



Social Security and the Just Transition

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Executive Summary

For the Just Transition in South Africa to be truly just it must account for structural legacy challenges currently facing the country's economic growth. The policy brief therefore calls for setting of a protection floor through a Universal Basic Income which will protect and ensure vulnerable South Africans do not fall any deeper into poverty and minimize the current inequality gap. To date South Africa has a 42.4% unemployment rate using the expanded definition. South Africa is the most unequal society in the world with the highest GINI coefficient of 0.63. South Africa has 62.1% of young people between the ages of 15 -24 unemployed and 40.7% aged between 25 and 34 out of employment. Black women bear the brunt of unemployment with 48.7 % Black African females currently unemployed. A truly Just Transition in South Africa needs to focus not only on shifting people from brown industries to green industries and reskilling and upskilling but on social protective measures as well that will ensure the protection of incomes and livelihoods while also accounting for the reality that almost half the workforce is currently unemployed, and that some jobs will unfortunately be lost permanently in the transition, adding to the current burden of unemployment and inequality in the country. In addition, transitions by nature and upskilling, and reskilling also come with their own time lags. Therefore, a comprehensive social protection measure needs to be put in place to absorb the immediate shocks to the labour market while affording people the means to meet their daily bread while looking elsewhere for employment. In South Africa as we are entering a transition with a backlog of 42.4% unemployment rate, the measure needs to be comprehensive and wide enough to accommodate these already high unemployment numbers while acting as a buffer against further employment losses. Social security safety nets in the form of income therefore play a significant role as buffers during this time lag and play a crucial role in preventing many from falling into deeper levels of poverty. They also play a catalytic role in assisting people to look for new jobs, starting businesses and meeting their daily food requirements while transitioning.



Universal Basic Income (UBI) is a permanent social security policy that ensures that basic needs are met, that the economy is properly regulated and that increased sustained demand creates higher productivity and thus grows the economy and jobs.

Key Messages

South Africa needs to set a floor of an acceptable standard of living that a Just Transition must secure for all South Africans a decent standard of living for all.

South Africa needs to set a floor of an acceptable standard of living that a Just Transition must secure for all South Africans a decent standard of living for all.

The implementation of a Universal Basic Income as a social protection floor to accompany the country's Just Transition.

South Africa must implement an economic stimulus to stimulate economic demand and secure and protect the livelihoods and incomes of South Africans in the form of a Universal Basic Income and an Employment Guarantee (for more on this).

The South African constitution guarantees the right to social protection. A Universal Basic Income is a necessary component of a Just Transition in a country with staggering unemployment levels and high poverty and inequality.

Universal Basic Income is affordable and can be financed using measures outside the fiscus. However, this will require a change to the current stifling macro-economic framework to include targeting unemployment and GDP growth rather than inflation and debt.

South Africa's Nationally Determined Contributions (NDCs) should include financing for a Universal Basic Income (UBI), ringfencing a minimum of 35% of global climate funds coming into the country to be spent towards financing a UBI as a social security policy for the country which should be distributed through the South African Revenue Service.

Objective and Outline of Policy Brief

This Policy Brief is part of SPI's Just Transition and Social Security Program. The policy brief builds on the first working paper of the program looking at the nexus between a Just Transition and Social Security in South Africa [working paper](#).

In this Policy Brief SPI builds the empirical case that South African can only have a Just Transition if we introduce a Universal Basic Income, given the historical roots of inequality and poverty and economic marginalization located in Apartheid and the ever-deepening structural unemployment crisis.

This Brief introduces new thinking about the spectrum of Just Financing that could provide a financing blend to financing a UBI in South Africa, leading to the economic recovery modelled in SPI's research paper ([working paper](#)).

The Policy Brief begins with Section One that looks at the global and local context for a Just Transition. Followed by Section Two which defines the role of social security in South Africa's Just Transition. Section Three sets out the case for a Universal Basic Income in the Just Transition. Section Four answers the question of how South Africa will finance the Universal Basic Income.

The main emerging points are contained in the section on 'Key Messages' at the front of this brief.

Acknowledgements

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Background

The Just Transition component towards meeting climate mitigation and adaptation national goals of net zero by 2050 stems from the Paris Agreement (2015). It is a set of economic and social plans, policies and investments that lead to a reduction in emissions, investing in green jobs, skills and infrastructure while eradicating poverty and ensuring communities thrive and remain resilient.¹ The internationally accepted process in drafting Just Transition measures involve a social dialogue process between government, workers, communities, employers, and civil society. In response to this South Africa established the Presidential Climate Commission (PCC) in September 2020, an independent, statutory, multistakeholder body whose key focus is to create social partnerships around a Just Transition, define a vision for a Just Transition for the country covering sectoral shifts, employment opportunities and the requisite investments, skills and technology needed to set the economy of the country on the net zero trajectory.

While the PCC has done a remarkable job in developing a national framework for a Just Transition for South Africa, the framework is void of defining the desired minimum standard of living that should be afforded to every South African in the transition and post the transition. There are both explicit and implicit agreement that the minimum standard of what marks a transition just in South Africa ought to be one that leaves no South African behind, but a clearly defined standard and agreement of what this means is not clearly articulated. This policy brief seeks to define what the minimum standard of living should be in South Africa's Just Transition policies and how it can be achieved and financed in a manner that is sustainable.

If South Africa is to leave no person behind in the transitioning towards net zero emissions by 2050 and ensure the process is truly just there are hard truths that the country needs to firstly admit and accept.

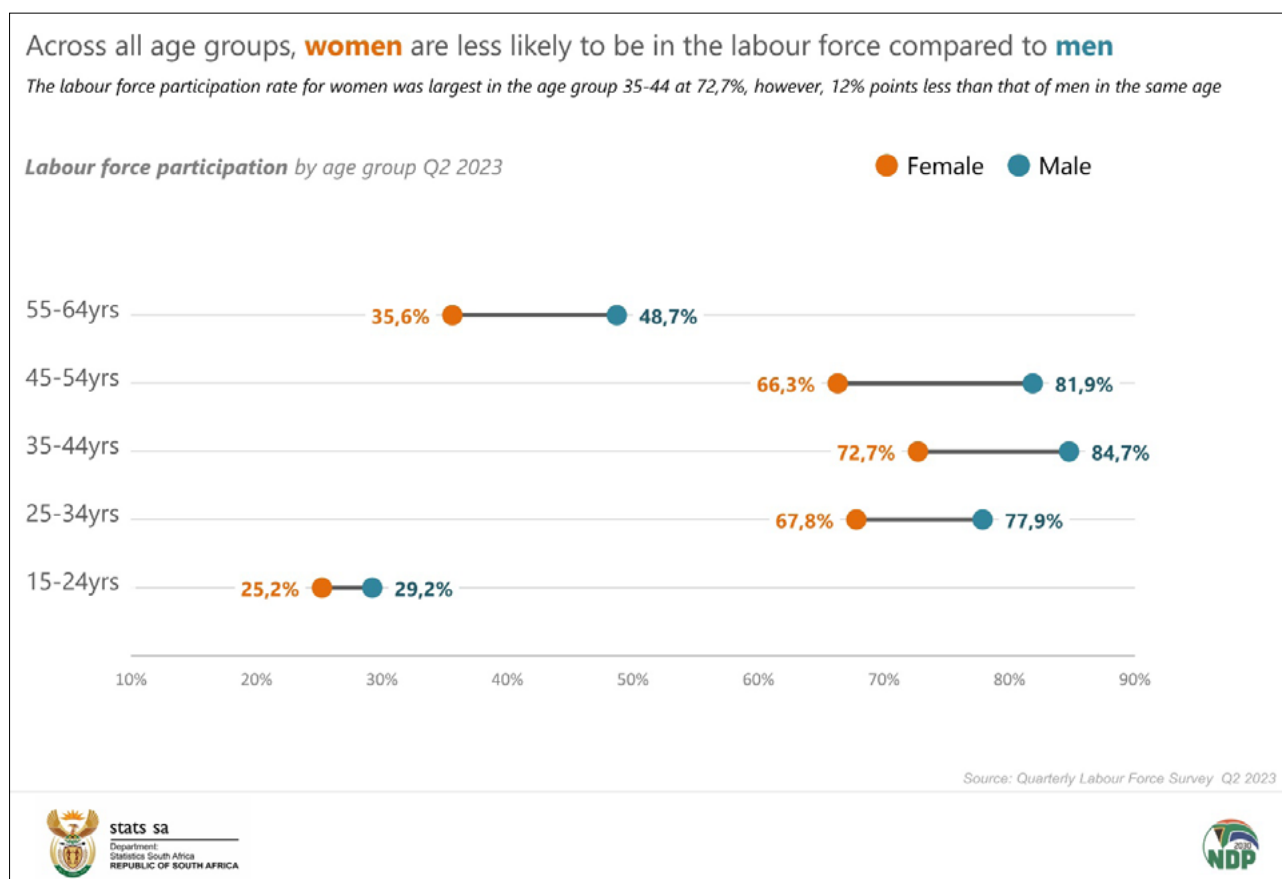
The first is that South Africa is currently the most unequal society in the world with a GINI income coefficient of 0.63.² Secondly the country has staggering unemployment numbers especially among the able bodied, and of working age. The country's unemployment rate is 42.4% including discouraged workers (the expanded definition) with the youth and black women disproportionately affected.³ South Africa's Just Transition Policies need to account for this reality and see the transition as an opportunity to address these social and economic ills.

1. ITUC.2017. Just Transition- Where are we now and what's next? A Guide to National Policies and International Climate Governance

2. Statista. 2023. <https://www.statista.com/statistics/264627/ranking-of-the-20-countries-with-the-biggest-inequality-in-income-distribution/#:~:text=Gini%20Index%20%2D%20countries%20with%20the%20biggest%20inequality%20in%20income%20distribution%202021&text=South%20Africa%20had%20the%20highest,in%20second%20and%20third%2C%20respectively>

3. StatsSA 2023, Quarterly Labour Force Survey (QLFS), 2nd Quarter 2023

Gender disparity persists throughout all ages.



Source: StatsSA 2023

What is the role of social security in South Africa's Just Transition

The Intergovernmental Panel on Climate Change (IPCC) released a devastating report on global efforts to reduce emission in 2022 stating that greenhouse gases over the last decade have reached an all-time high.⁴ It warned unless immediate and deep action is taken across all sectors of the economy, limiting global warming to 1.5 degrees will turn into an unattainable dream. Exacerbating the curtailing of global emissions to 1.5 degrees were the low commitments made by countries on their Nationally Determined Contributions (NDC) submitted prior to COP26. Many of them lacked a social component. Therefore, the mounting pressure to keep global emissions below 2 degrees and even 1.5 degrees will continue to grow. This means countries will have to transition sectors of their economies and their economies at large at a much faster pace than anticipated. sectors of their economies and their economies at large at a much faster pace than anticipated.

The world's largest global emitters of Carbon Dioxide (CO₂) are China, the United States of America, India, Russia, and Japan, with other western countries being among the top contributors such as Germany, and Canada.⁵ The Just Transition discourse globally has been polarised among countries in the global north versus countries in the global south. Countries in the global south have advocated that countries in the north ought to pay them for prehistoric global emissions produced largely during the industrial revolution in the 1800s.

4. IPCC Report 2022. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf

5. Blokhin, Smith & Perez. 2023. The Five Countries that Produce the Most Carbon Dioxide. <https://www.investopedia.com/articles/investing/092915/5-countries-produce-most-carbon-dioxide-co2.asp>

Although a developing country, due to its use of coal for energy generation South Africa is currently among the top emitters globally. South Africa is among the top 20 largest global emitters.⁶ Therefore, as pressure mounts globally for countries to transform all sectors of their economy into low carbon sectors South Africa's transition will need to happen at a much faster pace compared to other developing nations in the global south. This is already evident in the country's energy sector which has begun its decoupling process. In addition, the IPCC anticipates global greenhouse gas emissions to peak between 2020 and at the latest before 2050.⁷

The concept of 'Just Transition' originated in the United States of America in the 1980s when organized labour and environmental groups began to advocate for public policies protecting the natural environment as well as workers. It emphasized that workers' rights should be protected in any transition to a green future. The concept has since been used to refer to and acknowledge multiple framings that are context specific but underpinned by the same principles driving different policy positions and practices. The IPCC 2022 report highlighted for the first time in the global climate change discourse the importance of the social and demand side aspects of climate mitigation strategies. Until then climate mitigation solely focused on the supply side looking at green infrastructure and putting in place and developing the appropriate technologies needed to reduce emissions.⁸

However, policies that focus on the demand side of the economy and improving the wellbeing of people have a potential for large reductions in global greenhouse gas emissions while at the same time improving socio-economic ills such as inequality and poverty alleviation. Climate change policies that deliberately address equity in the Just Transitions can support deeper ambitions for accelerated climate action and galvanize wider community acceptance of transition decisions taken. The most effective and appropriate policies in the Just Transition are ones that account for international, national, and regional circumstances including accounting for current country conditions and enablers available in a country. Bottom-up policies that link climate change with national imperatives and national policy goals that can be scaled up and implemented efficiently play a critical role in a country's Just Transition pathway.⁹

Social security policies are policies that society typically provides to individuals and households especially in cases of old age, unemployment, sickness, invalidity, work injury, maternity, or loss of a breadwinner.¹⁰¹¹ Social security has an important role to play in the Just Transition process of a country especially a country like South Africa with high unemployment rates and high-income inequalities as well as high poverty levels. Social security could play a direct climate mitigation strategic role as well as an indirect role by acting as an economic stimulus in a country to generate demand side economic activity by placing money directly into the hands of individuals and households who will in turn spend the money in the economy. When implemented together with other policies social security can influence the behaviour of people by steering and encouraging them to spend in a particular sector. Countries like Egypt have adopted such policies. Egypt implemented social protection programmes that encourage and support the phasing out of fossil fuels in the country by expanding social protection benefits to accompany reforms aimed at reducing fossil fuel consumption.¹² The Egypt example is a direct mitigation strategic role social security can play.

6. UNEP Emissions Gap Report 2022. <https://www.unep.org/resources/emissions-gap-report-2022>

7. IPCC Report 2022. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf

8. IPCC Report 2022. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf

9. IPCC Report 2022. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf

10. <https://www.spi.net.za/working-paper-monitoring-the-rights-of-access-to-social-security-appropriate-social-assistance-in-south-africa/>

11. ILO. <https://www.ilo.org/secsoc/lang-en/index.htm>

12. Willis, A. (2021) Investigating the Net Employment Impacts of Renewable Energy in South Africa, Master dissertation submitted to Delft University of Technology in partial fulfilment of the requirements for the degree of Master of science in Engineering and Policy Analysis Faculty of Technology, Policy, and Management

Social security is also important because it recognises vulnerable members of society and encourages economic participation of this group. It can challenge existing power relations in the system and can play a vital role in the inclusion of the 72% currently excluded black women in the economy. Social security can empower these vulnerable groups in society to influence and collectively or individually own the decision-making process in the Just Transition while also allowing the power to challenge existing power relations in the workplace and home by granting them the option to opt out of certain decisions.

Social security can also play a distributional role. It can cushion against direct impacts of the transition, most commonly related to job losses in specific sectors, loss and damage of property and lives due to extreme weather conditions.¹³ An expansive social security using a universal approach also includes a wider definition of vulnerable groups as beneficiaries such as those in employment for example in the financial sector or legal sector who currently have jobs but are at risk of losing their jobs with the introduction of new technologies and artificial intelligence. An expansive social security can mitigate against economic and environmental injustices.

While South Africa has several social security measures in place covering the elderly, disabled, the unemployed provided they meet the Unemployment Insurance Fund (UIF) criteria the social security landscape remains highly fragmented and exclusionary. Adding to this fragmentation in the system is the pejorative apartheid system that constructed the social assistance landscape which was geared towards a few members of society mainly white males.¹⁴ The 1994 post -Apartheid government inherited by design an exclusionary and discriminatory system of social security. The current high levels of poverty, inequality, and unemployment buttress this already exclusionary and discriminatory system.

Social security can also be used to curb direct effects of climate change such as offering protection against climate related damage and loss to life and property because of increased adverse weather conditions. As extreme weather conditions become more prevalent such as floods and extreme high temperatures, weather conditions associated with these extreme conditions will have an impact on lives, especially the poor.¹⁵ It will impact their ability to get to places of work, or business. Unprotected workers in the informal sectors are disproportionately affected as they have no insurance covers or employer contribution schemes to claim from against losses and damages and even loss of lives. This can have catalytic and compounded economic effects through losses on incomes in the event of losses of lives of breadwinners.

Social security also has an indirect role to play in mitigation strategies. Social security in the form of incomes to individuals and households increases the decision-making power of the individual and households especially women and female headed households. It affords individuals the option to opt out of certain labour market decisions that are not in line with the individuals' aspirations and grants them security while exploring other job avenues. In the Just Transition for example former coal miners in South Africa who may not wish to enter the renewable energy space can fall back on their social security while reskilling and upskilling themselves to look for employment in other emerging sectors.

13. Couch KA, Reznik GL, Tamborini CR, Iams HM. The Distributional Impact of Social Security Policy Options. *Res Aging*. 2017 Jan;39(1):135-165. doi: 10.1177/0164027516656140. PMID: 28181868.

14. Mangcu, X. (2002). *Toward a new approach to welfare policy in South Africa: building assets in poor communities*. Tulchin, JS & Brown, A. *Democratic Governance & Social Inequality*. Boulder, London: Lynne Rienner Publishers, 91-102.

15. Just Transition Initiative. 2023. *Just Transitions Towards low-carbon and climate-resilient development create opportunities for environmental sustainability, social equity, and economic prosperity*.

For South Africa's Just Transition to truly be just it must account for the unique economic and social challenges plaguing South Africa such high inequality, high poverty and high unemployment, especially among the youth, of working age and largely black female. Social security has a fundamental role to play because of its social inclusion dimension. The social inclusion dimension of social security recognizes marginalized groups and can make them active participants in the economy by placing money into individual's hand or at the household level.¹⁶ With 42.4% of South Africans currently not participating in the economy due to unemployment South Africa needs a social security stimulus in the Just Transition. One that is big enough to accommodate these already existing challenges while anticipating additional ones such as losses to lives and property due to extreme weather conditions. A social security measure in South Africa is not just a moral obligation but and economic need.

South Africa needs a social security mitigation strategy that is highly expansive, inclusionary, and distributional not only to accommodate and facilitate a Just Transition but large enough to accommodate the historical legacies contained in the social security sector. This policy brief advocated for a Universal Basic Income to be included as a mitigation and adaptation strategy in the country's Just Transition pathway.



16. Just Transition Initiative. 2023. Just Transitions Towards low-carbon and climate-resilient development create opportunities for environmental sustainability, social equity, and economic prosperity.

A Universal Basic Income

A Universal Basic Income (UBI), while not a new concept, has gained prominence as a policy tool to respond to the rise in inequality, income insecurity and the rise in precarious work associated with the changing nature of work and globalization.¹⁷ The rise in precarious work coupled with the introduction of new technologies in certain sectors both as a response to innovation and climate mitigation will result in the changing face of those who require social security in South Africa. There are many proposals to structuring a UBI, these range from minimal budget-neutral stipends to larger UBI proposals for the advancement of social and economic justice.

The impact of a UBI on the economy and its ability to reduce poverty and inequality is influenced by the size of the UBI, the level of benefits contained in the policy design and its ability to meet people's needs.¹⁸ The financing mechanisms of a UBI also play a determinant role to the policy's effectiveness. Studies on UBI have found that an effective UBI policy needs to provide for a basic minimum standard of living for everyone in the country, not only those currently without a job but those who are vulnerable to job losses and income security as well as children.¹⁹

A UBI policy needs to be redistributive in design, an unconditional cash transfer to all citizens in the country to bring about the desired outcomes of poverty alleviation and economic activation.²⁰ The implicit assumption is that those currently in jobs will opt out of accessing their benefits contained in UBI but should need ever arise the benefit is expanded to them as well.

To date South Africa has not implemented any policy, weather an economic or social one, that has challenged the predesigned economic power dynamics of the system in the country by addressing the root causes of the system. A UBI in South Africa would not necessarily uproot the roots of the current economic system but would absolutely change the purpose of the system by changing the purpose of social security assistance and its contributory role to demand creation in the country. Merely changing the purpose of a system can have profound effects on the system without having to change the elements and the interconnectedness of the system.

A UBI in South Africa can also create a new economic architecture with a strong female-orientation by firstly bringing into the economy the 72% currently excluded women and increasing the bargaining power of women by placing incomes directly into their hands. This has the effect of challenging power dynamics both at home and place of work. Secondly, UBI guided by principles of inclusion, redistribution and equality can fundamentally realign the purpose of the economy towards meeting not only Gross Domestic Product (GDP) growth rates but bring about the necessary conditions to thrive in life based on feminist references. While not a silver bullet, UBI can however account and bring together many emerging new economic approaches to current challenges.

This policy brief calls for a larger UBI to be implemented in South Africa. This is attributed to the fact that a call for a UBI in South Africa is not only to serve social justice purposes but to also act as an economic stimulus to revitalize the country's stale GDP growth rate. The UBI stimulus needed for South Africa is estimated at a total cost of R547.8 billion over three years.²¹ Before we unpack this further let us revisit some of the challenges that warrant such an economic and social stimulus package in South Africa

17. ILO. 2018. Universal Basic Income proposals in light of ILO standards: Key issues and global costing.

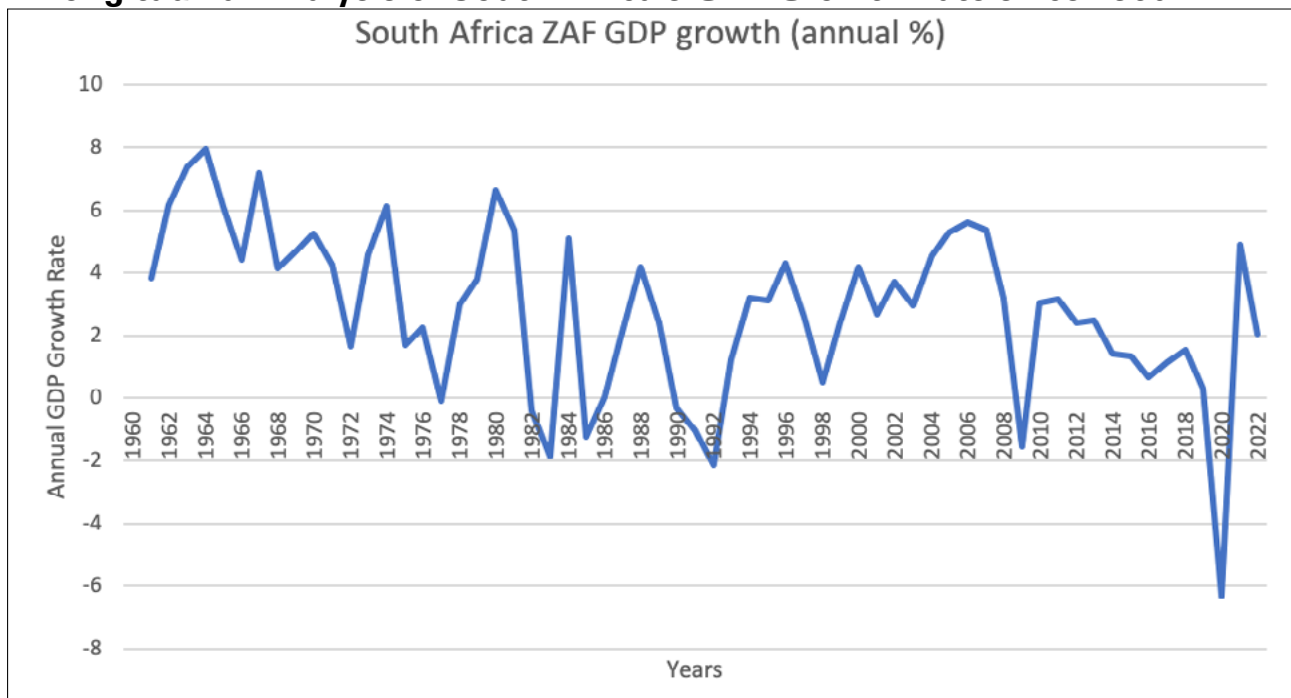
18. ILO. 2018. Universal Basic Income proposals in light of ILO standards: Key issues and global costing.

19. OECD, 2017a. Basic income as a policy option: Can it add up? (Policy Brief on the Future of Work). Paris.

20. Ensor, W., Frailey, A. J., Jensen, M. H., & Xu, A. (2017). A budget-neutral universal basic income. American Enterprise Institute, May.

21. Gqubule, D. 2022. A Basic Income Grant for a Better South Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

A Longitudinal Analysis of South Africa's GDP Growth Rate since 1960



Source: World Bank 2023 <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ZA>

Empirical studies highlight a positive correlation between economic growth rate and employment creation. Studies have also found that developing countries have an employment elasticity of Gross Domestic Product (GDP) measuring 0.7. Globally for every 1% point of additional GDP, total employment is affected by a 0.3 to 0.38 employment increase.²² This remains true for South Africa as well. The years in the country where GDP growth rate fall below zero from 2008 and grew below 4% are the years the country has reported staggering unemployment levels.

The positive associations between GDP growth rates and employment creation remain uncontested in the country. However, how South Africa achieves GDP growth is a polarized discourse. Albert Einstein defined insanity as doing the same thing over and over and expecting different results. Evident from the graph above whatever economic policies South Africa has embarked on from 2008 to date need to be revisited with a spirit of truth. And the truth is they have not managed to generate employment and reduce the poverty levels for millions of South Africans.

The proposed UBI for South Africa is a universal one covering those of working ages 18 to 59 both employed and unemployed as well as children. This policy framework entails increasing the Child Support Grant to match the food poverty line of R655 per month for the first year and increase to R982 in year two and finally reach peak levels at R1546 in year three. This will provide an economic stimulus of only 1.7% peaking at 2.6% of GDP.²³ The proposed UBI policy, while enough to meet people's basic needs, provide an economic stimulus, and lay the foundation for addressing unemployment, it however remains small. The minimal impact it will have on GDP levels tells us that a UBI alone is not enough to revitalize South Africa's GDP growth rate and set it on track to pre-1980 levels measuring above 6%. The UBI must be accompanied by other policies focusing on the productive supply side of the economy such as investments in manufacturing of added value goods to move the country from the current dystopia to a credible and more just future.²⁴

22. Khan, Azizur. (2007). Growth, employment, and poverty: An analysis of the vital nexus based on some recent UNDP and ILO/SIDA studies. United Nations, Department of Economics and Social Affairs, Working Papers.

23. Gqubule, D. 2022. A Basic Income Grant for a Better South Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

24. Gqubule, D. 2022. A Basic Income Grant for a Better South Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

How will South Africa finance a UBI?

Regressive sources of financing a UBI such as taxes on households curtail the redistributive impact of a UBI.²⁵ Financing options for a UBI should therefore be progressive and sustainable in time. The ability of a UBI to be redistributive drives its ability to reduce inequality and thus should be preserved in the financing options chosen by a country. The policy brief will now present financing mechanisms that can be adopted by South Africa to ensure a Just Transition by making available an economic stimulus through the provision of a UBI to all South Africans. The brief begins by providing a lens through which UBI in South Africa should be viewed in to achieve robust economic growth and a more inclusive society.

The suggested financing option where chosen based on their ability to answer the affordability question of a UBI in South Africa and the readiness of the solution to be implemented by existing institutions in the country. Despite affordability being the most important factor influencing the feasibility of a UBI, it remains the least debated in literature. The affordability of UBI is largely driven by the level proposed and the prevailing macroeconomic policy. Within the prevailing macroeconomic landscape of austerity measures in South Africa a UBI is unaffordable. Macroeconomic policy is a set of ideological, not technical assumptions, that determine what is possible in a country.²⁶ For example, South Africa has maintained a debt to GDP ratio below 80% for decades even though this ratio should be much higher in a country that has been struggling to grow its economy since 2008. The debt to GDP ratio tells us how much a country's public debt is compared to its gross domestic product. Intuitively, a country struggling to grow should be borrowing at much higher rates to stimulate demand. The policy brief maintains a UBI using the phased in method over three years covering children and adults of working age between 18 and 59 totaling R547.8 billion is affordable for South Africa provided we reoriented our ideology and understanding of macroeconomics.



When discussing the issue of affordability, it is also important to differentiate how a national budget functions differently compared to a household budget. There is independence between income and spending in a household budget while for a government budget income and spending are not independent.²⁷ This means when government increases its spending it effectively increases its income especially when the spending will directly be injected into the economy. Taking the UBI at the maximum proposed amount of R1546, much of this money will be spent back in the economy as the amount is not large enough to afford savings or expenditure outside daily economic activity in the country. A large proportion of this amount will go into food, fuel, and transport costs as well as meeting other day-to-day needs. The injection of money into the economy through a UBI stimulus will also be accompanied by positive multiplier effects as a proportional amount of increase will be the resultant in final government income.

25. Torry, M. (2016). An evaluation of a strictly revenue neutral citizen's income scheme (No. EM5/16). EUROMOD Working Paper.

26. Gqubule, D. 2022. A Basic Income Grant for a Better South Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

27. Gqubule, D. 2022. A Basic Income Grant for a Better South Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

Options to finance a UBI economic stimulus in South Africa:

1. *Using the Reserve Bank's foreign exchange reserves:* best practices prescribed to central banks of countries largely by the International Monetary Fund (IMF) focus on maintaining independence from the economy and socio-economic challenges in a country. The focus is on inflation targeting policies including adopting a formal inflation target, as the case with the South African Reserve Bank. Part of this best practice prescription also includes the use of indirect monetary policy methods such as short-term interest rates and prescribed maintenance of foreign exchange reserves of up to three months.

Using foreign exchange reserves to finance a UBI in South Africa will entail drawing down on state funds special funds such as its excess foreign exchange reserves. Chile and Norway are examples of countries that have made use of their fiscal reserves for social investments and developmental goals.²⁸ Norway's use of government pension funds is perhaps the widely known example. Over the last decade, the accumulation of foreign exchange reserves by central banks has increased six-fold. In the wake of rising domestic economic and social challenges this accumulation of foreign exchange reserved has come under scrutiny and challenged in several countries.²⁹

At the end of June 2022, South Africa had foreign exchange reserves amounting to R963 billion – well above the required R345 billion in line with international standards to meet three months cover.³⁰ The reserve bank's foreign exchange reserve access above the three-month requirement is enough to finance the UBI stimulus required of R547.8 billion. This policy stance is supported globally by organization such as the International Labour Organisation (ILO) and the world Bank ³¹³²

2. *Global Climate Change Funds:* Core multilateral climate funds established under the United Nations Framework Convention on Climate Change (UNFCCC) in financing social security in countries remains largely untapped.³³ Countries Nationally Determined Contributions (NDC's) remain largely void of social security policy measures. The inclusion of social security in NDC's would give a strong indication to finance institutions of the primacy of the sector. NDC's are a country's goals towards reducing greenhouse gas emissions and how a country will build resilience to the impacts of climate change in line with their national circumstances and capacities.

South Africa cannot build resilience towards the impact of climate change without adequate measures to account for existing national circumstances such as high poverty levels, high unemployment, and a slothful economic growth rate. An analysis of existing NDCs shows that to date national climate ambitions remain disconnected from social protection SDG goals like no poverty (SDG 1) and reduced inequality (SDG 10).³⁴

Investments through the Green Climate Fund (GCF), the Adaptation Fund (AF), and the Global Environment Facility (GEF) for integrating climate change considerations into social security

28. ILO. 2018. Universal Basic Income proposals in light of ILO standards: Key issues and global costing.

29. <https://blogs.worldbank.org/voices/strengthening-central-bank-reserve-management-during-global-crisis#:~:text=The%202018%20RAMP%20survey%20reported,in%20riskier%20high%20yield%20assets.>

30. Gqubule, D. 2022. A Basic Income Grant for a Better Suth Africa: The Evolution of Social Assistance in South Africa. Social Policy Initiative

31. ILO. 2018. Universal Basic Income proposals in light of ILO standards: Key issues and global costing.

32. <https://blogs.worldbank.org/voices/strengthening-central-bank-reserve-management-during-global-crisis#:~:text=The%202018%20RAMP%20survey%20reported,in%20riskier%20high%20yield%20assets.>

33. Aleksandrova, M. (2019). Social protection as a tool to address slow onset climate events: Emerging issues for research and policy (Discussion Paper 16/2019). Bonn: German Development Institute/ Deutsches Institut fur Entwicklungspolitik (DIE).

34. German Development Institute. 2021. The Untapped potential of Global Climate Funds for Investing in Social Protection.

programs, policies and mechanisms are lacking. Even though social security policies play a crucial role to act as buffers for communities and individuals against the effects of climate change while in some countries like Egypt direct cash transfers are used as incentives for reducing carbon dioxide in communities.³⁵

To date South Africa has received a total of 415.0 million from the Green Climate Fund which has funded 9 projects and one has gone towards social security policies and programs.³⁶ The Adaptation Fund to date has made a budget of 10 million USD available to South Africa and begun funding two project in the country.³⁷ The Global Environment Facility has released over 40 million USD to fund projects in South Africa to date.³⁸ It is therefore important for South Africa's NDC to explicitly stipulate that at least 35% of global climate financing received should go towards financing the UBI in the country. These funds should go into a social bond with the National Treasury as the main custodian and bond issuer. South Africa, unlike many developing countries that must look outside their home financial sectors, has a well-developed financial sector that can be leveraged in structuring and issuing of social impact bonds. Otherwise, this will result in a lost decade of funding to finance social security and other developmental measures in the country. The last time development funds were made available at current levels of climate finance was around the 1980s during the time of the Structural Adjustment Programs. The national treasury should be the custodian of these funds and the department of social development the implementing department of a UBI.



35. Willis, A. (2021) Investigating the Net Employment Impacts of Renewable Energy in South Africa, Master dissertation submitted to Delft University of Technology in partial fulfilment of the requirements for the degree of Master of science in Engineering and Policy Analysis Faculty of Technology, Policy, and Management

36. <https://www.greenclimate.fund/countries/south-africa>

37. <https://www.sanbi.org/biodiversity/science-into-policy-action/nie-adaptation-fund/#:~:text=The%20Adaptation%20Fund%20has%20made,District%20Municipality%20in%20KwaZulu%2DNatal.>

38. <https://www.thegef.org/projects-operations/country-profiles/south-africa>

Conclusion

South Africa is at a defining moment in history where it can relook its macroeconomic policies to date and change them to ensure that they speak to the current realities and context of the country particularly black women who are largely marginalised by the current macroeconomic policies.

With the Just Transition opening the window of opportunity to redefine and redesign the country's macroeconomic policies to truly ensure no South African is indeed left behind in the pathway to reach net zero emissions by 2050.

While not a silver bullet, the implementation of a UBI can address a wide range of challenges in the country while playing a critical redistributive role. South Africa can choose to continue the current trajectory that has resulted in deepening unemployment and poverty levels with a litany of consequences for social cohesion in the country, or the country can utilize the existing window of opportunity presented by the Just Transition and climate finance to implement new policies that challenge the existing economy and power structures giving millions of South Africans a decent standard of living enshrined by the constitution.

For a UBI to be a sustainable policy into the foreseeable future our macroeconomic policies will have to be examined with truth and challenged. This requires a strong political will but is certainly doable. The availability of global climate funds remains underutilized as sources of financing social security policies and programs. This largely stems from the country's Nationally Determined Contributions (NDCs) being mute about the important role social security policies play in creating resilience towards the impacts of climate change. The policy brief has shown that a UBI of R547.8 billion is affordable provided the country relooks its prevailing macroeconomic ideology and includes a minimum spend of at least 35% in its Nationally Determined Contributions to go towards funding UBI. These funds can be used to raise additional funds in the capital market through social impact bonds.

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