



**REPORT ON LESSONS LEARNT AND STATE CAPACITY
TO FACILITATE ETHICAL, EFFICIENT, ECONOMIC AND
EFFECTIVE SERVICE DELIVERY
DURING AND POST THE COVID-19 PANDEMIC**

**PUBLIC SERVICE COMMISSION
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LIST OF ACRONYMS

AG	-	Auditor General
BAS	-	Basic Accounting System
CIPC	-	Companies and Intellectual Commission
DBE	-	Department of Basic Education
DCS	-	Department of Correctional Services
DDM		District Development Model
DEL	-	Department of Employment and Labour
DHA	-	Department of Home Affairs
DIRCO	-	Department of International Relations and Cooperation
DOH	-	Department of Health
DPME		Department of Planning, Monitoring and Evaluation
DPSA	-	Department of Public Service and Administration
DSBD	-	Department of Small Business Development
DSD	-	Department of Social Development
DTIC	-	Department of Trade, Industry and Competition
DWS	-	Department of Water and Sanitation
ICT	-	Information Communication Technology
NCC	-	National Command Council
NDA	-	National Development Agency
NSFAS	-	National Students Finance Administration Scheme
PPE	-	Personal Protection Equipment
PSC	-	Public Service Commission
SARS	-	South Africa Revenue Service
SASSA	-	South African Social Security Agency
SCOPA	-	Standing Committee on Public Accounts
SDIPs	-	Service Delivery Improvement Plans
SEDA	-	Small Enterprise Development Agency
SEFA	-	Small Enterprise Finance Agency
SF	-	Solidarity Fund
SITA	-	State Information Technology Agency
SMME	-	Small, Medium and Micro Enterprises
SMS	-	Senior Management Service
SOC	-	State Owned Companies
SRDF	-	Social Relief Distress Fund
TREP	-	Township and Rural Entrepreneurship Programme

UIF TERS	-	Unemployment Insurance Fund Temporary Employers Relief Scheme
UN	-	United Nations
USSD	-	Unstructured Supplementary Service Data
VISA	-	Visitors International Stay Admission

EXECUTIVE SUMMARY

The outbreak of the COVID-19 pandemic has brought about unprecedented challenges for our Government and the rest of the world. To mitigate the spread of the coronavirus pandemic and arrest its spread, the President introduced the lockdown of the country on 26 March 2020, which had a huge impact on life as we knew it. Since the focus was largely on the Social and Economic sectors, given the impact of these sectors on society, a huge portion of the relief funding package was directed towards the relief of health, social and economic distress.

It is against this background and aligned to its constitutional obligation that the Public Service Commission (PSC) decided to conduct a Rapid Survey on the lessons learnt and brief assessment of state capacity to facilitate ethical, effective and efficient and economic service delivery during and post COVID-19 pandemic in the Public Service and a brief assessment of specific social assistance programmes.

Generally, **coordination, collaboration and cooperation with key stakeholders at various levels** emerged as critical across all sectors in ensuring effective and efficient service delivery. Departments across the clusters recognised the need for the District Development Model (DDM) as an instrument to revolutionize planning, remove bottle-necks and fast track service delivery. This included a broad range of systems and measures put in place to mitigate the effects of the pandemic on businesses, communities and individuals.

This joint responsibility and accountability by all three spheres of Government contributed to an effective response to the needs of citizens in some areas. For example, the Department of Water and Sanitation (DWS) introduced the water tanking system, which enabled the Department to fast-track the provisioning of water to communities to address the persistent water infrastructure backlog. This resulted in about 10 megalitres of water per day being carted to vulnerable communities within 158 municipalities, which enabled the communities to comply with COVID-19 hygiene requirements.

As innovations to ensure continuity of service delivery to the citizens during the pandemic, all the sectors indicated that they introduced rotational work schedules to ensure minimum critical available capacity in line with the National Disaster Regulations and Department of Public Service and Administration Guidelines. The departments to degree ensured that basic service delivery to citizens is not compromised. Within a short space of time, different systems were put in place to facilitate access to services.

The **use and development of information and communication technology (ICT) for remote working, digitization and automation of systems** also emerged as key learnings and innovations for business continuity across all sectors.

For people to access the temporary Social Relief of Distress Grant SASSA developed a technology-based system to manage the application and roll-out of grant payments to beneficiaries. By the end of May 2020, SASSA reported that it has received 13 million applications, approved 666,000 and almost 38, 000 payments had been processed.

Despite the pandemic reducing the distance between the physical workplace and digital space, it has also highlighted the disparities and inefficiencies in the ICT systems used in Government. This brought to the fore the gaps and weaknesses of the State Information Technology Agency SOC Ltd (SITA) agreement with Government, to render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to citizen convenience.

It was found that **technology systems** in Government required strengthening to ensure effective and efficient delivery of services and prevent unethical practices. In particular, the departments of Small Business Development (DSBD) and Employment and Labour (DEL) were concerned that the technology systems they used lacked the functionality to validate and screen applications against the eligibility criteria to ensure that only deserving cases were considered.

While departments largely embraced technological opportunities as critical for improved service delivery, the DPSA identified the need to review the Service Delivery Improvement Plans for alignment with the DPME strategic planning and APP framework and promote a responsive public service.

The **Temporary Employee Relief Scheme (TERS)** was introduced as a special UIF benefit to pay South Africans and foreign Nationals employees due to COVID-19. Of the 40 billion allocated for employee wage protection UIF managed to pay 3 696 120 employees by April 2020. A total amount of approximately R 19 billion paid by the end of April 2020. The TER was extended and as at 20 August 2020, the UIF managed to pay an overall amount of approximately R41billion to a total number of 9 357 245 employees.

The Department of Small Business Development grants relief funds to SMMEs through the Small Enterprise Finance Agency (SEFA). The purpose of these interventions is to keep businesses afloat during the lockdown as they are not generating any income to sustain themselves and protect jobs. The SMME relief budget was estimated for R200m with a maximum of R500k per SMME, while 175 million was allocated for 25 000 spaza shops.

The Solidary Fund manages and administers the funds donated to assist in managing COVID-19. The Solidarity Fund has broken down its Covid-19 interventions into four pillars namely: **Prevent, Detect, Care and Support**. As of August 2020, the Solidarity Fund managed to distribute more than 280 000 food parcels exceeding the target of 250 000. An amount of R75 million will be used to disburse once-off R2 000 farming inputs voucher to 35 000 beneficiaries who engage in subsistence or household farming in rural areas across nine provinces. Furthermore, R100 million will be distributed through a once-off R700.00 food voucher to approximately 135 000 identified households.

While the pandemic has shown that Government can be agile in a crisis, it has also highlighted weaknesses in responding to the needs of the citizens. The pandemic has placed Government and the public servant under a magnifying glass where the public is focused on its professional and ethical conduct, the effective, economic and efficient use of resources, equity of services rendered, accountability and transparency. These elements listed are nothing new for the public service as these are the principles that govern public administration.

These principles should be part of how Government and public servants do business daily. So the answer is clear: as Government we need to ensure adherence to the Constitutional Principles as listed in section 195.

1. INTRODUCTION

The outbreak of the COVID-19 pandemic has brought about unprecedented challenges for our Government and the rest of the world. To mitigate the spread of the coronavirus pandemic and arrest its spread, the President introduced the lockdown of the country on 26 March 2020, which had a huge impact on life as we knew it. Since the focus was largely on the Social and Economic sectors, given the impact of these sectors on society, a huge portion of the relief funding package was directed towards the relief of health, social and economic distress.

It is against this background and aligned to its constitutional obligation that the Public Service Commission (PSC) decided to conduct a Rapid Survey on the **lessons learnt and brief assessment of state capacity to facilitate ethical, effective and efficient and economic service delivery during and post COVID-19 pandemic in the Public Service.**

The survey focused on the following questions:

- a. What departments have learnt from COVID-19 in relation to service delivery;
- b. What innovations were introduced to ensure business continuity (internal) and service delivery to the citizens (external);
- c. How departments reached out to citizens to ensure business continuity; and
- d. How departments will continue with business going forward (use of technology/4IR).

The following national departments across government sectors were requested to participate in the Rapid Survey (Section A of this report):¹

Names of national departments	
1. Agriculture, Land Reform and Rural Dev	7. International Relations and Cooperation
2. Basic Education	8. Public Service and Administration
3. Correctional Services	9. Small Business Development
4. Employment and Labour	10. Social Development
5. Health	11. Trade and Industry
6. Home Affairs	12. Water and Sanitation

The study included a brief assessment of specific programmes such as the—

1. Social Relief of Distress Grant,

¹ Out of the 12 departments, 10 responded to the survey. The non-participating departments were a) Health and b) Agriculture, Land Reform and Rural Development.

2. Solidarity Fund
 3. Small, Medium and Micro Enterprises, and
 4. Unemployment Insurance Fund Temporary Employers Relief Scheme (UIF TERS), as strategic interventions introduced to mitigate the effects of the pandemic.
- (see Section B of this report).

SECTION A: RAPID SURVEY

2. KEY FINDINGS

This section provides an overview of findings across all departments followed by a sectoral/cluster view of the findings.

2.1 Overview of findings across all respondents to the survey

Generally, **coordination, collaboration and cooperation with key stakeholders at various levels** emerged as critical across all sectors in ensuring effective and efficient service delivery. Departments across the clusters recognised the need for the District Development Model (DDM) as an instrument to revolutionize planning, remove bottle-necks and fast track service delivery.

This joint responsibility and accountability by all three spheres of Government contributed to an effective response to the needs of citizens in some areas. However, the pandemic has exposed glaring weaknesses in the response to basic services such as the provision of water.

During the briefing to the Joint Select and Portfolio Committees, the Department of Basic Education stated that 880 schools were not ready for the first day of reopening due to water and sanitation challenges, amongst others². The table below illustrates the schools that could not reopen on 1 June 2020 per province and progress made afterwards.

Province	Number of schools that were not ready to reopen on 1 June 2020	Progress made as on 30 June 2020
Eastern Cape	583	42
Free State	2	0
KwaZulu-Natal	48	26
Limpopo	42	4
Mpumalanga	88	2
Northern Cape	54	4
North West	60	3
West Cape	3	0
Total	880	81

Table 1: Number of schools that were not ready to reopen on 1 June 2020

Source: DBE Presentation to the Joint Select and Portfolio Committees on the state of readiness to reopen schools

² DBE State of Readiness on Reopening of Schools, accessed on <https://pmg.org.za/committee-meeting/30560/>, dated 30 June 2020.

Although progress was made to ensure the readiness of the schools to reopen, the high number of schools in provinces such as Eastern Cape and Mpumalanga that were not ready for re-opening on 1 June 2020 point to the persistent infrastructure challenges in rural communities. Even in areas where tap water has been provided, consistent availability of water is impacted by water leakages due to a lack of maintenance of the water infrastructure by municipalities and exacerbated by governance weaknesses.

For instance, only 18 out of 257 municipalities received clean audits during the 2019/20 financial year³. The Department of Water and Sanitation also reported that municipalities lose approximately 1,660 million m³ water per year through non-revenue water, which includes leaks, illegal connections, unbilled consumption and billed, but unpaid water use⁴.

As **innovations to ensure continuity of service delivery to the citizens** during the pandemic, all the sectors indicated that they introduced rotational work schedules to ensure minimum critical available capacity in line with the National Disaster Regulations and Department of Public Service and Administration (DPSA) Guidelines. However, availability of staff did not in all instances translate to responsiveness to the needs of the citizens at the start of the lockdown as the PSC was inundated with complaints of unreachable departments⁵.

The **use and development of information and communication technology (ICT) for remote working, digitization and automation of systems** also emerged as key learnings and innovations for business continuity across all sectors. For example, departments adopted the use of social media and virtual meeting platforms to ensure business continuity and service delivery. Furthermore, various ICT solutions were introduced to ensure effective and efficient performance and service delivery. In the Economic, Social Protection, Governance and International Cooperation sectors, departments introduced operational solutions such as Document/Enterprise Content Management and Digital Signature (SigniFlow) for seamless document management and workflow.

3 Municipalities still in financial disarray, audit reveals, accessed from <https://www.dailymaverick.co.za/article/2020-06-25-municipalities-still-in-financial-disarray-audit-reveals/>, dated 25 June 2020.

4 DWS National Water Master Plan Volume 1: Call to Action Version 10.1 (Ready for the Future and Ahead of the Curve), accessed on [http://www.dwa.gov.za/National%20Water%20and%20Sanitation%20Master%20Plan/Documents/NWSMP\(Master%20Plan\)%20Call%20to%20Action%20v10.1.pdf](http://www.dwa.gov.za/National%20Water%20and%20Sanitation%20Master%20Plan/Documents/NWSMP(Master%20Plan)%20Call%20to%20Action%20v10.1.pdf), dated 31 October 2018.

5 Departments urged to update contact details, accessed on <https://www.sanews.gov.za/south-africa/departments-urged-update-contact-details>, dated 20 April 2020.

However, despite the pandemic reducing the distance between the physical workplace and digital space, it has also highlighted the disparities and inefficiencies in the ICT systems used in Government. This brought to the fore the gaps and weaknesses of the State Information Technology Agency SOC Ltd (SITA) agreement with Government, to render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to citizen convenience.

Systems such as PERSAL, LoGis and BAS largely require onsite logging in. This means that only a limited number of officials can utilize these systems, in keeping with social distancing requirements, which impacts negatively on turnaround times for capturing of recruitment and leave matters, payment of invoices of suppliers, etc. The foregoing also highlights that Government's technological capability and capacity lags far behind the level required in embracing 4IR.

Another key lesson learnt was **the flexibility, or lack thereof, of budgeting as a planning tool**. This aspect was emphasised in the Social Sector, which includes departments of Health and Basic Education, where there were delays in the delivery of the personal protective equipment (PPE) causing the delay in the re-opening of schools⁶. The challenge of PPE shortages has remained even as more grades returned to school under Alert level 2 of the lockdown⁷. The continued shortages of PPEs raise questions about the flexibility of budgeting systems to respond effectively to new situations.

2.2 Specific findings related to the sectors

2.2.1 Economic, Investment, Employment and Infrastructure Development

- *Lesson learnt in relation to service delivery*

It was found that **technology systems** in Government required strengthening to ensure effective and efficient delivery of services and prevent unethical practices. In particular, the departments of Small Business Development (DSBD) and Employment and Labour (DEL) were concerned that the technology systems they used lacked the functionality to validate and screen applications against the eligibility criteria to ensure that only deserving cases were considered.

6 Some teachers refuse to return to school over delay in PPE deliveries, accessed on <https://ewn.co.za/2020/05/25/some-teachers-refuse-to-return-to-school-over-delay-in-ppe-deliveries>, dated 25 May 2020.

7 PPE, teacher shortages concerns as more pupils return to school next week, accessed on <https://www.iol.co.za/mercury/news/ppe-teacher-shortages-concerns-as-more-pupils-return-to-school-next-week-8bd1d7a2-5eab-483c-a200-d21a1d0bceee>, dated 20 August 2020.

According to the DSBD, its system is not integrated with the back-end systems of the Companies and Intellectual Property Commission, the South African Revenue Service and Unemployment Insurance Fund (UIF). It was due to weak controls in the system that the DEL identified incidents of fraud involving R2.5 billion paid to beneficiaries who were not on the COVID-19 TERS beneficiary system⁸. Another challenge was that not all citizens used the online platforms provided by the departments as many of their clients visited the departments' service points, which raised questions about the user-friendliness of the systems. This also presented the departments with the risk of exposure to the virus such that some branches of the DSBD and DEL were forced to close for deep cleaning and disinfecting due to COVID-19 infections amongst staff members.

A further concern to the DSBD related to the high demand for socio-economic support from small businesses during the lockdown, which highlighted the **shortcomings in the service delivery model** of the Small Enterprise Development Agency.

The Department of International Relations and Cooperation (DIRCO) found the use of webinars with SA diplomats abroad to be useful in transcending cross-border limitations imposed by COVID-19. This enabled the coordination of critical functions between its structures (i.e. DIRCO Nodal Point, Consular Incident Command Centre (CICC) and the National Joint Operational and Intelligence Structure (NATJOINTS) and contributed to a coherent multilateral response to COVID-19.

- *Innovations introduced to ensure business continuity*

Despite shortcomings in Government's technological capability, several IT solutions were introduced in this sector to deal with identified service delivery challenges.

The Department of Water and Sanitation (DWS) introduced the water tanking system, which enabled the Department to fast-track the provisioning of water to communities to address the persistent water infrastructure backlog.

This resulted in about 10 megalitres of water per day being carted to vulnerable communities within 158 municipalities, which enabled the communities to comply with COVID-19 hygiene requirements.

⁸ Covid-19 relief will be audited, warns labour Minister as he vows fraud crackdown, accessed on <https://www.news24.com/fin24/Economy/South-Africa/covid-19-relief-will-be-audited-warns-labour-minister-as-he-vows-fraud-crackdown-20200703>, dated 3 July 2020.

In anticipation of the influx of applications, the DSBD developed an online portal (smmesa.gov.za) to enable small businesses whose operations were adversely affected by COVID-19 to apply for financial support and monitor the progress of applications remotely. The system contained infographics that enabled clients to understand the process flow more simply and easily, which empowered them to hold the DSBD accountable.

2.2.2 Social Protection, Community and Human Development

- *Lessons learnt in relation to service delivery*

The DSD was concerned that the lack of current and accurate data across Government was a key impediment in ensuring the effective delivery of the Special COVID-19 Social Relief of Distress Grant to beneficiaries. This delayed response times in processing grants whilst increasing the risk of fraud and corruption.

Security management at Correctional Centres was a key lesson for the Department of Correctional Services (DCS) as contrabands continued to be found during impromptu searches⁹. This was despite family visits being suspended during the lockdown and pointed to some of its officials being complicit to smuggling these items into the facilities. The foregoing highlighted weaknesses in the DCS's ethical measures and conduct of officials.

Overcrowding in correctional facilities is one area that presented a challenge to the DCS as it posed both the risk of safety and increased infections amongst prisoners and staff. The graph below illustrates the total inmate population for the period 2014/15 to 2018/19¹⁰.

9 Prison guard allegedly caught with contraband strapped to his body in Kimberly prison, accessed from <https://www.news24.com/news24/video/southafrica/news/watch-prison-guard-allegedly-caught-with-contraband-strapped-to-his-body-in-kimberley-prison-20200924>, dated 24 September 2020.

10 DCS in Numbers, accessed from http://www.dcs.gov.za/?page_id=4601.

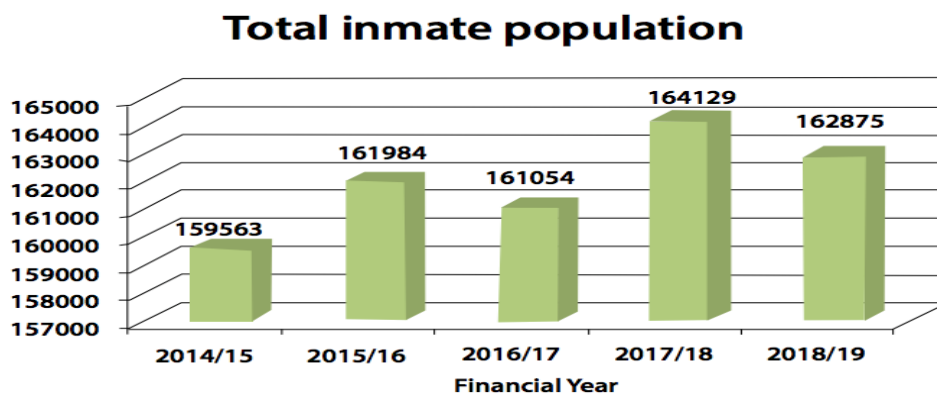


Figure 1: Total inmate population

Source: Department of Correctional Services website

The graph shows that the prison population has been steadily rising from 2015/16 although a slight decline was realised from 2018/19 in comparison to the prison numbers in 2017/18. Despite the level of overcrowding and security concerns by the DCS, the number of escapes from incarceration has significantly reduced

Concerning coronavirus infections, as at 25 September 2020, the DCS recorded a total of 7 105 cases, of which 4 392 involved officials while 2 713 were cases of prisoners¹¹. The high number of infections pose capacity challenges for the DCS in an already overcrowded environment as infected inmates need to be isolated with staff shortages experienced due to infected officials being unavailable for duty.

To mitigate the increase in infections and safety concerns, the DCS implemented the **Special Parole Dispensation**, which **reduced overcrowding levels by 4,06%**. Since the announcement of this dispensation by the President, close to 10 000 inmates have been granted parole¹². However, the Department is concerned that the **repatriation of foreign nationals** who have reached their sentence expiry dates is still slow. To date the evacuation rate stands at 61%.

An **advisory note** was consequently addressed to the Department of Home Affairs imploring them to fast track the evacuation and to adhere to the turnaround times as stipulated in the joint guidelines.

¹¹ Update on COVID-19 Confirmed Cases in DCS: 25 September 2020, accessed from http://www.dcs.gov.za/?page_id=5070.

¹² 10 000 inmates given parole to help curb spread of COVID-19, accessed from <https://www.iol.co.za/news/politics/10-000-inmates-given-parole-to-help-curb-spread-of-covid-19-42b533d3-188e-45c0-aebd-85b300591bfb>, dated 27 August 2020.

Access to accurate information and systems was a challenge for the Department of Basic Education. Close collaboration with other government departments and cooperation between National and Provincial levels in accessing accurate information emerged as essential.

The DSD's National Development Agency (NDA) stated that it is not physically possible to reach service delivery beneficiaries in the deep rural areas of the country. There is a need for a locally-based agency to deliver services to beneficiaries on behalf of Government. There is an urgent need to **integrate conventionally (human-based) with modern (technology-based) means of service delivery to expedite service delivery to beneficiaries.**

- *Innovations and the use of technology / 4IR to ensure business continuity*

While the availability of medicines and health practitioners in public health facilities remains a general concern, the demand in these areas increased with the arrival of COVID-19 as a global challenge. As a result, the DCS was exploring the implementation of **Telemedicine** (video consultation solution) as a cost-effective mechanism for health care delivery given the rising COVID-19 infections and shortage of medical practitioners. The DCS also indicated that in the case of probation, high-risk offenders have been prioritised for physical monitoring while field calls are conducted for low to medium risk offenders. The lack of physical monitoring does pose challenges, particularly where probation officers are unable to fully verify the facts that have been provided. The crisis has **accelerated the Department's plans to increase monitoring through alternative means such as electronic monitoring.**

The DBE has identified the development of technology-based monitoring and support solutions for data collection. This solution will be crucial to provide the Department with real-time data on the availability of PPEs, infrastructure needs, learning material and teachers in schools, among others.

The DSD is exploring the implementation of a **Cognitive and Virtual Contact Centre** using Machine Learning and Robotics as part of the response to learnings from the pandemic.

The implementation of the new SASSA social relief of distress grant brought in innovations such as—

- Electronic validation of identity against Home Affairs databases and electronic validation of income against databases provided by UIF, NSFAS, PERSAL, Persol, Socpen and SARS
- Communication with applicants by SMS and Online Applications Status Check on WhatsApp

- Frequently Asked Questions and Answers uploaded onto the WhatsAll platform
- Change and/or amendment of client banking details done online

2.2.3 Governance, State Capacity and Institutional Development

- *Lessons learnt in relation to service delivery*

The Department of Home Affairs (DHA) is considering a review of its VISA requirements to include assessing the health of risks of countries. This is aimed at ensuring a balance between the need to boost the economy and health risk factors, especially when the borders are re-opened.

The DPSA issued Directives/Circulars to the public service (National and Provincial departments) on the management of work and staff during the lockdown period where departments were advised on how to manage working from home. Furthermore, DPSA put in place a system to monitor the broader effects of the pandemic on the public service.

- *Innovations and the use of technology/4IR to ensure business continuity*

While departments largely embraced technological opportunities as critical for improved service delivery, the DPSA identified the need to **review the Service Delivery Improvement Plans (SDIPs) for alignment with the DPME strategic planning and APP framework and promote a responsive public service.**

2.2.4 Justice, Crime Prevention and Security

- *Lessons learnt and the use of technology/4IR to ensure business continuity*

Generally, the use of technology to enable remote working amid the pandemic and modernizing processes to ensure effective and efficient service delivery were regarded as critical areas requiring prominent attention. In the case of DIRCO, strengthening relations with the UN and member states were given priority to obtain international support in dealing with COVID-19 challenges. This resulted in donations of PPEs and medical equipment as well as medical support from SA's global partners in contributing to the curbing of the coronavirus spread.

The Department seeks to continue to strengthen these collaborative efforts with key strategic partners abroad, as well public and private organisations, which will also facilitate the export of certain pharmaceutical and other formulations in favour of South Africa.

3. RECOMMENDATIONS

The PSC makes the following recommendations based on their strategic value in ensuring effective and efficient service delivery in the Public Service, even though the related findings cannot be generalised across all departments:

- i. Departments in the Social Protection, Community and Development cluster should strengthen their coordination, collaboration and integrated planning processes in accordance with the **Intergovernmental Relations Framework Act (2007)**, the **Guide Document on Provincial and Local Intergovernmental Relations** and the **District Development Model** to accelerate the delivery of services, especially amid the pandemic;
- ii. The DPSA should expedite the review of the SDIP framework to align it with the DPME's strategic planning and APP framework to ensure that improvement plans of departments are outcome-oriented.
- iii. The DPSA, in collaboration with National Treasury, should provide leadership in ensuring that technology systems used in Government enable remote working to ensure effective and efficient service delivery even in times of social distancing requirements. This will require an audit or in-depth assessment of systems available and offered by SITA to Government to render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to citizen convenience.

SECTION B: ASSESSMENT OF STATE CAPABILITY TO DELIVER COVID-19 SUPPORT MEASURES

4. SOCIAL RELIEF OF DISTRESS GRANT

The Social Relief of Distress Grant (SRDG) is a temporary provision of assistance intended for South African citizens in such dire material need that they are unable to meet their families' most basic needs. SRDG is given monthly for three months and an extension for a further three months may be granted in exceptional cases, such as the Covid-19 case. No person who receives social grants may receive the SRDG.

South African Social Security Agency (SASSA) received fifty (50) billion rand, which is directed towards relieving the plight of those affected by the pandemic for six months, starting from May to October 2020. The grants will be supplemented with funds as follows:

- Beneficiaries of the Child Support Grant will receive an additional R300 in May and from June to the end of October they will receive R500 each month.
- All other grant beneficiaries will receive an additional R250 per month for the next six months
- A Covid 19 Social Relief Distress Grant of R350.00 for the next six months will be paid to unemployed people who do not receive any other form of a grant or UIF payment.

4.1 Eligibility Criteria

The people who qualify for the SRDG are those that are unemployed, do not receive any other form of a social grant or UIF payment and are not benefiting from NSFAS. Below are some of the criteria determined by SASSA: Applicants must be:

- (i) South African Citizens, Permanent Residents or Refugees registered with Home Affairs;
- (ii) Resident within the borders of the Republic of South Africa;
- (iii) Above the age of 18;
- (iv) Unemployed;
- (v) Not receiving any income;
- (vi) Not receiving any social grant;
- (vii) Not receiving any unemployment insurance benefit and does not qualify to receive unemployment insurance benefits;
- (viii) Not receiving a stipend from the National Student Financial Aid Scheme;
- (ix) Not receiving any other government COVID-19 response support; and

- (x) Not resident in a government funded or subsidised institution.

4.2 How to apply for Social Relief of Distress Grant

SASSA has developed a technology-based system to roll out the cash transfer to the recipients who are eligible for the funds. The criteria for application has been gazetted. A WhatsApp platform is used, and applicants without smartphones can access the platform through Short Message Services (SMS) using Unstructured Supplementary Data Services (USSD), or send an email using the link provided on their website. Money for a qualifying applicant is paid directly into their bank account or through money transfer. The other two systems that SASSA is intending to use is money transfer into a mobile phone and cash payments through the South African Post Office.

The grant will be provided for six months only (May to October 2020). An electronic platform is used to apply for the Social Relief of Distress Grant because is efficient, saves time compared to the manual applications and complies with social distancing requirements. The following WhatsApp, SMS, Call Centre number and email are used:

WhatsApp: 0600 123 456 and select SASSA

USSD: *134*7737#, **E-mail:** SRD@sassa.gov.za (link sends e-mail)

Call Centre IVR: 0800 60 10 11, **Website:** <https://srd.sassa.gov.za>

Support Documents: The following supporting documentation is required when applying:

- (i) Identity Number;
- (ii) Name and Surname as captured in the ID (and initials);
- (iii) Gender and Disability;
- (iv) Banking details – Bank Name and Account Number;
- (v) Contact details – Cell phone number; and
- (vi) Proof of Residential Address.

On 29 May 2020, SASSA informed Parliament that it had received 13 million applications and inquiries for payment of the social relief grant and by 25 May 2020 it had approved about 666, 000 applications and almost 38,000 payments had been processed. From 26 May 2020, they have started paying a large number of beneficiaries.

4.3 Number of applications and number of approved applications

Province	Female applications	Female applications approved	Male applications	Male applications approved
Eastern Cape	348 982	161 916	612 310	308 458
Free State	138 778	61 472	236 922	105 706
Gauteng	572 898	234 754	1 011 628	431 943
Kwa-Zulu Natal	548 425	266 675	1 002 131	497 316
Limpopo	321 246	158 165	588 617	309 873
Mpumalanga	210 630	96 472	377 415	171 933
North West	170 842	76 032	298 430	139 121
Northern Cape	56 166	18 492	92 657	32 835
Western Cape	267 402	73 679	333 510	106 993
Total	2 635 369	1 147 657	4 553 620	2 104 178

Table 2: Number of applications and number of approved applications

Table 2 above shows that most (2 104 178) of the applications approved for the COVID-19 Social Relief of Distress is male. Given the fact that already most of the Child Support Grant beneficiaries are female, many women are excluded from accessing the COVID-19 grant. There is a noticeable percentage of rejected applications, which is more than 50% for both male and female.

SASSA has received numerous grievances about the declined 350 applications. Some of the applications have been declined because they did not meet the eligibility criteria as outlined above. The majority of declined applications are from people already on the UIF database or qualifying to receive it, and in this case, applicants are advised to contact the Department of Employment and Labour to either apply or follow up on applications.

Some of the challenges encountered by SASSA are listed below:

- SASSA had to run validations through various databases from other government departments, to ensure that the exclusions as set out in the legislation (applicants may not be receiving social grants, UIF, NSFAS stipends) could be determined.
- A completely new system to receive and process applications had to be developed and tested, which had not been done previously in the social grant environment.
- The legal consent required by SARS for them to confirm that applicants do not contribute to PAYE and therefore can be reasonably confirmed as not having an income had to be developed within a short space of time.

- d. Agreements regarding process and service fees have to be negotiated with the banks and Post Office to allow additional payment channels.
- e. There were instances where the applicant submitted multiple applications, with some applications were incomplete and invalid.

Some of the potential applicants were struggling to use the technology, either because they do not have access to it or are not comfortable with using the technology. To address this issue, SASSA has contracted volunteers who have been placed since 01 June 2020 and are based in all the districts, where they assist potential applicants to apply for the grant. SASSA is also developing online application channels for grants for older persons, child support and foster child grants.

4.4 Budget

Month	Cost	Cumulative amount	Expenditure to date	Over/under expenditure (+ or -)
May	R226 282 783	R226 282 783	0	0
June	R366 282 783	R592 565 566	R729 948 800	R137 383 234
July	R506 282 783	R1 098 848 349		
(August	R646 282 783	R1 745 131 132		
September	R786 282 783	R2 531 413 915		
October	R926 282 783	R3 457 696 698		
Total	R3 457 696 698			

Table 3: Budget vs Expenditure

Table 3 above depicts SASSA budget projection for the payment of the R350 grant for six months to the beneficiaries. By 18 June 2020, 3.2 million applicants have been approved and R729,9m have been paid (Paseka Letsatsi, SASSA Spokesperson).

Province	Female	Male	Grand Total	Amount Disbursed
Eastern Cape	107 139	174 173	281 312	98 459 200
Free State	41 846	62 280	104 126	36 444 100
Gauteng	172 640	278 410	451 050	157 867 500
Kwa-Zulu Natal	174 922	288 342	463 264	162 142 400
Limpopo	118 415	203 265	321 680	112 588 000
Mpumalanga	71 095	112 250	183 345	64 170 750
North West	52 838	82 559	135 397	47 388 950
Northern Cape	12 679	18 992	31 671	11 084 850
Western Cape	50 528	63 195	113 723	39 803 050
Total	802 102	1 283 466	2 085 568	729 948 800

Table 4: Total paid as of June 23, 2020

Table 4 above indicates the total amount of money paid for the R350 grant as of 23 June 2020, broken down for gender and provinces.

4.5 Audit findings

According to the Auditor-General Report their test of payments of 1400 million made by 14 July 2020, identified 32 642 beneficiaries who were not eligible to receive the 350 grant as they were employed in government or received income from other sources, including social grants, a government pension, UIF payments, NSFAS bursaries and benefits from other relief funds such as the spaza shop support programme and the relief fund for small-scale farmers. It is reported that if SASSA does not investigate these exceptions the state will end up paying up to R11,42 million per month to individuals who do not qualify for the grant. To address this the AG recommended that there should be collaboration between various government departments (SASSA, Home Affairs, DSD) and the post office staff. Furthermore, there should be a linkage between their systems.

4.6 Conclusion

The COVID-19 compelled the country to change the way things were done and to develop new systems and ways of doing things. Poverty and food security have deepened dramatically in the course of just a few weeks. To reach the most vulnerable families in the country the temporary six months' social relief of distress grant was agreed upon. Technology became one of the most essential tools to use to communicate and process information. SASSA developed technology-based solutions to roll out food assistance at scale through vouchers and cash transfers to ensure that help reaches those who need it faster.

Although there were some delays during May in terms of some payments SASSA managed to pay the special relief grants to millions of deserving beneficiaries. The AG report highlighted some of the challenges that SASSA experienced with people who do not qualify yet received the grants.

5. THE SOLIDARITY FUND

The Solidarity Fund was created on 23 March 2020 to respond to the COVID-19 crisis in South Africa. It is a platform for the general public, civil society and the public and private sector to contribute to the consolidated effort to fund various initiatives and interventions.

The Solidarity Fund works closely with government and business but is independent of both government and business. The Solidarity Fund manages the funds donated, accountable to government and business, with Old Mutual administering the funds on a pro bono basis. The funds are administered by Tshikululu Social Investments (part of Old Mutual) to ensure transparency and monitoring of spending and impact assessment.

The Solidarity Fund focuses on three key initiatives, namely—

- a. Health Systems Support – Supporting the emergency health system and help, support or protect community health workers.
- b. A campaign to mobilise communities and change behaviour – A Solidarity Campaign that will unite the nation in action against COVID-19 and encouraging behaviour change in local communities.
- c. Humanitarian Support – Providing humanitarian support to the most vulnerable households and communities.

The Fund has approved R1.2 billion towards health systems support, R36 million towards the campaign to mobilise communities and change behaviour and R137 million towards humanitarian support.

The solidarity fund provides funding and support for the following:

- i. Catalytic interventions that complement, enhance or augment those provided by the state (where the state has limited capacity to undertake the interventions);
- ii. Gap funding that accelerates the delivery of critical interventions in response to the COVID-19 and in deploying funding, where possible, catalyse and support local manufacture and SMMEs;
- iii. Addressing specific challenges that exist as a direct result of COVID-19

- iv. Interventions by non-state actors in response to the COVID-19 crisis, that are delivered at a scale relative to the challenge, in areas the SF has prioritised;
- v. Interventions that enable and support coordinated responses across social partners to accelerate scalable and sustainable solutions to humanitarian challenges exacerbated by the COVID-19 pandemic and related economic disruption.

To effectively and meaningfully contribute to the response to COVID-19 in South Africa Solidarity Fund has broken down its interventions into four pillars namely: Prevent, Detect, Care and Support. The Solidarity Fund will measure its success through the number of services provided. More than 280 000 food parcels have been delivered as of August 2020 exceeding the target of 250 000.

Impact Pillars	Success Measures of SF
Prevention	Through Covid 19 related communication campaigns (thorough) newspapers, magazines, TV, radios etc.)
Detect	The number of testing kits purchased Number of tests completed including locations
Care	Number of PPE/ medical equipment purchased Number of essential medical equipment delivered and health workers provided with PPE
Support	Number of food parcels delivered Number of households provided with basic health and hygiene supplies Number of people accessing GBV support services

Table 5: Success Measures of Solidarity Funds for Projects

Figure 2 below indicates the distribution of the budget to the interventions stated in the table above. The figure depicts that more money is allocated to Health Care.

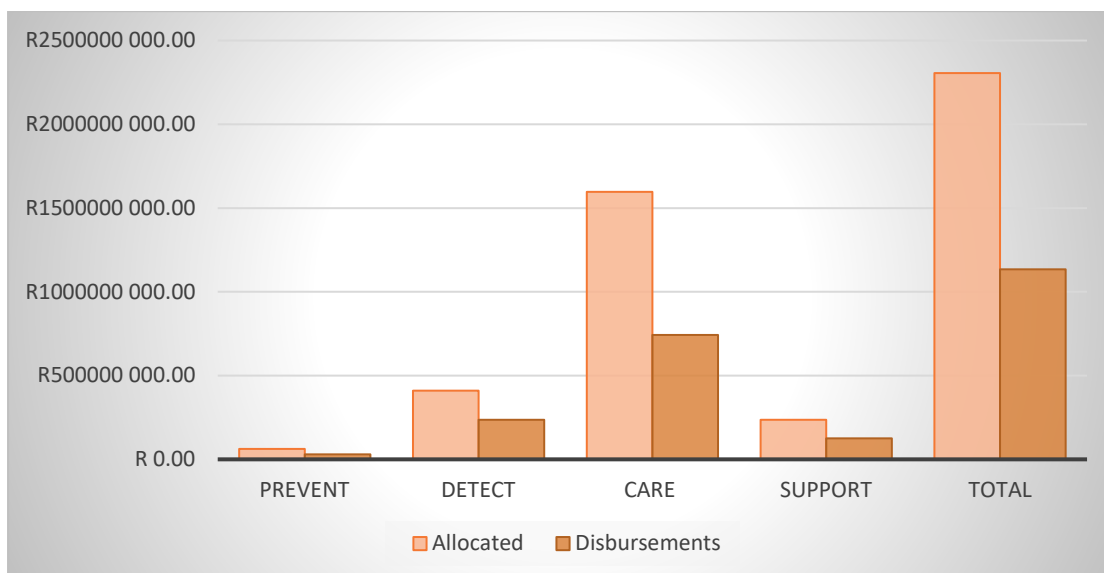


Figure 2: Solidarity Fund distribution of budget

The Solidarity Fund has partnered with relevant government departments and agencies, representatives of the United Nations in South Africa as well as civil society to alleviate the two biggest issues: food relief and gender-based violence.

In July 2020 the Solidarity Fund earmarked 175 million for phase two of its food relief programme¹³. A support package of R100 million will be distributed through a once-off R700 food voucher to identified beneficiaries in approximately 135 000 identified households.

The fund has targeted 108 000 urban households and 27 000 rural households who do not fall within the country's social security net. The beneficiaries will include unemployed young people, expectant mothers, women, and foreign nationals who are not classified as asylum seekers or refugees in terms of South Africa's Immigration Act.

The Fund planned to also commence with rolling out farming input vouchers to rural communities. According to June 2020 Press Release¹⁴, an amount of R75 million will be used to disburse once-off R2 000 farming inputs voucher to 35 000 beneficiaries who engage in subsistence or household farming in rural areas across nine provinces.

In a press release of August 2020, the Solidarity Fund granted 882 vehicles to be branded and fitted with loud hailing equipment to be utilised by traditional leaders for communication with communities. The purpose of the campaign is to utilise the traditional leaders' network and reach to convey COVID-19 messaging to far-flung communities.

¹³ Solidarity Fund Press Release July 31, 2020, available on <https://solidarityfund.co.za/>

¹⁴ The Solidarity Fund Update June 22, 2020 a available on <https://solidarityfund.co.za/>

6. UIF COVID-19 TERS Benefits – Temporary Employer-Employee Relief Scheme

The Temporary Employer-Employee Relief Scheme (TERS) was introduced as a special UIF benefit to pay South Africans and foreign nationals that are not being paid or are being paid less as a result of the COVID-19 pandemic and its associated employee shutdown. TERS primarily provides emergency relief for employers to claim benefits on behalf of their employees during the COVID-19 lockdown. This is to avoid employees losing income or being placed on annual leave as a result of the temporary closure of their employer's operations.¹⁵

Employee wage protection administered by UIF		
Total fiscal support package	Total wage protection	Total % share of the support package
R500 billion	R40 billion	$(R40bn / 500bn = 0.008 \times 100)$ 8%
Source: 2020 Special Adjustment Budget. National Treasury		

Table 6: Employee wage protection

On 21 April 2020, the President of South Africa announced an R500 billion financial support package that includes spending towards COVID-19 priorities. Government allocated 40 billion for employee wage protection, managed and administered under the Unemployment Insurance Fund (UIF) as shown in the above table.

The UIF is an entity reporting to the Minister of the Department of Employment and Labour. The TERS benefits were initially scheduled to be implemented for three months (April to June) 2020. However, government during July decided to extend the TERS relief scheme for an extra six weeks until 15 August 2020, maintaining the current benefit structure and existing criteria.¹⁶

On 25 March 2020 and through various subsequent revisions, the Minister of Employment and Labour issued directives under the Disaster Management Regulations to regulate the benefits provided under the COVID-19 TERS. For an employee to qualify for COVID-19 TERS, the employee must have been in the employer's employment on 27 March 2020, and must have suffered, or will suffer, a loss of income as a result of the closure. The benefits may only cover the cost of salaries during the closure due to lockdown.¹⁷

¹⁵ Department of Employment and Labour. Media Statements. Available: <http://www.labour.gov.za/Media-Desk/Media-Statements/Pages/media-statements.aspx>

¹⁶ Department of Employment and Labour. Available: <http://www.labour.gov.za/employment-and-labour-ministry-announced-extension-of-covid19-relief-payments-until-august-15-in-budge-vote>

¹⁷ Department of Employment and Labour. Media Statements. Available: <http://www.labour.gov.za/Media-Desk/Media-Statements/Pages/media-statements.aspx>

Any UIF contributing businesses facing distress and unable to pay salaries as a result of the lockdown period and any employee, whether a South African and/or a foreign national, who is a contributor (works more than 24 hours a month) and there are an employer and employee relationship, qualify to benefit under TERS.¹⁸ The categories of employees that are excluded are self-employed, freelancers and independent contractors.¹⁹

The employer should apply on behalf of their employees. Once this is done, the UIF will verify the supporting documents submitted by the employer and, within 48 hours of the employer submitting all of the required documents and information, will deposit the funds into the employer's business account. Employers must submit proof of payment to employees to the UIF within two days of receiving the payment from the UIF and return any funds not used (including interest) to the UIF within 10 days of business operations recommencing.²⁰

6.1 Regulations on TERS Benefits

The Minister of Employment and Labour issued regulations in terms of the associated regulations issued under the Disaster Management Act. The regulations stipulate various rules which apply to TERS as follows²¹:

- a) **Rule 1:** The benefit will be de-linked from the UIF's normal benefits and therefore the normal rule that for every 4 days worked, the employee accumulates a one-day credit will not apply. The benefit will only pay for the cost of salaries of the employees for the duration of the temporary closure.
- b) **Rule 2:** The maximum salary benefits to be taken into account in calculating the benefits will be capped at a maximum amount of R17 712 per month per employee and the benefit payable to an employee will be calculated using the income replacement sliding scale (38%-60%) under the UIF. In other words, the maximum salary benefit is R6 730 per month per employee.

¹⁸ UIF COVID -19 TERS BENEFITS - How to apply. Available:

<http://www.labour.gov.za/DocumentCenter/Pages/Publications.aspx?RootFolder=%2FDocumentCenter%2FPublications%2FUnemployment%20Insurance%20Fund&FolderCTID=0x0120005A2E39FE57537248A3B1DDD098F12CF1&View={133E56E7-64DB-4500-B4E6-1F4D140585BA}>

¹⁹ Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

²⁰ UIF COVID -19 TERS BENEFITS - How to apply. Available:

<http://www.labour.gov.za/DocumentCenter/Pages/Publications.aspx?RootFolder=%2FDocumentCenter%2FPublications%2FUnemployment%20Insurance%20Fund&FolderCTID=0x0120005A2E39FE57537248A3B1DDD098F12CF1&View={133E56E7-64DB-4500-B4E6-1F4D140585BA}>

²¹ Department of Employment and Labour. Available: <http://www.labour.gov.za/DocumentCenter/Publications/Unemployment%20Insurance%20Fund/All%20Directives.pdf>

- c) **Rule 3:** If an employee's income as determined by the scale falls below R3 500, the employee will be entitled to a benefit amounting to R3 500. In other words, the minimum salary benefit will be R3 500 per month per employee.
- d) **Rule 4:** If the employee is being paid in full by the employer during the period of closure, the employee is not entitled to benefit under TERS. However, the employer is permitted to pay TERS benefits to employees in advance and then retain those amounts once the UIF makes payment of the TERS benefits to the employer.
- e) **Rule 5:** An employee may only receive TERS benefits on condition that the total benefit together with any additional payment (i.e. top-up) by the employer is not more than the normal remuneration that the employee would have received for working during that period.

6.2 TERS Benefits Payments

The roll-out of the TERS scheme meant that the R40bn needed to be implemented. This was done on a massive scale considering other routine payments that the UIF had to make.

TERS Payments April 2020		
Number of Employers	Number of employees	Total Amount paid
327 722	3 696 120	R 19 049 568 655.48

Table 7: TERS Payment for April 2020

The above table 7 shows the payment figures for April 2020. UIF reported massive delays in effecting the April 2020 payments. Some of the April 2020 applications were still being dealt with in June 2020^{22,23}. The total number of applications revived by UIF during the month of April was 390 428.

The UIF reported to the Standing Committee on Public Accounts (SCOPA) that R19bn has been paid covering the month of April 2020. These monies were shared amongst the 327 722 employers and 3 696 120 employees.

TERS Payments May 2020		
Number of Employers	Number of employees	Total Amount paid
108 642	1 459 462	R 5 972 552 477.33

Table 8: TERS payment for May 2020

²² The UIF reported and Briefed Scopa on the 26th June 2020. Available: <https://pmg.org.za/committee-meeting/30549/>

²³ PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

The above table 8 shows the payment figures for May 2020. UIF reported also massive delays in effecting the May 2020 payments. Some of the May 2020 applications were still being dealt with in June 2020.²⁴ The UIF reported to the Standing Committee on Public Accounts (SCOPA) that R5.9b has been paid covering the month of April 2020. These monies were shared amongst 108 642 employers/bargaining council and 1 459 462 employees.

TERS Payments – as of 17 th June 2020			
Potential number of employees	Number of received applications	Number of valid applications	Amount paid
4, 447 722	462 248	456 698	R 27 117 964 867.29

Table 9: TERS Payment – as of 17th June 2020

The above table 9 shows the payment figures on 17 June 2020.²⁵ The UIF reported to the Standing Committee on Public Accounts (SCOPA) that by the 17th of June, R27.1b had been paid. During June 462 248 applications were received and of those 456 698 were valid claims. The TERS was extended to 15 August 2020. During August 2020, UIF has paid an overall amount of R 41 141 874 997, which will benefit 9 357 254 employees. There have been backlogs throughout the initial three-month period and this was carried over into August 2020. The UIF have 713 593 claims where they are awaiting outstanding information before payment can be finalised.²⁶

Categories of employees who received TERS payment		
Directly to Employee		
Employers	Employees	Amount
10 473	154 972	R 695 184 081.33
Domestic Workers		
17 257	35 374	R 128 904 782.90
Foreign National Payment		
28 509	114 059	R 534 530 553.60

Table 10: Categories of employees who received TERS payments

As a rule, employers are required to transfer funds to employees within two days of receiving the TERS benefits from UIF. If they fail to do so, they have to pay the money back to the Fund

24 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

25 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

26 Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

within 5 days.²⁷ Due to the problem of employers using the COVID-19 TERS initiative but not paying out their employees, the UIF had decided to pay the funds directly to some employees. R695 184 081 million had been paid directly to employees. 35 374 domestic workers had been paid R128 904 782, while 114 059 foreign nationals had been paid R534 530 553 million after verification by the Department of Home Affairs and the South African Revenue Service (SARS).²⁸

UIF processes all applications received, including foreign nationals who are contributors to the UIF. Foreign nationals have to be verified through the Department of Home Affairs and SARS. Communication was sent out by UIF regarding documents that employers have to submit in support of applications for their foreign national employees; including passport number or work permit number, and proof of employer's declaration with UIF or SARS.²⁹

Due to the April and May 2020 TERS payment delays, the UIF anticipated faster processing of the June 2020 payments. This was because of the learning through April and May 2020. This also means that processing of payment will be fast-tracked because the same employers that had applied for benefits in April and May 2020 would also be applying for June 2020 till 15 August 2020. The UIF has captured employer and employee details already in the database and the processing would move faster.³⁰

Some organisations and companies did not register their employees with UIF. The non-contribution by these organisations and companies means the employees were suffering due to the delinquency of the employer failing to declare and pay UIF for them. Once TERS was paid, the UIF would pursue the employer. This was captured under the Follow the Money concept. The UIF would pay the employees but would pursue the organisation and company to pay the outstanding UIF amounts with interest and penalties.³¹

27 Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

28 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

29 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

30 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

31 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

6.3 Monitoring of the TERS Benefits

UIF implemented monitoring mechanisms to monitor the TERS benefits. This was because some employees were not receiving payments on time. When employers apply for a next payment they have to submit proof that they have paid the money to employees³².

The UIF had also implemented a strategy termed “Follow the Money” (see above) to monitor compliance of employers benefitting from the COVID-19 TERS scheme.

The breakdown of the 31 companies that have been assessed in terms of “Follow the money principle” is as follows:³³

- 24 (77%) companies had honoured the agreement and paid employees
- 5 (16%) had not disbursed to employees due to declaration outstanding.
- 2 (6%) had not submitted evidence yet and this has been requested

The Follow the Money approach is largely a verification process in which the UIF verifies relevant facts. These are as follows³⁴:

- Confirm salaries that were used for COVID-19 application
- Confirm the lockdown period of the company
- Confirm that employees applied for lockdown and not working
- Confirm if money was indeed transferred to employees
- Confirm Bargaining Council/Association paying to employers and paying to employees.

6.4 Challenges experienced with the TERS Benefits

The TERS payments have been done on a massive scale countrywide. This put the UIF on a learning curve. One thing they have learned is that there is a huge number of non-compliant employers. Secondly, they have learned that employers need to play a role in the submission of applications for ordinary UIF benefits because the application process is much faster when employers lead the process³⁵.

32 Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

33 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

34 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available : <https://pmg.org.za/committee-meeting/30549/>

35 Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

There had been many instances where employers had received funds from the UIF but had failed to pay their employees, necessitating changes to make direct payments to employees. These are some of the challenges experienced with the TERS Benefits system:

a) Capacity issues³⁶

- Besides the COVID-19 TERS benefits, the UIF continues to pay normal routine payment benefits. The UIF system is also under pressure as the Fund is currently experiencing extraordinary volumes of requests due to the Covid-19 pandemic (e.g. leave, retrenchments etc.).
- The UIF cannot deal with millions of individual claims – this leads to delays in the processing of claims. UIF has put in place systems to pay out UIF benefits through companies, sectoral associations and bargaining councils.

To address some of the capacity challenges experienced, the UIF call centre, which initially had 75 agents, has increased its capacity to 200 agents manning the toll-free number (0800 030 007).³⁷

b) Some UIF call centre operators were not well equipped to assist employers³⁸

The online application system is extremely user-unfriendly, and some of the UIF call centre operators are not adequately equipped to resolve many of the often technical queries that come from employers.

c) Technical issues with the UIF system and payment backlogs

- Teething technical issues, including problems with the registration system. Employers who haven't properly registered their workers posed some challenges.
- Not all payments to employees have been affected. June payments posed a problem and many non-payments from April and May 2020 and many applications that haven't been processed.
- The backlog in the UIF system was also caused by overloading of the u-Filing system, which distributes funds to deserving beneficiaries as swiftly and cost-efficiently as possible. UIF has engaged other private sector companies to work with UIF to enhance the capacity of its IT system to respond to the growing number of requests.

d) Foreign National employees were not picked out on the UIF system

36 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available: <https://pmg.org.za/committee-meeting/30549/>

37 Department of Employment and Labour. Media Briefing. Available: <http://www.labour.gov.za/Media-Desk/speeches/Pages/TW-Nxesi-MP.-Minister-of-Employment-and-Labour-Social-Cluster-Media-Briefing-31-03-2020.aspx>

38 Department of Employment and Labour. Media Briefing. Available: <http://www.labour.gov.za/Media-Desk/speeches/Pages/TW-Nxesi-MP.-Minister-of-Employment-and-Labour-Social-Cluster-Media-Briefing-31-03-2020.aspx>

- Many of the Foreign Nationals working in restaurants were rejected by the UIF system. Zimbabwean-born employees who have applied for the UIF-TERS benefits were getting rejected and there seemed to be a system error. However, the UIF subsequently issued a media statement indicating that the technical error for Foreign Nationals has been fixed and some received their payments.
- e) Employers not paying out TERS money to employees³⁹**
- The regulations stipulate that should an employer close all or part of its operations as a result of the COVID-19 pandemic for 3 months or less, then the employer must apply for the TERS COVID-19 benefits on behalf of its affected employees. Also, the benefit was extended to 15 September 2020. Some employers did not pay all of the TERS money to their workers, and others loaned money to staff illegally. UIF had appointed auditors to investigate these accusations.
 - The regulations stipulate that employers are urged to pay employees their TERS COVID-19 Benefit in advance, and then to offset the advance payment against the payments from UIF. In terms of accountability, the employer should keep all necessary records that would indicate that the payment made was an advance payment and the TERS COVID-19 benefit was used to settle the payment. The employer must be able to provide these records if the UIF audits them.

f) Auditor-General South Africa audit findings on the TERS system

The Auditor-General South Africa (AGSA) released findings on 02 September 2020⁴⁰ related to the UIF COVID-19 benefits. The audit report showed numerous gaps, risks and inadequate controls, as well as poor verification processes for TERS. The AGSA report has shown that there were—

- i. Lack of verification of applicants representing employers
- ii. Incorrect system calculations of the TERS benefit payment in the first lockdown period
- iii. Inadequate verification of employer details
- iv. Inadequate system functionality for bank confirmation of uploaded documents
- v. Lack of consideration of salary portion paid by the employer in the calculation of pay-out in the first lockdown period
- vi. Lack of verification of employee salaries submitted during benefit claims

The AGSA report showed that these impacted a lot on systems of governance. The incorrect configuration of the pay-out calculation has resulted in overpayments of benefits and financial

39 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available: <https://pmg.org.za/committee-meeting/30549/>

⁴⁰ AGSA. 2020. First Special Report: on the financial management of governments Covid-19 initiatives. Available: <https://www.agsa.co.za/Reporting/SpecialAuditReports/COVID-19AuditReport.aspx>

losses that may not be possible to recover. The inadequate verification of employers may result in a fictitious employer using a valid UIF reference number and passing validation to make a claim. The lack of verification of individuals making applications on behalf of employers and bargaining councils may result in financial loss from unauthorised applications. The lack of preventative controls to verify banking details before payment may lead to claims being paid to an incorrect beneficiary. Furthermore, the lack of verification of salary information used in calculating the TERS benefit may result in overpayments due to inflated salaries.

The Minister of Employment and Labour indicated that based on the audit findings the UIF Commissioner was placed on suspension and Ms Marsha Bronkhorst, Chief Operations Officer (COO) of the Department of Employment and Labour will act as the UIF Commissioner.

The Director-General for the Department of Employment and Labour also suspended the UIF management, the CFO, COO and the Head of Supply Chain Management. The Minister of Employment and Labour indicated that these actions will allow the Special Investigating Unit (SIU) to conclude its forensic investigations completely unrestricted.⁴¹

g) Fraud related matters

There have been fraudulent activities reported in implementing the TERS Benefits. The UIF Risk, Anti-Corruption and Integrity Management Unit has been dealing with fraud and related corruption cases related to TERS benefits.

Reported cases of potential fraudulent claims made by employers	Cases finalized	Outcomes of cases
75	16 of the 75 cases had been finalised by 19 th July 2020	2 cases resulted in criminal cases

Table 11: Cases of potential fraudulent claims under the TERS scheme

The Risk, Anti-Corruption and Integrity Management Unit have received a total of 75 (seventy-five) reported cases as indicated in the above table. As of the 19th of June 2020, only sixteen cases were finalised and two criminal cases instituted by complainants. Fifty-nine (59) cases are still under investigation, with cases in different stages of investigation as at 19 June 2020.

⁴¹ SA News. 2020. UIF Commissioner suspended: available: <https://www.sanews.gov.za/south-africa/uif-commissioner-suspended>

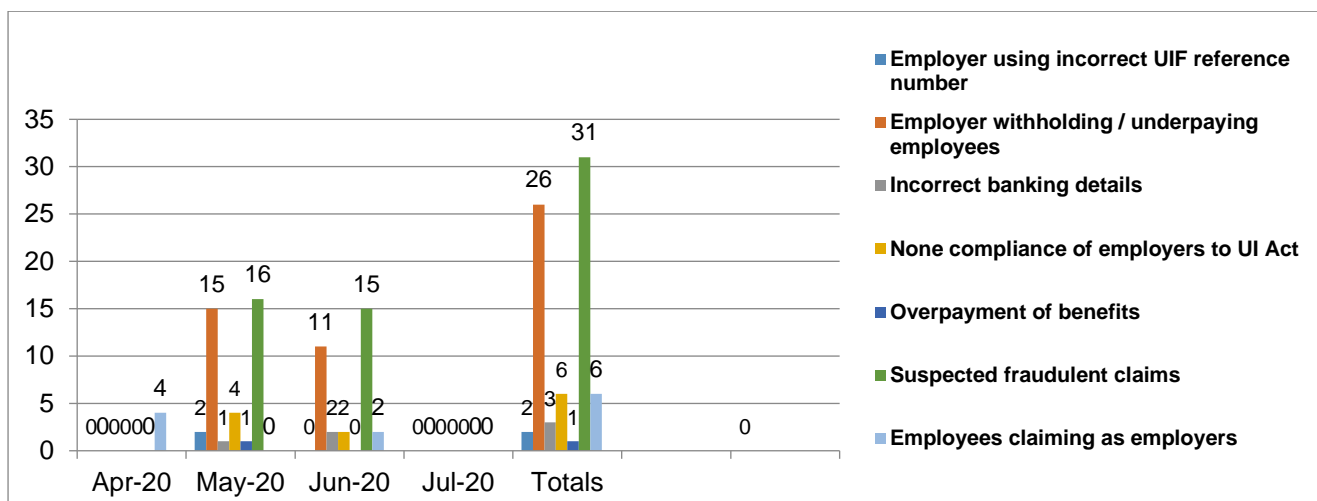


Figure 3: Statistics on claims and related fraudulent claims for April - 15 Aug 2020

Figure 3 above illustrates the figures related to claims and related fraudulent cases.

The UIF has appointed Forensic Investigation, Risk and Recovery Management (Pty) Ltd on 29 May 2020 to deal with these cases. The UIF has also established a relationship with the Hawks, which has established a committee focusing on Covid-19 fraud-related matters. COVID-19 fraud-related matters are prioritised by the Committee to ensure efficiency and speedily conclusion. UIF is also engaging the Hawks to utilise the hotline/ contact line for the public to report COVID-19 TERS fraud-related matters.⁴²

To combat fraud, the UIF reference number could only be used once. If the number was repeatedly used, the claim was declined and the anomaly identified and corrected. Employee ID numbers could only be paid once. If the number was repeated, the claim was declined and could easily be identified and corrected.

Employee declarations were checked against the UIF and SARS databases to confirm that only employees attached to the employer in question were considered. Employee identification was checked against the Siyaya payment system to identify if the employee's services had been terminated. The UIF paid only employees that were still in employment. Banking details were verified at the time of registration and changes could only be made by dedicated staff members. Passwords were reset by dedicated staff.⁴³

42 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available: <https://pmg.org.za/committee-meeting/30549/>

43 PMG. 2020. UIF Briefing to SCOPA on disbursement of funds during COVID -19 Lockdown. Available: <https://pmg.org.za/committee-meeting/30549/>

6.5 Conclusion

COVID-19 has presented a massive challenge for the Department of Employment and Labour and UIF. One of the biggest challenges was to manage the R40 billion TERS allocation, in ensuring that all employees benefit from the scheme. The TERS benefits meant that the UIF was on a learning curve to effectively implement the initial scheme from April-June 2020 and later when the scheme was extended until 15 September 2020.

The challenges have been largely in the area of the capacity of the system to handle huge volumes of applications, lack of access to systems for call centre agents to be able to assist clients with queries, and inability to provide feedback to applicants due to shortages of staff caused by Covid -19 work regulations. However, the UIF did manage to ensure that employees benefit from TERS and safeguard their livelihood. The UIF introduced various mechanisms to achieve their TERS payments milestones, such as introducing a dropbox in the Labour Centres; securing a zero-rated on-line solution for access by people without data; working with the private sector to help with call centre enquiries; and allowing UIF staff to work from home through tablets and laptops to fast track the TERS system.⁴⁴

7. SMALL BUSINESS DEVELOPMENT COVID -19 SMME RELIEF FUND

The Minister of Small Business Development announced a wave of SMME relief funds on 24 May 2020. The Department of Small Business Development grants relief fund to SMMEs through the Small Enterprise Finance Agency (SEFA), supported by the Small Enterprise Development Agency (SEDA), who assisted people to access services offered by the Department.

The main purpose of these interventions is to keep businesses afloat during the lockdown as they are not generating any income to sustain themselves and protect jobs. These interventions differ between those designed for small businesses and those designed for informal businesses. It was also an opportunity to introduce customized interventions for township and rural areas based businesses, especially those in the informal sector.⁴⁵

The dedicated support programmes for townships and village-based enterprises are in line with the Department's Township and Rural Entrepreneurship Programme (TREP) that was

⁴⁴ Department of Employment and Labour. 25 August 2020. Annexure A1 Rapid Survey Questionnaire responses.

⁴⁵ Department of Small Business Development. Covid -19 Relief benefits. Available: [https:// www.dsbd.gov.za](https://www.dsbd.gov.za)

approved by Cabinet in February 2020. Application forms for the schemes were available online on <https://smmessa.gov.za> from 27 May 2020. Standard Bank and Nedbank partnered with SEFA for the spaza shops support scheme.

7.1 Eligibility criteria for SMMEs Relief Scheme

- The business must have been registered with CIPC by at least 28 February 2020;
- Company must be 100% owned by South African citizens;
- Employees must be 70% South Africans;
- Priority is given to businesses owned by Women, Youth and People with Disabilities;
- Be registered and compliant with SARS and UIF;
- Proof that the business is negatively affected by COVID-19 pandemic;
- Completion of the simplified online application platform;
- Company Statutory Documents;
- FICA documents (e.g. Municipal accounts, a letter from traditional authority);
- Certified ID Copies of Directors;
- Three months' Bank Statements;
- Latest Annual Financial Statements or Latest Management Accounts not older than three months from date of application;
- Business Profile;
- 6 months Cash Flow Projections;
- Copy of Lease Agreement or Proof ownership if applying for rental relief;
- If applying for payroll relief, details of employees as registered with UIF, including banking details, will be required as payroll payments will be made directly to employees;
- SMME employers who are not compliant with UIF must register before applying for relief;
- Facility Statements of other funders;
- Detail breakdown of the funds applied for, including salaries, rent etc.

7.2 Application process

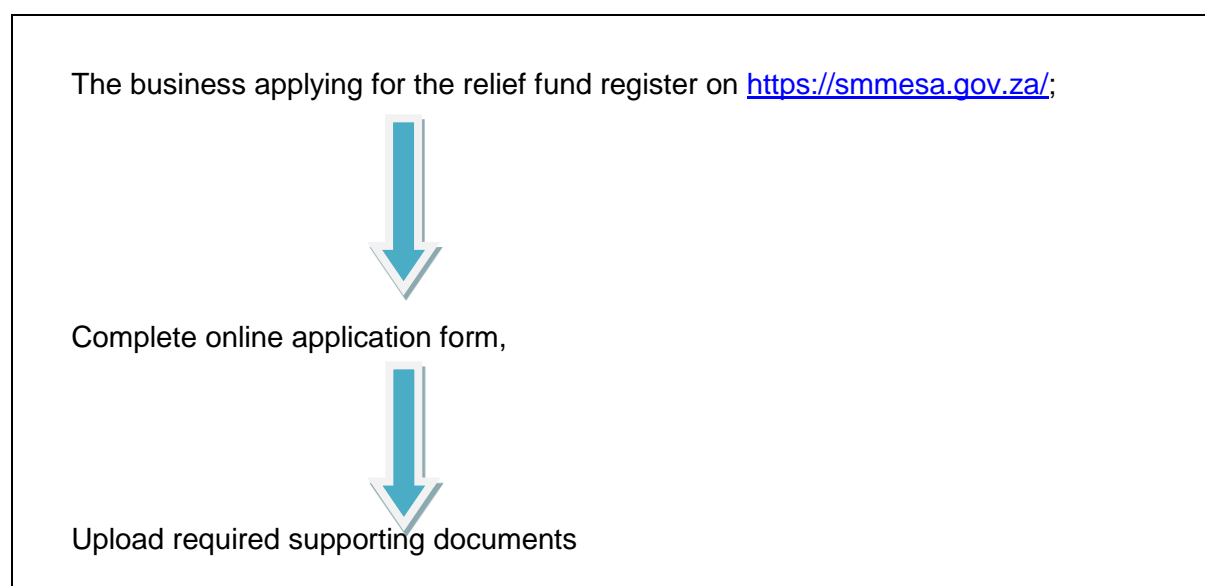


Figure 4: Process of application the fund⁴⁶

Name of Province	Applications and enquiries	Incomplete applications referred to SEDA	Approved applications	Spaza shop programme
Gauteng	12 640	7 547	529	183
Limpopo	3 107	1 855	130	425
Mpumalanga	2 078	1 241	87	48
Eastern Cape	3 704	2 211	155	401
Free State	957	571	40	72
Kwazulu Natal	6 451	3 852	270	1047
North West	1 243	742	52	30
Northern Cape	932	556	39	9
Western Cape	4 755	2 839	199	31
Total	35 865	21 414	1 501	2 246

Table 11: Number of applications received of SMME⁴⁷

The above table 11 shows that a total of 35 865 applications were received. Most applications (12 640) were received from Gauteng.

⁴⁶ Department of Small Business Development. Covid -19 Relief benefits application process. Available: <https://www.dsbd.gov.za>

⁴⁷ PMG.2020. Briefing to Portfolio Committee on Covid -19 response interventions and lessons learnt. Available: <https://www.pmg.org.za/presentation>.

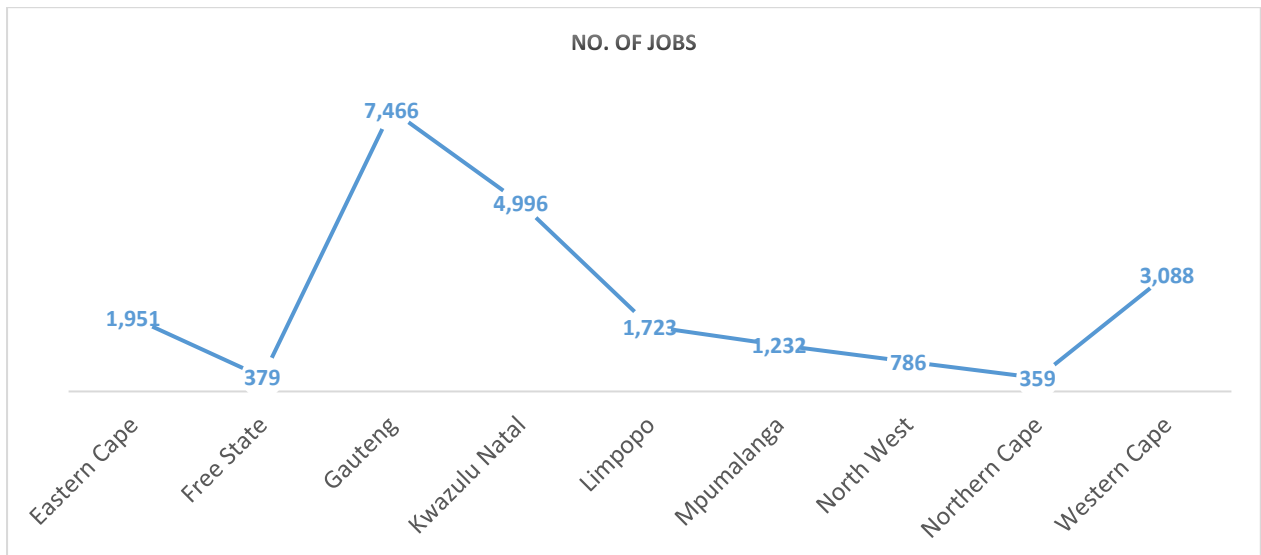


Figure 5: Number of jobs sustained per province⁴⁸

The above Figure 5 shows that a total of 21 580 jobs were sustained: Gauteng (7 468), Kwazulu Natal (4 996) and Western Cape (3 088), while in provinces such as Free State (379) and Northern Cape (359) jobs were sustained.

7.3 Budget

The estimated budget for SMME relief was R200m with a maximum of R500k per SMME.

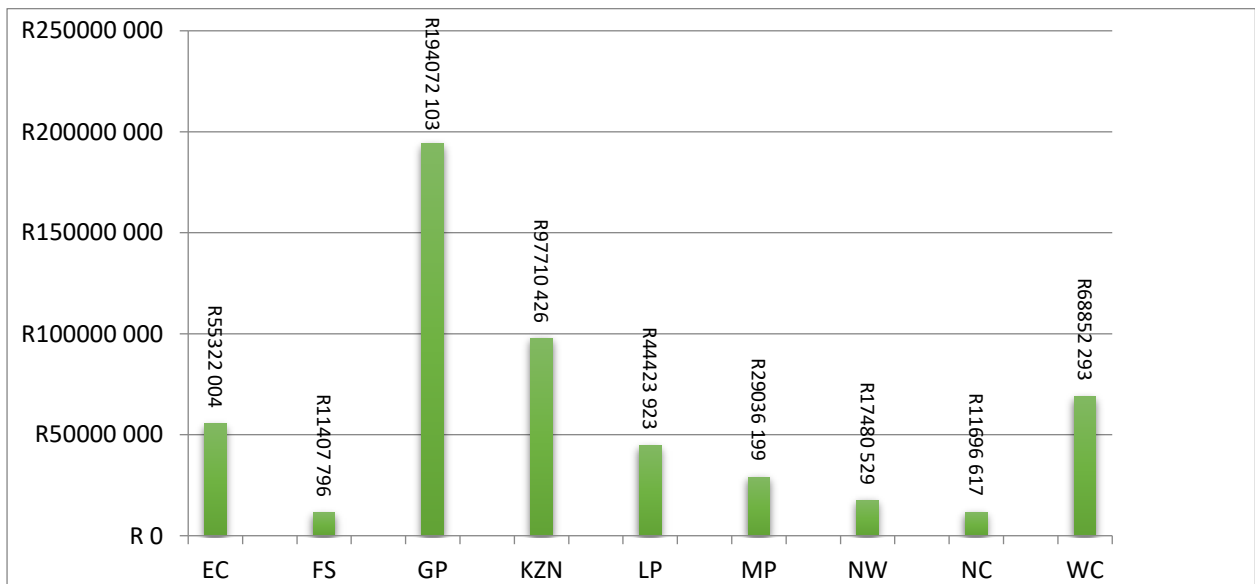


Figure 6: Budget approved to support SMMEs per province

48 PMG.2020. Briefing to Portfolio Committee on Covid -19 response interventions and lessons learnt. Available: <https://www.pmg.org.za/presentation>.

The above figure 6 shows that a total amount of R194 072 103 was approved for Gauteng, while R97 710 426 for Kwa-Zulu Natal and R68 852 293 for Western Cape.

7.4 Spaza shops support scheme

These are the eligibility qualifying for applicants for the spaza shops support scheme⁴⁹:

- The spaza shop / General Dealer must be owner-managed and operated;
- Owner must have a valid South African identification document;
- Must register on SMMESA portal <https://smmesa.gov.za/>;
- Spaza shop / general dealer must hold a license to trade, municipal permit or if they do not have, they must obtain one before they can access support;
- CIPC, SARS and UIF registration or be willing to register before approval of support;
- Undertaking to comply with the Consumer and Customer Protection and National Disaster Management Regulations and Directions;
- Willing to submit monthly management accounts (SEDA to assist with bookkeeping support).

7.5 Budget

The current budget is **R175 million** targeting **25 000** spaza shops in South Africa.

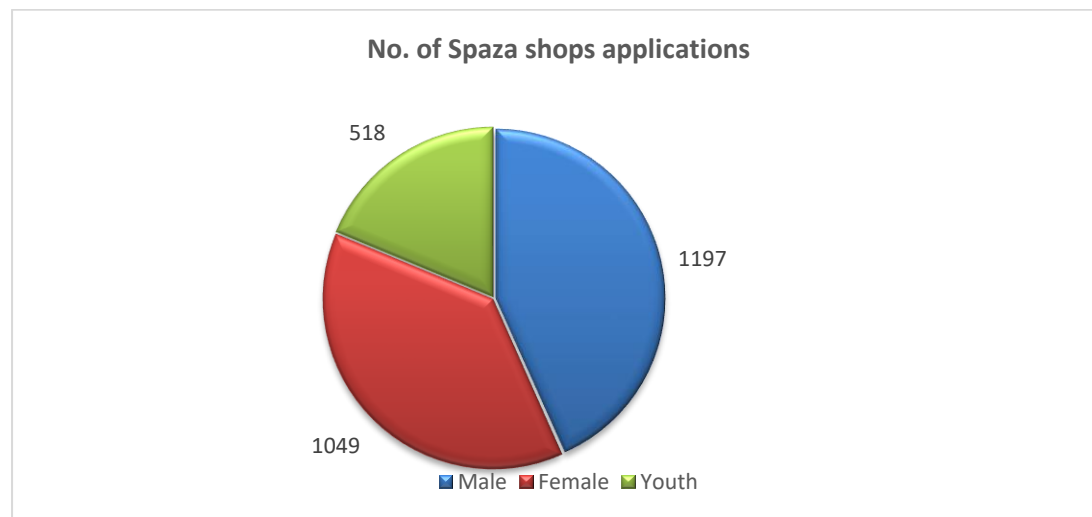


Figure 7: Distribution of applications received by gender and youth

⁴⁹ Department of Small Business Development. Covid-19 Relief benefits. Available: <https://www.dsbd.gov.za>

The above figure 7 shows that most of the applications received were for males (1197), followed by females (1049) and youth (518). No other categories and variables were mentioned for applications received.

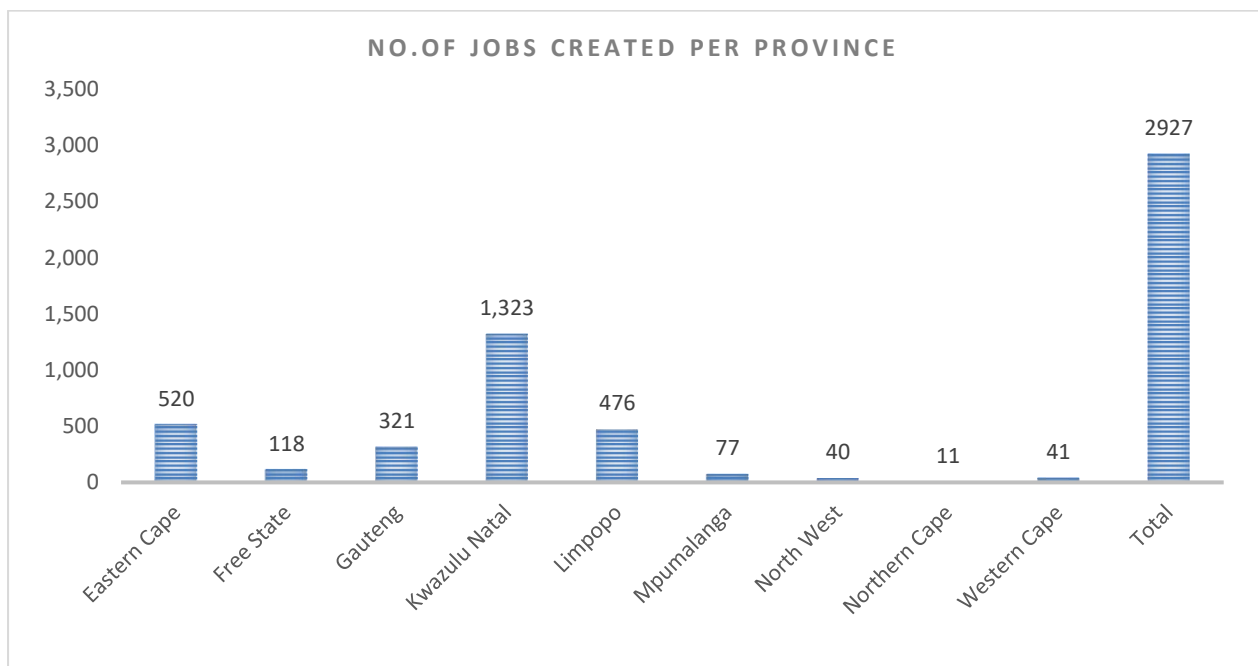


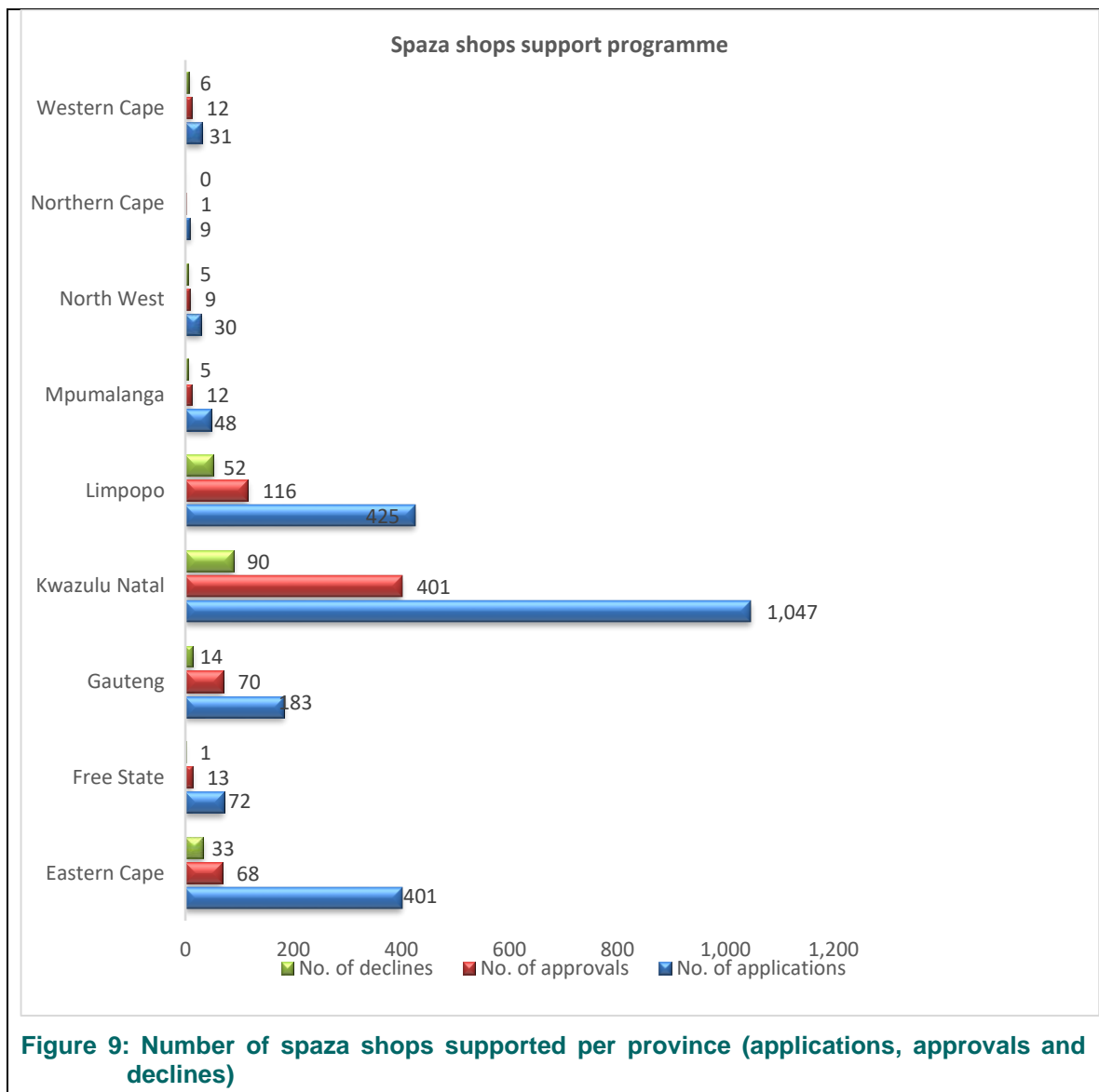
Figure 8: Number of jobs created per provinces⁵⁰

The above figure 8 shows that a total of 2 927 jobs were created. While the majority of jobs were created in Kwa-Zulu Natal (1323), followed by Eastern Cape (520), it must be noted that that few jobs were created in Northern Cape (11).

7.6 Funding model for Spaza shops

The limits were a maximum of **R7 000** support per spaza shop, with the first **R3 500** non-repayable and the second part a credit facility. This money was made available for spaza shops to access stock from wholesalers at a discounted price.

50 PMG.2020. Briefing to Portfolio Committee on Covid -19 response interventions and lessons learnt. Available: <https://www.pmg.org.za/presentation>.



The above graph shows that most of the spaza shops applications were from Kwazulu Natal (1047), followed by Limpopo (425) and Eastern Cape (401).

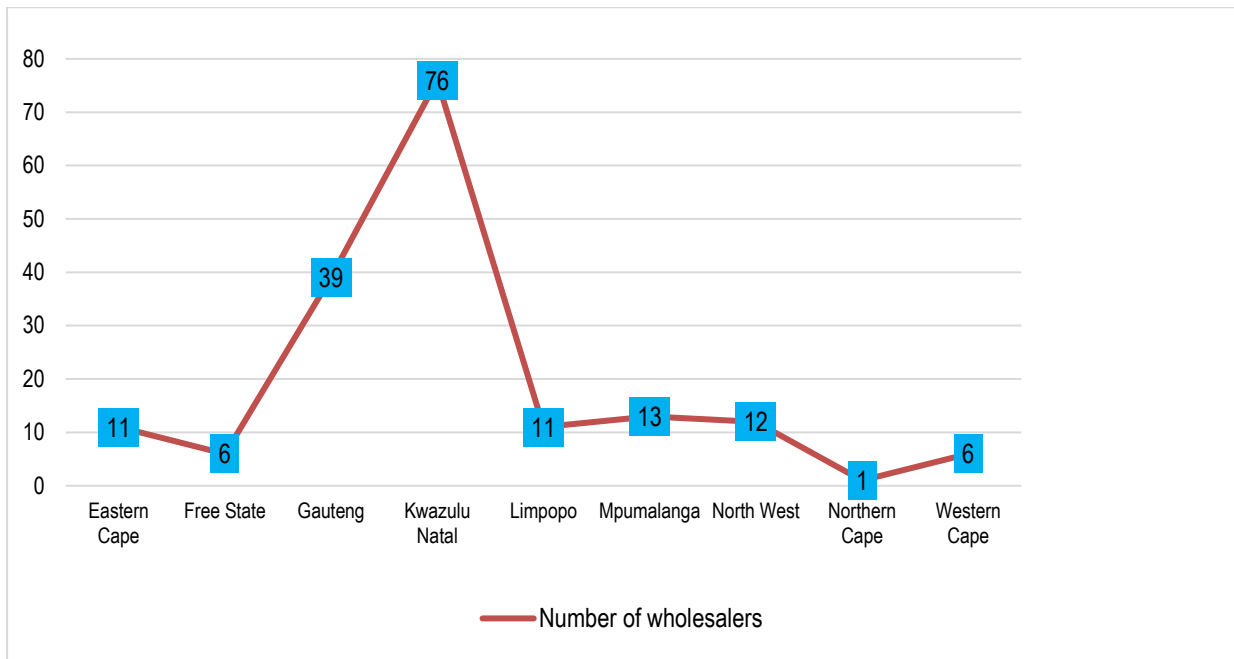


Figure 10: Number of wholesalers that supported spaza shops per province

The above graph shows that the majority of wholesalers which supported spaza shops were from Kwazulu Natal (76) followed by Gauteng (39).

7.7 Audit findings on Support Scheme Covid-19 Relief Fund

Out of R175m as budgeted for SMME relief fund, an amount of R145 million had been disbursed up to the 15th July 2020 and no concerns were identified by the Audit General at that stage. The uptake on the spaza shop support scheme has been below the departments' expectations – only 1 697 owners had received the grant in a total of R5.9 million by 30 June 2020. The audit identified a control weakness in the approval process which the department is attending to.

An audit was done for the Department of Small Business Development (DSBD), Small Enterprise Finance Agency (SEFA) and Small Enterprise Development Agency (SEDA). The main focus of the audit was on the following areas:

- Debit finance scheme for spaza shop support,
- Assessment of the design and implementation of manual and system controls,
- Testing whether loans or support were provided to eligible beneficiaries.

7.7.1 Key finding of the Auditor General

There were weaknesses in the implementation of approval processes. No verification forms were submitted for audit. The auditors had limited evidence that DSBD officials sign off on individual applications.

It was found that fewer people applied for Spaza Shop Support Programme (SSSP) than expected. The audit identified some weaknesses in the preventive controls for the scheme's approval process.

7.8 Conclusion

The Department of Small Business Development (DSBD) through SEDA provided business development services to SMMEs, including matching SMMEs to wholesalers, training on pricing and costing, workshops on promotion and marketing, business coaching and mentoring on business growth and upscaling of production, and advice on branding and product labelling. Through SEFA, access to funding was provided to small enterprises that need working capital for upscaling their production. The Department is further investigating the use of e-commerce platforms to popularise, market and facilitate linkages and transactions between the SMMEs and the market.

7.9 Recommendations

It was recommended by the Auditor General (AG) that the DSBD and financial institutions should consider changing the applications forms to allow the application to be properly evaluated at the bank before it is submitted to the department. The DSBS Accounting Officer (Acting DG) indicated that they will amend and implement the documented operational procedures after they have cleared the backlogs of manual applications.

8. CONCLUSION

While the pandemic has shown that Government can be agile in a crisis, it has also highlighted weaknesses in responding to the needs of the citizens.

The pandemic has placed Government and the public servant under a magnifying glass where the public is focused on its professional and ethical conduct, the effective, economic and efficient use of resources, equity of services rendered, accountability and transparency. These

elements listed are nothing new for the public service as these are the principles that govern public administration.

These principles should be part of how Government and public servants do business daily. So the answer is clear: as Government we need to ensure adherence to the Constitutional Principles as listed in section 195.