

*ANNUAL REPORT 2007*



**studies in poverty  
& inequality  
institute**

*SPII: Registered Trust: IT 3080/2006; Public Benefit Number: 93002387; Nonprofit  
Organisation: 053-621-NPO*

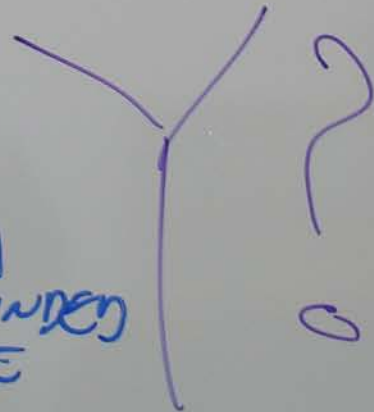
## **ANNUAL REPORT 2007**

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2. Introduction
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5. 2008 Programmes
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SPII IS... (supposed 2 b)

- X RESEARCH ON POVERTY + HOW 2 DEAL + INEQUALITY " " "
- X POLICY: MORE REALISTIC APPROACH
- X DEV. PROCESS (AS ORG + OUTSIDE)
- X PROMOTE SELF-EMPOWERMENT OUTSIDE
- X A LEARNING ORG.
- X REAL
- X MEETING PEOPLES BASIC NEEDS
- X RESEARCH INSTITUTE
- X THINK TANK
- X NEW KNOWLEDGE
- X ACCESSIBLE 2 CSO (KNOWLEDGE)
- X ADJULATE PROPER VALUES / REVIEW

X PLATFORM  
LIKE MINDEN  
PEOPLE



## **1. Message from the Director**

For SPII, 2007 was a year of great achievements and many firsts. It has been a great privilege being the Director of this young organisation for this period. As an institute we have built many partnerships with people and organisations nationally, regionally and internationally. We have been able to produce our first four publications which we trust have assisted others in their work, and we have brought together exciting people to tease out solutions to issues that we have struggled to resolve ourselves.

Many people have given very generously of their time, their insights and their support, and all of you must know that the success of SPII is a reflection of this giving. In particular I would like to thank Walkers attorneys who assisted us in the registration of the trust and other technical questions; Alvin Anthony who has advised us with organizational development and much more, Venitia Govender who is always on hand to contribute to SPII's work, the growing staff of SPII who have given more than anyone could ask of an employee, and finally the Board of Trustees who have donated their time, thinking and support unstintingly.

Our work also requires that donors have faith in our work and the approach that we take to undertaking that work. We have been very fortunate in having had funders who were prepared to take the risk of funding a new institute, and we trust that the processes and outputs that we have produced this year is return enough for that risk.

For me one of the most stimulating times over this last year centered around the First SPII Forum which boldly tried to unpack the complicated notions of participation. The Forum was attended by stalwart activists, government officials, mass membership based structures such as trade unions, political parties, faith based organisations and ngos. Many participants began with an almost unspoken assumption that participation is palpably different from pre-1994 days, despite the political freedom that was won. Reflections on the issue of participation enabled many to conclude that forms of participation might have changed, but it cannot be said that participation is dead. Whether it is robust or sufficiently visible can only depend on us.

We thank you for your ongoing support of SPII, and we hope that you will enjoy reading this report.

**Isobel Frye**  
**Director**



## **2. Introduction**

The Studies in Poverty and Inequality Institute Trust (SPII) was registered as a not –for- profit trust in July 2006. SPII is an independent policy analysis and research institute that focuses on providing accessible and innovative knowledge and analysis of existing anti-poverty policies that address both the reach and depth of poverty, and the current unequal distributional patterns of wealth, income, assets and human capital. Through our research we also provide empirically -based policy alternatives for consideration by policy makers, academics and civil society.

SPII was established in response to the recognition by the founder trustees of SPII that policy making and policy discourse in South Africa had begun to tend towards more confrontational engagements, often ideologically and politically loaded, rather than the former openness and dialogue that had characterised our emerging nation. Substantive discussion about policy choices and options was also becoming increasingly rare as a result of high levels of distrust among and between government, academia and civil society stakeholders.

The main objectives of its founding trustees was to create a safe space within which policy analysts and activists in civil society, researchers, intellectuals and government policy makers could come together to interrogate the development and implementation of effective evidence -based anti-poverty policies necessary to address the growing levels of economic, social and political exclusions and inequalities in South Africa in particular, as well as the Southern Africa region more broadly; to encourage our democracy and institutions of democracy and to support the realization of our social, economic and political constitutional rights.

What sets SPII apart from other research and policy institutes is the emphasis on both content (knowledge) and process (inclusive participation). In addition, our approach relies on identifying and exploring not only areas of commonality between policy actors, but also areas of dissent. Unspoken assumptions and ideological values ultimately will impact on the development of appropriate policies; our methodology acknowledges this and through our methodology we provide space for policy actors to challenge their own positions and those of their peers and to distinguish between occasions that require intellectual engagement from those that are determined through ideological engagement.

Cutting across all of our research work is the commitment to a strengthening of public participation in the policy and political arena as an essential condition precedent for South Africa's constitutionally guaranteed participative democracy. The Constitution of the Republic is the touchstone of the Institute, in particular the Bill of Rights. Supporting people's active involvement in decision-making processes also emphasizes the agency of individuals and communities, rather than seeing people as passive recipients of the largesse of state or charity.

SPII's board and staff collectively represent an impressive collection of skills, knowledge and most importantly, experience drawn from a variety of progressive structures and organisations both pre -and post -transition. This social capital provides SPII with access to an extensive network of people both locally, regionally and internationally that we are able to draw on and that qualitatively add to our work.

### **3. Vision and Mission**

#### **VISION STATEMENT**

The Studies in Poverty and Inequality Institute is an independent research think tank which focuses on generating new knowledge, information and analysis in the field of poverty and inequality studies. Through facilitating collaborative partnerships with and between government, institutions of democracy, academia and civil society organizations, we will be able to develop innovative and empirically based social and economic policies capable of combating poverty, reducing inequality and promoting sustainable development. We will work to support the development of a tradition of effective public participation in policy making and implementation.

#### **MISSION STATEMENT**

The Studies in Poverty and Inequality Institute will realize its vision by:

- Bringing together policy makers, analysts and implementers from government, academia and civil society formations, as well as international role players/ academics/ researchers and activists;
- Sharing information about poverty and inequality research and policy processes in order to stimulate new areas of collaboration among stakeholders;
- Constantly identifying further areas of research and/or gaps in current knowledge and to commission such research which will contribute to public knowledge and innovation;
- Disseminating information and research produced by the Institute to assist in policy development processes and campaigns;
- Participating in building regional collaboration and disseminating innovative practices focused on fighting poverty and inequality in the Southern African region.



#### **4. Outcomes for 2007**

##### **Programmes:**

##### **Poverty Measurement Project**

SPII completed a very successful project around poverty measures resulting in two final publications.

The first report was a more scholarly overview of the diverse theoretical schools on understanding poverty, social exclusion and vulnerability, and an overview of the different approaches internationally to measuring poverty. This document ended with recommendations for appropriate poverty measures to be adopted for South Africa. From this first document, SPII developed a shorter more accessible advocacy booklet which set out a critique of the poverty measures advocated by the Treasury and a recommendation of advocacy approaches that civil society organisations could implement.

The formal document was uploaded by National Treasury onto their website as a leading discussion document on the matter.

The project had a strong reference team comprising high level officials of the Presidency, Treasury, Social Development and Statistics South Africa, as well as two local (including Andries du Toit of PLAAS) and two international academics. As such it provided a rich group of people for SPII's active facilitation.

Two colloquia meetings were held with civil society on the issue. We believe that these engagements influenced the Minister of Finance to refer the matter to a NEDLAC Task team to negotiate a broad consensus on the setting of a national poverty line. SPII's formal document also became adopted by the NEDLAC community constituency as its official position for its negotiations.

The work of the Task Team received a renewed mandate at an EXCO meeting on 22 February 2008, after an initial concern that Treasury was going to proceed unilaterally to introduce an amended poverty line developed by Statistics South Africa.

##### **Moving ahead on measuring poverty...**

This work and the networks that we developed in this regard have informed the design of a multi-year primary research project that we hope to raise funding for, to be implemented with PACSA, to begin to flesh out in a qualitative fashion the reality of peoples needs'. We will then apply this data to construct a needs- based poverty measure. In turn this will also provide us with the data to develop an on-going pro-poor inflation index that reflects the expenditure weighting and priorities of poor people.

SPII continues to serve on the NEDLAC task team on poverty measures on behalf of community Constituency and we are able in this way to feed our work into the policy process.

## **2.2 Research on the Social Wage**

The primary objective of this research project was to unpack the notion of the social wage as used by South African government policy makers, and the secondary objective was to use this work to cost an effective per capita evaluation of the beneficial financial impact of government's interventions and services in reducing the spending needs of poor people.

The outputs of this project included the drafting of an international literature review of different countries approaches to defining and costing a social wage, and two consultative meetings. A smaller round table meeting was held to which high level officials from the Department of Social Development and the Treasury were invited, together with academics, policy advisors to various government departments, social policy commentators, civil society and organised labour.

The second consultation on the findings of the research were presented to a wide audience at SPII's first annual conference that took place in Johannesburg in October 2007.

### **Learnings..**

Given the frequency of the use of this term we had anticipated that there would be some agreed to definition of the components of the social wage by government. Our research showed that unlike in other countries in which this term is used, there is in fact no consensus on its meaning by any of the users of the term (both in government and in political parties). Instead, the term is used widely to describe any number of programme spending. Accordingly it was in fact not possible to proceed to cost up the value of social spending in the absence of a fixed definition.

Ultimately however the project enabled SPII to produce a useful analysis of the concept of the welfare state, both through the review and the two public engagements. Providing an international frame for an analysis of the increase in state assistance to people enables us to shift the thinking and debate beyond the conservative concerns about dependency and to break the false polarity between a “welfare” and a “developmental” state.



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## The Measurement of Poverty in South Africa Project: Key issues

### Working Paper No 1



## **How we work**

As a research institute in the first instance our focus is on knowledge production. Our research is focused on effecting positive change and for this reason research projects are conducted in a manner inclusive of stakeholders at whom the research findings may be directed which often constitutes the initial stages of subsequent advocacy engagement. As a general rule a reference team is brought together at the conceptual stage and continues to play an oversight and quality control function throughout the project. Such reference teams include policy makers from within the relevant state departments and institutions, academics and representatives of civil society.

Once research has been concluded the process of sharing and disseminating the findings requires active participation in state and civil society processes to interrogate the findings and seek implementation strategies.

### **Main Publications:**

1. Working Paper on Poverty Measures
2. Poverty Brief on Poverty Measures
3. Literature Review on Approaches to Measuring Poverty
4. Working Paper on the role of grants in mitigating or contributing to social conflict and unrest.
5. Literature Review on the Social Wage

### **Meetings/ Seminars convened by SPII**

1. Public Forum on Poverty Measures, co-hosted with NEDLAC Community Constituency in February.
2. Roundtable on the Social Wage in April.
3. SPII Annual Public Forum on Public Participation, 4-5 October.

### **In addition, SPII**

- co-hosted a seminar on “The Politics of Poverty” with Centre for Analysis of South African Social Policy (Oxford University)
- presented and facilitated a half day session on “A developmental state and the role of community development workers” at a Gauteng Provincial CDW workshop
- hosted seminar :“Organizing and mobilizing people's political and economic participation at a local level” by Professor Sumangala Damodaran
- made a presentation on the role of South African civil society in mobilising poor communities to participate in poverty eradication, organisation and monitoring and evaluation for a regional workshop on “Rolling out the Basket of Basic Needs Research” for faith based organisations
- presented our findings and recommendations on poverty measures at an NDA/ SAHRC/ UNDP “poverty and development” conference and facilitated a commission and report back session
- presented our findings on social grants and social conflict at a high level workshop hosted by CAGE (European Union & National Treasury)
- provided a presentation on poverty measures and the way forward at a seminar hosted by NALEDI on behalf of the People’s Budget Campaign,
- facilitated a civil society workshop at which the Presidency presented its draft Anti-Poverty Framework
- presented at the South African Civil Society workshop in preparation for SADC Poverty and Development Summit
- presented at the SAHRC workshop on building partnerships against poverty and promoting human rights
- contributed to various media: *Sunday Times, City Press, SAfm, Mail & Guardian, The Weekender, etc.*



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## POVERTY BRIEF Measuring Poverty



**Lessons learned.**

The lessons learned from the past twelve months have been extremely invaluable.

From a substantive side, the arena of policy analysis and advocacy requires a constant environmental scanning process, which in turn requires the establishment and management of effective and sound stakeholder relationships.

Certain conscious assumptions that we made at the outset about the strength and capacity of broader civil society have had to be revisited. This has in turn has seen a broadening of our focus of being primarily a research and policy analysis institute operating as policy “insiders”, to including a very deliberate strengthening of other civil society organisations and structures’ ability to engage. We do not see this as altering SPII’s objectives in any way, but a necessary altering in our mode of operation in order to better achieve our objectives. This in turn has made apparent the need for more dedicated research staff referred to above.



## 5. 2008 Programmes

Programmes	Pro-poor audit of government spending	Evaluation of national Poverty reduction strategy	Community Poverty scoping – PACSA and SPII	Social Security Workshops	Poverty hearings and GCAP work.	NEDLAC Poverty Measures and Social Security Reforms Task Teams
<b>Partner</b>	Open Society Foundation	Southern Africa Trust	Christian Aid	DSD logistical funding, own funding	Civil Society	Community Constituency
<b>SPII inputs</b>	<ul style="list-style-type: none"> <li>• Develop methodology and Definition</li> <li>• Audit of government work</li> <li>• Develop a report with recommendations for a standing Monitoring and Evaluation Tool</li> </ul>	<ul style="list-style-type: none"> <li>• One month work critiquing the poverty reduction strategies within South Africa and public participation in these processes</li> </ul>	<ul style="list-style-type: none"> <li>• Review Basic Needs Basket Research</li> <li>• Refine methodology</li> <li>• Qualitative field work</li> </ul>	<ul style="list-style-type: none"> <li>• Organise civil society input on social security reforms both within NEDLAC and with broader civil society</li> <li>• Call reference group and liaise with DSD</li> <li>• Design workshops</li> <li>• Logistics</li> <li>• Run with national workshop , assist</li> </ul>	<ul style="list-style-type: none"> <li>• Co-ordinate Gauteng Process</li> <li>• Background support for national process</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in Task Team and co-ordinate the development of joint positions between Community Constituency and Labour.</li> <li>• Ad hoc</li> </ul>

				with provincial workshop s • Develop composite report of inputs		
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**Other ongoing Institutional processes include:**

- Poverty Briefs
- Poverty Book
- Participation Digest
- SPII Forum 2009
- Fundraising



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## Social Grants and Crime in South Africa: A preliminary exploration

Working Paper No 2



## **6. Organisational Development**

SPII is governed by a board of trustees. The board now comprises nine people and reflects a broad range of influence and knowledge.

During 2007, SPII developed and adopted a Policies and Procedures Manual.

The core staff of SPII has remained small during this period. We hope to increase our research capacity in the following year to undertake the planned programmes listed above.



## **7. Partners**

**SPII** has a wealth of partners with whom we work and who in fact make it possible for us to undertake our work. The main partners during 2007 have been:

### **Civil society partners**

- South African Council of Churches
- Congress of South African Trade Unions and affiliate unions
- Black Sash
- People's Budget Campaign
- S A NGO Coalition
- NEDLAC
- Children's Institute
- Idasa

### **Government departments/ agencies with whom we have worked include:**

- Department of Social Development
- National Treasury
- The Presidency
- Statistics South Africa

### **We have worked with academics from the following institutes:**

- Centre for the Analysis of South African Social Policy (CASASP) in the Department of Social Policy and Social Work (DPSW) at the University of Oxford
- DPRU at UCT
- PLAAS at UWC
- SALDRU at UCT

### **Donor partners for 2007 include:**

- Atlantic Philanthropies
- Southern Africa Trust
- Open Society Foundation
- Conflict and Governance Facility (CAGE- a joint funding initiative between the European Union and National Treasury).

## 8. Financial Statement

### INCOME

2,007

Grants

2,344,326

Grants - Open Society Foundation

435,000

Grants - Southern African Trust

334,853

Grants - CAGE

319,973

Grants - Atlantic Philanthropies

1,254,500

### OTHER INCOME

40,164

Other Income

23,908

Interest Received

16,257

2384489.87

### EXPENSES

Administrative Costs

226,413

Salaries

800,837

Local Travel

14,653

Meetings Workshops & Conferences

11,581

Set - Up Costs

174,895

Other Costs Services

178,807

Literature Review

42,282

Reference Team

60,323

Consultative Meetings	63,220
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Colloquim - 2 Days	104,500
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Publication & Dissemination	32,000
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<b>CAGE - AW3/CFP3/5.2/2006/0033</b>	271,807
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ANTI - POVERTY STRATEGY SEMINAR	39,284
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<b>TOTAL EXPENDITURE AS AT 31 DECEMBER 2007</b>	<b><u>2020602.73</u></b>
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<b>NET PROFIT / (LOSS) BEFORE TAX</b>	<b><u>363887.14</u></b>
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<b>NET PROFIT / (LOSS)</b>	<b><u>363887.14</u></b>
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