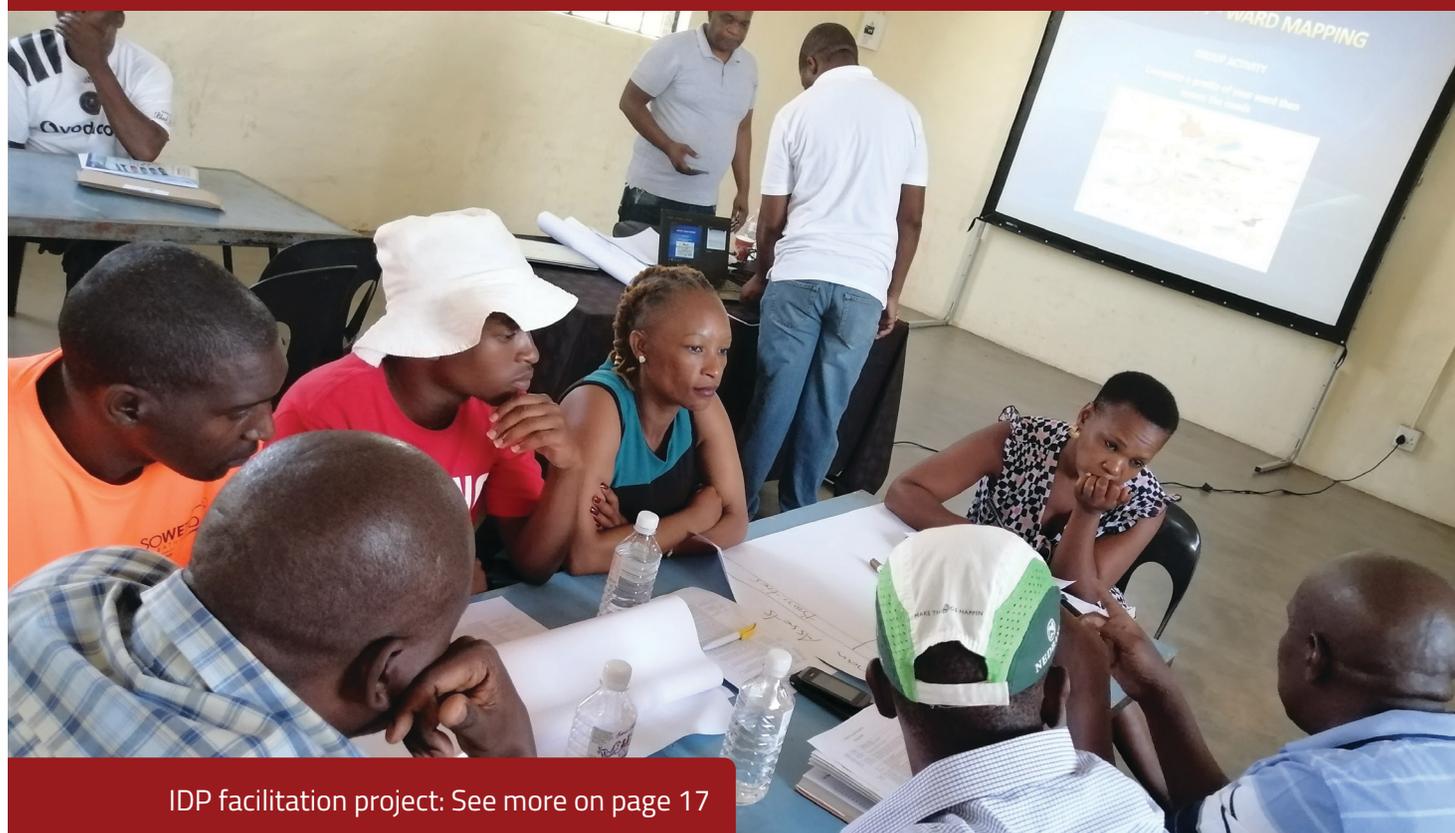

2019

annual
report

01 JANUARY 2019 -
31 DECEMBER 2019

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IDP facilitation project: See more on page 17

01 Country Overview

South Africa continues to be a country of contradictions. We have the most progressive constitution in the world with great political, civil and socio-economic rights and freedoms. And yet we are the most unequal country in the world in terms of both income and wealth inequality.

Poverty levels and unemployment continue to rise. And yet decision-makers ignore civil society calls for the introduction of social security to working-age people between the ages of 18 and 59, who fall outside of the existing safety nets.

Our leaders scratch their heads at low levels of literacy and comprehension despite 60% of schools being fee-free. And yet they completely ignore the cruel impact of starvation on the brain development of children. This in a country where stunting levels in children under 5 reaches up to 30%.

We have some of the highest levels of gender-based violence and violent crime in the world. And yet we position ourselves as a free and equal country, where citizens are entitled to dignity, respect and justice.

We are a country that openly called for the removal of a sitting president, and yet we lack the ability to call for better redistribution of wealth. We fail to embrace forward looking ways to protect our environment, we accept mediocrity and we fear difference. And yet, our national motto reads:

unity in diversity.

Despite a growing pool of research into our country's inequalities, the eyes of decision-makers and ears of the chattering middle-classes remain closed to the travesties of social justice on display all over the country. Much of our country was seized this year by the daily revelations of malfeasance pouring out of the Zondo Judicial Commission of Inquiry into Allegations of State Capture. We must ask how Parliament and other oversight mechanisms allowed this to happen – many of whom continue to sit on the benches today. Do we understand how the principles of social justice operate in a system of laws and policies that reward the few at the cost of an overwhelming majority for whom the constitutional safe guards and guarantees fail to provide for?

Many good and wonderful things happened in 2019. The National Minimum Wage came into operation, for one. The water crisis in Cape Town seemed to stabilise. A Gender-Based Violence and Femicide (GBVF) Declaration was launched in March following the November 2018 National Gender-Based Violence and Femicide Summit. And South Africa won the Rugby World Cup in Japan in November.

However, we fear that the weave of our nation is fraying. What values cement our nation? Can you call yourself a good citizen when you live in a country of such gross inequality and inequity?

Through our research, we continue to try to make visible the invisible.

02 Director's Report

REFLECTION ON 2019



ISOBEL FRYE // Director
Studies in Poverty and Inequality Institute

2019 was a full and exciting year for SPII. As with many other non-profit organisations in South Africa and globally, it has been a fundamental time for arising from the ashes of this critical period of funding challenges.

We have been fortunate in receiving support for a comprehensive process of reflection on our past and strategic planning for the next five years. This process, with some external guidance, took us right back to SPII's founding mission and vision statements and our theory of change. In short, our relevance and work was affirmed through consultation with external stakeholders. We received warm feedback about the importance of SPII as an institution that promotes social justice through research and advocacy work, and our increasing partnerships with community-based organisations. We have also been able to develop a five-year strategic plan for 2020 to 2024, and a three-year operational plan for 2020 to 2022. SPII is finally embracing the fine art of planning, monitoring and evaluation as an institute, rather than on a programmatic basis. Open Society Initiative for Southern Africa (OSISA) will support a part-time fundraiser for SPII to promote a sustainability track that ensures we are able to build a thriving institute that drives innovative thinking for South Africa into the future.

Our budget advocacy work has also taken root through our work with the Chiawelo Budgeting for Change (CBC) community group in Soweto, using budget advocacy for better access to health rights and entitlements. We have learned so much about how people see health care: that it goes well beyond formal health services. People identified linkages between sub-serviced rubbish dumps and disease and respiratory problems for instance, as well as issues of women's safety in accessing emergency health services. Through our consultative work in this field, the inclusion of traditional leaders in the provision of health care and well-being has also emerged as critical. Furthermore, we look forward to renewing our relationships with the Gauteng Provincial Legislature. We proceed to broaden the active participation of the Chiawelo community in decisions

made about the provincial health budget allocations and expenditure in coming months.

The Decent Standard of Living (DSL) collaborative research with Labour Research Service (LRS) and Southern African Social Policy Research Institute (SASPRI) has also grown this year. Deeper research into the impact of gender, age and rurality on accessing the 21 Socially Perceived Necessities of the DSL was launched at a very well attended 5th Annual DSL Colloquium held in Pretoria on 31 October 2019, with the added support of Friedrich Ebert Stiftung (FES). These and related documents can be found on the new DSL website: www.dslnow.net.

Our support work for the Community Constituency at the National Economic and Development Labour Council (NEDLAC), has continued, especially through the Comprehensive Social Security Task Team. The work is disappointingly slow. We need to fill the holes in the social security safety net through fiscally redistributive social cash transfers, both in terms of coverage for 18 to 59 year olds and the value of the grants. These measures are needed to mitigate the quarterly increase in unemployment and the increases in the reported incidences of poverty against the growth of wealth.

We were pleased to be invited to present our research on the impact of the Fourth Industrial Revolution on poverty and inequality at the 2019 4IRSA conference. The global focus in this regard is reinvigorating discussions about a basic income grant, or universal basic income grant, especially in light of the decline of traditional work and, hence, wage income. SPII continues to deepen our thinking in this regard, as we seek to synthesise developed country thinking with the starker divisions that characterise many developing countries. Financially, we continue to revive. As we enter 2020 we embark on broadening our partnerships and network of supporters.

SPII Mission:

“SPII is a think tank that provides innovative research, capacity building, advocacy, and globally relevant models of change to the solvable problems of poverty and inequality thereby enabling the progressive realisation of socio-economic rights.”

SPII Vision:

“A prosperous and equal society in which people have free, fulfilling and meaningful lives.”

03 Project Outcomes

SPII'S ACTIVE PROJECTS FOR 2019 HAVE BEEN:

- a. Monitoring the Progressive Realisation of Socio-Economic Rights in South Africa
- b. Decent Standard of Living
- c. Budgeting for Change

a. MONITORING THE PROGRESSIVE REALISATION OF SOCIO-ECONOMIC RIGHTS IN SOUTH AFRICA

In 2019, SPII endeavoured to ensure that we have a clean and complete set of quantitative data analysis of the reports that have been developed from this project. Working with the Foundation for Human Rights, this momentous task has begun to bring a uniform standard to the vast numbers of Excel data sheets.

We are negotiating a new Memorandum of Understanding with the South African

Human Rights Commission, who are our longstanding partner in this critical project.

We would like to return to review the policy and jurisprudential landscapes of the policy frameworks of the main line departments. This review would be a recalibration of the commitments to universal enjoyment of these rights in 2020 as well as the annual updates of the indicators of access by South Africans.

b. A DECENT STANDARD OF LIVING

In 2018, SPII, with partners SASPRI and LRS launched the innovative new measure of well-being for South Africa, the Decent Standard of Living. This research presents a Decent Standard of Living and a DSL Index for South Africa. It is based on a concept of relative poverty that focuses on the ability of people to achieve a socially



DR WISEMAN MAGASELA //

Delivering the opening address at the 2019 DSL Colloquium

determined acceptable standard of living to enable them to participate fully in society (DSL Infographic below).

The standard comprises 21 Socially Perceived Necessities (SPN) that come out

of a national focus group study. These 21 SPNs provide a proxy measure of well-being that is democratically derived from the focus groups. **Using this measure, our study found that less than 3% of South Africans could comfortably access all 21 SPNs in 2019.**

INCOME COMPARISON	
Child Grant	R420
Food Poverty Line	R561
Lower Bound Poverty Line (StatsSA)	R810
Foster Child Grant	R1,000
Upper Bound Poverty Line (StatsSA)	R1,227
DSL 16 SPNs	R1,520
Disability Grant	R1,780
Old Age Grant	R1,780
Care Dependency Grant	R1,780
DSL 18 SPNs	R2,651
Median Monthly Earnings of Employees (women), 2017	R3,000
Sectoral Determinations Median Minimum Wage, 2018	R3,194
Median Monthly Earnings of Employees (all), 2017	R3,500
National Minimum Wage	R3,500 (R20 per hour)
Median Monthly Earnings of Employees (men), 2017	R4,000
Living Wage Lower Bound (Wage Indicator Foundation)	R4,715 = US\$312
Median Minimum Wage South Africa, 2018	R4,812
Bargaining Councils Median Minimum Wage South Africa, 2018	R4,994
Average Minimum Wage South Africa, 2018	R5,399
Living Wage Upper Bound (Wage Indicator Foundation)	R7,313 = US\$484
DSL 21 SPNs	R7,326
Mean Household Income (Living Conditions Survey), 2014/2015	R11,514
DSL Median Salary 21 SPNs	R14,868
Av. Monthly Earnings for Employees in the Formal Non-Agricultural Sector	R21,432

We compared income levels with other benchmarks, including wages, bargaining settlements and social grants. We can see from the graph below how little income so many millions of people have to survive on. Certainly not a decent life!

Select benchmarks per capita income/earnings and living wage measures in South Africa (monthly amounts in Rands).

Note: Amounts shown are for 2019 unless otherwise specified.

Sources: Available on request by contacting info@saspri.org

In 2019, the Decent Standard of Living was indexed to R7 329 per person per month.

This critical standard of measuring well-being continued to gain traction amongst social partners and policy makers in 2019.

The main achievements for 2019 were:

- Launch of the website: www.dslnow.net
- Update of the DSL Standard in June 2019
- Release of micro-studies of the deficits in meeting a Decent Standard of Living by women, youth and people living in rural areas.
- Annual DSL Colloquium.

Disrupting Poverty: applying a Decent Standard of Living measure towards coherent policy design. Annual DSL Colloquium, 31 October 2019, Burghers Park Hotel, Pretoria.

The colloquium was attended by a record 78 participants. We were very proud to receive a pre-recorded message of support from Dr Philip Alston, the UN Special Rapporteur on Human Rights and Extreme Poverty for the Colloquium. Dr Wiseman Magasela, former Special Advisor to the Minister for Women and Deputy Director General of the Department of Social Development: Social Policy gave the keynote address. The 2019 micro-studies were launched at the Colloquium, and we had a lively panel

discussion by key members of the National Planning Commission, the Department of Planning, Monitoring and Evaluation and the South African Human Rights Commission.

The conference output report can be found at www.spil.org.za/DSL.

We are very excited to return to the field to undertake a new set of focus groups in 2020 with the support of FES and UNICEF.

As Dr Alston said in his opening message of support to SPIL and partners:

"Poverty is a political choice. This means that in a country like South Africa, even when in its current problematic economic situation, poverty could be very significantly alleviated and probably even eliminated if there was political will. A big challenge, without this will, is understanding how we can use the sorts of measurements and emphasis on the rights that the partners - SPIL, SASPRI and LRS - are promoting in order to bring about a change in political priorities and in a way that the community thinks of poverty as a violation of human rights."

C.

BUDGETING FOR CHANGE

Budgeting for Change is a partnership with Open Society Foundations (OSF) New York's Primary Health Partnership programme. This project is now in its second year. The primary goal of the project is to increase people's knowledge so as to strengthen their agency and skills for better pro-poor health budgeting in South Africa.

Communities most immediately affected by budget choices and expenditures must always be central to budget actions. For SPIL, this project illustrates one of our core principles - that our research must lead to progressive social change.

THESE ARE OUR FIVE MAIN AREAS OF WORK:

AREA OF WORK 1:

To create more meaningful participation in the health budget policy environment and contribute to the creation of better participatory processes at the local, provincial and national levels.

In response to the February 2019 National Budget, SPII, as a member of the Budget Justice Coalition (BJC), co-developed a civil society submission to the Select and Standing Parliamentary Committees on Finance, titled '**Budgeting in an Era of Austerity and State Capture: A Five-year Review of Budget Policies and Outcomes**'.

We also contributed to a further **submission** to these Committees providing budget analysis in relation to combating Gender-Based Violence (GBV) and Femicide. A **submission** on social-justice budgeting in times of austerity was also made to the Select and Standing Parliamentary Committees on Appropriations in March 2019.

Ahead of the 2019 Medium Term Budget Policy Speech (MTBPS) in October, the Budget Justice Coalition held an intersectional feminist budgeting strategy session. SPII was active in the Feminist Budgeting Task Team for the MTBPS, as well as the Submission Writing Task Team, contributing to an intersectional feminist analysis throughout the submissions to **The Select and Standing Committees on Finance**

and to the **Select and Standing Committees on Appropriations**. This multi-sectoral analysis included a queer perspective on the budget and adjustments. Both submissions were accompanied by oral presentations to Parliament.

In relation to the **Integrated Development Planning (IDP)** processes (budgeting at a local government level), SPII conducted a workshop with the Chiawelo (Soweto) Budgeting for Change community on 18 October 2019. This session was attended by 35 community members and we unpacked ways of reading and understanding the IDP and the Service Delivery Budget Implementation Plan (SDBIP). These are two primary components within Municipal budgeting processes. SPII also facilitated community participation in two IDP Community Based Planning Sessions for Wards 11 and 12. SPII has started to build up learnings for better community participation in Municipal Budgeting Processes.

AREA OF WORK 2:

To ensure, through ongoing advocacy support, that those most immediately impacted by budgeting decisions are enabled to inform and engage with relevant processes, call for accountability, and generate relevant learnings.

The largest component of this project is SPII's community work, providing budget advocacy skills for better health systems and access to health entitlements. In building relevant community connections and trust, this year SPII attended regular **Community Forum meetings** at the Chiawelo Community Practice (CCP) and CCP **Multidisciplinary**

Team meetings. On average, these meetings had a monthly attendance of approximately 50 people, including concerned citizens and clinic users, community health workers, ward committee members, clinic committee members, traditional healers, community organisations, and health professionals.

On 26 September 2019, SPII conducted a two day **Situation Analysis** with 53 members of the Chiawelo community, utilising a Participatory Action Research (PAR) methodology in order to properly ascertain community health grievances, potential health advocacy points and budget advocacy training requirements. This context of immersion was aimed at producing relevant and responsive training material for the first community budget advocacy training for health, to be held at the start of 2020.

AREA OF WORK 3: **To positively contribute to the health budgeting sector through the continuous upskilling and development of the staff engaged in this project, as well as with other young researchers who directly interface with affected communities.**

In February 2019, SPII hosted a one-week **CSO budget week** as part of the BJC in Cape Town around the launch of the 2019 National Budget. This budget week was attended by eleven CSOs and included a two-day **budget training** course, as well as a central hub to provide alternative analyses.

AREA OF WORK 4: **To deepen our involvement in coalition work, including with government and social movements, building on existing information and leveraging stakeholder relationships to enable improved engagements and platforms.**

SPII was an active and founding member of the **Budget Justice Coalition (BJC)**. The BJC is a voluntary coalition of civil society organisations. The purpose of the BJC is to collaboratively build people's participation in and understanding of South Africa's budget and planning processes. In 2019, SPII contributed to multiple strategic processes (including on membership, alliances and partnerships) which culminated in the finalisation and adoption of founding documentation as well as the formal establishment of the BJC Steering Committee, to which SPII was elected. While SPII has subsequently withdrawn from this coalition, we continue to support its growth.

In pursuit of the goal of building more transparent and accessible participatory budgeting in South Africa, SPII has been active as a member of the Secretariat for **Imali Yethu**, and the Steering Committee for **Vulekamali**. As a part of Imali Yethu, SPII was an active contributor to the development of

a forthcoming Procurement Map, aimed at increasing public literacy on South Africa's procurement processes.

In 2019, Vulekamali completed its Third Stage, which included: the assessment and inclusion of procurement from the Office of the Procurement Officer and other sources; the implementation of 3 civic information drives and data quests in Limpopo, Free State and the North West; and the development of a civic education video titled '**Procurement Explained**' in multiple South African languages. SPII's work with Imali Yethu and Vulekamali is essential in advancing greater transparency to promote effective non-governmental oversight on state spending.

This year we also remained an active member of the **ICESCR Civil Society Coalition** monitoring the implementation of the International Covenant on Economic, Social and Cultural Rights (ICESCR). SPII

continues to strategise with this Coalition in relation to the recommendations from the United Nations Committee on Economic Social and Cultural Rights (CESCR) to South

Africa (which includes strong anti-austerity messaging). SPII is also working to increase the accessibility of that information, with [this summary](#) as an example.

AREA OF WORK 5:

To become a more active part of the global progressive, pro-poor health budgeting movement through broad education and awareness raising.

SPII has used both traditional and social media to advance education and awareness on progressive, pro-poor budgeting for health and other socio-economic rights. Multiple media engagements around the National Budget with other members of the BJC in February carried strong anti-austerity messaging, particularly about how these fiscal policies have a disproportionately negative affect on vulnerable groups (for example, see [here](#)). Before the 2019 State of the Nation Address (SONA) made by the President to open the first sitting of Parliament, SPII, with the BJC, called on the President and the Minister of Finance to [make good on promises to fund the fight against gender-based violence](#) and also provided [post-SONA comment](#) on the

same. SPII provided additional [analysis of the SONA](#) from the perspectives of poverty and inequality and the need for progressive realisation of socio-economic rights.

Multiple statements as well as media appearances were made by the BJC around the 2019 MTBPS, including the statement titled '[A Medium Term Budget Policy Statement that is blind to gender, inequality and ignores Constitutional duties on the state cannot take our country forward](#)' and also included a [Call to Action](#) with key MTBPS messaging. Examples of SPII's MTBPS media engagements can be found [here](#) and [here](#).

IMALI YETHU

Imali Yethu (IY) is a dynamic coalition that is driven by a passion for much needed fiscal transparency and public participation. It is a collaboration between government's National Treasury and civil society, which is a pivotal move for a participatory democracy.

VULEKAMALI

Vulekamali is an online portal to educate and help people navigate through the national, provincial and local budget processes. Vulekamali's most recent campaign is [#ShareYourData](#), which highlights the different uses of data as a tool for social transformation in South Africa.

SPII sits on the Secretariat with a number of other social justice organisations, including Corruption Watch, Equal Education, MobiSAM, Section27, My Vote Counts and PSAM. The aim of this collaboration is to make budget information more accessible, user-friendly and empowering, which, in turn, can promote the equitable, development-orientated allocation of public resources. IY are committed to exploring co-creation to achieve open and accountable governance.

Chiawelo Site Visit

SPII's site visit with Chiawelo community members at the Chiawelo Community Practice.

This engagement was aimed at immersive learning and took place over multiple days, using participatory action research methods in order to establish community concerns related to health. This was all towards creating specifically tailored training material for community learning on budget basics for better health.



<https://bit.ly/2XNhC0g>

Watch footage of our site visit process





04 SPII Review and Strategic Planning

In 2019, OSISA provided SPII with a specific grant to assist through the process of an external evaluation, developing a five-year strategic plan, a three-year operational plan, a succession plan and a fundraising and sustainability fund, to ensure that SPII firmly strengthens its recovery from the financial and institutional challenges of recent years.

SPII was assisted in these processes by an external expert, Manto Consulting.

From the external review, we were pleased to learn that SPII's work and relevance continue to be warmly received across all sectors. SPII's strengths included the quality of our research, our ability to develop and support alliances and allegiances, our ability to identify new areas of work before the mainstream does, and the broad network of partners and allies that we have across the globe. That being said, we are seen as failing to brand and market ourselves, with others frequently credited with SPII's victories and successes. We are shy to profit from our successes, to the detriment of the well-being and growth of the Institute. We provide good training and have the bitter-sweet pride of seeing our interns and junior researchers head hunted by employers who are keen to benefit from people's experience with SPII.

We have managed to develop a five-year strategic plan, and had a good 'bosberaad' with our staff and board in the bush for this

process (what would a successful strategic planning session be without such a setting?). We continue to grapple with how one raises sufficient resources as a not-for-profit organisation to enable us both to respect and retain quality staff, to remain true to our core of undertaking research that leads to social change, and not just to pay the rent.

We will continue to work with a reduced overhead capacity with regards to administration staff and we look to extend and formalise some key partnerships in the new year.

We are proud of our reinvigorated Vision and Mission statements that read:

VISION:

"A prosperous and equal society in which people have free, fulfilling and meaningful lives."

MISSION:

"SPII is a think tank that provides innovative research, capacity building, advocacy, and globally relevant models of change to the solvable problems of poverty and inequality thereby enabling the progressive realisation of socio-economic rights."

We recognise that the way ahead will require further stamina and sacrifice particularly from the leadership of SPII, but we are confident that the journey will be worthwhile and the sacrifices, rewarding.

05 Social Dialogue

At SPII, we use 'social dialogue' as an umbrella term to encompass a variety of our engagements with the public, either as once-off initiatives or as part of a longer participative process, such as NEDLAC.

Community Constituency at the National Economic Development and Labour Council (NEDLAC).

According to the ILO, "The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability, and boost economic progress."

SPII is a member of the Community Constituency at NEDLAC through our membership of the Financial Sector Campaigns Coalition (FSCC). We have been representative on the Comprehensive Social Security (CSS) Policy Reform Task Team, as well as the Jobs Summit Working Group. SPII also sits on the EXCO structure of NEDLAC.

Social dialogue can be an extremely rewarding process. We were part of the negotiations that led to the historic National Minimum Wage legislation that came into effect on 1 January 2019. That process was led by the then Deputy President, Cyril Ramaphosa.

The absence of effective political leadership however can lead to processes floundering in backwaters. This much can be said of the social security negotiations. This process goes back to 2012 and is deeply frustrating as it lacks any senior political presence or will. What we see as the chance to introduce groundbreaking and much needed revisions to the heart of social policy and the social wage in South Africa is left to wither away, either through neglect, which is pitiable, or design, which is far more disturbing.

In 2019, the CSS Task Team contracted input

pieces of research to guide future policy deliberations on reforms. These pieces included:

- Costing and financing of a Basic Income Grant in South Africa
- The impact on national savings and investments of the introduction of a National Social Security Fund in South Africa.

The Task Team also passed reforms to existing legislation on pension and provident funds. These reforms are aimed at the preservation and annuitisation of future pension and provident fund contributions, subject to a single withdrawal portion.

SPII has made further submissions on the urgent need for the state to remove the means tests for the Child Support Grant and the Old Age Pension. Our reasoning included the high costs of administration of the means test, the extremely high levels of poverty that exist amongst these vulnerable groups that render this unwarranted, the stigmatisation that means testing causes amongst grant recipients and the fact that this undermines the Constitutional right to Dignity in section 10 of the South African Constitution.

NETWORKS: SPII invests a considerable amount of time in supporting and growing civil society networks and coalitions. Co-operative or collaborative action can often bring unanticipated dynamics of tension on a personal basis or in respect to 'turf' or funding for CSOs. We have many years of experience and learning in this regard. One of our observations is that at some stage in individuals' personal journeys, they choose to leave the sector, often in need of a more secure and financially rewarding livelihood. This tends to mean the loss of knowledge and experience often without an optimal skills transfer. As a result we are consciously committed (sometimes over committed) to being present in these structures; to be able to share experiences and build strong foundations. For SPII, this involves a commitment to releasing leadership and staff for these commitments.

SPII was involved with the following networks in 2019:

ASSAF: Our Director sits on the Academy of Science of South Africa's Standing Committee on Science for the Reduction of Poverty and Inequality.

SASPEN: Our Director was vice-Chair of the Board of the Southern African Social Protection Experts Network. As a result of her limited time, she resigned from the board in 2019 but SPII retains a position on their Advisory Council.

ICESCR Coalition: Our Senior Researcher represents SPII in this civil society coalition and contributed substantively to the 2018 CSO Shadow Report to the UN CESCR, ensuring that many of the recommendations made in the SPII Socio-Economic Rights research were endorsed by the CESCR in their Concluding Observations and Recommendations to the South African Government.

BJC: SPII is a founding member of the Budget Justice Coalition, a coalition of CSOs working to collaboratively build people's participation in and understanding of South Africa's budget and planning processes. The BJC grew from earlier human rights budgeting work that was coordinated by SPII. We were active in submissions on the 2019 national budget and the allocations in Parliament. SPII was also able to support the position of organiser of the BJC in the last half of 2019 going in to 2020.

Community Project

Integrated Development Planning (IDP) Facilitation



MEETINGS AND CONFERENCES:**Global Campaign for a Living Wage.**

The highlights of our participation this year included:

- 13-14 February 2019: **Civil Society Social Security Coalition** strategic planning in Cape Town with Black Sash, AIDC, R2K and other civil society actors.
- 8-9 March 2019: **Social Compact for a Social Protection Floor** experts meeting of the National Planning Commission.
- 14-15 August 2019: SPII participated in the 2019 Annual International SASPEN Conference on **Social Protection and Climate Change: 2030 Agenda for Sustainable Development**.
- 23 August 2019: SPII presented at the **first annual 4IRSA conference** on *"Inequality and the Fourth Industrial Revolution: how to harness the disruption to advance equality"*. We spoke of the growing support for a universal basic income as technology changes the probability of full employment and policy shapers seek new ways for distribution of income and other social goods.
- 27 August 2019: presented at a **Standard Bank Thought Leadership Series**, Johannesburg: *"After the Dawn: the role of active citizenship in securing South Africa's future"*.
- 27 November 2019: Presented on SPII's *Socio-Economic Rights Monitoring Project* to the South African Human Rights Commission Symposium on **"Implementation of the UN Committee on the International Covenant on Economic, Social and Cultural Rights Recommendations for South Africa."**

MEDIA: SPII is a regular source of commentary and analysis for the media on issues relating to poverty, inequality, unemployment, budget justice and social security. Please visit our site www.spii.org.za/media for our most recent commentary.

In 2019, SPII brokered a partnership with The Citizen for regular column space for presenting the research on the Decent Standard of Living. This can be found on the DSL collective site, www.dslnow.net.



Immersive learning project at Chiawelo.

06 SPII Institutional Finances

SPII continues to strengthen its core base. We are delighted to have the support of a dedicated fundraiser through our partnership with OSISA in 2019/2020. We will also explore possible avenues for income generation to underwrite the future sustainability and growth of the Institute.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF STUDIES IN POVERTY AND INEQUALITY INSTITUTE

OPINION

We have audited the annual financial statements of Studies in Poverty and Inequality Institute set out on pages 8 to 16 which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Studies in Poverty and Inequality Institute as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirement of the Trust Property Control Act 57 of 1988.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report.

We are independent of the trust in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA

Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Pans A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Property Control Act 57 of 1988, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in

doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions

that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Darryl Sklar & Associates

Darryl Sklar & Associates
Chartered Accountants (SA)
Registered Auditors
Per: Darryl Sklar | Partner
25 March 2020 | Johannesburg

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Figures in Rand	2019	2018
Assets		
Non-Current Assets		
Property, plant and equipment	3	3
Current Assets		
Trade and other receivables	205 377	403 502
Cash and cash equivalents	2 900 768	1 539 553
Donor allocated funds	2 260 008	789 154
SPII General Reserve	640 760	750 399
	3 106 145	1 943 055
TOTAL ASSETS	3 106 148	1 943 058
EQUITY AND LIABILITIES		
Equity		
Trust capital	100	100
Accumulated surplus	2 014 223	771 330
	2 014 323	771 430
Liabilities		
Current Liabilities		
Trade and other payables	1 091 825	1 171 628
TOTAL EQUITY AND LIABILITIES	3 106 148	1 943 058

DETAILED INCOME STATEMENT

Figures in Rand	2019	2018
Revenue		
Open Society Initiative for Southern Africa	969 528	-
Open Society Foundation - New York	922 635	505 472
Church of Sweden	761 119	656 343
Christian Aid	666 657	482 772
Cyril Ramaphosa Foundation	400 000	450 000
National Lotteries Commission	165 000	55 000
Friedrich Ebert Stiftung - South Africa	150 000	29 876
Open Society Foundation - South Africa	125 000	375 000
Foundation for Human Rights	50 000	616 916
Rosa Luxemburg Stiftung	-	424 692
University of Witwatersrand	-	403 518
Standard Bank Limited	-	400 000
	4 209 939	4 399 589
Other income		
Recoveries - University of Cape Town - 2015	-	107 188
Sundry income	70 992	-
Interest received	80 206	42 626
	151 198	149 814
Total income	4 361 137	4 549 403
Programme expenses		
Advocacy, policy analysis and research	364 035	745 268
Employee costs	1 269 585	2 080 352
Communication and publications	10 895	74 788
SPII Talk and annual report	28 350	97 475
Travel and accommodation	41 492	161 303
Data analysis, augmentation and research	60 000	-
	1 774 357	3 159 186
Operating expenses		
Accounting fees	3 450	-
Auditors' remuneration	30 000	30 000
Bank charges	8 015	6 911
Board meetings	33 963	24 652
Computer equipment	70 243	-
Consumables	18 374	23 618
Employee costs	634 697	1 035 085
ICT expenses	88 235	178 210
Institutional review and strategic planning	155 361	-
Insurance	9 973	30 310
Interest paid on prior year loan	22 360	-
Lease rentals on operating lease	179 691	281 332
Prior year VAT adjustments	-	336 465
Relocation costs	38 870	-
Security	1 610	10 183
Subscriptions	15 489	22 180
Telephone and fax	33 556	86 917
	1 343 887	2 065 863
Total programme and operating expenses	3 118 244	5 225 049
Surplus/deficit for the year	1 242 893	(675 646)



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