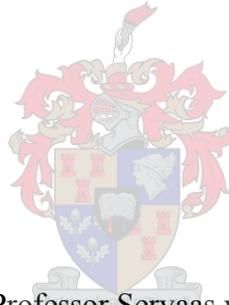


# **CHILD POVERTY IN SOUTH AFRICA AND THE PERFORMANCE OF THE CHILD SUPPORT GRANT PROGRAMME**

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Dissertation presented for the degree of Doctor of Philosophy  
(Public Management and Development Planning) at Stellenbosch University



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March 2011

## DECLARATION

By submitting this dissertation electronically, I declare that the entirety of the work contained therein is my own original work, that I am the authorship owner thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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## ABSTRACT

One of the cruelest legacies of the apartheid era in South Africa was that it created a situation in which a very large proportion of children in the African and Coloured populations live in households affected by severe poverty. The first aim of this dissertation is to make a contribution to knowledge about the South African child poverty profile and its sensitivity to the adult equivalence scale used in measurement. This contribution is based on the Income & Expenditure Survey 2005. In April 1998, following the recommendations of the Lund Committee, the Child Support Grant (CSG) cash transfer programme was introduced. This programme initially paid a benefit of R100 a month to primary caregivers who passed a means test to help them care for children age 0-6. Currently it offers R250 to primary caregivers of children age 0-15 who pass a means test. The second aim of this dissertation is to synthesize the main findings and knowledge gaps of the performance of the CSG based on an analysis of the existing research on the programme. The questions used to structure the CSG analysis are derived from an application of the Rossi *et al.* (2004) systematic approach for tailoring a social programme evaluation and cover the logic of the programme's impact theory, implementation impact and design.

Chapter one considers conceptual and methodological issues in child poverty measurement, thereby providing methodological foundations for the analysis. Chapter two reviews the existing research on child poverty in South Africa and identifies knowledge gaps that the Income and Expenditure Survey of 2005 analysis contributes towards filling. Chapter three presents the findings on the sensitivity of the child poverty profile to changes in the adult equivalence scale as well as on the dimensions of the South African child poverty profile. Chapter four describes the Rossi *et al.* (2004) method for tailoring a social programme evaluation and applies it, thereby laying the foundations for the CSG programme analysis, presented in chapter five. The conclusion explains how the child poverty analysis in the first half of the dissertation relates to the CSG analysis in the second and draws implications of the dissertation's main findings for future research.

Setting the poverty line at the 40<sup>th</sup> percentile of households calculated with different AESs, the scope and composition of child poverty are found to be relatively insensitive to the scale used. This supports the argument that it may be appropriate in South Africa to use a poverty line based on a per capita welfare measure. For the construction of the poverty profile per capita income is used as the welfare indicator, with the poverty line set at the 40<sup>th</sup> percentile of household. The profile finds that poverty remains more extensive amongst children than adults even after the massive injection of cash via the CSG into poor households with children. Large variations across provinces remain. The child poverty headcount and depth and severity measures are all found to be higher amongst children age 0-4 than children age 15-17, despite the prioritization of very young children in the roll out of the CSG programme. The finding that children age 0-4 are still most in need questions the logic behind the government's recent decision to expand coverage of the grant to children age 15-17 instead of allocating additional funds to support this group.

The CSG programme impact theory is found to be reasonable. A substantial amount of research on the programme's implementation is identified, which shows the massive expansion in its coverage since 2000 and that, in general, it has been well implemented. Delay in reaching very young eligible children, under-representation of children with non-biological caregivers and failure to reach some of the very poorest children who live in remote areas emerge as weaknesses in programme implementation. Barriers to access are identified. The difficulty of distilling the effects of the CSG programme on child poverty and its associated deprivations in the absence of a randomized community trial is explained, as is the need to use direct rather than indirect monetary indicators to isolate the impacts of the CSG on child poverty. A small yet convincing evidence base on the impacts of the programme is identified; this shows that it has been achieving its ultimate objectives of reducing child deprivation and promoting human capital development. It is argued that the existing research and current budgetary context suggests that: the income means test should not be eliminated; the CSG benefit value should not be raised substantially; school related conditions should not have been linked to receipt of the CSG

benefit; and, even in the case of children age 16 and above, the grant should be paid to children via the primary caregiver.

The research priorities implied by this dissertation are organized into three separate yet interrelated areas of research. The first is further research on the dimensions of multi-dimensional child poverty in South Africa. Here the spotlight needs to be on: understanding more about which children are deprived and in what sense; similarities and differences between the composition of poverty based on indirect monetary measures and other more direct measures of deprivation; the circumstances which ensure that children age 0-4 are still most in need (at least in the resource deprivation sense). The second area is research on the implementation of the CSG programme, in which case the findings from the existing research on the weaknesses in programme implementation and concerns about targeting outcomes need to guide the research. The third area of research identified as requiring further attention is that of the CSG's impacts on child deprivation (wellbeing). Here the focus needs to be on establishing which children are benefiting most and least from the grant and why. Towards this end quantitative researchers need to follow the lead of other researchers and use direct indicators of child outcomes. Qualitative research on who controls the resources that flow into the household, as well as how resources are allocated inside the household, can make an important contribution to answering these questions. The CSG's potential to generate behavioral effects which could alter household structure and/or income earned from wages is something that is also identified as important for researchers to explore.

## OPSOMMING

Een van die wreedste erfenisse van Suid-Afrika se apartheid-era was dat dit 'n toestand geskep het waarin die grootse gros van swart en kleurling kinders in huishoudings geleef het wat deur armoede geraak is. Die eerste doel van hierdie proefskrif is om 'n bydrae te lewer tot kennis omtrent die Suid-Afrikaanse kinderarmoedeprofiel en hoe sensitief dit is vir die volwassene-ekwivalentskaal waarmee dit gemeet word. Die empiriese bydrae oor die kinderarmoedeprofiel en sy sensitiwiteit vir die VES is gebaseer op die Inkomste- en Bestedingstudie van 2005. Na die aanbevelings van die Lund-komitee is die Kinderbystandstoelae (KBT), 'n program van kontantoordragte, in April 1998 bekendgestel. Die program het aanvanklik 'n voordeel van R100 per maand aan primêre versorgers betaal wat aan 'n middeletoets voldoen het om hulle te help om kinders van 0 tot 6 jaar oud te versorg. Tans word R250 aangebied aan primêre versorgers van kinders van 0 tot 16 jaar wat aan die middeletoets voldoen. Die tweede doel van hierdie proefskrif is om vas te stel wat die belangrikste vrae is wat tans gevra behoort te word omtrent die KBT se vertoning, gegrond op 'n analise van die bestaande navorsing oor hierdie program, om die bevindings en kennisleemtes hieroor saam te vat.

Hoofstuk 1 beskou konsepsuele en metodologiese kwessies rakende die metings van kinderarmoede, wat die metodologiese grondslag vir hierdie analise bied. Hoofstuk 2 gee 'n oorsig van die bestaande navorsing oor kinderarmoede in Suid-Afrika en identifiseer sodoende die kennisleemtes, wat die analise van die IBS help vul. Hoofstuk 3 bied bevindinge oor die ontleding van die sensitiwiteit van die kinderarmoedeprofiel vir die volwasse-ekwivalentskaal wat gebruik word en dateer hierdie profiel op met gebruik van die Inkomste- en Bestedingstudie van 2006. Hoofstuk 4 beskryf Rossi et al. (2004) se metode oor hoe om 'n maatskaplike program te beoordeel en pas dit toe om belangrike vrae te identifiseer wat oor die KBT gevra behoort te word. Hoofstuk 5 bied antwoorde op hierdie vrae rakende die KBT sowel as bevindinge en kennisleemtes uit die literatuur rakende die KBT-program.

Deur die armoedelyn op die 40e persentiel van huishoudings soos met verskillende VES'e bereken te stel, word gevind dat die omvang en samestelling van kinderarmoede

redelik onsensitief is vir die skaal wat gebruik word. Dit ondersteun die argument dat dit toepaslik mag wees om 'n per capita armoedelykheid vir berekening van Suid-Afrikaanse armoedeprofiel te gebruik. Dus word die armoedelykheid op die 40e persentiel van per capita inkomste gestel vir die konstruksie van die armoedeprofiel. Hierdie profiel toon dat armoede onder kinders meer algemeen is as onder volwassenes, selfs ná die massiewe inspuiting van kontant in arm huishoudings met kinderlede deur die KBT. Daar bly groot verskille tussen provinsies. Vir kinders 0 tot 4 is die koppelings, diepte en intensiteit van kinderarmoede alles hoër as vir ouer kinders tot in die groep 15–17. Dit ondersteun die regering se huidige beleid om voorkeur te verleen aan jonger kinders in die stryd teen armoede.

Die teorie agter die KBT program se impak word as redelik beoordeel. 'n Beduidende hoeveelheid navorsing bestaan oor die KBT se implementering. Dit toon die massiewe uitbreiding van die program sedert 2000 en dat die program in die algemeen goed geïmplementeer is. Swakpunte in implementering wat uitgewys word is die sloering om baie jong kwalifiserende kinders te bereik en onderverteenwoordiging van kinders waarvan die versorgers nie biologies verwant is aan die kinders nie. Daar word aangevoer dat die beperkte navorsing oor die KBT-program se impak daarop dui dat dit sy uiteindelige doelstelling bereik om kinderontbering te verminder en menslike kapitaal te bevorder. Die analise van die KBT-program lei tot die slotsom dat die inkomstemiddeletoets nie uitgeskakel moet word nie, dat skoolplig-voorwaardes nie vir die program moes ingestel geword het nie, dat die voordeelvlakke van die program nie tans beduidend verhoog moet word nie en dat die toelae ook in die geval van ouer kinders (16 jaar en meer) wel steeds aan die primêre versorger uitbetaal behoort te word. Een duidelike kennisleemte oor die KBT-program is hoe dit gedrag beïnvloed, in die vorm van arbeidsmigrasie, arbeidsaanbod en fertiliteit, sowel as gesinstruktuur en reëlins rondom die versorging van kinders. 'n Verdere kennisleemte is hoe die program op die vlak van beleid en implementering met ander ondersteuningsmaatsreëls vir kinders geïntegreer is. Die analise wys op die behoefte daaraan om beleidsopsies te verken wat sal help dat kinders wie se versorgers nie biologiese verwante is nie netsoveel sal baat van die inkomste wat weens die KBT in arm huishoudings invloei as ander kinders.

Navorsingsprioriteite wat uit hierdie proefskrif se bevindinge spruit kan in drie onafhanklike maar gekoppelde navorsingsgebiede gegroep word. Die eerste is verdere navorsing oor die dimensies van multi-dimensionele kinderarmoede in Suid-Afrika. Hier behoort die soeklig te val op: 'n beter begrip van watter kinders ontbeer en in watter sin; ooreenkomste en verskille tussen die samestelling van armoede gebaseer op indirekte monetêre maatstawwe en ander meer direkte maatstawwe van ontbering; en wat veroorsaak dat kinders in die ouderdomsgroep 0-4 se behoefte steeds die grootste is (ten minste in die hulpbron-ontbering sin van die woord). Die tweede gebied is navorsing oor die implementering van die KBT-program, waar bevindinge oor swakhede in program-implementering uit bestaande navorsing en besorgdheid oor die uitkomst van tekening navorsing behoort te rig. Die derde navorsingsgebied wat verdere aandag verg is die KBT se impak op kinderontering en -welsyn. Hier behoort die klem daarop te val om vas te stel watter kinders die meeste voordeel trek uit die toelae en hoekom dit die geval is. In hierdie verband word geargumenteer dat kwantitatiewe navorsers ander navorsers se voorbeeld behoort te volg en direkte maatstawwe van kinderuitkomst behoort te gebruik. Kwalitatiewe navorsing oor wie bronne beheer wat die huishouding binnevloei en hoe dit binne die huishouding toegedeel word, kan veel tot die beantwoording van hierdie vrae bydra. Nog iets wat uitgewys word as 'n belangrike gebied wat navorsers verder moet ontgin is die KBT se potensiële effek op gedrag wat huishoudingstruktuur en/of looninkomste beïnvloed.

## **ACKNOWLEDGEMENTS**

From Stellenbosch University, I would like to thank my two promoters, Professors Servaas van der Berg and Professors Johan Burger for the roles they played in this dissertation. I would like to say a special thank you to Professor Van der Berg for his excellent support without which this dissertation would not have been completed. Thank you also to Derek Yu for assisting me with the child poverty measurement based on the IES2005.

Thank you to Professors Andrew Dawes and Linda Richter for encouragement and guidance during the initial stages of the research. Thank you also to all the individuals who gave their time to provide me with information that I needed for the analysis.

Finally I would like to say thank you to my husband and two sons who shared in the development of this dissertation in many ways.

This dissertation is dedicated to my mother as well as to my father who died just before its completion.

## ACCRONYMS AND ABBREVIATIONS

ACCESS	Alliance for Children's Entitlement to Social Security
ACRWC	African Charter on the Rights and Welfare of the Child
AES	Adult Equivalence Scale
AFREC	Applied Fiscal Research Centre
ANC	African National Congress
AMPS	All Media Products Survey
ART	Antiretroviral Therapy
BIG	Basic Income Grant
BOR	Bill of Rights
CALS	Center for Applied Legal Studies
CAPS	Cape Area Panel Survey
CASASP	Center for the Analysis of South African Social Policy
CASE	Community Agency for Social Enquiry
CCT	Conditional Cash Transfer
CDFs	Cumulative Density Functions
CEDAW	Convention on the Elimination of all forms of Discrimination against Woman
CERD	Convention on the Elimination of all forms of Racial Discrimination
CRC	Convention on the Rights of the Child
CSG	Child Support Grant
CSSR	Centre for Social Science Research
DHS	Demographic Health Survey
DSD	Department of Social Development
EC	Eastern Cape Province
ECD	Early Childhood Development
EPRI	Economic Policy Research Institute
EPWP	Expanded Public Works Programme
FCG	Foster Child Grant
FFC	Financial and Fiscal Commission
FGT	Foster-Greer-Thorbecke
FS	Free State Province

Gaut.	Gauteng Province
GEAR	Growth Employment and Redistribution Strategy
GHS	General Household Survey
HSL	Household Subsistence Level
HSRC	Human Sciences Research Council
ID	Identity document
IES	Income and Expenditure Survey
KIDS	KwaZulu-Natal Income Dynamics Study
KZN	KwaZulu-Natal Province
Limp.	Limpopo Province
Mpa.	Mpumalanga Province
MTBPS	Medium Term Budget Policy Statement
NC	Northern Cape Province
NGOs	Nongovernmental Organizations
NIEP	National Institute for Economic Policy
NW	North West Province
ODI	Overseas Development Institute
OHS	October Household Survey
PFMA	Public Finance Management Act
PSLSD	Project for Statistics on Living Standards and Development
RDP	Reconstruction and Development Programme
SAIMDC	South African Index of Multiple Deprivation for Children
SALDRU	South African Labor and Development Research Unit
SASSA	South African Social Security Agency
SASAS	South African Social Attitudes Survey
SOCPEN	Computerized management system for grant distribution
SMG	State Maintenance Grant
SSA	Statistics South Africa
UIF	Unemployment Insurance Fund
WC	Western Cape Province

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## INTRODUCTION

### **Research focus, aims, definitional issues and background**

This dissertation has two distinct yet interrelated focus areas. The first is the dimensions of child poverty in post apartheid South Africa. The second is the performance of the Child Support Grant (CSG) programme, the primary measure introduced to help alleviate child poverty. The CSG programme is a social assistance programme introduced by South Africa's first democratic government in April 1998 as part of a package of measures to alleviate child poverty and promote child development (Delany *et al.* 2008:1). The programme pays a monthly cash benefit to primary caregivers of children who are classified as poor according to a means test, to help them provide adequate care for their children. Related to the two main focus areas are two main aims. One is to contribute to the knowledge base on the child poverty profile in South Africa and its sensitivity to changes in the Adult Equivalence Scale (AES). The other is to identify priority questions that at the time of writing need to be asked about the performance of the CSG programme, and synthesize findings and knowledge gaps for these based on an analysis of the existing research on the programme.

As is explained in more detail in chapter one, the word "poverty" has various meanings, is defined in various ways, and measured using a range of indicators. At the beginning of this dissertation a brief overview of the different approaches to poverty conceptualization, definition and measurement is therefore required and how "poverty" is used in this dissertation needs to be explained. In the traditional approach to poverty conceptualization, definition and measurement, "poverty" refers to resource deprivation conceived as individuals' having access to a level of income or expenditure that is insufficient to obtain a decent standard of living. The concept of what is insufficient is conceived either in absolute terms or relative terms. The definition of poverty, or the cut off line used to separate the poor from the non-poor, is expressed in money metrics as a certain level of income or expenditure. Income or expenditure data gathered at the household level is used to measure the number of individuals and/or households in

poverty. When individual poverty, including child poverty, is the focus of measurement, heroic assumptions are made about intra household resource allocation, the costs of a child relative to an adult and economies of scale. In the traditional approach, the reality that poverty involves more than resource deprivation and is associated with various non-economic human development deprivations is not disputed. The focus is simply on one aspect of the poverty experience. The traditional approach to poverty conceptualization definition and measurement is commonly called the money metric, uni-dimensional or indirect approach. The last term is used because the indicator on which the measurement is based – income or expenditure – offers a less direct reflection of wellbeing than the human development type indicators used in the multi-dimensional approach.

Since the mid 1980s a broader approach to conceptualizing and measuring poverty has begun to dominate poverty analysis. This is commonly called the multi-dimensional, human development or deprivations approach. As its name suggests, in this approach poverty is conceptualized in a broader way as resource deprivation plus the other forms of deprivation associated with it. Moreover, it is defined and measured using a range of non-economic and economic indicators chosen to reflect the conceptualization of deprivation within the broader poverty concept (though the choice is often influenced by data constraints).

These two different approaches to conceptualizing poverty give rise to the problem of whether to use the term “poverty” only to refer to the narrow traditional concept, and if so what to call the broader concept. The approach adopted in this dissertation is to use the word “poverty” to refer to the narrow traditional concept and “poverty plus its associated deprivations” or “multi-dimensional poverty” for the broader concept. The term child, unless otherwise stated, refers, to a person age 0-17 years. This is in line with the definition of a child in the South African Constitution. Hence, the term child poverty is used to refer to poverty conceived in the traditional narrow way amongst children age 0-17 years.

The spotlight in the dissertation, particularly in the first half, is on child poverty conceived and measured in the traditional way. Moreover, the contribution that the thesis makes to the existing evidence base on the child poverty profile in South Africa is based on an application of the traditional measurement approach. However the dissertation acknowledges and stresses that it is the various forms of suffering/deprivation associated with child poverty that are the cause for concern. Furthermore, it highlights the limits of the traditional approach to conceptualizing, defining and measuring child poverty for understanding the nature of child poverty in South Africa and the impact of the CSG.

The introduction and design of the CSG were informed by the recommendations of the Lund Committee, a committee set up towards the end of 1997 to provide advice to South Africa's first post-apartheid government on the most effective yet affordable way forward for social assistance for children. The Lund Committee's recommendations were in turn informed by a careful analysis of the child poverty crisis that had emerged in South Africa by the mid 1990s as well as consideration of what the fiscal position and political context would permit. Prior to the establishment of the CSG there had been a cash transfer programme targeted at poor children and their single caregivers. This was the State Maintenance Grant (SMG). The SMG was a cash transfer targeted at single parents of poor children. Whereas it was in principle available to parents and children of all racial groupings, in practice, due to the racial discrimination and fragmentation in social service delivery across the different administrations that existed during apartheid, the SMG reached mainly Coloured and White women concentrated in the Western and Northern Cape. The value of the SMG was far higher than that of the CSG when it was introduced and expanding the SMG to all children living in poverty was seen as unaffordable.

In addition to the SMG there existed, by 1994, a number of other cash transfer programmes, including most notably the social old age pension. The latter programme by 1994 reached a large number of beneficiaries within the poor African population and paid a monthly benefit that was high relative to the mean income level in South Africa. The Lund Committee's recommendations for the form of social assistance that the

government should introduce to support poor children were also influenced by the findings from research undertaken on the role of the pension in supporting poor households (see for example Ardington & Lund 1994 & 1995; Case & Deaton 1998; May 1998a&b). This research showed that the pension played a critical role supporting livelihoods and ameliorating poverty, including amongst children. The Lund Committee was in addition guided by international evidence on intra-household resource allocation. This type of evidence is critical for thinking about the design and impact of a cash transfer programme like the CSG which flows through an adult caregiver of the targeted child because its impact depends on how it is spent inside the recipient household. The importance of intra-household resource allocation patterns in determining the impact of a cash transfer programme designed to ameliorate child poverty is summarized well in the following statement by Alderman *et al.* (1997 cited in Barrientos & DeJong 2004:14):

—... ash programmes cannot raise the income or consumption of children directly, but instead, supplement the incomes of families with children with the assumption that the standard of living of children in these households will also improve. The impact of cash transfers on poverty among children therefore depends on the response of the household.”

When the CSG was introduced the monthly benefit paid to the primary caregiver to help improve the wellbeing of the child, on whose behalf he/she received it, was R100.<sup>1</sup> Only children age 0-6 years were eligible for the benefit. At the time of writing the monthly benefit was R250 and children age 0-15 years were eligible. The government had recently (in February 2010) announced that as of January 1 2011 children age 0-16 years would be eligible for the benefit and from January 1 2012 children age 0-17 years would be eligible.

Many of the social policy experts who were involved in the design of the CSG argued for a programme that would provide a universal benefit to children in their early years.

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<sup>1</sup> The Lund Committee originally proposed R70 (1997 rands), reflecting the cost of food and clothing attributable to a child (no distinction was made for children of different ages) according to calculations underlying the Household Subsistence Level calculated by the University of Port Elizabeth (Budlender & Woolard 2006:3).

However, and as explained by Lund (2008), due to politics, concerns about affordability and ideology, government decided to introduce the CSG with an income means test that was designed to ensure that only the “right” poor children age 0-6 benefit from the grant. As is explained in the dissertation, this is problematic in that there is no one poverty line that may be selected to separate poor “deserving” children from other children and in a country with an income distribution the shape of that in South Africa, which has a large number of children in households that fall into the bottom six deciles, it is particularly difficult to draw a line to separate out poor from non-poor children. Using a means test to target a programme like the CSG is also problematic because of the difficulties involved in gathering information from programme applicants in a way that offers a true reflection of their and their children’s income status.

As the second chapter of the dissertation shows, by the end of the apartheid period child poverty in South Africa was extensive and deep and concentrated amongst the African and Coloured populations. Since 1994 the South African government has demonstrated tremendous commitment to investing in programmes that provide income and service support to children and their families affected by poverty. Prioritization of poor children in the post 1994 development strategy was initially given impetus by the strong child focused civil society movement that had developed during the apartheid era. In the run up to South Africa’s first democratic elections, held on 23 April 1994, as well as immediately thereafter, there was widespread advocacy by this movement for measures of support to be introduced for children affected by poverty. Various organizations within civil society called for the government to “put children first” in policy, budgeting and service delivery (Robinson & Biersteker 1999:12). Prioritization of poor children in post 1994 social policy was also driven by President Nelson Mandela’s special interest in children. The following statement by him, made in 1995, illustrates this interest, which shaped post 1994 social policy:

“We recognize that some problems, like unemployment, will require years for their solution. But an improvement in the conditions in which our children are growing and learning is something which must not wait for years” (President Nelson Mandela, 1995, cited in Haarmann, 1999:1).

The Constitution (Act 108 of 1996) promulgated in 1996, entrenched these promises to poor children. The Bill of Rights (BOR) in South Africa's post apartheid constitution affords everyone, including children (defined as persons under the age of 18 years), a comprehensive set of justiciable socio-economic rights. The range of rights afforded everyone includes the right to social security and social services. The BOR also includes a separate set of rights of children, set out in Section 28 (Republic of South Africa 1996a), which also have a sub-set of socio-economic rights. The wording in the BOR places a higher level of obligation on the state to implement children's, as opposed to everyone's, socio-economic rights.<sup>2</sup> The nature of the socio-economic rights given to children was informed by those included in the leading international instrument for child rights, the Convention on the Rights of the Child (CRC), which government ratified in 1995. In 2000, as a further commitment to children, the government ratified the African Charter on the Rights and Welfare of the Child (ACRWC).

At the policy level the post 1994 the government's commitment to poor children is reflected in a plethora of policies and programmes introduced by various government departments to provide support to children affected by poverty. Some of the measures are targeted specifically at children such as the CSG, the School Fee Waiver Policy for children who qualify for the CSG, the Primary School Feeding Programme and the programme that offers a per child subsidy to Early Childhood Development (ECD) centers for children whose caregivers have an income below a certain level. Other measures are targeted at poor households or families. These include the housing subsidy

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<sup>2</sup> The Constitution gives the right to have *access* to various socio-economic rights, such as housing (section 26), health care, food, water and social security (section 27). Attached to each access right is the statement that "the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right" (Republic of South Africa, 1996a:Section 27). The rights afforded children on the other hand are not written as access rights – for example section 28 (c) says that every child has the right "to basic nutrition, shelter, basic health care services and social services". There is no attached clause in the various socio-economic rights qualifying the state's obligation to implement these rights.

programme, the expanded public works programme and various programmes that offer basic services at subsidized rates to poor households.

In addition to the distinction made between the universal and means tested programme, another model variation in the cash transfer programmes targeted at children is the conditional versus unconditional programme model. The unconditional programme model is one that includes only *initial* conditions relating for example to income, age and identity. It has no behavioral conditions that need to be met on an ongoing basis to continue receiving the cash benefit (Lund *et al.* 2008:2). In the unconditional model, once a person qualifies to enter the scheme, the benefit is an entitlement, for a fixed period of time (Lund *et al.* 2008:2). In the conditional model there are, in addition to the initial requirements that need to be met, behavioral conditions that need to be met on an ongoing basis to continue receiving the cash transfer. Two main types of conditions are commonly used: (i) human development conditions, of which the most common are that children attend and enroll in school and/or participate in health/nutrition programmes (Handa & Davis 2006:514-526); and (ii) conditions relating to work activity of the adult recipient such as that the adult recipient participates in a public works project.

At around the same time as the CSG programme was introduced, Mexico and Brazil introduced for poor families with children conditional cash transfer programmes which included human development conditions.<sup>3</sup> In the wake of Mexico and Brazil introducing these programmes, and informed by the evidence generated on the positive impacts of the programmes on a variety child deprivation/wellbeing indicators, the conditional cash transfer programme with human development conditions attached to it has spread rapidly

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<sup>3</sup> Mexico's nation-wide conditional CT programme, first called Progresa and later renamed Oportunidades, was introduced in 1997. Brazil introduced a pilot CCT programme in a handful of municipalities in 1995 and her scaled-up nationwide programme in 2001. The school grant component of the programme is called Bolsa Escola and the health/nutrition component Bolsa Alimentacao.

around the developing world.<sup>4</sup> The spread of the conditional cash transfer programme with child school enrollment and/or attendance as well as health/nutrition service participation conditions attached to it has been fueled by support from leading international donors, such as the World Bank, for this type of cash transfer programme (Lund *et al.* 2008:2; Rawlings 2008:5). The rapid spread of the conditional cash transfer programme around the world occurred in spite of the lack of convincing evidence that the conditionality in Brazil and Mexico rather than the cash transfer itself had produced the positive impacts on child poverty and associated deprivations. Moreover, in many of the countries in which the conditional model was introduced, an unconditional programme may have been the more cost effective option for addressing child poverty and its associated deprivations.

The CSG programme has for most of its life been an unconditional cash transfer programme, at least in principle<sup>5</sup>. Since 2000 the coverage of the CSG has grown massively, if at different rates across provinces. By March 2010 just over 5.4 million adult caregivers were receiving the benefit on behalf of just over 9.4 million children age 0-15 years. Moreover, and as chapter five shows, the CSG programme has for the most part been well implemented and research on targeting outcomes of the programme suggests that whilst there are some exclusion errors to be concerned about, the programme has been well targeted towards children living in households that fall within the bottom four deciles of South Africa's income distribution.

Recently, and surprisingly, in light of the arguments put forward by some researchers against introducing behavioral conditions into the CSG programme (Budlender 2008; Lund *et al.* 2008 and chapter five), the programme's design was changed to a conditional cash transfer programme. This was done via the introduction of the conditions that

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<sup>4</sup> By 2007 over 20 countries, most of them in Latin America and the Caribbean, had adopted pilot or full-scale conditional CT programmes as part of broader sets of measures to fight child poverty (Adato & Hoddinott 2007:1).

<sup>5</sup> In practice officials have at time imposed illegal conditions (see Goldblatt *et al.* 2006 and chapter four).

children in the school-going age group on whose behalf the grant is received are enrolled in and attend school.

### **Motivation for the research**

What is the value of a thesis of this nature? The following five arguments may be put forward as motivation for the contribution of this thesis in the form of the profile of child poverty and testing of its sensitivity to the AES. First, it is now generally accepted in social policy and research circles that children constitute an independent group in the population whose wellbeing (measured in terms of poverty and associated deprivations) needs to be conceptualized, defined and measured separately from adults to inform effective child deprivation reduction (wellbeing improvement) strategy (Ben-Arieh, 2000:238). Over the last two decades, the realization that children are a group deserving special attention was given impetus by the ascendancy of the children's rights concept and movement, which led to the majority of countries signing by the Convention on the Rights of the Child (Ben-Arieh, 2000:238). The child rights concept includes, by its nature, acceptance of the autonomy of children as well as the 'fact' that a child is an individual human being (Ben-Arieh 2000:38). Second, in South Africa the child population, which is around 18 million, constitutes a large proportion (38%) of the total population of around 47 million people (IES2005). Children also form a disproportionately large proportion of the poor population because poor households/families tend to have more children than wealthy households/families. Third, a contribution aimed at enhancing understanding the child poverty profile in South Africa is valuable because children are a particularly vulnerable group both within the general population and in the poor population in South Africa - as in other countries<sup>6</sup>.

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<sup>6</sup> This is because the nature of what a child is and the need for him/her to have a caregiver takes a child's welfare out of his/her own control and causes dependence on resources allocated to him/her by adult caregivers and institutions such as government (Harpham (2002:4). Secondly, children are a particularly vulnerable group in society because the deprivations associated with child poverty have a longer term and more devastating impact on children than do the deprivations associated with poverty amongst adults. In this regard, there is evidence that inadequate nutrition in childhood (especially in the earliest two years of a child's life) affects long-term physical development as well as the development of cognitive skills (see Barker 1990). This in turn affects later productivity in life (see Dasgupta 1993; Strauss & Thomas 1998).

Understanding the shape of the child poverty profile to guide effective policy to assist poor children is therefore particularly important from a moral perspective. Fourth, research to enhance understanding about the shape of the child poverty profile in South Africa is important because of the effects of child poverty and its associated deprivations on society. Low levels of investment in childhood have long lasting effects not only on a particular child's wellbeing, but also on productivity and economic growth, income distribution and the welfare of the entire population. Understanding the contours of child poverty and its associated deprivations to inform effective strategy for investing in children and addressing child poverty is therefore vital from a child rights perspective, as well as from the perspective of society as a whole. The argument that it is important to monitor, understand and address child poverty due to the importance of child welfare for the later welfare of the society when they reach adulthood has the longest history as an argument for focusing on child poverty monitoring and is known as the 'well-becoming' perspective (Harpham 2002:4). Fifth, the contribution of this thesis in the form of the empirical contribution on the child poverty profile and its sensitivity to the AES based on IES2005 is motivated by the limited existing evidence in this regard and the fact that no researcher has used the IES2005 to profile child poverty. This is seen in chapter two, in the review of the existing research on the child poverty profile in South Africa. As is explained in chapter three, evidence on sensitivity of the child poverty profile to AES selection is particularly valuable at this juncture because the South African government has recently released a proposal for a *per capita* poverty line. However, should the choice of AES affect the ranking of poor children and provincial child poverty rates and shares, the use of the per capita method may lead to misguided targeting.

Four arguments may be put forward as motivation for the contribution in the form of the literature review analysis of the CSG programme's performance, which synthesizes findings and knowledge gaps. The first is that the value of caring for and improving the lives of children made vulnerable by poverty and other factors in South Africa, as well as the commitment to promoting child rights which is entrenched in the South African Constitution, calls for social policy researchers to prioritize studying how the main measure introduced to ameliorate child poverty has, or has not, worked. The second is that

such a research focus is valuable because the large size of the resources allocated from the fiscus for the CSG programme makes it particularly important to hold the government accountable for this spending by monitoring its performance. Society needs to know about the extent to which this programme, that has cost a large amount and whose budget is expected to rise further, has been valuable to society by achieving its child poverty alleviation objectives. The third argument is that such research is required to enhance understanding of possible adjustments to improve the impact and contain the costs of the CSG programme. Within the existing literature on the CSG programme's performance there are a handful of literature reviews. These form small sections in papers that offer qualitative or quantitative evidence on some aspect of the programme's performance (see for example Budlender & Woolard 2006; Hunter & Adato 2007a&b; Delany *et al.* 2008; Samson *et al.* 2008). The fourth motivation for the literature review analysis of the CSG programme based on the application of the Rossi *et al.* method for tailoring a social programme analysis is that three aspects of the literature review make it novel relative to those that have come before: (i) the breadth of coverage with respect to the aspects of programme performance about which questions are asked; (ii) its use of the Rossi *et al.* method for tailoring the research design; (iii) its coverage of studies and data sources not included in earlier synthesis of the existing literature.

### **Chapter outline**

The dissertation is organized into five chapters plus a conclusion. Chapter one, titled "*Conceptual and methodological issues in child poverty measurement*", lays the conceptual and methodological foundations for the development of the child poverty profile based on the analysis of the IES2005 presented in chapter three. It also provides insights that are used in the CSG analysis and which facilitate understanding the research priorities for the future raised by the dissertation. The chapter describes the traditional and multi-dimensional approaches to measuring child poverty and its associated deprivations, highlights key issues and challenges confronted when using them, and reflects on the strengths and limitations of the different approaches.

Chapter two, titled “*The existing research on the child poverty profile in South Africa: findings and knowledge gaps*”, reviews the existing research on child poverty and its associated deprivations in South Africa. The spotlight in the chapter is on summarizing the existing findings with respect to the extent and characteristics of child poverty and identifying knowledge gaps in this regard. However, research to determine an appropriate AES for use in child poverty measurement, on the sensitivity of the poverty profile to AES selection and on intra-household resource allocation is also covered.

Chapter three is titled “*A profile of child poverty in South Africa and its sensitivity to the Adult Equivalence Scale based on the Income and Expenditure Survey 2005/06*”. The knowledge gaps about the child poverty profile conceived and measured in the traditional way that it contributes towards filling are: (i) the lack of research on the sensitivity of the composition of child poverty to the AES; (ii) the dearth of money metric measurement of the depth and severity of child poverty; (iii) the limited consideration of age and gender differences in the child poverty profile; and (iv) the lack of consideration to the question of how changing the poverty line affects findings on the scale and composition of child poverty.

Chapter four, titled “*Laying the programme history and policy debate context for the analysis of the CSG programme*”, is devoted to developing the research design, and in particular the research questions used to structure the literature review analysis of the CSG programme. It begins by presenting definitions on social security and social assistance that are important for understanding debates about the CSG in South Africa. Next it describes the Rossi *et al.* (2004) systematic approach for tailoring a social programme evaluation. Then, using the Rossi *et al.* framework as a guide it describes the CSG programme theory and evaluation context, thereby facilitating identification of the questions used to structure the literature review analysis of the CSG programme.

Chapter five is titled “*The performance of the child support grant: a literature review analysis*”. It presents the research questions that the analysis in chapter four suggests are important to ask of the CSG programme’s performance as well as the findings and

knowledge gaps from the analysis of the existing research on these questions. The questions that guide the literature review are organized into thirteen sets and cover the following aspects of the CSG programme: the logic of its impact theory; implementation; impact; and policy.

The conclusion explains how the findings from the analysis of child poverty in the first half of the thesis relate to the analysis of the CSG in the second and draws out the implications of the dissertation for future research.

# CHAPTER 1 - CONCEPTUAL AND METHODOLOGICAL ISSUES IN CHILD POVERTY MEASUREMENT

—The evolution of the meaning and measurement of well-being has covered a vast amount of ground in fifty years...In five decades, the debate has shifted emphasis from meaning and measurement based on purely means (and economic welfare) to ends and broader definitions of well-being...from identifying needs to identifying rights, from no or few indicators to many...The area is very conceptually rich but operationalisation is lagging behind...paradoxes and pit-falls lie ahead. Contemporary debates hold within themselves a series of contradictions and conflicts: the new found popularity of well-being measurement and results-led policy versus the severe limitations of the existing databank; the continuing dominance of economic or money-metric (especially dollar-a-day) proxies given the widespread acceptance of poverty as multi-dimensional; the value of local and subjective definitions of well-being versus the inter-comparability of universal definitions; and the fact that who is identified as poor...is so critically dependent on choice of indicator” (Sumner 2003:2, 3 & 14).

## 1. Introduction

Distinguishing conceptualisation, definition and measurement of poverty is a useful starting point when analysing child poverty. Conceptualisation refers to the theoretical framework out of which definitions of poverty are developed. Definitions are descriptions of what distinguishes the poor from the well off within the framework of concepts. Measurement operationalises the definitions (Noble *et al.* 2006:40). Poverty concepts are translated into policy through more precise sets of definitions and measures (Lister 2004:12). How poverty is conceptualized, defined and measured is important as it affects the design of strategy to address it (Stuart *et al.* 2003; Minujin *et al.* 2007). In the words of Stuart *et al.* (2003:3):

—Clarification of how poverty is defined is extremely important as different definitions of poverty imply use of different criteria for measurement, potentially identification of different individual groups as poor, and the use of different policy solutions for poverty reduction”.

The distinction between conceptualisation, definition and measurement of poverty is relatively new in the literature on child poverty in South Africa. However, there is growing recognition of the usefulness of the distinction and that building measurement on scientifically informed concepts and definitions is vital for building the evidence base to direct effective child poverty fighting strategy (See for example Noble *et al.* 2006 & 2007; Barnes *et al* 2007; Bray & Dawes 2007a).

Since the Second World War, the question of how poverty should be analysed and strategy to address it has been on the centre stage of debate in development economics<sup>7</sup> (Stuart *et al.* 2003; Sumner 2004). Traditionally, poverty has been conceptualized in resource deprivation terms and defined and measured using money metric indicators derived from household survey data (income or expenditure). More recently, there has been a shift towards a broader multidimensional conceptualization in which poverty (material deprivation conceptualized in resource deprivation terms) is situated within a broader range of non-economic deprivation domains associated with poverty in the traditional sense (Sumner 2004:3-7; Baschieri & Falkingham 2007:19). The multi-dimensional shift at the conceptual level has been mirrored *to some extent* in empirical work on poverty and child poverty and a number of new measurement methods have emerged. At the same time, many researchers have clung to the traditional poverty measurement method in their empirical work, even if they acknowledge that child poverty encompasses more than resource deprivation and hence that multi-dimensional rather than uni-dimensional measurement is more appropriate. Chambers (2007)

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<sup>7</sup> Before this time, understanding the industrialization process and development of strategy to push the pace of industrialization received more attention than understanding causes and characteristics of poverty, as well as strategy to fight it.

summarizes beautifully the creativity in poverty measurement method that has emerged amidst a trend of some clinging to the traditional approach:

—For professionals concerned to understand poverty this is a brilliant time to be alive. The explosion of methodological innovation of recent years opens up almost unlimited scope for further creativity and invention. For the pioneers of discovery, the walls of the old disciplinary silos that once penned us have fallen and there is new freedom to explore, invent and hybridise methods and methodologies and to learn experientially. At the same time, a majority of professionals and powerful institutions remain pent in their professional prisons. Or, mixing metaphors, like dinosaurs they lumber on while new nimble creatures scuttle at their feet, proto-mammals promising another future. To what extent they can and should coexist and co-evolve with the dinosaurs and to what extent supersedes them, time will show.”

This chapter has two purposes. The first is to describe the traditional and multi-dimensional child poverty measurement approaches and highlight key issues confronted in each approach. The second is to reflect on the strengths and limitations of the different approaches and draw inferences for the programme of research aimed at measuring and understanding child poverty in South Africa.

*Child* poverty, as opposed to poverty, refers to the poverty experienced during childhood by children. As explained in the dissertation introduction, unless stated otherwise, a child is defined in the same way as in the South African Constitution, as a person age 0-17 years. Child poverty differs from poverty amongst adults in that it has different causes and effects, and the impact of poverty during childhood has longer run permanent effects on children (Minujin *et al.* 2005:11).

Analysis of the dimensions and determinants of child poverty in different countries has grown rapidly over the last two decades. Such growth needs to be seen in the context of the signing by government in most countries of the Convention on the Rights of the Child in the early 1990s, and associated with this, the rise of the child rights movement (Ben-Arieh 2000:238; Roelen & Gassmann 2008:4). However, the research programme focused on understanding the dimensions and determinants of child poverty is still small

relative to that focused on poverty more broadly (Roelen & Gassmann 2008:4). The developments in the conceptualization, definition and measurement of *child* poverty have been influenced by and mirror those in the research programme focused on poverty more broadly. The literature review underpinning this chapter drew primarily on research pertaining to *child* poverty conceptualization, definition and measurement. However, it drew a little on the broader poverty literature. This approach was informed by the cross pollination between developments in poverty and child poverty conceptualization, definition and measurement.

The chapter is organised as follows. Section two describes the traditional approach to measuring child poverty and methodological issues confronted when using it. Section three describes the multi-dimensional approach and three main methods that may be discerned within the multi-dimensional approach are described. Section four considers the strengths and weaknesses of the different methods. The conclusion draws inferences for the research programme aimed at understanding the dimensions of child poverty in South Africa. Whilst the chapter covers traditional and multi-dimensional child poverty conceptualization, definition and measurement issues, the description of the former is more detailed than that of the latter. This is due to the focus of the dissertation on making a contribution to the literature on child poverty in South Africa conceived and measured in the traditional way, and on analysing the impact of an income based child poverty alleviation measure.

Before proceeding, it is worth noting that the plurality in child poverty conceptualization, definition and measurement is due not only to researchers, policy makers, and development institutions being informed by different theoretical paradigms. It also reflects the fact that the business of conceptualizing and measuring poverty is a highly politicized and ideological endeavour. There are very different views about the nature of best practice strategy to alleviate child poverty and how much of its scarce resources society should allocate to supporting children made vulnerable by poverty. The following statement by Alcock (1993:3-4) reflects neatly the subjective, political flavour of poverty analysis:

—Most people of course claim that their understanding of poverty is the correct one, based on logical argument or scientific research. But...exploration of the problem of understanding poverty will reveal, there is no one correct, scientific agreed definition because poverty is inevitably a political concept, and thus inherently a contested one...therefore the first thing to understand is that poverty is not a simple phenomenon which we can learn to define by adopting the correct approach. It is a series of contested definitions and complex arguments which overlap and at times contradict each other”.

## **2. The traditional or money-metric approach to child poverty measurement<sup>8</sup>**

Measurement of poverty, including child poverty, based on the traditional approach may be described in three steps (Woolard & Leibbrandt 2001:41; Corak 2005:5):

- Selection of the welfare indicator to be measured (which of course involves conceptualizing poverty).
- Selection of one or more poverty line(s) for separating the poor from non-poor children (which encompasses defining child poverty)
- Selection of a measure(s) to aggregate the poor.

The first two steps are often referred to as Sen’s identification problem and the third the aggregation problem (Roelen & Gassmann 2008:4). The three steps, each of which is contentious, are described briefly below. In the description of step 1 three issues or problems that need to be addressed and which may affect the robustness of measures are highlighted.

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<sup>8</sup> This approach is also called the indirect or uni-dimensional approach.

## 2.1 Selection of a welfare indicator –the traditional child poverty concept

In the traditional approach poverty is conceptualized in narrow resource deprivation terms as having insufficient resources to achieve a certain level of material well-being. In the words of Ravallion (1992:4):

—Poverty can be said to exist in a given society when one or more persons do not attain a level of material well-being deemed to constitute a reasonable minimum by the standards of that society.”

Welfare and poverty (resource deprivation) are expressed in monetary terms. Child poverty is defined as a headcount of children living in households where resources expressed in money metric terms fall below a certain level, seen as insufficient to purchase the goods required for material well-being (Noble *et al.* 2007:54-55).

The traditional approach to conceptualizing, defining and measuring poverty is informed by the concepts, values, methods and mindset of the neoclassical economics paradigm. Within this, individuals are assumed to be rational utility maximizers and welfare is conceived narrowly as utility derived from consumption of goods and services (in turn facilitated by income). The paradigm assumes that the objective of consumers and society at large is to maximize utility and that expenditures reflect the marginal value or utility people place on commodities. This explains why welfare is, in the traditional measurement approach, conceptualized as total monetary income or consumption enjoyed, and poverty defined as the shortfall below some minimum monetary income, termed the poverty line (Stuart *et al.* 2003:8).

Two concepts of poverty conceived and defined in the traditional way can be distinguished, namely the absolute and relative concepts. The absolute concept (supposedly)<sup>9</sup> defines poverty independently of any reference group. —Absolute poverty

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<sup>9</sup> There is now general agreement that poverty cannot really be defined in the absence of a reference group. Even “absolute” concepts of poverty or child poverty are affected by views at the present time about what is the basic basket of goods required by an individual/child. Moreover, as Adam Smith pointed out long

is based solely on the needs of the poor and not on the needs of the non-poor, that is, it purportedly exists independently of any reference group and does not depend on the living standards of society” (Barnes 2009a:3). As Noble *et al.* (2007:54) explain –(Absolute poverty)...does not change according to prevailing living standards of a society, or over time, or according to needs of different groups in society”. The absolute poverty concept is often referred to in the literature on poverty and political discussions as subsistence poverty. A subsistence absolute concept of poverty was behind the measurement of poverty in York during the late 19<sup>th</sup> century by one of the founding fathers of poverty research, namely Rowntree (Stuart *et al.* 2003:9). A traditional subsistence type of absolute poverty concept also lies behind the World Bank definition of \$1 a day that is still often used by researchers for poverty measurement in spite of this being a very low poverty line.

In the relative concept, poverty is defined in relation to a reference group, most commonly the income or expenditure position of others in society. People are considered to be poor if they lack resources required for full participation in society, or, in other words, for participating in activities that are customary in the society in which they live (Barnes 2009a:3). The following description of poverty, by Gailbraith (1958:323), cited in Noble *et al.* (2007:55), is illustrative of the traditional relative approach:

—People are poverty stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly (sic) escape, therefore, the judgment of the larger community that they are indecent. They are degraded, for, in a literal sense, they live outside the grades or categories which the community regards as respectable”.

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ago, in 1776 in the *Wealth of Nations*, perceptions about what the basics are change over time, with technological developments and improvement in average living standards. For example Adam Smith wrote that whilst goods like linen, shirts or leather shoes would be viewed as necessities in his time and living without them would be seen as a disgrace or shame, this would not have necessarily been the case in previous times amongst different communities (Corak 2005:12).

Most of the empirical work on the distribution of material welfare and poverty within the traditional approach uses expenditure or income data from household surveys. Each has advantages and disadvantages: Income is often under-reported and may be seasonal or volatile. Expenditure is more stable over time, but underreporting is also common and expenditure data are costly and difficult to collect. Use of expenditure as the welfare indicator thus also commonly leads to under-estimation of welfare. On balance, the literature suggests it is best to use expenditure data to measure welfare, including poverty, particularly in developing countries (Woolard & Leibbrandt 2001:43).

### **Issue 1– The problem of what Adult Equivalence Scale (AES) to use**

When the aim is to measure *child* poverty, an indicator for ranking *individuals* is required. Once the welfare indicator has been selected, a method must therefore be chosen for disaggregating household into individual welfare but “the passage from household data to individual welfare ... remains a perennial difficulty” (Deaton & Paxson 1997:1). This is because, in addition to the black box of intra-household resource allocation, differences in household size and composition must be dealt with. The AES is a tool developed to deal with these differences and thereby make the transition from household level to individual level welfare. It provides an index converting nominal incomes of heterogeneous households into comparable measures of well-being (Bellù and Liberati 2005). It does so by adjusting for assumptions about economies of scale and the differential needs and costs deriving from household composition. Individuals are then ranked using the per adult equivalent money metric welfare measure (in chapter three of this thesis, income is used). Based on Hunter, Kennedy & Biddle (2004: 413),

$$I_E = \frac{I_H}{AE_i} \text{ where } I_E \text{ is equivalent income, } I_H \text{ raw household income and } AE_i \text{ the}$$

equivalence scale used. They point out that the scale can be set equal to one, i.e. no distinction can be drawn between households based on size or composition, whereas at the other extreme the scale can be set equal to the number of persons in the household, i.e. raw household income would be converted into per capita income. Equivalence scales typically result in measures of equivalent income that lie between raw household income and per capita income. Through assumptions about economies of scale and household

composition the AES tool allows individuals to be ranked using the per adult equivalent welfare measure.

The general approach with respect to the AES is to use an AES of the form introduced by Cutler & Katz (1992), namely  $AE = (A + \alpha K)^\beta$  where:

- AE refers to adult equivalents
- A represents the number of adults
- K is the number of children
- $\alpha$  adjusts for age equivalences
- $\beta$  adjusts for economies of scale

The household size issue that the AES addresses is that larger households require additional income/expenditure than smaller households to achieve the same level of welfare, but this is not a linear relationship, as is assumed when using per capita measures. Instead, larger households benefit from economies of scale with respect to consumption of some goods. A growing body of evidence from the subjective approach to setting poverty lines suggests a very high level of economies of scale, but there is no best practice method for determining the value of this parameter (Woolard 2002:78).

The composition of household issue that the AES addresses is that children<sup>10</sup> can be expected to have smaller food needs (and hence costs) than adults. Unfortunately for child poverty measurement researchers, there is no universal scientifically determined true value for  $\alpha$ . The true costs vary from country to country and are probably different for children of different ages. If household consumption is largely on food, the cost of a child will be rather less than an adult. As income rises and food expenditure share declines,  $\alpha$  will approach one. A common procedure used to set  $\alpha$  is comparison of the energy requirements for different groups. But children and adults consume both food and non-food items, and there is no reason to expect non-food costs to follow the same ratio. An alternative method used is the Engel method<sup>11</sup> but this will not be used here.

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<sup>10</sup> The definition of a *child* varies.

<sup>11</sup> See Woolard (2002) for a description of the Engel method.

There exists a wide range of AES. Table 1.1 presents AESs frequently used at the international level<sup>12</sup>. The most commonly used method, and the simplest to use is the Cutler & Katz scale which sets  $\beta$  and  $\alpha$  equal to one and is called the per capita AES.

**Table 1.1: Commonly used Adult Equivalence Scales<sup>13</sup>**

OECD original	This scale assigns a value of 1 to the first household member, of 0.7 to each additional adult and of 0.5 to each child.
OECD-modified	This scale assigns a value of 1 to the first household member, of 0.5 to each additional adult and of 0.3 to each child.
Square root scale	This scale approximates the number of equivalent adults as the square root of household size (to address economies of scale). The different needs of adults versus children are not distinguished.
Double parameter class of scales proposed by Cutler & Katz (1992)	This determines the adult equivalents using the equation $AE = (A + \alpha K)^\beta$ where AE = Adult equivalents A = Number of adults K = Number of children $\alpha$ is a constant reflecting the resource cost of a child relative to an adult; it is typically set at less than 1 $\beta$ = the overall economies of scale in a household, typically set at less than 1

*Source: OECD 2008; Deaton & Paxson 1997.*

To conclude the discussion on the AES tool, “Much of the ... literature on the measurement of equivalence scales ... is a morass of dubious identification and internal contradiction” (Deaton & Paxson 1997:2) and the AES decision tends to be based less on theory and empirical evidence than on convention and assumption (Corak 2005). This suggests that it is important for researchers profiling child poverty to test sensitivity of

<sup>12</sup> For more on the range of AESs and their determination see Deaton & Muellbauer (1986) and Deaton (1997).

<sup>13</sup> Another AES worth mentioning for its wide use in the United Kingdom is the McClements scale. (See Barnes 2009a:11-16).

their findings on the level and composition of child poverty to changes of the AES. At the international level, there have been many studies investigating sensitivity of money metric poverty measures to the AES. Whilst some have found that the choice of scale can make quite a difference to both the level and pattern of poverty and child poverty (see White & Masset 2002 for the case of Vietnam), others have found that results are only marginally affected (Coulter 1992; Burkhauser *et al.* 1996). A couple of studies have been undertaken with the aim of determining an appropriate AES for poverty measurement in South Africa. Only one to date has investigated the sensitivity of the child poverty profile to changes in the AES. The method and findings of these are discussed in chapter two.

The need for an AES to be used to translate household welfare into individual welfare in traditional child poverty measurement also raises the need for consideration to be given to the sensitivity of measures to changes in the AES when the impact of a cash transfer on child poverty is measured using the traditional approach.

## **Issue 2 – The false assumption of equality in intra-household resource allocation**

Embedded in the traditional approach to child poverty measurement is the assumption that resources in the household are allocated fairly or equally inside households in line with the needs of different individuals as, for example, set out in the AES. This assumption can be traced to the unitary model of household resource allocation embedded in neo-classical economics. In this model, which is sometimes referred to as the common preference model, households are best described as maximizing a single utility function (Bertrand *et al.* 2003:42). In the words of Bertrand *et al.* (2003:42) –“A central result from the common preference model is that money is money. Which member of the household gets the marginal dollar of non-labor...(or other)...income will affect neither the ultimate consumption level nor the leisure...(or other good)...choice?”. This result holds even in the presence of differential altruism across individuals. The individuals who get more resources receive the greatest weight in the joint household

utility function.<sup>14</sup> There are two reasons why the assumption of equality in intra-household resource allocation embedded in the traditional approach to child poverty measurement is problematic and an aspect of the approach that needs to be flagged.

The first is that there is a set of theoretical models on family relationships and intra-household resource allocation that challenges the unitary model. In the new set of models, known as the collective or bargaining models, individual members inside households have distinct preferences, there is conflict as well as altruistic behaviour and who receives additional resources can affect redistributive outcomes. Bargaining power may also affect the allocation of resources.<sup>15</sup> In addition to suggesting that resource allocation and spending patterns may differ depending on who in the household receives and controls resources, the new models also allow for the possibility that there may be discrimination against particular individuals inside the household, for example, against women or girls (compared to men and boys), against children compared to adults and against non-biological children compared to biological children. The differential tastes and spending patterns of individuals inside households and discrimination against particular groups and/or individuals in these models implies that who receives and controls resources may affect the size of the positive impact of additional household income flows (for example through a transfer like the CSG) on child outcomes (measured by a range of indicators, for example as measured by nutrition).

The second reason why the equity in intra-household resource allocation needs to be flagged when describing the traditional approach to child poverty measurement is that there is a large and growing body of empirical research on intra-household resource allocation, a large portion of it based on South African data, which rejects the traditional unitary model of intra-household household resource allocation. Instead, it supports the

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<sup>14</sup> The common preference model of the household resources allocation process can be motivated either through the assumption of a family consensus, as in Samuelson (1956), or through the assumption of altruistic behavior, as in Becker's "rotten kid" theorem (Becker 1974 & 1981).

<sup>15</sup> See Doss (1996), Smith (2006) and Wittenberg (2001) for summaries of the modern set of models that reject the idea that families can be reduced to a single optimizing agent.

new models and their predictions. The empirical studies based on South African data are reviewed in chapter two. With respect to non-South African studies, Haddad *et al.* (1994) find that men are more likely to spend on goods such as alcohol, cigarettes and status consumer goods while women are more inclined to buy goods for their children and general household consumption. Sen (1984) has found, based on data collected in a range of countries, that there is often a distinct sex bias (against women) and age bias (against children) in intra-household resource allocation. Thomas (1990 & 1997) finds, based on data from Brazil, that non-wage and wage income in the hands of the mother has a far more powerful effect on child wellbeing as measured by survival and anthropometric indicators than in the hands of the father. Case *et al.* (2004) and Foster *et al.* (1997) find that fostered and non-biological children in Africa receive lower levels of household resources than children with biological mothers in the household. As another example, Middleton *et al.* (1997), based on research in the United Kingdom, show that parents often sacrifice their own needs for those of their children (Barnes 2009a:9).

The theoretical and empirical challenge to the assumption of equality in intra-household resource allocation raises the importance of researchers and policy makers considering the sensitivity of measures of child poverty composition and scale, as well as the impact of programmes such as the CSG on child poverty, to changes in resource sharing rules inside the household. There is some international empirical evidence in this regard: Haddad & Kanbur (1990) for example investigate whether and how the existence of intra-household inequality impacts on conventional measures of inequality and poverty. They find that neglect of intra-household inequality can lead to serious errors in *levels* of inequality and poverty. They estimate errors in the order of 30% or more (Haddad & Kanbur 1990:879). However, whilst they find the effect of intra-household inequality on poverty levels to be large and significant, they find the effect on poverty and inequality patterns or rankings (between groups such as children versus adults) to be small (Haddad & Kanbur 1990:879). Bashieri & Falkingham (2007 & 2005), in their measurement study of child poverty in Tjakistan, investigate the sensitivity of child poverty headcount measures to changes in resource sharing rules within households. They find that the measures of scale of the poverty impact are particularly sensitive to intra-household

resource allocation” (Baschieri & Falkingham 2007:4)<sup>16</sup>. They hence call for more studies on this issue including qualitative studies that can unlock the ‘black box’ of the household to improve estimates of child material poverty” (Baschieri & Falkingham 2007:4). There is little evidence on how findings about the impact of grants, such as the CSG, on child poverty and its associated deprivations are affected by changing assumptions about resource allocation processes. The lack of evidence in this regard is flagged in chapter five as one of the knowledge gaps to be addressed in the programme of research on the impact of the CSG.

To sum up the discussion on the assumption of equality of intra-household resource allocation, the generally accepted and evidence based view is now that resource allocation inside households is the outcome of bargaining processes and may not be fair. This is contrary to the model of intra-household resource allocation embedded in traditional child poverty measurement. It is also now generally understood that the identity of the individual who receives and controls income coming into the household matters for how and on whom it is spent. Thus, the important policy implication to highlight is that to whom a cash transfer like the CSG is paid, and who controls the money received via the grant inside the household may affect how it impacts on child deprivation or wellbeing. The existing empirical evidence at the international level on intra-household resource allocation suggests that if *women* receive and control a cash transfer there is a greater likelihood that it will be spent on goods and services that improve child wellbeing. South African empirical evidence that produces these conclusions is reviewed in chapter two. A research method implication of the knowledge that household resource allocation processes may be characterized by inequity and conflict - an implication raised again in the conclusion to the chapter - is the need for researchers to consider whether children with particular characteristics, such as those without biological caregivers in the household, benefit less than others from social programmes like the CSG which are designed to support poor children and paid to children through an adult caregiver living in the child’s household.

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<sup>16</sup> They do not investigate how changing resource sharing rules affects the composition of the impact – i.e. who benefits from the transfer.

### **Issue 3 – The problem of a strict setting of the household’s borders causing behavioural effects that may affect poverty measures to be ignored**

A final issue for the selection of the welfare indicator to use in traditional child poverty measurement is that of where the boundaries of the household are set and in particular whether migrants, their income, and their behavioural responses, including cash transfers, are included in the analysis. The traditional approach, which is the one that has been adopted in most official surveys undertaken in South Africa, and by many researchers (see chapters two and five), defines the household based on a strict residency rule. Individuals are only included in the household if they spend most of their time living in the household and eating from the family pot<sup>17</sup>. This is problematic in that any migratory response to cash transfers and migratory income will be ignored. The exclusion of migrants will of course not lead to measurement error in work on the incidence and composition of child poverty and the impact of cash transfers on child poverty if this takes place in the context of little migration. However, in a country such as South Africa, which has a long history of migration from rural to urban areas (see Edmonds *et al.* 2001; Posel *et al.* 2006) it is reasonable to expect that household formation and migration behavioural effects in response to cash transfers may exist and exclusion of migrants may lead to errors in child poverty measures.

As will be seen in chapters four and five, the discussion on the existing research on the effect of cash transfers on poverty (see for example Edmonds *et al.* 2001; Posel *et al.* 2004 & 2006; Klasen & Woolard 2008; Ardington *et al.* 2009) shows that it is important to take household structure responses, adjustments in family arrangements and migration into account when attempting to understand and measure the impact of cash transfers, such as the pension and CSG on child poverty in South Africa. In other words, the research highlights the importance of treating household structure as endogenous, seeing

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<sup>17</sup> As Posel *et al.* (2004) explain, in the majority of surveys undertaken in South Africa, including those by SSA, the strict definition of the household is used in which the basis of household definition is whether the individuals share in the resources (eat from the family pot) and reside in the household “for most of the year”.

household composition as fluid and thinking about inter-household resource allocation when studying the effects of cash transfers in poor communities in South Africa. As is discussed further in the last two chapters of the thesis, some research suggests that the way that the household responds to a cash transfer may accentuate poverty (see for example Klasen & Woolard's work on how households form around the pension and how this reduces employment prospects of youth). On the other hand, there is research (see for example Posel *et al.* 2004 & 2006; Ardington *et al.* 2009) that suggests that by facilitating the migration of prime aged adults (in particular women) cash transfers (and in particular the pension) may, by increasing employment, help reduce poverty at the household level<sup>18</sup>. Both Ardington *et al.* (2009) and Posel *et al.* (2004&2006) find that migration is facilitated by the pension being used to bankroll migrants and the availability in households of grandmothers, who can take over the child caregiver functions of the women who migrate in search of work.

## **2.2 Traditional child poverty lines –definition of traditional child poverty**

In the traditional approach to child poverty measurement, once a welfare indicator has been selected, a line needs to be selected to separate the poor from the non- poor, and count poor individuals. The distinction between the absolute and relative concepts translates into a choice between setting an absolute and relative line(s).

There is no one true concept of absolute poverty or absolute poverty line that can be used. Hence there is always an element of subjectivity in setting even an absolute poverty line (Stuart *et al.* 2003). Commonly used approaches for setting the absolute poverty line(s) are: (i) the food calorific approach, which involves basing the line on a costing of the level of calories required per day (Sumner 2004); (ii) the cost of basic needs approach, which adds costs of other basic goods to the minimum food need line; (iii) setting the line at the level of expenditure at which food constitutes a certain percentage of household

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<sup>18</sup> Of course what this implies for child poverty depends on how any income earned by migrants and sent back to the rural household is spent inside the household.

expenditure; (iv) using lines set by government for targeting programmes such as income support (Stuart *et al.* 2003).

As suggested by the description of the relative concept of poverty above, relative poverty lines define the poor in relation to a reference group, most commonly the income or expenditure position of others in society. Within the traditional approach, commonly used examples are the bottom 40% or 20% of households in income or expenditure distribution, and 40%, 50% or 60% of the mean or median income or expenditure (Stuart *et al.* 2003; Corak 2005).

When the aim is to measure changes in child poverty over time, the issue of where to set the poverty line is less important than maintaining its stability over time. When the aim is to profile poverty at a point in time, as it is here, where the line is set and how this affects the poverty profile becomes important. Critically, there is then a need to check the robustness of findings on rankings of different groups and geographical areas according to alternative poverty lines. A method commonly used for this purpose is testing for stochastic poverty dominance, using the cumulative density function (CDF). This method, which is used in chapter three to test the sensitivity of the child poverty profile developed from IES2005, is described in that chapter.

### 2.3 Traditional child poverty measures

Once the poverty line has been set a measure(s) needs to be selected for developing the child poverty profile. The Foster-Greer-Thorbecke (FGT) poverty measures are most commonly used for this purpose. They may be derived from the following equation (see Foster *et al.* 1984):

$$P_{\alpha} = 1/n \sum (i^{z-y} / z)^{\alpha} \quad | \quad (y_i \leq z)$$

Where:

- $P_{\alpha}$  = the measure of poverty

- $q$  = the number of poor households
- $n$  = the total number of households
- $z$  = the poverty line
- $y_i$  = the income of the  $i$ -th household

$P_0$ , the headcount index measure, sets  $\alpha = 0$  and shows the headcount poverty rate, the proportion of the population (or child population) below the poverty line.  $P_1$ , or the poverty gap index measure, sets  $\alpha = 1$ . It is a measure of the depth of poverty, based on the sum of the poverty gaps, i.e. the distance the poor lies below the poverty line.  $P_2$ , the squared poverty gap index, sets  $\alpha = 2$ . This measure of the severity of poverty gives a higher weight to individuals who are deeper in poverty, i.e. further below the poverty line.

Chapter two identifies and summarizes the findings of the existing traditional method of child poverty measurement studies based on South African data. One leading recent example of the application of the traditional approach to measuring child poverty at the international level is to be seen in the work of Janti & Bradbury (1999). They measure child poverty in industrialized OECD countries using per adult equivalent income as the welfare indicator<sup>19</sup>. Another example of the traditional approach to child poverty measurement at the international level is supplied by Corak (2005 & 2006). He takes stock of child poverty and changes in child poverty in the majority of OECD countries from 1990, when the Convention on the Rights of the Child came into force, until the early 2000s. He uses household disposable income (after taxes and transfers) to measure child poverty. Individuals are the unit of analysis and the square root of household size is used as the equivalence scale<sup>20</sup> (Corak, 2005:26). The poverty line he uses is based on the

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<sup>19</sup> Janti & Bradbury (1999) define a child (age 0-18) as poor if he/she lives in a household that has less than one half of the mean adult equivalent disposable income. Household income is adjusted for household size and difference between children and adults as follows: Needs of a family = (number of adults + number of children \* 0.7)<sup>0.85</sup>.

<sup>20</sup> Note that this scale deals with economies of scale difference in households but does not attempt to deal with the issue of households being different with respect to numbers of children versus adults.

relative concept of poverty – a household is defined as poor if the income per adult equivalent is less than 50% of per adult equivalent median income. Corak (2005 & 2006) uses the headcount FGT poverty measure.

### **3. The multi-dimensional approach to child poverty measurement**

The modern multi-dimensional approach to child poverty measurement is, unlike the traditional approach, informed by a range of disciplines. These include sociology, psychology, development economics and anthropology. The description of the multi-dimensional approach is organized as follows. Section 3.1 deals with conceptual issues. It provides an overview of what multi-dimensional child poverty conceptualization entails, discusses the semantic issue of what to call broader multi-dimensional concepts, highlights the primary developments shaping the multi-dimensional shift in poverty conceptualization definition and measurement and explains why embracing multi-dimensionality is important. Section 3.2 briefly describes the three leading methods of defining and measuring multi-dimensional child poverty that can be discerned in the literature.

#### **3.1 Conceptual issues in multi-dimensional child poverty measurement**

##### **What multi-dimensional child poverty conceptualization entails**

Multi-dimensional child poverty conceptualization attempts to take on board the view that children have a range of interrelated needs and rights and that child poverty is a complex multi-dimensional experience involving far more than economic deprivation. In the multi-dimensional approach, multi-dimensional child poverty is conceived as material deprivation (usually but not always conceptualized in resource deprivation terms) plus other forms of deprivation that span the social, physical and psychological realms. The precise deprivation domains included in the welfare concept vary across countries as well as research studies within countries. Below, in the discussion of definition and measurement, common procedures for selecting indicators and domains are discussed.

The simplest (and older) multi-dimensional child poverty models/welfare concepts include the traditional material deprivation domain plus health and nutrition deprivation, housing and basic services deprivation (sometimes titled living environment deprivation) and education deprivation (White *et al* 2002:3). More modern models, which attempt to be more inclusive, and holistic models, add domains such as physical safety deprivation, adequate care deprivation and social capital deprivation (sometimes referred to as powerlessness or lack of voice) (see Kanbur & Squire 1999; Noble *et al.* 2005 & 2007). Another deprivation domain included in some models is vulnerability, for example, to shocks such as employment and illness (see Kanbur & Squire 1999; Streak 2000).

Aside from the broader space in which poverty is defined, two other features of the modern multi-dimensional conceptualization that distinguish it from the traditional are worth noting. The first is its focus on child outcomes and access to essential services instead of only on resource inputs. The commonly cited multi-dimensional conceptualization of poverty put forward at the Copenhagen summit in 1995 illustrates this aspect well. Here absolute poverty was defined as:

—a condition characterized by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income, but also access to social services” (para. 19, chapter 2, UN 1995, cited in Baschieri & Falkingham, 2007:19 and Gordon *et al* 2003:5).<sup>21</sup>

The second is an attempt to reflect children’s survivalist needs and rights as well as their developmental needs and rights in the welfare concept (Bray & Dawes 2007a:14-15).

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<sup>21</sup> At the Copenhagen summit it was also stated that poverty takes various forms, including: —.lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterized by lack of participation in decision-making and in civil, social and cultural life...Women bear a disproportionate burden of poverty and children growing up in poverty are often permanently disadvantaged” (cited in Gordon *et al.* 2003:5).

The definition of child poverty below, by UNICEF, provides a useful example of how the multi-dimensional conceptualization of child poverty moves beyond income to include non-economic domains of well-being and away from being survivalist or minimalist.

—Children living in poverty ... (are those who)...experience deprivation of the material, spiritual and emotional resources needed to survive, develop and thrive, leaving them unable to enjoy their rights, achieve their full potential or participate as full and equal members of society” (UNICEF 2005, cited in Minujn *et al.* 2006:485).

### **The semantic issue of what to call multi-dimensional child poverty concepts**

As explained in the introduction to the thesis, the shift towards broader multi-dimensional child poverty conceptualization raises the question and creates confusion about whether the word “poverty” should be used to refer to multi-dimensional child poverty concepts or only to the traditional one (White *et al.* 2002:3). No consensus has been reached on this issue. Instead protagonists take different positions.

For example, White *et al.* (2002:3) position is that the debate over whether to call broader concepts or certain deprivation domains in multi-dimensional models “poverty” is semantic and should be set aside. White *et al.* (2002:3) argue:

—We are interested in people’s welfare or well-being, and lack of welfare we can call poverty. If it is thought that the term poverty should be used only to apply to material want that is fine, but our policy objective must...(as is argued below)...remain welfare more broadly defined, i.e. reducing ill-being, deprivation or disadvantage or whichever term you prefer”.

This approach is problematic in that it needs to be understood what notion of child wellbeing is being referred to and measured in different contexts and needs to be addressed.

Gordon *et al.* (2003), as well as Noble *et al.* (2006) and Barnes *et al.* (2007) following Townsend (1979 & 1987), call for distinguishing poverty conceived in the traditional

sense from deprivation and using the word poverty to refer *only* to the traditional *narrow* concept. In this approach, the concepts of poverty and deprivation are tightly linked but the concept of deprivation covers the various conditions, independent of income, experienced by people who are poor, while the concept of poverty refers to the lack of income and other resources which make those conditions inescapable or at least highly likely (Gordon *et al.* 2003:6). *Deprivations* are defined as:

—.. a state of observable and demonstrable disadvantage relative to the local community or the wider society or nation to which an individual, family or group belongs. The idea has come to be applied to conditions (that is physical, emotional or social stress circumstances) rather than resources and to specific and not only general circumstances, and therefore can be distinguished from the concept of poverty” (Gordon *et al.* 2003:6).

People are *poor* if:

—..they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved in the societies to which they belong” (cited in Barnes *et al.* 2007:3).

People are *deprived* if:

—..they lack the types of diet, clothing, housing, household facilities and fuel and environmental, educational, working and social conditions, activities and facilities which are customary” (cited in Barnes *et al.* 2007:3).

A third approach, and the one that is used primarily in this thesis, is use of the word “poverty” to refer to the traditional child poverty concept, and “multi-dimensional child poverty” or “child poverty and its associated deprivations”, to refer to broader multi-dimensional conceptualizations.

### **Foundations: Developments that informed the multi-dimensional shift**

The shift towards multi-dimensionality in poverty and child poverty conceptualization, definition and measurement has been informed by a number of empirical, historical and conceptual developments in development economics and other disciplines, most notably sociology. Here primary contributory factors are briefly described.

An early contributor was the emergence of the basic needs school in development economics in the 1970s (Shafer 2001:5). This school, led by Paul Streeten, focused on the meeting of basic needs as the goal in development strategy and advocated defining well-being and poverty in terms of satisfaction of basic needs. The leading needs identified by the school were nutrition/food, health, education, shelter, water and sanitation (Alkire 2002:183; Minujin 2005:41). The basic needs school stressed the importance of improving access to good quality social services such as health and education as well as basic services and infrastructure in a poverty alleviation and reduction strategy. An essential issue in the debate on poverty conceptualization stimulated by the school was how to draw up an appropriate list of basic needs that must be met by individuals of different ages in order to move out of poverty. The argument of the basic needs school, that poverty arises not only from insufficient income earned in private market exchange but also from insufficient public provisioning of social and basic goods of a particular standard to children and families living in resource environments, pushed to the forefront the need to look beyond raising income in programming to address poverty<sup>22</sup>.

From the early 1980s, Sen's work on well-being conceptualization, definition and measurement as well as his capability theory of wellbeing, began to play a prominent role in shaping poverty conceptualization, definition and measurement. Sen argued that the study of poverty should focus not on attempting to measure income and expenditure – the means to reducing poverty - but rather on the underlying capabilities without which it is

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<sup>22</sup> The concept of poverty and strategy to fight it in the World Bank 1990 *World Development Report* provides an example of how the basic needs school impacted on the conceptualization of poverty (as well as policy to address it). The following extract from the report is illustrative: "...progress on poverty has been achieved by pursuing a strategy that has two equally important elements. The first element is to promote the productive use of the poor's most abundant asset – labour. It calls for policies that harness market incentives, social and political institutions, infrastructure and technology to that end. The second is to provide basic social services to the poor. Primary health care, family planning, nutrition and primary education are especially important...a program of well-targeted transfers and safety nets (is) an essential complement to this basic strategy" (World Bank 1990:3).

not possible to live a fully human life (du Toit 2005:7). Moreover, he argued that it is inappropriate to frame well-being in terms of desire fulfillment (utility or consumption being measured by the proxy of income or expenditure) as this does not take into account actual conditions of the individual and what he/she can actually be or do. Instead he proposed that poverty be conceptualized in the space of the process by which people's choices are enlarged, what they can achieve with the resources they have access to, and the capabilities achievable with the resources they have at their disposal. In the capability theory of Amartya Sen, sometimes referred to as the functioning approach, there is a set of broad conditions (for example being fed, healthy, clothed, educated) that together constitute well-being. Individuals have entitlements (command over commodities) which are created through endowment (assets owned) and exchange (trade and production by the individual). These entitlements can be exchanged for capabilities – a set of opportunities to achieve the set of conditions of well-being. The role of income as a means to well-being is important, but as important are contextual factors that affect the link between income and well-being (Minujin 2005:4).

A third development that played a leading role in shaping the modern multi-dimensional approach to poverty and child poverty conceptualization, definition and measurement was the surge of participatory poverty assessments across developing countries and their findings in the 1990s. The poverty assessment surge sprang from the World Bank's insistence that if countries wanted to borrow, they had to show they had developed strategies to ensure that their policy framework was to yield benefits that were likely to reach the poor<sup>23</sup>. The findings from the various poverty assessment processes confirmed the multi-dimensional nature of the poverty experience and highlighted the need to focus on economic, physical, psychological and social deprivation in poverty conceptualization, definition and measurement.

The conceptualization of multi-dimensional poverty in the 2000/01 *World Development Report* is a leading example of the role of participatory poverty assessment findings in

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<sup>23</sup> This needs to be seen in the context of the World Bank's earlier Structural Adjustment Programme lending approach, which met with much criticism for ignoring poverty.

informing poverty conceptualization. The conceptualization of poverty put forward in this report was based on a series of participatory studies with some of those who had experience of poverty in 47 developing countries. Out of this work came the now well known multi-dimensional model of poverty put forward in the *World Development Report 2000/01*. In this, multi-dimensional poverty is presented as encompassing the following four deprivation domains: (i) insufficient income and income-earning opportunities; (ii) lack of human development opportunities; (iii) risk and vulnerability; (iv) lack of empowerment and participation. The latter two dimensions were, at the time the model was put forward, relatively novel – at least in the mainstream poverty discourse. Risk and vulnerability refer to the insecurity aspect of poverty – risk of economic shock or natural disaster or sickness shock. The empowerment and participation domains were included to capture non-economic (for example psychological and political) well-being/deprivation (World Bank, 2000/01; Alkire 2002; Sumner, 2003).

A fourth development that has played a major role in shaping multi-dimensional child poverty conceptualization definition and measurement is the rise to prominence of socio-economic rights<sup>24</sup> and child rights discourses. Towards the end of the 1990s child rights as a framework for guiding policy programming and services delivery to support vulnerable children as well as monitoring child poverty moved to the fore due to the majority of the countries in the world signing the CRC (Ben-Arieh 2000) The rights based approach to poverty analysis and policy formulation was also given impetus by leading development organizations such as Save the Children Sweden, UNICEF and the Overseas Development Institute (ODI) calling for rights-based child policy, programming and monitoring.

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<sup>24</sup> The growing attention afforded to socio-economic rights in poverty analysis can in part be explained by increased acceptance of the equal status of economic, social and cultural rights and political rights at the international level. Though economic, social and cultural rights appeared alongside civil and political rights in the 1948 Universal Declaration of Human Rights, they were subsequently separated in two Covenants adopted by the United Nations in 1966. It was only in the 1990s that the socio-economic and cultural rights covenant began to receive equal attention as a rights instrument requiring ratification and implementation by state parties.

One impact of the rights discourse on the poverty discourse was to change the language of poverty conceptualization away from children's "needs" towards their "entitlements". In the words of Shafer (2001:8): "The language of human rights adds to the expanded conceptualization of poverty the notion that poverty is the denial of an entitlement, a right which is unfulfilled". Another was to place the spotlight on duty bearers in rights implementation (Bray & Dawes 2007a:17; Baschieri & Falkingham 2007:3). In the child rights framework, the duty bearers, who are responsible for child wellbeing and need to ensure that child poverty and its associated deprivations are eliminated, include more than governments in states that have signed treaties such as the CRC and are obliged to give effect to rights specified in Constitutions. They also include communities and families (Baschieri & Falkingham 2007:3; Bray & Dawes 2007a:17). In the words of Reynolds (2003:9 cited in Bray & Dawes 2007:17):

"It is important to remember that although the state has ultimate responsibility for securing children's protection through the legal system and in providing the basic social and economic conditions in which children's rights can be fulfilled, family and community members are also duty-bearers who have greatest awareness of, and interest in the whole needs of each and every child".

Through its focus on non-discrimination another impact of the rights discourse on poverty analysis has been to challenge researchers to gather and analyze data in a way that facilitates understanding of the situation of groups that due to contextual factors such as culture and/or the nature of the political system one would expect to be particularly at risk (Bray & Dawes 2007a:20-21)<sup>25</sup>.

A fifth factor that has shaped multi-dimensional child poverty analysis, and one highlighted by Noble *et al.* (2006 & 2007), is the social exclusion discourse. The driving force behind the social exclusion discourse, which is pushed mostly by sociologists, is a

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<sup>25</sup> See Ennew (1999) and Bray & Dawes (2007a), for a more detailed discussion on what the rights framework calls for in term of gathering and analysing data on the wellbeing of children in a way that allows for the identification of discrimination against particularly vulnerable groups of children.

concern that “the typical policy response to income poverty, social grants...is not addressing the social policy problem of poverty, long-term unemployment and deprivation” (Klasen 2001:414 cited in Noble *et al.* 2007:58). There are a number of different concepts of social exclusion (Noble *et al.* 2006 & 2007). Noble *et al.* (2007:58) highlight two ways in which the concept of social exclusion is distinct from that of poverty, even in its broad multi-dimensional sense. First, whilst material resources and typically income lie at the heart of what is understood by poverty, and insufficient income is highlighted as the primary uni-dimensional cause of poverty<sup>26</sup>, the social exclusion concept embraces multi-dimensionality not only in the space of outcomes (like the multi-dimensional poverty concept) but also at the causal level. Second, in concepts of social exclusion, poverty is commonly presented as a subset condition of social exclusion, which is in turn related to the non-realization of citizenship rights and the malfunctioning of the societal systems which should guarantee those rights.

### **Why multi-dimensional child poverty conceptualization is important**

Six considerations suggest that the broader multi-dimensional conceptualization of child poverty matters and needs to be taken seriously by those interested in understanding the dimensions of child poverty in South Africa and/or developing effective strategies to address it.

The first is that people value things besides material well-being (White *et al.* 2002:3). This is reflective of people having a range of basic needs, some of which are not material. As an example children value things such as physical security, not being discriminated against and being able to play with friends and be accepted amongst peers (see Streak 2000; Streak 2004; Ewing 2004); this is further discussed in the review of the key findings from the qualitative research on child poverty in chapter two. As another example, Jodha (1988 cited in White *et al.* 2002:3) has famously shown with Indian data that the welfare of the poor had risen by measures they considered as important – such as

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<sup>26</sup> Of course it is debatable whether it is true that the new multi-dimensional concept of poverty does not see, besides income, factors such as insufficient access to good quality services and discrimination as causes of multi-dimensional poverty.

wearing shoes and separate accommodation for animals and livestock – whereas surveys showed their income to have fallen. Related to this argument is that research, from both developed and developing countries on the determinants of child developments, makes it clear that there are a range of factors, besides access to material resources, that promote child development (White *et al.* 2002:12-13 & 17-19).

The second consideration is that child poverty in the traditional sense and other associated dimensions of child deprivation are known to be interrelated and reinforce each other (White *et al.* 2002:3)<sup>27</sup>. For example poor health and nutrition affect the ability to learn and poor health and education restrict income earning capacity. In addition, lack of political voice can result in children being excluded from participation in schooling. The different domains of deprivation associated with deprivation conceived in the traditional way need to be measured and the way in which they interact explored.

The third consideration that raises the need for moving beyond the traditional approach is the problem raised by Sen, namely that the traditional approach provides an indirect indicator of child wellbeing/deprivation. Having only a monetary indirect indicator of child poverty seems insufficient when what we are interested in is the human aspect of the suffering associated with child poverty.

The fourth consideration that suggests a broad multi-dimensional conceptualization of child poverty is important and as such needs to be embraced in child poverty measurement is that material well-being has been shown, via quantitative empirical studies, to be only *imperfectly* correlated with other aspects of well-being (White *et al.* 2002:3). For example, the simple correlation coefficient between income per capita (logged) and infant mortality across a cross-section of countries is typically around 0.7 (White *et al.* 2002:3). In other words, raising income will not take care of all aspects of

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<sup>27</sup> Ennew (1997:22) reflects on this as follows: –A child is born without barriers. Its needs are integrated and it is we who choose to compartmentalize them into health, nutrition or education. Yet, the child itself cannot isolate hunger for food from its hunger for affection or its hunger for knowledge”.

deprivation, and in no case will it do so as rapidly unless attention is simultaneously paid to directly tackling a broad range of deprivations associated with poverty in the traditional sense (White *et al.* 2002:4). Kanbur and Squire (1999:1 & 23) are worth quoting on this point:

—A broader definition...expands the set of policies that are relevant to the reduction of poverty. But the broadening also emphasizes that poverty reduction strategies must recognize the interactions among the policies – the impact of appropriately designed combinations will be greater than the sum of the individual parts”.

The fifth consideration that explains why the multi-dimensional approach needs to be embraced is that if child poverty is conceptualized, defined and measured in the traditional way only, then income focused solutions – such as economic growth, job creation and cash transfers – will be highlighted as the best poverty alleviation and reduction solutions. Non-income policy levers that may be critical for addressing child poverty and its associated deprivations will be missed. Broadening the conceptualization of child poverty to include child deprivation across a range of other domains that are important to child welfare and development – such as health, education, housing and security – and following this through in measurement helps ensure that other social policy and programming options that can make a critical contribution to child poverty relief and reduction will be highlighted (White *et al.* 2002:4). Hence, and as argued by scholars such as Gordon *et al* (2003:6) who have been informed by the work of the basic needs school (see above), the multi-dimensional approach is significant as it brings to the fore the role of lack of investment in providing access to good quality education, health and other public services as significant causes of child deprivation in addition to low income. This line of inquiry is vital for informing effective and efficient policy and programming to address multi-dimensional child poverty and to improve child wellbeing.

The comprehensive package of rights afforded children in the CRC and country Constitutions, such as that in South Africa, presents the sixth reason why multi-dimensional child poverty conceptualization, definition and measurement are important (Coetzee & Streak 2004; Noble *et al.* 2006 & 2007). The CRC, which serves as a child rights benchmark for policy and programming in almost all countries including South

Africa, divides the necessities for child well-being and the range of rights of children into four categories, which need to direct broad multi-dimensional child poverty conceptualization, definition and measurement (Streak 2000:ix; White *et al.* 2002:11).

These are:

- Survival rights: a child's right to an adequate living standard, including shelter and nutrition, as well as access to medical services.
- Development rights: a child's right to education, play and leisure, cultural activities as well as access to information and freedom of thought, conscience and religion.
- Protection rights: a child's right to be protected against all forms of exploitation and cruelty, arbitrary separation from family and abuse in the criminal justice system.
- Participation rights: a child's right to the freedom to express opinions and have a say in matters affecting his or her life.

### **3.2 Multi-dimensional child poverty definition and measurement: description of the quantitative, qualitative and Q-squared methods**

Three distinct methods may be discerned within the multi-dimensional child poverty research programme and in the literature on the impact of cash transfers on multi-dimensional child poverty. These are the quantitative, the qualitative and Q-squared methods. Each of these is described briefly below.

#### **The quantitative method**

Quantitative measurement of child poverty conceived in a broad multi-dimensional way is more complicated than measurement of the narrow traditional concept. This is partly because there is then a need to select and define deprivation lines as well as generate measures for a range of deprivation domains, rather than one only. However, it is also due to the problem that for many of the indicators one would like to measure, data is of poor quality or not available (Sumner 2002; Sumner 2003, Stuart *et al.* 2002 and Bray & Dawes 2007a). This data problem needs to be understood bearing in mind that to be

rigorous and to allow for comparison of measures obtained for the different domains, the indicators used in multi-dimensional child poverty measurement should be drawn from the same survey or at least surveys based on the same sampling method. The most common sources of data from which indicators<sup>28</sup> are drawn for the purpose of multi-dimensional child poverty measurement are living standard household surveys, like Demographic and Health Surveys and UNICEF's Multiple Indicator Cluster Survey (Roelen & Gassmann, 2008:14). Another source of data commonly used in multi-dimensional child poverty measurement is administrative data which is used for indicators of access to services known to be critical for improving child wellbeing thereby reducing child deprivation.

Nevertheless, the steps that need to be taken when defining and measuring multi-dimensional child poverty are similar to those described in the overview of the traditional approach. Step one involves selecting the welfare concept/multi-dimensional child poverty model and deprivation indicators to be measured. The second step in multi-dimensional child poverty measurement involves selecting the definitions of deprivation for the various domains of deprivation – i.e. setting the deprivation line for separating those children who are deprived from those who are not in the deprivation domains.

In the selection of deprivation domains to include in the welfare concept and indicators to use for measurement, researchers commonly look towards the rights framework governing policy, programming and service delivery for children in the country. However, and as is pointed out by Bray & Dawes (2009a) as well as Coetzee & Streak (2004) the rights afforded children are vague with respect to precisely what government and other actors are obliged to provide to children under each right. Hence, the rights

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<sup>28</sup> As Bray & Dawes (2007a:12) note, indicators point to and stand for something else. Moreover the indicators in multi-dimensional child poverty measurement which need to be selected are —statistical time series data that measure .... the conditions of children's lives, and in the health, achievement, behaviours and well-being of children themselves. They are numbers that tell us something significant about how today's children live and how we as a society are raising them" (Zill *et al.* 1983 cited in Bray & Dawes 2007a:13).

framework is not very useful for providing researchers with guidance on what indicators to select to reflect the situation of children in relation to the different deprivation domains, or for providing knowledge about where precisely to set the line or threshold separating those who are deprived from those who are not.

In the absence of information on the rights framework as to what indicators to use to measure the different domains of deprivation and how to define the cut off lines of the various deprivations, two procedures are commonly pursued to achieve these ends. The first, older, least democratic and inferior approach is to base the definitions on the opinion of child development<sup>29</sup>/wellbeing experts. A second is to use indicators commonly used by other researchers. For the health domain these would include, for example, infant mortality rates and child mortality rates. In the education domain school enrolment, grade progression and a range of school performance indicators would be included. A third and newer approach, which is called the socially perceived necessities approach, involves selecting indicators and defining the lines separating the deprived from those who are not by gathering and analyzing data from the general population (which can be adults and children) on what are the essential items for children to live a decent life. This can be done by using qualitative and quantitative techniques or both. When this approach is used a democratic or consensual definition of multi-dimensional child poverty forms the basis of measurement. Noble *et al.* (2004:14) make a strong case for using the third approach to derive child deprivation indicators and draw the threshold separating out deprived from non-deprived children across the various domains in South African multi-dimensional poverty and child poverty measurement:

—...consensual definition of poverty would have the stamp of democratic legitimacy in a way that expert definitions, no matter how theoretically acute, do not. In a newly-democratic country a bottom-up poverty measure, reflecting the views of most South Africans could prove important in influencing the direction of policy”.

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<sup>29</sup> Child development may be defined as “a process of change in which a child learns to handle ever more difficult levels of moving, thinking, speaking, feeling and relating to others” (Meyers 1992:4 cited in White *et al.* 2002:1).

Driven by the work of a research team led by Noble at the Centre for the Analysis of South African Social Policy (CASASP) the socially perceived necessities approach has gained ground in both the child poverty measurement literature and policy circles in South Africa. The method and findings of the studies in this regard (see Barnes 2009 b, c & d) are discussed in chapter two.

The third step in multi-dimensional child poverty measurement involves selecting the measure(s) for the different facets of deprivation. The most common is, as with the traditional approach, the headcount measure, which, as explained above, expresses the number of deprived children as a percentage of all children. However, some researchers have also developed severity and depth measures<sup>30</sup>. A trend within quantitative based multi-dimensional child poverty measurement, and one which can also be discerned in multi-dimensional poverty measurement, is the aggregation of deprivation measures into an index of multiple child deprivation.

To provide more detail on what the multi-dimensional child poverty measurement method involves, two leading recent examples of quantitative multi-dimensional child poverty measurement studies that do not develop an index are presented. Non-South African studies were selected as examples because the South African quantitative based multi-dimensional child poverty measurement studies are reviewed in chapter two.

Gordon *et al.* (2003) measure multi-dimensional child poverty in a range of countries in the developing world. (Gordon *et al.* 2003:6). They derive a set of basic needs to which that a child should have access, and converted them into a series of deprivations when access is not available. The needs are based on the set of rights afforded children in the CRC. The basic needs to which access is deemed critical and to be measured are: food; safe drinking water; sanitation facilities; healthcare facilities; shelter; education; and

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<sup>30</sup> Delamonica & Minujin (2006) for example, have extended the Gordon *et al.* (2003) measurement study (see below) by adding measurement of the depth and severity of deprivation to their measurement of incidence of child deprivation or 'poverty' based on the severe deprivation counts.

information. In the measurement of the deprivations a separate deprivation count is presented for each deprivation dimension. A continuum of deprivation is used to formulate operational definitions of deprivation for each dimension. Within every dimension, the range is from no deprivation, to mild, to moderate, to severe and finally to extreme deprivation (Roelen & Gassmann 2008:13-14). The child is the unit of analysis in the measurement. The cut off line or ‘poverty line’ is set at the severe deprivation level: if the child does not meet that level, he/she is considered deprived in that dimension. The identification and aggregation methods of this study required that information on all dimensions be available for each child (Roelen & Gassmann 2008:14). A child was considered to be living in absolute poverty if he/she suffered two or more severe deprivations. The output of the multiple deprivations method is a deprivation count or deprivation incidence for each of the seven dimensions as well as two aggregate poverty counts, namely severe deprivation and absolute poverty (Roelen & Gassmann 2008:13-14). Table 1.2 presents the definitions used to measure multi-dimensional child poverty.

**Table 1.2: Definition of multiple child deprivation in the Gordon *et al.* measurement**

<b>Deprivation</b>	<b>Mild</b>	<b>Moderate</b>	<b>Severe</b>	<b>Extreme</b>
Food	Bland diet of poor nutritional value	Going hungry on occasion	Malnutrition	Starvation
Safe drinking water	Not having enough water on occasion due to lack of sufficient money	No access to water in dwelling but communal piped water available within 200m of dwelling or less than 15 minutes walk away	Long walk to water source (more than 200m or longer than 15 minutes). Unsafe drinking water (e.g. open water).	No access to water
Sanitation facilities	Having to share facilities with another household	Sanitation facilities outside dwelling	No sanitation facilities in or near dwelling.	No access to sanitation facilities
Health	Occasional lack of access to medical care due to insufficient money	Inadequate medical care	No immunization against diseases. Only limited non-professional medical care available when sick.	No medical care
Shelter	Dwelling in poor repair; more than 1 person per room	Few facilities in dwelling, lack of heating, structural problems; more than 3 people per room	No facilities in house, non-permanent structure, no privacy, no flooring, just one or two rooms. More than 5 people per room.	Roofless – no shelter
Education	Inadequate teaching due to lack of resources	Unable to attend secondary but can attend primary education	Child is 7 or older and has received no primary or secondary education.	Prevented from learning
Information	Cannot afford newspapers or books	No television but can afford radio	No access to radio, television or books or newspapers.	Prevented from gathering access to information
Basic social services	Health and education facilities available but occasionally of low standard	Inadequate health and education facilities nearby (e.g. less than 1 hour travel)	Limited health and education facilities a day's travel away.	No access to health or education facilities

*Source: Gordon et al. 2003:8.*

Basher & Falkingham's study (2007) measured multi-dimensional child poverty in Tajikistan. Like Gordon *et al.* (2003) they based their selection of indicators and indicator domains on the CRC. Child well-being is presented as realisation of these rights, and child deprivation as resulting from a denial of these rights. Unlike the Gordon *et al.* study, their measurement agenda included measuring material deprivation in the traditional way using an indirect money metric indicator. Table 1.3 lists the deprivation domains and indicators used in this measurement study. As is seen in Table 1.3, the

welfare indicator used for the material deprivation domain measurement, which estimated the poverty headcount FGT ( $P_0$ ) measure, was per capita expenditure.<sup>31</sup> Tajikistan has no officially sanctioned poverty line. The choice of poverty line was informed by the World Bank's use of \$2.15 PP a day in its Poverty Assessment of Tajikistan, undertaken just prior to this measurement study.

**Table 1.3: Domains and indicators of child poverty and deprivation in the Baschieri & Falkingham measurement**

Domain	Indicator
Material poverty	Percentage of children living below \$2.15 PPP expenditure a day
Survival	Infant mortality rate, under five mortality rate
Nutrition	Percentage of children 'stunted', 'wasted' or 'underweight' Breastfeeding patterns Access to safe drinking water
Health	Self-reported morbidity Access to health care
Education	Enrolment in basic education Percentage of children in early childhood care and education programmes
Risk and safety	Child labour Exposure to violence Knowledge of HIV

*Source: Baschieri & Falkingham 2007:20.*

Save the Children UK (2008) developed a Child Development Index ~~to~~ monitor and compare the wellbeing of children...(and has been applied to )...more than 140 developed and developing countries across the world" (Save the Children 2008:5). The CDI is comprised of three indicators that span three domains of child deprivation. The indicators were chosen because they are easily available, commonly understood, and clearly indicative of child wellbeing (Save the Children 2009:3). The indicators are: (i) in the health domain, the under-five mortality rate; (ii) in the nutrition domain, the

<sup>31</sup> Hence, the simplest AES which assumes that children have the same needs (cost) as adults and does not allow for economies of scale was implied.

percentage of under fives who are moderately or severely underweight; (iii) in the education domain, the percentage of primary school-age children who are not enrolled in school. The three indicators are aggregated into an index by simply calculating the average score between them. In other words, all the indicators have equal weighting in the calculation of the final index score.

Bradshaw *et al.* (2006) developed their child development index to compare the performance of EU member states in child wellbeing. It is comprised of eight clusters of wellbeing, with 23 domains and 51 indicators. The eight clusters are: children's material situation, housing; health; subjective wellbeing; education; children's relationships; civic participation; and risk and safety (Bradshaw *et al.* 2006:133). Although the choice for domains and indicators was initially made on the basis of the authors' multidimensional view of child poverty, it finally depended on the available data (Roelen & Gassmann, 2008:16).

### **The qualitative method of understanding multi-dimensional child poverty**

—Qualitative researchers cannot entirely achieve unmediated entry into the respondents' worlds; interpretation will be affected by the researchers' own perspectives and the respondents' reactions to them. But, they can get closer, and the primary objective is to try" (Adato, 2008:226).

A second method of research identifiable in the literature aimed at understanding multi-dimensional child poverty and the impact of cash transfers on child poverty and its associated deprivations is the qualitative method. It will be seen in chapter two that qualitative method research has made significant contributions to understanding the nature of the child poverty and its associated deprivations associated in South Africa. It will be seen in chapter five that qualitative research has also made a significant contribution to understanding how the CSG programme is viewed within its target population as well as how it has been working to improve the wellbeing of children in poor households. With respect to the latter, qualitative research has played a particularly valuable role in providing insights on how the CSG is spent inside the household.

There are two distinct sub-approaches within the qualitative approach to studying multi-dimensional child poverty and the impact of cash transfer programmes on it that can be discerned in the literature. The first is the ethnographic approach which Chambers (2007) calls the idiosyncratic anthropological approach. This approach, which has its roots in anthropology, involves the researcher(s) gaining insights by integrating themselves in the communities and households and observing how poor children and adults in particular contexts interact with their environments. Case studies that focus on the life stories of particular individuals and households in the communities in which the researcher(s) is working are also common in this type of qualitative approach. The following description of the ethnographic approach to shedding light on poverty and the impact of a particular programme on poverty by Burawoy 1987, cited in Adato (2008:226) is useful:

—Ethnography involves the immersion of the researcher in the everyday life of the people or group being studied, providing detailed descriptions and interpretations, with a focus on the interactions between different aspects of the social system under study. Sometimes referred to as the ‘extended case method’ it uses intensive interactions and participant observation to understand everyday life, using a reflexive model of science that stresses engagement rather than detachment”.

It follows that when anthropologists use the word ‘poverty’ it is with an idiosyncratic, locally and culturally specific meaning (Chambers 2007). The consideration driving this approach is that manifestations of poverty are influenced by particular contexts and that to fully understand and describe poverty and/or the response to a programme to address it in any context requires careful study of how individuals interact with their environments. In the words of du Toit (2005:6):

—What is central in understanding people’s prospects and situation is not any particular aspect of deprivation but how all the facets of their existence and experience come together in a complex and always historically situated way to produce a state of lack of powerlessness or need which can then (always in a particular context and always by particular people) be called poverty”.

No headcount or any other count measure is produced by researchers using the anthropological method to study the dimensions and determinants of child poverty. Instead, the presentation of findings is organized into narratives which describe the nature of the multi-dimensional child poverty experience and the causal factors underpinning it. This is usually supplemented by research suggestions about the key themes that emerge from the narratives. One example at the international level of the anthropological approach to exploring poverty can be found in Haswell's (1975) study of West Africa. Another is Polly Hill's (1997) study of development in Ghana. In the South African research programme on child poverty and its associated deprivations, as well as the impact of the CSG on child poverty conceived in the multi-dimensional sense, this method of data collection has not been used by many. Indeed, the ethnographic qualitative method has not been used much by researchers to enhance understanding of child poverty and the deprivations associated with it in South Africa. One example of its use in South Africa is Susan Levine's doctoral research, which investigated work experiences and the impact of work on child wellbeing amongst children living with poor parents and other caregivers on wine producing farms in the Western Cape. Another example, which focused on understanding the multi-dimensional poverty experience of HIV positive mothers rather than children, but did shed light on the experience of children, is one undertaken recently by Kane (2009). This involved Kane spending two years of ethnographic work with five HIV positive unemployed women and their children in Khayalitsha in the Western Cape. With respect to the use of this qualitative method by researchers to enhance understanding about how the CSG has been achieving its objectives, the qualitative studies of: (i) CSG programme administration processes and (ii) views about the CSG and dynamics surrounding the CSG inside recipient households by Hunter & Adato (see Hunter & Adato 2007a & b) provide two good examples.

In studies of poverty, the second qualitative sub-type, which has been used most often by researchers working on enhancing understanding about the multi-dimensional child poverty profile in South Africa and the impact of the CSG on it, is the participatory approach. This involves gaining knowledge via focus groups and interview discussions with adults and/or children who have experience of poverty and/or the programme as

well as other key stakeholders who have knowledge of the poverty situation and/or the CSG programme. Whilst a growing number of researchers from academic institutions now use the participatory approach to poverty analysis (often in combination with quantitative research - see below) it was originally driven by civil society and the work of leading international development and rights organisations. Amongst the latter a leading international development organisation that has supported the use of this method to enhance understanding of poverty in general (as opposed to child poverty) is the World Bank. Save the Children (Sweden and UK) has had a larger role to play in supporting the use of the method in the area of enhancing understanding about child poverty. Whilst this mode of research was pioneered in the 1970s and 1980s primarily by civil society and the work of leading international development organisations, it has more recently come to be recognized as most valuable by academic researches focusing on poverty (Chambers 2007).

When the participatory method for studying the dimensions of multi-dimensional child poverty is used, the researcher listens to the experiences and views of children and adults who have live knowledge about poverty and the deprivations associated with them, in an attempt to understand the challenges children living in poverty face and how deprivation in one domain is linked to another. As will be seen in chapter five, when the approach is used to understand the impact of a cash transfer programme such as the CSG on multi-dimensional child poverty, the approach involves gathering information directly from those with experience of the programme and its value via focus groups and interviews that explore different questions about programme implementation and impact.

### **The mixed or Q-squared method of studying multi-dimensional child poverty**

—Researchers have recognized....that quantitative analysis of the incidence and trends in poverty, while essential for national economic development planning, must be complemented by qualitative methods that help planners and managers understand the cultural, social, political and institutional contexts in which projects are designed and implemented” (Bamberger, 2000:ix).

A trend in the research programme directed at understanding multi-dimensional poverty and child poverty over the last decade, as well as in research on the impact of cash transfers on multi-dimensional child poverty, has been increased dialogue between those using quantitative and qualitative methods (Kanbur 2005:1) and the rise to prominence of the mixed method. This method, which involves blending qualitative and quantitative research methods, is commonly called Q-squared. When the nature of the child poverty profile is being studied the quantitative method is used to generate measures of the scale and characteristics of different dimensions of deprivation. Qualitative research is used to provide additional insights into the nature of the deprivations experienced by children and their caregivers as well as the interaction between poor children and their environments. When the impact of a cash transfer programme is being studied quantitative research provides measures of up-take rates, targeting errors and impact (based on a range of deprivation indicators) at a scale that can provide reliable directions for policy makers to make programme adjustments. The qualitative research is used to help explain reasons for the patterns generated by the quantitative research as well as to flag aspects of understanding not shown by the quantitative research findings.

With respect to sequencing, the most valuable way in which the qualitative and quantitative methods can be blended involves each informing the other. In the words of Adato (2008:233): “The ideal format for integration would be iterative stages of research and analysis, with qualitative and quantitative research each used for identification of issues to be investigated with the other method, and for interpretation of the findings of the other method, in several iterative rounds”. Whilst such an approach is ideal, it is also expensive.

An example of the use of the Q-squared method of exploring multi-dimensional child poverty and its determinants at the international level is the Young Lives Project, started in 2001 to investigate poverty in four countries, namely Ethiopia, Peru, India and Vietnam, from 2001 to 2016 (Roelen & Gassmann 2008:19). In chapter two a handful of Q-squared method studies aimed at making a contribution to understanding of the child poverty situation in South Africa are identified and reviewed. As Adato (2008) explains,

use of the Q-squared method has come to be seen as best practice in evaluations of large scale programmes aimed at reducing child poverty. Two good examples at the international level, funded by leading international donors, such as the World Bank,<sup>32</sup> of the way that this method has been used to study the impact of a social programme on multi-dimensional child poverty are: (i) Adato (2008) which shows how the two methods have been used to help understand the implementation and impact of the conditional cash transfer programmes in Nicaragua and Turkey; (ii) Jones *et al.* (2008), which involved use of the mixed method approach to study the impact of trade liberalization on childhood poverty and its associated deprivations in Vietnam. Chapter five also discusses some studies that have made valuable contributions to understanding the impact of the implementation and impact of the CSG via use of the mixed method.

#### **4. Merits of the different child poverty measurement approaches**

—Different methods are required to tackle different problems, and a combination of techniques will frequently yield greater insights than either one used in isolation....Both quantitative and qualitative techniques have their place in social analysis” (White 2002:519).

Both the traditional and modern child poverty measurement approaches have their strengths and limitations. Within the multi-dimensional approach there are also strengths and weaknesses of the different sub-approaches. The strengths and weaknesses of the different methods used for profiling child poverty are briefly described (see 4.1 below) and the value of embracing plurality and adopting a mixed method approach in the attempt to understand the child poverty situation in a country is highlighted.

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<sup>32</sup> Adato (2008:232) laments however, that the quantitative part of the findings are still disseminated more widely and that the budgets provided for the qualitative components of the research are very small compared to those given to the quantitative components as well as relative to the value that can be added by qualitative research.

#### **4.1 The traditional child poverty measurement approach**

The traditional child poverty measurement method has three main strengths. The first is that it provides a simple and easy way to communicate measures of material deprivation, which is arguably at the heart of most concepts of poverty. The second is that it is relatively easy to put into operation because, in the majority of countries, the household income and/or expenditure data required by its measures is collected at the national level at regular intervals. The third is that it produces measures that are easily understandable and hence facilitate effective advocacy and information dissemination relating to the child poverty situation (Roelen & Gassmann 2008:10).

However, and as has already become clear from the discussion above of the issues confronted when selecting an appropriate individual welfare measure to use when measuring child poverty in the traditional way, together with the factors shaping the emergence of the modern approach and its growing importance, the traditional approach has serious limitations. The limitations of the traditional approach are best organized into two categories: (i) weaknesses relating to the narrow focus in conceptualization (and hence definition and measurement) on economic or resource deprivation and use of a money metric indicator for child poverty definition and measurement; (ii) weaknesses that may undermine the ability of the approach to offer a true reflection of child poverty conceived defined and measured even in the traditional, narrow way.

##### **Weaknesses related to the narrow focus of the traditional approach on resource deprivation defined and measured using money metrics**

The first weakness of the approach, and one that is linked to the use of a money metric indicator, which is an indirect indicator, is that it offers no direct or explicit information on the deprivation experience of children affected by poverty (Barnes 2009a:2; Feeny & Boyden 2003:8). This is a problem because arguably it is the deprivations that result from material poverty, such as hunger, malnutrition, limited access to basic services and poor quality of social services such as education and health, that are critical for child development and wellbeing; these are what we are interested in from a child rights, welfare and development perspective. The second weaknesses, which is one which has

also already been highlighted above, is its narrow focus on measuring only one deprivation domain of the deprivation experience associated with child poverty. In section 3.1 above it was explained why a narrow concentration on material deprivation is problematic from a child rights, wellbeing and policy perspective and hence this is not explained here.

**Limitations that may undermine the ability of the approach to generate an accurate reflection of child poverty conceived and defined in the narrow traditional way**

The third weakness of the traditional approach, which may result in its offering a poor reflection even of child poverty conceived and defined in the narrow way, flows from its use of *household* level data to measure *child* poverty. To make the transition from household level to individual level welfare the traditional method uses the AES which adjusts for differential household size (economies of scale) and differential needs of different household members (for example children versus adults and children of different ages). It also assumes equality in resource allocation. This would not be a problem if there was sound scientifically based knowledge of the values that should be used for the economies of scale and cost of child variables in the AES, and if there could be reasonable certainty that resources are allocated equitably within the household. However, on the contrary, the values of the AES parameters are usually not informed by solid evidence and hence equivalising income or expenditure using an AES does not accurately reflect the needs of households of different sizes and of individuals of different ages. Moreover, the existing evidence on intra-household resource allocation, including that gathered from South Africa (see chapters two and five) challenges the assumption of resources being divided equally and altruistically between all household members. Instead, research suggests conflict over resource sharing, i.e., that who controls resources matters for how resources are shared, and that certain individuals, including women and children without biological parents present in the household, are discriminated against. The conclusion is therefore that even with the use of the AES tool, the traditional approach to child poverty measurement offers an inaccurate measure of the level of child access to resources inside households and of child poverty in a resource deprivation sense.

A fourth weakness of the traditional approach that must be flagged, which also arises from the use of household level data for measurement purposes, is that children who do not live in households, such as those in children's homes or those living on the streets, are excluded from the measurement (Roelen & Gassmann, 2008:10). This only applies, of course, where specific attention has been paid in the study to gathering data relating to the income position of these children, who are often amongst those most at risk of poverty and its associated deprivations.

A fifth weakness of the traditional method to be flagged is that in the absence of the existence of one true absolute or relative true definition of poverty via a poverty line, the line used to separate out and count the number of poor children will always contain an element of subjectivity and ideology.. This is why research to develop democratic poverty lines based on the views of a broad segment of the population in countries is so important. This weakness also raises the need for testing the sensitivity of findings on the scale of the composition of child poverty, based on the traditional measurement method, to changes in the setting of the poverty line<sup>33</sup>.

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<sup>33</sup> Another weakness is that in measurement practice, use of the traditional approach for measuring child poverty and/or the effect of a cash transfer programme such as the CSG on child poverty often defines the household in a way that excludes non-residents, and hence migrants and their income, even if some is transferred to the household. This is a problem, as explained above, because in some cases, as in South Africa, children frequently benefit from the income earned by migrants. Also, the existing evidence on cash transfers in South Africa suggests (see Posel *et al.* 2006; Ardington *et al.* 2009) that the issue of migration in search of work is a response to cash transfers, such as the pension, that are large and this effect on poverty will be missed by excluding non-residents. This weakness of the traditional approach has not been included in the main text as it is a weakness that arises in practice but is not inherent in the approach as it exists in principle.

## 4.2 The multi-dimensional approach to child poverty measurement

### The quantitative multi-dimensional method

A primary strength of the quantitative based multi-dimensional measurement method is that relative to the traditional approach it offers more *child* centred and *direct* indicators of child wellbeing (deprivation) than the money metric indicators provided by the traditional method. As an example, the anthropometric indicators used by some researchers to reflect on the trend in child poverty in South Africa since 2004 (see chapter five) as well as to study the impact of the CSG on child poverty (see Woolard *et al.* 2005) offer a more direct reflection of child wellbeing status.

A second strength is that it offers a far more comprehensive and policy-relevant picture of a country's child poverty profile than the traditional approach. Multi-dimensional child poverty measurement is particularly useful for policy makers because it allows for reflecting on the insufficient resource/income dimension of child poverty as well as its various non-economic causes, including aspects such as insufficient access to quality health and education services, insufficient security and social/political issues such as political exclusion/discrimination. From a practical perspective, policy makers contemplating setting the level of an income transfer for families to support child development need to know not only about the economic situation of children – measured using monetary income or expenditure indicators or some other indicators – but also about children's access to free quality services of various kinds, for example health, education services and social welfare of good quality.

The primary weakness of the multi-dimensional quantitative based measurement method<sup>34</sup> relative to the traditional quantitative measurement approach is that the welfare

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<sup>34</sup> As White (2002) explains, there is a widely held view, particularly amongst economists, of the superiority of quantitative over qualitative methods of poverty analysis. However, this view is problematic in that: (i) it does not acknowledge that both quantitative and qualitative methods may be used in a way that allows the researcher's own model of the work to dominate rather than the data; (ii) it is ignorant of how qualitative research may be used to add additional insights where quantitative research cannot, and to

model it puts forward for measurement is often very difficult to operationalize due to data constraints. Scarcity of data explains why some researchers acknowledge the multi-dimensional and complex nature of child poverty but revert to the traditional method in their measurement of child poverty (see Janti & Bradbury 1999; Corak 2005 & 2006)<sup>35</sup>. In the absence of data the only option then for researchers and policy makers interested in developing more comprehensive profiles of the child poverty and associated deprivations situation in their countries is to generate data through surveys specifically designed to measure the multi-dimensional child poverty concept under consideration. This is unfortunately a very costly and time intensive endeavor.

In addition to the missing data problem, another problem with the multi-dimensional quantitative approach is that defining the range of indicators to use – for example through the employment of the socially perceived necessities approach - is a time intensive and costly process. Sumner (2003) and Chambers (2007) also raise the problem that in some cases it is difficult to come up with appropriate indicators to reflect what one wants to measure. Examples here are quality of education and quality of childcare. A third weakness of the multi-dimensional quantitative method of child poverty measurement is that it is more difficult relative to the traditional to use for advocacy purposes. This can arguably be made less of a problem by aggregating the measures for the different

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explain findings generated by quantitative research (see below). It follows that there is no need to consider the strengths of the quantitative versus the qualitative approach to multi-dimensional child poverty investigation. Instead the synergies of the two approaches need to be highlighted.

<sup>35</sup> Janti & Bradbury (1999:386), having acknowledged the importance of conceiving child poverty in a multi-dimensional way, go on to explain why they use the traditional approach to measure poverty in the OECD countries as follows: “We examine child poverty as measured by the low-income status of their households. This does not capture all aspects of child poverty or more broadly child deprivation, nor is it intended to do so.... While all the areas of the deprivation of children are highly relevant, there are good reasons to study the income position of children in particular, including the fact that money income is a central vehicle for generating economic well-being in modern industrialized countries and that income data are readily available.”

domains into an index, but then there is the problem that there is no scientific basis for determining appropriate weights to use in the aggregation<sup>36</sup>.

A fourth weakness of the multi-dimensional quantitative based measurement approach is that in practice analysis of the overlap of deprivations across the different dimensions of deprivation measured is commonly limited. This is —due to survey design and the fact that different issues are relevant for children at different ages, not all indicators and domains are observed for all children” (Roelen & Gassmann 2008:15). A fifth limitation, which is similar to that of the traditional method, is that, because it uses primarily household survey data, it misses children living outside of households, of whom a high proportion would be particularly vulnerable to poverty and other forms of child deprivation.

### **The qualitative method**

One of the primary strengths of the qualitative method relative to the quantitative multi-dimensional measurement method is that it adds a human element to the picture of the dimensions of the child poverty profile provided by quantitative research. Reflecting on this contribution of qualitative research the economist Binayak Sen (cited in Adato 2008:233) once remarked: “numbers give one a feeling of facts; qualitative stories give one feeling of truth”. As is argued by Adato (2008:233), sometimes, due to the human element, qualitative findings resonate with policy makers or programme implementers in a stronger manner than statistics.

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<sup>36</sup> In the words of Roelen & Gassmann (2009:16): “The main advantages of an index are the summary of various indicators in different domains it provides and the production of a single number that is easy to communicate. Both advantages make advocacy easier and can trigger interest in the area of poverty”. Another weakness of the index approach to child poverty profiling, aside from the problem of weights, is that it does not provide a story about the different facets of child deprivation to influence policy and programming. In other words, it does not offer insights into how children fare in one domain of deprivation relative to another and hence on the relative need for income support to address material deprivation relative to interventions and to address other forms of deprivation, such as inadequate access to or quality of health or education services) A third is that the aggregate approach of the index allows for masking of serious upward or downward trends in domains over time due to trends in different variables compensating for each other (Roelen & Gassman 2008:17).

Another strength is that this method can be used to answer questions about and shed light on dimensions of the deprivation situation that are difficult for the quantitative method to answer. These include questions about: political and cultural factors underpinning the child poverty and deprivation situation; perceptions about and experiences of government delivery of key programmes and services; and relational factors surrounding the multi-dimensional child poverty situation including family dynamics in resource allocation. (White *et al.* 2002; Adato 2008). It follows from this that qualitative research is particularly useful for shedding light on the causes of the various child deprivations in a country as well as factors in the environment (such as, for example, stigma and cultural practices) that may be behind poor programme implementation and impact. A third value of this method is that, by getting close to the reality of children's lives, qualitative research is often able to flag aspects of the multi-dimensional child poverty deprivation situation in a country that have been missed by the measures produced by quantitative researchers. An example in South Africa is the failure to include feelings of social isolation and the psycho-social impacts of poverty by the quantitative research programme (see chapter two). A fourth is that qualitative research can produce findings about the nature of the multi-dimensional child poverty profile and/or the impact of a cash transfer programme that explain the findings of quantitative studies. A final strength of the qualitative method [that may be noted is that it offers an easier route for involving children in research, and accessing data directly from children, than does the quantitative method.

The primary weakness of the qualitative method is that it cannot offer researchers' and policy maker's information about the child poverty situation and its determinants at the scale required to inform policy decisions. For policy purposes, the value of statistics on poverty cannot be in dispute. Hence Chambers (2007), a champion of qualitative poverty research and in particular the participatory method, states:

–The value of statistics should not be in dispute. They can enable an overview, and can permit comparisons over time and comparisons between categories of people, contexts and even countries. If they cover a range of dimensions (like infant mortality, longevity,

education, access to health services and so on) they can be useful to policy-makers” (Chambers, 2007).

### **The Q-Squared method**

As explained above, the Q-squared method is now regarded as the best practice method that may be used to gain understanding of the contours of the multi-dimensional child poverty situation in a country, as well as to study how cash transfers impact on it. This is because on the one hand, through the use of the quantitative method, it is able to generate “facts” about the dimensions of the child profile at the scale required to inform policy. On the other hand, via the inclusion of a qualitative component in the research: (i) a human element of persuasion may be added; (ii) findings missed by the quantitative research may be produced, including in particular findings relating to the contextual and relational elements of the poverty situation; (iii) findings produced by the quantitative research may be confirmed (the value of triangulation) as well as explained (see the argument about the strength of the qualitative research method directly above)<sup>37</sup>.

An often cited weakness of the Q-squared approach is that its implementation is costly and more time intensive. However, as pointed out by Adato (2008), the additional cost should be judged taking into account the additional value that will be produced by the blending of qualitative and quantitative methods.

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<sup>37</sup> Adato (2008) provides a useful source for understanding how the synergy between quantitative and qualitative research methods in mixed method research enhances understanding of the impact of a cash transfer programme on multi-dimensional child poverty. She provides specific examples where the qualitative research component of the evaluations of the cash transfer programmes in Turkey and Nicaragua produced insights that explained unexpected impact findings generated by the quantitative measurement. One, for example, is the finding in the quantitative research component of the Turkish evaluation of the conditional cash transfer that it did not increase school attendance amongst girls in certain locations. The qualitative research component of the evaluation identified cultural factors, such as the belief that women should learn and practice housework and fathers fearing that they would be shamed if they sent their daughters to school as factors underpinning this lack of impact. Another factor identified by the qualitative research as producing this lack of impact on school attendance amongst girls is the perception of poor quality schooling.

## **5. Conclusion: Inferences for South African child poverty measurement research**

A first inference from the consideration of conceptual and methodological issues in the child poverty literature as to the approach that should be adopted in a research programme aimed at understanding child poverty in South Africa is that the traditional measurement method has value. It offers a simple and practical method for profiling the scale and characteristics of material child deprivation which arguably lies at the heart of any multi-dimensional model of child poverty that may be developed for South Africa. It also offers a simple method for monitoring the trend in child poverty over time. Moreover, its money metric measures are easy to understand and popular amongst policy makers and politicians, making them easy to use for advocacy purposes. There is therefore value in researchers continuing to generate profiles of the nature and characteristics of child poverty conceived, defined and measured by using the traditional money metric approach based on different and new data sources.

The revelations that emerge from the literature about the problems involved in making the transition from household level to child level welfare in traditional child poverty measurement raise the second inference. This is that when measuring child poverty using the traditional method researchers should pay careful attention to: (i) what AES they use for the conversion of household level welfare into individual welfare, and the sensitivity of their measures to AES choice; (ii) the assumption implied in the AES about equity in resource allocation inside the household and its implications; (iii) who they include and exclude in setting the borders of the household (and in particular whether migrants are included); (iv) behavioural responses to cash transfers. With respect to the AES and the intra-household equality assumption, researchers need to try and base their AES on evidence relating to the cost of children relative to adults and the existence of economies of scale in poor households in South Africa. They need to make it clear that their results may lead to inaccuracies if resources are not allocated fairly, in line with the AES. Researchers also need to test the sensitivity of their findings about the scale and

composition of child poverty based on their monetary measures to changes in the AES. With respect to the issue of who is excluded and included in the household, if non-residents are excluded, and there is evidence that suggests income flows related to migrant workers may be significant, researchers need to highlight this factor as a limitation of the method on which the profile is based. When studying the impact of a cash transfer programme on child poverty using the traditional method researchers need to make it explicit that, if they ignore household composition responses to the transfer and do not consider migratory behavioural responses, their findings on the direction and/or magnitude of the impact on poverty may be incorrect.

A third inference is that researchers measuring child poverty using the traditional method should explore the sensitivity of their findings in relation to changes in the poverty line. With respect to poverty line setting, there is also value in basing the line used on findings of research aimed at developing a consensually defined line.

A fourth inference is that, whilst traditional method child poverty profiling is valuable, it is by no means adequate and hence researchers should rise to the challenge of moving beyond traditional child poverty profiling to multi-dimensional child poverty profiling. Six arguments emerged about why conceiving, defining and measuring child poverty in the broader modern multi-dimensional way is important: (i) children have an inter-related set of needs that need to be met and they (and society) value not just material resources being concerned about non-economic forms of deprivation as well as material deprivation; (ii) empirical research has shown that monetary measures of child poverty are only partially correlated with other measures of child deprivation<sup>38</sup>; (iii) it is important to have *direct* indicators of child deprivation – such as hunger and anthropometric indicators of child health and nutrition, access to good quality critical services known to be important for child wellbeing, access to basic services - and not only the *indirect* indicators provided by traditional measurement; (iv) it is known that different domains of child deprivation may reinforce each other (and hence one needs

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<sup>38</sup> Of course this is not surprising in the light of the inability of the traditional approach to provide a true reflection of how children fare in resource allocation processes inside poor households.

information about the different deprivations domains associated with child poverty and how they interact; (v) concentrating only on conceptualizing, defining and measuring the material domain of child deprivation will hide non-economic levers of programme and policy intervention that may be critical for cost-effective poverty alleviation and reduction; (vi) the rights afforded children, which move far beyond the right to a minimum level of income (economic security) call for a multi-dimensional approach to child poverty conceptualization, definition and measurement.

A fifth methodological inference is that the agenda for understanding multi-dimensional child poverty, as well as for the development of the most effective policies and programmes for its eradication, will benefit from researchers drawing on quantitative and qualitative methods. This is because, whilst quantitative research is vital for producing knowledge about the scale, characteristics and determinants of poverty and its associated deprivations at a scale that is large enough to form the basis for evidence informed policy, it may miss aspects of the situation that qualitative research will uncover. Moreover, through the use of qualitative research, some of the findings produced by the quantitative research may be explained and better understood. Qualitative research will also produce a human element in the statistics that is important for advocacy purposes. In addition, it can answer questions – such as those on the relational aspects of poverty and on the cultural and political factors influencing child poverty and its associated deprivation outcomes – which are difficult to address in quantitative studies. A sixth inference is that in their work child poverty analysts should pay attention to the question of whether there are differences in their findings for different questions (for example the depth of deprivations in different domains and positive impacts of cash transfers on different deprivation indicators) for children of different racial groupings and ages as well as those expected to be particularly vulnerable (for example those without biological parents). A seventh inference is that the building of data sources to support updating of the child poverty profile conceived, defined and measured in the traditional and new modern ways, is a priority.

## **CHAPTER 2 - EXISTING RESEARCH ON THE CHILD POVERTY PROFILE IN SOUTH AFRICA: FINDINGS AND KNOWLEDGE GAPS**

### **1. Introduction**

The research on the South African child poverty profile reflects the multi-dimensional shift that has occurred at the international level. However, the traditional approach still dominates. The literature review in this chapter covers the traditional (or money metric) measurement studies as well as those that have adopted a multi-dimensional approach. However, and for the reasons explained in the thesis introduction, the focus is on the studies that have aimed to shed light on the child poverty profile conceived, defined and measured in the traditional way.

The chapter plan is as follows. Section two provides contextual information which is useful for understanding the findings that emerge on the scale and characteristics of child poverty in South Africa. This includes a discussion of data issues that affect child poverty measurement work in South Africa, the apartheid socio-economic legacy, the household structure and family care-giver context of poor children and the child demographic profile in South Africa. Section three provides an overview of the findings from the existing empirical work on: (i) an appropriate AES for use in child poverty measurement in South Africa; (ii) sensitivity of the South African child poverty profile to changes in the AES; and (iii) intra-household resource allocation patterns in South Africa. Section four presents the findings from research studies on the scale and characteristics of child poverty and its associated deprivations in South Africa. The conclusion identifies the main knowledge gaps to be addressed in the research programme on child poverty in South Africa.

## **2. Context for understanding South Africa's child poverty profile**

### **2.1 Data issues**

#### **Child poverty research (or lack thereof) prior to 1994**

The history of child poverty research in South Africa is characterized by a dearth of studies and skewed focus on White children prior to 1994 (Barnes 2009a:3; Bray 2003:2). Exclusion of the former homelands by the apartheid government in the collection of basic national demographic and socio-economic statistics undermined measurement research on poverty as well as on child poverty in South Africa prior to 1993 (Klasen 1997:52; NIEP 1996:10).

The Carnegie Inquiry into White poverty, undertaken in 1928, did consider the situation of children, but it focused on the health and educational circumstances of only White children living in poverty; the situation of black children was not examined (Barnes 2009a:3). The second Carnegie Inquiry, undertaken in the mid 1980s, did not contain a significant child component (Barnes 2009a:3). In an attempt to fill gaps in understanding about childhood, poverty and social change, an edited volume was published in 1986 titled "Growing up in a divided society: the contexts of childhood in South Africa" (see Burman & Reynolds 1986). The topics covered included health, child-care, the development of ethnic identity and racial orientation, and children who lived in particularly challenging environments (such as on the streets and in communities that had been forcibly removed by the apartheid state). The majority of authors of the volume relied on qualitative data generated by research in small communities, with the occasional reference to a survey. With the exception of health statistics and census data on household structure (that did not do justice to the entire population as explained above), none of the surveys stretched to the national level (Bray 2003:2). Although not a comprehensive analysis of child well-being, the 1986 volume succeeded in drawing attention to children as members of society deserving further research (Bray 2002:3). Child poverty is briefly mentioned in Wilson & Ramphele's (1989) "Uprooting poverty: The South African Challenge", the seminal text on poverty and inequality in South Africa

published in the 1980s, at the close of the apartheid years. In 1992, Non-governmental Organizations (NGOs) hosted the first South African Summit for Children, in the Western Cape (Berry & Guthrie 2003:43). Thereafter, during the very early 1990s, there followed a couple of national initiatives as well as region specific child participation studies (Berry & Guthrie 2003:43).

### **The quantitative data base developed post 1994**

Whilst there has been much talk, post 1994, about the need for a child focused national level survey to facilitate rigorous measurement of multi-dimensional child poverty no such survey has been undertaken in South Africa.<sup>39</sup> Therefore, as Berry & Marera (2007:5) point out, child-centered quantitative data, i.e. where the child was treated as the primary unit of analysis in data gathering, is still scarce in South Africa. Moreover, for this reason, the measurement work on the South African child poverty profile based on national and large region specific data sets has been based on surveys that were undertaken to collect base-line socio-economic and demographic data for the population as a whole.

Availability of national level data sources for welfare and poverty measurement improved significantly as the democratic transition approached. Moreover, since 1993 there has been a steady flow of national level micro-data sets that differ in their focus and coverage and which may be used for poverty and associated deprivation measurement (Bhorat & Kanbur 2006:2). Firstly in this regard, in 1993 the Project for Statistics on Living Standards and Development (PSLD) was carried out by the World Bank and South African Labour and Development Research Unit (SALDRU). This survey, commonly referred to as the SALDRU survey, collected basic socio-economic and demographic indicators for a sample of the entire population, including people living in the former homelands. It also gathered anthropometric indicator data on very young

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<sup>39</sup> The only child centred nationally representative survey the author is aware of is the Survey of Activities of Young People which was undertaken by Statistics South Africa (SSA) in 2000. The focus of this is on the time use of children. The survey was designed to shed light on the nature and impact of child work and labour activities. There is no income or expenditure data module in the survey.

children. The latter took the form of data on child weight and height. The SALDRU survey provided researchers with the first nationally representative data to use for profiling the demographics and measuring the wellbeing of the entire South African population.

In 1994 SSA undertook the country's first nationally representative October Household Survey (OHS). This gathered basic information on employment, demographics and some economic data but not detailed information on expenditure or income. In October 1995, the second OHS was conducted and this time linked to a detailed Income and Expenditure Survey (IES). Since 1995 SSA has undertaken an IES every five years. In 2002 SSA initiated the General Household Survey (GHS). This survey, which replaced the OHS, is an annual survey designed to measure five aspects of the standard of living of households in South Africa: education; health; work and unemployment; housing; and access to services and facilities (Armstrong *et al.* 2008:7). It also captured basic demographic data on the South African population. Censuses were conducted by SSA in 1996, 2001 and 2006 but only the first two had been made available researchers when this thesis was being written. Bi-annual Labour Force Surveys (LFS) have been undertaken by SSA since 2000. In February 2007 a nationally representative large-scale Community Survey (CS) was undertaken by SSA. This provides basic demographic and socio-economic data for South African households at municipal level. 949 105 persons were enumerated and 246 618 households covered in the survey. The survey was undertaken in order to bridge the gap between censuses following a decision to move from a five yearly census (the next would have been in 2006) to a decennial census (the next will be in 2011; see Barnes 2009a:34).<sup>40</sup> At the time when this thesis was being written, the first round of data from the National Income Dynamics Study (NIDS), led by

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<sup>40</sup> As is highlighted in the discussion on the limitations of the national level survey data from a child poverty measurement perspective, a limitation of the CS is that data on income and expenditure was supplied in banded categories. This survey does not therefore offer one as accurate data as the IES Surveys (for example the IES2005/06) to use for measuring child poverty conceived in the traditional way (for more on the superiority of the IES2005/06 relative to the CS2007 for money metric child poverty measurement see Barnes 2009a).

SALDRU in the School of Economics at the University of Cape Town, had just been released and the first round of working papers arising from its initial analysis were starting to emerge.

In addition to being based on the nationally representative surveys that have been undertaken, the quantitative method child poverty measurement research has drawn on a handful of regional specific surveys, as has the quantitative work on the implementation and impact of the CSG on child poverty and its associated deprivations. These are: (i) The KwaZulu-Natal Income Dynamics Survey (KIDS). This is a 10 year 3 wave panel survey that was implemented by a consortium of South African and international researchers and led by researchers from the School of Development Studies at the University of KwaZulu-Natal. In 1998, under the KIDS survey, 1100 of the KwaZulu-Natal households surveyed in the SALDRU survey were re-surveyed. Triangulating different methodologies, a sub-sample of these households was re-visited in 2001 and 2004 using qualitative methodologies. As will be seen in chapter five, both the quantitative and qualitative research components of KIDS2004 have made substantial contributions to understanding the CSG in South Africa, its implementation and uses inside households (see Woolard *et al.* 2004; Hunter 2007a&b). (ii) The demographic surveillance and socio-economic surveys undertaken by the Africa Centre for Population Studies and Reproductive Health at the Demographic Surveillance Area (DSA) in Hlabisa, KwaZulu-Natal. These began in 1997 and are ongoing. Chapter five also shows how this survey has been used by researchers (see Case *et al.* 2005) to enhance understanding about the implementation and impact of the CSG programme on child poverty in South Africa.<sup>41</sup>

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<sup>41</sup> Two other region specific large scale surveys are worth mentioning. These are: (i) The Birth to Ten (1990-2000) and Birth to Twenty (2000-2010) surveys of children growing up in Soweto, Johannesburg undertaken by the Human Sciences Research Council and University of Witwatersrand. The focus of these surveys has been on collecting a broad range of indicators on children, with the spotlight on health and psychosocial indicators. The surveys do not have the material deprivation component of child life in South Africa as a key focus area but do include some data on the economic situation of children. (ii) The Cape Area Panel Survey (CAPS) undertaken by the Centre for Social Sciences Research (CSSR) at the University of Cape Town with the Population Studies Centre at the University of Michigan which had its

## **The qualitative data**

Chapter one identified two traditions within the qualitative methodological approach for studying child poverty: the anthropological and the participatory. It was also pointed out that in South Africa the majority of the qualitative studies undertaken on child poverty and the CSG to date have used the participatory method. Not surprisingly then, most of the qualitative data available for shedding light on child poverty (as well as the impact of the CSG on child poverty) is data gathered from focus groups and interviews conducted with children (and sometimes their caregivers).

Around 2000 there began a flurry of qualitative work on child poverty based on participatory methods and hence the qualitative data base grew rapidly. For example, in 2000 Idasa's Children's Budget Unit (CBU) commissioned Ewing to undertake a small participatory exploration of children's experiences of poverty in Msinga, KwaZulu-Natal (see Cassiem *et al.* 2000 & Streak 2000). In 2001, the National Programme of Action for children in South Africa (NPA) initiated a "Hear Our Voices" campaign, which polled South African children throughout the country through an internet and postal questionnaire (see Office on the Right of the Child 2001). This focused on gathering children's views about child rights in general rather than their experience of child deprivation. Also in 2001 the Children's Institute initiated a child participatory process focused on understanding children's experiences in the context of HIV/AIDS. This was the National Children's Forum on HIV/AIDS which brought together 90 HIV-affected children age 7-17 from around South Africa. At the forum, children were given the opportunity to talk about how poverty and HIV/AIDS was impacting on them and for their voices to be heard by national decision-makers (see Giese *et al.* 2001). In 2002 Save the Children Sweden commissioned the "Children's Poll: A South African Child Rights Survey" (see Save the Children Sweden 2002). Also in 2002, the Alliance for Children's Entitlement to Social Security (ACCESS) undertook a child poverty participatory project (see ACCESS 2002). This involved nine provincial workshops with children living in

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first wave of data collection in 2002. This survey includes a special set of questions designed for young adults (age 14-22).

poverty, children with disabilities or chronic health conditions, children living on the streets, children in residential or foster care and children affected by HIV/AIDS.

Then, in 2004 Idasa's CBU commissioned two more child participation studies. The first study, which was undertaken for the CBU by Ewing (see Ewing 2004), involved three different sets of focus groups with children living in different parts of the country. The first set of focus groups was with children living in very poor communities in Msinga in KwaZulu-Natal. The second was with children living with HIV positive parents and in very poor communities in a peri-urban township outside Pietermaritzburg. The third set of focus groups was with children living with parents who were living and working on wine farms just outside Cape Town in the Western Cape. The second study, undertaken by Clacherty *et al.* 2004), involved focus groups with children affected by disabilities and aimed to gather information on the nature of the child poverty experience and what should be done to address it from a children with disabilities lens.

More recently, in 2006 & 2007, the Centre for the Analysis of South African Social Policy (CASASP) in the Department of Social Policy and Social Work at the University of Oxford has, as part of the Department of Social Development Measures of Child Poverty Project, undertaken a series of focus groups with children age 12-17 years (see Barnes 2000c&d). The primary purpose of the groups, which were held in Western and Eastern Cape, was to provide information on essential items required for children in South Africa to live a decent life that can be used to develop a consensual or democratically determined definition of multi-dimensional child poverty<sup>42</sup>.

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<sup>42</sup> There are two more participatory studies, which aimed to explore child work and labour issues rather than the nature of child poverty and its associated deprivations more broadly, but which are none the less important to note, because they have provided useful data for understanding the multi-dimensional child poverty profile in South Africa. These are: (i) the child participation study linked to the Survey of Activities of Young People in South Africa which was undertaken in late 1999 and early 2000 by Clacherty & Budlender (see Clacherty & Budlender 2004); (ii) the qualitative component of a the Q-squared method study on child agricultural work in three purposively selected sites which was undertaken in late 2006 by Streak, Dawes, Levine, Alexander and Ewing (see Streak *et al.* 2007 & Dawes *et al.* 2009).

### **Limitations of the available data**

The data base now available for measuring child poverty and its associated deprivations is relatively good when judged by that which exists in other developing countries, particularly on the African continent. Moreover, it is improving all the time. The NIDS will provide a useful recent set of data for enhancing understanding about the nature of the child poverty profile as well as the impact of the CSG on it. The Child Wellbeing study that is currently being initiated by the HSRC in Sweetwaters, KwaZulu-Natal, which is a child focused longitudinal household survey study that will run over a period of five years, is another study to note as one that will substantially improve the data bedrock. However, there are serious weaknesses in the data bedrock that is available, which are reflected in knowledge gaps on the uni- and multi-dimensional child poverty profile; these are outlined at the end of this chapter. The limitations in the data are also seen in the gaps in the knowledge base on the impact of the CSG on poverty, outlined in chapter five.

With respect to the quantitative data, a first weakness is that the most recent survey that can be used to measure child poverty in the traditional way, the CS2007 income (and expenditure), has its income and expenditure data reported in bands. Therefore, in order to estimate child poverty, it is necessary to assign a value to the bands and then calculate household incomes (as assigned) of all people in the household (Barnes 2009a:45). The second is that the nationally representative survey which has the most accurate data for measuring child poverty in the traditional way, namely the IES2005/06, is rather dated – it is three years old. Moreover, it offers few indicators that can be used to profile non-economic forms of child deprivation. For example, it has no indicators of child health deprivation and only very few that can be used to cast light on education deprivation.

A third weakness in the quantitative data is that the two nationally representative surveys that offer researchers the widest range of indicators for measuring multi-dimensional child poverty, namely the GHS and Census, have weaknesses in relation to what they allow in terms of profiling the different domains of deprivation in an ideal model (i.e. one

informed by expert opinion and/or based on gaining a consensus from the population on how to define child poverty). For example, and as will become clearer in the overview of the multi-dimensional measurement studies below, there is hardly any data to support measurement of child health outcome indicators such as infant mortality, child mortality and chronic illness infection rates. There is also a lack of data on access to, and quality of, early childhood development (ECD) facilities, particularly prior to the Reception Year (Grade R), in other words for children age 0-4. As Dawes & Bray (2007) and Bray (2002) have highlighted, there is also a lack of data on abuse against children, including critically on sexual abuse, which is known to be positively associated with child poverty. Another area where there is a shortage of data is child school attendance (rather than enrollment), although data on this dimension of child wellbeing has been improving recently. Yet another area where the quantitative data on multi-dimensional child deprivation is weak is in the area of quality of child health and education services.

A fourth weakness in the quantitative data is that the Census 2001, which has the best mix of data to support rigorous money metric and direct indicator measurement<sup>43</sup>, and has the advantage of providing data at municipal level, is very old – almost a decade old. It also suffers from a large numbers of zero and missing income variables (Bhorat & Kanbur 2006:2).

A fifth limitation of the quantitative data is that incompatibility between the national level data sets makes it difficult to develop an accurate picture of how child poverty and deprivation has been changing over time. A final limitation of the quantitative data to note is that all the household survey data suffers from the problem that because households are surveyed, children living in prisons and other institutions as well as on the streets are left out of the data collection (and hence out of child poverty and deprivation profiles based on them). This is a particular problem as it is highly likely that many of these children would be at risk of suffering poverty and associated forms of deprivation.

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<sup>43</sup> The income and expenditure data in the GHSs is provided in bands; hence this survey offers less reliable data than the Census for money metric child poverty measurement.

With respect to the qualitative data available for shedding light on child poverty in South Africa, a first limitation is a dearth of information from studies based on the anthropological method. A second is that there are very few studies that have provided data on intra-household resource allocation and spending with the spotlight on how children are situated in spending. A particular weakness in this regard is lack of data in relation to the question of how children with different characteristics fare in the resource allocation process; examples are those with and without biological parents in the household, children of different ages, and girls versus boys. A third limitation is that only very few studies – in fact two (Clacherty & Budlender 2004 & Streak *et al.* 2007) - have explored child work or how children contribute to household economies, and the positive and negative effects of child work on child wellbeing.

## **2.2 The apartheid socio-economic legacy**

The South African child poverty profile needs to be understood in the context of the apartheid socio-economic legacy. By the end of apartheid South Africa had witnessed one and a half decades of stagnating economic growth and declining per capita income (NIEP 1996:29). The economic decline of the 1980s had been accompanied by rapid growth in government spending aggravated by extreme overstaffing in the civil service and spending on police services (to fight the ‘war’ in the townships). Linked to this, government debt had ballooned and by 1993/4 the budget deficit to GDP ratio had climbed to an unfavourable -9.8%. The apartheid requirement for separate administrations for different racial groups and for the ten homelands had created a swollen bureaucracy and administrative duplication (NIEP 1996:13).

By 1994, the majority of the country’s assets were owned by Whites and human capital was concentrated amongst the White and Indian population. A dual labour market had been created, in which Black individuals, particularly Africans, and Coloureds, earned far lower incomes than Whites (NIEP 1996:31). The operation of the apartheid system of racial discrimination had created two nations: the one, a rich, generally White nation, comprised of individuals who had income levels sufficient to participate in the global culture of wealthy countries; the other a poor, nearly all Black nation that bore the sting

of living side by side with others who had far more (Republic of South Africa 1996:1). Another facet of apartheid to note for its shaping of the child poverty profile in South Africa is the migrant labour system. During apartheid thousands of men migrated from rural areas to work in the mines and live in urban areas. Accommodation in urban areas for migrants was especially created in a way that made it difficult to bring families, and the system of urban control and pass laws also made it impossible for men to live with their families. The migrant system had the devastating and cruel effect of breaking up African families and ensuring that millions of children and women lived in very poor households in the homelands while fathers worked away from home, in the provinces.

Two additional features of the apartheid socio-economic legacy which are particularly important to appreciate so as to understand the contours of the child poverty profile in South Africa are mass structural unemployment legacy and exceptionally high levels of the income inequality legacy. With respect to the former, analysis of the SALRU survey suggests that the expanded unemployment rate in 1993 was approximately 30% and even higher for the poorest three quintiles in the income distribution - 53%, 43% and 30% respectively (Van der Berg 1997:482&495)<sup>44</sup>. OHS1994 suggests an expanded unemployment rate of 33% in 1994 (NIEP 1996:31). With respect to income inequality, measurement of the Gini co-efficient based on the SALDRU data produces a Gini of 0.61 (NIEP 1996:31)<sup>45</sup>. This means that in 1993 South Africa was ranked second among the world country rankings, one place after Brazil on the Gini co-efficient measure. High unemployment and an exceptionally high level of income inequality remain features of South Africa's socio-economic landscape today. At the time of writing, the most recent estimate of the expanded unemployment rate based on the September 2007 LFS was 35.6%. Amongst the African population only it was far higher, at 41% (Development Policy Research Unit, 2009, web based data corner). A recent calculation of the Gini

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<sup>44</sup> These statistics underestimate the scale of the unemployment crisis because they exclude those who are nominally self-employed and in low paid informal activities, of which there were many.

<sup>45</sup> Van der Berg (1997:482) cites an even higher Gini measure, of 0.68%, but it is not clear what the source of data for this is.

(based on the IES2005/06) has found it to be even higher than in 1993, at 0.72 (Armstrong *et al.* 2008:5).

Finally with respect to the apartheid socio-economic legacy, it is worth presenting a sketch of the multi-dimensional poverty profile for the population as a whole in South Africa around the time of the democratic transition. Klasen's (1997) often cited measurement of poverty and deprivation based on the SALDRU data is useful for this purpose. Using a money metric (expenditure<sup>46</sup>) indicator of welfare Klasen showed that in 1993:

- The poverty headcount amongst the population was very high. Based on a poverty line of US\$1 per day the poverty rate at the national level was 24%<sup>47</sup>. Using a more realistic household subsistence level and minimum supplemental living level lines, Klasen found a poverty headcount measure of 44% and 57% respectively (Klasen 1997:54).
- Poverty had a rural dimension. The poverty headcount in rural areas was almost three times that in urban areas (Klasen 1997:62).
- There was significant variation across provinces in the poverty rate as measured by the poverty headcount as well as in the depth of poverty as measured by the FGT depth measure. Eastern Cape and Northern Province had by far the highest poverty rate and Western Cape and Gauteng the lowest. Eastern Cape, Free State and Northern Provinces had the deepest levels of poverty.
- Large households were disproportionately represented among the poor (Klasen, 1997:67). Children predominated in large households, with the implication that the

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<sup>46</sup> Klasen selected expenditure over the income data in the SALDRU to use for the measurement because "this measure is usually more reliably reported and more stable than household income, especially among poor people" (Klasen 1997:54). In order to account for differences in household size, composition and economies of scale, he divided total expenditure by the number of adult equivalents. Klasen says that the AES was informed by "nutritional requirements of adults and children" (Klasen 1997:54) but does not explain where this information of relative child and adult needs was acquired or what AES he used.

<sup>47</sup> This was considerably higher than many comparable middle-income countries, aside from Brazil, but less than much poorer African countries (Klasen, 1997:60-61).

child poverty headcount was far higher than that for adults and the population (Klasen 1997:67).

- There was a gender dimension to the poverty profile in the form of female headed households overrepresented amongst the poor (Klasen 1997:67).
- There was also an education dimension to the poverty profile in the sense that the poverty rate for households with no education (predominantly African and Coloured) was almost eight times that for households where the head had completed at least a secondary education (Klasen 1997:68).
- Poverty was closely correlated with unemployment (Klasen 1997:69).

Using the 1993 SALDRU data set, Klasen (1997) developed capability-related measures for the health, education, access to employment, transport and services access domains as well as perceptions and aspiration measures. This he did to provide a perspective on the non-resource dimension of the poverty profile that had emerged in South Africa by 1993. He also explored how the non-material measures were related to the monetary poverty measures. In addition, he developed a composite index of deprivation with twelve indicator domains which were as follows: education, income, wealth, housing, water, sanitation, energy, employment, transport, nutrition, health care, and perceived well-being (Klasen 1997:53-58)<sup>48</sup>. His capability measurement found material deprivation, measured using the money metric indicator, to be closely related to capability failures such as poor health, poor mobility, poor education, and poor access to services (Klasen 1997:89). As Klasen notes, this is not surprising since many of these inequities were policy goals under apartheid. Whilst Klasen's broad index of deprivation and monetary poverty bore out this close correlation between economic deprivation and non-economic deprivation, it also identified important differences. In this regard the following are worth noting. First, the broader measures identify a group of people suffering from far higher and broader deprivation than suggested by the income poverty measure alone (Klasen 1997:89). Second, and with respect to the subjective indicator measures of 'well-being' he found that the poor were deeply dissatisfied with their current situation

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<sup>48</sup> See Table II on page 28-29 in Klasen (1997) for the list of indicators measured for each domain and included in the composite index of deprivation.

and expected the government to help them overcome their economic position (Klasen 1997:90). Third, poor children (defined in this instance as those in the bottom 40% of the income distribution) had in 1993 very high stunting rates and rates that were far higher than for children in the wealthier quintiles. For example in the poorest quintile of the expenditure distribution, 38% of children under five were deprived in this sense and in the second poorest quintile 27%. This compared to 18% for the second richest quintile and 6% for the richest quintile (Klasen 1997:81).

To conclude the discussion on the nature of the socio-economic legacy left by apartheid:

—...the legacy of apartheid left the majority of the population in poverty, with little access to employment, education, health or other basic services. It enforced a spatially unsustainable residential pattern, leaving a majority of the poor in economically marginal areas of the country, dependent on transfers and whatever incomes they could eke out of the available resource base. While the racial nature of poverty is obvious and ever-present in all indicators, there are also important gender differentials. Women suffer from higher unemployment, less access to services, a high burden associated with carrying water and wood and higher dependence on uncertain transfers” (Klasen 1997:89).

### **2.3 Household structure and child care-giving arrangements**

The South African child poverty profile also needs to be set against the household structure, family and child care-giving arrangement context of poor children in South Africa. As already pointed out, one of Klasen’s (1997) findings was that poor children commonly live in large households with high dependency ratios. This has been confirmed by other researchers (see Haarmann 1999:44; Leibbrandt *et al.* 2001:36-39; Keller 2004:5-9). A number of researchers have shown, based on analysis of different household survey data sets and qualitative research undertaken in the mid 1990s and early 2000s, that in the lower end of household income distribution extended families are common, with just fewer than half of poor households consisting of three or four generations (Ardington *et al.* 2007:1; Smith 2007:15; Van der Berg *et al.* 2009:44). This implies that poor children are more likely than those in households that fall into the upper

quintiles of South Africa's income distribution to live in households where there are elderly people (Haarmann 1999:46).

The large size and multi-generational nature of households and families in the lower quintiles of the income distribution in South Africa are, research has shown, explained in part by the high unemployment rate, which causes young adults who are unable to find jobs to remain with their parents or attach themselves to the households of other relatives. Due to the limited prospects of finding jobs and a constant income flow, young adult job seekers delay setting up their own households (Leibbrandt *et al.* 2001:37). Research has also shown that the pension has affected the structure and size of households in South Africa via prime age adults with limited income opportunities attaching themselves to households in order to benefit from this form of support (see Klasen & Woolard 2000; Keller 2004; Klasen & Woolard 2009). There is ample evidence that the pension is shared in order to make ends meet for many people beyond the elderly who it is targeted at" (Noble *et al.* 2008:1). The fact that households grow around the pension has the effect of diluting the positive impacts of the pension on those at whom it is targeted.<sup>49</sup>

Various studies, both of the quantitative and qualitative variety, have clarified that single biological mothers are the most common primary caregivers of poor children (see for example Haarmann 1999:47; Budlender *et al.* 2003:14; Woolard 2008:4). However, the existing research on the situation of poor children in South Africa has also highlighted that South Africa has a long history of children not living consistently in the same household as one or both of their biological parents. This is a result of poverty, labour migration and/or the pattern of educational opportunities (Woolard 2008:4). Moreover, research has led to the understanding that it has for long been common for children in poor African communities to be cared for by a range of care-givers and to move between

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<sup>49</sup> Klasen & Woolard's (2008) research suggests that, by attaching themselves to households in rural areas in order to benefit from the pension, young adults may reduce their prospects of finding employment. This is because they place themselves away from training and job opportunities, which are concentrated in urban areas.

different families, relatives and caregivers in the broader community (Giese & Meintjes 2004; Pendlebury *et al.* 2009). In the words of Giese & Meintjes (2004:3) –a large proportion of children, particularly in African communities, have primary caregivers who are not the biological mothers or fathers, at least for periods of their lives”. Within the non-biological set of child caregivers, grandmothers have traditionally been most common (Duflo 2000:1; Budlender *et al.* 2003:15). As Van der Berg *et al.* (2009:34) note, it is important to remember that prior to the introduction of the CSG –many children were left with grandmothers or relations in rural areas whilst mothers searched for jobs in urban areas”. At the same time, consideration needs to be given to the way in which the introduction of the CSG has affected caregivers’ decisions to remain in the rural household or to migrate to urban areas (with or without the child on whose behalf the benefit is received) in search of work. This is something taken up again in chapter five of the thesis.

None of the existing *national* level data sources allow one to present accurate quantitative statistics on the relationship of primary caregivers to poor children. This is because the question of who children’s primary caregivers are has not been asked in any of these surveys. The understanding that many children are cared for by grandmothers, non-biological parents and other relatives - it is common for children to move across households and between caregivers- has been derived from regional specific household surveys (such as KIDS and the Africa Centre Demographic Surveillance Survey at Hlabisa in KwaZulu-Natal) as well as qualitative studies (for example Giese *et al.* 2003).

The best one can do with the national survey data to reflect the family and caregiver context of poor children is to present data on the proportions of children and poor children who are living in the same household as both their biological parents; with their mother only; with their father only; or who are not living with either of their biological parents. Table 2.1 presents this type of data from the GHS2006 drawing from a paper by Woolard (2008:4). It can be seen that the patterns vary significantly by poverty status; for example 56% of non-poor children (classified as those in the top three quintiles of the income distribution) live with both their biological parents. In comparison, only 24% of

poor children (those living in households falling within the bottom two quintiles) and 20% of ultra-poor children (those living in households falling into the bottom quintile of the income distribution) live with both biological parents. Analysis of GHS data, for example the 2003GHS by Budlender *et al.* (2003:14-15), shows that the likelihood of a mother being present in the household has a strong relationship to age. Thus, the GHS2003 found that 95% of children less than one year of age were living with their mother compared to 67% of children age 17 years.

**Table 2.1: Percentage of children co-resident with their biological parents, by poverty status**

	<b>Non-poor</b>	<b>Poor</b>	<b>Ultra-poor</b>	<b>All</b>
Both parents present (%)	56.9	23.6	20.2	35.0
Only mother present (%)	25.0	45.8	49.7	38.7
Only father present (%)	4.0	2.5	2.7	3.0
Neither parent present (%)	14.1	28.2	27.4	23.3
Total (%)	100.0	100.0	100.0	100.0
Number of children in category	6.2 million	12.0 million	6.6 million	18.2 million

*Note:* The category "poor" includes the ultra poor. A child is defined as "poor" if s(he) lives in a household in the bottom four deciles of the expenditure distribution and "ultra-poor" if s(he) lives in a household in the bottom two deciles.

*Source:* Woolard 2008:4 based on GHS2006.

Another feature of the household environment of poor children to note is that in households in which poor children live a significant portion of income is comprised of social transfers. Table 2.2, illustrates this, again using GHS2006 and drawing on Woolard (2008). In the poorest quintile, GHS2006 suggests that social grants comprise nearly half of household income, in the second poorest just over 40 percent and in the third poorest quintile nearly a quarter.

**Table 2.2: Sources of income in households with children, by quintile**

	<b>Salaries/ Wages</b>	<b>Remittances</b>	<b>Social grants</b>	<b>Sale of farm products</b>	<b>Other non- farm income</b>	<b>Total</b>
Quintile 1	20.4	25.2	49.8	1.4	3.2	100%
Quintile 2	42.8	12.2	40.7	1.5	2.8	100%
Quintile 3	68.3	4.4	24.1	0.6	2.7	100%
Quintile 4	92.1	1.5	2.7	1.2	2.5	100%
Quintile 5	95.7	1.1	0.4	1.3	1.5	100%
Total	54.7	11.4	30.0	1.3	2.7	100%

*Source: Woolard 2008:5 based on GHS2006.*

In the context of the rapid spread of HIV/AIDS and slow roll out of antiretroviral therapy (ART) by the public health services, there has been much talk in the children's sector in South Africa as well as amongst international development organizations (such as UNICEF) about a huge orphan<sup>50</sup> problem, as well as a child headed household crisis in South Africa. The GHS surveys (2002-2007) suggest that there may have been growth in the number of orphans over the recent past but the numbers are not as great as one would be led to believe from the talk about the orphan crisis. GHS 2007 finds that there were approximately 3.7 million orphans in South Africa in 2007, a number derived from defining an orphan as a child without a biological mother, father or both parents, and this

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<sup>50</sup> An orphan is defined as a child under the age of 18 years, whose mother, father, or both biological parents have died. This includes those whose living status is reported as unknown, but excludes those whose living status is unspecified. For our purposes, and following the lead of the Children's Institute and most advocates and researchers working in the children's sector in South Africa, orphans are defined in three mutually exclusive and additive categories: (i) a maternal orphan is a child whose mother has died but whose father is alive; (ii) a paternal orphan is a child whose father has died but whose mother is alive; and (iii) a double orphan is a child whose mother and father have both died. The total number of orphans is the sum of maternal, paternal and double orphans (Pendlebury *et al.* 2009:72). It is important to disaggregate the total number of orphans into the different categories as the death of a mother is likely to have a greater impact on children's lives than the death or absence of a mother (Pendlebury *et al.* 2009:72).

equates to around 20% of the child population (Penlebury *et al.* 2009:72). The GHS 2002 finds 700 000 fewer child orphans than is found in the GHS 2007. In 2007 13% of children in South Africa were paternal orphans, 3% were maternal orphans, and 4% double orphans (Pendlebury *et.al.*2009:72). According to GHS2007, half of all orphans in South Africa lived in two provinces, namely KwaZulu-Natal and Eastern Cape. The IES2005/6 finds the total number of households without any adult members to be 149 out of a total of 21 144 in the sample. In weighted terms this equals 84 526 households out of a total of 12 447 012, or about 0.7%. Analysis of GHS2007 finds 79 000 child-only households in South Africa which is 0.6% of all households (Penlebury *et al.* 2009:73). Looking across GHS 2002 and 2007 there is no change in the number of child- headed or child-only households. Research suggests that child-only households often exist only for a short period, for example after the death of an adult and prior to other child-care arrangements being made (Pendlebury *et al.*2009:76; Meintjes & Giese 2006:412).

A final feature, which is due to the high prevalence of HIV/AIDS, of the household structure and family arrangement context of poor children in South Africa to highlight, is that many poor children live in households where either one or both of their biological parents are HIV positive and/or AIDS sick (Giese & Meintjes 2003:3). Because of the characteristically non-nuclear nature of South African households, in many instances children remain in their homes upon the death of their parent(s), with a continuum of care provided by other adults with whom they are resident at the time (Giese & Meintjes 2003:3)

## **2.4 Demographic profile of children in South Africa**

To conclude the overview of contextual information for understanding the findings presented on the scale and characteristics of child poverty and associated child deprivations in South Africa, Table 2.3 presents a demographic profile of children in South Africa. The IES2005 has been used for the development of the profile because it is the data source used later in this thesis for the development of the money metric child poverty profile (see chapter three). It may be seen from Table 2.3 that according to IES2005 there are just over 18 million children in South Africa. This means that the child population comprises around 38.2% of the total population (the survey found the size of the population to be 47 million). Looking within the child population, very young children, defined as those age 0-4 years, constitute just over a quarter of the child population. The proportion of girls versus boys in the total child population is relatively equal: 49.4% girls and 50.6% boys. The shares of children in rural areas (49.4%) and urban areas (50.6%) are similar. With respect to the racial dimension of child demography, the overwhelming majority of children are African (84.9%). 8.4% are Coloured, 5% White and 1.7% Asian. On the regional dimension of the child demographic profile in South Africa, KwaZulu-Natal has by far the largest share of children (22%) followed by Eastern Cape (16.9%) and Limpopo (14.2%). Together these three provinces are home to 63.1%, or nearly two thirds, of all of South Africa's children.

**Table 2.3: Demographic profile of children in South Africa based on IES2005**

	Number of children	% of child population
<b>By age</b>		
0-4	4 639 196	25.7
5-14	10 169 722	56.3
15-17	3 240 767	18.0
0-17	18 049 685	100%
<b>By racial classification</b>		
African	15 311 484	84.9
Coloured	1 509 472	8.4
Asian	314 615	1.7
White	904 066	5.0
<b>By gender</b>		
Girls	8 898 180	49.4
Boys	9 123 879	50.6
<b>By rural urban location</b>		
Rural	8 908 757	49.4
Urban	9 140 928	50.6
<b>By provincial location</b>		
Western Cape	1 551 966	8.6
Eastern Cape	3 051 845	16.9
Northern Cape	339 319	1.9
Free State	1 090 066	6.0
KwaZulu-Natal	3 967 119	22.0
North West	1 456 484	8.1
Gauteng	2 747 345	15.2
Mpumalanga	1 277 726	7.1
Limpopo	2 567 815	14.2

*Source: Own calculations using IES2005 data.*

The Children's Institute at the University of Cape Town, as part of its Children Count Project, provides basic demographic data on the child population using the GHSs. This project has been running since 2005. The child indicator data provided by the project is supplied in the annual *Child Gauge* publications as well as on the website of the Children's Institute.<sup>51</sup> The demographic data given in the most recent Child Gauge, the Child Gauge 2008/09, uses GHS2007. The characteristics of the child demographic profile that emerge from GHS2007 are similar to those provided above based on IES2005. More specifically, according to GHS2007 (see Pendlebury *et al.* 2009:71):

- There are 18.29 million children in South Africa which means that children comprise just fewer than 40% of South African's total population of 47.9 million.
- The share of boys (52%) and girls (48%) in the total child population is similar.
- KwaZulu-Natal is home to 22% of children, followed by Eastern Cape (16%) and Gauteng (16%). Limpopo is home to 14%. Together these four provinces have just over two thirds of South African children.

### **3. Findings of the existing studies on the AES and intra-household allocation**

#### **3.1 Determination of an appropriate AES for child poverty measurement**

There has been very little research to determine an appropriate AES for use in poverty and child poverty measurement in South Africa. Woolard & Leibbrandt (2006) reviewed the limited literature. They pointed out that researchers have tended to follow the lead of May *et al.* (1995) and use the Cutler & Katz (1992) AES form with cost of a child parameter ( $\alpha$ ) equal to 0.5 and economies of scale parameter ( $\beta$ ) equal to 0.9. These are

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<sup>51</sup> See <http://www.childrencount.ci.org.za> for the web based profile. See Monson *et al.* 2005 for the *Child Gauge* 2005, Monson *et al.* for the *Child Gauge* 2006; Proudlock *et al.* 2007 for the *Child Gauge* 2007/08 and Pendlebury *et al.* 2009 for the *Child Gauge* 2008/09.

values that were used as *examples* by Angus Deaton when he gave a lecture on poverty measurement in South Africa in the early 1990s.

One source of “implied” AES is in the methodology of the Household Subsistence Level (HSL) that has long been used in South Africa. The HSL represents an attempt to cost basic needs. Some costs, such as rent and transport, are taken to be the same for all households, while others, such as food and clothing, are treated as varying with the size and demographic composition of the household. The implicit value of  $\alpha$  emerges as 0.75 and of  $\beta$  as 0.86 from the HSL (Woolard & Leibbrandt, 2006).

Lancaster, Ray and Venezuela (1997) estimated AESs for eight countries, including South Africa, using SALDRU’s 1993 Project for Statistics on Living Standards and Development (PSLSD) data. They used Engel’s procedure as well as models based on the demographically extended rank two and rank three “complete” demand systems. But their analysis includes only households containing different numbers of children and exactly two adults. This makes the sample unrepresentative of the demographic composition of South African households (Woolard & Leibbrandt 2006); only 37% of households in the PSLSD fell into this category. The scale allows for three different age groups of children and further is separately calculated by gender. The scales derived from this study suggest child costs that are quite a bit lower than Woolard’s whose work to derive an appropriate AES is now explained.

Woolard (2002) derived an AES for African households using IES1995 and the Engel method. She found the cost of a child to be high – almost the same as an adult. This result is typical in estimations based on the Engel method (see Deaton & Muellbauer 1986; Woolard & Leibbrandt, 2006) which has been criticised for over-estimating child costs (see for example Deaton & Muellbauer, 2006). Woolard (2002) found quite small scale economies (estimate of  $\beta = 0.85$ ). After considering the argument on the Engel method over-estimates child costs, and informed by the HSL, she chose an AES that sets  $\alpha = 0.75$  and  $\beta = 0.85$  for her subsequent measurement of poverty in South Africa.

### 3.2 Sensitivity of the poverty and child poverty profiles to the AES

Two studies (Deaton & Paxson 1997; Woolard 2002<sup>52</sup>) reported empirical findings on the sensitivity of the poverty (not child poverty) profile to the AES in South Africa.

Deaton & Paxson (1997) examined the sensitivity of the poverty headcount for people in different age groups in a range of developing countries, one of which was South Africa, to changes in the value of the child cost and economies of scale parameters in a Cutler & Katz type AES. They used per adult equivalent expenditure as the welfare measure and their analysis was based on the 1993 PSLSD. The age groups considered are: children (two groups, age 0-6 and age 7-15); the elderly (defined according to pension eligibility criteria as 60 and over for women and 65 and over for men); and a residual group of non-elderly adults, loosely referred to as adults. They considered nine pairs of values for  $\alpha$  and  $\beta$  with each taking the three values 1, 0.75 and 0.5. The poverty line was set at R105 per adult equivalent per month, a figure chosen to correspond with US \$1 a day. They found that: (i) regardless of AES, adults have the lowest fraction of the poor, followed by the elderly, then older and only then younger children; (ii) lower poverty rates among adults are robust to assumptions about child costs and economies of scale, as is the finding that younger children are always more likely to be poor than older children; (iii) the fewer the number of children that are counted as poor the greater are economies of scale and the smaller the cost of a child; (iv) the relative ranking of the elderly and children depends on the values of these two parameters. With a very high value for economies of scale and low costs of a child the elderly are the poorest group, but that switches with low economies of scale and high child costs. This finding is important, because it suggests the choice of AES may affect priorities for targeting and hence government budget allocation.

Woolard (2002) investigated the sensitivity of the poverty profile to a variety of values of  $\alpha$  and  $\beta$ :  $\alpha = 0.5, 0.75$  and  $1$ , and  $\beta = 0.6, 0.75$  and  $0.9$ , also using the Cutler and Katz

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<sup>52</sup> Woolard & Leibbrandt (2006) also reported findings on sensitivity of the poverty profile to the AES but the findings are those from the work reported in Woolard (2002) based on her analysis of IES1995.

(1992) form AES. She used the IES1995, adult equivalent consumption as the welfare measure and set the poverty line cut off at the 40<sup>th</sup> percentile. Her findings are encouraging, for ~~they~~ show that the poverty profile changes very little even when quite large adjustments are made to the parameters” (Woolard 2002:85). When one considers specific age categories, the impact of the parameters is more noticeable. Nevertheless, and as she explains, the changes are not dramatic, with the percentage of poor children varying from 45.5 percent to 48.6 percent. The incidence of poverty among the elderly is found to vary slightly more, with between 36.1 to 41.3 percent of the elderly being defined as poor (Woolard, 2002:85). Like Deaton & Paxson (1997), Woolard found that the fewer the children who are poor, the lower are child costs and the larger are economies of scale, but also, and critically, that the relative ranking of poverty among the elderly and children is *not* affected by AES. Finally, she found that ~~the~~ choice of equivalence scale makes a small difference to the identification of poor *households*” (Woolard 2002:87). As she pointed out, this is less important than the sensitivity of the composition of the poverty profile, because the government is more likely to use large scale surveys for identifying *vulnerable groups* than for targeting *specific households*.

There are also only two studies on the sensitivity of the *child* poverty profile to the AES (Dieden & Gustafsson 2003; Barnes 2009a). The Dieden & Gustafsson (2003) study is very limited in that only the effect of changing the economies of scale parameter was investigated (the child cost parameter was kept fixed at 1). The authors found, like Deaton & Paxson (1997) and Woolard (2002), that allowing for economies of scale reduces the child poverty headcount. How changing economies of scale affects the composition of child poverty is not explored.

The second study on the sensitivity of the child poverty profile to the AES is by Barnes (2009a). This study, which used the CS2007, is extensive in that it considered changes in the economies of scale parameter as well as the cost of a child parameter for a range of AESs. However, it is limited in that it only considers the sensitivity of the national level poverty rate ( $P_0$  FGT measure), but not how the *composition* of the child poverty profile is affected by AES adjustment. The equivalence scales tested by Barnes are the old

OECD, modified OECD, square root of household size and per capita (see chapter one for the description of these different commonly used scales). A relative poverty line of 50 per cent of mean equivalized household income is used for the tests (Barnes 2009:15). The results reveal an almost 10% variation in the child poverty rate, from 67.7% for the square root AES to 78% for the per capita scale. Barnes concluded that, based on this variation choice of scale matters for the measure of child poverty incidence at a national level (Barnes 2009a:16).

To sum up, there is some evidence on the sensitivity of South Africa's poverty profile to the AES.<sup>53</sup> There is hardly any evidence on sensitivity of the scale of child poverty to the AES used and none on how the composition of child poverty is affected by the AES.

### **3.3 Intra-household resource allocation with the spotlight on children**

—...onflicts within families and households about the distribution of \_benefits‘ and work have been with us since time immemorial – this despite the family also being the preeminent site of altruism and mutual care” (Wittenberg 2009:159).

–The interaction between economic factors such as unemployment poverty, large cash transfers and household structure in South Africa means that it provides an interesting environment for studies on intra-household inequality (Smith 2006:15)”.

It was explained in chapter one that traditional child poverty measurement makes the assumption that resources (including a cash transfer) are allocated fairly or equitably inside the household, for example in line with needs of different individuals set out in the AES. Moreover, this was raised as a problem in that there is international and South African evidence that shows, as suggested in the quote above by Wittenberg (2009), that resource allocation is characterized by bargaining and conflict and that resources may in many instances not be allocated equitably. Below are summarized the primary findings

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<sup>53</sup> These have informed the National Treasury proposal for one or more *per capita* poverty lines to be used (see Streak *et al.* 2009).

of seven quantitative method South African empirical studies on intra-household resource allocation patterns (Case & Deaton 1998; Case *et al.* 1999; Duflo 2000<sup>54</sup>; Bertrand *et al.* 2003; Posel *et al.* 2004 & 2006<sup>55</sup>; Case & Ardington 2006; Ardington *et al.* 2009); these are important for understanding the limits of the existing research on child poverty, thinking about appropriate design of cash transfers for children and evaluating the existing research on the CSG programme's impact. As will be seen, the majority of the studies have focused on pension income in the attempt to shed light on spending patterns inside households. The findings from the existing empirical research on intra-household resource allocation are critical for shedding light on the extent to which we should expect an unconditional cash transfer such as the CSG (when it had no education conditions attached to it), to impact on child deprivation and human capital development.

Before proceeding, two general points need to be made about the research that aims to shed light on how grant income is allocated inside households. The first is that fungibility of money makes it very difficult to separate out how a particular source of grant income is spent and on whom (see Siebrets & Van der Berg 2010). The second is that resources are in the real world allocated as household structure changes in response to a variety of factors, including the behavioral effects of grants (see Edmonds *et al.* 2001; Woolard & Klasen: 2009).

Case & Deaton (1998) explored the redistributive consequences and behavioral effects of the pension cash transfer using the SALRU 1993PSLSD survey data. With respect to the former, they investigated who receives the pension, their levels of living and those of their families. With respect to the latter, they investigated whether different kinds of income have different effects on behavior as well the effects of the pension cash transfer on allocation of income to food, schooling, transfers and savings. The primary findings from the investigation into the redistributive effects of the pension are: (i) the pension is an effective tool of redistribution - the households it reaches are predominantly poor

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<sup>54</sup> Duflo's study can be found in Duflo 2000 (which is a working paper) and Duflo 2003.

<sup>55</sup> The Posel *et al.* study may be found in a 2006 journal article as well as in a 2004 conference paper that was delivered at the conference in 2004 on econometric modeling in Africa.

(Case & Deaton 1998:1330); (ii) pensions reach almost three times as many women as men and households where poor children live (this is because so many of the elderly among South Africa's African population live with children) (Case & Deaton, 1998:1330&1359). The last finding implies that whereas in most countries cash transfers targeted at the elderly and children are alternatives, due to South Africa's living arrangements, at least to some extent the pension is an instrument that reaches both groups. The primary findings from this study's investigation into spending of income, which is the primary interest here, are: (i) pension income is spent much in the same way as other income (Case & Deaton 1998:1360); (ii) expenditure patterns are different for different types of households. More specifically, and critically for thinking about design of cash transfer programmes, female-headed households behave differently from male-headed households: expenditure on all expenditure categories in the analysis (except insurance and clothing) is lower than that of male-headed households (Case & Deaton 1998:1355) and female-headed households also spend considerably less on alcohol, tobacco and transportation.

Case *et al.* (1999) used the OHS1995 to address the question of whether particular children in the household, in this instance those without a biological mother present, are discriminated against in resource allocation inside the household. Towards this end, they investigated whether expenditure on food (as input into the production process of child outcomes) varies according to genetic bonds between mother and child. The survey information was used to distinguish between households where: (i) the child's biological mother is not present; (ii) she is present and is either head of the household or spouse of the head (and assumed to implicitly control food expenditures); and (iii) mothers are present but not head or spouse (and are assumed to have little or no control over food expenditures). The authors found firstly that children without a biological mother present in the household *are* discriminated against: it is found that spending on food would increase by R7 (or 2%) if a biological child in the age group 0-5 were to replace a non-biological child in the same age group (Case *et al.* 1999:16). Secondly, they found that it is the mother's *control over resources* and not simply her presence in the household that leads to greater spending on food for her biological children (Case *et al.* 1999:17).

Like Case & Deaton (1998), Duflo (2000&2003) studied the pension cash transfer, which represents a substantial amount of monthly income in the majority of households into which it is transferred,<sup>56</sup> so as to shed light on intra-household resource allocation. This study, which is based on the PSLSD1993 data, is important in this thesis not only for what it suggests about the nature of intra-household resource allocation processes but also for what it suggests about the impact of cash transfers on child wellbeing. Duflo's (2000&2003) analysis addressed two questions: (i) whether the pension cash transfer has a positive impact on child health and nutritional status as measured by height for age and weight for height; (ii) whether the gender of the cash transfer recipient affects the size of the positive impact if there is one. She finds firstly that the pension *does* have a positive impact on child health and nutrition, but that the impact is concentrated on girl children. In the words of Duflo (2003:21-22): "Pensions received by women improved the height for age z scores of younger girls by at least 1.6 standard deviations, and the weight for height z scores of girls by 1.19 standard deviations...(the pension)...did not significantly increase that of boys". Secondly, she found that the gender of the pension recipient does matter for the size of the positive effect on children; pensions received by men are not associated with an improvement in the nutritional status of either girls or boys, but those received by grandmothers are (Duflo 2003:3). This study therefore confirms the finding of Case & Deaton (1998) that men and women have different spending patterns (preferences). It also supports Case *et al.*'s (1999) finding that children with particular characteristics (in this case girls) may be favored over others in intra-household resource allocation. Both of these findings are, of course, at odds with the unitary model of resource allocation embedded in traditional child poverty measurement.

Like Case & Deaton (1998) and Duflo (2000& 2003) Bertrand *et al.* (2003) studied the pension cash transfer as a means to shed light on intra-household resource allocation processes. The Bertrand *et al.* (2003) study was based on the 1993 PSLSD SALDRU data. To identify the redistributive and behavioral impacts of the pension Bertrand *et al.*

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<sup>56</sup> In 1993 the value of the monthly pension was twice the median income per capita in rural areas (Duflo 2003).

investigated how the pension affects the labour supply (demand for leisure) of prime-age individuals (age 16-50) in households in which there is an elderly person receiving a pension. They tested two hypotheses: (i) whether some of the pension money reaches other, non-recipient family members in the household (seen to occur if there is a reduction in labour supply); (ii) if so, whether there are differences across individuals in the amount of cash transfer received (for which the labour supply reduction is a proxy) (Bertrand *et al.* 2003:28)<sup>57</sup>. Critically, Bertrand *et al.* (2003) defined the household in the narrow way excluding migrants, their labour supply response to the pension, and their income.

Bertrand *et al.* (2003) found first that the pension dramatically reduces the labour supply of prime-age members of the household. Both hours worked and the work or not-work margin is affected. (Bertrand *et al.* 2003:29). Second, they found that the marginal rand of pension income going to a female pensioner reduces labour supply by more than the marginal rand of pension income going to a male pensioner (Bertrand *et al.* 2003:29). This is interpreted as a sign that women have less control over resources than men – another finding that is in support of the collective models of intra-household resource allocation and at odds with the unitary model. Third, the authors found that there is hardly any reduced labour supply impact of the pension on prime-age females in the household, again signaling differential power across men and women over resource control (Bertrand *et al.* 2003:29). Fourth, they found that within the prime-age male population, the labour supply of older men is reduced by more than younger men (Bertrand *et al.* 2003:29). In sum then, Bertrand *et al.* showed that absolute age, relative age and gender are important determinants of resource flows and that there is gender and age discrimination in the sharing of the pension cash transfer within the household.

The fifth study, the one by Posel *et al.* (2006) is important in this context not only for what it says about the pattern of intra-household resource allocation and how it is at odds with the unitary model assumed in traditional poverty measurement. It is also significant

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<sup>57</sup> Bertrand *et al.* (2003:9) pointed out that they explore this because of the existing experimental evidence which suggests that women are more inclined to altruism than men are.

because it has played the role of being the first South African empirical study on grant impact to highlight the importance of studying migration behavioral effects when assessing the effects of a cash transfer on labour supply and poverty. Posel *et al.* (2004 & 2006) began by suggesting that if one excludes migrants in studies on household behavior and welfare one may miss the labour supply effect, and the associated earnings of an important group of working age adults in the household. Like Bertrand *et al.* (2003), Posel *et al.* (2006) used the SALDRU PSLSD 1993 data and focused on the labour supply effect of the pension in their study on intra-household resource allocation. However, unlike Bertrand *et al.* (2003), they did not use the strict criteria to determine household membership (which excludes migrants) and instead included migrants as part of the household. Contrary to Bertrand *et al.* (2003) they found that the pension transfer has a positive effect on labour supply and moreover, that it is only for prime age *females that labour supply increased* and only when the pension eligible person is a *female*. The finding of Posel *et al.* (2004 & 2006) that labour supply increases in response to a cash transfer when it is women who are eligible is consistent with the findings of other research that women are more likely to share their income with others (including children) in the households. Posel *et al.* (2004 & 2006) found that there are two channels through which the pension works to facilitate prime age women migrating to find work in urban areas: (i) the cash transfer facilitates migration by overcoming a credit constraint on migration in poor rural household; (ii) the cash transfer facilitates migration of prime age women (mothers) because there are elderly women (grandmother's) in the household who can provide the resources (time and money) to care for children left behind in the rural home of migrants.

Case & Ardington (2006) use data from the Africa Centre Demographic Surveillance Site in KwaZulu-Natal. Their focus is on whether children who have lost a mother are less likely to be enrolled in school, have completed less years of schooling and have less money spent on their education than those whose mothers are alive. Their study also used data from the Census to confirm the findings with respect to whether children without a biological mother present in the household are more at risk for having poor educational outcomes (as measured by enrollment and completed years of schooling).

Their analysis found that ~~e~~children whose mothers have died are behind in school relative both to children in the Demographic Surveillance Area at large and to non-orphans with whom they live. They are ... (also)...less likely to be enrolled than other children in the Demographic Surveillance Area, and spending on their school related expenses is significantly lower” (Case & Ardington 2006:411). Their Census data analysis confirms their finding based on the DSA data that maternal orphans are less likely to be enrolled in schooling and have a lower number of school years completed than children with biological mothers in the household (Case & Deaton 2006:418)<sup>58</sup>. Their study is important then for suggesting that children without biological mothers may be treated less ~~fairly~~” in resource allocation inside the household than those with biological mothers and hence that poverty measures may underestimate the extent of poverty for this category of children (and overestimate the impact of a cash transfer such as the CSG on their wellbeing).

The final quantitative study worth highlighting that sheds light on intra-household resource allocation in South Africa is by Ardington *et al.* (2009). This study is very similar to the Posel *et al.* (2006) study but is based on longitudinal not cross sectional data. Ardington *et al.* quantified the labour supply response of primary age adults to the presence of pensioners (and the pension) in households in South Africa using longitudinal data collected at the Africa Centre Demographic Surveillance Site in Hlabisa in KwaZulu-Natal. They compared households before and after receipt and loss of the pension hence controlling for a number of household and individual characteristics that may explain labour market behavior. The authors found, like Posel *et al.* (2006) that households with pensioners are more likely to have migrants who have moved to urban areas in search of work opportunities. Ardington *et al.* found that when women receive the pension both men and women are more likely to be labour migrants, but that receipt of the pension by men is associated only with an increased likelihood of prime aged men being labour migrants (Ardington *et al.* 2009:46). As Ardington *et al.* (2009:46) pointed

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<sup>58</sup> Unfortunately Case & Ardington (2006) were not able to address the question of how the level of expenditure on education differs for maternal orphans and those with biological mothers in their analysis of the Census data.

out, the finding that the pension received by women was pooled and facilitated labour migration is consistent with other research findings that have suggested that money in the hands of women is used in an altruistic way in the household. They said that they could not explain their finding that pension receipt by men is associated with an increased likelihood of prime aged men but not women being migrants.

To sum up the discussion on the findings from the empirical literature on intra-household resource allocation in South Africa: there is now a substantial amount of empirical quantitative method research on intra-household resource allocation inside poor households in South Africa, a large part of which has aimed to shed light on resource allocation patterns by studying how cash transfers, and in particular, the pension is used.<sup>59</sup> The findings of the existing studies show that grant income is spent in much the same way as other income. The studies challenge the unitary model of resource allocation that is embedded in traditional child poverty measurement and provide support for the newer collective models of intra household resource allocation. The empirical research shows, as the new models predict, that: (i) for spending patterns it matters who receives and controls resources; (ii) men and women have different preferences and the spending patterns of women are more altruistic and are more favorable for children; (iii) individuals with certain characteristics, for example children without biological mothers, may be discriminated against in resource allocation. In addition the existing empirical research has highlighted the way in which households form around grant income in South Africa, and in particular the pension, and the need to consider the behavioral effects of grants on migration and labour supply.

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<sup>59</sup> The qualitative research on the CSG programme has added a little, but not much, to understanding of how resources are allocated inside households in South Africa. This literature is reviewed in chapter five. The main study in this regard is Hunter & Adato (2007b), which is based on the qualitative component of the KIDS2004 round of data collection. An additional insight from this qualitative study is that how CSG cash transfer income (and other income) is spent (and how other income is spent) varies across months, depending on whose needs are most urgent in the household.

As pointed out in chapter one, the fact that the empirical evidence rejects the unitary model of resource allocation is important from a *measurement* perspective: it underlines the need for researches to explore the robustness of their findings on the scale and composition of child poverty to changes in sharing rules. The rejection of the unitary model is, however, also important from a *policy* perspective. This is firstly because it implies that the efficiency of transfer programs in reaching their intended beneficiaries – say children or a particular group such as fostered or orphaned children - may vary depending on how they are administered, for example whether they are targeted specifically at women and how much control women have over resources in the household. Secondly, this is because the findings suggest that there may be a need for consideration to be given to what special measures may be taken to ensure that children who may be discriminated against in the resource allocation process inside households (such as those without biological parents) benefit to the same extent as other children from a programme such as cash transfer for children paid to poor households.<sup>60</sup>

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<sup>60</sup> One option in this regard would be in-kind measures of support, such as food parcels or school uniforms. However, these are also likely to be shared inside the household so the same problem of discrimination against children without biological parents may occur. Also, there is a need to weigh up special measures of support for this category of children with the problem of this leading to stigmatization.

#### **4. Findings about the scale and characteristics of child poverty and associated deprivations from the existing research**

The increasing availability of data to support poverty measurement and the commitment of the new regime to understanding the poverty situation to develop effective policies to address it stimulated research on poverty post 1994. The majority of this work has focused on the population in general (see for example Klasen 1997; Leibbrandt & Woolard 1999; Klasen 2000; May *et al.* 2000; Hoogeveen & Ozler 2006; Leibbrandt *et al.* 2006; Van der Berg *et al.* 2007&2008; Armstrong *et al.* 2008). However, a number of researchers have chosen to focus on understanding the scale and characteristics of poverty amongst the child population and the various deprivations associated with child poverty. Hence there is now a substantial quantitative based measurement study literature and a large volume of qualitative work on South Africa's multi-dimensional child poverty profile. Some researchers have, in the Q-squared tradition, blended qualitative and quantitative research methods in their attempts to enhance understanding about the scale and characteristics of child poverty (see for example Streak 2000; Barnes 2009b & Barnes 2009c).

As Barnes (2009a:3) points out, whilst multi-dimensional child poverty profiling has gained ground, the quantitative based measurement research has, at least until recently, as in the programme of research focused on measuring poverty amongst the population in general, been dominated by traditional or money metric measurement. This is arguably partly due to data limitations. In section 4.1 the primary findings on the scale and characteristics of child poverty from the traditional measurements are summarized. This is followed in section 4.2 by an overview of the method and primary findings of the studies that have used quantitative data to measure multi-dimensional child poverty. Section 4.3 identifies and summarizes the findings of the three studies that have used the Q-squared method to shed light on the contours of multi-dimensional child poverty in South Africa. Section 4.4 closes the section by summarizing the primary additional

insights with respect to the nature and causes of the multi-dimensional child poverty in South Africa from the existing qualitative research.

#### **4.1 Traditional child poverty measurement study findings**

Thirteen published studies offering traditional (money metric) measures of child poverty in South Africa can be identified (see NIEP 1996; May 1998; Haarmann 1999; Woolard in Streak 2002a; Woolard in Streak 2002b; Dieden & Gustafsson 2003; Woolard in Streak 2004; Budlender in Monson *et al.* 2006; Barnes *et al.* 2007&2008; Proudlock *et al.* 2008; Woolard 2008; Pendlebury *et al.* 2009; & Barnes 2009a)<sup>61</sup>. Only the most recent measurement study, the 2009a Barnes study, offers measures of the incidence, depth and severity using the full set of FGT measures. The other studies only provide measures of P<sub>0</sub>. Table 2.4 presents a summary view of the thirteen published traditional child poverty measurements. It shows the data and measurement method used in each and findings for the poverty headcount measure at national level. The table reports only each study's findings from its money-metric measurement even though a handful of the studies were multi-dimensional and produced other measures of deprivation based on non-money indicators (for example Haarmann 1999; Monson *et al.* 2006; Barnes *et al.* 2007&2008; Proudlock *et al.* 2008; Woolard 2008; & Pendlebury *et al.* 2009) It can be seen in Table 2.4 that the poverty headcount findings vary substantially across studies depending on the welfare measure and data used as well as where the poverty line is set.

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<sup>61</sup> This count excludes the measurement of child poverty based on the IES2005/06 undertaken by Streak, Yu and Van der Berg in 2008, whose findings are presented in chapter three (as the new profile of money metric child poverty in South Africa) and which was published in Social Indicator Research (see Streak *et al.* 2009).

**Table 2.4: Money metric measurement studies on child poverty in South Africa 1994-2009 - Method and national level poverty headcount findings**

Study	Data used	Welfare indicator and AES	Poverty line and headcount (P <sub>0</sub> )
1. National Institute of Economic Policy (NIEP) 1996	SALDRU PSLSD1993	<u>Welfare indicator:</u> Adult equivalent income  <u>AES:</u> Study says simple World Bank informed scale – old OECD?	<u>Line:</u> Child poor if he/she in a household in the bottom four deciles of the adult equivalized income distribution.  <u>Headcount:</u> 60% for children age 0-4.
2. May, J. 1998	OHS1995 & IES1995	<u>Welfare indicator:</u> Adult equivalent income  <u>AES:</u> $AE = (A + 0.5 K)^{0.9}$	<u>Line:</u> Child poor if he/she in a household in the bottom four deciles of the adult equivalized income distribution.  <u>Headcount:</u> 60% for children age 0-5.
3. Haarmann, D. 1999	SALDRU PSLSD1993	<u>Welfare indicator:</u> Adult equivalent expenditure  <u>AES:</u> $AE = (A + 1K)^{0.9}$	<u>Line:</u> Child poor if he/she in a household in the bottom four deciles of the adult equivalized expenditure distribution.  <u>Headcount:</u> 69% for children 0-6.
4. Woolard 2002 cited in Streak 2002a	OHS1999	<u>Welfare indicator:</u> Adult equivalent income  <u>AES:</u> $AE = (A + 0.6 K)^{0.9}$	<u>Line:</u> Child poor if he/she in a household in the bottom four deciles of the adult equivalized income distribution.  <u>Headcounts:</u> 59.2% for children age 0-17 and 59.3% for children age 0-6.
5. Woolard, 2002 cited in Streak 2002b	OHS1995 & OHS1995	<u>Welfare indicator:</u> Per capita income	<u>Lines:</u> (i) R200 per capita per month in 1999 rand; (ii) R400 per capita per month in 1999 rand.  <u>Headcounts:</u> 1995 data: 38.9% with lower poverty line and 64.7% with higher line. 1999 data: 58.1% with lower line and 75.8 % with higher line.
6. Dieden & Gustafsson 2003	OHS1995 & IES1995	<u>Welfare indicator:</u> Per capita income	<u>Lines:</u> (i) \$1 a day; (ii) 50% of median income of the population.  <u>Headcounts:</u> (i) Using 1\$ a day 28.4% of children age 0-14; (ii) Using 50% of median 49.2% of children age 0-14.
7. Woolard 2004 reported in Streak, chapter 4 in Streak & Coetzee (eds) 2004	IES2000	<u>Welfare indicator:</u> Per capita income	<u>Lines:</u> (i) R215 per capita per month in 2000 rand and (ii) R430 per capita per month in 2000 rand.  <u>Headcounts:</u> (i) Low line, 54.3 % of children age 0-17; (ii) Higher line 74.8 % of children age 0-17.
8. Budlender, 2006 reported in Monson <i>et al.</i> 2006	GHS2005	<u>Welfare indicators:</u> (i) Household expenditure; (ii) Household income	<u>Line:</u> Household income or expenditure less than R1200 per month.  <u>Headcounts:</u> Expenditure measure 66% of children age 0-17; (ii) Income measure 60% of children age 0-17 poor.

9. Barnes <i>et al.</i> 2007	Census2001	<u>Welfare indicator:</u> Adult equivalized income.  <u>AES:</u> modified OECD	<u>Line:</u> Child poor if he/she lives in a household that lies in bottom 40% of the mean adult equivalized income distribution.  <u>Headcount:</u> 78.7% of children age 0-17.
10. Proudlock <i>et al.</i> 2008	GHS2006	<u>Welfare indicator:</u> Household income.  <u>AES:</u> modified OECD	<u>Line:</u> Child is poor if he/she resides in a household that reports income of less than R1200 per month (2006 rands)  <u>Headcount:</u> 68% of children age 0-17.
11. Woolard 2008	GHS2006	<u>Welfare indicator:</u> Expenditure per capita  <u>AES:</u> Per capita	<u>Line:</u> Child poor if he/she is in a household in the bottom four deciles of the per capita income distribution.  <u>Headcount:</u> 66% of children age 0-17
12. Pendlebury <i>et al.</i> 2009.	GHS2007	<u>Welfare indicator:</u> Income per capita.  <u>AES:</u> Per capita	<u>Line:</u> R350 per person per month in 2000 rands  <u>Headcount:</u> 68% of children 0-17
13. Barnes. 2009a.	CS2007	<u>Welfare indicator:</u> Income per capita  <u>AES:</u> Per capita	<u>Lines:</u> <ul style="list-style-type: none"> <li>• The SSA lower bound line which is R245 per month in 2007 rand</li> <li>• The SSA suggest poverty line which is R444 per month in 2007 rand</li> <li>• The SSA upper bound poverty line which is R818 per month in 2007 rand<sup>62</sup></li> </ul> <u>Headcounts:</u> <ul style="list-style-type: none"> <li>• 40.2% of children age 0-17 for lower bound poverty line.</li> <li>• 65.5 % of children age 0-17 for suggested SSA poverty line</li> <li>• 81% of children age 0-17 for the SSA upper bound poverty line.</li> </ul>

*Source: Compiled from sources listed in column 1 of the table.*

Characteristics of child poverty identified by the thirteen measurement studies that have used the traditional approach are: (i) concentration of child poverty amongst the African and to a slightly lesser extent the Coloured child populations (Budlender in Monson *et al.*

<sup>62</sup> Only the findings from some of the Barnes' measurement work reported in the Barnes (2009a) paper are presented here. More specifically, the poverty headcount findings from her measurement that used income as the indicator, the simple per capita AES and the three poverty lines suggested by Statistics South Africa are presented. Barnes also, as explained earlier in the chapter, investigated the sensitivity of the child poverty headcount measure to changes in the AES. Hence, there would be a number of other measures of the national level poverty headcount when other AESs (these include the old OECD scale, the modified OECD scale and square root of household size) and various poverty lines were used in the measurement.

1996; NIEP 1996; May 1998; Dieden & Gustafsson 2003; (ii) higher child poverty rates in rural than in urban areas (NIEP 1996; May 1998; Dieden & Gustafsson 2003); (iii) higher child poverty in households without wage income or in other words where all economically active adults are unemployed (Dieden & Gustafsson 2003; Budlender in Monson *et al.* 2006; Pendlebury *et.al.*2009:78); (iv) a high correlation between child poverty and low level of education of the household head (Dieden & Gustafsson 2003); (v) over-representation of households headed by women in the poor child population (Dieden & Gustafsson 2003); (vi) large variation across the nine provinces, with particularly high incidence of child poverty in Eastern Cape and Limpopo (May 1998; Woolard in Streak 2002a&b; Dieden & Gustafson 2003; Woolard in Streak 2004; Budlender in Monson *et al.* 2006; Pendlebury *et al.* 2009:77; Barnes 2009a:22-27); (vii) A relationship between orphan hood and poverty. For example, Woolard (2008) finds that whereas 88% of non-poor children have both parents alive, this is only true for 75% of poor children and 73% of ultra-poor children. Similarly, 2% of non-poor children are double orphans whereas 5% of ultra-poor children have lost both their parents (Woolard 2008:3-4). In addition, the most recent measurement study, that undertaken by Barnes (2009a) and based on CS2007, suggests whilst incidence, depth and severity of poverty are all similar for children of different sexes, a higher incidence, depth and severity of poverty amongst very young children (children age 0-4 years) compared to children in the oldest age cohort (age 15-17 years) is a feature of the South Africa child poverty profile (Barnes 2009a:30).

It is difficult to comment on what the traditional child poverty measurement suggests about the trend over time. This is due to incompatibility across the different national level data sets. Consideration of the GHS2002 and 2007 data sources suggests a decline in child poverty if a money metric indicator is used for measurement. For example, using income per capita as the welfare measure, and R350 per capita per month in the poverty line cut off, the decline in the headcount measure is from 76.8% in 2002 to 67.7% in 2007 (Pendlebury *et al.* 2009:77). Pendlebury *et al.* (2009:77) suggest that this decline may be due in part to the massive expansion of the CSG over the same time period. As will be seen below, the most commonly used non-monetary indicator used to shed light

on the trend in child poverty over the recent past, namely reports of child hunger, also suggests a declining trend between 2002 and 2007. As will be seen in chapter 3, comparison of IES2000 and IES2005 suggests a decline in measured child poverty but there are problems of comparability for the two IESs. With respect to the trend in poverty for the South African population as a whole, there is mounting evidence that poverty had been declining substantially between 2000 and before the international recession hit South Africa in 2008 and that this was due largely to expansion of social grants (see Leibbrandt *et al.* 2010; Van der Berg *et al.* 2007).

#### **4.2. Quantitative measurement of multi-dimensional child poverty**

If the Children's Institute's *Making Children Count* Project is counted as one study, four published quantitative measurement studies of multi-dimensional child poverty in South Africa may be identified. These studies, whose method and primary findings are summarized below, are: Haarmann (1999); the Children's Institute Project *Making Children Count* project (see Jacobs 2006; Monson *et al.* 2006; Proudlock *et al.* 2008; and Pendlebury *et al.* 2009<sup>63</sup>); Barnes *et al.* (2007 & 2008<sup>64</sup>); & Woolard 2008. The method and primary findings of the various studies are summarized below.

Haarmann (1999) used the SALDRU PSLSD2993 data to develop a composite index of the living conditions of children age 0-6 years in South Africa. The approach adopted by Haarmann is similar to that used by Klasen (1997) but unlike Klasen Haarmann does not include a subjective indicator of wellbeing in his deprivation index. Haarmann's index includes indicators grouped into four deprivation domains as follows: financial situation

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<sup>63</sup> The Children's Institute Making Children Count project is one that provides updated information on the multi-dimensional child poverty profile on an annual basis. It is for this reason that there is this list of sources. The most recent publication of the project uses the GHS2007 data as its primary data source for the multi-dimensional child poverty profile.

<sup>64</sup> The Barnes *et al.* quantitative multi-dimensional child poverty measurement study has been published in two forms: as a Human Sciences Research Council, Save the Children Sweden and Centre for the Analysis of South African Social Policy University of Oxford Report (see Barnes *et al.* 2007) as well as an article in the journal *Child Indicators Research* (see Barnes *et al.* 2008).

(for which the welfare indicator is adult equivalent expenditure); housing (for which the indicators are type of house; number of durables; type of energy used for cooking); health (for which the indicators are type of water access, type of sanitation facilities, access to health services); and employment opportunities of the households in which children are living (for which the indicators are share of employment among the adult household members and average years of education among household members older than 16 years). The indicators are developed in a way that allows for each to be given a score of between 1 and 5. For each indicator a child is defined as being deprived if (s)he lives in a household that has an indicator score of 2 or less. Similarly, with respect to the measurement based on the index as a whole, a child is defined as poor if she/he is living in a household that has a score of 2 or less. Children living in these households are classified by Haarmann (1999:31) as “not having the minimum means to guarantee a healthy and secure life”.

Haarmann's composite index measure finds that close to 70% (69.3%) of children age 0-6 are poor (Haarmann 1999:39&48). As in the money metric studies, rural concentration emerges as a characteristic of Haarmann's multi-dimensional child poverty profile: 91.3% of the children falling into the poorest ranking group (overall indicator score of 1) are classified as living in rural areas and 59.% of those are in the second poorest ranking group (overall indicator score of 2) (Haarmann, 1999:39). Similar to the money metric studies, he finds significant variation across provinces in provincial multi-dimensional child poverty rates and shares. With respect to the latter the composite index measure suggests that close to seventy percent of poor children are located in KwaZulu-Natal, Eastern Cape and Northern Province (Limpopo) (Haarmann, 1999:39). Haarmann finds that the average expenditure per day of the households in the bottom two ranking groups (i.e. those classified as poor by the index measure) was a mere \$1.15 in 1993. Moreover, and also reflective of the depth and severity of child poverty, he finds that “on average nearly half (49%) of the total food expenditure in the bottom two ranking groups is spent on sugar and grain” (Haarmann, 1999:40). As in the uni-dimensional measurements, Haarmann finds very few Indian and White children below the poverty line (Haarmann, 1999:40). The housing and health situation indicators produced by Haarmann show the

largest differences for children below compared to above the poverty line. For example, 41% of children in the poorest grouping (quintile) were found to be living in houses of less than a minimum standard (shacks, hostels, traditional dwellings, etc.) Nearly two thirds (64%) were found to not have proper water facilities and two fifths (42%) were found to have either no toilet facilities at all in their household or only a bucket (Haarmann, 1999:48). A final finding of Haarmann's analysis to highlight is that the results for the employment and education component of the index are bleak: even in the third ranking group, nearly 50% of the households were found to face a situation where only 0-39% were employed and 23% were found to have less than a standard five (Grade 7) education (Haarmann, 1999:49).

The Children's Institute, in their *Making Children Count* study, otherwise known as *Abantwana Babalulekile*, rely primarily on the GHS data (2002-2007) and administrative data to profile multi-dimensional child poverty and track changes in different child deprivation indicators over time (Berry in Children's Institute 2008:27). Where possible the measures are disaggregated by province, age, population group, sex and location. According to those who conceptualized the method of the study, the domains were informed by the socio-economic rights afforded children (in the CRC and South African Constitution) as well as data availability. The indicators were also selected bearing in mind a desire to provide as child centered statistics as possible (Berry in Children's Institute 2008:26-27). The domains for which indicators are provided include: demography and income poverty; social assistance; education; child health; housing and basic services. As explained above, the project has been ongoing since 2004 and there are now a handful of publications on the findings of this project that is focused on providing insight into the nature of the multi-dimensional child poverty profile in South African and monitoring changes in its features over time (see Jacobs *et al.* 2005; Monson *et al.* 2006; Proudlock *et al.* 2007; & Pendlebury *et al.* 2009). Here, to summarize the key findings of this "study", the most recent annual publication of the project, the *South African Child Gauge 2008/09* (see Pendlebury *et al.* 2009) is used. As explained above, it used the GHS2007 data as its primary data source for the development of different indicators designed to reflect the multi-dimensional child poverty profile. Table 2.5

presents a snapshot view of the most recent multi-dimensional child poverty profile produced by the Children Count Project by presenting the main indicators and measures for the five deprivation domains covered in the *South African Child Gauge 2008/09*.

**Table 2.5: Multi-dimensional child deprivation indicators and measures in the Children’s Institute’s 2008/09 ‘South African Child Gauge’**

Deprivation domain	Indicator of deprivation	Deprivation measure findings
Demography & income	<ul style="list-style-type: none"> <li>Children 0-17 who have lost a mother father or both parents</li> <li>Children 0-17 who do not live with either biological parent</li> <li>Children 0-17 living in child headed households</li> <li>Children 0-17 living in a household in which the income is less than R350 per capita in 2000 Rands</li> <li>Children 0-17 living in a household where no adult is employed</li> </ul>	<ul style="list-style-type: none"> <li>20% of children 0-17 have lost a mother father or both parents</li> <li>23 % of children 0-17 do not live with either biological parent</li> <li>0.8 % of children 0-17 live in child headed households</li> <li>68 % of children 0-17 live in a household in which the income is less than R350 per capita in 2000 Rands</li> <li>38% of children 0-17 live in a household where no adult is employed</li> </ul>
Social assistance	<ul style="list-style-type: none"> <li>Number of children 0-13 receiving the child support grant in mid 2008</li> <li>Number of children 0-17 receiving the care dependency grant in mid 2008</li> <li>Number of children 0-17 receiving the foster child grant in mid 2008<sup>65</sup></li> </ul>	<ul style="list-style-type: none"> <li>Around 8 million children 0-13 received the child support grant in mid 2008</li> <li>99 621 children 0-17 received the care dependency grant in mid 2008</li> <li>430 891 children 0-17 received the foster child grant in mid 2008</li> </ul>
Education	<ul style="list-style-type: none"> <li>Children 7-17 years not enrolled in an educational institution<sup>66</sup></li> <li>Children 7-13 living far<sup>67</sup> from their nearest primary school</li> <li>Children 14-17 living far from their nearest high school</li> <li>Average learner to educator ratio for</li> </ul>	<ul style="list-style-type: none"> <li>3.5% of children 7-17 years are not enrolled in an educational institution<sup>68</sup></li> <li>17 % of the around 7 million children age 7-13 are living more than 30 minutes from their nearest primary school.</li> <li>29% of the around 4 million children of high school age (14-17) are living more than 30 minutes from their nearest school</li> </ul>

<sup>65</sup> Whilst the Children’s Institute uses social assistance reach as a child deprivation indicator and they are reported as such, they are arguably peculiar indicators of child deprivation. This indicator instead reflects on the extent of support for children who are deprived.

<sup>66</sup> Basic education is compulsory in grades 1-9 or for children age 7-15 in South Africa. In addition, children who have completed a basic education also have a right to further education (grades 10-12) which government must take reasonable measures to make available (Pendlebury *et al.* 2009:82). Government is in the process of rolling out a Reception Year (pre Grade 1) education programme. This programme, known as Grade R, should be universally available by the end of 2010. A problem to note in measures presented on the educational aspect of child deprivation in South Africa is that, whilst it is the inability of children to attend school that we are interested in from a child deprivation perspective, the majority of the surveys, including all of those undertaken by SSA, provide data that reflects school enrolment not school attendance. Hence, even if researchers say that they are measuring attendance deprivation, they are actually, unless they have data from a specially designed survey, measuring school enrolment.

<sup>67</sup> The distance is regarded as far if a child would have to travel more than 30 minutes to reach it, irrespective of the mode of transport (Pendlebury *et al.* 2009:84).

<sup>68</sup> The age differences for this indicator are important to highlight: for children age 7-15 years the rates are over 96%. At 15 there is a slight drop, to 93% which increases with age (Pendlebury *et al.* 2009:83).

	public schools	<ul style="list-style-type: none"> <li>• 32.4 learners to educators is the average ratio for public schools</li> </ul>
Child health	<ul style="list-style-type: none"> <li>• Infant and under five mortality rates</li> <li>• Children living far from the nearest primary health-care clinic<sup>69</sup></li> <li>• HIV prevalence in pregnant women</li> <li>• Access to antiretroviral treatment amongst children<sup>70</sup></li> </ul>	<ul style="list-style-type: none"> <li>• The infant mortality rate is 59 deaths per 1 000 live births and under-five mortality rate 95 deaths per 1 000 live births<sup>71</sup></li> <li>• 37.8% of children 0-17 (around 6.9 million) live more than 30 minutes from a health clinic</li> <li>• Between 28 % and 29.4% of pregnant women are HIV positive<sup>72</sup></li> <li>• 34.0% of adults who progress to AIDS have access to ART</li> <li>• 27.2% of children infected with HIV/AIDS have access to ART<sup>73</sup></li> </ul>
Housing	<ul style="list-style-type: none"> <li>• Children not living in formal housing (used as a proxy for adequate housing)</li> <li>• Children living in over-crowded households<sup>74</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 31.7% of children age 0-17 do not live in formal housing</li> <li>• 26.1% or nearly 4.8 million children age 0-17 live in overcrowded houses.</li> </ul>
Basic services	<ul style="list-style-type: none"> <li>• Children living in households without access to a safe and reliable supply of drinking water</li> <li>• Children living in households without access to adequate sanitation<sup>75</sup></li> <li>• Children living in households without access to electricity<sup>76</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 47.3% of children age 0-17 living in households in which there is no access to safe and reliable drinking water</li> <li>• 41.1% of children age 0-17 are living in households which do not have basic sanitation</li> <li>• 20% of children 0-17 live in households without access to electricity</li> </ul>

*Source: Pendlebury et al. 2009:69-102 based on GHS2007 unless otherwise indicated.*

<sup>69</sup> The clinic is regarded as far if the child would have to travel more than 30 minutes, by any transport mode, to reach it (Pendlebury *et al.* 2009:91).

<sup>70</sup> This indicator is calculated as the number of new children starting ART in a particular year, divided by the estimated number of paediatric HIV infections over the same year (Pendlebury *et al.* 2009:96).

<sup>71</sup> The data used for this indicator is the 1998 Demographic Health Survey, which according to Pendlebury, provides the most reliable and recent source of data on child and infant mortality at a national level in South Africa (Pendlebury *et al.* 2009:90).

<sup>72</sup> The data used for this indicator was the Department of Health National HIV and Syphilis Prevalence Survey 2007.

<sup>73</sup> The National Department of Health's National Comprehensive HIV and AIDS Plan statistics were used for the computation of this indicator (Pendlebury *et al.* 2009:95-96).

<sup>74</sup> Children were defined as living in over-crowded households when there was a ratio of more than two people per room excluding bathrooms but including kitchen and living room (Pendlebury *et al.* 2009:99).

<sup>75</sup> Adequate toilet facilities are used as a proxy for basic sanitation. This includes flush toilets and ventilated pit latrines that dispose of waste safely and that are near the house. Inadequate toilet facilities include pit latrines that are not ventilated, chemical toilets, bucket toilets, or no nearby toilets at all (Pendlebury *et al.* 2009:101).

<sup>76</sup> Access is defined, as per the GHS2007, as being in a house that is connected to the mains electricity supply (Pendlebury *et al.* 2009:102).

The disaggregation of the various child deprivation measures in the *South African Child Gauge 2008/9* by racial grouping confirms the findings of the traditional measurement studies that it is primarily African and Coloured children that suffer deprivation. With respect to gender differences, no significant differences emerge. As in the case of the traditional measurement studies, the Children's Institute *Children Count Project* shows significant variations in the measures by province. In general, it is Eastern Cape, KwaZulu-Natal, Limpopo and North West that have the highest deprivation counts and Western Cape and Gauteng the lowest. For example, whereas the infant mortality rate is found to be 71 in Eastern Cape and 68 in KwaZulu-Natal it is 32 in Western Cape and 44 in Gauteng (Pendlebury *et al.* 2009:90). As another example, while 88 percent of children 0-17 years in Western Cape and 82 percent of children age 0-17 in Gauteng live in a household where an adult is working, only 51 percent of children age 0-17 in Eastern Cape and 41 percent of children age 0-17 in Limpopo live in a household where an adult is employed (Pendlebury *et al.* 2009:78). As a third example, whilst over 90 percent of children 0-17 in the Western Cape, Gauteng and Northern Cape Provinces have access to clean drinking water, access to water in KwaZulu-Natal amongst children 0-17 is only 49 percent, while in Eastern Cape it is 35 percent and in Limpopo 40 percent (Pendlebury *et al.* 2009:100).

Following Haarmann (1999), Barnes *et al.* (2007 & 2008) developed an index measure of multi-dimensional child poverty in South Africa. Barnes *et al.* use Census2001. They call their index the South African Index of Multiple Deprivation for Children (SAIMDC). Their study measures child deprivation for children age 0-17 years. A novelty of this study compared to all the other measurements to date is that it provides measures for not only the national and provincial level, but also municipal level. Whilst the primary purpose of the study is to develop an index measure that can be used by policy makers to rank South African municipalities by child deprivation (Barnes *et al.* 2007:3) it does present the measures from each domain (which are simple headcount measures) separately for both the national and provincial levels. The overall index measure was calculated as a weighted average of the different domains. The authors felt this was the

best approach to use in the absence of scientific evidence on the relative importance of the different types of deprivation to inform the weighting in the index.

The range of domains in the SAIMDC measure was informed, though only in part, by a model of multi-dimensional child poverty developed by Noble, Wright & Cluver in the mid 2000s (see Noble *et al.* 2006 & 2007).<sup>77</sup> This has eight child deprivation domains: health deprivation; material deprivation; human capital deprivation; social capital deprivation; living environment deprivation; adequate care deprivation; abuse; and physical safety deprivation. At its core is an absolute multi-dimensional child poverty concept that is designed to take into account the fact that there are large numbers of children who do not have their basic needs of food, housing, education, safety and health provisions met, and who are living below subsistence levels” (Barnes *et al.* 2007:8). The model also has a relative multi-dimensional poverty component which is based on the ability of a child to participate fully in South African society and therefore goes beyond issues relating to survival. The same domains of deprivation run through both the absolute core and relative component of the poverty model. On the outer ring of the core is access to good quality services, which are seen as relevant for determining levels of absolute and relative multi-dimensional child poverty. In putting forward their model of multi-dimensional child poverty, Noble *et al.* (2006&2007) suggest that a narrow set of basic indicators, determined largely by experts, should be defined and measured for the absolute child poverty part of the model. Noble et al also argue that the indicators for the relative component of the model should be identified and defined through a research and consultation process that involves gaining input from children and adults. The authors therefore provide only a couple of exemplar indicators for the various domains.

Due to lack of data (Barnes *et al.* 2008:15), there are large differences in what is measured by Barnes *et al.* (2007 & 2008) and hence included in the SAIMDC compared

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<sup>77</sup> Townsend’s (1979 & 1987) conceptualization and distinction between poverty and deprivation (explained in chapter one of this thesis), underpins the model (Barnes *et al.* 2007:3). Deprivation therefore refers to peoples’ unmet needs, whereas poverty refers to the lack of resources required to meet those needs (Barnes *et al.* 2007:3).

to what is called for. Not only are the indicators far less comprehensive than those in the model but the indicator domains and indicators in the measurement are also different from what is in the model. So for example, there is no measurement of health deprivation due to lack of data (Barnes *et al.* 2008:15). As another example, the model calls for only child centric indicators yet unemployment in the household is used as an indicator of “child deprivation” in the measurement! The difference between the conceptual modeling of multi-dimensional child poverty and its measurement in the Barnes *et al.* study signals the urgent need to build better data sources to support multi-dimensional child poverty measurement in South Africa. It also points towards the need to be pragmatic and practical in multi-dimensional child poverty measurement.

The five child deprivation domains and fourteen indicators that were in the end measured in the Barnes *et al.* (2007&2008) study and aggregated in the SAIMDC are listed in Table 2.6. Table 2.6 also presents the headcount measure findings for each of the deprivation domains at national level. Similar to the Harrmann (1999) study, the conceptual model of the index of multiple child deprivation is such that there are distinct domains of deprivation that can be measured separately. Where there was more than one indicator in the domain, a child was counted as deprived if he or she suffered deprivation in any one indicator. It can be seen that a very high percentage of children, namely 81 percent, was found to suffer income and material deprivation. Large proportions – 50 percent and 77 percent respectively – were found to suffer employment deprivation and living environment deprivation. The findings for the education deprivation and adequate care deprivation measures also were that a substantial number of children suffered this kind of deprivation.

**Table 2.6: Deprivation domains, indicators and measures in the Barnes *et al.* (2007&2008) measurement**

Child deprivation domain	Indicators	National level deprivation measure findings
Income and material deprivation	<ul style="list-style-type: none"> <li>• Number of children living in a household that has a household income (equivalized using the modified OECD scale) below 40% of the mean; or</li> <li>• Number of children living in a household without a refrigerator; or</li> <li>• Number of children living in a household with neither a television nor a radio</li> </ul>	<b>81%</b> of children experience income and material deprivation (i.e. either live in household below the cut off line, or live in a household without a fridge or live in a household without a television or radio)
Employment deprivation	<ul style="list-style-type: none"> <li>• Number of children living in households where no adults aged 18 or over are in employment</li> </ul>	<b>50%</b> of children experience employment deprivation
Education deprivation	<ul style="list-style-type: none"> <li>• Number of children (9-15 years inclusive) who are in the wrong grade for their age; or</li> <li>• Number of children (7-15 years inclusive) who are not in school</li> </ul>	<b>24%</b> of children are in the wrong grade for their age and 6% are not in school <sup>78</sup>
Living environment deprivation	<ul style="list-style-type: none"> <li>• Number of children living in a household without piped water inside their dwelling or yard or within 200 meters; or</li> <li>• Number of children living in a household without a pit latrine with ventilation or flush toilet; or</li> <li>• Number of children living in a household without use of electricity for lighting; or</li> <li>• Number of children living in a household without access to a telephone; or</li> <li>• Number of children living in a household that is a shack; or</li> <li>• Number of children living in a household that is crowded (taking into account the age and sex of household members)</li> </ul>	<b>77%</b> of children experience living environment deprivation
Adequate care deprivation	Number of children whose mother and father are no longer alive or not living in the household; or Number of children living in a child-headed household	<b>25%</b> of children experience adequate care deprivation

*Source: Barnes et al. 2008 based on Census2001.*

Correlations (Spearman rank order) between the five domain measures and the SAIMDC measure were generated and compared. These findings are presented in Table 2.7. It can be seen that three domains correlate fairly highly with the overall SAIMDC: the income deprivation domain, employment deprivation and living environment deprivation

<sup>78</sup> It is only possible to report the findings for the separate indicators in this domain as, due to the two indicators having different denominators, a simple head count rate was not calculated in the same way as for the other domains in the index (Barnes *et al.* 2008:7).

domains, which all have a correlation of over 0.92 (Barnes *et al.* 2008:8). The income deprivation domain correlates highly with the living environment deprivation domain and the employment deprivation domain. The education deprivation domain was found to correlate the least well with the overall SAIMDC and the domains in it.

**Table 2.7: Intra-domain and SAIMDC Spearman rank correlations in the Barnes *et al.* (2007&2008) measurement**

	SAIMDC	Income	Employment	Education	Living envt.	Adequate care
SAIMDC	1.0000					
Income	0.9646	1.0000				
Employment	0.9212	0.8936	1.0000			
Education	0.6803	0.5823	0.4513	1.0000		
Living envt.	0.9253	0.9236	0.8826	0.5228	1.0000	
Adequate care	0.8961	0.8455	0.8382	0.5066	0.7738	1.0000

*Source: Barnes et al. 2008:9.*

Moving to the provincial and municipal level findings of the Barnes *et al.* (2007 & 2008) study, Eastern Cape and KwaZulu-Natal were found to have the largest number and shares of municipalities with SAIMDC scores that placed them in the lowest quintile of the distribution. They were also found to have the greatest range of child deprivation across municipalities as measured by the SAIMDC (Barnes *et al.* 2008:10). Limpopo and North West also emerged as having municipalities falling in the lowest quintile of the distribution. Similar to the case of the money metric studies presented above, Western Cape and Gauteng were found to have the smallest range of child deprivation, and municipalities in these two provinces were found to be concentrated in a narrow range, in the least deprived part of the national distribution. The municipalities in Northern Cape were, like those in Gauteng and Western Cape, found to be concentrated in the least deprived part of the distribution.

Table 2.8 shows the how the municipalities in the nine provinces were found to be spread across the five quintiles in the SAIMDC distribution. An interesting point to note is that if a map of the former homelands is laid next to a map that shows the SAIMDC measure

findings, “the areas with the highest deprivation are strikingly similar to the former homeland areas” (Barnes *et al.* 2008:15).

**Table 2.8: Spread of each provinces municipalities across quintiles of the SAIMDC distribution in the Barnes *et al.* (2007 & 2008) measurement**

Province	Quintile 1 (least deprived)	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Western Cape	24	1	0	0	0
Eastern Cape	1	5	7	4	22
Northern Cape	7	12	6	1	0
Free State	1	4	11	4	0
KwaZulu-Natal	1	11	4	14	21
North West	2	5	10	4	4
Gauteng	10	2	0	0	0
Mpumalanga	3	6	4	8	0
Limpopo	0	3	7	14	2

*Source: Barnes et al. 2008:11.*

As one would expect from the Spearman rank correlation findings, the pattern of deprivation for the education deprivation domain measure emerged as quite different from that for the SAIMDC aggregate measure. For example, KwaZulu-Natal municipalities perform far better in terms of education deprivation than on the index measure, as do the municipalities in Limpopo. The North West, on the other hand, moves to the middle end of the distribution when the education measured is compared to the index measure. The Eastern Cape is clearly the most education deprived in the country (Barnes *et al.* 2008:10).

Woolard (2008) set out to “outline the living conditions of South African children and their families using recent household survey data” (Woolard 2008:1). The focus in her profiling exercise is on providing a money metric profile using per capita expenditure as the welfare indicator but she supplemented this with some direct deprivation measures. Most of her analysis, which covers the national and provincial levels, is based on GHS2006. However she drew on other survey data sources including the Department of

Health's National Food Consumption Survey (NFCS) 1999: Children Age 0-9. The majority of the indicators and measures are for children age 0-17. Woolard's (2008) non money-metric measures include the following child wellbeing domains: nutrition status; educational attainment; and housing and household services. A useful feature of the Woolard (2008) study is that she presents the direct deprivation indicator measures for children classified as ultra-poor (living in households that fall into the bottom quintile of the expenditure distribution), poor (living in households that fall into the second bottom quintile of the expenditure distribution) and non-poor (living in the top three quintiles of the expenditure distribution).

Woolard (2008) presented two indicator measures for the child nutrition deprivation domain: the proportion of children age 1-9 whose growth is stunted and severely stunted; and the proportion of households that reported there being insufficient food to feed children over the last twelve months. She found, based on the NFCS1999, that 25.5% of children age 1-3 are stunted and 8.2% severely stunted. For the age cohort 4-6, she found that 20.7% are stunted and 5.4% severely stunted and in the age cohort 7-9 she found 13% are stunted and 4.3% severely stunted (Woolard 2008:6). Children on commercial farms, those living in informal urban areas and those whose mothers have little education were identified as being at greatest risk of suffering this form of child deprivation. With respect to the hunger indicators, she found, based on the GHS2006, that many children sometimes experience hunger but few often and always. This indicator is positively associated with the number of children in the household: whereas only 8.4% of households with one child reported sometimes not having sufficient food for the children in the household over the previous twelve months, the proportions were 12.7% for households with three or more children and 17.1% for households with four or more children.

Woolard (2008) measured two indicators in the education domain: school enrollment and grade progression. Her school enrollment indicator, which is based on GHS2006, shows very high levels of school enrollment though there are differences in the enrolment rates for poor versus non-poor children and the difference is more acute for higher ages

(Woolard 2008:6). For example, at age 16, 93% of non-poor children are enrolled in an educational institution, compared to 90% of poor and ultra-poor children. Until age 15 the enrollment rate is over 95%, even for children classified as poor. Her grade progression indicator, which is also based on GHS2006, reveals marked variation between the poor and non-poor. At age 16, 63% of non-poor children have passed grade 9 or higher according to the GHS2006, compared to only 45% of poor children and 43% of ultra-poor children (Woolard 2008:7). Arguably, this is in *part* reflective of poorer quality schooling provided to poor children.

Having argued that the concept of ‘adequate housing’ includes access to safe water, sanitation, safe energy sources and refuse removal, Woolard (2008:8-10) measured three indicators of ‘adequate housing’: (i) percentage of children living in ‘formal’ housing by which is meant the structure is of a permanent nature and is not a shack or traditional hut; (ii) percentage of children whose home has electricity from a public supply in their home; and (iii) percentage of children with running water indoors or on site. She provides the indicators for 1995, 2000 and 2006 (combining data from the GHS1995&2006 as well as the LFS2000 and IES2000) but here only the findings from the 2006 data are presented.

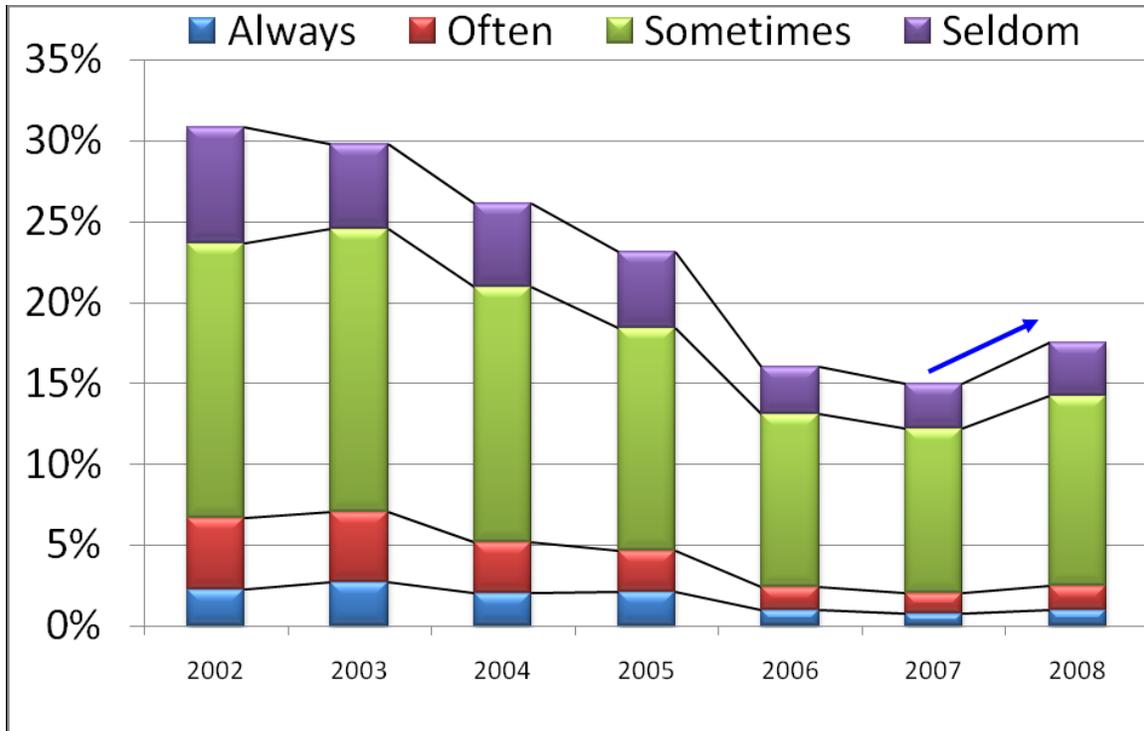
With respect to the formal housing indicator she found, based on the GHS2006, that 39.2% of children falling into the ultra-poor category do not live in a dwelling that can be classified as formal housing. The result for children who are poor (in the second bottom quintile of the income distribution) is not much better: 35.7% do not live in formal housing (Woolard 2008:9). She found, for the electrification indicator, that there has been a rapid improvement in the proportion of children living in homes with electricity from a public supply between 1995 and 2006. However, based on the GHS2006 she still found that 29.6% of poor children and 32% of ultra-poor children live in households which do not have electricity from a public supply (Woolard 2008:9). Finally, Woolard found that the improvements in providing adequate water to children have not been as great as those made in supplying more children with formal housing and electricity in their homes. Based on the GHS2006 she showed that 58.9% of ultra-poor children and 52.5% of poor children live in households without running water indoors or on site (Woolard 2008:9).

In concluding the presentation of the findings from the quantitative measurement studies aimed at profiling multiple child deprivation in South Africa, whilst this type of measurement work is still very limited due to lack of data to support indicators, a handful of studies have provided quantitative data on non-economic forms of child deprivation. Some of the studies have provided the non-economic child deprivation indicators in conjunction with economic deprivation indicators (money metric or other). A couple of the studies (Haarmann 1999; Barnes *et al.* 2007 & 2008) have developed indexes as a means to summarize the child deprivation situation, an exercise that suffers from the weakness of lack of knowledge about how to assign weights to the measures for the various domains of deprivation in the index. The indicators of non-economic deprivation presented by the various multi-dimensional child poverty measurement studies arguably provide a more child centered, human and direct view of the nature and scale of child deprivation in South Africa. The studies show that by the mid 1990s, and in the 2000s, it was not only child poverty conceived in the traditional sense that was extensive and deep in South Africa. Very many children also suffered various forms of non-economic deprivations including: living in houses that provided inadequate shelter; living with inadequate sanitation and other basic services; and having insufficient nutrition (as well as being hungry). The measurement studies that have used non-economic indicators have showed, like the studies that have used the traditional monetary indicator approach, that there are substantial differences across provinces in the extent of deprivation. Most of the non-monetary indicators suggest that children in KwaZulu-Natal, Eastern Cape and Limpopo suffer more than those in the Western Cape and Gauteng. There is little existing measurement of work that has been done on the correlation between the money metric and non-monetary indicators of child deprivation, but that which there is suggests quite a close correlation between money metric and other measures aside from education. As is the case with the profiles of child poverty based on the traditional approach, the non-monetary measures show that deprivation is far higher in rural than urban areas. The recent work by Woolard (2008) on the multi-dimensional child poverty profile as well as the Children's Institute Children Count project suggests that at least up until 2007 (the last year considered in the studies) there has been an

improvement in non-economic forms of child deprivation such as access to basic services.

The most commonly used non-economic indicator and data, namely reports of child hunger in the GHS used over the recent past and currently shedding light on the trend in child poverty in South Africa since the early 2000s, is presented in Figure 2.1 below. As may be seen, looking across the GHS2002 and GHS2008 one sees a declining trend in reports of child hunger. However, comparing the years 2007 and 2008 there is a slight increase. As Mabugu *et al.* (2010) argue in their recent paper for UNICEF and the Financial and Fiscal Commission (FFC) on the impact of the international recession on child poverty, the changing trend between 2007 and 2008 is probably due to the GHS picking up the impact of the international recession on the South African economy. The declining trend in child hunger between the period 2002 and 2007, is, as is argued by Mabugu *et al.* (2010) and in chapter five, partly reflective of the child poverty mitigating effects associated with the roll out of the CSG programme.

**Figure 2.1: Households in South Africa that reported that children went hungry in the past year, 2002-2008**



*Source: Mabugu et al. 2010:13.*

### 4.3 Q-squared method multi-dimensional child poverty measurement

Three Q-squared method multi-dimensional child poverty measurement studies are found in the literature. The first, by Streak (2000), uses participatory work with children in Msinga, one of the poorest districts in KwaZulu-Natal, to reflect on the usefulness of the poverty measurement framework put forward by the World Bank in its World Bank's *2000/01 World Development Report*. This participatory work, undertaken by Ewing, involved interviewing 17 children age 8-14 years in March 2000 about their life in the Msinga district. None of the children were in school at the time of the interviews. Seven had never been to school and the rest had been taken out during the last three years due either to lack of money for fees, uniforms or transport.

To recapitulate from chapter one, in the World Bank's *World Development Report 2000/01*, multi-dimensional poverty is grouped into four categories of deprivation as follows:

- Insufficient income and income-earning opportunities.
- Lack of human development opportunities (such as education, basic nutrition and health, ability to enjoy leisure activities and develop one's talents).
- Feelings of physical and economic insecurity, otherwise described as feelings of vulnerability.
- Lack of ability to participate in family and community life and an inability to influence one's own destiny, otherwise described as powerlessness or social exclusion.

Streak (2000) concludes that the voices of the children in Msinga on what it means to be poor in South African suggest this framework is useful. "They speak about feelings of income insufficiency and hunger, feelings of ill-health and lack of ability to fulfill one's desire to go to school, feelings of economic and physical insecurity and feelings of social exclusion and powerlessness" (Streak 2000:viii). The author also points out that the framework matches to a large extent the conceptualization of child well-being (deprivation) encapsulated in the CRC and National Programme of Action for children in South Africa (Streak 2000).

The following statement by one of the children from Msinga provides a clear example of the social exclusion aspect of the child poverty experience in the South African context:

"If you are in Tugela Ferry and other children see you are poor, they laugh – especially the school children. They speak loudly so that you can hear they are laughing and talking about you. I feel bad then" (Boy child from Msigna KwaZulu- Natal, interviewed by Ewing in 2000, cited in Streak 2000:ix).

The comment below, by another child who was living in Msinga and interviewed early in 2000, is illustrative of the lack of human development aspect of the child poverty experience:

—Don't have anything apart from my own clothes. I have never had toys or books. I would like some new clothes, but what I want most is to go back to school. I like to sing and I like to play with my friends from the nearby houses. When we talk about what we would like to do we just talk about going to school. I went up to Grade 3 and I'd like to go back but I don't know where we would get the money" (Boy child from Msinga KwaZulu-Natal interviewed by Ewing in 2000 and cited in Streak 2000:ix).

The following description of life by one of the girls interviewed in Msinga shows the vulnerability aspect of the child poverty experience, which is often linked to sickness, death and unemployment amongst adults in the household:

—My father was shot dead when I was a baby, my mother was very sick before she died. Now my granny is ill. I have been very worried since my mom died. I don't understand why she died – my granny didn't say anything. I don't cry any more but I find it difficult to sleep alone" (Girl child from Msinga KwaZulu-Natal, interviewed by Ewing in early 2000 and cited in Streak 2000:ix).

Informed by the findings from the qualitative exercise, the author proposes examples of indicators that may be used in the South African context to measure the four domains of deprivation in the World Bank framework. These are presented in Table 2.9.

**Table 2.9: Deprivation domains and indicators in the Streak (2000) child deprivation study**

Deprivation domain	Deprivation indicators
Insufficient income and income earning opportunities	<ul style="list-style-type: none"> <li>• Expenditure per household member or adult equivalent</li> <li>• Data on household assets</li> </ul>
Insufficient human development opportunities	<ul style="list-style-type: none"> <li>• Anthropometric indicators (weight for height and height for age)</li> <li>• Hunger / nutrition intake</li> <li>• Under five mortality rate and infant mortality rate</li> <li>• Access to early childhood development facilities, primary and secondary school</li> <li>• Matriculation pass and exemption rates</li> <li>• Access to child recreational facilities (such as sports fields, parks and other play areas)</li> </ul>
Feelings of economic and physical vulnerability	<ul style="list-style-type: none"> <li>• Rate of HIV/AIDS infection amongst adults</li> <li>• Employment rate amongst households</li> <li>• Child work and labour incidences</li> <li>• Child headed households / presence of adult care-givers in the household</li> <li>• Incidence of sexual abuse amongst children</li> <li>• Incidence of violent crime against children such as gunshot wounds and burns</li> </ul>
Feelings of powerlessness	<ul style="list-style-type: none"> <li>• Data on inter-personal relations within households and communities</li> <li>• Data on institutions and process in society for child participation</li> </ul>

*Source: Streak 2000:x-xi.*

The author (2000) then develops a profile of multi-dimensional child poverty at the national level and considers its racial and provincial features. This exercise is severely constrained by lack of data. The indicators and findings have already been covered in the description of findings of the multi-dimensional studies in Section 4.2 above and are hence not summarized here.

The other two Q-squared method multi-dimensional child poverty measurement studies that have been undertaken to date are two which have been done very recently by Barnes (see Barnes 2009b&2009c), as part of a project titled the *Measures of Child Poverty*

*Project* of the CASASP at the University of Oxford and National Department of Social Development. This project, which started in 2007, aims to provide detailed analysis of current levels of child poverty in South Africa in order to provide an evidence base for policies to tackle child poverty. Towards this end it “explores different concepts, definitions and subsequent measurements of child poverty” (Barnes 2009b:2). The first study in the project used the traditional money metric method to add to the evidence base on the scale and characteristics of money metric child poverty in South Africa (see Barnes 2009a). This study, which was included in the review of the traditional measurement studies in Section 4.1 above, was based on the CS2007. In the second and third studies (papers) of the project, the aim turned to developing measurements of child poverty informed by multi-dimensional conceptualizations and definitions rooted in the direct deprivation approach (Barnes 2009b:2). A novel feature of these two studies relative to the other multi-dimensional measurement studies undertaken to date (with the exception of the Streak 2000 study described above which also has this novel feature) is that instead of basing the conceptualization and definition of multi-dimensional child poverty on expert views, the views of the general population are taken into account. The two studies are now described below.

In the second study of the *Measures of Child Poverty Project* (see Barnes 2009b) a multi-dimensional child poverty concept is defined based on the views of *adults* and using the socially perceived necessities approach. Both qualitative and quantitative methods were used to develop the adult definition of child poverty, which was subsequently measured. The qualitative work involved focus groups with adults that were undertaken in 2006 and which explored views on necessities for children in South Africa. The quantitative work involved analyzing a module included in the 2007 South African Social Attitudes Survey (SASAS) in which 3 164 adults (in this case defined as persons aged 16 and over) were asked for their views about the necessities for children required to ensure an adequate standard of living. The list of items of child necessities included in the SASAS2007 module was informed by the findings about child necessities from the analysis of the qualitative data (Barnes 2009b:7). The list of items included in the survey module was also informed by the researcher’s desired to include a range of child-focused items that

covered a range of domains of a child's life and a range of standards of living (Barnes 2009b:7). The measurement of child poverty that used the consensually defined poverty line was also based on SASAS2007. Not all of the items that emerged from the socially perceived definition of child poverty are, however, included in SASAS and therefore only some of the items that emerged as socially perceived necessities (SPNs) could be used in the measurement. Table 2.10 presents the primary results from the SASAS2007 module that asked adults about the items they consider as essential for a caregiver to be able to afford in order that the child in their care has an acceptable standard of living.

**Table 2.10: Adult perceptions of child essentials - % of adults defining different items as essential for children in the Barnes (2009b) child deprivation study**

Item	Percentage saying essential
Three meals a day	91
Toiletries to be able to wash every day	90
All fees, uniform and equipment required for school	88
A visit to the doctor when ill and all medicines required	88
Clothing sufficient to keep warm and dry	85
Shoes for different activities	79
Bus/taxi fare or other transport to get to school	75
Some new clothes	67
Own bed	62
Pocket money / allowance for school aged children	59
Story books	50
A desk and chair for homework for school aged children	49
Educational toys / games	46
A school trip once a term for school aged children	45
Presents at birthdays, Christmas	40
Own room for children over 10	40
Leisure / sports equipment	33
Toys or materials for a hobby	33
A computer in the home for school aged children	32
Some fashionable clothes for secondary school aged children	32
A birthday party each year	30
Own cell phone for secondary school aged children	22
A hi-fi/CD player and some tapes/CDs for school aged children	14
A PlayStation/Xbox for school aged children	13
An MP3 player/iPod for secondary school aged children	9

*Source: Barnes 2009b:8 based on SASAS2007*

As can be seen in Table 2.10 the items regarded as essential by the highest percentage of respondents were three meals a day, toiletries for washing every day, school costs and medical cost items (Barnes 2009b:8). The findings from the focus groups on the question of what items children require were largely reflective of the survey findings with one exception: toys or material for a hobby were raised as essential by a larger share of participants in the focus groups than in the survey (Barnes 2009:41).

The matter of how to define a good as a socially perceived necessity is a contentious issue in the subjective poverty measurement literature. Purists argue that for something to be a socially perceived necessity it must be seen as an essential item by 100 percent of respondents. Another position is that any item which is identified by 50 percent or more of respondents as a needed item should be defined as a socially perceived necessity. In the Barnes *et al.* study (2009b) the approach adopted was to define an item as a socially perceived necessity if 50 percent or more respondents defined it as such (Barnes 2009b:15). Of the eleven items that emerged as socially perceived necessities from the quantitative analysis (i.e. items that 50 percent or more defined as essentials) three are only applicable to school age children. Only the eight that are applicable to children of all ages were used in the measurement of the extent and composition of child deprivation. Table 2.11 shows Barnes' (2009b) findings from her measurement of the extent of deprivation based on SASAS2007 for these socially perceived child necessity items. The headcount measures calculated were the percentages of caregivers whose child does not have the item, as SASAS does not allow one to calculate the percentage of children who do not have the item. It may be seen in Table 2.11 that high percentages of caregivers reported their children did not have some of the socially perceived necessities for children. The study found wide variation across the SPNs with respect to the percentages of caregivers who reported their child as not having the item (Barnes 2009b:31).

**Table 2.11: % of caregivers whose child did not possess the socially perceived necessity items for the child in the Barnes (2009b) study**

Socially perceived necessity item	% of caregivers who said their child did not have the item
Three meals a day	19
Toiletries to wash every day	17
A visit to a doctor and medicines	22
Clothing to keep warm and dry	21
Shoes for different activities	31
Some new clothes	38
Own bed	60
Story books	66

*Source: Barnes 2009b:31 based on SASAS2007*

For each of the items, over 85 percent of those who reported not having it were black African caregivers. Approximately 81 percent of caregivers are black African according to SASAS2007 and hence black African caregivers were found to be disproportionately represented amongst the poor (Barnes 2009b:31). The study found that over 70 percent of all caregivers in South Africa did not provide at least one socially perceived necessity item for children (Barnes 2009b:42). Whilst the disaggregation of the measures by population group generated the expected results, the provincial level disaggregation did not. For example KwaZulu-Natal did not feature as the one of the poorest provinces in this study whereas, as we have seen, it has emerged as one of the worst off provinces from a child wellbeing perspective in other studies on child poverty and deprivation in South Africa (Barnes 2009b:41). Barnes (2009b) offers no reason for this finding.

In the third study of the *Measures of Child Poverty Project* (see Barnes 2009c) views of children elicited from focus group work were explored and used to develop a multi-dimensional child poverty definition which was then compared to the adult one reported in the Barnes 2009b paper. Fifteen focus groups were convened with children age 12-17. In the focus groups, which were held in the Western and Eastern Cape, children were invited to list the items they believe children need for an acceptable standard of living and then were asked to state which of a set list of items are essential for children. The lack of these, Barnes (2009c) argues, may be treated as a direct measure of child poverty that can be used as a basis for setting a consensually child informed poverty line. The decision to develop and compare definitions of multi-dimensional child poverty based on data gathered from adults as well as children was informed by the consideration that children have “their own set of opinions and judgments, which while not always the same as those of adults, nevertheless have the same moral legitimacy” (Ridge 2002:7 cited in Barnes 2009b:2). A leading objective of this third study was to consider how similar the child views are to those of adults, and therefore the validity of using a socially perceived necessities approach which so far in international studies has for child poverty research only taken the views of adults into account, (Barnes 2009c:36).

In the Barnes (2009c) study children found a wide range of goods, services and activities spanning various different domains of their life as important for their wellbeing. They were in general very moderate with respect to the level of goods and services they argued was essential – over and over again they stressed only a very basic version of items required (Barnes 2009c:35). No significant differences between the responses of urban and rural children in the discussions on necessities and luxuries emerged. There were instances where it seemed that children were speaking from their own experience of not having the item in question and where they adapted their own preferences because they knew their family could not afford, and would probably never be able to, afford the item (Barnes 2009:35). For example, two child focus group participants related that (cited in Barnes 2009:36):

—It's a luxury because it does happen that your family doesn't have the money to meet all those school needs. If you think it is a necessity you'll be bothering your mother and crying demanding those things and she won't have the money"

—We are used to not receiving presents on our birthdays. It's definitely a luxury".

With respect to the question of how the child definition compares to the adult definition, the responses of children emerged as quite similar to adults for many items, and there were many instances of apparently identical views in the adult and child focus groups. However, there were clearly some differences of opinion (Barnes 2009c:36).

#### **4.4 Additional insights from the qualitative research**

The additional insights provided by the qualitative research on multi-dimensional child poverty may be usefully organized into four categories: the nature or characteristics of multi-dimensional child poverty; causes of child poverty; support; pride and resilience.

##### **Insights on the nature of multi-dimensional child poverty**

With respect to the nature of the multi-dimensional child poverty profile, the first point, added by the qualitative research and one hinted at above in the discussion of the Barnes

(2009b & 2000c) studies, is that the poverty profile is such that many children in South Africa do not have a very basic range and level of goods.<sup>79</sup> The reality of children failing to access basic needs and goods in spite of there being such extensive income support for poor families, through the CSG and other cash transfers most notably the pension, is reflected in the following descriptions, by child participants in focus groups, of what it means to be poor in South Africa:

—...waking up with nothing to eat. You go to school hungry” (Boy 16 years cited in Guthrie 2002:1)

—...wneed water. We get clean water once a month if the truck of water ever comes. I will be happy if we can get clean water next to our home” (Boy 17 years, cited in Guthrie 2002:2).

—W usually eat mealie meal and cabbage, sometimes potatoes and butternut – whatever we can get from our neighbors. We have bread maybe once or twice a month. We sometimes have tea, sometimes sugar” (Girl between 8-14 cited in Streak 2000:ix).

—The electricity is connected but there is no money to pay for lights and we have no stove so we only eat cooked food if it is given to us” (Girl, age 15 cited in Streak 2004:32).

A second insight with respect to the nature of the child poverty experience, and one that has largely been missed by the quantitative research, is that children suffering resource deprivation (poverty in the traditional sense) frequently suffer psychologically. The following statements by children are reflective of this aspect of the child poverty experience, which needs to be taken up in the quantitative research:

—It is very hard to go to someone else and ask ‘please can you give me some mealie meal?’ The hunger hurts but *you have another pain inside from having to ask for food*” (Child between 8-14 years, cited in Streak 2000:viii)

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<sup>79</sup> The Haarmann (1999) study also revealed the very low level of goods to which a number of children have access – i.e. showed the depth of poverty. He did this by considering the types of goods expenditure is used for in poor households and showing the very high proportions spent on basic food goods.

—You *feel shy* because you are from the farm” (Child living on a farm outside Cape Town, cited in Streak 2004:34).

—Being poor) makes you *feel like a lesser person*” (Child living on a farm outside Cape Town, cited in Streak 2004:34).

A third additional insight on the nature of the multi-dimensional child poverty profile in South Africa provided by the qualitative research, and one that was mentioned in the review of the Streak (2000) Q-squared method study above, is that child poverty is often accompanied by social exclusion. The following quotes reflect the social exclusion commonly linked to child poverty.

—You can see he is poor because he is lonely” (Girl from Msinga District in KwaZulu-Natal, cited in Streak 2004:36).

—People don’t even think we are children. They think we sleep with men; they shout at us” (Girl living in a shelter in Cape Town, cited in Streak 2004:35).

A fourth contribution of the qualitative research to understanding the nature of multi-dimensional child poverty in South Africa, is that feelings of physical insecurity linked to crime and violence are a major aspect of the child poverty experience (see Barnes 2009b,c&d; & Streak 2000).

Fifth, the qualitative research has also revealed that feelings of physical insecurity due to sexual abuse in families and communities are a reality and something that needs to be explored and quantified in multi-dimensional child poverty measurement work (see Berry & Guthrie 2003). The following explanations of children relate this facet of the child poverty and deprivation profile in South Africa.

—Another goes to work, leaving a child with the father. The father touches the child. The girl was crying when the mother got home...” (11 year old child, cited in Berry & Guthrie 2003:31).

—After my mother died, my father started to rape me...When I got sick, I went to the clinic and they told me I had HIV” (16 year old girl, cited in Berry & Guthrie, 2003:32).

Another form of insecurity often associated with child poverty in South Africa that has been highlighted by the qualitative research is insecurity related to the sickness and death of caregivers due to HIV and AIDS. The following quotes from children involved in focus groups and interviews are illustrative of this facet of the poverty and deprivation profile:

—The picture is of my home. The ambulance is fetching my mother. The flower is me. I have to stand tall and protect my mother and my house...My mother had another baby, I looked after my mother till she died, then I looked after the baby. He died of hunger” (13 year old girl cited in Giese *et al.* 2002:59).

—Children stop going to school because they don't concentrate when they think that they left their parents in bed. They think that anytime they can \_clocksa'(die)” (16 year old girls cited in Giese *et al.* 2002:60).

—Sometimes if you are living with someone who is living with AIDS in the family, you feel sad and scared that he is going to die. Sometimes if he is a breadwinner you feel that you are going to be poor and hungry. You don't know where you will get money” (18 year old girl, Giese *et al.* 2002:32).

Seventh, the qualitative research has also shown that, due to the spread of HIV and AIDS related illness and death in poor communities, many children have had to take on increasing caregiver responsibilities inside households and thus suffer hardship. The following explanations by children in difficult circumstances due to poverty and who have had experience of HIV/AIDS sickness vividly illustrate this dimension of the child poverty crisis in South Africa.

—When your mother has HIV but she's got a small baby and she dies and leaves that small baby also with HIV, then you have to go to school, but also to look after the baby” (13 year old girl cited in Giese *et al.* 2002:60).

—My father is sick. I stay with him and my grandfather and my little sister. I wash my younger sister Seipathi in the morning. After washing I take her to the crèche before I go to school. After school I wash dishes, go to buy bread and fetch my little sister. I make

tea for him (father) and I cook for them. I sometimes go and buy live chickens that I prepare” (9 year old girl cited in Giese *et al.* 2002:59).

“It is hard to look after a sick parent and younger siblings and try to be at school” (13 year old girl cited in Giese *et al.* 2002:60).

Another point about the nature of the child poverty and deprivation profile highlighted by the qualitative research (see for example Giese *et al.* 2002; Clacherty & Budlender 2004; Streak *et al.* 2007) and which is signaled in many of the child quotations presented above, is that due to poverty and HIV/AIDS many children have to spend a lot of their day on work activities (both economic and non-economic). The research has shown that it is common not only for girls to spend a lot of time on child care activities and other domestic chores inside the home, but also for children in rural areas (especially but not only boys) to spend many hours on subsistence agriculture (done primarily but not only by boys). This research suggests that children do economic and non-economic work because they realize it is needed to support the livelihood of the family and because they feel a duty to help their families. One child involved in the focus groups undertaken in the Streak *et al.* (2007) study explained: “we are pushed by the situation, not by our parents” (Streak *et al.* 2007:44).

The qualitative work on child work has provided the understanding that children have mixed feelings about their working roles. On the one hand they feel proud of being able to support parents who are struggling to provide for the family; on the other hand they feel sad about work obligations. With respect to the latter, a child who participated in the Clacherty & Budlender (2004:1) study related: “When I finish my work it is after six. My heart is sore because I have not played”. The research suggests that whilst some involvement in economic work activities, for example in commercial agriculture during school holidays, may be beneficial in that it helps to provide resources that are required to help meet basic needs, time spent on domestic subsistence and economic work activities does, in many instances, have an adverse impact on child development opportunities and well being. Streak *et al.* (2007) find for example that in rural KwaZulu-Natal boys frequently have to miss school, arrive late or go home early to dip and look after cattle.

Clacherty & Budlender (2004) show, using reports from children working in commercial agriculture, that work responsibilities often result in too little time available to do homework. Giese *et al.* (2002) show that the many hours some children need to spend on providing care for other family members and on domestic tasks leads to inability of some children to attend school as well as inability to allocate sufficient time to homework and play.

A ninth contribution of the qualitative research with respect to the nature of multidimensional child poverty profile in South Africa is that it has raised erratic attendance at school as being an issue amongst poor children. Moreover, it has helped to identify the range of factors that causes some children to struggle to attend school. These include: children having insufficient money to pay school fees (even though in principle children who qualify for the CSG should not have to pay school fees); insufficient money for transport; insufficient money to pay for school uniforms and shoes; insufficient money for outings and pocket money; perceptions of poor quality of teaching amongst children and their caregivers; children and adults being concerned about physical security at school; teacher absence; and lack of interest due to the perception that it is not worth going to school beyond a point because of lack of job opportunities (see ACCESS 2002; Berry & Guthrie 2003; Giese *et al.* 2003; Streak 2000 & 2004).

Yet another important insight from the qualitative research is that it has highlighted the inability to cover the cost of ECD programmes for children at pre Grade R children and the poor quality of provisioning in many pre Grade R sites as causes of concern (see for example Streak & Norushe 2007; Carter *et al.* 2008; Biersteker *et al.* 2009). Interviews with principals of ECD sites in the Western Cape and Eastern Cape reveal that in many instances the CSG is used to cover the cost of ECD fees or that children are taken out of ECD facilities for a couple of days a month when fees cannot be paid.

An eleventh and penultimate contribution of the qualitative research is that it has signaled that children who have lost their biological parents, and particularly their mother, often

face particular hardships and suffer more, due to poverty, relative to other children. In this regard the qualitative research has highlighted instances where children suffer verbal abuse from adults in households in which they live as well as instances where children without biological parents are required to carry out more domestic and other work activities than those with biological parents in the household (see Giese *et al.* 2002; Ewing 2004). The following explanations of children who have experienced the hardship of losing a mother and who have been cared for in families without their biological mother reflect this:

—Some treat the child well when the mother is still alive and sick. When she dies they begin to ill treat the child” (Child age 11 cited in Giese *et al.* 2002:53).

—When the mother dies, the children struggle. They begin to suffer. When they grow up they don’t become teachers nurses, or doctors. They just become dead men walking on the streets” (Child age 14 or 9 cited in Giese *et al.* 2002:55).

—Because the mother is dead the child does not have shoes, trousers and other clothes” (Child age 14 or 9 cited in Giese *et al.* 2002:55).

A final contribution to understanding the character of the child poverty and deprivation profile in South Africa made by the qualitative research is that it has raised the issue of the poor quality of service delivery to poor children and their families in areas that are critical for child and human capital development, such as education (including ECD) and health care services as problems (see for example Ewing 2004; Giese *et al.* 2002; Streak *et al.* 2007). However, it needs to be noted that this does not include poor provision of services such as immunization and vitamin supplementation to very young children. These services are, as Lund *et al.* (2008) note, widely accessible in South Africa.

### **Insights on causes of child poverty**

With respect to the causes of child poverty, the data gathered from children in qualitative studies has revealed that children are very aware that their poverty predicament is tied up with their parent’s inability to find good paying work. Interestingly, in focus groups and interviews, children living in poverty also mention lack of grant income from the

government as a cause of their deprivation. The following statements by children are illustrative of this.

—feel cross because I have to wake up with no food and then work all day with no food...no one in my family is working. My father was working in Durban and he died. My mother was working on a farm but now there is no work” (Child between 8-14 years interviewed by Ewing 2000, cited in Streak 2000:ix).

—The worst thing is I don’t have hope that I will get a job. There is no work here” (Child between 8-14 years interviewed by Ewing 2000, cited in Streak 2000:ix).

—If the government would give support grants ...open up job opportunities for our parents...we would not need to work” (Girl from outside Malelane in Mpumalanga, cited in Streak *et al.* 2007:66).

—If they do not get money from government (grant) they will continue working. If the government gives them grants then they can stop working. Because they will starve if they stop without getting anything from anywhere” (Clacherty & Budlender 2004:65).

### **Insights about forms of support for children affected by poverty**

The kinds of support provided to children affected by poverty and children’s perceptions about who and what eases their suffering has been a focus area in some of the qualitative research studies (see for example Berry & Guthrie 2003; Ewing 2004; Giese *et al.* 2002; Streak 2000). Support from others, in particular from neighbors, affected by poverty in the community in which children live, which takes the form of food, assistance with homework and transport and/or money has emerged in this regard. Support from non-governmental agencies and individuals working for them has also been mentioned as critical by children and their caregivers in focus group discussions. The following statement by a child reflects the important role played by neighbors in support of children affected by poverty:

—This is my school. This is my neighbor my neighbors’ garden. Every day when I come back from school I go to work in my neighbors’ garden. At home we are five children. My father and mother died. The food that we eat comes from my neighbor’s garden.

And they pay my school fees. The neighbor is the most important person in my life because he helps us” (17 year old boy cited in Giese *et al.* 2002<sup>80</sup> ).

With respect to government support, both the primary school nutrition programme and grants have been highlighted by the qualitative research as vital sources of support for poor children and their families (see ACCESS 2002, Berry & Guthrie 2003; Streak *et al.* 2008). The following statements are illustrative of this:

—There is nothing for children to eat at home, and so they come to school to eat. We give them two slices of bread and milk. There are about 870 studies at the school, and 1/3 of these students have been identified as needing food in the day. They are hungry...”  
(Teacher interviewed in Malelane, Mpumalanga, cited in Streak *et al.* 2008:44).

—Children are taking home food from school feeding schemes to feed their families”  
(Another teacher interviewed in Malelane, Mpumalanga, cited in Streak *et al.* 2008:44).

—...We have meat when my granny gets her pension. My granny also buys me second-hand clothes at the pension point” (Girl, between 8-14 cited in Streak 2000:ix).

### **Insights about pride and resilience of children affected by poverty**

The qualitative studies on the nature of child poverty in South Africa have shown that, in spite of the suffering children endure because of poverty, many children affected by poverty have a high level of pride and are resilient (see Giese *et al.* 2002; Ewing 2004; Streak 2004; Streak *et al.* 2007) . The pride of children affected by poverty is shown for example by the fact that the majority of the children in the focus groups studied by Ewing in the Western Cape of children living on farms, do not want to define themselves as less fortunate, or poor children. It is also seen in the way that children describe the reasons for their subsistence agricultural work in the Streak *et al.* (2007) study that focused on agricultural work in three purposely selected sites. In this regard, instead of highlighting the need for them to work, working children stressed the importance of their work activities and explained how this was part of what they needed to do out of respect and duty towards their family. The resilience of children is also seen in what children,

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<sup>80</sup> The boy was explaining a picture he had drawn of his life and in particular who supports him.

although affected by poverty and living in exceptionally harsh circumstances, say about what they want to become when they “grow up”. Many of the children who have been involved in the qualitative studies show a high level of optimism about the future, and say that they want to contribute to society by becoming for example doctors, teachers or nurses (see Giese *et al.* 2002; Ewing 2004; Streak 2004).

## **5 Conclusion - Knowledge gaps in the research on child poverty in South Africa**

The purpose of this chapter was to provide an overview of the South African research on child poverty in South Africa and in the process identify its key findings and knowledge gaps. The findings were presented against contextual information, presented in section 2, which covered: data availability and limitations; the apartheid socio-economic legacy; the household structure and care-giving context of poor children in South Africa; and the demographic profile of South African children. Sections 3 and 4 identified the studies undertaken, their methods and key findings. The subject matter covered by the studies reviewed in Sections 3 and 4 may be grouped into five categories: (i) derivation of an appropriate AES for measuring money metric child poverty using the traditional method and sensitivity of the child poverty profile measured in money metric terms to changes in the AES; (ii) intra-household resource allocation and the accuracy of the assumption of equality in this process as well as the issue of how the household is defined and whether migrants are included or excluded; (iii) scale and characteristics of child poverty measured using a money metric indicator (i.e. using the traditional uni-dimensional method); (iv) scale and characteristics of multi-dimensional child poverty using quantitative data or the Q-squared method; (v) qualitative research insights on the characteristics of the child poverty experience, causes of child poverty, sources of support for poor children and resilience of children affected by poverty. The major knowledge gaps that emerge from the literature review are discussed in these five categories below.

### **What AES to use and the sensitivity of findings to changes in the AES**

With respect to an appropriate AES to use in traditional child poverty measurement, the literature review found that very little work has been done to develop an evidenced based AES to use for child poverty measurement. Empirical research on the costs of a child versus an adult and the magnitude of economies of scale in poor households to inform the choice of AES in child poverty measurement is therefore a priority. In addition it was seen that little research exists on the issue of sensitivity of money metric child poverty measures to changes in the AES. Considering the fact that researchers have tended to rely on convention in AES selection, testing the sensitivity of measures on the scale and composition of the money metric child poverty profile to changes in the AES is also a knowledge gap and a priority research area to be addressed. It is, moreover, a knowledge gap that chapter three makes a contribution towards filling.

### **Intra-household resource allocation, household structure and migration**

With respect to intra-household resource allocation, the review of the literature found that there is now a large body of evidence on this subject in South Africa. Moreover, it was seen that the empirical research on intra-household allocation in South Africa confirms the findings from quantitative studies undertaken in other countries that, contrary to the unitary model of household resource allocation which is embedded in the traditional child poverty measurement approach, one should not assume that resources are allocated equally inside households. The empirical evidence on intra-household allocation inside households in South Africa suggests that different individuals inside households (for example men versus women) have different preferences (demand patterns) and the pattern of resource allocation is affected by both who receives and controls resources. It also indicates that there may be discrimination against certain individuals inside households (such as women and children without biological children in the household) in intra-household resource allocation. Further quantitative based contributions in this area, in particular on the questions of how resources are shared according to child characteristics (younger children versus older, biological parent presence versus absence in household, and girls versus boys), would be valuable because, as it was argued above, these matters have important policy implications.

How the boundaries of the household are set in measurement work on child poverty in South Africa, and in particular whether migration and changes in household structure due to grant inflows are included in the analysis, emerged from the review of the empirical work on intra-household resource allocation in South Africa as an important issue. It was shown that findings about how resources are allocated, about whether labour supply increases or decreases in response to grant inflows as well as poverty measures may differ depending on whether migration and migrant income are included or excluded in the analysis. The implication of this finding is that future measurement work on child poverty in South Africa and on the way by which child poverty is mitigated by grants, including the CSG effect on child poverty, needs to consider household structure behavioral and migration effects.

#### **The scale and characteristics of child poverty conceived the traditional way**

A relatively large number of traditional measurement studies was found and it was revealed that they have provided valuable knowledge about the scale of child poverty, as well as its rural/urban, racial and provincial dimensions. With respect to knowledge gaps in this area, gaps which chapter three makes a contribution to filling are: (i) a dearth of money metric measurement of the depth and severity of child poverty; (ii) limited consideration of age and gender differences; and (iii) exploration of how changing the poverty line affects findings on the scale and composition of child poverty. Other research gaps that need to be addressed are the questions of how the trend in child poverty, measured using the traditional FGT measures, has been changing over time, as well as how money metric measures of child poverty (incidence, depth and severity) differ for children who have one or more biological parents as caregivers compared to those who do not.

#### **The scale and characteristics of child poverty conceived in a multi-dimensional way**

With respect to quantitative based measurement of the scale and characteristics of child poverty conceived in the modern, broad, multi-dimensional way, encouragingly it emerged that there has recently been a burgeoning of research in this area and a couple of

studies have added greatly to the knowledge base. These include, at the conceptual level, the Noble *et al* (2006 & 2007) multi-dimensional child poverty model development and the Barnes (2009b & 2009c) socially perceived child poverty definition study. At the level of measurement the recent strides forward include the Barnes *et al.* (2007 & 2008) SAIMDC study that for the first time has allowed for comparing child wellbeing across municipalities and the Woolard (2008) and the Children's Institute *Child Gauge* studies. These studies have made it clear that various direct deprivation indicators, across the education, housing and basic services and health domains, find, like the money metric indicators, that large percentages of South African children are deprived. Moreover, like the money metric studies, they show that it is mostly children in Coloured and African racial groupings that suffer deprivation, that children in rural areas are more likely to be deprived than those in urban areas and that there is wide variation across provinces in deprivation incidence. As is the case of the money metric findings, the multi-dimensional quantitative based research programme has signaled that three provinces, Eastern Cape, Limpopo and KwaZulu-Natal, have a very large share of children who are deprived in terms of range of well-being indicators, while Western Cape and Gauteng have lower shares.

However, and critically, it has emerged that the quantitative based multi-dimensional child measurement research programme has been greatly curtailed by lack of data on child well-being (deprivation) indicators at the national level. This is something that Bray (2002) picked up on in her examination of what the South African social surveys do and do not consider/allow for with respect to monitoring child poverty and well-being over time, and gaps in the South African child poverty research. Some of the primary gaps in the multi-dimensional child poverty measurement research, which need to be filled are: (i) measurement of the psychological aspects of the child poverty experience, including various forms of child abuse; (ii) measurement of access to and quality of ECD facilities (both home and centre based) catering for children age 0-4 years (pre Grade R); (iii) more careful measurement of school attendance at primary and secondary level (as opposed to enrollment); (iv) measurement of the quality of services critical for child development including the quality of ECD services and the quality of health services; (v)

measurement of the social exclusion, or relational aspect of the child poverty experience;(vi) measurement of child work activities (both economic and non-economic) and their impacts on child well-being; (vii) measurement of non-governmental support for children affected by poverty; (viii) measurement of child health outcomes that moves beyond infant and child mortality and weight for height and height for age, to, for example, teenage pregnancy rates, HIV infection rates, and mental health.

### **Qualitative research**

It can be seen that the qualitative research programme has added greatly to the knowledge base on the nature of the child poverty experience in South Africa. In so doing, it has signaled areas of research that need to be taken up in quantitative based measurement research – when data permits! It is important for qualitative researchers to continue their research so that the quantitative research programme can reflect on whether the questions they are exploring are comprehensive and grounded in the poverty experience of children. An area that emerged as a critical knowledge gap in the qualitative research on child poverty in South Africa is exploration of intra-household resource allocation. As Bray (2002:51-52) argues, qualitative research needs to explore not only how children fare in allocation decisions compared to adults, but also the matter of *which children* are preferred for what reasons in resource allocation.

In conclusion, Bray (2002) has highlighted limited child participation in social surveys as a weakness in the child poverty research programme in South Africa (only Birth to Twenty, the DHS at Hlabisa in KwaZulu-Natal and the CAPS in the Western Cape included children in the gathering of data). Bray acknowledges that there is reluctance to engage with children directly in surveys, due to fears that children may not tell the truth and/or may not understand the question or response required. Ethical considerations also make many researchers reluctant to embrace an increased role for children in data gathering processes aimed at shedding light on the dimensions of child poverty and its associated deprivations in South Africa. However, she points out that this stance belies the false assumptions that adults will necessarily tell the truth and that adult respondents always understand the questions posed. Moreover, she highlights a body of work

generated in the last few years (see for example Christensen & James 2000) on participatory research with children and youth which shows that children can and do participate in surveys, interview and a variety of other research methods. The additional benefits in terms of better understanding of the scale and characteristics of the child poverty profile in South Africa to be derived from drawing on survey data collected from children as well as adults, is something that needs to be investigated.

**CHAPTER 3 -**  
**A PROFILE OF CHILD POVERTY IN SOUTH AFRICA AND ITS**  
**SENSITIVITY TO THE ADULT EQUIVALENCE SCALE BASED**  
**ON THE INCOME AND EXPENDITURE SURVEY 2005**

**1. Introduction**

The review of the literature measuring child poverty in South Africa in chapter two identified a number of knowledge gaps. These included, in the research informed by the traditional approach, hardly any testing sensitivity of the child poverty profile to changes in the AES and money metric measurement of the depth and severity of child poverty as well as limited consideration of age and gender difference in the child poverty profile. The objective of this chapter is to add to the evidence base on child poverty in South Africa by: (i) providing new evidence on the sensitivity of the money metric child poverty profile to changes in the AES; (ii) providing an updated and more comprehensive money metric child poverty profile, that includes depth and severity measures, and consideration of age and gender differences. The contribution is based on analysis of the Income and Expenditure Survey (IES) 2005, which was released relatively recently, in March 2008 by Statistics South Africa. As explained in the introduction to the thesis, IES2005 has not previously been used to analyze child poverty.<sup>81</sup>

The South African government has recently released a proposal for a *per capita* poverty line (Statistics South Africa & National Treasury 2007). However, should the choice of AES affect ranking of poor children and provincial child poverty rates and shares, the use of the per capita method may lead to misguided targeting. The contribution on sensitivity

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<sup>81</sup> Mr Derek Yu and Professor Servaas van der Berg from the Department of Economics at Stellenbosch University provided assistance with the IES2005 analysis underpinning this chapter. The findings of the analysis have been published in *Social Indicators Research* (2009, 94:183-201) in a paper titled ‘\_Measuring Child Poverty in South Africa: Sensitivity to choice of adult equivalence scale and an updated profile’. The content of this chapter is very similar to the published paper, of which I was lead author.

of the child poverty profile to AES choice is therefore particularly relevant at this time in South Africa.

The chapter is organized as follows. Section two describes the IES2005 data used and the method of the IES2005 analysis. Section three presents the findings on sensitivity of the child poverty profile to the AES. Section four presents the findings on the child poverty profile. Section five, the conclusion, summarizes the key findings of the analysis.

## **2 Data and method**

### **2.1 IES 2005 and the problem of comparability undermining trend analysis**

IES2005, undertaken by Statistics South Africa (SSA) between September 2005 and August 2006, gathered data on the income sources and expenditure patterns of a nationally representative sample of 21 144 households (Armstrong *et al.* 2008). This type of survey is usually conducted every five years. IES2005 used the same measures to collect the income data as in the previous two IES surveys, whilst that used to collect the expenditure data was not.

Because of problems of comparability, it is not advisable to compare the IES surveys of 1995, 2000 and 2005 (Yu 2008; Van der Berg *et al.* 2008). However, as a crude indication of the trend, measured child poverty when calculated using the IESs<sup>82</sup> had declined by about 5 percentage points between 2000 and 2005, both when using the poverty line suggested by Statistics South Africa (SSA) of R3 860 per capita in 2000 Rand terms, or the line separating the poorest 40 per cent of households based on per capita income from the rest, i.e. R4 560 in 2000 terms or R6 542 in 2007 terms.<sup>83</sup> As was already explained in chapter two, because of the comparability issues there remains a gap in our knowledge of the trend in child poverty. However, and as was also explained

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<sup>82</sup> And considering differences in dealing with imputed rent between the surveys.

<sup>83</sup> In 2007, the exchange rate of the Rand fluctuated around an average value of R7.05 to the US dollar.

in the previous chapter, a consensus is emerging that aggregate poverty has been on the decline after 2000 until the global recession hit in 2008, and that the expansion of the grant system, including the child support grants, has contributed to this in a major way (Van der Berg *et al.* 2007; Leibbrant *et al.* 2010).<sup>84</sup> This analysis was confined to investigating child poverty in IES2005 only.

## **2.2 Method used to test sensitivity of the child poverty profile to the AES**

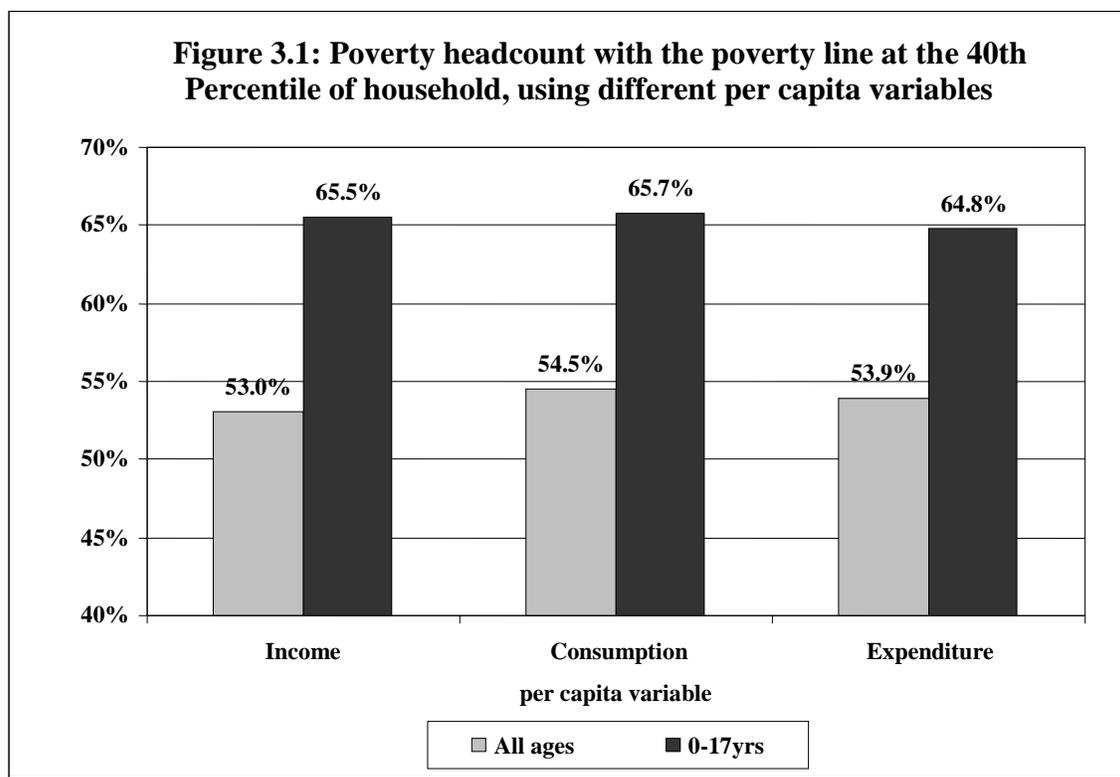
For both the testing of the sensitivity of the child poverty profile to choice of AES and development of the child poverty profile, income was used as the welfare indicator, given that food expenditure is known to be under-reported in IES 2005 (Armstrong *et al.* 2008).<sup>85</sup> Because it was not possible to use a consistent poverty line across different adult equivalence scales, a poverty line was developed for each scale that separated the poorest 40% of households using that particular scale from the rest of the population.

Setting the poverty line at the 40<sup>th</sup> percentile of households by each per capita welfare indicator (income, expenditure and consumption) encouragingly showed similar *patterns* of headcount poverty for individuals of all ages and of children (see Figure 3.1).

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<sup>84</sup> As was pointed out at the end of chapter 2, one non-money metric indicator available from the General Household Survey (GHS), the proportion of households who reported that children have gone hungry in the past year, shows a consistent decline since measurement began in 2002 up until 2007 then a slight increase in 2008.

<sup>85</sup> Two survey methods were used in combination to gather expenditure data: The diary method required respondents to record their expenditures on food and personal care items for four weeks in the form of a diary, while the recall method entailed capturing through a questionnaire their total expenditures on other items during the eleven or twelve months prior to the survey. As with the IES 1995 and 2000, only the recall method was used to capture income data using the main survey questionnaire. Reported income is the sum of regular and irregular income for a period of twelve months each. Statistical Release No. P0100 from Statistics South Africa (2008) contains more details on the design and implementation of the survey.



*Source: Own calculations using IES2005 data.*

The scales used to test the sensitivity of the child poverty profile to the AES were the old and new OECD scales<sup>86</sup> and the following Cutler-Katz type scales<sup>87</sup>:

- $AE = (A + 1K)^1$  (the per capita scale);

<sup>86</sup> To recap from chapter one, the old OECD scale assigns a value of 1 to the first household member, of 0.7 to each additional adult and of 0.5 to each child. The new or modified OECD scale assigns a value of 1 to the first household member, of 0.5 to each additional adult and of 0.3 to each child.

<sup>87</sup> To recap from chapter one, the general approach in poverty measurement with respect to the AES is to use an AES of the form introduced by Cutler & Katz (1992), namely  $AE = (A + \alpha K)^\beta$  where:

- AE refers to adult equivalents
- A represents the number of adults
- K is the number of children
- $\alpha$  adjusts for age equivalences
- $\beta$  adjusts for economies of scale

- $AE = (A + 0.5K)^1$
- $AE = (A + 0.6K)^1$
- $AE = (A + 0.75K)^1$
- $AE = (A + 0.75K)^{0.85}$  (the scale used by Woolard 2002)
- $AE = (A + 0.5K)^{0.9}$  (the scale used by May *et al.* 1995)

The first step in the AES sensitivity testing involved correlating the measures derived using different AESs. The second step involved considering the proportion of children 0-17 years of age identified as poor (belonging to the poorest 40% of households) by one measure that were also ‘correctly’ identified as poor (among the poorest 40% of households) by another. The third step involved considering how changing the AES affected the level, severity and depth of child poverty as measured by the Foster-Greer-Thorbecke (FGT) headcount, depth and severity measures respectively for children age 0-17 at the national level as well as the composition of child poverty. The latter included consideration of how changing the AES affected poverty headcount measure rankings of: (i) children from different racial groups; (ii) girls versus boys; (iii) children in rural versus urban areas; (iv) children in three different age cohorts (0-4, 5-14 and 15-17); and (v) children from different provinces.

### **2.3 Method used to develop the child poverty profile**

A child poverty profile based on the simple per capita income welfare measure with the poverty line set at the 40<sup>th</sup> percentile was developed and tested using Cumulative Density Functions (CDFs). The CDF arranges the population from poorest to richest using the chosen poverty measure and expresses those below any possible poverty line as a percentage of the total population (Deaton 1997), i.e. it shows the headcount ratio of poverty at different alternative poverty lines. It is thus also known as a poverty incidence curve. The poverty line cut off at the 40<sup>th</sup> percentile with a per capita welfare measure translates into a poverty line of R4 560 per capita per annum (R380 per capita per month) in 2000 Rand (R6 542 per capita per annum or R545 per capita per month in 2007 rand values).

All three FGT measures were generated for children age 0-17 and these measures were compared with those for adults and the entire population. In addition, the three FGT measures were generated and compared for children from different racial groups, girls versus boys, children in rural versus urban areas, children three different age cohorts (0-4, 5-14 and 15-17) and children across different provinces.

### **3. Findings on AES sensitivity**

With respect to the correlation of the measures derived from the different AESs, in all cases, the correlation coefficient was above 0.99, indicating that any one of the derived measures can be well predicted by any one of the others. That, however, does not preclude the possibility that there may be important rank switching between households, with the result that some children in poor households by one measure would not be in the poorest households by another measure. Table 3.1 sets out the findings relating to step two of the AES sensitivity test, on the proportion of children 0-17 years of age identified as belonging to the poorest 40% of households by one measure (shown in the rows) that were also ‘correctly’ identified as poor (among the poorest 40% of households) by another (shown in the columns). As can be seen from this table, there is generally great consistency across the measures, with many of them showing at least 95% ‘correct’ identification in comparison with most other measures. The major exceptions are the two OECD measures, which is not surprising given that OECD countries have very different conditions from the typical household structure and costs of a developing country population. In particular, households in these economies can be expected to have greater economies of scale, given that food makes up a smaller share of household budgets and non-food items, including household ‘public goods’ where economies of scale may operate, a smaller share. Also, the low child cost in these OECD scales are far removed from the empirical findings for developing countries and what one would expect for South Africa (see above). That the OECD scales show the least consistency with the per capita measure is also evident in Figure 3.2, which shows how well other measures fare

at ‘correctly’ identifying children who are in poor households as being poor by these other measures.

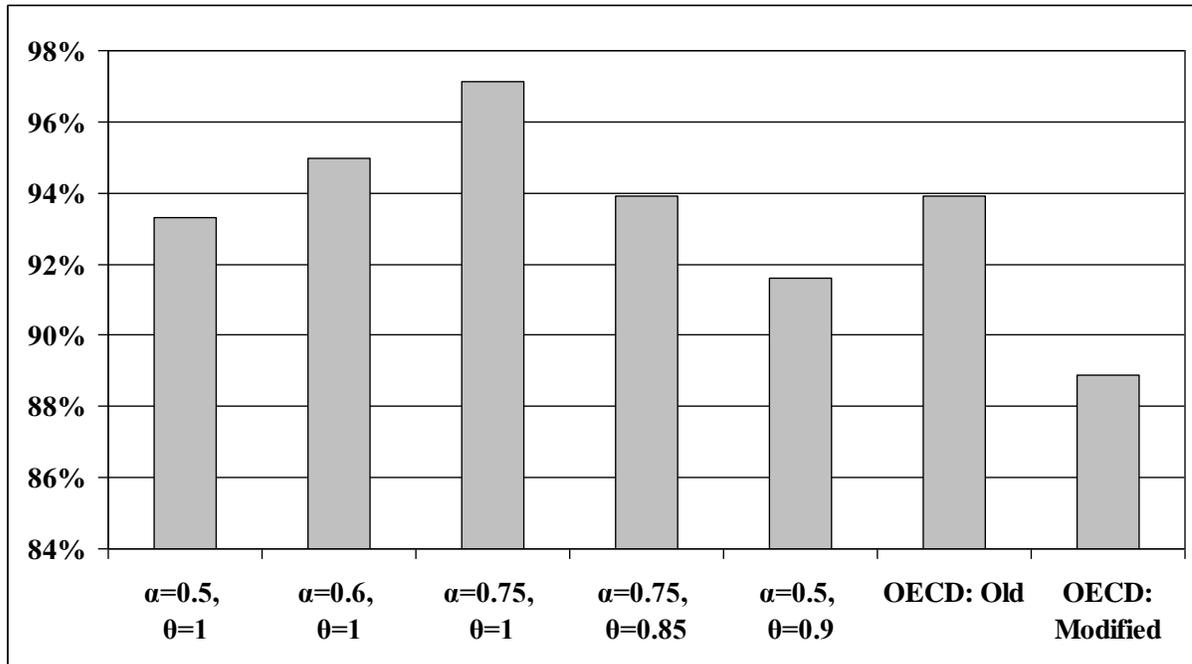
**Table 3.1: Percentage of children correctly identified as poor by one AES measure ‘correctly’ identified as poor by another AES measure**

Reference measure	Comparison measure							
	$\alpha=1, \beta=1$	$\alpha=0.5, \beta=1$	$\alpha=0.6, \beta=1$	$\alpha=0.75, \beta=1$	$\alpha=0.75, \beta=0.85$	$\alpha=0.5, \beta=0.9$	OECD1	OECD2
$\alpha=1, \beta=1$		93.32%	94.98%	97.12%	93.91%	91.60%	93.92%	88.87%
$\alpha=0.5, \beta=1$	99.61%		99.88%	99.76%	97.56%	97.51%	98.23%	94.06%
$\alpha=0.6, \beta=1$	99.73%	98.25%		99.88%	97.41%	96.22%	97.92%	92.93%
$\alpha=0.75, \beta=1$	99.83%	96.07%	97.78%		96.18%	94.20%	96.37%	91.18%
$\alpha=0.75, \beta=0.85$	99.90%	97.24%	98.70%	99.55%		96.95%	99.28%	94.64%
$\alpha=0.5, \beta=0.9$	99.83%	99.56%	99.86%	99.88%	99.31%		99.58%	96.31%
OECD: Old	99.95%	97.94%	99.24%	99.77%	99.31%	97.24%		94.63%
OECD: Modified	99.77%	98.93%	99.36%	99.59%	99.86%	99.22%	99.83%	

*Note: The poverty line was set at the bottom 40<sup>th</sup> percentile of households.*

*Source: Own calculations using IES2005 data.*

**Figure 3.2: Percentage of children identified as poor under the per capita AES method also identified as poor using other AESs**



*Note: The poverty line was set at the bottom 40<sup>th</sup> percentile of households.*

*Source: Own calculations using IES2005 data.*

The findings on sensitivity of the child poverty headcount, depth and severity measures to the AES are presented in Table 3.2. They show, as expected, that the child poverty headcount is highest when the per capita scale is used (65.5%) and lowest when the old OECD scale is used (58.3%) given that the poverty line has been set in all cases at the poorest 40<sup>th</sup> percentile of households. The differences are relatively small, though, with the range only 7.2 percentage points. Though the range contracts with the measures when the child poverty depth index and the poverty severity index are used, it expands in *relative* terms.

**Table 3.2: Child poverty headcount, depth and severity using a variety of equivalence scales with overall poverty rate fixed at bottom 40<sup>th</sup> percentile of households**

Scale used	Poverty line (per adult equivalent) as derived from the 40 <sup>th</sup> percentile of households, R2000 prices per annum	P <sub>0</sub> Child poverty headcount rate%	P <sub>1</sub> Child poverty depth index	P <sub>2</sub> Child poverty severity index
<b>Cutler &amp; Katz version of the AES</b>				
$\alpha = 1 \beta = 1$	4560	65.5	0.33	0.20
$\alpha = 0.5 \beta = 1$	5520	61.3	0.29	0.16
$\alpha = 0.6 \beta = 1$	5266	62.4	0.29	0.17
$\alpha = 0.75 \beta = 1$	4953	63.7	0.31	0.18
$\alpha = 0.75 \beta = 0.85$	5881	61.5	0.28	0.16
$\alpha = 0.5 \beta = 0.9$	6116	60.1	0.27	0.15
<b>OECD form of AES</b>				
Old	6190	61.5	0.29	0.16
Modified	7563	58.3	0.25	0.14

*Source: Own calculations using IES2005 data.*

Table 3.3 presents the child poverty headcount findings for children in rural versus urban areas, girls versus boys and children in different racial groups. The ranking of the groups was found to be unaffected by the scale used. Regardless of AES, the poverty headcount is:

- Higher amongst children in rural than urban areas.

- Marginally higher amongst boys than girls (the small differences is unsurprising, as this is purely based on the welfare level of the *household* children belong to and does not consider possible inequality of resource flows within households).
- Highest amongst African children, followed by Coloured, then Asian and then White children.

**Table 3.3: Child poverty headcount among selected groups, using a variety of equivalence scales with overall poverty rate fixed at bottom 40<sup>th</sup> percentile of households**

Scale used	Urban	Rural	Girls	Boys	African	Coloured	Asian	White
<b>Cutler &amp; Katz form of AES</b>								
$\alpha=1 \beta=1$	48.6	82.8	49.3	50.7	72.5	41.3	24.2	2.0
$\alpha = 0.5 \beta = 1$	44.9	78.2	49.2	50.8	68.2	36.5	20.4	1.9
$\alpha = 0.6 \beta = 1$	45.7	79.4	49.1	50.9	69.3	37.8	20.4	1.9
$\alpha = 0.75 \beta = 1$	46.7	81.1	49.2	50.8	70.7	39.1	21.7	1.9
$\alpha = 0.75 \beta = 0.85$	44.3	79.3	49.1	50.9	68.5	35.7	19.7	1.9
$\alpha = 0.5 \beta = 0.9$	43.5	77.1	49.0	51.0	67.0	33.7	20.4	1.9
<b>OECD form of AES</b>								
Old	44.5	79.0	49.1	50.9	68.5	35.1	19.7	1.9
Modified	41.7	75.4	49.0	51.0	65.1	31.9	19.6	1.9

*Source: Own calculations using IES2005 data.*

Table 3.4 presents the poverty headcount findings for the AESs by age classification. There are marginal differences across AES in the *level* of the poverty headcount, but

more importantly, irrespective of the AES chosen, the poverty headcount is highest amongst children age 0-4, followed by those aged 5-14 and only then those aged 15-17.

**Table 3.4: Poverty headcount among children of different ages using different equivalence scales with overall poverty rate fixed at bottom 40th percentile of households**

Scale used	0-4 years	5-14 years	15-17 years
<b>Cutler &amp; Katz form of AES</b>			
$\alpha = 1 \beta = 1$	66.1	65.7	63.8
$\alpha = 0.5 \beta = 1$	62.7	61.3	59.3
$\alpha = 0.6 \beta = 1$	63.6	62.4	60.5
$\alpha = 0.75 \beta = 1$	64.7	63.8	61.9
$\alpha = 0.75 \beta = 0.85$	62.3	61.7	60.0
$\alpha = 0.5 \beta = 0.9$	61.3	60.1	58.2
<b>OECD form of AES</b>			
Old	62.3	61.7	60.0
Modified	59.3	58.5	56.4

*Source: Own calculations using IES 2005 data.*

Table 3.5 shows that some of the rankings of poverty headcounts for the nine provinces were sensitive to the AES. Specifically, the worst poverty incidence using the headcount measure based on income is found in either Eastern Cape or Limpopo, depending on which adult equivalence measure is used.

**Table 3.5: Provincial poverty headcount among children using different AESs with overall poverty rate fixed at bottom 40<sup>th</sup> percentile of households**

	WC	EC	NC	FS	KZN	NW	Gaut	Mpa	L
<b>Cutler &amp; Katz form of AES</b>									
$\alpha=1 \beta=1$	37.9	77.9	69.1	63.6	75.0	66.2	41.3	66.4	78.0
$\alpha = 0.5 \beta = 1$	33.7	73.9	65.0	57.5	71.2	63.8	37.5	63.0	72.4
$\alpha = 0.6 \beta = 1$	35.2	74.8	66.2	58.4	72.0	64.2	38.2	63.6	74.3
$\alpha = 0.75 \beta = 1$	36.0	76.5	68.5	61.2	73.3	65.0	38.9	64.4	76.3
$\alpha = 0.75 \beta = 0.85$	33.3	75.0	65.0	58.3	70.5	64.2	36.6	62.4	74.5
$\alpha = 0.5 \beta = 0.9$	31.7	72.9	63.5	56.2	69.8	62.5	36.3	61.3	71.6
<b>OECD form of AES</b>									
Old	32.8	74.7	64.8	57.7	70.7	64.1	37.6	62.6	73.9
Modified	30.0	71.2	60.0	54.5	67.2	61.9	35.0	59.4	70.1

*Source: Own calculations using IES2005 data.*

As Table 3.6 shows, the ranking of provinces according to shares of poor children as measured by the poverty headcount was not sensitive to choice of AES; given large differentials in the size of provinces, this is not surprising. But perhaps more surprising was how little the share of poverty changes across the different scales: It does not appear to matter much which scale is used.

**Table 3.6: Provincial child poverty shares using different AESs with overall poverty rate fixed at bottom 40<sup>th</sup> percentile of households**

	WC	EC	NC	FS	KZN	NW	G	MPA	L
<b>Cutler &amp; Katz form of AES</b>									
A=1 $\beta=1$	5.0	20.1	2.0	5.9	25.2	8.1	9.6	7.2	16.9
A = 0.5 $\beta = 1$	4.7	20.4	2.0	5.7	25.5	8.4	9.3	7.3	16.8
A = 0.6 $\beta = 1$	4.9	20.3	2.0	5.7	25.4	8.3	9.4	7.2	17.0
A = 0.75 $\beta = 1$	4.7	20.3	2.0	5.8	25.3	8.2	9.3	7.1	17.0
A = 0.75 $\beta = 0.85$	4.6	20.6	2.0	5.7	25.2	8.4	9.1	7.2	17.2
A = 0.5 $\beta = 0.9$	4.5	20.5	2.0	5.7	25.5	8.5	9.3	7.2	17.0
<b>OECD form of AES</b>									
Old	4.6	20.5	2.0	5.7	25.3	8.4	9.3	7.2	17.1
Modified	4.4	20.6	1.9	5.7	25.3	8.5	9.2	7.2	17.1

*Source: Own calculations using IES 2005 data.*

In sum, the analysis of sensitivity to AES choice suggests that whilst the choice of AES does marginally affect the poverty headcount, it does not have much impact on the composition of child poverty. It also does not affect the ranking of poverty for children of different ages, racial groups, and gender nor of those living in urban versus rural areas and only in one important case does it affect the ranking of poverty across provinces.

#### **4. Child poverty profile**

The findings of relative insensitivity of the child poverty profile to the choice of AES support the argument of Woolard & Leibbrandt (2006) that one may as well use the simple *per capita* AES method for profiling poverty in South Africa and testing its robustness to movement in the poverty line. It is for this reason that this strategy was followed for the development of the child poverty profile. As explained in section 3.3 above, for the development of the profile, the poverty line was set at the 40<sup>th</sup> percentile of household per capita income in IES2005, which amounted to a R4 560 per capita in 2000 Rand values.

Table 3.7 presents the profile of child poverty in South Africa based on the per capita income welfare measure and IES2005, with the poverty line cut off at the bottom 40<sup>th</sup> percentile of households. As poor households tend to be larger, the poverty headcount for the population as a whole is 52.9%, if this poverty line is used. But poorer households tend to contain a disproportionate number of children: 65.5% of children are amongst the poor (this translates into 11.8 million poor children)<sup>88</sup> versus only 45.2% of the adult population. Child poverty is much worse than poverty amongst the adult population (18 years or above). Moreover, these differences between adult and child poverty also apply for the depth and severity of poverty: In fact, the proportional differentials are larger, indicating that the children's share of the poverty headcount would tend to rise as lower poverty lines are used.

With respect to age, Table 3.7 illustrates that the poverty headcount and poverty shares based on the headcount are highest amongst the youngest age cohort, followed by children age 5-14 and 15-17, as are the depth and severity. The profile confirms the racial dimension of child poverty, highlighted in previous studies. The child poverty rate is found to be much higher amongst African children than other racial groups, though it is also very high amongst Coloured children. African children comprise 93 percent of poor children and Coloured children 5.3 percent. The poverty depth and severity measures are also far higher for African and Coloured children than for other groups. With respect to gender, the IES2005 reveals little difference in the measures across boys and girls. But child poverty is still more prevalent, deeper and more severe in rural areas – nearly two thirds of children identified as poor live in rural areas. Its rural face is the most prominent

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<sup>88</sup> This level, though somewhat arbitrary considering the equally arbitrary choice of poverty line, can be seen in the context of findings based on earlier data sets that used similar poverty cut offs. The NIEP (1996) measurement study, based on the PSLSD 1993, and which used the old OECD AES, found the poverty headcount amongst children aged 0-4 years to be 60%. Woolard (2002), using the OHS 1999, a welfare indicator of per adult equivalent income and a Cutler & Katz (1992) type AES with the child cost parameter set at 0.6 and economies of scale parameter at 0.9 found it to be 59.2% amongst children age 0-17 and 59.3% amongst children age 0-6. Thus it appears that the poverty findings here are not all that different from those in previous studies, whereas there is somewhat less child poverty if the suggested StatsSA poverty line is used.

feature of child poverty in South Africa, and this especially applies when the depth and severity of poverty are considered: the rural poor are further below this poverty line than the urban poor, and the share of the rural child poverty headcount thus rises as the poverty line is set lower.

With respect to the provincial dimension of child poverty in South Africa, the key findings from the IES2005 analysis are as follows:

- There is large variation across provinces in the child poverty headcount rate, depth and severity measures.
- While the headcount poverty *rate* is highest in Limpopo when using the per capita income measure and the 40<sup>th</sup> percentile of household poverty line, the poverty *share* is much higher in more populous provinces that also experience much poverty, particularly Kwazulu-Natal and the Eastern Cape, which together contain 46% of poor children.
- The rankings for the poverty severity measure are slightly different from those on the depth and headcount measures, indicating that stochastic poverty dominance does not always hold (an issue returned to later). KwaZulu-Natal has the highest poverty severity (whilst it has the second highest depth of poverty and the third highest poverty headcount). Whereas Limpopo is ranked third in terms of the severity and depth measures, the province is first on the poverty headcount measure. Northwest emerges as having a lower severity of child poverty relative to the poverty headcount and depth measures.
- Western Cape is the best performer for all three of the FGT measures – it has the lowest child poverty headcount rate, lowest depth of child poverty and lowest child poverty severity.

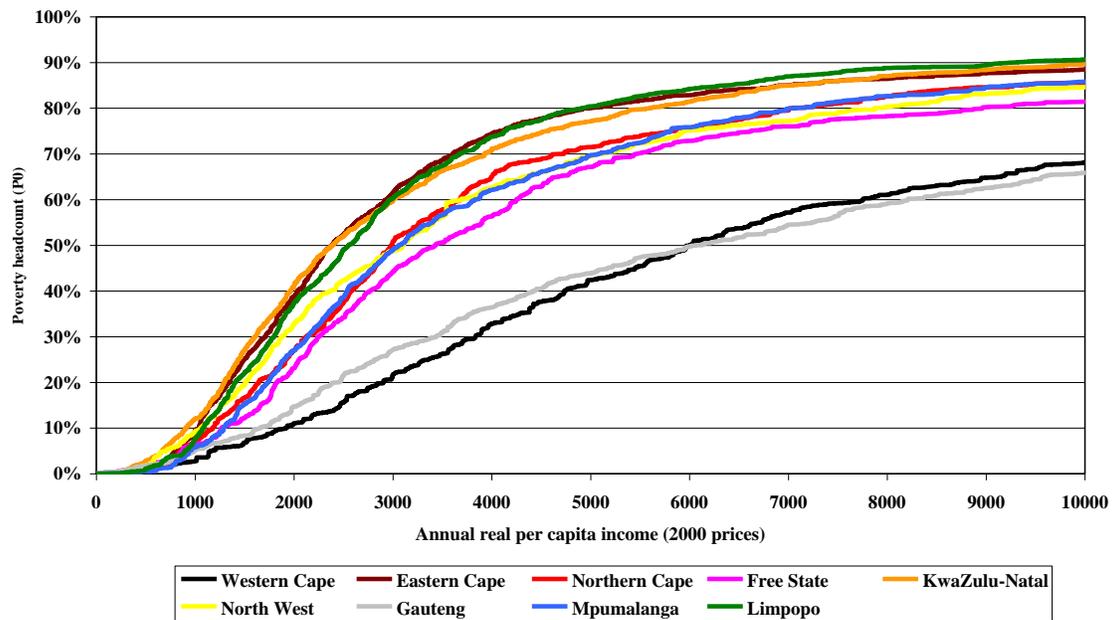
**Table 3.7: Poverty profile for children using income per capita as the welfare measure and with the poverty line set at the bottom 40<sup>th</sup> percentile of households**

	Child poverty (0-17 years)					Adult poverty		
	P <sub>0</sub> Poverty headcount rate			P <sub>1</sub> Poverty depth measure	P <sub>2</sub> Poverty severity measure	P <sub>0</sub> Poverty head-count rate	P <sub>1</sub> Poverty depth measure	P <sub>2</sub> Poverty severity measure
	Rate (%)	Share (%)	Number			Rate (%)		
<b>Age</b>								
0-4	66.1	26.0	3 066 509	0.336	0.213			
5-14	65.7	56.5	6 681 507	0.343	0.202			
15-17	63.8	17.5	2 067 609	0.332	0.203			
<b>0-17 (all children)</b>	<b>65.5</b>	<b>100.0</b>	<b>11 822 544</b>	<b>0.328</b>	<b>0.205</b>			
<b>18+ (all adults)</b>						<b>45.2</b>	<b>0.213</b>	<b>0.126</b>
<b>Racial group</b>								
African	72.5	93.9	11 100 826	0.375	0.232	54.4	0.261	0.156
Coloured	41.3	5.3	623 412	0.167	0.093	30.1	0.110	0.057
Asian	24.2	0.7	76 137	0.093	0.052	13.7	0.049	0.027
White	2.0	0.2	18 081	0.012	0.008	1.2	0.006	0.004
<b>Gender</b>								
Girls	65.4	49.1	5 819 410	0.336	0.204	39.7	0.238	0.142
Boys	65.6	50.9	5 985 265	0.332	0.206	49.9	0.184	0.109
<b>Urban/Rural location</b>								
Rural	82.8	63.3	7 376 451	0.446	0.280	69.0	0.344	0.209
Urban	48.6	36.7	4 442 491	0.226	0.133	31.7	0.139	0.080
<b>Province</b>								
Western Cape	37.9	5.0	587 580	0.153	0.085	25.1	0.094	0.048
Eastern Cape	77.9	20.1	2 378 696	0.415	0.258	59.8	0.292	0.174
Northern Cape	69.1	2.0	235 269	0.333	0.195	48.5	0.219	0.126
Free State	63.6	5.9	695 166	0.294	0.171	44.2	0.193	0.110
Kwazulu-Natal	75.0	25.2	2 975 734	0.413	0.266	53.8	0.279	0.175
Northwest	66.2	8.1	962 355	0.345	0.216	49.3	0.239	0.143
Gauteng	41.3	9.6	1 138 511	0.186	0.110	26.0	0.111	0.065
Mpumalanga	66.4	7.2	846 494	0.322	0.187	48.6	0.218	0.123
Limpopo	78.0	16.9	2 002 739	0.400	0.242	65.6	0.313	0.183

*Source: Own calculations using IES 2005 data.*

Testing the robustness of the child poverty profile to selection of the poverty line found the age, race, gender, and urban/rural dimensions to be robust. In the poverty-relevant range, there was clear first order dominance in each of these cases, implying that the rankings of poverty were invariant to the poverty line chosen and to whether the poverty measure used was  $P_0$ ,  $P_1$  or  $P_2$ . The results for the provincial rankings were slightly more complex and hence the provincial CDFs or poverty incidence curves are shown in Figure 3.3 below. Regardless of where the poverty line is drawn, Western Cape and Gauteng have the lowest child poverty headcount rates. However, up to an income level of approximately R6 000 per capita per annum, Western Cape has the lowest headcount, but thereafter there is a switch. Excepting at very low poverty lines, three provinces – KwaZulu-Natal, Limpopo and Eastern Cape – have the highest poverty headcounts. There is also a shift in the rankings of the weakest performers as alternative poverty lines are set: At very low poverty lines – of less than R2 000 per annum per capita – KwaZulu-Natal has the highest poverty headcount, followed by Eastern Cape, then Limpopo. From about R2 000, Eastern Cape becomes the worst performer. In the poverty line range between R4 000 and R5 000 – around our poverty line cut off (at R4 560) – it becomes difficult to see which of Eastern Cape or Limpopo has most headcount poverty. At higher poverty lines Limpopo clearly is the worst performer.

**Figure 3.3: P<sub>0</sub> among children 0-17 years by province, per capita AES method**



Where one CDF consistently lies above another, there is first order stochastic poverty dominance. This implies that the ranking of poverty between two such provinces remains unchanged whatever poverty line is used, and also whichever of the three FGT poverty measures ( $P_0$ ,  $P_1$  or  $P_2$ ) is selected for analysis. The crossing of the lines that is observed implies that the ranking of child poverty is affected by both the poverty line chosen, and by whether the poverty measure used is the headcount, depth or severity of child poverty. That confirms the results from Table 3.7: At the chosen poverty line (the 40<sup>th</sup> percentile of households), headcount child poverty is worst in Limpopo followed by Eastern Cape and only then Kwazulu-Natal; but the depth of child poverty is greatest in Eastern Cape, followed by Kwazulu-Natal and then Limpopo; and the severity of child poverty is highest in Kwazulu-Natal, followed by Eastern Cape and with Limpopo only in the third position. Thus, it matters which measure is used, and this analysis also implies that the choice of the poverty line itself is important for ranking poverty: At very low poverty lines, the severity of child poverty that Kwazulu-Natal experiences will be reflected even in the headcount index, but if poverty lines are set high, there is a danger of underestimating Kwazulu-Natal's child poverty share when focusing on the headcount rate.

## 5. Conclusion

The first objective of this chapter was to add to existing evidence base on child poverty in South Africa by offering evidence on the sensitivity of South Africa's child poverty profile to changes in the AES. Income was used as the welfare indicator and the poverty line consistently held at the 40<sup>th</sup> percentile of households calculated with different AESs. The results were encouraging: the magnitude and composition of child poverty was found to be relatively insensitive to the scale used. Like previous South African studies (Deaton & Paxson 1997; Woolard 2002), reducing the value of the child cost parameter in the AES and allowing for economies of scale were found to reduce the child poverty headcount, but only marginally. The rankings of children of different ages, girls versus boys, racial groupings and children living in rural versus urban areas was unaffected by choice of AES, although the ranking of some of the provinces on the poverty headcount measure *was* found to be sensitive to the scale used. The analysis revealed that the proportions of children and households correctly identified as poor for the full range of scales using alternative scales as referent and other scales for comparison was extremely high. The findings on the insensitivity of the child poverty profile to the AES support the contention of Woolard & Leibbrandt (2006) that it may be appropriate to use a poverty line based on a *per capita* welfare measure for profiling poverty and child poverty in South Africa. This stands in contrast to the findings of Hunter *et al.* (2004:419), who find that equivalence scales matter greatly in the Australian case, and particularly that such scales have major implications for the composition of poverty between indigenous and other groups.

The second objective was to present an updated and more comprehensive profile of child poverty in South Africa measured in the traditional way using income data from IES2005 and thereby add to understanding of the scale and characteristics of child poverty in South Africa. Per capita income was used as the welfare indicator for this purpose, with the poverty line cut off again set at the 40<sup>th</sup> percentile of households (R4 650 per annum per capita in 2000 prices). This poverty line is in some sense arbitrary and therefore offers little 'objective' information on the extent of poverty. The profile suggests that

child poverty (at 66.5%) remains more extensive than poverty of the population as a whole (52.9%) and poverty amongst adults (45.2%), confirming that children are more often to be found in poorer households. Moreover, despite the massive injection of transfers into households with poor children through the introduction and expansion of child support grants, poverty amongst children is still substantial.

The profile confirms that large variations across provinces in provincial child poverty headcounts remain. The poverty headcount rate in Limpopo (78.0%), the province with the highest rate, was nearly twice that in the Western Cape, which had the lowest rate (37.9%). KwaZulu-Natal (25.3%), followed by Eastern Cape (20.5%) and then Limpopo (17.1%) were found, as in other studies, to contain the majority of poor children. The lack of first order stochastic child poverty dominance amongst provinces implies that the ranking of poverty amongst provinces is sensitive to the choice of poverty line and the choice between the three FGT poverty measures. Eastern Cape, Limpopo and KwaZulu-Natal consistently were the poorest provinces in terms of child poverty, but the ranking of child poverty amongst them changed for different poverty lines or alternative child poverty measures. Thus, if the poverty line is set at lower levels, Kwazulu-Natal has the most headcount poverty; not surprisingly, it also then has the highest poverty severity. Poor children are worst off in this province. Moreover, it is also one of the largest provinces, thus it has a large share (25.3%) of child poverty.

The child poverty headcount was found to be much higher in rural (82.8%) than urban areas (48.6%), as were the depth and severity of child poverty. Rural children comprise nearly two thirds of poor children. A larger proportion of poor children than poor adults reside in rural areas. The child poverty headcount, depth and severity were all found to be far higher amongst the African and Coloured child population.

The child poverty profile shed new light on the age dimensions of child poverty. The headcount, depth and severity of poverty are all higher amongst children in the youngest age cohort (0-4) followed by children age 5-14 and then by those aged 15-17. This is surprising in view of the fact that the child support grants did not, at the time of the

survey, extend to the oldest group, so one would have expected households containing only older children to perhaps experience more poverty.

No firm conclusion on trends in money-metric child poverty can be drawn from this analysis. This is firstly, because rigorous comparison with findings from earlier data sets is undermined by differences in survey data collection methods, and secondly because of different welfare measures used across studies.

The analysis of child poverty based on IES2005 confirms the need for government to target spending on poor *children*. Among provinces, KwaZulu-Natal, Limpopo and Eastern Cape are still most in need of resources to address child poverty. It suggests that rural areas, and the African and Coloured populations, should continue to receive the bulk of attention in order to reduce child poverty.

The unexpected finding of the analysis that children age 0-4 still have the highest child poverty incidence, depth and severity measures lends support for a government policy stance of prioritising supporting children in their earliest years, for example through stepping up investment in providing access to ECD programmes serving very young children (age 0-4). This is something the South African government has done since 1999 through Expanded Public Works Programme. At the same time, this finding about the age dimension of child poverty calls into question government's recent decision to expand the CSG programme by including older children as targeted beneficiaries, instead of allocating additional funds to primary caregivers of children age 0-4. However the question of whether additional funds are allocated via the CSG to caregivers of very young children versus to those of older children is perhaps less important than whether additional funds are allocated per se to caregivers of poor children (of any age). This is because the CSG is, like other cash transfers, shared within households and children move between households (see chapter five). The finding that children age 0-4 are most in need in the income deprivation sense calls for exploration of whether this age cohort is also most in need according to other measures of child deprivation. This is a matter taken up in the conclusion to the thesis, in the discussion on research priorities.

## **CHAPTER 4 - LAYING THE FOUNDATIONS FOR THE ANALYSIS OF THE CHILD SUPPORT GRANT PROGRAMME**

### **1. Introduction**

The CSG programme was implemented in April 1998 as the primary measure in a package designed to alleviate the multi-dimensional child poverty left by apartheid. In chapter two an overview of the nature and extent of the crisis was provided. In this chapter and the next the spotlight turns to analyzing the CSG programme. One of the most challenging aspects of social programme evaluation is that there is no “one size fits all” research design that can or should be used (Rossi *et al.* 2004:32). The approach used in this analysis is shaped by Rossi *et al.*'s (2004) systematic approach for tailoring a social programme evaluation. This chapter has two objectives. The first is to describe the Rossi *et al.* (2004) approach for tailoring a social programme evaluation. The second is to use this guide to describe the CSG programme and the circumstances surrounding it and thereby facilitate identification of the questions used to structure the CSG programme analysis in the next chapter.

The chapter is organized as follows. Section 2 defines social security and assistance concepts used in the CSG programme analysis. Section 3 describes the Rossi *et al.* (2004) approach. Section 4 describes the CSG programme and this evaluation circumstance based on the Rossi *et al.* (2004) guide.

### **2. Definitions: Key social assistance concepts use in the CSG analysis**

The CSG grant is one of the cash transfer programmes that comprise the social assistance pillar of South Africa's social security system. Social security is a slippery concept which

is defined in different ways depending on the context (see Walker 2005:4). Typically, a country's social security system has three sets of measures (Van der Berg *et al.* 2009:1):

- *Social insurance*: benefits organized by the state and funded by means of specified contributions by employers and employees.
- *Social assistance*: non-contributory cash or in-kind grants to provide protection to the most needy in society.
- *Informal insurance*: cash or in-kind assistance from the extended family and other social networks.

There are two main motives behind social security: (i) to provide support for those who experience persistent poverty or malnutrition that cannot be eliminated within a realistic time frame by economic growth or other programmes; (ii) to provide social insurance against loss of income or material means. Other motives are to build social cohesion, solidarity and political stability (Van der Berg 2002; Barr 2005).

Social security plus social welfare service programmes<sup>89</sup> together make up South Africa's social welfare system. Traditionally, and still today, welfare services have been delivered primarily by non-governmental organizations and funded partly by government). During the apartheid era social assistance programmes dominated the social welfare system. This trend has continued until the present time. In 1998, as part of the shift toward the developmental approach to social welfare the name of the Department of Welfare in South Africa was changed to the Department of Social Development (DSD).

There are a wide range of social assistance programme options. These include: (i) Cash transfers<sup>90</sup> or food stamps; (ii) In-kind transfers, with food via school feeding programs or mother/child supplement programs being the most common, but also of take-home food

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<sup>89</sup> These include centre based ECD programme, programmes to support individuals affected by substance abuse, programmes to support women and children affected by domestic violence and home based care and support programmes for those affected by HIV/AIDS.

<sup>90</sup> Other terms for cash transfers and which are used in the thesis are: cash based social assistance; social grants and grants.

rations, school supplies and uniforms and so on; (iii) Price subsidies meant to benefit households, often for food or energy; (iv) Jobs on labour-intensive public works schemes, sometimes called workfare; (v) In-cash or in-kind transfers to poor households subject to compliance to specific conditionalities on education or health; (vi) Fee waivers for essential services, health care, schooling, utilities, or transport (Grosh *et al.* 2008:4-5).

For a middle-income country, South Africa has an extensive formal social security system that includes a very well developed social assistance pillar. Whilst there are a couple of non-cash based social assistance programmes delivered on a small scale by the DSD (such as food parcels), the social assistance pillar of social security is dominated by cash transfer programmes.

The social assistance part of the social security system is sometimes referred to in the development literature and policy making circles focused on strategy for addressing poverty as the “social safety net” (Lund 1993; Van der Berg 2002; National Treasury Budget Review 2009). *Effective* strategy for reducing poverty, the literature on development argues, requires economic growth as well as investment in human capital to facilitate the poor benefiting from job creation linked to growth. The social safety net leg of a poverty fighting strategy is required to provide support to those who do not share in the benefits of growth and are poor, or vulnerable to falling into poverty (Van der Berg 2002:2)<sup>91</sup>.

Recently, the concept of social protection has become popular within the donor community working on poverty reduction strategy and the literature focused on measures to address poverty. This concept, like that of social security, has different meanings

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<sup>91</sup> The three pillar strategy for fighting poverty put forward in the World Bank’s *World Development Report 1990* provides an example of the way in which social transfers such as child targeted cash transfer programmes, fit into broader poverty fighting strategy in the traditional approach. The three-pronged strategy (cited in Van der Berg 2001:2) is as follows: Labour intensive economic growth; Improvements of the human capital of the poor; Creating a social safety net.

(Gentilini 2005; Barrientos & Hulme 2008). In general, it is used to refer to a far broader set of measures than that typically included under the social security label. This broader policy concept commonly includes: social security measures plus provision of subsidized or free social services such as health and education (including early childhood development programmes) and legal measures such as those relating to minimum wages (Devereux & Sabates-Wheeler 2004; Gentilini 2005; Adato & Bassett 2008&2009).

Cash transfers are either given to households as a unit because they meet particular vulnerability criteria or to vulnerable individuals (Adato & Bassett, 2008:11). Individuals commonly identified as most vulnerable and made the targets of social assistance are: children (infants and pre-school children as well as children of school-going age); the unemployed; the disabled; the temporarily ill who cannot continue their jobs while recuperating or undergoing under-going medical treatment; and the elderly (Van der Beg 2002:1).

Since the late 1990s the cash transfer programme has become increasingly popular as part of the response to poverty and HIV/AIDS in developing countries (Barrientos & DeJong 2004 & 2006; Adato & Bassett 2008; Barrientos & Hulme 2008). Adato & Bassett (2009:1) reflect on this trend as follows:

—...momentum is gathering around cash transfers, now found from El Salvador to Kenya to Bangladesh to Cambodia. In sub-Saharan Africa, national governments, donors, multilateral agencies, international and national non-governmental organizations (NGOs) are cooperating to pilot and roll out programs intended to reach hundreds of thousands of people within a few years. More than a dozen countries in southern and East Africa currently have cash transfer programs, most at early stages, and more countries are planning or considering them”.

The cash transfer social assistance measure has a long history in South Africa as the lead measure in government’s strategy to alleviate poverty. By providing cash to individuals who are incapable of earning an independent living the social grant programmes complement other anti-poverty interventions which build human capital (*e.g.* provision of education and health services) and meet other basic needs (*e.g.* housing, water and

electricity subsidies). Whilst the South African government has during the post 1994 period relied a great deal on cash transfers to alleviate poverty it has quite rightly stressed that job creation not cash is the most powerful tool in the fight against poverty (Siebrits & Van der Berg 2010:12-14).

Cash transfers have traditionally been regarded as mechanisms for protecting livelihoods. However, more recent research shows that such transfers can contribute to the achievement of sustainable poverty reduction if the recipients invest in income-generating activities, education, social networks and the acquisition of productive assets (Siebrits & Van der Berg 2010:21)<sup>92</sup>. South Africa's grants are not structured as livelihood-promoting interventions, being targeted at needy individuals who are not part of the economically active population. Since the late 1990s however, and increasingly over time, options of reform to enhance the potential for the South African grants to make a more sustainable contribution to poverty reduction has been one of the main issues of debate in grant policy making circles. The recent introduction of education conditions into the CSG, which is explained below, needs to be viewed in this context.

### **3. The Rossi *et al.* guide for tailoring a social programme evaluation**

Social programme evaluation is defined by Rossi *et al.* (2004: 29) as:

–The use of social research methods to systematically investigate the effectiveness of social intervention programmes in ways that are adapted to their political and organizational environments and are designed to inform social action in ways that improve social conditions”.

Rossi *et al.* (2004) begin by pointing out that there is no “one size fits all” approach for social programme evaluation. In the absence of such a toolkit they explain that the development of an appropriate evaluation design involves interplay between ~~the~~ nature

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<sup>92</sup> See Devereux & Sabates-Wheeler (2004 & 2006) for more on how cash transfers may promote sustainable poverty reduction.

of the evaluation situation and the evaluator's repertoire of approaches, techniques and concepts" (Rossi *et al.* 2004:32). A good evaluation design is described as "one that fits the circumstances while yielding credible and useful answers to the questions that motivate it" (Rossi *et al.* 2004:32). Rossi *et al.* (2004) describe their approach for tailoring a social programme evaluation in two parts: the aspects of the research design that require tailoring and the features of the programme and evaluation circumstance to analyze.

### **3.1 Aspects of the research design that require tailoring**

#### **The evaluation questions**

The first aspect of the research design identified as requiring tailoring is the research questions. Rossi *et al.* (2004:68&53) explain the importance of this aspect as follows:

—A set of carefully crafted evaluation questions... is the hub around which evaluation revolves....The essence of evaluation is generating credible answers to questions about the performance of a social programme...A carefully developed set of evaluation questions gives structure to the evaluation, leads to appropriate and thoughtful planning, and serves as a basis for essential discussions about who is interested in the answers and how they will be used. Indeed, constructing such questions and planning how to answer them is the primary way in which an evaluation is tailored to the unique circumstances associated with each program that comes under scrutiny".

Rossi *et al.* (2004) relate that there will always be a large number of possible questions that may be explored and that will be raised by different stakeholders. They also point out that no evaluation can, nor generally should, attempt to answer all. Instead the task for the researcher(s) is to select a sub-set of questions from the list of possibilities. Rossi *et al.* (2004:68-77) identify three features of good evaluation questions that should inform the selection. First, good research questions must be *reasonable* and *appropriate*. By reasonable Rossi *et al.* (2004:71) mean that the questions should be in line with what

analysis of the programme theory and structure suggests the programme should achieve.<sup>93</sup> By appropriate, Rossi *et al.* (2004:72) mean that the questions must be answerable, in other words it must ~~be~~ possible to identify some evidence or observables that can realistically be obtained and that will be credible as the basis for an answer". This generally requires developing questions that allow for developing measurable performance dimensions stated in terms that have unambiguous and noncontroversial definitions (Rossi *et al.* 2004:73). When the qualitative method is being used to shed light on programme performance then more open ended questions are appropriate. Second, good evaluation questions are, according to Rossi *et al.* (2004:69) useful ones in that they will generate information of interest to stakeholders involved in the programme. This implies that it is important for the researcher / evaluation team to engage with key stakeholders at the research design phase of the evaluation. The stakeholders that it is useful to consult will depend on the evaluation circumstance but generally they include policy makers and administrators involved in the programme, civil society organizations monitoring the programme, the group it is targeted at, as well as international experts on the programme in question. The views of the latter may be accessed by considering the academic literature on the programme to be evaluated, as well as on other similar programmes. Third, good evaluation questions, according to Rossi *et al.* (2004), are ones that are answerable with the research techniques and time available.

As is evident from the discussion so far, well-formulated research questions are specific to the programme being evaluated as well as to the circumstance of the evaluation. However, there is a generic aspect to evaluation question design. This Rossi *et al.* (2004) explain, flows from the fact that all evaluation questions typically deal with one of five general programme issues. These categories of questions may be found in Rossi *et al.* 2004:79-81 & 53-61). The first category is *Assessment of programme need questions*": These focus on the nature, magnitude and distribution of the social problem that the social programme is intended to ameliorate.

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<sup>93</sup> The need for research questions to be reasonable raises description and analysis of the programme theory as a critical part of the analysis that needs to be undertaken when developing the foundations for development of the research design to be used in a social programme evaluation.

The second category is *–Assessment of programme theory questions*”. Every social programme is based on some plan or blueprint that represents the way it is *–supposed to work*”. If the theory is faulty, the intervention will fail, regardless of how elegantly it is conceived or well it is implemented. Assessment of programme theory focuses on questions relating to the way it is conceptualized and designed. This type of assessment involves describing the programme theory in explicit and detailed form and then using various approaches to examine how reasonable, feasible and ethical it is. One of the methods raised by Rossi *et al.* to assess the reasonability of the programme theory is considering any existing research on the performance of the programme as well as that on similar programmes.

The third social programme analysis question category raised by Rossi *et al.* (2004) is the *–Assessment of programme process category of questions*”. Given a plausible theory about how to intervene to ameliorate the social programme in question the programme still needs to be implemented well to have a reasonable chance of actually improving the situation. Assessment of programme process focuses on undertaking analysis to answer questions about the fidelity and effectiveness of the programme’s implementation. It is common for the questions to be structured in relation to the service delivery goals as set out in the programme plan.

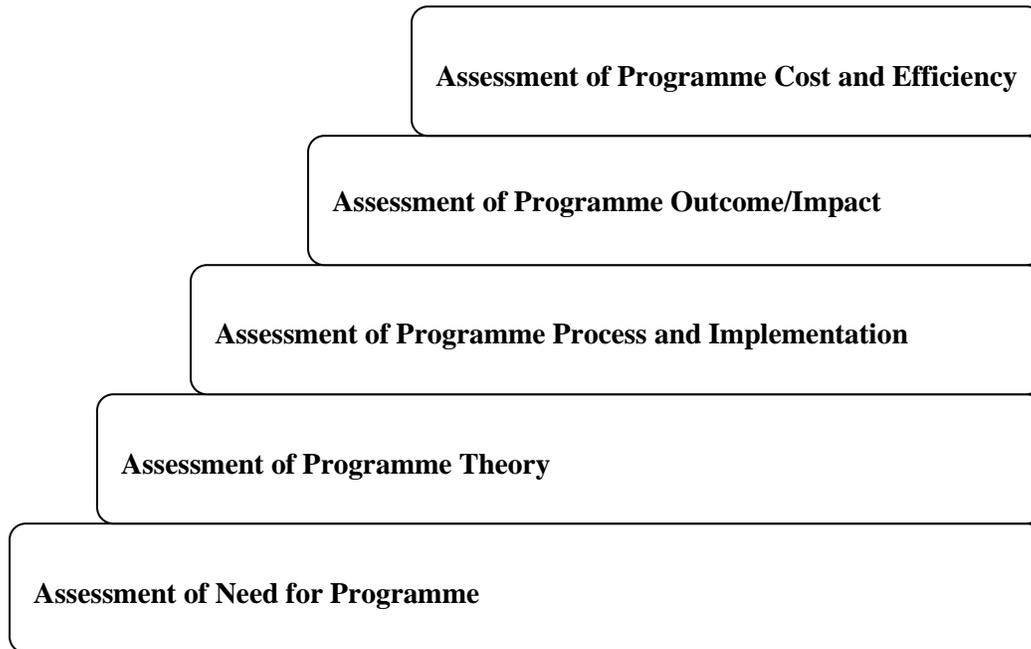
The fourth category is *–Impact assessment questions*”. An impact assessment, sometimes called an impact evaluation or outcome evaluation, gauges the extent to which a programme produces the intended improvements in the social conditions it addresses. Impact assessment asks whether the desired outcomes were attained and whether those changes included unintended side effects. A major difficulty in assessing the impact of any programme is that usually the desired outcomes can also be affected by factors unrelated to the programme. Accordingly, impact assessment involves producing an estimate of the *net effects* of a programme – the changes brought about by the intervention above and beyond those resulting from other processes and events affecting the targeted social conditions (Rossi *et al.* 2004:58). To conduct an impact assessment,

the evaluator must therefore design a study capable of establishing the status of program recipients on relevant outcome measures and also estimating what their status would be had they *not* received the intervention. An impact assessment is characteristically very demanding of expertise, time and resources and is often difficult to set up properly within the constraints of routine program operation (Rossi *et al.* 2004:59).

The final category is –*Assessment of programme efficiency questions*”. Finding through an impact assessment that a programme has positive effects on the target population is insufficient for assessing its social value. This is because its costs may be high relative to its benefits and / or there may be other programmes that could be implemented which would have greater impacts at lower costs. Efficiency assessment takes account of the relationship between a programmes costs and its effectiveness. It is important for questions about the efficiency of a programme to be asked and answered at some point in the programme’s life span because resources are limited and hence a programme’s benefits need to be judged against their costs as well as the costs and benefits of other programmes. However, like impact assessment, asking and answering questions about the efficiency of a social programme / doing a cost benefit analysis is very demanding methodologically (Rossi *et al.* 2004:60-61).

Rossi *et al.* (2004 suggest seeing the different categories of social programme evaluation questions as a hierarchy (Rossi *et al.* 2004) as shown in Figure 4.1. The hierarchy of questions used to structure the analysis of the CSG programme in chapter five is based on this but has one major difference which is explained in chapter five.

**Figure 4.1: The social programme evaluation hierarchy**



*Source: Rossi et al. (2004:80).*

The categories of questions in the first two levels of the hierarchy may be used on their own. However, as we move further up the hierarchy, inter-play between the questions at different levels becomes important. This is because it only makes sense to address questions about the programme implementation if it has been established that the theory is sound. Moreover, it only makes sense to make conclusions about impacts with prior knowledge about the extent to which a programme is well implemented. In addition, assessment of programme cost and efficiency presupposes prior analysis of programme outcome/impact (Rossi *et al.* 2004:80). In the initial stages of a programme's development, only the questions in the first two levels of the hierarchy are reasonable to ask. As the programme becomes older, it becomes rational to ask questions about and analyze data in relation to the programme's implementation and impact.

### **The methods and procedures that will be used to answer the evaluation questions**

The second aspect of the research design identified by Rossi *et al.* (2004) as requiring tailoring is the methods and procedures that will be used by the evaluator to answer the evaluation questions. Again, Rossi *et al.* (2004:33) point out that a large repertoire of social science research techniques and conceptual tools is available for conducting analysis to answer the questions posed. Moreover, they present the challenge for method selection as being to select methods that are practical –as well as capable of providing meaningful answers to the questions with the degree of scientific rigor appropriate to the evaluation circumstances” (Rossi *et al.* 2004:33).

The method used in this analysis of the CSG, namely review and analysis of the existing literature pertaining to the programme is identified by Rossi *et al.* (2004) as one of the simplest methods that may be used in the evaluation of a social programme.

### **The evaluator/stakeholder relationship**

Tailoring the relationship with programme stakeholders is the third aspect of the research design identified by Rossi *et al.* (2004) as requiring tailoring. Rossi *et al.* (2004:48) point out that every programme is a social structure in which various individuals and different interest groups are engaged in different roles and activities. The actors involved include: program managers who administer the programme; staff who deliver services; policy makers who decide whether the programme should be continued and reformed; the beneficiaries of the programme; non-governmental organizations and individuals who monitor the programme and advocate for changes to it; and politicians who may use the programme to further their own interests. Another role-player is the evaluation sponsor.

There are two reasons why it is important to interact with programme stakeholders when undertaking a social programme evaluation. The first is to ensure that the questions asked generate useful information for stakeholders. The second is to access information required in the analysis. The evaluator/ researcher relationship to the stakeholders is so central to the evaluation context and planning process that a special vocabulary has arisen to describe different circumstances (Rossi *et al.* 2004:51). These are:

- *The relationship in the independent evaluation.* In this type of evaluation the evaluator takes the primary responsibility for developing the evaluation plan, conducting the evaluation and disseminating the results. However, and as explained above, there is still interaction with stakeholders to direct question selection and gather necessary data. Stakeholders are also consulted at the information dissemination stage of the project.
- *The relationship in a participatory or collaborative evaluation.* In this case the evaluation is organized as a team project with the evaluator and representatives of one or more stakeholder groups constituting the team (Rossi *et al.* 2004:51). The participatory stakeholders are directly involved in planning, conducting and analyzing the evaluation in collaboration with the evaluator whose function might range from team leader or consultant to that of a resource person called on only as needed.
- *The relationship in an empowerment evaluation.* In this instance the evaluator-stakeholder relationship is such that the initiative, advocacy and self-determination of the stakeholders are emphasized. The emphasis is on building capacity of programme stakeholders and ensuring that the results of the programme are useful to them. Empowerment evaluation may involve either programme policy makers and/or administrators or programme beneficiaries. Most commonly, however, it involves those who generally have little power in the context of the programme, namely the programme recipients or intended beneficiaries (Rossi *et al.* 2004:51).

Rossi *et al.* (2004) explain that there is no one type of evaluator / stakeholder relationship suitable for all social programme evaluations. Rather, the evaluator (s)/researcher(s) should consider what is most appropriate for that particular circumstance.

### 3.2 Features of the programme and evaluation circumstance to be considered

Rossi *et al.* (2004:34) identify three main features of the programme and evaluation circumstance as requiring consideration when tailoring the research design for a social programme evaluation: (i) the purpose of the evaluation; (ii) the programme and evaluation circumstance; and (iii) the resources available for the evaluation. Directly below each of these features is briefly discussed before the application, in section 4 of the Rossi *et al.* (2004) guide to the case of the CSG programme and this evaluation.

#### **Purpose of the programme evaluation**

There are three common purposes of social programme evaluation (Rossi *et al.* 2004:34). The first is programme improvement. When this is the purpose the evaluation is called a formative evaluation (Rossi *et al.* 2004:34). In this case, there is a need for the researcher / evaluation team to work very closely with the stakeholders (programme administrators and/or policy makers and/or programme funders). The research design reflects closely the interests of the stakeholders involved in the programme. The second is accountability<sup>94</sup>. When this is the primary purpose it is commonly called a summative evaluation (Rossi *et al.* 2004:36). The findings of such evaluations are usually intended for decision makers who have major roles in programme oversight and /or the general public and / or advocacy organizations working in civil society. In this case the programme evaluator(s) usually function relatively independently in planning, conducting and reporting the evaluation, with stakeholders providing input but not participating directly in decision making. The third main purpose is knowledge generation. This is commonly the primary objective when the evaluation is undertaken by academic researchers. In this instance the relationship between the programme

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<sup>94</sup> The accountability motive for social programme evaluation needs to be understood in the context of taxpayers wanting to hold government accountable for spending their money and wanting to understand the extent to which their taxes are being spent on social programme that make meaningful contributions to society.

administrator and policy maker stakeholders is usually less close than in the evaluations that have one of the other purposes as their main motivations<sup>95</sup>.

### **The resources available for the evaluation**

Consideration of the resources available and used for the evaluation is raised by Rossi *et al.* (2004) as important when developing research design for a social programme evaluation because the questions that can be credibly answered will depend upon the resources available to the evaluator(s) / researchers. In their definition of the resources to be considered Rossi *et al.* (2004:46-49) include the team of evaluators (or fellow researchers) available to assist the lead investigator, access to information that stakeholders, including the programme administrators and policy makers have on the programme, other data sources on the programme's theory, process and impact, funding and time available for the evaluation.

### **The programme's theory and evaluation circumstance**

Rossi *et al.* (2004:38) stress that no two programmes will ever be identical with respect to their stage of development and history, organizational structure (theory) and/or the socio-political and administrative environment in which they operate. The programme and evaluation circumstance that Rossi *et al.* (2004) suggest need analyzing include: (i) the history and stage of development of the programme; (ii) the programme theory; and (iii) the policy debate and socio-political context surrounding the programme.

Understanding the programme history is raised as important because it provides the evaluator(s) with insights into the debates and concerns surrounding the programme at its time of introduction, many of which may still be relevant to the evaluation. Another reason why history is highlighted as important is because the questions in the higher tiers

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<sup>95</sup> Whilst these three types of evaluation may be distinguished, based on consideration of their purpose, there are of course instances where a combination of the motives may drive the evaluation and inform the research design.

of the evaluation question hierarchy, in other words on impact and efficiency, are only appropriate to ask if the programme has been in operation for some time.

With respect to the analysis of the socio-political context surrounding the programme and policy debates what Rossi *et al.* (2004:41) call for is for the researcher to work with the major programme stakeholders to establish their own definitions of what the programme is about, its goals and objectives, what the major debates about the programme are, and what evaluation questions should be addressed. (Rossi *et al.* 2004:41). It is highly likely, they explain, that different understandings of the programme's objectives and worth will emerge. There will also be different opinions about the worth of the programme, and the issues that need to be explored. The differences will be traceable, at least in part, to ideologies and politics.

Rossi *et al.* argue that whilst the researcher needs to hear the views of the different role players, he / she should then also develop an independent view of what the most important questions and issues to explore are, based on analysis of the programme theory and social science literature pertaining to the programme (Rossi *et al.* 2004:98). Gaining insight into the programme theory is highlighted by Rossi *et al.* (2004) as of the utmost importance because "it is a simple truism that if stakeholders (the researcher) do (does) not have a clear idea about what a programme is supposed to be doing, it will be difficult to evaluate how well it is doing it" (Rossi *et al.* 2004:44). Rossi *et al.* (2004:139-14) present a simple scheme that may be used to describe and analyze programme theory. This divides the programme theory into two components namely impact and process theory.

#### Programme impact theory

This consists of assumptions about the change process activated by the programme and the improved conditions that are expected to result. It is operationalised by the programme-target transactions, for they constitute the means by which the programme expects to bring about its intended effects (Rossi *et al.* 2004:139). The programme impact theory constitutes the essence of a social programme (Rossi *et al.* 2004:14). This

is because if the assumptions embodied in the programme theory about how desired changes are brought about by programme action are faulty, or if they are valid but not well operationalized by the programme, the intended social benefits will not be achieved.

Programme impact theory is a causal theory. Evaluators (see for example Chen, 1990; Lipsey 1993) typically represent a programme's impact theory in the form of a causal diagram that shows the cause-and-effect linkages presumed to connect a programme's activities with the expected outcome(s) of the programme. Because social programmes rarely exercise direct control over the social conditions that they are expected to improve, they must generally work indirectly by changing some critical but manageable aspect of the situation, which in turn, is expected to lead to more far-reaching improvements (Rossi *et al.* 2004:141). The distinctive features of any representation of a programme's theory are that each element is either a cause or effect and the causal linkages between the elements show a chain of events that begins with programme actions and ends with change in the social condition(s) the programme intends to improve. The events following directly from the instigating programme activities are its most direct outcomes and are often called proximal or immediate outcomes. Events further down the chain are less immediate and are called distal or ultimate outcomes. Achieving the programme's ultimate outcomes is dependent on achieving the proximal outcomes.

#### Programme process theory

This sets out the assumptions and expectations on which the programme's process is based. It has two separate elements, the organizational and service utilization plans: The organizational plan is articulated from the perspective of program management. It encompasses "both the functions and activities the program is expected to perform and the human, financial and physical resources required for that performance" (Rossi *et al.* 2004:142). Central to the organizational plan are the nature of the services (in this case benefit) that the programme is supposed to deliver to which target population in order to produce the intended social outcome(s). The first part of the programme's organizational plan will therefore usually be a description of the programme's objectives for the services (or benefit) that it needs to provide: what it is, how much is to be provided (or the level of

service); to whom; and on what schedule. The next level of the description commonly describes the level and skills of personnel required for service delivery, as well as the facilities and equipment required and funding (Rossi *et al.* 2004:145).

The service delivery or utilization plan is comprised of the programme's assumptions and expectations about how and why the intended recipients of a service will actually become engaged with the programme and follows through to the point of receiving sufficient services to initiate the change process represented in the programme impact theory (Rossi *et al.* 2004:142). Like the programme impact theory and organizational plan, the service utilization plan can also usefully be depicted in a flowchart that "tracks the various paths that programme targets can follow from some appropriate point prior to first contact with the programme through a point where there is no longer any contact" (Rossi *et al.* 2004:142). A particularly useful common feature of such a chart is that it assists the programme evaluator to identify the situations under which programme targets may find it difficult to engage with the programme as intended. This information can then be used to help design the questions used for evaluating the programme process (or implementation) in an evaluation of programme performance.

When a programme's theory is spelled out clearly in programme documents and well understood by staff and stakeholders the programme is said to be based on an articulated programme theory (Rossi *et al.* 2004:146). When the underlying assumptions about how the programme service(s) are presumed to accomplish their purposes have not been fully articulated and recorded in written administrative programme documents the programme theory is said to be implicit. In the latter case the researcher has to extract it based on analysis of written documentation relating to the motivation and design of the programme, speaking to individuals involved in shaping the design of the programme and government officials involved in raising awareness on the policy and process of the programme. Literature relating to the logic of other similar programmes is also useful for this purpose.

## **4. Application of the Rossi *et al.* guide: Description of the CSG programme and this evaluation circumstance**

### **4.1 Purpose of the CSG analysis and how resources shaped the evaluation design**

The purpose of the CSG programme analysis in this dissertation is to identify questions about the CSG programme that at this stage in the programme's development and current socio-political context are important to address. Moreover, to provide a synthesis view of findings and knowledge gaps in relation to these based on analysis of the existing literature on the programme.

The primary resources available and used in the evaluation were the author's time, existing research on the CSG programme and information supplied to the author by programme administrators, other programme stakeholders and policy makers. Chapter five identifies the studies on the CSG used in the analysis. It also describes the information and data supplied by administrators.

The selection of the literature review method for the CSG programme analysis was also informed by the fact that whilst there are a couple of literature review analysis of the CSG programme, there is none that has applied the Rossi *et al.* (2004) approach to evaluate the programme or answered a comprehensive set of priority questions that span the logic of the programmes impact theory, programme implementation, impact and programme design.

### **4.2 Background information on social assistance in South Africa useful for understanding debates surrounding the CSG**

#### **History of social assistance in South Africa: A summary**

The origins of the advanced social assistance pillar of the social security system, as well as the gap in it, which is the absence of a benefit for unemployed adults, can be traced to

the attempts to create a welfare state for whites in the apartheid era (Van der Berg 1997&2002; Devereux 2007).

Various racially differentiated cash transfer programmes were introduced between 1910 and 1950. These included the state old age pension (1928), grants for the blind and the disabled (1936 and 1937), the war veterans grant (1941) and family targeted grants, including the State Maintenance Grant (SMG), which was introduced in the 1930s. No grant was introduced to protect against unemployment because of job reservation for Whites and because the relatively higher education level and skill of whites assured this section of the population employment and income (Van der Berg *et al.* 2009:2). The Unemployment Insurance Fund (UIF) was the only mechanism to support the unemployed and this offered cover against cyclical unemployment. The vast majority in the black population was largely excluded from social assistance coverage until the late 1970s.

As Van der Berg *et al.* (2009:1) has explained, the main purpose of social security assistance in South Africa during the apartheid era was to protect Whites against various contingencies by means of social insurance, and when that failed, to provide social assistance to alleviate poverty. Devereux (2007) analyses the political underpinnings of social security in the apartheid era focusing on the state old age pension. He explains that the introduction of the state funded pension in the early 1920s needs to be understood as ~~an~~ attempt by government to buttress its power base by co-opting white labour and poor whites, following the threat to state power posed by the 1922 Rand Rebellion” (Devereux 2007:541-542). The deliberate exclusion of Africans (~~natives~~) reflected the view that pensions were unnecessary for this group because ~~native custom~~” would ensure that the community of African individuals took care of their own indigent (Devereux 2007:542). At the time the pension was introduced government ~~saw~~ little political gain, but significant fiscal cost, in incorporating disenfranchised natives into the new pension system” (Devereux 2007:542).

In 1943 a Social Security Commission was set up under the Minister for Social Welfare, Jan Hofmeyer to investigate the full range of social welfare programmes in South Africa. This commission “found it intolerable that any social welfare scheme should apply to white people only” (Devereux 2007: 543). It recommended that the pension be extended to cover Indians and “natives” (Africans) and that additional social assistance programmes be developed for other vulnerable groups. The 1928 Old Age Pension Act was duly amended. “The same range of benefits was extended to all South Africans – though not to South-West Africans – but at lower rates, the justification being that natives should receive lower benefits because they paid lower taxes and had a lower standard of living” (Devereux 2007:543). The African population was divided into three categories: city residents, town residents, and rural residents, each receiving a different maximum pension payment. Initially the monthly benefit values were 1 pound in cities, 15 shillings in towns and 10 shillings in rural areas. Moreover, until 1948 “rural or reserve natives” remained ineligible for the pension unless they were landless (Devereux 2007:542). Urbanized natives were entitled to receive the pension only if they could prove that they had lived in an urban area for five of the preceding seven years, that they had not been allocated land in a rural native area, and that their immediate family did not live in a rural area. As Devereux (2007:543) explains, these tests were designed to keep people from coming to urban areas to receive a pension. In 1965 the system of paying Africans living in cities, towns and rural areas different monthly pension benefit amounts was abolished because government feared it was encouraging African urbanization and undermining its policy of influx control (Devereux 2007:544). A related intention of this change in policy was to support the homelands policy (Devereux 2007: 544).

Whilst the differential in the benefit values paid to African pensions living in cities, towns and rural areas was abolished, the differential in the monthly benefit value paid to different racial groups remained. Devereux (2007:545) provides data on the size of the differences in monthly pension benefit values paid to White, Coloured and Indian persons for the years 1944 to 1975. During the 1970s, in part due to calls from opposition parties and welfare organizations, the racial discrimination in pension and other social grant benefit values began to be addressed and shrink (Van der Berg 2002; Devereux 2007).

Two plausible explanations for this policy change have been presented: On the one hand, and as Van der Berg *et al.* (2009:2) have argued, to legitimize the homeland system and tricameral parliament; on the other hand, to buy the compliance of a group it considered to be influential (Devereux, 2007:546). Due to fiscal constraints, the equalization of benefit levels, and expansion to African individuals was achieved by combining decreases in the real value of the maximum social pension received by whites with increases in the values received by blacks (Van der Berg *et al.* 2009:3). By 1993 the pension gap between the different racial groups in South Africa had been closed completely and discrimination in the application of the means test had been eliminated, with all the groups receiving roughly the same real grant value per beneficiary as was received previously by Coloureds and Indians.

A number of studies, both quantitative and qualitative, have confirmed the critical role that the pension played during the apartheid era in ameliorating deprivation, including amongst children. The quantitative evidence includes studies by Case & Deaton (1998) and Duflo (2003) both based on the SALRDU1993 data set and whose positive findings on the contribution of the pension to child deprivation reduction were reviewed in chapter two. In addition to the quantitative studies a number of qualitative studies refer to the contributions of the pension to reduction in severe deprivation amongst adults and children in poor households. (See for example the May 1998a&b report of the 1995 South African Poverty Appraisal and Ardington & Lund 1994&1995. The following conclusion, by Ardington & Lund (1994) is worth noting in this regard:

—...(Pensions are)...a significant source of income, with definite redistributive effects; they are a reliable source of income, which leads to household security; they are the basis of credit facilities in local markets, further contributing to food security; they deliver cash into remote areas where no other institutions do; they are gender sensitive to women; and they reach rural areas as few other services do”<sup>96</sup>

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<sup>96</sup> There are a number of other more recent studies that have shed light on the role of the pension in reducing poverty and child deprivation. These studies, which include one by Posel *et al.* (2006) and Ardington *et al.* (2009) are described later in the chapter in the discussion of the debate over the labour supply response to grants as well as in chapter 5 in the assessment of the reasonableness of the CSG impact theory.

A feature of the apartheid welfare system, linked to the creation of peripheral areas which became known as the Bantustans or homelands and were the major lynchpin of ‘separate development’, was its administrative complexity, duplication and fragmentation (Lund 2008:11). The four ‘independent states’ and six ‘self governing territories’ each had their own set of state and administrative apparatuses as if they were own fully functioning countries. The duplication in administration across the different ‘states’ was costly and led to variation in the efficiency of programme implementation across the country<sup>97</sup>.

Van der Berg (2002) provides estimates of the number of beneficiaries of social assistance benefits in 1993 and level of expenditure on each benefit by racial classification in 1990. These show that by 1993: (i) African individuals comprised the largest racial grouping amongst beneficiaries; (ii) The pension was the most common benefit received: Almost two thirds of beneficiaries received this grant; (iii) The pension comprised the largest share (67%) of social assistance spending.

With respect to the welfare service part of South Africa’s apartheid welfare system, for all except white children and their families living in urban areas, welfare services were largely non-existent. By 1995/96 R11.7 billion or four-fifths of the R13.8 billion social security budget was allocated to social assistance (Lund 2008:14). Only about 8% was allocated to subsidies for welfare organizations delivering services to vulnerable families and a small amount for direct welfare service delivery by the state (Lund 2008:14).

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<sup>97</sup> For example, on the administration side, by 1990 there were 17 state departments of welfare, coordinated by three others. Welfare for Coloured, Indian and White people was delivered as an ‘own affair’ through the three parliamentary houses of Representatives, Delegates and Assembly respectively. Welfare for African people in the common area of South Africa went through the four provincial administrations and there were ten departments in the homelands and independent states which effectively served African people only (Lund, 1993:6).

### **Constitutional and legislative framework governing social assistance in South Africa**

The South African Constitution includes the right of everyone to have access to ... social security, including if they are unable to support themselves and their dependents, appropriate social assistance” (Republic of South Africa 1996a: Section 27(1)(c)). The state’s obligation in relation to the rights in Section 26 and 27 of the Constitution including the right to social assistance, are qualified by a clause that says it should take reasonable measures, within its available resources, to achieve progressive realization of the rights. Hence, the South African Constitution is transformative in its nature: “...it does not simply place limits on the exercise of power...but requires collective power to be used to advance ideas of freedom, equality, dignity and social justice” (Brand 2005:1 cited in Van der Beg *et al.* 2009:17).

The Constitution provides that when interpreting the right to social assistance and the other rights in the Bill of Rights (BOR), the courts are obliged to consider international law. State obligations with respect to international law depend on which international rights instruments they have signed and hence are binding on them. South Africa has ratified the CRC, International Convention on the Elimination of all forms of Racial Discrimination (CERD), the Convention on the Elimination of all forms of Discrimination against Woman (CEDAW) and the African Charter on the Rights and Welfare of the Child (ACRWC) (Rosa *et al.* 2005:6).

The Constitutional Court has approached its role as the custodian of the socio-economic rights in the Constitution with circumspection and has been reluctant to impose additional policy burdens with significant budgetary implication on the executive (Ajam *et al.* 2004; Brand 2002; Liebenberg 2005) A handful of experts on the socio-economic rights in the Constitution have argued that there is a minimum core immediate delivery obligation as far as the rights are concerned (see for example Davis 2004; Liebenberg 2005). The evolving jurisprudence on socio-economic rights rejects this notion. The Constitutional Court has adopted, instead, a reasonableness approach that emphasizes “...rationality (non-arbitrariness); a demand for reasons backed up by evidence (justification); and

proportionality between means and ends, between advantages and disadvantages” (Pillay 2007:4 cited in Van der Berg *et al.* 2009:18).<sup>98</sup>

A number of human rights advocates have argued that in spite of the very rapid growth in expenditure on social assistance (see below) the executive and Constitutional court should have demanded more from the fiscus in terms of spending on the right to social assistance (Van der Berg *et al.* 2009:18). Moreover, that the low debt to GDP ratio in South Africa that prevailed in South Africa from 2000 up until the last two years meant that there was fiscal room for government to adopt a more expansionary approach to social assistance provision.

Up until 2004 the primary legislation giving effect to the right to social assistance was the Social Assistance Act 59 of 1992. This Act and the Regulations governed the administration of social assistance and gave responsibility for delivery to the Minister of Social Development and the department of Social Development. However, the Act was assigned to the Provinces via Proclamation R.7 of 1996 (Rosa *et al.* 2005:10). In 2004, the South African Social Security Agency Act 9 of 2004 was added as a primary piece of legislation governing the administration of social assistance. As explained below, this Act transferred the responsibility for the administration of social assistance to a national entity, the South African Social Security Agency (SASSA). Since 2004, this Act and the various regulations surrounding it (which have been updated a number of times to cater for policy changes) has been the primary piece of legislation governing the administration of social assistance, including the CSG programme.

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<sup>98</sup> Whilst the Constitutional Court has adopted a cautious approach to taking decisions that have major policy and fiscal implications (which it sees as the realm of the executive and legislative branch), it has not shied away completely from making judgments that have budgetary implications. For example, in *Minister of Health and Others v Treatment Action Campaign and Others* the Constitutional Court decided that government needed to roll out the provision of antiretroviral therapy beyond a couple of pilot sites, which had significant implications for the amount of funds that provinces needed to find to mitigate the impact of HIV/AIDS (Constitutional Court 2002).

### **The White Paper umbrella policy**

The *White Paper for Social Welfare* (Department of Welfare 1997) has served as the umbrella policy guide for the development of the welfare system in post apartheid South Africa. The White Paper defines social security as:

—a) wide range of public and private measures that provide cash or in-kind benefits, or both, first, in the event of an individual's earning power permanently ceasing, being interrupted, never developing, or being exercised only at unacceptable social cost and such person being unable to avoid poverty. And, secondly, in order to maintain children..." (Department of Welfare 1997).

The concept of shifting to developmental social welfare delivery and away from a welfarist approach is the main message of the White Paper. As Lund (2008:13) explains, there is a problem in the White Paper in that the concept of developmental social welfare is not clearly defined. However, it can be seen to embody a commitment to overcoming inequity and racial discrimination. Also, as aiming to stimulate movement away from provision of curative welfare services towards preventative programmes and towards linking welfare clients with opportunities for income generation (Lund 2008:13). In the words of Lund (2008:13)

—the White Paper was an attempt to break away from the stagnant and paternalistic old model of welfare, and aimed to be the pathway, for those in the under-resourced sector, into the 'new' South Africa' and into the Reconstruction and Development Programme through the support of the activities of community based grassroots programmes".<sup>99</sup>

The White Paper is its emphasized developing a partnership between government and civil society in social welfare delivery. As Lund (2008) and Haarmann (1999b) relate,

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<sup>99</sup> The Lund committee raised concern about the call for welfare agencies to shift towards the developmental approach. It argued that in the context of under-funding the heavy emphasis on welfare services creating work opportunities would deepen the crisis in statutory service delivery. It also cautioned government not to be too ambitious about the power of social welfare in relation to poverty reduction. Most particularly in this respect, it argued that the welfare department could and should not take on too great a responsibility in relation to job creation, skills development and other kinds of programmes that are seen to form a bridge out of poverty. This it argued was because other departments (such as agriculture, trade and industry, public works, labour and education) are better capacitated in this regard.

the Lund Committee met with much criticism from civil society for being insufficiently consultative in the process of the CSG policy development. It also met with criticism for suggesting a measure – the CSG programme – that was not sufficiently developmental.

Whilst the 1997 White Paper for Social Welfare laid out a new direction towards developmental social welfare and called for increased attention to be given to social welfare services relative to social assistance, it still committed South Africa to the continuation of social assistance as a cornerstone in poverty alleviation. Ironically, even if there has been some success in expanding social welfare service provisioning since the release of the White Paper, for example in increasing access to centre-based ECD programmes amongst poor children age 0-4 (see Biersteker & Streak 2008), social assistance has continued to dominate poverty alleviation measures (Poeggenpoel & Streak 2005; Gray 2006)<sup>100</sup>.

Informed by President Nelson Mandela's special interest in supporting poor children, the White Paper further entrenched the call, embodied in the special set of rights afforded children in the Constitution, for prioritizing children, particularly young children, in social security.

### **The institutional framework governing social assistance provisioning**

Schedule 4 of the Constitution lists welfare services as a functional area of concurrent national and provincial legislative competence. The White Paper for Social Welfare (Department of Welfare, 1997) proposed the following division of labour:

–National government is responsible for developing generic norms and standards for providing services, and for ensuring that uniformity in the performance of particular functions is maintained. Provinces are responsible, concurrently with the national department, for planning, development and providing services. However, where mutual co-operation between national and provincial departments is essential, powers are allocated concurrently”.

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<sup>100</sup> An area of service delivery that government has paid particular attention to developing over the last five years, as part of the EPWP, is expanding centre based ECD programmes for children age 0-4.

In practice, this boiled down to a separation between the policy, administrative and delivery aspects of the social assistance system: overall responsibility for policy and administration rested with the national DSD, while provincial departments managed the payment of social grants (Van der Berg *et al.* 2009:19). In 2004 the institutional arrangements for social assistance delivery changed with the promulgation of the South African Social Security Agency Act 9 of 2004 and creation of the national entity SASSA. SASSA's mandate is regulated by this Act. The Act gives SASSA responsibility for administration and service delivery of all social assistance programmes, including the CSG. The claims made with respect to the creation of SASSA are that it would reduce fraud and increase efficiency (including by ensuring sufficient funds are available for paying grant beneficiaries) (Budlender & Woolard 2006:7). Following the transfer of these responsibilities to SASSA, provincial social development departments have had responsibility only for the budgeting, administration and service delivery of social welfare services. National DSD still has responsibility for social security policy (social assistance and welfare services), including for development of legislation relating to social security. It also has responsibility for monitoring implementation.

Whereas prior to 2004 social development officials were the front line government officials who had the responsibility to interact with grant applicants and process their applications, SASSA officials now play this role (Dunkerley, personal correspondence, 2009). The SASSA officials operate both out of SASSA offices which are located throughout the country, as well as mobile units that serve remote areas. The SASSA officials are responsible for entering in all information related to grant applications. Once the data is entered the calculation of whether the applicant passes the relevant means test for the grant is done electronically. There is currently a process under way to introduce an electronic workflow system for the processing of grant applications. This system has standard questions that officials need to ask of grant applicants and is aimed at ensuring that all officials use the same procedure in dealing with grant applicants and that the procedure are in line with the Social Assistance regulations (Dunkerley, personal correspondence, 2009).

Both SASSA and DSD have responsibility for communicating to the public what grants are available and how to apply for them (Dunkerley, personal correspondence). The communication, which is vital for effective implementation of the grant programmes, is done via media (radio is thought to be most effective), pamphlets and officials interacting with non-governmental agencies and parliamentarians involved in social welfare.

The actual payment of grants is sub-contracted to private companies. Currently, three companies are involved in this regard: All Pay, Cash Paymaster Services and Empilweni. In addition, the SA Post Office (through Postbank accounts) and all the major banks are also involved in making the cash payments, although on a smaller scale (Dunkerley personal correspondence). Beneficiaries have a right to choose how they are paid. They can either be paid in cash (at pay points), or by an electronic payment, made directly to their bank account. All grant applications, including those for the CSG benefit, are accompanied by a consolidated affidavit confirming that all information supplied is true. With respect to the application for the CSG the particularly important pieces of information that the affidavit confirms are who the child's primary caregiver is and the level of income of his/her primary caregiver's income (Dunkerley, personal correspondence, 2009). At present, police officers are the primary officials who sign these affidavits. A process is underway to give SASSA officials the power to sign these affidavits (which should save resources for the state and time spent by applicants on the application process).

SASSA was created to promote efficiency and improve service delivery in the social assistance system, mainly by improving coordination and raising administrative standards. It is envisaged, for example, that consolidation and standardisation of contracts with grant payment contractors (which account for 76 per cent of total payments to beneficiaries) would reduce the administrative costs of providing social grants (National Treasury, 2008 cited in Van der Berg *et al.* 2009:18). SASSA also has made a concerted effort to combat fraud by cleaning up its records of the recipients. Among other initiatives, regular audits of the social pension system (SOCPEN) were introduced.

The Social Assistance Act of 2004 established an independent Inspectorate for Social Assistance, funded by money appropriated by Parliament, to combat abuse of the social assistance system and to audit compliance by SASSA with regulatory and policy measures and instruments (Van der Berg *et al.* 2009:19). SASSA and DSD do not monitor how the grants, including the CSG, are spent. However, if a case of suspected misuse is reported to SASSA or DSD, SASSA has the responsibility to investigate and may appoint an alternative person to receive the grant on behalf of the child (Dunkerley, personal correspondence 2009).

Prior to the establishment of SASSA the budgeting responsibility for social assistance *and* welfare service programmes rested at the provincial level. Provinces had to budget for social assistance out of their own revenue, which comprised largely of their equitable shares, allocated to them via the horizontal division of revenue<sup>101</sup>. The formula for the division of the provincial equitable share allocation among the provinces contained a welfare component — based on the estimated numbers of people entitled to grants weighted by means of a poverty index derived from the Income and Expenditure Survey. Critically, whilst the horizontal division of revenue included a formula for the welfare component (and other primary service delivery functions of provinces), the provinces have discretion over how to allocate their equitable share revenue once it is allocated. This was problematic in that it left open the door for provinces, due to projections of uptake being greater than anticipated or prioritising other service delivery responsibilities, to allocate amounts that were too little to meet the demand for grants.

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<sup>101</sup> In South Africa, all the revenue that is collected (on an annual basis) by government is collected into one fund, the National Revenue Fund (NRF). On an annual basis, at the beginning of government's financial year (which begins on 1 April), funds are first set aside from this fund to pay for contingencies and debt (this is known as the top slicing of the NRF). After this, the funds are split into three portions, one allocation for national government, one for provincial governments and one for local government. This division of the NRF is known as the vertical split. The funds allocated to provincial and local government are then further sub-divided into shares (known as the horizontal shares) for each of the nine provinces and 284 municipalities.

In most provinces, for most years, sufficient funds were allocated to meet demand for social grants. However, there were a couple of instances in which provinces allocated too little to meet demand. For example, in January 1998, Eastern Cape ran out of money to pay pension entitlements (Wehner & Streak, 2002:20). This led to litigation and calls from some human rights advocates for the social assistance budgeting function to be removed from provinces and transferred to the national level (Wehner & Streak 2002:20).

With the creation of SASSA the budgeting responsibility for social grants has been transferred to the national level, and now provinces only have responsibility for allocating funds for the social welfare service component of social security. In terms of the present budget framework, social assistance transfers are shown in the Comprehensive Social Security Framework programme on the budget of the department of social development, from where it is transferred to SASSA for disbursement. The provincial equitable share formula was amended accordingly by scrapping the welfare component and re-weighting the other components.

Three broader sets of reforms during the past decade or so have affected the budgetary framework governing social assistance. The first is the introduction of the Medium Term Expenditure Framework (MTEF) approach to budgeting. Under this framework, which began with the presentation of the Medium Term Budget Policy Statement (MTBPS) in late 1997, the national treasury presents a mini, pre-view budget (the MTBPS) around three months ahead of the Budget (presented in February) and presents fiscal policy, expenditure and revenue projects for a three year rolling budgeting cycle. This system was introduced to bring greater certainty and efficiency to programme planning and implementation.

The second reform is the promulgation of the Public Finance Management Act (PFMA) of 1999 which was represented as a major step to increase the transparency and accountability of fiscal policymaking in South Africa. The Act emphasises regular financial reporting, sound internal expenditure controls, independent audit and supervision of control systems, improved accounting standards and training of financial

managers, and greater emphasis on outputs and performance monitoring. Furthermore, it compels the South African fiscal authorities to disclose their longer-term objectives and views about future trends in fiscal policy annually, along the lines of the existing medium-term budgeting framework.

The third reform is the introduction, also in the late 1990s, of a performance based approach to budgeting. Within this system, government departments present their spending plans with performance indicators that show past performance as well as future goals for programme outputs and outcomes. This shift is part of the international movement towards an evaluation culture in public sector management. The embracing of the programme evaluation culture in the South African public sector is seen in the recently released white paper of the Presidency titled *Improving Government Performance: Our Approach* was released by the Presidency (see Presidency, 2009).

### **Nature and scope of social assistance and the growing contribution of the CSG**

As mentioned above, the social security system in South Africa, particularly its social assistance pillar is advanced by developing country standards. Social assistance is dominated by cash transfer programmes.<sup>102</sup> Three of these are targeted at children and four at adults. The main cash transfer programmes are: (i) the pension; (ii) the War Veterans Grant; (iii) the Disability Grant; (iv) Social Relief of Distress; (v) the Grant-in-Aid; (vi) the Foster Care Grant; and (vii) the Child Support Grant. Table 4.1 shows beneficiary numbers for these programmes for the years 1998, 2003 and 2009. It shows that the number of beneficiaries has grown rapidly since the late 1990s and that the CSG programme has been the driving force in this expansion. By April 2009 CSG programme beneficiaries constituted 65% of all the social grant beneficiaries. The CSG programme has grown so much in beneficiary number terms that it is now the largest cash transfer programme targeted at children in poor households in the world (see Adato & Bassett 2008:31-32).

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<sup>102</sup> There are a couple of government funded programmes that offer in kind support but these operate on a very small scale and there is not uniformity in the implementation of these across provinces.

**Table 4.1: Cash transfer beneficiaries in South Africa: April 1998, 2003 and 2009**

Grant	April 1998	April 2003	April 2009
State old age pension	1 697 725	2 009 419	2 324 615
War veterans grant	10 525	4 594	1 649
Disability grant	660 528	953 965	1 404 884
Grant-in-aid	9 183	12 787	-
Foster care	43 520	138 763	487 510
Care dependency	8 172	58 140	105 909
Child support grant		2 022 206	9 061 711
Total	2 429 653	5 808 494	13 386 278

*Source: Van der Berg et al. (2009) for 1998&2003. National Treasury (2009a) for 2009.*

The cash transfer programmes are financed by government. Table 4.2 provides data on expenditure by grant type.

**Table 4.2: Expenditure on the five main social assistance programmes (Rand), 2006/07 - 2008/09**

Grant	2006/07	2007/08	2008/09
State old age pension	19 527 000 000	21 289 000 000	22 889 023 222
War veterans grant	28 000 000	25 000 000	21 846 094
Disability grant	14 099 000 000	14 261 000 000	15 281 021 331
Foster care	1 996 000 000	2 851 000 000	3 391 528 413
Care dependency	916 000 000	1 006 000 000	1 154 757 382
Child support grant	14 142 000 000	17 559 000 000	19 625 631 872
Total	50 708 000 000	56 991 000 000	62 363 808 317

*Note: SASSA did not supply data for two other grant programmes, which are smaller in budget and beneficiary number terms, namely the social relief of distress and grant in aid programmes.*

*Source: Supplied by a SASSA official to the author on 30 October 2009.*

The CSG does not, due to the relatively small magnitude of its benefit, dominate social assistance outlays (Siebrits & Van der Berg:5-6). The CSG budget is the second largest of the cash transfers, after the social pension. Expenditure on the CSG as a portion of

total cash transfer budget rose from 29% in 2006/07 to 31% in 2008/09. The total amount of spending on grants as well as the share of the CSG in grant spending continued to rise after 2008/09. The 2010/11 Budget provided for social assistance expenditure of R89 368 million, of which R34 058 million (38.1%) was for pensions and R30 860 (34.5%) for child support grants (Siebrits & Van der Berg 2010:6).

Table 4.3 shows the benefit levels for the different programmes for the years 1999 to 2009 for the month of April. Focusing on the CSG it may be seen that the grant was R100 per month from April 1998 to March 2001. In April 2001 the benefit level increased to R110 and thereafter its value increased, usually twice a year, in October and April. In October 2009 the value of the CSG had risen to R240. In April 2010 it was R250. The purchasing power of the CSG has increased markedly in real terms since its introduction in 1998 (Siebrits & Van der Berg 2010:7)<sup>103</sup>.

Table 4.4 presents data on provincial cash transfer programme expenditure. KwaZulu-Natal, Eastern Cape and Limpopo have the highest shares of South Africa's cash transfer expenditure. Data on provincial shares of CSG expenditure is presented in chapter five.

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<sup>103</sup> Having said this, in the 2010 Budget Speech, in announcing the increase in the value of the CSG by R10, from R240 to R250, Finance Minister Gordon acknowledged that the increase this time round was less than the inflation rate. This he pointed out was due to the costs associated with the increase in the age of eligibility for the grant (National Treasury 2010a). The small increase also needs to be understood in the context of the tight fiscal position of government brought on by the international recession (see below).

**Table 4.3: Monthly nominal grant values (Rand) for the five main social assistance programmes, 1998 - 2010**

	Old age pension	Disability grant	War veterans	Foster care grant	Care dependency	Child support Grant	Grant in aid
April 1999	520	520	538	374	520	100	94
April 2000	540	540	558	390	540	100	100
April 2001	570	570	588	410	570	110	110
April 2002	640	640	658	460	640	140	130
April 2003	700	700	718	500	700	160	150
April 2004	740	740	740	560	740	170	170
April 2005	780	780	780	590	780	180	180
April 2006	820	820	838	590	820	190	180
April 2007	870	870	890	620	870	200	200
April 2008	940	940	960	650	940	210	210
April 2009	1 010	1 010	1 030	680	1010	240	240
April 2010	1 080	1 080	1 100	710	1 080	250	250

*Source: Van der Berg et al. (2009:35) for 1999-2008, National Treasury 2009a for 2009 and National Treasury 2010b for 2010.*

**Table 4.4: Social assistance expenditure by province (Rand), 2006/07- 2008/09**

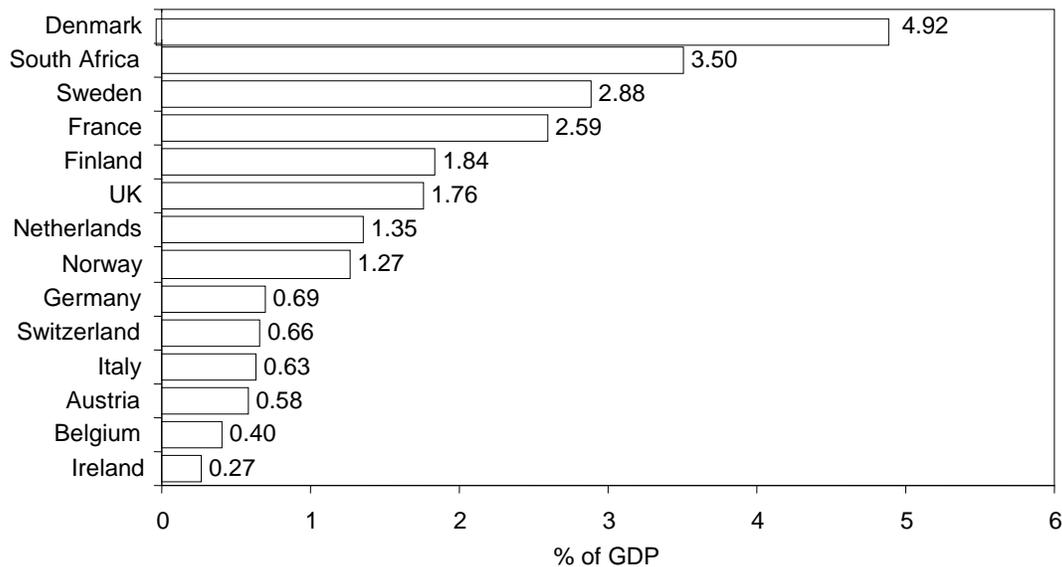
Province	2006/07	2007/08	2008/09
Eastern Cape	9 396 912 071	10 610 789 831	11 635 947 457
Free State	3 357 657 446	3 763 363 042	4 125 125 873
Gauteng	5 940 028 035	6 683 012 804	7 318 734 170
KwaZulu-Natal	12 282 632 322	13 782 547 258	15 102 870 446
Limpopo	6 776 592 485	7 705 604 896	8 439 983 830
Mpumalanga	3 484 372 850	3 944 400 017	4 322 290 222
Northern Cape	1 332 488 941	1 481 674 466	1 621 761 316
North West	4 222 075 851	4 746 567 908	5 184 221 166
Western Cape	3 915 239 995	4 324 039 773	4 716 045 883
Total	50 708 000 000	57 032 000 000	62 466 980 368

*Note: Expenditure on the social relief of distress and grant in aid programmes is included in this table which explains the difference in totals across Tables 4.3 and 4.4.*

*Source: Supplied by SASSA to the author on 30 October 2009. Department of Social Development obtained data from a SASSA official.*

The scope of social assistance in South Africa can be gauged by considering the number of beneficiaries who receive a benefit every month relative to the size of the population: The estimated number of beneficiaries for April 2009, of 13 million (National Treasury 2009a:90), is just over a quarter of the population. It can also be seen by comparing the proportion of GDP spent on social assistance in South Africa with that in other countries. Figure 4.2 presents such data.

**Figure 4.2: Social assistance spending as % of GDP (Western Europe 1980; SA 2006)**



*Source: Van der Berg et al. 2009:4.*

Whilst cash transfers have been gaining ground as an instrument to support the poor, social protection experts caution that cash transfers are not a panacea and need to be implemented as part of a wider package of measures (see Sabbarao *et al.* 1997; Tabor 2002; Barrientos & DeJong 2004&2006; Grosh *et al.* 2008).

Expansion of the cash based social assistance system, most notably through the CSG programme, has been the primary thrust in government's strategy to alleviate poverty during the post apartheid period. However, and as explained in the introduction, a

number of additional measures, targeted specifically at children, were introduced in the post apartheid period to support poor children. These include: the primary school nutrition programme; the school fee exemption policy; the programme to provide free primary health care to children under six and pregnant women; and subsidies paid to ECD centers by the DSD for children age 0-4 years whose caregiver passes an income means test. In addition to this, poor children have also benefit from a handful of non-cash based social protection programmes targeted at poor households, families or adult individuals. These include: the free basic water programme; free primary health care programme; the expanded public works programme; and the housing subsidy scheme.

Another programme worth mentioning in describing the context surrounding the CSG programme, is the Flagship Programme for Women and Children under five. This programme, which offered work opportunities to women with children less than five years of age, was introduced in 1996 as a pilot programme to test the administrative requirements and potential impact of a welfare programme embodying the principle of developmental social welfare. As Lund (2008) explains, whilst the programme, which was terminated after three years, did contribute to alleviating poverty in a small number of households, the majority of social policy planners, including those on the Lund Committee (see below) realized that relative to a cash transfer programme it would be expensive and difficult to roll out at the scale required by the child poverty crisis in South Africa.

### **Government's budget position and the concern over grant payment sustainability**

The rapid growth and size of social assistance has given rise to concern about its longer-term sustainability, both within and outside government (Siebrits & Van der Berg 2010:8). Siebrits & Van der Berg (2010:8-9) show that the fiscal position of government remained sustainable during the ten year period in which the CSG was initiated and expanded (i.e. from 1998–2008). This was the case in spite of the rapid growth in spending on the CSG and other social assistance programmes like the foster care grant and disability grant. The ability of government to expand social assistance within the context of a low government budget deficit to GDP ratio was facilitated by the fiscal

prudence measures implemented under GEAR as well as efficiency in tax revenue collection. In the words of Siebrits & Van der Berg (2010:8):

—From 2001 until 2007, the combination of rapid revenue growth and steady decreases in the interest payments on public debt made it possible to increase the GDP shares of almost all functional spending categories in the context of an expansionary fiscal policy stance which raised general government expenditure from 30.3 percent to 32.1 percent of GDP. Hence, in contrast to the period from 1995 to 2000 ...the expansion of social security spending from 2001 until 2007 did not require compensating reductions (as percentages of GDP) in expenditures on other general government functions”.

The recent global financial crisis has dramatically changed the fiscal situation in South Africa (Siebrits & Van der Berg 2010:10). In the context of a slowdown in economic activity and reduced tax revenue and the need for countercyclical outlays and the capitalization of Eskom, the budget balance of government deteriorated, from a surplus of 0.9 percent of GDP in fiscal year 2008 to a projected deficit of 7.3 percent in fiscal year 2010. National government gross loan debt is projected to reach 43.1 percent of GDP in fiscal year 2013 up from 27 percent in 2009 (Siebrits & Van der Berg 2010:10). The tight budgetary position of government has made fiscal consolidation in the short to medium term unavoidable. Furthermore, and as explained by Siebrits & Van der Berg (2010:11) —The adjustment imperative clearly will leave no room for the introduction of costly new social assistance initiatives between 2011 and 2013. In spite of the need for fiscal consolidations, government remains committed to the extension of the CSG to eligible children up to their 18<sup>th</sup> birthday during this period (Siebrits & Van der Berg 2010:11).

### **4.3 International debates on the cash transfer programme targeted at children**

Four main issues of debate are identifiable in the international literature relating to the cash transfer programme targeted at children in poor households. These debate areas, which are useful for understanding the debates surrounding the CSG, facilitating understanding of the questions to be asked of the programme as well as for answering policy questions raised by the analysis in chapter five, are outlined below.

### **International debate issue one: Targeting merits, mechanisms and costs**

The first issue of debate in the literature is on targeting. Here the focus is on the questions of the merits of offering a universal or means-tested benefit; and if the latter, what the most appropriate targeting mechanism to use is and what costs are associated with targeting (Tabor 2002:4; Lund 2008:84; Bassett 2009:1).

A universal programme provides a flat-rate cash benefit to all individuals in the vulnerable population it is designed to support without regard to their income, employment or means. Means-tested programmes offer the benefit to only a certain portion of the particular group (say children or children age 0-6). In the words of Lund (2008:84): “Targeting signifies the prioritizing of certain groups or individuals to receive or to be excluded from certain interventions”. The rationale for targeting is that it channels the resources allocated to the child poverty relief programme to those most in need (Van der Berg *et al.* 2009:10). As Lund (2008:84) has argued, targeting is also the product of a mindset of the “deserving poor”.

There are two major concerns when targeting: to reach *only* the particular targeted group and to reach *all* in the particular group targeted (Lund 2008:84). Related to this there are two main errors that may arise in targeting: (i) errors of *inclusion* which occur when there is a leakage of funds meant for the poor to those who are not poor (Van der Berg *et al.* 2009:10); (ii) errors of *exclusion*, which occurs when some of the targeted population that is classified as poor and “deserving” is excluded. There are three main reasons for errors of exclusion (Barr 1993). These errors, which are useful for understanding exclusion errors in the CSG programme, are ignorance or misinformation, inconvenience and stigma.

Four main targeting mechanisms may be identified (Van der Berg *et al.* 2009:10). The first is means testing. This involves delivering programme benefits only to individuals, households or families who pass an income means test. This is the mechanism generally used to target the grants in South Africa. It is the most demanding of the four mechanisms to implement effectively but it has the advantage of generally yielding less

inclusion errors than the other mechanisms. Means testing may take many different forms, with different weights assigned to means, needs and income tests, as well as to family savings and other resources (Tabor, 2002:5). The method used in South Africa involves screening applicants based on the applicant supplying written proof of his/her means often via a signed affidavit<sup>104</sup>. The second targeting mechanism is the categorical targeting method which involves targeting programme benefits at a category of the population known to be particularly vulnerable and in need of the benefit in question. The third is the geographical targeting mechanism which involves targeting the programme at certain areas because they are seen to house many of the poor. The fourth is self targeting. This mechanism involves setting the benefit in a way (for example at a very low level) that discourages people from applying for it and hence ensures only the very poor, or those desperately in need, will apply for it.

The following are the types of targeting costs commonly raised in the international literature (see Sabbarao *et al.* 1997:21; Van der Berg *et al.* 2009:10):

- *Administrative costs*: These costs, which typically amount to between 3 and 10 percent of the benefit value, tend to increase with attempts to improve the accuracy of targeting.
- *Moral hazard and other incentive costs*: These are the costs of undesirable changes in behavior of potential beneficiaries that may result from targeting. An example is the cost associated with people not working in order to claim the pension or disability grant in South Africa.
- *Stigma*: This is the cost associated with people refusing to apply for a grant because they do not want to be classified as being dependent on welfare<sup>105</sup>.

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<sup>104</sup> Another method is the proxy means test method. This involves screening based on a range of proxy variables found to be correlated with income. A third is community based means testing is another method that is used. In this method the community reaches consensus about which households or families should be included or excluded based on means (Adato & Bassett, 2008& 2009)

<sup>105</sup> A recently conducted qualitative study on the child grants in Namibia that the author was involved in found some evidence of this cost amongst individuals eligible for the state maintenance (see Roberts *et al.* 2009).

- *Political economy costs:* The political support for a grant targeted only at very poor people may be less than that of a grant reaching a larger group as is the case with the South African pension (Van der Berg *et al.* 2009:11).

In spite of the costs associated with targeting, targeted social assistance programmes are commonly chosen over universal ones for political economy reasons. As will be seen in the next chapter, this applies to the CSG programme.

### **International debate issue two: Impact on incentives and behavior**

Another issue that is debated in the international literature and policy making circles is how the child focused cash transfer impacts on behavior (which occurs through it changing incentives). In this regard, the behavioral effect that has received most attention in debates over the cash transfer programme targeted at *children* in poor households is how it effects individuals' attitudes towards preventing pregnancy and linked to this its impact on fertility (Fiszbein & Schady 2009:16). On the one hand some authors (see for example Van der Berg *et al.* 2009) point out that decision to have children is informed by a range of factors, and few individuals would, unless the benefit is of a very high level relative to what is available to individuals, fall pregnant to access the grant. However, at the same it is pointed out that it is reasonable to expect that at the margin some women may become less cautious about falling pregnant.

There are two other potential behavioral effects of the cash transfer targeted at children that are raised in the literature and in policy discussion relating to the child focused cash transfer. The first is how it may affect the labour supply of adults in the recipient households, including through migration. As Ardington *et al.* (2009) explain, there are two arguments made about how this may occur. The traditional one, which is the one that was found most until very recently in the literature relating to pension in South Africa, is that in the context of pooling of the transfer, we may expect prime aged adults to increase their leisure (reduce their work) due to leisure becoming cheaper. The alternative, more nuanced and newer argument, explained well by Ardington *et al.* (2009), is that by allowing households to overcome credit constraints and enabling

households to bankroll potential migrants or potential work seekers, who need financial support to look for jobs, social transfers may promote employment and help households break out of poverty traps.

As was seen in the review of the literature on intra-household resource allocation in chapter two, econometric studies on the labour supply effect of South Africa's *pension* have found support for the argument that cash transfers increase labour supply by facilitating migration. To recap from this chapter, Bertrand *et al.* (2003) find, using the cross sectional nationally representative PSLSD1993 data, that prime-aged adults living in three generation households with pensioners have significantly lower rates of labour force participation than do those in three generation households without a pensioner. They conclude that “the pension dramatically reduces the labor supply of the prime-age members of the household” (Bertrand *et al.* 2003 cited in Ardington *et al.* 2009:23). Using the same data, Posel *et al.* (2006) argue that the labor supply effects are more nuanced—households with pensioners may be observed with lower labor force participation among resident prime-aged members, but these households are significantly more likely to have members who have migrated either to work or to look for work. These authors argue that this effect may be due to credit constraints or the need potential migrants have for an adult to be at home to care for children left behind—a role that could be played by pensioners. It is only female pension eligibility that is found to be associated with migration in search of work and it is women who are the migrants. Posel *et al.* (2006) suggest that women are able to migrate to cities in search of work because firstly the pension helps overcome a credit constraint that prevents prime age women from migrating to urban areas and secondly availability of female pensioners (grandmother's) in the household from which migrants move provides migrants with carers to look after children in the rural home.

Using longitudinal data gathered by the Africa Centre at the Demographic Surveillance Site in Hlabisa in KwaZulu-Natal Ardington *et al.* (2009) find like Posel *et al.* (2006) a small, positive increase in the employment of prime-aged adults once pension receipt begins in the household. This is due to their inclusion of migrants in the analysis. They

find that prime-aged adults are significantly more likely to be labour migrants after pension receipt begins in the household. On the flip side, they find that individuals in households that lose pension eligibility between rounds of the survey are significantly less likely to be labor migrants once the pension is lost. Ardington *et al.* (2009:22) argue that their results –suggest that the pension plays a large role in lessening both credit and childcare constraints, allowing prime aged adults to migrate for work”. As explained in chapter two, in Ardington *et al.*'s analysis found pension receipt by women to increase the likelihood of labour migration amongst prime aged women and men. However, pension receipt by men was found to only increase the likelihood that men would migrate.

It needs to be borne in mind when thinking about the implications of these findings for the impact of the CSG and future research priorities in this regard that these labor supply effects have been found for a grant that is of a much higher magnitude than the CSG. This is a point returned to in the conclusion to the thesis in the discussion about future research priorities on child poverty and the CSG programme.

The third behavioral affect of the cash transfer programme which like that on its labor supply effects has received most attention in debates over the transfer targeted at adults, is how it affects household composition and living arrangements by changing incentives around where to reside. Again, this behavioral affect has been studied by researchers using data on the social pension<sup>106</sup>. As examples of this research, Edmonds *et al.* (2001) use a semi-parametric regression discontinuity estimator and exploit an age discontinuity in the benefit structure of South Africa's Old Age Pension Program to estimate the household structure behavioural effects of the pension. Their analysis is based on Census 1996 data. They find modest but meaningful changes in the household structure surrounding elderly black South Africans and variations in the household structure response depending on the gender of the pension recipient. In this regard they find that

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<sup>106</sup> The pension has received so much attention in the empirical research on the behavioral effects of cash transfer programmes due to its large monthly benefit value - its value is about twice the level of median African per capita income (Klasen & Woolard 2008:12).

when a woman becomes pension eligible there are increases in the presence of *young* children and declines in the presence of women in their 30s. In the words of Edmonds *et al.* (2001:2):

—..the dynamics for children vary with the gender of the pension recipient. The pension eligibility of men increases the presence of children (especially boys) ages 6-17. For pension eligible women, we see increases in young children (under 5) and in women ages 18-23. It is somewhat difficult to interpret these gender differences, but they are consistent with the widely held notion in South Africa that grandmothers help shelter and care for young children”.

As another example of this research is a study by Klasen & Woolard (2008). These researchers use a range of South African household surveys to explore the reasons behind the high level of unemployment in rural areas in South Africa.<sup>107</sup> Treating the level of employment as exogenous and household structure as endogenous their analysis suggests that the existence of the pension and the way in which household structure develops around it is one of the reasons why there is such a high unemployment rate in rural areas. Their analysis suggests that the pension affects household composition by young household members, in the context of high unemployment and limited prospects of finding work, delaying setting up their own households in order to share in the pension. Their analysis also shows that in some cases young adults who become unemployed move back to rural areas to benefit from pensions flowing into households in which they have relatives. Klasen & Woolard’s (2008) analysis finds further that the way in which the pension acts as a magnet, attracting unemployed individuals who would otherwise be destitute, means that the pension benefit has to support very many indirect beneficiaries inside rural households which throws such households into deep poverty. A particularly concerning perverse incentive effect raised by Klasen & Woolard’s (2008) analysis of the factors behind high rural unemployment in South Africa and the household formation

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<sup>107</sup> Most of their descriptive data come from the LFS2004 and the GHS2006, while most of the econometric analysis is based on the OHS1995 linked to the IES1995 or the PSLSD1993, as only these older surveys have all the required information on household structure, location, employment, reservation wages and incomes that are needed for the econometric assessment. For the econometric analysis the first and second round of KIDS are also used.

affects of the pension in this regard is that the way the pension leads unemployed individuals to base their location decisions on the ability to benefit from cash transfer support (in the form of the pension) relative to consideration where they are most likely to find a job, may lower the likelihood of unemployed youth finding employment.

### **International debate issue three: The merits of conditionality**

This debate is over the merits of linking the cash transfer aimed at supporting poor children to behavioral requirements that need to be met on an ongoing basis to continue receiving the benefit. There are two main types of child focused conditional cash transfer programmes. In the first, the cash transfer to households with children is linked to human capital development behavioral conditions such as participation in education and health programmes. In the second the cash transfer is linked to the condition that the adult recipient participates in specified work or work search activities. The arguments on the merits of each programme are presented below. However, the focus is on the former kind of programme as this is the one that has been focused on in the debate over CSG policy in South Africa.

#### The merits of linking the cash transfer to human development conditions

In the late 1990s, at around the same time as the CSG programme was introduced in South Africa, two Latin American developing countries, namely Mexico and Brazil, began to experiment with this version of the child focused cash transfer programme<sup>108</sup>. The programmes in these two countries, currently known as Progressa (initially known as Oportunidades) and Bolsa Familia (formerly Bolsa Escola) are the two that are most well known today. However, a number of other countries followed the lead of these two countries and introduced similar programmes and other examples are found in countries such as Colombia, Jamaica, Nicaragua and Honduras (Rawlings & Rubio 2005:31-32).

There are slight differences in the design features of the programmes implemented across countries and in how they fit into their social protection systems. However, they all share

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<sup>108</sup> As Lund *et al.* 2008 notes this cash transfer programme model has a long history in the developed world.

one defining characteristic: “they transfer cash while asking beneficiaries to make pre-specified investments in child education and health” (Fiszbein & Schady, 2009:xi). The health and nutrition conditions generally require periodic checkups, growth monitoring, and vaccinations for children less than five years of age, peri-natal care for mothers and attendance by mothers at periodic health information talks. Education conditions commonly take the form of the requirement that children enroll in school and attend school 80-85 percent of school days, and occasionally some measure of performance (Fiszbein & Schady, 2009:1). By linking the cash transfer to households with children to these types of behavioral conditions, this type of conditional cash transfer programme aims to combat current poverty (by providing income support that enables consumption smoothing) as well as future poverty (by encouraging human capital accumulation among the young in an attempt to break the intergenerational poverty cycle) (Rawlings and Rubio 2005 and Van der Berg *et al.* 2009). Two other objectives of the programme are: to overcome the failure of universal social assistance programmes to reach the poor and to overcome stigma and political economy costs associated with unconditional programmes (Britto 2005; Schady 2008; Van der Berg *et al.* 2009).

A design feature of the conditional cash transfer programmes with human development conditions to note is that in the majority, including Progresa and Bolsa Escola, the cash transfers are assigned to women (Aguero *et al.* 2007:2). This design feature is informed by the evidence on spending patterns of women being more favorable for children than those of men.

This type of cash transfer programme often includes supply-side measures that aim to build access to and quality of the education and health/nutrition services conditioned on (Handa & Davis 2006). The education component of Progresa<sup>109</sup>, for example, which

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<sup>109</sup> Progresa includes a health and education component. The health component is targeted at poor households with pregnant and lactating women, children under two years of age, and malnourished children between the ages of two and five. The benefits in this component include cash grants for food consumption, basic health services, nutrition and health education, and nutrition supplements (Van der Berg *et al.* 2009:25).

targets children at primary and secondary school level, includes supply side measures in the form of teachers receiving bonuses for every pupil who is on the programme (Van der Berg *et al.* 2009:25). One of the arguments put forward by those in favor of this type of programme, and one that is in line with thinking of one of the pioneers of development, namely Hirschman, is that it will create additional pressure for the development of services that are in short supply – in this case health and education - and so promote development. One sees different approaches to monitoring fulfillment of the conditions across the programmes. For example, whilst a strict approach to monitoring the conditions and penalizing beneficiaries for non-compliance has been adopted in the Mexican programme, a softer approach has been adopted in the Brazilian programme (Fiszbein & Schady 2009:6).

This type of conditional cash transfer programme requires the same systems as the unconditional cash transfer programme targeted at poor children. At a minimum these are: a means to establish eligibility of clients and enroll them in the programme, and a mechanism for paying their benefits. However the conditional programme is more demanding with respect to administration capacity because it requires setting in place a system for monitoring compliance with the conditions and coordinating the interaction between government departments required by the conditions (Fiszbein & Schady 2009:6). A positive spin off of the higher level of administration capacity required by the conditional programme is that it tends to contribute to modernizing social assistance practice (Fiszbein & Schady 2009:6).

Almost all the versions of the conditional cash transfer programme with human development conditions attached to the cash transfer have tried to target benefits to a very narrow group in the poor population (Fiszbein & Schady 2009:6). Various targeting mechanisms have been used towards this end including geographic targeting and household means testing (mostly via proxy means testing) (Fiszbein & Schady 2009:7). A number of the conditional cash transfer programmes of the human capital development condition variety have proactive management systems based on cutting-edge technical

systems, especially with respect to monitoring and evaluation (Fiszbein & Schady (2009:7).

When the objectives of the programme are to reduce child poverty in the immediate consumption sense *and* promote human capital development, which is generally the case, there are four arguments in favor of the cash transfer programme with human capital development conditions attached to it instead of the unconditional variety (see De Janvry & Sadoulet 2006; Adato & Bassett 2008; Schady 2008) <sup>110</sup> Two of the arguments are political and two economic. The first economic argument is that there exist market failures in the markets for education and health care, which cause child caregivers to under invest in the health care and schooling for the children in their care. Three reasons are raised as to why this may be the case: (i) Caregivers have imperfect information about the returns to investment in the human capital of the children in their care; (ii) Caregivers know about the returns to investment but are not altruistic and place a higher value on their own utility than that of the children they care for; (iii) Some caregivers, most notably women, know that they should spend more of the household budget on child health and education but do not due to a weak bargaining position within households and lack of control over household resources. The second economic argument is that caregivers under-invest in education and health because there are externalities associated with these two goods, which cause the social return on these investments to be greater than the private return.

The one political argument in favor of the conditional cash transfer programme which shaped the selection of this programme variety in Mexico and Brazil, is that the middle and upper middle classes may favor a cash transfer programme with conditions attached to it over an unconditional cash transfer programme. This may be because of widespread

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<sup>110</sup> If the objective of the cash transfer programme targeted at poor children is only to impact (reduce) child poverty in a current sense, then there are no economic arguments in favor of the conditional programme with human capital development. This is because the conditional programme will have greater administration costs and yield no additional impacts on consumption. However, the two political arguments in favor of the conditional programme apply.

belief that an unconditional programme would lead caregivers to spend the cash on consumption goods for themselves and/or to increase leisure consumption reduce their work. The essence of this argument is that due to political and ideology, the choice may be in some societies not between the conditional and unconditional cash transfer programme but the conditional programme or none. The second political argument in favor of the conditional programme is that the programme may be required because in the face of widespread stigma associated with receipt of the unconditional grant, take up of the unconditional programme variety would be low.

A combination of arguments against is usually used against selecting this type of cash transfer programme over the traditional variety. These are as follows: (i) Caregivers do not under-invest in the health and education of the children in their care, as is shown by the ample evidence, gathered partly from South Africa (see for example Case & Deaton 1998; Duflo 2003; Lund *et al.* 2003); (ii) If caregivers and their children choose to stay away from school this is usually for very good reasons, such as the need to care for sick people at home and/or due to poor quality of school and/or low private returns to schooling; (iii) The conditional cash transfer programme is very difficult to implement relative to the unconditional programme, because of the need to set up systems for monitoring the conditions and penalizing for non-compliance, as well as systems of inter-departmental collaboration; (iv) The programme is more expensive, not only for the state that has to pay the monitoring costs, but also for caregivers, who need to spend resources (including their scarce time) on ensuring compliance with the conditions; (v) The programme is at odds with the commitment to realizing child rights because the most vulnerable families may find it too difficult to comply with the conditions and thereby may be denied the benefit; (vi) In the context of poor quality and uneven access in the markets for health care and education the conditions will have little impact on human capital development; (vii) It is patronizing to tell caregivers how to spend the transfer in a way that is favorable for the children in their care - they know what is in the child's best interest and want to promote the interest of the children in their care (Fiszbein & Schady 2009:24).

A strong evaluation culture has been a feature of the conditional cash transfer programme with human development behavioral conditions attached to it (Fiszbein & Schady 2009:7). The evaluation culture in this type of cash transfer programme was set by the Mexican programme, which included a particularly rigorous system for monitoring implementation and measuring the impact of the programme. As Fiszbein & Schady (2009:6) point out, some of the main reasons why the Mexican Oportunidades/Progresa programme is seen as iconic are that successive waves of data were collected to evaluate its impact, these data were placed in the public domain and hundreds of publications on the programme have resulted from the analysis of these data. The evaluation culture of the programme has spread to other social programmes in the countries concerned as well as across borders to other countries.

The impact evidence from the evaluations of the conditional cash transfer with human development conditions suggests that this type of programme is an effective mechanism for alleviating child poverty. Impact evaluations in a number of countries, including Mexico, Columbia, Honduras and Nicaragua, have shown that the programme has raised consumption levels of children and adults, and decreased child and adult poverty as measured by the headcount, poverty gap and squared poverty gap measures)<sup>111</sup>. A number of the evaluations have included qualitative elements that illustrate the importance of the transfer in sustaining livelihoods and reducing deprivation (Adato & Basset 2008).

With respect to perverse incentive effects, the evidence suggests that the transfer programmes have had at most “modest disincentive effects on adult work” (Fiszbein & Schady 2009:16). In Cambodia for example, the average child receiving the transfer has been found to be 10 percentage points less likely to work for pay (Fiszbein & Schady 2009:16). The evidence on impact on fertility suggests very modest increases in fertility

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<sup>111</sup> See Fiszbein & Schady (2008:103-126) for a summary of the research findings on the positive effects of conditional cash transfer programmes of the human development condition variety on consumption and poverty conceived and measured in the traditional way.

associated with the programme (Fiszbein & Schady, 2009:16)<sup>112</sup>. This is an important point that is taken up in the conclusion to the thesis in the discussion of the priorities for research on the CSG looking ahead. It is used to support the argument that research on the fertility effects of the CSG is not an immediate priority, at least not unless the value of the grant increases significantly.

One of the goals of the conditional cash transfer programme, in particular the two in the pioneer countries, Mexico and Brazil, has been to reduce child work. The evidence suggests the programmes have had a substantial effect in reducing the time children spend on economic work activities.

With respect to impacts of the programmes on health/nutrition and education there is strong evidence from a range of programmes of increased service use. This includes increases in school enrollment, increases in the use of primary health services and increased participation in nutrition programmes (Fiszbein & Schady 2009:17; Rawlings & Rubio 2005:48). The evidence on the impact of the programmes on health/nutrition and education *outcomes*<sup>113</sup> is more mixed. There is some evidence that programme beneficiaries have better health and nutrition status (as measured by various anthropometric indicators). The little research that has been done on impacts of the programmes on education outcomes, which uses measures such as test scores and wages obtained suggests no positive effects.<sup>114</sup> The evidence is somewhat more encouraging

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<sup>112</sup> Fiszbein & Schady (2009) summarize the evidence on fertility effects of the programmes. Evidence of these effects for the programmes in Honduras, Mexico and Nicaragua is provided by Stecklov *et al.* (2006).

<sup>113</sup> For the evidence on programme effects on school outcome measures see Behrman *et al.* (2005), Ponce & Bedi (2008), Behrman *et al.* (2000) and Filmer & Schady (2009).

<sup>114</sup> Fiszbein & Schady also summarize the evidence on the health/nutrition and education outcome effects of the programmes. For the impact on child nutritional status see Morris *et al.* (2004) a&b for evidence on the programme in Brazil, Attanasio *et al.* (2005) for Colombia and Behrman & Hoddinott (2000) for Mexico.

regarding the impact of the programmes on cognitive development in early childhood (Fiszbein & Schady 2009:21)<sup>115</sup>.

The positive evidence on the impacts of the cash transfer programmes with human capital development conditions attached on poverty conceived and measured in the traditional way as well as on various other measures of child wellbeing, has played a part in increased budget allocations to these programmes and growth in their coverage in a number of countries. Countries where programmes have grown, partly due to the positive findings of the evaluations, include Mexico: When Progresa began it covered only 300 000 people and by 2002 it covered more than 4 million people which is 20 percent of the Mexican population at that time (Rawlings and Rubio 2005:38; Van der Berg *et al.* 2009:26). The same trend is observed in Brazil where the coverage of the programme reached close to 5 million people in 2002 (Britto 2005:7; Van der Berg *et al.* 2009:26).<sup>116</sup>

As Budlender (2009:24) notes, only a little research has been done to date on the significance of the *conditions* in producing the positive impacts of the conditional cash transfer programmes. It has focused on the impact of the conditions relative to the cash on service utilization (i.e. demand for the conditioned services). This evidence suggests that the conditions do matter – the effects of the programme are in other words greater than if only a transfer was given to beneficiary households (Adato & Bassett 2008:188; Fiszbein & Schady 2009:23). More specifically, the conditions have been found to be

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<sup>115</sup> See Macours *et al.* (2008) and Paxson & Schady (2008) for some of the evidence of the impact of the conditional cash transfer programme on cognitive development in early childhood.

<sup>116</sup> The long-term effects of the conditional cash transfer programmes with health and/or education behavioral conditions attached to them in addressing poverty and child poverty are not yet known because they have only been in existence for just over a decade (Lund *et al.* 2008:6). The question to be addressed in this regard is in what circumstances will the proven increased educational and health attendance (and in some cases performance) be translated into increased opportunities for moving out of poverty? Four factors have been identified as mediating the relationship: the quality of education, rates of employment, the ability of the labour market to absorb labour, and rates of return to education (Bourguignon *et al.* 2002 cited in Lund *et al.* 2008:7).

important in enhancing impact, at least with respect to increasing levels of school enrollment and use of preventative health care (Fizbein & Schady 2009:23). Of course, this does not mean that a country should always opt for this type of programme rather than the conventional unconditional one. As explained above, the country context may be such that conditions will have little impact, (because supply of conditioned services is weak), be costly to implement (due to weak administration capacity) and / or should not be introduced because they would increase exclusion error in the transfer programme (due to access to conditioned services being a problem for a significant portion of the target population). There may also be political reasons to favor an unconditional programme (Adato & Basset 2008: 188). In light of the importance of promoting human capital development in poor countries, and the potential for conditions relating to health and education attendance to provide an impetus for improvements in supply, there is a call from the international scientific community focused on child social policy issues for use of randomized community trials and other rigorous methods to test the relative efficiency of cash transfer programmes with and without such conditions in contexts with weak administration and supply side capacity (See Adato & Basset 2008:188).

#### The merits of linking receipt of the cash transfer to work related conditions<sup>117</sup>

This genre of the conditional cash transfer targeted at poor children is at this stage, more common in the developed world than in developing countries (Lund 2008; Van der Berg *et al.* 2009). However it has been gaining prominence in discussions over cash transfer design in child focused programmes in developing countries, including in South Africa, recently (Ravi & Engler 2009:2).

The programme, often called the “workfare” social assistance programme, became popular in the advanced countries, first in the United States and then in a number of OECD and Scandinavian countries, as part of social security reform initiatives that have taken place since the early 1980s. The debates in the reform of social assistance schemes in the developed countries have revolved around the links between the nature of such schemes, work incentives and social exclusion. Social exclusion is defined here as a

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<sup>117</sup> This section draws heavily on Van der Berg *et al.* 2009.

multi-dimensional socio-economic conception of deprivation that often involves the development of an underclass mentality, with little emphasis on the personal responsibility to find work” (Van der Berg *et al.* 2009:21). The social security reforms aim to integrate recipients of social benefits into the formal labour market and reduce the extent of dependence on social transfers. The reform process has been described as a shift from protective to productive modes of providing social assistance (Van der Berg *et al.* 2009:21). Underpinning the reforms that have made the workfare programme popular has been a number of trends that caused concern about the long term viability of social assistance programmes. These trends included rising unemployment levels, globalization-induced pressure on tax bases and tax rates, population ageing and changes in family structures such as growing numbers of one-parent families (World Bank 2006 cited in Van der Berg *et al.* 2009:21). Another factor behind the rise of this type of programme has been “perceptions of growing welfare dependence among the recipients of grants” (Van der Berg *et al.* 2009:21). Like the conditional cash transfer programme with human development conditions linked to it, the precise design of the workfare type of conditional cash transfer programme varies across countries (Van der Berg *et al.* 2009:21-22).

The evidence on the impact of the shift towards workfare is mixed. On the one hand, the available evidence indicates that “workfare programmes can be effective mechanisms for returning welfare recipients to work, especially in rapidly growing economies *where sufficient numbers of jobs are created to absorb programme participants in the regular labour market*” (Van der Berg *et al.* 2009:24). Moreover, the evidence also suggests that workfare programmes have succeeded in their objective of reducing the number of welfare beneficiaries (and hence helped reduce pressure on the fiscus). However, the evidence on the impact of the programme has also shown that in the context of limited employment opportunities it may have the effect of programme participants displacing other low-skilled workers (Van der Berg *et al.* 2009:24). As Van der Berg *et al.* (2009:24) point out a perverse result of the programme in some contexts may be that people who are in regular paying work end up on welfare because their jobs are taken by the workfare participants. Moreover, and as Samson *et al.* (2001:12) explain, the US

experience with workfare suggests that the programme can be expensive. The additional costs associated with the programme (compared to the unconditional variety) include the costs that poor beneficiaries are required to pay for child care as well as supervisory and administration costs.

#### **International debate issue four: How and at what level to set the benefit value**

The fourth issue of debate identifiable in the international literature and policy making circles dealing with the cash transfer programme targeted at poor children is over how and at what level to set the value of the benefit. In the face of the scarcity of the resources made available from the fiscus for spending on a cash transfer programme for children (and alternative measures) the setting of the benefit level will always involve trade-offs and difficult choices. As Lund (2008:60) points out, with a given fiscal envelope there are policy options about three things: the age of beneficiaries and duration of access to the benefit; the numbers who will be reached; and the level of the benefit. One of these variables cannot be expanded without forcing down the others: reducing one will allow another to go up.

A second consideration, in addition to that of affordability raised as requiring consideration when setting the value of the benefit is how a larger grant may affect fertility (Fiszbein & Schady 2009:23; Van der Berg *et al.* 2009:52). The argument here is that whilst a larger transfer will generally produce bigger improvements in consumption (reductions in poverty) it can also be expected to produce larger effects on behavior including on taking precautions against having children.

The most common method used to set the benefit value in an unconditional cash transfer programme, and the one followed by the Lund Committee (see below), is to base the value of the benefit on an objective measure of child need. The decision about what items to include in the costing, and how basic they should be, is of course a political choice with huge financial implications. In light of the small size of the fiscal envelope within which it was working, the Lund Committee decided to develop a costing of the programme for three different age cohorts (0-4, 0-6 and 0-9) for benefit values ranging from R75 per child, which was the then current level of the Household Subsistence Level

(HSL) for food and clothing for a six-year-old child, to R125, which was the then value of the child benefit component of the State Maintenance Grant (Lund 2008:60). The Committee knew that the HSL of R75 for a child to meet basic food and clothing needs had a controversial history under apartheid and that it was too low. However, it was nevertheless used to introduce the principle that the grant level should not merely be a notional amount, with discretionary annual increases set by the ministries of finance and welfare in the budgeting process” (Lund 2008:61). After considering the budget envelope and the low level of the HSL, an amount of R75 per child (age 0-9) was motivated by the Committee in terms of food costs (not also clothes).<sup>118</sup> In the end, after advocacy by civil society, the Minister of Welfare introduced the CSG programme as a programme offering R100 per child, not R75.

In the cash transfer programmes that include human development conditions the value of cash benefit has commonly been based not only on the cost of basic food and clothing but also on some of the costs that will be incurred by recipients in meeting the conditions (see Budlender 2009). In South Africa, education conditions have been linked to the CSG cash transfer benefit without any adjustment to the value of the monthly benefit to reflect the costs involving in recipients meeting the conditions.

Whilst it is understandable that those deciding upon the value of a cash transfer benefit targeted at children want to base its value on some costing of the needs of the child there is a problem in the logic of this approach. The problem is first that all the money that flows into households, including grants targeted at children goes into one pot. It is therefore not logical to expect a particular flow, such as that associated with a child targeted cash transfer, to be spent only on the targeted child(ren) and therefore that if its value can be made to be equal to his / here (their) basic needs poverty will be addressed. Second, there is the problem that no one individual will require the same amount to meet his/her basic needs.

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<sup>118</sup> The Lund Committee recommended a flat rate benefit because the additional cost that would be associated with administering a variable benefit seemed too great relative to the low value of the benefit.

#### **4.4 CSG programme history and stage of development**

##### **The predecessor to the CSG – The State Maintenance Grant**

The State Maintenance Grant (SMG) was an apartheid era social assistance programme introduced in the 1930s to protect white family life (Lund 2008:15). At least in principle, it was available to a parent (initially only mothers) or guardian living with a child under the age of 18 years, on condition that the parent/guardian was unmarried, widowed or separated; had been deserted by the spouse for more than six months; had a spouse who received a social grant or had been declared unfit to work for more than six months; or had a spouse who was in prison, a drug treatment centre or similar institution and had been for more than six months (Lund 2008:15). There were two parts to the SMG benefit: the parent and child allowance. These were R430 and R135 respectively in 1995 (Haarmann 1999b:17). Up until 1992 the child allowance was payable to up to four children, then reduced to two only (Lund 2008:15). It was means tested and the applicant had to prove that he/she had attempted to obtain maintenance from the other parent of the children through the private parental maintenance system. There were several conditions attached to receipt of the SMG, including ensuring that school-age children were in school (Budlender & Woolard 2006:3).

The implementation of the SMG was characterized by a great deal of variation across the welfare administrations covering African people (Budlender & Woolard 2006:3; Lund 2008:15-16). It was known by different names in different areas. Some administrations had it on their books but had never administered it. Transkei, the first of the areas to take full independent status (in 1976) had never heard of the SMG and did not have it in its procedure manual (Lund 2008:16). Whilst the poor quality of administrative data on grants prior to the late 1990s makes it difficult to present an exact number, it is estimated that by 1993 around 200 000 women and 200 000 children benefited from the grant (Lund 2008:16 based on figures supplied by Van der Berg). SMG beneficiaries were primarily White and Coloured individuals who lived in Western and Northern Cape (Lund 2008:16-17). Kruger (1998 cited in Woolard *et al.* 2005:3) estimates that in 1990

only 0.2% of African children were in receipt of maintenance grants while 1.5% of White children, 4.0% of Indian children and 4.8% of Coloured children received the grant.

By 1987, a future fiscal problem presented by the SMG programme had been foreseen (Simkins & Dlamini 1992 cited in Lund 2008:17). At the time of restructuring in 1996, about 1.3 billion was being spent on the SMG (Haarmann 1999b:i). It was estimated that to award the grant at existing benefit levels to all women and children would cost around R12 billion per year (depending on assumptions made). This was at the time close to what was being spent on all the grants and about the same as the annual health budget (Lund 2008:18). The post-apartheid government was clear that ~~it~~ could not continue with a grant that so obviously biased against those who needed it most ...(and)...felt that it could not afford to extend the grant to Africans under the existing rules” (Budlender & Lund 2006:3). The SMG was phased out over a three year period when the CSG programme was introduced (the Lund Committee had recommended a five year phase out).<sup>119</sup>

### **Appointment and recommendations of the Lund Committee**

In late 1995 a Committee, headed by Francie Lund, which was to become known as the Lund Committee, was appointed by South Africa’s first democratic government to work on policy reform for child social assistance and protection<sup>120</sup>. The Terms of Reference of the Committee are summarized in the Lund Committee Report (see Republic of South Africa 1996b) as being to

1. Undertake a critical appraisal of the existing system of state support, in all departments, to children and families

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<sup>119</sup> The phase out met with strong opposition from civil society organizations and the Coloured population. Some civil society organizations and individuals involved in the debate over the CSG programme put forward the argument that the termination of this programme was unconstitutional. However, the majority of protagonists in the debate, including Constitutional law experts, held the position that it was not, because the Constitution called diverting resources to those most in need and expanding access – introducing the CSG and ending the SMG served this agenda (Lund 2008:8).

<sup>120</sup> The committee was established in December 1995. It met for the first time on 9 February 1996 and for the last time on 1 August 1996 (Lund 2008:30).

2. Investigate the possibility of increasing parental financial support through the private maintenance system
3. Explore alternative policy options in relation to social security for children and families as well as other anti-poverty, economic empowerment and capacity-building strategies
4. Develop approaches for effective targeting of programmes for children and families
5. Present a report giving findings and recommendations.

As Lund (2008) explains in her recently released book which reflects on the factors that shaped the recommendations of the Lund Committee, the context of fiscal austerity played a major role. The Reconstruction and Development Programme (RDP) was ambitious and optimistic about the level of spending on social programmes that government could afford to engage in to ameliorate poverty. Once in power, the leading policy makers in government from the ANC became more realistic and honest about the level of social expenditure that was affordable if South African was to be placed on a sustainable growth path and poverty was to be reduced over time. The Growth, Employment and Redistribution Strategy (GEAR), the macroeconomic strategy that was released by the Department of Finance in April 1996 and served as the cornerstone policy document for growth and development from 1996-2000 and beyond, reflected the need for fiscal austerity and reprioritization and to enhance efficiency to finance new social programmes. Lund (2008:30) comments on the tight budget constraint climate and its shaping of the work of the committee as follows:

— .the Committee strategically decided to work ‘within fiscal constraints’. It became quite clear within weeks of our establishment that any policy recommendations which failed to take into account the new slogan coming from the Cabinet – ‘Reform, but reform within the existing envelope’ – would not be entertained seriously by political leadership”.

The Lund Committee drew on both international experience and local knowledge and research (Budlender & Woolard 2006:3). It recommended that the SMG be replaced with a flat-rate child support benefit<sup>121</sup>, to be paid via the *primary caregiver* to all children

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<sup>121</sup> Government changed the word ‘benefit’ to ‘grant’ shortly before the introduction of the programme.

who qualify in terms of a *means test* on a quarterly basis. The targeting mechanism it recommended was a combination of the categorical, geographical and means test mechanisms. This targeting mechanism, which was adopted in the programme eventually introduced by government and included a two-step targeting procedure (Lund 2008:66), is presented in the description of the CSG programme process theory below.

The Committee initially wanted to recommend a universal benefit for all children. This is reflected in the *Itala Agreement*, a document developed in the early stages of the work of the Committee and which outlined the committee's initial ideas for a child cash transfer policy (see Lund 2008:130). Two considerations led the committee to move away from the universal grant proposal: First, an influential member of the committee thought that universality would not fly politically; "it was too soon into the post-apartheid era to gain acceptance of a new benefit that would include white people" (Lund 2008:86); Second the context of a sliding South African rand and introduction of GEAR led the committee to increasingly believe that universality would not be accepted due to concerns about affordability (Lund 2008:86).

The Lund Committee recommended that the primary caregiver of the child, not the biological parent, be paid the benefit because it was aware that in poor African communities many children are not cared for by their biological parents and movement across caregivers is common (see chapter two). The decision to pay the benefit to the primary caregiver of the child (rather than for example to the household head), was also informed by the Committee knowing that women not men dominate the child caregiver profile in South Africa and the findings from research on intra-household resource allocation relating to how women spend money compared to men<sup>122</sup>.

A couple of the members of the Lund Committee and various civil society organizations advocated vigorously for the targeting mechanism of the child benefit to be such that only the income of the primary caregiver be tested (to prevent a high exclusion error).

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<sup>122</sup> See chapter one and two for the findings relating to the different in spending patterns of men and women and what this implies for how a child focused grant should be designed.

However, the committee as a whole recommended that the income of the primary caregiver *and* his/her spouse be included in the test (to prevent a high inclusion error) and this was the strategy initially adopted by government (as will be seen below the policy about what income to test for targeting the CSG changed in 1999).

The Lund Committee recommended that the benefit be linked to beneficiary behavior in that care-givers should be obliged to engage in certain health related activities for children, to be decided by the Department of Health. The committee only put forward guidelines as to what these should be which were growth monitoring and immunization. It chose these because it knew they were widely available and thought that the health department would have no difficulty accepting them because they were services it already offered and wanted to enhance (Lund 2008:68). The committee recommended this behavioral condition because it saw the possibility for enhancing inter-departmental collaboration between the CSG and primary healthcare as well as for creating positive incentives for primary caregivers to engage in health related activities (that were widely accessible) (Lund 2008:68-9). Whilst the Lund Committee expected that the health department would have no difficulty accepting involvement in the CSG, the then Minister of Health, Nkosazana Zuma, was against the idea and in the end the links with primary health care delivery were never forged. The CSG was therefore introduced as an unconditional grant. Lund (2008:7) reflects on the decision by the then Health Minister not to assist in forging better inter-departmental collaboration and integrated service delivery to children through the CSG programme's design as follows:

—Facing...(other)...challenges, Nkosazana Zuma was supportive of the CSG in the Cabinet but would not allow any formal commitment from the health services to cooperation in the implementation of the CSG. In other words, she did not want any aspect of the CSG to be conditional on actions that had to be performed by the health department. The welfare department, of its own accord, wrote into the regulations that applicants had to be in possession of the Road to Health Card, but the reasons for this were not made clear, it was not a coherent part of any combined health and welfare policy initiative, and it ... simply acted as a barrier to many new applicants" (Lund 2008:70).

The Lund Committee recommended that the applicant of the child benefit should have her/his ID book and a birth certificate for the child. It knew South Africa had a weak and inadequate system of registration of births and deaths, and was concerned that this condition may result in high costs for applicants (associated with getting to the Department of Home Affairs and waiting in queues). However, it made this recommendation to promote children receiving their entitlement to birth certificates as well as to contain corruption (Lund 2008:68).

The committee recommended the value of its proposed cash transfer be based on the cost of feeding and clothing a child. As was explained above, this approach is understandable if problematic. Its fifth recommendation was that age be used as the cost containment mechanism and that the benefit be paid to children from birth to nine years (Lund 2008:63). Sixth the committee recommend that the foster care and care dependency grants be continued in their present form. Finally with respect to the social assistance policy recommendations, it recommended that action be taken to build capacity for processing foster care grant applications.

The committee's decision to recommend a cash transfer rather than some other social measure of support for poor children was informed by consideration of the relative merits of policy alternatives (Lund 2008:36-58; Lund *et al.* 2008:9). Lund (2008:53) explains that the most influential evidence in favor of the cash transfer over other forms of support was "undoubtedly the performance of the social security benefits already in existence". A further factor was that there was a precedent for a large scale cash transfer programme administratively, in the form of the pension (Lund 2008:54). The committee realized that a cash transfer programme would not only have a positive impact on the wellbeing of poor children and their caregivers, but also that it represented a measure that could be taken to scale. The latter was of course critical in light of the large numbers of poor children that needed to be reached. The following extract from Lund *et al.* (2008:9) explains well the factors that influenced the Lund Committee's decision to select a cash transfer rather than some other social assistance measure:

—A number of policy options other than an unconditional cash transfer were considered. ... Alternatives needed to have institutional capacity, deliver on a relatively large scale, and redress racial and spatial inequities in welfare provision. Support for ECD ... was one alternative but the sector was institutionally weak at that time. There was strong support for child nutrition, but experts argued that, given current government policy and capacity, a cash transfer was likely to be more effective than in-kind nutrition supplements or food vouchers for children. General child welfare services in South Africa had been severely under-funded, and would come under increasing pressure with the spread of AIDS. However, they were seen as complementary, rather than an alternative to cash transfers”.

In addition to these recommendations about the shape of social assistance for children, the Lund Committee called on government to increase the level of funding for social welfare services. This included a call for enhanced delivery of ECD programmes, greater funding for institutional care such as children’s homes and greater funding for family counseling measures. The committee also called for the forging of new links between social security and social work personnel, with all provincial departments of welfare being required to report regularly on steps that have been taken to integrate social security with developmental social welfare. Adjustments to social work and community development curricula, that recognized the additional demands placed on the sector by the shift towards developmental social welfare, but also saw the need for training in conventional welfare services, and prioritization of research on social welfare, were two final recommendations.

With respect to the stage of the CSG programme’s development, the programme has been in operation for almost twelve years and can best be described as a middle aged programme. A number of adjustments have been made over the years to the design of the programme, covered in the description of the CSG programme below.

## 4.5 Description of the CSG programme theory

The CSG programme theory is implicit. There is no official written document that carefully and comprehensively lays it out. Therefore the description of the theory below is based the author analyzing a variety of sources of information.<sup>123</sup>

### The CSG programme impact theory

The impact theory of the CSG programme may be described in the following way. Transfer of a monthly cash benefit whose value is relatively low (originally R100 and now R250) to an adult who does not have to be a biological parent but must be 16 years and the primary caregiver of the child (and who must have passed a means test which is used to target the benefit at poor children) will:

- Raise the level of income in the household in which the child on whose behalf the benefit is received resides (proximal outcome one)
- Increase the level of spending on goods and/or services for the targeted child (proximal outcome two)
- Reduce the deprivation / multi-dimensional poverty experience of the child on whose behalf the grant was received (final or distal outcome one) and thereby promote human capital development (final or distal outcome two).

Figure 4.3 illustrates the CSG impact theory. As already explained in the introduction to the dissertation, the issue of whether to define the CSG programme as a conditional or unconditional cash transfer programme is complicated. This is because even though the programme has for most of its life (from mid 1999 to February 2010) officially / in

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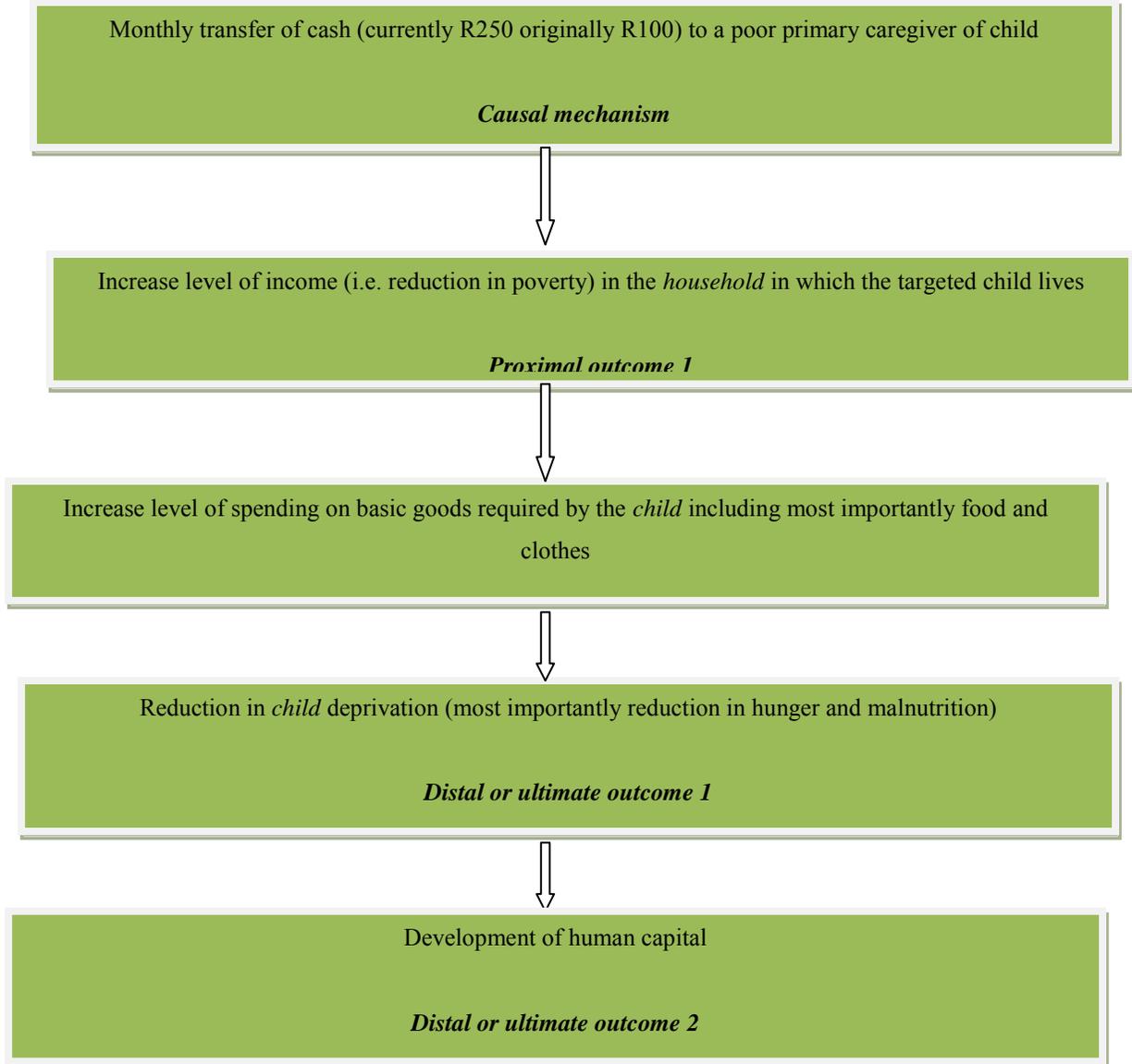
<sup>123</sup> Sources used for this purpose included: (i) conversations with government officials who have been involved in the policy surrounding and administration of the CSG programme; (ii) conversations with a couple of individuals who were members of the Lund Committee, (iii) literature on the logic of other cash transfer programmes targeted at children (including Adato & Bassett 2008; Barrientos & De Jong 2004; Fiszbein & Schady 2009; Van der Berg *et al.* 2009), and (iv) other authors' descriptions of the logic of the programme (including Cassiem & Kgamphe 2004; Goldblatt *et al.* 2006; Lund 2008; Lund *et al.* 2008; Peters & Williams 2009; Rosa *et al.* 2005; Van der Berg *et al.* 2009).

principle had no behavioral conditions attached to it early on in the life of the programme there were some conditions (up until mid 1999, see below). Moreover, at times officials have, when processing grant applications, imposed illegal conditions (Goldblatt *et al.* 2006; Peters & Williams 2009 and see chapter five). Third, very recently, in February 2010, government made the programme a conditional one. Government announced this policy shift as follows:

—As of 1 January 2010 caregivers of child support grant beneficiaries need to ensure that children for whom they are in receipt of a grant are enrolled and attend school. Regular proof of school enrolment needs to be submitted to the Department of Social Development along with reports from the school. Upon receipt of any information regarding a child not attending school the Department of Social Development will send a social worker to investigate and put in place steps to ensure that the child attends school. While punitive measures such as stopping the grant are not envisaged, these provisions will allow government to improve school attendance and provide the necessary support to households” (National Treasury 2010b:104).

However, for most of the programme’s life and for the period relevant to this analysis of the CSG, the programme needs to be understood as being an unconditional cash transfer programme (at least in principle).

**Figure 4.3: The CSG programme's impact theory**



**The CSG programme's process theory<sup>124</sup>**

Organizational plan of the CSG

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<sup>124</sup> The South African Government Services Website page is a useful source to consult to understand the CSG programme process theory.

The aim of the programme from the perspective of programme administrators, is to pay primary caregivers of children who qualify for the grant (pass the means test and meet other administration requirements) a cash transfer of the value set at that time by government, on a monthly basis. When the grant was introduced the value of the benefit was R100 and it remained at this level until April 2002. Table 4.3 showed how the value of the benefit that administrator's have aimed to transfer to eligible primary caregivers of poor children has changed over time. The programme administrators aim to supply a flat-rate benefit to all those who qualify for the CSG. In other words, there are no planned differences in the amount paid to children of different ages and/or need differentiation.

When the programme was introduced the aim was to target poor children *via their primary caregiver* and this remains the case today. The Social Assistance Act 59 of 1992 says that the primary caregiver must receive the benefit on behalf of the child (Rosa *et al.* 2005:12). The primary caregiver of the child is defined in the Social Assistance Act 59 of 1992 as:

—...a person, whether or not related to the child, who takes primary responsibility for meeting the daily care needs of the child, but excludes (a) a person who receives remuneration, or an institution which receives an award, for taking care of the child; or (b) a person who does not have implied or express consent of a parent, guardian or custodian of the child”.

Initially only primary caregivers of South African resident children were targeted. However, since 2005, and after a Court Case on the issue of permanent residents not being included in the target population, permanent residents and citizens have been included in the target population (Peters & Williams 2009:14).

Regarding age range of children targeted, from the time the programme was introduced, on 1 April 1998 up until March 2003, children age 0-6 years (younger than seven) were targeted. In April 2003 government announced that the age coverage of the targeted child population was to be extended upwards in a staggered manner: In April 2003 the age of children targeted became 0-9. In April 2004 it became 0-11 and in April 2005 it became 0-14. From 1 January 2009 children up to the age of 15 became eligible. Thus, in

2009 14 year olds were to be added to the target audience. During the third week of October 2009 government announced that as from 1 January 2010 children age 15 will be eligible, from 1 January 2011 children age 16 would be eligible and from 1 January 2012 children age 17. When making this age upward adjustment it revealed that according to its estimates this would raise the number of child beneficiaries to around 11 million in 2012 and the cost of the age eligibility increase would be R1.3 billion in 2010/11, R2.6 billion in 2011/12 and R3.5 billion in 2012/13.

Whereas government introduced a different age cohort of children as the target child population than that recommended by the Lund Committee, it adopted the targeting mechanism proposed by the Committee. This mechanism, which remained in place until late in 2008 is a blend of the geographical, proxy and income means test mechanisms and involves a two-step selection procedure as follows:

First, certain categories of people are *included* by the use of three measures, viz:

- Rural location.
- Non-formal housing (both squatter shacks and traditional housing).
- Total income below a certain cut-off point (set at R9 000 per year or R800 per month in 1995).

Second, of those excluded (this should be read *'included'*) those above a certain level of means are excluded (This level is set at R13 200 total income per year or R1 100 per month in 1995)<sup>125</sup>.

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<sup>125</sup> This means test was developed by a sub-committee set up by the Lund Committee that was comprised of a representative from the World Bank and two committee members, namely Debbie Budlender and Servaas van der Berg. Lund (2008) relates that the logic of the combined test was to first identify those who based on certain characteristics were frequently found amongst the poorest, and thereafter to weed out those who, despite sharing these characteristics, were not among the poorest. According to Van der Berg, modeling was done using the means test and most recent income and expenditure survey data sets at the time in an attempt to design the means test in a way that would lead to targeting the poorest 30% of children.

At first *household* income that was used to test means. However, in 1999 the test was altered to one which considered only the income of the primary caregiver and her/his spouse (net of state transfers) (Woolard *et al.* 2005:30).

When the CSG programme was introduced government released set of beneficiary targets to be reached by the end of the first five years of programme implementation. It also produced targets to be reached when it introduced the age extension for the programme, in the second five year implementation phase of the programme's history. These are presented in Table 4.5.

**Table 4.5: Government's beneficiary targets for the first five years and after eight years of CSG programme implementation**

Province	Child beneficiary targets (to be reached by 31 March 2003)	Child beneficiary targets (to be reached by 31 March 2006)		
	0-7 year olds	0-7 yrs	Extension (7-14yrs)	0-14 yrs
Eastern Cape	780 000	644 109	662 095	1 306 204
Free State	300 000	217 018	220 284	437 302
Gauteng	90 000	501 468	430 877	932 345
KwaZulu-Natal	600 000	896 406	658 807	1 555 213
Limpopo	600 000	625 309	439 108	1 064 417
Mpumalanga	210 000	298 234	208 029	506 263
Northern Cape	30 000	66 042	68 710	134 752
North West	330 000	298 953	310 696	609 649
Western Cape	90 000	239 525	141 444	380 969
<b>Total</b>	<b>3 030 000</b>	3 787 064	3 140 050	<b>6 927 114</b>

*Source: Cassiem & Kgamphe 2004:187 for end of first five years of implementation targets. Leatt 2006:8-9 for targets to be reached by 31 March 2006 (after eight years of implementation).*

In late 2008 the means test for targeting poor children was changed in two ways. First, the geographical targeting and proxy means aspects of the mechanism were dropped. Second, the income threshold for testing the income level of the primary caregiver and his/her spouse was adjusted upwards. The test is now that the primary caregiver and

his/her spouse's income must be less than ten times the current value of the grant (Peters & Williams 2009:16).

Initially there were various administration requirements that had to be met by applicants and that were written into the Social Assistance Regulations. These included: (i) that the primary caregiver supply his/her bar coded ID book and birth certificate of the child; (ii) proof of having not refused the assumption of employment; (iii) documentary proof of having applied to an absent parent of the child for maintenance; and (iv) proof of immunization / the child's completed road to health card. All except the first of these additional requirements were deleted from the Social Assistance Regulations in 1999 as they were difficult to administer, imprecisely defined, led to a delay in payment and were unnecessary (Goldblatt *et al.* 2006:25).

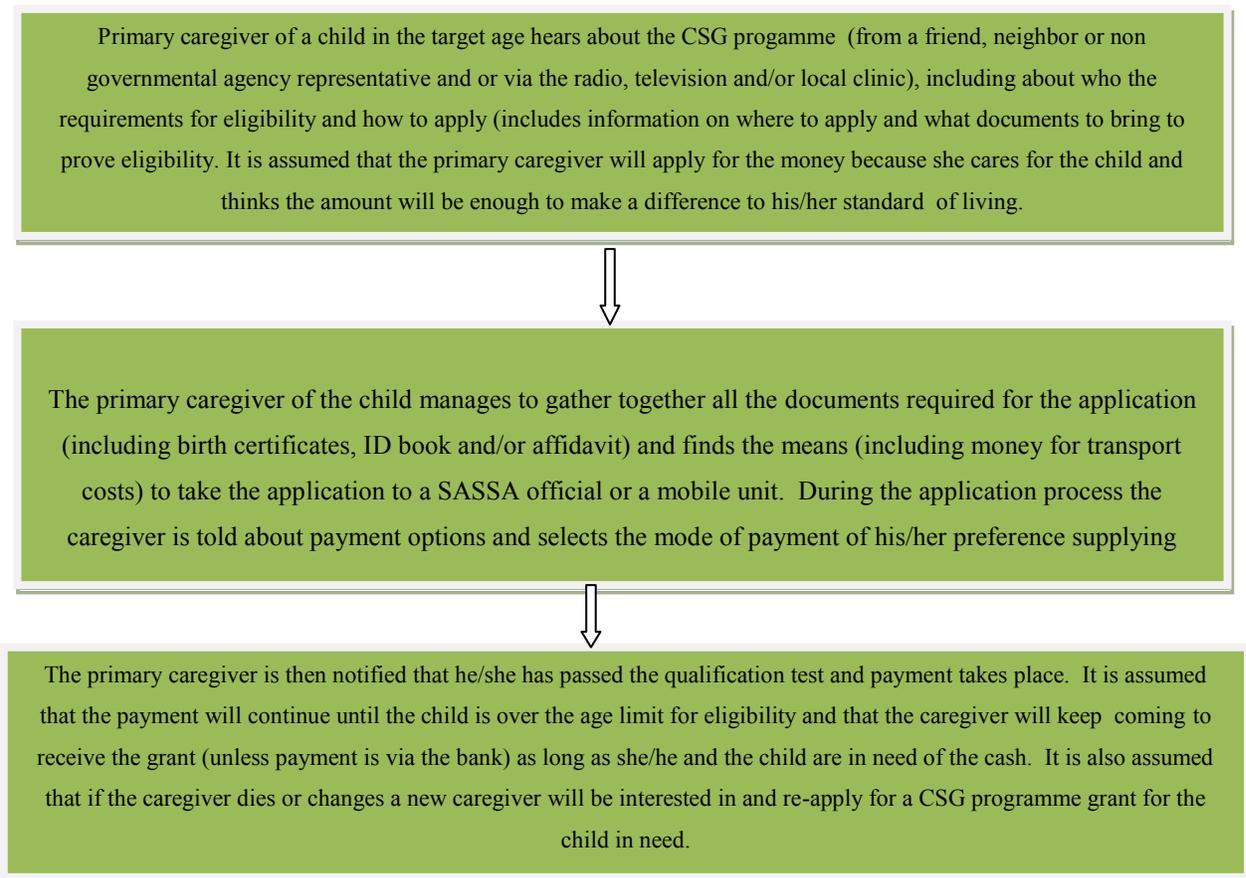
In May 2008, just before the means test was simplified and adjusted upwards, government announced that affidavits could be accepted as alternative identification instead of ID books and birth certificates for purposes of qualifying for the CSG benefit. This change was introduced after a court challenge on the issue of being refused a grant due to failure to produce identification documents (Peters & Williams, 2009:14).

The resources required by the CSG programme to deliver to its clients may be broken down into financial, human and infrastructural. The financial resources required include funds to cover the cost of the monthly transfers, funds to pay for infrastructure (capital equipment) and funds to pay for the individuals involved in programme administration and service delivery. The human resources required include the officials involved in processing grant applications (up until 2004 department of social development and since then SASSA) as well as management and grant awareness raising activities. As mentioned above, police officer time is also required as police are the main officials involved in assistance with affidavits. The infrastructure required includes the offices and mobile units that SASSA staff work out of, and computer software and hardware.

### Service utilization plan of the CSG

To recap, the programme's service utilization plan is comprised of the programme's assumptions and expectations about how and why the intended recipients of a service will become engaged with the programme and follows through to the point of receiving the services required to initiate the change process represented in the programme impact theory. It is best described through the use of a diagram such as that in Figure 4.4.

**Figure 4.4: A service utilization flowchart for the CSG programme**



The list of document requirements in the CSG application process raises the concern that some of the poorest primary caregivers, whose children are most in need, may find it difficult to negotiate the application process and therefore be excluded from accessing the benefit. This is an issue returned to in chapter five.

In a full logic model description of a social programme, receipt of programme service(s) is presented as programme outputs, which in turn are related to the desired outcomes (Rossi *et al.* 2004:146). Table 4.6 concludes the description of the CSG programme by providing a full logic model of the CSG programme.

**Table 4.6: A full logic model of the CSG programme**

Inputs	Activities	Outputs	Outcomes			
			Proximal (Initial)	Proximal (Intermediate)	Ultimate (Longer-term)	Ultimate (Longer-term)
Financial resources for payment of the cash transfers and for programme staff and equipment.  Human resources for programme activities including: management; raising awareness about the grant; processing of applications.  Capital equipment (buildings, mobile units, desks, computers and other office equipment)	Awareness raising about the benefit including about who is eligible and how to apply for the grant  Processing of applications including application of the means test and other administrative requirements  Payment of the grant to primary caregivers who qualify	Cash transfer payment (currently R250, originally R100) to primary caregivers of poor children who qualify (pass the income means test and other administrative requirements)	Increase in income in households in which child targets live	Increase in expenditure on goods and/or services for the target child(ren) in the household that received the benefit	Reduction in child deprivation / (improvement in immediate living circumstance)	Human capital development

#### 4.6 Domestic debates surrounding the CSG programme

Considering the nature of the debates in the domestic arena on the design and implementation of the CSG, eight main issues of debate may be identified. These are described briefly below, after a description of the main non-governmental actors that have participated, together with the government role players (described above) in the debate<sup>126</sup>.

<sup>126</sup> The oral information used to piece together the picture of the politics and policy debate landscape surrounding the CSG programme in South Africa presented here included: (i) information gathered by the author from e-mail correspondence in late November 2009 and February 2010 with representatives from officials working within SASSA, DSD and ACCESS; (ii) information gathered by the author from her participation in various meetings and workshops convened to discuss the CSG programme's

### **The main non-governmental role players involved in domestic debates on the CSG**

During the struggle against apartheid a number of well capacitated organizations within civil society focused on promoting the interests and rights of children emerged. The legacy of a group of organizations focused on advancing child rights within civil society is one of the favorable legacies of apartheid from a child rights perspective (Bray & Dawes 2007). As Lund (2008) relates, a number of non-governmental agencies and individuals from within civil society were vociferous in the debates surrounding the programme at the time it was being developed (in the mid 1990s)<sup>127</sup>.

A vociferous non-governmental sector focused on children's issues has remained a feature of the South African political landscape since 1998 and throughout the history of the CSG non-governmental agencies have been involved in advocacy and lobbying to enhance the programme's design, implementation and impact. The most prominent early role-players at the time the programme was introduced were Conrad Barberton (who worked at the time for Idasa), Claudia and Dirk Haarmann (who worked for the Applied Fiscal Research Centre (AFReC) at the University of Cape Town and University of the Western Cape, Alison Tilley (who represented Black Sash) and Jackie Loffell (who was linked amongst other organizations, to Johannesburg Child Welfare). Over time, the individuals and organizations who have been most involved in advocacy and lobbying in relation to the CSG programme have changed. Idasa, and in particular the Children's Budget Unit, has continued to play a role in monitoring the programme's implementation. The Children's Institute, and more specifically the Child Rights and Child Poverty programmes within it, has been very active in lobbying for improvements in the design and implementation of the programme since around 2000. In the early 2000s an umbrella

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implementation and design (with government officials and/or individuals from the non-governmental sector) over the last ten years.

<sup>127</sup> Lund (2008) also relates that the Lund Committee did not, due to time constraints and the need to push the new CSG programme through parliament quickly, engage as much as it should have in consultation with the non-governmental sector. Lund (2008) also explains that her Committee and government met with a great deal of criticism from civil society organizations for designing the CSG programme policy with what this sector perceived to be insufficient consultation.

advocacy and capacity development non-governmental organization focused on enhancing social assistance for children, called the Alliance for Children's Entitlement to Social Security (ACCESS) was created<sup>128</sup>.

In addition to these local individuals and organizations, two international donor organizations are worth mentioning as key role-players in the debates surrounding the CSG design and implementation. These are Save the Children Sweden and UNICEF. Academic researchers affiliated to universities have also been actively involved in the debates surrounding the CSG programme. These include most notably: (i) Debbie Budlender, who is affiliated to the Department of Actuarial Science at the University of Cape Town and who has played a role in shaping the research on the CSG programme undertaken by the Community for Social Enquiry (CASE); (ii) Dr Ingrid Woolard, who has worked for different universities and the HSRC and who has been at the forefront of research on the child poverty situation and impact of the CSG in South Africa (see chapter 2 and 5); (iii) the group of academic researchers from the Centre for the Analysis of South African Social Policy at the University of Oxford (this includes Professor Michael Noble, Dr Gemma Wright and Dr Helen Barnes); and (iv) the group of researchers led by Professor Michael Samson who have undertaken studies on the CSG programme at the Economic Policy Research Institute (EPRI)<sup>129</sup>.

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<sup>128</sup> The following individuals played a key role in the early development of ACCESS: Shirin Motala, Paula Proudlock, Patricia Martin (Director of ACCESS for most of the period), Sonjia Giese, Joan van Niekerk, Katherine Hall and Alison Tilley.

<sup>129</sup> As part of an international research consortium that includes leading international researchers on cash transfer evaluation (Carolyn Heinrich, Michelle Adato and Steven Devereaux), this group of researchers at EPRI is currently involved in a large scale, multi-year evaluation study of the CSG. This research, which is still in its final design phase, has been commissioned by the Department of Social Development (Monitoring Directorate) supported by UNICEF. In July 2009 the author attended one of the initial start up meetings of the project, in which the key issues that need to shape evaluation of the CSG programme at this juncture were discussed. The discussions in this meeting have shaped the author's understanding of the key issues surrounding and questions that need to be asked at this juncture about the CSG programme.

### **Domestic debate issue 1: The child age of eligibility in the CSG programme**

As explained above, the Lund Committee decision to place a cap on the age of poor children entitled to the grant was informed by knowledge about the size of the budget that was to be made available by the fiscus for rolling out the programme. Throughout the programme's history civil society organizations have lobbied for government to increase the age of eligibility to include all children age 0-18. Various arguments and tactics have been used in this regard including: (i) that it is all children's constitutional right to access the benefit; and (ii) that the extent and depth of poverty amongst the older age cohort of children requires such a move (see ACCESS 2004; Cassiem & Kgamphe 2004). Government's stance in response to this call has been that fiscal prudence and implementation capacity required that staggered approach be adopted to adjusting the age of eligibility upward.

### **Domestic debate issue 2: The value of the benefit**

At the time the programme was conceived NGOs campaigned for the benefit value to be above the R75 per month proposed by Cabinet. They were successful and the grant was introduced as a R100 per month benefit. As Lund (2008:80-81) explains, the call in 1998 from civil society for the value of the grant to be higher than the proposed R75 needs to be understood in the context of the phasing out of the SMG, its benefit being around seven times larger than the proposed CSG benefit and the significant loss of income that this would imply for caregivers and children who had been receiving the SMG. Calls from civil society for the value of the benefit to increase have continued throughout the programme's implementation in spite of the fact that the value of the grant has kept up with inflation. This needs to be understood in the context of the extent and depth of poverty that continues to persist in South Africa, government resisting the call from DSD, Civil Society and the Taylor Committee for a Basic Income Grant (BIG)<sup>130</sup>, and the

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<sup>130</sup> In spite of the facts that South Africa's social assistance system is advanced by international standards, and has been growing very rapidly in budget and beneficiary number terms since the late 1990s (Luiz 1995; Lund 1996; van der Berg *et al.* 2009) there has been strong advocacy for its extension. This has come from civil society, including the Alliance for Children's Entitlement to Social Security (ACCESS) and the Black Sash, as well as the left leaning partners in the ANC political alliance, namely COSATU and the SACP. In

evidence, gathered mainly from research on the pension but also on the CSG, that cash transfers play a critical role in mitigating poverty.

From the time the CSG programme was in the design stage National Treasury has responded to the demands for the value of the CSG to be raised (above the amount it has raised it) with resistance, based on two arguments. The first is that allocating more to the CSG through raising the value is unaffordable and dangerous in light of the need to maintain sound macroeconomic policy / keep the budget deficit low. The second is that South Africa already spends a far larger proportion of the budget on social assistance than other countries and instead of spending more on the CSG, funds should be spent in other “more productive” areas that are more critical for promoting growth and development, such as infrastructure and education.

As explained by Lund (2008), the answer to the question of how much a country can afford to spend on social assistance programmes such as the CSG is heavily influenced by ideology and there is no solid evidence that can be used to identify the right level for such a benefit.

### **Domestic debate issue three: Impacts of the CSG on child wellbeing and behavior**

This debate has included debate over the extent to which the CSG has been fulfilling its planned purpose of improving child wellbeing as well as over how it has affected behavior. With respect to the positive impact of the grant, throughout the programme's history, using anecdotal evidence as well as the growing body of evidence from research on the positive effects of the pension and CSG, child rights advocates have highlighted the positive effects of the CSG programme.

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the early 2000s a Committee, led by Vivien Taylor, was set up to assess and make recommendations for transforming South Africa's Social Security System. Its report, released in 2002 recommended amongst other things, that the age of eligibility for the CSG be raised to 18 as a precursor to the introduction of a Basic Income Grant (BIG).

With respect to the behavioral side effects of the grant, this was one of the central issues raised by committee members of the parliamentary portfolio committee on welfare during the Lund Committee presentations to it when the CSG policy was being formulated. The potential for the grant to lead to increase teenage pregnancy was raised then as the main concern. Since then, this potential behavioral side effect of the grant has continued to receive a lot of attention. On numerous accounts, anecdotal evidence –showing” that teenagers are falling pregnant to access the grant has been presented in the media and policy making forums. The argument of the Lund Committee in the early debate over the fertility increasing effect of the grant was that at the margin, a couple of girls might have babies due to the grant’s impact on incentives, but in light of the small size of the grant, the high cost of child care and the fact that there are many factors behind the decision to have children, this effect of the grant would be small.

Mirroring the debates over the effects of cash transfers on behavior in the international literature, the impact of the grant on work search amongst adults in recipient households and thereby on labour supply has been a second focus area in domestic debates on the CSG. The issue of the labour supply effect of the grant was, like its potential impact on fertility, raised and debated at the time that the CSG policy was being developed.<sup>131</sup> As will be seen in chapter five, little research has been done on this effect of the grant and that which there is shows that the grant has not been decreasing the desire of adults in recipient households to work.

#### **Domestic debate issue four: Use of the CSG as the main measure child poverty alleviation measure when it is not a “developmental” measure**

The fourth main issue of debate surrounding the CSG in the domestic arena has been over whether it is appropriate to have the CSG programme as the primary cash transfer

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<sup>131</sup> As Lund (1999) explains, there was a little evidence from the South African Participatory Poverty Assessment and Vorster *et al.* 's (1996) qualitative research, on the labour supply effect of the SMG grant. This evidence, which suggested that women did not reduce their work effort in response to SMG receipt, was drawn on by the Lund Committee representative involved in the debate in late 1997 and early 1998, over the labour supply effect of the proposed child cash transfer benefit.

alleviation measure for children when reliance on this kind of social assistance measure is at odds with the developmental approach to social welfare in the 1997 White Paper for Social Welfare. As explained above analysis of the policy alternatives led all of the members on the Lund Committee to the conclusion that a cash transfer measure was the most cost effective option to introduce in 1998 as the primary measure to support poor children. However, this was not the view of all protagonists in the debate in the mid 1990s. For example, a number of parliamentary role-players and representatives from NGOs argued that in light of the developmental agenda set out for developing social welfare, a more developmental measure, that would be more active in helping caregivers to climb out of poverty, should be implemented. As Lund (2008) explains, the options put forward in this regard, such as investment in sewing groups and craft training, were ones that would have been difficult and costly to implement at the scale required by the size of the poverty crisis. Other protagonists in the debate put forward the view that in light of the safety net nature of the CSG, and its lack of developmental flavor, the CSG policy should be supplemented by additional measures that could be classified more easily as developmental. The most carefully thought out supplementary proposal was one based on a piece of research undertaken for the Applied Fiscal Research Unit (AFReC) by Claudia Haarmann (see Haarmann 1999b). She argued for the CSG to be supplemented by a state funded community fund that could be channeled through NGOs and used for training and job creation projects.

The issue of the lack of developmental flavor of the CSG measure has continued to be raised in debates over the CSG programme throughout its implementation and the question of how to make it more developmental has continued to be asked, most notably by the Department of Social Development and ACCESS (see below). As a sign of recent interest in this issue, in 2008 representatives from the national DSD were involved with discussions with HSRC researchers over options for research that could be used to inform measures to make the CSG programme more developmental.

### **Domestic debate issue five: Lack of co-ordination between support for children via the CSG and the subsidy for ECD facility measure**

The national DSD offers ECD service providers who are registered with it a subsidy which is paid per child on a monthly basis for each child whose caregiver passes an income means test (see Biersteker & Streak 2008; Carter *et al.* 2008). The income means test used to decide which children qualify for the ECD subsidy is the same across all provinces excepting for the Free State. Only in the Free State is qualification for the CSG seen as sufficient to qualify for the CSG (see Streak & Norushe 2008).

A fifth issue of debate in the local arena has been the difference between the means test used to decide eligibility for the CSG and DSD ECD centre subsidy as well as CSG recipients spending a large proportion of their monthly incomes on ECD fees in spite of the subsidy. Emerging out of this debate are calls for: (i) Government to make the test used to decide eligibility for the national DSD ECD centre subsidy the same as that used to decide eligibility for the CSG in all provinces; (ii) Government to raise the value of the ECD subsidy (so that caregivers of children who qualify for the CSG and ECD subsidy do not need to pay such a high proportion of their limited income on ECD fees)<sup>132</sup>.

Over time increasing attention has also been paid in discussions around the CSG programme to the question of how much co-ordination there is at the policy and implementation levels between the CSG programme and other measures.

### **Domestic debate issue six: The costs of the income means test**

A sixth issue of debate surrounding the CSG in the domestic arena has been the costs associated with the income means test used to target the grant and the merits of dropping

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<sup>132</sup> The importance of attention being paid to the level of funding available for centers providing ECD programmes to poor children age 0-4 has been highlighted by a recently released study on ECD outcomes and the factors influencing these outcomes undertaken by the Human Sciences Research Council (HSRC) and Early Learning Resources Unit (ELRU) for the Western Cape DOSD (see HSRC 2010). The study, which was led by Andrew Dawes and Linda Biersteker has provided evidence that the quality of services provided and outcomes are positively related to the level of funding. Another input that emerged as a key factor in producing quality service provisioning an outcomes was management capacity in centers.

it. The critics of the means test, including representatives from the Black Sash, Children's Institute and ACCESS, argue that it is too costly. The main costs they have raised are administration costs and costs that applicants have to incur when applying for the grant. They also argue that it has led to too high exclusion errors and that what is particularly problematic is that some of the most needy children are excluded due to the income means test (see Budlender *et al.* 2005; Goldblatt *et al.* 2006; Hall 2008; Rosa *et al.* 2005 and chapter five). The advocates of dropping the income means test suggest that such a policy shift would not lead to high inclusion errors as the majority of wealthy individuals would self select out of the programme. Chapter five reviews the existing research on the costs of the CSG means test.

Government has to date resisted the call to make the CSG universal. It has not made it clear why. However, this is probably due in part to it wanting to use it to direct as much of scarce resources as possible towards children falling in the lower end of the household income distribution. It is also no doubt due to concerns about a ballooning of the CSG budget if the grant were to be made a universal grant. As explained in section one above, the impact of the global crisis that occurred in 2008 on the South African government's budgetary position will have had the effect of making the potential additional expenditure of such a policy shift even more of a concern. Another factor that is probably behind government's resistance to dropping the income means test is the ideological stance of government being that there is a need, when paying grants, to distinguish between a "deserving" poor population that needs to be targeted and another group that should not.<sup>133</sup>

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<sup>133</sup> As Lund (2008) has pointed out, those behind the use of an income means test to target grants like the CSG programme call for this approach in spite of the fact that there is no easy way to decide where to draw the eligibility line used to separate the poor and "deserving" from those who are not (see chapter one) and it is difficult in practice to implement a means test accurately due to income reporting errors (see chapter one).

### **Domestic debate issue seven: The merits of adding conditions into the programme**

Since 2000, question of the merits of making the CSG a conditional cash transfer programme has moved to the forefront of debates in South Africa over the CSG. School attendance and enrollment as well as child participation in health programmes have been the two conditions most discussed (see Lund *et al.* 2008; Budlender 2009). However, the idea of linking the transfer to the requirement that adult recipient participates in work activities has also received attention (see Siebrits & Van der Berg 2010; Van der Berg *et al.* 2009). The debate over conditionality has been heated due to there being both strong views for and against within the government departments most involved in the programme, namely DSD, Treasury and SASSA. A small group of researchers have argued that it is worth doing further research to explore the costs and benefits of introducing different conditions into the CSG (see for example Streak *et al.* 2008; Van der Berg *et al.* 2009; Siebrets & Van der Berg 2010). Other researchers, based on reviews of the existing literature on the experiences with conditional and unconditional cash transfer programmes in South Africa and elsewhere, and consideration of the socio-economic and administrative context in South Africa have argued against such a policy shift (see Budlender 2009; Lund *et al.* 2008). The majority of civil society organizations involved in the debate have been opposed to conditionality. The arguments for and against the introduction of conditions into the CSG and the merits of such a policy shift are presented in chapter five.

Government's interest in exploring human development conditions was first signaled to the public in 2006 when the then Finance Minister called for research on this in presenting the MTBPS. The 2009 *Budget Review* notified that the government had commissioned various pieces of research on the merits of introducing conditions (National Treasury 2009:91). As already explained above, the announcement of the CSG grant extension to children age 15, 16 and 17 was accompanied by a statement that payment of the benefit to these older children would be made conditional on school attendance. Then, in February 2010 government introduced two education conditions, enrollment and attendance, into the CSG.

### **Domestic debate issue eight: Primary caregivers of non-biological children applying for the Foster Care Grant (FCG) instead of the CSG**

A final issue that has been at the centre of debate over the CSG in domestic policy and research circles worth mentioning is the issue of many non-biological caregivers of poor children applying for the foster care grant instead of the CSG grant. As explained above the FCG is designed to support children who have been abused and placed in foster care after a court investigation. However, since the early 2000s there has been a rapid increase in the demand for the FCG and research has shown that this is in part due to many primary caregivers of non-biological parents, who are poor and hence in need of income support and who probably qualify for the CSG, applying for the FCG instead of the CSG. This problem has arisen because the foster care grant is three times the value of the CSG and lasts longer (Van der Berg *et al.* 2009:31)<sup>134</sup>. Aside from the problem that this practice leading to some children being taken in for the wrong reasons (with implications for quality of care provided)<sup>135</sup> it is a problematic because the FCG application process is far more time consuming and expensive for the administration than the CSG application process.

#### **4.7 Questions raised by local stakeholders as important to ask about the CSG**

Information was gathered by the author from representatives working in SASSA and the National DSD and who are involved in the CSG programme on the key questions that need to be asked at this time about the CG programme. Information about the key questions that need to be asked about the programme at this juncture was also gathered from the director of ACCESS. Their views on the questions that need to be asked are presented in Table 4.7.

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<sup>134</sup> Aside from the incentive effect created by the value of the FCG being larger than the CSG, this issue may be linked to poor communication by government of the different eligibility criteria and purposes of these two child targeted grants.

<sup>135</sup> Some social workers have reported that there is evidence of foster parents spending the money received not on the children in their care but on themselves which is something that requires further investigation (Van der Berg *et al.* 2009:31).

**Table 4.7: Questions about the CSG programme identified by three main stakeholders as requiring investigation**

Questions about conceptualization and design	Questions about implementation	Questions about impact
<b>Alliance for Children's Entitlement to Social Security (ACCESS)</b>		
<ul style="list-style-type: none"> <li>Has the CSG programme been developed within a developmental/welfarist model? If the former is it seen as a long-term sustainable measure or an unaffordable burden on the taxpayer?</li> </ul>	<ul style="list-style-type: none"> <li>Why are people in very poor rural areas still not accessing the CSG and what are the systematic plans for reaching them?</li> <li>Why is the take-up rate for very young children (under one) still low and what are the plans to increase access amongst this group? Are there plans for example to do more outreach work within the population of poor pregnant women in order to prepare them for immediate access once their child is born?</li> </ul>	<ul style="list-style-type: none"> <li>How does the CSG improve the quality of life of children for example via increasing food consumption and enhancing access to education and health services?</li> </ul>
<b>South African Social Security Agency (SASSA)</b>		
<ul style="list-style-type: none"> <li>How is the recently introduced educational attendance condition to be implemented and what will be the costs associated with it?</li> <li>Should and will the CSG for children age 16 and 17 be paid directly to the child or, if there is an adult caregiver for him/her, via the primary caregiver as is the case for younger children?</li> <li>Should the value of the grant be increased substantially - is this affordable?</li> </ul>	<ul style="list-style-type: none"> <li>Which and how many children in the target population are still not being reached by the grant and why?</li> </ul>	<ul style="list-style-type: none"> <li>Would the introduction of a school attendance condition, such as those recently proposed for children age 15, 16 and 17 enhance the impact of the grant on child wellbeing? If so, by how much and at what cost?</li> </ul>
<b>National Department of Social Development</b>		
<ul style="list-style-type: none"> <li>Is there a way to make the CSG more developmental, for example by adding a work requirement condition?</li> <li>Should the value of the grant be raised substantially?</li> <li>Would it be cost effective to introduce human development conditions, particularly for children age 15, 16 and 17? If so what conditions?</li> <li>How could the CSG be adjusted to improve the linkages between it and other measures in the child social protection package?</li> <li>What are the benefits of the means test? Should the CSG become a universal grant?</li> </ul>	<ul style="list-style-type: none"> <li>Who in the target population is still not being reached and why?</li> </ul>	<ul style="list-style-type: none"> <li>What impact has the CSG been having on child wellbeing – has it been improving child access to social services such as health and education and has it been improving nutritional status?</li> <li>Has the CSG been increasing fertility, particularly amongst teenagers?</li> </ul>

## 6. Conclusion

The purpose of this chapter was: first to present the Rossi *et al.* (2004) systematic approach for tailoring the research design to be used in a social programme evaluation; second to apply it to the case of this analysis of the CSG programme and thereby lay the foundations for the analysis in the next chapter.

The description of the Rossi *et al.* (2004) approach identified three key activities or steps that need to be taken when developing the research design for a social programme analysis. These are: identifying the method to be used in the analysis; establishing the nature of the relationship with key stakeholders in the programme; and selecting the questions that will be used to structure the analysis. The latter it was argued, is particularly important. A particularly useful aspect of the Rossi *et al.* (2004) guide that emerged is its suggestion that when developing the questions to be used in the analysis of a social programme the researcher first develops questions about the reasonableness of the programme's theory and design, then about the programme's implementation, followed by questions on its impact and finally its cost effectiveness.

It was seen that the approach Rossi *et al.* (2004) propose for shaping the research design involves considering what the purpose of the programme evaluation, the nature of the programme theory and the context surrounding the programme being analyzed suggest about what questions it is appropriate to ask of the programme as well as the nature of the stakeholder/researcher relationship. With respect to the context surrounding the programme that needs to be analyzed this covers analyzing the policy framework surrounding the programme, the history of the programme, debates about the programme in the literature and the domestic and international policy arenas as well as programme stakeholder views about questions that need to be asked about the programme. Therefore, to lay the foundations for the research design presented and used in chapter five in the analysis of the CSG programme the implications of the resources available for the analysis and purpose of the analysis were considered and it was explained that these both suggested that a literature review analysis method would be most appropriate for this analysis of the CSG programme. Second, and informed by the knowledge generation purpose of the evaluation the stakeholder/researcher relationship was defined for this social programme analysis as the kind used in an independent evaluation of a social programme, in which the interaction is mainly focused on gathering information required in the analysis and dissemination of research findings. To facilitate identifying appropriate questions to structure the literature review analysis of the CSG programme, background contextual information about social assistance in South Africa was provided,

the history of the CSG was outlined, debates about the CSG programme and similar programmes in the domestic and international arenas were presented and the CSG programme was described. In addition, the views about key questions to be asked of the programme by some of the main stakeholders in the programme were also presented.

The next chapter begins by presenting the questions that the application of the Rossi *et al.* (2004) guide suggests are the ones that need to be asked of the programme at this time. It then presents key findings on them based on an analysis of the existing literature and highlights questions that are yet to be addressed.

## CHAPTER 5 – THE PERFORMANCE OF THE CHILD SUPPORT GRANT: A LITERATURE REVIEW ANALYSIS

### 1. Introduction

The CSG grant programme's performance has high salience not only within South Africa but also internationally. When selected as South Africa's primary measure for addressing child poverty it was unusual in introducing a cash rather than in-kind benefit that was non-conditional (Case *et al.* 2005:468). In addition, and as explained in chapter four, the programme was unique in providing access to the grant through a primary caregiver instead of a biological parent, a design aspect chosen due to the varied and fluid patterns of care-giving in South Africa. The programme was introduced without randomized control trials or baseline surveys on children's outcomes of interest, an approach which has made evaluating the performance of the programme a challenge (Case *et al.* 2005:477).

Section 2 presents the research design used to analyze the CSG programme's performance. The focus here is on the research questions used to structure the analysis as the nature of the relationship with stakeholders and literature review method was explained in chapter four. The primary studies used in the analysis are also presented. Twelve years after its introduction a substantial literature on the CSG programme exists. It is however small compared to that which exists on the cash transfer programmes with human development conditions attached, that have spread since the mid 1990s around Latin America and the Caribbean. The existing research on the CSG programme is comprised of quantitative method studies (Woolard 2003; Leatt 2004; Cassiem & Kgamphe 2004; Samson *et al.* 2004; Woolard *et al.* 2005<sup>136</sup>; Case *et al.* 2005; Budlender

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<sup>136</sup> This study, based on KIDS and which considers the reach of the CSG, profiles beneficiaries and measures impact of the CSG on child nutrition, is published as Woolard *et al.* (2005) as well as Agüero *et al.* (2007).

& Woolard 2006; Leatt 2006; de Koker *et al.* 2006; Makiwane *et al.* 2006; Noble *et al.* 2008; Samson *et al.* 2008; Van der Berg *et al.* 2009) a handful of qualitative method studies (Goldblatt *et al.* 2006; Hunter & Adato 2007a&b; Surender *et al.* 2007; and Peters & Williams 2009) and a handful of Q-squared method studies (Kola *et al.* 2000; Vorster *et al.* 2004; Budlender *et al.* 2005; Rosa & Leatt 2005; Delany *et al.* 2008). Most of the studies are on implementation of the programme but a few provide evidence on its impact. Section 3 assesses the logic of the CSG impact theory. Section 4 summarizes the findings from the literature on the questions raised about programme implementation and Section 5 the findings for CSG impact questions. Section 6 addresses the questions raised about the policy/design of the CSG. The conclusion summarizes the key findings of the chapter and the knowledge gaps in relation to the thirteen question sets asked about the CSG programme.

## **2. Research design**

### **2.1 Priority research questions to be asked of the CSG programme**

The questions that flow from the analysis in chapter four and that are used to structure the analysis of the CSG programme are presented in Figure 5.1. The way they are organized is informed by the hierarchy suggested by Rossi *et al.* (2004). However, there are differences. First, there is no question asked about the cost effectiveness of the CSG programme. A second difference is that there is a set of questions on policy/design presented at the apex of the hierarchy. This is because these questions flowed from the findings in relation to the questions asked about the CSG programme's implementation and impact questions and hence it seemed logical to address them after those relating to these two aspects of the programme.

The questions asked are grouped into thirteen sets. There is one question set on the logic of the CSG impact theory which has two sub-questions in it. There are five question sets on programme implementation most of which have a number of sub-questions. There are

three question sets on the programme's impact, each of which has only one question. There are four on policy/design with one question in each. Questions about the need for the CSG programme are not asked because chapters two and three analyzed the child poverty situation and showed the nature and extent of the problem that the CSG programme was introduced to help alleviate.

There are two questions that some may argue are missing. The first is whether the CSG is sufficiently developmental and how it can be made more developmental<sup>137</sup>. This question is not asked for two reasons. First, and as argued by most on the Lund Committee members, it is not asked because the vagueness of the “developmental social welfare” concept makes it difficult to address. Second, it is not asked because this question in any event appears at odds with the impact theory of the CSG in that it is at odds with what one should expect the programme to achieve. The CSG was designed as a social assistance programme aimed at alleviating the various deprivations associated with child poverty, and not as a programme to address issues such as lack of employment/adult income earning capacity. The latter problems, which underpin poverty in South Africa, arise from structural issues in the South African economy and need to be addressed by different measures implemented in conjunction with this programme. The second question that some may see is missing is how the CSG is integrated at the policy and implementation levels with other measures of support for poor children. This question is a priority question that needs to be addressed. It is a vital question to be asked because, as is explained in chapter one, the multi-dimensional nature of child poverty makes it imperative for non-monetary measures of support to operate in conjunction with the CSG income support measure. As explained in chapter four, this was something that was understood by the Lund Committee and the CSG was designed to operate as part of an integrated package of measures targeted at poor children. The question on integration between the CSG and other child poverty alleviation measures is not asked firstly because the focus of the thesis is on the income aspect of multi-dimensional child poverty

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<sup>137</sup> A related question that some may say is missing is whether the CSG should be linked to the condition that recipients participate in workfare/livelihoods programmes. The arguments about why this has been excluded are similar to those for the question of whether the programme is sufficiently “developmental”.

and secondly because addressing it would have required a substantial broadening of the literature review. It would have required, for example, analysis of the studies that have been done on implementation of the primary health care programme, the centre based ECD programme for children age 0-4 years, the primary school nutrition programme and the no fee exemption policy as well as on the uniformity and differences in the mechanisms used to target these programmes at poor children. Recently researchers and advocates working on understanding how to enhance strategy to address child poverty in South Africa have begun to see this question as one of the most important questions for attention (see for example the papers of the Children's Institute Means to Live Study<sup>138</sup>; Delany *et al.* 2008). The need for future research on this question is something taken up in the discussion of research priorities in the dissertation conclusion.

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<sup>138</sup> To recap from chapter two, this is a project of the Children's Institute aimed at evaluating the targeting of child poverty alleviation measures. In late 2005 and early 2006, research by the project involved an analysis of the targeting mechanisms for social services delivery of six different social security programmes: the CSG; free health care; the School Fee Exemption policy; the National School Nutrition Programme; the Housing Subsidy Scheme; and the Free Basic Water policy (Leatt, 2006:16).

**Figure 5.1: Questions to be asked of the CSG programme**

**Policy or design questions**

10. Should the value of the monthly CSG benefit be raised?
11. Should the income means test used to target the grant be dropped?
12. Should the CSG benefit for children age 16 and 17 be paid directly to child beneficiaries?
13. Should the CSG benefit be linked to human development behavioral conditions?

**Programme outcome/impact questions**

7. Has the CSG been achieving its planned proximal outcome objectives of raising income levels in households in which targeted poor children live and increasing spending on these children?
8. Has the CSG programme been achieving its planned ultimate (distal) outcome objectives of reducing child poverty and promoting human capital development?
9. Has the CSG been having one or more of the following behavioral effects: (i) causing girls to adopt a less cautious approach to falling pregnant (ii) causing adults in recipient households to choose more leisure; (iii) causing adults in recipient households to change their decisions about where to live? households?

**Programme implementation questions**

2. What are understandings and views about the CSG in the target population?: 2.1 How aware are individuals in the target population of the CSG and how to access it? 2.2 What is the target populations' understanding of who and what the CSG it is for? 2.3 What are attitudes towards the CSG in the target population (positive or negative; any signs of stigma)?
3. What is CSG programme coverage? 3.1 How many adult recipients and child beneficiaries does the CSG reach? 3.2 What percentage of the eligible child population does it cover?
4. Who has the CSG programme reached and what concerns about the programme's targeting outcomes are raised by the characteristics of beneficiaries and recipients? 4.1 What are the demographic and geographical characteristics of adult recipients and child beneficiaries? 4.2 What are the socio-economic characteristics of the child beneficiary profile and size of inclusion and exclusion errors in targeting outcomes? 4.3 What are the concerns about targeting outcomes?
5. What are the administration costs and costs to applicants of the income means test used to target the CSG?
6. What are the weaknesses in CSG programme implementation? 6.1 What problems in programme implementation have been raised by applicants and administrators experiences of the administration processes? 6.2 What are the barriers that prevent eligible non-recipients from accessing the CSG?

**Programme theory questions**

1. **How logical is the CSG programme impact theory?** 1.1 Is it reasonable to expect that a cash transfer paid to the primary caregiver of a child with no strings attached will be transferred to the household in which child on whose behalf it was received resides? 1.2 Is it reasonable to expect, if it does reach the child's household, that the transfer flowing into the household will be spent (at least in part) on the child for whom it is intended?

## 2.2 Method: overview of studies used and stakeholder / researcher relationship

The method used in this analysis of the CSG programme is, to recapitulate from chapter four, a literature review analysis with the spotlight on synthesizing the main findings and knowledge gaps in relation to the questions set out in Figure 5.1. As explained in chapter four, the purpose and nature of a social programme evaluation shapes the stakeholder/research relationship. This analysis of the CSG may be classified as an independent academic evaluation whose primary purpose is to generate knowledge. The stakeholder /research relationship was therefore not as close as it would have been if the evaluation was a participatory or empowerment evaluation commissioned by the government or another stakeholder in the CSG programme. The author's interaction with stakeholders involved two activities: (i) correspondence with officials from DSD and SASSA to gather administrative data on the number of CSG recipients and beneficiaries and CSG programme expenditure; (ii) discussions with officials from the government departments most involved in the CSG programme (DSD, National Treasury and SASSA) as well as representatives of leading advocacy and research organizations working on child poverty and child social protection issues in South Africa. The latter information was gathered over the period 2000-2009 whilst the author worked at Idasa's CBU and the CYFSD research programme at the HSRC<sup>139</sup>.

Tables 5.1, 5.2 and 5.3 introduce the twenty four studies identified by the author as the main ones undertaken to date on the CSG programme and used in the analysis. Table 5.1 presents the quantitative method studies, of which there are fifteen, Table 5.2 the qualitative studies, of which there are five and Table 5.3 the Q-squared method studies, of which there are four. Each table provides information on the studies' author(s) and date, the data it used and its main focus area(s).

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<sup>139</sup> The author's work activities whilst at these two institutions included attending conferences and workshops on the child poverty situation and options for enhancing strategies to address child poverty.

For the most part only studies on the CSG programme that have been peer-reviewed and published in peer reviewed journal articles have been included in the literature review. However, there are exceptions. These are studies undertaken by researchers who are known leaders in the area of child poverty and social policy analysis in South Africa. Some of these studies were commissioned by the government or leading development institutions (such as the ILO) and are in report format. Others are working papers which may still be published as peer reviewed journal articles. Most of the studies included in the review focus narrowly on the CSG programme but there are also exceptions to this rule. Studies that have focused only on the CSG programme but which do not address questions raised in this analysis are not included<sup>140</sup>. A final point to note is that at the time this chapter was being written there was being set up a CSG evaluation study led by EPRI and financed by UNICEF and the DSD. The results of this study, which will make a contribution towards addressing many of the questions about the CSG raised in this chapter, have not been included because they were not yet available.<sup>141</sup>

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<sup>140</sup> This is why Plagerson's (2009) study on the CSG's impact on maternal depression was not included.

<sup>141</sup> The author was involved in one of the workshops convened in mid 2009 by UNICEF and DSD to define the study focus and research questions of this research project.

**Table 5.1: Existing quantitative studies on the CSG programme’s performance**

Study / Paper <sup>142</sup>	Data used	Focus
1. Woolard, I. 2003. <i>Impact of government programmes using administrative data sets: Social assistance grants.</i>	IES2000 & administrative data (SOCPEN).	Targeting efficiency of the CSG and the other main grants as well as impact of the CSG on child poverty and of the pension on poverty amongst the elderly. This study uses the traditional money metric approach to measure poverty impact and two poverty lines: the bottom 20 and 40 percent of the income distribution.
2. Leatt, A. 2004. <i>Granting assistance: An analysis of the CSG and its extension to seven and eight year olds.</i>	Administrative data (SOCPEN) and five reports generated by DSD on the CSG age extension implemented in 2003. The latter include data on: the number of new applicants and re-applications and captured but not yet approved applicants; the number of grants lapsed and the reason for this; and on the number of grants refused and reasons for refusals.	Reach of the CSG with particular attention to children age seven and eight (who became eligible in April 2003). The CSG recipient and beneficiary profiles are also analyzed and some reasons for CSG exclusion errors are explored.
3. Cassiem, S., & Kgamphe, L. 2004. “The right to social assistance” Chapter five in Coetzee, E., & Streak, J. 2004. <i>Monitoring child socio-economic rights in South Africa.</i>	Data on the number of CSG child beneficiaries supplied by the provincial DSDs and FFC estimates of the number of children eligible for the CSG.	The primary focus of this study is on the growing reach and budget of the CSG during the first five years of the programme’s implementation. However, the study also analyzed the CSG policy design by reflecting on how it sits with the rights framework governing social assistance in South Africa.
4. Samson <i>et al.</i> 2004. <i>The social and economic impact of South Africa’s Social Security System.</i>	LFS2000, IES2000 and administrative data (SOCPEN)	In this study a micro-simulation model is calibrated using administrative data for January 2003 and the IES2000 plus the LFS2000. This is used to investigate the poverty and human development impacts of the five main grants including the CSG. The traditional FGT measures are used to measure impact on poverty. School enrolment is used as the main measure for the measurement of human development impact.

<sup>142</sup> Several of the studies have been disseminated via more than one paper. For example the study profiling CSG beneficiaries and recipients and measuring the impact of the CSG on child wellbeing using nutritional outcomes as the indicator is disseminated in Woolard *et al.* (2005) and Aguero *et al.* (2007). There are slight variations in the aspects of the studies focused on across the two papers. The Woolard *et al.* (2005) paper has more than the Aguero *et al.* (2007) paper on the nature of the profile and barriers to access. On the other hand, the latter paper has more on the impact findings of the study.

<p>5. Woolard, I. <i>et al.</i> 2005. <i>Analysis of the Child Support Grant: Evidence from the KwaZulu-Natal Income Dynamics Study, 1993-2005</i> and Agüero, J. <i>et al.</i> 2007. <i>The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant.</i></p>	<p>KIDS2004.</p>	<p>This study considers the profile of CSG beneficiaries and recipients, investigates the reach of the CSG and measures the impact of the CSG on one specific outcome variable, child height for age. In the analysis of impact the study focuses on children age 0-3 years, as this is what the data permit. To measure impact, the study takes advantage of the slow programme rollout, which created exogenous variation in the extent of CSG treatment, and allows for use of the continuous treatment method of Hirano and Imbens (2004). The study also estimates the private returns to the CSG cash transfer payments (making heroic assumptions about the translation of child height gains into adult height gains, the relationship between height and wages and employment status).</p>
<p>6. Case, A. <i>et al.</i> 2005. The reach and impact of child support grants: Evidence from KwaZulu-Natal.</p>	<p>Longitudinal data collected through the Africa Centre for Health and Population Studies including data from a special set of questions on child grants asked in 2002.</p>	<p>Profile of CSG recipients and beneficiaries, reach, the efficiency of targeting and impact of CSG receipt using school enrolment as the measure.</p>
<p>7. The component of the CASASP Take up of Social Grants Project focused on the CSG. This part of the CASASP project is released in four papers: (i) Noble <i>et al.</i> (2005a) The CSG: A sub-provincial analysis of eligibility and take-up in January 2004; (ii) Noble <i>et al.</i> (2005b) The CSG: A sub-provincial analysis of eligibility and take-up in January 2005; Wright, G. (2006) A comparison of province-level estimates of eligibility for the CSG; Barnes &amp; Noble (2006) Modelling eligibility for the CSG.</p>	<p>CENSUS2001 and administrative data (SOCPEN).</p>	<p>This study has two main focus areas. The first is estimating eligibility and take up rates for the CSG. The second, the findings for which are disseminated in the Barnes &amp; Noble (2006) paper, is the development of a logistic regression model to examine the probability of caregivers with different characteristics being eligible for the CSG on behalf of their child.</p>
<p>8. Budlender, D., &amp; Woolard, I. 2006. <i>The Impact of the South African Child Support and Old Age Grants on Children's</i></p>	<p>GHS2004 &amp; KIDS2004.</p>	<p>This study measures the impact of the CSG and pension on school enrollment as well as on child work activities though the latter is very limited due to data weaknesses<sup>143</sup>. Cross tabulations and micro-simulations are used in the analysis.</p>

<sup>143</sup> As the author's explain, the KIDS sample is too small to do any meaningful analysis of child work impacts, and GHS2004 only collected data on the work activities of children 15 years and above. The analysis of the CSG's impact on work activities therefore focuses on collection of water.

<i>Schooling and Work.</i>		The analysis of the link between the CSG and school enrollment based on the GHS considers children age 6-8 and that based on KIDS2004 children age 7-8. The analysis of the link between the CSG and work uses only GHS2004 and is limited to exploring how the grant impacts on the amount of time children age 6-8 spend on water collection. The econometric analysis uses only KIDS2004.
9. Leatt, A. 2006. <i>Grants for children: A brief look at eligibility and take-up of the Child Support Grant and other cash grants.</i>	Administrative data (SOCPEN) and updated reports generated by DSD on CSG implementation described in entry 2 above.	Implementation of the first age eligibility extension of the CSG at the end of the period of its implementation, i.e. 31 March 2006. The study considers the number of children reached, take-up rates in the provinces and barriers undermining access for those excluded. This paper is a sequel to Leatt 2004.
10. de Koker, C. <i>et.al.</i> 2006. <i>A profile of social security beneficiaries in South Africa.</i>	The primary data used for this study was a household survey focused on grant beneficiaries commissioned by national DSD specifically for the study. The survey, which drew on a nationally representative sample of 7 000 grant beneficiaries and covered all five of the main grants, was undertaken by an HSRC consortium and Geospace in early 2005.	The main focus of the study was on understanding the profile of grant beneficiaries in South Africa. However, the study also explored how grants are spent and controlled inside households as well as beneficiary perceptions of grant service delivery.
11. Makiwane, M. <i>et al.</i> 2006. <i>Is the Child Support Grant associated with an increase in teenage fertility in South Africa? Evidence from national surveys and administrative data.</i>	OHS1995&1998, DHS1998 & Census2001.	The paper analysis teenage fertility trends and age patterns of CSG beneficiaries to examine whether the CSG is increasing teenage pregnancy. To assess the relationship between teenage fertility trends and the CSG data on fertility and CSG access are presented and evaluated with the aim of determining whether there is an association between them. Fertility trends in South Africa are also compared with those in other countries.
12. Noble, M. <i>et al.</i> 2008. <i>Attitudes to work and social security in South Africa.</i> <sup>144</sup>	Data from a specially designed module on “work and welfare” in the HSRC’s 2006 South African Social Attitudes	The primary focus of this study is on whether social grants, including the CSG, provide a disincentive to work. Towards this end the study investigates (i) attitudes to work amongst the employed and unemployed; (ii) views among the population about the greatest obstacles to finding work; (iii)

<sup>144</sup> This quantitative study was undertaken with a parallel qualitative study by Surender *et al.* (2007) which is summarized in Table 5.2. The findings of this study are also in a popular version of this paper written by Noble & Ntshongwana (2007) and published in the November 2007 *HSRC Review*.

	Survey (SASAS).	attitudes towards social grants; (iv) views about whether social assistance should be expanded in South Africa, and in particular via a grant for able bodied unemployed individuals. In addition, the study investigates whether all grants, including the CSG, should be raised <sup>145</sup> . The analysis considered differences in attitudes between racial groups, grant recipient and non-recipient households, those defining themselves as “poor”, “just getting by” and “non-poor” and between the unemployed and wider population.
13. Samson, M. <i>et al.</i> 2008. <i>Quantitative Analysis of the Impact of the Child Support Grant.</i>	EPRI constructed GHS panel developed from the GHS2002-2004.	Impact of the CSG. The study employs a non-experimental propensity score matching approach. To study its impact, children under the age of 7 in 2002 who received the grant in 2003 and 2004 are compared with eligible children in 2002 who did not receive the grant in 2003 and 2004. The study attempts to measure CSG impact on child hunger and school enrollment (pre-school and early grades). In addition, it studies its impact on household level agricultural production, child labour and access to cell phones.
14. Budlender, D. <i>et al.</i> 2008. <i>Analysis of survey data on the impact of social security grants.</i>	Data collected from the second phase of the grant beneficiary survey undertaken in early 2006 by Geospace and the HSRC consortium.	Impact of the CSG and pension. The analysis explored statistically significant associations between CSG receipt and a range of child outcome indicators including: hunger; illness; school enrollment; grade repetition. <sup>146</sup>
15. Van der Berg, S. <i>et al.</i> 2009. <i>Quantifying Efficiency &amp; Equity Effects of Social Grants in South Africa.</i>	IES2005/06, AMPS2001-2006 & GHS2002-2006.	Three focus areas: (i) evolution, nature and coverage of social assistance; (ii) the role and effect of grants in other countries as well as broad currents in reforms of social assistance systems; (iii) new evidence on equity and efficiency effects of grants in SA with the spotlight on the CSG programme.

<sup>145</sup> The module also included a question on whether the CSG should be offered on condition that recipients formally seek employment. For some reason the findings on this question are not reported.

<sup>146</sup> The author did not manage to gain direct access to this study, which is one that was commissioned by DSD. The description of this study relies on Budlender’s brief overview of its method and significance, supplied in her (2008) paper on the feasibility of attaching behavioural conditions to the CSG.

**Table 5.2: Existing qualitative studies on the CSG programme's performance**

Study	Data	Focus
<p>1. Goldblatt, B. <i>et al.</i> 2006. <i>Implementation of the CSG: A study of four provinces and recommendations for improved service delivery.</i></p>	<p>Two data sources: (i) Data collected from Center for Applied Legal Studies (CALs) fieldwork undertaken during November 2003 and January 2004 in Gauteng and North West. This involved interviews with CSG recipients as well as with DSD officials involved in processing applications. The Gauteng sites were Alexandra, Johannesburg, Orange Farm and Sebokeng. The North West sites were Mafikeng and Ganyesa. A total of 117 interviews were undertaken. The fieldworkers also interviewed two members of a community based organization that tries to help poor people access grants. (ii) Data from fieldwork undertaken by the Children's Institute in the Western and Eastern Cape during March 2005 as part of the Means to Live study (see Table 5.3 below).</p>	<p>Implementation of the CSG programme covering administration processes, experiences of service delivery quality and barriers to access from the perspective of programme users. A particular interest of the study was to consider gender issues involved with the grant. In exploring the administration process compliance with the Social Assistance regulations was looked for.</p>
<p>2. Hunter, N., &amp; Adato, M. 2007. <i>The Child Support Grant In KwaZulu-Natal: Understanding Administration and Household Access.</i></p>	<p>Two sources of data: (i) data gathered in the qualitative study linked to the third round of KIDS (2004). The qualitative study attached to KIDS involved gathering data from 24 CSG recipients living in 20 households in six study areas across KwaZulu-Natal using a 'modified' extended case study method. It also involved gathering data from pension committee members<sup>147</sup> in the six sites via interviews and observing the CSG payment process at pay points. The data was gathered in June 2004 and March 2005. Repeated visits were carried out to study households and both formal and informal interviews undertaken. Various ethnographic techniques were used for the data gathering including household events mapping and observing and participating in activities related to the topics of the research, both at household and community level. The households were purposively selected to include households with a variety of sizes and structures with regard to beneficiaries and recipients. A broad definition of the household was used in the study to take into account everyone who contributes to or draws resources away from the household. (ii) data gathered by Hunter in 2004 from 10 interviews with welfare officers involved in CSG administration in KwaZulu-Natal.</p>	<p>Implementation and in particular administration processes in practice. Also, understandings about the grant amongst the target population.</p>
<p>3. Hunter, N., &amp;</p>	<p>Same data as that described in entry directly above was</p>	<p>This study looks inside the household at</p>

<sup>147</sup> A pension committee is a committee usually consisting of grant recipients at the community level who liaise between the community and the local welfare office about issues and problems to do with social grants. Members were, in 2004 and early 2005, mainly pension recipients.

<p>Adato, M. 2007. <i>The Child Support Grant in KwaZulu-Natal: Perceptions and Experience inside the household.</i></p>	<p>used.</p>	<p>attitudes/perceptions surrounding the grant and experiences associated with grant receipt. The latter includes exploration of how the grant is spent and affects spending decisions and the way it affects relationships (particularly between men and women).</p>
<p>4. Surrender, R. et al. 2007. <i>Employment and social security: A qualitative study of attitudes towards the labour market and social grants.</i></p>	<p>Data gathered via focus groups in two purposively selected provinces namely Eastern Cape and Western Cape during the months of June to November 2006. The data gathering involved focus groups with CSG and disability grant beneficiaries. All participants were between the ages of 16-65. All the participants were African. In the Western Cape 10 focus groups were undertaken, five with women participants and 5 five with men<sup>148</sup>. In the Eastern Cape there were six focus groups with women CSG recipients and five with male CSG recipients. Each participant was asked to complete a one page schedule with demographic details.</p>	<p>The main focus of the study is on the relationships and connections between work and grants (titled welfare in the study) with the spotlight on two grants, the disability grant and the CSG. The study also explores norms and practicalities that shape household finances, including spending of the grants as well as the impact of the grants on spending power and items.</p>
<p>5. Peters, K., &amp; Williams, L. 2009. <i>Barriers to accessing the CSG in vulnerable areas in South Africa.</i></p>	<p>Data was gathered in two study sites in two provinces, North West and Eastern Cape. The provinces and sites were purposively selected based on their high level ranking on the SAIMDC and rural location. The study sites were the Mbizana local Municipality in Eastern Cape and Ratlou local municipality in North West Province. The data gathering process included focus groups with recipients and non-recipients in each municipality as well as in-depth interviews with key stakeholders in the grant administration process.</p>	<p>The aim of this study was to enhance understanding about barriers to accessing the CSG amongst those eligible recipients still struggling to access it in rural remote areas. Towards this end four questions were explored: (i) what are the barriers to accessing the CSG?;(ii) what other support services and benefits are people in the targeted areas able to access? (iii) what is SASSA doing to address barriers in these areas? (iv) what are other agencies doing to help people access the CSG? This study is the only one on the administration process and obstacles to accessing the grant that has been undertaken since the government announced that an affidavit could be used instead of an ID or birth certificate for the purposes of proving identification in the application process.</p>

<sup>148</sup> The male participants were mostly partners of mothers of children who served as the primary caregivers and received the CSG benefit on behalf of the child, not primary caregivers and CSG recipients.

**Table 5.3: Existing Q-squared studies on the CSG programme's performance**

Study	Data	Focus
<p>1. Kola, S. <i>et al.</i> 2000. <i>Phasing in the child support grant: A social impact study.</i></p>	<p><u>Quantitative data:</u> A survey undertaken for the study of 999 randomly selected CSG beneficiaries spread across the provinces.</p> <p><u>Quantitative data:</u> Series of in-depth interviews with key stakeholders involved in the programme as well as focus groups with CSG recipients, CSG non-recipients, community leaders, NGOs and government officials. The focus groups were undertaken in two sites chosen as case study sites, Monontsha in the Free State and Wayeni in the Northern Province.</p>	<p>Profile of CSG households, recipients and beneficiaries; knowledge about the CSG, experience of administration and work activities of recipients.</p>
<p>2. Vorster, J. <i>et al.</i> 2004. <i>A profile of social security beneficiaries in selected districts in the Western Cape.</i></p>	<p><u>Quantitative data:</u> Survey of adult beneficiaries and recipients (in the case of the child grants) was undertaken for the study. The survey covered twelve purposively selected magisterial districts including Beaufort West, Murraysburg, Prince Albert, Laingsburg, Mitchell's Plain, Vredenburg, Malmsebury, Hopefield, Ceres, Caledon and Mossel Bay. 1480 households were covered and data was collected on 2 650 grant beneficiaries and recipients (as many households have more than one beneficiary or/and recipient).</p> <p><u>Qualitative data:</u> Focus group discussions were held with adult grant recipients and beneficiaries and interviews were conducted with a few experts in the field of social security.</p>	<p>The main focus of this study was on profiling the grant beneficiaries and recipients in the Western Cape. However, the study also explores the contribution made by grants (including the CSG) to household income and spending patterns associated with the grants.</p>
<p>3. The part of the Children's Institute Means to Live Study that focuses on analyzing the CSG targeting mechanism. The findings of this study are disseminated in three papers, each of which focuses on a different aspect of the study: (i) R Rosa <i>et al.</i> 2005. <i>Does the Means Justify the End: Targeting the Child Support Grant?</i> (ii) Budlender <i>et al.</i> At all costs? Applying the means test for the CSG</p>	<p><u>Quantitative data:</u> A household survey which had a child focus and which was designed to ensure an ability to replicate the targeting mechanisms of the programmes studied in the Means to Live Project was undertaken specifically for this study. The survey was carried out in the two purposively selected study sites namely Makhaza in Khayaletsha in the Western Cape and Theko Springs which is comprised of three adjacent villages in an under-resourced municipality in Eastern Cape. The sample size was nearly 1200 children in total. In addition to this data, the study drew on GHS2003 and SOCPEN administrative data. The latter two sources were drawn on for the national level estimate of CSG take up and the costing of the CSG targeting mechanism.</p> <p><u>Qualitative data:</u> Semi-structured interviews were undertaken with primary caregivers and older children as well as with officials involved in administering the CSG programme (and other programmes</p>	<p>As explained, this study formed part of a broader study, called the Means to Live Study, whose purpose was to investigate the efficiency of targeting across a range of key measures in the child social protection package. This, the piece of the study aimed at assessing the targeting mechanism of the CSG programme had three distinct focus areas: (i) analyzing the means test based on analysis of the existing literature on the benefits and costs of targeting a child cash</p>

<p>(2005); and (iii) Hall, K. Where to draw the line? Targeting and leakage in the CSG (2007).</p>	<p>designed to support poor children).</p> <p>To facilitate the costing of the targeting mechanism the following three types of data were gathered in these sites: (i) data from interviews with DSD involved in the application and processing of the grant. These officials were asked about the time spent on a typical case, and how long they estimated it would take if there was no means test. The difference between the actual time and estimate without the means test gave the estimated time taken up by the application of the means test. (ii) data from interviews with police officials who were asked about how long it took them to process documentation related to the means test. (iii) data gathered from interviews with individuals who had applied for the CSG. The women were asked to list all the activities they had done in the means test and asked to estimate how long each took. The researchers then identified those which they thought were linked to the means test and these and the time they took on average were used in the costing of the means test.</p>	<p>transfer and the legal framework governing social assistance (the findings of this are released in the Rosa <i>et al.</i> paper); (ii) estimating the administrative costs associated with the CSG targeting mechanism as well as the costs that applicants incur (released in the Budlender <i>et al.</i> paper); (iii) offering estimates of the size of exclusion and inclusion errors (the findings of which are reported in the Hall <i>et al.</i> paper).</p>
<p>4. Delany, A. <i>et al.</i> 2008. <i>Review of the child support grant: Implementation and obstacles.</i></p>	<p><u>Quantitative data:</u> Survey of households in low-income areas undertaken especially for the study. The household survey targeted approximately 2700 primary caregivers of children age 0-13 years in low income areas. Households with CSG recipients were favored in the selection but households with non recipients who were thought to be eligible for the CSG were also included.<sup>149</sup> The latter were included to provide information on barriers to accessing the CSG.</p> <p><u>Qualitative data:</u> Interviews with SASSA officials and other stakeholders involved in the programme as well as focus group discussions with adult CSG recipients and non-recipients. The focus groups and interviews were undertaken in sites known to be extremely poor and have large numbers of CSG recipients and eligible CSG non-recipients in five of the nine provinces: Gauteng; KwaZulu-Natal; Limpopo; North West and Western Cape.</p>	<p>Five main focus areas: (i) profile of recipients and beneficiaries; (ii) targeting efficiency; (iii) recipients' experiences of the application process and payment system; (iv) linkages between the CSG and other programmes and services to support poor children; and (v) barriers to accessing the CSG.</p>

Looking at the data sources in Tables 5.1 and 5.3 it can be seen that the existing quantitative research on the CSG programme is based on: (i) national level data produced by SSA including Census2001, GHS2003-2006, IES2001&2005/06 and IES2005/06; (ii) nationally representative data gathered by Delany *et al.* in late 2007 for their study on the

<sup>149</sup> As in the majority of the household surveys carried out in South Africa the "household" was defined in the narrow way as "those who share in economic resources and sleep under the same roof at least four times a week".

implementation and uses of the CSG; (iii) area specific data produced by universities and other scientific institutions which include the KIDS1993,1998 & 2004 data sets and the data set gathered by the Africa Centre in Hlabisa in KwaZulu Natal.

In addition to the studies set out in the Tables 5.1-5.3 the chapter also uses administrative data (on the number of CSG beneficiaries and recipients and CSG expenditure) provided to the author by an official from SASSA. The two existing studies (Budlender 2009; Lund *et al.* 2008) on the merits of introducing behavioral conditions into the CSG, both of which consider the arguments for and against, based on reviews of the existing literature, and then apply these to the South African child poverty situation and administrative context, are also used. The arguments developed in this chapter draw on the literature used and arguments made in earlier chapters of the thesis.

### **3. CSG programme impact theory assessment: is it reasonable?**

Chapter four established the assessment of the logic of the programme's impact theory as a first step when undertaking an analysis of a social programme. Therefore this analysis of the CSG programme begins by assessing the logic of the CSG impact theory.

Recapping from chapter four, the CSG programme impact theory may be described in the following way. Transfer of a monthly cash benefit whose value is relatively low (was R100 and now R250) to an adult who does not have to be a biological parent, but must be 16 years and the primary caregiver of the child (and who must have passed a means test used to target the benefit at poor children), will:

- Raise the level of income in the household in which the child on whose behalf the benefit is received resides (proximal outcome one).
- Increase the level of spending on goods and/or services for the targeted child (proximal outcome two).
- Reduce child deprivation / multi-dimensional poverty (final or distal outcome one) and thereby promote human capital development (final or distal outcome two).

A study of the causal chain of logic in the CSG impact theory reveals two areas of possible slippage that may undermine the programme's impact. The first is the possibility that the link between the cash transfer and the planned outcomes of an immediate reduction in child deprivation and human capital development may be broken by the CSG recipient transferring the benefit to some other household instead of the one in which the targeted child lives. The second is the possibility that the transfer may be spent mainly or wholly on goods and services for other people in the household instead of the targeted child. It follows that the following two questions need to be asked to assess the CSG programme impact theory:

- Is it reasonable to expect that a cash transfer made to the primary caregiver of a child classified as poor will find its way from the adult recipient to the household in which the child resides (i.e. that the grant will follow the child, not the recipient)?
- Is it reasonable to expect that once the cash transfer has been transferred to the household in which the child resides, it will be spent, at least in part, on the child for whom it is intended?

**Is it reasonable to expect the cash transfer to flow from the recipient to the household in which the targeted child lives?**

It was shown in chapter two, drawing on the existing research on the family/household and care-giving context of poor children in South Africa, that child care-giving arrangements are complex and fluid. Whilst the majority of children live with and have their biological mother as their primary caregiver, there are also large and growing numbers of children who have neither of their biological mother nor father as their primary caregiver. In these cases the grandmother is the most common primary caregiver. It was also established in chapter two that mobility of primary caregivers and movement of children between primary caregivers is common. In chapter four it was pointed out that the reality of many children not living with their biological mother (or father) and some children whom the CSG would want to reach having a range of primary caregivers over the course of their childhood, informed the Lund Committee's recommendation and the government's decision to make the primary caregiver, not a

biological parent, the recipient of the CSG. The primary caregiver recipient aspect of the CSG programme's design implies that it is reasonable to expect, at least in most cases, that the transfer made to the adult recipient will find its way to the household in which the targeted child resides<sup>150</sup>.

### **Should we expect the cash transfer to be spent inside the recipient household on the targeted child?**

In chapter four it was established that one way to assess the reasonableness of a social programme's impact theory is to look towards the impact findings of existing research on similar programmes. There are three evidence bases that can be used to address the question of whether, once the CSG has reached the household in which the targeted child lives, it will be spent, at least in part, on the targeted child. The first, outlined in chapter four, concerns the impact of the conditional cash transfers programmes with human development conditions that have been implemented in Latin America and the Caribbean. As was seen in chapter four, the evidence on the impact of this type of cash transfer programme targeted at children is mostly positive, and includes evidence of programmes being associated with improvements in a range of child outcomes, such as school enrollment, participation in health programmes and nutritional status. The evidence base on the conditional cash transfer programmes of the human development conditions variety is *suggestive* that the CSG cash transfer would be spent on the targeted child, at least in part and hence reduce his/her immediate deprivation. However, there is a problem with relying on this evidence base to support the argument that we can expect the CSG to be spent on the child targeted once it has reached the household in which she resides. This is because it has not yet provided compelling evidence on the relative role of

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<sup>150</sup> One scenario which comes to mind is when primary caregiver recipients pass away and the grant can therefore no longer be claimed by him/her for the targeted child; this then is one in which there is the possibility that the link between the grant recipient and child may be broken at proximal outcome one level, and one which early research on the programme suggests became a reality in some instances in the mid 2000s (see Leatt 2006). As a means to address this problem, the social assistance regulations were recently changed to provide that when a primary caretiver recipient passes away, an alternative caregiver can be appointed quickly to claim the grant on behalf of the child (see Peters & Williams 2009).

the cash transfer versus the conditions in producing the positive child outcomes (as measured by school enrollment and various child health/nutrition outcome indicators).

The second more persuasive evidence base that may be drawn on to answer this question is evidence about the way in which the social pension is spent in South Africa and its impacts. This is more relevant to the question being asked than evidence about the cash transfer programmes with human development conditions attached, because for most of its implementation period the CSG programme has, like the pension, been an unconditional programme. As explained earlier in the thesis (see chapters two and four), there is a substantial body of research in this regard including both quantitative and qualitative method studies (see for example May 1998a&b; Ardington & Lund 1994&1995; Case & Deaton 1998; Case 2001; Duflo 2003; Klasen & Woolard 2008; Budlender *et al.* 2008). This research has firstly made it clear that instead of being spent only or even primarily on its direct elderly beneficiaries, the pension is pooled in recipient households. Second, it has revealed that, in the context of unemployment, the pension has had the effect of delaying the setting up of own households by young adults and attracting relatives who are struggling to find work in towns, thereby affecting household composition and size and causing many individuals to share the pension. Third this research on the pension has shown that it has played a vital role in sustaining livelihoods and preventing destitution amongst the elderly, other adults and children. Fourth, and critically, it has shown that it has played a role in reducing deprivation/improving the immediate living circumstances of poor children by facilitating purchases of food and other basic goods and allowing for spending on schooling<sup>151</sup>.

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<sup>151</sup> As explained in chapter two, the evidence base on the pension includes Duflo's (2003) quantitative study which found, using rigorous econometric techniques, evidence of the pension impacting on nutritional status of children as measured by weight for height and height for age. It also includes Budlender *et al.*'s (2008) study based on the survey undertaken in 2005/06 by Geospace and HSRC that found a statistically significant positive association between receipt of the pension and child hunger. There is also the Case (2001) study, which was not summarized in chapter two. This is based on a stratified random sample of 300 households in the Langeberg health district of the Western Cape gathered in 1999. Case (2001) finds that the pension is pooled in 84% of households. Where it is not pooled positive effects on health are found only to be experienced by the pensioner. Where income is pooled, children's height is

The third body of evidence which is useful when addressing the question of whether the CSG will be spent on the targeted child after it flows into the household in which he/she lives is that on intra-household spending patterns and resource allocation. The key findings from the literature on this were summarized in chapter one (findings from international studies) and chapter two (findings from South African studies). To recapitulate, this research finds, contrary to the unitary model of the household, that different individuals have different preferences. It also shows that who receives and controls the cash transfer in the household matters for how it is spent and the impacts on children. In this regard, the point that is most relevant here is the evidence from non-South African studies (see for example Thomas 1990 & 1997) and studies based on South African data (see for example Duflo 2003) that if the transfer is received and controlled by woman there is a greater chance of it being spent on goods that are important for reducing child deprivation than if it is received and/or controlled by men. For example, the Duflo (2003) study finds that the pension has a positive impact on child health and nutrition as measured by weight for height and height for age indicators but that the impact is concentrated on girl children. It also finds that the gender of the pension recipient matters for the effect on children; pensions received by men are not associated with an improvement in the nutritional status of either girls or boys but those received by grandmothers are. As a second example, the Posel *et al.* study (see Posel *et al.* 2004 & 2006) on use of the pension and its impact on migration, found that “rural African women are significantly more likely to be migrant workers when they are members of a household in receipt of a pension and that it is female pension income that drives this result” (Posel *et al.* 2004:1).

The evidence on the gender dimension of spending of cash transfers (as well as other sources of income) lends further support to the argument that the CSG impact theory is

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found to increase, suggesting a beneficial impact beyond the pensioner. The study suggests that this impact works partly through improved sanitation, partly through improved nutritional status and partly through reduction in psychological stress. Case (2001) controls for the possibility that it is the presence of an elderly member rather than having a pension that results in the reported health effects through the use of an “elderly member” control variable.

logical. This is because the design of the programme is such that the primary caregiver is the recipient of the benefit and in most cases we can expect that this will be women<sup>152</sup>.

To conclude, consideration of the design of the CSG and in particular its primary caregiver recipient feature in conjunction with evidence on the impact of cash transfers and intra-household resource allocation suggests that the CSG programme impact theory *is* reasonable. However, there is the concern that, in the context of the depth of poverty and mass structural unemployment in South Africa, the magnitude of the impact of the CSG transfer on the targeted child may be diluted by there being many individuals in the household (including a number of unemployed adults who may be in the household party to share in the CSG and other grant income) and the tradition of sharing income inside poor households. Critically, the research on intra-household resource allocation identifies as an important issue for consideration the fact that children with different characteristics may not benefit equally in the sharing of CSG income inside the household and also the fact that children without biological parents inside the household may be particularly at risk of not sharing equally in CSG income.

## **4. Findings on CSG programme implementation**

### **4.1 Understandings and views about the CSG in the target population**

#### **4.1.1 How aware is the target audience of the CSG and how to apply for it?**

—One thing is for certain: everyone knows about the grant” (Hunter & Adato, 2007a:11).

A number of qualitative and Q-squared method studies of the CSG have addressed this question (see for example the qualitative component of Kola *et al.* 2000; Goldblatt *et al.*

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<sup>152</sup> As was pointed out in chapter four, the early studies on the use of the pension and how children are treated in intra-household resource allocation informed the primary caregiver design aspect of the CSG.

2005; Hunter & Adato 2007a&b; Delany *et al.* 2008; Peters & Williams 2009). Some quantitative studies have also shed light on it (see Voster *et al.* 2004; Case *et al.* 2005; and the quantitative component of Delany *et al.* 2008).

Early studies found, not surprisingly, that knowledge in the target population about the existence of the CSG and how to apply for it was sketchy and also that administrators had very little understanding in this regard (see Kola *et al.* 2000). Kola *et al.* (2000) found for example that knowledge about the existence of the grant varied substantially across provinces in the late 1990s. They reflect on their findings as follows (Kola *et al.* 2000:5):

—Knowledge about the grant seems to be uneven across the different provinces. In some provinces officials themselves are unclear about the success of their campaign. A number of officials and representatives from the NGO sector are of the opinion that the grant needs to be publicized more effectively and in particular that rural areas in particular need to be better targeted”.

In 2000 the government intensified its information dissemination efforts in an attempt to push the pace of CSG roll out. It also started to use mobile units to reach more remote communities (Case *et al.* 2005). Studies undertaken since 2000 have confirmed that after this time knowledge about the programme spread rapidly among the target population and that, in general, awareness about the grant and how to apply increased. As an example, the quantitative data collected by Delany *et al.* (2008) shows that only 16% of respondents who were eligible for the CSG but did not receive it reported not knowing about the grant and/or how to apply for it as a reason for their failure to receive the grant (Delany *et al.* 2008:47). In addition to the findings of these studies, the rapid growth in coverage of the CSG since 2000 (see below) is evidence that knowledge about the grant and how to access it spread rapidly across the target population after 2000.

The research on implementation shows that some do hear about the CSG through official channels such as the radio, television and social workers. However, the main way in which news about the CSG and how to access it has been spread is through social networks or informal channels. This includes family, friends and broader community

structures (Voster *et al.* 2004; Hunter & Adato 2007a&b; Peters & Williams 2009). The following explanations, by Hunter & Adato (2007) are worth quoting in this regard:

—Siphokazi said they are living in the informal settlement. People there are poor and they are like this one big family. Siphokazi said if there is something that is happening to benefit anyone they tell one another...She said the information is easily spread in the community by people. She said there was never a meeting that was called to address people about the child grant. It was passed from person to person by word of mouth” (Hunter & Adato 2007a:12).

—Shesays that it’s a well known grant in the community...She heard that it was announced on the radio, informing the nation about the CSG. She says those who heard the news on the radio were informing other people in the community (about it). Those who have applied for the grants were also informing others about the documents needed to apply for this grant” (Hunter & Adato 2007a:13).

Even though good awareness in the target population about the existence of the grant and how to access it is a key finding of most of the existing CSG implementation research, at the same time the research finds exceptions to this norm, especially in remote rural low income communities. For example Peters & Williams (2009) found in their focus group discussions with eligible non-recipients that a few were not aware of the grant and many were not aware of how to begin accessing it. One of the focus group participants in their study related: —...I don’t know anything (about how to access it)...”(Non-CSG recipient focus group participant, cited in Peters & Williams 2007:48). This study also found that in poor remote rural communities there is still confusion about what documents are needed to apply for the CSG.

The research has uncovered a number of weak knowledge areas with respect to the requirements of the CSG application process. The first of these, which is a finding of all the qualitative research, is poor understanding of what the means test is and how it is applied (see Kola *et al.* 2000; Goldblatt *et al.* 2006; Hunter & Adato 2007; Peters & Williams 2009). The second is confusion over what the recent change of policy, which permits application for the grant by using an affidavit instead of an ID and/or birth

certificate, implies in practice (see Peters & Williams 2009). Peters & Williams (2009) show that it is not only on the demand side (i.e. amongst applicants) that there is confusion in this regard but also on the supply side (i.e. amongst administrators).

#### **4.1.2 What is the target population understanding of who and what the CSG is for?**

The key message from the existing research for this question (see for example Hunter & Adato 2007a; Peters & Williams 2009; Surender *et al.* 2007) is that in *general* people have a good understanding that the grant is intended to support poor people. There is however a lack of understanding about how the poor population entitled to receive the CSG is determined – i.e. what the means test is and how it is applied (Hunter & Adato 2007a&b; Peters & Williams 2009). The existing research reveals that the grant is understood as being designed to improve the lives of poor children, as well as something that is aimed at helping women. Another key finding, and one that has come from the qualitative work linked to the third round of data collection in the KIDS study (see Hunter & Adato 2007a&b), is that the grant is not intended to help support men who are primary caregivers of children suffering deprivation. Hunter & Adato (2007a:13) explain this information failure in the programme as follows:

—The gender dimension ...is particularly striking. The grant is known to be for children, but also for children whose fathers are not providing support, either because they ‘have no father’ – i.e. the father is deceased, absent or not known – or the father is known and may be present in some way but is not sending money to the household” (Hunter & Adato 2007:13).

It will be seen below that this finding about the perception that the CSG is mainly for women primary caregivers is reflected in the CSG recipient<sup>153</sup> profile.

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<sup>153</sup> Following Woolard *et al.* (2005) CSG “recipient” is used in this chapter and the rest of the thesis to refer to the adult who receives the CSG on behalf of the child. CSG “beneficiary” is used to refer to the child for whom the CSG is received. Whereas the very early research on the CSG found the number of children on whose behalf primary caregivers received a CSG to be low, for example one caregiver to one

The qualitative studies that have provided insights on understanding amongst individuals in the target population about the intended recipients of the grant suggest that in general there is good understanding that the primary caregiver does not have to be a biological parent to apply for and access the CSG (see Goldblatt *et al.* 2006; Hunter 2007a&b; Peters & Williams 2009)<sup>154</sup>. An area of misunderstanding with respect to the grant recipients is the cut off age of eligibility for the child (see Hunter & Adato 2007a; Leatt 2004 & 2006; Peters & Williams 2009). The phased in nature of the upward adjustment of the child age of eligibility may have contributed to this confusion.

Studies that have addressed the question of what the CSG benefit is meant for (see for example Hunter & Adato 2007a&b; Peters & Williams 2007; Surender *et al.* 2007) conclude that in general people understand that the grant should be spent, at least in large part, on children. Hunter & Adato (2007a) summarize their findings on what the grant is for as follows: people who participated in the focus groups discussions see the grant as being given to support children's needs: to help with food, clothing, medical expenses, crèche costs (Hunter & Adato 2007a:14). The following statement by a participant in qualitative work undertaken by Surender *et al.* (2007) illustrates this point of good knowledge about what the grant is for further:

–The government did this to help the child, to avoid malnutrition and to help with the child's clothes" (Female focus group participant from CSG recipient household, cited in Surender *et al.* 2007:21).

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CSG beneficiary, recent studies suggest a higher ratio. Delany *et al.* (2008) find, in their analysis of the sample of data of around 2500 primary caregivers of children, that on average primary caregivers receive the grant for 1.7 children. This ratio may have changed since this time as the child eligibility age for the CSG has changed.

<sup>154</sup> This makes understanding the under-representation of non-biological caregivers in the CSG recipient population found in the quantitative research on the characteristics of CSG recipients (see below) rather a puzzle. As is argued below, particular difficulties involved in accessing relevant documents for non-biological caregivers may explain this targeting outcome.

One of the main messages of the existing research on CSG implementation is that whilst the grant is understood as being something to support children it is not only seen as something that is supposed to benefit children. Rather, it is viewed as something that is aimed at helping poor children and others surrounding poor children inside poor households. Again this raises the problem that in some instances the impact of the grant on the targeted child may be diluted by its use for all those in need in the household in which he/she lives.

#### **4.1.3 What are attitudes towards and beliefs about the CSG?**

Existing research on the CSG has shown that the dominant attitude towards the CSG is a positive one of deep gratitude. This is associated with the difference the grant makes (or would make) in the lives of those inside poor households (see for example the qualitative component of Vorster *et al.* 2004; Hunter & Adato 2007a&b; Surender *et al.* 2007; Delany *et al.* 2008; Peters & Williams 2009). Hunter & Adato (2007a:15) relate that in the focus group discussions undertaken as part of the KIDS2004, several people said that the grant was a gift from the government, and described it as: –something that someone gives you”; –the money you get freely and you don’t have to work for”; –something that you never expected – it came out of the blue” (Hunter & Adato 2007a:15). They (2007a:15) reach the conclusion that the way that women spoke about the grant appears to –reflect a recognition that the government is caring for people and trying to help them”. They further relate that it was often described as a gift from Nelson Mandela.

The evidence on the positive feelings towards the grant comes mainly from women because it is mainly (though not only) women who have been involved in the focus group discussions on the grant. However, the views that have been gathered from men suggest that they feel similarly about the grant. The following statement about how he feels about the CSG, from a male focus group participant in the Surender *et al.* (2007) study, is illustrative of this:

—I'm glad we get this money – I am also thankful because we don't work for it. At least it helps here and there ” (Male focus group participant from a CSG recipient household cited in Surender *et al.* 2007:18).

Noble *et al.* (2008) use a specially designed module on grants and work in the 2006SASAS to explore attitudes to welfare and work. Respondents were asked for their views about whether the government should spend more on grants, underlining the fact that this may imply a need to raise taxes. Strong support emerged in favor of spending more on grants. 65.9% of respondents strongly agreed or agreed (Noble *et al.* 2008:13). In response to the statement “people who can't get work deserve help in the form of social grants” the majority of respondents in the survey (74.4%) strongly agreed. Respondents were also asked whether the CSG and the three other grants with large numbers of recipients, namely the pension, disability grant and foster child grant, should be raised (a lot or a little), kept the same, or reduced (a little or a lot). The majority were found to be of the opinion that the grant values should be increased a lot or a little, and in particular, those of the pension and CSG. The findings on this are presented in Table 5.4.

**Table 5.4: Views in the South African population (in 2006) about whether the social grant amounts should be raised<sup>155</sup>**

	Child support grant	Disability grant	Foster child grant	Old age grant / pension
Raise a little	40.4%	39.5%	38.3%	47.7%
Raise a lot	30.9%	34.0%	33.6%	29.5%
Keep the same	21.5%	24.1%	24.8%	21.2%
Reduce a little	2.2%	0.9%	1.5%	0.6%
Reduce a lot	2.8%	0.1%	0.2%	0.1%
Undecided	2.2%	1.4%	1.7%	0.9%

*Source: Noble et al. 2008:13 based on analysis of SASAS2006.*

<sup>155</sup> The actual question was: “Some people think that the government should raise the level of grants, while other people disagree. Please say whether you would like to see the level of the (...grant) raised, kept the same or reduced. Remember that if you want the level to be raised, this would probably mean that you would have to pay more tax. If you want the level to be reduced this would probably mean paying less tax”.

Noble *et al.* (2008) therefore confirm that in general there are positive attitudes towards grants in the population. At the same time however, qualitative research studies have uncovered some negative feelings towards the grant, particularly amongst men Hunter & Adato (2007a&b) find that some men have negative feelings towards the grant because it makes women “less controllable”. Also, this study suggests that there may be stigma associated with male receipt of the CSG. This stigma was suggested by researchers finding male applicants being attended to first at payment sites in an attempt to mitigate the feelings of shame they experience when being seen accessing their child’s entitlement (Hunter & Adato 2007b:45).

Qualitative research (for example see Hunter & Adato 2007a&b; Surender *et al.* 2007) has also revealed that some within the middle aged and elderly target population have a negative feeling towards the grant, because in their view it causes young women (particularly teenagers) to fall pregnant to receive the grant. The following statement by a focus group participant in the Surender *et al.* (2007) study reflects this view:

—I am not going to lie. We see that our children get babies and get the child support grant. You also find that some will even have their second babies. All the young girls who are doing this put their parents in a difficult situation because they leave their babies with them” (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:40).

However, when the researchers in this study explored this more fully and asked whether anyone in the focus groups knew of someone *personally* who had actually fallen pregnant to access the grant, none said they did. Hence Surender *et al.* conclude that the elderly women’s impressions about the link between CSG receipt and teenage pregnancy were informed from discussion in the community and hearing stories in the media more than by experiencing this in reality. One focus group participant in the Surender *et al.* (2007) study actually said this: “I only heard it on the radio on 12 Down...there are many stories” (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:40). Some individuals in the focus groups by Surender *et al.* (2007) strongly refuted the view that it has increased teenage pregnancy, and pointed out that the problem of high rates of teenage pregnancy was one that had been in the community for a

long time, even before the introduction of the CSG. For example a female focus group participant said that:

—Do not agree with that. Because teenage pregnancy has been a problem long before we had this grant. This grant is too little, I live with my child and I only buy food from that money. I can't even get my child clothes" (Female focus group participant, cited in Surender *et al.* 2007:41).

Another negative feeling associated with the grant found by qualitative research is the feeling that it causes children to leave their children with grandparents (mostly grandmothers) in rural areas so that they can move to urban areas in search of work (see for example Surender *et al.* 2007). The following statement by a focus group participant is illustrative of this negative belief: —...after a person has received this money they will run off to Zphunzana or Mdantsane leaving the child with her mother, behind with nothing" (female focus group participant cited in Surender *et al.* 2007:14)<sup>156</sup>.

Another negative feeling about the grant raised by existing studies is resentment about its low value relative to the amount of money needed to facilitate meeting basic needs of children in many CSG recipient households. The following statements by focus group participants are illustrative of this negative sentiment:

—In a nutshell I want to say that this child support grant is very small and it does not satisfy our needs...the money should be increased because we are not working and everything depends on this grant" (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:20).

—HeyI am in agreement with this man. This money is too little; you don't see what you do with it. I have a child in school and I am renting as well. I am unemployed. I live on

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<sup>156</sup> This view that the CSG has allowed more mothers to move to urban areas in search of work is in line with the finding of Posel *et al.* (see 2004 & 2006) and Ardington *et al.* (2009) on how the pension has led mothers to move in search of work. Of course whether this is a negative or positive impact from the perspective of those remaining in the households (including children) from which the migrants migrate depends on whether the migrant finds work and sends money gained from this back to the household.

this grant but it is not enough”(Male focus group participant from a CSG recipient household cited in Surender *et al.* 2007:20).

—The CSG is helpful but not enough – you get it today and the next day you don’t have it. It does not cover all the needs of the child. You are only able to do few things. On top of the groceries you have to give the child money every day when s/he goes to school. It is helpful but not enough” (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:19).

To conclude, a mixed picture emerges from the existing research on the question of feelings towards the CSG grant. There is gratitude for the way it helps recipients care for themselves and their children. However, negative feelings are also associated with the grant. These include: resentment about the increased power it brings to women in resource allocation processes; stigma associated with male receipt of the grant; concern over its impact on teen pregnancy; and the view that it enables more young women to leave their children with grandmothers in rural areas and migrate to jobs in urban areas. There is also unhappiness about the low value of the grant in the context of limited job prospects and the depth of poverty.

## **4.2 Reach of the CSG programme**

### **4.2.1 How many recipients and beneficiaries has the CSG programme reached?**

To address this question, instead of using the existing studies on the reach of the CSG (of which there are many), administrative data on the number of child beneficiaries and adult recipients supplied to the author by a representative of SASSA in November 2009 and March 2010 is utilized. This is presented in Table 5.5 (a&b) and Table 5.6 (a&b). In the case of the data on child beneficiaries the data supplied by the SASSA official is supplemented by data collected from the provincial DSD by the author and Cassiem & Kgamphe in 2004. This is because of gaps in the data supplied by the SASSA official.

**Table 5.5a: Number of CSG recipients by province, 1999 – 2004**

Prov.	March 1999	January 2000	November 2001	March 2002	March 2003	April 2004
WC	2 713	6 437	87 285	107 001	168 329	208 934
EC	4 131	26 342	169 955	187 256	294 465	498 828
NC	2 052	6 646	22 660	25 937	37 971	53 839
FS	1 183	7 195	75 862	83 379	126 281	196 192
KZN	5 778	27 982	288 531	291 329	471 412	695 228
NW	1 206	14 375	112 089	120 929	165 838	259 760
Gaut	2 721	24 762	139 654	156 639	259 346	431 548
MPA	539	14 780	85 693	100 465	157 901	265 880
Limp.	1 674	21 847	129 883	204 461	317 393	526 867
<b>Total</b>	<b>21 997</b>	<b>150 366</b>	<b>1 111 612</b>	<b>1 277 396</b>	<b>1 998 936</b>	<b>3 137 076</b>

*Source: SOCPEN administrative data supplied to the author by SASSA.*

**Table 5.5b: Number of CSG recipients by province, 2005-2010**

Prov.	April 2005	April 2006	April 2007	April 2008	April 2009	February 2010 <sup>157</sup>
WC	252 304	288 176	307 016	321 097	348 791	396 763
EC	637 262	765 062	809 246	813 050	850 395	882 981
NC	66 319	75 333	80 763	110 535	120 266	128 415
FS	240 031	276 013	291 338	300 658	308 923	330 303
KZN	803 403	956 707	1 070 784	1 143 960	1 223 708	1 266 920
NW	315 948	371 041	405 552	394 993	406 498	427 703
Gaut	512 488	585 182	624 012	650 818	687 376	739 082
MPA	313 367	362 711	384 194	393 913	410 883	430 263
Limp.	620 045	688 355	727 170	745 593	781 541	816 550
<b>Total</b>	<b>3 761 167</b>	<b>4 368 580</b>	<b>4 700 075</b>	<b>4 874 617</b>	<b>5 138 381</b>	<b>5 418 980</b>

*Source: SOCPEN administrative data supplied to the author by SASSA.*

Looking at the data in Tables 5.5(a&b) and 5.6 (a&b) it can be seen that the number of beneficiaries and recipients has grown at a steady pace since 2000, both at the national and provincial levels. Whereas in 1999 there were a meager 27 000 CSG beneficiaries by

<sup>157</sup> Data has been provided for the month of February not March which is the month used in most other years because this was the most recent data available at the time of writing.

February 2010 there were almost 9.5 million. In 1999 there were only just under 22 000 CSG recipients and in February 2010 close to 5.5 million.

**Table 5.6a: Number of CSG beneficiaries by province, 1999-2003**

Prov.	March 1999	March 2000	September 2001	May 2002	31 March 2003
EC	5670	55 717	206 394	277 939	405 815
FS	1675	13 753	71 240	107 242	150 480
Gaut.	1872	47 910	149 843	209 399	315 897
KZN	7853	66 836	352 630	507 302	694 392
Limp.	2384	53 815	159 989	301 289	456 882
Mpa.	630	28 327	102 327	134 172	199 834
NW	1662	31 792	125 176	166 849	206 421
NC	2255	12 805	24 824	35 505	46 412
WC	3576	10 951	89 268	155 962	204 534
<b>Total</b>	<b>27 577</b>	<b>321 906</b>	<b>1 281 691</b>	<b>1 895 659</b>	<b>2 630 826</b>

*Source: Cassiem & Kgamphe 2004:2000 based on data supplied by provincial DSD.*

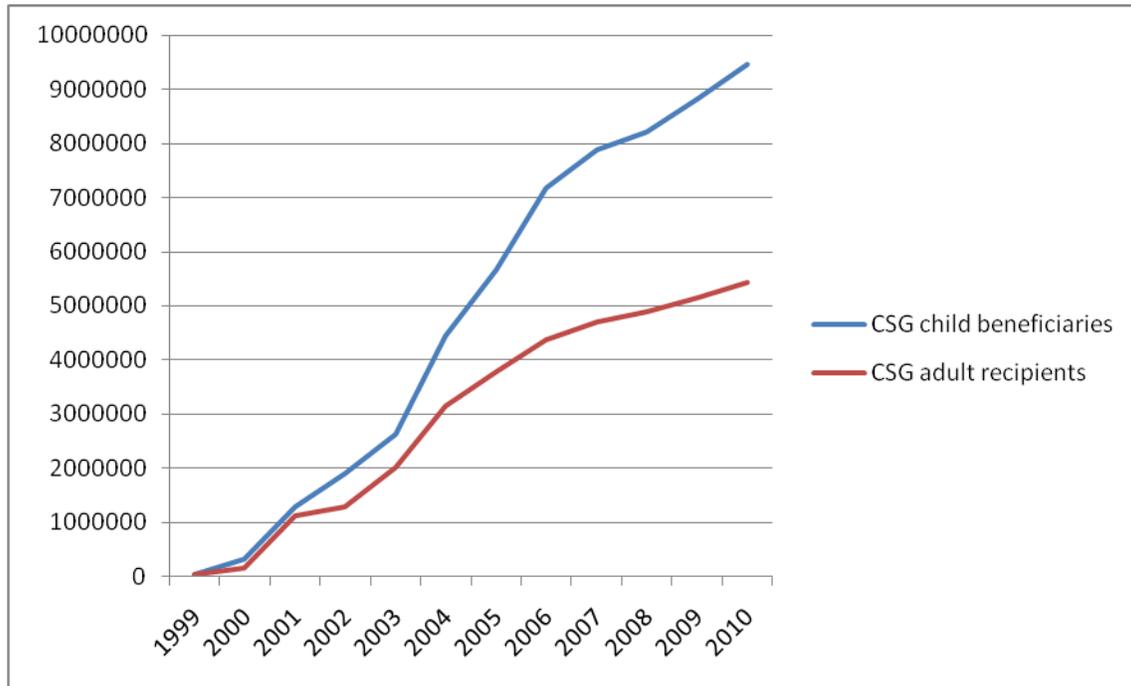
**Table 5.6b: Number of CSG beneficiaries by province, 2004– 2010**

Prov.	April 2004	April 2005	April 2006	April 2007	April 2008	April 2009	February 2010
EC	747 838	1 032 201	1 379 325	1 482 450	1 481 128	1 575 528	1 653 020
FS	249 439	328 350	405 321	436 192	454 150	473 141	521 207
Gaut.	558 358	696 991	843 745	912 920	959 139	1 031 785	1 137 998
KZN	1 085 447	1 287 851	1 651 827	1 942 365	2 102 775	2 297 520	2 412 293
Limp.	740 937	955 630	1 175 221	1 249 443	1 274 823	1 364 184	1 443 223
Mpa.	371 463	468 987	598 787	641 068	657 534	696 614	742 944
NW	351 867	457 953	581 014	648 558	631 499	666 259	715 898
NC	71 703	94 830	116 887	128 658	182 225	202 630	221 052
WC	269 178	344 327	418 437	451 215	474 385	525 014	618 317
<b>Total</b>	<b>4 446 230</b>	<b>5 667 120</b>	<b>7 170 564</b>	<b>7 892 869</b>	<b>8 217 658</b>	<b>8 832 675</b>	<b>9 465 952</b>

*Source: SOCPEN administrative data supplied to the author by SASSA.*

Figure 5.2 illustrates the trend in CSG recipients and beneficiaries for the period 1999-2010. It shows vividly the massive increase in the programme's reach over time.

**Figure 5.2: Number of CSG recipients and beneficiaries, 1998-2004**



*Source: Table 5.5a&b and 5.6a&b above.*

Table 5.7 compares the number of child beneficiaries reached with the targets set by the government to be reached at the end of the first five years and eight years of the programme's implementation. These targets are taken from the data on the targets to be reached presented in chapter four. Table 5.7 shows that most provinces did very well with respect to meeting both sets of targets. Focusing on the targets to be reached by end March 2003, some of the provinces did so well relative to the targets that the performance casts suspicions over the method used to estimate the number of children to be reached (see for example Gauteng, Northern and Western Cape). Focusing on the end of March 2006 targets, all provinces except Free State, Gauteng, North West and Northern Cape exceeded the targets set and the number of children reached at the national level exceeded government's target by 243 450 children.

**Table 5.7: Comparison of the number of child beneficiaries reached in March 2003 and March 2006 with the targets set by government**

	31 March 2003			31 March 2006		
	Target	Number reached	% reached	Target	Number reached	% reached
EC	780 000	405 815	52%	1 306 204	1 379 325	105.5%
FS	300 000	150 480	50%	437 302	405 321	92.6%
Gaut.	90 000	315 897	350%	932 345	843 745	90.4%
KZN	600 000	694 392	115%	1 555 213	1 651 827	106.2%
Limp.	600 000	456 882	76%	1 064 417	1 175 221	110.4%
Mpa.	210 000	199 834	95%	506 263	598 787	98.0%
NW	330 000	206 421	62%	609 649	581 014	95.1%
NC	30 000	46 412	154%	134 752	116 887	86.7%
WC	90 000	204 534	227%	380 969	418 437	110.1%
<b>Total</b>	<b>3 030 000</b>	<b>2 630 826</b>	<b>86%</b>	<b>6 927 114</b>	<b>7 170 564</b>	<b>103.5%</b>

*Source: Table 4.5 in chapter four and Tables 5.6a&b directly above.*

The upward adjustment of the child age eligibility limit in the CSG programme, explained in chapter four, was one of the factors behind the growth in CSG coverage between 2003 and 2006. Over the next three years the number of child beneficiaries is expected to continue rising due to the upward adjustment of the income means test used to target the programme as well as the implementation of the second phased in upward adjustment to the child's age of eligibility for the CSG benefit (Van der Berg *et al.* 2009:7).

#### **4.2.2 What percentage of the eligible child population has the CSG reached?**

Presenting accurate data to address the question is difficult. This is due to the following complications: (i) the data that may be used for this purpose, namely income data gathered in household surveys, commonly suffers from underreporting of income; (ii) in most of the household surveys which have income data that may be used for this purpose the identity of the child's primary caregiver is not established and hence grandiose assumptions have to be made to identify the primary caregiver; (iii) it is difficult to know whether to include the primary caregiver's income in the measure of income used to

decide whether a child is eligible - it should in principle be included if the spouse contributes to meeting the needs of the child – but one does not know if he does; (iv) the income levels used for the means test were (at least until recently) different for rural and urban areas, depending on the quality of the dwelling, and it is difficult to decide what kind of dwelling the child is in from the household survey data. Also, it is not always easy to see whether the child and his/her caregiver should be classified as living in an urban or rural area. (v) the national level survey offering the most reliable and recent source of data for estimating eligibility has income reported in bands.

Nevertheless, a handful of authors have attempted to estimate the number of children eligible for the CSG and the proportion of these children reached (i.e. CSG take up rates). Some of these are based on area specific survey data and do therefore offer a view of differences in take-up rates across provinces (see for example Case *et al.* 2005; Woolard *et al.* 2005). Others are based on national level data (see Budlender *et al.* 2005; Budlender *et al.* 2008; Leatt 2004&2006; and the four studies on the CSG focused part of the Take up of Social Grants Project namely Noble *et al.* 2005a&b; Barnes & Noble 2006 and Wright 2006)<sup>158</sup>. The main findings from these studies are presented below<sup>159</sup>.

Case *et al.* (2005) find from the Africa Centre data collected in Hlabisa in 2002 that about a third of all eligible children age 0-7 were receiving the grant. Woolard *et al.* (2004:16) find using KIDS2004 that 78% of children under the age of seven were eligible for the CSG and that the take-up rate for this age cohort<sup>160</sup> was about 45%. Woolard *et al.*

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<sup>158</sup> There are two more studies that have estimated the number of children eligible for the CSG which the author is aware of but which were not reviewed because the author did not have access to them. The first is Asghar Adelzadeh's study, undertaken for DSD soon after the programme was introduced. The other study is one by Woolard that estimated eligibility for the CSG based on IES2001. This was also undertaken for DSD and is cited in Barnes & Noble (2006).

<sup>159</sup> The estimates of the number of children eligible for the CSG in the papers produced from the CASASP Take up of Social Grants Project are based on older data than that used by Budlender, namely the CENSUS2001. They are therefore not presented here.

<sup>160</sup> Woolard *et al.* (2005) study different child age cohorts in their analysis depending on the question investigated.

(2004) point out however, that their approach to measuring eligibility overestimates the number of children eligible and underestimates the take up rate (Woolard *et al.* 2005:16-17).

Budlender *et al.* (2005) estimate the number of children eligible for the CSG using GHS2003. They generate two different sets of estimates, a set based on the assumption that the income means test remained at the same rand value as it was in 1998 and another based on the assumption of an upward adjustment to take into account inflation. Budlender's estimates are for children age 0-13 (as this was the age cohort eligible at the time). She finds, using the non-inflation adjusted income threshold assumption, that 8 791 705 children were eligible for the CSG in 2003, which is 65.3% of the total child population age 0-13. Budlender *et al.* (2005:24&42) note that their estimates of eligibility suggest that the percentages of eligible children in all provinces are higher than those suggested by the estimates of Adelzadeh. With respect to the urban/rural dimension of eligibility 77.1% of children in rural areas are found to be eligible compared to only 45.8% in urban areas (Budlender *et al.* 2005:1-2). Provincial eligibility rates were found to vary from very high levels including 73.3% in Eastern Cape, 71.6% in Limpopo, 71.1% in North West and 70.8% in KwaZulu-Natal to relatively low levels, for example 47.1% in Gauteng and 49.3% in Western Cape (cited in Leatt 2006:11). Leatt (2006) uses the Budlender *et al.* (2005) estimates of eligibility to reflect on provincial CSG take-up rates in 2006. She finds that by 2006 the take-up rates were generally high, at over 80 percent in most provinces. However, she also finds substantial variation in the CSG take-up rates across the provinces.

The more recent Budlender estimates (reported in the Budlender 2008 study on the merits of introducing a school attendance condition in the CSG programme) are derived from application of the new and simpler CSG targeting mechanism which, as explained in chapter four, drops the proxy means variables and has a higher income threshold. She estimates, based on the new means test and using GHS2005, that 82.1% of children age 0-17 are eligible for the CSG at the national level (Budlender 2008:72). Budlender does

not offer the different eligibility rates for the nine provinces but the variations can be expected to be similar to those found in Budlender *et al.* (2005).

Some researchers have simply used the number of children in the age cohort eligible for the CSG to reflect on the proportion of the programme's target child population reached. The study that uses the most recent national level data to analyze the efficiency of CSG programme targeting, namely that by Van der Berg *et al.* (2009) adopts this approach.<sup>161</sup> Table 5.8 presents the findings from Van der Berg *et al.* (2009) on the percentages of age eligible children reached by the CSG based on GHS2003-2006.

**Table 5.8: Percentage of CSG age eligible children reached**

	GHS2003	GHS2004	GHS2005	GHS2006
Western Cape	23.5%	26.6%	25.4%	27.5%
Eastern Cape	25.8%	34.0%	46.8%	56.3%
Northern Cape	14.0%	34.6%	37.2%	39.0%
Free State	34.3%	42.9%	47.0%	49.4%
KwaZulu-Natal	21.6%	33.5%	38.4%	43.5%
North West	29.6%	45.9%	40.6%	48.4%
Gauteng	19.3%	26.8%	29.1%	32.2%
Mpumalanga	38.3%	48.4%	47.9%	54.8%
Limpopo	39.7%	55.9%	51.4%	54.2%
RSA	27%	37.9%	40.6%	45.6%

*Source: Van der Berg et al. 2009:43 based on GHS2003-2006.*

Looking at the GHS2006 data it can be seen that nearly half of all children age 0-14 years were covered in 2006. Percentages of age eligible children covered vary substantially across provinces, with for example 66.3% of children age 0-14 being covered in Eastern

<sup>161</sup> As can be seen by comparing the data for the year 2006 with that in Table 5.8, the GHS seems to under-record the number of children reached by the grant. This is something that Van der Berg *et al.* (2009) note and reflect on. They explain that whilst there is a slight underreporting of beneficiaries of the CSG in the GHS data, the pattern over time between this data set and the SOCPEN administrative data is similar and the difference relatively small. Hence, they conclude that this data is still useful for shedding light on the characteristics of the CSG beneficiary profile.

Cape and 27.5% being covered in the Western Cape. There is a large increase in all provinces in the percentage of age eligible children covered between 2003 and 2006.

Based on the data provided by SASSA to the author on the growth of CSG beneficiaries since 2006, it may be assumed that take-up rates have continued to grow steadily since 2006.

### **4.3 Characteristics of CSG recipients and beneficiaries and concerns about targeting outcomes**

#### **4.3.1 What are the demographic and geographic location characteristics of the CSG recipient and beneficiary populations?**

With respect to the demographic characteristics of the CSG recipient population, the first key finding from the existing research is that the overwhelming majority of CSG recipients are women. For example, Woolard *et al.* (2005) find, based on the KIDS2004 survey, that just over 98% of CSG recipients are women. Voster *et al.* find, in the twelve magisterial districts of the Western Cape they surveyed, that the lowest percentage of women in the CSG recipient population was 95% (Voster *et al.* 2004:iii). The de Koker *et al.* (2006:658) national level study of the profile of grant beneficiaries found 98% of CSG primary caregiver recipients to be women. Leatt (2004) found in her analysis of administrative data collected in 2004 that 98.5% of CSG recipients were women. The second key finding is that the second largest group in the CSG recipient population is grandmothers. Case *et al.* (2005) for example find in their analysis based on the data collected by the Africa Centre at Hlabisa in KwaZulu-Natal that 87% of the recipients are mothers followed by grandmothers at 10. The third, which is one that was first highlighted by Case *et al.* (2005) but which has subsequently been verified by others (see Budlender *et al.* 2005; Delany *et al.* 2008; Woolard *et al.* 2005), is under-representation of non-biological mothers. Case *et al.* (2005:469-470) found that 82% of children for whom a grant is reported are co-resident with their biological mothers, in contrast to only 67% of children without a grant. Studying the profile of CSG recipients using the

nationally representative GHS2003 data set Budlender *et al.* (2005) found “that it is children who do not have their biological mother as their primary care giver who are most likely not receiving the grant, even when eligible” (Budlender *et al.* 2005:2).

Woolard *et al.* (2005:14) suggest that the lack of representation of non-biological mothers in the CSG recipient profile might be explained in a number of ways:

- A lack of widespread knowledge of the fact that primary caregivers need not be mothers (also suggested by Case *et al.* 2003).
- In the mother’s absence, the child’s primary care giver may be less able to access the child’s birth certificate or the relevant documents necessary for registering the child's birth<sup>162</sup>.
- The household is in the process of applying for a foster care grant which is a lengthy process which must go through the court system.

Another factor that may be behind the under-representation of non-biological mothers in the CSG recipient population is that eligible mothers may be more inclined to keep their children with them.

The fourth key finding about the demographic characteristics of the CSG recipient population is that the existing studies suggest young mothers are under-represented profile (see for example Case *et al.* 2005; de Koker *et al.* 2006; Makiwane *at al.* 2006; Woolard *et al.* 2005). For example, Woolard *et al.* (2005) find using KIDS2004 that only 2.5% are old (over 60 years) and a very small proportion (just under 5%) are younger than 20. As another example Case *et al.* (2005:469) find that only 3.7% of child beneficiaries in their sample have teenage mothers in contrast to 8.7% of children who are not CSG beneficiaries. Fifth, the research has shown that households in which there is an adult receiving a CSG on behalf of one or more child(ren) are larger than those where no one is receiving a CSG (see for example Delany 2008:2). Finally, and not surprisingly, a key finding to note about the CSG recipient population is that the

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<sup>162</sup> As will be seen in the section on barriers to access below, the research suggests that this factor plays a major role in producing this targeting outcome.

overwhelming majority of CSG recipients have been found to be African (see for example de Koker *et al.* 2006; Leatt 2004&2006; Delany *et al.* 2008; Van der Berg *et al.* 2009).

With respect to the demographic characteristics of the CSG beneficiary population, the existing research has found that girls and boys are equally likely to be CSG beneficiaries and that the proportions of girls and boys in the CSG beneficiary profiles are similar (see Budlender *et al.* 2005; Case *et al.* 2005; Woolard *et al.* 2005; Van der Berg *et al.* 2009). A second finding is that the overwhelming majority of CSG beneficiaries are African and the take up rate amongst African children is far higher than amongst the other racial groupings (see for example Van der Berg *et al.* 2009:43 who use GHS2003-2006 data to reflect on the gender and racial composition of the CSG recipient profile). A third finding is that children who do not reside with their biological mother have a lower probability of becoming CSG beneficiaries than those who do (see Budlender *et al.* 2005; Case *et al.* 2005; Woolard *et al.* 2005; Delany *et al.* 2008). A fourth is that children coming from households with more than two generations of people living together are more likely to receive the CSG (see Van der Berg *et al.* 2009:44). Finally, and with respect to the age dimension of the CSG beneficiary profile, quantitative studies (though not based on national level data) have found under-representation of very young children (0-1 years) in the CSG beneficiary profile. In this regard, Woolard *et al.* (2005:7) find in the KIDS2004 sample that 7.3% of eligible children are less than age one but only 2.5% of the CSG beneficiaries are less than age one (Woolard *et al.* 2005:7). Delany *et al.* (2008), using more recent data collected in the household survey undertaken specifically for their CSG study, find that 2% of beneficiaries are younger than one year, a proportion that is far smaller than the percentage of children age 0-12 months in the child population eligible for the grant (see Delany *et al.* 2008:71).

With respect to the geographic location characteristics of the CSG recipient population, the research has showed that the majority of CSG beneficiaries reside in rural areas (see for example Budlender *et al.* 2005 and Van der Berg *et al.* 2009). Table 5. 9 presents the GHS2003-2006 data provided by Van der Berg *et al.* (2009) to show the rural/urban

location dimension of the CSG beneficiary profile.<sup>163</sup> It also shows the provincial shares of CSG beneficiaries based on GHS2003-2006.

**Table 5.9: Geographical location dimension of the CSG beneficiary profile**

	Eligible and received CSG				Eligible and did not receive CSG			
	GHS 2003	GHS 2004	GHS 2005	GHS 2006	GHS 2003	GHS 2004	GHS 2005	GHS 2006
<b>Rural/urban location</b>								
Urban	38.5%	36.4%			50.9%	52.0%		
Rural	61.5%	63.6%			49.1%	48.0%		
	100%	100%	100%	100%	100%	100%	100%	100%
<b>Provincial location</b>								
WC	8.1%	6.1%	5.4%	5.2%	9.8%	10.2%	10.9%	11.5%
EC	15.1%	16.1%	19.7%	21.2%	16.1%	19.1%	15.3%	13.8%
NC	1.0%	1.8%	1.7%	1.6%	2.2%	2.1%	2.0%	2.2%
FS	6.9%	6.7%	7.0%	6.6%	4.9%	5.4%	5.4%	5.7%
KZN	17.0%	18.4%	20.2%	19.7%	22.9%	22.2%	22.2%	21.5%
NW	9.4%	10.2%	8.0%	8.2%	8.3%	8.0%	8.0%	7.4%
Gaut.	11.9%	10.6%	10.7%	10.9%	18.3%	17.8%	17.8%	19.3%
Mpa.	10.6%	9.2%	8.9%	9.2%	6.3%	6.6%	6.6%	6.4%
L	20.2%	20.8%	18.3%	17.3%	11.3%	11.8%	11.8%	12.3%
	100%	100%	100%	100%	100%	100%	100%	100%

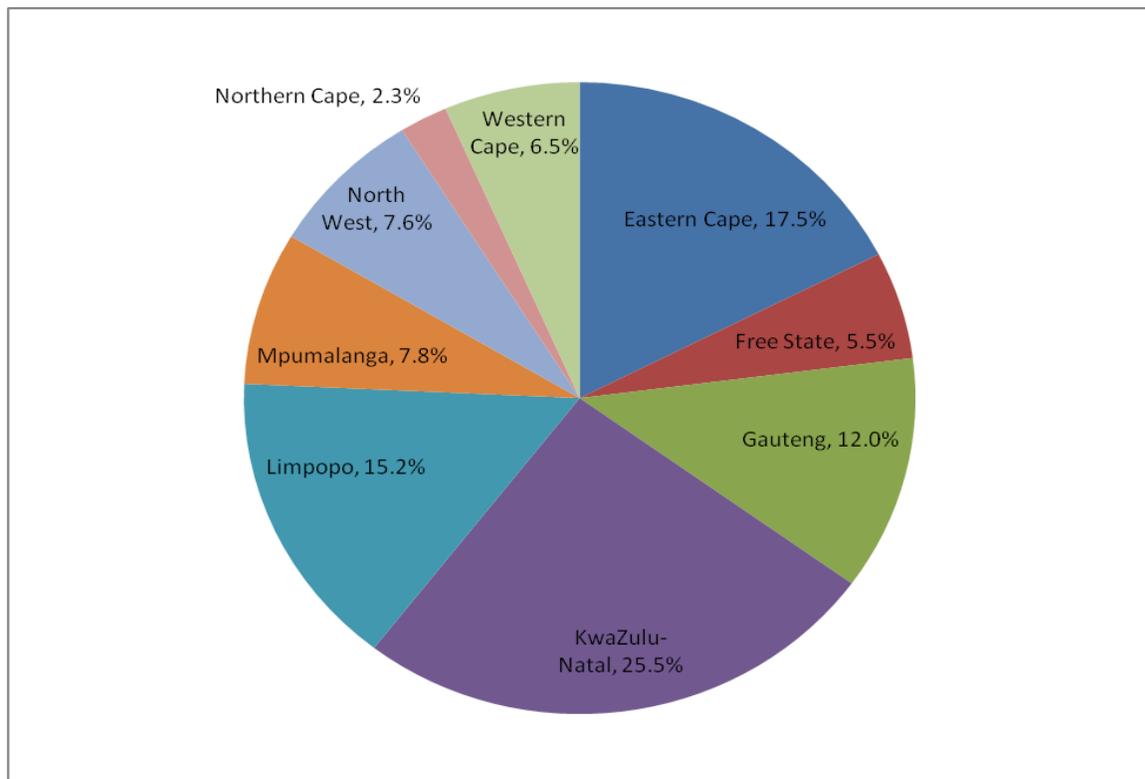
*Source: Van der Berg et al. (2009:41) based on GHS2003-2006.*

The GHS2006 data in Table 5.9 shows that in 2006 Eastern Cape had the largest share of CSG beneficiaries (21.2%) followed by KwaZulu-Natal (19.7%) and Limpopo (17.3%). Moreover, it shows that these three provinces were home to 58% of CSG beneficiaries. This is in line with the findings in chapter three on the distribution of poor children that are spread across the provinces (recall from chapter three that, using the bottom 40% of the income distribution as the poverty cut off, these three provinces were found to be home to just over two thirds of poor children, 62% to be exact). In the GHS2006 data Western Cape is home to only 5.3% of CSG beneficiaries and Northern Cape 1.6%.

<sup>163</sup> The rural/urban shares of beneficiaries are for the years 2003 and 2004 only because data on rural urban location of CSG beneficiaries is not available in GHS2005&2006.

Figure 5.3 shows the provincial shares of CSG beneficiaries using the administrative data gathered in February 2010 from SASSA and presented in Table 5.6b above. It can be seen that by February 2010 the share of Eastern Cape in total CSG beneficiaries had fallen to 17.5% and KwaZulu-Natal's CSG beneficiary share had risen to 25.5%. Limpopo's share had fallen to 15.2%. An interesting finding is that together these three provinces still had 58% of CSG beneficiaries which is the same proportion as that generated by the GHS2006 data and slightly less than the sum of the three provinces child poverty shares generated by the child poverty measurement based on the IES2005/06. The distribution of CSG beneficiaries is therefore in line with the distribution of poor children (defined and measured using the traditional approach).

**Figure 5.3: Provincial shares of CSG beneficiaries in February 2010**



*Source:* Calculated from the administrative data supplied to the author by SASSA and presented in Table 5.6b.

Lastly, with respect to the geographical location characteristics of CSG beneficiaries, research has shown that the planned-for bias towards children living in informal dwellings in urban areas has been achieved (see for example Budlender *et al.* 2005:23)

#### **4.3.2 What are the socio-economic characteristics of CSG beneficiaries and the sizes of inclusion and exclusion errors?**

When reflecting on the findings about the socio-economic characteristics of CSG beneficiaries it is useful to bear in mind that those who designed the CSG warned that developing and implementing a targeting mechanism that would ensure that children in the bottom portions of the income distribution <sup>164</sup> would be reached was a tall order. This was: (i) because of the way that incomes are distributed in South Africa (they tend to follow a log-normal distribution meaning that there is a lot of bunching of incomes around low levels) which makes it difficult to draw a poverty line through the “middle” to separate the very poor from those who are only slightly poor or not poor at all; (ii) because of the difficulties involved in gathering accurate information from applicants on their income status; (iii) Because of the discretion officials would have over how they apply the means test (Van der Berg *et al.* 2009:16). It also needs to be remembered that the Lund Committee initially wanted, partly due to these difficulties, a universal grant. As explained in chapter four the CSG was in the end introduced with a targeting mechanism due to politics and affordability concerns. It also should be borne in mind that qualitative research on the CSG programme (see for example Goldblatt *et al.* 2006 and Hunter & Adato 2007) has revealed that officials have in general adopted a lax approach towards gathering data on the income status of CSG applicants and that there is poor understanding of the income means test. Hence, the income means test has not been strictly applied<sup>165</sup>. One official in KwaZulu-Natal has explained the lax application of the CSG income means test as follows:

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<sup>164</sup> Reaching the children in the poorest 30% of households was the original plan (Woolard *et al.* 2005:4).

<sup>165</sup> It is a computer that takes the final decision about whether the applicant passes or fails the test but administrators have an influence over what level of income goes into the computer.

—A lot of people don't qualify if they disclose their income. For the means test we rely on information they give us. If you look at the files in the registry you will see that most say they are fruit and vegetable sellers. There cannot be so many fruit and vegetable sellers! We can't investigate this – it is too costly. The means test is not something we focus on. A lot of people don't tell the truth. Routine questions serve no purpose” (Welfare official from KwaZulu-Natal cited in Hunter & Adaro 2007a:14).

These points imply that we should expect some inclusion and exclusion errors in CSG targeting outcomes.

Next, turning to the findings about the socioeconomic characteristics of the CSG beneficiary profile, Case *et al.* (2005) using information on asset ownership, parents' education and employment status find that: (i) on average, children with a grant live in households that own significantly fewer assets; (ii) relative to children whose mothers have completed at least standard 10/grade 12, children whose mothers have less education are 6 to 10 percentage points more likely to report a grant; (iii) children whose mothers are not employed are 14 percentage points (almost 40 percent) more likely to report a grant than those whose mothers are reported to be working full-time (the reference category); (iv) relative to children whose fathers have at least a standard 10/grade12 education (the reference category) children whose fathers have less than a standard 7/grade 9 education have roughly a 15 percentage point higher probability of a grant, all else being equal; (v) children whose fathers are not employed are also significantly more likely to be reported in the child grant system. This leads them to conclude that their study “provides evidence that the CSG is targeting children in poorer households” (Case *et al.* 2005:477).

However, Case *et al.* (2005:477) also find that the grant is not reaching all of the children in the poorest households (defined as those living in households with two or fewer assets, whose mothers have six or fewer years of schooling, and whose mothers are not employed). They also argue therefore, that “it will therefore be important to find out what can be done to increase take-up for these children” (Case *et al.* 2005:477).

Woolard *et al.* (2005) use the KIDS2004 data set to shed light on the targeting efficiency of the grants in South Africa in general, as well as the socioeconomic characteristics of the CSG beneficiaries. They find firstly, and like other studies on targeting efficiency of South Africa's grants (see for example Woolard 2003; Van der Berg *et al.* 2008; Van der Berg *et al.* 2009;) that the data powerfully demonstrates that grants, in general, are exceptionally well-targeted. The evidence they present in this regard is that: (i) the poorest 20% of households receive the largest amount from grants, not just as a proportion of income, but also in absolute terms; (ii) four-fifths of the income for the poorest quintile is attributable to state transfers" (Woolard *et al.* 2005:14). Woolard *et al.* (2005) show despite the small size of the CSG relative to other grants (such as the Old Age Pension and the Disability Grant) CSG income constitutes 17% of total income to the poorest 20% of households and around 10% to the next two deciles in the distribution. This leads them to argue that the CSG is generally well targeted at the poorest two deciles in the income distribution. Like Case *et al.* (2005) however, Woolard *et al.* (2005) find some exclusion errors.

Woolard *et al.* (2005) then apply the old CSG means test to KIDS2004 to cross check eligibility for the grant and estimate the size of exclusion and inclusion errors. They use the higher income threshold of R1100 and the old CSG means test for all CSG recipients as it is not possible to determine where the grant recipient was living at the date of application. This implies a conservative approach to estimating the number of CSG recipients who do not meet the requirements of the means test for the CSG (overestimation of those eligible). This exercise presents the following three interesting results: (i) CSG beneficiaries are more likely to have poorer caregivers than average. (ii) 14% of the children in receipt of the CSG do not have caregivers who in fact fulfil the requirements of the means test –i.e. there is an inclusion error of 14%. (iii) there are significant numbers of children who have caregivers who fulfil the requirements of the means test but who are not receiving the CSG. This latter result, the authors point out, may be partly explained by the assumptions that lead to overestimation of the numbers eligible but they also argue that it seems unlikely that it is entirely the result of this factor (Woolard *et al.* 2005:16-17).

Hall (2007) reports findings on exclusion and inclusion errors in the CSG programme based on the household survey data gathered in the Children's Institute's Means to Live Project. To recap from Table 5.3 this household survey data was collected in a poor urban site, namely Makhaza in the Western Cape and a remote and very poor rural site namely Thoka Springs in the Eastern Cape. It was undertaken in late 2005 and early 2006 and provided information on just under 1 200 children. Hall (2007) finds that in both sites the percentage of children eligible for the CSG is very high: 76 percent of children are eligible in the urban site and 98 percent in the rural site. Second she finds that most children are correctly targeted. Third, she finds that whilst the take up rate is high and targeting is in general good, there are notable errors of exclusion. In this regard, in the urban site 27 percent of children eligible for the grant were not receiving it and in the rural site 33.3 percent of eligible children were not receiving it. Analysis of the income status of the excluded children suggests that most of these children were living in deep poverty; almost 60% had caregivers who were not earning any income at all. Fourth, Hall (2007) finds substantial errors of inclusion in the urban site. 13 percent of age eligible children were receiving the CSG in the urban site even though their caregiver's income was above the prescribed income threshold.<sup>166</sup> Finally, Hall (2007) finds that the income levels of the majority in the exclusion error category are scattered just above the means test line used to target the CSG (Hall 2007:15) and hence could easily also be classified as poor and in need of income support.

Delany *et al.* (2008) use reported household income data collected in 2007 covering 2 700 primary caregivers of children age 0-13 years to study targeting efficiency in the CSG programme. Their findings on the size of exclusion and inclusion errors are similar to those of Hall (2007). Delany *et al.* find an inclusion error of 13 percent and exclusion error of 21 percent of the age eligible child population. They point out, as does Hall (2007), that whilst the errors are something to be concerned about –such errors are to be

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<sup>166</sup> In the rural site no errors of inclusion were found due to the income levels of the overwhelming majority of primary caregivers in this area being below the level required to qualify for the CSG.

expected in targeted programmes, and both inclusion and exclusion errors were within internationally acceptable ranges”.

Drawing on GHS2003-2006 Van der Berg *et al.* (2009) use various socio-economic indicators to cast additional light on the socio-economic characteristics of CSG beneficiaries and therefore which category of poor children have been reached by the CSG. First, they present data on shares of household heads with different educational attainment levels in CSG recipient households compared to eligible age non-recipient households. This data shows that there are greater shares of household heads with low educational attainment levels in CSG recipient households than in non-recipient age eligible households.

Second, Van der Berg *et al.* (2009) use GHS data to reflect on the percentages of age eligible children receiving the CSG by different educational attainment levels of the household head. This exploration shows that CSG coverage is highest in households with household heads without a matric qualification. Both these findings point towards good targeting of the CSG towards children in poorer households as educational attainment levels are closely associated with income earning capacity.

Third, Van der Berg *et al.* (2009) also consider the labour market characteristics of CSG recipient and non-recipient age eligible households using the GHS2003-2006 data as a means to shed light on the socio-economic aspect of CSG targeting. This data shown in Table 10 is also suggestive of good targeting towards children in poor households. Note from Table 10 that the share of CSG beneficiaries is highest for children with unemployed household heads for all years.

**Table 5.10: Labour market characteristics of CSG recipient and CSG non-recipient age eligible households**

	Eligible and received CSG				Eligible and did not receive CSG			
	GHS 2003	GHS 2004	GHS 2005	GHS 2006	GHS 2003	GHS 2004	GHS 2005	GHS 2006
<b>Highest educational attainment of household head</b>								
Inactive	41.5%	41.0%	41.9%	41.5%	32.8%	34.5%	32.1%	31.0%
Employed	35.9%	36.0%	35.8%	36.2%	52.0%	52.7%	54.6%	55.8%
Unemployed	22.6%	23.0%	22.4%	22.3%	15.2%	12.8%	13.3%	13.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Source: Van der Berg et al. (2009:46) based on GHS2003-2006.*

Fourth, Van der Berg *et al.* calculate the percentages of age eligible children covered by the CSG by employment status using GHS2003-2006. This data shows: (i) that age eligible children coming from households headed by inactive or unemployed people are more likely to receive child support grants (these proportions have exceeded 50% throughout the years); (ii) that coverage of the CSG expanded for all employment status categories from 2003 to 2006.

Fifth, Van der Berg *et al.* (2009:47) use the data on hunger status of children in CSG recipient households compared to households with age eligible children not receiving the CSG in the GHS2003-2006 to reflect on the socioeconomic characteristics of the CSG recipient population. This data is presented in Table 5.11. It shows that the proportion of households reporting that children went hungry in the year before the survey declined strongly for *both* recipients and non-recipient households with age-eligible children, from 56.5% in 2002 to 76.9% in 2006 and from 69.0% to 84.7% respectively (Van der Berg *et al.* 2009:47). A surprising and important finding presented by this data is that more than 15% of age-eligible households reported that children have gone hungry in the past year in 2006 still did not get the CSG. Van der Berg *et al.* (2009:47) argue –that this may point to some over-reporting of child hunger, to temporary episodes of want (although 1.0% of such households still did report that children always went hungry), or to the means test or administrative constraints leading to errors of exclusion (poor children not

being targeted)”. They also point out that the more lenient means test should assist if the means test was the problem. The findings presented above on other studies relating to exclusion errors in the CSG suggest that some exclusion error is at play and that the barriers causing this need to be uncovered and addressed. It is also important to note from the hunger data that the expansion of the grant reduced the proportion of non-recipient households with age-eligible children not receiving grants from 33% in 2003 to 15% in 2006, indicating improved *de facto* targeting.

**Table 5.11: Household child and adult hunger frequency by the recipients and non-recipients of child support grants at eligible ages**

	Eligible age + received CSG				Eligible age + did NOT receive CSG			
	GHS 2003	GHS 2004	GHS 2005	GHS 2006	GHS 2003	GHS 2004	GHS 2005	GHS 2006
<b>Child hunger: Proportion of households reporting that a child went hungry in the past year</b>								
Never	56.5%	64.4%	67.1%	76.9%	69.0%	72.7%	77.2%	84.7%
Seldom	7.7%	6.6%	6.0%	3.3%	5.0%	5.1%	4.2%	2.9%
Sometimes	24.5%	22.3%	20.1%	16.4%	18.4%	16.4%	13.7%	10.2%
Often	6.8%	4.3%	3.8%	2.0%	4.5%	3.5%	2.7%	1.4%
Always	4.5%	2.4%	3.0%	1.4%	3.1%	2.3%	2.3%	0.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Child hunger: Proportion of households reporting that an adult went hungry in the past year</b>								
Never	54.9%	62.7%	65.7%	76.4%	67.0%	71.7%	76.1%	84.2%
Seldom	8.3%	6.5%	6.2%	3.6%	5.5%	4.8%	4.3%	3.1%
Sometimes	26.3%	22.6%	20.8%	16.3%	19.5%	16.8%	14.2%	10.2%
Often	6.1%	4.8%	4.2%	2.3%	4.9%	3.5%	2.9%	1.5%
Always	4.4%	3.4%	3.1%	1.5%	3.1%	3.3%	2.5%	1.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Source: Van der Berg *et al.* (2009:48) based on GHS2003-2006.

Sixth, Van der Berg *et al.* (2009:49) use various indicators of living conditions and GHS2003-2006 data to shed light on the poverty aspect of CSG targeting outcomes. This data shows a worsening of living conditions amongst recipient households between 2003 and 2006. As the authors remark this implies not a worsening of conditions per se, but

rather that the expansion of grants (e.g. in the Eastern Cape) has been accompanied by better targeting to households with poor living conditions as the roll out of the grants has improved” (Van der Berg *et al.* 2009:47).

Seventh, Van der Berg *et al.* (2009) present data, shown in Table 5.12, on sources of income and monthly household expenditure in households with age eligible children receiving the CSG and not receiving the CSG. This shows that: (i) CSG recipient households have a far larger share of their income comprised of grants and lower share comprised of salaries and wages, for all years; (ii) a large proportion of CSG recipient households have expenditure levels that are less than R1 200 per month, for example 83 percent in 2006. These findings offer further evidence that CSG is well targeted at poor children.

**Table 5.12: Sources of income and expenditure for CSG recipient households and households with age eligible children not receiving the CSG**

	Eligible age + received CSG				Eligible age + did NOT receive CSG			
	GHS 2003	GHS 2004	GHS 2005	GHS 2006	GHS 2003	GHS 2004	GHS 2005	GHS 2006
<b>Main income source of household</b>								
Salaries/Wages	34.2%	32.8%	34.4%	34.5%	53.8%	53.7%	57.5%	59.5%
Remittances	19.5%	19.0%	12.8%	11.9%	16.0%	13.7%	12.1%	11.2%
Pensions/Grants	38.0%	40.9%	46.8%	49.0%	23.6%	26.2%	24.3%	24.5%
Sales of farm products	0.9%	0.8%	1.0%	1.3%	0.9%	1.0%	0.8%	1.2%
Other non-farm income	6.3%	6.3%	4.5%	2.8%	4.0%	4.7%	3.8%	2.4%
No income	1.2%	0.3%	0.6%	0.5%	1.7%	0.8%	1.4%	1.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Monthly household expenditure (Rand, nominal values)</b>								
R0-R399	30.7%	20.5%	22.1%	20.2%	23.0%	14.1%	13.7%	11.3%
R400-R799	38.7%	40.6%	40.6%	40.8%	30.5%	28.5%	28.0%	27.5%
R800-R1 199	17.9%	20.8%	19.3%	22.3%	16.3%	15.7%	15.2%	17.6%
R1 200-R1 799	6.7%	10.3%	9.9%	9.4%	8.2%	11.7%	11.9%	12.6%
R1 800-R2 499	3.7%	4.6%	4.6%	4.0%	5.5%	7.4%	7.6%	8.1%
R2 500-R4 999	2.0%	2.8%	2.9%	2.9%	8.4%	11.6%	12.4%	11.0%
R5 000-R9 999	0.4%	0.4%	0.5%	0.4%	5.4%	7.8%	7.7%	8.2%
R10 000+	0.0%	0.1%	0.1%	0.1%	2.8%	3.2%	3.4%	3.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Source: Van der Berg et al. 2009:50 based on GHS2003-2006.*

Finally with respect to the Van der Berg *et al.* (2009) findings on socioeconomic characteristics of the CSG beneficiary population and CSG targeting efficiency, these authors use GHS2003-2006 to explore the percentages of age eligible children receiving the CSG by monthly household expenditure. This exercise shows that the CSG coverage has expanded in all expenditure ranges and that it is far higher in the bottom categories, even if lower than would be desired and expected in the lowest category.

### 4.3.3 What concerns flow from the research findings on CSG targeting outcomes?

The existing research on the demographic characteristics of the CSG beneficiary and recipient profiles raises three concerns about the targeting outcomes of the CSG programme. The first is the under-representation of non-biological mothers in the CSG recipient population and the under-representation of children who do not have their biological mother (or father) as their primary caregiver in the CSG beneficiary population. As noted by Case *et al.* (2005:473) this finding reinforces the existing evidence base that points towards children, who live apart from their biological mothers, facing special risks<sup>167</sup>. The second is the lack of representation of men in the CSG recipient population and, related to this, the suggestion (produced by one qualitative study, namely that of Hunter & Adato 2008a) that stigma associated with male receipt of the grant may be a problem. The third concern is under-representation of very young children (less than one year) in the child beneficiary population. This latter finding is particularly worrying and something that needs to be addressed, because of the importance of poor children receiving support in the very early years of life to mitigate the cumulative negative effects of malnutrition on child development.

The findings from the existing research on the socioeconomic characteristics of the CSG beneficiary profile show that the CSG is generally well targeted to children in poor households. They also reveal that the programme's performance, measured by the extent to which it has reached children in poor households, has improved over time. However, the findings on the socio-economic characteristics of the child beneficiary population and measurement of exclusion and inclusion errors also raise two concerns about the performance of the CSG in reaching the poor children it is intended to reach: The first is failure to reach a portion of the eligible child population (and one that includes some of the very poorest children who live in remote rural areas as well as a large proportion of

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<sup>167</sup> Some of this evidence, for example on children living without their biological mothers being discriminated against in spending on schooling in South Africa, was presented in chapter one in the overview of knowledge about the nature of intra-household resource allocation (see Case & Ardington 2006).

very young children). The second concern raised is that there are some primary caregivers who receive the grant even though their incomes are too high for them to pass the means test. The existing research suggests that a large proportion of these are only marginally poorer than those included correctly in the programme and hence are probably caregivers of children who are also in dire need of income and other support to alleviate the effects of poverty.

#### **4.4 Costs of the CSG means test**

Budlender *et al.* (2005) study the question of administration costs and costs to applicants associated with the CSG income means test. They use the qualitative data collected in the two low income sites of the Means to Live Project, which are in Eastern Cape and Western Cape, for this purpose. They also use GHS2003 and administrative data (SOCPEN). At each site provincial DSD officials responsible for programme administration in 2005 were asked about the time spent on a typical CSG application case, and how long they estimated it would take if there was no means test. The difference between the actual time and estimated time without the means test was taken by the researchers to be the time taken up the application of the means test. Police officers were also asked about the time it took them to process documentation related to the means test and this was included in the estimation of the administration costs. The time taken by each official, both in the social development and police services, was multiplied by the cost of employment for the lowest level of official who could be employed on the task to give a cost related to that step in the process. The costs for the individual officials were added together to give the cost of one application, which was found to be R18.77. To illustrate the annual cost of the income means test to the administration Budlender *et al.* (2005) multiplied a range of estimates of the number of CSG eligible children by the per applicant estimated costs. The range of eligibility estimates were developed by applying different weights to the data and using different assumptions about the child age cohort eligible and whether the income cut off level was inflated for inflation or not. The Budlender *et al.* (2005) estimates of the annual administration costs are presented in Table 5.13.

**Table 5.13: Estimated annual costs to the administration of applying the CSG income means test (Rand), 2003**

Age and cut-off type	Adjusted weights			Statistics South Africa weights		
	Number Eligible	%	R'000	Number eligible	%	R'000
0-8: standard cut-offs	6 031 187	65.6%	113 218	5 453 725	65.7%	102 366
0-8: inflation adjusted cut-offs	6 382 817	69.4%	119 805	5 770 804	69.5%	108 318
0-10: standard cut-offs	7 265 517	65.1%	136 374	6 752 103	65.5%	126 737
0-10: inflation adjusted cut-offs	7 688 152	68.9%	144 307	7 143 220	69.3%	134 078
0-13: standard cut-offs	9 008 851	64.4%	169 096	8 791 705	65.3%	165 020
0-13: inflation-adjusted cut-offs	9 544 475	68.3%	179 150	9 308 547	69.2%	174 721
0-17: standard cut-offs	11 245 205	63.9%	211 072	11 494 298	65.1%	215 748
0-17: inflation-adjusted cut-offs	11 920 625	67.8%	223 750	12 170 071	68.9%	228 432

*Source: Budlender et al. (2005):41.*

To estimate the costs incurred by the CSG applicants, researchers interviewed applicants who had submitted completed applications. These women were asked to list all activities they had undertaken thus far in the application process. From this list they determined which activities had something to do with the proof of means test and asked about the time spent on this activity as well as any costs incurred. This provided a less exact measure of the cost of the means test than the calculations in respect of officials because some of the costs would have been incurred even if the means test were abolished. The interviews and calculations yielded a mean monetary cost of just under R25 per applicant or just less than six hours of time per applicant.

In April 2003 the CSG monthly benefit value was R160. Budlender *et al.* (2005) estimated cost to the administration of the CSG income means test is 11.7 % of this sum and the estimated cost to applicants 15.6%. Even though the administration costs and the cost to applicants of the means test emerge as rather small relative to the monthly value of the grant Budlender *et al.* (2003) argue that these costs should not be incurred, particularly by applicants because 15.6% of the CSG monthly value is a high percentage cost in the monthly income of many applicants.

There is a limitation in the Budlender *et al.* (2003) costing study in that it fails to consider the cost savings associated with the income means test, as a result of excluding children whose caregivers have incomes above the means test used to target the grant. As is argued in section 6 below, it may be worth keeping the means test, and having the administration and applicants bear the costs associated with it in order to facilitate more resources flowing to support for very poor children instead of spreading them across more relatively poor children.

#### **4.5 Weaknesses in CSG programme implementation**

##### **4.5.1 What implementation problems have been raised?**

—Overall it seems that the administration of the grant is ‘working’ in a number of ways but there are areas of operation and functioning that need to be urgently addressed, chiefly by the Department of Social Development” (Hunter & Adato 2007a:56).

—Overall those who have been successful in accessing the grant appeared to be satisfied with the process, but a number of areas require further attention” (Delany *et al.* 2008:55).

Various studies have shed light on the nature of administrator and applicant experiences of programme administration and the resulting challenges in implementation implied. The majority were undertaken when DSD had responsibility for implementation (see Kola *et al.* 2000; Case *et al.* 2005; Woolard *et al.* 2005; Rosa *et al.* 2005; Hunter & Adato 2007a&b; Hall 2007). Two have been undertaken since SASSA took over programme administration responsibility (see Delany *et al.* 2008; and Peters & Williams 2009). In sum the studies indicate that on the whole the administration of the CSG programme can best be described as working well<sup>168</sup> but that there are a number of weaknesses in programme administration to be addressed. In addition they suggest an improvement in efficiency of administration since SASSA has taken over CSG administration

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<sup>168</sup> The only exception which suggests that the CSG programme was not well implemented is the Kola *et al.* study. However, this was undertaken in late 1999, very early in the CSG programme’s history. In the very early stage of programme’s history poor implementation is to be expected as administration systems are being put in place and human resource capacity developed.

responsibility. The main findings in support of the conclusion that the programme administration is generally working well are presented directly below. This is followed by a description of the weaknesses in programme administration identified by the existing research.

With respect to the findings that suggest the CSG programme administration has been working well, the rapid growth in the number of CSG recipients and beneficiaries since 2000 is arguably the most powerful evidence leading in support of this argument. However there is a range of other findings that can be cited in this regard. The first is the finding, which has come from a range of focus groups undertaken as part of qualitative and Q-squared method studies, that the majority of CSG recipients are paid their benefit as intended in the organizational plan on a monthly basis and the amount paid is correct (see Hunter & Adato 2007a; Goldblatt *et al.* 2006; Delany *et al.* 2008). The second is the finding of applicants experiencing little corruption amongst officials in the application process (Goldblatt *et al.* 2006; Hunter & Adato 2007a; Delany *et al.* 2008).<sup>169</sup> A third is the finding of the Delany *et al.* (2008:56) study, recently undertaken, that travel times to pay points and cash points are reasonable, both by foot and by car, even if they favor those living in urban areas. A final piece of evidence in this regard is that on applicants' perceptions of the helpfulness of officials and efficiency of administration processes gathered in the Delany *et al.* (2008) study. This is presented in Tables 5.14a&b.

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<sup>169</sup> However, it should be noted that some of the qualitative work (for example see Hunter & Adato 2007a) has found that there is a widespread belief in communities that many individuals do present false information in the application process. In addition there are findings on non -bribery related costs associated with CSG application. These include costs incurred by transport, stamps, photocopies and photographs (see Goldblatt *et al.* 2006; Hunter & Adato 2007a; Delany *et al.* 2008).

**Table 5.14a: CSG recipients' experiences of challenges in the application and payments process (caregivers of children 0-13 years)**

No real challenges	73%
Difficulties with documentation	10%
Delays in payment	6%
Access challenges	5%
Lack of information	4%
Problems with application procedures	2%
Other	1%
Total	100%
N	1 838

*Source: Delany et al. 2008:51 based on the nationally representative study undertaken of the CSG programme implementation and uses.*

**Table 5.14b: CSG recipient's ratings of the application process (caregivers of children 0-13 years)**

	Rating out of five with one very poor and five very good	Poor	Neutral	Good
Helpfulness of officials	3,8	10%	15%	74%
Ease of application process	3,7	12%	18%	70%
Access to information	3,7	14%	17%	69%
Access to service points	3,7	13%	16%	71%

*Note: N = 1886.*

*Source: Delany et al. 2008:51 based on the nationally representative study undertaken of the CSG programme implementation and uses.*

With respect to the nature of weaknesses in the CSG application and payment systems the findings of the studies based on data collected when the DSD was responsible for programme administration (see Kola *et al.* 2000; Goldblatt *et al.* 2006; Hall 2007; Hunter & Adato 2007a) are discussed first. This is followed by a summary of the main findings from studies based on data collected since SASSA took over CSG programme administration responsibility (see Delany *et al.* 2008; Peters & Williams 2009).

One problem, raised by the studies undertaken when DSD was responsible for administration, is insufficient staff for processing CSG applications and payments and linked to this, applicants and recipients having to suffer long queues and at times make repeat visits (at high cost) to have applications and payments processed. The following description by a fieldworker who observed the payment process at a payment point in KwaZulu Natal as part of the KIDS2004 qualitative study is illustrative of this problem:

—I hear some of the people complaining about being hungry and they were still in the queue. It was after 12h00. They wanted to buy food like apples and fat cookies, and others were suffering from headaches because they have not eaten anything from the morning. I heard other people saying that they arrived at 05h00 but they were still in the queue. The others say they used to arrive at 04h00 so that they could go home early, but they say they can't wake up early because it is winter now...Some others said that they used to sleep outside the welfare offices (where payments are made). I asked where the people sleep exactly outside the welfare offices. They said that it is not a matter of sleeping exactly, but they make a fire to keep themselves warm for the night. They also bring blankets to keep themselves warm. The others said they prefer to wake up early in the morning at 04h00 rather than having to sleep outside the welfare offices” (cited in Hunter & Adato 2007a:41).

A second problem raised by these studies is the jumping of payment queues and bribery associated with attempts to get a better place in the queue on payment days. Instances are reported by Hunter & Adato (2007a), for example, of individuals being paid before others because they knew officials. A third weakness raised by the early studies is insufficient facilities, including seating, toilet facilities and shade at pay points (see Goldblatt *et al.* 2006; Rosa *et al.* 2005). A fourth is shortage of human resources to process CSG applications and of capital equipment such as telephones and computers, resulting in slow service delivery and clients to become angry and resentful towards officials processing CSG applications (Kola *et al.* 2000; Goldblatt *et al.* 2006). A fifth problem raised by the research on administration processes undertaken when DSD was responsible for CSG administration is the lack of understanding by officials of the income means test , resulting in difficulty in gathering accurate data on applicants' income levels (see

Goldblatt *et al.* 2006; Hunter & Adato 2007). A sixth is the caregivers' failure to provide the correct documents for the CSG application and their struggle to get the necessary documentation. The documents highlighted as most difficult to get are caregiver IDs and children's birth certificates but affidavits relating to income status and marital status are also raised as being problematic to obtain (Rosa *et al.* 2005; Goldblatt *et al.* 2006; Hall 2007; Hunter & Adato 2007a). The research raises this as a problem for caregivers of all children but in particular for those applying on behalf of non-biological children. A seventh problem raised by the early studies is sufficient staff to assist applicants in the development of an affidavit(s) required for proof of caregiver income status and/or her/his relationship to the child for whom a grant is being applied (Goldblatt *et al.* 2006). An eighth is the fact that some caregivers had to return to be paid their benefit on a different day because of a shortage of cash at pay-points (see Hunter & Adato 2007a). A ninth is the spending by caregivers of a large proportion of the value of the benefit on transport costs associated with travelling to payment points.

A tenth and final weakness raised by the studies undertaken on CSG implementation, when DSD was responsible for administration, is the differences experienced across areas in application process procedures as well as the imposition by some officials of illegal requirements (i.e. requirement not called for by the regulations governing the grant). Goldblatt *et al.* (2006), Hall (2007) and Hunter & Adato (2007a) highlighted the following in this regard: (i) requests for photographs of the children on whose behalf primary caregivers are applying; (ii) requests for caregivers to supply the child's road to health clinic card; (iii) requests for letters from traditional authorities confirming the primary caregiver's income status and relationship to the child; (iv) proof of having applied through the courts for maintenance from the child's father. It is not clear to what extent the imposition of these illegal conditions still occurs now that SASSA has taken over CSG administration responsibility.

There is one finding that requires special mention: it is about the weaknesses in CSG implementation found by both the early studies undertaken when the DSD was responsible for administration as well as by the two studies undertaken since SASSA has

taken over responsibility for administration. It concerns a relatively long time delay between applicants submitting a CSG application and receiving their first CSG. On this point, Case *et al.* (2005:472) report, based on the Africa Centre data collected in 2002, that whilst there was ~~no~~ evidence of potential caregivers being thwarted by the system once an inquiry is made” it took on average up to three months to access the grant once an application had been made. Woolard *et al.* (2005:10) report, based on the KIDS2004 sample, that if the categories ~~not yet received grant~~ and ~~don't know~~ are excluded from the analysis then 73% (648 out of 882) of the applications went into payment within 5 months and more than 90% went into payment within 8 months of application. SASSA's goal for the time between receiving a CSG application and paying the first grant is 21 days (Delany *et al.* 2008). Delany *et al.* (2007) find, based on the national representative survey of primary caregivers undertaken in 2007, that the majority of applicants receive their first CSG payment for children age 0-13 years in less than three months. The study had a special focus on administration processes experienced by caregivers of children age 0-2 years<sup>170</sup> and for this group it found a slightly shorter waiting time. Whilst a delay of three months or slightly less may be understandable from an administration process perspective, it is too long. This is firstly because it is more than the time delay goal set by SASSA. Secondly, it is too long because of the suffering it implies for applications and their children affected by poverty. Particularly worrying is what this wait means for the numbers of children who will have irreversible damage caused by caregivers having insufficient money to purchase basic food goods and the associated child malnutrition.

Finally, with respect to the research findings on the nature of the weaknesses in the CSG programme administration, there are three findings that need to be noted from the two studies (Delany *et al.* 2008; Peter & Williams 2009) undertaken since SASSA took over the administration of the CSG. The first is Delany *et al.*'s. (2008) finding that there is a time lapse between the first enquiry and the submission of an application for children as caregivers have to wait for required documentation such as birth certificates from the Department of Home Affairs (Delany *et al.* 2008:49-50). Encouragingly this study found

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<sup>170</sup> This was because of the finding from earlier research on the CSG that very young children are under-represented in the beneficiary population (see Woolard *et al.* 2005 and above).

that a large proportion of caregivers of young children (less than two years) had first enquired about the grant when the child was less than six months old. However, this still involved a relatively long period of time between birth and receipt of the first CSG due to delays of a month or two between enquiry and submission to obtain the required documentation and to allow for SASSA processing of the application. The second is Peters & Williams' (2009) finding that difficult geographical terrain means that there is still limited outreach by mobile units in very remote rural areas and in these areas, caregivers still have to travel long distances to make applications. The third is Peter & Williams' (2009) finding that there is confusion amongst officials responsible for administering the grant about what the new policy relating to use of an affidavit instead of birth certificate and/or ID means in terms of what needs to be supplied by applicants when applying for the grant (Peters & Williams 2009:123).

#### **4.5.2 What are the barriers that prevent eligible applicants from accessing the CSG?**

—...Knowledge about the existence of the CSG is not a significant barrier ...Instead, the system for applying for a CSG is not understood and...is difficult to navigate” (Peters & Williams 2009:48).

As has become clear from the discussion about the existing research findings on awareness about the grant and how to apply for it, it has been established that lack of knowledge about the CSG and how to go about applying for it is not a key barrier driving exclusion errors. Rather, the problem is navigating through the administration requirements.

All the existing research on the nature of the access barriers underpinning exclusion errors points towards lack of access to the required documents, most notably birth certificates of children and IDs of primary caregivers, as the most significant barrier to accessing the CSG. The dominant role played by this barrier has been highlighted by quantitative and qualitative studies and studies undertaken when the CSG programme was administered by DSD (see Rosa *et al.* 2005; Woolard *et al.* 2005; Goldblatt *et al.*

2006; Hunter & Adato 2007a; Hall 2007) as well as studies undertaken since SASSA has taken over this responsibility (see Delany *et al.* 2008 and Peters & Williams 2009). Hunter & Adato (2007b) suggest that this problem may be related to migration and general mobility of parents, giving birth outside of hospitals, death of the child's parent, or no contact between the primary care giver and the mother or father (Hunter & Adato 2007b:59). Other problems they raise in relation to applications acquiring the necessary documents involve mismatches between the names appearing on the different documents, costs of obtaining documents, misinformation about the document requirements and father's refusing to hand over required documents (Hunter & Adato 2007a&b). Delany *et al.* (2008:55) report that the focus group work undertaken for their study highlighted "particular challenges facing guardians who are not biological parents" in the process of obtaining necessary documentation from government departments. Delany *et al.* (2008:55) also raise the issue of uncooperative relatives as a problem.

The following stories from two focus group participants in Peters & Williams (2009) and Delany *et al.* (2008) are illustrative of the documentation problem preventing access:

—Yes I have tried to apply for it...they informed me that my ...(baptism) certificate was not correctly filled in....They said my mother's name was not filled in properly...they are not same. The name on the certificate is not the same as the one on the mother's ID" (Non-CSG recipient focus group participant cited in Peters & Williams 2009:49).

—Why there is a delay in applying for the CSG, is that sometimes you apply for a birth certificate only to find it takes too long to come. And you can't apply for a CSG without a Birth Certificate...Because you make a copy of a birth certificate and clinic card in order to apply for the CSG and the originals remain with you" (CSG recipient focus group participant, cited in Peters & Williams 2009:59).

—His mother died when he was a month old and then I am raising him. So the problem is that his clinic card has his mother's surname and I don't know how to change that. My surname is (X) and his is (Y), so all his (other) documents are with the mother's sister and we have no access to him" (CSG non-recipient focus group participant cited in Delany *et al.* 2008:58).

It is yet to be seen how the recent change of policy which allows affidavits to be used instead of birth certificates and/or IDs in the CSG application process will address this access barrier. A concern in this regard is the finding, also from the recently conducted Peters & Williams (2009) study, that there is confusion amongst administrators responsible for implementation as well as among potential applicants over what this implies for what applicants need to provide in practice.

Child care costs incurred during the application process as well as transport costs and opportunity costs (time not spent working on other activities) are also raised by the existing research as barriers to access (see Peters & Williams 2009; Hunter & Adato 2007a&b).<sup>171</sup> The following quote from a focus group participant in the Peters & Williams (2009) qualitative study on barriers to access is illustrative of how transport acts as a barrier to access:

—We had to walk all the way from Mathateng village to Tshidilamolomo because of financial problems, and only to find that a queue is very long, when we get there. Sometimes people had to turn back without success, because of time, and wait for another set date. We could even try for about four to five times sometimes without success” (CSG recipient focus group participant cited in Peters & Williams 2009:57).

Another access barrier identified by the qualitative research, including the recent Peters & Williams (2008) study which is arguably most relevant as it is so recent, is lack of confidence associated with illiteracy, lack of knowledge about how to apply, and poverty. In the words of Peters & Williams (2009:48): —Potential grant recipients are armed with little knowledge of what documents are required, limited resources to pursue acquiring their documents, and a lack of confidence about pursuing applications for the CSG”.

Two additional CSG access barriers, raised by the KIDS2004 qualitative study, the stigma associated with male receipt of the grant and conflict between primary caregivers

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<sup>171</sup> As already explained above, whilst in general travel times are not long they are for some in remote areas.

and their male partners inside poor households may be barriers behind some exclusion errors (see Hunter & Adato 2007a&b). As an example of the latter, Hunter & Adato (2007a) report that they found in one household that Sibongile, a female primary caregiver wanted to apply for the grant but her husband refused to give her the documents she needed:

—She first went to the court to get the full details about what was needed to apply. She then went back home and informed her husband. His reaction was ... too violent, negative. He refused to give her the documents. He took away the marriage certificate for the child and their two identity documents. She did not really want to apply for the CSG but the economic situation at home was not good. She thought the money would help the household as well” (SC Kuzwayo cited in Hunter & Adato 2007a:20).

Another barrier to accessing the CSG highlighted by existing qualitative research is severe illness in the household which saps resources, both financial and others (see for example Hunter & Adato 2007; Peters & Williams 2009). Two final barriers, highlighted by Delany *et al.* (2008), involve delays caused by primary caregivers waiting for a time after the child is born before applying for their CSG<sup>172</sup>, and delay in the issuing of birth certificates of newborns.

## **5. Findings on CSG programme impact**

### **5.1 Has the CSG been achieving its proximal outcome objectives?**

Increasing the income level of the households in which targeted children live was explained in chapter four as the first proximal objective of the CSG programme. The

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<sup>172</sup> Reasons Delany *et al.* (2008) found for caregivers not applying for the grant immediately after birth of the child include: delays with birth certificates; the need to recover from the birth; cultural norms regarding taking the baby out in public; and the fact that queues and travel involved in applying were not conducive for new mothers. As Delany *et al.* note, whilst these factors reveal understandable delays in applying for the grant, they need to be addressed.

findings about household resident status of CSG primary caregiver recipients and CSG beneficiaries from quantitative and qualitative method studies on the CSG (see Case *et al.* 2005; Woolard *et al.* 2005; Hunter & Adato 2007a&b; Delany *et al.* 2008) imply that in most cases CSG primary caregiver recipients live in the same households as the children on whose behalf they receive the grant.<sup>173</sup> This in turn suggests that in most cases the transfer has been reaching households in which the children on whose behalf recipients receive it live.

But has the CSG been reaching the households of the group of poor children targeted? The finding above that the whilst there are exclusion and inclusion errors, for the most part the households into which the CSG has been transferred are those that lie in the bottom portion (lower three or four deciles) of South Africa's income distribution suggest that the answer to the question posed above is 'yes'. Therefore, it can be concluded that the existing studies suggest that the proximal outcome of the CSG benefit being transferred via primary caregivers to households in which targeted poor children live has largely been achieved.

Whilst the research has established that the general picture is that in most cases CSG recipients are primary caregivers (generally biological mothers) who live in the same households as the children on whose behalf they receive the grant, at the same time it has revealed that there is, in some cases, complexity about who is the child's primary caregiver, who receives the grant on behalf of the child and where the child beneficiary and adult recipient live (see example Woolard *et al.* 2005; Hunter & Adato 2007a&b; Delany *et al.* 2008; Van der Berg *et al.* 2009). In the words of Hunter & Adato (2007b:55), 'there are a number of interesting and unusual arrangements with regard to

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<sup>173</sup> That co-residence of CSG recipients and beneficiaries is in general high was first found by Case *et al.* (2005) based on the Africa Centre data collected in Hlabisa in KwaZulu-Natal in 2002. It was then confirmed by Woolard *et al.*'s (2005) analysis of the KIDS2004 data, also collected in KwaZulu-Natal. Woolard *et al.* (2005) found for example that only 9.7% of recipients were not living in the same bounded structure as child beneficiary on whose behalf they receive the grant.

who receives the grant and who looks after the child that do not fit in with this norm”.<sup>174</sup> On this point of complexity Woolard *et al.* (2005:7) relate that, in their analysis of the KIDS2004 data, in half of the cases where the primary caregiver is not the mother the mother still receives the benefit on behalf of the child. Also on this point, Delany *et al.* (2008:8) explain that drawing a line to separate neatly CSG recipient households from CSG non-recipient households in the survey data they analyzed is not a simple matter, because in some cases even though there was no primary caregiver who received a CSG benefit directly from SASSA for a child in his/her care the grant was –sent to the household by relatives living elsewhere”.

Some authors have tried to estimate the *size* of the contribution made by the CSG cash transfer income into the households (see for example Kola *et al.* 2000; Voster *et al.* 2004; Woolard *et al.* 2005; Delany *et al.* 2008; Van der Berg *et al.* 2009). The first large scale study on the CSG programme, namely the Kola *et al.* (2000:3) study, found in its analysis of data collected from just under 1000 recipient households that without the CSG the average monthly income in the sample would drop from R837 to 714 (i.e. by 15%) and that on average households in the sample derived a third of their income from the CSG. A significant proportion of households were found by Delany *et al.* (2008) to be wholly dependent on the CSG (18 percent) or on the CSG and other state transfers (36 percent)<sup>175</sup>. Three quarters of the primary caregivers in the Kola *et al.* (2000) study said

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<sup>174</sup> In their study, –In all there were 32 beneficiary children...For 20 of the beneficiary children in our study the mother was the primary caregiver of the child. For five of the beneficiary children the grandmother was the only primary caregiver – in two of these cases the mother was non-resident but received the grant money from the CSG recipient; for two children the mother was dead; for one child the mother lived next door and received the CSG money from the recipient who was also the primary caregiver. For five of the children both the mother and the grandmother were the primary caregivers of the children: in one household there were four beneficiary children and the grandmother looked after the children during the day while the mothers were able to play a care giving role when they returned from work; in another household the mother of the child was ill with HIV/AIDS and was not always able to look after her child – when this was the case the grandmother played a care giving role” (Hunter & Adato 2007a:10).

<sup>175</sup> Not surprisingly this proportion varied substantially across provinces and households. In Limpopo for example, the CSG was found to account for 51 percent of household income on average.

that they relied mainly on the CSG to support the child. Voster *et al.* (2004:iv) found in their analysis of survey data collected in purposively selected sites in the Western Cape, that “if we were to consider the financial situation of a beneficiary without the CSG, 64 percent of all the beneficiaries will have no income”.<sup>176</sup> The Woolard *et al.* (2005) study findings on the proportion of CSG income in total household income were discussed above. To recapitulate from there, Woolard *et al.* (2005 14-15) found that despite the small size of the CSG relative to other grants (such as the Old Age Pension and the Disability Grant), the CSG provided 17 percent of total income to the poorest 20 percent of households and around 10 percent to the next two deciles in the distribution in the KIDS2004 sample. Delany *et al.* (2008:30) also present data on the size of the contribution made by the CSG to household income in recipient households using the nationally representative survey gathered in 2007. This data shows, like the other studies, that in most instances the CSG makes a substantial contribution (just less than 40% is the average for all) to household income. Second, it shows that there is variation in the size of the contribution of the CSG to total household income in different provinces.

In addition some qualitative studies have offered additional insights on the nature of the contribution made by CSG cash transfer to household income via discussions with recipients in focus groups on what the CSG means to them and their households (see for example Voster *et al.* 2004; Surender *et al.* 2007; Hunter & Adato 2007b; Delany *et al.* 2008). One such insight is that precisely what the CSG means varies across households depending on their poverty situation and other income sources. Another is just how important the grant is for helping to meet basic needs of all members in recipient households, including those of children. The statements below by participants in focus group discussions are illustrative of these points.

—My wife and I depend on this child support grant, which we get for our child. I am not working, but we get the paraffin because of her...When I come home at night, even if I

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<sup>176</sup> This proportion appears high in comparison to the findings of the other studies but this is nevertheless what they report. Perhaps the proportion is so high because the sampling technique focussed on very low income households.

have not found work, she is able to put food on the table” (Male focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:18).

—It does make a difference; we depend on the grant. It’s not like nothing comes at the end of the month because we are not working...we are able to buy and sell small things like sweets so that when the CSG runs out before the end of the month, you have something to fall back on, you can buy paraffin and make lunch for the child when going to school” (Female focus group participant from CSG recipient household, cited in Surender *et al.* 2007:18).

—It helps a lot in the home” (CSG recipient focus group participant cited in Delany *et al.* 2008:35).

—...I’m struggling to make ends meet, as I depend only on the CSG” (CSG recipient focus group participant, cited in Peters & Williams 2009:63).

As explained in chapter four, the second proximal CSG programme objective is to increase spending on basic goods and services for targeted children inside recipient households. The fungible nature of money and the fact that grants are spent much like any other income inside the household means that it is very difficult for researchers to use quantitative survey data to convincingly tease out how the CSG is spent inside recipient households (see Siebrits & Van der Berg 2009; Du Toit and Neves 2009)<sup>177178</sup>.

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<sup>177</sup> Delany *et al.* (2008) try to provide some nationally representative quantitative data on how the CSG affects spending patterns inside CSG recipient households. Delany *et al.* 's (2008:2&31) analysis involves comparing expenditure on a range of different items (including food, medical expenses, school fees and other school costs) in CSG recipient households, eligible CSG non-recipient households and non-eligible non-recipient households. The data used is that gathered from a question on how primary caregivers spend their income, in the survey they undertook in 2007. The data they present shows that the proportion of total monthly expenditure on food in CSG recipient households is slightly higher (at 55%) than in eligible non-recipient households (53%) and non-eligible non-recipient households (33%). On this basis they conclude that the CSG has led to increased spending on food even though they do not conduct any analysis to assess whether it is the CSG income, or some other factor(s) that generates the higher proportional expenditure on food in the CSG recipient households.

As a means of answering this question it is therefore more useful to turn to qualitative research findings on how the CSG is used inside recipient households (see for example Hunter & Adato 2007b; Surender *et al.* 2007; Delany *et al.* 2008; Peters & Williams 2009) and the research findings relating as to how women, in comparison to men, spend money for the benefit of children. Four findings from the existing research in these areas support the argument that the CSG will have been spent, at least in part on targeted children inside the recipient households and should therefore have been achieving its second proximal objective. The first is the finding from qualitative research studies on the CSG that, like pension income once it reaches the recipient household, CSG income is shared amongst individuals inside the household<sup>179</sup>. The following explanation by a focus group participant cited in Delany *et al.* (2008:34) reflects this: “I get the grant for two kids....Their father is not working so it supports *all* of us”. A focus group participant involved in the Surender *et al.* (2007) study explained that strong family ties and a culture of reciprocity mean that it would be unthinkable not to pool any grant that came into a family (Surender *et al.* 2007:21). She explained further as follows:

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<sup>178</sup> Samson *et al.* (2008:7) also mention, in their review of the CSG and its impact, that there is an earlier Samson *et al.* study that was commissioned by the national DSD and that used an instrumental variables approach to try and tease out the impact of the CSG on expenditure patterns inside households, as well as on the education and nutrition outcomes of children. The author has not managed to access this study and hence cannot comment on how convincing it is with respect to providing evidence on the impact of the CSG (as opposed to other factors) on expenditure patterns in recipient households and various other outcomes. According to Samson *et al.* (2008) this study showed: “the child support grant’s significant impact in terms of reducing poverty for participating households, as well as statistically significant increases in school attendance, greater household allocations to food consumption and other necessities, reductions in spending on alcohol, tobacco and gambling, and lower incidence of child hunger” (Samson *et al.* 2008:7-8).

<sup>179</sup> Hunter & Adato (2007b) relate that precisely who receives priority in the spending of the CSG transfer in any particular month depends on the relative needs of the different people in the household that month. As an example of this practice they point out that a primary caregiver CSG recipient in the Cibane household in KwaZulu-Natal explained that whilst she understood that the money was to buy food and clothes for the child on whose behalf it was received it had been used in the past to pay for medical care for herself when she became very ill (Hunter & Adato 2007a:14).

—We are black people and some of these things don't work for us. We bring everybody under one roof. You would take your nephews and nieces once your siblings die. My point is that black people live in extended families” (Female focus group participant from a CSG recipient household cited in Surender *et al.* 2007:21).

The second finding that supports the argument that the CSG has been achieving its second proximal objective is the finding from qualitative studies that the CSG income is spent mainly on basic goods (such as food and clothing), basic services (such as fuel and transport) and meeting child education and care costs. The following quotes from CSG recipients gathered during focus group discussions are illustrative of this:

—I get the grant for two kids. I pay transport, crèche, mealie meal and electricity” (Female CSG recipient focus group participant cited in Delany *et al.* 2008:34).

—We are able to buy food, though it does not last... You can buy meat and make lunch for the child when going to school” (Male focus group participant from a CSG recipient household cited in Surender *et al.* 2007:18).

—Sometimes at the end of the month there is no maize meal in the house, so when this money comes I use it to buy maize meal, pay creche fees and maybe buy some potatoes because we don't have any other income in the house. I am a salesperson and sometimes you find that people don't pay on time and then I have no money, so when this money comes I am able to buy food for the children” (Female CSG recipient focus group participant and mother of five children from Orange Farm Gauteng, cited in Delany *et al.* 2008:33).

The third finding in support of this argument is that it is primarily the CSG recipients who have control over how the CSG is spent (see Hunter & Adato 2007b; de Kock *et al.* 2006). The fourth and arguably the most persuasive piece of evidence in support of this conclusion is the finding from quantitative research on intra-household spending patterns, for example the research by Case & Deaton (1998) based on the SALDRU 1993 data set,

that if women receive and control a transfer it is likely that it will be spent on basic goods for the household including for children (see chapter two)<sup>180</sup>.

To conclude this section, the existing research on the CSG programme's performance in achieving its proximal programme suggests it is successful. However, it has also made it clear that because the CSG income is shared, in situations where household poverty is very deep and the household is very large the size of the impact of the grant on the targeted child or children will be reduced. It also raises the concern that not all children will benefit equally.

## **5.2 Has the CSG been achieving its ultimate outcome objectives?**

The fact that the CSG was rolled out without a randomized control research design to facilitate scientific evaluation means that researchers have had to rely on alternative, less rigorous methods to shed light on the impact of the programme on its ultimate objectives. The findings and limitations of the one study that has focused on measuring the impact of the CSG on poverty using the traditional measurement method (Woolard 2003) are discussed directly below. This is followed by an overview of the method and findings of the handful of studies that have used non-monetary indicators to measure the impact of the CSG programme on child deprivation (improving child wellbeing) and thereby human capital development.

Woolard (2003) explores the impact of the CSG on child poverty using income as the indicator, the income data in IES2000 and administrative data (to estimate the number of eligible children). She uses the  $P_0$  poverty incidence measure and two poverty lines, the bottom 20% of the income distribution (cut off line for ultra-poor household) and the

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<sup>180</sup> Whilst this is not a question for addressing in this chapter it is interesting to point out that Hunter & Adato (2007b) found little relational conflict over how the CSG is spent inside households. They also found that "for the most part the CSG does not significantly alter intra-household relationships or introduce new intra-household conflict" (Hunter & Adato 2007b:57). The study found general consensus that "the CSG recipient should be the child's mother, that it is her right and obligation to apply but also that the grant should go to the person caring for the child" (Hunter & Adato 2007b:57).

bottom 40% of the income distribution (cut off line for poor households). Her main findings are that, without the CSG, 42.7 percent of children live in poverty and 13.1 percent in ultra poverty and this falls to 28.9 percent and 4.2 percent after introduction of the CSG (assuming all eligible children receive it). The AES used and rationale behind it are not made explicit.

To the author's knowledge this is the only published study that has used the traditional money metric measurement method to reflect on the size of the impact of the CSG on child poverty. There are some studies that have engaged in micro-simulation exercises to reflect on the size of the impact of all grants, including the CSG on poverty, rather than child poverty (see for example Samson *et al.* 2004<sup>181</sup>; Van der Berg *et al.* 2009). These show, not surprisingly that the grants, including the CSG reduce poverty but that the size of the effect varies according to the assumptions made about the poverty line, the AES and size of the transfers. The Samson *et al.* study also shows significant variation depending on whether the P<sub>0</sub> or P<sub>1</sub> FGT measure is used.

Studies based on the traditional method of child poverty measurement are not useful reflectors of the performance of the CSG in achieving its distal outcome objectives due to the problems inherent in the traditional child poverty measurement approach. These weaknesses were explained in chapter one, but is worth recapping them here. The first problem is the too narrow focus on measuring only economic deprivation. The narrow focus is a serious problem when the aim is to shed light on the size of the impact of the CSG as its distal outcome objectives are to reduce child deprivation in the broader sense (reduce multi-dimensional child poverty) and promote human capital development. The

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<sup>181</sup> Samson *et al.* (2004) measure the impact of the CSG on poverty for a seven poverty lines, different values of the CSG benefit, different AESs and the an EPRI micro-simulation model calibrated using administrative data for January 2003, IES2000 plus LFS2000. This measurement is part of a broader agenda which is to measure the impact of all the grants on poverty defined and measured in the traditional way as well as on human development using a range of direct deprivation indicators. The focus of the poverty impact measurement is on the impact on the poverty and child poverty gaps of extending the CSG eligibility age from 0-7 to 0-14 or 0-18.

second problem is the arbitrary assumption made in this approach about the costs of the child versus an adult, and about economies of scale. Whilst the analysis in chapter three suggests that these may not affect findings on the composition of child poverty, they may affect those on the size of the positive impact of the CSG programme. The third problem is that the traditional measurement method makes the assumption that income is shared equally inside the household in line with the needs set out in the Adult Equivalence Scale, but we know from the literature on intra-household resource allocation that this is not how income is allocated in the real world. Therefore, this approach will not capture how much of the CSG income each child receives. A fourth problem is that these studies assume that the CSG cash transfer and other cash transfers coming into CSG recipient households have no effect on the behaviour of the household in terms of migration, labour supply and household formation patterns. As Van der Berg *et al.* (2009:28) relate, and as we have seen from the work of researchers such as Edmonds *et al.* (2001) Posel *et al.* (2006) and Woolard *et al.* (2009) this is a very strong assumption that may have a significant impact on findings.

In light of the complications involved in separating out how CSG income is spent inside the household and the limitation of the traditional measurement approach as a tool to assess the impact of the CSG on its multi-dimensional child poverty reduction and human capital development objectives, other approaches are required. Towards this end researchers have quite rightly turned to using direct indicators of child outcomes, such as child health/nutrition and education access indicators. The existing research in this regard can be grouped into those that have used access to education as the indicator (see Case *et al.* 2005; Budlender & Woolard 2006); a study that has used child nutritional outcomes as the indicator (Woolard *et al.* 2005; Agüero *et al.* 2007); and two that have used both access to education and nutritional outcome indicators (Budlender *et al.* 2008; Samson *et al.* 2008).

The Case *et al.* (2005) study is based on the data collected by the Africa Centre as part of its Demographic Surveillance System in Hlabisa KwaZulu-Natal in the early 2000s. They measure the impact of CSG receipt on school enrolment for children in the age

cohort 6 to 8 years. They find that “children who receive the grant are significantly more likely to be enrolled in school in the years following grant receipt than are equally poor children of the same age” (Case *et al.* 2005:467). CSG receipt in 2002 is found to be associated with an 8.1% increase in school enrolment amongst 6 year olds and a 1.8% percentage point increase among 7 year olds. For both 6 and 7 year olds, the association between grant receipt and school enrolment emerges as significant (Case *et al.* 2005:479). To address the issue of causation, and ascertain whether it is receipt of the CSG that leads to this better school enrolment (not some other factor such as particularly committed caregivers), enrolment of older siblings when they were the same age as the children for whom this positive school enrolment effect is found is considered using earlier data collected by the Africa centre. No significant association between school enrolment for siblings and the indicator that a maternal sibling would in future receive the CSG is found.<sup>182</sup> Hence the authors conclude that CSG receipt had the effect of helping to overcome the impact of poverty on school enrolment. Whilst this study is suggestive of the CSG having the positive effect of enhancing access to schooling, it needs to be noted that it may be earlier enrolment facilitated by the grant rather than increased enrolment that the study picked up.

Budlender & Woolard (2006) also find that CSG receipt has the effect of increasing child wellbeing measured using the yardstick of child access to education. Their study involves cross tabulations based on GHS2004 and KIDS2004 as well as econometric analysis using a micro-simulation model based on KIDS2004. The analysis based on GHS2004 focuses on children age 6-8 years and that based on KIDS2004 children age 7-8 years. Before presenting their results they highlight a critical weakness in the survey data for those interested in exploring the impact of the CSG programme on child educational access. This is that of a poor distinction in data collection between school enrolment and attendance and most surveys only collecting data on school enrolment when what is really of interest is school attendance (Budlender & Woolard 2006:12). As

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<sup>182</sup> The study finds that older brothers and sisters of grant recipients, when they are observed at younger ages, are less likely than other children to be enrolled in school. The authors suggest that this may reflect the greater poverty in grant-receiving households.

they explain, school enrolment rates are generally high in South Africa (at least up until children turn 15). However, enrolment is not the same as attendance and the latter is known to be far lower particularly in rural areas affected by deep poverty. It is hence the latter that are of interest even though the data only generally allow for analysis of impact on school enrolment.

The tabulations generated by Budlender & Woolard (2006) show association between CSG receipt and school enrollment. However, the size of the effect is small, which, as they point out, is to be expected in light of the high enrollment rates that exist in South Africa. When the effect is expressed as the relative change in the number of non-enrolled children, the apparent impact is slightly larger. The cross tabulations also suggest that enrollment of children who are not direct CSG beneficiaries but live in households of children who are direct CSG beneficiaries is higher due to CSG receipt. The modeling exercise suggests that receipt of the CSG has a statistically significant, although small impact on enrollment of direct beneficiaries. It also supports the idea that enrollment of children who are not direct CSG beneficiaries is more likely when another child in the household is a direct CSG recipient. No gender differences are found but the analysis based on the GHS suggests that the effect of CSG receipt on school enrolment has been greater in rural areas.

A particularly convincing piece of evidence that the CSG has been achieving its distal outcome objectives comes from the study by Woolard *et al.* (2005) and Agüero *et al.* (2007). This used state of the art statistical techniques to identify the effects of the CSG, as opposed to other factors that may affect the child outcome in question. It is based on KIDS 2004 and measures the impact of the CSG on one child nutrition outcome variable, namely child height-for-age. In the analysis of impact the study focuses on children age 0-3 years as this is what the data permits. To measure impact the study takes advantage of the slow programme rollout which created exogenous variation in the extent of CSG treatment and allows for use of the continuous treatment method of Hirano and Imbens (2004). The study also estimates the private returns to the CSG cash transfer payments (making heroic assumptions about the translation of child height gains into adult height

gains, the relationship between height and wages and employment status). Woolard *et al.* (2005) find that large doses of CSG treatment early in life (within the first 36 months of life) significantly boost child height. Effects are insignificant for children who receive the transfer for less than 50% of their 36 month window.<sup>183</sup> No gender differences are found in the impact of the cash transfers on child height-for-age. The discounted rate of return on CSG payments (based on the heroic assumptions) is estimated to be between 160% and 230%. The authors stress that the finding of significant impacts on child nutrition for children who receive the grant when they are very young does not preclude the possibility that there is also a positive nutritional impact for older children. However, they point out that this needs to be proven as the study only measured impact for children age 0-3 years.

Budlender *et al.* (2008) explore the effect of the CSG (and pension on) child hunger, illness, and school enrollment rates. As explained above, the author did not manage to gain access to this study and hence had to rely on Budlender's (2008) description of the study and its findings. Budlender (2008:39) describes the study as follows:

—The analysis in this case was of data from the second phase survey conducted by Geospace and the HSRC in 2005/06 of recipients of the five main grants as well as of non-recipient ‘neighbours’ of the recipient household. The analysis of the OAP found a statistically significant impact on hunger, nutritional outcomes, and illness, but not on school attendance or grade repetition. In contrast, the analysis in respect of both the foster child grant and the CSG found an impact on enrolment rates, but no association with reduced reported illness or better nutritional outcomes”.

Samson *et al.* (2008) use the propensity score matching technique and the EPRI-constructed GHS panel from 2002 to 2004 in an attempt to measure the impact of the CSG on child outcomes using hunger and school enrollment as the indicators. The study finds positive, statistically significant effects of the CSG in reducing child hunger and improving school attendance (pre-school and early grades).

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<sup>183</sup> Agüero *et al.* (2007:19) note that this finding suggests that cash transfer policy should emphasize reaching children at a very young age, at least in terms of nutritional effects.

A final piece of data to cite in presenting the evidence on the impact of the CSG on child deprivation is that on the trend in child hunger in the GHS2003-2007. It has already been explained that the data in the GHS2000-2006 shows a declining trend in reports of child hunger for CSG recipient households as well as non-recipient households with the decline being faster for the CSG recipient households. Whilst it cannot be asserted with certainty that the faster decline in child hunger in CSG recipient households is due to the inflow of income into poor households associated with the CSG programme, as argued by Van der Berg *et al.* (2009), this does seem likely, particularly when one reflects on the growth of the CSG budget relative to that of other transfers (see chapter four)<sup>184</sup>.

To conclude, the few studies that have used non-monetary indicators to shed light on whether the CSG has impacted on child deprivation/wellbeing, plus the trend in reported child hunger in the GHS2002-2006, are suggestive of the CSG having its planned for impact on its first ultimate outcome objective. The evidence on the CSG improving child nutritional outcomes amongst young children, as well as that on the programme having a small positive effect on access to education, is suggestive of success in achieving the ultimate objective of human capital development. This is because better nourished children who attend school imply a greater stock of human capital than those who are malnourished and out of school. However, research on the links between the CSG and education outcomes is required to confirm this<sup>185</sup>.

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<sup>184</sup> In chapter two, in Figure 2.1 data was presented from GHS2002-2007 on reports of child hunger for all households and a slight increase between 2006 and 2007 was highlighted. It was suggested that the increase in reports of child hunger may reflect the onset of the international recession. A useful research task would be for someone to consider the size of the increase in reports of hunger across these two years in CSG recipient households compared to non-recipient households.

<sup>185</sup> As explained in chapter four and the 2010 *National Budget Review*, the evidence on the impacts of the CSG on child deprivation/well being, played a role in government's recent decision to increase, yet again, the age of eligibility for the CSG (National Treasury 2010b:91).

### 5.3 Has the CSG programme been having behavioral effects?

#### The CSG and attitudes towards preventing pregnancy

As was seen in the section on attitudes towards the CSG in the target population, some of the qualitative studies on the CSG programme (see for example Hunter & Adato 2007a&b; Surender *et al.* 2007; Peters & Williams 2008) have found participants who hold the negative view that the CSG has increased fertility, particularly amongst teenagers in focus groups convened to discuss the CSG. However, none of the existing qualitative studies has found any real cases of this happening. There is only one quantitative study that has to date tried to shed light on this issue, that of Makiwane *et al.* (2006).

Makiwane *et al.* (2006) analyze teenage fertility trends and age patterns of CSG beneficiaries to cast light on whether the CSG has been increasing teenage pregnancy. To assess the relationship between teenage fertility trends and the CSG, data on fertility and CSG access are presented and analyzed for association between them. Fertility trends in South Africa are also compared with those in other countries. The key findings of the analysis are as follows. (i) Based on the data analyzed, namely the OHS1998&1999, the DHS1998, Census2001 (see Makiwane *et al.* 2006:6-7), teen age fertility declined rapidly from 1980 onwards, a decline that ended in 1996 when a dramatic upsurge occurred. After that, and around the time the CSG was introduced, teen fertility appears to level off. The exact pattern of fertility from early 2000 is presently not known with any accuracy due to lack of reliable fertility data. The trend in teen fertility occurred in the context of a constant decline in overall fertility throughout the period but a rising share of births to young women<sup>186</sup>. (ii) Only 20% of teens who bear children are beneficiaries of the CSG and between March 1999 and March 2005 fewer than 3% of teenagers have been recipients of the CSG compared to teenagers making a 15% contribution to fertility. (iii) The observed increases in youthful fertility have occurred across all socio-economic categories including in sections of society who would not pass

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<sup>186</sup> The authors point out that the rising share of births to young women as fertility rates stabilize is in line with the trend around the world.

the income means test for the CSG. These three findings lead the authors to conclude that it does not appear that there is a relationship between teenage fertility and the CSG, and that the issue can only be settled conclusively by a specially designed study.

Whilst Makiwane *et al.*'s study and the existing qualitative research, as well as common sense suggest that the small monthly benefit provided to households in the form of the CSG has had little effect on the CSG, it is important to remember that an effect could become significant if the value of the grant were to increase substantially. However, and as pointed out by Van der Berg *et al.* (2009:53), "examples of where governments have tried to stimulate fertility in some developed countries have shown that it is very difficult to do so even by offering large incentives" (Van der Berg *et al.* 2009:52).

### **The CSG and the incentive to work**

As with the case of the impact of the CSG on fertility, the impact of the CSG on recipient's incentive to work is an area that has not yet received much attention. There are however two qualitative studies (see Surender *et al.* 2007 and the qualitative component of Delany *et al.* 2008) as well as one quantitative study (Noble *et al.* 2007) that provide some evidence on this question.

The qualitative studies indicate that the CSG has not been having a negative effect on the desire of recipients to work, which is not surprising in light of the small value of the grant and depth of poverty in many recipient households. In fact, the research shows (for example see Surender *et al.* 2007) that adults in recipient households feel insulted and become indignant when asked if the grant has had this effect. This is probably reflective of the difficult circumstances adult caregivers find themselves in and the feeling that those who would suggest such a behavioral effect from such a small transfer do not understand their suffering. The following statements by CSG recipients from focus group discussion are illustrative:

—There's no way you won't want to work in order to live on R190 a month. When you work, you earn more than that. Yes, we are hungry, we are used to poverty, but there is no way you won't work only to depend on R190. By the time the R190 comes, your

child needs a multitude of things from milk to shoes. You buy shoes and other small things, after that it's finished" (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:39).

—There is no one who can refuse a job just because she gets the CSG – because the money is very little." (Female focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:39).

—I really don't think that a person can be lazy just because they receive a grant...I really don't think that anyone could not look for a grant only because they receive the CSG...the people that say those things cannot know how we are suffering" (Male focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:39).

—A grant, my sister, is a last resort. After you have tried all avenues. So it's not gonna change once you start getting a grant. The reality is that there are not jobs. So people get discouraged, because they have nowhere else to look, they decide to sit down and rely on this grant" (Male focus group participant from a CSG recipient household, cited in Surender *et al.* 2007:39).

—So when people see you sitting at home, they think you are satisfied with the CSG. Little do they know that I would also like to be working or have money to further my studies" (Women CSG recipient focus group participant cited from KwaZulu-Natal cited in Delany *et al.* 2008:27).

With respect to the quantitative findings on this question, Noble *et al.* (2007) use a specially designed module on "work and welfare" in the HSRC's SASAS2006 to explore the question of whether the grants, including the CSG, reduce the incentive of recipients to work as well as exploring attitudes towards the widespread use of grants as a child and poverty alleviation mechanism in South Africa. The primary findings of this study are as follows: (i) the overwhelming majority of respondents in the opinion survey, across all racial groupings answered, "strongly agree" in response to the statement "A person has to have a job to have dignity"; (ii) the overwhelming majority of respondents answered "strongly disagree" to the statement "I feel alright about being out of work because so

many other people are out of work too”; (iii) over 70% of the population considered work to be the “normal thing to do” and 66% thought it helped overcome feelings of isolation. This social integration role of work was stressed most by Africans, amongst whom 69% agreed strongly that work gave them a sense of belonging and community compared to only 57% of white individuals; (iv) 82% of people classified as poor stated that it was important to hang onto a job even if they didn’t like it; (v) when asked about what the main obstacle to finding work was, the majority (60%) cited no jobs available; (vi) a strong willingness to move and/or retrain to help enhance prospects of finding jobs emerged from the survey, with 80% of the unemployed population saying they would be prepared to move to find a formal job; (vii) in response to the question of whether “the CSG is too high and discourages job seeking, only 13% of the poor and 17% of the non-poor either agreed or strongly agreed. On the other hand, 71% of all respondents either disagreed or strongly disagreed, ranging from 77% (poor) to 65% (non poor). The responses of households in receipt of the CSG were not significantly different on this question to those of non CSG recipient households. The authors therefore conclude, like those of these qualitative studies, that their research on the impact of the CSG and other grants on work incentive presents no sign of the grants reducing the desire to work (what they call a dependency culture) in South Africa.

Whilst there has been limited research on the labour supply behavioral effects of the CSG, as has already been explained in chapters two and four, there is now a substantial amount of research on how the pension has affected work in South Africa. The focus and method and the primary research findings in this regard are worth summarizing here, as they point towards the type of research that could be undertaken in future to cast further light on the way in which the CSG has been affecting this aspect of behavior. To recapitulate from chapter two, Bertrand *et al.* (2003) find that the pension has had the effect of reducing the labour supply of prime aged adults, an effect concentrated amongst men. In their analysis it is receipt of the pension by women that reduces labour supply. Bertrand *et al.* (2003) do not consider migrants in their analysis. Posel *et al.* (2006) repeat Bertrand *et al.*’s analysis using the same data set, but take into account migrants from the household. In so doing they find that by facilitating migration to town by women, the

pension has had the effect of increasing labour supply. They explain this positive behavioral response to the pension by its bankrolling of migrants and the availability of grandmothers in the households from which migrants move to serve as caregivers of children left in rural households. Ardington *et al.* (2009) also find, using more recent longitudinal data from the African Centre Surveillance Site in Hlabisa, that the pension is conducive to labour supply inside households and that migration in search of work is facilitated by the pension paying the costs of migration and grandmothers being available to take care of children left behind by migrants.

Klasen & Woolard (2008) on the other hand, who like Posel *et al.* (2006) and Ardington *et al.* (2009) include how the pension affects household structure in their analysis, find, contrary to these authors, that the pension may have reduced employment prospects of some individuals inside pension recipient households, and in particular amongst youth. The Klasen & Woolard study is based on a range of national level data sources. The pension is found to have an adverse effect on labour supply because: (i) young members of households with limited prospects of finding employment due to mass structural unemployment and who are not entitled to any cash transfer from government choose to remain in pension recipient households located in rural areas to share in the pension; (ii) by staying in rural areas to benefit from the pension (or moving back to such households if they become unemployed) these individuals place themselves far from job and skills development opportunities, which are greater in urban than rural areas. Klasen & Woolard (2008:1) describe their findings as follows:

—We find that the household formation response of the unemployed is the critical way in which the unemployed assure access to resources. In particular, unemployment delays the setting up of an individual household by young persons in some cases by decades. It also sometimes leads to the dissolution of existing households and a return of constituent members to parents and other relatives and friends. Access to state transfers (in particular non-contributory old age pensions) plays an important role in this private safety net...and the presence of unemployed members pulls many households supporting them into poverty. We also show that the household formation response draws some of the unemployed away from employment opportunities, and thus lowers their employment prospects”.

### **The CSG and the decision about where to live**

There are as yet no quantitative studies on how the CSG affects decisions about where to reside and hence household structure and migration. However, and as seen in the discussion above, qualitative research has identified the opinion in some communities that the CSG has facilitated prime aged women moving to urban areas to find work (see Hunter & Adato 2007a&b; Surender *et al.* 2007). Whilst grandmothers may resent these actions by their daughters, their attitudes are important for researchers to explore further, as if the CSG does facilitate caregivers finding work in urban areas, this casts its poverty alleviation impact in an even more favorable light. Therefore, in the conclusion to this chapter as well as in the conclusion to the thesis, this is one of the knowledge gap areas raised and discussed.

## **6. Findings for CSG policy/design questions**

### **Should the value of the CSG be increased?**

The existing research on the CSG programme's performance, the findings about the child poverty situation in South Africa and the consideration of the debates at the international level over the use and design of the CSG raise arguments for and against increasing the value of the CSG benefit.

A arguments in favor are: (i) the extent and depth of the child poverty crisis calls for additional support for poor children; (ii) the existing research has confirmed that in general the CSG programme has been working well and has been having its planned for child poverty mitigating effects (though there is the concern about it not reaching enough very young children and those without biological parents in the household); (iii) the original costing on which the value of the CSG benefit was based was a conservative one that included a very low level of basic food stuffs and clothes for the child. It did not include any costs associated with ensuring children attend school, something that is now required (iv) CSG recipients are as from February 2010 required to ensure their children

enroll in and attend school, but that value of the grants has not been increased to facilitate caregivers meeting costs associated with ensuring children attend school (school fees are hypothetically waived for CSG beneficiaries but there are other school related costs).

The arguments against raising the value of the benefit are: (i) the government has recently made two policy adjustments to the CSG programme, namely upward adjustment to the income means test and upward adjustment to the child age of eligibility for the grant, both of which will result in additional amounts of money being allocated to poor households with children via the CSG; (ii) in the context of the rapid expansion in the CSG programme budget over the recent past, the two policy changes just mentioned and the tight budgetary position of the government since 2008 and for the medium term (see chapter four) there is growing concern both within the government and in public forums about the financial sustainability of the grants; (iii) there is the concern that raising the value of the benefit will raise the likelihood of the CSG having an adverse impact on fertility; (iv) there is the concern that, whilst the CSG programme has been performing well as a poverty mitigating device for the majority of poor children, it has, due to discrimination against children without biological parents in household resource allocation, not been having much impact on a particularly vulnerable group of poor children, namely children who do not have at least one of their biological parents as caregivers.

To conclude, arguments can be made both for and against raising the value of the CSG. Three considerations suggest that the government should adopt a cautious approach to raising the value of the grant and should continue with its approach of increasing it in line with inflation. The first is the tight budgetary position of the government and the second is the potential for a higher value grant to begin producing a significant impact on attitudes towards preventing pregnancy. The third, which is a more useful argument in that it comes with a suggestion about how additional support for children can be provided, is that the practice of sharing grant income within households suggests that, instead of raising this child targeted grant, the government could introduce a grant targeted at poor families or unemployed adults or further raise the value of the pension

(as many young children live with the elderly). The existing research also indicates that more direct forms of support rather than substantially raising the value of the CSG need to be explored as a means to provide additional support to poor children who do not have non-biological parents as caregivers.

### **Should the CSG income means test be dropped?**

A number of authors have called for an elimination of the CSG income means test (see for example Budlender *et al.* 2005; Rosa *et al.* 2005; Lund *et al.* 2008; Hall 2009). They have put forward the following arguments in support of this policy shift. First, the argument that the income means test is expensive for the administration to operate and CSG applicants to meet and that this is particularly problematic in light of the fact that it is in any event not rigorously applied. The second argument is that the means test leads to too many exclusion errors and that many of the excluded have income levels that are so low that they are still desperately in need of the grant. The findings from the Means to Live Study on the poverty situation of children incorrectly included in the programme (see above and Hall 2007) are used to support this argument. The third argument is that it is faulty in design because by failing to take into account the number of children being cared for by the primary caregiver it discriminates against children whose caregivers are looking after other children. The fourth argument is that the means test is problematic in that it is based on an arbitrary poverty line and some concept of the “deserving poor” which cannot be scientifically determined.

At the same time, the analysis in chapter four and this chapter raises three arguments against dropping the income means test in the CSG. The first and most persuasive argument is that the existing research shows that it is difficulties in accessing the necessary transport money and documents (ID, birth certificate and/or affidavits) and not too high income levels of applicants that are the main barriers underpinning exclusion errors. The second is that the recent upward adjustment to the income means test will go a long way towards addressing the concern of excluding large numbers of poor children who are not sufficiently poor to qualify for the CSG but are in dire need of support due to their deprivation experiences. The third is that the administration costs of the means test

are not large by international standards or relative to the monthly benefit value. The fourth is that the costs themselves may be well worth bearing in light of the likelihood that dropping the means test would incur the cost of paying grants to many children who are not that poor. Related to this point, and bearing in mind the current need for fiscal prudence in South Africa, it is probably worth keeping the means test to ensure that there are funds available to offer a higher benefit (at least an inflation adjusted one) to those who are really in need.

### **Should the CSG be linked to human development conditions?**

Two studies have been undertaken on the merits of introducing human development behavioral conditions into the CSG programme. The method of both involves describing the conditional cash transfer programme's characteristics, reviewing the existing impact evidence on this compared to the unconditional cash transfer programme and then reflecting on what this and the multi-dimensional child poverty situation, administrative and social welfare policy context in South Africa imply about the merits of conditions. A difference between the studies is that Lund *et al.* (2008) focus broadly on whether three conditions, namely education (school enrollment and/or attendance), participation in health/nutrition programmes and participation in ECD, should be introduced. Budlender (2008) investigates only whether, if the grant were to be extended to children age 15-17, education conditions (school enrollment and/or attendance) should be introduced. The Budlender (2008) study was commissioned by the national DSD.

Lund *et al.* (2008) highlight the positive impact evidence of both the conditional and unconditional versions of the cash transfer programmes targeted at children in poor households. They make the point, made by the author in chapter four, that there is no convincing evidence yet on the relative role of the conditions versus the cash in producing the positive child outcome impacts in the conditional programmes. They also highlight the difficulty involved in assessing the merits of conditions in that, even if they are found to yield additional human capital development benefits, these need to be weighed against the additional costs they will have brought to the administration and applicants (see chapter four). Lund *et al.* (2008) highlight the following aspects of the

South African child poverty, administrative and social welfare policy context in their analysis: (i) the very high rates of school enrollment for children, at least up until 15 years (Lund *et al.* 2008:12)<sup>187</sup>; (ii) the rights based social welfare policy framework governing social assistance; (iii) what they call the social democratic flavor of the welfare regime, which for them means that implicit in it is the understanding that poverty has structural causes, individuals are not to blame for their poverty and are hence are entitled to income support (Lund *et al.* 2008:1); (iv) weak government administrative capacity (v) the problem of administrators imposing arbitrary conditions in processing CSG applications and not understanding the law surrounding CSG administration; (vi) problems of quality in the delivery of health/nutrition and education services to poor children (including in ECD) as well as access to ECD, and the supply side roots of these problems.

Lund *et al.* (2008) conclude that the context in South Africa and the evidence on the impact of cash transfer programmes imply that human capital development conditions should not be included in the CSG programme. In drawing this conclusion they make the following main arguments. First, conditions seem to ~~be~~ based on assumptions that poor parents are in some way culpable if their children fail to attend school or attend clinics” and this is ~~in~~consistent with the structural explanations for poverty which are implicit in the Constitution and welfare regime in South Africa” (Lund *et al.* 2008:18). Second, introducing the typical health/nutrition condition used, namely immunization and growth monitoring, is not appropriate in South Africa because these services are already generally well supplied and used<sup>188</sup> Third, and with respect to the education conditions, the supply side roots of access and quality problems imply that it is more important for government to use supply side measures to improve access to good facilities, and improve management and teaching practice than introduce conditions. Fourth, and also in relation to the education conditions, they argue that they would have little impact

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<sup>187</sup> Schooling is compulsory in South Africa between the ages of 6 and 15 years.

<sup>188</sup> In addition, they argue, whilst there is a need for a national programme of support for nutrition in their earliest years, there is no such programme that exists and which the CSG could be linked to (Lund *et al.* 2008:17).

because enrollment rates are already mostly high. Fifth, they argue against the conditions due to the concern that, in the context of some children not being in school due to expenses associated with getting children to school, unless the value of the grant was increased to cover these costs, education conditions may lead to some of the most vulnerable children being denied the CSG benefit (Lund *et al.* 16-17). Sixth, they argue against conditions on the basis that they would probably be poorly understood by administrators and CSG applicants and thereby increase exclusion errors.

Budlender (2008) also argues that education conditions, in the form of school enrollment and/or attendance, should not be introduced. Most of her arguments are similar to those made by Lund *et al.* (2008). However, Budlender (2008) reviews more carefully the existing evidence on the level of school attendance and enrollment for children age 15-17 as well as on the factors underpinning non-attendance and non enrollment. In this regard she shows that: (i) whilst school enrollment rates are relatively high, there is room for improvement especially amongst girls<sup>189</sup>; (ii) school attendance is not as much a problem as some researchers and policy makers have suggested; (iii) poverty is only one of many factors that explains why some children do not enroll in and/or attend school<sup>190</sup>.

Budlender's (2008) arguments against education conditions can be summarized as follows: (i) conditions would not sit well with the rights based ideology in South Africa; (ii) even without conditions the grants, including the CSG, help promote access to schooling, so why introduce the conditions for a marginal benefit? (iii) children who are not in school are out due to many factors that cannot be addressed simply by introducing CSG education conditions; (iv) by introducing the conditions government may simply

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<sup>189</sup> Budlender uses the GHS2007 to explore school enrollment rates. Her findings in this regard for males are that 6.4%, 7.9% and 9.9% of those aged 15, 16 and 17 respectively are not enrolled in school. Her findings for females are that 4.7%, 6.9% and 14.0% of those aged 15, 16 and 17 years old are not enrolled in school. She shows that the majority of these children are from poor households.

<sup>190</sup> Other factors besides poverty identified by her are the need to care for sick or young people at home, the perception (or realization) that there are limited returns to education due to the structural unemployment that exists, absenteeism of teachers and poor quality of teaching.

cause a group of marginalized children to be denied their right not only to education but also to social assistance; (v) the conditions, and in particular the school attendance condition, would be difficult and expensive for the administration to monitor; (vi) if the administration decided to opt for a soft approach to monitoring the conditions this would be dangerous as it would send a signal to the population that the government makes laws that it does not necessarily enforce. Like Lund *et al.* (2008) Budlender calls for enhanced supply side measures to improve access to affordable ECD services (which release some children from child care responsibilities in the home) as well as to improve teaching quality in schools instead of priority being afforded to introducing education conditions in the CSG. She also argues that if government were to introduce school enrollment and/or attendance conditions in the CSG it should address the problem of poor implementation of the school fee exemption policy for children who are eligible for the CSG, and raise the value of the CSG to give recipients additional income to cover the costs of fulfilling the conditions.

To conclude, the existing research suggests that human capital development conditions should not be part of the CSG programme's design. This casts the recent policy shift of the government in the form of the introduction of the education conditions in a dubious light and highlights the need for the government and researchers to monitor its costs and benefits. Now that the conditions have been introduced it is important to focus on the possible positive spin offs of the policy shift, which were discussed in chapter four. To recapitulate, these are the possibility that they may exert greater pressure on the government to enhance supply side measures to address the range of non-income factors behind the choice of some children to be out of school. A second possible benefit is that they may increase the degree of collaboration between officials working within the national DSD and Education department on measures of support for particularly vulnerable children. They could also enhance information systems for monitoring school attendance.

### **Should the CSG benefit be paid directly to children age 16 and 17?**

This question is one that has recently been raised by government officials because of the imminent increase in the age of eligibility in the CSG which involves including children age 16 (from 1 January 2011) and age 17 (from 1 January 2012). Children are eligible to receive an ID from age 16 and hence in principle they could use this to receive the CSG directly. There is no existing research that offers evidence to provide a convincing answer to this question. However, two of the findings from the literature reviewed for the CSG analysis support the argument that unless there is no adult caregiver of the child, the primary caregiver should still be the conduit of the CSG benefit. The first is the finding of slow delivery of IDs to individuals by the Department of Home Affairs. This suggests that primary caregivers should receive the grant because if the children are to be recipients, and they have to wait for their IDs, this would delay their receipt of the CSG. The second is the finding that when female caregivers are the recipients, which can be expected will be the case in most instances, the transfer is spent on goods and services such as food and schooling, precisely the type of goods needed so that the grant can have the desired for impacts on child wellbeing.

## **7. Conclusion: Summary of findings and knowledge gaps**

To conclude this chapter the main findings from the literature review analysis for the thirteen sets of questions asked about the CSG programme are summarized and the knowledge gaps flowing from the analysis identified.

Two questions were asked about the logic of the CSG impact theory. These were: whether it is reasonable to expect that the cash transfer will find its way from the primary caregiver recipient to the household in which the targeted child lives; and if it does whether it will be spent, at least in part on the targeted child. Based on the fact that most poor children in South Africa live with their mothers and the primary caregiver design feature of the CSG programme, it was argued that the answer to the first question is yes. Drawing on existing research findings from three types of research it was argued that the

answer to the second question is also yes. The first evidence base used was that on the positive effects of the cash transfer programmes with human capital development conditions attached to them. The second was that concerning the way in which the pension is shared and spent for the benefit of children in South African households. The third was that relating to the differential spending patterns of men and women (bearing in mind that we can expect that most of the recipients of the grant would be women). It was therefore concluded that the existing research suggests the CSG impact theory is logical. However, at the same time the concern was raised that in some cases the impact of the CSG transfer on targeted children may be diluted by it being used to support a large number of individuals. Another concern raised, which is one that flows from the existing research on intra-household resource allocation, is that some children, for example those without a biological mother or father in the household, may benefit less than others from any CSG income. This latter concern raises the question of how the impact of the CSG varies according to different characteristics of children inside CSG recipient households as an important one for future research.

Five question sets were asked about the CSG programme's implementation. The first was how the CSG programme is understood and viewed in the target population. The main findings in this regard were as follows. First, that in general there is very good knowledge about the grant and how to access it (though there are some weak knowledge areas). Second, that targeted individuals see the grant as being something that has been provided by government to help meet basic needs of children and those surrounding them in the household (particularly women). Third, that people generally understand that the CSG is available to primary caregivers even if they are not biological parents. Fourth, that qualitative research has raised the specter of stigma being associated with male receipt of the grant. Fifth, that whilst in general the feelings towards the grant are positive, and most people, even those not in the target population would like to see more money being allocated to children via the CSG, there are some negative feelings and views about the CSG. Negative views identified include the views that the grant has caused more young girls to fall pregnant, that it has led to more girls migrating to cities and leaving their young children in the care of their grandmothers in rural households,

and that it has led to too much control over resources by women. Resentment about the small value of the grant relative to what is needed inside poor households to meet the basic needs of children was highlighted as another key finding in relation to this question set.

The second question set asked about the CSG's implementation was what the coverage of the CSG programme has been and what proportion of eligible primary caregivers and beneficiaries have been reached. The key findings in this regard were: first that the number of CSG recipients and beneficiaries has grown very fast and steadily since 2000 and that by April 2010 there were 5.4 million recipients and 9.4 million child beneficiaries; and second that, in spite of the complications involved in generating accurate estimates of CSG take up rates, research studies have made it clear that a very high proportion of children are now eligible, that the percentage of eligible children has increased over time, and that the percentages of eligible children reached, at both the national and provincial levels, have all increased steadily over time. It was therefore concluded that the CSG has performed excellently on the reach front.

The third question set asked about the CSG programme's implementation included questions on the characteristics of the CSG recipient and beneficiary populations, the size of targeting errors and concerns about targeting outcomes. The main findings in this regard were first that most recipients are women (very important for thinking about impacts), that in general the programme has been well targeted towards children living in households that lie in the bottom end of South Africa's income distribution and that targeting towards poor children has improved over time. However, at the same time there are errors of exclusion (in the region of 20 percent) and inclusion (around 15 percent) as well as a number of concerns about the nature of the recipient and beneficiary profiles. The latter, it was explained, include: under-representation of primary caregivers of non-biological children and men in the recipient population; under-representation of very young children (less than one year) in the CSG beneficiary population; and failure to reach some eligible poor children (of which a large proportion fall into the lowest deciles of the income distribution and live in remote rural areas).

The fourth question set on CSG programme implementation was the magnitude of the costs to the administration and applicants associated with the CSG income means test. One study was identified as having addressed this question and its estimates of costs were provided. It was argued that whilst some may argue that these costs are a waste and unfair to applicants they are probably worth bearing to prevent non-poor caregivers and children from accessing the grant, to contain the total costs of the programme and to ensure that as many resources as possible may be directed at the children who are most in need.

The fifth and last question asked on the CSGs implementation was what weaknesses have been identified in its administration processes and what barriers to accessing the grant have been identified. Here the first main finding was that the existing research has shown that in general the CSG programme has been working well. The second was that nevertheless a range of weaknesses in programme administration have been highlighted. These, it was shown, have been raised mainly by research undertaken when the DSD was responsible for administration, a finding which implies the need for research to explore how many of these still remain. One that needs to be highlighted, as it is a very recent finding and has serious implications for up-take, is that there is a lack of understanding about what the new policy, that allows an affidavit to be used instead of an ID and/or birth certificate to apply for the CSG, means in practice. Third, the following were identified as the main barriers to access: lack of IDs and birth certificates; applicants in remote areas not having money to access officials who process the grants; difficult terrain in remote areas which undermines officials reaching out to these areas; primary caregivers waiting for a time period after giving birth before making applications for the child's birth certificate and the CSG; illness and poverty causing a level of incapacity amongst eligible primary caregivers that makes it impossible to begin navigating the CSG application process.

The following knowledge gap questions flow from the analysis for the questions on the CSG programme's implementation. (i) Is there widespread stigma associated with male

receipt of the grant and if so why? (ii) Is there still confusion about male primary caregiver eligibility for the CSG? (iii) Why are primary caregivers of non-biological children under-represented in the CSG recipient population? Is it because if mothers know they are to receive the grant they are more likely to co-reside with their children? Or, is it that mothers with non-biological children in their care find it difficult to access the necessary documents such as the child's ID? Or, is it that these caregivers of poor children choose instead to apply for the CSG? (iv) What can be done to speed up the delivery of birth certificates to primary caregivers after they have given birth to a child, and to lessen the delay between caregivers giving birth and applying for the grant of an eligible child? (v) Is the new policy that an affidavit instead of a birth certificate and/or ID now well understood, and implemented? (vi) What does the most recent household survey data and administrative data suggest about the percentages of eligible children of different ages, and with different characteristics reached and not reached by the grant? Has the higher income means test reduced the size of inclusion errors? Are exclusion errors getting smaller and who in the eligible child population are still excluded? (viii) How is the new policy relating to school enrollment and attendance being implemented and what is the magnitude of the costs to the administration and applicants of the conditions? (ix) How is the CSG being integrated with other measures of support that are supposed to be being implemented to support poor children such as the school fee exemption policy and policy of providing subsidized centre based ECD programmes for poor children age 0-4?

With regard to what the existing research has found about the CSG programme's impact, three question sets were asked. The first was what the research suggests about whether the programme has achieved its proximal objectives of increasing income in households in which targeted children live, and increasing expenditure on them if it does reach the households in which they live. In this regard the finding from the existing research that CSG beneficiaries and CSG recipients are mostly co-resident was highlighted and used to support the argument that the CSG must have, for the most part, been achieving proximal objective one. It was also argued that the finding from the research on CSG targeting outcomes, that for the most part the households into which the CSG has been transferred

are those that lie in the bottom portion (lower three or four deciles) of South Africa's income distribution, implies that the proximal outcome of the CSG benefit being transferred via primary caregivers to households in which targeted poor children live has largely been achieved. With respect to the second proximal objective, the methodological difficulties associated with the fungible nature of money and the sharing of the CSG income in the household, and of teasing out how the CSG is spent from household income and expenditure data, was discussed. Four research findings were highlighted in support of the argument that the CSG has been achieving its second proximal objective: (i) the findings from qualitative research that the CSG is spent much like other income inside the household, and on goods that help meet basic needs of children and adults in the household; (ii) the finding from the quantitative and qualitative research that it is mostly women who receive the CSG on behalf of targeted children; (iii) the finding from qualitative research that it is women who receive the CSG who control how it is spent; (iv) the finding from quantitative research on the way in which the pension is spent that in cases where it is paid to women it is spent on goods and services that are favorable for child development.

The second question asked about CSG programme impact was what existing research has established about the size and nature of impacts on the planned ultimate (distal) outcome objectives of reducing child deprivation and promoting human capital development. In light of the absence of evidence from an experimental randomized community trial type of research project, and the weaknesses in the traditional approach to measuring child poverty, the focus was on what the findings of research studies, that have tried to measure the impact of the CSG by linking changes in indicators of child outcomes, have suggested about the impact of the CSG on child deprivation and human capital development. It was seen that this type of research is still very much in its infancy but there are a handful of studies that have used rigorous statistical techniques to distil the effect of the CSG on child wellbeing. Moreover, it was argued that these have provided convincing evidence of the CSG leading to improved nutritional outcomes amongst young children and increased school enrollment (or at the very least leading to early enrollment) The downward trend in reports of hunger amongst children in the GHS2002-2007 was also

cited as being suggestive of the CSG achieving its ultimate outcome objectives. It was argued that the research on the grant achieving its first ultimate objective is suggestive of it achieving its second ultimate objective as children who attend school and who are better nourished imply a greater stock of human capital than those who do not attend school and who are less well nourished.

The third CSG impact question set asked was what existing research suggests about its behavioural effects and in particular about how it has changed: (i) work seeking behavior amongst in adults recipient households, (ii) attitudes towards preventing pregnancy; (iii) and decisions about where to live. As in the case of the CSGs positive impacts on child wellbeing it was seen that the evidence base in relation to these questions is thin. Most has been done on the question of the labour supply effects of the grant. In this regard there are two studies, the one qualitative and the other quantitative, which provide evidence of the CSG not changing the attitudes of adults in recipient households to work. One qualitative study, by Hunter & Adato (2008a&b) has suggested that the grant may have even been increasing labour supply and wage earning in some households by enabling young adults/mothers of CSG beneficiaries to move to urban areas where there are more job opportunities. However this is yet to be confirmed by quantitative research. On the question of whether the grant has been leading young women to adopt a less cautious stance towards falling pregnant, a couple of opinions of this occurring were identified in qualitative studies, but no real evidence of this happening can be found in the existing research. This it was argued is not surprising considering the small size of the grant and the many factors that inform the decision to have children. Aside from the finding of qualitative research that the grant may be increasing the migration of mothers to urban areas, no other research findings were identified on how the grant affects decisions about where to live.

Two knowledge gap areas flow from the analysis of literature in relation to the questions asked about CSG impact. One area is the insufficiency of evidence on the nature of positive effects of the CSG on child wellbeing. From a policy perspective having positive evidence that the grant enhances access to school and increases the nutritional

status of children is insufficient. What is needed is detailed evidence on the composition of the impact of the CSG on child nutritional outcomes, access to schooling and other domains of wellbeing. Is it important, for example, to shed light on the extent to which very young children are benefiting relative to children in their middle years? This is particularly important in light of the finding of the child poverty measurement based on the IES2005 that very young children still have the highest incidence, depth and severity measures and the concern raised by the studies on the CSG programme. Also, evidence on the impact of the CSG on nutritional outcomes and child wellbeing indicators on children without biological parents relative to those with biological parents is a knowledge gap that needs to be addressed. The findings about the CSG beneficiary profile raise this knowledge gap as an important one to be addressed because it showed that children without biological parents are not proportionately represented in CSG beneficiary profile. In light of the difficulties in establishing causation in quantitative research on the impact of the CSG on child wellbeing, qualitative research studies on the way in which the CSG income is controlled and spent inside the household are required to help provide more understanding about which children are benefitting most and least from the grant.

The other knowledge gap area identified by the analysis of the existing research on the impact of the CSG is the behavioral effects of the CSG. The current small value of the monthly benefit as well as existing research findings on the impact of the conditional cash transfer programmes that have spread around the developing world recently (see chapter four) suggest that these effects would be small. The problems of endogeneity raised make studying these behavioral effects using cross-sectional data and quantitative techniques difficult. However, they need to be taken up in future research because some qualitative research has suggested that the CSG may have been having a positive effect on labour supply and wage earnings by changing decisions about where to live and facilitating migration; if this is the case then the CSG grant as a tool for fighting poverty is cast in an even more favorable light. Secondly, the question of how the grant affects attitudes towards pregnancy is important to explore because, on the one hand the myth of a small grant producing this effect needs to be dispelled, and on the other the danger of

the grant generating such an effect if the monthly value of the benefit were to be increased significantly needs to be kept alive in the debate over options for enhancing child social assistance. The quantitative research on how the pension has affected labour supply and household composition by authors such as Posel *et al.* 2006, Klasen & Woolard 2008, and Ardington *et al.* 2009 offers guidance on the kind of research that could be done to shed light on this issue. One of the questions raised as needing to be addressed by this research is whether children without biological parents are under-represented in the CSG beneficiary profile because CSG recipients are more inclined to live with their biological children.

With respect to the policy or design of the CSG programme four questions were asked. The first was whether the value of its benefit should be raised substantially. In response to this it was argued that whilst there are strong arguments which were presented in favor, the answer is no and it should, in the present budgetary context, only rise in line with inflation. The following were the main reasons behind this argument: (i) the recent progressive CSG policy adjustments (namely the upward adjustments to the child age of eligibility and income means test) already implies in the context of the need for fiscal prudence that a substantial amount of additional funds will be flowing to support for poor children via the CSG; (ii) there is the concern that if the grant were larger it may begin to yield significant negative behavioural effects most notably on attitudes towards falling pregnant and therefore fertility; (iii) there are other options that the government can explore to provide children with additional support (which is needed) and which do not have perverse fertility behavioral effect implications as a means to provide additional support to poor children (something that the child poverty analysis showed is clearly needed).

The second question asked about the CSG programme's design was whether the income means test should be dropped. Here again the conclusion was that it should not. The main arguments supporting this argument were: (i) the income means test is not one of the primary barriers underpinning exclusion errors; (ii) it facilitates directing resources made available for supporting poor children to those who are most in need of them; (iii)

the recent upward adjustment of the CSG means test will go a long way towards addressing the concern that many children who are in need of income support are excluded from the programme due to their primary caregivers income being too high.

The third design question asked was whether behavioral conditions should be linked to the CSG with the focus on school attendance on enrollment conditions, which are the conditions recently introduced. It was argued that they should not be so linked. The main reason given for this was that the existing research suggests that they will exert only marginal positive impacts on school enrollment and attendance whilst yielding substantial increases in administration costs and costs to applicants. Another was the potential for the conditions to cause a small number of children, who are currently out of school for good reasons, to be denied access to the CGG. Now that the conditions are in place, it was argued, they call for the government to improve its implementation of the school fee exemption policy and improve the quality of schooling.

The last question asked was what the existing research implies about whether the CSG should be paid directly to children age 16 and above. In response to this it was argued that the evidence on the way in which transfers are spent by women adult caregivers inside households, for the benefit of children, as well as the concern that slow processing of ID books may delay children receiving the grant if they were paid directly to children implies that it should not be paid in this way.

Having synthesized the findings and knowledge gaps from the literature review analysis of the CSG programme the spotlight now turns, in the final chapter to the links between the CSG analysis in the first half of the thesis and the CSG analysis in the second, as well as the implications of this research for future research.

## **CONCLUSION: IMPLICATIONS FOR FUTURE RESEARCH**

This last chapter of the dissertation is a synthesis chapter which pulls together its main findings and draws out its implications for future research. It does this by first reflecting on how the findings from the child poverty analysis in the first half of the dissertation relate to the CSG analysis in the second part, and then on the significance of these findings for future research. Secondly, based on this discussion, this chapter provides an overview and discussion of the knowledge gaps identified in the dissertation and then also considers priorities for future research on child poverty and the CSG. The presentation of future research priorities includes identifying some of the main questions that need to guide future research on child poverty and the CSG and offering some suggestions about the type of studies that can begin addressing them.

### **How the child poverty analysis relates to the CSG analysis and its significance for future research**

It is useful for this purpose to organize the research covered in the first three chapters into four themes, which in some cases cut across the chapters: (i) conceptual and methodological issues in child poverty measurement; (ii) children in intra-household resource allocation; (iii) features of the child poverty profile in South Africa at the time of the transition to democracy, when the CSG was being debated and designed; (iv) the profile of child poverty that remains to be addressed despite the introduction and successful implementation of the CSG programme. Each of these themes is discussed, and the way in which these themes set the scene for the questions addressed in the second part of the dissertation is then indicated.

#### *Conceptual and methodological issues in child poverty measurement*

The main purpose of the discussions regarding this theme was to lay the methodological foundations for the empirical presentation and analysis of the child poverty profile based on the IES2005. However, it also raised some insights which shaped the CSG analysis and are significant for thinking about future research priorities. The first of these is that it is not child poverty in the narrow traditional sense that we care about and that the CSG

aims at alleviating. Rather, it is the various multidimensional deprivations associated with child poverty in the resource deprivation sense, which, cut across diverse domains of wellbeing such as health, education, social capital, physical security and care, that are cause for concern and that the CSG is designed to address. This finding alerts researchers and policy makers to the need to treat the CSG not as one measure working in isolation but as part of a broader package of child social assistance measures. If the CSG were to be considered as if it were working in isolation to alleviate poverty, incorrect conclusions about its impact, and therefore less than optimal measures may be developed to address it. This finding helps to emphasise the dangers of relying only on money metric measures of child poverty in order to draw conclusions for targeting resource allocations for child poverty alleviation. This point is taken up below where a case is made to compare the finding in this thesis that measured money metric child poverty is highest amongst children age 0-4 with findings about age differences in deprivation, based on other child deprivation indicators.

The second important insight from this section of the child poverty analysis emerged from the discussion of the role of the AES and the assumption made about the pattern of intra household resource allocation in traditional child poverty measurement. Lack of knowledge about which AES is most appropriate to use<sup>191</sup> and the assumption of equality in intra household resource allocation, contrary to the way resources are allocated in practice, undermine the accuracy and limit the relevance of child poverty monetary measures.

The third key finding on conceptual and methodological issues in child poverty measurement relates to the potential for the CSG (particularly if its value increases) to lead to behavioural changes in CSG recipient households. These potentially can include: (i) migration (as people use the grant to fund work search, or people move into the CSG recipient household to benefit from the grant); (ii) changes in labour supply (as individuals decide to do less or more work due to the grant flowing into the household); (iii) less cautious behaviour in preventing pregnancy. As researchers who have explored

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<sup>191</sup> To reflect differences in need related to differences in household size and characteristics such as age.

the effects of the pension on behaviour have shown (see for example Edmonds *et al.* 2001; Klasen & Woolard 2008; Ardington *et al.* 2009) and as was explained in chapter four, by affecting household size and structure as well as wage earnings these behavioural effects in response to the CSG may generate a different impact on child poverty from that which would have occurred in the absence of these changes. These behavioural changes are also important to note because they raise problems of endogeneity that make it difficult for researchers to use quantitative cross-sectional data and econometric techniques to distil the effects of the CSG on child poverty; e.g., if the composition of the household changes in response to the presence of the grants, or if people work less because of them, it would be difficult to analyse the effect of the grants. Whilst these behavioural effects are important to highlight, and need to be considered by researchers and policy makers, especially when they debate the benefits versus costs of increasing the value of the CSG benefit in future, the relatively small size of the CSG benefit probably means that these behavioural effects are small. In addition, whilst study of these behavioural effects may shed light on the pathways by which the CSG impacts on child poverty, as long as direct indicators of child wellbeing are used to measure the impact of the CSG, these behavioural effects will implicitly already be taken into account in measurement work on the impact of the grant.

We now turn to the second theme covered in the first three chapters.

#### *Children and intra-household resource allocation*

The key findings from the existing research about children in intra-household resource allocation also raised insights that fed into the analysis of the CSG and have implications for thinking about research priorities.

The first is the finding that CSG income (like other transfer income) is spent in much the same way as other money that flows into the household and is shared by members in the CSG recipient household. This, together with the fungible nature of money, means it is difficult for researchers to isolate spending related to CSG income from other categories of household spending. It also points to the need to consider how household size (which

is endogenous and may grow if people join the household to share in the grant) and the depth of poverty in the CSG recipient household may dilute the impacts of the CSG on child poverty and its associated deprivations.

For its inferences for the CSG analysis and for future research, another important finding from the intra-household resource allocation literature is that if a grant (including the CSG) is received by a woman, it is more likely to be spent on the targeted child (and other children) than if it is received by a man. This insight informed the analysis of the CSG in that it facilitated understanding why the CSG programme was designed in such a way that in most cases it would be received by women (who are in most cases the primary caregivers of children). The significance of this for future research is that it points towards the value of researchers studying who controls income that flows into the household, including CSG income, as a means of enhancing understanding about how the CSG is impacting on child poverty and wellbeing in the broader sense.

The third insight from the intra-household resource allocation literature that gives direction to future research priorities is the finding that children inside CSG recipient households may benefit unequally from any CSG income. This emphasizes the need to pay attention to: (i) which children receive what portion of the CSG income received by households; (ii) the extent to which children with different characteristics are proportionally represented in the CSG beneficiary profile; and (iii) what indicators of child outcomes suggest about which children have been benefiting most and least from the CSG in CSG impact research.

#### *Overview of the child poverty profile in South African in the mid 1990s*

The overview of the child poverty profile in the mid 1990s set the scene for the analysis of the CSG programme by providing a picture of the extent, depth and nature of the problem that the CSG and other social assistance measures had to address. By revealing the tradition in poor African communities of children having many different caregivers and moving often between caregivers, this section facilitated understanding the logic of

designing the CSG so that the benefit is paid to a primary caregiver and not necessarily a biological parent.

The overview of the child poverty situation in the mid 1990s confirmed the importance of seeing the income dimension of the crisis as only one dimension and thinking about the CSG income support measure as only part of the package to address the crisis.

#### *Child poverty profile in South Africa after the introduction of the CSG*

The findings presented on the scale and composition of child poverty and its associated deprivations tell us nothing on their own about the performance of the CSG programme in promoting child wellbeing. This is because many factors work together to create child deprivation. This is why it is so difficult for researchers to distil the effects of the CSG. As explained in chapter five, faced with the reality of there being a multitude of influences on child wellbeing, the gold standard method to use to isolate the CSG's effects is the randomized community trial. However, the CSG was not linked to an experimental project that isolated a control group from those receiving the grant in order to study its impacts on behaviour and child wellbeing. Moreover, introducing an experimental research project at this late stage in the proceedings raises practical, ethical and budgetary issues. However, and fortunately, there are second best econometric techniques that can be used to distil the impacts of the CSG on child wellbeing. Moreover, and as was shown in chapter five, these have been used by a some researchers (such as Case *et al.* 2005 and Woolard *et al.* 2005) together with longitudinal data and indicators of child nutrition outcomes and indicators of access to schooling to provide evidence of the grant promoting child wellbeing (reducing child deprivation). This evidence could have informed the government's decisions to expand the CSG to include older children<sup>192</sup>.

Analysis of the child poverty profile in South Africa post the introduction of the CSG shows that, in spite of the large amount of funds allocated to poor households with

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<sup>192</sup> The evidence on the decline in reported hunger in the GHSs as the CSG programme was rolled out may also have informed the decision to allocate additional funds through the CSG for child poverty alleviation.

children via the CSG, child poverty remains extensive and deep<sup>193</sup>. This underscores the need for researchers and policy makers to continue giving attention to what more can be done to address child poverty and to provide information on its multi-dimensional nature.

A whole set of findings emerged from the profile developed using the IES2005 and the indirect income monetary indicator, including checking the robustness of the findings for changes in the AES and shifts in the poverty line. One finding was that the child poverty profile is relatively insensitive to changes in the AES and therefore that it may be adequate for researchers to use the simple per capita AES when measuring child poverty in South Africa.

The main findings about the composition of child poverty, presented in chapter three, were: (i) children age 0-4 have the highest poverty incidence, depth and severity, and are hence (at least according to the monetary indicator used) still worst off/most in need compared to children of other ages; (ii) children in rural areas have a higher poverty incidence, depth and severity, than those in urban areas; (iii) African and Coloured children still have a higher poverty incidence, depth and severity, than Indian and White children; (iv) child poverty is still spread unevenly across the provinces and there are three provinces which have very large shares of poor children, namely KwaZulu-Natal, Eastern Cape and Limpopo (together they are home to just over 60% of poor children)<sup>194</sup>.

These findings are significant for what they suggest about how resources allocated to child poverty relief should be targeted. So, for example, in spite of children age 0-4 being prioritized in the roll out of the CSG, this age cohort still requires prioritization in funds allocated for poverty relief. Also, there is still a need to pay more attention in

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<sup>193</sup> The extent of the child poverty problem that remains to be addressed was shown by the child poverty profile developed from the IES2005 as well as other recent measurement studies such as that by Barnes (2009a) based on the CS2007.

<sup>194</sup> These three provinces, it was shown in the analysis of the CSG programme in chapter five, also dominate in the distribution of CSG beneficiaries. In February 2010 they had close to 60% of CSG beneficiaries, which is a sign of the good geographical targeting of the CSG programme.

resource allocation to children living in rural areas. However, and critically, these targeting implications need to be compared with the findings about the composition of child deprivation based on non-monetary child deprivation indicators. This is a point taken up below in the discussion of future research priorities.

These findings about composition of child poverty also casts in an unfavourable light the government's decision to expand the CSG to children age 15-17 instead of allocating additional funds to support children in their youngest years via the CSG. Furthermore, it identifies as an important question for exploration why children age 0-4 are still the poorest in spite of the initial prioritization of this group of children in the CSG programme and given the government's commitment, at least at the policy level, of paying special attention to children age 0-4 in the fight against child poverty. Does this have anything to do with how poor children age 0-4 benefit from the CSG compared to other age cohorts, or are there other factors at play - such as very young children living in the poorest and largest households?

### **Implications for future research: Research priorities**

Now to the question of what the key findings and knowledge gaps imply about future research priorities. In drawing out implications of the dissertation for future research priorities consideration has been given to: (i) the knowledge gaps identified (chapter two presented knowledge gaps in the literature on the child poverty profile and chapter five in the literature on the CSG programme's performance); (ii) the implications of the main findings from the child poverty analysis for future research (drawn out directly above); (iii) the value of or motivations behind research on child poverty and the CSG. To begin the discussion on the research priorities implied by the dissertation this last point, which was also touched on in the introduction to the dissertation, is again summarized. This is followed by the research priorities.

#### *The value of research on the CSG and child poverty*

The current context surrounding the CSG programme may lead some to argue that research about it is no longer a priority, or that such research is far less valuable than it

was a decade ago. They may use any one or more of the following points to support this argument: (i) over the last twelve years the South African government has spent a great deal on expanding social assistance for children through the CSG. It therefore is unlikely that it will expand the CSG further, especially in the context of its tight budgetary position and the large size of the social assistance budget relative to that in other countries; (ii) in light of the large size of the budget already allocated to the CSG and social assistance more broadly, the government, on principle, should not in any event on principle, expand social assistance for children. Rather, it should wait for job creation to lift children out of poverty, as this would be a better way to ensure that child rights are progressively better met. (iii) there is already plenty of evidence that the CSG programme has been implemented well, and that it has a vast reach, and there is already some scientific evidence of its having positive impacts on child health, nutrition and school attendance. Hence, there is support for the view that the CSG is beneficial for children and this may be used to support expanding the programme in future - so what is the point of more evidence in this regard?

However, all of the arguments outlined above have weaknesses. Looking at these weaknesses helps to clarify the value of further research on child poverty and the CSG as well as the nature of the research required. The first argument, that the government has already allocated so much to social assistance and therefore it should not worry about the questions of how the CSG is impacting and how to enhance this impact, misses the point that it is the extent of child poverty and its impact on children and society at large that should dictate decisions about further budget allocations to child social assistance, including the CSG. Moreover, it ignores the importance for future policy development of generating evidence on the relative worth of the CSG compared to other social assistance measures. Another problem with this argument is that it assumes that concerns about the fiscal sustainability of expanding grants for children (or other social assistance measures) implies no extension rather than exploring reprioritization within the government budget. In light of the commitments made to poor children in the Bill of Rights and the negative impacts of ignoring child poverty on future growth, one cannot simply say that because

children have already had so much in the recent past they cannot have more, even if they desperately need it.

The problem with relying on job creation is that we do not know when job creation in South Africa will be sufficient to make serious progress on this front. Again this argument reduces to saying that because of concerns about fiscal sustainability, regardless of children's need for support and the negative impacts of poverty on their development, they must be left to suffer whilst the economy grows enough jobs.

The problems with the third argument are first that it misses the point that research on the implementation weaknesses of the CSG, for example research on who is excluded from benefiting and why, is useful for providing information on how to address weaknesses in the programme and thereby enhance its impacts on child wellbeing. In addition, it is not enough to know that the CSG programme has been having a positive impact on child wellbeing; we need to know on which children it has been having the most impact, and on which children it has been having hardly any impact (and why). Such knowledge is important so as to provide information that may be used to ensure that the benefits of the CSG are distributed more evenly across the poor child population.

Having pointed towards flaws in the possible arguments that may be made about why research on child poverty and the CSG has reached the point of diminishing returns, what are the main arguments for such research? Aside from the knowledge generation argument there are three. The first, which can be called the accountability motive, is that research on the implementation and impact of the CSG is required to provide details to the public on the value derived by children and the broader society from the large amounts of scarce resources allocated to the CSG programme. The second is that research on the contours of the child poverty profile, the implementation and impact of the CSG programme (as well as other measures aimed at reducing child deprivation) is required to provide information to inform decisions about the most cost effective method for addressing child deprivation (promoting child wellbeing) in South Africa. This is all the more pertinent in light of the extent and depth of child poverty still to be addressed,

and the negative implications associated with failing to address child poverty, especially in the very early years. The third argument for further research is that research on the CSG programme can offer lessons to policy makers in other countries about the power (and limitations) of the child targeted cash transfer measure of social assistance. This motive needs to be understood in the context of the CSG being the largest cash transfer programme targeted at children in the world and, at least until very recently, being one of the only unconditional programmes.

Finally, what are the research priorities? The research priorities implied by the analysis in this dissertation are best presented as three separate, yet interrelated areas of research.

*Research priorities on the child poverty profile: Which children are deprived in what sense and how correlated are monetary and other child poverty measures?*

The first area is further research on the dimensions of multi-dimensional child poverty in South Africa. Here the spotlight needs to be on understanding more about which children are deprived and in what sense and the similarities and differences between the composition of child poverty based on indirect monetary measures and other more direct measures of deprivation.

The review of the literature on child poverty in South Africa in chapter two showed that much progress has been made since 2000 in understanding the child poverty profile in South Africa. Moreover, it showed that both quantitative measurement studies based on household survey data as well as qualitative research studies (focus group work and ethnographic research) have contributed to expanding the knowledge base on the dimensions of child poverty and the different deprivations associated with it. However, at the same time, the review showed that we still do not know enough about the scale and distribution across the child population of many aspects of child deprivation that qualitative research has identified as being associated with child poverty (for example mental health outcomes, child labour, social exclusion and access to ECD programmes). Another area, where South Africa is lagging behind other countries (for example Australia) in understanding child poverty is subjective indicators based on children's

views about their quality of life. Also, there is too little knowledge about how the composition of child poverty measured in the traditional way is similar to (or correlates with) the composition based on other direct deprivation indicators. As explained above, this question needs to be addressed to inform the most efficient targeting strategy in child social assistance. For example, the question of whether the age cohort of children age 0-4 is also most in need based on non-monetary indicators of child deprivation needs to be addressed to inform policy.

Aside from the need to address these questions, there is need for more details to be added to our understanding of the child poverty profile based on the traditional approach (indirect monetary measures). In this regard, for example, there is a need to know how child poverty incidence, depth and severity measures vary within the age cohort found to be worst off in this analysis. More detailed information on the age composition of child poverty measured in the traditional way can be used to enhance targeting of resources and programme design for this very young age cohort of children. Also, this dissertation has shown a need for more information about how the monetary measures of child poverty vary for children living with biological parents as compared to those living without them. As explained in the dissertation, in light of the weaknesses of the traditional monetary method of child poverty measurement associated with selecting the most appropriate AES, inequality in intra-household resource allocation and the absence of one true poverty line, findings on poverty composition should be checked for sensitivity to changes in the poverty line and the AES<sup>195</sup>.

In the research on the child poverty profile and the associated dimensions of child deprivation, measurement of child outcomes based on a range of indicators is required. In addition, researchers should explore how different children's access to key services

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<sup>195</sup> However, the analysis of the IES2005 in this dissertation, by finding that the composition of child poverty is relatively insensitive to changes in the AES, suggests that checking sensitivity to changes in the poverty line is more important than checking how the profile changes when different AESs are used.

and programmes (including the CSG) varies as well as how the quality of key services delivered to children varies.

The dissertation points towards the need to pay particular attention to the contours of deprivation for the age cohort 0-4. What we need to know, to inform policies and programmes to address child poverty amongst young children more effectively, is whether children age 0-4 are also most in need in other deprivation senses. Also, we need to understand whether their position is simply due to their living in the largest and poorest households, or is it something to do with the way they relate to the CSG? Regarding the latter, is delay in application for and receipt of the CSG amongst caregivers of very young children a problem? (As we saw in chapter five, some researchers have suggested this based on their finding of late receipt by very young children). Is the CSG being received by primary caregivers of very young children who are being discriminated against in the distribution of the CSG within poor households? It is difficult to think about appropriate methods for addressing the causal question of why children age 0-4 are still the poorest and most in need (at least in the resource deprivation sense). However, a useful step in this direction would be to study the characteristics of children age 0-4, such as the size of the household they live in, the employment status of their caregivers, and their access to poverty relief programmes, as compared to children in older age cohorts.

With respect to the method that needs to be used in this child poverty profile research area, a blend of quantitative measurement work based on household and other surveys data and qualitative studies is required. In this regard more of the type of research undertaken by Barnes *et al.* (2008) to populate the multidimensional child poverty model developed by Noble *et al.* (2006 & 2007) would be valuable. In light of the data gaps that have been constraining the selection of indicators in the measurement research on the multi-dimensional child poverty profile, building the data base of child centered deprivation indicators is a priority. In this regard the project being undertaken by Richter and Aber to develop child centered statistics on wellbeing in the HSRCs Vulindlela research site in KwaZulu-Natal will be valuable. Qualitative research involving

ethnographic work in poor communities and focus group work with adults and children is also required to add details on the nature of the child poverty experience not easily captured in the quantitative work.

*Research priorities on CSG programme implementation: Which eligible primary caregivers are still not accessing the CSG and why?*

The second priority area for future research is how the CSG is being implemented. As we saw in chapter four, some, including Rossi *et al.* (2004), would call this CSG programme process research. Such research is valuable because it can reveal which eligible primary caregivers and children are not accessing the grant and why, thereby providing information that may be used to address the barriers to access and thus enhance the impact of the grant. Whilst ensuring equal access amongst caregivers with different characteristics will not necessarily translate into all children benefiting equally (as impact in part depends on the responses of and within the household), giving caregivers of different characteristics equal access will help ensure that children of different characteristics benefit equally.

The literature review in chapter five showed that whilst the CSG has generally been implemented well, has a wide reach and is well targeted, some implementation weaknesses remain. The main targeting concerns identified in the existing research – not all of which may still apply – are: (i) primary caregivers of children without biological parents are under-represented amongst CSG recipients; (ii) very young children (below age one) are under-represented in the CSG beneficiary profile; (iii) primary caregivers of some of the poorest children in very remote areas still find it difficult to access the grant. The reasons for these exclusion errors include lack of documents required for the CSG application and the costs associated with the application process. The literature also raised the concern that, despite the recent decision that affidavits may be used in lieu of birth certificates and ID books, there is lack of knowledge about this and what it means in practice for the application process. In addition, the existing research studies – at least some qualitative studies – also raise the possibility that stigma associated with male caregivers receiving the grant may be affecting CSG take up. Finally, the review of the

existing research raised the concern that the recently introduced education conditionality may lead to some children, who are not in school and who may be some of the most vulnerable children, being excluded from accessing the CSG<sup>196</sup>. These findings from existing research on CSG implementation point towards the kind of research questions that need to guide future research.

Researchers have used a combination of quantitative research based on household survey data and qualitative research involving interviews with programme administrators and CSG recipients to identify targeting concerns and access barriers. A similar approach should be pursued in future. Whereas the quantitative research remains important for its ability to provide details on the characteristics of the recipient and beneficiary populations as well as those excluded at the national, provincial and sub-provincial levels, and the extent of inclusion and exclusion errors, qualitative research is required to assist in understanding the reasons for the targeting errors.

One last priority question worth mentioning is how the CSG is integrated at the implementation level with other measures of support for poor children. When researchers gather data on multi-dimensional child poverty in South Africa, they should ask not only about access to the CSG but also to other services and programmes that are supposed to be delivered to poor children<sup>197</sup>.

*Research on the CSG's impact: What is the extent and nature of the transfer's impact on children? Which children are benefitting most and least from the grant and why?*

The third area of research within the broader research programme on the CSG and child poverty requiring further attention is the impact of the CSG on child deprivations

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<sup>196</sup> An interesting finding from the existing research, highlighted in chapter five, is that failure to pass the income means test is not one of the barriers. This is partly because the means test has not been strictly enforced. In addition, it was pointed out in the last chapter that the recent elevation of the income means test reduces further the concern that some children in need are excluded from the programme's benefits.

<sup>197</sup> This is the approach being adopted in the study being undertaken on child wellbeing in the HSRC research site in Vulindlela

(wellbeing). One of the key messages to emerge from the dissertation is the value of qualitative research on who controls the resources flowing into the household, as well as the way in which resources are allocated inside the household, e.g. to adults versus children, or across children of different characteristics. This is because if women control resources it is likely that there will be a greater impact, and also because how much individual children benefit will depend on how they fare in the allocation of resources inside the household.

As already pointed out, the most effective method to use for the generation of evidence on the size and composition of the impact of the CSG on child wellbeing would be a randomized community trial. However, this is unlikely due to the fact that any such experiments would be subsequent to the CSG having been introduced, as well as because of cost implications and ethical issues this method implies. Hence, and continuing the recent tradition, researchers will have to build the evidence base in this regard using econometric techniques on cross-sectional data, longitudinal data and child wellbeing indicators, as well as qualitative research. With respect to the measurement research, the discussion of the conceptual and methodological issues showed that researchers should rather avoid indirect or monetary measures to quantify the extent and nature of the impact of the CSG on child deprivations. This is firstly because of not knowing what AES is appropriate in translating from household to individual level welfare, because of not knowing which children get what portion of income within the households, and because behavioural responses to the grant may affect the impact on monetary poverty (such as migration in and out of the household, changes in labour supply and a less cautious stance being adopted to preventing pregnancy). Instead, and following the lead of researchers such as Woolard *et al.* (2005) and Case *et al.* (2005), direct indicators of child outcomes, such as anthropometric indicators of child health/nutrition status, subjective indicators such as reports of child hunger and participation in schooling should be used for this purpose. Whilst using these kinds of indicators will not show the pathways by which the behavioural effects affect the outcomes identified, at least these effects will be directly measured. Disaggregating the measures of CSG impact so that any differential effects across children of different characteristics can be seen is a research priority. Such

composition impact information is needed for enhancing equity in the distribution of the CSG.

It remains important to explore the CSG's potential to generate behavioural effects which could alter household structure and/or income earned from wages and thereby affect the impact of the CSG on child poverty. As explained in chapter five, this is not only due to its relevance for thinking about how the CSG may affect child poverty and child wellbeing as more broadly defined in the future, but also for its relevance to considering the merits of increasing the value of the CSG or opting for some other measure as a means to offer additional support for poor children. However, the current small size of the grant probably limits the size of these effects. This is important when making a judgment about the degree to which this is a research priority. International evidence on the impacts of child focused conditional cash transfer programmes with human development conditions attached also suggests that the behavioural effects of the CSG programme (with its current small benefit value) will be small. Three studies have been undertaken to date on the labour supply effects of the grant. Two of these studies (see Surender *et al.* 2007 and Noble *et al.* 2008) suggest that receipt of the CSG has been having little influence in the decision about whether to work. This research suggests that caregivers in receipt of the CSG are eager to earn wages from work, but often do not have this opportunity, due to their limited skills and the lack of jobs on offer. The third study, by Hunter & Adato (2008 a&b), has identified the opinion in some communities that the CSG has led more mothers to migrate to urban areas in search of work and leave their children with grandmothers in rural areas. Whether this is something that has been occurring is worth establishing, as it will cast the cash transfer CSG policy tool in an even more favourable light.

To summarise, it is clear that a better understanding of child poverty and the impact of the CSG requires a better understanding of the household, its boundaries, the relationships within it, as behavioural responses of household members to grants are crucial. However, existing data, methodologies and theory offer only limited possibilities for further advances in this regard.

### **Reflection on the contribution of this dissertation**

To conclude, it is worth going back to the two purposes of the dissertation and reflecting briefly on how these have been achieved. The first purpose of the research was to make a contribution towards understanding the child poverty profile in South Africa. This was done via the updated child poverty profile based on the IES2005 and testing of its sensitivity to changes in the AES and the poverty line. The traditional approach was used for the measurement, and income per capita as the welfare indicator. The measurement of child poverty was unique, as the IES2005 has not been used previously for this purpose and no researcher had focused on how the composition of child poverty changes as the AES and poverty lines are adjusted. The measurement offers hitherto unavailable information on the age composition of the profile. Before this measurement there were no estimates of the severity and depth of child poverty, only of its incidence. A particularly useful contribution of the child poverty profile analysis was that it alerted us to the problem that children age 0-4 still have the highest child poverty incidence, depth and severity, and are therefore still most in need.

The second purpose of the dissertation was to contribute to the literature on the performance of the CSG programme. This was done by synthesizing the findings and knowledge gaps of the programme's performance based on an analysis of the existing research on the programme. To structure the literature review analysis the Rossi *et al.* (2004) systematic approach for tailoring a social programme evaluation was applied. This led to a comprehensive set of questions being asked about the programme, covering the logic of its impact theory, programme implementation, impact and policy/design. Whilst the literature review analysis of the CSG programme does not offer any new evidence on the implementation or impact of the CSG programme, it nevertheless still makes a useful contribution. Using the Rossi *et al.* (2004) systematic approach to tailor the analysis draws together the evidence base in a way that has not been done before and that offers a more comprehensive picture of the programme's performance than has been offered to date. The way in which the CSG programme is analysed alongside the analysis

of the child poverty situation in South Africa is also unique and facilitates the understanding of future research priorities.

The analysis of the child poverty situation and performance of the CSG programme in this dissertation leaves one with a sense of the vastness of the child poverty needs to be addressed in South Africa, and the limitations of the social assistance instruments at our disposal to alleviate suffering amongst children. The CSG was selected as the primary measure in a package of measures introduced to address child deprivation in the late 1990s after careful consideration by the Lund Committee of the relative merits of alternative social assistance options. This research has made clear that the CSG programme was an appropriate choice. Whilst there are concerns about exclusion errors as well as possible inequitable distribution of its benefits, it has achieved excellent reach, is implemented well and has improved child wellbeing (reduced child deprivation). Yet, in spite of this, child poverty remains extensive and deep, and the very youngest children are still those most in need of income support. Twelve years after its introduction, this programme still presents as the most cost effective and affordable measure available to provide support for poor children. However, in the context of the large expansion in the social assistance budget (driven by the CSG), the current need for fiscal prudence due to the impact of the global recession and other demands on public expenditure, as well as the possibility of the CSG yielding significant perverse behavioural effects if its benefit value is raised, raising the value of the CSG to provide additional support for poor children appears an unlikely or even unwise option. This underscores the critical role of economic growth and job creation, as well as enhancing the implementation of the CSG programme and programmes that provide critical services to poor children and their families, in the fight against child poverty in South Africa.

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