



# Universal Basic Income Coalition

## Position paper

*October 2023*

<b>Introduction.....</b>	<b>2</b>
<b>South Africa’s obligations under the Constitution and international law.....</b>	<b>2</b>
<b>Who we are and where we come from.....</b>	<b>3</b>
<b>Background—what issues do we respond to?.....</b>	<b>4</b>
Unemployment, poverty and inequality.....	4
Gender inequality.....	6
Crisis as an inherent feature of our economic system.....	6
<b>What is the evidence for UBI?.....</b>	<b>7</b>
<b>Demands—what are we calling for?.....</b>	<b>7</b>
1. Basic income as a universal guarantee.....	8
a. Progressive realisation of universality.....	9
2. An unconditional basic income.....	10
3. A redistributive basic income.....	10
4. A dignifying basic income.....	12
5. An individual basic income.....	13
6. An accessible, equitable and dependable basic income.....	13
7. Basic income as a component of a broader wellbeing policy framework.....	15
<b>Conclusion—a new rights-based macroeconomic path.....</b>	<b>17</b>
<b>References.....</b>	<b>18</b>

## Introduction

The Universal Basic Income Coalition (UBIC) is a grouping of South African civil society organisations which collectively advocate for the realisation of a “universal basic income” (UBI, in South Africa often referred to as universal basic income grant/guarantee, UBIG). In this position paper we outline our vision for universal basic income for those aged from 18 to 59 years as the next step towards comprehensive social protection for everyone.<sup>1</sup>

South Africa has an unsustainable and unjust gap in its social protection system—that is permanent income support for able-bodied persons aged 18 to 59. There have been many calls and proposals for expanding social protection to this group, dating back to the Jobs Summit in 1998.

The formation of the UBIC builds on this long history of advocacy for the realisation of the right to social security in South Africa. Many of the individuals and organisations in the Coalition have been active members of this community since its inception.

The future of the Social Relief of Distress (SRD) grant is of fundamental concern in realising our primary objective in South Africa. The SRD grant was introduced as a temporary relief measure against starvation for the most vulnerable at the beginning of the COVID-19 pandemic. It has provided a window of opportunity to hold the government to account for the progressive realisation of social security. The Coalition continues to play a central role in advocating for the retention and improvement of the SRD grant, as a step towards the ultimate objective of UBI for all adults, as part of a comprehensive social protection floor for everyone living in South Africa.

## South Africa’s obligations under the Constitution and international law

The demands and objectives of the UBIC are informed by Section 27 of the South African Constitution. Section 27 states that:

- (1) Everyone has the right to have access to—
  - [...]
  - (b) sufficient food and water; and
  - (c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.

---

<sup>1</sup> In the South African context, we use “universal basic income” to mean a *basic income grant (BIG) which all adults under the age of 60 are eligible to access*. In some contexts internationally, UBI refers to a basic income grant which is available to *any citizen or resident of any age*. The UBIC’s definition of UBI differs from this, because we do not advocate for the replacement of established social grants (the Child Support Grant and Older Persons’ Grant) but rather their improvement alongside the introduction of a basic income—for reasons specific to the South African context. However, we still use the phrase universal basic income, to indicate that *all adults under 60 should be universally eligible* to access the grant, i.e. the grant should ultimately not be targeted, for instance to the lowest deciles, within this large population group.

- (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.

In addition, our objectives are formed in reference to the International Covenant on Economic, Social and Cultural Rights, which South Africa has ratified, which states that “[e]veryone has the right to social security, including social insurance.”

And the International Labour Organization Recommendation 202 (2012), which reaffirms that “the right to social security is a human right”, and that “the right to social security is, along with promoting employment, an economic and social necessity for development and progress.” Recommendation 202 guides member states to provide a comprehensive social protection floor beneath which no one can fall. This should be achieved by filling existing gaps in the social protection system, prioritising the needs of the most vulnerable.

While acknowledging that social grants have been an important instrument in reducing poverty in South Africa, the Committee on Economic Social and Cultural Rights remain concerned that the poverty ratio in the country is unacceptably high. They highlighted that those with little or no income who are aged from 18 to 59 and are capable of working are not covered by existing schemes and made the recommendation for government to ensure that this group has access to social assistance.

The primary objective of the UBIC is the realisation of these rights for all people living in South Africa. We firmly believe that a progressive and well-designed UBI is a necessary mechanism for realising fundamental socio economic rights in our context.

### Who we are and where we come from

The introduction of the COVID-19 SRD grant in 2020 galvanised civil society to work together to advance the goal of comprehensive social protection. In March 2021, civil society stakeholders came together in a forum to collectively advocate for the extension of the grant when it was due to terminate at the end of April 2021. The group sought:

- An extension of the SRD grant.
- An increase of the value of the SRD grant to at least the food poverty line (FPL).
- An extension of the eligibility criteria, with emphasis on allowing those who receive the child support grant (CSG) on behalf of their children, to also receive the SRD.
- Action to fix administrative inefficiencies including in the appeals process as well as the use of outdated verification databases.
- More effective communications with applicants and beneficiaries.
- Urgent implementation of the long overdue basic income grant (BIG) for those aged 18 to 59 years with little to no income, as part of a pathway towards a UBIG.

Within the forum of civil society stakeholders, it was acknowledged that there are various proposals for a BIG and modalities for how government should work towards this. The forum

identified that the BIG must be progressively increased to match at the very least, the upper-bound poverty line (UBPL), currently R1,558.

So far, the collective has been instrumental in securing the extension of the SRD grant, as well access to the grant for CSG recipients, and an increase in the income-eligibility threshold. We have issued joint media statements, convened press conferences, and held meetings with the National Economic Development and Labour Council (NEDLAC), the Department of Social Development (DSD), National Treasury, the South African Social Security Agency (SASSA), the Presidency and the President to advance our demands. Our interventions have also included litigations, submissions to government consultations, the formation of an SRD forum to provide input to government agencies, and information sharing on various platforms.

We have successfully navigated the complexities of working together as individual organisations with different mandates. We have learned how to balance our independent organisational and collective work, recognising the different capacities, resources and expertise of our members.

In March 2023 we held a two-day strategic retreat which culminated in the formation of the Universal Basic Income Coalition (UBIC). The UBIC currently comprises the following organisations: Alternative Information and Development Centre (AIDC); Basic Income Earth Network (BIEN) Africa UBI Observatory; Black Sash; Children's Institute; Congress of South African Trade Unions (COSATU); Institute for Economic Justice (IEJ); #PayTheGrants; Rightful Share An Income Movement; Social Policy Initiative (SPI); Women on Farms Project; Youth Lab.

The following section lays out the context for our demands, and outlines the crisis we find ourselves in, which necessitates urgent action to extend a social protection floor to everyone. After that we detail our specific demands for how basic income support should be implemented in South Africa.

### Background—what issues do we respond to?

#### *Unemployment, poverty and inequality*

South Africa faces a crisis of structural unemployment, endemic poverty and extreme inequality. In 2015 (at the time of the last Living Conditions Survey) over half (55.5%) of all adults were living below the upper bound poverty line (UBPL), unable to support themselves. 25.2% were living below the food poverty line (FPL), unable to meet their basic nutritional needs (Statistics South Africa, 2017). These rates are likely to have worsened, including as a result of the pandemic and cost of living pressures. In 2021, more than 20% of households were food insecure, and more than 20% of households sent a member to beg for food (Dlamini et al., 2023).

Given these soaring levels of poverty and hunger, alleviation strategies are urgently needed to prevent malnutrition and to preserve human dignity. The urgency of poverty alleviation means that a multi-pronged strategy is required, to end hunger now, while aiding the structural transformation of our economy.

Poverty and hunger is underpinned by structural unemployment. In the second quarter of 2023 the unemployment rate (including discouraged work seekers) stood at 42.1%. Of those actively looking for work, 77.3% are long-term unemployed (Statistics South Africa, 2023). This indicates that our unemployment is chronic and entrenched (rather than cyclical) in nature. 24.4 million people of working age (15-64) are either unemployed, discouraged work seekers or not economically active. Additionally, those who do find a job are vulnerable to precarious, low-paid employment. Approximately a quarter of those employed are classified as “working poor”, with incomes below the UBPL (Feder & Yu, 2020).

Extreme poverty itself presents a stubborn barrier to entry to the labour market. One study estimated that searching for a job costs R938 per month—well beyond the means of the poorest deciles (Youth Capital, 2022).

While we desperately need to create sustainable livelihoods and pathways to decent work, this requires a fundamental transformation of our economy, which can only occur over time and with a concerted and multi-pronged policy effort. The labour market cannot be relied upon to alleviate the scale of poverty and hunger in the short or medium term, and even if we achieve high employment in the long-term, some will always slip through the cracks.

Our social protection system has a glaring gap in coverage for able-bodied people of working age, millions of whom experience food poverty. The current contributory social security (Unemployment Insurance Fund, or UIF) system is only accessible to those who have previously worked and contributed to the fund, which excludes those who have never been employed, as well as long-term unemployed, who make up a significant proportion of unemployed in South Africa. Only approximately 7% of unemployed people qualify for UIF. Due to this exclusion, the CSG and the older persons’ grant (OPG) are both pooled with other household income in order to support the living costs of unemployed adults. This prevents those grants from being used solely for the main beneficiary—children or older persons who have specific needs.

South Africa also has the highest rate of inequality in the world. This is a legacy of Apartheid-era discrimination and subjugation. White people were able to build wealth through Apartheid policies, and that wealth remains highly concentrated at the top. This legacy permeates labour market conditions, and of all sources the labour market contributes the most to sustaining overall inequality (Statistics South Africa, 2019, p. 45). Households in the bottom deciles are more reliant on social grants for income than on the labour market, while the top deciles are more reliant on the labour market than social grants. This indicates that social grants can contribute to reducing inequality and supplement household income where the labour market fails (Statistics South Africa, 2019, p. 42).

However, South Africa’s polycrisis is exacerbated and sustained by fiscal austerity which worsens the living standards of the most vulnerable. The current macroeconomic framework has eroded state investment into social infrastructure, and seen massive cuts to non-interest public

expenditure, insufficient funding for job creation initiatives, and the failure of social grants to keep up with high rates of food inflation (Institute for Economic Justice, 2023).

This austerity approach is fundamentally incompatible with socio-economic rights and inclusive development. In calling for a UBI as part of an inclusive development agenda, we are calling for an end to austerity, and a new macroeconomic framework which prioritises rights and wellbeing.

### *Gender inequality*

Against this backdrop of economic crisis, women in South Africa spend more time caring for children and relatives which makes it harder for them to participate in the labour market. As such, they face higher levels of unemployment, informality and precarity, and are more vulnerable to poverty than men. Female-headed households face higher levels of poverty and food insecurity than male-headed households (Nwosu & Ndinda, 2018, p. 13).

These conditions make women more vulnerable to financial dependence on a partner, which in turn increases their vulnerability to financial abuse and gender-based violence.

Currently, access to income for able-bodied adults of working age is predicated on the ability to participate in the labour market. Because women face greater barriers to participation in the labour market (because they undertake the essential work of caring) they have reduced access to income. They also have poorer outcomes in the labour market when they do enter into waged work, with less security, lower wages and poorer working conditions compared to men. This is fundamentally unequal and unjust.

It is important to note that UBI is not a solution to the issue of gendered economic inequality, and will do little to shift the underlying dynamics of women's care burden and labour market outcomes. However, because it partially delinks income from labour, it can provide a safety net that will directly improve the lives of carers and those they care for.

### *Crisis as an inherent feature of our economic system*

Ecological, health, geopolitical and economic crises are all increasing in frequency and severity, and we recognise that (for the time being) crisis is an inherent feature of our economic system. We urgently need to mitigate against unfolding crises including through a just transition to a low carbon economy, improved pandemic preparedness, and many other measures. However, we also need to build resilience to inevitable future crises by providing a social safety net which limits the impacts of shocks on the most vulnerable.

The COVID-19 crisis demonstrated the way in which shocks exacerbate economic exclusion and vulnerability for those already struggling. It showed the importance of policies which ensure basic needs are met in times of emergency, both to protect the rights of individuals as well as to protect the wider economy.

In addition, we anticipate future labour market disruptions as a result of the climate emergency and the transition to a low carbon economy, as well as the acceleration of labour-saving automation, or technology designed to replace or fragment existing jobs. This underscores the fact that, while waged-work will remain important for productivity as well as peoples' sense of purpose, it cannot be the sole determinant of dignity.

We recognise the inevitability of further and deeper socio-economic shocks arising from the inherent instability of the global economic system. Thus, a permanent social protection floor is crucial in shielding people from the worst effects of severe climate breakdown, inflation and the rising cost of living, future public health crises, technological disruption, food insecurity and increased labour precarity. A permanent social protection floor mechanism assures the basic right to survival and a universal BIG for all aged 18-59 is the most appropriate method of establishing this floor in South Africa.

### What is the evidence for UBI?

Alongside meeting basic needs, a wealth of local and international evidence shows that unconditional cash transfers have positive spillover effects on health and wellbeing, educational outcomes and social cohesion (Howson & Mncube, 2022; Orkin et al., 2022a). Especially where funded by non-regressive financing mechanisms (see section 4), they have an income multiplier effect (grow peoples' incomes over and above the value of the grant) (Egger et al., 2022; Handa et al., 2018) and promote inclusive economic growth (ITUC, 2022; Roosevelt Institute, 2017). This is supported by modelling in the South African context (Adelzadeh, 2021; Expert Panel 2022). They do not lead people to withdraw from the labour market (Bannerjee et al., 2017; Baird et al., 2018), and in many instances can help to boost job search and employment—as has been shown in South Africa (Bhorat et al., 2023; Youth Capital, 2022).

A basic income grant is first and foremost a direct intervention to alleviate poverty and hunger, which are unacceptable infringements on people's basic socio economic rights. However, it also makes clear macroeconomic sense. It will help us to forge a sustainable and inclusive development path, grow peoples' incomes over time, and contribute to tackling South Africa's long-term challenges and turning around our stagnating economy.

### Demands—what are we calling for?

Proposals for UBI internationally have ranged from progressive initiatives aimed at expanding existing safety nets and redistributing wealth, and libertarian endeavours to reduce the social wage and force citizens to purchase essential services privately. Due to this variation in rationales and proposals for UBI, it is very important to pay attention to the design of specific basic income interventions, to ensure they have progressive outcomes (Ortiz et al., 2018).

As such, the basic income support system in South Africa must be conceived and implemented in a way that ensures the most meaningful possible impact on the greatest number of people's lives. This requires an approach that is informed by local and international evidence, and

accountable to those living in poverty first and foremost. We call for the realisation of a basic income for all aged 18-59 in South Africa in line with the following principles:

1. *Basic income as a universal guarantee*

The UBIC holds that everyone living in South Africa aged from 18 to 59 should be eligible to receive a basic income, as a guarantee. We support the principle of universal eligibility for the grant irrespective of background, behaviour or socio economic status. However, this does not mean that everybody will opt-in to receive the grant, or that everybody receives a net financial benefit from the grant (see 3. “Redistributive”). Research indicates that those in the higher deciles are likely to “self-exclude”, or not opt-in to receive the grant (Orkin et al., 2022b).

Narratives around social grants in South Africa and elsewhere often hinge on the idea of those who are “deserving” and those who are “undeserving” of support. But we don’t apply similar logic to rights like healthcare and education, which we accept should be universally available to everyone. Similarly, a dignified income floor which nobody can fall below should be a feature of a caring society. While many argue that this can be achieved by requiring beneficiaries to apply and pass various eligibility tests of whether they are deserving, the reality is such approaches leave many of the most vulnerable behind.

Universal eligibility recognises that each of us contributes across our lifetime to the collective wealth of our society, and we are all vulnerable to some degree. Notwithstanding South Africa’s extreme inequality, any of us can experience poverty and precarity, and our level of vulnerability shifts throughout our lives. Universal eligibility for social protection ensures that nobody can slip through the cracks of our social safety net.

Universality is also more practical and efficient from an administrative perspective. Existing social assistance initiatives are targeted, including through means-testing, and other categorical targeting (such as by population group). International evidence has conclusively shown that all targeting measures result in the exclusion of a (usually significant) proportion of rightful beneficiaries (Kidd & Athias, 2020). Targeting requires people to interact with and navigate bureaucratic processes, which present barriers to the most vulnerable in particular—these include geographical, digital, language and cost barriers.

Targeting of social assistance can also lead to stigma against beneficiaries (Della Guardia et al., 2022; Hochfeld & Plagerson, 2011). Given the unemployment crisis, suggestions have been made to introduce a targeted job-seekers grant or grant for those formally classified as unemployed. However, South Africa’s fluid labour market in which people move into and out of short-term work increases the complexity of identifying who is employed and who is unemployed and thus a segment who are actually unemployed are susceptible to exclusion (Institute for Economic Justice, 2022, p. 2). In addition, targeting support towards active jobseekers excludes those who may have legitimate and socially important reasons for not participating in the labour market—most notably carers. Finally, targeting social assistance entails greater administrative costs (Grosh et al., 2008).



Targeting privileges the objective of exclusion over the objective of inclusion—it requires government to focus resources and efforts on ensuring that people do not access assistance, rather than ensuring that assistance reaches all those who need it. Targeting social assistance *always* produces unjust outcomes. Therefore, we call on government to guarantee universal basic income in South Africa.

a. Progressive realisation of universality

However, we accept that it may not be possible to achieve a full universal basic income immediately due to the current structure of our fiscus. Achieving a UBI in a sustainable way without adverse macroeconomic impacts will require the gradual introduction of new progressive taxation measures and other steps to rebalance revenue and spending. Introducing these immediately could entail risks to the vulnerable groups most in need of social protection.

Therefore, we call on the government to adopt a binding plan, with a clear timeframe, clear targets and strong accountability mechanisms, to incrementally expand social assistance frameworks to achieve universality and adequacy of benefits within agreed timeframes. This process must protect the status of existing beneficiaries and ensure there is no gap in coverage, whilst bringing new beneficiaries into the system.

The principle of the progressive realisation of the right to social assistance appears in Section 27 of the Constitution. The government is obliged by the Constitution to progressively realise this right within available resources.

Practically this means building on and strengthening current provisions, and in particular, retaining, expanding the eligibility criteria for, and increasing the value of the COVID-19 Social Relief of Distress Grant (SRD) until it has transitioned into a basic income for all aged 18-59 at an adequate level to meet basic needs. Coverage should be expanded by raising the income-eligibility (“means test”) threshold to progressively include higher deciles. This approach ensures that interim targeting focuses on the most vulnerable (notwithstanding the issues with targeting that we outline above).

Currently all social grants except the SRD grant set means test thresholds above the UBPL, meaning that everyone who lives in poverty falls within the target group. Accordingly, we call for the interim means test for the basic income to be initially set at at least the UBPL, and to increase over and above inflation to reach universality within agreed timeframes. Benchmarks in the course of this process may also be the National Minimum Wage (currently R4957 per month); the income tax threshold (R7980 per month); or multiples of the grant value, or the UBPL.

In addition to this, the value of other social grants including the Child Support Grant (CSG), the Disability Grant (DG) and the Older Persons Grant (OPG) should be raised progressively to ensure equity for vulnerable social groups.

## *2. An unconditional basic income*

Receipt of the basic income should not be conditional on any specific behaviours. Social protection provisions have sometimes been accompanied by requirements to, for example, demonstrate ongoing job-seeking activities, not refuse offered work (in the case of the SRD), keep children in school, or spend grant monies only on certain goods (for instance restricting spending on alcohol or tobacco).

However, conditionalities infringe upon the agency of grant recipients. We firmly hold that adult grant recipients are the best equipped to make decisions about how to spend their own income. Moreover, the significant cost and complexity of enforcing such conditionalities is not justified by any social benefit they produce. In many cases, making receipt of social protection conditional on behaviour can cause direct harm to recipients.

For example, making grants conditional on job seeking assumes that unemployment is a result of individuals not actively looking for work. Evidence shows that in South Africa, by far the most significant barrier to employment is a lack of available jobs (Surrender et al., 2010), and that grant recipients are highly motivated to enter into work. Therefore, by making grant receipt conditional on job search, authorities are likely to force recipients to spend grant monies on job search costs like transport and data even when jobs are not available, thereby eroding the real value of the grant for little to no policy benefit. Moreover, conditions stating that recipients may not refuse work opportunities can lead to harmful labour market distortions including by coercing people into exploitative work, and pressurising caregivers to reduce caring hours and enter into paid work.

Conditionalities on social grants assume that recipients will not behave in a way that is in their, their family's and their society's best interest. But ample evidence shows that people are strongly motivated by intrinsic factors such as self-esteem, the desire to contribute to one's community, and the desire to learn and gain skills (Zajack, 2021; Gilbert et al., 2018; Wielers & van der Meer, 2021). In South Africa, a survey of grant recipients suggested that people believed that others would spend their grant money wastefully, but did not apply that belief to themselves—indicating that it is a socially-constructed prejudice (Surrender et al., 2010).

Prescribing and policing the behaviour of beneficiaries is paternalistic, and is not in line with a view of social assistance as a right (as opposed to a concession or a hand-out). For these reasons the UBIC calls for the provision of basic income in South Africa to be free of any conditions tied to recipient behaviour.

## *3. A redistributive basic income*

In order to reduce inequality and contribute to economic growth, the basic income must be financed in a redistributive way which shifts resources from the wealthiest to the poor majority. This is supported by extensive research and modelling (Ortiz et al., 2018; ADRS, 2021; Expert

Panel, 2022; ITUC, 2022; ADRS & IEJ, forthcoming). Our exceedingly high rates of economic exclusion depress spending, informal enterprise, job creation and other economic activities in poorer areas. The BIG contributes to economic growth by giving excluded people greater spending power, and greater ability to invest in productive assets, grow their skills and build enterprises. However, this effect is severely compromised if the BIG is funded by taxes levied on lower deciles—this includes VAT and elements of Personal Income Tax (PIT). If a BIG were paid for by an increase in VAT, this would give to poor people with one hand, and take away with the other—having limited impact on inequality and the overall distribution of resources in the economy, as well as limited stimulus impact.

The BIG should thus be financed through non-regressive measures. This may include revenue resulting from growth, borrowing, and/or additional progressive taxation levied on the wealthiest people and corporations. It should not be financed by cutting and reallocating budget from public services, infrastructure or public employment programmes, all of which are critical to address South Africa's challenges and uphold rights. Redirecting funds from these areas to finance a BIG would also cancel out benefits with respect to stimulus and growth, as well as the overall objective of a comprehensive social protection system (Ortiz et al., 2018, p. 18). Funding a universal BIG via progressive taxation would likely mean (depending on specific design) that the wealthiest contribute more to the BIG than they receive in BIG payments. Ultimately this is a more effective method of targeting benefits to the poorest, as it eliminates exclusion errors and reduces administration costs. This also maximises the stimulus effect of the BIG on aggregate demand in the economy. It is important to note that the benefits of this would be particularly concentrated in depressed localities, because the lowest deciles spend the greatest proportion of their income locally, whereas the wealthy are more likely to save their money or spend it on goods produced offshore.

In South Africa, a large proportion of the wealthy minority built their wealth through apartheid-era policies which dispossessed and disadvantaged black people. South Africa is now the most unequal country in the world according to the World Bank's Gini Index. It is both a moral and an economic imperative that the wealthiest contribute more to enable us to build a fair society where everybody has enough to eat. This in turn benefits all of us from a macroeconomic perspective.

Various progressive taxation options exist to generate the required funds including corporate taxes, wealth taxes, financial transaction taxes, taxes on imports and exports and taxes on natural resource use (Institute for Economic Justice, 2021; Ortiz et al, 2018). Different combinations of these have been tested and shown to be sustainable in South Africa if gradually introduced, based on modelling conducted by *inter alia* DNA Economics (2021); ADRS (2022); and the Expert Panel on Basic Income Support (2022).

Estimates regarding the cost of a BIG depend on various factors such as the value of the transfer, expected take-up rates, and expected revenue recouped through clawbacks. However, financing needs are substantial and require serious reconsideration of current austerity measures. In addition to domestic resourcing, there are opportunities for international

resourcing through development assistance, the establishment of a global social protection fund, and debt relief (ITUC & INSP!R, 2023). These measures are likely to be necessary to reduce global inequality and better share the burden of climate change mitigation and adaptation, however, they will require greater North-South solidarity and cooperation.

#### *4. A dignifying basic income*

The value of the transfer (i.e. the amount of money people receive each month) is also critical to determining the impact of a basic income on poverty alleviation and growth. If the transfer value is set below a level which allows people to meet their basic needs, it can risk institutionalising a poverty trap, especially when people do not have access to any other income.

This means that it locks people below the poverty line and doesn't allow them agency to pursue economic activities like education, job search or self-employment which enable them to improve their income over time.

On the other hand, a basic income which provides dignity by meeting people's basic needs, is much more likely to give them the security to pursue further economic goals, and to escape the poverty trap over time. In South Africa, we have objective measures of basic needs calculated by Statistics South Africa based on the actual cost of living at a given time. These are the Food Poverty Line (FPL), the Lower Bound Poverty Line (LBPL) and the Upper Bound Poverty Line (UBPL).

Everybody who lives below the UBPL is considered to be living in poverty, unable to meet all their basic needs. According to the most recent Living Conditions Survey, this comprises 55.5% of the country. Anyone who lives below the FPL does not have enough income to meet their daily food needs—this comprises 25.2% of the country. However, these percentages are likely to have increased since 2015, as the unemployment rate and cost of living have both increased significantly.

Therefore, the UBIC calls for a basic income that is pegged to the national poverty lines, in order to ensure it meets people's basic needs. This also means that it increases along with the cost of living—rising each time the poverty lines are adjusted.

Ultimately, we call for a basic income that is set at the value of the UBPL, to eliminate income poverty in South Africa. However, this may need to be achieved gradually to ensure fiscal sustainability. Therefore, we call for the grant to be initially set at the value of the FPL and increase over time to reach (and be indexed to) the value of the UBPL.

#### *5. An individual basic income*

The position of the UBIC is that a basic income payment should be provided to individuals as opposed to households. If a household includes more than one adult, then each adult should receive their own individual basic income payment, as opposed to a larger payment provided to

the head of household. Whilst there are international examples of household-level social protection in comparable country contexts (for example, *Bolsa Familia* in Brazil), sometimes called “family grants”, Orkin et al. (2022b) point out that “[t]argeting the grant to households in this way is a major undertaking that will be costly and time-consuming to set up and maintain and may not transfer well to the South African context given our history of migrant labour and “stretched” households” (pp. 45-46). The authors point out that the challenges and costs of household targeting, coupled with a heightened risk of corruption in administration, mean there would likely be increased exclusion errors in a household grant (see also Bassier & Budlender, 2021).

In addition, the household or family grant model can exacerbate intrahousehold issues of dependence and abuse, and this especially impacts women. This is because the ‘head of household’ is statistically more likely to be a man. Targeting social assistance at the household level exacerbates women’s financial dependence on men and reduces their autonomy, and makes it more difficult for members to leave the household if they are experiencing abuse and/or gender based violence.

However, there is extensive evidence to indicate that individual grants are commonly pooled within households. At present, this reduces the policy efficacy of the CSG and OPG, as a portion of that income is used to support unemployed adults in the household who do not have access to social assistance—thereby reducing the ability of the CSG and OPG to meet the needs of vulnerable older persons and children. Households may still choose to pool individual BIGs, and in doing so this would enable other social grants to better meet their purpose. However, household members would also have greater ability to decide how to spend their grants in a way that is best for them. As Orkin et al. (2022b) point out—household-level grants are not always distributed equally within households, and research from Sub-Saharan Africa, Bangladesh and China has shown that male household heads are less likely to have nutrient deficiencies compared to female household members, indicating that when income is controlled by a head of household, it may be distributed unequally amongst household members (Brown et al., 2017; D’Souza & Tandon, 2019; Santaeulàlia-Llopis & Zheng, 2016).

#### *6. An accessible, equitable and dependable basic income*

Research has documented high levels of exclusion from the SRD grant not only as a result of government targeting and eligibility verification practices, but also as a result of barriers which make it difficult for people to apply, access payment, and appeal if their application is declined (Megannon, 2022). Such barriers have included poor communication from state agencies; online-only applications (which disadvantage those without access to devices, data, connectivity or without digital literacy); English-only applications and grant administration; a lack of access to formal identification, particularly digital identity cards; biometric identity verification systems which are difficult to navigate and have been shown in various contexts to introduce racial and other biases; and complex payment modalities which disadvantage those without access to (or who choose to opt-out of) the formal banking system. Moreover, SRD grant applicants who

appeal erroneous rejection decisions are not able to supply new information or evidence to demonstrate that they were rejected wrongly.

These barriers are most likely to affect the most marginalised and vulnerable—those who need the grant most. This is why the UBIC calls for the BIG to be designed and administered in a way that promotes accessibility for all. Universality would reduce the administrative hoops applicants need to jump through to demonstrate eligibility, and therefore promote accessibility. However, other steps are also necessary to streamline and simplify systems of application, payment and appeal in a way that centres the needs and realities of beneficiaries.

Where an interim means test remains in place, verification of applicants' means should not be overly invasive or onerous. Systems of verification should be applied consistently across the social grant system. The UBIC supports the self-reporting of income via affidavit at the time of application, as is done with most grants, along with incentives for higher income earners to self-exclude (see Orkin et al., 2022b). Bank verification of income is costly and intrusive upon applicants' privacy. It is also inaccurate as it cannot differentiate between funds which constitute personal income properly defined and funds which do not. Finally, it creates perverse incentives for people to withdraw from or avoid the formal banking system. If bank verification continues to be used, it should not take place monthly, but be based on an average of inflows over three to six months.

In order to achieve an accessible basic income, it is critical to ensure that community voices are consistently consulted in the administration of the grant. It is also important that processes are regularly reviewed and improvements made where necessary. The needs of vulnerable groups (such as rural people, non-English speakers, refugees and asylum seekers, and women) must be taken into account to ensure equal access—in order for the grant not to reproduce or exacerbate social dimensions of exclusion.

There should be consistent, effective communication with beneficiaries from agencies tasked with administering grant systems. This includes clear communications across different platforms (like social media, community radio, tv, etc.), and in all languages. This has proved a serious stumbling block in the administration of the SRD grant, and poor communication has caused real-world harm to beneficiaries who have struggled to navigate systems in the absence of clear guidance.

There also should be adequate accountability measures in place to identify and address issues arising from administration of the grant. This includes a complaints and appeals mechanism that is available both in-person and online, which allows complainants to make full representations with regard to their circumstances, and provides timeous feedback and redress.

Moreover, grant infrastructure must uphold beneficiaries' right to select the payment modality which is best for them, whether this be via cash, PostBank, retailers, their personal bank account, or another alternative. Each of these options should be efficient and timeous.

In addition, payment must be regular and dependable. Currently, payment dates for the SRD grant can vary substantially each month, often with little notice given for delayed payments. This lack of dependability makes it extremely difficult for beneficiaries to manage their finances. Beneficiaries have a reasonable expectation to be paid at the same time each month, and this also is important to optimise the stimulus impact of the grant—particularly where grant monies support small and informal businesses either through investment or consumption.

Given the various significant risks involved to beneficiaries' privacy, security and wellbeing, UBIC does not recommend the involvement of private third party companies in the administration of social grants (see Torkelson, 2020). However, where third parties (private companies) are involved in the administration of the grant, special care must be taken to ensure beneficiaries' safety, privacy and data protection, in line with both legal requirements (for instance the POPI Act), as well as international best practice standards. Such measures should include clear, robust data sharing agreements with strong accountability mechanisms, which ensure the secure storage of, and prescribe parameters for the usage of beneficiary data. All aspects of grant administration including algorithms should be transparent and subject to public oversight and governance. Data protection and governance provisions should be transparent to all parties, and data subjects should be able to request summaries of data held on them, as well as to exercise the right to be forgotten.

Finally, ensuring that the grant is implemented in a way that is accessible, equitable, dependable and safe will require adequately resourcing its administration. Injustices have arisen in the administration of the SRD grant because DSD and SASSA have not been properly funded to develop and maintain grant infrastructure which responds to the range of needs of beneficiaries.

Addressing the issues outlined in this section should not be the sole responsibility of the Department of Social Development, but requires a broader approach across government, to support the Department to develop and operationalise inclusive and effective grant infrastructure. For instance, failings within the Department of Home Affairs have been responsible for significant exclusion from the SRD grant. As such, government should consider an interministerial task team to address these complex issues.

#### *7. Basic income as a component of a broader wellbeing policy framework*

Despite the large body of evidence pointing to the multifaceted benefits of cash transfers, we hold that basic income support alone does not constitute a progressive policy agenda. If other policy settings are not calibrated in a complementary way with a view to tackling long-term challenges, the BIG or UBI may not have sustained positive impacts. This is why we call for BIG to be introduced as a component of a broader development strategy encompassing fiscal, social, industrial and employment policy. This is critical to maximise the benefits of the BIG.

Ample evidence shows that income support and job creation are mutually reinforcing—in contrast to the pervasive myth that we need to choose *either* a job creation strategy *or* basic

income (Orkin et al., 2022b; Borat et al., 2023). Comprehensive social protection *supports* sustained job and wage growth. But additional measures are also required to both boost job creation, and ensure decent work and decent wages. These may include “active labour market policies” such as, for instance, the Presidential Employment Stimulus, or measures like creating a database of available jobs, and notifying jobseekers of suitable jobs in their area. In addition and on a greater scale, government can boost job creation through spending in areas like infrastructure and basic services, as well as industrial policy which focuses on stimulating, supporting and localising industries that create a large number of decent jobs. Particular opportunities exist in this regard in the renewable energy sector, and should be lined to the just energy transition.

Finally, with regard to employment policy, basic income support for all persons of working age can encourage the improvement of labour standards and wages—this is part of the multiplier effect whereby cash transfers cause incomes to grow over and above the value of the transfer. It does this by giving workers the security to leave exploitative low-paid work in search of better opportunities. This increases workers’ bargaining power leading to higher labour standards overall. However—this is only the case if there are strong statutory labour protections in place (including a minimum wage which is set with regard to the value of the BIG). In the absence of such labour protections, a BIG could serve as a subsidy to exploitative employers, enabling them to suppress wages because workers have their basic needs met elsewhere.

A basic income grant will not be progressive or beneficial in the event that it displaces funding for existing social spending—including spending on basic services like health and education, as well as spending on other social grants, such as the CSG and the OPG (Ortiz et al., 2018). To the contrary, maximising the benefits of a BIG and upholding rights requires the continued improvement of complementary services like health and education. If existing spending is reallocated to fund a basic income grant, this will offset any potential stimulus impacts of such a grant, and will also disadvantage social groups with special needs and vulnerabilities. It will also exacerbate womens’ burden of care, as they are asked to fill gaps in social provisioning from which the state has withdrawn.

Children and older persons are unable to generate income through wage labour. They also have specific nutritional and health needs. This is why they require dedicated forms of social protection. However, a BIG should not be the only mechanism available to alleviate hunger, it should be seen as part of a broader basket of social services, including, for example, community gardens and other food sovereignty initiatives.

In particular, the CSG should at least maintain parity with the basic income grant. Research indicates that where there is a shortfall in provision for children, the burden of meeting this is most likely to fall to women (UN Women, 2020). If the CSG is below the level of the BIG, caregivers will use a greater proportion of their BIG income to supplement caregiving costs, and this disadvantages caregivers and exacerbates gendered inequities. The CSG is currently set below the FPL, meaning that it is not adequate to meet the nutritional needs of a child, and this



is particularly concerning in South Africa's context of high stunting (Harper et al., 2023), and high food inflation.

### Conclusion—a new rights-based macroeconomic path

Our calls entail an end to fiscal austerity. These objectives cannot be achieved without moving away from the fiscal pathway of declining real-terms spending on social protection and basic services. Such austerity chokes growth and exacerbates economic exclusion. It compounds the burden of care placed on women who must step in to fill the gaps in provisioning where the state has withdrawn. It makes it harder for us to turn around our rates of unemployment, poverty and inequality. It is counter-productive and short-sighted.

National Treasury constantly cites the debt-to-GDP ratio and the need for fiscal consolidation as a justification for budget cuts. But this is not a sustainable strategy, and it limits socio economic rights. In the long-term, in order to sustainably reduce the debt-to-GDP ratio, we need to reduce poverty and inequality and grow the economy in an inclusive way. This will grow the tax base, and offset the costs of social protection spending over time. Aggressively reducing the debt-to-GDP ratio cannot be prioritised over people being able to eat. But putting money in the pockets of the poorest will *help* us to better balance the fiscus in the long run—to stimulate the economy, grow revenue and sustainably reduce debt, whilst prioritising human rights first and foremost.

## References

Adelzadeh, A. (2021). Fiscally Neutral Basic Income Grant Scenarios: Economic and Development Impacts. ADRS.

[https://www.adrs-global.com/resources/static/downloads/ADRS\\_Fiscally\\_Neutral\\_BIG\\_for\\_South\\_Africa\\_The\\_Bridge\\_May\\_2021\\_.pdf](https://www.adrs-global.com/resources/static/downloads/ADRS_Fiscally_Neutral_BIG_for_South_Africa_The_Bridge_May_2021_.pdf)

Baird, S., McKenzie, D., & Özler, B. (2018). The effects of cash transfers on adult labor market outcomes. *IZA Journal of Development and Migration*, 8(1), 1-20.

Banerjee, A. V., Hanna, R., Kreindler, G. E., & Olken, B. A. (2017). Debunking the stereotype of the lazy welfare recipient: Evidence from cash transfer programs. *The World Bank Research Observer*, 32(2), 155-184.

Bassier, I. & Budlender, J. 2021. Proposed Family Poverty Grant is excellent in theory — but there are problems with its implementation. *Daily Maverick*.

<https://www.dailymaverick.co.za/article/2021-11-08-proposed-family-poverty-grant-is-excellent-in-theory-but-there-are-problems-with-its-implementation/>

Bhorat, H, Köhler, T., de Villiers, D. (2023). Can Cash Transfers to the Unemployed Support Economic Activity? Evidence from South Africa. DPRU Working Paper 202301.

[https://commerce.uct.ac.za/sites/default/files/media/documents/commerce\\_uct\\_ac\\_za/1093/DP RU%20WP202301.pdf](https://commerce.uct.ac.za/sites/default/files/media/documents/commerce_uct_ac_za/1093/DP RU%20WP202301.pdf)

Brown, C. S., Ravallion, M., & Van De Walle, D. (2017). Are poor individuals mainly found in poor households? Evidence using nutrition data for Africa (No. w24047). National Bureau of Economic Research.

D'Souza, A., & Tandon, S. (2019). Intrahousehold nutritional inequities in rural Bangladesh. *Economic Development and Cultural Change*, 67(3), 625-657.

Dlamini, S., Craig, A., Mtintsilana, A., Mapanga, W., Du Toit, J., Ware, L., & Norris, S. (2023). Food insecurity and coping strategies and their association with anxiety and depression: A nationally representative South African survey. *Public Health Nutrition*, 26(4), 705-715. doi:10.1017/S1368980023000186

Egger, D., Haushofer, J., Miguel, E., Niehaus, P., & Walker, M. (2022). General equilibrium effects of cash transfers: experimental evidence from Kenya. *Econometrica*, 90(6), 2603-2643.

Feder, J., & Yu, D. (2020). Employed yet poor: low-wage employment and working poverty in South Africa. *Development Southern Africa*, 37(3), 363-381.

Gilbert, R., Murphy, N. A., Stepka, A., Barrett, M., & Worku, D. (2018). Would a basic income guarantee reduce the motivation to work? An analysis of labour responses in 16 trial programs. *Basic Income Studies*, 13(2).

Grosh, M., et al. (2008). *For Protection and Promotion: The Design and Implementation of Effective Safety Nets* (Washington, D.C: World Bank).

Handa, S., Natali, L., Seidenfeld, D., Tembo, G., Davis, B., & Zambia Cash Transfer Evaluation Study Team. (2018). Can unconditional cash transfers raise long-term living standards? Evidence from Zambia. *Journal of Development Economics*, 133, 42-65.

Harper, A., Rothberg, A., Chirwa, E., Sambu, W., & Mall, S. (2023). Household Food Insecurity and Demographic Factors, Low Birth Weight and Stunting in Early Childhood: Findings from a Longitudinal Study in South Africa. *Maternal and Child Health Journal*, 27(1), 59-69.

Hochfeld, T., & Plagerson, S. (2011). Dignity and stigma among South African female cash transfer recipients. *IDS Bulletin*, 42(6), 53-59.

Howson, K., & Mncube, Z. (2022). Can a universal basic income contribute to breaking structural poverty in South Africa? Institute for Economic Justice Working Paper Series No. 8. Available at:

<https://www.iej.org.za/wp-content/uploads/2022/11/Working-Paper-UBIG-and-structural-poverty-September-2022.docx.pdf>

ITUC. (2022). Investments in social protection and their impacts on economic growth – tax financing options. <https://www.ituc-csi.org/tax-financing-options>

Kidd, S., & Athias, D. (2020). Hit and Miss: An Assessment of Targeting Effectiveness in Social Protection. *Development Pathways*, Working Paper.

Megannon, V. (2022). Experiences of accessing the Covid-19 Social Relief of Distress Grant in South Africa. IDCPPA Working Paper No. 31.

[https://humanities.uct.ac.za/sites/default/files/content\\_migration/humanities\\_uct\\_ac\\_za/953/files/IDCPPA.WP31.Megannon.pdf](https://humanities.uct.ac.za/sites/default/files/content_migration/humanities_uct_ac_za/953/files/IDCPPA.WP31.Megannon.pdf)

Orkin, K., Garlick, R., Rodriguez Hurtado, I., Grabowska, M., Kreft, B., & Cahill, A. (2022a). International evidence to inform decision making on implementing urgent response social protection measures. *Psychology, Health & Medicine*, 27(sup1), 219-238.

Ortiz, I., Behrendt, C., Acuña-Ulate, A., & Anh, N. Q. (2018). Universal Basic Income proposals in light of ILO standards: Key issues and global costing. Available at SSRN 3208737.

Roosevelt Institute. (2017). Modeling the Macroeconomic Effects of a Universal Basic Income. <https://rooseveltinstitute.org/wp-content/uploads/2020/07/RI-Macroeconomic-Effects-of-UBI-201708.pdf>

Santaaulàlia-Llopis, R., & Zheng, Y. (2016). Missing consumption inequality: direct evidence from individual food data.

Statistics South Africa. (2023). Quarterly Labour Force Survey Q1:2023. Available at: <https://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q1%202023.pdf>

Statistics South Africa. (2017). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2015. Available at: <https://www.statssa.gov.za/publications/Report-03-10-06/Report-03-10-062015.pdf>

SURENDER, R., NOBLE, M., WRIGHT, G., & NTSHONGWANA, P. (2010). Social Assistance and Dependency in South Africa: An Analysis of Attitudes to Paid Work and Social Grants. *Journal of Social Policy*, 39, 203-221. <https://doi.org/10.1017/S0047279409990638>

Torkelson, E. (2020). Collateral damages: Cash transfer and debt transfer in South Africa. *World Development*, 126, 104711.

UN Women. (2020). Policy Brief: The Impact of COVID-19 on Women. <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2020/Policy-brief-The-impact-of-COVID-19-on-women-en.pdf>

Wielers, R., & van der Meer, P. H. (2021). Beyond income: Why we want to keep on working even if we don't need the money. *Applied Research in Quality of Life*, 16, 1613-1635.

Youth Capital. (2022). Beyond the Cost: What does it really cost young people to look for work? [https://youthcapital.co.za/wp-content/uploads/2022/05/Beyond-the-Cost\\_final.pdf](https://youthcapital.co.za/wp-content/uploads/2022/05/Beyond-the-Cost_final.pdf)

Zajack, M. (2021). Work as a choice: Autonomous motivation and the basic income. *Industrial and Organisational Psychology*, 14(4), 597-599.