
**Annotated Bibliography
of Recent Research on the
Impact of Social Security Grants**

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Research Report No. 52

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ACRONYMS AND ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
BIG	basic income grant
CBO	community based organisation
CDG	care dependency grant
CICSSS	Committee of Inquiry into a Comprehensive Social Security System
CPA	Cape Provincial Administration
CSG	child support grant
DG	disability grant
DoHA	Department of Home Affairs
DoSD	Department of Social Development
DoW	Department of Welfare
DRA	Data Research Africa
DSW	developmental social welfare
FCG	foster care grant
GIA	grant-in-aid
HIV	Human Immunodeficiency Virus
HSL	household subsistence level
IES	Income and Expenditure Survey
IPSP	Integrated Provincial Support Programme
MEC	Member of the Executive Council
NGO	non-governmental organisation
OAP	old age pension
OHS	October Household Survey
PCG	primary care giver
PIR	Poverty and Inequality Report
PRA	participatory rural appraisal
PSC	Public Service Commission
PSLSD	Project for Statistics on Living Standards and Development
RDP	Reconstruction and Development Programme
SAA	Social Assistance Act
SALDRU	South African Labour and Development Research Unit
SA-PPA	South African Participatory Poverty Assessment
SMG	state maintenance grant

FOREWORD

The newly established Directorate Monitoring, Evaluation and Audit, within the Department of Social Development, commissioned the School of Development Studies at the University of Natal in Durban to develop an annotated bibliography of recent research relating to the impact of social security grants in South Africa. The Directorate is responsible for the monitoring and evaluation of government's social security programme, and has identified as one of the critical elements to monitor the socio-economic impact of social security policies and strategies on the lives of beneficiaries. The Directorate aims to assess whether the implementation of social security policies and strategies is having the desired developmental impact in the longer term, and specifically the extent to which social security reaches the most vulnerable groups and how it impacts on them, how accessible and cost effective social security is for beneficiaries and for the Department, and how it is aligned with constitutional and international obligations, as well as the effectiveness and efficiency of social security delivery systems at a macro level. The Directorate recognised that in order to design and ensure these outcomes it was necessary to define the socio-economic impact of social security grants on beneficiaries. This research report is an updated and amended version of the draft annotated bibliography of recent research on the impact of social security grants that was submitted to the Directorate.

The grants included in the annotated bibliography are the old age pension (OAP), disability grant (DG), care dependency grant (CDG), child support grant (CSG), foster care grant (FCG), war veterans pension (WVP) and grant-in-aid (GIA). Relevant research on the state maintenance grant (SMG) has also been included, despite the fact that legislation has changed. Since the CSG is relatively new and not much research has been conducted on the impact of this grant, including research completed on the SMG serves to supplement information on the CSG and to contextualise this grant. The terms of reference for the original study included assembling information on the likely impacts of social security, conditioning factors, implementation successes and failures, monitoring systems and policy options, with an emphasis on South Africa, and confined to research published since 1990. In some instances research conducted before 1990 has been included, if a particular text is deemed to contribute towards the study in an essential way, possibly by contextualising other pieces of research completed at a later stage. The output consists of an annotated list of references which summarises the research methodology, area of study and main findings. Future areas for research using quantitative or qualitative methodologies are also pointed to. Citations were gathered through internet and library searches, and through direct contact with organisations concerned with social security grants and with researchers involved in social security issues. While the draft annotated bibliography submitted to the Directorate identified key issues for monitoring and evaluation, as stated in the terms of reference, these separate summaries have not been included in this research report. To date the annotated bibliography contains over 140 citations.

A number of points of clarification should be made with regard to the annotated bibliography contained in this research report. There is much overlap between this annotated bibliography and another, also commissioned by the Directorate, and completed in parallel, on the living conditions of the main target groups of social security grants (see Research Report No. 53). When there has been enough information on both subject areas within one piece of research to warrant separate annotations, relevant findings and information pertinent to both have been duplicated for each separate

annotated bibliography. When this has not been the case, grant information has been highlighted in the 'living conditions' annotations, or the relevant 'living conditions' information has been outlined within this annotated bibliography.

At some point it has been necessary to draw up certain criteria to define which work is to be included in this annotated bibliography. The aim has been for this updated annotated bibliography to be a resource, possibly a research tool, for those working in some way in the social assistance arena. Therefore, over time the original brief has been expanded and the ambit of inclusion has broadened. While the focus is on research that shows the impact of social security grants on recipients, there are some exceptions to the rule. Texts that contain information on the South African social security system more generally have been included in order for the coverage of information to be as broad and comprehensive as possible. The work of committees appointed to investigate various aspects of the social security system have been included, as these highlight past or potential problems in the system which may impact on grant recipients. In addition documentation of problems in the grant administration system has been included – the Eastern Cape pensions crisis, for instance – as non-receipt of a grant too has an impact on the lives of beneficiaries. Texts that outline the effect of the law on the grants system, principally through recent judgements such as *Grootboom*, have also been included, as has research that projects the impact of the Human Immunodeficiency Virus (HIV) or the Acquired Immune Deficiency Syndrome (AIDS) on the social security grants system. Research work on the basic income grant (BIG) has also been included, in order to gain a greater understanding of various types of policy options and the possible impacts these could have on recipients if implemented, as have two workshops that focus on the issue of children or disabled children and social assistance in order to supplement the relatively sparse amount of information there is on social assistance for children.

If the piece of work did not contain original research, it was required to reference research that had been completed in the field. Texts were also required as far as possible to be publicly available. Further, internet links to certain documents have been provided where these could be located. Material in both English and Afrikaans has been included, although all summaries have been completed in English. Included in this annotated bibliography are research reports, committee reports, reports from workshops, research monographs, working papers, discussion papers, working documents, background papers, unpublished papers, collected seminar papers, unpublished theses, chapters in books, and articles from academic and popular journals – both international and local. Excluded are newspaper articles and papers presented at conferences but not yet published. Papers or submissions to committees or commissions of inquiry that contain recommendations and proposals for changes to the grants system, which put forward a viewpoint, have not been included. It is recommended that readers make every effort to refer to these pieces of work, which point to gaps in the system and possible means to address these. Therefore on the whole, it should be noted that exceptions have been made with regard to the criteria for inclusion that have been used, and that for the most part these have been introduced where there is a paucity of research on grants or in certain areas, or where it was felt the information could contribute towards an improved understanding of the social security grants field.

Cross-referencing and overlap of information is inevitable, and may be found between works of different authors and within various works of the same author. However, every effort has been made to curtail this by referring to the original piece of research from

which findings or conclusions have been drawn. Furthermore, it has not always been possible to approach texts and write up annotations in the same manner. Much depends on the text: it is possible to summarise some texts by drawing on the main findings, while others texts are more amenable to summaries that outline – on a more abstract level – what the report covers. However, as far as possible, consistency has been attempted in the writing up of summaries. Some of the annotations are more lengthy and detailed than others and it should be noted that discretion has been used in including information thought to be more relevant. Instead of standardising all terms in the annotated bibliography, terms used in the original texts have been employed despite the fact that usage of these terms may differ throughout the research report. One specific example is the term ‘social pension’, which is used at times to refer to the OAP, and at other times to social security grants more broadly. Further, it should be emphasised that the year of publication of material should be noted when reading texts as this may influence the interpretation of the content of the piece of work.

Every attempt has been made to obtain and include research that was considered to be of relevance to this annotated bibliography, and it should be noted that omission of any reference is an oversight, rather than being deliberate. Some work could not be included as it could not be located despite numerous efforts to do so. It has also not been possible to include some relevant research that has recently been completed, as in some instances permission had not yet been obtained from authors for public release. For the sake of completeness however, some of the references for publicly available pieces of work that could not be obtained have been included, and a brief description of relevant aspects of the research, obtained from other sources, has been included. The original intention was for this annotated bibliography to be an ongoing piece of work, and therefore in order to update information, it is envisaged that further annotated references to relevant work will be added over time and form future updated versions of this annotated bibliography. The author welcomes comments on this annotated bibliography and suggestions for its improvement, as well as indications of references that have not been included here, and may be emailed at huntern@nu.ac.za.

It should also be noted that although attempts have been made to fittingly represent relevant aspects of the research that is cited here, when compiling annotations of this nature it is impossible to do justice to the richness of the work cited. While the intention in this annotated bibliography has been to give an overview of what each piece contains, and to state relevant research findings in more detail, further reference to this original research work is strongly encouraged. In any instance, this original research material should be consulted in order to obtain more detailed information specific to the needs of users of this annotated bibliography. The time and capacity simply did not exist to include information that could be of use to the wide spectrum of individuals working in the field. Finally, it should be emphasised that any oversights or omissions are the author’s rather than deliberate or reflective of the Department of Social Development or the School of Development Studies.

SOCIAL SECURITY GRANTS / SOCIAL ASSISTANCE

Aliber, M. 2001. *An Overview Study of the Incidence and Nature of Chronic Poverty in South Africa*. Background Paper 3. Chronic Poverty Research Centre, Institute for Development Policy and Management, University of Manchester. PLAAS / Programme for Land and Agrarian Studies, School of Government, University of the Western Cape. [<http://www.chronicpoverty.org/pdfs/sa.pdf>]

This study summarises the state of knowledge about chronic poverty in South Africa, describes the range of existing governmental and civil society initiatives that address chronic poverty, and provides an assessment of the efficacy and sufficiency of these measures. The author notes that when measured by expenditure, the government's social security system is by far the largest anti-poverty instrument in the country, and probably one of the more functional. South Africa's social security system is described as being "*less of a net devised to catch an unfortunate few in times of temporary distress, than a major commitment to help a large fraction of the population over a sustained period*" (p. 38). Included in the categories of those defined as chronically poor are people with disabilities and the elderly, and it is indicated that the widespread allocation of OAPs is not an indication that there are no chronically poor households effectively headed by elderly people. The author outlines the South African social security system and the various grants that the government administers, some of the research that has been completed on the respective grants, as well as gaps in provision. Further, the author identifies challenges to addressing chronic poverty in South Africa, and points to priority areas for further research. It is noted with regard to the role of social security grants that a number of factors could be examined, namely the size of the grants, the household member to whom grants are allocated, the effects on household composition over time, whether the grants provide a source of investment, and their role in the economy of the local community.

Andersson, N., Merhi, S., Ngxowa, N., Myburg, M., and Salcedo, M. 2001. *First Things First: Implementing Batho Pele. The Amatole District Municipality Social Audit*. Report prepared for the Government of the Eastern Cape Province. CIET Africa, East London. [<http://www.ciet.org/www/image/library.html#safrica>]

This demonstration social audit was funded by the British Department for International Development through the Government of the Eastern Cape Province as part of the Integrated Provincial Support Programme (IPSP) which the Eastern Cape government embarked on to improve service delivery in the province. One of the aims of the IPSP is to establish a service delivery monitoring system based on service delivery standards as set out in the *Batho Pele* (People First) campaign. CIET Africa was appointed to demonstrate a social audit of the delivery and performance of the four departments in the social needs cluster – education, health, welfare, and sports, arts and culture. The report documents types and effects of community participation in public services. Data collection methods include a household survey to collect information on individual client experience, key informant interviews to assess community level factors and to obtain service workers' views, and community focus groups to deepen the understanding of results and to explore corrective strategies. The sample frame, made up of updated enumeration areas, was a stratified last-stage random selection by size of settlement and location. Twenty enumeration areas were selected from a total of 1 933 named localities in the district municipality. The final sample consisted of 2 297 households and

11 287 individuals (approximately one person in every 200 in the district). Data was collected in the first three months of 2001.

It is shown that while there is good pension coverage (92 percent of senior citizens collect their pensions), nearly one half of those who volunteered an opinion on the subject of respect received from the services, view welfare as the most corrupt government department. The major reason for this, confirmed in the focus groups, is that many who expected a pension cheque did not receive one, and were not given a reason for this. It is concluded that since 92 percent of eligible seniors said they did receive their cheques, the perception of corruption appears to be principally one of communication about eligibility. It is recommended that this lends itself to a quick turnaround improvement with an appropriate communication strategy. It is also shown that a senior citizen in an urban area is more likely to receive his or her pension than one in a rural site. Further findings of interest with regard to the individual *Batho Pele* principles are as follows: the welfare sector lacked systematic consultation; a strong need for better service in the welfare department was identified; the majority of respondents felt that welfare officers were accessible to them; a need was identified for information on eligibility for pensions and the role of the social worker; the 'least open' department was welfare, where only five percent of respondents knew the name of the MEC; two-thirds of respondents claimed to not know how the process of redress worked in welfare. The authors emphasise the fact that Amatole is not a typical district municipality in the Eastern Cape province, and that service delivery is likely to be far better in this district municipality than anywhere else. It is proposed that as a next step the social audit be extended to the rest of the province, and that if similar results are found in the remaining five district municipalities, it would be appropriate to develop and implement a cluster-wide strategy of communication. Overall, the demonstration social audit illustrates actionable performance indicators for monitoring progress, using the *Batho Pele* framework.

Barberton, C. 1998. *Locating Responsibility for Social Security Budgeting in South Africa: Assessing the Options*. Research Monograph No. 1. Applied Fiscal Research Centre, University of Cape Town.

The author responds in this paper to the Public Service Commission's (PSC) Investigation into the Rendering of Social Security Services. In the PSC's report a hybrid model was recommended, where the national Department of Welfare (DoW) would be responsible for policy-making, monitoring and evaluation, while the provincial departments would be responsible for day to day implementation and administration. In this paper the author reacts to the PSC's 'dodging' of the budgeting issue, by suggesting alternative budgeting options for social security. It is recommended that the national DoW develop a formula to determine the share of national revenue that should be allocated to social security at the 'vertical split' phase of the budgeting process, and then adjust it for provincial beneficiary levels, in order to determine provinces' share of the total budget. In this scenario the national Department would be putting forward a set of indicative budgets for the provinces to choose from, but ultimately would decentralise responsibility and maintain the incentives to effect efficient and effective service delivery. The author finds fault with the PSC's failure to make a recommendation as to where to locate responsibility for social security. Part of the strategy put forward here would require the asymmetric treatment of provinces, which would take into account the differences between provinces, particularly as regards capacity. Various models for

locating the social security function are put forward, and a possible reform agenda for restructuring the social security function is outlined.

Bhorat, H. 1995. The South African social safety net: Past, present and future. *Development Southern Africa*, 12(4), 595-604.

This article was written soon after South Africa's new democratic government had come to power, and was intended as an input into the process of poverty alleviation and development programme formulation that was taking place at the time. The purpose of the paper is to contextualise social welfare provision historically in a bid to grasp the complexity and enormity of the task facing the new democratic state. The author reviews secondary research that has been done in this area, and recommends that future policies will need to eliminate gaps in the social safety net and ensure that adequate entitlements are delivered prudently and cost-effectively. A strong emphasis throughout the article is on fiscal restraint. Specific suggestions include increasing the entitlement age for women from 60 to 65 as a way of keeping welfare payments within the budget, and making the timing of payments more flexible. Pensioners could choose the frequency of payments in a system of managed flexibility. Being paid every second month, for example, may be more convenient for rural African inhabitants because of high transport costs and the likelihood of being robbed.

Bhorat, H. 1999. *Public Expenditure and Poverty Alleviation in the South African Labour Market*. DPRU Working Paper No. 99/26. Development Policy Research Unit, University of Cape Town. [<http://www.uct.ac.za/depts/dpru/wp26.pdf>]

In this paper the author attempts to address an under-developed area of poverty and labour market research, by assessing poverty or social welfare impacts at the individual and household levels that result from specific and quantifiable public expenditure outlays. The poverty gap measure – derived from the general class of poverty measures developed by Foster, Greer and Thorbecke – is used to simulate the effects on poverty of various policy interventions. The analysis is based on the 1995 October Household Survey (OHS)¹. For household-specific data the accompanying Income and Expenditure Survey (IES) has also been used².

The paper empirically assesses the public expenditure commitment necessary to generate zero poverty in society, giving consideration to the various household and individual categories in the economy. The study finds that the commitment required from the state to reduce poverty – albeit within the realm of very strict assumptions – is fairly modest. It is evident from the analysis that for state targeting purposes the nature of household poverty is relatively easily reduced to a small sub-group of labour market defined household types. A comparison and assessment of two alternative types of income grant schemes is provided (although no account is given of all the added costs associated with such a welfare transfer scheme). The additive and multiplicative grant programmes show that a low financial commitment does go a significant way toward reducing poverty. A comparison of the two programmes points to the additive scheme as being friendlier to those who are relatively worse off amongst the poor. It is noted that if this work were to be extended in the future, estimates would need to account for

¹ This large cross-sectional survey of about 30 000 households, was provincially representative and used a multi-purpose questionnaire.

² This survey was derived from a sub-sample of 1995 OHS households.

the additional costs associated with the schemes. Moreover, according to the author the analysis would be greatly enhanced by applying this methodology to already existing welfare interventions, such as the OAP.

Bhorat, H. 2000. Public expenditure and poverty alleviation: Simulations for South Africa. *Development Southern Africa*, 17(5), 791-805.

Based on Bhorat (1999), the author elaborates on additional points not included in the working paper. In this article the two transfer schemes put forward in the previous paper are discussed in more depth. It is noted that a multiplicative programme will have a smaller impact on poverty when compared with its additive equivalent, since a multiplicative system offers the poor less cash in hand compared with those higher up in the income distribution profile. The author also stresses some of the drawbacks or shortcomings of the income transfer schemes, which is useful in understanding some of the impacts of grants more broadly. It is indicated that contrary to a hypothetical fiscal transfer scheme in which stringent assumptions are applied, in reality administrative or set-up costs are extremely high. In the hypothetical analysis the continued cost of the scheme from one year to the next is not built in and it is not shown how its value may fluctuate. It is noted that if poverty levels were to increase dramatically, the scheme would rapidly expand and ultimately become unaffordable very quickly. Such a scheme also does not take labour supply incentives into account, although studies of labour demand patterns have shown that individuals in the lower end of the labour market would not constitute a great demand, and that large sections of the unemployed are very unlikely to be employed anyway. It is noted that an income grant could offer much needed respite from indigence in an economy with very few job prospects. Yet while the scheme assumes perfect targeting (that every rand spent in the grant will go to the correct recipient; that no ineligible individuals or households would receive the grant), it is emphasised that this outcome is not likely in reality.

Overall, the author draws attention to the fact that the most cost-efficient and simplest poverty alleviation intervention is that of targeted income transfers, and that the OAP has long been held up as a model of an effective and efficient welfare transfer scheme. It is noted that the OAP and maintenance grants in particular have cumulatively contributed to indigent cohorts having access to at least some household income. Therefore, it is recommended that in considering a national income grant scheme, account be taken of these long-standing schemes that are still in operation. The author goes on to conceive of possible grant schemes that would be more amenable to the concerns of policy makers. It is suggested that the BIG could be narrowed down further, to include only those unemployed individuals who have lost their jobs through structural decline in the economy, for example. A second suggestion is raising the value of the OAP, and a key issue that needs to be explored is the impact of such an increase on poverty at the household level.

Bhorat, H. 2001. Public expenditure and poverty alleviation – simulations for South Africa. Chapter 6. In H. Bhorat, M. Leibbrandt, M. Maziya, S. van der Berg and I. Woolard (Eds.), *Fighting Poverty: Labour Markets and Inequality in South Africa* (pp. 155-170). Lansdowne: UCT Press.

This chapter is derived from and based entirely on Bhorat (1999).

Bhorat, H. 2002. *A Universal Income Grant Scheme for South Africa: An Empirical Assessment*. Unpublished mimeograph, University of Cape Town.

This paper attempts an overview of the notion of social security in South Africa, and focuses on recent pronouncements for a universal income grant to be considered. Initially the author looks at the pure cost considerations of such a scheme within the constraints of budgetary allocations. The author then proceeds to analyse the possible poverty effects that could be discerned through the institution of a national grant system, differentiating between absolute and relative poverty levels. It is concluded that while absolute poverty shifts were witnessed through a grant scheme, relative poverty shifts are probably more important as an evaluation tool. It is shown that according to the absolute poverty measure used and depending on the value of the grant, household poverty would decline by between four percent and 16 percent nationally. When the relative poverty measure is used, the figures are four percent and 23 percent. Interestingly, the simulation of the poverty effects when the pensionable age is reduced (from 60 to 40 for women and 65 to 45 for men), reveals that the poverty effects are similar to the institution of a R100 universal grant. Finally, the author emphasises the fact that little or nothing has been raised about the potential pitfalls of a universal income grant scheme.

Bredenkamp, C. 2001. *Falling Through the Cracks: Income Security and the South African Social Security System*. Unpublished Masters Thesis, University of Stellenbosch.

This thesis focuses on the extent to which the South African social security system succeeds in providing protection in the vulnerable periods of the life-cycle and against the major contingencies of unemployment, disability and illness. The thesis provides a detailed examination of the different social insurance and social assistance programmes, and attempts to isolate who 'fall through the cracks' in the provision of income security. It is noted that social security complements other governmental interventions, and that each social security programme is merely one of many layers of social support. Therefore, social security is examined as a unified system, rather than as a simple aggregate of individual programmes. The thesis reveals that there are certain groups of people who are not protected against specified contingencies – either through state or non-state support. It is concerned with the range of contingencies covered by social security and with the coverage of different population segments by these programmes, as well as the articulation between various social security schemes and programmes. This enables some tentative conclusions to be drawn about the potential of different programmes to alleviate poverty and redistribute income. Also considered is whether, given benefit levels, take-up rates, demographic forecasts and labour market conditions, the social security system is administratively efficient and fiscally sustainable as it is structured.

The thesis begins with an economic rationale for the provision of social security. The objectives of social security are set out and the economic costs that may be involved in achieving these objectives – in terms of labour market flexibility, disincentive effects and the impact on net savings, investment and economic growth – are examined. The different targeting approaches that can be used to allocate social security benefits are also looked at. The first part of the thesis examines social insurance in South Africa, and analyses social insurance programmes for retirement, unemployment, occupational disability and disease, and road accidents. The second part of the thesis examines the range of non-contributory social assistance transfers that are available to those who

qualify in terms of the means test. The administration of grants is looked at, as well as the budgetary process by which revenue is allocated to social assistance programmes, and expenditure trends and patterns are also considered. The different social assistance benefits available to the aged, the disabled and caregivers of young children are examined. An attempt is made to understand the extent to which the social assistance programme provides a safety net for each category of vulnerable people, by examining the appropriateness of the programme structure, the take-up rate of each benefit, the fiscal sustainability of the programme and the articulation between the benefit and other sources of governmental and non-governmental support. With regard to the impact of grants, the following is also considered: the role of OAPs in economic activity; the role of DGs in poverty alleviation; the effect on poverty and redistribution of the CSG.

Budlender, D. 1998. *The People's Voices. National Speak Out on Poverty Hearings, March to June 1998. Commission for Gender Equality and South African Human Rights Commission and South African NGO Coalition.*

Between 31 March and 19 June 1998 the South African Human Rights Commission, the Commission on Gender Equality and the South African Non-Governmental Organisation Coalition convened a series of 10 hearings on poverty. The Speak Out on Poverty hearings were held in each of the nine provinces, and in total over 10 000 people participated, by attending the hearings, mobilising communities or making submissions. Nearly 600 people presented oral evidence over the 35 days of the hearings. In all provinces, but particularly in the Northern Province, KwaZulu-Natal and the Eastern Cape, many participants spoke of the problems associated with state grants, and about the importance of this money for their household's survival. OAPs and DGs constitute a 'living wage' to some. While some were satisfied with the amount of the grant, others did not feel the grant amounts were enough as they had to support more people than the beneficiary alone. One participant noted that old people "*cannot feed themselves because they maintain the families*" (p. 50).

In KwaZulu-Natal and in the Eastern Cape many of the households dependent on grants contained 10 or more people. Some described the importance of pensions given the small and irregular remittances which constituted one of the few other sources of income. Numerous voices were also heard that revealed their perspectives on and their experiences of social security grant administration (the cutting of grants and the institution of re-registration as part of the welfare review process was the source of numerous complaints), the pay points (a recurrent source of complaints, particularly for older people), the OAP (age emerged repeatedly as a barrier, even where people appeared to be, or thought they were, eligible), the DG (lower qualification criteria and the influence of subjective opinion) and child grants (concern was expressed over the phasing out of the SMG). The issue of private provision was also addressed – during the hearings there were repeated stories of employers not providing adequately for those who were old, injured or became ill on account of work. Many testimonies provided implicit evidence of the many people and households who fall between stools – children too old for child support, or adults not sufficiently disadvantaged for a DG and not old enough for the OAP. An example is given of men who were dismissed from their jobs (often on the mines) because they were considered too old for work, but were not yet eligible for the OAP. Many could not understand why they were excluded when they were so clearly needy. While the social security system in South Africa sees the first

port of call for assistance as the person's family, there was evidence of many cases when family support failed.

Budlender, D. 2000. Human development. Chapter 5. In J. May (Ed.), *Poverty and Inequality in South Africa: Meeting the Challenge* (pp. 97-140). Cape Town and London: David Philip and Zed Press.

This chapter is contained in a book that is based on the findings of the original Poverty and Inequality Report (PIR). In the chapter South Africa's welfare sector is described, and attention is paid to the shape of the (then) current social security system. The central grants – OAP, DG, SMG, CSG – are elaborated upon, specifically conditioning factors and the role that they play for the beneficiaries themselves and for the households in which the beneficiaries live. It is noted that social grants have been a source of household security for millions, and that these grants contribute to poverty alleviation and are often used as collateral. Further, that they infuse cash into rural areas and are gender-sensitive. It is stated that the ultra-poor derive 28 percent of their income from social pensions, as opposed to 5.8 percent of the non-poor who obtain income from this source. The OAP is considered to reach a high proportion of those who are eligible, to be well targeted, and to provide many poor households with a regular income, a basic level of food security, and protection against seasonal fluctuations and shocks. The author notes that sixty percent of African households with pensioners are three-generation households with children present. Moreover, roughly a third of all children aged four or under are in households that receive pensions, and the percentage of children living with pensioners is even higher in the poorer quintiles. The number of old age pensioners is shown to make a significant but negative contribution to the household in the sense that each pensioner raises the probability of being poor. Although the income of the pensioner increases total household income, by attracting additional members to the household the per capita income declines. This finding lends support to the view that pension income acts as a safety net to other members of the pensioner's family.

Committee for the Restructuring of Social Security. 1997. *Report of the Committee on the Restructuring of the Social Security System*.

The Committee for the Restructuring of Social Security was set up by government in response to the alleged crisis in the social security delivery system. The fragmentation of the social security system into 14 separate systems in the past, each with its own management and information systems, rules and procedures, led to loopholes which could easily be exploited by officials and members of the public. It is noted in the report that the departments of Welfare, at both national and provincial levels, were grappling with the problems of developing a national integrated social security system which could include some provincial flexibility and autonomy, and which could be efficient, effective and fraud free. It is emphasised in the report that the restructuring of the social security system is a complex ongoing process, and that there is an urgent need to develop more effective management and information systems, uniform rules and procedures, payment options and an assessment of the nature and scope of fraud in the social security system. The following three task groups were set up as part of the Committee: the Social Security Systems Task Group (to review (then) current social security systems, especially information and payment systems and technology); the Task Group on Effective Management (to investigate and make recommendations regarding the

restructuring of management systems and human resource development); and the Task Group on Fraud and Corruption (to evaluate information regarding fraud and corruption). The findings, conclusions and recommendations of these three task groups constitute the main substance of this report. Overall it is recommended that a nationally organised social security system be established. The recommendations relate primarily to administrative aspects, namely management, information, payment systems and technology, human resources, and fraud and corruption.

Committee of Inquiry into a Comprehensive System of Social Security for South Africa. 2002. *Transforming the Present Protecting the Future*. Draft Consolidated Report. Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa.
[\[http://www.welfare.gov.za/Documents/2002/2002.htm\]](http://www.welfare.gov.za/Documents/2002/2002.htm)

An inter-departmental task team convened by the Department of Social Development (DoSD), proposed that a committee engage in consultations and generate final proposals with respect to an improved and better structured social security system. The Committee of Inquiry into a Comprehensive System of Social Security (CICSSS) was therefore appointed to review the following: options on ultimate objectives and targets for the social security system; options for immediate practical implementation; and, viability and implications of the options considered. Specific social security areas that are covered by the Committee include the national pensions system; social assistance grants (the aim is to evaluate the entire social assistance mechanism including all grants, their funding mechanisms, and the efficiency with which they achieve their goals); social insurance schemes; unemployment insurance; and, health funding and insurance. It is required that each of these specific areas include the following analyses: existing processes; core issues; key recommendations on future directions; and, implementation processes. The Committee is also required to develop a social budget for all the key social security areas, to consult with all relevant stakeholders and government departments, to take input from all relevant South African experts in the various policy areas under examination, and to review all relevant material on international practice in both industrialised and developing country settings. The Committee held public hearings, consulted with representative groups, received submissions and commissioned research in order to arrive at its conclusions and recommendations.

Initially with regard to children, the Committee notes that substantial problems exist with the present system of protection for children in South Africa. The following concerns regarding the CSG are highlighted: children most in need are not targeted effectively; the level of the grant does not come close to meeting the basic costs of childcare; the age limit has no real rational basis and is not consistent with the Constitution's definition of a child; in stopping the grant at school-going age some children are unable to attend school because their parents cannot afford the costs associated with schooling; the means test represents a barrier to many applicants gaining access to the CSG; the grant is not operating effectively. With regard to the FCG, it is noted that accessing the grant is problematic as in order to qualify for a FCG, the child has to be placed in the care of foster parents through the children's court. The court process is lengthy and inappropriate for many families who are content with caring for children who are not their own, but require some form of support. In addition, problems exist with accessing FCGs for non-South African children because of the paperwork required. The Committee asserts that there are abuses of the system, and that one of the reasons for the repeated

renewal of foster placements is the lack of financial support for adoption. A number of problems are identified as being associated with the CDG. It is noted that the purpose of the CDG to enable permanent home care for permanently disabled children only is limiting and inadequate, and open to different interpretations. In addition, there is a lack of clear definitions with regard to disability in the legislation, which has serious implications for inclusion or exclusion criteria and makes targeting extremely difficult. It is emphasised that the CDG benefits only severely disabled children permanently at home and does not cater for the many others with milder disabilities or those in day-care facilities. Further, the Committee draws attention to the fact that means testing is rarely used correctly, is administratively demanding and has been reported as demeaning. Moreover, the assessment test can be highly subjective and is open to the personal interpretation of the medical officer.

A number of recommendations are made pertaining to these children's grants. With regard to FCGs, it is recommended that the process of foster care allocation be simplified, that non-South African children be allowed to access these grants, and that provinces should have a uniform approach in granting this and other grants. It is further recommended that the DoSD urgently make provision to support the growing number of orphans – especially those in child-headed households. Short-term measures should include extension of the CSG to all children zero to 18 years, as well as simplification of access to the grant. With regard to children living with HIV/AIDS, it is suggested that the CSG be extended to all children zero to 18 years, and that the foster process be simplified. Further, a mechanism should be developed for 'informal carers' of children to access FCGs. It is also proposed that the CSG be supplemented by an appropriate nutrition and child care support programme, with a particular focus on lending help to caregivers of HIV positive children. Finally, it is recommended with regard to the CDG that the clause of 'permanent home care' for eligibility for this grant be removed, and that the CDG be extended to children with moderate disabilities and those in special schools or day centres.

With regard to disability, the Committee suggests that persons with chronic illnesses, including HIV/AIDS, should qualify for the grant. Further, eligibility should not be based on the person's 'incapacity' to work, as their lack of work is often due to the poor economic climate and prejudice in the workplace, as opposed to their physical or mental inability to perform the job. Instead, eligibility should be determined by a needs-based assessment, which should replace current means testing. Assessment procedures, targeting and benefits are elaborated upon. It is recommended that the DG and the CDG be maintained and kept at their current level, if not increased. The Committee recommends that persons with disabilities and in poverty receive basic income as a first step in a package of benefits. Thereafter, consideration should be given to their special needs and provision made in the form of 'topping up' in relation to cash benefits, in-kind benefits and other essential services. In addition, the Committee recommends that the GIA be re-examined and its usefulness and relevance determined.

More broadly, the shortcomings in the South African social security system are also pointed to. With regard to non-contributory social assistance, it is indicated that there are large gaps and inadequacies in the system. Those groups that are covered include the aged (the Committee note that the OAP is the largest social security transfer in the country, and for those elderly who receive it the grant plays a pivotal poverty alleviation role for the entire household), the disabled (it is noted that the DG is essentially a

poverty grant as 77 percent of recipients are also in poverty), and children below seven (the CSG is described as having been afflicted by a slow take-up rate, with only 25 percent of the targeted group receiving the grant three years after implementation). The following categories of people are indicated as remaining uncovered by social assistance: children (75 percent of poor children below seven years, all children over seven years of age, and all children without primary caregivers, as well as child-headed households do not receive any grant), the disabled (those with a chronic illness who do not meet the strict medically defined criteria are excluded), the unemployed (excluding the five percent of the unemployed who receive UIF, and those who receive disability and child care related grants, about five million of the unemployed are without any form of income support from the social security system), the poor (those with incomes below the poverty line, including the working poor – approximately 60 percent of the poor – are uncovered), and non-citizens (although the Constitution states that ‘everyone’ has a right to social security, social assistance mostly excludes non-citizens).

The Committee notes that South Africa’s social assistance system of grants is important in addressing income poverty. It addresses the fact that low or non-existent incomes contribute directly to poor access to healthcare, education, housing and social infrastructure. In one section of the report, the impact of the government’s income grant programme on the state of poverty in South Africa is evaluated, based on household level micro-simulation models commissioned by the Committee. It is noted that most pensioners (84 percent) live in households with non-pensioners. Yet, most adults (81 percent) and children (76 percent) live in households with no pensioners. Therefore, while pension money benefits many of the poor, pensions alone are wholly inadequate at targeting the poor as a group. Households with working age adults comprise only 10 percent of all households: the poor in these households are excluded from a social security system that protects children and pensioners. Further, it is noted that most South Africans live in large households of more than six people. Since larger households tend to be poorer, a fixed grant to each household will not be efficient in targeting the poor. Instead, large per capita benefits will accrue to wealthier households.

It is indicated that existing social security programmes do not adequately address the problem of poverty. Half of the poor live in households that receive no social security benefits at all, and the rest remain poor in spite of the benefits they receive. Yet, social security grants do reduce the average poverty gap by approximately 23 percent. Specifically, the OAP reduces the poverty gap for pensioners by 94 percent and skip generation households have their poverty gap closed by over 60 percent on average. The poverty gap for three-generation households is closed by less than 50 percent due to the burden of working age members. However, for the average poor household without a pension-eligible member, social security has an almost negligible impact, while for households with no pensioners the reduction is less than 10 percent. Modelling completed by the Committee indicates that even if all benefits are distributed to everyone entitled, the existing social security system has the capacity to close only 37 percent of the poverty gap. Even the partial closing of the gap is not evenly distributed across household types: households containing only working age adults have 11 percent of the poverty gap closed; the entire poverty gap is closed for households containing only adults in pensionable age; 22 percent of the poverty gap is closed for households containing only children and working age adults; 80 percent of the poverty gap is closed for skip generation households; and 64 percent of the poverty gap is closed for three-generation households. However, even with full take-up of all social security programmes, over half of the population fall below the poverty line. Means tests, rigid

eligibility criteria, and the high relative cost of applying for social security all contribute to low take-up rates. The Committee finds that from a comprehensive social protection framework the existing programme of social assistance grants is considerably high cost relative to its level of social effectiveness. The Committee believes that one of the most effective means of reducing destitution and poverty is to provide some minimum support in the form of a social assistance grant, which should be set at a level that would address destitution in the medium term and absolute poverty in the long term.

The Committee evaluates the potential of the BIG to address the severe poverty that can be seen in South Africa. The analysis of the impact of a BIG is based on an income grant of R100 per month for all South Africans. The Committee notes that the household type with the least reduction in the poverty gap is the household with only working age adults. With the introduction of a BIG, the poverty gap in these households is closed by over 56 percent compared to less than eight percent with the system that is in place. For households with children but no pensioners the poverty gap is closed by two-thirds, while for households with children and pensioners the gap is closed even more. Ninety-five percent of the poverty gap is closed for skip generation households, while 85 percent of the poverty gap is closed for three-generation households. Further, with a BIG in place over half of the benefits (53 percent) are distributed to rural households where most of South Africa's poverty is evident. In addition, the incidence of extreme poverty is eliminated, the closing of the poverty gap improves to 74 percent, while 6.3 million are moved out of poverty. Most of the remaining poor individuals are clustered fairly close to the poverty line. In conclusion, the Committee notes that the BIG has the potential, more than any other possible social protection intervention, to reduce poverty and promote human development and sustainable livelihoods. Yet, the Committee emphasises that the conditions for immediate implementation of the grant do not exist, and that there is a need to first put in place appropriate capacity and institutional arrangements to ensure effective implementation.

The report also covers the constitutional framework for social security in South Africa. Committee analysis reveals the unequal, exclusionary and inequitable structure of the present social security system, particularly certain elements which do not conform with the constitutional prohibition of unfair discrimination. The Committee emphasises that vulnerable communities must be given priority by government, and their needs effectively addressed. The *Grootboom* case is cited, and it is recommended that South Africa's social security laws be amended to comply with its international obligations. The conceptual framework of a comprehensive social security system is outlined in one of the chapters. Finally, the Committee considers a comprehensive and integrated medium- to long-term framework for income support.

Donaldson, A.R. 1993. Basic needs and social policy: The role of the state in education, health and welfare. In M. Lipton, and C. Simkins (Eds.), *State and Market in Post Apartheid South Africa* (pp. 271-320). Johannesburg: University of the Witwatersrand Press.

In this chapter the author explores various themes in respect of three aspects of public policy: relief of poverty; promotion of health and welfare; and, investment in education and training. A section of the chapter looks at pensions and social welfare, and it is noted that OAPs dominate public welfare transfers, representing a principal source of income to a substantial proportion of poor households. Another section in the chapter assesses social pensions and DGs. It is argued that understanding the links between

state social security provision and the welfare of the poor requires attention to the details of policy intervention. The author illustrates the complexity of this analysis by using two studies of the role of OAPs: one included in this annotated bibliography (see Le Roux, 1991), another undertaken in 1986 by Ardington. The author states that pensions are the only component of state welfare provision which reach into all communities. From Ardington's study he notes that an unintended circumstance of the pension is that pensioners have become comparatively wealthy members of poor communities. The presence of a pensioner is often a critical factor in many household's well being, while the death of a pensioner is a potentially disastrous occurrence for some. Moreover, pensions are a principal source of cash income for rural households, and a more reliable source of income than agriculture or migrant remittances, resulting in easier access to credit for pensioners. Ardington's study also shows that in rural areas households with pensioners have higher average incomes than other households. The presence of a disabled person or a foster child in a low-income family is also a relative asset. This can have perverse incentives, however, as families may resist hospitalisation or confinement of members as grants are not awarded when disabled people are institutionalised. The inadequate delivery of social pensions, particularly in rural areas and informal urban settlements is also pointed to. Yet while the OAP may be a blunt and badly targeted instrument of social welfare, it is considered to be simpler and less costly to administer than more comprehensive services. The author highlights Ardington's point of building comprehensive rural social services on the existing pension delivery system. To end, the problems of power and collective action in relation to social policy are discussed, and the author notes that basic needs of the poor are best served – not by the state or the market place alone – but when effective public programmes complement private initiatives and the voluntary forms of collaboration which characterise a dynamic civil society.

Haarmann, C. 2000. *Social Assistance in South Africa: Its Potential Impact on Poverty*. Unpublished Doctoral Thesis, University of the Western Cape. http://www.cdhaarmann.com/Publications/C_PhD_w.pdf

This doctoral thesis evaluates the links between social assistance and poverty alleviation in the South African context and – taking the commitment of government as its starting-point – attempts to reveal potential routes for future intervention. The research focuses on the (then) current social assistance system, its potentials and gaps, and on options for extending social assistance to the poor who are not included in social assistance provisions. The analysis is based on an evaluation of the impact of social assistance on various social, economic and developmental factors. The ability of different programmes to target the poor and vulnerable and to change their poverty situation is looked at. The links between poverty and different household structures in South Africa is also assessed, and the kinds of households which are more likely to live in poverty than others is established, as well as how to reach these types of households most effectively. Further, the redistributive potential of different options is analysed by observing the changes that these would entail in the overall income distribution, and how they would contribute to the reduction of inequality, as well as the potential of these options to reach and place resources in the underdeveloped rural areas in South Africa. The financial costs, but more importantly the economic benefits of social assistance, such as their potential for economic development in rural areas, or an increase in productivity, are discussed. The research also attempts to integrate the impact of the HIV/AIDS epidemic on poverty, the household structure, and looks at the resulting implications for social assistance. Based on the South African Labour and Development

Research Unit (SALDRU) Project for Statistics on Living Standards and Development (PSLSD) data set³ a microsimulation model is built for the evaluation of the different policy options. The model is used to assess the social, financial, economic and developmental impact of the different options. The research is also informed by and draws on a study for the Congress of South African Trade Unions on a comprehensive social security system, conducted by the author and a co-author.

The analysis reveals that the OAP and the CSG are potentially effective in reaching some of the poor and helping to alleviate extreme poverty. However, it is shown that the system mainly supports the elderly and children, leaving working age adults with little or no support, while in themselves these grants are unable to break the cycle of poverty both in terms of coverage and quality. If the system is to work with 100 percent efficiency, the transfers are, on average, only able to close the poverty gap by 36.8 percent in the first two quintiles. For approximately half of the people in these two quintiles the per capita transfer is below R25 per month. The analysis also shows that the system is ill equipped to deal with the HIV/AIDS epidemic, since the support given is so limited that the additional burden the affected households have to carry cannot be cushioned by the system presently in place. Working age adults – the group most affected by HIV/AIDS, are left with virtually no support (which means there is a severe increase in the number of people without any income. The author argues that in a situation of high poverty levels and high inequality, it is necessary for the social security system to change in a way that enables people to become economically active.

The following options are analysed as an addition to social assistance programmes already in place: a BIG, an unemployment benefit, a household grant, and an extension of the CSG. It is shown that a BIG would effectively reduce poverty across the various household types. It is noted that while a universal grant may appear to be relatively expensive, the money paid to the rich can effectively be recovered through self-targeting and taxation without losing the efficiency of the grant in combating poverty. A BIG, by avoiding the negative consequences of poverty traps created through means tests, is an effective and developmental tool, and is able to assist people in becoming economically active by providing cash resources that are desperately needed, without punishing own economic activity. On the contrary, it is shown that targeting by means of an unemployment definition is not an adequate measure to fight poverty, while a household grant tends to be biased in favour of middle and upper class households, and therefore does not target the poor well. Next to the BIG, the extension of the CSG scores highest in reaching poor children, yet fails to reach poor working age adults.

Haarmann, C. 2001a. *Poverty and the Current Social Assistance Programmes in South Africa*. Research Monograph No. 21. Applied Fiscal Research Centre, University of Cape Town.

This research monograph is derived from Haarmann (2000), and focuses on the first part of the analysis. The analysis reveals that the OAP and the CSG are potentially effective in reaching some of the poor and helping to alleviate extreme poverty, however working age adults receive little or no support.

³ The PSLSD was completed in 1993 by SALDRU. This multi-purpose integrated household survey covered approximately 9 000 randomly selected households from all races and all areas in 360 clusters.

Haarmann, C. 2001b. *Social Assistance Programmes: Options and Impact on Poverty and Economic Development in South Africa*. Research Monograph No. 22. Applied Fiscal Research Centre, University of Cape Town.

This research monograph is derived from Haarmann (2000), and focuses on the second part of the analysis. Various options are analysed which could serve as an addition to social assistance programmes already in place.

Haddad, L., and Zeller, M. 1997. *Can social security programmes do more with less? General issues and the challenges for southern Africa*. *Development Southern Africa*, 14(2), 125-153.

This article reviews design features which might enable social security programmes to do more with less. It reviews the evidence on their success in practice which includes brief reviews of experiences in South Africa, Mozambique and Malawi, and suggests how future policy research can further the goal of designing social security programmes that reduce and prevent poverty in a cost-effective way. The article takes as given the amount allocated to social security programmes, and asks whether these resources can be reallocated – both between programmes and within a given programme – in order to have a greater impact on poverty, food insecurity and malnutrition at (then) current or reduced levels of expenditure. The costs and benefits associated with social security programme design are also outlined. For instance, costs of participation (in terms of foregone income generation) and non-participation (because of outreach failures and stigma) of the eligible, as well as private responses that ameliorate the poverty reduction impact of programmes.

Klasen, S., and Woolard, I. 2000. *Surviving Unemployment without State Support: Unemployment and Household Formation in South Africa*. Discussion Paper No. 237. Institute for the Study of Labour. [<http://www.iza.org/en/webcontent/publications/papers>]

This paper examines how the unemployed are able to access resources without support from unemployment compensation. The authors analyse the 1993 SALDRU data, the 1995 OHS and the accompanying IES. They find that the household formation response of the unemployed is the critical way in which access to resources is assured. Unemployment is found to delay the setting up of an individual household of young people (in some cases by decades), and also leads to the dissolution of existing households and a return of constituent members to parents and other relatives and friends. It is shown that access to state transfers, in particular OAPs, increases the likelihood of attracting unemployed persons to a household. About 60 percent of African households with no labour market connection receive the OAP, DG or SMG, with social pensions being by far the most important source. In all, 31 percent of the households containing at least one unemployed person receive state support, and 34 percent of all of the unemployed live in households with state support. Yet some of the unemployed do not benefit from this safety net, and indeed the presence of unemployed members pulls many households that support them into poverty. It is also shown that household formation responses draw some of the unemployed away from employment opportunities, thus lowering their employment prospects. While social pensions and other state support are able to support the unemployed, these forms of support are based – for the most part – in rural areas, and appear to contribute to lower labour market mobility, by reducing search activities. Unemployment is thus prolonged. This

form of support may therefore be inferior to direct support to the unemployed person, as it forces the unemployed to base their location decision on the availability of economic support rather than on the best location for employment search. The paper discusses the implications of these findings for debates about unemployment and social policy in South Africa and in OECD countries.

Kneebone, P. 2002. *The State of Social Security in South Africa and its Potential Impact on Poverty*. Unpublished mimeograph, University of Port Elizabeth.

The purpose of this paper is to provide an empirical overview of the role of the South African social security system and its impacts on poverty. The paper begins with a consideration of government's view of a social developmental approach to social security. The 1999 OHS data is used to build a microsimulation model to evaluate poverty and social assistance. The 1996 population Census (adjusted for growth) is used as a basis for the weighting of the variables, and all results are thus representative of South Africa in 1999. The lack of detailed income and expenditure data at the household and individual levels necessitates the use of a deprivation index as the poverty measure. The microsimulation model follows to some extent the format of previous research in this area (see D. Haarmann, 1999), in order to make the research comparable. The ideas behind the microsimulation model are developed, and the model is then used to evaluate the social assistance programme (in place at the time) and its effects on poverty. Seven household typologies are developed in order to investigate effects at the household level. The structure of South African households is examined, and the link between the structure and poverty indicators is looked at in some detail. The results indicate that household type is altered in order to cope with vulnerability and marginalisation. There is a clear movement away from living in households with 'only children and working age adults' to the three-generational household types when welfare grants are received. Moreover, the four highest percentages of people receiving social assistance live with 'pension age adults', which highlights the prevalence of OAPs as the dominant form of social welfare. The largest gap in the social security net is found with regard to children and working age adults. Possible policy options to extend the level of social assistance to the poor and marginalised are also considered. The author points to a need for future research that will focus on the nature of the social security system itself and on its effects on poverty. It is recommended that this methodological approach and the use of the deprivation index be modified and used as the basis for further research into the types of deprivation and its geographical nature in South Africa.

Kruger, J.J. 1992a. *State Provision of Social Security: Some Theoretical, Comparative and Historical Perspectives with Reference to South Africa*. Unpublished Masters Thesis, University of Stellenbosch.

In the first part of this masters thesis conceptual and theoretical matters are dealt with and a comparative perspective on state provision of social security is provided. The concept of social security is outlined, and attention is paid to the economic characteristics of the goods and services which provide social security and the diversity of institutions and mechanisms responsible for its provision. A hypothesis about the relationship between the level of economic development of a country and the role of the state in the provision of social security is put forward, and its accuracy is established by looking at different sets of information. The second part of the thesis consists of an analysis and appraisal of state provision of social security in South Africa, and further

illustrations are provided of some of the aspects of social provision identified in earlier parts of the study. The conclusions from the comparative and theoretical sections are used to inform the appraisal of South African provision and envisaged future trends. It is stated that the South African experience provides further evidence of the increasing pressures over time for greater state provision of social security. Yet it is also shown that these forces can be obstructed by specific political institutions, and how social policy can fail to adjust to changing circumstances. The unequal access to social services, the inequality of benefit levels, and the incomplete coverage of risks faced by people in the South African economy is also highlighted. It is noted that in spite of the incompleteness of the South African safety net and the inequality which it reflects, fiscal and macroeconomic constraints seem to limit the possibilities for extending the safety net and for making it more just.

Further, a historical perspective on selected aspects of social provision of social security is given, and social expenditure in South Africa from 1910 to 1990 is evaluated. A historical overview of the origin and development of the different programmes, and an appraisal of these programmes in the light of common characteristics of advanced welfare states is also provided. Moreover, some historical patterns and salient characteristics of social provision are identified. An outline of state provision of social security in South Africa, the extent of fragmentation of service provision, the coverage of the population and of risks are some of the issues under consideration in an appraisal of state provision of social security in South Africa. Finally, likely policy directions with regard to social provision in South Africa are examined. The author notes that very little research has been undertaken on the development of the major components of the South African welfare system, and on the changing role of the state as a supplier. Moreover, not enough is known about the role of the multitude of intermediate and less formal institutions in protection and promotion.

Kruger, J. 1992b. An overview of the South African social security system. In G.J. Coetzer, J. Kinghorn and S. van der Berg (Eds.), *Working Documents on the Post-Apartheid Economy* 5. Stellenbosch Economic Project, University of Stellenbosch.

This paper is based on sections of Kruger (1992a). Initially the author looks at state expenditure on social security in South Africa, as well as types of benefits available – both cash and in-kind. Ideal types of state provision of social services are outlined and aspects of the South African welfare system are elaborated on. These include the extent of fragmentation of service provision, the coverage of the population, the coverage of risks, the commitment to equality, the financing of social provision, and the ‘stateness’ of welfare provision. The author concludes by noting that many of the characteristics of the South African welfare system provide arguments for fundamental reform. It is emphasised that the South African system of social provision is extremely fragmented, and that with regard to coverage, welfare provision is incomplete, residual, and selective. A significant widening of the South African social safety net is called for, which, it is argued, should include the working poor and those who cannot find remunerative employment in order to confront the major sources of insecurity. It is noted that in devising new systems it is important that the relationships between state provision and other sources of supply are closely studied, while the interaction between different types of state benefits is also emphasised as being important.

Lawrence, J. 1992. Who needs a social safety net? A picture of vulnerability in South Africa. In G.J. Coetzer, J. Kinghorn and S. van der Berg (Eds.), *Working Documents on the Post-Apartheid Economy* 5. Stellenbosch Economic Project, University of Stellenbosch.

The aim of this paper is to ascertain who is able to benefit from the social security services available in South Africa, and to establish which of the eligible groups are not being covered by this safety net. The author outlines the philosophies of public welfare, and the various categories of state assistance in South Africa. Unemployment insurance, health expenditure, OAPs, SMGs and FCGs are elaborated upon. The author concludes that although aid is given to the poor in South Africa, vast numbers are receiving no benefits, and that of those who do receive aid, many receive too little. Further, it is argued that the restructuring of the economy must be a long-term goal, in order that useful employment can be generated for all those capable of working. It is recommended that the social safety net remain in place to provide for those who cannot become active in the economy.

Le Roux, P. 1995a. *Poverty, Social Policies and the Reconstruction and Development Programme*. Development Forum. Institute for Theological and Interdisciplinary Research, University of the Western Cape.

In this paper the author seeks to unpack the statements that deal with poverty in the RDP documents and investigates the integrated anti-poverty programme that is implicit in the RDP. An attempt is made to ascertain whether social pensions and maintenance grants are developmental investments in line with the RDP, or whether they are handouts which undermine development. In order to do so a number of questions are asked: Can the funding be well targeted? How much of it actually reaches those for whom it is nominally intended and how much lands up in the hands of middlemen and women? Is it the type of programme that creates dependency or does it encourage development? Is it a programme that is financially sustainable? The major obstacles to the implementation of the RDP are also outlined. The SALDRU data is made use of in the analysis. It is shown that pensions are largely well targeted to the benefit of poor households. For instance, 42 percent of all Africans in the bottom quintile are in households which do receive pensions, and if the importance of pensions on the bottom decile rather than the bottom quintile is considered, the impact is even more dramatic. Further, it is shown that 52 percent of all Africans or 48 percent of all South Africans who would have been in the bottom decile in the absence of social pensions are targeted for such relief. When income that flows from social pensions is included, only five percent of those in the bottom decile are from households that receive pensions. It is argued that this reflects the success of pensions in increasing per capita household income. However, because many households do not contain an elderly person, it is noted that the majority of the 'really poor' (if R150 is taken as the cut off point) do not stand to benefit from pensions.

An attempt is also made to understand what proportion of the money allocated to social pensions actually reaches aged people. It is noted that as many as 10 percent of those receiving pensions may in fact be too young to qualify, and that about 10 percent of those entitled to pensions do not seem to be in receipt of any pension at all. With regard to ascertaining, on an intrahousehold level, how much of the money goes to the support of other members of the household, the author notes that it is virtually impossible to find this out through surveys, but that other means of observation and analysis are required.

The author notes that from a reading of the RDP document it would seem that social pensions are a hand-out and not developmental. However, given the fact that pensions can be so well targeted and reach proportionally so many of the really poor families, the author puts forward that this could well be the best method to use if a developmental impact on poor communities is desired, on condition that it could be confirmed that the pension money is well spent. With regard to mother and child maintenance grants, however, the author points to the extreme difficulty of targeting these grants to only support the really poor. Moreover, the developmental impact of these grants is not clear, as well as what the impact on the labour market would be, and it is noted that more conclusive answers need to be obtained through further research.

Le Roux, P. 1995b. *Poverty and Social Policies. Some Critical Policy Choices for South Africa*. Annexure S1. Report of the Committee of Strategy and Policy Review of Retirement Pensions. Department of Finance, Pretoria.

The content of this report is roughly the same as Le Roux (1995a).

Le Roux, P. 1996. Poverty, social policies and the Reconstruction and Development Programme. In L.A. Deng and E.N. Tjønneland (Eds.), *South Africa: Wealth, Poverty and Reconstruction* (pp. 47-76). Chr. Michelsen Institute and Centre for South African Studies, University of the Western Cape.

The content of this paper is roughly the same as Le Roux (1995a).

Le Roux, P. 2001. *The Case for a Basic Income Grant in South Africa*. Unpublished Paper. Institute for Social Development, University of the Western Cape and Center for Health and Wellbeing, Woodrow Wilson School, Princeton University.

This paper argues that the most effective policy intervention to address South Africa's severe levels of poverty and destitution would be the introduction of a BIG. It is argued that a BIG paid to all South Africans, would be the best means by which South Africa can dramatically reduce the poverty gap and move most households out of severe poverty and destitution. The paper investigates what the net burdens and benefits of a BIG combined with different types of taxation would be. It is shown that if a BIG would be combined with a VAT increase and increases in excises and levies, the impact would be exactly the same as it would be if a negative expenditure tax were introduced. This would minimise the net burden of any given level of the BIG, or, alternatively put, maximise the level of the grant that can be paid.

In addition, both the positive and negative consequences of a BIG are highlighted. With regard to the former, it is argued that a BIG could be a springboard for training and for entering the productive informal or formal sectors for the lower middle-income and even middle-income groups. Further, that it could provide support to families hit by AIDS, and give immediate support to families that adopt orphans. It is also argued that it would make it possible for government to insist on the preservation of retirement funds until contributors have reached retirement age. Some of the negative consequences include the possibility of the reservation wage being increased, and the likelihood of serious administrative problems occurring. Also considered are the costs and benefits of other policy options, such as extending the CSG to everyone under age 18, doing away with the means test for the OAP, or paying only an adult grant. Ultimately though, the author

argues that a BIG combined with a VAT increase would meet all the criteria traditionally set for social policy. It would not only be economically efficient, but would be the only measure which could effectively target all the poor and destitute in South Africa, as required by the Constitution. It would target the poor without creating welfare traps or providing perverse incentives. Finally, it is emphasised that a BIG is primarily an income support policy and is not meant to replace other programmes that are also effective. Instead, it is put forward that if suitably implemented, a BIG would strengthen the better programmes and enable the restructuring of programmes that do not function well at present.

Liebenberg, S., and Tilley, A. 1998. *Poverty and Social Security in South Africa*. South African National NGO Coalition, Johannesburg.

This article focuses on social security in South Africa, outlining the history of the social security system, the right to social security (detailing relevant parts of the constitution and international standards), as well as (then) current policy initiatives. Of particular interest is the situational analysis that is given of social security in South Africa (at the time), drawn together from work completed by others in the area. It is noted that the pension system has a number of advantages: it is well targeted for rural areas; it has a positive impact on the welfare of other household members, including children; it is well targeted for poverty; it contributes to household security; and, it performs well in gender terms. In contrast, the system of DGs is described as not having a good correlation with poverty, nor with respect to racial equity. Further, it is noted that SMGs played an important role in keeping households above the household subsistence level (HSL). The authors go on to highlight problems in the present grant administration system, and conclude by noting that the existing system of social assistance provides a basic, but inadequate safety net for the poor in South Africa. It is put forward that the major contingency against which the social security system provides no proper protection is unemployment.

Liebenberg, S. 2001. The right to social assistance: The implications of Grootboom for policy reform in South Africa. *South African Journal of Human Rights*, 17, 232-257.

This article explores the implications of the right of access to social assistance for people who are unable to support themselves and their dependents (1996 South African Constitution, s 27), for social security policy development in the light of the principles established in *Government of the Republic of South Africa v Grootboom* 2001 (1) SA 46 (CC). The structural problems of poverty and inequality in South Africa are described as having created a crisis of immediate needs for large numbers of people. Therefore, the author argues that the effective implementation of social assistance programmes, combined with far-reaching measures to improve access to social assistance are necessary to give effect to the right to social assistance and the values that underpin it. The author outlines the administrative barriers to accessing social assistance and initiatives to improve implementation, highlights the gaps in access to social assistance, and proposes means by which these gaps can be closed. Finally, the author uses the *Grootboom* case to provide critical guidance on the state's duties in relation to socio-economic rights, including the right of access to social assistance. Two important implications of *Grootboom* for social security reform are pointed to. Firstly, that any policy development must include the need to ensure the effective implementation of the

relevant social assistance programmes. Secondly, that the state is obliged to expand, and not reduce access to social assistance rights for those who are unable to support themselves and their dependants. With regard to the latter, the author puts forward the BIG as giving effect to the right of access to social assistance.

Luiz, J.M. 1995. Welfare policy and the transformation of social security in South Africa. *Development Southern Africa*, 12(4), 579-593.

In this article, social security in the form of income maintenance is assessed, and both contributory and non-contributory benefits are included. The paper begins with an exploration of certain theoretical issues based on international experience, and then evaluates the South African situation. Written at a time when the new government was reappraising the welfare system, the author maintains that the welfare system is due for a major revision. In outlining the social security benefits provided, the author notes that the most important cash benefits are means-tested payments protecting against particular stages of the life cycle and against certain contingencies. With regard to OAPs, it is emphasised that the means test severely penalises any private savings for old age, and that it results in a poverty trap. In the paper it is noted that state help is seen as a privilege which may be withheld, and that this is in contrast to a universal system where welfare provision is a citizenship right and access to services is based on the principle of universality. The author comments on the South African system as being inadequate, and argues that it is unlikely that South Africa could afford a universal approach given its narrow tax base. Further, the author believes that in South Africa a strong case is to be made for introducing a national contributory scheme to ensure that – as far as possible – social security is funded out of savings. Finally the author highlights the fact that transfer payments deal only with the symptoms of poverty and not with its root cause, and that part of the solution involves promoting employment creation, private initiative and community support.

Lund, F. 1992a. Aspects of the state social security delivery system. In G.J. Coetzer, J. Kinghorn and S. van der Berg (Eds.), *Working Documents on the Post-Apartheid Economy* 5. Stellenbosch Economic Project, University of Stellenbosch.

This paper is based on research outlined in Lund (1992b). The focus of the paper is on the inconsistencies in the types of benefits available according to race or administration, and on inconsistencies in delivery procedures. Further, attention is paid to social service delivery systems, the types of pensions and grants in the various administrations are summarised, as well as the inconsistencies in implementation and delivery, and particular attention is paid to the confusion that surrounds the means test. The experiment with privatising the delivery system in KwaZulu is described, as well as certain difficulties that arise when completing accurate costing of the social security system.

Lund, F. 1992b. *The Way Welfare Works: Structures, Spending, Staffing and Social Work in the South African Welfare Bureaucracies*. Human Sciences Research Council, Pretoria.

The research contained in this report was completed under the auspices of the Sub-Programme: Affordable Material Provision of the HSRC Co-operative Research Programme: Affordable Social Security. The objectives of the research include

determining the size, scope and cost of the government welfare bureaucracies, and formulating a database for further work on debureaucratisation, affordability, effectiveness and efficiency. An attempt is made to put figures onto existing consistencies and unevenness in the structures, in the spending, in staffing and in social work practices. Face-to-face interviews were conducted between September 1990 and September 1991 with officials in the seventeen welfare administrations delivering welfare directly. That is, the tricameral departments of Assembly, Delegates and Representatives for white, Indian and coloured welfare respectively; the four provincial departments which deliver welfare for African people in the so-called 'common area'; the six 'homelands' or 'self-governing areas' of Gazankulu, KwaNgwane, KwaNdebele, KwaZulu, Lebowa and QwaQwa; and the 'independent' or TBVC states. Interviews were also conducted in the Department of National Health and Population Development and the Department of Development Aid. Interviews were supplemented with an analysis of the 1989/1990 Estimates of Expenditure, Auditor-General's reports, parliamentary debates, and policy speeches.

The author demonstrates the dominance of pensions and grants in the government welfare budgets. The description given of types of pensions, grants and allowances is detailed and useful in terms of providing a comprehensive overview, albeit dated. The author also examines the social security aspect of the budget in more detail. The proportional allocations to the elderly, people with disabilities, child and family care, and relief of distress are given, and it is noted that the OAP takes by far the biggest proportion. In African welfare, and especially in the homelands and independent states, it is noted that very little is spent on the grants concerning child and family care, or poor relief. Financial and implementation aspects of the social security system are considered. It is noted that the fragmentation of the welfare system has meant that different pensions, grants and allowances have developed or eroded in different administrations, and the inconsistencies are given in detail. Confusion surrounding the concept of the means test is outlined, and a description of KwaZulu's pilot project for privatising aspects of pensions delivery is given. Finally, the need for information systems is emphasised – from the bottom up. These should relate to welfare needs and resources, enable better management, be comprehensible to people outside of government departments, and be publicly accessible. Particularly, there is a need for more imaginative use of information systems to enable a greater understanding of what the impact of the past has been.

Lund, F. 1993. State social benefits in South Africa. *International Social Security Review*, 46(1), 5-25.

This article is based on interviews conducted with officials in the 17 first-tier departments of South African government social welfare (including social security) during 1990 and 1991, and using budgetary figures for those same years as outlined in the full report of the study (see Lund, 1992b). The narrower concern of this article is the social security system itself. Initially the author gives a brief outline of other forms of social protection, in order to provide the context for the more focused description of social pensions and grants. The four main groups of social benefits are also described: those to do with the elderly, the disabled, child and family care, and poor relief. The main problems with the present system are then described – some of which are specific to social security under apartheid, and some of which may be characteristic of any social security system. These include barriers between the eligible elderly person and the receipt of the pension; underestimation of age by officials; date of activation of the pension; frequency

of pension payments; method of payment; intentional misuse of computer systems to effect savings; overt abuse and corruption for personal gain. It is emphasised that many of these problems arise as a result of the large amount of money that is delivered into a context of stark poverty. In addition, the confusion which surrounds the use of the means test, as well as the KwaZulu experiment with privatising delivery, and the difficulties with estimating the costs of the fragmented system are outlined.

Finally, the potentially positive features of the social security system are elaborated upon. It is noted that while the amount of the pension is not regarded as an adequate benefit in terms of securing a decent level of living in urban areas, in rural areas it is at least twice and probably close to three times as high as the rural per capita income. Further, for the African rural population, the OAP is claimed by individuals, but is largely consumed as a household asset in the three-generational families in which most rural pensioners live. Thus, many more people than the elderly themselves (or disabled people in the case of the DG) are able to benefit from the pension. Commerce has also fitted in with the pension dates, and this can be used as another surrogate indicator of the importance of this source of income. The pension is used for the purchase of general household consumer goods, and also contributes to educational expenses. As the author notes, in order to participate in the education system in rural areas regular sources of hard cash are required - something which the OAP provides. Moreover, the pension buys the right of the elderly to be cared for by their relatives. Furthermore, a noteworthy aspect of the South African pension is its reliability: it represents a stable income source, something that is remarked upon by pensioners themselves and researchers in widely differing regions of the country. Finally, pensions are described as a gender-sensitive benefit: women have been drawing the pension earlier, and they live longer, so they should in principle be getting more of it. The money which goes directly to women is also more likely to be spent on beneficial goods such as food for children and education. The author ends by pointing to the administrative advantages of building onto an existing system.

Areas for future research that are pointed to in the article include the need for a fuller understanding of the economic and social meaning of the social security system in terms of its impact on domestic economies. The need for information on the distribution of state social spending over the individual's life cycle is also underscored. It is stated that more knowledge is needed on how social pensions articulate with other forms of social protection, such as unemployment and workers' compensation. For example, does the inadequacy of the UIF spill over onto increased benefits for the DG, as is suspected to be the case? Further, how is the occupational retirement benefit used when it is drawn early on losing a job, or when choosing early retirement voluntarily? Additional research to accurately illuminate the nuances of intra-household allocation of money and other resources is also pointed to. Moreover, the importance of obtaining accurate rural per capita figures is outlined. More research is needed which concentrates on intra-household distribution of resources, and decision-making about such distribution. It is also indicated that a serious research programme is needed which focuses on the contribution of the pension to wealth flows in the household. Specifically, whether the insertion of the pension into rural social and economic relations is itself driving a change in the basis of family values. A dearth of research on intra-household decision-making about incomes and resource allocation is also mentioned.

Lund, F. 1994. Social security in South Africa: The link between welfare and development. In *The Societies of Southern Africa in the 19th and 20th Centuries*, Collected Seminar Papers No. 58, Vol. 20. Institute of Commonwealth Studies, University of London.

This paper includes sections drawn from Lund (1993) and Lund (1992b). The paper's point of departure is that a review is needed in South Africa of the distinction between relief and development, in the same way as it is coming up for review in development thinking in other countries. It is emphasised that the different approaches to poverty alleviation and to redistribution need to be assessed in terms of their outcomes to the poor. It is argued that South Africa has created a social security system which is and can be a vehicle for reaching the poor. The present system is described, some of the problematic aspects outlined, and some of the positive aspects considered. The author notes that far more needs to be understood about the economic role of the pensions, and of the social security system as a whole if it is to be protected as an active instrument of social and economic policy in the fields of poverty alleviation and/or redistribution. For instance, more needs to be known about the extent to which the OAP is used to feed into and strengthen neighbourhood stokvels, which are a vitally important source of economic savings and security. Do these in turn form the basis for seed money for small income-generating projects? The author notes that more work is needed, which could form the basis for the construction of concrete proposals for a national insurance scheme for the future. Finally, it is stated that there is place for the defense of a small system – in macro-economic terms – which gets hard cash out to where it is most needed, and where there is beginning to be evidence of its potential for broader development initiatives.

Lund, F. 1998. *Social Assistance*. Unpublished draft paper for the Social Policy Project of the Centre for Development and Enterprise, Johannesburg.

In this paper the author makes an attempt to break out of the trap of polarising welfare against development, and to see how social security – particularly state social assistance – contributes to broader development goals, including the removal of racial and gender inequalities. The paper examines the South African social security system with a view to exploring the strengths and weaknesses of public and private forms of provision, in terms of the outcomes of different forms of provision on different groups in society. A brief outline is given of the elements of South African social security. It is noted that while the elderly and the employed are for the most part well covered by the system, the unemployed and many of those who work in the informal economy do not have access. The author indicates that in the field of disability there is a serious gap between private and public coverage, and that in the field of child and family care the DoW is addressing racial inequity in provision. Following this the important redistributive role of cash transfers is illustrated with reference to the pensions. It is noted that the redistributive mechanism lies in its being applied for by individuals, but largely pooled as household income, in the multi-generational families in which the majority of poor pensioners live. Yet while the paper suggests that the existing system is performing well, it is emphasised that there are problems within the system. These include gender inequity in the age of eligibility for the pension for elderly people; the fact that there is no safety net at all for young unemployed people and no training schemes for those receiving UIF benefits or those receiving DGs; and, the lack of a good information system and an information management system.

It is stated that there are many questions being asked about the effects of the scheme on behaviour – particularly behaviour relating to work-seeking, to fertility, and to household structures. For example, it is not known how many unemployed people desisted from actively seeking work or from making work for themselves because of reliance on the OAP. The author also speculates that the traditional African three-generational household may have survived and been entrenched as a way of coping with tough economic circumstances, and that the spread in coverage and level of benefit of the OAP may have strengthened this trend. It is stressed that the direction of causal relationships is very difficult to establish, and it is suggested that empirical findings tend rather to follow researchers' initial dispositions towards welfare, rather than to prove cause-and-effect relationships. The author depicts four socio-economic factors upon which the OAP might be likely to have an effect: individualism versus solidarity; risk-taking versus conserving behaviour; the intra-generational relationship between women; and, children's nutritional status. She argues that the 'proof' of the effect of the OAP is captured in the kinds of statements made by people according to whether they are positively or negatively disposed to state social support as a whole, and that there is no empirical foundation this. The paper also considers a number of principles which should underline any reform of social security policy: the design of social security must be country specific; the system should be based on the reality of demographic trends and must anticipate the effects of the HIV/AIDS epidemic on these trends; social security systems should be based on a gendered analysis of households and patterns of care of vulnerable groups; there should be integration between public and private pillars, with an appropriate institutional framework; and, the approach must be holistic.

Lund, F. 1999. Understanding South African social security through recent household surveys: New opportunities and continuing gaps. *Development Southern Africa*, 16(1), 55-67.

This article aims to identify some of the more difficult aspects in researching the South African social security system, and offers suggestions for further research that is needed to improve understanding of the system over time. The objective of the article is to contribute towards a more careful analysis and interpretation of existing research, and a more precise formulation of social security research in the future. Initially the author outlines some of the work that has been completed on the subject, principally work that has previously appeared in the journal in which this article is published. The relationships of the pieces to each other and to the main data sets that have been used are elaborated on. The author also looks at the size of pension income relative to other sources of income, noting that the proportion of household income comprised by pensions over time comes to be repeatedly overestimated relative to income from other sources. Further, attention is paid to the use of the term 'transfer income'. The relationship between policy design and socio-economic behaviour is also described, and the aim is to show that there are different sets of voices, driven by different ideological positions about the role of the market and the state. Examples are cited of frequently asked questions, concerns and assertions that are given in the social security field. The analysis also highlights some of the difficulties that arise when comparing different government expenditures on welfare.

Finally, comprehensive insight is given into many of the research gaps that still exist in the field. The author notes that there is no national survey of migration patterns within South Africa, and that no data picks up on double-rootedness, where workers have two families, often in rural and in urban areas. Another gap that is pointed to is in modelling

the life cycle of income from both private and public sources over an individual's or a household's lifetime. It is emphasised that if this were done, it would enable identification of the periods in a person's life which are most vulnerable and why, and the measures that could most efficiently protect against vulnerability. Existing data sets also do not enable work to be completed on the relationship between private retirement provision and the state pension, and it is stated that both qualitative and quantitative data is needed for this purpose. Research should also seek to determine not only who gets access to new anti-poverty programmes and who does not, but should aim to understand precisely what the factors are that lead to the systematic exclusion of some groups of people, as well as the inclusion of others. After discussing the work of a major non-governmental organisation (NGO) in South Africa, the author also suggests a study that may focus on NGOs themselves as a source of conflict in terms of the resources they shepherd into poor areas.

Lund, F. 2002. 'Crowding in' care, security and micro-enterprise formation: Revisiting the role of the state in poverty reduction, and in development. *Journal of International Development*, 14, 1-14.

In this article the author describes the South African system of social assistance for poorer people, and gives an overview of research which has shown the effectiveness of the OAP to elderly people. It is emphasised that the pension is both an anti-poverty measure and a developmental tool, which raise incomes and 'crowds in' private care for the elderly and other members of the households in which they live, and stimulates the formation of very small businesses, as well as local markets. Some pointers are given to areas that need attention and to steps that could be taken to improve the system, and it is noted that the means test is ineffective and wastes valuable time and capacity of the administration. The author discusses the shortcomings of some of the 'crowding out' analyses, both in South Africa and elsewhere, and also asks whether pension spending 'crowds out' other government (not individual) spending – on education or health, for example. The need for further rigorous research about the effectiveness of the pension system is pointed to, yet the difficulty of capturing the fluidity of households, and the complexity and irregularity of work is acknowledged. Lessons learned from this programme are then used to raise broader questions for international social policies, which, it is argued, are designed on increasingly outdated notions of 'households' and 'work'. It is noted that fundamental changes are happening in the structure of households, and in the world of formal and informal work, and that these present new challenges to both economic and social policies and programmes. The author suggests that the focus on relationships and trust in theories of 'social capital' and of 'social exclusion' carries the danger of detracting attention from the fact that in a situation of poverty, lack of income is a binding constraint to participation in social and economic life.

The author makes some important points in this paper that are pertinent in the current policy context. She mentions that while the South African state pension system was designed to alleviate the poverty of older people, it has come to have knock-on effects which affect the well being of the households and communities in which elderly people live. Yet while a key to understanding the economic role of the OAP has been showing that it was used as general household income, the author cautions that if the argument is made too much in terms of its benefits to others, it may detract from the focus on its initial purpose. It is noted that some of the rationale that is used in advocating for the BIG – which is currently under policy consideration – uses the empirical evidence from the performance of the pensions for elderly and disabled people. The author draws out

some important questions with regard to the BIG. While some assume that the BIG money would be pooled, like the OAP is, would a young man in receipt of a BIG behave like an older person does? Would he pool it and does it matter if he does not? If household income is pooled, does it make a difference who gave it, as to how it is perceived and what it can be spent on? Further, do the beneficial effects of the OAP derive from the fact that it comes in through a person who is elderly? Or is it the amount of the OAP, which is three to four times larger than a BIG would be, which makes it so effective? It is emphasised that it will be possible to get closer to the answers to these questions through careful questioning, using both qualitative and quantitative methods. Yet the author underscores the need to pose questions in a way that is relevant to the South African context, and analyse the data in a way that is true to that context.

Lund, F., with Ardington, S., and Harber, M. 1996. Welfare. In D.Budlender (Ed.), *The Women's Budget* (pp. 97-120). Cape Town: Institute for Democracy in South Africa.

This chapter provides an overview of the welfare budget, by giving a gendered analysis of the major welfare programmes in South Africa. It begins by outlining the fact that welfare as a sector is doubly gendered: it is predominantly women who both seek and provide support. With regard to the social security system, a number of the social assistance grants are outlined, particularly the conditions upon which they are given. It is noted with regard to the OAP, that the take-up rate for women is slightly lower across all races. This would constitute an area for future research, as it is not clear why this should be the case, particularly since there are no discriminatory rules against women in the application procedures. The authors' draw together work from other researchers to point to the critical role played by these pensions in the alleviation of poverty, and key characteristics that are outlined may prove useful to mention here. These pensions are applied for by individuals, but in poorer families (which are primarily African) they are used by all members; they are extremely well-targeted to households in the low income sectors, and there are proportionately more people in such households; in a KwaZulu study they did not reach the very poorest decile – households were in that category because they did not have access to a pension or grant; they are well-targeted to rural areas; they are well-targeted for women: women live longer than men, and draw the pension earlier; they supply an underpinning for spending on health, education, and micro-enterprises. A sketch given in the text, describes a typical scenario of a pension going into a rural household headed by a woman pensioner. *"The pension goes to the household purse for the seven people, including three children under 15, who live there. It supports the unemployed man whose UIF benefits have run out. The pension is a more reliable source of income than the remittance from the absent migrant. It is used for educational expenses, clinic fees and food, among other normal household items of expenditure"* (p. 102). It is noted that there is a strong move to equalise the age for receiving the pension, either to 63 or 65 for both sexes. While equity at these ages would mean less gender sensitivity for women in that they would draw a pension later, women would still draw proportionately more of the benefits because they generally live longer. However, as the authors note, neither the 60 nor the 65 year age of eligibility helps the men or women who lose their jobs in their fifties, and will probably never find formal employment again: another vulnerable group which is left without social security cover, after a UIF that runs out after six months.

With regard to grants for people with disabilities, it is stated that information on disability and DGs in the PSLSD is sketchy and that it seriously underestimates the DG-receiving

population, and that the section regarding social security benefits was poorly designed and placed towards the end of a long interview. The authors mention that it is probable that some people receiving DGs were classified as being in receipt of OAPs. Further, the survey also underestimates the numbers of people receiving compensation for disability caused at work. Nevertheless, some trends are identified, and of interest is the fact that women are somewhat under-represented in the DG-receiving population (45.7 percent of all people with DGs), with very little difference between the population groups. Further, there are large numbers of people with disabilities who are integrated into their families – household heads, partners, and children of heads. With regard to SMGs, it is noted that the burden on the state increases since, because of the inconvenience and possible loss of earnings involved in going through the courts, women opt to turn to the state for financial support, despite the fact that women know that the father could pay. With regard to FCGs, it is noted that there is a high cost to applicants in fostering a child, particularly in time, length, and procedure, and that the procedure involved in obtaining an FCG is long and complex. Some welfare records show that some prospective foster parents drop out of the lengthy application process because they cannot afford to take more time off work, with the result that some children have to be placed in full-time institutional care. Further, some parents wish to adopt the child or children whom they foster so that they may become fully integrated family members, yet the FCG falls away if permanent adoption takes place. Therefore many parents continue on fostering as they cannot afford to be without the grant.

May, J. (Ed.). 1998. *Poverty and Inequality in South Africa*. Report prepared for the Office of the Executive Deputy President and the Inter-Ministerial Committee for Poverty and Inequality, Pretoria. Durban: Praxis Publishing. [<http://www.gov.za/reports/1998/poverty/>]

The PIR reviews existing research on the extent and nature of poverty and inequality in South Africa, assesses the (then) current policy framework for the reduction of both, and provides guidelines on the formulation and implementation of such policy. The report outlines the broad aims of welfare and safety nets – that they form an integral part of the government's strategy for responding to poverty and inequality – and the shift towards DSW in the White Paper on Social Welfare. It is noted that close on 90 percent of the Welfare budget is allocated to social security, with the OAP consuming 60 percent of the social security budget. The OAP is considered to reach a high proportion of those eligible, to be well targeted, and to provide many poor households with a regular income which provides a basic level of food security. African households comprise 89 percent of those receiving OAPs, and two thirds of the pensions go to rural areas. The report outlines other major grants, as well as problems in the system. It is concluded that the DoW has made a conscious effort to design and implement policies that target the most vulnerable categories of people. However, the lack of general agreement or understanding on the definition of DSW, as well as budgetary constraints on expansion to bigger staff complement for the implementation of DSW serves as an obstacle to this process. Further, a lack of and difficulty in the implementation and co-ordination of initiatives undertaken by various government departments is identified. A range of interventions are recommended to improve the welfare system. These include integrating the pension system with other financial systems so as to allow the pension money to be expended over the month and to allow savings to accumulate; addressing barriers to accessing pensions; speeding up measures which make systems accountable and accessible; and, exploring new options for improving efficiency, flexibility and sustainability. It is recommended that as part of an ongoing strategy, and

into the long term, the system of social pensions already in place be maintained, since these act as support for the elderly and as a safety net for other members of the household. It is further recommended that in the short term, ongoing improvements in the efficiency of this service are implemented, and that private sector pension planning amongst workers is promoted.

May, J., with Attwood, H., Ewang, P., Lund, F., Norton, A., and Wentzal, W. 1998. *Experience and Perceptions of Poverty in South Africa*. Durban: Praxis Publishing.

The purpose of this research – the South African Participatory Poverty Assessment (SA-PPA) – is to provide a fuller and more integrated understanding of poverty from the perspective of those who are poor and to fill the gaps which the PSLSD can not readily explain. The need to understand the multi-dimensional experience of being poor, and the perceptions of the poor towards the causes and relief of their poverty initiated a process which led to the SA-PPA. The SA-PPA includes 15 studies and involved 45 researchers from 20 organisations. Work was undertaken with 25 communities, 10 of which were located in KwaZulu-Natal, seven in the Eastern Cape and four in the Northern Province. One community each in the Western Cape, North West Province, Northern Cape and Mpumalanga also participated. Only Gauteng and the Free State were excluded from the study. A rough estimate of the number of participants in the studies comes to about 1400 people. Participating organisations were free to use any qualitative or participatory methodologies, although the use of participatory rural appraisal (PRA) was encouraged. Common tools of PRA include visualisation exercises, Venn Diagrams, Time Trends and Time Lines, Seasonality Charts, Story with a Gap, Maps, Daily Calendars, Matrices, Cards and Rocks, Problem Trees, and focus group sessions. PRA methodologies were used in 17 of the 25 communities included in the SA-PPA. The remaining studies used a combination of conventional qualitative research techniques combined with disciplinary perspectives based on sociology or social anthropology. Methods used in these studies included participant observation, focus group discussions, and various forms of conversational and semi-structured interviewing.

Pensions and welfare emerge as a particularly important theme in several of the SA-PPA studies. With regard to welfare payments it is noted that the system is hard to access and that the response time is unacceptably slow, leaving vulnerable families without support of any kind for extended periods. Further, the social security system for children is weak and dysfunctional and places an unreasonable burden on vulnerable children and single mothers. Every study that specifically investigated the composition of income at the household and community level found a very high level of reliance on pensions. It is noted that without pensions many households and communities would collapse. Pensions are shared by households and communities, and are used to invest in the development of household assets and their utilisation. Further, pensions are frequently a primary source of support for grandchildren, with the pensioner acting as child carer in the absence of the child's parents. Pensions also serve to make old people secure in the family, or enable them to leave households if they so choose, giving the elderly some measure of control over their own lives. However, it is stated that despite pension income pensioners are still defined as poor in most communities and in many cases have to continue working.

A number of barriers to getting pensions also exist. These include ID card problems, lack of documentation of age of individuals, problems cashing pension cheques, delays in obtaining a pension, and non-payment of pensions even after they have been awarded. The critical importance of the accessibility of institutions which mediate access to pension income is also underlined. Recommendations are made to achieve the social welfare aim of providing protection to the elderly so that they are not compelled to undertake arduous physical work in order to survive. These include integrating the pension system with other financial systems so as to allow the pension money to be expended over the month and to allow savings to accumulate; eliminating corruption within the service and adopting measures to improve the efficiency of delivery; exploring new options for improving efficiency, flexibility and sustainability, for example by expanding the existing contributory pension schemes to cover more South Africans, thereby enabling a greater proportion of the population to save towards their own old age; and, establishing an appeal system to enable people to have their ages reassessed in order for as many people as possible to receive their entitlement.

Olivier, M., with Klinck, E., Liffmann, R., Lombard, S., Ogunronbi, S., Okpaluba, C., Smit, N., and Thompson, M. 1999. *Social Insurance and Social Assistance: Towards a Coherent Approach*. Volumes 1-3. Publication Series 3/99. Report prepared for the Department of Welfare, Pretoria. Centre for International and Comparative Labour Law, Rand Afrikaans University.

This report, in three parts, focuses on the various parts of the social security system as it is, and identifies and addresses the most pressing problems which arise due to the fact that the system lacks integration. Suggestions are made for rectifying or restructuring the system, in order to arrive at a more coherent system of social security regulation and service delivery.

Samson, M., Babson, O., Haarmann, C., Haarmann, D., Khathi, G., MacQuene, K., and van Niekerk, I. 2002. *Research Review on Social Security Reform and the Basic Income Grant for South Africa*. Economic Policy Research Institute, Cape Town. [<http://www.epri.org.za/rp31.htm>]

This paper reviews and summarises several recent research papers which focus on social security reform in South Africa, with an emphasis on the proposal for a BIG. Initially South Africa's social security system is outlined, and it is noted that most of the poor live in households that receive no social security benefits at all, and that the rest remain poor despite the benefits that they receive. The means test and social security take-up are also assessed, and the authors point to the fact that extremely poor individuals are likely to fail in large numbers to qualify for a grant with a complicated and expensive means test and application process. It is stressed that the coverage gaps within South Africa's social security system, combined with the structurally low rate of take-up of the CSG underscore the need for comprehensive reform. Further, the authors indicate that it is not only children, the elderly and the disabled that need social protection, but those that are unemployed or vulnerable to unemployment. It is argued that a universal grant, provided as an entitlement and without a means test will more readily reach the poorest population. It is argued that the BIG would enable the social security system to reduce the poverty gap by three-quarters, compared to a one-quarter reduction of the poverty gap without the grant. In addition, the income transfer may promote the accumulation of social and human capital, and may positively influence both

the demand and supply sides of the labour market. Moreover, two macro-economic transmission mechanisms exist by which the BIG may stimulate economic growth – by bolstering the overall level of aggregate demand in the economy, and by shifting the composition of spending towards labour-absorbing sectors of the economy. With regard to the fiscal impact, it is contended that while the BIG represents a substantial commitment of fiscal resources, South Africa's tax structure has the potential to finance the entire cost of the programme without recourse to deficit spending. The authors also indicate that the long-term growth implications of the developmental impact further support macroeconomic stability and fiscal affordability.

Schierhout, G., and Söderlund, N. 1999. *Impact of HIV/AIDS on State-Administered Social Security Grants*. Report prepared for the Department of Welfare, Pretoria. Abt Associates, Johannesburg.

The aim of this report is to provide estimates of the impact of HIV/AIDS on major social assistance functions of the DoW up until the year 2010. The study makes use of epidemic projection models, data on eligibility, uptake and cost of individual grants, and population data on the numbers of candidates nationally who would potentially receive such grants. The projections in this report were made using the most recently calibrated version of the Metropolitan Life/Doyle model, which is widely used in South Africa for predicting the demographic impact of HIV/AIDS. Assumptions relating to uptake and uptake growth of DoW administered grants were ascertained from previous research efforts, DoW reports and discussion with key informants. The projections depend critically on a number of assumptions relating to the HIV/AIDS epidemic in South Africa, and assumptions relating to uptake and cost of grants. It is noted that although these estimates provide the best available evidence of impact, the quality and appropriateness of input data should be reassessed regularly prior to use by planners and policy makers.

The projections of HIV/AIDS impacts in South Africa in this report indicate that the number of AIDS orphans will increase from under 400 000 in 1999 to over two million by 2010. Further, results show that beneficiaries of FCGs will more than double in the next five years, from less than 50 000 in 1999 to over 100 000 in 2005, and will reach almost 200 000 beneficiaries by 2010, if (then) current uptake levels continue with a one percent per year increase. Moreover, eligibility for the CSG will decrease, but this effect is likely to be overwhelmed by increased uptake of this new grant. In addition, it is shown that eligibility for the DG and the CDG will increase as a result of AIDS, however this effect is unlikely to be substantial owing to the relatively short period of disability preceding AIDS death. AIDS-related uptake of grants for the support of the disabled will be strongly dependent on the processing time of these grants. Costs to the state of orphan support will depend strongly on the nature of support provided. Costs of supporting substitute carers via FCGs or other programmes will be considerably less than institutional care or the social costs of street children and homeless children. Furthermore, estimated additional FCG requirements due to AIDS will be around R200 million for 2005 and almost R600 million in 2010. Estimated institutional care requirements will be approximately R300 million in 2005 and R800 million in 2010, assuming a five percent institutional care, 30 percent adoption and 14 percent FCG uptake. Depending on the policy decisions adopted by the department and on uptake rates, these additional grant requirements may change. Owing to expected growth in uptake, the largest growth in grant expenditure is likely to be for the CSG, although the AIDS epidemic will decrease the total projected cost of this grant until 2010.

A number of further research areas are suggested by this analysis. These include the quantification of HIV/AIDS impacts on grants at provincial level, which will be targeted at the support of provincial planning and budgeting functions. In addition, the assessment of HIV/AIDS impacts on social assistance administered by departments other than Welfare, in particular the UIF and proposed Social Health Insurance, is also suggested. Further research should also include the analysis of HIV/AIDS impacts on OAPs up to 2030, in order to ascertain changes in the pensioner population as a result of AIDS. Finally, the authors point to the need for an assessment of the various forms of care that communities provide for orphans, with the purpose of informing policy decisions regarding orphan support. Such an assessment could include the compilation of a critical inventory of innovative pilot projects and an analysis of their effectiveness and transferability.

Sogaula, N., van Niekerk, R., Noble, M., Waddell, J., Green, C., Sigala, M., Samson, M., Sanders, D., and Jackson, D. 2002. *Social Security Transfers, Poverty and Chronic Illness in the Eastern Cape. An Investigation of the Relationship between Social Security Grants, the Alleviation of Rural Poverty and Chronic Illnesses (Including those Associated with HIV/AIDS): A Case Study of Mount Frere in the Eastern Cape.* Economic Policy Research Unit and Social Disadvantage Research Centre, Department of Social Policy and Social Work, University of Oxford and School of Public Health, University of the Western Cape. [\[http://www.ox.ac.uk/Publications_DepartmentPapers.html\]](http://www.ox.ac.uk/Publications_DepartmentPapers.html)

This research seeks to understand the access of rural households to (and decision-making on) household income as derived from state transfers in the context of widespread poverty associated with chronic illness (including HIV/AIDS) and malnutrition. The central objective of the study is to assess the potential role for social security in alleviating poverty in households with an HIV/AIDS status household member, in order to propose alternative public policy interventions for consideration by the DoSD. Given the key role of social security grants in sustaining poor rural households, the study attempts to focus on households' experience of income through receipt – or failure in receipt – of social security grants. A further concern is with household illness and death, and its impact on educational status, household distribution of income resources, food intake and health. Specifically, the study attempts to understand the consequences for social policy of loss of ability or functioning as a result of an HIV/AIDS related condition. The research aims to provide an in-depth understanding of social security grants and their relationship to households experiencing the lost functionality of economically active household members as a consequence of chronic illness and death, including those associated with HIV/AIDS. Interviews conducted in a manner which combine qualitative and quantitative methodologies provide important insights into the financial consequences of chronic illness (including HIV/AIDS) and malnutrition.

Household studies conducted in developing countries which assess the impact of HIV/AIDS or death on the household and the coping strategies that are adopted are reviewed, and medical literature that focuses on the relationship between AIDS, poverty and malnutrition is also surveyed. The sample for this study comprises 30 households that had admitted a child made ill by severe malnutrition to one of two hospitals in the Mount Frere district. In order to obtain information, home visits to these households were undertaken, in which an interview schedule was used for a discursive depth interview, to enable a 'narrative' on household circumstances to emerge from each

individual household visited. The interview covered many aspects of the household – household structure, illness patterns and income and expenditure – and lasted between 1.5 and three hours. The interviewer filled in information on an elaborate structured household questionnaire, synchronously with or shortly after returning from the field using field notes. Either the caregiver or another adult household member was interviewed, and in most households there was more than one informant.

Some descriptive information from the quantitative analysis is presented in the paper, and particular attention is paid to eligibility for and uptake of grants. It is shown that although all 30 households contain members who are eligible for a social security grant, only 16 households actually receive any kind of social security grant. The majority of households eligible for OAPs are claiming them, and half of the households with members eligible for a DG are receiving this grant. However, the take-up rate for social security grants targeting children is found to be very low – the take-up rate for the CSG is only seven percent. Detailed information on eligibility and uptake is provided in the text. A further section in the paper discusses the findings with regard to the organisation of grant administration in Mount Frere. A comprehensive picture of the failure in grant administration and its impact on impoverished households who may be eligible for such grants is given. After discussing the structural context, attention is paid in detail to the administrative arrangements for the grants which have the lowest take-up rates: the DG, the FCG and the CSG. It is shown that this low take-up is due to difficulties experienced by caregivers in obtaining the requisite documentation in order to apply for these grants. Moreover, it is noted that the rules of entitlement for the DG – according to information given to local residents – do not permit the supporting of household members suffering from chronic illness, particularly that which is related to AIDS. A further chapter details the experiences of the study households in relation to poverty, chronic illness and associated bereavement, an analysis which draws heavily on the field notes taken by the researcher.

Overall the study findings confirm findings of the studies reviewed that show that government intervention – including in the form of public transfers – is a significant means of supporting families undergoing a crisis precipitated by chronic illness related deaths, such as those associated with HIV/AIDS. The study shows that grants, such as the OAP and even the DG, provide a source of income not only for the intended beneficiary but also for the entire extended family. Therefore, where a recipient dies or the entitlement is terminated, the entire household experiences great difficulty in coping and is often driven into further and deeper poverty. It is argued that the existing system of state transfers should offer some protection against income failures and burdensome expenses. However, the authors point to the problem of low take-up and a cumbersome administrative infrastructure for the existing grant system, that is under resourced in financial and human capital terms. While the authors caution that the study is limited in scope and that findings cannot be generalised, they do express concern in a range of policy areas. It is recommended that the CSG be extended to all children under 18 and that the means test be removed, as this would make a significant impact on poverty, particularly in areas such as the one under review. It is argued that the removal of the means test would have the effect of reducing the administrative burden and allowing existing resources to be deployed more effectively. More broadly it is recommended that the grant delivery system be strengthened through increased resources, and that the bureaucracy associated with administration of grants be simplified and reduced, principally through the removal of the means test. In addition, it is suggested that provision be made for an annual school uniform grant as a means of supporting the

access of poor children to education, and a death grant to provide for funeral expenses in poor households.

Taylor, V. 2002. What kind of social security? *New Agenda: South African Journal of Social and Economic Policy*, 5, 6-47.

The author of this article is the chairperson of the commission advising the Minister of Social Development on a new comprehensive social security system for South Africa. One chapter of the committee's report is outlined here, in which the conceptual framework for such a system is described. The first section of the chapter deals with definitions of poverty, inequality, unemployment and vulnerability, and discusses why these conditions matter. In addition, the extent of these conditions in South Africa is reviewed, and the Committee's proposed conceptual approach to address these various conditions is put forward. The various forms of social security that exist are also discussed, as well as the socio-economic trends and system reforms that are occurring internationally. It is noted that there is no uniform system that is generally applicable across countries, and that a country's social security system needs rather to address its own particular set of risks and challenges in a manner that best reflects its societal values and resource base. Hence, it is not easy to draw on international experience at the state level with assessing the impact of social grants. In one section of the article the causality of poverty and other damaging conditions in South Africa are discussed, and the extent to which the social security framework which is in place is addressing inherited and emerging challenges is assessed. In this section it is also noted that in terms of social protection there is a growing need to consider the condition of the unemployed and the working poor (those involved in informal work also tend to fall into this category) within the overall context of poverty and social exclusion, and to look to a platform of general social protection that supports both these groups. Attention is also drawn to the fact that the social security system in place is "*archaic, lacks integration and has many gaps*" (p. 7).

In another section of the article the shortcomings in the South African social security system are elaborated upon. The assumptions upon which the SAA is based are discussed, and the various categories of people covered by the SAA are described. Of particular interest are the various categories of people that remain uncovered by social assistance. Firstly, with regard to children, it is noted that 75 percent of those below seven years of age do not get the CSG, while all children over seven years do not get the grant, as well as all children without primary caregivers and child-headed households. Secondly, certain categories of the disabled, namely those with a chronic illness who do not meet the strict medically based criteria, but are prevented from carrying out their trade, are also excluded from social assistance. Thirdly, the unemployed are also excluded. While five percent of the unemployed are in receipt of UIF, and while some of the unemployed are able to benefit from disability and child care related grants, it is noted that there are about five million unemployed people without any form of income support from the social security system. Fourthly, the poor – both those with incomes below the poverty line, and the working poor – are excluded from social assistance. Sixty percent of all the poor (or 11 million people) are without any social security transfers. Fifthly, non-citizens are described as being mostly excluded from social assistance. The author indicates that inadequacy of interventions that are already being undertaken, in a context of persistently high risk and deprivation, has contributed to several growing and potentially unsustainable challenges, and these are outlined in the article. The concept of comprehensive social protection is elaborated upon, as well

as the financial implications and the institutional framework of the system that is in place. Finally, the options for a comprehensive social security system for South Africa are discussed.

Van der Berg, S. 1992. The South African social safety net in development perspective. In G.J. Coetzer, J. Kinghorn and S. van der Berg (Eds.), *Working Documents on the Post-Apartheid Economy* 5. Stellenbosch Economic Project, University of Stellenbosch.

By considering the forces leading to the establishment and growth of social security and social policy, this paper establishes that the South African social security system reflects a pattern that is not atypical for countries at this stage of economic development and industrial transition. Central to social security in industrial and developing countries is the norm associated with the welfare state: that people should enjoy a certain minimum standard of living irrespective of their performance in the market. To understand how this norm developed, the author looks at the experience of Western Europe, and then considers the present-day situation in developing countries in order to investigate deviations from the European model and the resource constraints that encumber the application of the welfare state norm in such societies. Conclusions are drawn for South Africa. The author notes that there is too little social security for those most in need of it, namely those outside of formal employment. He argues that the challenge is to develop a social security framework that can be extended to the really poor outside of formal employment, and identifies a need to better understand the role of each aspect of social security in the wider framework, and how these aspects are interrelated. It is emphasised that there is a need to link private provision of social security to the state system.

Van der Berg, S. 1994a. *Social Security and the Alleviation of Poverty*. Background paper prepared for the Development Bank of Southern Africa, Johannesburg. Department of Economics, University of Stellenbosch.

In this paper the author considers various groupings of the poor and vulnerable and the extent of their need. The following categories are applied: infants and pre-school children; children of school-going age; the unemployed; the disabled; the temporarily ill who cannot continue their jobs while recuperating or undergoing medical treatment; the aged. Moreover, deficiencies in South African social security and poverty relief are also considered. With regard to OAPs, the author notes that rural poverty has been reduced far more, and more directly than most of the other development efforts that have been in place for decades. It is noted that a strong case can be made for the fact that OAPs are relatively overdeveloped compared to other forms of social security. As such, as part of the social security framework that is put forward, it is suggested that other ways of injecting funds into poor households might be healthier. An emphasis is placed on creating employment for the able-bodied unemployed within these households, particularly those who are bringing up children. A case is made for scaling back on the real value of the social pension per beneficiary. Further, it is recommended that as child maintenance grants provide perverse incentives and may become exceedingly costly in the future, they be phased out. The fiscal costs of this suggested framework are also put forward.

Van der Berg, S. 1994b. *Issues in South African Social Security*. Background paper prepared for the World Bank. Department of Economics, University of Stellenbosch.

The author of this paper considers South Africa's social security system in the light of its immediate needs, at the juncture at which the apartheid government had given way to a new democracy. The report is based in part on van der Berg 1994a. Both social assistance and social insurance are looked at. The author outlines the extent of the child support problem, as well as the targeting, incentive effects, coverage and fiscal costs of maintenance. Further, state OAPs are considered – particularly the impact of pensions on poverty, the coverage of the elderly population, pension levels and the functioning of the means test. Research on the impact of the pension is drawn on and it is generally noted that OAPs play a crucial role in combating poverty in South Africa, not only because many pensioners would otherwise be amongst the poorest, but because pension money circulates widely in many poor rural communities. Social assistance for the disabled is also outlined. The author ends by listing the immediate priorities for South African social security, as well as the areas that require further research with regard to options for social security.

Van der Berg, S. 1996. *The Means Test for Social Assistance Grants: Its Application, Fiscal Risks and Some Recommendations*. Paper prepared for the Department of Welfare, Pretoria. Department of Economics, University of Stellenbosch.

Van der Berg (2001c) is based on this report, prepared for the DoW.

Van der Berg, S. 1997. *South African social security under apartheid and beyond*. *Development Southern Africa*, 14(4), 481-503.

The purpose of this article is to explain the nature of the South African social security system and to speculate on its future evolution. Initially a typical pattern of social security development in industrialising countries is presented as a backdrop against which the historical development of the South African social security system can be viewed. Following this, a description of the present social security system is given. It is noted that South Africa has been left with high social security levels for a middle-income developing country; however, the social security system still largely reflects the historical needs of vulnerable white groups under apartheid, among whom unemployment was minimal. The social security system therefore now has inadequate provision for the most vulnerable, the unemployed. In contrast to this, four out of five pensioners receive a means-tested social pension, which is a major poverty-alleviating factor in rural African communities. It is noted that social grants are meant to protect the poor without social insurance. However, the main feature of social assistance in South Africa is means testing, which by its nature encourages a 'poverty trap' and in certain circumstances can lead to perverse incentives. The author also outlines the three main pillars of social assistance – OAPs, DGs, and child and family grants – as well as the various conditions attached to their receipt. The social security system is then measured against the contingencies faced by different groups, from which certain gaps in coverage become apparent. The groups are the affluent (quintile five of households); the stable urban working class (quintile four); the insecure formal sector (quintile three); and outsiders or the poor (quintiles one and two). The author shows how the poorest group consists predominantly of rural African people, who are mainly poorly educated. Those who do

find a permanent job or receive a social pension tend to move up the income ladder, but this depends partly on the burden of dependents. It is noted that social assistance is vital for this group: for one in four, social assistance is the main source of income compared to only five percent amongst other households. It is emphasised that without such flows of funds to pensioners and the disabled, the nutritional and social situation of the beneficiaries and their extended families would be much worse.

The author then draws some broad conclusions about likely further development of the social security system – bearing in mind these gaps, fiscal constraints and forces for change in a new democratic dispensation. The author notes that the major contingency against which the social security system provides no proper protection is unemployment. In addition, the second major deficiency of the social security system is that its impact on the poorest – those not covered by social insurance – is almost always tied to the presence of elderly or disabled members in households. Old people have become the main ‘breadwinners’ in many extended families, and those households without access to employment and with no elderly or disabled members have become the poorest. Therefore many children and young families are especially vulnerable, as well as older workers who cannot compete for manual work but are too young to qualify for pensions. Such households still need to be targeted, yet the options in this regard are limited considering the large resource transfers required and the potential perverse incentive effects (on job search, labour input, educational attendance) associated with some targeting devices. Another growing problem is the HIV/AIDS epidemic, the number of orphans and the wider impact this group will have on social support structures – and it is likely that the demand for social security will grow sharply. The author also outlines the major problems with the existing system, focusing on child grants, as well as problems around interaction with social insurance. The author concludes by arguing that employment is all that will allow social security needs to be contained at levels commensurate with the fiscal ability of the economy.

Van der Berg, S. 1999. *Social Policy to Address Poverty*. DPRU Working Paper 99/30. Development Policy Research Unit, University of Cape Town. [<http://www.uct.ac.za/depts/dpru/wp30.pdf>]

The author begins this working paper by outlining the urgent need to identify those factors that are amenable to policy intervention, in order to reduce poverty and inequality. It is stated that in the South African context the most promising routes to address this appear to be social transfers to the poor; expanding and improving the educational system; improving access of the poor to other social services; and, improving access of the poor to financial services. The central body of the paper focuses on two areas of social policy that are directly relevant to improving the incomes of the poor – education and social transfers. The section of the paper that deals with social security is largely based on previous work by the author, particularly van der Berg (1997). A background to South African social security is given, and attention is paid separately to social insurance and to social assistance. The adequacy of social security is considered through an assessment of how people in different income classes with diverging educational and skill levels are reached. A finding – that social transfers contribute more towards reducing poverty than increasing incomes – is cited, and is taken as an indication that these transfers are indeed well targeted. While the social security system is described as being relatively well targeted and it is indicated that it has developed to almost unprecedented levels for a semi-industrial country, it is nevertheless acknowledged that there are still major gaps in the system, although it is

argued that there is little scope for additional resources for social security to address these gaps. To end the author puts forward three areas for increased government attention: improving the quality of education through better information systems on cognitive achievement levels in education; expanding low-wage public works programmes as a form of self-targeted poverty relief for those who cannot get access to jobs; and, government intervention in the capital market to ensure enhanced access to the poor of capital particularly for entrepreneurial purposes.

Van der Berg, S. 2000. *An Analysis of Fiscal Incidence of Social Spending in South Africa, 1993-1997*. Report prepared for the Department of Finance, Pretoria. Department of Economics, University of Stellenbosch.

Van der Berg (2001a) is based on this report prepared for the Department of Finance, and funded by the Deutsche Gesellschaft für Technische Zusammenarbeit.

Van der Berg, S. 2001a. Redistribution through the budget: Public expenditure incidence in South Africa. *Social Dynamics*, 27(1), 140-164.

This article examines the changing incidence of public expenditure in the first years of the post-apartheid government, in terms of racial groups, income classes and urban/rural location. It is based on one of two studies commissioned in 1999 by the Department of Finance, on the incidence of social expenditure (van der Berg, 2000) and of taxes. This study aims to arrive at reliable estimates of who benefits from social spending by location (metropolitan/other urban/rural), race group and income class, and to gain some understanding of shifts in incidence immediately following the political transition. Spending is separately analysed for school education, tertiary education, health, social assistance (social grants), housing and related infrastructure, and water. Households are grouped into deciles or quintiles by level of pre-transfer income per capita, so that the impact on distribution of social transfers can also be assessed. Data on incomes is calculated using the combined 1995 OHS and IES. The major sources of data on expenditure include government reports, budgets and budget reviews to derive mutually compatible expenditure figures, as well as three household surveys (the 1993 SALDRU survey, the 1995 OHS/IES, and the 1997 OHS).

For social assistance calculations the proportions from the 1995 survey data have been used, as the data on income from social grants for 1995 do not well match actual payouts by provinces. It is shown that the value of the maximum grant has declined in real terms while total grant payouts have increased, implying an increase in the volume (number) of grants. It is assumed that this increment goes to African households, given that the stricter means test is more likely to have constrained growth of grants for white, coloured and Indian households. The analysis further shows that social grants are well targeted, with proportionately more going to the bottom quintiles compared to the higher income groups. It is shown that in 1997 most social programmes were progressive in their effect and that most were relatively well targeted. Using the Lorenz curve, the author illustrates that of all programmes, social grants in particular are extremely well targeted, and the programme's redistributive role is pointed to. In addition, a high spending incidence on the poorest quintile is noted, which reflects the fact that quintiles have been arranged by income excluding social assistance. It is emphasised that without such transfers, transfer-receiving households are often amongst the poorest. It is concluded that spending incidence in South Africa, although not highly targeted, is

indeed redistributive to poorer groups, and that it has become considerably more redistributive since the political transition.

Van der Berg, S. 2001b. Social policy to address poverty. Chapter 7. In H. Bhorat, M. Leibbrandt, M. Maziya, S. van der Berg and I. Woolard (Eds.), *Fighting Poverty: Labour Markets and Inequality in South Africa* (pp. 171-204). Lansdowne: UCT Press.

This chapter is derived from and based entirely on van der Berg (1999).

Van der Berg, S. 2001c. The means test for social assistance grants and its recent evolution. *Social Work / Maatskaplike Werk*, 37(2), 125-142.

The interaction between private income sources and social grants complicates the economics of social assistance, as means tests potentially affect incentives and behavioural responses to social grants. In this article, the author looks more closely at the means test for social assistance grants and changes to the means test that have taken place in recent years. This article is based on work conducted for the DoW on the economic impact of the 1996 means test regulations and accompanying recommendations (van der Berg, 1996). The paper provides a brief overview of the problems of the racially differentiated means tests under apartheid, looks at the changes introduced by the new unified means test of 1996, contrasts the application of the means test with the means test as it exists on paper, and explains the rationale behind the amended means test as contained in a new set of regulations promulgated in 1998. It is noted that the 1996 regulations regarding the means test were a considerable improvement over previous regulations, and that they made it less attractive for affected persons to earn private income. It is ascertained that the error in the way the formula was promulgated did not in fact lead to the rapid rise in pension claims. Moreover, the reformulation of eligibility criteria to eliminate the error in 1998 offered the opportunity for further refinements to the means test.

The author indicates that for OAPs the means test and age determine eligibility, and that for DGs eligibility is further influenced by physical disability. Yet due to the lack of information about the number of disabled people, it is impossible to determine coverage of the disabled. OAPs reach 75 to 80 percent of the population eligible by age, and it is noted that high coverage amongst the elderly is a measure of the widespread acceptance the programme enjoys, as those not receiving it are mainly excluded through eligibility criteria rather than through administrative obstruction or personal preference. It is noted that the means test takes into consideration the material means available to potential recipients in determining both whether they should receive benefits and what level of benefits they should receive. In the paper the author discusses the option of the abolition of the means test, bearing in mind the close to universal eligibility for the OAP. It is concluded that given the opposition to such a step on fiscal grounds and on the ground of reduced progressivity implied by a universal grant, it may not be the right time to introduce such a grant. However, the author argues for the focus of the means test to increasingly fall on ways of excluding the relatively wealthy, rather than the use of the clawback or sliding scale to fine tune grants to means. In this line of thought, it is maintained that attention should shift to information aimed at excluding the non-eligible rather than information needed to include the eligible.

Van der Berg, S., and Bredenkamp, C. 2002. Devising social security interventions for maximum poverty impact. *Social Dynamics*, forthcoming.

In this paper it is shown that the South African social security system – though very advanced for a country at this level of per capita income – is close to the limits of its capacities, and still has pervasive gaps in coverage. It is noted that fiscal and administrative constraints limit the potential for grand social security schemes, such as the BIG, although the Constitution has placed an obligation on the government to work towards the progressive realisation of social security coverage. While the authors point to the fact that social security is not well suited to the elimination or redress of large-scale, endemic poverty or deep poverty, and that social security on its own cannot overcome poverty of large magnitudes, they argue for incremental and targeted social security interventions as the strategy most likely to contribute to poverty reduction. It is put forward that the realistic expansion of social security entails painstaking and piecemeal analysis, careful weighing of alternatives and informed debate. The article attempts to contribute to this end.

The paper deals with the nature of the social security system and gives an overview of the gaps in different components of the system. It is shown that the social security system cannot cope with unemployment of the current magnitude, which leaves more than half the labour force uncovered by social insurance and increases the burden on the social assistance part of the system. 1995 income distribution data – the OHS and the IES – is analysed in order to identify vulnerable groups, and ultimately to understand where social security interventions are most likely to have a significant poverty alleviating effect. Cumulative density functions show that, irrespective of where one draws the poverty line, poverty is more severe amongst the young (children) than the elderly; it is severe amongst the broadly defined unemployed, as a result of an extremely high incidence of poverty amongst discouraged work seekers; and poverty is endemic in female-headed households. The gaps in the system that are identified are the young (partly covered by the CSG); discouraged work seekers and the (narrowly) unemployed (who may gain somewhat from the CSG); and those employed (mainly in agricultural and domestic employment) who are uncovered by social insurance programmes. The authors argue that given a somewhat improved fiscal position, the time might be ripe for expanding some existing social security programmes or introducing some new ones as a way of improving the reach and impact of the social security system, rather than the introduction of a BIG. Suggestions are made for expanding coverage of the social insurance system through tax concessions to encourage employers of low-wage labour to provide more social insurance. Moreover, expanding social assistance could involve reconsidering the means test for the CSG to make way for a universal grant, which could be expanded over time to higher age groups. Alternately the means test for the CSG could be maintained but the age-limit lifted. A suggestion is also made for expanding low-way public employment schemes to reach particularly discouraged workers in rural areas (for example, the Work-for-Water campaign). It is argued that modest and incremental changes such as these could help extend its reach and cover some gaps. Yet it is acknowledged that it is difficult to plug holes in social safety nets with such high levels of unemployment, and that sustained economic growth is ultimately also required.

Van der Merwe, T. 1996. *Bestaansbeveiliging: 'n Ekonomiese Perspektief (Social Security: An Economic Perspective)*. Unpublished Doctoral Thesis, University of South Africa.

The author of this thesis argues that in view of South Africa's low economic growth, high and rising unemployment, widespread poverty, skew distribution of income and disintegration of the family, social security (both social insurance and social assistance) requires urgent attention. The thesis begins with a discussion of basic aspects of social security, such as its definition, the rationale for social security in a market economy, the possible influence on economic behaviour and the financing of social security. The second part, which constitutes the core of the study, involves a comparative study of social security. The origin and development of social security in welfare states and developing countries is studied. The emphasis is on equity and efficiency, affordability, financing, targeting, the extension of coverage, a negative income tax, traditional social security and specific programmes that could be of importance to South Africa. The origin and development of, and the fiscal scope for social security are also discussed. Programmes such as in-kind transfers, public works programmes and tax expenditure receive attention, and aspects of social security, such as poverty alleviation, means testing, take-up rates, administration and corruption, are discussed. Recommendations are made on a voluntary national pension scheme, employment creation programmes and food stamps.

Van der Merwe, T. 2000. The case for social security in South Africa: An economic perspective. *Development Southern Africa*, 17(5), 717-735.

In this article, in many respects similar to van der Merwe (1996), the aim is to "*analyse the case for social security in a changing world*" (p. 717). Initially social security is defined, and a rationale for social security and arguments against it are given. The author notes that South Africa does not have a national pension scheme and that therefore many individuals become dependent on social pensions when they retire. While both the Mouton Committee and the Smith Committee ruled out such a scheme for South Africa, the author believes that it is an issue that needs further investigation. Further, it is emphasised that while targeting attempts to ensure that only the needy benefit from social security and that the cost of programmes is limited, it could also give rise to administrative costs, negative incentives and unproductive behaviour, and may exclude some of the target group. Less strict targeting may lead to the inclusion of individuals ineligible for benefits. The new international environment is also briefly examined, and its possible implications for social security are presented. The need and scope for social security in South Africa are then discussed. Given South Africa's fiscal position, it is noted that the feasible option would be to target the most vulnerable groups only, although this would mean that other vulnerable groups would be excluded. Yet the author argues that a universal and comprehensive social assistance system does not appear to be a viable option for South Africa, as the government does not have sufficient funds to ensure a minimum living level for all poor individuals. He maintains that a BIG for all needy individuals would have to be at levels way below minimum living levels, unless taxpayers are prepared to pay more taxes to promote equity and stability. However, it is noted that a major limitation of the South African system is a lack of support for unemployed individuals who have never had the opportunity of being employed in the formal sector.

In addition, the author argues against a radical change in the two-tier system which combines cash transfers of social security with in-kind transfers via other social services, and points to social insurance and social assistance as complements rather than substitutes. The OAP is described as the only universal social assistance programme in South Africa, since approximately 80 percent of the aged receive pensions. Scaling the programme down is described as counterproductive, while an increase in the qualifying age of women, it is reasoned, would remove discrimination and improve the sustainability of the programme. Finally, the author maintains that given the limitations of the UIF, poor job creation and the phenomenon of jobless growth, it may be important to reconsider public works programmes, which should be implemented in conjunction with the private sector which could create infrastructure and promote stability.

Von Broembsen, M. 2001. *Poverty Alleviation: Beyond the National Small Business Strategy*. Unpublished Masters Thesis, University of the Western Cape.

In this thesis South Africa's National Small Business (NSB) strategy is critiqued from the perspective of poverty alleviation. Existing sources and databases are used to compile the profile of NGOs involved in the provision of SMME support services. Information is also obtained from meetings with key personnel from some national institutions – Khula, NAMAC and Ntsika – which co-ordinate different aspects of support to SMMEs, and from their annual reports. It is argued that the Department of Trade and Industry has failed to develop a coherent strategy for each of its objectives and has attempted to fulfil a number of very different objectives by means of the same policy instruments. It is contended that the NSB strategy is ineffective as an economic growth strategy, primarily as a result of poor implementation, and that its ineffectiveness as a poverty alleviation strategy is due to poor policy design. Some of the developmental consequences of cash transfers are explored, and it is argued that at the present time no other intervention could have the geographical and numerical impact that a cash transfer could have. The need of the poor for a reliable, secure income is an aspect of poverty that is stressed throughout the thesis, and it is argued that this need can be met by even the smallest cash transfer.

One chapter in the thesis examines arguments for and against cash transfers, as well as arguments for social assistance in the form of cash transfers. The author explores the poverty and behavioural effects of social welfare cash transfers, and it is shown that while the amounts are often too small to impact on the incidence of poverty, the depth of poverty is substantially reduced. Households move closer to the poverty line with injections of even small amounts of cash. It is argued that there is significant evidence that cash transfers are not simply hand-outs that improve the consumption of households. Instead, it is contended that the way in which the cash is spent by households – particularly by women – has enabled these transfers to be the most effective developmental intervention undertaken in South Africa. Therefore, the author suggests, in the short-term, direct cash transfers for those who are usually on the receiving end of 'productivity enhancing interventions' such as training and micro-credit. It is alleged that if these transfers are not introduced, other 'productivity enhancing interventions' may consequently be compromised. To end, the adoption of a macro poverty strategy is recommended, of which enterprise development is but one component, and which is premised on an understanding of intrahousehold dynamics and the effects of gender stereotypical roles on poor women as entrepreneurs.

Wilson, F., and Ramphele, M. 1989. *Uprooting Poverty: The South African Challenge*. Claremont: David Philip.

This book draws together research findings from over 300 papers delivered by 450 people as part of the Second Carnegie Conference on Poverty, and from post-conference papers, in order to provide a coherent analysis of the nature and causes of poverty in South Africa. It is shown that pensions are the second most important source of income after migrant remittances, or after local wages and remittances. Where a pensioner is *de facto* supporting a family of five, the pension payment is shown to be one-fifth of the amount required for that household to reach the minimum living level. Drawing on the work of Ardington (1988), the authors conclude that a worker can send home less money at the peak of his earning life than he can provide when living at home drawing a tiny pension. The critical importance of pensions becomes even more apparent when the cash contributions of women to the household are considered. The average woman of 60 or older who does not receive a pension contributes only five percent of the amount to the household of a woman who does receive a pension. Pensions constitute 54 percent of the financial contribution of all women to households, double the equivalent percentage for contributions by the whole community, men and women taken together. Further, it is mentioned that in the Transkei, for households whose annual income in 1982 was R500 or less, pensions constituted one-fifth of income. In the Ciskei, in three resettlement camps, the primary source of income for half the households was the pension.

The World Bank. 1995. *Key Indicators of Poverty in South Africa*. Report prepared for the Ministry in the Office of the President, Reconstruction and Development Programme, Pretoria.

This study was undertaken by the World Bank and the SALDRU, with the aim of determining how best to deal with poverty and inequality in South Africa, and the challenge facing the RDP. The tabulations and analyses in the report are based on the data from the PSLSD, and essentially the report summarises the findings of the PSLSD. The standard of living was measured by using consumption levels of households, based on household expenditure data. In order to account for differences in household size, composition, and economies of scale, total consumption was divided by the number of 'adult equivalents' and adjusted to take into account economies of scale. It is noted that pensions for disability and old age (social pensions) and remittances are the main sources of income for over 40 percent of the poor, and nearly 50 percent of the ultra-poor – making this group highly dependent on state-run support systems and the support of migrating family members. Social pensions make up 29 percent of income for the ultra-poor (poorest 20 percent), 23 percent for the poor (poorest 40 percent) and only five percent for the non-poor (richest 60 percent). This dependence on old age/disability pensions and remittances is particularly strong in rural areas, where nearly half of the poor depend on these as their primary source of income.

OLD AGE PENSION (OAP)

The Administration of Social Pensions for Blacks in the Republic of South Africa. 1992. Final Report of the Work Group: Social Pensions. Pretoria.

This report aims to advise the (then) Deputy Minister of Local Government and National Housing on the situation regarding the pension system for Black beneficiaries in South Africa. It also makes recommendations with a view to addressing problem areas and attempts to develop strategies aimed at improving the situation. The Work Group Social Pensions was commissioned to investigate the following: a uniform country-wide pension system as a long-term goal (with inclusion of the self-governing territories); all possible methods of payment of pensions which would be to the benefit of beneficiaries, eliminate incongruities and ensure more stringent measures of control; problems relating to applications and the review of pensions and grants to ensure uniformity in procedures and minimal inconvenience to beneficiaries; problems relating to the physical conditions at payout points; the provision of social work and other support services at payout points; logistical problems relating to social pensions, inclusive of personnel, equipment and security; and communication problems relating to social pensions. A selected number of pension payout points were visited, the public and private sectors were consulted, and literature about local and international social security systems was studied. Questionnaires were also sent to relevant role players to obtain information about the pension situation. It is concluded that conditions at payout points are generally undesirable and that beneficiaries are subjected to undue hardships. Further, communities remain largely uninvolved, as the feeling is that pensioners are a responsibility of the state. It is recommended that the situation in self-governing territories and outlying rural areas outside these territories be given special attention as most of the beneficiaries in these areas experience more hardships than in urban areas.

Appanna, S.M. 1999. Reforming the Social Security System in South Africa: A Transition to an Efficient Centralised System. Unpublished Report. The World Bank.

This paper explores the reasons for government intervention in South Africa's OAP system. It examines the problems facing the system and the need for reform with specific reference to risk and protectionism. The article starts out by giving a theoretical and comparative overview of welfare at an international level, and then shifts focus to income maintenance in South Africa. A model is constructed to show the consequences of retaining the system (in place at the time) and a welfare-enhancing model to address the deficiencies in this system is presented.

Ardington, E. 1988. Nkandla Revisited: A Longitudinal Study of the Strategies Adopted to Alleviate Poverty in a Rural Community. Rural Urban Studies Working Paper No. 16. Centre for Social and Development Studies, University of Natal, Durban.

This paper relates the findings of a 1985 survey of rural households in the magisterial district of Nkandla in KwaZulu, to a 1982 survey of the same households as part of the Second Carnegie Inquiry into Poverty and Development. The intention was to establish over a period of three years, the strategies that randomly selected households adopt in reaction to the changing social and economic circumstances in which they find themselves. In 1982, 70 of the 480 households in the area were surveyed (764

individuals). In the 1985 survey there were 75 participating households with a total of 831 members. Further information was obtained from interviews with significant persons in the area, and through observation during residence in the area for the survey periods.

The author notes that 82,8 percent of pensionable individuals actually receive an OAP, and that these pensioners are distributed amongst 56 percent of the surveyed households. Further, 13.3 percent contain a person who although pensionable is not in receipt of a pension. Half of those who were not in receipt of a pension had applied for one but as yet had received nothing. Between 1982 and 1985 there was a significant improvement in pension coverage, with pensions making an even greater contribution to household income as a result. Households containing pensioners were found to achieve some of the highest household incomes per capita among those surveyed. On average, the incomes in all households containing pensioners were found to be half of what they had been including pension monies when these were deducted from overall household incomes, and this fell to a quarter of what they had been for households headed by widows. While the percentage of households in receipt of OAPs in 1985 had increased to 56 percent from 46 percent in 1982, almost a quarter of those who had remitted money over the previous twelve months were unemployed and therefore would be unable to remit in the future unless they found new employment. The percentage of income derived from remittances was therefore likely to fall. However, pension payments have increased on an annual basis, and the percentage of income derived from this source is likely to have grown further. The receipt of the pension is also very often the first or at least the most important source of cash income the elderly will have had. Yet the benefits of pensions are not confined to pensioners, but are often the only reliable and regular source of household income. As such pensioners are depended upon for the payment of school fees, hospital charges, transport costs, debts and a major share of the expenditure on foodstuffs for the household. It is also frequently only the presence of a pensioner that enables a household to obtain credit at a local store. Non-family members benefit from pensions by being able to sell goods and services to pensioners. However, the enormous value of the pension also makes pensioners open to exploitation by the rest of the community.

The author also ranks all household per capita incomes for 1982 and 1985, and finds that although pensions constitute a considerable part of household incomes, none of the significant changes in ranking can be directly traced to the granting or cessation of a pension. In other words, there is no automatic improvement in ranking where a household member is granted a pension nor is there a corresponding decline in ranking where a household loses a pension. In fact, the granting of a pension leads to a fall in ranking and the cessation of a pension to a rise. This could be linked to the fact that dependent relatives are often drawn to households that contain pensioners in the hope that they will be able to share the pension benefit. Conversely, when a pensioner dies and the benefit ceases, these relatives may depart in search of another relative in receipt of a pension. The attraction of dependent relatives to the household increases its size and decreases per capita income, while the departure of dependants decreases size and may lead to increases in incomes despite the loss of a pension. The author points to the need for comparable empirical evidence for other rural as well as peri-urban and urban areas with regard to the coverage of pensions.

Ardington, E. 1994. *Quantitative Analysis of Socio-Economic Data from Five Thousand Households in KwaZulu: A Secondary Analysis of Data from an Income*

and Expenditure Survey. CSDS Research Report No. 4. Centre for Social and Development Studies, University of Natal, Durban.

This paper is based on secondary analysis of data collected by Data Research Africa (DRA) for an income and expenditure study of KwaZulu during July 1992. The DRA survey was conducted in each of the 26 magisterial districts of KwaZulu, with the total sample comprising 5 293 households and containing 35 748 people. Sixty-one survey sites were selected to represent urban and rural areas. This report contains a full analysis of the demographic variables and other features of the surveyed population. Aged people (women above 59 and men above 64) are found to constitute 5.2 percent of the population (of which 74 percent are female) and are found in a quarter of households, with the percentages higher in rural areas than in urban areas. A large majority (85.5 percent) of aged people are found to be in receipt of OAPs – 82.6 percent of men and 86.6 percent of women. Relatively low percentages of aged men and women without OAPs describe themselves as ‘retired’, and thus it is probable that they have no OAP because of failing to apply for the grant. Overall, 23.7 percent of households are found to be in receipt of OAPs, and to derive 12.3 percent of their income from this source. Moreover, the concentration of aged people in rural areas means that rural households have greater access to pensions in circumstances where access to formal employment is poor. This is reflected in the fact that up to 17.7 percent of income is realised from this source in rural areas compared with only 5.5 percent in metropolitan areas. This would seem to indicate that the receipt of a pension in these households makes a significant contribution to living standards. Households in the bottom income decile – where pensions constitute only 7.5 percent of income as a consequence of there being so few aged – have not been able to balance their poor access to employment with income from this source. In addition, transfers other than OAPs – presumably mainly DGs – are found to contribute over 10 percent of the income of the second and third deciles.

Further, aged people are present in 47.2 percent of households where no one is employed and constitute 10.1 percent of their membership. About 44.4 percent of such households are in receipt of pensions, which constitute 35.2 percent of household income. In those households that receive pension income, the pension constitutes 79.2 percent of total household income. Household per capita incomes in such households average R133 per month, and when incomes are recalculated having excluded pension income, household per capita incomes in these households falls to R91 per month. It appears that where households contain aged people, particularly those in receipt of pensions, these households are more likely to be able to survive without having someone in employment than if there were no aged in the household. Further, 93.3 percent of households with aged female heads are in receipt of pension income and they obtain 51.4 percent of their income from this source. Pension incomes are received in 11 percent of the top decile households and 8.4 percent of those in the bottom decile households. In all other deciles over 20 percent of the households receive income from pensions. It is clear that pensions play an important role in the relief of poverty amongst all households falling below the median income of R138 per month, with the exception of the bottom decile where only 7.5 percent of income is sourced in pensions. The percentage of female-headed households in the bottom decile rises from 32.4 percent to 45.9 percent on recalculation of household per capita income (once pensions are excluded from the definition of income, and income deciles recalculated). This indicates the important role played by pensions in keeping certain female-headed households out of the lowest income categories. Pensions are thus shown to be improving income

levels in households which are headed by older women who are permanently resident at home. They necessarily relieve poverty in the households where there are aged people. Further, 53.2 percent of the households in the recalculated bottom decile are being kept out of the original bottom decile through the receipt of OAPs. The deduction of pension income from the incomes of households in this reconstructed bottom decile is found to cause the mean household per capita income to fall from R61 to R4 per month. Overall the exclusion of pensions as a source of income leads to the percentage of individuals who might be classified 'dependants' rising from 68 percent to 78 percent. The exclusion illustrates the role played by OAPs in household support. This is more the case in rural than in urban areas where the percentage rises 14 percent in resettlement areas and 13 percent in deep rural areas, and only seven percent in urban areas. Finally, 84.3 percent of the households in which old age pensioners are found consist of three or more generations, significantly above the mean for the survey of 69.2 percent. A mere 1.9 percent of the households in receipt of OAPs consist solely of pensioners.

Ardington, E., and Lund, F. 1995a. *Pensions and Development: How the Social Security System can Complement Programmes of Reconstruction and Development*. Development Paper 61. Development Bank of Southern Africa, Johannesburg.

This paper is based on secondary analysis of data collected by DRA for an income and expenditure study of KwaZulu during July 1992. The DRA survey was conducted in each of the 26 magisterial districts of KwaZulu, with the total sample comprising 5 293 households and containing 35 748 people. Sixty-one survey sites were selected to represent urban and rural areas. However, the authors point to the survey sites as not being representative of the total KwaZulu population, with the under representation of urban and informal settlements. In this paper the main features of the survey are summarised in order to provide a context for considering the role of pensions. The authors confirm some of their previous study findings. Pensions are important because they are a significant source of income, with definite redistributive effects. They are a reliable source of income, which leads to household security, and they are the basis of credit facilities in local markets, further contributing to food security. Moreover, pensions deliver cash into remote areas which no other institutions reach. They are gender sensitive towards women, and they reach rural areas as few other services do. Yet the authors caution that since this is a cross-sectional survey, instead of a longitudinal or time-series study, it is not possible to produce conclusive evidence of their claims. It is demonstrated that pensions make a substantial difference to the levels of living in households in poverty, except for the very poorest who are in that position precisely because of their limited access to pension money. Further, 85.1 percent of pensioners live in three-generational households and this suggests that pensions affect many more than just those who receive them.

Two particular vignettes that the authors outline from personal experience are of interest when considering the impact of the grants. In one example the OAP enables the male pensioner's two sons and male cousin – one employed, two seeking work – to live close to work opportunities in the urban centre of Durban. In another, the use of pensions as support for the development of micro-enterprises is outlined. The pensioner mother of a brick maker making bricks for the building of a local school was seen to directly support this initiative by giving a portion of her pension to her son, who in turn gave a small portion to someone else to work on the bricks. Indeed, there is anecdotal evidence that pensions are used to support the development of micro-enterprises, borne out by the

visible evidence of substantial market activity at every pension pay-point. The authors suspect that it is possible to generalise from this study in KwaZulu to the African population – particularly in the former homelands and independent states – and also to the Indian and coloured poor, particularly rural dwellers. However, it is emphasised that the data – being cross-sectional and not longitudinal – prevents certain extrapolations. For example, would there be a positive link between educational levels and the presence of a pension which might be used to cover educational costs? A longitudinal study would reveal when the pension was first paid and how it affected the situation.

The authors also discuss issues around take-up rates, the means test, institutional care, administration, staffing and corruption, maintenance grants, as well as pensions, public works programmes and social spending. Finally, a number of conclusions are drawn. It is argued that the social security system should take its place alongside the other social programmes of the Reconstruction and Development Programme (RDP) so that transfers can play their role in supporting those who cannot support themselves. It is emphasised that pensions underpin the household and food security which the programmes of the RDP seek to achieve, and that the pension is not only the major source of income but is used for developmental purposes – children are fed and go to school and investments in farming activities are enabled. With regard to future research, the authors point to the need to make more accurate estimates of the amounts and flow of transfer incomes, particularly the effect of social security benefits on the structure and pattern of income distribution. It is important to assess accurately the extent of forward linkages of transfer incomes to schooling costs, health care, and small, local income-generating projects.

Ardington, E., and Lund, F. 1995b. Pensions and development: Social security as complementary to programmes of reconstruction and development. *Development Southern Africa*, 12(4), 557-577.

This article, based on Ardington and Lund (1995a), was written at a time when the RDP was in place, and there was debate about the desirable balance between the objectives of poverty alleviation and economic growth. The authors examine the assumption that social security payments are antithetical to the objectives of development programmes. They find that pensions are playing an economic and social role, and that they are making a substantial difference to the levels of living in African households in poverty, except for the very poorest. Centrally the authors argue that the social security system should be seen not as in competition with the broader programmes of the RDP and the public works programmes, but rather as complementary to them. Pensions provide the underpinning of household and food security, which the RDP would seek to achieve. The authors emphasise that more needs to be known about the effect of social security benefits on the structure and pattern of income distribution.

Bertrand, M., Mullainathan, S., and Miller, D. 2000. *Public Policy and Extended Families: Evidence from South Africa*. NBER Working Paper 7594. [<http://www.nber.org/papers/W7594>]

In this paper an attempt is made to investigate whether pension money eventually reaches family members other than pensioners, and if so, how much of the cash is transferred and which family members receive most of it. The authors use the 1993 SALDRU data, focusing on three-generation households, to ask how the OAP affects the

labour supply of working-age individuals (16 to 50 years old) living with elderly pension recipients. All of the findings suggest that as a result of intra-family redistribution, some of the pension money goes to working age relatives, altering the labour supply of this non-targeted group and allowing them to reduce their work. The allocation of resources among prime-age individuals is shown to depend strongly on absolute age, relative age and sex. These factors are found to be important determinants of resource flows in that they affect the strength of the labour supply response. A sharp drop in the working hours of the prime-age individuals in these households is found when elder women reach 60 years or elder men reach 65, the respective ages for eligibility. The drop in labour supply is found to be much larger when the pensioner is a woman, which suggests an imperfect pooling of resources, and that power within the family and household plays an important role. Moreover, working-age women are found to reduce their labour supply less than working-age men for each marginal rand of pension money received by the elderly. Prime-age men are found to be significantly less likely to work if a pensioner is present in a household. The decrease in employment probability among men appears for the most part to be as a result of leaving the labour force, rather than unsuccessful job search or 'discouragement'. Working hours drop more as the ages of prime-age family members increase. In addition, it is shown that the oldest son in the household reduces his working hours more than any other prime-age household member. In sum, the results illustrate significant resource transfers, with men – especially those that are middle-aged – the biggest recipients, and female pensioners the biggest contributors. The authors also attempt to integrate these findings into existing models of the family and look at the implications for empirical strategies that focus on redistribution of earned income. The paper ends with questions that are left unanswered by existing models of family bargaining. What determines bargaining power or altruism? Is it a generic fact that older males have more power or are cared about more? If so, why, and if not, when is this so? It is noted that answering these questions is crucial for understanding the process of resource allocation within families.

Breslin, E.D., Delius, P., and Madrid, C. 1997. Strengthening institutional safety nets in South Africa: Sharing Operation Hunger's insights and experiences. *Development Southern Africa*, 14(1), 21-41.

This article draws on Operation Hunger's experience with poverty-alleviation programmes and provides insights into attempts made to strengthen weak safety nets and build productive supports. Conclusions are taken from internal and independent evaluations of Operation Hunger's development work, over a decade's worth of field experience, emerging results from the organisation's Integrated Development Pilot Programme and the organisation's contribution to the SA-PPA. The arguments that are presented in the article draw heavily on research conducted using PRA methods. The article outlines some of the complex dynamics of rural and peri-urban life in South Africa that shape development interventions and highlight the difficulties evident in current income transfer schemes. An overview is also given of three development strategies employed by the South African government and NGOs to strengthen or support vulnerable households, namely food support programmes, public works programmes and agricultural programmes. The article considers issues of targeting, monitoring and evaluation, and the capacity of NGOs to test innovative approaches to alleviating poverty.

From Operation Hunger's research a decline in pensions is reported, although it is noted that this perception is not consistent with formal data which demonstrates that the

scope of pensions has increased over time. It is recommended that this discrepancy be studied further, yet it is suggested that the perceptions of participants at the PRA sessions that were undertaken may be influenced by the growing pressure on pensions as other sources of income decline. The authors also propose that the perception of declining pensions could be linked to the pervasive view that pension officials are corrupt, and that many people who are eligible for a pension do not receive one. It is indicated that many participants single out pensioners as a significant source of regular income. Yet, it is emphasised that income transfer schemes can be problematic in practice and that the system also has negative consequences that need to be considered when designing future income transfer schemes. PRA participants reveal that pensioners are a clearly identifiable group, since they are regular recipients of known amounts of income in the areas in which they live. This dependable income often contributes to the emergence of 'granny households', which include large numbers of grandchildren and great-grandchildren, and are often quite fragile, frequently dissolving when a pensioner dies. The significance of struggles around material resources, which emerge both within and between households, is underscored. It is noted that the secrecy over sources and levels of income which is often the most important form of protection vulnerable people have against the claims of others, is betrayed by the pension programme. While income transfer schemes may provide much-needed support in the short-term, they can also carry significant costs to the recipients since they are targeted at those individuals who are least able to defend themselves from the pressures of neighbours and relatives. The authors argue that if poorly planned and modelled, future income transfer schemes could exacerbate local conflict.

Brown, M. 1990. *"This Money will be Used to Bury Me": The Current State of Black Pensions in South Africa*. Report of the Black Sash National Advice Office, Cape Town.

This report by the Black Sash outlines the qualification criteria for accessing the OAP, looks at the obstacles faced in applying for the grant and focuses on payout procedures. The problems experienced by those who apply for DGs are also elaborated upon, and explicit attention is given to the situation of those in the (then) homelands. The strategies that have been attempted by the Black Sash to address the situation, by dealing with authorities and other organisations, and the results of these attempts, are also outlined. In addition, solutions to tackle everyday problems and those of broader policy are outlined.

Case, A. 2001a. *Health, Income and Economic Development*. Annual World Bank Conference on Development Economics 2001/2002, 221-241. <http://www.wws.princeton.edu/~accase/downloads/case-abcde-802.pdf>

This paper focuses on the role of income in the promotion of health status. The author emphasises that in order to investigate whether income has a causal effect on health, a source of income needs to be identified that is not determined by a person's health status, since those with lower health status are more likely to earn lower incomes. The author uses the OAP in South Africa as such an independent source of income, and provides estimates of the causal impact of income on health outcomes. The paper begins with a discussion of the relationship between income and health outcomes, and attempts are then made to understand why – given data that is presently available – quantifying the causal effect of income on health is difficult. 1999 data from a racially-

stratified random sample of 300 households and 1300 individuals in the Langeberg health district in the Western Cape – an area which contains a mix of African, white and coloured communities – is used to examine both income and health status. Estimates of the causal impact of income on health, as well as evidence on some of the mechanisms by which income is translated into better health are elaborated on. African and coloured households in the sample are compared according to whether pension income is pooled or not. Pooling of pension income is found in 84 percent of households. It is shown that pension income protects the health of all adult members in households that pool incomes. For those living in non-pooling households, the beneficial effects of the pension are found to accrue only to the pensioners themselves. In pooling households, for African and coloured people, the presence of a pensioner is found to be positively and significantly correlated with an increase in children's height. It is concluded that there is evidence that income has a causal effect on health status that works in part through sanitation, in part through nutritional status, and in part through the reduction of psychosocial stress. It is argued that within countries income is strongly correlated with health outcomes, and that policy recommendations that provide for income transfers to the poor, or the promise of increased earnings capacity, may prove to be as important for health outcomes as those calling for additional funds for service provision.

Case, A. 2001b. *Does Money Protect Health Status? Evidence from South African Pensions*. NBER Working Paper 8495. [<http://www.nber.org/papers/W8495>]

While acknowledging that both quantifying the impact of income on health and documenting the mechanisms through which income leads to better health are difficult given the simultaneous determination of health and income, in this paper the author quantifies the impact of a large exogenous increase in income on health status – namely that associated with the OAP. The paper uses a 1999 integrated family survey in the Langeberg health district in the Western Cape (an area which contains a mix of African, white and coloured communities), which captured information on individuals' health, mental health, social connectedness and economic status. The sample is a racially stratified random sample, and consists of 300 households and 1 300 individuals in the Langeberg Health District. The paper documents the effects of the OAP on pensioners, on other adult members of their households and on the children who live with them. It is shown that the pension protects the health of all household members in households that pool income, and the health status of the pensioners (and pensioners only) in non-pooling households. With regard to the impact of pension income on health outcomes for African and coloured children (with the sample restricted to children born after the date from which the pension was fully operational), a pensioner is found to be associated with roughly a five centimetre increase in a child's height for age, controlling for a number of individual and household factors. This effect is roughly equal to a half-year's growth for African and coloured children aged zero to six in the Langeberg data. It should be noted that this estimate is slightly higher than that estimated by Duflo (2000), who used data from a period before the pension was entirely operational, and found that grandmothers' pensions increased heights for age for granddaughters by 0.7 standard deviations.

The answers to the following open-ended questions asked of pensioners are also presented: 'What did you start doing differently when you received your pension?' and 'In what ways did your life become better when your pension started, if any?'. Among the responses, some pensioners note that the pension is smaller than the amount of money they had been earning, although many report the pension to be a greater

amount. Food, upgrading of housing and fewer worries feature among the responses. One respondent noted that he now “*looked after the children and made sure that there was something to eat*” (p. 12). Some of these mechanisms are quantified by examining the impact of the pension on nutrition, sanitation, psychological stress and other health consequences of limitations of activities of daily living. The analysis shows that both the pension income and residence in a large household is protective for members with limitations. This is consistent with a model in which money (in the form of a pension) brings help (purchased or volunteered) when respondents cannot dress or bathe by themselves. Moreover, in a large household it is possible that additional household members may be at hand to help when an older adult is unable to dress or bathe him or herself. Further, the presence of a flush toilet is found to be significantly more likely the greater the number of years of pension receipt in the household. In addition, in households where pensions are pooled, the pension is found to significantly reduce the probability that an adult has skipped a meal by roughly 25 percent. Further, pension receipt may also reduce the level of psychosocial stress faced by household members. The depression index used was found to be significantly lower the greater the number of pensioners in the household. Overall, in pooling households, income in the form of the OAP has been shown to improve the health status of all household members. This health protection works in part to protect the nutritional status of household members, in part to improve living conditions, and in part to reduce the stress under which the adult household members negotiate day-to-day life. It is noted that the health effects of delivering cash provide a benchmark against which other health-related interventions can be evaluated, and that the delivery of cash may be a better option if the goal is improvement in health.

Case, A., and Deaton, A. 1996. *Large Cash Transfers to the Elderly in South Africa*. NBER Working Paper W5572. [<http://www.nber.org/papers/W5572>]

Case and Deaton (1998) is based on this working paper, an earlier version of the journal article, which is fundamentally the same.

Case, A., and Deaton, A. 1998. *Large cash transfers to the elderly in South Africa*. *The Economic Journal*, 108, 1330-1361.

Through an analysis of the SALDRU data, the redistributive consequences (who receive the pensions, their levels of living and those of their families) and behavioural effects (the effects of the cash receipts on the allocation of income to food, schooling, transfers and savings) of the OAP are examined. The analysis confirms the findings of Ardington and Lund (1995a). The OAP is found to be an effective tool of redistribution – it is a source of household income – and to reach households that are predominantly poor. It is shown that a full 60 percent of pensioner households hold three generations. Households with pension income are larger than average, and they have more children than average (2.28 as opposed to 1.69, a difference that is entirely attributable to the African population). Of the 11.9 million African children under the age of 16, 3.8 million or 32 percent live with an old age pensioner. Since so many of the elderly among the African population live with children, the OAP also seems to be effective in putting money into households where children live. Moreover, the fraction of children living with a pensioner is highest among children whose household per capita incomes are the lowest. Therefore, the pension not only reaches the households in which children live, but disproportionately reaches children in poverty.

It is noted in the paper that 80 percent of age-qualified Africans receive a social pension, and that of those the vast majority receives the maximum. Take-up rates of 80 percent for African women and 77 percent for African men are found, and strong evidence is provided of the programme's effectiveness in reaching rural households. It is shown that in 86 percent of pension households the pensioner is either the head or the head's spouse. Further, the results indicate that pension income is spent like other income, although there is evidence that expenditure patterns are different for different types of households. Female-headed households spend a lot less on alcohol and tobacco, and the presence of elderly household members turns expenditure away from transportation and from schooling. The authors point to the fact that the analysis is limited by the short time since the full pension was introduced. Two specific issues not addressed in the paper constitute areas for future research: the effect of the pension on living arrangements, and the effect of the pension on private transfers.

Dabula, Z. 1998. *Pension Crisis in the Eastern Cape: An Analysis of the Poor Delivery of Pensions/Grants in the Eastern Cape*. Unpublished Honours Thesis, Rhodes University, East London.

The aim of this honours thesis is to investigate the status of pensions in the Eastern Cape, to analyse non-delivery in the province and to identify the nature of the problems experienced by pensioners in their efforts to obtain pensions. As the East London-based regional director of the Black Sash, the researcher was well placed for this analysis. Research methodology includes questionnaires administered to beneficiaries (based on questions used in the DRA survey, analysed by Ardington and Lund in 1995), and members of the Provincial Standing Committee. Further, interviews were conducted with the Member of the Executive Council (MEC) for Welfare and with administration officials from local to regional welfare offices. Information was also gained by attending welfare conferences and workshops. Press cuttings were analysed, Black Sash Advice Office case studies referred to, and 80 OAP files in the Social Services office of East London were analysed (11 percent of all closed and open files in the years 1994, 1995 and 1996, with every eighth file sampled).

Beneficiary respondents indicate that accessing grants is a form of alleviating poverty for them – state grants are seen to replace employment. Some respondents have the idea that the DoW is providing some kind of stability to people by issuing grants, as there is no work. Respondents also mention that they do not bother looking for jobs as long as they can get grants from the DoW. When grants are not delivered it is described as a big problem as everything 'comes to a stop', and there is 'no life for them'. The researcher then goes on to highlight important issues with regard to non-delivery in the Eastern Cape. The implications of no longer getting grants that have been stopped as a result of problems in delivery, are brought to light in various individual interviews. The impact for a woman who is no longer receiving a DG is as follows: owing everyone in the community and having enemies now; having to ask her daughter to look for a job – even if it be for sex business – in order for the family to eat; four grandchildren no longer attending school as school fees and uniforms can no longer be paid for. Another example is of a pensioner whose pension was cut off, who has three sons who were sent back from the mines and who are all dependent on her pension. This pensioner borrowed money in order to support her family until her pension was reinstated, but now owes over three times the amount due to interest, and fears for her life as she cannot repay the money. Many cases are noted of former grant recipients being in debt, having

no money for transport or paraffin or even food. The researcher notes that it is “*the end of the world for them*” (p. 63). Yet it is emphasised that it is not possible to extrapolate these findings, and rather that follow-up research needs to first be conducted. In particular, the need to do research in rural areas where there is a lack of welfare offices is underscored.

Devereux, S. 2001a. *Social Pensions in Namibia and South Africa*. IDS Discussion Paper 379. Institute of Development Studies, University of Sussex.

This paper reviews the administrative history of the social pension in South Africa and Namibia, and presents evidence on the economic and social impacts of the pension, by drawing on a household survey conducted in three contrasting Namibian communities in 1998. The paper demonstrates that the impacts of the social pension on the livelihoods of recipient households are multiple and overwhelmingly positive. The author notes that in a context of chronic poverty and mass unemployment, with weak informal social support systems, the social pension injects income into pensioners’ families and communities that sustains them, educates their grandchildren and stimulates local trade. The regularity and reliability of pension income facilitates access to credit and provides non-covariate buffers against livelihood shocks. Moreover, it is noted that in many rural communities economically active adults are virtually absent, and that targeting income transfers on the elderly has the beneficial effect of elevating their social status from economic burdens to valuable family members. Since eligibility for the social pension is activated by age rather than by retirement, the incomes of smallholder farmers and informal sector workers actually increase on reaching 60 or 65 years of age. It is also indicated that the age criterion is a weak proxy for vulnerability; that the transfer is regressive to the extent that the rich live longer than the poor; and that the unpredictability of death heightens the vulnerability of families that depend heavily on pensioner income. While it could be argued that leakages to the non-poor are significant, the author believes that these so-called leakages – such as contributing to education costs of grandchildren – should not be seen as such, but instead should be seen as confirmation that the poor have multiple needs and priorities which the present safety net arrangements in Namibia and South Africa do not address.

Duflo, E. 2000. *Grandmothers and Granddaughters: Old Age Pension and Intra-Household Allocation in South Africa*. NBER Working Paper 8061. [<http://www.nber.org/papers/W8061>]

This paper investigates under what condition income data can be used to test the unitary model of the household against a more general model, and to evaluate whether redistributing resources from men to women would increase investments in children. The SALDRU data is used, and the sample is restricted to children aged six to 60 months. The argument made is that a test of the unitary model based on income data requires a permanent exogenous change in income that happens after household formation. An example of such a change – the OAP – is then studied. It is shown that over a quarter of African children under the age of five live with a pension recipient. The paper investigates the effect of men’s and women’s pensions on child nutrition, as it is reflected in child anthropometric indicators – weight for height and height for age. Identification of these effects is complicated by the fact that children living with a pension recipient tend to come from relatively disadvantaged backgrounds. This identification problem is addressed in two steps. The author starts by comparing a flow measure of

nutritional status – weight for height – of children living in households where there is no eligible member, households where there is an eligible man, and households where there is an eligible woman, after controlling for the presence of a man or a woman who is old, but not old enough to be eligible (between the ages of 55 and 60). The results show that the presence of an eligible woman increases the weight for height of girls by 1.19 standard deviations, but does not significantly increase the weight for height of boys. Pensions received by men are not associated with an improvement in the nutritional status of either girls or boys.

As a second step the author makes use of the fact that height for age reflects past as well as current investments. It is noted that the larger the proportion of her life during which a child is well nourished, the taller she will be given her age. It is hypothesised that if the pension had an effect, children born after the expansion of the programme would have spent a larger fraction of their lives well nourished if they live with a pension recipient. The differences in height are compared across households between young children and older children, according to whether there is an age-qualified woman, an age-qualified man, or no eligible member living in the household. The results are similar to those obtained in the previous analysis: pensions received by women are associated with an increase of 1.16 standard deviation in the height for age of girls. No significant effect is found for boys, and pensions received by men are not associated with an improvement in the height for age of either boys or girls. The identifying assumption is that any difference between children in households where an eligible woman, an eligible man or no eligible person lives would have been the same in all age groups in the absence of the programme.

The findings thus strongly reject the unitary model of the household. It is put forward that the efficiency consequences of transfer programmes may be of different order of magnitude depending on how they are administered. The author examines possible threats to the validity of this assumption, and attempts to address these using additional evidence. In particular, the author addresses the concern of endogenous household formation as a result of the pension, by using as an alternative instrument for the receipt of the pension, whether the child has an old grandparent alive (not necessarily living in the household) or not. It is assumed that since men are expected to receive the pension for a shorter time, due to shorter life expectancy and higher qualifying age for pensions, pensions received by a man may be regarded as temporary income rather than as permanent household income. It is put forward that the propensity to consume out of women's pension income could be larger because it is expected to be received for a longer time, and thus represents a larger permanent income shock. Yet, it is shown that this is not the case: the propensity to save out of men's pension income is in fact lower than the propensity to save out of a woman's pension.

Ferreira, M. 1998. Older persons and new social policies in South Africa. *BOLD*, 8(4), 5-16.

In this paper the author reviews existing research on the elderly, as well as past and present social policy in South Africa. An overview of the non-contributory means tested social pension for the elderly is given. It is noted that coverage is high at 80 percent, and that the main source of income of about 90 percent of Africans and coloureds is the OAP. However, it is held that there are pockets of individuals, particularly in rural areas, who may be eligible for a grant but who have not yet entered the system. In households in which a beneficiary resides (particularly African, rural, female-headed households) the

impact of the grant on the household income is indicated as being significant. One estimation given is that each social pension paid to a beneficiary helps on average five other people in a household. Attention is also drawn to the fact that the social assistance system has been dogged by problems due to past fragmentation of government administration, gross inefficiencies and loopholes, and maladministration through ineptitude in some provincial governments.

Ferreira, M. 1999. The generosity and universality of South Africa's social pension system. *The Courier*, 176, July/August, 55-56.

This article is similar in content to Ferreira (2000). The author outlines the apartheid history of the social pension system, the coverage and consumption of the OAP, and the impact and sustainability of the pension system.

Ferreira, M. 2000. Growing old in the new South Africa. *Ageing International*, Spring, 32-46.

This article reviews empirical research on both the elderly and state pension provision in South Africa. The author argues that a counterbalance to the limited provision of formal services to older clients is the social security system, in the form of the OAP. Eligibility criteria are outlined, and the high uptake rate of more than 90 percent of Africans and 90 percent of coloureds who receive the OAP is pointed to. The amount of the pension, while considered low in real income terms, is indicated as being equivalent to 2.6 times the median per capita income of Africans in 1994. Further, the pension is pointed to as a major source of cash income to poverty-stricken households where pension sharing is the norm, and it is grandchildren in particular who benefit through the paying of pension monies for tuition fees and for the purchase of uniforms and books. However, it is argued that the means test is the downside to the pension system, as it discourages many from preserving occupational retirement benefits and retaining assets to give them private income security in old age. Receipt of pension income is also considered to increase older person's vulnerability to abuse and financial exploitation by children and grandchildren who extort money for their private use.

Ferreira, M., Lund, F., and Møller. 1995. Status Report from South Africa. *Ageing International*, 16-20.

This paper reports on the status of the elderly and the provision that exists for this group in South Africa at a point when the new government had just taken power. The authors base the report on empirical work that has taken place in South Africa on the elderly and on social pensions. It is argued that the social security system is a counter-balance to the lack of formal provision of social and health services for older Africans. In rural areas the OAP is two or three times greater than the rural per capita income, and it is indicated that the receipt of a pension is often the most important, secure source of income that older Africans and their households will have. Moreover, although the OAP is claimed by the elderly in poor, typically three-generation households, it is by and large consumed as a household asset. The authors note that research has demonstrated how the OAP goes more to women than to men, reaches into deep-rural areas, often secures credit for the household at the local store, contributes to the education expenses of grandchildren, ensures respect for the beneficiary, and secures the right of the older person to stay in the home and be cared for by the family. Finally, the authors note that

there is growing concern about the extent of dependence on the OAP as a form of general social assistance, and that there is a need for individuals to make provision for retirement during their working lives.

HelpAge International. 1996. *Assessment of the Needs of Older People in Shihimu, Northern Province, South Africa. Elim Care Group Project and Elim-Hlanganani Society for the Care of the Aged.*

This report documents a needs assessment conducted in Shihimu, Northern Province, with the aim of learning how the elderly in this area live and identifying their concerns and possible solutions to these concerns. Some elders, Care Group Members and health workers in Shihimu were trained in participatory inquiry techniques. Skills used included listening, questioning, interviewing, and techniques drawn from Participatory Rapid Appraisal, such as mapping, well being and matrix ranking. Approximately 95 older people (60 of whom were at a pension pay point) in Shihimu were the main participants, as well as 19 younger people who took part in group discussions and activities. A number of these older people took part in individual interviews and activities. In addition, 11 individual older women, 11 individual older men, 16 traders and two pension officials were interviewed at a pension pay point. Further, three community meetings were attended by between 35 and 65 people, most of whom were older women.

Participants reveal that state OAPs are an important contributor to the household income, and that they make up a quarter to three-quarters of the total flow of money into the household. The average household of those interviewed consisted of over seven members, and this indicates that a significant transfer of funds takes place from the pensioner to the family. Other sources of income and means which older men and women use to make extra income are outlined. On average, over a quarter of the family income is spent on food, with female-headed households spending a slightly higher proportion than those headed by men. Other major expenses are on schooling, clothing, pocket monies and burial societies, while men additionally note travel costs, health care and household furniture as further expenses. Most pensioners feel that the payment system has improved and for the most part are satisfied with the speed of the payout system. However, it is noted that the payment system may be having a negative impact on the frail elderly, who should only have to visit the pay point twice yearly to prove that they are still alive, but are instead having to come each month or miss out on their pension while officials sorted out irregularities. Another issue raised by both men and women is the question of receiving cheques and being short-changed when cashing them with hawkers and traders. Further, some older people are tricked by being given incorrect change and by being forced to pay monthly instalments for goods long after the purchase price has been paid off. Older people acknowledge being happy to have the traders at the pay points because it means being able to get everything they need at one time. Finally, some older people highlight some of the problems encountered before one reaches the pension queue, most notably the problem of having an incorrect date-of-birth in one's identity document, which may give an age below the pension threshold.

Heslop, A., Agyarko, R., Adjetey-Sorsey, E., and Mapetla, T. 2000. The contribution of older people to society: Evaluation of participatory research methodology employed in studies in Ghana and South Africa. *Southern African Journal of Gerontology*, 9(2), 6-12.

Research that adapts and employs participatory research methodology was used to study livelihood strategies and contributions of older people, and to bring these findings to bear in policy debate was undertaken by HelpAge International and some of its partners in Ghana and South Africa in 1998 and 1999. The South African study is reported on elsewhere in this annotated bibliography (see Mohatle and de Graft Agyarko, 1999), but further points of interest with regard to the role of pensions, not highlighted in the South African study and further analyses of the South Africa study will be elaborated upon. It is noted in the paper that the major categories of expenditure in urban and rural areas are school fees and food, and that similar findings are displayed across gender and in the urban and rural sites. Older women spend more money on these items than men, due to the predominance of female-headed households. It is emphasised that while the findings of the South African study highlight the crucial role of pension income in the livelihood strategies of older persons, these pension beneficiaries are by no means able to satisfy their needs through this source of income alone. Indications are that lack of access to basic health care is viewed by the older participants as critical, while high on the agenda of older persons in the study is their experience of bureaucratic and physical difficulties in accessing the social pension, and problems encountered in gathering documentation to support an application for a pension are highlighted.

Policy implications and outcomes that flow from the two studies are also drawn out. With regard to the South African context, the authors note that the study supports other evidence that the high cost of the pension system to the state is mitigated by its high social return, since the study shows that older persons spend more than half of their social pension income on the needs of other household members. Yet it is stressed that policy needs to address both social and economic dimensions of security, as the personal security of older South Africans is not guaranteed – they are often threatened or abused as a result of their receipt of a pension. In addition, a relationship is found between the contributions of older persons and their ability to access other forms of support. Therefore it is argued that these contributions are vital in the achievement of interdependence and the social inclusion of older persons. Finally, it is noted that South Africa's welfare approach, through social grants and pensions, is a crucial element of older people's livelihood, especially in the context of past policies of forced migration and consequent destruction of social capital. Yet, the authors contend that while continued investment in the pension programme is needed, pension benefits alone are inadequate, and that it is the inclusion of older people in cross-sector poverty reduction policies that will enable communities to rebuild this social capital.

Jensen, R. 2002. Do private transfers 'displace' the benefits of public transfers? Evidence from South Africa. *Journal of Public Economics*, forthcoming.

This paper investigates in the South African context the hypothesis that public support programmes simply displace or 'crowd out' private support. The author tests whether government pensions for the elderly lead to a reduction in the level of private transfers received from children living away from home as migrants, and uses the expansion in benefit levels for Africans to explore the 'crowding out' hypothesis. Data from a series of

repeated, identical cross-sectional data sets collected in Venda (one of the former independent 'homelands') in 1989 and 1992 is used, that spans the period of the expansion of the African pension, when benefit levels paid to non-whites were increased to the levels paid to whites. Both samples contain approximately 600 households. Venda is described as an ideal setting for studying 'crowding out', since it is a rural, low-employment area, and is highly dependent on migration and cash transfers between the migrant and home. For comparative purposes data from all rural African households in the PSLSD is also presented in the paper. The difference in the level of remittances received by pensioners and non-pensioners after the increase in pension levels is compared relative to the difference before the increase. Identification of the 'crowding out' effect therefore comes from two sources, namely variation in pension levels over time created by the large expansion, and discontinuities created by the pension programme rules (that is, women become eligible for the pension when they reach 60, while men become eligible at 65). It is noted that the large pension expansion should affect only those households where someone meets the gender-appropriate age threshold. A differences-in-differences-in-differences strategy is applied, that compares the difference in remittances received by women just above and below the female pension threshold (that is, 60 to 64 years and 55 to 59 years) after the pension increase, compared to the difference before the increase, and viewed relative to the differences for men of the same age groups (none of whom are eligible for the pension) after versus before the increase.

It is shown that over both time periods approximately 45 percent of households contain a person of pension age, and that over 95 percent of households with an age-qualified member receive the pension. Pension households are slightly larger and the household heads are older. There is no evidence that households reduce labour income when they receive the pension, although there is some evidence of lower household earnings in the PSLSD data, consistent with the results of Bertrand, Mullainathan and Miller (2001). Yet where these authors find large effects on the probability of employment, in this analysis the results are small. Further, the author investigates whether migrants work less when pension levels increase, and finds a lack of labour supply response, which may reflect that these households are still quite poor even with the pension. There is also little change in demographic composition for either pensioner or non-pensioner households. Therefore, overall the pension is found to have no effect on migration, home or migrant labour supply, or household structure.

Striking differences are found in the levels of private transfers received by elderly men and women that correspond exactly to the gender-specific thresholds, and which emerge strongly only after expansion. Relative to households without a pensioner, households receive 67 rand less in remittances for each age-qualified person. Therefore, a significant amount of 'crowding out' occurs, although it is far from complete. Among households with migrants, a one rand increase in pension income is met with a 0.25 to 0.30 rand reduction in private transfers received. In addition, it is shown that 24 percent of pensioner households live below the poverty line in Venda in 1992, compared to 57 percent if pension income is subtracted from household income. It is stressed that 'crowding out' overstates the distributional effects of the pension. When 'crowding out' is taken into consideration it is shown that the pension reduces the poverty rate by 26 percentage points, as opposed to a reduction of 33 percentage points when it is not taken into consideration.

The author notes that these results have important implications for the design and efficacy of social programmes in developed and developing countries. They suggest that not all income intended for households goes directly to intended beneficiaries, and that they (willingly or not) 'share' the benefits of the programme. It is emphasised that there needs to be an awareness of these potential responses in the creation of new programmes or in the extensions of existing programmes. Finally, the author cautions that evaluations of social programmes may overstate the distributional impacts by ignoring the response of private support.

Keller, S. 2001. Intrahousehold resource allocation and the endogeneity of household formation: Welfare implications for individuals in rural South Africa (Paper 5). In *Poverty and the Role of Rural Institutions in a Globalising South African Economy: A Country Background Report for the Foundation of Advanced Studies on International Development*. Department of Economics, University of Stellenbosch.

This paper examines some of the literature on intrahousehold distribution and household formation, with an emphasis on household models of collective bargaining. Empirical applications in the South African context are reviewed which show that the gender of the pension recipient has an impact on child nutritional status (see Duflo, 2000), and – consistent with bargaining models – that the presence of a female pension recipient leads to a relatively large drop in the labour supply of other household members (see Bertrand, Mullainathan & Miller, 2001; Wittenberg, 2001). The 'crowding out' hypothesis is considered, specifically the degree to which the extension of the public pension system in the early 1990s led to a reduction in private transfers to the elderly. A hypothesis is put forward regarding the absorption of risk during negative income shocks, and it is noted that this is a highly under-researched field, and that it bears several important policy implications and may have an impact on the welfare of children in the long term. The endogeneity of household formation is also examined and the extent to which unemployed individuals migrate to join households with pension income is considered. The author briefly examines areas for future research that are relevant to poverty alleviation programmes and policies in South Africa. For one, it is noted that the KIDS data set may provide an opportunity to examine whether a selection bias into pension-eligible households has developed over time. It is mentioned that empirical evidence on migration of the unemployed to pension households is scarce, and that future research is needed which may provide different results. As a follow up to the Bertrand, Mullainathan and Miller (2001) study, the author suggests that it would be interesting to examine how results would differ with different groups of household heads. The author further points to the need for a focus on rural over urban households in future research that considers household dynamics and decision-making, as the incidence and depth of poverty is significantly higher in rural households, and pension and remittance income play a particular role in these households. The paper stresses that households are an important linkage between aggregate policies and the socio-economic environment on the one hand and individual welfare on the other.

Kimani, S. 1999. *Old Age Pensions and the Challenges Posed to the State: South Africa's Dilemma. An Investigation into the Problems Experienced by Pensioners in Accessing the Old Age Grant*. Research Report No. 8. NADEL Human Rights Research and Advocacy Project, Cape Town.

This research investigates the problems faced by pensioners in accessing the OAP. The main objective of the research is to document the nature and extent of these problems, paying attention to physical, legislative and administrative barriers through a review of application procedures, pay out processes and counter services. Primary research was conducted between February and June 1999 in the Eastern Cape (East London, Bisho, Mdantsane, Duncan Village, Kwelegha and Mooiplaas) and in the Western Cape (Cape Town, Paarl, Mitchell's Plain, Wellington, Athlone, Langa, Nyanga, Gugulethu and Khayelitsha). Random sampling was used to identify target areas, based on geographical spread and number of beneficiaries. Structured questionnaires were developed for pensioners in receipt of a grant, aged persons who had applied but not received the grant, those who were eligible but had not applied for the grant, as well as welfare personnel at application points, pay points and provincial welfare departments. Information was also gleaned through personal interviews (three, with welfare officials) and focus group discussions. In the Western Cape 160 questionnaires were administered to pensioners/potential beneficiaries and five questionnaires were administered to welfare officials, while two focus group discussions were held with a total of 22 participants. In the Eastern Cape, three focus group discussions were held with a total number of 139 attendants, and 10 questionnaires were administered to pensioners whose grants had been cancelled. Case studies were derived from the records of the Black Sash in East London (20) (supplemented by newspaper reports on the Eastern Cape pension problems) and Cape Town (68). Visits were made to one application centre and one pay out point in each of the provinces.

The findings with regard to the following are discussed in depth in the study: the application process (distance to the application point, cost, documents required, procuring the application documents, counter services), the waiting period, the payment of the grant (distance to the pay point, facilities at the pay point, unending queues, security at pay points), fraud, paying officials, and the welfare department. The report outlines the many obstacles which confront pensioners in accessing the OAP, the financial difficulties that applicants in peri-urban and rural areas face, as well as the fact that in spite of legislation there appears to be no standardised list of documents that are required when applying for the grant. A clear picture emerges from the findings, of the contrast in the nature of the obstacles that pensioners face in the two provinces. One example is the fact that it takes an average of between three to six months to process an application for an OAP in the Western Cape, while a similar application may take, on average, one to two years in the Eastern Cape. A large disparity in the nature of resource and personnel distribution also exists between and within the provinces.

The report's main recommendations include abolishing the means test, stabilising the eligible age at sixty years for men and women, reinstating back pay to accrue from the time of the application, and increasing the number of application points. Further, it is suggested that application forms be simplified and made available in all official languages. Recommendations are also made for the amount of the grant to be increased, for the number and capacity of pay points to be increased (particularly in townships and rural areas), and for the cessation of the use of cheques for payment. On a policy level the report suggests that ways should be explored to devolve welfare

functions to the local government sphere, and that contracts with private paying companies should be redefined in order that the nature of the services they render are subject to the rules and regulations governing public service delivery. It is advised that in the long term the payment of grants be conducted solely by the welfare department and not outsourced to private companies.

Le Roux, P. 1990. Whither with Pensions in a Post-Apartheid South Africa? *Monitor*, December, 90-96.

In this paper, the author – who served on the Mouton Committee – considers some of the possibilities of restructuring the South African pension system to bring it in line with the economic and political realities of a post-apartheid South Africa. Both the existing state OAP scheme and the legislation and practice with regard to private pension schemes are considered, shortcomings highlighted and possible solutions described. The limitations of the OAP include the fact that it is racially discriminatory, and that the means test severely penalises any private savings for old age, resulting in a classical poverty trap being established. Further, the fact that the level of the OAP is very low is pointed to, as well as the fact that, particularly in the case of Africans, the delivery system is inefficient at best, often corrupt and at times non-existent. The author suggests two levels of state involvement. Firstly, the continuation of the (then present) non-contributory old age assistance scheme, with parity introduced immediately at white levels and the means test modified significantly or removed altogether. It is emphasised that the delivery system, particularly in the African rural areas and (former) homelands, will have to be improved dramatically. Secondly, the author proposes a state co-ordinated inflation-protected contributory scheme open to all, but aimed particularly at meeting the needs of low-income people.

Le Roux, P. 1991. Whither with Pensions in a Post-Apartheid South Africa? In *Working Documents on the Post-Apartheid Economy 2*. Centre for Contextual Hermeneutics, University of Stellenbosch.

The content of this paper is the same as that of Le Roux (1990).

May, J. 2002. *Chronic Poverty and Older People in South Africa*. Draft report prepared for the Chronic Poverty Research Centre, Institute for Development Policy and Management, University of Manchester. School of Development Studies, University of Natal, Durban.

This report, commissioned by HelpAge International (HAI) for the Chronic Poverty Research Centre, uses secondary quantitative and qualitative data to investigate the extent, distribution and nature of chronic poverty among the old in South Africa. The report also attempts to identify possible explanations for chronic poverty among older people, and discusses the consequences of this both for the old and for their families and communities. The policy framework for the support of older persons in South Africa is reviewed, as well as the implementation of the OAP. Research that looks at the impact of the OAP on households is also surveyed, although it is noted that in some instances findings seem inconclusive and contradictory. From the combined 1998 and 1999 OHS data, it is shown that 87 percent of those who can be defined as 'frail old' (84 years and older) are in receipt of an OAP, while this is the case for 82 percent of those in the lower age category (74 to 83 years), and 72 percent of 64 to 73 year olds. Only 58

percent of men in the age group immediately after eligibility for the OAP were found to be in receipt of the grant, compared to 81 percent of women in the same age groups and 79 percent of men aged 74 to 83.

Future directions for research pointed to include examining the changing relationship between citizens and government over the course of their lifetime, with social security as one aspect of this relationship. A second major area for investigation is the manner and extent to which those in the 'near old' age group (50 to 63 years) and in younger age groups are able to make provision for their ageing. Such an analysis would involve identifying ways in which direct public transfers relate to the accumulated assets of older people and to the strategies that they have followed during their productive lives in order to acquire assets. The author also identifies a paucity of information on the socio-economic and demographic aspects of ageing more generally, noting that the vast majority of research undertaken in South Africa to date has focused on the OAP system and the impact of the grants on older people and their families. Specifically, there is insufficient evidence on why poor older persons are compelled to continue productive and reproductive activities, and on the transition into old age, particularly the vulnerability of older people preparing for some form of retirement. Moreover, the situation of 'granny households' requires further quantitative analysis in order to ascertain the circumstances of older people in these households and the consequences of their situation for the children growing up in these households. This possible analysis would need to be supplemented with qualitative data that explores the life histories of women in particular. Finally, it is noted that there is a lack of evidence relating to the living circumstances of older households and older people, and to their socio-economic and geographical dynamics in specific spatial settings.

McKendrick, B.W., and Shingwenyana, B.Z. 1995. Are Old Age Pensions for Urban Africans Family Allowances? Implications for the Reconstruction and Development Programme. *Social Work / Maatskaplike Werk*, 31(3), 228-235.

The aim of this paper is to provide evidence to support or refute family dependence on OAPs. The analysis is based on a survey of 50 women pensioners attending luncheon clubs in Kliptown and Dobsonville, using non-probability 'availability' sampling. An interview schedule was used which detailed physical and social living circumstances, how OAPs were spent and whether other people were directly dependent on the pension for basic living expenses. The study provides strong support for existing assertions, based largely on rural studies, that OAPs are allowances that enable vulnerable families to survive, and enable children to be cared for within community family units. The findings suggest that in urban areas (as in rural areas) the transfer of a state *ex gratia* payment to an old person serves more than one purpose. It enables the old person to remain in the community as opposed to requiring institutional care, and it enables the urban elderly person to nurture and support his or her extended family, including children and unemployed adults. It is argued that South Africa has a system in place through OAP payments, to reach, support and develop a large number of families that would otherwise be at serious risk. It is emphasised that this system needs to be better understood and more efficiently delivered, and that OAPs and other forms of social security need to be explored and utilised more consciously and holistically in terms of RDP goals.

Ministerial Committee on Abuse, Neglect and Ill-treatment of Older Persons. 2001a. *Mothers and Fathers of the Nation: The Forgotten People?* Volume 1, Main Report. Department of Social Development, Pretoria. <http://www.welfare.gov.za/Documents/2001/March/elder.htm>

This is the main report of the Ministerial Committee established by the Minister of Social Development to principally determine direct and indirect causes of abuse, neglect and ill treatment of older people, and to assess current practices regarding the promotion and protection of the well being and dignity of older persons, in residential institutions, pension pay points, service centres and family settings. In order to fulfil its mandate, the Committee completed visits to centres and facilities in urban and rural areas where older persons reside, visit or receive care; visited pension pay points in urban and rural areas; facilitated and organised public hearings in all main centres and in some rural communities in all provinces; invited, received and studied written submissions and reports from the public, NGOs, community based organisations (CBOs), Departments, traditional leaders and churches; and, collected and reviewed research and other relevant data. According to the Committee, the loudest 'cry' that it noted concerns the treatment pensioners receive at pension payouts. It is noted that queuing at pay-points and the problems associated with this overshadow all other problems faced by the elderly in most provinces. Well over half of pensioners at the public hearings complained about one or other aspect of the pension payout system. A comprehensive list is given of problems associated with conditions at pay-points and the pension payment system itself. Yet it is the lack of or reduced pension income which results from the presence of money lenders and burial societies at pay-points, as well as the stoppage of pensions, that is regarded as being likely to have the most negative impact on the lives of pension beneficiaries.

Mohatle, T., and de Graft Agyarko, R. 1999. *Contributions of Older Persons to Development: The South African study*. HelpAge International, Johannesburg.

In this study the role of older people in South Africa is described, as well as the social and economic contribution they can make to family and community life. The research objectives include identifying the livelihood strategies, perceptions of well being and contributions of older people to the family and community. In addition, the research aims to influence policy discussions and decision-making on issues which concern older people, and to develop a methodology to enhance the participation of older people in decisions which affect them. The research approach adopted is a participatory learning and action/analysis approach, based on a systematic learning process derived from PRA. Some of the techniques used are mainstream qualitative research (namely, semi-structured interviewing, focus group interviews and discussions, and participant observation), as well as diagramming and visual sharing of information to facilitate analysis by participants on the spot. The research is modelled on the PPAs, which aim to include the perspectives of poor people in poverty analysis for the formulation of strategies to reduce poverty. Four communities in three provinces are included in the study: Claremont and Kwa-Dabeka (both peri-urban areas near Durban in KwaZulu-Natal), Bungeni (rural community under traditional leadership in the Northern Province) and Katlehong (urban settlement with a squatter camp in Gauteng). These areas are intended to reflect differences in major livelihood sources and past experiences of older persons in the communities, and are informed by the extensive experience of field research managers, Helpage International partners and the research team. The aim is

to create a sample that illustrates the living conditions of poor older people in terms of a number of criteria.

The study provides useful information with regard to the social pension, by establishing the usage, effectiveness and role the social pension plays in alleviating the social and economic problems of older persons. Attention is paid to the criteria for qualification for pensions, access, administrative procedures, and safety and security at pay points. A number of case studies on the social impact of the pension are outlined. All case studies provide useful insight into the crucial role pensions play in the households into which they are brought. It is clear that social pensions are older people's major source of income, and in most cases the pension emerges as the sole source of income support from which grandchildren are being educated. The study documents the fact that older people have little choice than to share their pensions with their families, and that in spite of the fact that many older people are taking care of their grandchildren, there is little knowledge among older people of other grants which are available which would alleviate the reliance on the pension (the CSG and the FCG, for instance). Further, it is noted that access to pensions is often delayed by administrative and bureaucratic delays in processing applications, and that some older people find it difficult to prove their ages or obtain all the documents required for qualification. Of grave concern are issues of abuse of older people by their immediate family and by the general public, and it is recorded that in extreme cases some older people have failed to register for pensions in order to avoid abuse.

Mouton Committee. 1992. *Report of the Committee of Investigation into a Retirement Provision System for South Africa. Volumes 1 and 2. Johannesburg.*

The Committee of Investigation into a Retirement Provision System for South Africa was appointed in 1988 with the broad mandate that it review the effectiveness of the retirement provision systems in South Africa, and that it propose guidelines for any changes deemed necessary to move towards the goal of providing all South Africans with adequate incomes in their old age. In this report the Committee recommends that old age assistance be retained with significant modifications, to serve as a safety net for the elderly. Further, the Committee investigates various forms of national retirement provision systems used in different parts of the world. It is concluded that since unemployment is expected to continue to be a major feature of the South African economy for years to come, with large numbers of people unable to make contributions to any scheme, no contributory system will appropriately cater for their needs, and funding for this safety net will have to continue to come from government income. Further, it is noted that South Africa is probably the only developing country with an old age assistance system which provides assistance on a significant scale even for those who have been unemployed for most of their working lives.

The Committee is strongly in favour of eliminating the means test, yet it determines that this is not possible due to the cost implications. Therefore, various changes have been recommended that make the test less unfair. The Committee concludes that it is better to provide a higher level of assistance to fewer persons, than to provide only the lower level of assistance that would be affordable if all were to receive it. The Committee recommends urgent changes to the means test, the most necessary of which relate to the 'poverty trap' feature which effectively taxes persons with very low incomes at a rate of 100 percent if they provide some income for themselves in old age. The Committee regards these aspects of the means test as serious hindrances to encouraging or

ensuring that more persons make provision for their own old age. As such, it is recommended that the penalty rate be reduced to 50 percent, and that only 50 percent of pension payments be regarded as income for test purposes. Further, the Committee recommends that over time the normal qualifying age for men and women be equalised at 65. It is also recommended that first women, and later possibly men, be given the option to qualify before and after age 65, in which case the level of assistance paid would be lower or higher than for those qualifying at age 65.

Møller, V. 1998. Rapid Communication: The Pensions “Crisis” in the Eastern Cape Province. *Southern African Journal of Gerontology*, 7(1), 32-35.

This paper reports on the pensions ‘crisis’ in the Eastern Cape in January 1998 when hundreds of thousands of pensioners were left destitute when a cash short-fall prevented the provincial DoW from paying out OAPs. The communication draws on press reports covering the period 1997 and 1998, to trace the events which led to the pensions ‘crisis’ and the background to the events. The majority of the population of the Eastern Cape is rural-based and relies on government transfers, labour migration and remittances to subsist. Yet the province has a history of problems which include backlogs in infrastructure, a lack of administrative capacity, as well as fraud and corruption.

As a result of the rationalisation process, designed to weed out fraud and corruption in the welfare system, and in order to prepare a nationally compatible database, pensioners were required to re-register in their province. The clean-up process caused individual hardship for pensioners trapped in the system interface, and caused a bureaucratic nightmare which culminated in the pensions crisis of January 1998. To save funds and to cope with the additional workload of amalgamation and re-registration, the MEC for Welfare introduced stringent measures, which included withdrawal of back pay to new pension applicants and a moratorium on processing new pension applicants. In order to achieve further savings, the number of pay points and the number of days for pay out were cut. Deaths in queues waiting for up to four days for pensions and social grants were reported in Mdantsane. Payments to pensioners on the system became more irregular and new beneficiaries’ chances of getting onto the system were jeopardised. Many pensioners became caught in a debt trap (with money lenders who charge exorbitant interest rates) in order to make ends meet while pensions were delayed.

The crisis underscores the common view that pension money is household income and an entitlement to economic survival and not a privilege. Firsthand reports from pay points where pensioners were turned away confirm that pensions represent a lifeline for entire families in the Eastern Cape, with the most frequent lament of pensioners being how to feed the family waiting at home.

Møller, V., and Sotshongaye, A. 1996. “My family eat this money too”: Pension sharing and self-respect among Zulu grandmothers. *South African Journal of Gerontology*, 5(2), 9-19.

This study inquires into the significance of pension income for family welfare and household budgets of multi-generation households, as well as the self-respect and empowerment of pension recipients. It aims to produce qualitative evidence on pension

expenditure to complement quantitative studies. In-depth individual and focus group interviews were held with 50 grandmothers in urban, peri-urban and rural areas of KwaZulu-Natal in late 1995. This account is based on the information and commentary supplied by the 41 grandmothers in the survey who were also pensioners or grant recipients. The age of respondents ranged from 57 years (a disability pensioner) to 83 years, and the average estimated household size was 6.8 persons. The pension was found to be the only source of income in 14 of the households. Between nine and 12 persons were found to be dependent on an OAP as the only source of income in five households. With the exception of a grandmother who stated that she and her family were 'scraping an existence', all indicated that they were 'making ends meet' but had 'no luxuries'. One couple living on a DG and an OAP had taken in a neighbour's child. One grandmother was found to be supporting seven orphaned grandchildren on her pension, while some grandmothers were found to be caring for physically or mentally disabled children or grandchildren.

The study finds that while pension sharing is the norm, pensioners regard the pension as an individual rather than a family income. The sharing of pension income with other members of the household is the reason for pensioners tending to see themselves as 'poor', in spite of the fact that they may have a higher monthly income than at any other time in their lives. It is noted that pensions act as a magnet for economically weaker family members who form multi-generation households around female pensioners. Moreover, budget accounts indicate that female pensioners meet their family obligations without fail: basic needs such as food, clothing, educational and health care needs of the children in their care are met. However, the amount of the pension is regarded as being inadequate for family needs, although most of the women stated that they found small but significant ways of increasing the spending power of their pension. Pensioners who were more satisfied than others with the purchasing power of their pensions were found to typically come from smaller households. Further, the pension enhances the self-respect of older women who pride themselves in their economic self-reliance and creditworthiness. Caring for the family instils a strong sense of purpose in everyday life. Yet while grandmothers derive pleasure and self-esteem in pension sharing, they are also frustrated that their own needs are neglected in the interests of family welfare. Pension sharing was also found to disempower those pensioners who are prevented from contributing regularly to stokvels and burial societies. Many hope to increase the sources of income for the family so that they might in future enjoy a larger share of their pension earnings. However, the women in the study were adamant that unless family needs are met, they would feel that they were entitled to use their pension money for their personal needs. Pension monies are seen as a gift rather than as earnings, and the metaphor of government as 'husband' is used: government transfers are seen to take over from where remittances from husbands left off. The study finds only scattered references to situations where the state-supported financial independence of grandmothers had 'crowded out' remittances from sons.

Sagner, A. 1997. Urbanisation, ageing and migration: Some evidence from African settlements in Cape Town. *Southern African Journal of Gerontology*, 6(2), 1-44.

This paper consists of secondary analysis of data from the 1995 Western Cape Community Housing Trust study on the demographic and socio-economic dynamics of the African population in Metropolitan Cape Town. The study's aims are to provide statistical information on the living circumstances of elderly households, as well as some idea of the nature of urban-rural linkages in elderly households and an indication of past

and recent migration patterns of older members. The sample consists of 807 households, of which 113 shelter at least one older person, age 60 years and over. The main household characteristics of elderly and young households are reported on, and a comparison of profiles shows that elderly households in the metropolitan area tend to be larger, more prone to the exigencies of unemployment, and more likely to be sheltered in formal houses and the established townships of Langa, Guguletu and Nyanga than young households. Yet in terms of income, elderly households tend to be significantly poorer than their young counterparts. This is particularly true for old age pensioner households, whose median household and per capita income amounts to R765 and R182 respectively. Social pensioners in urban areas act as magnets for economically weaker persons, with large numbers of unemployed kinfolk (especially the elderly's children and grandchildren) appearing to cluster around old age pensioners, who tend to form the core of many urban multigenerational households. This points to the fact that pensions are important redistributive mechanisms, which enable the survival of structurally vulnerable families in urban settings. Considering only OAP households, the overall majority of adults (72 percent) in prime working age in these households pursue no income-earning activity (casual or regular), and thus do not contribute to the overall household income. In about half of the households with old age pensioners, the latter appear to provide the sole source of income.

Sagner, A. 1998. The 1944 Pension Laws Amendment Bill: Old-age security policy in South Africa in historical perspective, ca. 1920-1960. *Southern African Journal of Gerontology*, 7(1): 10-14.

This paper summarises the first results of ongoing research into the origins and social and economic consequences of the 1944 Pension Laws Amendment Bill, which broadened the South African state pension system to include the African population for the first time. The research is based on archival material, transcripts of in-depth interviews and focus groups comprising in total 50 isiXhosa-speaking Africans aged 60 years and above, and published sources, which include local ethnographic literature on Cape Nguni cultures and some relevant government publications. It is indicated that although state pensions for Africans were totally inadequate, they quite early on became decisive for the economic survival of many households, and were for the most part spent on food and clothing. In contrast to the state's view of welfare, older Africans felt entitled to a social pension. The author points to the fact that there have been no historical studies on the effects of social grants on family and household structures. Considering the empirical, theoretical and policy relevance of the South African pension scheme and the paucity of knowledge about its timing and inner workings, he emphasises that further historical research is needed. Further studies could help to explain the timing and impact of the initial programmes of old age provision in South Africa, particularly with regard to the African elderly. Further knowledge of the emergence and inner workings of the South African pension system could enable the development of a more comprehensive political economy of old age. This applies specifically to the critical notion of structured dependency, which refers to the role of the state in producing dependency in elderly people, especially through pensions and other welfare payments.

Sagner, A. 2000. Ageing and social policy in South Africa: Historical perspectives with particular reference to the Eastern Cape. *Journal of Southern African Studies*, 26(3), 325-553.

This article analyses old age security policy in South Africa within the wider context of social policy in twentieth century South Africa, and focuses on OAPs as the major part of welfare provision for the elderly. The second part of the analysis, investigates the main economic and social consequences of the 1944 Pension Laws Amendment Act for Africans in rural communities, with particular reference to the mid-century former Ciskei and Transkei. The analysis seems to be based on archival material and published sources. From the 1920's in the Eastern Cape the elderly poor were forced into dependence for financial support. The chronic sick and elderly widows were particularly vulnerable groups. The introduction of the 1944 Act constituted a turning point in the social history of old age. It is noted that from early on, social grants constituted a significant income for many households, particularly rural households. Pensions were mainly used for food, clothing and other essentials, and appear to have had positive effects on the physical well being of pensioners. The state pension scheme moulded the life context in old age: OAPs were not only of direct economic value but also of eminent social and symbolic significance. Africans, unlike Europeans, did not attach any social stigma to the drawing of pension money. It is noted that the familial power structure was restored again and that the lot of old widows appears to have improved.

Moreover, from the very beginning pensions were familial rather than individual resources, providing household rather than personal income. Arguably, African pensioners were under considerable moral and normative pressure to pool their pensions. Pension sharing not only contributed to the self-respect of old age pensioners, but also led to their improved social status, at the family, kin and community level. It was also conducive to the social integration of old age pensioners and helped to secure their care. Yet while pensioners were financially more self-sufficient, the 'second-hand' money also reinforced their dependent status as it heightened the moral pressure on them to furnish certain services such as care of grandchildren and support of unemployed family members. The author notes that evidence suggests that state pensions for Africans quite early on became decisive for the economic survival of many households, and that mediated by increasing impoverishment, pension money made younger people dependent on pensioners. Further, pensionable age began to mark a biographical orientation point by which the life course was organised. The author cites political economists who have proposed that the introduction of bureaucratic management and state pension systems promoted marginalisation and dependency in old age.

Sagner, A., and Mtati, R.Z. 1999. Politics of pension sharing in urban South Africa. *Ageing and Society*, 19, 393-416.

This research aims to examine pension sharing from an anthropological point of view, and focuses on social and cultural dimensions of ageing in urban South Africa. The key research question that informs the research is whether there are any specific cultural and/or socio-structural reasons that contribute to older persons' decision to pool their social grants? The article is based on the first results of ongoing anthropological fieldwork in Khayelitsha, which consists of 35 multiple in-depth life history interviews with 30 older people aged 62 to 85, drawn mainly from three seniors clubs, in 1997 and 1998. In addition, two focus group discussions, informal conversations with other older and

younger individuals, and participant observation have been used to gather information. Relevant anthropological and gerontological literature was consulted as a secondary source. Reanalysis of the representative 1995 Western Cape Community Housing Trust study on the demographic and socio-economic dynamics of the African population in Metropolitan Cape Town has also provided some secondary data.

Pension sharing is found not to be governed or motivated by attachment and intergenerational reciprocity, with the majority of respondents feeling no personal sense of debt to the beneficiaries of their pension money. Instead, the relationship between pension money givers and receivers is regarded as being deeply imbalanced. The decision to help is motivated by morality (not reciprocity) and moulded by economic and social conditions within which older persons find themselves. The data suggests that economic factors (particularly mass unemployment and poverty) and political factors (the perceived underdevelopment of the South African social security system) have tended to be fundamental for pension sharing to emerge. Yet, these factors are not sufficient to account for the practice of pension sharing, which is intimately tied to the African cultural ethos that stresses the value of interdependence and the priority of family welfare over self-interest. It is noted that as an instrumental strategy, pension sharing tends to affect both living arrangements in old age and the moral density of familial or kinship ties, and is therefore conducive to the social integration of old-age pensioners. The research suggests that the provision of old age care by family and kin may be dependent on the elderly's acceptance of their normative obligations and responsibilities. Many older Africans believe that if they do not share their pensions with their kin, they do not have much chance of being helped in times of need.

Snyman, I. 1997. Pensions: Lifeline of the poor. *In Focus Forum*, 4(4), 8-11.

Adapted from Ardington and Lund (1995a), this paper essentially summarises the key findings of this research in order to emphasise the importance of the pension in alleviating poverty and promoting development.

Van der Berg, S. 1998. Ageing, public finance and social security in South Africa. *Southern African Journal of Gerontology*, 7(1), 3-9.

This paper addresses two major economic issues surrounding ageing in South Africa, namely care for the elderly and retirement provision. The author bases his calculations on national government data sources as well as the findings of other researchers and research organisations. Among other findings, the author indicates that OAPs reach about 75 percent to 80 percent of the population eligible by age, and that most non-recipients are excluded through eligibility criteria rather than administrative obstruction or personal preference. Further, the author deals extensively with the issue of the means test, noting that arguments brought against the means test are that it creates administrative nightmares, encourages concealment of income sources, and may create disincentives to earn income or to provide for retirement. The author questions whether the means test should be abolished in favour of a universal grant. The introduction of such a grant would simplify administration. It would also remove perverse incentives to withdraw retirement benefits before retirement and to neglect to take out private retirement insurance (amongst informal sector participants and domestic servants where they have the resources to do so), to choose lump sum retirement benefits rather than pensions, or to hold assets in a form determined by the provisions of the means test.

However, the author cautions that limited fiscal resources may preclude extending social pensions to all. Rather, it is recommended that the focus be on a means of identifying and excluding the relatively wealthy, rather than on the clawback or sliding scale as a means of fine tuning benefits to means.

Van Niekerk, H.J. 1991. 'n Onderzoek na die Administrasie van Maatskaplike Pensione en Toelas Binne die Diakonale Dienste van die Nederduitse Gereformeerde Sendingkerk in Wes-Kaapland. Unpublished Masters Thesis, University of South Africa.

This thesis looks at the administration of social pensions and grants among the coloured population of South Africa, which is described as presenting an exceptional challenge to the social work profession. In the study attention is given to the historical development of payment and administration of social pensions and grants, and to the nature of administration and application of organisation policy. Postal questionnaires and schedules were used in the research, which involved 13 heads of social pensions and grants sections, 13 administrators and 121 beneficiaries of social pensions and grants within the Deaconal Services in the Western Cape. The study rules that the administration of social pensions and grants is determined by government and Deaconal Services policy. The research indicates the necessity for further research to place administration of social pensions and grants on a more scientific level.

Van Vuuren, S.J.E.J., and Groenewald, D.C. 2000. The pattern of expenditure of social pension income of older Africans in rural and urban areas of the Free State, South Africa. *Southern African Journal of Gerontology*, 9(2), 13-17.

The research on which this paper is based was prompted by a lack of empirical data, on the pattern of expenditure of social pension income by African South African beneficiaries, particularly the amount of money spent on various items. Data was collected with the use of an interview schedule and a chart, which provided for the measurement of amounts of pension money spent on broad categories of items. Participants were asked to divide beans (used as markers) proportionally among the categories to illustrate their monthly expenditure on each item. The study was conducted in the urban area of Mangaung and in rural areas in the Free State province. Four towns – Jagersfontein, Luckhoff, Jacobsdal and Koffiefontein – were selected as representative of rural areas of the southern Free State. Subjects were randomly selected from lists (provided by the Free State branch of the South African Council for the Aged) of 500 African pensioners who reside in Mangaung and 672 African pensioners who reside in the rural areas. The sample is composed of 104 participants from the urban area and 102 participants from the rural areas. Interviews were conducted in late 1999 in South Sotho.

Approximately 76.7 percent of the sample lives in a multi-generational household and 81 percent of these pensioners share their pension income with household members. Although pension sharing is common in multi-generation households, it is not the norm among African pensioners who live alone. Only 6.3 percent of those not in multi-generational households share their pension. Food is the largest single expenditure item (22 percent of income), while a relatively small amount of pension money (approximately eight percent) is spent on children and/or grandchildren or on pensioners themselves (approximately seven percent). In all, 46.2 percent of pension income is

spent on the basic requirements of food, energy and housing. Much pension money does not find its way into the hands of cash loan agents (only 2.2 percent of pension income), with only a minority of pensioners (approximately 16 percent) accessing money-lending schemes. Further, only 13.1 percent of pensioners are robbed of their pension money – far less than is frequently alleged. Little difference was found between the spending patterns of pensioners in rural areas and those in urban areas.

Wittenberg, M. 2001. *Conflictual Intra-Household Allocations*. ERSA Working Paper 26. Economic Research Southern Africa, University of the Witwatersrand.

In this paper the PSLSD data is used to build a model which examines both predation and altruism. The paper shows that individuals who contribute more than their fair share to household resources are likely to leave larger households and households with conflict sooner than they would leave households that are smaller or more harmonious, since these households become a drain or burden on them. The previous work that has been completed on the PSLSD, which is relevant to the paper, is also described. The study by Bertrand, Mullainathan and Miller (2001) is taken as a point of departure for a section of the analysis, with the role of household size examined in addition. Regression results analogous to those of Bertrand, Mullainathan and Miller are presented. It is shown that the presence of a person who is eligible for the OAP has a strong effect on the labour supply of men. The effect on women is very much smaller. The effect is larger if the sample is restricted to men who are 25 to 49 years old, who may have less cause to be ill or who may still be finding their way into the labour market. The effect remains when the sample is restricted to men in three-generation households. It is noted therefore that these findings bear out Bertrand, Mullainathan and Miller's conclusion that some benefits of the pension are 'diverted' – perhaps consensually – to support some unemployed prime-age males. There is no similar effect in the case of prime-age females.

THE DISABLED AND SOCIAL SECURITY

Schneider, M., and Marshall, S. 1998. *Social Security for People with Disabilities. Community Agency for Social Enquiry, Johannesburg.*

In this report, commissioned by the DoW, social security that is available for people with disabilities is reviewed, as well as some of the problems with existing grants. Primary research was conducted on those who receive state social assistance for disability, in order to assess the social security system and the ways in which ordinary people experience it. Eight focus groups were held in different parts of the country, and nine life stories were recorded. The report summarises the views of the task team that was put in place to investigate these issues, and puts forward recommendations for a strategy for social security for people with disabilities. Specifically, three focus groups were held with parents of children with disabilities receiving the CDG in Gauteng, the Eastern Cape, KwaZulu-Natal and the Western Cape. Parents found that the grant does not cover the extra costs associated with disability. It is used for basic needs such as food and clothing, and is usually pooled with any other income to cater for the needs of the whole family. Many parents do not send their children to day-care centres or schools because of the high costs involved. Often the CDG is the sole means of support for the single parent of the child, since they cannot seek employment because of needing to care for the child. In the Eastern Cape it was found that most parents in the study have two disabled children, but receive only one grant. In these cases it is often the grandparent's pension that provides for the other child.

Three focus groups were conducted with adults with disabilities in Gauteng, the Western Cape and the Eastern Cape. The focus group held in the Eastern Cape reveals that the money received from the grant is used for various things: for further education, as a contribution to the household's income, paying for groceries, supporting elderly parents, paying for medicine. Apart from how the grant is used, the participants also spoke of their experiences in the application process and difficulties in grant payment. A third focus group was held with professionals involved in assessment for private insurance and the DG. In addition, nine life stories of people in receipt of the DG are recorded. It is noted that all of these recipients had had similar experiences: frustrating application processes, inconsiderate officials and difficulty surviving on the grant. A few people had been empowered by the grant to further their education, rent a flat, be independent of their families and even assist their families. One young woman contributes towards her younger brother's school fees, another uses her grant to send her son to a crèche and pay her ailing mother's medical expenses. One of the life stories is also included in order to illustrate the positive impact that the DG has the potential to make. In almost every case the DG is used to support the disabled person as well as a number of others. In all instances, however, problems in various aspects of the present system with regard to the DG and the CDG are emphasised. Areas for future research are also identified, which include: accurate numbers on disability prevalence and potential number of eligible beneficiaries; an audit of all Departmental responsibilities around disability; the determination of the costs of disability, which will influence the amount of the GIA and the CDG.

Schneider, M., Claassens, M., Kimmie, Z., Morgan, R., Naicker, S., Roberts, A., and McLaren, P. 1999. *"We Also Count": The Extent of Moderate to Severe Reported Disabilities and the Nature of the Disability Experience in South Africa.*

Community Agency for Social Enquiry, Johannesburg.
[\[http://www.case.org.za/htm/wecount2.htm\]](http://www.case.org.za/htm/wecount2.htm) – Executive Summary]

This study measures the extent of moderate to severe reported disability, and describes the nature of the disability experience in South Africa. For the purposes of the study disability has been defined as a limitation in one or more activities of daily living (seeing, hearing, communication, moving, getting around, daily life activities, learning, intellectual and emotional). If a person answered yes to one or more of the probe questions asked, they were counted as being disabled. The screening questionnaire was used to provide information on all household members, to calculate the prevalence rate, and to identify respondents for the detailed questionnaire. The detailed questionnaire was administered to 1 703 disabled people and provided data on the nature of the disability experience. 9 620 households were included in the study, covering in correct proportions the nine provinces, rural, urban and metropolitan areas, four race groups and all age groups. Information was obtained on 42 974 people, of whom 2 435 (5.7 percent) were identified as being disabled. Five life stories were also collected from disabled people (a deaf African adult man; a young white woman with a severe learning disability who is an honours student at university; an African woman with aphasia who was a journalist before her stroke; a young white man with cerebral palsy who is a computer specialist; an African man with Albinism who is a lawyer). In addition, nine focus groups were run with disabled adult men and women, parents and caregivers of young disabled children and adults with intellectual disabilities, adolescents, university students and people with epilepsy. The groups were kept homogenous according to age and sex or disability type.

All respondents were asked whether they receive a state grant or pension (that is DG, CDG, GIA, OAP etc.) or another pension (for example, private insurance or workmen's compensation). If respondents answered that they were in receipt of one of these grants or pensions they were asked what they receive, how long it took to start receiving it after applying for it and what the money is mainly spent on. It is found that of all the disabled people who are non-pensioners, 68 percent are not receiving a grant or private insurance provision, while 32 percent are in receipt of a grant or some form of provision. DGs are the most common type of grant for non-pensioners. Of the disabled respondents who are eligible to receive pensions based on their age, 78 percent are receiving a pension and 22 percent are not. Interestingly, respondents in KwaZulu-Natal (71 percent) are more likely than respondents in all the other provinces to receive DGs, while respondents in Mpumalanga (33 percent) and Gauteng (47 percent) are less likely to receive DGs. Further, respondents in Mpumalanga (50 percent) are more likely than respondents in all the other provinces to receive OAPs, while respondents in the Northern Cape (9 percent) are least likely to receive OAPs. Coloured respondents are more likely than any other race group and African respondents are less likely than any other race group to receive grants or private insurance pensions. In addition, respondents with hearing (33 percent) and learning (37 percent) disabilities are less likely to have applied for a grant and they are less likely to have received a grant than people with any other disability. Respondents with a movement activity disability (63 percent), moving around disability (63 percent) and daily life activity disability (64 percent) were all found to be more likely to have applied for a grant and they were also marginally more likely to be successful in their application. Moreover, respondents with more than one disability are more likely to receive a grant than respondents with only one disability, and males with a single disability are more likely to receive a grant than females with a single disability. Almost half of the respondents (46 percent) said that

they waited between three to twelve months for their DG. Disabled people who are assistive device users are significantly more likely to receive a DG than to not receive one, and if a person receives a DG they are more likely to be an assistive device user than a non-user.

With regard to spending of the DG, the bulk of respondents (86 percent) said that the main items that they spend their money on are household necessities such as food and groceries, and the second main item is clothing (43 percent). Forty-three percent of the disabled respondents said that they make their own decisions on how money from the DG should be spent, while 14 percent said that the disabled person together with their spouses or partners make combined decisions. Just over half of respondents are involved in making decisions about how their grant money is spent. With regard to spending on the OAP, the overwhelming majority of respondents (90 percent) said that the main items they spend their money on are household necessities such as food and groceries, while the second main item is on clothing (30 percent). Just over half (55 percent) of the disabled respondents said that they make their own decisions, 18 percent said they, together with their spouse or partner make joint decisions, while 11 percent stated that their spouse or partner makes the decisions. Nearly three quarters of pensioners (73 percent) are involved in making decisions on how their pension money is spent.

DISABILITY GRANT (DG)

Lund, F. 1997. Social security for disabled people in South Africa. In P. de Jong, and T. Marmor (Eds.), *Social Policy and the Labour Market* (pp. 363–377). Aldershot: Ashgate.

This paper focuses on social security benefits for disabled people. A basic objective of the paper is to put in one place a description of both work-related and state social security benefits (they are usually dealt with separately), in order to gain a better understanding of the articulation between the work-related benefits and those granted by the government. A product of this is seen to be giving insight into the changing relationship between the state and the market in social security provision at the time of transformation, when this article was written. A further aim is to make a contribution to emerging debates. The author describes state social benefits for disabled people available at the time – the DG, Blind Persons Grant, Single Care Grant – as well as how grants have been administered. It is noted that the system has been extremely difficult to access, especially by people who are less mobile and less literate and more intimidated by officialdom – that is, prospective grantees who are more likely to be coloured, Indian and African. While the benefit has been a statutory right, recent legislation (the SAA) has made it a discretionary award. The author contends that given the known association between levels of living and prevalence of disability, and the racially based income inequality in South Africa, there should be more African disabled people. The numbers of African people relative to other South Africans who have been disabled as a result of political and related violence is also high and underscores this point. The author looks at the 1992 DRA study in KwaZulu (elaborated upon in Ardington and Lund, 1994) and notes that among the African population in urban and rural areas, the monthly household per capita income was R231 which was well below the amount of the DG (R370) at the time. Further, it is argued that while the DG is claimed by individual disabled people, much of the grant goes directly into the household for general household expenses, in the three-generational households in which many African people live.

The author also focuses on some of the similarities and differences of work-related and state social security benefits in order to assess how the systems mesh and what the gaps are between them. The first issue is that of accessibility: both schemes are characterised by the difficulty applicants experience accessing them. Low paid South African workers and disabled people trying to get to the state system are likely to be poorly educated if not illiterate. For African people living and working on farms, the farmer may stand between the disabled person and application for a state DG: disabled people have had in some cases to face the choice between applying for a grant and eviction from the farm. One problem that is identified is the refusal by pension officials to give reasons to disabled people as to why their application has not been successful or why once successful the grant suddenly ceases to be given. It is noted that in both the state and market systems applicants themselves bear the cost of uncertain and inefficient systems. As the author notes, it appears that the inflexible bureaucracies set themselves against the people they are meant to be there to serve. It is pointed out that social security systems have been developed which are not responsive while being heavily administered. In most of the state welfare administrations there are few guidelines (no standard of reference) for assessing the extent of disability, and much is left to the discretion of the medical officer. Moreover, the rationale underlying each of

the benefit systems is unstated. In community development projects as in the open market, disabled people are disadvantaged as a result of fierce competition for jobs. The fact that the DG is payable at eighteen would lead to the conclusion that it is meant to compensate for the fact that a person at that age would have started supporting her or himself, and therefore the benefit is related to the inability to get work. While many doctors do take this into account when assessing disability, the workers compensation system is not related to the employment market at all and there is little flexibility in the system. As the author notes, the inadequacy on the compensation and unemployment insurance side 'rolls over' onto the state side. The market place shifts the cost of disability support onto the state, which then has to do its work. The author points to affordability as an issue which needs to be addressed, particularly the immense costliness of the system. While it is possible to calculate how much of the costs go to direct benefits as opposed to administrative and legal costs in the compensation system, in the state system it is impossible to do so under the fragmented bureaucracies (in place at the time), as different departments are involved in implementation, and these are not uniform across administrations. Various departments – Health, Welfare, Finance, Treasury, Public Works, Transport and Justice – all do part of the work of planning and delivery, although this is not identifiable in their accounting systems as social security related expenditure. It is argued that this spending is invisible, and that any new efficiencies or inefficiencies will also be invisible, with the only visible part being the amount paid directly to the beneficiary. Finally, it is noted that there is no research as yet on the relationship in South Africa between disability and labour market policy.

Kimani, S. 2000. *South Africa's Social Security System: An Examination of the Eligibility and Assessment Criteria Used for the State Disability Grants*. Research Report No. 16. NADEL Human Rights and Research Advocacy Project, Cape Town.

This research aims to investigate and expose the shortcomings inherent in the welfare system with regard to disabled persons. Specifically, it aims to analyse the limitations that come about as a result of the inadequate definition of disability, and the criteria and guidelines used in assessing disability. Random sampling was used to delimit the research areas and respondents. Three categories of respondents were selected and interviewed: disabled people 18 years and over who were applying for or in receipt of a DG; social workers from Disabled Persons' Organisations; welfare officials; and District Surgeons. In the Western Cape four questionnaire-based structured interviews were held with respondents at Khayelitsha Resources Centre. In the Eastern Cape 10 structured interviews were held with respondents in Port Elizabeth, Ibhayi, Inkqubela, Dora Nginza Hospital and Uitenhage. Four questionnaires were completed and mailed by respondents in Beaufort West, George, Vredenburg and Oudtshoorn. Two focus groups were held in the Western Cape: one with people affected by epilepsy, under the auspices of the South African National Epilepsy League, the other with people with physical and multiple disabilities, facilitated by Sonwabile Group in Nyanga.

In the report the statutory framework with regard to disability is outlined, and international conventions and comparative social jurisprudence is elaborated upon. From the results it is argued that there does not appear to be a standard procedure for activating the application process, and that there is a lack of information on the actual procedure among people with disabilities. This in turn means that they follow lengthy procedures before they enter the assessment stream. Problems experienced by applicants include being sent from one stage of the process to another – even between doctors from day clinics to the district surgeon and back – and waiting to be examined

from early for many hours. In some cases assessment forms are incomplete or illegible, or the information provided is so scant that it does not afford a rational basis for either approving or denying the grant. Doctors that were interviewed complained about heavy workloads – constantly needing to strike a balance between attending their clinics and examining the large number of people applying for the grant – which compels them to conduct rapid assessments. All respondents, however, felt that they had been treated with respect by district surgeons.

In addition, the existence of guidelines for assessment is not common knowledge, and in the only instance where a district surgeon produced guidelines, it was not apparent whether they were standard guidelines used by all district surgeons in the country when conducting examinations for DG applicants. The study also does not come across any wide or established practice for reassessment. Most of the complaints leveled against the assessment process relate to the inadequacy of services rendered, particularly with regard to the unavailability of medical personnel. Doctors are not available on a daily basis and sometimes they visit a hospital only once or twice a week. Complaints were also raised about the system not being user friendly for many categories of medical cases such as schizophrenics, who have been known to remain in queues for as much as half a day before being attended to, although they need constant attendance. The researcher notes that the assessment criteria are inadequate on two broad fronts. Firstly, it is heavily biased towards medical diagnosis without reference to a disabled person's external environment. This has led to the evolution of the percentage system by district surgeons which has little link between the applicant's physiological condition and his or her socio-economic environment. Secondly, the assessment process itself is riddled with massive system problems that are mainly of an administrative nature, and this leads to the further marginalisation of disabled people. The researcher makes a number of recommendations, which includes amending the SAA and the Welfare Regulations to incorporate a new definition of disability, which broadens the understanding of the term from a medical model to the broader realm of social and economic issues. Further, there is a need for better parameters when defining what constitutes mental and intellectual disability. A proper definition of and delineation between temporary and permanent disability is also required, while the medical assessment process also needs to be streamlined.

CARE DEPENDENCY GRANT (CDG)

Barberton, N. 2000. *Budgeting Concerns around the Care Dependency Grant and Rough Estimates of the Cost of Extending the Grant to Children Affected by HIV/AIDS*. Revised version of a paper written for the National Workshop on Social Assistance Policy for Children with Disabilities and Chronic Illnesses. Children's Institute, University of Cape Town, 16-17 May.

The aim of this paper is to assess the budget situation around the CDG, by providing an overview of the budget process and then setting out (then) current budgets for welfare and social security in general, and the CDG specifically. Further, the paper also aims to make initial estimates of what it will cost to extend the CDG to various new categories of beneficiaries – that is, severely disabled children, moderately disabled children, chronically ill children and children who are HIV positive. Monthly social pensions data for 1996 and 1997 from the current grant payment system – SOCPEN – is used. However, it is emphasised that this data is incomplete and therefore unreliable. The prevalence rates for severe and moderate disability from the Community Agency for Social Enquiry (1999) study are used, although this data too is noted as being problematic. It is shown that the cost of extending the CDG to all the options mentioned in the above scenarios amounts to 37 percent of total provincial welfare budgets. The cost of these extensions equals 41 percent of the total of provincial social security budgets (at the time). The author emphasises that the scenarios presented in the paper are very rough estimates, and that in order to generate models that would be able to lend a conclusive argument for extending the CDG, further research and more reliable data would be necessary. Some kind of idea of what these proposed extensions would require in terms of provincial and national expenditure is given.

Social Assistance Policy for Children with Disabilities and Chronic Illnesses in South Africa. 2000. Report of the National Workshop. Cape Town, 15-16 May.

This workshop, attended by approximately 70 representatives of national and provincial government departments, NGOs, the disability sector and civil society, arose out of the ongoing problems surrounding the CDG for children with disabilities, particularly the policy-related issues which affect administration, and the lack of any grant system for children with chronic illnesses, including HIV/AIDS. The aim of the workshop was to improve and develop national legislation regulating social assistance for children with disabilities and chronic illnesses. The objectives of the workshop were to examine the need for social assistance for children with disabilities and chronic illnesses; review the policy, legislation and regulations in place surrounding social assistance for children with disabilities and chronic illnesses; and develop recommendations to inform the review of the Child Care Act and the amendment of the SAA. The mother of a child with severe physical and intellectual disabilities shared her experience at the workshop, which serves to portray the real problems faced by families and carers of these children.

The papers and presentations at the workshop outline the legal and constitutional rights of children and indicate practices in other countries regarding social assistance. The extent of the problem is described, and the issue of inadequate tools and record keeping to accurately measure is also highlighted. South African legislative provisions and processes are also discussed, indicating where social assistance does and may fall. The DoWs stance and future direction is also discussed, as well as the actual problems

of administration. Economic data is also provided and the financial implications of extending the provisioning already in place to children with moderate disabilities and to children affected by HIV/AIDS is also explored (see Barberton, 2000). Conclusions are reached on a number of issues, including the purpose of social assistance, who should benefit, eligibility criteria, assessment, grant structure and form, financing, administration and government's role. Areas requiring research are identified: accurate prevalence data of disabilities and chronic illnesses in children; a needs analysis of children with various chronic illnesses and costs incurred; a comparative review of other country's social security systems with regard to children, disability and HIV/AIDS; the evaluation of the effectiveness of the CDG (its targeting, administrative efficiency and impact on the lives of recipients); a full economic analysis of costs involved in the proposed extension of the CDG to children affected by HIV/AIDS; an economic analysis of not providing the CDG to children with chronic illnesses and HIV/AIDS; an evaluation of the effectiveness of the (then) current means-testing system; an examination of the possibility of developing a single means-test for all the grants, which must also be adapted according to the number of dependants a household may have.

CHILDREN AND SOCIAL SECURITY

Children's Entitlement to Social Security. 2001. National Consultative Workshop Report. Cape Town, March.

This document reports on a workshop titled 'Developing a Comprehensive Social Security System for Children in South Africa'. The workshop was attended by over 100 people representing the children's sector, government, parliament, and the CICSSS, and aimed to make recommendations on the preferred options for a comprehensive social security system for children in South Africa. Recommendations are made for submission to the CICSSS and the South African Law Commission to be incorporated into their policy and law drafting processes. Recommendations are also made for urgent short-term amendments to the SAA, its regulations and implementation. Background information is presented regarding the following: the socio-economic situation of children in South Africa; the international and constitutional obligations regarding social security for children; the (then) current social security system affecting children (CSG, CDG, FCG) – its strengths, weaknesses and gaps; possible components of and options for a comprehensive social security system; financial budgetary and fiscal implications and considerations. Urgent short-term recommendations with regard to the CSG, CDG and FCG, and long-term transformation recommendations are also made. Further research requirements identified include the following: a needs analysis of vulnerable children (children with chronic illnesses/HIV/disability) through participatory research; development of a needs-based assessment tool; evaluation of the effectiveness and impact of the existing CSG and CDG and the means test; economic analysis of costs of non-provisioning; structures through which children without adult primary caregivers can access grants.

Guthrie, T. 2002a. Analysis of the National Social Security Expenditure and Payments for Children in South Africa: Summary Evidence for April to December 2001. Working Document. Children's Institute, University of Cape Town.

This paper aims to provide the latest and most reliable data on provincial childhood poverty rates and shares, and to compare these with the social security coverage provided by the government through the CSG. Analyses were conducted on the SOCPEN data for social security expenditure and payouts for the period April to December 2001. It is indicated that there have been small increases in the expenditure for all grants, the largest being for the CSG (55.7 percent), while the CDG has increased by 33.2 percent and the FCG by 28.5 percent. Of the amount spent on children, the largest proportion (71.9 percent) is allocated to the CSG. The continuing disparity in expenditure on children versus the elderly and persons with disabilities is also highlighted. It is indicated that the increases in expenditure for children's grants have only increased the children's proportion of the total budget from 10 percent to 14 percent, and the continuing under-prioritisation of children is pointed to. Moreover, it is stressed that while children represent 44 percent of the country's population, they receive the smallest proportion of the overall social security budget. In contrast, the elderly, who receive 62 percent of the total budget, represent only 6.9 percent of the total population.

In addition, CSG expenditure shares are compared with poverty shares and the share of CSG beneficiaries. Provincial poverty shares are also compared with their shares of the

total CSG beneficiaries. Comparable figures are found except for the Eastern Cape whose CSG share (16 percent) is significantly lower than its poverty share. In addition, provincial CSG voucher payment records are referred to for the period under review, and it is shown that KwaZulu-Natal has the largest numbers of CSG payouts, corresponding to its greater share of the child (zero to six years) population (22 percent) and its poverty share (24 percent). The Northern Cape has the least number of CSG payouts correspondingly to its population share of two percent and poverty share of two percent. This would imply that the department's targeting of the existing CSG payouts to the poorer provinces has been successful. However, it is shown that in KwaZulu-Natal, the province with the highest number of children in poverty, less than half (46 percent) are receiving the CSG. Further, it is argued that certain provinces also have the capacity to perform better in their uptake rates due to advanced administrative and automated systems, the Western Cape being one such province. Moreover, while some provinces are already over their targets for provincial CSG beneficiaries set by the department, it is shown that these are the provinces with lesser poverty shares, while poorer provinces are doing less well. It is noted that inequities in provincial capacity to increase uptake rates continues to occur, with the better resourced provinces being most successful in meeting or bettering their targets, and the provinces most in need being the least successful in reaching their targets. It is indicated that intra-provincial discrepancies cannot be demonstrated since district level disaggregated poverty statistics are difficult to obtain. It is concluded that while there have been substantial increases in the numbers of CSG beneficiaries over the last year, there is cause for concern since only 38.2 percent of children aged zero to six, who are living in poverty are benefiting from the CSG.

Guthrie, T. 2002b. *Family Social Security Benefits in South Africa*. Training Module. Children's Institute, University of Cape Town.

This module aims to provide an overview of the framework for social security for the family in South Africa for training purposes. To begin, the socio-economic rights of the child and the government's obligations with regard to social security, as outlined in the Constitution, the Convention on the Rights of the Child, other international treaties, and recent Constitutional Court rulings, are considered. A brief description is given of the prevalence of childhood poverty, malnutrition and child labour, disability and chronic illness, including HIV/AIDS, and children in need of alternative care. In this way, an overview of the extent of need for social security among children is given, and this is then compared with the extent to which provisioning is meeting this need. Specific interventions for the child and family – in line with the SAA (1992) and regulations – are then elaborated upon, and eligibility criteria and application procedures are indicated. The limitations and gaps in the system, as well as problems in its administration are also highlighted, and the areas requiring reform are pointed to. To end, a description is given of the processes underway to address the shortfalls and failings of the system, and the main debates in the development of a comprehensive social security system are outlined.

Kruger, J., and Motala, S. 1997. Welfare. In S. Robinson and L. Biersteker (Eds.), *First Call: The South African Children's Budget* (pp. 65-114). Cape Town: Institute for Democracy in South Africa.

In this chapter policy commitments and intentions towards children in South Africa are outlined, and the budgeted welfare expenditure for the 1996/97 financial year is summarised, providing a perspective on the actual support by government to children. The authors outline the different grants paid to families with children. At the time this chapter was written, the SMG was still being paid to assist poor single-parent families. It is noted that while the SMG facilitates substantial poverty alleviation for many families, it is both racially and geographically inequitable and inefficient in that it does not reach the most needy families. The shift from the SMG to a CSG is also outlined. It is also noted that the FCG fulfils an important function in keeping children that cannot be cared for by their biological parents in a secure and nurturing environment. While many foster parents are relatives of the children involved, exact estimates are unavailable, and this constitutes an area for future research. Detailed figures are also not available for the assertion that African people seem to have experienced difficulty in gaining access to this benefit, although provincial distributions show the same inequalities as for SMGs. A problematic aspect of the FCG is that it is not available to foster parents who decide to adopt children. Increased access by Africans to the grant and the anticipated increase of children with no parents due to the impact of HIV/AIDS may cause the FCG to become more expensive. With regard to CDGs, it is noted that the majority of grants are paid in KwaZulu-Natal and the Eastern Cape, and that it is likely that access in certain provinces (particularly the Western Cape and the Northern Cape) has been difficult, and that the grant may be under-utilised. Some of the recent changes and proposals in the welfare field are also examined, while some of the implications of the analysis of expenditures and new departures are also summarised. The overall conclusion of the chapter is that welfare service provision in the country is still extremely unequal, and that the system of transfers does not adequately reflect the government's commitment to support children and families.

Liebenberg, S. 2001. Poor access to social security challenged. *ChildrenFIRST*, June / July, 31-34.

In this article the author considers some of the implications of the *Grootboom* case in relation to social grants for children. It is noted that the principles developed in the case are relevant to the interpretation of all the socio-economic rights in the Bill of Rights, but that it is of particular import that the implications of the *Grootboom* case for social security policy development affecting children be considered. It is emphasised that in the context of poverty in which many South African children find themselves, social security is a critical mechanism for ensuring children's survival and making it possible for them to develop healthily. Without an income to buy food, clothing, essential medicines and other necessities, children starve and are afflicted by material and psychological insecurity. The author notes that it has been shown that social assistance – particularly the OAP – plays a critical role in poverty alleviation and household security in South Africa. Three possible implications of the *Grootboom* case for children that are put forward in another piece of work (Sloth-Nielsen, 2001), are outlined. The author also highlights three possible implications for children's social security rights based on the principles established in the *Grootboom* case. Firstly, it is noted that the State will be failing to fulfil its constitutional obligations if it designs policies and laws which cannot be implemented. Secondly, the author indicates that any attempt to abolish or downscale

the existing level of social security provisioning for children could be challenged. For example, the eroding of current grants by inflation, particularly the CSG, could arguably constitute a retrogressive measure. Thirdly, it is noted that no social assistance grant is specifically targeted at children between the ages of seven and 18 – apart from the CDG for children with serious disabilities. The author states that this gap in the social security system could be challenged in terms of the *Grootboom* judgement, unless concrete plans and policy initiatives are adopted to address the situation. To close, the author emphasises that in the light of *Grootboom*, the means chosen by the State to fulfil socio-economic rights can be reviewed for their ‘reasonableness’ against the criteria set out in the judgement.

Sloth-Nielsen, J. 2001. The child’s right to social services, the right to social security, and primary prevention of child abuse: Some conclusions in the aftermath of Grootboom. *South African Journal of Human Rights*, 17, 210-231.

This article reviews the link between child abuse and neglect, and children’s socio-economic rights. The recent judgement in *Government of the Republic of South Africa v Grootboom* 2001 (1) SA 46 (CC) is analysed with respect to the socio-economic rights accorded to children by the 1996 South African Constitution. The possible implications of the *Grootboom* case for the drafting of child protection legislation are examined. The author notes that both positive and negative consequences flow from the interpretation given to s 28 in *Grootboom*. Other groups of children may benefit from this judgement as well. Children living on the street, children in foster care, children in institutional settings, abandoned and orphaned children who are *de facto* not in parental care could all be included as beneficiaries of this primary state obligation. Further, it is asserted that *Grootboom* may well have bestowed a degree of immunity upon the existing FCG and other subsidies to children in out-of-home care. The author also believes it is foreseeable that a disproportionately large proportion of state socio-economic support towards children may have to be channelled towards foster grants for children affected by HIV/AIDS, which may leave little in the bank for the progressive realisation of social support to children within a family or parental environment. It is noted that little or no priority seems to be accorded to families and parents attempting to support their own children.

Streak, J. 2001. The right of children to social security. In S. Cassiem and J. Streak, *Budgeting for Child Socio-Economic Rights: Government Obligations and the Child’s Right to Social Security and Education* (pp. 81-121). Cape Town: Institute for Democracy in South Africa.

In this chapter of the fourth children’s budget book an analysis is given of the extent to which government is using budgets to deliver the right to social security to children in parental care. First the level of child poverty is considered, as well as the limited coverage of children by the social security system and the marginal prospects for markets to reduce poverty, all of which, it is argued, point to the need to spend more and better on child social security. Information is also given on the availability of funds for spending on child social security. Attention is drawn to the real increases in funds available for spending in the provincial social security and social development/welfare services budgets. The budget inputs in provincial social security budgets for 2000/01-2003/04 are also examined in order to determine whether government is fulfilling its obligations in relation to this specific child right. In addition, the extent to which

government is meeting its budget output obligations in the realm of child social security is assessed. The data reveal an extremely rapid growth rate in the payments of the CSG and CDG between 1998 and 2001, which indicates that government has been meeting its obligation to increase the output over time, from inputs allocated to child social security for children in parental care. With regard to the CDG, it is stated the take-up rate is very poor at 20 percent, while the take-up rate for the CSG is calculated as 33 percent.

An important point that is made is that discrimination does exist in access to the outputs of child social security spending in South Africa in the form of discrimination against children that live in remote rural areas. The most common problems that contribute to this discrimination are noted as follows: lack of transport and money to get to the relevant government social development office and start the application process; lack of birth certificates and identification documents; lack of information about the availability of the grants; the high opportunity cost of trying to get to a social development office relative to the small value of the CSG; and, before criteria for eligibility were changed, the difficulty in supplying evidence of work status/unemployment and vaccination of children. In addition, the author points to data on the differential performance of provincial departments in reaching the targeted number of child beneficiaries, which suggests that ease of access to social security outputs has not been the same for children across provinces. Indications are that children in the Eastern Cape, Northern Province and Free State, and to a lesser extent in the North West, have been finding it more difficult to access their right to social security via the CSG, than in Gauteng, Western Cape and Northern Cape. Finally, the extent to which government has been using social security budget inputs and outputs in order to deliver the right to social security to children in parental care is commented upon. Recommendations are made on the urgent spending and delivery needs that will improve the fulfilment of government's obligations to realise this right. Lastly attention is drawn to the data required to improve future analyses of government's budget performance in relation to child social security.

Vorster, J., Rossouw, H., Muller, G. and Kola, S., Braehmer, S., Kanyane, M., Morake, R., and Kimmie, Z. 2000. *Social Security for Children: An Investigation into the Child Support Grant and the State Maintenance Grant*. DATADESK, Department of Sociology, University of Stellenbosch and Community Agency for Social Enquiry, Johannesburg.

This report combines the main findings of the SMG study entitled 'Phasing out the State Maintenance Grant within the Context of Developmental Social Welfare' and the CSG study 'Phasing in the Child Support Grant – A Social Impact Study'. A set of recommendations shared by researchers from both organisations is outlined.

CHILD SUPPORT GRANT (CSG)

Chopra, M., Sogaula, N., Jackson, D., Sanders, D., Karaolis, N., Ashworth, A., and McCoy, D. 2002. Poverty wipes out health care gains. *ChildrenFIRST*, December 2001 / January 2002, 16-18.

Research conducted into childhood malnutrition in the Mount Frere District of the Eastern Cape, to evaluate the implementation of the guidelines for the management of severely malnourished children in hospitals in the district, reveals the serious consequences of inadequate implementation of social grants. The research includes follow-up of 30 children through unscheduled home visits one month and six months after the discharge of the children from hospital. The research reveals that although almost all of the caregivers were able to recall the nutritional education that they had received in hospital, its application was often impossible because of the lack of food and income at home. Although children were expected to continue to gain weight after discharge from hospital, this did not happen. There was no significant difference between the children's discharge weights and their weights after one month at home.

The follow-up visits revealed that of the 30 households visited none had succeeded in accessing the CSG, although all children visited in the study qualified for it. Some had tried to apply, but even six months after discharge only one child was in receipt of the grant. Another social grant was playing an important role however, as 40 percent of households were supported primarily by the grandmother's pension. Barriers to accessing the CSG were described by caregivers as follows: 21 percent of caregivers had no Identity Documents and so could not apply for a birth certificate; difficulties when applying for a Birth Certificate were encountered where there was a difference in the surname of the child on the Road to Health Card and the caregiver's ID (a situation which is common when the primary caregiver is the grandmother); 17 percent of caregivers were simply unable to pay for the transport to get to the relevant government offices (on some occasions, having spent money to get to the office they were requested to return at another time); in some villages government officials came to register children for grants, but no one reported having successfully secured a grant (one mother had been waiting for nearly a year).

The results clearly show that the nutritional status of children deteriorates at home because of poverty and insufficient food. In order for children to gain access to the CSG, the obstacles in providing birth certificates presented by the Department of Home Affairs (DoHA) needs to be addressed so that the CSG can be given to all eligible children. Considering the one case where the CSG was obtained, the study family had the following to say: *"Things are much better. She was even talking about going to the bank to see about putting away money for the child's education"* (p. 18). It is evident that if this family had received the CSG 10 months earlier when they first applied, a hospitalisation for severe malnutrition might have been avoided. It is stated that programmes such as the CSG are crucial in addressing poverty in South Africa.

Guthrie, T. 2002c. *Assessing the Impact of the Child Support Grant on the Well-Being of Children in South Africa: A Summary of Available Evidence*. Working Document. Children's Institute, University of Cape Town.

This paper attempts to provide a brief overview of evidence regarding the impact of the CSG on children and their families. The author draws attention to the fact that there is little substantial scientific analysis of the impact of the CSG on children or on their families, since the CSG has not been in existence for long. However, the author uses assessments of the implementation, administration and accessibility to the grant, in addition to evidence on the impact of the former SMG on household and individual income levels, evidence on intra-household expenditure, and evidence on the impact of the phasing out of the SMG. Also included are anecdotal accounts of the impact of the grant on children, or the negative impact of their non-receipt, as described by children themselves and by their caregivers. Some of the stories are presented in the document. International experience regarding the impact of social security cash transfers on poverty levels in general and on children directly are also referred to. It is emphasised that a carefully planned impact assessment process should be initiated and that data and indicators should be collected on a regular basis and at a national level. Smaller scale longitudinal studies are regarded as crucial in tracking the longer-term impact of the grants on children. Relevant surveys underway or being planned are also listed.

Haarmann, C. 1998. *The Role of a Community Fund as a Means of Enhancing the New Child Support Grant System in South Africa: Analysing the Policy Context and Process and the Case for an Involvement of Civil Society in Developmental Social Welfare*. Unpublished Masters Thesis, University of the Western Cape. [http://www.cdhaarmann.com/Publications/C_Ma_w.pdf]

This masters thesis introduces the concept of a community fund to enhance the new CSG system. The PSLSD data was analysed to provide information on the financial implications of the old maintenance grant system and of alternative systems. Two sets of qualitative interviews were conducted: 20 in-depth interviews with farm-workers on fruit farms near Ceres in May 1996 (12 of the interviewees were women receiving the SMG, the other eight were couples who had been interviewed by SALDRU in 1993) with the aim of giving insight into the 'situation on a grass roots level'; and nine in-depth interviews were conducted with people engaged in development and welfare work from various churches in South Africa, between November 1996 and January 1997. This was done in order to gather ideas and opinions about a community fund, and to investigate the capacity of the church and its possible role in such a concept.

In order to understand the welfare policy context in South Africa, the White Paper on Social Welfare, as well as Midgely's concept of 'developmental social welfare' (DSW) are analysed, and both are used to develop a framework against which a new child support policy can be evaluated. The key features of this framework are: integration of economic and social development; provision of an acceptable minimum standard for all needy children; a people-centred, democratic approach towards the participation of the people concerned; intervention in favour of redistribution and striving towards social justice; fostering partnerships between government and other role-players. The thesis includes a discussion of the Lund Committee's proposal for a new child support system as well as Cabinet's subsequent decision on the policy. Civil society's critique of the content of the policy proposal is outlined, and the policy process itself is then analysed. The author also focuses on the shortcomings of cash-transfers by analysing the take-up

rate of the OAP and the situation of present recipients of the SMG, in order to identify aspects which are needed to enhance the developmental aspects of the CSG.

On the basis of this analysis the author makes clear that very little of the framework laid out in the White Paper has been integrated into the new CSG policy, and that the CSG diverges from policy guidelines. In particular, it is noted that the link to economic development, the adaptation of a people-centred approach and the institutional combination of different strategies by various role-players through the partnership between the state and civil society have not been realised. Therefore it is proposed that the policy be revised and brought in line with the promises made in the White Paper. A community fund is suggested, which would retain the positive aspects of the new policy, but also address the shortcomings outlined above. This community fund would be established in addition to the CSG, and would provide seed-money for community projects run by NGOs. The concept of the community fund is based on the belief that a partnership between organisations of civil society and the state is needed to effectively address the problem of child poverty. The aim of the fund would be to finance projects for children and encourage the engagement and empowerment of communities in the course of this process. It is argued that this concept is in line with the notion of DSW, and that it combines a number of the key features of the framework outlined above. A particular plus is that it promotes and relies on the active involvement of organisations of civil society, in possible co-operation with the state regarding the support of children. The role churches might play in the realisation of this concept is specifically considered in the South African context.

Haarmann, C. 1999. *South Africa's New Child Support Grant: A Developmental Perspective*. Research Monograph No. 11. Applied Fiscal Research Centre, University of Cape Town.

The paper originates from research carried out for the author's masters thesis (see C. Haarmann, 1998). It contains the major components that form the basis of the thesis and essentially outlines this research more succinctly.

Haarmann, D. 1998. *From State Maintenance Grants to a New Child Support System: Building a Policy for Poverty Alleviation with Special Reference to the Financial, Social and Developmental Impacts*. Unpublished Doctoral Thesis, University of the Western Cape.
[\[http://www.cdhaarmann.com/Publications/D_PhD_w.pdf\]](http://www.cdhaarmann.com/Publications/D_PhD_w.pdf)

This thesis aims to make a practical contribution to the discussion (underway at the time) on the CSG in South Africa, by analysing the poverty situation and by evaluating different policy options, and by taking the analysis of the development of a concrete social policy as a case study for the possible use of microsimulation models in developing countries. An overview of four internationally prominent approaches towards social and economic policy is given, and on this basis the challenges of the South African situation that were present at the time are analysed. The type of information required for effective social planning is also looked at, and the usefulness of household surveys discussed. It is asserted that household surveys provide an excellent base for the application of microsimulation models, which could prove to become a reliable tool for social policy planning in developing countries. The quantitative analysis in this research is based on the SALDRU data set. A thorough analysis of available data sets

and their particular shortcomings is provided, and this also forms part of the critique of the calculations completed for the Lund Report, as some of these data sets were used. Qualitative methods in the form of field research into the living conditions of women living in rural areas in the Western Cape are also used and give an idea of the concrete situation of families who are in receipt of the SMG. Twenty in-depth interviews were conducted with farm-workers on fruit farms near Ceres in May 1996 (12 of the interviewees were women receiving the SMG, the other eight were couples who had been interviewed by SALDRU in 1993).

The author then applies a composite index of poverty indicators in order to draw a picture of the living conditions and household and family structures of children aged zero to six years. This too opens up a critique of the new policy as it is shown that it does not adequately take account of the high percentage of children living in impoverished conditions (see D. Haarmann, 1999 in CSDS Research Report No. 53, for more detail). The author focuses on the reasons for changing the SMG system, and also calculates the potential financial implications of extending the 'old' system. An overview of the Lund Committee's work, particularly its final recommendations, is also given. Despite being critical of many of the recommendations, the author outlines the importance of one of the recommendations – that the grant be independent of the family form and that it 'follow the child'.

The thesis also focuses on the means test, and outlines the various targeting mechanisms that can be used in a poverty alleviation programme. Different proposals and suggestions, as well as the final means test used by the DoW are analysed. It is argued that the approach of the DoSD is indicative of their being more concerned with cost containment than with including all children in need, and it is shown that the Department's approach will lead to high administrative costs and discrimination against the poorest children. An alternative suggestion based on a needs assessment has the aim of keeping the test administratively simple and cost-effective. The importance of the means test chosen for the micro-simulation model and the different scenarios tested for the model are all outlined. Finally, a microsimulation model is developed by which the implications of different options can be clarified. The model comprises factors determined by the programme itself (such as the level of the grant, the age group etc.) and assumptions (such as the data base, population growth and the administrative capacity of the welfare offices). The model enables the implications of the options discussed during 1997 to be shown, as well as a thorough analysis of the influence of each of the factors given, which in turn enables an informed decision to be made on the policy options. The application of such models for the analysis of poverty alleviation policies in developing countries is also shown.

Haarmann, D. 1999. *The Use of Microsimulation in Social Policy Planning and Implementation: The Case of the Child Support Grants*. AFReC Research Monograph No. 10. Applied Fiscal Research Centre, University of Cape Town.

This paper originates from research carried out for the author's doctoral thesis (see D. Haarmann, 1998), and includes sections of this research. It contains the major components that form the basis of the thesis and essentially outlines this research more succinctly – bar the section on the living conditions of South Africa's children (see D. Haarmann, 1999, in CSDS Research Report No. 53). The focus is on constructing a microsimulation model that can be used to analyse social policy, and its use is illustrated in the case of the CSG policy debate.

Kola, S., Braehmer, S., Kanyane, M., Morake, R., and Kimmie, Z. 2000. *Phasing in the Child Support Grant: A Social Impact Study*. Community Agency for Social Enquiry, Johannesburg. [<http://www.case.org.za/html/csgrant2.htm> – Executive Summary]

This report for the DoW evaluates the implementation of the CSG. The three main components of the 1999 study consisted of a survey of 999 CSG beneficiaries, a series of in-depth interviews with stakeholders, as well as case studies. The main respondent in the questionnaire was the primary care giver (PCG) receiving the CSG. CSG beneficiaries were randomly selected from the SOCPEN database. A multi-stage sampling design was used, with province, welfare district, pay point and beneficiary as the successive selection units. At each pay point up to five beneficiaries were randomly selected to be interviewed. A total of 11 in-depth interviews were conducted with government officials, and representatives from NGOs involved with the CSG, in order to establish the effectiveness of the DoW's implementation of the CSG, as well as the problems experienced by applicants and officials of the DoW.

The study looks at the demographic profile of CSG households, profiles PCGs and child beneficiaries, and also looks at access to the CSG and at income generating projects. However, the role of the CSG in household income is most relevant here. Various sources have been included in the calculation of household income: the CSG, other state transfers, earnings and other sources. The average monthly household income in the sample was R837, and the average monthly per capita income was R131. Without the CSG, the average reported income would drop to R714 for the household and R109 per individual. The situation varies geographically: without the CSG the average per capita income outside of the Western Cape would fall to below R100 per month. On average, sample households derive a third of their income from the CSG, a quarter from other state transfers, and just over a third from employment. A significant proportion of households were found to be wholly dependent on the CSG (18 percent), or on the CSG and other state transfers (36 percent). Households in the Northern Province, where the CSG accounts for an average of 51 percent of household income, are the most dependent on the CSG, as are households in informal rural areas. It is noted that rural households – particularly in informal areas – are significantly more likely to have the CSG as their only source of income.

Three-quarters of PCGs indicated that they relied mainly on the beneficiary's grant in order to support the child. It is these families that would be particularly vulnerable to the discontinuation of the grant when the child reaches the age of seven. On the whole, PCGs in rural areas were found to rely to a greater extent on the grant than those in urban areas. Over three-quarters (79 percent) of all PCGs asserted that the CSG had improved their ability to take care of the child, enabling them to buy food and other basic necessities for the child. The central complaints of PCGs who said that the CSG had not had an impact on their ability to care for the child, were that R100 was not enough and that the money was used for the entire household. Indeed it was found that most households tended to use the grant for the survival of the household as a whole, as opposed to meeting the specific needs of the child beneficiary.

Case studies were completed in two sites to assess the social impact of the phasing-in of the CSG – one in an area with high rates of application for the CSG (Wayeni, Northern Province), the other in an area with low rates of application (Monontsha, Free

State). In Monontsha, 18 in-depth interviews were conducted with community members, representatives of CBOs and government departments and other community stakeholders, and four focus group discussions were held with people who either were CSG beneficiaries (3) or applicants (1). The second case study in Wayeni involved seventeen in-depth interviews with representatives of community structures and government institutions, as well as focus group discussions – two with CSG beneficiaries and two with rejected applicants. In both case studies the majority of PCGs claimed to have no other source of income, and the majority of respondents claimed that the entire household used the CSG. Problems identified by applicants and beneficiaries, as well as welfare staff are also outlined in the study. The authors give various recommendations and point to the need for research into rejected applications, in order to fill an information gap on the number of rejected applicants and reasons for their rejection.

Liebenberg S. 1997. Equalisation at what cost? A case study on the new child support benefit. *Development Update (Quarterly Journal of the South African NGO-Coalition and Interfund)* 1(2), 43-51.
[\[http://www.interfund.org.za/pdf/vol1_two/benefit.pdf\]](http://www.interfund.org.za/pdf/vol1_two/benefit.pdf)

This paper, a case study of the new child support benefit, begins by outlining the impact of poverty on women and children, and the commitments by government to social assistance for those without other means of support, as stated in the Constitution and the White Paper for Social Welfare. The paper outlines the findings and recommendations of the Lund Committee on Child and Family Support, and discusses the distribution of the SMG, the strictures imposed by the Growth Employment and Redistribution policy and the strategy of 'equalising down'. The author notes that a wide range of constituencies in civil society reacted critically to many of the proposals of the Lund Committee, the bulk of which were accepted by government. Attention is given in the paper to the various criticisms which focused on the minimalist level of the benefit, the eligible age group and the targeting of the benefit, as well as fiscal arguments. The recommendations of the Portfolio Committee are recorded, as well as proposals for a revised child benefit system. Central to the paper is an assessment of the implications of the case study. The author points to the role of civil society in raising public debate on the government's political and constitutional commitments and exerting pressure on the "boundaries of the fiscal envelope" (p. 49). A critical question is also put forward: to what degree can the substance of the benefit be reduced in the process of achieving a more equitable distribution? It is noted that further research needs to address the following questions: Does the Constitution guarantee some core minimum level below which social assistance cannot fall? If so, what is this level and how can it be determined?

Lloyd, I.D. 2000. *Policy Performance of the Child Support Grant, 1 April 1998 to 30 June 1999*. Unpublished Masters Thesis, University of the Witwatersrand.

This masters thesis examines the underlying reasons for the moderate demand for the CSG, and on the basis of the investigation and findings offers recommendations to social security policy makers for improving the take-up rate of the CSG. The research methodology involves analysis and interpretation of the DoWs national database statistics on the take-up rate of the grant, through the SOCPEN system. An open-ended questionnaire was mailed to eight provincial Heads of Social Security (the Northern

Cape was excluded as it has exceeded expectations in meeting its take-up targets), in order to understand their perceptions of the blockages and possible resolution of problems around the take-up rate. A self-administered close-ended questionnaire was given to a non-probability convenience sample of 23 beneficiaries of the CSG at social security pay points in three working class communities surrounding the city of Pretoria, namely Mamelodi, Atteridgeville and Saulsville. The questionnaire focussed on the expenditure patterns and dependency relations of the beneficiaries and their satisfaction with the level of funding for the CSG.

Statistical data, analysis and interpretation of the performance of the take-up of the grant are provided. Three-quarters of the Heads of Social Security identified a real blockage with the provisioning of staff to administrate the CSG. In addition, about three-quarters of the respondents admitted that there is a need to develop effective communication and public relations around the CSG. Half the sample identified the stringent criteria of the means test to qualify for the CSG as attributing to the low take-up rate. A lack of access to adequate transport and computer equipment was also identified. The inaccessibility of the DoHA offices to the public, particularly in rural areas, was outlined as being problematic. The KwaZulu-Natal and Eastern Cape Heads of Social Security indicated that there might be a need for the national Department to assess the management of transfer payments for the grant finances to the provinces. Only one official (from the Western Cape) indicated that the level of funding of the grant was too low, and thereby affecting the 'take-up' level in the province.

All those interviewed at the pay points were the biological mothers of the children receiving the CSG. The population sample reflects an average of one child per household who benefits from the CSG. Sixty-one percent of respondents noted that they spent their day caring for their children at home. Most of the respondents had heard about the CSG through either the local clinic, welfare office or advice centre – none indicated being made aware of the grant through posters, pamphlets or TV advertisements. Interestingly, 61 percent noted that they were unemployed with no resource to any personal income, while 22 percent said they were self-employed – either selling fruit and vegetables or charring. About half the beneficiaries noted that their survival is largely dependent on the financial support which they receive from their parents, most of whom were noted as being dependent on the OAP. Apart from two respondents, all claimed that they did not receive any financial support from the biological fathers of their children. For two-thirds of these mothers the CSG is the only source of personal income that they bring into their household. The grant is identified as being spent mainly on food and clothing for the child. Seventy percent of respondents noted that the grant assists in ensuring that the children seldom go hungry. Almost half noted that the grant is spent in one day, while the other half said the grant does not last beyond one week. Most of the respondents stayed on average 15 minutes walk from the pay-points, and return travel expenses incurred amounted to an average of R3.22 per beneficiary. All the mothers interviewed expressed strong opinions that the level of the grant needs to be increased: an expected average increase of the grant to R263.04 per month per child was recorded. In terms of improving the policy performance of the CSG, the following recommendations are offered: (1) the development of a comprehensive and new social security policy for the country; (2) a review of the existing structure and funding level of the grant; (3) improvements around the deployment of human resources; (4) the consideration of additional strategies for capacity building of social security personnel; (5) improvement of administrative support systems in relation to communication, financial and information management.

Lund Committee on Child and Family Support. 1996. *Report of the Lund Committee on Child and Family Support*. Pretoria. [\[http://www.gov.za/reports/1996/lund/lund3.htm\]](http://www.gov.za/reports/1996/lund/lund3.htm)

This report outlines the work of the Lund Committee on Child and Family Support, which was tasked by the Committee of the Minister of Welfare and the Provincial Members of the Executive Council (the Welfare MINMEC) with undertaking a critical appraisal of the existing system of state support, in all departments, to children and families; investigating the possibility of increasing parental financial support through the private maintenance system; exploring alternative policy options in relation to social security for children and families, as well as other anti-poverty, economic empowerment and capacity-building strategies; developing approaches for effective targeting of programmes for children and families; presenting a report giving findings and recommendations. The Welfare MINMEC was concerned about the future affordability of the SMG, and about the fact that African women were largely excluded from access to the grant, as well as the poor functioning of the judicial or private maintenance system, and the fact that the SMG had become difficult to administer, to name only some of the concerns. The Lund Committee worked as a technical committee since time constraints prevented engagement in a consultative process. The Committee commissioned research, called on national and international expertise, engaged in visits to departments and NGOs in the provinces, and to key national agencies, in order to gather data about grants in the field of child and family care, and to obtain a rapid overview of new development initiatives.

It is noted that while there are more single parents, more households headed by women, and more people living outside the conventional model of the nuclear family at present, the nuclear family is the model on which the SMG is based. The Committee indicates that the primary responsibility for the support of children should lie with parents, and should continue whether or not the relationship between the parents survives. The legal vehicle for such support if the parental relationship breaks down is the judicial maintenance system, yet it is noted that there are a number of administrative problems with this system. It is also emphasised that children should be cared for by their own mothers or other kin, as opposed to institutional care which is increasingly expensive. The Committee develops a proposal which integrates the promotion of the financial responsibility of parents with the introduction of a child support benefit, which would be financed by the phasing out of the SMG over a five year period.

Among the recommendations that the Committee makes is the reform of the parental maintenance system, in order to switch the signals which the judicial and welfare maintenance system are giving to parents, particularly fathers. Further recommendations are for the introduction of a flat-rate child support benefit, which should be paid via the primary caregiver to all children who qualify in terms of a test of the caregiver's means. The aim is to protect the poorest children in their most vulnerable years. In order to qualify the child's birth would have to be registered. The HSL can be used as the basis for determining the lower level of the benefit. The Committee point to the central trade-off between a higher benefit for fewer children, and a lower benefit which will reach more children, and note that age can be used as a cost-containment mechanism. Further, the Committee indicates that the CDG and the FCG should both continue. It is noted that if the recommendations put forward are accepted, collaborative work with other departments (Justice, Health, Home Affairs, Education and

Labour) will be required, while opportunities will need to be provided for people who will be phased out of the existing SMG. The proposals are acknowledged as being distributive towards thousands of poor children who have not received support in the past, and the aim is for them to contribute as one source of household income and to be clearly linked to the health and nutritional status of the child. It is emphasised that the benefit should be seen as part of a bundle of private and state support for the development of vulnerable groups, and as a minimum basis from which incremental growth can take place.

Smith, L., Sanders, D., Sogaula, N., Jackson, D., Karaolis, N., Chopra, M., and McCoy, D. 2001. *Child Health and Malnutrition in South Africa: Relation to Child Welfare and the Child Support Grant*. Unpublished Manuscript. University of the Western Cape and University of Missouri.

This paper begins by reviewing the problem of malnutrition globally and within South Africa. It then focuses on social welfare policy, looks at the findings of the Lund Commission, the CSG and the legal responses and challenges that arose after its introduction. Some of the welfare support programmes used in the United States are also considered. This study builds on the research outlined in Chopra *et al* (2002). Semi-structured interviews conducted with DoW officials in the Mount Frere district – front line staff, such as social workers, and district level supervisors– and the provincial office in Bisho, are reported on and some of the responses provided. These interviewees were asked to identify what they believed was impeding administration of the grant in the area or in the region.

The introduction of the CSG is regarded as a method to combat malnutrition in the Eastern Cape, and it is argued that statistics regarding malnutrition and poverty in this province make substantial changes in the administration of the CSG imperative. The importance of attending to the needs of the child once he or she is discharged after being in hospital for malnutrition is emphasised. It is also maintained that the CSG is a mechanism to alleviate some of the immense financial strain on families. Change in the system is argued for because of the difficulty many households in the country have and will have in complying with the existing rules of eligibility. It is contended that for many South African households, producing birth certificates and identity documents is cumbersome. This is due to the fact that many areas in which eligible children live are hampered by a lack of basic services, which include the lack of passable roads, lack of proximity to government offices, and the lack of available transportation to arrive at the nearest office. It is argued that some of these administrative and infrastructure issues are out of the control of these household members, and that they should not be penalised for circumstances that are beyond their ability to control. Finally, recommendations are made for the improved administration of the CSG. It is indicated that the existence of the CSG should be discussed with any primary caregiver that has a child admitted into a hospital for malnutrition; an awareness campaign should be launched to educate the citizenry regarding the availability of the CSG; inter-agency collaboration and training should be the 'buzzwords' of the day. Longer-term recommendations include the following: improved information technology and office equipment for district staff to utilise; the relinquishment of control from the provincial level to the district level; implementation of 'presumptive' eligibility rules for the CSG; co-location of services and government departments.

Van der Berg, S., Amde, Y., and Budlender, D. 1997. *A Proposed Means Test for Child Support Grants: Report of a Sub-Committee of the Task Group on Delivery Systems*. Department of Welfare, Pretoria.

The Sub-Committee tasked by the Task Group on Delivery Systems to propose a possible means test for the new CSG authors this paper. Approximately three million children under seven years of age are to be targeted for the new CSG, and the Sub-Committee identifies these children, based on data from surveys where there was no particular incentive to withhold income data, and devises a test that is simple to administer, leaves little scope for misreporting the characteristics used in targeting or deliberately withholding information, and as far as possible selects all of those in the bottom three deciles and includes only those in the bottom three deciles. The two major sources of data used include the combination of the 1995 OHS and the IES as the major source, and the older 1993 PSLSD. The analysis highlights the limitations of the data used, as well as the sources of bias in the data. The Sub-Committee proposes the means test for the new CSG based on the principles outlined in the text. However, recommendations are made for further work that is needed on the exact levels of the inclusion level of household income (taken to be R9 600 in 1995 values) and the exclusion level (R13 200 in 1995), which should be finalised once the full census results are available and evaluated, in order to better forecast the target population and full fiscal costs.

Welman, C. 2001. *Final Report: Child Support Grant Project*. Report prepared for the Department of Welfare, Pretoria. Operation Hunger, Johannesburg.

The project that this report details aims to assist the DoW in identifying potential grant recipients, to assist the identified individuals in obtaining the CSG and to assist CSG recipients in skills development and the establishment of community projects. The implementation period for the project ran from October 1999 to December 2000, in thirty-one communities in the Northern Cape (10), Eastern Cape (six), KwaZulu-Natal (seven) and Northern Province (one), and the Free State (seven), which was included midway through the project. Outreach to communities was initiated through household surveys (three questionnaires were developed), specific group work, participative rural assessments and individual communication. A total of 975 individual and group sessions on the CSG were carried out in the five provinces, and skills assessments and training were carried out through the use of participative rural appraisal. A total of 4577 potential grant recipients were identified: 655 in the Northern Cape, 1528 in the Eastern Cape, 990 in KwaZulu-Natal, 594 in the Northern Province, and 810 in the Free State. Of the 3587 potential recipients in all provinces but KwaZulu-Natal (where no follow-up was done), only 601 individuals (16.8 percent) were reported to have actually received the CSG by the end of the project. Socio-economic variables of potential grant recipients and their children are outlined. The report concludes that the CSG is not easily available to caregivers in non-urban areas of the country for a number of reasons. The physical situation of the DoW and the DoHA offices makes it impossible for some of the potential recipients to access the system because of distances and related transport costs. Further, the fragmented infrastructures of the DoW and the DoHA further add to the logistical problems of individuals obtaining the CSG. The process of applying for and obtaining the grant necessitates frequent trips to these departments and there is no continuity of contacts with personnel in the departments, or with processes used. For instance, the use of police for obtaining affidavits can detrimentally affect the choice of applying for a grant. In addition, a local dearth of facilities in the rural areas, for

obtaining photocopies for example, further complicates the process of applying for grants. A separate plan for accessibility in rural areas is seen as imperative if the truly needy are to be assisted, and an integrated mobile service could be one means of taking the service to the community. Further recommendations are made with regard to communication, socio-economic issues and skills training and market assessments. Particularly, high poverty levels and low food security levels of potential grant recipients are both highlighted as areas of great concern. It is recommended that as the CSG takes so long to be obtained, other strategies need to be developed to provide the caregivers of children with a means of supplementing their food source.

STATE MAINTENANCE GRANT (SMG)

Burman, S., and Barratt, A. 1993. *Welfare Law and Bureaucracy in a Changing South Africa: A Case Study of State Maintenance Grants for the Illegitimate*. Working Paper 19. Centre for Applied Legal Studies, University of the Witwatersrand, Johannesburg.

The authors of this paper argue that SMGs are potentially of crucial importance for the future of illegitimate children growing up in single-parent households, particularly if the woman is unemployed or in very low-paid employment, as the majority are. This paper examines the use of the existing system by parents of illegitimate children, its efficacy and how it is adapting in practice to cope with the rapidly changing legal, social and political changes in South Africa, and also considers some of the implications for the future. The study seeks to investigate a previous finding that the percentage of illegitimate children for whom SMGs are paid is small for all communities and declines in inverse relationship to need. The research for the study took place in Cape Town, where illegitimacy in all communities was on the rise, at a time when the grants were still paid and administered separately along lines defined in the apartheid era. The research on which this paper was based was derived from lengthy and detailed interviews conducted with officials responsible for the allocation of SMGs by each of the three Houses of Parliament, and the Cape Provincial Administration (CPA). A set of written questions was also sent to the CPA, to supplement information provided by officials. Social workers attached to each of the relevant offices were also interviewed, and these were supplemented with full life-history interviews with the parents of illegitimate children, to test the official assertions and gain some feeling for how the process appeared to applicants to each department. The Black Sash Advice Office was also approached for their experience as a private agency dealing with clients applying for SMGs, and provided lengthy interviews and access to case files.

The paper contains sections covering amongst others types of grants and social relief; eligibility for a grant; procedure from applying for the grant to receipt of grant; payment of grants; role of social workers in maintenance grant procedures; and, maintenance grant procedure as experienced by applicants. To end the authors point to some of the basic problems in the system, which are likely to remain regardless of whether the old structure changes, and new problems that may be created. Some important questions are posed. Is a welfare system desirable in a future South Africa, and to what extent it is desirable, must be considered on two different levels: principle and practicability. Moreover, the author asks what value welfare policy is to encapsulate, particularly in relation to issues of illegitimacy, childcare, and women working?

Kruger, J. 1994. *Supporting Single-Parent Households: Situation and Option with Regard to State Maintenance Grants in South Africa*. Discussion paper prepared for the Development Bank of Southern Africa Programme: Social Security in the Context of Human Development Framework. Department of Economics, University of Port Elizabeth.

While there is a clear need for adjusting and expanding support in order to contain deprivation and promote development, resource constraints seem to preclude an adequate response via formal social security and social service provision. This is the underlying issue of this paper, explored in the specific context of maintenance grants

(used in South Africa in the past to deal to some extent with the vulnerability to deprivation of single-parent households or households where the one spouse cannot contribute to the support of the children). The paper aims to advance the discussion of how to limit future fiscal implications of equalising access, while removing unjust discrimination between population groups and dealing as adequately as possible with the vulnerability of single-parent households. The author begins by sketching different mechanisms of support for children and families in selected countries and provides an outline of the South African maintenance grant system. Available data (compiled by the Development Bank of Southern Africa from the Department of Health, as well as the PSLSD study) is used to estimate aggregate expenditures, coverage of the population and a variety of projections of the likely future cost of equalisation of coverage. Problems with the system – particularly possible effects on incentives and people's behaviour – are then investigated. Two alternative ways of addressing the identified problems are outlined, namely (1) the phasing out of SMGs and concentrating on alternative methods of support for poor families, and (2) reducing fiscal costs by adjusting and enforcing eligibility requirements and reforming the private maintenance payment system. A lack of reliable and extensive data on social security programmes in place and an analysis of these programmes is pointed to.

Kruger, J. 1996a. *Supporting Single-Parent Households: Situation and Option with Regard to State Maintenance Grants in South Africa*. Discussion Paper No. 115. Centre for Policy and Information, Development Bank of Southern Africa, Johannesburg.

This discussion paper is based on and derived from Kruger (1994).

Kruger, J. 1996b. *The Case for Expanding the South African System of Maintenance Grants*. Draft paper prepared for the Lund Committee on Child and Family Support. Department of Economics, University of Stellenbosch.

In this paper the author provides a survey of the critique of maintenance grants (particularly their incentive effects), but rather than focussing on what can be afforded in the short term (fiscal and indirect costs), the author emphasises that future social policy should ask what is required and which entitlements must be established. In other words, the function of the system and its impact on poverty and development should be looked at. Part of the paper provides a justification for a grant system with the characteristics of the system of SMGs, in place at the time. It is argued that the grants play an important role in ensuring the effective functioning of poor households, which are burdened with the responsibilities of child care in the absence of one parent, and as such are an important mechanism to enhance development possibilities and avoid later costs to the economy. It is also contended that there are good reasons why these benefits should be in the form of cash and not in-kind. Further, it is put forward that supporting these single-parent households does not present an anomaly if it is viewed not primarily as a mechanism to alleviate absolute poverty, but as an insurance mechanism. It is noted that mechanisms will have to be found to limit fiscal implications, and that this can be done through targeting those with young children and implementing a time limit for other recipients, which will also reduce incentive effects. It is emphasised that there is substantial uncertainty about the nature of incentive effects and their relative magnitude. In conclusion it is stated that maintenance grants can fulfil a very specific insurance and security function in a predominantly market economy, and that in fulfilling that function

not only is deprivation limited but higher future productivity is also ensured. It is noted that there is substantial uncertainty as to how the South African maintenance grant system works in practice and what its actual impacts are.

Texeira, L., and Chambers, F. 1995. *Child Support in Small Towns in the Eastern Cape*. Black Sash Advice Office, Port Elizabeth.

This research seeks to establish community attitudes around maintenance, as well as perceptions of rights and obligations in terms of paternal maintenance. It also aims to establish ways in which maintenance is claimed, as well as awareness of the court system of paternal maintenance, and factors which thwart attempts to use the system in the two small Eastern Cape towns of Patensie and Krakeelrivier. A further aim is to relate this information to other state support for children in these towns, particularly social pensions. PRA methods were used as follows. In groups venn or institutional diagramming, matrices, needs or problem rankings, pie and flow diagramming, social mapping and focus group discussions were completed. With individuals, time lines, daily time use and pie diagrams were made use of. Meetings were held and 30 individuals were interviewed in Patensie, while 18 were interviewed in Krakeel. Case histories and discussion groups were also completed.

Children in Patensie and Krakeel indicated that old people (either alone or in couples) living without relatives are poor and unhappy, whereas those with grandchildren can be amongst the better off if they are receiving grants for the children and/or OAPs. Some rich people are perceived as being in receipt of DGs and, if they are old, may be receiving OAPs and grants to support grandchildren. A high incidence of unconventional households was found, in which people other than parents were looking after children. This could be linked to the fact that unemployed or casually employed couples with children are ineligible for any form of grant other than the DG if they are sick or incapacitated. This may therefore encourage reliance by parents on other relatives, particularly those receiving grants. Pensions and grants were entered on matrices as considerable sources of income throughout the year in Krakeel but not in Patensie. The research clearly indicates that the most important and effective support systems for children in single parent families in these two towns are provided by the extended family and through the welfare system of social grants. In particular, the mother of the child and her family take on much of the responsibility for children, with the absent father playing a marginal role. Access to SMGs by single mothers was found to be highly variable between the African and coloured communities, and the authors conclude that social security is still operating through racially divided systems.

Case histories and discussion groups with women overwhelmingly indicate that the court system of exacting payment from these fathers is completely ineffective, perceived as being such, and consequently under-utilised. In both communities all pensions and grants, including those that are not allocated for maintenance, play an extremely important role in supporting children. Extended families and children of single mothers are often grouped around OAPs. Reasons for this in both communities are that employment opportunities are highly insecure (being seasonal) and poorly paid, and that none of the benefits of permanent employment are available. Unemployment is linked to specific groups – young people, women and people of poor health. This latter group are often in their late 40s or 50s and are ineligible for the OAP, not disabled enough for a DG, and yet unable to participate in the local labour market. Therefore access to a welfare pension has enormous benefits for individuals and families, and represents a

regular and major source of income in the household. The receipt of a pension also appears to facilitate access to credit from shops, with pensioners being responsible for paying instalments. Many more women are entitled to and should be receiving support under (then) existing legislation, but are either unaware of their eligibility or their attempts to gain support are frustrated by bureaucratic and administrative inadequacies. Recommendations for the future maintenance or support of children are made.

Vorster, J., and Rossouw, H. 1997. Transforming state support for children and families in South Africa: Single mother households facing the bill? *Social Work / Maatskaplike Werk*, 33(4), 315-332.

This article is based on Vorster, Rossouw, Raubenheimer and Muller (1996). It focuses on the phasing out of the SMG and how this impacts on the household income of households in receipt of the SMG.

Vorster, J., Rossouw, H., Raubenheimer, W., and Muller, G. 1996. *State Maintenance Grants and Coloured Households in the Western Cape*. Report prepared for the Lund Committee on Child and Family Support. DATADESK, Department of Sociology, University of Stellenbosch.

This study was commissioned by the Lund Committee on Child and Family Support to critically appraise the system of parent and child grants. The aim of the study is to provide an overview of the social and economic role of SMGs in household income in coloured households in the Western Cape. The study is based on data from socio-economic surveys and in-depth interviews conducted in 1 277 coloured households in an urban area (Stellenbosch), 376 households in a rural community within commuting distance of a metropolitan area (Goedverwacht), and 318 households in a rural community far from metropolitan areas (Zoar). Focus group discussions were held with single parents in Zoar, and in-depth interviews were also conducted with eight single parents in Stellenbosch and 12 single parents in Zoar.

The study gives a socio-economic profile of single parents, and the households in which they live, and provides a comparison of recipients and non-recipients of SMGs. Attention is also paid to the sources of income of single parents and other recipients of SMGs, and the contribution of SMGs to personal income. It is indicated that for many women, applying for the SMG is the only alternative in terms of securing financial assistance. The study also investigates under what circumstances single mothers apply for and gain access to SMGs, as well as the administration of SMGs. With regard to economic status and income, it is noted that among single parents and recipients of SMGs, 29.5 percent are workers, 30.3 percent are unemployed, and 40.2 percent are 'non-economically active'. Interestingly a significantly greater percentage of the latter group is in receipt of grants when compared with the other two groups. In all, 44.5 percent of households are in receipt of state transfers of some sort, and 79 percent of households with single parents receive some kind of state transfer. On average, transfers contribute 44.7 percent and salaries and wages contribute 40.5 percent to household income in households with single parents. Maintenance grants contribute 16.2 percent on average to per capita income from state transfers and 8.7 percent to total per capita income of these households. It is shown that transfer income in these households is mainly realised from OAPs, with 80 percent of single parents in households where at least one member receives a transfer. In order to further

determine the impact of transfers, particularly SMGs, on single parent and other grant recipient households, all income derived from state transfers is deducted from household per capita income. If only SMGs are deducted, 65 percent of recipients' household per capita income drops below the HSL, and if all transfers in the household are subtracted, in the majority of cases the median per capita income of these households drops below the HSL. The effect on the household income of recipients of grants is even more dramatic, with more than 80 percent dropping below the HSL, and a median per capita income of R40 a month. It is argued that SMGs are significant in keeping single parent minimal household units and the larger household in which this unit is situated out of severe poverty. Finally, it is shown that a greater percentage of households with more grant recipients are above the HSL than households with non-recipients, and that irrespective of number of generations, the median and per capita income distribution of households which contain grant recipients is more favourable than those with no recipients.

Vorster, J., Rossouw, H., and Muller, G. 2000. *Phasing out the State Maintenance Grant within the Context of Developmental Social Welfare*. Report prepared for the Department of Welfare, Pretoria. DATADESK, Department of Sociology, University of Stellenbosch.

The amendments to the Social Assistance Act (SAA) of 1992, which came about in December 1997 authorised the phasing out of the SMG over a three year period from 1 April 1998, and the introduction of the CSG. This report consists of research commissioned by the DoW on the phasing out of the SMG. A 1999 survey completed through face to face interviews of adult beneficiaries of the SMG, as well as a file of recipients from KwaZulu-Natal, Eastern Cape, Northern Cape and Western Cape, created from a list of adult recipients on the SOCPEN system, is used in the analysis. Since the majority of SMG recipients (78 percent) were concentrated in these four provinces, the sample of adult recipients was limited to these four provinces. The sampling frame was stratified in terms of province and a multi-stage proportional random sample of 495 recipients was selected from the four provinces. Within each province a third of welfare districts were randomly selected proportionate to size, and within each selected district 33 percent of pay points were selected, and from the pay points respondents were selected in a similar manner. A survey of 23 'frontline' or help-desk welfare staff dealing directly with queries of grant recipients or applicants was also conducted. Forty-one in-depth interviews with key informants from the welfare community and other relevant sectors or programmes were also conducted. Two case studies were conducted: one in Zoar, a rural village in the little Karoo, and the other in Phoenix, a former Indian township in the Durban Metropolitan Area. These case studies involved in-depth interviews, three focus group discussions (of between four and 10 participants) at each site, and qualitative observations. Two additional focus groups were also organised: one with a group of white SMG beneficiaries in Ruyterwacht, an impoverished community in Cape Town, and the other with regional heads of social security in KwaZulu-Natal.

With regard to the contribution of the SMG, the study shows that the grant plays an important role in keeping households above the bottom of the poverty scale, and like the OAP, that it reaches much wider than its intended target. The majority of beneficiaries stay in multi-generational households and pool their grant income with other sources of household income. In many instances non-beneficiary children also benefit from the SMG. The SMG also enables many vulnerable mothers to care for their children and in

some instances it contributes to the survival of extremely vulnerable woman-headed (single-caregiver) households. There is no evidence of a significant leakage of the SMG to households with a relatively high income – SMG households are shown to be predominantly poor. The grant also has the unintended effect of providing protection against the contingencies of a dynamic market economy, in the context of high unemployment levels and precarious employment contracts that result in a lack of social insurance. Beneficiaries report a serious drop in their quality of life, and that they are already cutting on life essentials like food, as a result of the reduction of the grant. It is noted that the single caregiver household where the SMG is the only source of income is especially vulnerable, and that in the absence of any income it will most probably cease to exist. Moreover, in some instances the phasing out of the SMG is leading to the breaking up of families and could lead to a situation where children do not live with their mothers. Due to the requirements of the grant, the SMG also contributes to a very low drop-out rate from school, yet with the cut in the grant school-going children seem to be under increased pressure to get paid work in order to help sustain their households.

It is noted that while there is a higher level of employment since the second cut in the grant, since the reduction of the grant there has been no increase in beneficiaries attempting to secure private maintenance. It is shown that while many beneficiaries cannot access private maintenance for various reasons, many women with SMGs do seek private maintenance, although in the majority of cases it is of a relatively low level, fluctuates and is of a temporary nature. Of the types of grants beneficiaries and/or members of their households apply for, the DG receives most applications (67 percent), with only nine percent applying for the CSG. The majority of beneficiary children are seven years or older and do not qualify for a CSG. In some cases it is shown that mothers are planning to or hoping to send children to relatives in order to access the FCG. There is no statistically significant relationship between new applications for a grant and the level of dependency on the SMG at a personal and household level.

The authors also discuss alternatives to the SMG, and note that the research on the SMG provides insight into the realisation of DSW. Particularly, they find that hardly any beneficiaries are referred to or participate in public works programmes or DSW programmes/projects. A significant percentage of beneficiaries are participating in the job market, either doing paid work or looking for a job, and it therefore seems that the SMG has not necessarily acted as a disincentive to finding work. No evidence is found of differences in job-seeking behaviour between beneficiary and non-beneficiary caregivers in SMG beneficiary households. The authors make a number of recommendations for government and point to areas for future research. For one they point to the need to establish the nature of applications for the FCG since the SMG was phased out, and to explore if children are being moved out of beneficiary households in order to access the FCG. Furthermore, more research is needed on the nexus between caregiving, grant provision and economic and demographic realities. It is also recommended that the SOCPEN database be reconstructed in collaboration with the research community to enable the DoW to conduct proper studies on trends in applications for specific grants, and that records of both adult and child beneficiaries of the SMG be kept on the SOCPEN database.

Zain, P. 1999. *A Small Process of Dying: The Impact of the Cancellation of the State Maintenance Grant*. Research Report No. 12. NADEL Human Rights Research and Advocacy Project, Cape Town.

This report explores the implications of the cancellation of the SMG for the lives of women and children in South Africa, and also briefly considers the impact of the new CSG. The research was conducted in the Overberg area (Genadendal, Greyton, Caledon and Bereaville) of the Western Cape and in townships (Duncan Village and Fort Grey) and rural areas (Kwelera and Mooiplaas) in the Eastern Cape. These areas were chosen because of the high level of poverty in the Eastern Cape and the high level of dependence on the SMG in the Western Cape. Women were identified through schools and through welfare forums in the communities, and 110 women (30 in the Western Cape and 80 in the Eastern Cape) were interviewed using questionnaires to identify the impact of the cut in the SMG on the lives of women and children. Individual interviews were conducted with eight women in the Western Cape and five women in the Eastern Cape who had answered the questionnaires, in order to understand the personal impact of the cut in the grant. Focus groups were held (two in the Western Cape and three in the Eastern Cape) comprising of between eight and twenty women and lasting approximately four hours. Individual interviews were conducted with provincial government officials in social security, as well as the CSG project manager and a member of the Commission on Gender Equality, and a group interview was conducted at the Riviersonderend Advice Office in Caledon.

The report gives an overview of international comparisons, and then goes on to highlight the impact that the cancellation of the SMG has had on the family and on the education of children. It is argued that the cancellation of the SMG and the introduction of the CSG constitute a backward step in the effort to eradicate poverty. The research shows that the SMG has been an important social security grant in addressing the specific needs of women headed households and that its cancellation has enormous ramifications for women and children. It is asserted that children above the age of seven who live on or below the poverty level will find it increasingly difficult to access their right to education, health and housing. As a result of the cuts in the SMG and the limit of the CSG, a degradation of family structures amongst the poorest of the poor is being seen. Specific impacts on children that were highlighted include their being mocked by other children for asking for food from extended family members or members of the community. Further, how women interact with their children is affected. There is also a strong fear that children will not finish their education and will have to leave school, particularly since children become more expensive as they get older. The author puts forward that the CSG in no way mitigates the negative impact of the cancellation and that it is imperative that alternatives be considered. A number of policy and action recommendations are also pointed to.

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