

**SOCIAL SECURITY  
SOCIAL DEVELOPMENT  
LEARNING WORKSHOP  
REPORT**

**25 OCTOBER 2001**

**AT**

**JOHANNESBURG AIRPORT  
CONFERENCE CENTRE**

Prepared by  
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Date  
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## **SOCIAL SECURITY / DEVELOPMENT**

### **LEARNING WORKSHOP**

**DATE: 25 OCTOBER 2001**

**VENUE: JOHANNESBURG AIRPORT CONFERENCE CENTRE**

#### **1. PURPOSE OF WORKSHOP**

To share experience in regard to social security (with particular reference to outsourcing of social grant payments) and social development, to answer the questions:-

- Where are we now
- Where do we want to be
- How do we get there
- New policy directives (national/provincial)
- Sustainability of new initiatives
- Capacity in government to absorb and manage change vis-a-viz existing programme demands

#### **2. ATTENDEES**

Representatives from: Eastern Cape  
Northern Province  
Kwa Zulu Natal  
Mpumalanga  
Gauteng  
National Dept of Social Development  
DPSA  
DPSA Knowledge Centre

#### **3. GAUTENG PROVINCE: OUTSOURCING OF SOCIAL GRANT PAYMENTS**

(see appendix A for Slide Presentation)

##### **3.1 OUTSOURCING PROCESS**

- Prior to 1997 payments made by own officials
- From 1997 to July 2000 payments made by Cash Paymaster Services (CPS)
- In October 1999 decided to embark on a tender process to select a service provider for cash and post office payments
- Involved the National Tender Board, Welfare Portfolio Committee, National Department of Social Development
- Tender period October/November 1999, adjudication on December 1999, leading to the appointment of ALLPAY on a 4 year contract (with 1 year option to extend) [NB: CPS tendered with the Post Office but was not awarded the tender. CPS filed a court case against the Dept of Welfare etc]

- Criticism from communities re resistance to change, why give employment to outsiders etc.
- Dept and Contractor embarked on an awareness campaign [NB: This was a mistake, better to give one body the responsibility of the communication strategy]

### **3.2 PROBLEM AREAS**

- New contractor amalgamated some paypoints which in some cases led to less convenience
- System required 13 digit ID's which in some cases were not available
- Re-registration process was undertaken but some didn't turn up
- Data base needed cleaning up and verifying ID's
- Equipment occasionally malfunctioned but no adequate back up available
- Terms of Reference required the Contractor to use SME's and local resources (with appropriate training) – but this training was not always successful
- The penalties in the Service Level Agreement (SLA) were not always practical
- Bad relations developed
- Security sub contractors (using local SME's) not satisfactory
- Trust Fund was managed by the Contractor and the Dept. had no control over what it was used for [NB: intended to be used to add facilities at paypoints and other RDP projects]
- At end of the contract period, need to ensure the Trust Fund is totally used up
- SOCPEN is not user friendly

### **3.3 BENEFITS FROM OUTSOURCING CONTRACT**

- Web site connectivity re location and number of payments made
- Management reports produced by ALLPAY systems, reconciliation's carried out monthly, including the ABC payments
- Replacement of Pension Smart Card within 24 hours
- Beneficiaries able to collect grants at any paypoint
- Payout carried out according to appointment (by ID no.) which spreads the load and reduced queues and waiting times
- Help desk introduced (at paypoints a beneficiary on line available to sort our queries with Dept of Welfare officials)
- No advances made to Contractor, pay back amounts paid out with 7 days
- When fraud detected, Contractor must complete investigation within 7 days and repay to Dep. Within 7 days where wrongful payments made

### **3.4 DEPARTMENTAL STRUCTURE FOR SERVICE LEVEL AGREEMENTS MONITORING ETC.**

Systems Branch (Assistant Director, SAO + 3 others)

Finance Branch (Assistant Director + 5 others)

Operations Branch (Deputy Director + 2 Assistant Directors)

In addition the District Offices were involved with the Contractors payout points in their locality.

### **3.5 MANAGEMENT STRUCTURE**

Steering Committee + Regional Area Forums (area managers appointed to determine improvements at paypoints).

### **3.6 RESULTS OF OUTSOURCING**

- a) Information on beneficiaries available from the web site to all Sections in the Department (and other Departments)
- b) When outsourcing first introduced, most departmental staff were not used to being office based, they had to be retrained and re-deployed
- c) Fraud more or less stopped
- d) Had to ensure that the “ghosts” were not still taken over by the new Service Provider!

### **3.7 NUMBER OF BENEFICIARIES**

108 000	ABC beneficiaries
332 000	ALLPAY beneficiaries

[NB: considerable increase over last year from 250 000]

### **3.8 BASIS FOR PAYMENT**

R20 per beneficiary (i.e. per head) + inflation index

### **3.9 ACHIEVEMENT OF OBJECTIVES**

- a) Indicators – achieved
- b) Reduction in admin and other costs – probably not achieved
- c) Risk management – risks transferred to Contractor – mostly achieved
- d) Budgeting a problem due to change in number of beneficiaries requiring additional fee

### **3.10 BASELINE SURVEY**

In order to be certain of improvements there is a need for a baseline survey before the new Service Provider starts

#### **4. NATIONAL SOCIAL DEVELOPMENT: NORMS AND STANDARDS FOR SOCIAL GRANT PAYMENT SYSTEMS**

(see Annexure B for slide presentation)

##### **4.1 COMMENTS ON PRESENTATION**

- New system intended to reduce to 2 days the handling or tracking of applications
- Tenders are to be advertised by November 2001
- Pilot projects to start in March 2002
- After proving the system it will be rolled out in all 9 provinces over the next 3 years
- Norms and standards for payment systems is only the first phase of the National Department of Social Development Improvement Programme

#### **5. E/CAPE PROVINCE: SOCIAL DEVELOPMENT PROPOSAL**

(See Annexure C for slide presentation by Mr Sixaba, See Annexure D for slide presentation by Chad Schaefer)

##### **5.1 COMMENTS ON SLIDE PRESENTATIONS**

- a) Definition of social development – reinstate self respect, independence
- b) What happens when donor funding ceases, will institutions be able to carry on?
- c) Should there be a separate Social Development Department as well as a Dept of Welfare (Security)
- d) Is the cluster system really working, will it be possible for departments to cooperate?
- e) Knowledge and information management are the key success factors
- f) Engage in partnership with other departments through integrated development planning based on common data base of information

##### **5.2 NORTHERN PROVINCE**

- a) To facilitate programmes to alleviate existing circumstances
- b) Nothing much started yet

##### **5.3 SOCIAL DEVELOPMENT INITIATIVES**

- a) Facilitate opportunities for employment of welfare beneficiaries
- b) Facilitate partnership - inter department  
- intra local/national provincial governments  
- intra public/private
- c) Facilitate or provide centres for redirection, refocusing or retraining
- d) Disseminate or provide information centres
- e) Create centres for abused woman etc.
- f) Develop/facilitate home based care for PWA's

#### 5.4 **MPUMALANGA SOCIAL DEVELOPMENT**

- a) Ratio of budget 93 % on social security, 7 % on social development in 2000/2001 in this year 2001/2002 the ratio is 83 %/17 % but 5 000 new applications for child welfare grants are being captured every month!
- b) Various centres have been set up (i.e. substance abuse, abuse of women, home based help for PWA's)
- c) Each branch contains a Deputy Director level post
- d) Encourage assisted living versus old age homes
- e) Welfare needs other skills rather than just people cooperation skills
- f) Operation Weaza started on 4 September to prove child ownership

#### 6. **LESSONS LEARNT**

- a) Sharing of thoughts and experiences
- b) Skills available versus skills required
- c) Presently mainly facilitation skills
- d) How can you best fund community building?
- e) How can you incentivise funding priorities?
- f) Problem arises from budget constraints combined with increase social security expenditure leads to reduced budget for social development
- g) There will only be less demand on social welfare when there is real progress on socio-economic development. Hence social welfare needs a multi sectoral approach
- h) Social development aims to assist individuals to get out of the welfare stream and to help other from getting into the welfare stream
- i) Social development is a multi governmental and multi departmental activity
- j) Poverty is the result of lack of information and knowledge (partly)