

# GOVERNANCE AND ACCOUNTABILITY: LESSONS FROM THE PROCUREMENT OF A SERVICE PROVIDER FOR SOCIAL GRANT PAYMENTS

**Pedagogy and Case Studies  
Workshop  
26 October 2021**

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**Define tomorrow.**

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# Introduction and background

- South Africa is considered the most unequal country in the world by the World Bank.
  - To address the consequences of this, government has implemented a social security programme.
- The establishment of the SASSA in 2006, brought with it the standardisation of the payment social grants across all races.
  - Issues of lack of capacity and infrastructure to pay the grants was identified.
  - As a result the payment of the grants was outsourced, which brought other challenges to the system.
- The main challenge was the irregular contract to pay social grants awarded to NET1 (a holding company of CPS).
- The aim of this case study was: ***to consider the governance and accountability lessons from outsourcing the payment of social grants by SASSA to CPS.***

# Methodological considerations

- The research methodology assumed is the qualitative methodology.
- Document analysis is the data collection technique.
- The careful analysis of both primary and secondary sources of information, allowed the researcher to provide a rich, precise and objective description of this case.

# The Chronology of outsourcing by SASSA

- 1994-1996: Standardisation of the administration of social security across the country.
- Main legislative and policy provisions for social grants in SA:
  - Constitution of 1996 (Section 27(1)(c))-every South African has a right to access social security.
  - White Paper on Social Welfare 1997-addresses disparities that were there in the provision of social security during the apartheid years.
- 2007-2011: The first RFP for the provision of a payment service was issued by SASSA on 23 February 2007.
  - 2012: A contract with NET1 (CPS is a holding company of NET1) to administer the grant payment system was concluded.
  - CPS in turn subcontracts Grindrod Bank to facilitate payments. Grindrod Bank did not have the necessary banking infrastructure and this presented challenges.
  - 2013: unauthorised debit orders go through grant recipients' accounts. Recipients indicate they are not receiving assistance from Grindrod Bank on this.
  - 2014: The Black Sash and other civil society organisations raise concerns about unlawful debit deductions from grant recipients' accounts.

# The Chronology of outsourcing by SASSA

- 2015: SASSA agreed to pay CPS for the reregistration of beneficiaries at an additional cost of R316 million despite not verifying the need for such a task.
- 2015: SASSA agrees with the ConCourt to consider the insourcing of social grants.
- 2016: NGO, Black Sash makes a submission to the Minister of the DSD for the protection of grants from unlawful deductions.
- 2017: Civil society campaigns to hold SASSA accountable continued. ConCourt extends the declaration of invalidity of the CPS contract to 31 March 2018 to protect social grant recipients.
- 2017: The then Minister of Social Development is ordered by the ConCourt as a party to the court proceedings in her personal capacity.
- 2018: An enquiry is mandated by the ConCourt into the Minister's personal liability in what was termed a 'social grants crisis'.
- The ConCourt subsequently ordered that the Minister pay 20% of the costs of the two NGOs that brought the matter to court (Black Sash and Freedom Under Law) in her personal capacity.
- Concourt awards a further six-month extension to CPS to ensure the payment of social grants continues.



## The Chronology of outsourcing by SASSA

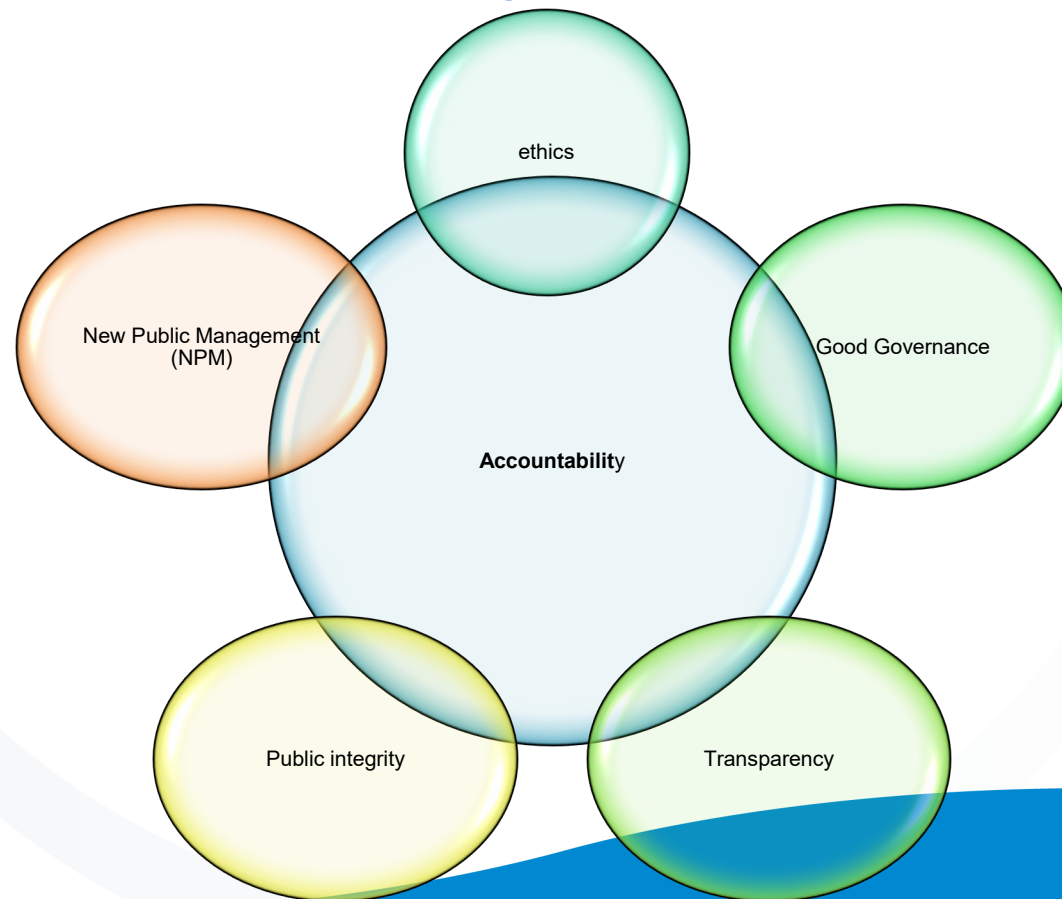
- 2018: New Minister of Social Development announces that SASSA is to transfer cash social grant beneficiaries to the South African Post Office (SAPO).
- 2019: SAPO provides a progress report to Parliament on the migration process, which was satisfactory.
- 2019: SASSA issues a media statement in October 2019 informing the public that the appointment of SAPO as a distributor of social grants had resulted in R1 billion saving to the fiscus (SASSA, 2019).

# Theoretical considerations

## Accountability theory:

- Accountability theory posits that public officials and political office bearers have to be answerable for their actions.

### Accountability relationships:





# Theoretical considerations

## Governance theory:

- Governance has many definitions, however, at a universal level refers to different theories and practices of governing.
- In the new practice of governance, government together with private organisations and NGOs are involved in meeting societal goals.
- Governance as an alternative to public administration, involves new styles of public–private horizontal systems.

# Theoretical considerations

## Governance theory:

- Effective governance is possible when government plays a central role.
- Prerequisites for successful governance:
  - Goal selection
  - Goal reconciliation and coordination
  - Implementation
  - Feedback and accountability for actions or inactions.



# **Using the case study for learning**

# Sense-making: Accountability theory



- The punitive cost order against the erstwhile Minister of Social Development is an example of failure to achieve the main tenet of accountability theory, i.e. being answerable for one's actions or inactions.
- The Minister and SASSA were found to have failed to account for the delays that occurred in either insourcing or appointing a new service provider for the payment of social grants, amongst other severe findings by the ConCourt. It is remarkable that SASSA values include transparency and integrity, yet this was found not to be the case by the Court.

# Sense-making: Governance theory

Prerequisites for successful governance:

- Goal selection-prior knowledge of the end goal as well as the integration of goals at all levels of government.
- Goal reconciliation and coordination-Government priorities at all levels have to be coordinated in order for action to be taken in accordance with the priorities.
- Implementation-The goals that have been set have to be implemented; in some instances in collaboration with social partners.

# Some questions to consider:

1. SASSA's values are listed in the case study, however what took place in the agency in the case of CPS is contrary to these values.

What in your view should have been done by SASSA management to promote the reputation of the agency, efficiency and effectiveness of that institution in light of the interference in operational matters by the then Minister?

2. Other than punitive cost orders imposed on public and political office bearers by courts of law, what else should be done to ensure accountability?

3. Governance theory calls for the public sector to partner with the private sector in the implementation of projects.

How can we ensure that ethics, integrity and transparency are not compromised when government works with private companies?



**Thank you!**