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UNIVERSAL BASIC INCOME  
GUARANTEE FACTSHEET SERIES

# THE PITFALLS OF POVERTY TARGETING

## The drivers and impacts of widespread exclusion from the SRD grant

### Introduction

- The targeting of social assistance transfers to those defined as most in need is often argued to be the fairest way of allocating limited resources.
- However, empirical evidence is increasingly showing that the narrow targeting of social assistance often results in high rates of exclusions.<sup>1</sup>
- Existing overall estimates suggest that the SRD grant too, has a very high rate of exclusion.
- The IEJ conducted empirical research to identify exactly how and why exclusion happens, as well as the consequences of exclusion on affected communities.



### THE FOUR ELEMENTS OF A UBIG

- ✓ **UNIVERSAL** – applies to all adults.
- ✓ **BASIC** – covers basic necessities.
- ✓ **INCOME** – a regular cash benefit.
- ✓ **GUARANTEE** – provided as a right.

## Background

The COVID-19 Social Relief of Distress (SRD) grant was introduced in May 2020 as part of the government's response to the COVID-19 pandemic and remains the only social grant available to working-aged able-bodied people in South Africa. The value of the grant was initially set at R350, 60% of the then-food poverty line (FPL).<sup>2</sup>

In April 2022, the grant was transitioned from disaster management regulations to the Social Assistance Act, and the eligibility criteria narrowed. A formal means-test was introduced, based on individual monthly income and financial support, with an automated bank verification system monitoring all inflows into bank accounts. The means-test is currently set at R624, equivalent to the 2021 FPL, and has not been adjusted for inflation. As a result of high levels of inflation since 2021, the FPL has been adjusted by Statistics South Africa to R796 at the time of writing. This means that SRD grant applicants must be poorer now than in 2021 to qualify. Additional eligibility criteria include, not residing in a government institution, not being employed by the government, and not receiving another social grant on behalf of oneself (excluding the child support grant, CSG, which is received on behalf of a dependent).

Expert estimates suggest that around 17 to 18 million people are eligible for the SRD grant, based on the number of working-aged adults living in food poverty.<sup>3</sup> Despite this, approvals have consistently hovered around 8 million since April 2022 when current criteria came into effect, indicating that only about 50% of the eligible population is being reached, following a peak of 10.9 million approvals in March 2022, at the end of the previous iteration. This underlines issues with the narrow targeting of social assistance, which is often argued to be an efficient and fair means of resource allocation but is increasingly shown to lead to erroneous exclusions.

## Objectives of the study

There is a pressing need to understand the mechanisms and contexts in which unfair or "erroneous" exclusions from social assistance programmes occur both in South Africa and globally, and particularly to foreground the experiences of those whose rights are undermined. Although empirical research on the factors leading to exclusions is scarce, advocacy organisations including the IEJ and #PayTheGrants have repeatedly highlighted potential drivers of exclusion from the SRD grant. These include lack of access to the internet and digital devices; whether an applicant lives near utilities; access to bank accounts and the financial system, and English-language proficiency. In addition we have pointed to fundamental flaws in the government's methodology for "verifying" applicants' eligibility, which render these methods unfit for purpose.

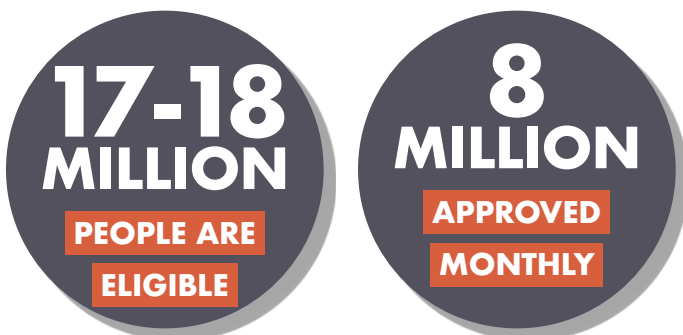
This gap in empirical evidence is what our research aims to address; it is, as far as we know, the first of its kind to systematically investigate the range of mechanisms of exclusion from the SRD grant in South Africa. Our objectives were to determine the extent of erroneous exclusions (exclusions of persons who should qualify under the official criteria), understand how these exclusions occur, identify who is most at risk, and explore the perceptions and experiences of those excluded.

## Methodology

We took a mixed-methods approach, combining high-level aggregate data with qualitative interviews to thoroughly explore the drivers of exclusion and experiences related to exclusion. This research was conducted in two phases:

**Survey phase:** This phase targeted individuals who had not received payment of the grant for at least one of the three months from December 2023 to February 2024, and whose incomes fell below the Upper Bound Poverty Line (UBPL), essentially focussing specifically on those living in poverty. We performed our own independent eligibility assessment using questions adapted from SASSA's application questionnaire, supplemented by our own questions on income. Notably, unlike SASSA's application process, our survey was available in four languages, and covered 900 respondents.

**In-depth interviews:** These helped us to delve deeper into the perceptions and experiences of exclusion. We conducted 58 semi-structured interviews with a sample of respondents from the first phase in Durban and rural North West to add depth to our survey findings.



## What is the extent of erroneous exclusion?

Our independent eligibility assessment was based on the official eligibility criteria as laid out in the SRD grant regulations,<sup>4</sup> and was designed to determine whether a respondent had “means” below the income eligibility threshold in the relevant month, based on self-reported income and financial support.

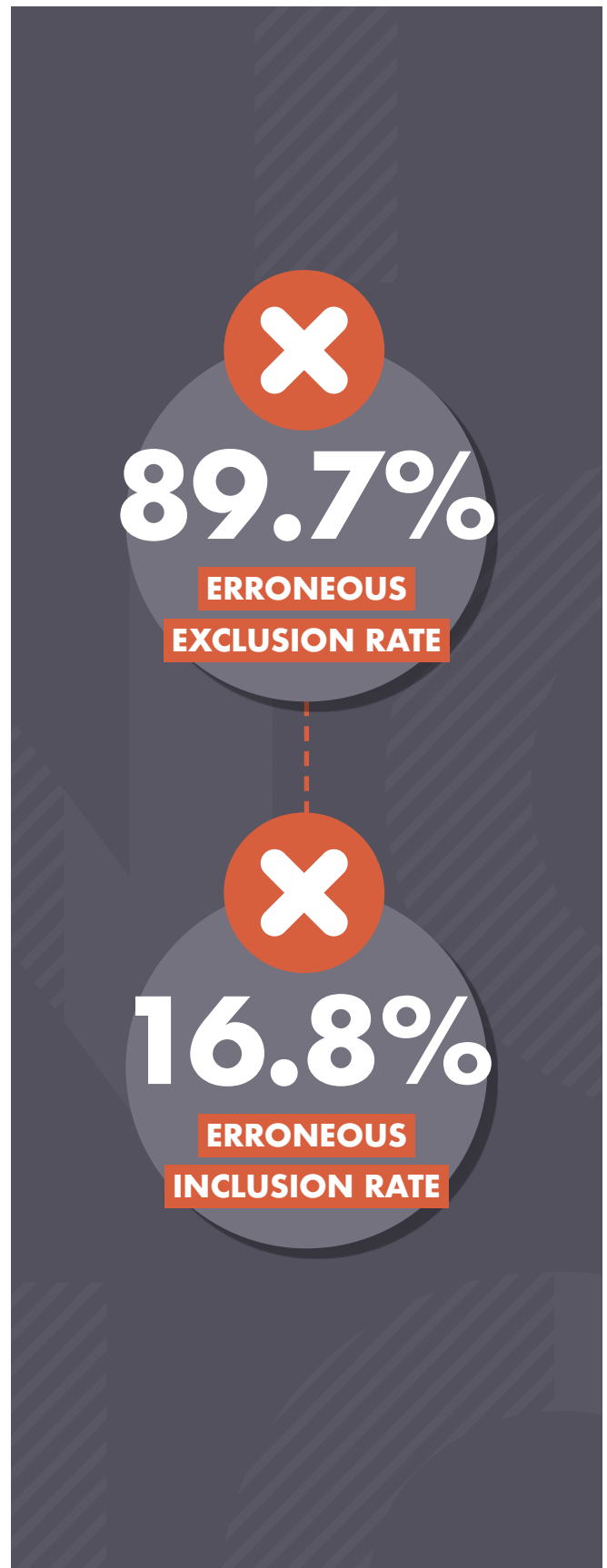
Our findings showed that (across the three months on average) 75.9% of survey participants were eligible based on these criteria. However, only 10.3% of the eligible participants actually received payments, indicating a monthly average erroneous exclusion rate of 89.7% among the eligible respondents.

It is important to note that this is not an indication of the overall ratio of exclusion from the SRD grant. Because our survey specifically targeted people living in poverty, a greater proportion of our sample will have been eligible for the grant than a sample representative of the broader population. It does however point to a staggering degree of erroneous exclusion of those eligible and in need.

The remaining 24.1% of our sample were considered ineligible, either because they reported having incomes above R624 or because they reported monthly financial support that was above R624. It’s important to note that almost half of this group reported incomes between R624 and R760 (the FPL at the time of the study)—above the current eligibility threshold but still beneath the food poverty line at the time of the study. This means they likely would have been eligible for support had the eligibility threshold been adjusted to account for inflation. Despite being technically above the eligibility threshold, the majority demonstrated a significant need for support, reporting high levels of financial strain with many indicating that they struggle to afford basic necessities like food.

Among the ineligible group, we found that 16.8% were erroneously included (i.e. received payment despite not being eligible). However, it is likely that some CSG recipients in our sample incorrectly included CSG money in their self-reporting of income to us, and we expect that this accounts for a proportion of “erroneous inclusion”.

Despite that, the rate of erroneous inclusion demonstrates that the verification systems used by the government are not fit for purpose. It also tells us that the scale of erroneous exclusion vastly outweighs that of erroneous inclusion. Simply put, those who experience exclusion from the SRD grant far outweigh those wrongly included. This is a very worrying finding as erroneous exclusions are a human rights violation, and frustrate the intended purpose of the grant, namely to mitigate hunger and poverty.



# Barriers to access—How does exclusion happen?

Although overall erroneous exclusion rates were very high, at nearly 90% in our sample, this figure alone doesn't explain how people were excluded. We look below at the various ways eligible individuals end up not receiving the grant.

## Not applying

25% of people who had not received the grant since its reintroduction in April 2022 indicated that they had never applied, with most of these individuals being eligible. Among those eligible the most common reason for not applying was that they did not believe they qualified. Other common reasons included not knowing how to apply, lacking access to devices for the online application, or not having faith in the grant system.

## Clarity and comprehension of the application process

SASSA's application process involves answering questions related to income and financial circumstances, alongside bank verification and database checks. It is unclear how SASSA weighs responses to application questions against their own automated checks, in determining eligibility. But the application questionnaire has been criticised for potentially misleading applicants into stating that they have means when they don't. Many eligible individuals in our sample who were not receiving grants gave answers to SASSA's questions that contradicted their responses to

our simpler questions on income and financial support. Although we cannot fully explain these inconsistencies, they likely stem from a lack of clarity in the application process. Notably, as our survey was offered in four languages, it has lower barriers to comprehension than the English-only application process from SASSA.

## Erroneous rejection—bank verification system

The most common rejection reason given to eligible applicants in our study was "alternative income source identified"—accounting for almost 80% of all rejection decisions. This refers to cases where applicants have "failed" the bank verification check. By contrast our assessment finds that only 24.1% actually had "sufficient means" (and thus around 76% should not have failed means-testing).

This discrepancy is because the bank account verification system is flawed; it registers any inflows into an applicant's account as "means" (i.e. income or financial support), including transfers that should not reasonably count as means for the account holder—including child maintenance, loans, once-off donations, household transfers, and funds held on behalf of others. A deeper analysis of applicants rejected due to having means above the threshold, shows many of these rejections were based on inflows outside a reasonable definition of income (as selected responses in Table 1 illustrate). The most common reasons for these inflows were intra-household transfers (such as money transferred between people who live together for groceries), holding funds for others, and last-resort donations for survival. These types of inflows may have been "double-counted" for two applicants in the same household; are not intended to benefit the account holder but somebody else; or are not regular payments upon which a recipient can rely. We hold that none of these types of inflows should have disqualified applicants.

**Table 1. Source and purpose of bank account inflows which led to grant rejection (selected responses)**

Source	Purpose
A friend of my mom	My mom sews clothes for church members and she sometimes uses my bank account to receive payments
A loan shark. I was supposed to give it to my mom	My mom's bank card was misplaced so we had to use mine
A relative	Had to give it to somebody that did not have a bank account
From my boyfriend	To buy clothes for our son
Money lender	So I can buy food for Christmas
My relative	For me to start a small business
My sister	Buying my mom medication
Sister	To go for a job interview



## Appeals

A large proportion of our sample appealed a rejection at least once since April 2022. However, only 5.3% of these individuals had a successful appeal in at least one month since April 2022. It's worth noting that our appeal data was not disaggregated by month (we did not ask about appeal outcomes for every month), meaning that the actual monthly appeal success rates are likely even lower. Among the very few successful appeals, wrongful rejections based on the "sufficient means" criterion were much less likely to be overturned. These findings are in line with the latest data provided by SASSA, that out of 10 million SRD grant appeals lodged in the 2023/24 financial year, 98% had been unsuccessful.<sup>5</sup> The appeals process is very narrow, it does not allow for applicants to submit new information, instead it constitutes running the same automated checks again.

## Non-payment after approval

Non-payment of approved grants was also a significant driver of exclusion, with nearly half (44.5%) of approved grants not being paid on average across the three months. Most people in this unpaid group reported that their payments remained "pending" at the time of data collection. Most people told us that they did not know what the reason behind the delays was. Some recipients cited issues with identity verification or updating bank details as possible causes.

Our findings show that recipients who opted for direct payment into their bank accounts were more likely to receive their grants, while those who chose the Post Bank were less likely to be paid. SASSA announced the phasing out of Postbank payments between December 2023 and April 2024, and our data suggests that Postbank failed to pay a large share of grants following this announcement.

A number of approved grants were reported as cancelled—a new practice introduced in the April 2024 amendments to the regulations. Survey data collection began that same month, indicating that SASSA began cancelling historic payments immediately after the law came into effect.

## Who is most at risk of being excluded?

International literature, along with local and anecdotal evidence, suggests that several factors can increase an individual's risk of exclusion from social assistance.

These include pre-existing digital exclusion (such as lack of access to devices and the internet), financial exclusion (including limited access to formal banking systems and financial services), and exclusion from national identity systems (like not having an ID or a digital ID, or not being registered on relevant national databases). Additionally, gender, education levels, first language, and residence in rural areas have also been linked to reduced access to social assistance.

Given the design features of the SRD grant, such as online-only applications, a fully digitised and automated verification and payment cycle, and English-only applications, there is a high potential risk for those already socially excluded to face even greater difficulties accessing the grant. (For a more detailed discussion on the aspects of the design that lead to exclusions, see the IEJ's 2023 policy brief: "Litigating the right to social assistance"<sup>6</sup>).

In light of this, we investigated whether certain characteristics were correlated with people being more likely to experience exclusion at specific points in the grant cycle.

**On the likelihood of not applying:** Individuals without mobile phones or smartphones were more likely not to apply despite being eligible for the grant. Similarly, those without email addresses were less likely to apply. These results indicate that digital exclusion may significantly increase the risk of people not taking up their entitlements. Financial exclusion was also correlated with eligible people not applying for the grant, referring to those without their own bank accounts or without exclusive use of one. Those who did not apply despite being eligible were also less likely to perceive the application process as simple. Education levels were correlated with perceptions of the ease of the application process, suggesting that the application process was complicated to the degree that those with lower education levels struggled to navigate it.

**On the likelihood of not being approved despite being eligible:** Our study found that eligible women were more likely to not be approved. This gender inequity could stem from a caregiver penalty—women being more likely to receive the CSG on behalf of children, although according to the regulations this should not be grounds for exclusion. Maintenance payments received for children (for instance from fathers), which are counted as income in the bank verification process, could also be putting women at higher risk of exclusion.

Rural dwellers were more likely to not be approved, likely due to overlapping forms of exclusion such as limited access to digital and financial services in rural areas. We also found that holders of smart ID cards were more likely to be approved, supporting the conclusion that the biometric verification system favours smart ID card holders over holders of green ID books (despite green ID books still being a legitimate form of identification in South Africa). Importantly, smart ID cards are difficult for many to obtain—as there is a R140 fee attached, as well as time and transport costs. Finally, none of those in our sample who hold alternative forms of identification documents, i.e. refugee IDs, were approved, likely indicating additional barriers for non-citizens, despite the fact that these groups are still eligible for the grant.

**On the likelihood of non-payment after approval:**

We observed a correlation between education level and the receipt of approved grants, with individuals holding tertiary education being more likely to be paid after approval and those with less than grade 10 education being less likely to be paid. This is likely linked to digital and financial exclusion, as well as potential challenges in navigating the payment process for those with lower literacy and/or digital capabilities.

Having your own smartphone, applying on your own device, having ongoing internet access, and owning an email address all increased the likelihood of receiving payment after approval. Variables linked to financial inclusion, such as owning a bank account or opening one specifically for the grant, also increased the likelihood of payment after approval.

**On the likelihood of appealing a rejection:** Women were more likely to appeal a rejection, possibly motivated by what would be perceived as a clear case of erroneous exclusion due to CSG receipt. Digital inclusion (access to the internet and devices) was also correlated with the likelihood of lodging an appeal, which is not surprising given the online nature of the appeals process. Education levels were also correlated with the likelihood of appealing a rejection, with those holding tertiary education being more likely to appeal, while those with less than a grade 10 education being less likely to appeal.

Overall our findings clearly show that gender, education level, immigration status, access to identification, and levels of digital and financial inclusion all factors correlate in various ways with exclusion. Those already facing social marginalisation and inequity are at greater risk of being excluded from the SRD grant. Contrary to the rationale often given for narrow targeting—that it ensures the most vulnerable benefit—our findings suggest that targeting may actually result in failure to reach many of those most in need.

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# What are the experiences of the excluded

We conducted 58 long-form, semi-structured interviews to deepen our understanding of the survey findings and uncover the nuanced experiences of those excluded from the SRD grant. Several themes emerged from these interviews:

## Disillusionment and defeat

Many participants expressed a loss of faith in the system, stemming from their confusion over how decisions are made and a feeling that receiving the grant depends more on luck than eligibility. This disillusionment has led to many no longer checking their grant status, not appealing rejections, and giving up on trying to resolve issues. Some even reported significant psychological impacts and emotional distress due to these experiences.

## Challenges in accessing administrative support

Participants were often unaware that SASSA offers no in-person assistance for the SRD grant. Many wasted time and money travelling to SASSA offices, only to find they could not get help with their grant issues.

Even with the existence of a toll-free helpline, many still reported difficulties in reaching a representative and some who did manage to reach one were disconnected without receiving any assistance. Those who did receive assistance, were incorrectly advised by officials to gather more information for appeals such as proof of their unemployment from SARS, not realising that the appeals process is automated and does not allow for new information to be submitted.

## Privacy risks with private intermediary platforms

Several participants used third-party online portals to manage their grant applications, mistaking these for official SASSA platforms. These sites often mimic official branding, not offering any unique services but merely collecting personal information (ID and phone numbers) to check grant status on the SASSA official portals. This information is at risk of being sold on or shared with other parties. These sites take advantage of the information gap around the SRD grant, potentially posing significant privacy and security risks to beneficiaries.

## Digital barriers

The most common issue experienced by our interview participants was not owning a mobile phone or smartphone, often forcing participants to rely on others to apply on their behalf. This dependency made it difficult

for them to manage their applications, change payment methods, or receive updates from SASSA. Some also struggled with the biometric verification due to not having access to a quality camera.

Some who did have access to phones reported lacking the digital literacy needed to navigate the application process independently, often having to rely on the help of younger people to manage their grant affairs.

## Language barriers

The English-only application process was noted as a significant hurdle for some participants, who found it difficult to understand the application questions and requirements.

## Identification barriers

A number of participants mentioned lacking the necessary formal documentation to access the grant, further complicating their ability to apply.

## Sufficient means

Many who were rejected for having 'sufficient means' reported that the only inflows into their bank accounts were from the Child Support Grant, which should not be grounds for exclusion. Others were disqualified for one-time inflows that were not even for their direct benefit, an issue that particularly affected women who are mothers and caregivers.

## Reliability of payment systems

The unreliability of the payment systems was a common grievance among those who had their grants approved but faced delays or non-payment.

## Impact on food security and livelihoods

Participants who had lost access to the grant spoke of severe impacts on their ability to meet basic food needs, with some resorting to begging. Others experienced significant disruptions to their economic livelihood activities, such as an inability to meet credit obligations, plan their finances, or participate in economic activities like stokvels and job-seeking.

The month-to-month verification of eligibility for the grant penalised those who tried to use it to build income-generating activities, which on a macroeconomic level serves to undermine the ability of the grant to contribute to inclusive growth.

## Grant value

Despite the critical role of the grant in their lives, many participants felt that the amount was too small for survival. The recent R20 increase did little to alleviate their financial strain, as many point out that it failed to keep pace with the rising cost of living.

## Conclusion and policy recommendations

This study demonstrates that the narrow targeting of social assistance leads to high levels of erroneous exclusion. Furthermore, it reveals that the most vulnerable are often most at risk of being excluded. We propose a series of concrete policy recommendations to address unfair exclusion in the SRD grant system:

- Poverty targeting inevitably results in wrongful exclusion, often of the most vulnerable in the target group. This supports a call for the realisation of a universal basic income - or the gradual removal of eligibility requirements.
- The questionnaire should be reviewed for clarity, and the application process should be made available in other languages.
- Non-digital alternative options need to be made available for all applicants, who should be able to apply physically at SASSA offices. There is also a need for more robust and rights-aligned governance of digital systems in the public sector which uphold principles of transparency and explainability, privacy, security, and non-discrimination.
- The verification of means should not be based on monthly bank checks, but on the self reporting of income by applicants, who should be able to submit supporting documentation with their application. In addition, means should not be assessed based on a one month snapshot of income, but averaged across several months.
- The database verification over and above means testing should be done away with.
- The appeals system should be reformed, it should allow applicants to motivate their appeal and provide additional evidence to support it.
- Income support must be provided on a longer-term and more secure basis, and a higher bar should be satisfied for its removal, and that if it is removed, recipients receive adequate prior notice to enable them to plan accordingly.
- The receipt of maintenance payments for children in their care must not exclude caregivers from accessing support for their own needs.
- Both the CSG and SRD are currently set well below the food poverty line. They must both be increased to ensure adequacy. It is also important that the CSG maintain parity with the SRD grant, otherwise caregivers will continue to need to subsidise their own needs with transfers intended for children.
- The grant value should be increased and pegged to at least the FPL, and basic income support in future should be progressively increased above the rate of inflation to reach at least the UBPL in order to cover basic needs.
- The means-test threshold should be raised to at least be on par with the UBPL, to address the exclusion of persons in poverty and food poverty.

## Endnotes

1. For more on this see: Designing a basic income guarantee: Targeting, universality and other considerations.
2. The food poverty line (FPL) tracks the minimum amount of monthly income required to meet an adult's basic caloric intake requirements based on real prices in the economy.
3. Orkin, K., Goldman, M., Kreft, B., Hlela, N., Nicklin, J., Woolard., I & Leibbrandt., M. (2023). Proposal for the extension, redesign, and repurposing of the special COVID-19 Social Relief of Distress grant for the twin goals of poverty and unemployment reduction. SA-TIED Working Paper 218.
4. Alongside whether they were in the target age category, and held qualifying immigration/citizenship status, and lived in South Africa.
5. Pantshwa, C. (2024). SASSA'S commitment to transparency and accountability: The appeals process explained. DSD News.
6. IEJ policy brief: Litigating the right to social assistance.



This factsheet is part of our series on the universal basic income guarantee (UBIG) in South Africa. Visit our special UBIG portal by scanning the QR code.

Factsheets in this series are:

1. Why does South Africa need a Universal Basic Income Guarantee?
2. No one left behind: Why universal basic income makes more sense than targeted grants
3. Jobs versus Grants: Are employment and basic income a policy trade off?
4. How a UBIG can support healthier kids, happier adults, and lifelong learning
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7. "But how will we pay for it?" Financing a UBIG
8. Modelling fiscal pathways to a basic income
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