




Building up Knowledge to break down Poverty

**ANNUAL REPORT**

**2014**





Thank you!

## ACKNOWLEDGEMENTS

We would like to thank the following partners for their ongoing support:

Christian Aid  
Church of Sweden  
Ford Foundation  
Friedrich Ebert Stiftung  
Open Society Initiative for Southern Africa

## Partnerships and Networks

SPII continues to appreciate the ongoing support and collaboration of key partners and stakeholders through the following networks and partnerships:

- SASPEN - Southern African Social Protection
- Campaign for the ratification of the International Covenant on Economic, Social and Cultural Rights (ICESCR)
- SANI – the South African Network on Inequality
- BEMF – the Budget Evaluation and Monitoring Forum
- Southern Africa Vulnerability Assessment Committee (SAVAC)
- Basic Income Earth Network (BIEN)
- Southern Africa Development Community (SADC) Council of Non-Governmental Organisations
- SADC BIG Coalition

SPII has active partnerships with the South African Human Rights Commission with regard to our SER Monitoring Tool Project and with ACAOSA – the Association of Community based Advice Offices of South Africa.

SPII further acts as the Secretariat for the SADC Basic Income Grant Campaign and the Southern Africa Chapter for the Basic Income Earth Network (BIEN).



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Open Society Initiative  
for Southern Africa

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Our young democracy was born out of a concerted and bitter battle against the injustice of colonialism and apartheid. Even with the support of a progressive constitution and the goodwill of millions of our people the task of giving effect to the vision of a just and caring society has been a formidable one. Responding to the legitimate expectations of a 'better life for all', dealing with the massive socio-economic disparities and healing the deep and unquantified scars left by apartheid has absorbed, consumed and sometimes even divided us in ways we did not foresee.

Underpinning all these endeavours is a human rights framework bold in its vision, courageous in its breadth and forward looking in every conceivable way. It provides just not the social and economic indicators and imperatives for the nation but also the moral compass that should guide our constitutional journey. The constitutional journey, undertaken through the agency of government, civil society, the courts, independent institutions and the citizenry has been both eventful and vigorously contested. We may have embraced a common vision about a just and democratic society but the means to achieve that vision, the choices we have had to make, the process of mediating and adjudicating contesting but legitimate claims and demands has certainly challenged us in fundamental ways about our meaning and understanding of the constitutional imperative of being 'united in our diversity'.

Whether we are dealing with poverty and inequality, racism and discrimination, the transformation of our economy and social system, the interventions required to deal with historical disadvantage, South Africa's place and position in the international community and for a - the debate has often been emotional, irrational and partisan. All of this means that Studies in Poverty and Inequality Institute – SPII- has a duty to advance and promote genuine constitutional and human rights debate and the realisation of these rights as is provided for in SPII's Mission Statement. In seeking to reach consensus on what we need to achieve as a nation we have to create the space to hear a diversity of voices and views and through such discourse we have to honestly identify the challenges we face and the interventions required to address them.

As the Chair of SPII, on behalf of the Board, I would like to thank all of the staff and partners of the Institute without whom the work would not have been made possible, as well, of course, the Board. We look forward to extending our partnerships in the new year with other strategic players, and also to deepen our ability to share our research findings with policy- and decision-makers to advance the empirical basis for the development of pro-poor policies.

As we continue into 2015, SPII wishes to encourage honest, robust critical reflection on the state of our society, the progress we have made, the shortcomings and under achievements for which we must take responsibility. We seek to identify and critique the policy choices that have been successful and those less so, we seek to set the debate against the context of the letter and the spirit of the Constitution and to ensure that in all that we do there remains a fidelity to the Constitution and its values in South Africa.

It is our hope that with the publication of this annual report we will encourage those outside of SPII to contribute and participate in the processes that have shaped our efforts at realizing our theory of change.

Langa Zita  
Chairman

## DIRECTOR'S REPORT



2014 was an important year in many respects. It heralded in a new administration under the auspices of the African National Congress, the ruling party that has ruled since democracy in 1994. 2014 also however saw an unprecedented rise in activity in Parliament with opposition and minority parties using the chambers of parliament to raise questions and objections in a manner that caused some political analyst concern regarding the robustness of the Houses and the ability of incumbent parliamentary office bearers to provide the necessary levels of impartial and effective leadership to guide the coming years of parliamentary work and debate. What was clear however was that the concerns that have been raised in the past about the relevance of parliament in shaping oversight in South Africa appear to be a thing of the past.

The lived realities of people in South Africa and the region in terms of the levels of poverty and inequality and economic exclusion persist. Despite rhetorical commitment to prioritising the eradication of poverty, we continue to witness the replication of exclusions.

For SPII, the recommendations that our research continues to find support for involve a multi-pronged approach that includes social protection, including a universal Basic Income Grant on a regional basis, funded through an increased and earmarked extractive tax as the main source of funding, but also the realisation of the other socio-economic rights in the Constitution, and an effective and applied strategy on promoting and supporting the small and micro-entrepreneurs in South Africa to overcome the obstacles that keep the actors in a state of economic vulnerability. In addition, SPII is driven by a desire to see policies and analysis move away from the notion of survivalist poverty, to a state of well-being and thriving, which we believe is a non-negotiable stance if we are true to our vision of seeing the realisation of the rights contained in the Constitution of South Africa.

Inherent in the latter is the need to develop an inclusive and democratically derived definition for well-being, or, as we and other actors have begun to refer to it, a decent living level, which in turn has linkages to the notion of a living wage, and indeed the topical discussion of the introduction of a National Minimum Wage.

It has been extremely exciting this year to witness how the central objectives and concepts that underpin our three programmes and five projects of our current work, have become mutually reinforcing.

Our work on the development of a monitoring and measurement tool to evaluate the rate and pace of the realisation of socio-economic rights has emphasised the critical need for our monthly food price monitoring through our Basic Needs Basket project. Similarly the links between the call for a SADC Basic Income Grant speaks at once both to the need for income security as part of a decent standard of living, but also ties in with our findings of the necessity for income security to enable local economic actors to strengthen their resilience against vulnerability and enable them greater freedom to take the risks that are necessary for growing their enterprises and saving for the future.

As we plan for 2015, we anticipate that these linkages will deepen and we commit ourselves to concentrating on the implications for longer term development and rights' realisation. We look forward to the development of further indicators and analysis on the rights to food and education in the first half of 2015, and we also look forward to undertaking a big picture evaluation of the work of the LED pilot project and we look forward to identifying partners with whom we can replicate this project across different regions and sectors in South Africa. We also look forward to growing the civil society membership of the SADC BIG and entrenching our advocacy on a regional basis on this, backed up by the econometric modelling described in the report.

From my side, I wish to thank the staff that drive our work and their commitment to undertaking research in order to underpin progressive change. In 2014 we had to say good bye to Hannah Dawson, who left us to pursue a D. Phil at Oxford. We also had to bid farewell to fieldworkers. We further welcomed on board Busiso Moyo to the SER Monitoring project. We were also very excited to be able to promote internally to project leaders both Daniel McLaren and Brian Mathebula on the SER Monitoring project and the LED projects respectively.

I would also like to thank the commitment of the board of trustees, and the ongoing support of our loyal and supportive donor partners who continue to make SPII's work possible, and we commit as SPII to ensure that our work always remains relevant.

Isobel Frye  
Director



## ABOUT SPII

SPII is a not-for-profit trust which was registered in 2006. SPII is also registered with the department of social development, as a non-profit organisation (NPO), and has been granted tax exemption status under the Income Tax Act from the South African Revenue Service (SARS).

SPII has strong stakeholder networks bridging civil society, government, organised labour and business. We are grounded in a belief in non-racialism, human rights and effective democratic engagement. SPII is committed to the full realisation of the political, social and economic rights contained in the Constitution of South Africa. What sets SPII apart from other research and policy institutions is the emphasis on both content (knowledge) and process (inclusive participation). With the strategic guidance of its board of trustees, SPII is an organisation characterised by a sense of vision, justice and a commitment to innovation.

## VISION

SPII focuses on generating new knowledge, information and analysis in the field of poverty and inequality studies in South and Southern Africa. Through facilitating collaborative partnerships with and between government, institutions of democracy, academia, social movements and civil society organisations, SPII is able to develop and advocate for the implementation of innovative and empirically-based social and economic policies capable of combating poverty, reducing inequality, and promoting sustainable development.

SPII supports the development of a tradition of effective public participation in policymaking and implementation.





## THEORY OF CHANGE

The objectives of this annual report publication is to reflect the institution's theory of change as reflected in our outputs and various activities during the reporting period. SPII's theory of change is as follows: SPII believes that:

- If we engage in well-informed, quality strategic research; and
- if we include informed civil society perspectives in this research; and
- if we have fieldwork that reaches socio-economically marginalised groups; then

We can:

- Effectively analyse the features and drivers of poverty and inequality; and
- Support the development of innovative, evidence based measures for poverty reduction; and
- Make specific policies and strategic recommendations for reducing poverty and inequality.
- If we make compelling recommendations for the reduction of poverty and inequality; and
- If we promote dynamic participation by civil society in the debate, and
- Support oversight bodies around solutions to poverty and inequality; and
- If we develop strategic relationships with all three arms of government to ensure trust to be influenced by our recommendations

We will:

- Build a pro-poor policy environment to ensure a shift to a faster and more effective reduction of poverty and inequality and the promotion of agency among all people living in Southern Africa.



## HUMAN RESOURCES IN 2014



Nhlanhla Ndlovu



Venitia Govender



Horst Kleinschmidt



Sisa Njikelana



Langa Zita



Isobel Frye (ex officio)



Sharon Ekambaram



Julian May



Sonto Magwaza

## MANAGEMENT



Isobel Frye  
Director



Taku Fundira  
Senior Economic Researcher



Erique Douwie  
Financial Manager

## PROGRAMME TEAM



Busiso Moyo  
Advocacy & Campaigns Officer



Daniel McLaren  
Research Consultant



Brian Mathebula  
Researcher and Project Leader



Matshidiso Motsoeneng  
Researcher

## ADMINISTRATIVE TEAM



Fortunate Mabuza  
PA to the Director  
and Grants Administrator



Delphine Ngongo  
Receptionist and Website Editor

## ENTERPRISE COACHES

Tokoloho Chabalala | Tshepo Mokoka | Lebohang Moloi | Kgomotso Limba





## THE WORK OF THE ORGANISATION FALLS INTO THREE PROGRAMMES

Socio-Economic Rights Programme;  
Basic Needs Basket and Decent Living Level Programme; and  
Social Dialogue Programme.

### 1. SOCIO-ECONOMIC RIGHTS PROGRAMME

#### 1.1 The Socio-Economic Rights Monitoring Tool

The persistence of high levels of poverty and inequality in South Africa, compounded by widespread unemployment and a lack of access to adequate basic services for the poor continues to inspire the work of the Socio-Economic Rights (SER) Monitoring Tool project. 2014 saw the project build on the foundational work of previous years, which developed a 3-step methodology for monitoring SERs, integrating policy (step 1) and budget (step 2) analysis with the development and assessment of nationally representative statistical indicators (step 3) to review and guide the progressive realisation of SERs in South Africa.

Project learnings, both theoretical and practical, were reflected in our updated methodological framework, which was further revised in our publication: 'A Framework for Monitoring and Evaluating the Progressive Realisation of Socio-Economic Rights in South Africa'. The development of our monitoring methodology, in line with international and regional best practice, as well as the experiences of the project team implementing the tool in South Africa, is an ongoing part of the project.





## 1.1 The Socio-Economic Rights Monitoring Tool

Our ongoing reflection on the efficacy and scope of the methods employed by the SER Monitoring Tool includes a fundamental commitment to deepening the scope and meaningfulness of the tool by finding innovative ways to ensure that the voices of citizens and communities are included and made central to the monitoring of SERs. 2014 saw the project undertake a review of current methodologies and initiatives in South Africa that are involving the general public in advancing socio-economic rights through monitoring and participation. Policy Brief 7: 'Public participation and citizen-based monitoring in realising socio-economic rights' presents the findings from this review as well as setting out some potential pathways for the project to look deeper into incorporating a greater qualitative, citizen-based engagement with and contribution to our SER monitoring work.

In 2013, the 3-step methodology of the SER Monitoring Tool was applied to the rights to health care and social security. 2014 saw the application of the Tool to the rights to housing and food. Working Paper 8: 'Monitoring the right of access to adequate housing in South Africa' includes an evaluation of post-1994 housing policies in light of the content of the right to adequate housing, which has been developed internationally and in the South African Constitutional Court. Meetings with housing experts and civil society organisations (CSOs) were undertaken as part of the indicator development. This included a roundtable jointly hosted by SPII and the Department of Performance, Monitoring and Evaluation (DPME) at the Presidency in January 2014 at which issues around the availability and accuracy of data were deliberated and the requirements for an appropriate rights-based performance monitoring framework were discussed. The broadened focus on the needs of the poor that resulted is reflected in the 25 housing indicators that have been populated with data from 2002 – 2013. The paper also undertook a rights-based budget analysis of the Department of Human Settlements, finding major shortcomings in the allocations and expenditure trends of some key housing programmes. As a result of this work and our unique, rights-based approach to monitoring the state, the DPME subsequently invited SPII to participate in its review of national housing policy, and used SPII's monitoring framework and indicators as a key reference point for the development of its own monitoring and evaluation framework for housing. SPII was also asked to make a submission and present the findings of this paper at a National Hearing on the Right to Housing convened by the SA Human Rights Commission.



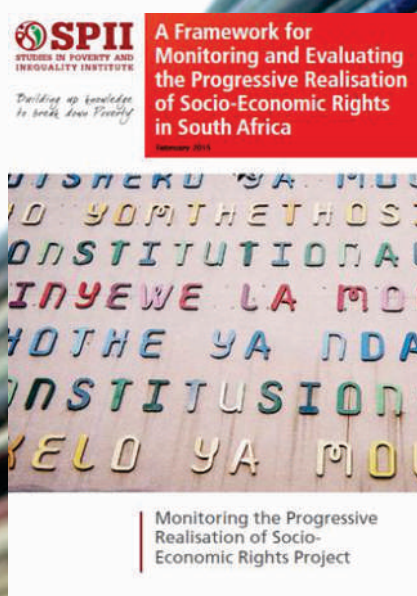
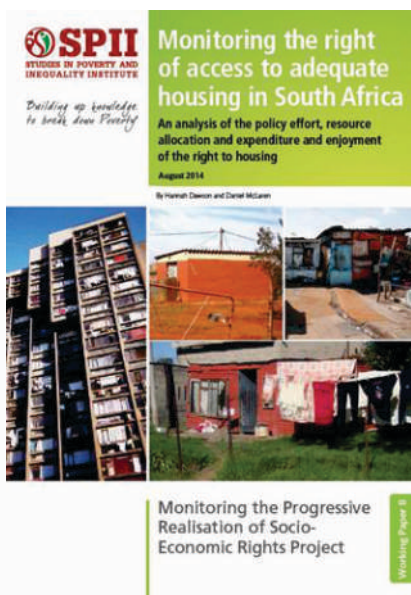


In 2014 SPII also co-hosted a 2-day workshop entitled 'The Cost of Hunger: Budgeting for the Right to Food', which brought together a core group of civil society activists to develop their capacity to undertake budget analysis around the right to food. Later in the year, we published Policy Brief 8: 'Monitoring and Evaluating Progressive Realisation of the Right to Sufficient Food and Basic Nutrition in South Africa', which presented our indicators for the right of access to sufficient food and children's right to basic nutrition. From the prevalence of hunger and malnutrition, to stunting in children, and access to key government food and nutrition programmes, the indicators cover a wide-range of variables and illustrate the scale of the challenge facing government in tackling the scourge of hunger in the country. The policy and budgetary components of our analysis of the progressive realisation of the right to sufficient food and basic nutrition in post-apartheid South Africa will be published in mid-2015.

The project has continued to undertake advocacy work, linked to our research, of various kinds. From participating in radio and TV interviews and publishing opinion pieces on socio-economic issues, to co-organising pickets and marches for the right to food, the project ensures that our research is always linked to and supports the efforts of a wide range of stakeholders to advance SERs. The South African Human Rights Commission, which has a mandate to monitor the state's compliance with SERs, remains a key stakeholder for the project. 2014 saw collaboration around SER indicators deepen, with weekly visits to SPII by the Commission and the sharing of research resource in the development of indicators for the environment and water and sanitation, which will be carried forward in 2015.

2015 will also see the project publish its review of basic education policy and budgets in the democratic era, and the final development and population of indicators for the right to basic education. A review of national and provincial budgets to realise SERs will also be published. The project looks forward to developing new and exciting partnerships in both government and civil society, and to the deepening of our engagement with the SAHRC, DPME and other existing partners.





## Publications and reports (available at [www.spii.org.za](http://www.spii.org.za))

1

Hannah Dawson 'Public participation and citizen-based monitoring in realising socio-economic rights' (2014) Policy Brief 7.

2

Daniel McLaren & Busiso Moyo 'Monitoring and Evaluating Progressive Realisation of the Right to Sufficient Food and Basic Nutrition in South Africa' (2014) Policy Brief 8.

3

Hannah Dawson & Daniel McLaren 'Monitoring the right of access to adequate housing in South Africa' (2014) Working Paper 8.





## 1.2 Social Protection and Local Economic Development (LED): Graduation Pilot Project

In a 2014 study titled 'Economies of South African Township: Special Focus on Diepsloot', the World Bank argued that the post 1994 government inherited uneven socio-economic conditions and these conditions continue to characterise the socio-economic divide that perseveres in South Africa. In the same report, there was great emphasis placed on the persistent legacy and geography of segregation and its impact of socio-economic prosperity for the black majority. In other words, townships remain a dormitory for black labour, with limited access to adequate/basic services (sanitation, water, electricity etc.). Local economic activities are meant to build resilience around economic participation for the local populace and hence for people's livelihood strategies. The creation of job opportunities and strengthening peoples' livelihoods is also one of the key objectives of the National Development Plan (NDP)-Vision 2030 and a central tool in the targeted elimination of poverty contained in the plan. In order to achieve the visions articulated by the National Planning Commission (NPC), there is a need to reverse the apartheid geography which continues to perpetuate privilege and disadvantage by bridging the gap between the 'haves' and 'have-nots' spatial patterns. In recent times, there has been consistent reference by policy makers of the need to tackle and address this economic divide through promoting the development of township economies. Three areas of intervention have been identified to shape the new geography of townships, which include spatial reconfiguration, township economy revitalisation and large-scale infrastructure investment.

On the 1<sup>st</sup> of October 2013 and in partnership with the Ford Foundation and drawing on Ford's global 'Graduation Pilot Project' learnings, SPII launched the "Social Protection and Local Economic Development: Graduation Pilot Project". The pilot project aims to test the efficacy of tailor-made interventions for micro and survivalist enterprises in township economies to contribute to the current search for successful development interventions for the informal economy.





## 1.2 Social Protection and Local Economic Development (LED): Graduation Pilot Project

The project focuses on five interventions, namely, (1) Life Skills Training, (2), Basic Business Management Skills Training, (3), Basic Financial Literacy Training, (4), Savings Incentive Scheme, and Weekly mentoring and monitoring from enterprise coaches. The project is located in Evaton Township, Gauteng. The project was undertaken as a rigorous study with a control and treatment group. Project participants are randomly allocated to one of the two groups, using the specific criterion, which includes small, micro and survivalist enterprise owners with a child support grant (CSG) recipient in the household from a baseline survey of 300 small, micro and survivalist enterprise owners. The participants in the treatment group receive the above interventions over a period of 24 months.

This pilot project represents a strategic shift from previous top-down approaches to developing local economic policies. The pilot project, implemented with local community-based partners, aims to test the assumptions around the 'township economy', informal economy, micro and survivalist enterprises through a bottom-up approach to development. It is increasingly clear to us that sometimes the micro is 'too small' for government to see.

The South African Constitution mandates municipalities to play a central role in socio- economic development. Other key policies frameworks that have been promulgated in support of bottom-up approach to development - especially at a LED level - include the Reconstruction and Development Plan (RDP), the Municipal Structures Act, and the Local Government White Paper. Policies which

provide implementation support include the Integrated Development Planning (IDP) process which requires an economic and spatial development component, promotion of citizen participation, and appropriate institutional and funding mechanisms. The importance of stimulating local economic development lies in its role in the reduction of poverty. By focusing on local development, solutions can be tailored to support communities' specific areas. To achieve local economic development, a strategy is required which will assist in the integration of economic, social and environmental objectives.





Important lessons have been learned during the implementation period of the pilot project in unpacking the current narrative of 'revitalising the township economy', with the emphasis on poverty alleviation and employment creation in areas that remain underserved. If small, micro and survivalist enterprises are to form part of the 'revitalised' township economy, the following emerging findings from the pilot project need to be taken into consideration:

- **Access to formal financial services:** Results from the pilot project indicate that there is poor interaction between people in the informal economy and formal financial services, and for those who own a bank account, the interaction does not go beyond transaction purposes. There is a distinct mismatch between the type of services they require and services offered. This questions the notion of 'financial inclusion' within the 'revitalisation of township economies' narrative, especially for those who remain underserved by formal financial sector services. Service fees are also seen as exorbitant by many, and banking hours do not facilitate access for people who often operate for over 12 hours a day. There is a need to promote easily accessible information regarding financial products in local languages, refrain from unnecessary financial jargon, and provide more information on the financial implication of each account in terms of bank charges and service fees.
- **Link between formal and informal economies:** there is a need for more research to be done that focuses on the skewed relationship that exists between the formal and informal economies in townships and between peripheral township economies and the mainstream formal sector, such as, for example, the cost incurred by informal enterprises in bringing goods produced in the formal sector to the township market. This was the reason given by a participant who runs a Spaza shop and sells airtime at a higher price than the recommended retail price.
- **Lack of support for the informal economy:** locally owned enterprises, whether small, micro or survivalist operate in the informal economy with little or no support from government support programs, and very limited support from the private sector. Interventions in township economies need to be cognisant of the challenges and implications of informality, and more importantly, the vulnerability that enterprise owners face every day with regards to constant income.





- § **Patriarchal 'norms':** Small, Medium and Micro Enterprises (SMME) and LED strategies that aim to develop township economies need to be cognisant of the role of gender and patriarchy within society. Our case studies suggest that there is a need for greater coordination of programmes geared at empowering women, for instance, better access to affordable micro-credit for women could create more resilient livelihoods for women in the informal economy.

**The use of informal savings platform (i.e. Stokvels and Burial Schemes):**

The design of programmes that promote financial inclusion should be built on existing practices that

- § include informal saving co-operatives such as stokvels rather than just focussing on 'banking' the 'unbanked' in formal banks. In the design of financial inclusion products, there is a need to be informed by the needs of people in low-income households and take into account their preference for flexibility in access to banking facilities to facilitate depositing and withdrawing money. And other financial services.

One of the key aims of the pilot project, amidst the debate around the 'township economy' and local economic development, is to test and understand the dynamics that exist within a township economy in order to inform the current discussions on 'revitalising the township economy'. With regards to LED strategies, it is much easier to coordinate development activities within smaller communities since they are likely to face similar development issues. It is with this notion in mind that SPII is looking at replicating this methodology in a rural context, as the current pilot project is undertaken in a peri-urban area, and a rural context adaptation would provide the necessary answers for national scale-up in an effort to address the triple challenge of poverty, inequality and unemployment.

## Publications and reports (available at

[www.spil.org.za](http://www.spil.org.za))

1

The beginning of better understanding: The Informal Economy conundrum in South Africa, by Brian Mathebula and Matshidiso Motsoeneng

2

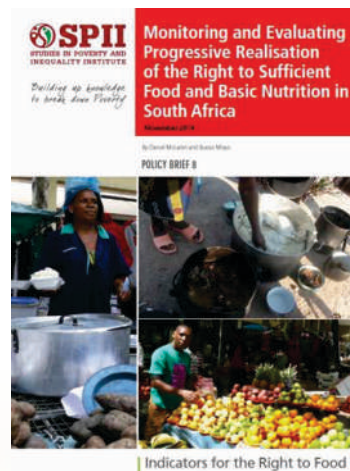
Why do Stockvels persist alongside a sophisticated formal financial sector in South Africa  
by Brian Mathebula

3

Word from the Field (2013-14)  
Reflections by fieldworkers,  
by  
Matshidiso Motsoeneng,  
Tokoloho Chabalala,  
Lebohang Moloj,  
Tshepo Mokoka, Kgomotso Limba

4

Business Management and Financial Literacy Training Handbook



Indicators for the Right to Food







Image: Restaurant Special, Bulawayo, Zimbabwe © Helard Photography

## 2. SADC Basic Income Grant Campaign

This project is currently in its third phase, having begun in 2009. At the core of the problem is the fact that in Southern Africa, poverty alleviating programs such as social protection programs are heavily affected with governments experiencing budgetary constraints to fund or expand social protection programs.

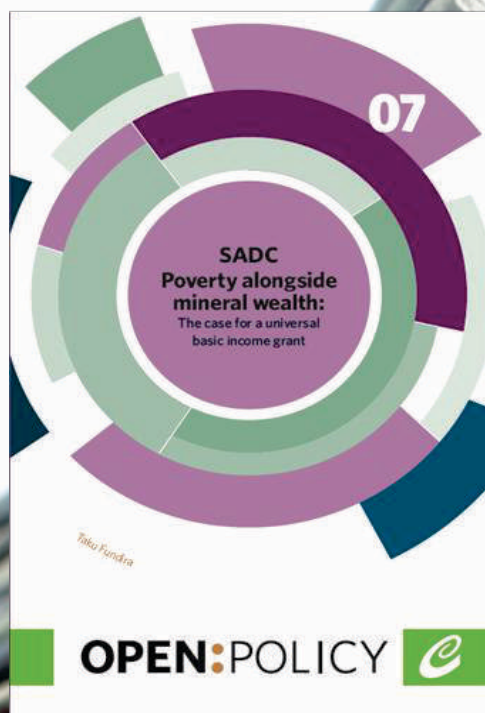
The project seeks to further develop existing work on creating a case for a SADC-wide universal cash transfer to all residents within SADC, to be funded by ring fenced resources paid into a regional sovereign wealth fund, sourced mainly from the extractive industries. The rationale for this civil society- based campaign is based on economic justice and broadening access to the proceeds of extraction beyond the current narrow circle of national and international beneficiaries and shareholders of the mining companies and aligned elites.

Extending access to the proceeds of such activities to each and every resident of the sub-region would alleviate the worst of the destitution currently faced by millions of people, and reduce the critical and unsustainable levels of inequality. In addition, given the fact that extraction depletes the levels of natural resources, such a scheme could introduce an intergenerational justice between those who oversee the extraction and the development of future generations and it would promote the free movement of people in the sub-region, which is one of the central pillars of SADC.

**Publications and reports**  
(available at [www.spii.org.za](http://www.spii.org.za))

1

Fundira, T. 2014. SADC Poverty alongside mineral wealth: The case for a universal basic income grant. Open: Policy, No.7. Open Society Institute of Southern Africa (OSISA)



We continue to hold the belief that, by mainstreaming the messaging of the campaign and continual advocacy, will ultimately change hearts and minds on orthodox thinking about poverty and resource allocation. Furthermore, we seek to strengthen people's agency in their own countries to advance the call for economic justice and social protection through evidence based research. As research is part of the project we have since published a report on the feasibility of a BIG in SADC.

### 3 Basic Needs Basket and Decent Living Level Programme

#### 3.1 Decent Living Level

#### What constitutes a decent standard of living for people in South Africa?

The aim of this ongoing project is to derive an understanding of what constitutes a broadly acceptable living level that should be used to reflect a basic living level. Central to this ambitious target is an awareness of the necessity of moving away from the minimalist 'poverty lines' that have been used in the design and evaluation of anti-poverty programmes. The use of such very basic levels to characterise the state of poverty is dangerous in an upper middle-income country such as South Africa that is already characterised by one of the highest levels of income inequality globally. Using such low levels might create more palatable poverty figures, but it dulls our ambitions of really ensuring that people live the life of dignity as guaranteed to them in the Constitution of South Africa, let alone a life of one of greater equality as the Constitution further provides for. This project is thus inherently rights- based, rather than being a technocratic exercise. It is about trying to understand through asking ordinary people what such a decent living level should be for all in a post- Apartheid democracy.

See The Constitution of the Republic of South Africa, preamble, section 9(2) and section 10.





## Context and Objectives

Despite the recognition of the destructive reality of poverty for many millions of people living in South Africa, there is still a lack of national consensus in South Africa on what is meant by the inverse of 'poverty', namely 'sufficiency'. This has particular resonance in an upper middle-income country such as South Africa. A stark illustration of the huge distance between what the state views as constituting 'poverty' and what ordinary South Africans view as constituting a basic decent living level is evident from the tragic incident of the Marikana massacre in August 2012. Miners at the Lonmin mine in the North West province went on strike over wage negotiations, demanding an entry level wage for rock drill operators of R12, 500 per worker per month. The workers, 36 of whom were killed by police action during the strike, substantiated their demands by showing how it was not possible to exist with any semblance of decency on an amount less than that. Most of the workers have become indebted to local 'loan sharks' when they have had to borrow for consumption purposes in the past. At the same time, farm workers in the Western Cape embarked on an equally historic strike, demanding an amount of R150 per worker per day in 2012 prices, about R3, 000 per month, as constituting the minimum level that could be seen to guarantee any possibility of a decent life.

At the other end of the scale, Statistics South Africa and many government policies and plans use three poverty lines which they have developed. These three lines reflect firstly, a survivalist 'food poverty' line, a second, 'lower bound' poverty threshold and an 'upper bound' poverty line. The 'food poverty line' is based on a costing of 2,261 kilo calories per capita per day. The 'lower bound poverty line' combines the food poverty line and an average amount of non-food items consumed by households whose total consumption was equal to the food poverty line (i.e. that which people chose to purchase instead of the food that they would need to consume the nutritionally approved basic daily consumption).



## Reflections on the projects' immediate outcome and potential lasting impact.

Advocacy initiatives are notoriously difficult to measure and as such we continually use a number of different methods to evaluate the effectiveness of our activities.

- During the course of 2014, SPII has been pleased by the maturing of the advocacy impact of our work. In terms of growing the awareness of the Campaign and support for it, we have tried to be very strategic in terms of which forums we attend and present our work. We have won over a number of CSOs who initially had some reservations in regard to certain elements and priorities of the Campaign, through our effective and active stakeholder management.
- The Campaign has also built new alliances. FES Mozambique has expressed interest to co-host a Workshop in Mozambique with SPII on financing social protection through extractives in 2015. FES Namibia has also expressed interest in co-hosting a workshop in Namibia in 2015 with SASPEN on the Namibia Basic Income Grant Pilot to which SPII will be actively participating.
- The adoption and declaration made at the 10<sup>th</sup> SADC Civil Society Forum and the SADC People's Forum to support the call for comprehensive social protection and more specifically the basic income grant has ensured that the SADC BIG Campaign is on the radar of the SADC Secretariat and Heads of States.
- With regard to drawing in greater participation of the less active members, we believe that the addition of an Advocacy Officer within the ranks of SPII in 2015 will greatly enhance our effectiveness in this regard. Given that all of the Secretariat work around the Campaign has currently been achieved by the Senior Researcher working in collaboration with the Director from time to time, we do believe that the achievements and milestones as set out above suggest both an efficient application of resources and effective outcomes.



Finally, the 'upper bound poverty line' is a combination of the food poverty line and the average consumption on non-food items by households that spend the full food poverty line amount on food. These three lines are R305 (in March 2009 figures) per person per month, R416 and R577 per person per month. None of these figures suggest anything close to a sufficiency or the ability to command a decent standard of living given the multi-dimensional facets of deprivation, and the difference between these figures and those demanded by workers as referred to above, are clear.

There have been a number of commitments by government to finalise a Comprehensive National Anti-Poverty Strategy in South Africa. These began in 2005 through The Presidency. The initial 'Strategy' appears now to have been downscaled to the status of a national 'Project', and a final Strategy was never published. The initiatives were headed by a 'National War Room', located in The Presidency. The idea was for initiatives to also operate provincially and at local government level through decentralised 'War Rooms' to implement the Comprehensive Anti-Poverty Strategy.

A common understanding of what constitutes deprivation, even in a tangible 'Rands and Cents' approach, however, continues to elude discussions on poverty. This appears to be crucial, especially in a country that is characterised by such extremes of income inequality as South Africa. In a presentation made by the National War Room on Poverty to the Portfolio Committee on Social Development on 13 October 2009, poverty was defined as "a condition of deprivation below a minimum standard of living", a deficiency in individual's socio-economic capabilities'. The term 'minimum standard of living' appears again in the National Development Plan.

What is absent from the plans and the reporting, however, is any concrete reference to what such a 'minimum standard of living' is - or should be. SPII believes that a broad, national discussion is very necessary to reduce the sense of social distance that surrounds poverty, with the burden of poverty-induced deficits and the social and political implications of stark income inequality seeming to be disproportionately relegated to people living in poverty. Advancing a national debate about what constitutes an acceptable living level for all, albeit aspirational for many for today, is necessary to begin to reduce that social distance.

### Is this possible?

Developing a decent living level is not without methodological as well as ideological challenges. Ultimately, a decision on what constitutes a basic need is deeply normative. As such, many studies undertaken in the field in the past have shied away from attempting to quantify and cost what such a basket would contain to support the quantification of a decent living level.

Critical to this idea is accepting that poverty is multi-dimensional and as such should reflect a basic standard of access to goods and services identified as being necessary by people. In the mid 2000's, CASASP – the Centre for Applied South African Social Policy – undertook extremely comprehensive work under its Indicators of Poverty and Social Exclusion Project. This included fifty focus group studies held in nine provinces and amongst diverse social and economic classes. Their findings demonstrated that despite the very deep divisions in South Africa, there is a strong consensus on what goods and services should be included as basic needs. This project, however, did not proceed to attempt to quantify or cost what levels of these items should be included in a single basket.



Examples of such work exist in other countries. In the United Kingdom, a country that has undertaken extensive research into poverty (including pioneering work by Seebohm, Rowntree and Friedrich Engels), an innovative project called the Family Budget Unit was established at the University of York in 1987. Through developing minimum budgets, the Unit, now based at the Centre for Research in Social Policy at Loughborough University, seeks to advance the education of the public in all matters relating to comparative living standards and living costs throughout the United Kingdom, to carry out research into the economic requirements and consumer preferences of families of different composition, for each main component of a typical family budget, and to publish the useful results of such work.

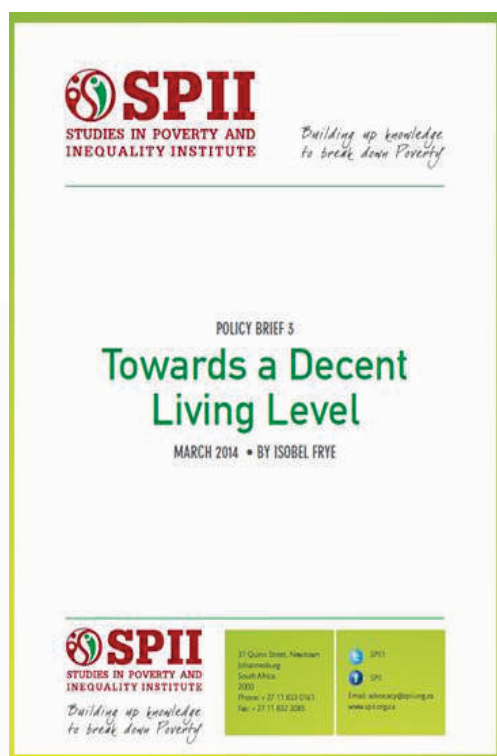
Civil society organisations in Zambia and Malawi (the Zambian Centre for Theological Reflection (ZCTR) and the Centre for Social Concern respectively) have also developed 'Basic Needs Baskets' that they use very effectively for advancing information pertaining to the rising costs of basic items as experienced at localized spaces. The ZCTR monthly analysis also reflects the average minimum wages for public civil servants in Zambia against their analysis to demonstrate the shortfalls between incomes and needs.

In 2014, SPII developed close partnerships with the Labour Research Service and COSATU based on the linkages between the concepts of a Decent Living Level, a Living Wage, and the National Minimum Wage call. In addition, SPII worked closely with SASPRI, the South African Social Protection Research Institute in respect of their work on Socially Perceived Necessities which shared much of the methodological principles that informed the development of the minimum budget work, i.e. majoritarian democratically derived views on what would constitute a basket of socially perceived necessities. With the support of the Friedrich Ebert Stiftung, SPII undertook an indicative pilot study of 11 focus groups in Gauteng and Limpopo towards the construction of an initial basket of basic goods and services that people believe would be necessary to constitute a decent standard of living.

SPII, the LRS and SASPRI were asked to present our initial work in this regard to the National Planning Commission in June 2014. To strengthen our presentation, we invited Dr Donald Hirsch, head of the Centre for Research in Social Policy, to South Africa to explore the feasibility of domesticating a South African Minimum Income Budget, and we hope to see further work emerging in this regard in 2015.

### Going Forward: Towards Constructing a Decent Living Level

There is a clear opportunity for South Africa to construct a democratically devised decent living level. The concept of a 'minimum living level', as indicated, is already used in diverse policy documents, but without any substantive details. Understanding what a decent living level is will also allow us to map out what we mean by a 'living wage' for all and how other popular campaigns (including for increases to the social wage, national healthcare, e-tolls, a national minimum wage) relate to the broader living wage campaign, how they relate to one another and what the implications are for the various mass-based campaigns.



## Publications and reports (available at [www.spii.org.za](http://www.spii.org.za))

1

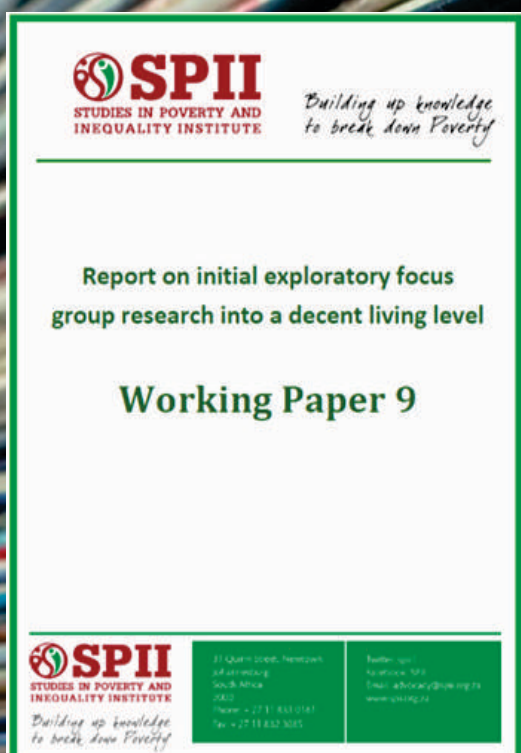
Towards a Decent Living Level: Participative Construction of a Basket of Basic Goods and Services for a Decent Living Level in a Democratic South Africa, Policy Brief 3. Studies in Poverty and Inequality Institute.

2

Report on initial exploratory focus group research into a decent living level. Working Paper 9. Studies in Poverty and Inequality Institute.

by

Frye, I., Mabuza, F., Mathebula, B., Mbanefo, C., and Mothabi, T. 2014.





### 3.2 Basic Needs Basket Project

In the current South African context, what constitutes basic needs is not clearly articulated. Existing sources of information from government institutions and other research institutions conduct a broad and sometimes complex analysis which is too technical or is too simplified and therefore in both cases do not speak to what is happening on the ground.

Specifically, in the spirit of exposing the plight of the poor and raising their concerns, SPII intends to produce the basic needs basket (BNB) which will be analysed across all nine provinces in South Africa. This is for a number of reasons, mainly;

- The fact that the average person is struggling to afford even the most basic of monthly commodities and the varying geometry in terms of poverty and inequality across different provinces.
- That the BNB exposes this household struggle to meet basic needs by comparing the findings with average take-home wages and general household incomes; and
- By working in tandem with Community Based Organisation (CBOs), it is envisaged that information from this BNB work will provide CBOs with easy access information to inform their advocacy and campaign work and also addressing cross cutting issues such as gender, HIV, malnutrition and health in general.



MENU			
WEEK 1 BREAKFAST		WEEK 2 BREAKFAST	
LUNCH		LUNCH	
MONDAY	INSTANT PORRIDGE & MILK & MEALIE RICE	MONDAY	INSTANT PORRIDGE & CABBAGE & SAMP
TUESDAY	INSTANT PORRIDGE & BREAD & SOAP (BEANS)	TUESDAY	INSTANT PORRIDGE & BEANS & MACCARONI
WEDNESDAY	INSTANT PORRIDGE & SAMP	WEDNESDAY	INSTANT PORRIDGE & SOYA MILK & MEALIE RICE
THURSDAY	INSTANT PORRIDGE & LAZZAN &	THURSDAY	INSTANT PORRIDGE & FISH & MEALIE RICE
FRIDAY	INSTANT PORRIDGE & FISH	FRIDAY	INSTANT PORRIDGE & CHICKEN SEW

Image: Lesedi Setjhabeng Day-Care Centre Menu. Evaton, Johannesburg. © Helard Photography

Through the Primary Research into Basic Needs Project under which the Basic Needs Basket (BNB) project falls, we seek to develop accessible knowledge about the levels and implications of poverty as experienced by people through household surveys and case studies in an indicative methodology, which includes the current analysis of food diaries and an Income and Expenditure Surveys.

### Overall Goal

The overall goal of this project is to generate information and analysis on what people living in poverty require for them to live a dignified, decent and healthy lifestyle and capacity building of select CBO representatives.

### Progress to date

During 2014, SPII undertook several activities in preparation of commencing the primary research on the BNB. These included;

- i) Establishing a basket of goods and services for monitoring: The basket that SPII is using for the BNB work draws on our earlier Household Expenditure Surveys in two independent peri-urban townships to develop an applied understanding of what constitutes basic needs towards a standard of living that enables people to live a life of dignity in line with the Constitution of the South Africa.
  - ii) Developing a training manual for the Community Based Organisations field workers;
- Identifying key community based organisations (CBOs) to partner with in the collection of data proved a daunting task. We however, partnered with the Association of Community-based Organisations of South Africa, with whom we established a Memorandum of Understanding with their parent Organisation – the National Alliance for the Development of Community Advice Offices (NADCAO).



In the first year of the project, SPII has managed to train all the 18 CBO data collectors with whom we work closely with on a monthly basis to ensure the smooth collection and submission of data for analysis. Since the process of data collection was delayed as highlighted in our interim report, we managed to collect data for the final quarter of 2014 (October-December) and the analysis thereof has been finalised (quarterly report attached herewith).

Findings from the analysis of the first quarter have been part of the discussions in our engagement at different platforms such as NEDLAC where the debate around a national minimum wage is raging in South Africa. Furthermore, in our decent living level project, the issues of basic needs or perceived necessities adds weight for the BNB work to continue and shed light on the day to day costs incurred by ordinary citizens of South Africa.

#### Reflections on the projects' immediate outcome and potential lasting impact.

Bar from the delays we have experienced in terms of securing CBO partners to collaborate with provincially, the BNB project will play an important role in shaping the policy discourse around issues of poverty and inequality. Information from the BNB project would allow for:

- snapshot of the socio-economic situation in select locations across South Africa
- highlight of the gap between the cost of living and the typical income of ordinary families
- target for all of us to aim for when working towards a just and dignified society
- tool to use when advocating for change, justice, a better wage, a fairer policy or simply a dignified existence
- guide for all households in deciding how best to budget to meet their basic needs

We strongly believe that the work on the BNB will compliment and strengthen other initiatives and discussion on the national call for a national minimum wage by COSATU who are a key partner of SPII in both the BNB and Decent Living Level Work. Our alliance with the Apex labour movement in South Africa is crucial as it opens up spheres of influence of which without them SPII would have been unable to engage on our own.

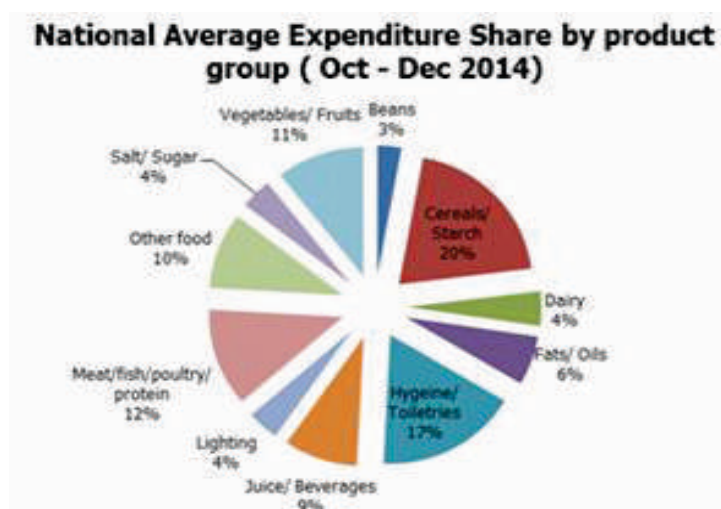




The call in the National Development Plan for a decent living level could not have come at a better time and we are happy we are to be able to combine past work with this initiative and we are excited that the signal from government through the National Planning Commission will inform future work we hope to do with Loughborough University and SASPRI on constructing Minimum Income Standards across the country.

In the long run we envisage that the BNB work and other innovative work that SPII and other partners are looking at under the Decent Living Level project will be used as a tool or benchmark during wage negotiations, and also empower stakeholders to take informed positions during poverty debates in South Africa.

The following pie-chart reflects the expenditure shares by product group across all nine-provinces in the last quarter of 2014.



In 2015, the BNB project will release regular price-monitoring reports. To access the list of tracked food and non-food items please visit [www.spii.org.za](http://www.spii.org.za)





### 3 Social Dialogue

Social Dialogue is a key principle that underlies the development of the historic post- Apartheid South Africa. It is a critical way of pursuing conversation amidst contestation amongst equals, aiming in other words to promote equalised engagement.

Social Dialogue is the main objective of the statutory body NEDLAC, established in 1995. NEDLAC's engagements are based on the traditional tri-partite engagement advanced by the ILO amongst other bodies, namely Labour, Government and Business. In South Africa however in recognition of the crucial role played by communities in the struggle against Apartheid, Community Constituency has full recognition as an equal partner in the Development Chamber and governance structures. SPII, as part of the Financial Sector Campaigns Coalition, is a highly active member of Community Constituency. In this regard, we were very proud in November 2014 when SPII's Director was appointed as one of the political principles in the Committee of Principals established to oversee the introduction of a National Minimum Wage, arising out of the 4 November 2015 Labour Indaba under the auspices of the Deputy President.

For SPII however, our Social Dialogue programme extends beyond our work at NEDLAC and includes our many diverse public engagements, including our publications, round tables, delivery of conference papers and media work. For a full list of these, please visit our website on [www.spii.org.za](http://www.spii.org.za).



## 3 Financial Report

### Donors 2014

Christian Aid

Church of Sweden

Ford Foundation

OSISA

## Studies in Poverty and Inequality Institute

(Registration number IT 3080/2006)

Financial Statements for the year ended 31 December 2014

### Statement of Financial Position

<u>Figures in Rand</u>	<u>Note(s)</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	(13 963)	20 677
Current Assets			
Trade and other receivables	3	214 314	300 515
Cash and cash equivalents	4	2 572 044	2 359 850
		<b>2 786 358</b>	<b>2 660 365</b>
<b>Total Assets</b>		<b>2 772 395</b>	<b>2 681 042</b>

### **Equity and Liabilities**

### 3 Financial Report

#### Equity

Trust capital	5	100	100
Accumulated surplus		183 554	310 247
		<b>183 654</b>	<b>310 347</b>

#### Liabilities

##### Current Liabilities

Trade and other payables	6	2 588 741	2 370 695
<b>Total Equity and Liabilities</b>		<b>2 772 395</b>	<b>2 681 042</b>

### Studies in Poverty and Inequality Institute

(Registration number IT 3080/2006)

Financial Statements for the year ended 31 December 2014

#### Statement of comprehensive Income

Figures in Rand	Note(s)	2014	2013
Revenue		4 820 570	3 727 604
Other income		214 496	248 508
Operating expenses		(5 216 855)	(4 685 500)
<b>Operating deficit</b>	<b>7</b>	<b>(181 789)</b>	<b>(709 388)</b>
Investment revenue	<b>8</b>	55 096	37 415
<b>Deficit for the year</b>		<b>(126 693)</b>	<b>(671 973)</b>





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