



Development Progress



South Africa's cash social security grants: Progress in increasing coverage

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List of abbreviations

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
BIG	Basic Income Grant
CASE	Community Agency for Social Enquiry
CDG	Care Dependency Grant
CPI	Consumer Price Index
CSG	Child Support Grant
CWP	Community Work Programme
DG	Disability Grant
EPWP	Expanded Public Works Programme
FCG	Foster Care Grant
GDP	Gross Domestic Product
GHS	General Household Survey
GIA	Grant-in-Aid
GDP	Gross Domestic Product
ICROP	Integrated Community Registration Outreach Programme
IDASA	Institute for Democracy in Africa
ISRDP	Integrated Sustainable Rural Development Programme
MDG	Millennium Development Goal
NEETS	Not in Employment, Education or Training
OAG	Old Age Grant
ODI	Overseas Development Institute
SASSA	South Africa Social Security Agency
SMG	State Maintenance Grant
SSA	Statistics South Africa
URP	Urban Renewal Programme
WVG	War Veteran Grant

1. Introduction

South Africa has the largest and best-developed social security systems in Africa, with social grants alone reaching 14 million people (28% of the population). Social grants are one element of a comprehensive¹ approach to poverty and inequality that uses a range of instruments and complementary programmes. Others include contributory unemployment insurance and pensions, public works programmes for the working poor and the 'social wage' package, which comprises access to education, health and other services. This report focuses on the increase in coverage of social grants.

The social grants system had its origins in the 1920s as a non-contributory pension, but was for many years restricted to the white and coloured (mixed race) populations. The system has expanded significantly over the past 20 years, across racial groups and in terms of the range of instruments deployed. Social grants are now non-contributory and means-tested, so only those individuals and households who fall below a defined income threshold are eligible. Social grants provide a safety net for certain vulnerable groups within society, and are financed out of tax revenue.

Coverage of social grants has increased from just over 2 million beneficiaries in 1996/97 to almost 14 million in 2009/10 – an increase in coverage unprecedented in Africa. More than 80% of the increase is accounted for by the extension of the Child Support Grant (CSG) system. From 320,000 grants in 2000, the number increased to 9.4 million in 2009/10. In 2008/09, a total of R69,449 million (\$8.93 billion) was spent on social grant payments – 3.2% of gross domestic product (GDP) (National Treasury, 2010), significantly higher than the average 1.4% of GDP spent on safety nets by developing and transition countries (World Bank, 2009).

The extension of social protection in South Africa has been particularly dramatic because it has been the consequence of a constitutional change. The Constitution of the Republic of South Africa Act 108 of 1996 stipulates that people must have adequate shelter, food, education and social security. This rights-based system means the state has a legal obligation to provide social protection, and this largely explains the emphasis given to increasing social grant coverage in the country.

This report examines this progress in increasing coverage of social grants in South Africa, an achievement which has had a significant impact on income poverty and also on progress on other dimensions of poverty, including improved school attendance. The focus is on describing the increase in coverage and also the factors driving it.

¹ While the South African social protection system is generally described as 'comprehensive,' it is important to note that, notwithstanding its extensive reach, there is no social grant coverage for the working-age (mainly unemployed) poor, and there are no plans to extend social grants to this group in the short to medium term. Instead of grants, the Expanded Public Works Programme (EPWP) is intended to support this group, but likely reaches only a minority of those in need.

2. Context

South Africa is one of the richest African countries, with a GDP per capita of \$5,678 in 2008, compared with a sub-Saharan African mean of \$2,055 per capita.² Real income has increased across racial groups since the end of Apartheid in 1994.³ Non-monetary measures of poverty have also improved greatly, and a significantly greater proportion of the population now has access to formal housing, electricity and piped water than prior to the end of the Apartheid period: 80% of the population has access to electricity in 2008 compared with 52% in 1993 (Leibbrandt et al., 2009).

However, rising aggregate levels of income hide stark differences in poverty across different racial groups and continuing high levels of income inequality. The country's (pre-tax and benefits) Gini coefficient, a measure of income inequality, increased from 0.66 to 0.70 between 1993 and 2008 (Leibbrandt et al., 2009) and, adopting a conservative estimate of income poverty,⁴ 54% of the population still lived in poverty in 2008, just 2% fewer than in 1993.

Looking at poverty and inequality more closely, we see diverging trends among different demographic groups. Income poverty has stayed highest, at 64%, for the most disadvantaged group in South Africa, the African population, who comprise 79% of the overall population. Furthermore, within-racial group inequality has increased sharply. While poverty is still significantly higher in rural areas, there is an increasing urbanisation of poverty owing to the mass urbanisation that has occurred since 1994. Female-headed households, the poorly educated and households with many new entrants to the job market remain the poorest (Leibbrandt et al., 2009).

Unfavourable economic conditions have exacerbated these inequalities. Integration into the global economy after the end of Apartheid (from 1994 onwards) resulted in a significant restructuring of the South African economy and rendered the country vulnerable to global economic changes and crises. The result has been a reduced role for the primary sector (mining and agriculture) and a growing emphasis on the services sector. Demand for low- and unskilled labour is falling relative to that for skilled, resulting high levels of unemployment alongside acute skill shortages. Labour market participation has increased at higher rates than employment creation, resulting in growing rates of unemployment. This is particularly significant for youths 'not in employment education or training' (NEETS), where there are stark inequalities between black and white youths: 2 million poor black youths fall into this category compared with a handful of white youth (Meth, 2009; 2010).

In the context of a significant rise in unemployment, social protection has played a role in limiting the growth of poverty and inequality and cushioning the impact on the poorest. Since 1994, the South African government has attempted to develop a comprehensive approach to poverty and inequality, using a range of instruments and complementary programmes, including social grants. Incidence of poverty among people over the age of 60 has fallen significantly since 1993, while poverty rates among households with children have fallen slightly (Leibbrandt et al., 2009). Poverty rates are lower when income includes government grants (ibid). While the poverty rate declined marginally between 1993 and 2008, the absolute number of people living in poverty (the poverty headcount) looks to have increased over this same period. However, the provision of grants has prevented the outcome from being much worse.

² In current US\$ <http://data.worldbank.org/country/south-africa> (accessed 2010).

³ Racial categories are still in use in South Africa, in part to assist in identifying previously disadvantaged groups. The official categories are Black African, White, Coloured (mixed race) and Indian/Asian. The make-up of the population in 2009 was Black African (79%), White (9%), Coloured (9%) and Indian/Asian (3%). This is a sensitive matter, and usage differs among different groups. In some circles, the generic term 'Black' refers to African, Coloured and Indian/Asian groups. Others use the term 'Black' to refer to the Black African population only. There are significant racial disparities in poverty and inequality, and it is for this reason that this racial categorisation has been adopted in this report.

⁴ Poverty rates are sensitive to the poverty line chosen. Leibbrandt et al. (2009) use a range of poverty lines. The lower-bound poverty line of R515 is based on 40% mean per capita income; the upper-bound poverty line is R949, based on 50% mean per capita income.

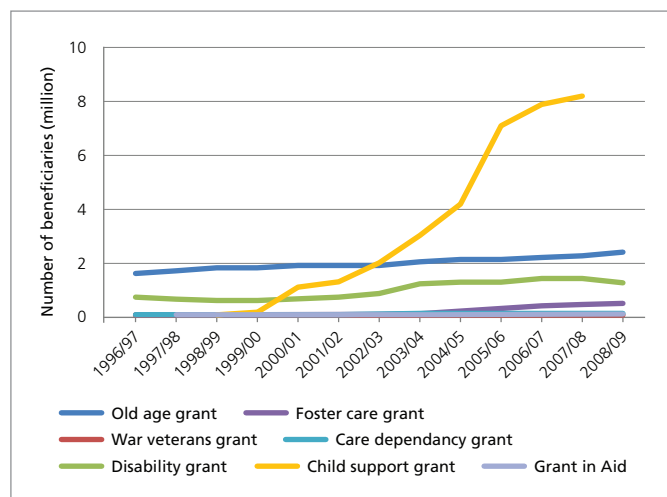
3. What has been achieved

While elements of South Africa's social security system were inherited from the pre-Apartheid regime, since 1994 the state has been very active in reforming and extending provision. Since 2001, there has been a major extension of social grants by the Department of Social Development. Expenditure is set to increase to 3.5% of GDP in 2010/11 (National Treasury, 2010). Financed out of tax revenue, the main social grants are the Old Age Grant (OAG); the Child Support Grant (CSG); the Foster Care Grant (FCD); the Care Dependency Grant (CDG); the Disability Grant (DG); the War Veteran Grant (WVG); and Grant-in-Aid (GIA). The CSG is by far the most important in terms of scale, with 9 million beneficiaries, followed by the OAG, with 2 million.

The scale of grant beneficiaries in South Africa is unprecedented in Africa. Figure 1 shows the coverage of social grants by type from 1996/97 to 2008/09. Prior to 2000, coverage of social grants was low by European standards, and already high for an African country. Since then, success in extending coverage has been notable – overall, the average annual growth rate is 15.9% (SASSA, 2008). In 2009/10, nearly 14 million South Africans (28% of the population) received social grants,⁵ compared with 3.5 million in 2001/02. Coverage of the CSG in particular has experienced a dramatic increase, as eligibility criteria have been extended progressively. More than 9 million grants were transferred to poor households with children in 2009/10, compared with about 350,000 in 1997 (National Treasury, 2010).

Below, we discuss each grant, examining recent coverage increases. Outcomes and notable effects on progress in other sector are also analysed.

Figure 1: Coverage of social grants by type, 1996/97-2008/09



Source: SASSA (2008).

⁵. The number benefiting from grants is much higher. Leibbrandt et al. (2009) note that, in 2006, almost 70% of households in the three bottom quintiles of the distribution reported receiving some income in the form of grants. For the country as a whole (all households), the figure was 55%.

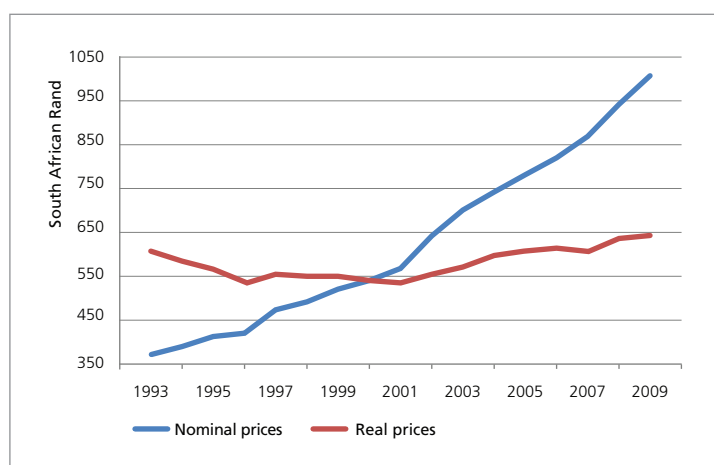
3.1 Old Age Grant

The OAG was introduced in 1928, initially to address poverty among the elderly white population. Pension coverage was extended to the coloured and black population during the late 1930s and early 1940s. The value of the grant was originally differentiated on the basis of race: in 1970, the pension for a white person was over seven times the value of the pension for an African. In 1987, the National Party government (the 'Apartheid' regime) commenced the process of de-racialising pensions. This was complete by 1993. The newly-elected African National Congress (ANC) government, faced with the problem of paying for the equalised pensions, responded by allowing the real value of the grant to decline on and off for about six years (1994-2000) (see Figure 2).

Up to 2007, the OAG was also differentiated by gender in terms of the age of eligibility, set at 60 for women and 65 for men. However, following the amendment of the Social Assistance Act of 2004, the age of eligibility was equalised at 60, an amendment which is currently being phased in. Rising life expectancy and improvements in employment and social conditions may necessitate an upward revision of the grant qualifying age after 2010/11.

In terms of coverage, between 1996/97 and 2008/09 the average annual growth rate was 3.2%, with 2.4 million people receiving the OAG in 2008/09 (SASSA, 2008). This is partly a result of increasing life expectancy in previous decades – life expectancy in South Africa for the population as a whole has fallen dramatically in recent times as a result of the AIDS epidemic. The equalisation of eligibility between men and women has also contributed. In nominal terms, the value of the grant has grown steadily. However, as Figure 2 below shows, the real value has barely increased since 1993, and has even declined at times. In 2009/10, the value of the state OAG was R1,010 per month (about \$130 as of 31 May 2010).

Figure 2: Nominal and real value of pensions, 1993-2009



Source: National Treasury (2001; 2004; 2007; 2010).

The high value of the grant compared with the mean income of the black population explains its significance in reducing poverty. In 2008, when the value of the pension was R960 per month, the mean income of the black (African) population stood at R846 per capita per month. Median income was a mere R454 (The Presidency, 2009).

OAG recipient



Pensions tend to be pooled by the recipient, and pensioners often support large households (see Box 1). Research findings into the impact of grants, especially on labour force participation rates within recipient households, are varied. Research suggests that pensions are likely to encourage the older unemployed to withdraw from the labour force (Lam et al., 2005; Sienaert, 2008). However, it has also been argued that, overall in households receiving the pension, members are more likely to find a job (probably because they have the financial resources to invest in high-risk job searches) and to experience positive health impacts (Samson et al., 2005). Furthermore, pensions have been found to increase school enrolments by 1) assisting with covering school-related costs; and 2) reducing the opportunity cost of having children in school instead of contributing to the household income (Samson, 2001, in Leibbrandt et al., 2006). Data from the General Household Survey (GHS) 2008 showing substantial growth in the proportion of children aged 0-9 attending educational institutions since 2002 support this argument (SSA, 2008a).

Box 1: Maria's story

75-year-old Maria Papela helps to support four generations of her family using her pension. She lives in Durban with her daughter Margaret, who is in her late 40s, her teenage grandson Timothy and three young great-grandchildren, left behind by Margaret's two daughters who both died from AIDS. Maria owns the house they live in and four rooms at the back of the house, which she rents out for extra income. Her pension gives the family a chance of escaping the cycle of poverty that traps many families affected by HIV and AIDS. It means Maria and her family can access food, shelter, education and health care. The future for the younger generation is already looking brighter. Maria's grandson Timothy is a talented violinist. 'Timothy is training with an orchestra at the state theatre,' says Maria with pride in her eye.

Source: HelpAge International (2006).

3.2 Child Support Grant

The CSG was introduced in 1998, replacing the State Maintenance Grant (SMG). In its latter years, the SMG (R430 per month for the parent and R135 for the child in 2006) went mainly to the Coloured (mixed race) group (National Treasury, 2001). With the introduction of the CSG in 1998, the pot of resources available after a phasing-in period had to be shared more widely, with the result that its value was driven down to R100 per month for each eligible child. Apart from its racially exclusive nature, the SMG had also been criticised a year earlier by the Lund Committee (1996) for its discrimination against children not living in 'nuclear' families and those living with single mothers. The CSG was designed to follow the child and be paid to the primary caregiver, irrespective of the nature of the family in which the child was living. Because of the anticipated increase in the number of beneficiaries, the value of the CSG was fixed at a much lower level than that of the SMG.

The age limit for receipt of the CSG was raised progressively. When first introduced in 1998, only children up to the age of 7 were eligible; eligibility has gradually been extended, to include children up to the age of 18 by 2010, with no further extensions anticipated. Initially strict application and evidence rules⁶ meant that many caregivers were prevented from applying for the grant, but the rules were simplified in 1999 to be based on means testing of personal rather than household income (the cut-off level set at 10 times the value of the grant in 2008).⁷ Other onerous documentation and evidence requirements were reduced.

However, documentation requirements still prevent some groups of poor, e.g. those in rural areas, from accessing the grant, and children living with widowed fathers remain significantly underrepresented among recipients. Although reasonably well-targeted, Type I and Type II errors (eligible children not receiving the grant; ineligible children receiving it) could be quite significant. In a simulation exercise, Leibbrandt et al. (2009) estimate that about 2.9 million eligible children were not receiving the grant in 2008. The authors also suggest there may have been as many as 2.6 million children receiving the grant who were not eligible for it.

Following many years as an unconditional grant, conditions have now been attached to the receipt of the CSG. Imposed from January 2010, these require caregivers to ensure that eligible children are enrolled in and attending school. For this reason, from 2010 rates of school enrolment and attendance may increase⁸ but, if enforced, this may adversely affect grant coverage, through the exclusion of families that are not able to send their children to school (Lund et al., 2008).

In December 2009, the number of children receiving the CSG was 9.1 million, a figure that is expected to increase to 11.5 million in March 2013 (National Treasury, 2010), largely because of the extension of the age of eligibility to 18. As shown in Figure 1, CSG coverage has experienced a dramatic increase, from 22,000 in 1998/99 to close to 8 million in 2008/09. Up to 2008/09, the average annual growth rate was 7.5% (ibid). The current (2009/10) value of the grant is R240 (\$32).

Recent research findings suggest that the CSG has a significant positive impact on the likelihood of black female recipients participating in the labour market, and an even larger effect on the probability of their obtaining employment (Eyal and Woolard, 2011).

3.3 The Foster Care and Care Dependency Grants

Children are considered one of the most vulnerable groups in society, and the South Africa government has widened social assistance grants for them, through not only the CSG but also the FCG and the CDG. The FCG was introduced to provide for children deemed in need of care by the courts – those removed from families and placed in foster care. It has also been used to provide support for children orphaned by HIV/AIDS; it is orphans who have lost both parents who are the most likely to be receiving the grant, providing that children remain in the care of foster parents (Leibbrandt et al., 2009). From 1996/97 to 2008/09, the annual average growth rate of grant receipt was 23.9% and in 2008/09 the total number of grant beneficiaries was 470,000 (SASSA, 2008). In April 2010 it was estimated at 570,000 (National Treasury, 2010). In 2009/10, the value of the FCG was R680 (\$87) per month.

The CDG supports carers of disabled children up to the age of 18 by replacing lost earnings. Paid to a parent, primary caregiver or foster parent, it helps carers to take care of any child with a severe disability who requires full time or specialist care. From 1996/97 to 2008/09, the average annual growth rate of grant receipt was 6.1%; the total number of grant beneficiaries was 107,000 in 2008/09 (SASSA, 2008). In 2009/10, the value of the CDG was R1,010 (\$130) per month.

⁶ Alongside passing a means test based on household income, applicants were also required to produce documentation and evidence that they had attempted to secure funds from alternative sources.

⁷ Confusingly, there were two income levels set – one for those in urban areas and one for those in rural areas and informal settlements. The test in urban areas was more onerous.

⁸ It is not clear if conditionalities (as distinct from the transfer itself) result in improved education or health outcomes.

3.4 Disability Grant

Disability grants, open to those with either physical or mental disabilities who are not in receipt of any other grant, can be either permanent (supporting those unfit for work for a period of 12 months or longer) or temporary (supporting those unfit for work for no less than 6 month, but no more than 12 months). In July 2001, there were about 634 000 disability grant recipients (National Treasury, 2001). By 2006/7 the number receiving the grant had climbed to 1,400,000 (SASSA 2008). By 2008/9 this had dropped to about 1.3 million, a fall that is probably explained by government restricting access and increasing requirements for this grant.⁹ In 2009/10 the value of the disability grant was R1010 (US\$ 130) per month.

3.5 The War Veterans Grant and Grant-in-Aid

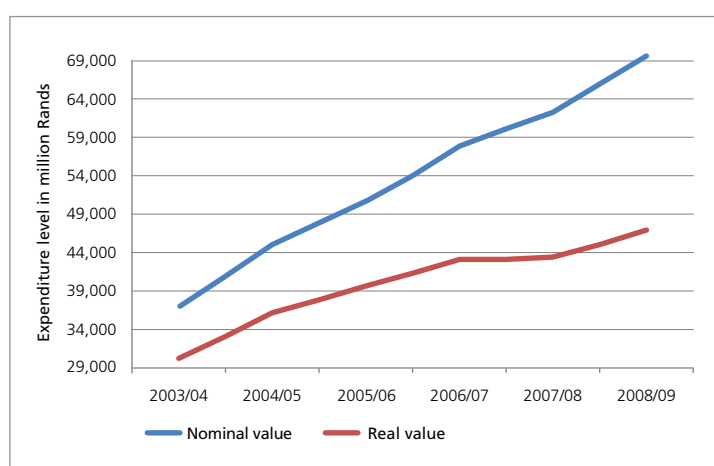
Other, significantly smaller, social grants include the WVG, intended originally to support those who fought in World Wars I and II, the Zulu uprising and the Korean War. Applicants must not be in receipt of any other social grant or being cared for in a state institution. The average annual growth rate of grant receipt between 1997/98 and 2008/09 was -16.40%. The numbers involved are very small, however – there were only 1,500 grant recipients in 2008/09 (SASSA, 2008). The drop in coverage can be explained by the reduction in the number of eligible beneficiaries. In 2009/10, the value of the WVG was R1,030 per month (\$232).

GIA is intended to support persons already in receipt of another social grant who require full-time care by another person as a result of physical and/or mental disability. The grant pays for full-time care, and in 2009/10 the value was R240 (\$31) per month. In 2008/09, the total number of beneficiaries receiving GIA was 46,000 (SASSA, 2008).

3.6 Increases in grant expenditure

South Africa spends an exceptionally high percentage of GDP on social grants. Expenditure not only is higher than the average sub-Saharan country, but also exceeds social assistance expenditures as a percentage of GDP for many European countries (Seekings, 2002). Figure 3 charts total social grant expenditure between 2003/04 and 2008/09, comparing it with the base year 2003/04. Two sets of results are presented, expenditure in current price terms and expenditure in constant price terms, obtained using the Consumer Price Index (CPI) as deflator.

Figure 3: Total expenditure on social assistance grants, 2003/04-2008/09



Note: Real value in 2000 prices.

Source: Data extracted from SASSA (2008).

⁹ Nattrass (2006) refers to government attempts as early as 2006 to stem the increase in the number of disability grant recipients. She attributes the rapid increase to the AIDS pandemic and the absence of social protection against unemployment.

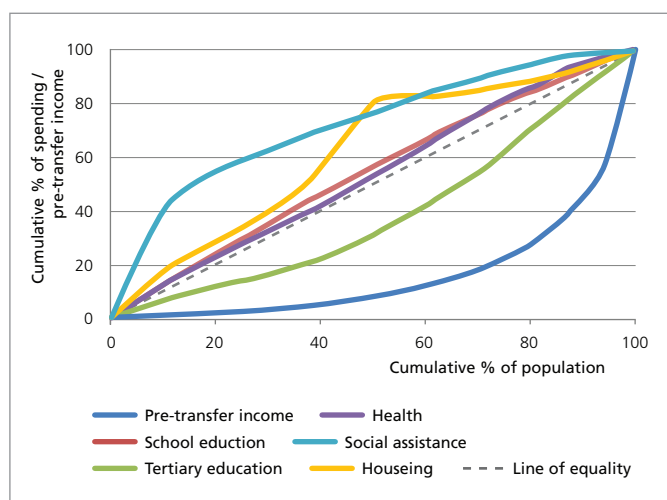
In 2008/09, the South African Social Security Agency (SASSA) spent a total of 3.2% of GDP (R69,400 million) on social grant payments (National Treasury, 2010). This is significantly higher than the average spending on safety nets by developing and transition countries of 1.4% of GDP (World Bank, 2009). As Figure 3 shows, there is also a rising trend in real terms. The increase in spending on social grants is a result of a range of factors: equalising the age eligibility of the OAG; increases in the number of beneficiaries owing to improved outreach; and, in recent times, increasing grant values in real (constant price) terms.

The South African state has been able to steadily increase its expenditure on social assistance as a result of stable macroeconomic conditions and a successful and efficient tax system. Stable and high tax returns are a positive prerequisite for grant sustainability.

3.7 The impact of social grants

Provision of social grants has played an important role in limiting the growth of poverty, reducing depth of poverty among the poorest and stemming increases in inequality in South Africa. If well-targeted, social grants can be extremely pro-poor (Samson et al., 2005). Figure 4 shows the amounts of different expenditures that go to different shares of the population in South Africa, ranked from the poorest 10% to the richest 90%. The dashed line shows equal amounts going to rich and poor people; anything to the left is pro-poor, meaning more goes to the poor. Compared with alternative interventions to assist the poor (education provision, housing, health care), social assistance (social grants) is the most pro-poor and benefits the poorest population the most.

Figure 4: Estimated incidence of social security spending, 2001-2006



Source: National Treasury, in Samson et al. (2005).

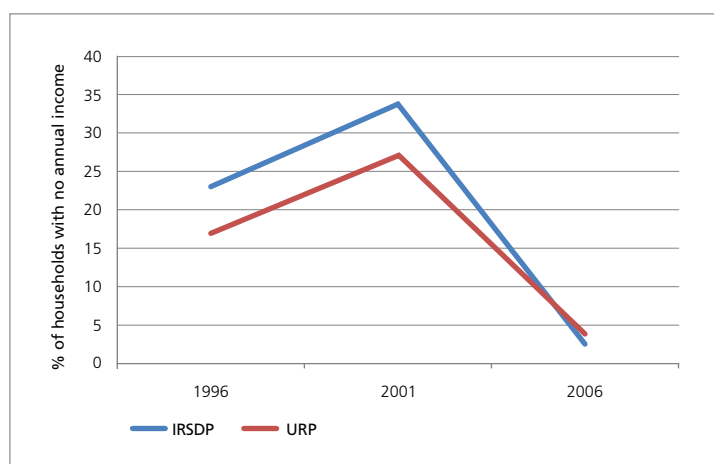
Social grants also play a critical role in South Africa in terms of their impact on reducing income poverty and inequality. In 2008, 54% of the population lived below the poverty line when including grant income, whereas 60% of the population would have lived below the poverty line if they had not received social assistance grants (Leibbrandt et al., 2009).¹⁰ Grants have also had a significant impact on depth of poverty, as measured by the poverty gap ratio (ibid). The OAG in particular has played an important role in reducing poverty, given the high value of the grant compared with the mean income of the black population (see Section 3.1).

Furthermore, the expansion of the social grant system is seen as responsible for the decline in the number of households reporting no household income (Bhorat, 2007; Everatt et al., 2006). Figure 5 charts census data showing incidence of households reporting no income in 1996, 2001 and 2006 (Everett et al., 2006).¹¹

¹⁰ The results cited are obtained using the lower of Leibbrandt et al. (2009)'s two poverty lines.

¹¹ In 2006, Everett et al. conducted a baseline survey for the Department of Social Development of the 13 nodes in the Integrated Sustainable Rural Development Programme (ISRDP) and the 8 nodes in the Urban Renewal Programme (URP). These programmes were established in 2001 and represent areas in South Africa where poverty is most prevalent.

Figure 5: Incidence of no annual household income, 1996, 2001 and 2006



Source: Data extracted from Census 1996, 2001 and 2006, in Everett et al. (2006).

Between 2001 and 2006, there was a significant drop in the incidence of households reporting no annual income. This is a result in part of the successful identification of social grant income in these households. In many rural areas, social grants are the main sources of income; this is less true in urban households, where a higher proportion of income comes from formal/salaried work.

We have also seen that social grants have a range of positive outcomes on non-monetary aspects of poverty, such as health of household members, school attendance of children and access to job opportunities (see Section 3.1 in particular).

4. Drivers of progress

The social grant system was extended from the basic pre-Apartheid system in response to changes in the political reality. The ANC, in power since the fall of Apartheid in 1994, has a strong manifesto commitment to reducing poverty; as such, poverty and racial inequalities led to the incorporation in South Africa's new Constitution of a universal right and permanent commitment to social protection.¹² As has so often been the case elsewhere, however, South Africa has not been able to find an effective means of providing satisfactory social protection for the able-bodied working-age poor, most but not all of whom are unemployed.

South Africa is particularly unusual in the sub-Saharan Africa context, as the entire social protection system was developed domestically without significant donor input in terms of policy or additional financial resources. We now discuss each of the key factors involved in turn, and assess their contribution to progress in increasing grant coverage.

4.1 Leadership and national ownership

South Africa has had strong stable leadership since the fall of Apartheid in 1994. The ANC has been re-elected three times since 1994, each time with a significant majority. The ANC identifies itself as the party of the poor, addressing their needs in its manifesto. Its 1994 election manifesto promised basic welfare rights (Seekings, 2002), and the party has continued campaigning on a social protection platform, with the 2004 election manifesto entitled 'A People's Contract to Create Work and Fight Poverty.' More specifically the party declares the following: 'At the heart of our challenges are two linked concerns – we must create work and roll back poverty. These two core objectives are the major focus of our programmes for the Second Decade of Freedom' (Mbeki, 2004).

In 2004, the government set itself the target of halving poverty and unemployment by 2014, a target which was informed in part by the symbolism of 2014 (20 years since the end of Apartheid) as well as by the Millennium Development Goals (MDG).

The ANC's policy commitment to fighting poverty reflects the view articulated in the Department of Welfare's White Paper (1997), which argued that the focus of social protection should be on moving people out of poverty and empowering them, and not just using social protection for prevention, social compensation and income redistribution (Triegaardt, 2005). The ANC needs to be seen to fight poverty – establishing and extending a range of social grants is an effective and visible way of doing so. So too is providing a range of assets and services, such as education and health services (free for the poor), housing subsidies, free basic electricity and water and sanitation, all loosely referred to as the 'social wage.'

Strong, stable leadership, and the same party having been in power for more than 15 years, also means it has been possible for the ANC government to consistently and gradually roll out social grants. In comparison with some other initiatives in the region, social protection in South Africa is nationally rather than externally (donor) driven (McCord and Slater, 2009), and therefore is politically and fiscally sustainable in a way that provision in other countries in the region is not.

In the absence of a strong mass civil society-based lobby for the extension of social grants, a small number of civil society institutions (such as the Institute for Democracy in Africa (IDASA), the Community Agency for Social Enquiry (CASE) and the Children's Institute at the University of Cape Town), together with influential academics, have played a key role in driving the extension of the ANC's social protection initiatives. The most prominent lobby in the country is for children. Much research was carried out on child poverty (in particular at the Children's Institute), which led to a strong push for legislative change. Every year, the Children's Institute publishes the Child Gauge which reports on and monitors children's access to social assistance and realisation of a child's rights, among other data. Various other initiatives, such as the South Africa's People's Budget Campaign, have played a role in holding the government accountable to its promises.

¹² While it is appropriate to celebrate the progressive nature of the Bill of Rights in South Africa's Constitution, it is also necessary to note the limitations placed on the constitutional obligation to provide social security to all who require it by the 'available resources' and 'progressive realisation' clause (s27(3)).

¹³ This civil society organisation comprising trade unions, churches and NGOs analyses and monitors South African government budgets from a pro-poor perspective and proposes an alternative budget, the People's Budget.

4.2 Governance and the Constitution

The ANC's decisions and civil society initiatives resulted in legislative and institutional changes that put social protection, more specifically the right to adequate shelter, food, education, social security, etc., at the heart of South Africa's Constitution. Act No. 108 of 1996, as amended, declares that everyone has the right to have access to social security. This includes appropriate social assistance if they are unable to support themselves and their dependants, and obliges the state to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights (SASSA, 2008). The two conditions within this have meant that access to the right to social protection is not quite as assured as it might initially seem.

For example, in 2000 a case was taken to the South African Constitutional Court in relation to the state's constitutional obligation to provide social protection. The Constitution requires the state to provide social protection, but the *Grootboom* case confirmed that, while the state does have this responsibility, it cannot be pushed by appeals to the Constitutional Court into meeting demands for social protection which, in its judgement, it lacks the resources to address (Meth, 2008b).¹⁴

Nevertheless, the fact that social protection is written into the Constitution is a key factor explaining the extension of social grants in South Africa and assuring their continuity into the future. As social protection is rights-based, every government must deliver it – it is not dependent on any particular political party being in power.

The South African government not only based its social grants system on legislative change, but also set up a series of independent inquiries to undertake reviews of the social protection system and provide recommendations. As part of this, the Lund Committee was established in 1996 to investigate future affordability of the SMG and explore alternative options. This committee was central to the eventual development of the CSG (Triegaardt, 2005).

In 2001, the government set up an independent Committee of Inquiry (referred to as the Taylor Committee after its head) to investigate prospects for the development of a 'Comprehensive System of Social Security for South Africa.' The Taylor Committee developed a comprehensive social protection strategy, parts of which the government adopted. The committee's emphasis was on the provision of a basic means for all people to effectively participate and advance in social and economic life. One recommendation that was not accepted was that for a universal Basic Income Grant (BIG) to address the needs of the working-age poor, given concerns over potential dependency and high costs.

4.3 Development of appropriate institutions

Historically, uptake of grants was constrained by the complexity of the application process and onerous documentation requirements. This meant that many of those eligible for grants were not receiving them. Uptake was also complicated by the fact that the Department of Social Development, responsible for administration of the grants, had inadequate capacity. In recognition of these constraints, the government endeavoured to simplify the grant administration process by establishing SASSA, an agency that is responsible for administering social grants. The Department of Social Development retained responsibility for policy development.

SASSA has a legislative mandate that is based on the Constitution, and has been responsible for administering social security grants since 2006. Being an agency rather than a government department means it has a number of discretionary powers, such as that of being able to set salaries outside of government-determined limits. This gives it greater flexibility in addressing the problem of acute skill shortages that so bedevils government departments. SASSA has also introduced a range of accountability measures, including internal audit processes, regional audit steering committees and a fraud prevention strategy, all of which have enjoyed considerable success, having led to thousands of successful prosecutions and to the repayment of grants claimed fraudulently (SASSA, 2008). Meanwhile, although the existence of a rights-based system should reduce opportunities for discretionary access to grants and promote accountability, problems such as arbitrary decision making continue within SASSA (Lund et al., 2008).

The Department of Home Affairs, currently responsible for providing documentation, is considered a major limiting factor in the further extension of grant uptake. Recognising this constraint, SASSA is developing plans to provide a 'one-stop shop' for benefit claimants, with links to the Departments of Health, Home Affairs, etc. Once in place, applicants will have to see only one official, resulting in major efficiency gains for both the state and the applicant. This system is not yet fully operational: a lack of institutional integration is currently still making the process of claiming benefits a major hurdle for poor people without documentation.

¹⁴. Probably the best example of 'progressive realisation' is the gradual raising of the age limit of eligibility for the CSG.

Problems with obtaining documentation in rural areas remain a factor in differential rates of uptake in rural and urban areas. SASSA has responded with the Integrated Community Registration Outreach Programme (ICROP) to improve access for those in distant areas. As part of this, SASSA sends mobile units in the form of customised trucks with information and communication technology infrastructure on board to process grant applications. These are one-stop mobile SASSA offices, which also provide applicants with identification documents (SASSA, 2010). By 2008, a total of 500 ICROPs have been implemented, resulting in an estimated 134,000 additional beneficiaries (SASSA, 2008).

Beneficiaries waiting for mobile service point in McBride, Eastern Cape



Source: www.cop-mfdr-africa.org/page/sb-live-mfdr-within-the (accessed 2009).

4.4 Degree of inequality and poverty

Poverty and inequality in South African remain high. They are indirect drivers of increasing social protection coverage for two reasons: 1) they make it necessary to introduce social protection policies; and 2) social protection policies result from a desire for political and social stability. Like political parties in power everywhere, the ANC wants to remain in power. A necessary, but not sufficient, condition for the achievement of this end is the creation and maintenance of political and social stability, which is desirable in and of itself. The use of social grants in the struggle against poverty and inequality can make a decisive contribution to the goal of social and political stability.

Despite the extensive social protection system, South Africa is still one of the most unequal countries in the world: the pre-tax and benefit Gini coefficient increased from 0.66 to 0.70 between 1993 and 2008 (Leibbrandt et al., 2009). While interracial inequality has decreased, within-racial group inequality has increased sharply for all groups, and is highest for the black population (Seekings and Nattrass, 2005). Part of this trend owes to the development of a growing African middle class and elite, which had been stifled during the Apartheid period.

In aggregate terms, the rate of poverty in South Africa has declined only marginally since 1993. Using a conservative poverty line (the R545 line in Leibbrandt et al., 2009, about \$2.40 per person per day), 54% of the population lived in poverty in 2008, down only 2% from 1993. Income poverty has stayed high for the most disadvantaged black and coloured groups. While poverty is still much higher in rural areas, mass migration to towns has resulted in the increasing urbanisation of poverty. The absolute number of poor has risen over the past 15 years, a phenomenon that is linked closely to unemployment. The official unemployment rate increased from 14% in 1993 (Leibbrandt et al., 2009) to a peak of 31% in March 2003 (SSA, 2005). Currently, it stands at about 25% (SSA, 2010), although these official figures exclude those who are no longer actively engaged in job search, and as such are likely to understate the true extent of unemployment. Unemployment is highest among the black population, affecting women and those in rural areas disproportionately.

Globally, social protection is seen as a powerful tool to reduce poverty (Barrientos, 2010). Apart from its direct monetary role in reducing poverty, it also has symbolic value: social transfers are seen as vital to political and social stability. As we have seen, headcount poverty would have been significantly higher in the absence of social grants, as would the depth of poverty, although the inequality picture is less clear (Leibbrandt et al., 2009).

However, social grants have not been sufficient to address poverty and inequality fully, or to ensure social stability. Dissatisfaction with the package of social protection measures supplied by the government, continuing inequality, poor service delivery and the exclusion of certain groups are having a destabilising effect on the country. Delays in service deliveries, in particular housing, frustration at the lack of change and exclusion of the working-age poor from social protection provision have led to an increase in civil action and social unrest, with a significant increase in the incidence of violent protests in recent years (Brooks, 2009; Duncan, 2010). Not only is government's spotty record in service delivery the cause of repeated protest, but also the question of how to value government services has given rise to great controversy (see, for example, Meth, 2008a).

5. Conclusions

5.1 Key lessons

The ANC has managed to increase coverage of social grants significantly since coming to power in South Africa in 1994, particularly through the extension of the CSG and the OAG. The four key factors that have driven this process are: 1) strong and consistent leadership since the first democratic elections in 1994; 2) a national commitment to social grants and the social security system; 3) changes in the Constitution and the building of new institutions; and 4) the extent of inequality of income and poverty – which can also be seen as a driver of the former factors. The fact that the social security system has been developed and managed nationally, without reliance on external policy advice, plus the fact that grants are financed out of domestic tax revenue, means the South African system is likely to be sustainable in the long term, as the country and government are not relying on external aid to finance these initiatives. South Africa still faces challenges in addressing poverty and inequality (coverage is not complete, and there are too many receiving grants who do not qualify for them), but in general, the country has been very successful in the rollout of social grants.

Lessons for other countries are as follows:

- Social grants have been effective in reducing depth of poverty and vulnerability of beneficiary households. However, they have not been able to counterbalance the forces causing inequality to increase. Headcount poverty and inequality are increasing, as **there are larger macroeconomic forces that the grants system cannot address.**
- Social grants are affordable with **an adequate tax base and an efficient tax-gathering system.** **Budgetary prioritisation** of interventions to reduce poverty is of high importance: governments have to choose in the context of limited budgets among competing policies, many of which have an impact on poverty and inequality, directly or indirectly.
- **Policy coherence** is key. Social grants complement other forms of social assistance (including education, health and other service provision) and have different target audiences.
- A **strong, stable institutional structure** is required for social assistance. Enshrining the right to social assistance in the Constitution and creating strong new institutions meant social grants in South Africa were not subject to shifting government preferences.
- **Provision of social grants is not sufficient to ensure social and political stability.** Delays in service delivery, in particular in housing, frustration at the lack of change and exclusion of the working-age poor from grant provision have led to an increase in civil action and social unrest in South Africa in recent years.

5.2 Challenges

The small reported decline in the poverty headcount rate from 0.56 to 0.54 between 1993 and 2008 (Leibbrandt et al., 2009) translates (via population growth) into poverty headcounts of 22.5 million and 26.3 million, respectively, an increase over the period of about 3.8 million. There is little doubt that the increase in the number of social grant recipients had the effect of reducing the number of people living in absolute poverty below what it would have been without social grants. In the absence of grants, it has been estimated that an additional 3 million people would have been living in poverty in 2008. So, although grants have prevented conditions from becoming much worse than they might otherwise have been, the small size of the grant with the greatest coverage, the CSG, ensures that the poverty-reducing capacity of the grants system is limited. The challenge facing the country, though not as large as it might have been had the policy of increasing social grant coverage not been implemented, remains one of growing numbers of poor people.

There is thus still a significant structural problem of poverty (caused mainly by unemployment) in South Africa. The working-age poor are currently excluded from grant coverage: short-term public works programmes are providing the only safety net for this group. Although the Expanded Public Works Programme (EPWP) is intended to create millions of 'work opportunities' between 2009 and 2014, its impact on mass unemployment is currently limited (McCord and Meth, 2009; Meth, 2011).

More specific challenges facing South Africa concerning social grants are as follows:

- SASSA needs to continue with its **outreach work to increase coverage** among rural and undocumented households.
- In many instances, grants are shared among household members and pooled for the common benefit, rather than being used exclusively for the benefit of the nominal beneficiary. This dilutes the impact of the grant on the intended recipient.
- It is almost certain that the goal of halving poverty and unemployment by 2014 will not be met (Meth, 2010). This raises a question as to what social protection measures could be deployed to provide income support for those who currently need it but are excluded from the social grant system.

Ultimately, as in most developing countries, only economic growth can eradicate poverty. As has been demonstrated many times, however, the time taken to do so may be long; in the meantime, all appropriate measures that can be undertaken to improve the well-being of the poor should be implemented. The problem in South Africa, as elsewhere, is that there is strong disagreement about what constitutes appropriate measures. One feasible policy, a citizen's grant or Basic Income Grant (BIG), was recommended by the Taylor Committee, but government rejected this proposal. South Africa's poverty and unemployment halving goals are at once too ambitious (the state lacks the policy instruments and the capacity to achieve them), and too unambitious, in the sense that, even if they were achieved, there would still be millions beyond their reach. The emphasis now, as in many other countries, is mainly on job creation. However, the likelihood that such a drive will make a significant dent in poverty, especially in chronic or extreme poverty, is slender.

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