Payments of Grants and SASSA Governance

5th Report to Minister of Social Development

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Abbreviation

IGPS	Integrated Grants Payments System
ACEO	Acting Chief Executive Officer
CFO	Chief Financial Officer
TC	Technical Committee
CPS	Cash Paymaster Services
NPS	National Payment System
SAPO	South African Post Office
SASSA	South African Social Security Agency
PFMA	Public Finance and Management Act
SLA	Service Level Agreement
DPSA	Department of Public Service and Administration
DSD	Department of Social Development
NT	National Treasury
SARB	South African Reserve Bank
BASA	Banking Association of South Africa
PASA	Payment Association of South Africa
CSIR	Council for Scientific and Industrial Research
EPE	Easy Pay Everywhere
ATM	Automated Teller Machine
POS	Point of Sales
EPWP	Expanded Public Works Program
CSG	Child Support Grant
OAG	Old Age Grant

ID	Identity Document
TOR	Terms of Reference
DG	Director-General
UIF	Unemployment Insurance Fund

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1. Introduction

The Fifth Report of the Technical Committee is the Close-out report compiled to assess the progress from inception of the TC over the first phase period from May – October 2018. The report will account on the success, failure and challenges encountered during the first phase. The first phase of the Technical committee was aimed at developing and monitoring implementation of the 6 month road map (to the end of September 2018) together with SASSA management. The interactions involved various consultations with SASSA management and the Minister of Social Development, other role players and stakeholders as well as civil society organizations.

The activities during the first phase of the TC included investigating, enquiring into and recommending on the state of readiness of SASSA and SAPO; gaps identification and risks in the short-term payment plan; and aligning the 6 month road map to the future plan. The work of the TC was divided into two phases or main areas which were the phasing out of CPS and the development of the long-term payment plan that is most efficient and cost effective. The expected results for phase 1 were to ensure that CPS was completely phased out and that it does not make any cash payment of social grants come beginning of October 2018.

This close-out report will report on undertakings for the period 01 – 31 October 2018 and similarly to the previous four reports, it is structured along the line of the TC's experience within the SASSA institutional context and the Terms of Reference (ToR). As such, the close out report describes only the phase one providing processes and information for closing the first phase and introducing the crucial elements that would be investigated in depth to strengthen the long-term plan.

The TC received inputs from the interactions with executive management of SASSA other role players and stakeholders. Again, similarly to the previous four reports, these interactions were purposed for identifying certain gaps and barriers that might prevent successful implementation of the efficient and cost effective Social Grant Payment Model.

2. Background

In March 2017, The Constitutional court granted an extension to allow Cash Paymaster Services (CPS) to continue distributing social grants in spite of the invalidity of the

payments contract. Following SASSA's failure to implement the court order, the Constitutional court granted a further six months extension in March 2018, with the implication that CPS should not be the payment contractor to SASSA as from the beginning of October 2018. The Minister of Social Development, Ms S. Shabangu, in May 2018 established a SASSA Technical Committee (TC) to overlook the implementation of a new social grant payment contract, awarded to the South African Post Office (SAPO) in terms of the Intergovernmental Relations Framework Act, 2005 (Act no 13 of 2005).

Pursuant to the second extension in March 2018, the Minister for Social Development established a Technical Committee for Grants Payments and SASSA Governance. The submission of the Fifth Report or Close-out Report for the first phase to the Minister for Social Development is in accordance with the Terms of Reference of the TC.

3. Phased Approach of the Technical Committee Activities

3.1. Phase 1 - Phasing Out of CPS

The Terms of Reference requires that the *“Technical Committee will, together, with SASSA management, develop and monitor the implementation of a 6-month road map (to the end of September 2018) geared towards ensuring smooth payments of social grants and compliance with Constitutional Court Order”*.

On 23 March 2018 the Constitutional Court extended the suspension of the declaration of the invalidity of the contract between SASSA and CPS for a period of six (6) months, ending September 2018. Afterwards SASSA was required to ensure the phase in of South African Post Office (SAPO) services and phase out of Cash Payment Services (CPS) in the grants payment system.

On 08 December 2017 SASSA entered into the Services Agreement with South African Post Office (SAPO) in accordance with section 35 of Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) to provide electronic banking services as from 01 April 2018.

3.2. Phase 2 - Long-term payment plan

The Terms of Reference for the Technical Committee further requires it to *“determine associated governance and oversight requirements for SASSA and provide*

recommendations in reviewing current legislative framework” and “provide a framework within which the State will be able to take full control of the social grants payment value chain with SAPO as the preferred government service provider”.

4. Summary of Issues

4.1. Long term payment plan

The TC has initiated the planning for the long-term payment plan, and is soliciting constructive and productive advice from relevant organizations and experts that have the best interest of the country. The plan will endeavor to mitigate challenges and risks experienced during the first phase (short-term plan) and come up key initiatives as way of refining what was referred to as short-term payment plan into the anticipated efficient and cost effective Social Grant Payment system.

4.2. Stakeholder Consultations

The TC has developed and currently developing on an on-going basis constructive and productive relationships which has mutual benefits for all relevant parties. This process has enabled the TC to recognize challenges that are impacting on the transition process. Some of the key stakeholders that the TC has engaged include other government departments, civil society groups and professional experts of social development and economics. The interaction with these key stakeholders has been detailed under section 6, the work done by the TC.

4.3. Governance

It is extremely imperative for SASSA to achieve its strategic and operational objectives. The TC was also tasked to determine associated governance and oversight requirements for SASSA and provide recommendations. An assessment of governance arrangements and organizational form of SASSA has started and options for an appropriate governance arrangement would be proposed.

Within the organisational form of public entities, there are two options for governance arrangements: the implementation of a governance board or advisory council. Implementing an advisory council provides an opportunity to bring in independent technical perspectives and skills to provide specific strategic leadership and skills to

SASSA; however the limitation with the Advisory Council is that it will not be able to legally enforce its advice or recommendations to SASSA management.

5. Recommendations

The TC makes the following recommendations to the Minister of Social Development and ACEO of SASSA for consideration:

5.1 Long Term Payment Plan

The strategies that would be developed to ensure that the long-term payment plan for SASSA reduce the transaction costs for the social grants, the NPS used for overlay, establishment of advisory council to support SASSA's strategic plan, interface with other government departments and the involvement of policy and planning for the development of policies in line with the exit strategy for social grant beneficiaries.

5.2 Stakeholder Consultations

The benefit of the consultation process that has been undertaken that it has resulted in a portal of issues that the TC would be analysing and factoring them in reviewing or developing the business case for SASSA.

The TC would like to emphasize on the importance of the role of DSD and the leadership responsibility it must carry to ensure that SASSA really become an instrument for socio-economic development as well as a key role player in local economic development; considering the massive capital injection that flows into our communities through SASSA which can be used as seed capital in the village and township economies.

5.3 Governance

The noting of the option for the advisory council that could be tasked to primarily provide technical guidance in addressing the multiplicity of challenges that SASSA faces. The Advisory Council will also provide guidance in translating the strategic vision into the strategic framework and leadership for SASSA, while also providing a strategic review of SASSA's activities.

6. Technical Committee work done

During the reporting period in the month of October 2018, the TC held meeting(s) and on-going communications with the Minister of Social Development, the ACEO, representatives of SASSA Executive Management, key stakeholders and role players.

6.1 Summary of Observations

Cash pay points and SAPO branches were visited to observe the October payment process without CPS and consultations with key stakeholders.

6.1.1. Phasing Out of CPS

The regions that the TC visited during the October payment cycle were Free State and North West to observe the social grant cash payment post CPS. A decision was made that the cash payment process for October payment cycle resume on 8th October 2018 in order to evade congestion in the cash pay points.

However, this did not come without challenges. The changing of payment dates for cash pay points was a major concern for beneficiaries largely because they were not informed of the change. The change of dates impacted greatly on beneficiaries since they needed to fulfil their financial obligations before the 7th of the month but cash payment only started on the 8th. The communities in the areas visited were extremely furious citing that SASSA was taking the beneficiaries for granted and that they wanted to plan a protest against the government for not caring.

There were no beneficiaries in some of the pay-points that were visited because CPS apparently paid a week in advance, that is, on the 3rd and 4th of October 2018. Beneficiaries indicated that it was convenient for them irrespective of the high transaction charges. Some beneficiaries also indicated that the charges were equivalent to amount of money they would have spent on transport to access the social grant at the nearest merchants or banks. CPS was using mobile ATMs branded EasyPay Everywhere.

Over and above the aforementioned with regards to delayed payment dates for cash pay points, other consequences were that there were costs incurred for the service rendered on that particular day (where there were no beneficiaries to be paid).

Other concerns relate to the non-availability of cash dispensing machines which remains a challenge at both cash pay points and SAPO branches, and has perpetuated the manual counting of cash with all its negative consequences as outlined in previous report of the TC to the Minister of Social Development.

The non-availability of security guards and police visibility at other cash pay-points remained a challenge and was seen as risky since the cash pay-points were not protected and restricted.

Additionally, the norms and standards remained compromised at the secondary pay points and beneficiaries could not be assisted with their queries at secondary and cash pay points since there were no helpdesk officials to assist with queries. Secondary cash pay points in this regard refer to the merchants/retailers and banks/ATMs.

In line with the previous recommendations of the TC, the SAPO system requires to be reappraised because the above-mentioned cases highlight the possibility of fraudulent activities.

6.1.2. Stakeholder Consultations

The following consultations or engagements with relevant key stakeholders were conducted:

i. National Treasury

The TC had engagements with the current and the former Director-General of National Treasury on separate occasions. Both meetings recommended a need for operational collaboration and partnership with NT, DSD and SARB to deal with key aspects of the transition. Following which a workshop was convened with NT, DSD and SARB. The following issues were discussed extensively:

- a) The adjustment factor was presented regarding the grant payment monthly projections that have repeatedly been more than the projected numbers. In the recent months, the adjustment factor has tripled to a billion rand. An investigation in this regard will be conducted to ascertain the contributory factors.
- b) The staggering of social grant payments as a necessity was re-emphasized.
- c) The banking licence for Post Bank was a major concern since Post Bank is not a commercial bank and that getting the license will not unlock the settlement

challenge because there are functions that the Post Bank cannot fulfil and that will require other processes (processes were not mentioned during the meeting) to be undertaken before could be able to transact. Instead SARB cited an example of the processes that were followed by Discovery Bank in order to be a full-bank.

- ✓ Post Bank will have to request money (which does not reflect in the SASSA budget) to upgrade the system to enable Post Bank to accomplish all the banking requirements. Therefore it would be an expensive solution and that the amending of legislation would only be a first step of so many other steps.
 - ✓ Most importantly, the Post Bank will need to also avoid the cross-subsidization between SAPO and Post Bank.
 - ✓ The NT and SARB were requested to provide the inputs as candid as possible.
- d) The open architecture solution was deliberated and the SARB representatives shared the Vision 2025 concept on how to leverage on digital payments to benefit the rest of the country including social grants recipients. Further mentioned that benchmarking exercises would be undertaken by SARB to Estonia, Switzerland and Bangladesh enhancing Vision 2025.
- e) There was an issue on the interchange fees and that BASA and PASA would be required to assist in the decision making.
- ✓ *An alarming report was articulated with regards to the intentions of SAPO to sell financial products.*
- f) With regards to the governance issue for SASSA, the NT indicated that all other entities have a board and that there is a need for SASSA as a schedule 3A public entity to have a board. NT will prepare a report and make recommendations to the TC and that an urgent legislative review is required in this regard.
- g) Over the counter payment of social grant remains a challenge and a request for pre-funding was presented to the workshop for intervention. The proposals that were tabled included:
- ✓ Splitting of payment file and get SARB to approve direct settlement
 - ✓ SAPO to obtain overdraft facility or be provided with floating advance.

It was resolved that SASSA and NT convene a meeting to tease the issues and come up with an amicable solution. However NT emphasised on a need for a proper business case for SAPO.

Alternatively, the meeting with the former DG of NT tapped into the institutional memory. The TC needed to initiate a framework that will serve as the basis for the long-term transition to unfold in a manner that meets the macro-economic imperatives of the country and that takes the socio-economic strategic objectives of the government into account particularly that ensures a sustainable exit strategy for the social grant beneficiaries.

a) Transaction Cost reduction

The TC was advised to begin engagement with the banks on the new regime that might soften the impact of the transaction cost to the beneficiaries. For example, consider fixing the transaction cost that the banks could levy on the social grant beneficiaries and undertake to provide SASSA beneficiaries with good service within a set ceiling. Banks would then have to come up with their own way of attracting more clients within the predetermined ceiling. This will be an open architecture model – levelling the playing field for everyone in the banking fraternity.

The concentration of 10 million beneficiaries to only one institution was seen as a challenge and a risk factor. This making the current payment model to be fragile and vulnerable. Furthermore the design for the floor space of the Post Office branches were not the design of the bank and that the availing of cash in the Post Offices is a high risk and very expensive.

b) Means Test

There is urgent need to explore the introduction of the periodic testing of applicants/or beneficiaries to assess whether their financial situations have changed, therefore no longer qualify to remain in the Social Grant Payment System. For an example where a beneficiary enters the system as unemployed, but later on get employed, there should be an overlay system that can constantly interface to check from time to time if they still qualify. This is the most effective method through which the State can contain the phenomenal cost of the social assistance program.

c) Exit Strategy

The introduction of conditionality such as immunization and schooling for those receiving social grants must be considered. This will improve the conditions of the children from the condition in which they were at inception of their entry into the social grant system and ensure that the dependency is not perpetuated. For an example, immunization protects the children from debilitating diseases. Equally if the government insists that the child should be at school, it will increase the probability that they will get some qualification and therefore better themselves. This will allow the country three decades from now to migrate a significant amount of South Africans from being fully dependent on social grants and in a very practical way create an enabling environment for livelihood income.

The other element could be to give the CSG mothers and fathers work through transversal government programs such as the EPWP and Working for Water program for an x-period of time. This could be coupled with social workers working full-time to monitor and ensure that these mothers and fathers are actually taking care of the children and not drinking the money. It would be better for these individuals to be put into programs whereby are made to get money while doing something rather than getting it while sitting at home. It thereby perpetuating the culture of entitlement of course, those that are completely incapacitated due to physical or old-age challenges, they could be supported to look after children on a full-time basis and assisting them with school work.

ii. **South African Reserve Bank**

Proposal that old age when they reach 60 years could then just go to the bank to apply for the OAG and SASSA could still have the infrastructure to enrol other social grants. No need to design a system for a less than 10% but focus on the 90% or more and design a system for them. The minority would be treated as exceptions. Potential leveraging of technology to unlock significant efficiencies to bring down cost in the system as it would be a winning strategy for government.

The logistics of buying the cash and the distributing to branches was stated as a major challenge. A question was raised on the provision of a float and then reconciling thereafter. Since this was not a problem with the previous distribution.

A proposal was made that National Treasury to give a guarantee on the credit and negotiate for exemption. Nonetheless, the banking license for Post Bank was also a challenge.

The NPS part of SAPO payment was working well and the challenge was cash distribution as it requires that SAPO should have the cash-float in their branches in advance before the payments begin. SAPO had anticipated this would be solved as soon as the Post Bank had been awarded a banking license. There is a need to find a workable solution that will not inconvenience beneficiaries.

a) Transaction Cost reduction

The issuing of the card that is not underwritten by Visa or MasterCard remains an area of concern and contention since social grant beneficiaries do not go overseas/outside the country. The proposal to disburse with the card that was underwritten by Visa and MasterCard was not accepted and this is unfortunate because this could have opened opportunities to introduce a cost-effective card system with substantial reduction on transaction costs. The card association aggressively marketed the Visa and MasterCard. SARB believes Visa pushed to get it from SAPO. It is a national imperative to go to the "White Label Card" and the Reserve Bank would have put pressure (exacted moral persuasion) on the banks to at least charge about R8 per account which would have been substantially lower than the cost that SASSA has been paying of R16. It would have provided very basic transactions such as balance enquiry or withdrawal. This would have been substantially less than what was previously paid - saving the State a lot of money which could be used to acquire additional infrastructure to increase the reach of service delivery in the rural areas. It is estimated that there is about 30 thousand ATM facility in South Africa and 500 thousand points of sale devices. There would be no need to rebuild the infrastructure because even if an area does not have an ATM it would have a POS device in the shops or filling station for cash back.

Introduction of the white label card could leverage BankServe as a switch which means that it could be acceptable by all the banks within South Africa and equally accepted by ATMs and POS. The only disadvantage is that the cardholder cannot use it outside the country. However 90% of the social grant beneficiaries do not travel overseas, leaving a fraction of 10% beneficiaries who might need accessibility to a card underwritten by

Visa and MasterCard why would the system be built over the minority of less than 10% of the beneficiaries.

The proposal on e-government

An issue of e-government was raised and this particular process could link with other systems in government such as Home Affairs, UIF, etc. This was particularly interesting for the TC because it reaffirmed the vision articulated by the Minister of Social Development during preliminary stages of the appointment of the TC. The SARB has been working on this for a while now and it is convinced that government could save a lot of money if it introduces the use of digital technology in transforming the social system. The TC regarded the prospects of introducing e-government as a single technological innovation that could escalate progress in the effort to improve maximum outreach in terms of service delivery to the social grant benefits as well as create conducive conditions of financial inclusion.

iii. Council for Scientific and Industrial Research

There was no bank that had customized capacity to respond to SASSA requirements. It required additional activities to be undertaken before any banking institution could meet the requirements. Therefore in terms of SAPO, the first was to determine what needed to be done for SAPO to come close to the requirements of SASSA. Based on the assessment done at SAPO the CSIR alluded to the fact that what was currently available within SAPO required advancement such as up skilling personnel and improvement of infrastructure.

The team also highlighted the fact that utilization of one institution to assist the delivering of social grant was very risky for SASSA. Considering the lack of capabilities and capacity for SAPO to deliver, it would cost the government additional millions of rands to build the required capability. Given this paucity of infrastructure and capacity in SAPO, it is advisable to encourage the existing approach of leveraging the banking system. However, every effort must be made by SASSA to protect the confidentiality of data that affect the beneficiary.

The implementation of the biometric system has not necessarily resolved the dilemma of how to fully protect the personal information of social grant beneficiaries. For example, the bank has consistently used the existing legislation to justify their

ownership of the personal information of the SASSA grant beneficiary, successfully dismissing SASSA insistence of the ownership of this information. The law requires the bank to have the information of the client (names, address and ID number) it is this legal requirement that Grindrod and CPS used to successfully defeat SASSA's legal battle regarding the ownership of the data pertaining to the social grant beneficiary – arguing in court that although the bank account were opened on behalf of SASSA for purpose of paying social grant in terms of the existing banking law the account belongs to beneficiaries.

Overall SASSA has been trying to solve the challenge facing the country of the efficient and effective distribution of social grant without having developed an ecosystem as basic framework to inform the modality and technological requirements. This has led to a piecemeal approach which has given rise to millions of rands being spent by SASSA in purchase of hardware which has been overtaken by the complexity and peculiarity inherent in an organization constantly in transition.

iv. The Economist (Dr Iraj Abedian)

SASSA need to determine a firmly defined plan that will transition beneficiary from dependency on the State. The discussion need to begin so that the third of the population would only require much lower offering, even though it might not be zero since there would remain those that are vulnerable either by choice or by accident or by “creation” which the Government would be required to take care of.

Ownership of the system and transaction cost reduction

The structure of social grant payment transaction needs to be cost effective to the State. The cost of R16.00 per transaction by CPS to deliver social grants on a monthly basis to each beneficiary was singularly highlighted as not making total sense, largely because the State paid for the system.

In this instance, the system is referred to as the software, and it does not belong to CPS since was paid for by SASSA as per the bid. Therefore CPS should cede the system to the State, thereby enabling the State to determine who they share the system with.

As it stands, the system cannot be used anywhere else except in South Africa and also only for the payment of social grants. It is the national asset and it should be classified as such.

The ability of SASSA to take over the ownership of the system will enable it to make the system available to all participating agencies free of charge, if they want to be part of the delivery of social grants. For the participating agencies this would be a way of making a contribution towards the betterment of the citizens of the country. Seeing that the participating agencies already have the network and the footprint of branches all over the country, this would be of great benefit for accessibility.

The system would have to be centralized then it wouldn't matter where the beneficiaries get their monies, either through Post Bank, Standard Bank, ABSA, FNB, Capitec or Nedbank. This will put to use all the delivery mechanisms available in the country to minimize the cost of delivering social grants to the beneficiaries. However they will have to be persuaded to reduce the transactional costs since it will cost them very little to distribute social grant because SASSA would have given them the software for free on an exclusive basis.

Exit Strategy

There is a need of stratifying the 12 million CSG beneficiaries and introduce conditions to this type of grant. These conditions could from being at school, at training centres and all the way to getting job opportunities (to be job seekers). For an example, in a rural area, instead of giving the teenager the R400, the social grant should be made a monthly stipend that will go to certain organizations identified to assist in providing some form of employment. They will be getting the grant amount and even more but would be linked with the responsibility of waking up in the morning and spending eight hours at the work place.

The old age grant will have to be maintained. However, the pension funds are currently being abused by fund managers and it is imperative to investigate the way they are structured including switching fees which are ridiculously high. The institutions do not give a more than 5% return which does not get properly managed and will run out within years if a person survives longer. The state would then have to pick up the residual. Those referred to as the residual claimants.

v. Department of Small Business Development

The interface with the Department of Small Business Development would assist in the SMMEs that would be identified and built into the Alternative Pay Point Model which SASSA has already approved in conceptual terms.

Following the landmark SASSA/SAPO agreement the TC has taken stand view point and approach of encouraging government to government relations and operational collaborations. The National African Federated Chamber of Commerce and Industry (NAFCOC) has also indicated that the SASSA/SAPO deal does not cater for black small businesses but perpetuates the dominant efficacy of big retail conglomerate that push black small businesses to complete extinction.

After finding out that SASSA had an alternative pay-point model that could help sustainable local economy growth through social grants, the committee has embarked on a mission to create platforms for SASSA to meaningfully interact with other government departments for the realization of the alternative pay point model. First in this line of task is the Department of Small Business Development (DSBD). The IMC has also recommended that the two Ministers i.e. Minister of Social Development and Minister of Small Business Development should engage each other in ensuring that the social grant money is retained and circulated in the community after pay day.

The TC met with the Director General of DSBD to determine the possible area of collaboration on issues of the alternative pay point model. This comes after the realization that there is a gap in the services that SAPO cash solution is offering in the remote rural areas of the country. The decommissioning of more than six hundred thousand cash pay points had serious negative ramifications on the informal traders. The committee's position has been that DSBD is well positioned to engage with hawkers.

In preparation for the Inter-ministerial meeting, the Committee and the DG have agreed on SASSA and DSBD teams to begin to work on a draft framework.

vi. The IT Specialist (EDAPT)

EDAPT (Electronic Data and Payment Technology) proposed to the TC the distribution technology to the TC that should give control and power to the State not the service providers. The TC viewed this interaction to be particularly illuminating as it gave an

insight on the system architecture that was viewed to be appropriate architecture for the Social Grant Payment System.

The system presented by EDAPT indicated capability to optimally facilitate the financial inclusion of the unbanked, under banked of the population. Their system has provided solutions to several African countries such as Ghana, Zambia, Guinea, Botswana and Mozambique. According to their presentation “EDAPT provides a combined national platform for all electronic payments, as well as broadening the scope for branchless banking across the country and provides Secure Data & Payment Platforms”.

The CEO of EDAPT offered to make available his member of staff that put together this architecture to have further engagement with the TC and that he can develop and give the system to SASSA for free.

vii. MASMAMAP

A value proposition from MASMAMAP Consortium was made to the TC on the digital transformation of social grant payment. The main objectives of the proposition was to assist in developing a business case for the digital transformation program; establish an Enterprise Program Management Office to manage the transformation; reduce the cost of the payment process, promote job creation; empowerment of previously disadvantaged entrepreneurs through re-engineering the distribution channels to cater for SMMEs.

The digital transformation is said to eliminate cashpoints and improve cash and liquidity management for the country. Elements of the inputs relate to the alternative pay points and the case study example that was quoted in the Fourth Report of the TC to the Minister of Social Development; whereby the owner of the shop paid beneficiaries from the cash flow of the shop and later money is directly deposited in the bank account of the shop.

viii. Black Sash

The interaction with Black Sash was aimed on restoring the constructive relationship that existed between Black Sash and DSD on their common aim and objective to fight for the plight of the poorest of the poor, especially now that the interest of focus of Balch Sash was to ensure that social grant beneficiaries receive their social security rights as stipulated in the Constitution.

Black Sash highlighted during this the interface the critical importance for the State to build its own capacity in terms of the distribution system or platform, and that the TC and Black Sash would then have to ensure that the system was sustainable with intellectual property vesting in the State. The fundamental issue was to protect the confidential information of the beneficiaries. This was also affirmed in the observations by the Panel of Experts on the systems issues of SAPO. The outsourcing of the IP and source code for the new system was seen as a challenge. This was seen as a replica of CPS scenario which might result in the same fate previously suffered by beneficiaries. Therefore both parties conceded that there was a need to ensure ownership of the system by SASSA.

The question of additional cost incurred by beneficiary as now have to travel where the NPS is located also feature prominently in the discussion between TC and Black Sash

The social and economic impact on the decommissioning of the pay-points was not done and it was reported that the TC has since commissioned that exercise in partnership with DSD.

The governance and leadership within SASSA were also raised and the importance of stabilising the organization was greatly emphasized.

7. Technical Committee Assessment

7.1 Phasing Out of CPS

All cash beneficiaries have been successfully migrated from the CPS environment which means that SASSA has successfully phased out CPS. However, as highlighted in the previous report to the Minister that there is a need to come up with a strategy of migrating EPE cardholders especially those without annexure C. SASSA will dispatch registered letters to all beneficiaries who are receiving their social grants using the EPE card of Grindrod to submit completed, signed and stamped forms to the nearest SASSA office. Beneficiaries are required to submit the annexure C before 31 January 2019 (expiry of the card) or they will be auto-migrated.

The card swap for all electronic beneficiaries using the old white SASSA/Grindrod card and should be finished by 31 December 2018, on expiry of the card.

7.2 Long Term Payment Plan

The development of strategies to achieve the long-term goals of SASSA is imperative for the TC. These strategies would have to be adapted to influence the position of SASSA.

- ✓ Cost effective Social Grant Payment systems (reduced transaction costs)
- ✓ Accessible Social Grant Payment system (infrastructure – NPS overlay)
- ✓ Ensuring good governance for SASSA (advisory council or governance board)
- ✓ Operational collaboration and partnership with other government departments
- ✓ Exit strategy for social grant beneficiaries (policy and planning)

7.3 Stakeholder Consultations

The TC believes that the involvement of key stakeholders and major role players could bring significant benefits for all parties in advancing the country. These consultations could lead to the most developed, comprehensive and adequate ecosystem.

The TC interfaced with DSD Monitoring and Evaluation Chief Directorate while conducting the rapid assessment on the decommissioning of pay-points. This has laid the basis for a future operational collaboration between SASSA and DSD in which the monitoring and evaluation Chief Directorate will factor the on-going monitoring and performance of the pay-point as a permanent feature of DSD in the execution of its oversight responsibility over SASSA.

Commonalities were identified in the inputs from the key stakeholders that were consulted at different intervals. These inputs or comments include the significance of the following:

- ✓ Ownership of the system by the State
- ✓ Ensuring cost effective Social Grant Payment systems
- ✓ Accessible Social Grant Payment system
- ✓ Ensuring good governance for SASSA
- ✓ Operational collaboration and partnership with other government departments
- ✓ Exit strategy for social grant beneficiaries

7.4 Governance

The option with a specific consideration to establish and appoint the board of directors, which would report to the Minister of DSD in terms of the PFMA, is being explored.

In 2007, the previous Minister of Social Development, proposed the establishment of a Board of Directors to assist the Minister in exercising better oversight over SASSA. However, this proposal was not supported and instead DSD was advised to implement an Advisory Board. The latter proposal was never implemented, largely because of the nature of an Advisory Board with limited decision-making compared to the control of a Board of Directors.

An advisory council may exist to provide unique knowledge and skills to support and augment the skills and knowledge of SASSA. An advisory council may be beneficial for SASSA in order for the Minister to address with haste the serious challenges that the agency is currently facing, to facilitate a short term and technically feasible solution.

In the case of SASSA, establishing an advisory council would mean that the CEO would be the Accounting Officer of SASSA, thereby providing for direct accountability to the Minister. This direct link between the CEO and the Minister may strengthen the direct accountability of the relationship.

8. Conclusion

The support, motivation and recommendations provided by the TC to first phase contributed extensively in ensuring the state of readiness of SASSA and SAPO in delivering the short-term payment plan, notwithstanding the challenges of resistance from SASSA executive management. While the first phase of the transition phase of SASSA went well in terms of beneficiary migration, a few concerns need to be addressed in terms of the effective and appropriate Social Grant Payment system.