



The use and effectiveness of social grants in South Africa

by

**David Neves (PLAAS), Michael Samson (EPRI), Ingrid van Niekerk (EPRI),
Sandile Hlatshwayo (EPRI) and Andries du Toit (PLAAS)**

September 2009

The researchers gratefully acknowledge the individuals who participated in this research and thereby made it possible. A portion of the qualitative data was collected prior to this research project with the support of the Chronic Poverty Research Centre (CPRC) and USAID.



Institute for Poverty, Land and Agrarian Studies

Institute for Poverty, Land and Agrarian Studies (PLAAS)
University of the Western Cape, Cape Town
www.plaas.org.za

**Economic
Policy
Research
Institute**

Economic Policy Research Institute (EPRI)
Cape Town
www.epri.org.za

1. Contents

1. Contents.....	4
2. Abbreviations and common terms.....	2
3. Executive summary.....	3
4. Introduction	8
5. Literature review	33
6. Qualitative analysis.....	47
7. Quantitative analysis	63
8. Report findings	68
9. Policy implications.....	68
10 References.....	72
Appendix I. Qualitative case studies	81
Appendix II: Propensity score matching difference construct results.....	105
Appendix III: Further discussion of propensity score matching	107
Endnotes	109

2. Abbreviations and common terms

AIDS	Acquired Immune Deficiency Syndrome
CCT	Conditional Cash Transfers
CPRC	Chronic Poverty Research Centre
CSG	Child Support Grant
DFID	Department for International Development (United Kingdom)
DG	Disability Grant (DG)
EPRI	Economic Policy Research Institute
FAO	Food and Agricultural Organisation
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PLAAS	Institute for Poverty and Agrarian Studies
RSA	Republic of South Africa
SASSA	The South African Social Security Agency
SOAG	The State Old Age Grant

Conditionalities: Making the grant contingent (conditional) on the recipients engaging in specified desirable behaviour, such as having children immunised or keeping them in school.

Informal social protection: Informal (non institution-based) systems of support for vulnerable or marginalised individuals or households, typically based on interpersonal relationships, and characterised by acts of charity, patronage, or kinship-based obligation.

Social mutuality: Labour, resources or other forms of beneficence exchanged between two parties. See social reciprocity.

Social protection: Public interventions intended to support poor, vulnerable or marginalised individuals or households and better enable them to deal with risk. At its most expansive, social protection includes cash transfers (social grants), social insurance, contributory social funds and social services.

Social reciprocity: See social mutuality. Social reciprocity denotes the regularity and rule-governed quality to these exchanges.

Socially reproductive labour: Work within the domestic realm which is needed to ensure the continued survival of its members and perpetuate the household over time. Usually performed by family this work includes caring for children, the elderly and the ill within the home, along with domestic work such as cooking, cleaning and routine household tasks such as maintaining the dwelling. This work can also include the often considerable task of producing food, and collecting fuel and water.

Stokvels: Informal savings societies in which members contribute regularly and receive payouts. Also known as *umcalelo*.

3. Executive summary

This research examines the effectiveness of social grants in South Africa, and how recipients use their grants. As a form of social protection, social grants not only ameliorate poverty and provide a safety net, they also potentially promote social transformation. The main report pulls together a number of aspects. First it reviews the scholarly literature on social grants, examining both the positive and negative outcomes associated with receiving social grants, focusing on state cash transfers to the elderly, children and the disabled. It then details qualitative and quantitative research undertaken to examine the effects of social grant receipt. This empirical research is combined and used to examine how social grants are used, including the extent to which they support household investments and contribute to financial activities. The report concludes by examining the policy implications of the findings.

Research methods

The research combines both qualitative and quantitative inquiries. The qualitative inquiry is built on a number of urban and rural case studies, and examines not only the way in which social grants are used, but also the larger context that drives decision-making. Four of these in-depth case studies are in the report. The quantitative analysis draws on a constructed panel dataset from Statistics South Africa's Labour Force Surveys conducted in 2001, 2002 and 2003 (Stats SA, 2001; 2002; 2003), and employs a quasi-experimental propensity score matching approach to compare grant recipients with non-recipients of a similar socioeconomic status. The qualitative and quantitative research findings are synthesised in the discussion.

Key findings

The report identifies a number of significant outcomes and dynamics in relation to social grants within contemporary South Africa.

1. The literature review highlights a number of positive outcomes of state cash transfers delivered to impoverished and vulnerable people. These are delineated in four domains. Firstly, social grants elevate welfare, consumption and access to social services such as health and education. Secondly, social grants generate potential economic benefits, such as improving recipients' ability to manage risk and insecurity, facilitating saving and investment, and supporting the development of local markets. Thirdly, social grants help to empower recipients in a social context. Fourthly, at an aggregate macro-social level, cash transfers have an important political effect in high-inequality, post-repression contexts such as South Africa. They are an effective redistributive mechanism, thereby tempering social unrest. They have also symbolically served as an important part of the renewed social compact between citizens and state.
2. The literature catalogues a range of negative effects potentially attendant to social grants, including creating opportunities for patronage and corruption, distorting markets and creating a range of perverse incentives such as disrupting remittances, disincentivising

work, displacing private savings, and elevating fertility rates. Examining the evidence on South Africa, the report finds scant evidence of these negative effects. The preponderance of available evidence shows little evidence for social transfers crowding out private remittances, elevating fertility rates, including among teens, generating labour disincentive effects, or generally leading to inappropriate expenditure.

3. The empirical research confirms that cash transfers in South Africa support consumption and improve the welfare of recipients and their broader households. The data also suggests that social grants facilitate investments in human capital (nutrition and schooling), along with investments in productive assets and activities.
4. The qualitative and quantitative data variously suggest that social grants support financial activities. Grant beneficiaries have higher levels of savings, and are able to engage with credit markets on generally more favourable terms. The data also point to the way in which social grant income helps satisfy beneficiaries' needs for precautionary savings.
5. The qualitative findings suggest that social grants allow people to enter into existing systems of social reciprocity on which the impoverished and vulnerable often depend for their survival. In this way, grants strengthen existing, deeply rooted informal social protection systems and social networks. For instance, receipt of a state old age grant not only enables many rural grandmothers to care for their grandchildren, they also underwrite pensioners' moral claims to support and protection within their own family networks.
6. Social grants enable recipients to leverage and multiply their resources (including their time, energy and innovation in the task of maintaining a livelihood). Social grants therefore contribute to and strengthen existing systems of livelihood and productive activity. For instance, receipt of a social grant often supports informal economic activity. Often it allows recipients to undertake domestic labour or care work such as looking after the young, the ill, the disabled or the elderly. In many cases this care work frees up other, usually working-age adults to look for or do paying work.
7. Social grants provide an important material basis for recipients and their households to engage in livelihood-supporting activities. They also introduce a flexibility to capture opportunities as well as mitigate shocks. The cash value of social grants allows recipients to explore options and even find other ways of making a living.
8. Finally, grants empower otherwise marginalised household members such as the elderly and disabled, enabling them to participate in systems of social reciprocity, in that their control of the resources of the grant inserts them more firmly into systems of mutual assistance and reciprocity, than they might otherwise be

Key policy implications

A number of policy recommendations flow from the empirical findings of the research.

1. The research affirms the positive developmental effects of social grants and supports the contention that social grants are economically and socially empowering. This strengthens the already considerable case for sustaining them, and also lends impetus

to the need to consider expanding the social grants programme through scaling-up benefits and/or expanding eligibility.

2. The research points to the importance of recognising the role played by systems of social reciprocity or mutuality. These forms of informal social protection frequently underpin the livelihoods of the impoverished and vulnerable.
3. The flexibility of the cash value and unconditional nature of social grants needs to be recognised. This is an advantage of the current system. It enables recipients and their households to use grants in highly flexible ways, and allows them to respond to their often-changing circumstances.
4. The strength of the existing system of unconditional social grants has implications for ongoing debates about imposing conditionalities on current grant recipients in South Africa. The research identifies at least four arguments against imposing conditionalities within the South African context. Firstly, conditions are often used to solve problems largely unknown in the South African context (e.g. child labour, low school enrolment). Secondly, areas of low uptake of social services (such as health or education) typically reflect demand-side rather than supply-side problems. Thirdly, imposing conditionalities results in considerable costs, both administratively and for individual applicants. Fourthly, conditional cash transfers are often targeted at narrowly defined impoverished social groups marked by compound forms of social exclusion, often related to specific social factors such as caste, locality or social circumstance. However in South Africa, millions are poor primarily because of the adverse terms of their incorporation into the larger structure of the economy. It is this lack of economic opportunity that patterns the poverty and vulnerability of most of impoverished South Africans. For these reasons, the report remains circumspect about the use of conditionalities and argues that debates about imposing them need to be informed by careful consideration of the value these would add to the existing range of social grants in South Africa.
5. There is a need to consider how to better include people who currently fall outside of the social grant net, most notably working-age, able-bodied adults. There is scope to investigate how mechanisms such as a universal cash transfer or labour market subsidy might be extended to this group.
6. There is a need to continue to strive to make social grants accessible. In the past the effectiveness of social grants has been underpinned by administrative inefficiencies and unsanctioned eligibility practices. Although many of these negatives have been addressed and contained, an ongoing challenge remains to make social grants accessible to eligible applicants.

4. Introduction

South Africa, in common with a number of middle-income countries, has substantially expanded its system of social grants in the last decade. More than 12 million South Africans, or roughly a quarter of the population, receive public transfers at present. This development has coincided with global trends towards increased publicly-funded cash transfer to the poor and vulnerable – alongside debates, research and advocacy about the effectiveness of these transfers. This report examines the use and effectiveness of social grants to the poor in South Africa.

This report both reviews the literature and discusses research undertaken to examine a number of key issues. These include: the developmental impact of social grants; how they are used by recipients; the financial behaviour and activities that result from grant receipt; and the trickle down effects of social grants to individuals and households other than the formally designated recipients.

Section 5 is a literature review on the use and effectiveness of social grants. It contextualises social grant receipt in South Africa, before it describes how social grants are associated with a range of developmental impacts, including improvements in welfare, consumption and access to social services; generally positive economic effects; and a range of social and political empowerment effects. The literature section concludes by critically examining the claims and evidence for the negative effects of social grant receipt.

Sections 6 and 7 consider state social grants in South Africa by presenting and discussing empirical research. They focus on three broad issues. Firstly, they examine the impact of social grants on grant recipients and their larger households, including how recipients use their grants. Secondly, they consider the manner and mechanisms of the welfare effects associated with social grants. This is done through detailed analysis of the social networks within which grants are received and circulate. Thirdly, they examine the impact of social grants on financial market behaviour, including saving, investment and credit market activity.

This research draws on a two-part methodology of quantitative and qualitative research. The quantitative component relies on a propensity score matching approach. Constructing a panel dataset from Statistics South Africa Labour Force Surveys, the propensity score matching approach employs a quasi-experimental design to compare grant recipients with non-recipients of a similar socioeconomic status. The qualitative analysis reviews a number of in-depth case studies, and examines how social grants are used and invested within the receiving households. The qualitative inquiry also documents how social grants circulate within the extended household context, and considers the local dynamics that animate these processes.

Section 8 of the report draws on the qualitative and quantitatively derived findings in a concluding discussion, and Section 9 reflects on the policy implications of these findings.

5. Literature review

Conceptualising social protection

In this section, the context of poverty and vulnerability that frames this review is briefly sketched out, before the concept and rationale for social transfers, under the banner of 'social protection', is discussed.

South Africa is a highly unequal middle-income country in which enduring structural poverty relegates large swathes of the population to the economic periphery. Understanding the precise nature of poverty and vulnerability provides an important conceptual foundation from which to understand social protection. Conventional accounts of poverty view it in terms of deficits in income, consumption or expenditure – these material accounts of poverty are the foundation of much economic analysis. In the last decade, however, multi-dimensional conceptions of poverty have come to the fore, which increasingly view poverty as marked by a series of interlinked deprivations. Sen's (1999) work, for instance, posits poverty as the product of a lack of various capacities, both intrinsic and instrumental, which include income, education, health and human and civic rights. Many of the poor are locked in poverty traps, with the cycle of low income, limited assets and opportunities constraining them from making the investments (in their health, education and livelihoods) to lift themselves out of poverty. Poverty, however, is not only defined by low incomes, consumption and capabilities – the poor have a heightened susceptibility to risk and the probability of catastrophic decline or death. Poverty is therefore also characterised by insecurity and an acute vulnerability to income variability over time (Baulch and Hoddinott, 2000). These ideas have become a part of the developmental orthodoxy and are reflected, for example, in the World Bank's (2000) description of deficits in opportunity, security and empowerment as key issues in both conceptualising and addressing poverty. Two additional notions are useful in seeking to understand poverty. The first is that understanding poverty also requires attention to its temporal qualities – it is determined not only by its depth but also its duration, varying from relatively short-term transitorily poverty to enduring chronic poverty. The second point is that the nomenclature of 'the poor' potentially obscures the heterogeneity that characterises impoverished and vulnerable people: poor people differ from each other in terms of their social status age, gender and disability profiles. Insecurity is often exacerbated by factors such as limited claims to citizenship, geographical disadvantage (people who live in remote regions or those with certain natural resources, such as arid rangelands) and social discrimination (Addison, Harper, Prowse and Shepard, 2008).

To recapitulate, poverty is multidimensional and reflects not only low levels of income and consumption but also restricted or unrealised capacities and elevated susceptibility to risk; it differentially unfolds over time and incorporates various social groups.

Definitions, concepts and rationale

Social grants, or social assistance, describe non-contributory cash transfer programmes, targeted at people who are poor or vulnerable (Grosh, Del Ninno, Tesliuc and Ouerghi, 2008). Social grants ameliorate poverty and reduce vulnerability by redistributing income, but also provide a social insurance function by helping to smooth consumption and avoid plunges into ultra-destitution following livelihood shocks. Social grants are conventionally financed by implementing states out of taxation revenue (except in several low-income countries where they are funded by international donor aid), and frequently subsumed under the expansive rubric of social protection.

Social protection potentially includes not only direct cash transfers (to which eligibility is either means tested or categorical), but also various in-kind programmes (such as school-feeding schemes), price subsidies on food or energy (or, in South Africa, VAT exemptions on basic food stuffs), employment in public works programmes, or fee waivers on essential services, schooling, health or transport. Social protection is a key component of social policy alongside the provision of services such as health and education (Grosh et al, 2008). This review restricts its focus to publicly-funded direct cash transfers.

Publicly-resourced social protection co-exists alongside two other broad varieties of social safety nets. The first (sometimes also subsumed beneath the moniker of social protection) is formal, private sector provision for retirement, disability or unemployment. These contributory pensions and insurance products are typically accessed by the formally employed and the more affluent, and are not a focus of this inquiry. The second is widespread, informal community and household support. While these practices can be part of institutionalised systems of humanitarian and faith-based support, they frequently reflect various forms of kinship and communal social reciprocity. Informal social protection (Bracking and Sachikonye, 2006) is often crucial to the livelihoods of the African poor, and is underpinned by complex patterns of inter- and intra-household resource transfers. As this mutuality both shapes the context into which social grants are received and mediates its effects, they are considered in detail later in this report.

The redistribution of income via social grants directly impacts on levels of poverty and inequality, serving to reduce both the breadth (incidence) and the depth (severity). Social protection not only supports present consumption and welfare, it represents an investment in human capital, with potential benefits in the future. Social protection can disrupt chronic poverty, including its perpetuation across generations (Grosh et al, 2008). Holzmans and Jørgensen (2000) describe the effects of social protection in terms of the twin metaphors of safety net and springboard. While safety net captures the ameliorative, decline-arresting quality of social protection, the notion of the springboard suggests the prospect of social protection offering improvement or a leap upward. Devereux (2006) describes the objectives of

direct cash transfers as having four characteristics, namely: protective, preventative, promotive and transformative.

Firstly, social protection in the form of direct cash transfers can be *protective* by ameliorating poverty through redistributing income and providing a safety net for the vulnerable.

Secondly, social protection can be *preventative* by averting deprivation and arresting the downward spiral of liquidating productive assets or spiraling ill health following a livelihood shock. In this way, they help households manage risk by avoiding irreversible losses and retaining productive assets. This is all the more salient as the poor often have limited access to markets for financial intermediation, lumpy assets' (such as livestock, or land owned in communal tenure) and risk-sharing mechanisms that are often inefficient or poorly hedged against shocks such as a drought, or macroeconomic shock such as hyperinflation, rapid currency devaluations, food price hikes etc (Devereux, 2001a).

Thirdly, social protection is potentially *promotive* because it can enhance existing capacities and resources. By helping the impoverished and vulnerable to avoid inefficient and narrowly short-term focused survival strategies (often at the expense of long term wellbeing), it provides an opportunity for higher return activities. For instance, cash transfers not only enable the poor to overcome credit market failures, they also facilitate investment in human capital through enabling access to resources such as health and educational services. Social protection therefore enables the poor to make better investments in their future.

Fourthly, social protection in the form of cash transfers is potentially *transformative* because it supports the efforts of marginalised or vulnerable social groups to attain equality. Social grants not only combat exclusion at a societal level, but also can positively shape inter-household and intra-household resource allocation and dynamics.

South African's structural context of economic marginality and vulnerability

Understanding the context of poverty in South Africa is important to conceptualise the setting within which state social grants are received and used. The economic marginalisation of a large proportion of middle-income South Africa's population reflects long historical racialised dispossession, along with more contemporary developments.

Historical patterns of dispossession and impoverishment have seen the erosion of opportunities for land-based production and livelihoods (viz deagrarianisation) throughout much of Africa. With its long legacy of colonial and apartheid-era land dispossession, this process of deagrarianisation is deeply entrenched in South Africa. Opportunities for farming have diminished alongside declining industrial employment opportunities for the unskilled (largely African) workers in the last two decades, with the shift to capital-intensive tertiary production (Banerjee, Galiani, Levinsohn and Woolard, 2006). Accumulated disadvantage has therefore created a large underclass (Seekings and Nattrass, 2005), adversely incorporated into the political economy of South Africa. Comprising about 40 percent of the population, they fall into

the bottom income decile. They are simultaneously dependent on the monetised economy for subsistence, yet are estranged from employment opportunities and lack the ability to engage in agriculture.

Racial discrimination was abolished with South Africa's political transition of the early 1990s, but sharp social divisions, largely contoured by race, endure. The South African economy's growth path has become increasingly unaccommodating of large numbers of relatively unskilled workers. Agricultural market liberalisation since the early 1990s has seen increased concentration and consolidation within the agricultural sector, and the shedding of hundreds of thousands of agricultural jobs. In the metropolitan centres many corporations have restructured, listed abroad, externalised and casualised their labour force (Bassett, 2008).

In addition, the prospects for upward social mobility remain constrained. Not only does high unemployment endure (25 percent of work seekers, rising to almost 40 percent if discouraged work seekers are included), but relatively poor educational outcomes mean that rates of return to education for impoverished African youths are low. Poor prospects for farming combined with urban areas marked by high levels of corporate concentration and the enduring legacy of apartheid's racialised spatial regime (with Africans located far from economic opportunity), undercut the prospects for incipient African entrepreneurs (Du Toit and Neves, 2007b).

Enduring economic marginalisation and vulnerability moreover interact in a recursive, vicious circle with other kinds of demographic and social change. These include diminishing opportunities for traditional forms of household formation, the fragmentation and demographic unbundling of traditional household units and communal ties, and the changing nature of the contemporary conjugal contract and the pernicious effects of high levels of HIV and AIDS.

In this national context, the post-1994 poverty headcount increased marginally (Hoogeveen and Özler, 2006); this was followed by small reductions in the poverty headcount and increased incomes to the poorest between 2001 and 2005 – mainly due to the increased take-up of social grants. If the benefits from the social wage and public services are included, there have been discernible increases in welfare after 2000 (Bhorat and Kanbur, 2005; 2006). An extensive system of social grants and a progressive system of taxation combine to exercise an important redistributive function, tempering the depth and severity of poverty and inequality in South Africa.

Social protection in South Africa

The provision of social protection in contemporary South Africa has its roots in both history and more recent policy developments. Historically, white South Africans have long been incorporated into systems of social protection, first devised in the 1920s and modelled on the classic European welfare model. Extended by the 1960s, and reflecting the highly skewed racially allocative principles of apartheid, the state social pension provided the architecture for more recent developments. By the 1980s the National Party government had moved towards

racial parity and African old age pensions as a percentage of white pensions, increased from 16 percent in 1972 to 85 percent by 1993 (Bhorat, 1995). The political transition of the early 1990s saw the entitlement to social protection constitutionally mandated (Haarmann, 2001), and disparate welfare administrations and practices incorporated into a unitary system based on the principles of racial equality and integrationⁱ. The post-apartheid state fundamentally sought to redefine the role of social welfare, the white paper of 1997 positing a vision of 'developmental social welfare', while strenuous efforts were made to build a more comprehensive system of coverage.

The previous system of welfare was not only heavily biased toward the white population, it was also predicated on the availability of employment and generally treated welfare receipt as an exception or transient phenomenon (Taylor, 2002 in Pauw and Mncube, 2007). In the post-apartheid period, social protection has had to accommodate deep and widespread African poverty, underpinned by enduring structural factors and the inequality of the South African distributional regime. In this context spending on social grants grew from the mid-1990s and continued at an annual average rate (in real terms) of about 20 percent between 2001 and 2002, and 2006 and 2007. The rapid escalation in the value of social grants has peaked, slowing down to approximately 10 percent per annum, with current expenditure of just over three percent of Gross Domestic Product (GDP) representing a comparatively generous proportion by middle-income country standards. Although non-contributory cash transfers are found in many countries, the global norm for state expenditure is in the region of between one and two percent of GDPⁱⁱ (Grosh et al, 2008).

The post-apartheid transformation of the social welfare system has seen the racial composition of its beneficiaries change and the extension of grants to children has been a key component of the expanding system of social assistance (Pauw and Mncube, 2007). In the mid-1990s pensioners accounted for over 63 percent, and children 12 percent of grant expenditure; a decade later child grants totalled 35 percent and pensions 37 percent of spending. While expenditure on pensions grew about 6.3 percent in real terms between 2001/02 and 2005/06, spending on child grants comfortably outpaced demographic growth, increasing between 30 and 50 percent (Pauw and Mncube, 2007).

Social grants in South Africa

This section discusses South Africa's main categories of social grants.

Social grants for the elderly

The Old Age Pensions Act (1928) made whites and coloureds eligible for state pensions, and was extended to Africans and Indians in 1944. Moves toward racial parity date to the 1970s and coincide with a period of rising demand for black workers, the waning of job reservation and repeal of the prohibitions against black trade unions. By the 1980s the incremental moves toward racial parity were partially resourced by lowering the benefits for whites, with elderly, working class whites a politically insignificant group (Pauw and Mncube, 2007, p.9). The State

Old Age Grant (SOAG)ⁱⁱⁱ has been central to post-apartheid efforts to universalise welfare (Van der Berg, 1997), and is a categorical means-tested grant payable to people of retirement age (women over 60 years and, until recently, men over 65 years of age^{iv}). At a current (2009) R1 010 per month it has, by developing country standards, comparatively generous eligibility thresholds and benefit levels (approximately double the per capita median income for Africans). Between 1997 and 2006, numbers of SOAG beneficiaries rose by an annual average of 2.7 percent, from a total of 1.7 to 2.1 million people, or about five percent of the total population.

The long-standing SOAG, and the effects of its receipt, is probably the best researched and documented of South African social grants (Lund, 2002). It is a significant source of income for more than two million South Africans and contributes not only to recipients but also their household's wellbeing and food security (Ardington and Lund, 1995; Case and Deaton, 1998). Woolard's (2003) modelling suggests that (assuming perfect uptake) it reduces ultra poverty among the elderly from almost 40 percent to 2.5 percent. The SOAG is generally well targeted to the poor, with a limited leakage to the non-poor. The means test is applied to self-reported income and assets of the applicant and his or her spouse, but there is the suggestion that it is not strictly applied. Consequently, if an applicant is African and neither conspicuously wealthy or in receipt of a government employee or private pension, the SOAG is relatively easy to claim. It is well targeted to the rural areas and to women, who receive it at an earlier age and have longer life expectancy than men, and are less likely to receive a private pension (Ardington and Lund, 1995). Take-up rates and awareness of the grant are high (Van der Westhuizen and Van Zyl, 2002).

Although some commentators have suggested that a focus on unemployment would be more effective in reducing poverty (Van der Berg, 2002), or greater developmental gains might be wrought with transfers to support the young, the SOAG enjoys high levels of support, both popular and official, within South Africa. Globally, social pensions are regarded as an effective and politically acceptable way of injecting purchasing power into impoverished areas, because they are less likely to create work disincentives than other forms of social protection (Grosh et al, 2008). Not only is old age a readily verifiable criterion, but pensions are also arguably less subject to moral hazards than other forms of social protection^v (Lund, 1999). Within South Africa the SOAG is associated with larger household size and there is evidence of demographic effects, including attracting unemployed family members into the household. Many impoverished rural households are, in effect, formed around a recipient pensioner^{vi}. Paradoxically this serves to mask some of the grant's welfare effects, as per capita incomes are diluted.

The remaining state grant for the elderly is the war veteran grant, for veterans of the Second World War and the Korean War. This beneficiary group is statistically negligible, comprising of fewer than 2 000 individuals, who are rapidly declining through natural attrition^{vii}.

Social grants for children

Three social grants are targeted at children in South Africa: the care dependency, child support, and foster care grants. Although a prominent and growing component of the post-apartheid welfare regime, child grants have long antecedents in South Africa's racialised systems of state welfare. The Children's Act of 1913 instituted maintenance grants for impoverished white minors, and these were extended to Indians and coloureds around the mid-century. By 1990 about half of maintenance and foster care grants were received by coloured children, a large proportion by Indians, a small proportion by the (comparatively affluent) white population and a fraction of a single percent by Africans – this despite the fact that Africans comprise roughly three-quarters of the population (Alderman, 1999). The 1996 Lund Committee on Child and Family Support was tasked with reviewing the child maintenance grant, and sought to reconcile fiscal constraints with the imperative of extending the grant to Africans (RSA, 1996). The pre-1998 maintenance grant of R160 was replaced by a universal, means-tested Child Support Grant (CSG) of R100. The CSG increased to R142 in 2006 (representing high levels of annual growth for a grant, of six percent) (Pauw and Mncube, 2007) and is currently (2009) R240. South Africa's CSG has two distinctive features. The first is that, rather than limiting eligibility to a biological parent or legally adjudicated foster or adoptive parent, the child's primary caregiver^{viii} is designated the grant recipient. This serves to accommodate widespread patterns of kinship care and household flux within the South African context.

The second notable feature is that the CSG provides an unconditional cash benefit, rather than the more common international practice of either an unconditional in-kind benefit or a conditional cash benefit (Case, Hosegood and Lund, 2005). While eligibility for the CSG is unconditional, the administrative requirements, particularly the need for Department of Home Affairs-issued identity documents, can be onerous and even exclusionary (Leatt, 2006). Eligibility is also tempered by the widespread practice of officials imposing informal, *de facto* conditions, including the beneficiary child's clinic card^{ix} or proof of school enrolment and affidavits attesting to the recipient's unemployment, registration as a job seeker (Hall, 2007) or having sought maintenance from the child's father (Goldblatt, 2005).

Initially only children less than seven years of age were eligible for the CSG, but the grant was extended to children under 14 years in 2005, and to those under 15 years in 2009. Recipients are overwhelmingly female, mostly African and have lower levels of education (and therefore access to employment) than non-recipients (Delany, Ismail, Graham and Ramkissoo, 2008). Numbers of beneficiaries have risen sharply from under one million in 2001 to 6.8 million by 2006. While targeting is reasonably effective and the leakage of grant benefits through errors of inclusion moderately contained (13 percent), errors of exclusion at almost 21 percent are relatively high.^x Budlender, Rosa and Hall (2005) compared General Household Survey data with Department of Social Development data to show that by late 2003 an estimated 78 percent of children eligible for the CSG were receiving it.

The evidence suggests that children who do not have their biological mother as their primary caregiver (Budlender, Rosa and Hall, 2005), and the poorest, are the least likely to access the CSG (Barrientos and De Jong, 2006; Hall, 2007). The exclusion of these groups probably reflects compound patterns of deprivation and vulnerability. Yet in the context of an HIV and AIDS pandemic, orphans and other groups of vulnerable children are arguably best supported by equitable access to the CSG (Meintjes, Budlender, Giese and Johnson, 2003).

One weakness is that the original CSG means-test thresholds were unrevised for almost a decade from 1998^{xi} so in real terms the income thresholds declined and eligibility criteria became stricter. In addition, some commentators have suggested that the means test is administratively expensive (Budlender, Rosa and Hall, 2005; Hall, 2007), ineffective, imposes onerous costs on applicants and is largely redundant in areas of widespread poverty. They argue it ought to be simplified or abandoned altogether (Rosa, Leatt and Hall, 2005; Goldblatt, Rosa and Hall, 2006).

The second variety of grant targeted at children is the Care Dependency Grant. This means-tested grant is payable to the caregivers of minors suffering from severe mental or physical disability and in permanent home care, and is valued at R820 a month (2006). Relative to the CSG, it is received by comparatively small numbers of beneficiaries.

The third variety of social grant targeted at children is the Foster Care Grant. Receipt of this grant entails that the child be formally placed in the custody of a recipient who is not the biological parent. It requires a relatively complex administrative and legal process, supervised by a social worker and endorsed by a court. As fostering a child is not regarded as a poverty alleviation issue, the grant is not means tested, and amounted to R590 a month in 2006.

Partially reflecting the effects of a deepening HIV and AIDS pandemic, the number of Foster Care Grant beneficiaries rose from 43 000 in 1997 to 300 000 in 2006 (Pauw and Mncube, 2007). Some have suggested that the administratively complex, time and resource intensive process of allocating Foster Care Grants is undesirable, particularly when weighted up against the relative ease (and lower administrative costs) of extending the unconditional CSG to larger numbers of poor and vulnerable children (Meintjes, Budlender, Giese and Johnson, 2003). In addition, it draws an unhelpful distinction, particularly between orphans and other categories, of at-risk children.

Social grants for the disabled

The Disability Grant (DG) is intended for adults who are severely incapacitated by mental or physical disability and therefore unable to work. Eligibility is determined by medical criteria, working age (between 18 years and retirement age), and is subject to a means test. Grants are either temporary (six months) or permanent (subject to periodic review), and the grant of R1 010 in 2009 is received by approximately three percent of the South African population or 1.3 million people^{xii}.

The medical model of disability sees the applicant's capacity to work adjudicated with no reference to the very limited availability of work. Evidence suggests that the application of the medical eligibility criteria has been rather inconsistently applied (Lund, 2006). In the context of an HIV and AIDS pandemic, the clinical criteria for assessing AIDS-related disability remain equally inconsistent, even 'obscure' (Natrass, 2005, p.7), but generally only terminal, late-stage AIDS constitutes sufficient of a disability to legitimately access a DG^{xiii}.

The literature on the use and effectiveness of social grants

This section examines evidence of the benefits of social grants. Although many aspects of the use and effectiveness of social grants have been relatively well researched and documented, a number of gaps exist that partially reflect the difficulties in making attributions of the longer-term impacts in the absence of longitudinal data. The often complex social effects of grants, although broached in the review that follows, remain an enduring gap in much of the research.

This review predominantly examines South African studies, but where appropriate, findings from elsewhere are discussed. As the largest component of South Africa's system of social transfers, the focus is primarily on the SOAG and CSG. Although many of the impacts and underlying dynamics are similar, the different cash values and targeted beneficiaries of these two grants make it important to distinguish between them.

The effects of social grant receipt are described in terms of a number of different levels of analysis, including individual, household and communal. The text is ordered in the following four categories: welfare benefits, economic benefits, social benefits and political effects. Although somewhat schematic and overlapping, these categories serve to aid clarity and reader comprehension.

The positive effects of social grant receipt

1. Improvements in consumption and welfare

Social grants enable people and families to avoid destitution and have a marked positive effect on consumption and welfare. Not only have cash transfers reduced South Africa's poverty gap by 49 percent, and the Gini^{xiv} inequality measure by seven percentage points (Samson et al, 2004), but analysis of household datasets in South Africa suggests social grants support development, including poverty reduction, and improved levels of nutritional, health and education for grant recipients and their children.

Social transfers are robustly associated with improvements in the quantity and quality of food consumption, which improves nutritional status and lowers documented levels of morbidity and stunting (Gertler and Boyce, 2001; Devereux, 2001b). These effects are evident in relation to both the SOAG (Ardington and Lund, 1995; Case and Deaton, 1998; Lund, 2002), and the CSG (Delany et al, 2008). Food is typically the largest category of expenditure for the poor; comparative studies between CSG recipients and matched households that have CSG-eligible but non-receiving individuals clearly shows differential levels of food expenditure (Delany et al,

2008). The improvements in nutritional status associated with social grant receipt are a significant developmental outcome. Inadequate nourishment, particularly in preschool children, leads to lower levels of physical growth and impaired cognitive development. Chronically undernourished children show higher levels of morbidity and disability, and lower levels of education. Not only are the deleterious effects of malnourishment largely irreversible, they also perpetuate poverty in the next generation. Furthermore, individual nutritional deficits ultimately exact aggregate social costs.

The loss of productivity associated with under-nutrition has been relatively well documented. Horton (1999) estimates the productivity losses from malnutrition in low-income Asian countries to be two to three percent of GDP, while the FAO (2002) suggests a figure of between two and four percent. In Zimbabwe, children affected by the 1982–1984 drought lost an average of over two centimeters of height, 0.4 grades of schooling and experienced a school delay of almost four months (Hoddinott and Kensey, 2001). When correlated with Zimbabwean employment data, Hoddinott and Kinsey (2001) compute that the affected children would experience a seven percent loss in lifetime earnings.

By subsidising current consumption, public cash transfers not only support human welfare, but there is also ample evidence that they facilitate the accumulation of human capital via investments in health and education. The international evidence suggests that the direct costs of schooling (fees, uniforms, transport, school supplies) are frequently the second largest expenditure after food (DFID, 1999). Data from South Africa catalogues how CSG recipients report not only increased expenditure on food (79 percent), but also school fees^{xv} (26 percent), school uniforms (25 percent) and electricity (22 percent) (Delany et al, 2008). In addition, research shows that social grants support investments in productive physical capital, such as improved housing and, particularly in rural areas, investments in smallholder agriculture, with concomitant increases in food consumption (Martinez, 2005).

Although much evidence points to improvements in levels of wellbeing associated with grant receipt, these effects are not uniformly experienced across all contexts and recipients. Instead they are mediated by factors such as the extent to which income is pooled within the household, along with the gender of the grant recipient. Evidence of the extent to which income is pooled is strongly associated with improvements in the welfare of household members other than the formally designated grant recipient.

Examining the effects of the SOAG, Case and Deaton (1998) note how pooled income raises the welfare of all household members, but no such effects are discernible in households that do not pool SOAG income. These effects are strong – reported pooling of the pension income is significantly correlated with improvements in grandchildren's height (Lund, 2002) and general health. Examining health, Case (2001) notes that in over 90 percent of cases where SOAG income is pooled, it improves the health of multiple household members, including children. The evidence points to even the relatively diminutive CSG being pooled. Delany et al (2008) report 51 percent of CSG recipients reporting pooling their grant or grants, a figure that is likely

to be understated as respondents generally know the grant is intended only for the recipient children.

The pooling of grant income is generally associated with the gender of the grant recipient; this is a quality that functions to mediate the benefits of its receipt.

Pension receipt by a female is durably associated with improvements in health status (and school enrolment) of grandchildren (Case, 2001). Duflo (2003) documents positive gains on granddaughters' anthropometric^{xvi} data when their grandmother receives the SOAG, with no commensurate effect for pension receipt by a grandfather. This is consistent with robust international evidence that grant receipt by women is associated with enhancing the welfare of children (Lund, 2002).

These gender differentials also start to suggest the way in which receipt of state transfers may feed into processes of altering resource allocation within households: it empowers those traditionally responsible for the care of children. Evidence sees CSG recipients report relatively high levels of financial decision-making autonomy, with around half making important financial decisions in the household themselves and 22 percent in conjunction with another household member (Delany et al, 2008) being significant. A larger proportion of rural and informal urban resident women indicate being involved in financial decision-making than women in formal urban areas, a dynamic that probably reflects the greater likelihood of resident male partners in the latter group.

Improved access to social services

The receipt of state cash transfers is associated with an elevation in the uptake of social services. In several social grant systems accessing specified social services is a conditionality of grants directed at children. This section therefore also examines the Latin American Conditional Cash Transfers in relation to South Africa's unconditional CSG.

The evidence linking receipt of social grants with improved nutrition has been recounted, and links receipt of the CSG with improved nutritional status and anthropometric outcomes (Delany et al, 2008). In addition, the CSG is associated with elevated school enrolment (Samson et al, 2004; 2005; Case, Hosegood and Lund, 2005). The General Household Survey shows a positive, albeit small, correlation between CSG and school enrolment (Budlender and Woolard, 2006). CSG receipt serves to elevate school enrolment (by 8.1 percent for six year olds) and school attendance for six, seven and eight year olds to highs of 83, 97 and 98 percent respectively (Budlender and Woolard, 2006). These improvements are notable, despite the fact that households with CSG-receiving members are poorer, have lower levels of employment and adult educational attainment than non-eligible households. School enrolment figures drop off after 15 years of age, but this coincides with the end of the compulsory school-going age and is likely to be influenced by other factors such as the absence of school feeding programmes in secondary schools.

Although receipt of the CSG is associated with improved school enrolment, validating the exact impact of the grant is difficult because of the spectre of confounding variables that may influence the effects of grant receipt. In other words, does the CSG result in higher school enrolment, or are the characteristics that see caregivers apply for the CSG related to those that see them enroll their children in school?

Longitudinal data from demographic surveillance systems combined with the age-graded phasing in of the CSG provides an answer by enabling current school enrolment data of grant recipients to be compared with that of their older siblings. The older siblings of current day beneficiaries offer a counterfactual, control group 'for what would have been true for younger siblings, if the Child Support Grant had not been introduced' (Case, Hosegood and Lund, 2005, p.469). Retrospective examination of the longitudinal data reveals that when observed at an earlier point in time, the older (and then grant-ineligible) siblings of younger (and presently grant-receiving) beneficiaries were significantly less likely to have been enrolled in school than their age cohort. This probably reflects the poverty of these households, which subsequently came to be CSG receiving (Case, Hosegood and Lund, 2005). The significance of this finding is that it serves to discount the hypothesis that the correlation between grant receipt and schooling simply reflects an unobserved variable that sees particularly effective, conscientious or motivated caregivers both enrolling their children in school and applying for grants. Instead, it is receipt of the CSG that significantly raises the probability of school enrolment.

Within the welfare system design, attaching conditions to grants is viewed as a powerful way of attaining desired developmental outcomes. Debates around imposing conditionalities see South Africa's universal CSG compared with Conditional Cash Transfers (CCT) programmes in Latin America. The relative paucity of research on the South African CSG (introduced without randomised control trials or baseline surveys) (Case, Hosegood and Lund, 2005) further encourages the tendency to look to the robustly researched Latin American CCT programmes.

In the last decade a new generation of CCT programmes in Latin America have attached preconditions that encourage desired health-seeking and educational enrolment behaviour (such as accessing clinics, immunisation programmes and enrolling children in school) to state cash transfers. These programmes seek to combine the short-term objectives of social safety nets with the longer-term goals of interrupting intergenerational poverty traps (Brito, 2006, in Pauw and Mncube, 2007). The strongest evidence comes from the *Oportunidades* and *Bolsa Familia* programmes, which reach approximately a quarter of the Mexican and Brazilian populations respectively. Mexico's *Oportunidades* (formerly termed *Progresa*) links cash and in-kind transfers to school clinic and school attendance; Brazil's *Bolsa Familia* is a family stipend that requires school attendance, growth monitoring and immunisation and prenatal care for pregnant women (De Janvry et al, 2005). Both programmes are well targeted, highly effective in terms of positive outcomes on indices such as child health (Gertler, 2004), school enrolment and performance, and reduced child labour (Skoufias, 2005; De La Briere and Rawlings 2006; Rawlings and Rubio, 2005).

Despite this evidence from Latin America, there are two arguments for not imposing conditionalities within the South African context. The first is that conditions typically generate substantial costs. These include both administrative costs associated with dispensing grants, along with the various transaction, opportunity and social costs invariably borne by those seeking to access grants.^{xvii} The second and perhaps even more compelling argument is that many of the problems they seek to address, such as child labour and lower levels of school enrolment for girls, are virtually unknown in the South African context. Although CSG receipt elevates school attendance, it does so off an already extremely high base (Delany et al, 2008). While there is a gender difference in school attendance, it is only among older children and, contrary to the international experience, sees fewer boys aged 14–17 (91 percent) attend school than the corresponding cohort of girls (94 percent). Not only are school enrolment rates relatively high and undifferentiated by gender, the empirical evidence suggests that clinic visits and participation in immunisation and growth monitoring programmes are also high (Delany et al, 2008). Instead, where social services are underused, the problem frequently is a supply-side constraint rather than a demand-side problem (Lund, Noble, Barnes & Wright, 2008). Even within the Latin American CCTs, research has increasingly foregrounded these supply-side constraints (Bourguignon, Ferreira and Leite, 2002; Rawling and Rubio, 2005). Some argue that an important effect of conditions with CCTs is to garner political support from politicians and the public (Grosh et al, 2008).

Finally, it is useful to point out the limits of the data in understanding even the comparatively well-researched Latin American CCT programmes. Firstly, it remains difficult to establish precisely whether it is the conditions or the cash that exact the developmental gains (Gertler, 2004). Secondly, after running for little more than a decade, longitudinal data on access to social transfers as long-term interrupters of poverty is not yet available. However, it seems likely that breaking the intergenerational cycle of poverty requires more than just access to primary health care and school enrolment – it will depend on a host of factors such as the quality of education, the availability of employment and the rates of return to education.

2. Economic effects

Economic benefits of social grants

Social transfers generate complex economic effects, both at a micro level for beneficiaries and at an overarching macro-societal level. The literature on the relationship between social grants and macroeconomic growth is neither systematic nor definitive. Some of the most notable efforts to discern the effect of social transfers on economic growth have been conducted in the developed world, and consist of cross-country studies comparing social expenditure and economic growth, the hypothesis being that if social grants inhibit economic growth, social expenditure would be negatively correlated with country level growth. However, many factors influence economic growth and much of this data is inconclusive. Gauging the effects of social grant expenditure on economic growth is further hampered by the fact that supporting economic growth is seldom an explicit objective of social transfers, or measured (Barrientos,

2008). Many studies consequently show either no statistically significant correlation between social transfers and growth (cf. Perotti, 1992), or as a relatively detailed Organisation for Economic Co-operation and Development (OECD) study suggests, significantly positive results only for certain types of direct social transfers (Arjona, Ladaique and Pearson, 2001). Conversely, little evidence exists to suggest they inhibit growth (Bourguignon, 2004).

There is considerably stronger evidence of social transfers supporting a host of microprocesses that benefit grant beneficiaries, their households and communities. The preceding section describes how cash transfers support improvements in consumption and the accumulation of human capital. This in turn enhances labour productivity and potentially earnings, and if there is a degree of intra-household sharing and mutuality, these individual gains ought to benefit other household members (Devereux, 2001b). There is also evidence of the economic returns strengthening the accumulation of human capital; Behrman and Rosenzweig (2001) estimate that within the developing world every US dollar invested in early childhood nutrition produces at least a threefold increase in economic gains. There is much anecdotal evidence for this: for instance, high levels of social expenditure (including a social pension for five decades) are credited with lowering once high Mauritian poverty rates to the lowest in Africa (Roy and Subramanian, 2001). Public transfers also strengthen the economic position of beneficiaries by supporting economic activity. In the South African context cash transfers have been variously shown to support investments in productive assets and activities (Lund, 2002; Ardington and Lund, 1995); facilitate labour market engagement (Keswell, 2004; Kingdon and Knight, 2000; Posel, Fairburn and Lund, 2004); and contribute to the development of local markets (Cichon and Knop, 2003). The mechanisms and processes by which these economic effects work are described in the following three sub-sections: improving the management of risk and insecurity; facilitating saving and investment; and supporting the development of local markets.

Improving the management of risk and insecurity

Public transfers not only elevate present consumption, they can also enhance security and the management of risk, thereby protecting consumption, income and assets in the future. As suggested at the outset of this review, vulnerability, defined as the susceptibility to livelihood threatening shocks, is a defining feature of poverty

Social transfers potentially protect recipients against various livelihood shocks, such as illness, drought and the loss of employment, by providing a larger resource buffer than they would otherwise have access to. In the absence of such a buffer, as much of the literature on coping suggests, households facing livelihood threatening insecurity trade away long-term economic viability for short-term consumption (Corbett, 1988; Devereux, 2001c). This is because shocks induce 'distortions in inter-temporal resource allocation, forcing a focus on current consumption in preference to investment' (Barrientos, 2008, p.27).^{xviii} Social transfers therefore help the impoverished avoid liquidating their productive assets such as tools, livestock or land (often at depressed prices), or engaging in survivalist behaviours with long-term negative or irreversible effects, such as eating their seed stock, or cutting back on their children's nutrition

or schooling. Examining data from Honduras following a hurricane, Carter (2007) demonstrates the cumulative quality of poor households' downward spiral of disinvestment: a 10 percent loss of assets depressed household growth by 18 percent, relative to cases where assets had been retained. Keswell (2004) examines South African panel data to show how the SOAG enables poor households to avoid inefficient insurance mechanisms.

Social transfers not only provide a safety net to prevent people from having to exchange their long-term welfare for their immediate survival, they potentially provide a springboard into potentially higher-value activities. To protect current consumption from shocks and avoid fluctuations in income, the poor tend to be highly risk averse. They engage in precautionary low-risk, low-return agriculture and production methods, pursuing strategies to diversify rather than specialising in activities and keeping savings in liquid but low-yield forms (Morduch, 1999). Although the cost of these risk management strategies is difficult to quantify, and much data is derived from studies of rain-fed smallholder agriculture and pastoralism, Dercon (2006) estimates the poor sacrifice as much as a quarter of their income in return for security. Social transfers provide opportunities by enabling the poor to take risks, and to generate higher returns for resources such as their labour and assets.

Finally, through its tempering of risk by buffering consumption in the face of shocks, and by enabling grant recipients to harness risk in more lucrative activities, social transfers compensate for poor people's lack of access to markets for insurance against risk. This is significant because private markets for risk and financial intermediation among poor people are generally underdeveloped and ineffective. Devereux (2001a) attributes this to 'information asymmetries, chronic poverty, lack of collateral, covariant risk and high transaction costs' (p.514). Within the South African context, many impoverished black South Africans purchase funeral cover (and a smaller group, life insurance), yet formal insurance against disability and the loss of income, and short-term insurance, tends to be extremely rare. Social transfers are useful not only because markets for risk sharing are ineffective, but also because there is a general paucity of alternative policy instruments available to address this (Jalan and Ravallion, 1999).^{xix}

Facilitating saving and investment

By enabling impoverished households to better plan for the future and smooth consumption, public transfers not only facilitate savings on the part of beneficiaries, they allow them to access and leverage other resources and finance. Although concerns have been expressed that receipt of social pensions may crowd out savings, this is not borne out by empirical data. Instead, the evidence suggests that social grants increase savings (Barrientos, 2008).

The investment effect associated with social grants is robust and has been noted in several countries, including Bolivia, Brazil and South Africa (Grosh et al, 2008). The economic effects of public transfers are further magnified if they are used to multiply income, with Devereux noting 'At the individual level, even tiny consumption-smoothing public transfers can have "mean-shifting" outcomes, since the capital-constrained poor often invest some incremental income in farming or small-scale enterprises' (2001a, p.515). For instance, in Kenya the lean season's

Work for Food programmes enabled households to acquire additional agricultural inputs and increased net returns to farming by 52 percent. In Bolivia the annual *Bonosol* social pension in rural areas, routinely spent on agricultural inputs, raised food consumption by an equivalent of 165 percent of the value of the grant (Martinez, 2005). Sadoulet, De Janvry and Davis (2001) compute a productive conditional transfer to have income multipliers of 1.5 to 2.6 in Mexico. These benefits are enabled by the cash value of the grant, and also by the certainty and regularity of the transfer, which allows beneficiaries to plan around a reliable income stream. Social transfers help beneficiaries to access bank credit in Latin America and are an important part of microcredit programmes in Bangladesh (Lund, 2002).

In South Africa, Lund (2002) notes how rural beneficiaries strategise to use grant income to secure credit, hire equipment, and buy agricultural inputs across the entire production cycle of ploughing, planting, weeding and harvesting. Other evidence from South Africa shows how savings from the state pension allow people to buy consumer durables, improve housing and invest in productive assets (Ardington and Lund, 1995). The potential investment benefits of social grants are contextually dependent and vary across programmes, groups and settings. Barrientos (2008) suggests: 'Broadly, transfers have greater effects amongst rural households with deficits in complementary "productive" assets (e.g. inputs, labour)' (p.26), in both low and middle income country contexts. Although the way social grants support economic activity within South Africa's urban contexts is more varied and perhaps more difficult to analytically capture than readily observable rural agriculture, there is evidence of similar economic synergies (Du Toit and Neves, 2006; 2007a).

Even though the CSG is significantly smaller (less than a quarter the size) of the state old age pension, and the literature on social transfers is far from unanimous on whether there are critical income levels below which households cannot invest (Carter and Barrett, 2006), research shows evidence of savings and investment. Child Support Grant recipients are more likely to have bank accounts and some form of savings than those who are eligible but non-receiving. Of CSG recipients, 42 percent have a bank account (versus 24 percent of eligible non-recipients) and are more likely to report savings in some form, versus 20 percent of grant-eligible non-recipients (Delany et al, 2008, p.34). (However the causal directionality of the relationship is not entirely clear: grant recipients might open bank accounts or bank account holders may be more likely to successfully apply for grants). Disaggregated by province, about 30 to 40 percent of recipients have bank accounts reflecting that they are relatively near to bank facilities and range from a high of 56 percent in Gauteng to a low of 23 percent in the Northern Cape. Delany et al (2008) find that although having a bank account was more common in urban areas, the proportion of savings accrued did not vary markedly across urban and rural sites. Focus group data suggests that while savings levels are low, the CSG grant does enable recipients to participate in *stokvels* (informal mutual savings societies).

Supporting the development of local markets

Not only do social safety nets encourage diversification into riskier activities that offer potentially higher returns, individual economic gains potentially have aggregate or cumulative economic effects. Receipt of social grants functions as a Keynesian stimulus to growth by increasing purchasing power in the most economically marginalised of areas. Within the South African context, grants are often received within particular kinds of spatial poverty traps: the former homelands areas and the ethnic urban townships of South Africa. These areas continue to bear the imprint of apartheid-era planning, which has inhibited the development of conventional settlement patterns and functioning local markets. Social grants therefore inject liquidity and stimulate local trade in what are not only resource-poor zones, but also thin and underdeveloped markets. The effects of social grants within these locales are vividly evident in the large, itinerant monthly markets that cluster around pension payout points in South Africa. The precise magnitude of the multiplier effects is difficult to judge and is typically computed only for grant beneficiaries, rather than larger groups. This is a fecund topic for future inquiry. International evidence, such as two studies in Mexico, observed increases in both productive assets and consumption among non-beneficiaries in receiving areas, relative to control groups (De Giorgi and Angelucci, 2006; Barrientos and Sabates-Wheeler, 2009).

3. Social empowerment effects

This section looks at the social effects of grant receipt, and the way social grants serve to empower beneficiaries within informal systems of social exchange is considered. This is followed by a review of the evidence for relatively subtle social empowerment effects in relation to the state.

Empowerment within informal systems of social exchange

Formal systems of publicly-funded social protection coexist alongside informal forms of social support and what Bracking and Sachikonye (2006) term 'informal social protection'. Systems of informal social protection are an important component of the context into which resources from formal systems of social protection enter and circulate. These informal systems mediate, and are simultaneously shaped by, social grant receipt. The livelihoods of the poor are often highly complex and varied, frequently incorporating disparate activities and actors across multiple areas, particularly as many African households are often stretched across the urban and rural poles (Spiegel, Watson and Wilkinson, 1996). This diversity of activities, household members and locales enables impoverished households to capture opportunities and mitigate shocks. Key to these is inter- and intra-household reciprocity and exchange.

The poorest and most marginal of the poor, however, face constraints in gift exchanges and systems of exchange 'because they have weak social networks and lack tradable assets (including labour)' (Devereux, 2001a). Social grants, because they are paid regularly and in cash, provide bargaining power within these systems of reciprocity. They give recipients something valuable to trade socially, either directly in the form of resources or in the ability to give their labour and time (Møller and Sotshongaye, 1996). Du Toit and Neves suggest: 'Gifts and favours,

formal exchanges, family histories, financial, emotion[al] and moral debts all have an impact in reciprocation practices, and balancing of the resulting obligations take place according to calculations shaped by social norms and personal relations' (2009a, p.23). Social grants are therefore an important lubricant in these networks of social exchange.

Social grants strengthen the position of the marginalised within networks of social reciprocity, without which they would be disempowered. Both Sagner (2000) and Barrientos and Lloyd-Sherlock (2002) document how the SOAG allows otherwise marginalised elderly people to acquire social capital and transact within these informal networks. Pension receipt incentivises the care of the elderly and underwrites their claims to receive support when frail as well as repositioning them within households. It cements the role of (particularly) elderly women as the resource lynchpins around which marginalised households are constituted and also enables them to engage in care work, specifically of grandchildren.

In understanding how receipt of a social grant animates these larger networks of mutuality and reciprocal exchange, it is useful to consider how formal systems of public and private welfare, including social transfers, are invariably augmented by unpaid domestic work. Largely invisible and highly gendered, the burden of care work is disproportionately borne by the most impoverished and marginalised of women, for not only do daily demands need time and energy in the absence of resources (such as basic infrastructural services and domestic appliances), but they are likely to care for the dependents and tend the homes of the less poor. Across the globe impoverished care work tends to be externalised downwards to the less affluent, in spatially extended 'care chains' (Hochschild, (2000; Katz, 2001). In the South African context a common pattern is for the homes and children of the urban middle classes to be tended by a woman whose own children and home is tended (perhaps in a distant rural area) by other female kin in a spatially extended sequence of care. In this way the task of reproducing the household is 'outsourced' down to the poorest, and frees up everybody else in the chain to engage with the labour market. This largely unacknowledged labour, delivered daily in the peripheral areas of the townships and former homelands, represents the social back end of systems of formality. The bottom links of the care chain are where the disabled, retrenched, occupationally injured, the retired and children of migrant mothers are cared for.

While social protection underpins systems of social reciprocity, it is important not to over idealise them, for they are both fragile and exact high costs. Not only are these informal transfers between the poor susceptible to shocks such as the mounting care burden imposed by HIV and AIDS, they also exist in a realm marked by the exercise of power and even coercion along the familiar social stratifiers of race, class, lineage and generation. Social reciprocity is often underpinned by the power of dominant groupings compelling the less powerful to play their part in the exchange, and should not be idealised as an unequivocal, costless good. The functioning of social reciprocity does not simply reflect an altruistic maximisation of resources, but also unequal and gendered relationships (Sagner and Mtati, 1999). Some commentators have cautioned that expanding systems of public welfare such as the conditionalities of the

Latin American CCT programmes (Molyneux, 2006), or appeals in South Africa for voluntarism in home-based care for the AIDS sick, risks compounding the burden of unpaid labour (Hunter, 2006). Social grants strengthen networks of care, but they can also potentially displace even larger responsibilities for the dispensing of care on economically marginalised women, already bearing considerable burdens of sustaining their households.

Social empowerment in relation to the state

Many of the effects of social protection are relatively discernible, but it is important to also be attentive to less readily apprehendable effects. There is evidence of subtle empowerment effects associated with social transfers. In Colombia for instance, mothers had to interact with schools as part of their conditional cash transfer (CCT programme). Evaluations revealed *Progresa* in Brazil served to raise awareness of the importance of educating girls (Grosh et al., 2008). It also eroded the status-based barriers that marginalised, poorly educated parents often experienced when engaging with the education system (Combariza, 2006). In Mexico, educational conditionalities have seen increased community attention to, and pressure against, teacher absenteeism (Grosh et al, 2008); in Turkey, the registration by women of their marriages and children functioned to draw them into the protection conferred by family law (Ahmed, Quisumbing and Hoddinott, 2007). Although these empowering (or conversely, marginalising) dynamics appear to be under-researched within the South African context, many of the underlying aspects of social exclusion (gender, education, locality) are broadly applicable. In addition, millions of residents of the former homelands have their rights as the citizens of formal civic authority curtailed by their status as the subjects of hereditary traditional authority (Mamdani, 1996). On one hand successfully accessing a social grant requires one's claim to citizenship be affirmed through the acquisition of an identity book, in a process that may evoke an ethos of citizen participation and voice. On the other hand, the micro politics of exchanges between applicants and officials is not inherently empowering: some researchers have observed officials deliver exhortations to CSG applicants that are patronising and moralising (Goldblatt and Yose, 2004, cited in Lund et al, 2008). How, precisely, grant receipt interfaces with entitlements of citizenship, empowerment and identity in the South African context seems largely unknown and undocumented.

4. Political effects

In addition to the welfare, social and economic benefits associated with social transfers, social grants can potentially generate substantial effects within larger political processes.

While social protection is occasionally imagined to be inimical to growth-led development, particularly by commentators on the right, it is frequently part of the political changes associated with market liberalisation. The socially ameliorative function of social protection potentially enables states to undertake market-orientated political change. By fulfilling their redistributive goals through social protection, policymaking in sectors such as macroeconomic policy, trade and labour are absolved of this imperative. This enables these sectors to price for efficiency and focus on growth rather than job protection, a common experience both in the

developing world and the transitional economies of Central and Eastern Europe. Several, such as the World Bank (2005), therefore endorse the use of specific redistributive mechanisms, advancing them as preferable to compensatory mechanisms within each sector.

The use of social protection to free up a market-focused state, and mitigate the harshest social effects of structural adjustment and economic liberalisation, is not without its historical contradictions and reversals. For example, consistent with structural adjustment throughout Africa, Malawi abandoned market-distorting fertiliser subsidies in the 1980s. Yet acute food insecurity in the 1990s convinced foreign donors to finance an annual programme of fertiliser and seed because subsidising food production is more cost-effective than delivering food aid (Devereux, Baulch, Macauslan, Phiri and Sabates-Wheeler, 2007). This study notes how the policy pendulum swing has seen the reintroduction of economically rational policies to support the rural poor, only now under the banner of 'social protection'.

Social transfers not only potentially free up a market-orientated state, they also elevate the likelihood that economic growth will benefit the poor. Although the relationship between inequality and economic growth is complex, and there is considerable evidence of variation in growth-related poverty reduction both within and between countries (Chen and Ravallion, 2004; Barrientos, 2008), comparative studies show that inequality undermines the redistributive effects of economic growth, perversely skewing the benefits to those who are better off (World Bank, 2005). Focused redistributive mechanisms, such as public transfers, help ensure that the opportunities and benefits of economic growth are likely to include the poor, a group that is often far removed from the benefits of growth (Bourguignon, 2004). As high levels of inequality tend to buttress institutions and policies profitable to incumbent elites, public transfers that serve to narrow the inequality gap serve to shift these policies (De Ferranti et al, 2004). Hence reducing inequality can feed into forms of political and economic change that support accumulation by the poor. Seekings (2002) argues that the combination of an efficient, progressive income tax system and generous state social pension serves to reduce inequality in South Africa by more than anywhere else in the developing world.

Apart from allowing the state to engage with growth-orientated reform and shifting political process to be more inclusive of the poor, social protection frequently incorporates other kinds of local political imperatives. These often reflect the specifics and histories of implementing societies. In several states the expansion of state welfare has been a key part of efforts to forge a renewed social compact between the state and citizenry, with great symbolic importance. The expansion of public transfers coinciding with the repudiation of military dictatorship in Brazil in the late 1980s, and the 1990s demise of apartheid in South Africa are good examples of this (Barrientos et al, 2003). In South Africa the replacement of the highly racially skewed State Maintenance Grant (received by less than one percent of Africans) with a lower cash value universal Child Support Grant, served to underscore the national commitment to non-racialised social solidarity (Lund, 2008). Social grants have contributed to social cohesion and, notwithstanding occasional dissent, enjoy comparatively high levels of support across all strata

of South African society. Findings from the HSRC 2006 South African Social Attitudes Survey (Noble, Ntshongwana and Surender, 2008) accordingly showed that approximately two-thirds of respondents agreed with the assertion that 'The government should spend more money on social grants for the poor, even if it leads to higher taxes'. All the more remarkable, nearly 63 percent of those in paid employment (and therefore actually paying tax, or closest to the prospect of doing so) agreed with the statement (Noble, Ntshongwana and Surender, 2008, p.13). In addition, the political effects of expansions in public transfers extend beyond their contribution to social solidarity; they have had far more pragmatic political effects.

In middle-income, high inequality societies such as South Africa and Brazil commentators have suggested that welfare grants function to reduce social unrest, especially in economically marginalised peripheries (Barrientos, 2004). In addition, they represent effective and politically palatable ways of bolstering purchasing power, especially in rural areas, and, with state pensions, doing so at little risk of creating work disincentives. Social grants crucially support rural livelihoods in both societies, particularly in the context of structural change and liberalisation of the agricultural sector. In Brazil the pension and disability benefit has become a key instrument in supporting rural development and agricultural policy (Lund, 2002), whereas in South Africa state pensions have not only become the key resource for many rural households, they are also the resource lynchpins around which rural households are formed. Evidence suggests that many rural South African households are effectively formed around the grant receipt (Woolard and Klasen, 2004). Social grants have arguably served to temper urban migration from rural areas and slowed down South Africa's urban transition.^{xx} The smaller value CSG is more loosely associated with demographic effects, but households where a respondent receives it are larger than those that do not (Delany, Ismail, Graham and Ramkissoon, 2008). South Africa's political, social and demographic landscape may look very different if it were not for social grants.

5. Negative effects of social grant receipt

Debates surrounding social grants invoke concerns about their negative effects, including how they provide opportunities for clientalism and corruption in relation to the state, dependency, the distortion of markets, negative impact on family structures, work disincentives and discourage private savings. Perverse incentives such as elevating fertility rates among teenagers have also been attributed to social protection. Several of these, such as the potential problems of clientalism, market distortions and dependency, either appear to be under- or unresearched, or are generally unamenable to empirical inquiry. The following section examines labour disincentive effects, the displacement of private remittances in the face of public transfers, the potential perverse incentive effect of social grants on fertility, and the question of unproductive and wasteful expenditure of grant income.

Labour disincentive effects

In certain contexts social grants are associated with labour disincentive effects, where the income from public transfers induces beneficiaries or members of their households to withdraw

from, or become reluctant to engage in, labour markets (Moffitt, 1992). This is consistent with standard economic theory that holds that rising incomes result in lower labour supply, as beneficiaries enjoy leisure over work. Labour disincentive effects are more likely to be felt in developed countries and are associated with comparatively generous benefits, which substitute for labour market earnings, and eligibility criteria that are tied to income levels. They are generally of less concern in developing countries because benefits levels are relatively low, and social transfers complement rather than replace the earnings of able-bodied adults. Much of the evidence from Mexico (Parker and Skoufias, 2000), Brazil (Leite, 2006) and Romania (Birks Sinclair & Associates, 2004 cited in Grosh et al., 2008) suggests that grant-receiving adults work no less than randomised control groups. Barrientos suggests 'The predicted adverse effects of social transfers on labour supply are not observed in many developing countries because of offsetting factors. Notably, transfers can facilitate migration, encourage additional labour supply from other household members, and reduce the incidence of days in which recipients are unable to work due to ill health' (Barrientos, 2008, p.33).

In South Africa the comparatively generous SOAG is associated with withdrawal from the labour market by its beneficiaries, although pensioners are generally not expected to work. In fact, as able-bodied, working-age adults are excluded from the South African system of social transfers, and none of the various categories of beneficiaries (children under 15 years, the disabled, the elderly) are presumed to be working, it is extremely difficult to suggest that social grants in South Africa have direct disincentive effects on beneficiaries. While the CSG might be received by a working-age adult on behalf of a beneficiary child, it is equally difficult to argue that the sum of R240 might displace, rather than augment, other earnings. With the larger SOAG, the eligibility criteria for the SOAG are not necessarily scrupulously applied, and only consider the income and assets of the applicant and his or her spouse, and not that of the household more broadly. The SOAG therefore appears to provide limited incentive for other household members to withhold their labour. After all, co-resident, prime-age adults could continue to work (or look for work) secure in the knowledge that their earnings will not reduce welfare transfer income to the pensioner in the household.

Despite this, Bertrand, Mullainathan and Miller (2003) examined South African data and found what they argued were work disincentive effects: in pension-receiving households prime-aged (15–30 year old) male household members undertake less work and have a lower probability of employment. However, when Posel, Fairburn and Lund (2004) re-examined the data they found that the Bertrand et al study was inattentive to the realities of the dispersed nature of many impoverished South African households – in almost a third of cases the household had a non-resident household member that was missed out in the Bertrand et al study. This finding effectively switched the association between pension receipt and labour supply from negative to positive and thereby negated Bertrand et al's argument.

Pension receipt in South Africa is associated with higher levels of migration from rural households, particularly by working-age women. These effects are particularly strong when a

woman, as opposed to a man, receives the SOAG. It is suggested that receipt of a SOAG aids prime-age women within the household to negotiate and overcome constraints they face to urban labour migration. These include not only the costs associated with migration, but also the need to care for children, who can be entrusted to a pension-receiving grandmother. In much the same way as social transfers serve to lift credit constraints, they can lift care constraints within households. This is consistent with international evidence suggesting that where receipt of social transfers lower labour supply by elderly adults and children, it is often compensated for by increases in labour supply among adults (Barrientos, 2008).

Crowding out private remittances

A strand of argument raises the concern that public transfers may serve to displace or crowd out private remittances. This displacement of private transfers would dilute the effects of public transfers and make the erstwhile sender of a remittance an indirect or secondary beneficiary of the transfer programme (Cox and Jimenez, 1995). Crowding out dynamics are likely to be context specific but research suggests no evidence of them in Ethiopia and Kenya (Lentz and Barrett, 2005), or China, Indonesia, Papua New Guinea and Vietnam (Gibson, Olivia and Rozzelle, 2006).

In the South African context, research over a decade ago suggested that 40 percent of black South Africans receive or give remittances (Cox and Jimenez, 1997). Examining national data sets, Jensen (1998) calculates that each publicly-funded rand received by a household reduces private transfers between 20 to 40 cents. But in much the same case as Bertrand et al (2003) this statistic did not take into account the structure of African households. Jensen could not tell how many of the sampled households were spatially stretched, or what the withdrawn remittances were being spent on. Lund cautions: 'Crucially, the "crowding out" theory depends on the idea of households with clearly defined boundaries; societies in which labour can be deployed freely; and societies in which types of work and the form of income and remittances can be accurately measured. South Africa offers challenges in all these respects' (Lund, 2002, p.687–688). Posel's (2001) re-examination of some of the data found that the (typically urban) remitters were generally not living by themselves (the most common household form was of two adults and one child), and that the presence of children of school-going age at the remittance sending pole of the household was associated with declines in the amounts remitted to rural households. Simply because a remittance ceases to be sent to the rural pole of the household, does not necessarily mean it is not being productively redirected in the urban locale. The welfare effects of private remittances are a zero sum game only if the various interconnected components of households are considered in isolation.

A final point in thinking about the dynamic between private and public transfers is that eligibility assessments for state old age support in Germany, Italy Portugal and Spain take income of the applicant's children into account; by contrast jurisdictions such as Belgium, France, the Netherlands and United Kingdom do not (De Neubourg, C., Castonguay, J. and Roelen, K. (2007)). The precise relationship between private and public resources in the claims

to public transfers are therefore far from universally understood or applied. Instead, they entail political, ethical and cultural understanding of the relationship between public and private, between younger and older generations, between entitlement and obligation.

Elevating fertility rates

The concern that the CSG might be incentivising women to bear children is a frequently cited popular concern in South Africa. However, the precise contours of this concern do not appear to be clearly enunciated in the literature (Goldblatt, 2003). Generally, it may include the fear that the grant may be elevating fertility rates among adolescents and that women bear children to access the CSG while passing the care of these children onto others, thus inappropriately using the grant for their own consumption. Intuitively, it seems unlikely that a relatively small benefit would have a significant decision on reproductive decision-making in light of the total psychological effort, time and monetary investment required to bear and raise a child. Hunter and Adato (2007) document how young women have a clear understanding of these costs associated with children, but there is further evidence to counter concerns over mothers claiming the grant and leaving their child in the care of others. Only a fifth of teenagers who bear children are CSG recipients (Makiwane, Desmond, Richter and Udjo, 2006). The data indicates that children whose mothers are present are more likely to receive a grant (44 percent) relative to those whose mothers are not present (38 percent) (Case et al 2005), thus calling into question the spectre of mothers receiving the grant and abandoning their children to the care of others. Even more convincing is that the parents of grant-receiving children are older than average. Case et al (2005) draw on area-based demographic data to show that only 3.7 percent of CSG grant recipients were teenage mothers, versus the 8.7 percent of teenage mothers who are not receiving a grant – a significant five percent differential. Therefore, despite popular concerns of teenage girls becoming pregnant to access the CSG, they are less likely to claim it: ‘disproportionately, it is older mothers who apply for grants’ (Case et al, 2005, p.469). Finally, studies of the CSG (Makiwane et al, 2006; Department of Social Development, 2006; Moultrie and McGrath, 2007) note that fertility rates for teenage girls rose rapidly in the 1980s, then declined before the introduction of the CSG in 1998, and have since remained stable despite the presence of the grant. Finally these increases in teen fertility were across virtually all social groups including those, such as middle-class white teens, who would generally be ineligible in terms of income criteria.

Inappropriate and wasteful expenditure

Arguments against direct state cash transfers focus on the irrational, wasteful and misdirected spending that recipients engage in, or can potentially engage in. Du Toit and Neves (2006), drawing on data from a study commissioned for the National Treasury, suggest that although some evidence can be found of wasteful expenditure among the 48 case studies they examined, adjudicating the appropriateness of grant beneficiaries’ expenditure is difficult. Describing a specific case study, they show how the expenditure on a range of consumption items (such as in traditional ceremonies) served an important role in cementing otherwise

vulnerable grant recipients within social networks and strengthened their entitlement. In light of the fact that poor people support themselves from a variety of sources and that these are diverse, concerns over the appropriateness of expenditure on certain non-essential commodities often reflects limited understanding of the complexity of impoverished livelihoods. Given the reality of impoverished livelihoods it is difficult to think of material goods and commodities that could not in some way support them. For instance, Skuse and Cousins (2007) demonstrate the importance of cellular telephony, (initially viewed as a technology item for the affluent), for maintaining links with distant benefactors. Even alcohol, often a touchstone of inappropriate consumption, is often an integral part of forging social mutuality, particularly when consumed communally (McAllister, 2001). Du Toit and Neves (2006, 2009b) do not suggest that there are no instances of inappropriate and wasteful expenditure, they simply argue that much of what is regarded as inappropriate expenditure reflects a lack of understanding of the livelihoods of the poor.

A final point concerns the common refrain that social grants may be generating dependence. Much of the previous section indirectly speaks to this question, and suggests the way in which social grants serve to strengthen welfare and individual autonomy. Lentz, Barrett and Hoddinott (2005) critically re-examine the notion of dependency, and make a useful distinction between 'positive dependency', which is welfare enhancing, and 'negative dependency', where external aid undercuts recipients' ability to meet their own basic needs in future: they find little evidence of the latter in the African context. Furthermore, Devereux (2001a) argues that 'displacing informal safety nets with public or market-based alternatives is likely to be socially and economically preferable' (p.513). It is useful to note that in many cases, narratives concerning the negative effects of social transfers in the South African context uncritically recapitulate North American and western European concerns regarding perverse incentives, moral hazards and dependency (Meth, 2004). These concerns reflect the particulars of the social contexts from which they originate, namely relatively affluent societies with high employment rates and often historically comprehensive welfare benefits. Simply transposing these concerns locally is inattentive to the specifics of the South African context, and the precise dynamics of how social grants are actually used. These issues are the focus of the empirical findings section of the research.

6. Qualitative analysis

Introduction: data and methodology

The qualitative research focused on the Cape migrant network, which incorporates the urban Western Cape and rural Eastern Cape. This has been shaped by the economic and social dynamics described in the literature review. In the impoverished peripheries of the Eastern Cape's former Transkei homeland the local agrarian economy has waned and urban remittances have declined. In the metropolitan centre of Cape Town in the Western Cape, employment prospects for unskilled urban dwellers have receded. Although the Cape migrant network has a particular geographical context, many of the underlying dynamics and patterns of urban and rural livelihoods are broadly applicable to African households elsewhere in South Africa.

The qualitative inquiry builds on a household survey undertaken by PLAAS and the Chronic Poverty Research Centre (CPRC) in 2002, which sampled 1 358 households. This was followed by extensive qualitative fieldwork in 2005 when 48 households from this sample were interviewed in detail. Evenly split between urban and rural, these households were selected from the lowest deciles of income distributions and reflect a comparatively impoverished subgroup. Of this group, 10 households, each of which had at least one social grant-receiving member, were studied in depth through multiple visits and interviews over several months. This fieldwork consisted of interviewing various household members as well as understanding the webs of social exchange within which each household was located. The latter was through interviews with other individuals and households, identified as significant sources or recipients of aid by the index household. Return visits in 2008 and 2009 captured changes over time within the households. Four of these case studies are presented in this report.

Although the case studies are specific, the strength of the qualitative inquiry resides neither in its broad representivity, nor its generalisability in an expansive, quantitative sense. Instead, the value of the case study material lies in illustrating particular points and dynamics, along with specific social and structural relationships. In the discussion that follows, the larger dataset of qualitative case studies are drawn on, but the selected four case studies are used to illustrate particular points and dynamics. First, however, the context of the research setting is detailed.

Research setting: Impoverished households within the Cape migrant network

Black African households have since the early twentieth century been constituted in the context of oscillatory rural-urban labour migration. Households frequently take on a geographically stretched (Spiegel, Watson and Wilkinson, 1996) quality, described in the literature review, as they are split between rural and urban locales. Throughout much of South Africa, including the Eastern Cape, unaccompanied circular male migratory labour under apartheid has become supplanted by female, informal, oscillatory labour migration in the post-apartheid era. Migration to locales such as the migrant-receiving Western Cape enables impoverished African

households to access urban opportunities. These include employment, including informal self employment, and the benefits of infrastructure such as electricity, water and housing, and more ready access to urban-based state services such as education and medical care. However, urban migrants frequently maintain links with the rural areas, which remain a base for livelihood-threatening shocks such as illness or the loss of a job and eventual rural retirement. For instance, a common response to urban shocks such as illness or retrenchment is to send non-economically active household members, such as children, back to rural homes where they are often cared for in 'skipped generation' homes of grandchildren and grandmothers.

The livelihoods of the impoverished also frequently take on this spatially dispersed quality. Geographical diversification enables household members to capture livelihood supporting opportunities and to hedge against risk and shocks. Similar diversification is evident in the often broad range of livelihood supporting activities members of impoverished household engage with and the portfolio of financial instruments they draw on. Key to understanding the use of social grants entails understanding these dynamics, along with the social relationships that animate them.

The systems of social reciprocity described in the literature review section are crucial in underpinning the survival of impoverished households. Social reciprocity, exchange and informal social protection (Bracking and Sachikonye, 2006) are frequently evident within and between households, and take in the rural-urban extended networks described above. Constituted through practices, institutions and ideologies of mutuality (including church, sports, youth, savings groups; local community and trade associations; traditional ceremonies, initiation rituals, funerals, feasts), they are crucial in understanding impoverished livelihoods. These practices provide the context within which social grants are received and used, and determine how opportunities and costs are distributed within extended social networks. Four case studies that capture these dynamics are briefly summarised below. The unabridged versions are in Appendix I. A detailed discussion follows the brief case study vignettes.

Case Study 1: Mamzoli Fikile

Social pension-receiving Mamzoli is an elderly woman living in the deep rural Eastern Cape region of the former Transkei who receives a social pension. She was visited by the research team between 2005 and 2009. Mamzoli's comparatively comfortable homestead is the rural pole in a much wider system of social reciprocity and kin-based support. The widowed Mamzoli worked as an urban-based domestic worker for many years, following which she retired to the village. Mamzoli's extended rural household consists of herself, her daughter-in-law and half a dozen grandchildren. Although Mamzoli's household benefits from the moral and material support of several of her urban-based adult children, a key benefactor is Mamzoli's son, Simpiwe. Simpiwe is formally employed and this has enabled him to support his siblings and improve their education and employment prospects. He also bought his mother the gas-powered fridge she uses to augment her pension by vending meat and alcohol. This, and Mamzoli's petty agricultural production, enabled her to leverage and multiply the resources of

her social pension. The full case study documents the larger synergies between the people in this extended system of livelihood making, and also details how Mamzoli's receipt of a social pension enabled her son to send a smaller remittance. Relieved of this burden, Simpiwe worked fewer hours, completed his schooling and demonstrably improved his employment prospects.

Case Study 2: Vavile Xaba

The Cape Town township residence of SOAG-receiving Vavile looked like a distinctly failed investment when first visited by the research team in 2005. The RDP-style house^{xxi} was nothing more than an incomplete shell abutted by a dark and damp shack, and was home to elderly Vavile, his wife, their adult daughter, young granddaughter and a disabled adult stepson. With Vavile's relatively unfavourable history of informal work and low levels of asset accumulation, the household subsisted largely off the stepson's disability grant, Vavile's social pension and the small-scale vending of fruit and vegetables. By 2009 the picture had changed: the household had saved their grant income and successfully mustered the labour and materials required to complete the house. The quality of their accommodation had improved markedly, which the household members proceeded to furnish with the credit-based purchase of various consumer durables and furniture. The case study suggests these are significant investments in urban domesticity and respectability. Furthermore, it speaks to the household's firm commitment to urban-based investment and residence.

Case Study 3: Vuyiswa Magadla

Vuyiswa is a partially-sighted and arthritic elderly Xhosa woman living in a shack settlement on the outskirts of urban Cape Town. After the death of her husband three decades before, vulnerable and marginalised Vuyiswa managed to get herself reincorporated to her premarital extended kin. She had worked in Cape Town in the 1980s as a domestic worker, and received a disability grant in 2000, which was later superseded by a state social pension. The full case study details how Vuyiswa's grant income not only enabled her to subsist, it also supported a diverse range of productive activities, either by her or others. These activities included Vuyiswa's small-scale vending, her care for her (employed) niece's infant, and even her saving up for her daughter's *izila* (coming out of mourning) ceremony. By 2009 the household's composition altered, a change catalysed by the upgrading of the shack settlement. This resulted in Vuyiswa's boyfriend becoming co-resident, and she was tending his small shebeen, now run from her shack. The case study suggests that Vuyiswa's receipt of a social grant has been key to her survival. She used the grant in dynamic ways to generate value within the household and cement her place within extended networks of social reciprocity.

Case Study 4: Simon and Veronica Zama

In 2005 Simon, his wife Veronica and two minor sons, occupied a pair of mud huts in the former Transkei region of the rural Eastern Cape. Even by modest village standards the household was extremely impoverished; its economic marginality had its roots in Simon's occupational injury and loss of employment following a mine accident decades earlier. At the time of the research

team's first visit in 2005, Simon and Veronica were ailing and eking out a livelihood by doing menial labour within the village (mud block making, mud plastering, wood gathering), and receiving some child support grant income and a remittance from an urban-based adult daughter. The household also relied on social reciprocity within their extended kin network but, significantly, Simon was poised on the age-eligibility threshold for a social pension. The research team's subsequent return saw the household use Simon's new social pension income in ways which they had themselves earlier predicted: they improved their food consumption, upgraded their housing and proceeded to invest in livestock and agrarian production. By 2009, at the conclusion of the research period, Simon and Veronica were investing considerable effort and grant income in building a new home nearby for their soon-to-be-adult teenage son. They readily explained this investment of resources was intended to cement their entitlement on their son; his nearby residence intended to ensure them of support in their old age.

Discussion of qualitative results

The place of livelihood strategies

The case study material draws attention to the importance of understanding grant recipients' broader livelihood and survival strategies. Although the research participants are all relatively impoverished, and have largely unfavourable histories of employment and asset accumulation, the strategies pursued in the four case studies are highly divergent. Mamzoli sought to position herself as a source of rural succour and kin care, at the same time presiding over small-scale retail and agrarian production, all within a much larger and geographically dispersed system of formal sector employment and provisioning. Vavile and his household sought to engage in small-scale retail and consolidate his efforts and investments in a respectable urban residence. Vuyiswa engaged in a shifting repertoire of survivalist activities, which she used to maintain her supportive social connections and foothold in a shifting urban context. Simon and Veronica used a social pension to engage in petty rural accumulation as they invested in cementing their enduring entitlement on their eldest son into their old age. Beyond the overarching objective of securing survival, these strategies reflect particular constellations of individual capacities, opportunities and histories. Because they serve to shape household level decisions concerning proper social relations, residency, investments and accumulation, these factors need to be adequately conceptualised to understand how social grants are used.

A key quality unifying the research participants is their careful strategising to exploit existing resources, juggle constraints and attain their desired future outcomes. While these elements were gleaned from in-depth interviewing about both past actions and future plans, many of these elements became starkly evident when examining the shifts in activities that accompanied significant social and material transitions. These transition points were evident in Vuyiswa's reconfiguring of her household in response to the departure of her niece, the sequence of expenditure associated with Simon's receipt of a social pension, and Simpiwe's reconfigured remittance to his mother Mamzoli following her receipt of a SOAG. These key transition points serve to elucidate both the objectives of a recipient's household members and the underlying logic that often drove it.

Household decision-making

Examining the livelihood strategies of grant recipients also needs careful attention to decision-making processes. The data shows that coherent and effective decision-making is associated with households able to marshal resources and co-ordinate the actions of their members. A major component of success is that the household has a centre of authority, and is able to co-ordinate its collective efforts. For example, in the case study of Mamzoli, decision-making between her and her son Simpiwe saw them connected in a complex, spatially extended kin network which allowed them to co-ordinate their actions and reallocate Simpiwe's resource flows. This process of decision-making and livelihoods is enacted over time and becomes fully comprehensible only when taking a longitudinal view.

In addition, it is helpful to bear in mind that decision-making processes are seldom readily explicable in terms of altruism, selflessness or a universal imperative to maximise collective good. Instead, they are shaped by deeply held, culturally-embedded norms of acceptable behaviour, appropriate social relations, of justifiable entitlement and obligation. People do not simply rationally pursue context-free optimal strategies to secure their livelihoods, instead they act in ways that are socially meaningful and culturally congruent. These processes, however, are not over-determined by culture either and they frequently reflect local and contextual accommodations. For example, Samkile's continued residence at his stepfather's house is inconsistent with traditional Xhosa mores concerning residential arrangements and the norms of patrilineal descent. However, Samkile's need for care, the absence of maternal kin who can adequately care for him and, crucially, the material incentive provided by his disability grant, prompt the pragmatic decision to retain him in the household.

Social grants and consumptive expenditure

A common theme within the case studies is the use of social grants to support consumptive expenditure, such as food, fuel and other basic subsistence goods. Food was a key item of expenditure and research participants unfailingly described using social grants to buy food and basic grocery items. Recipients often reported shopping for groceries on the day of, or day after, receiving their grants. In the small towns of the former homelands where social grants represent a major source of income, grant payout days, which are staggered and do not necessarily fall on the last day of the month, result in a massive and discernible influx of shoppers into towns. In the rural areas, grant payout days also catalyse itinerant, pick-up truck-based travelling markets, which trail the mobile cash payout convoy.



A transient pension-day market close to a grant payout point in the rural Eastern Cape. An armoured pension payout van is visible in the background. Photo: David Neves

The way larger value grants, particularly the SOAG, benefit household members in addition to those formally named as beneficiaries is relatively well-documented in the case studies. In addition the qualitative inquiry also elicited details of how even the smaller value CSG is often apportioned and distributed among several final recipients or activities. This is evident in the example of Vuyiswa's daughter remitting R200 of her CSG to her mother in the Eastern Cape with whom her child is resident, and retaining R40 for her own purposes. In reality, resources are not only split and circulated, they are commonly pooled. In response to researcher questioning, many research participants would cite the appropriate official response, namely that the CSG they received was used for consumptive expenditure for the designated child. In many cases, however, further sensitive inquiry saw respondents readily concede to pooling the resources of the grant for use among older, officially ineligible children, and even the household more generally. This accounts for the spread of the welfare effects of the CSG among other non-receiving children within households, noted in the quantitative inquiry.

Although food and consumables are a frequently reported source of expenditure in the qualitative data, judging the precise magnitude of the expenditure – especially by appealing to

the notion of average monthly expenditure, in lives often filled with contingency, seasonality and little insulation from livelihood shocks – is difficult to do with precision. It is far easier to gain a sense of what research participants bought with their grants, and the findings are considered in the following section.

Social grants and expenditure on productive assets, physical and human capital

After food, fuel and other basic consumptive items the second most commonly cited use of social grants was for schooling children or grandchildren (or even great grandchildren). Schooling-related expenses were a major reported use of social grants and included school fees – widely paid, particularly in rural areas, despite the fact that grant recipients are officially exempt – transport for schooling, uniforms, stationery and other small, irregular amounts (for field trips, sports days, cultural events). Examples of school-related expenditure are noted in the case studies of Simon and Veronica, Vuyiswa and Mamzoli. The qualitative data validates the generally well-documented finding that not only the CSG, but also the SOAG and DGs are frequently used for education-related expenditure. The costs of providing school-going children with lunch, or money for a snack at school, was readily enumerated by research participants as part of the package of expenses associated with schooling. Support for children's schooling was an often cited part of the social grant expenditure; it represents a significant trans-generational transfer and investment in human capital formation for many impoverished households.

After consumptive expenditure and schooling, a third major avenue of expenditure was the upgrading of accommodation and housing. The expenditure of social grant resources on accommodation was framed by the strategies and decision-making imperatives discussed earlier concerning the optimal place of residence, domestic investment, household composition and proper social relationships. Upgrading accommodation was a common objective to which grant income was directed, saved and leveraged. In the qualitative data these investments were particularly discernible in relation to the SOAG and DG, due to their comparatively large size (especially relative to the CSG). Accounts of investment in housing were prominent in the case studies of Vavile and Simon and Veronica, and were also undertaken by Mamzoli. Housing is not only a durable asset, which represents an investment in quality of life; it is also often an important part of propriety and respectability. So ubiquitous were investments in accommodation that the act of not investing is significant: Vuyiswa's expenditure of limited money and effort in the upgrading of her accommodation was not simply an act of omission, but reflects her assessment of the impermanence of shack living. The impending upgrading of the entire settlement will see the existing structures razed and replaced. In addition shack dwellers also frequently report to limiting investment because of the risk of devastating shack fires.

Simon and Veronica invested in livestock and aimed to buy fencing; however, there were other examples in the 2005 inquiry of investments in productive assets such as agricultural implements, hand tools and the occasional sewing machine.

Social grant receipt and financial market behaviour

This section examines social grant receipt in relation to financial market behaviour, including investing and borrowing. Other kinds of important but non-monetary activities facilitated by social grants are then examined.

Social grants and savings behaviour

Social grants recipients routinely save their grant income through a range of informal saving mechanisms. Reports of *umcalelo* (mutual savings society) membership were relatively widespread and evident in the case studies of Vavile and Mamzoli. It was not always easy to discern what *umcalelo* savings were intended for, although spending on homebuilding (such as Mamzoli's new room), consumer durables and furniture, along with ceremonies (particularly traditional rituals and Christmas) were prominent. The enforced quality of *umcalelo* savings, located as they are in regular social gatherings, and the way they serve to protect income from claims by others, appeared to be a major part of their appeal. Research participants also occasionally reported engaging with formal and retailer-driven forms of savings, including lay-buys for clothing or building materials and buying Christmas stamps from supermarkets (vouchers purchased throughout the year and redeemable in December).

In the larger qualitative dataset, reports of bank account use were comparatively rare and generally associated with two groups. The first group was the often urban-based younger women, most likely to be receiving child support grants. They possessed the literacy and social confidence required to open and use a bank account, and often rudimentary English or Afrikaans language skills. The second group of was clustered among often older research participants who had a history of formal employment, and were therefore usually men. This group was often of retirement age, had varying degrees of literacy, and usually some vocationally-acquired English or Afrikaans language proficiency. Many opened accounts while working in the formal sector. This group was also the most likely to report a variety of other savings mechanisms such as endowments, annuities, fixed deposit bank savings and provident funds. While an even smaller minority reported saving provident fund payouts in bank accounts, bank accounts were generally used as transactional rather than savings vehicles.

For the impoverished grant recipients, the transactional abilities conferred by bank accounts often constituted a major part of their attraction. Recipients occasionally complained of bank fees (they 'eat the money' is a common refrain), although recipients often had their grants paid into their bank account to overcome the need to be at a designated pension payout point, at a fixed time, each month. This is an important strength in the context of widespread oscillatory urban-rural migration. In addition, accounts were often used to distribute funds, for example recipients would often lend ATM cards and PINs to family members to transact (usually withdrawing cash) on their behalf. It was also evident in even more complicated practices, such as Veronica's Johannesburg-based daughter receiving two CSGs in her bank account, which she transferred into the account of an Eastern Cape resident kinswoman, who in turn withdrew the

cash in a small town, which was subsequently collected by Veronica's husband on horseback from her village. In these transactional practices, the infrastructure of the formal banking system was intertwined with informal practices of sociality.

In considering the use of savings instruments, an important methodological issue is that the precise nature of financial investments held were not always understood by the respondent. Respondents, for example, described having life insurance when they actually had an endowment policy, or they complained their medical expenses were not covered by their 'insurance', which on further scrutiny proved to be a life policy. Much of this detail could only be unravelled by perusing participants' documentation. In light of the vagueness among informants concerning the nature of their savings instruments, along with the occasional difficulty even the experienced fieldworkers had in categorising instruments (for example, was an equity-linked retirement annuity a pension or a unit trust?), two caveats need to be flagged. Firstly, it underscores the fact that these behaviours and mechanisms are best explored with a focused enquiry on financial instruments (Collins, 2005), which was well beyond the brief of this research project. Secondly, it may call into question some of the purported precision with which the larger national datasets record savings instruments.

Social grants and borrowing

Social grant recipients engaged in both formal and informal borrowing. Bank borrowing was exceedingly rare, and not documented in any of the in-depth case studies. This may reflect the theory that recipients' often low income poised them beneath the threshold of bankability. A relatively common form of borrowing, exemplified in the case studies by Vavile, was furniture store credit. Other often cited sources of retail-based credit were extended by hardware stores and building materials merchants.

Straddling the division between formal and informal was credit extended for the purchase of consumables and grocery items by local *spaza* shops or rural trading stores.^{xxii} Levels of borrowing and debt seem to increase in line with the household income, notably the social grants received. The regularity and (relative) certainty of social grant receipt, along with the often public nature of grant receipt (particularly in rural areas), often appeared to make many grant recipients relatively attractive borrowers for retailers and informal lenders.

In several cases respondents reported little borrowing, but when interviewed in-depth and located within their larger social networks, much higher levels of informal borrowing emerged. Much of the informal borrowing was intertwined with social obligation. Borrowing blurred into social relationships, and was subsumed within the practices (and registers) of *boleka* (loosely 'borrowing'), *isipho* (gift-like giving), *uyampha* (helping; or more discrete or unceremonious giving) or *tshintsha* (forms of exchanging) and remittances. In the realm of informal borrowing a distinction was often made between forms of borrowing, where the borrowed commodity was to be reciprocated with the same item (usually money or food) in future versus forms of borrowing where an item of only approximate commensurate value and type was to be returned. The varied nature of the borrowing and some of these fine gradations are evident in the single example of Veronica and Simon's relationship with Philemon. Philemon loaned them various objects (livestock, money), purchased groceries or replaced a broken tool for which they paid him back, and engaged in more indeterminately reciprocated transfers of food or money. The

centrality of social reciprocity in relation to borrowing is highly significant and discussed in detail in the section on Social grants and social reciprocity.

Using social grants to leverage household resources

Grants were not simply consumed, saved or borrowed against; they were used to leverage household resources in other ways. This included synergistically supporting economic activities, such as informal economic activity and labour market engagement, along with providing the material basis for care work.

Social grants and economic activity

Social grants are used to support economic activities. In the 2005 research it was calculated that in at least 10 out of a total of 42 grant-receiving households, receipt of a social grant directly supported other economic activities (Du Toit and Neves, 2007a), functioning as seed capital or operating capital for small survivalist enterprises. Within the expanded case studies these dynamics were evident in the case studies of Mamzoli and Vuyiswa. In seeking to understand how grants support these economic activities, it is important to stress that the focus ought not simply to be on the grant-receiving individuals or their immediate households, but on the broader social network or system. For instance, Mamzoli's beer and meat retail drew on efforts by her minor grandchildren (dispatched to purchase alcohol for subsequent resale), and also relied on those of her distant son Simpiwe, who had his own family and household. This arbitrage between social grants and informal economic activity enables receiving households to harness their time, labour and social connections to maximise the value of the transfer.

Social grants and care work

Social grants are not only used to leverage economic activity within receiving households, they also frequently facilitate the generation of other kinds of value, namely performing care work. Care work is analytically elusive and frequently overlooked in analysis, yet central to the lives and livelihoods of impoverished people. Understanding care work is crucial to understand decision-making, along with inter- and intra-household resource flows. The 2005 data showed that in 14 out of 42 grant-receiving households (which were predominantly clustered in the rural Eastern Cape), receipt of a pension or disability grant made it possible to do care work, such as looking after minor children or other kin in need of care. The higher value SOAG and Disability Grants proved especially important in bolstering the extended care networks that enabled this childcare; however the CSG was also routinely received by caregivers. The way in which social grants enabled a recipient to reconfigure their activities and engage in caring for children or a disabled person is documented in the case studies of Mamzoli and Veronica's care of their grandchildren and Vavile's disabled stepson Samkile. Grant receipt in some cases provided the material basis for care work, which in turn freed up other working-age household members to engage in paid work, or even migrate to look for work. Hence Mamzoli and Veronica's care for their grandchildren facilitates their adult daughters' (and in Mamzoli's case also her daughter-in-law's) ability to take on paid employment. Similarly, Vuyiswa's case study shows how her receipt of a DG enabled her to care for her niece Nolusindiso's child, while Nolusindiso in turn secured employment as a domestic worker.

As noted in the literature review, the demands of care work can constitute a considerable burden (Hunter, 2006), around which households carefully strategise and organise. The demands of care work were particularly evident in relatively labour constrained households. For instance, elderly Vavile returned to tending his stall throughout the day after his intermittently-ill daughter was drawn away to care for her newborn infant and could no longer help him. The imperatives of socially reproductive labour, of which care work is an important part, meant that even children frequently contribute to it, such as 13-year-old Zandile, in Vuyiswa's case study, who both received and provided care at her grandmother's rural homestead. In the skipped-generation households of grandparents and grandchildren which feature so prominently in rural South Africa, grandchildren are seldom entirely passive recipients of care. They often contribute significant labour within impoverished households, as is evident in the case studies of Veronica and Mamzoli's grandchildren, who were drawn into small-scale agricultural labour.

The key imperative to engaging in socially reproductive labour, including care work, reflects a number of factors within impoverished households. The absence of resources magnifies the demands of social reproduction. Substantial effort is needed to substitute for the absence of labour-saving devices and utilities such as piped water and electricity, which means that water must be fetched and wood collected. The burden of this domestic labour accrues disproportionately to the social group typically responsible for the internal economy of the household, namely women. The economically marginalised are compelled to engage in care work, because they are often least able to pass the burden of social reproduction downwards – for it is they who provide the cleaning, guarding, child and elder care for more affluent groups. Hochschild (2000) describes how care work is delivered by poor women, whose own children are tended to by even poorer women, often within geographically extended care chains. The demands of this socially reproductive labour are compounded by other factors, such as the informal property regimes of the poor, whereby continued access to resources is often secured through possession, occupation and communal recognition, rather than through formal systems. In the South African context, the need for care work is increased by high levels of migration, whereby households are frequently stretched between sites of urban economic opportunities and the rural locales of lower-cost residency where the young, incapacitated and the elderly often live.

Social grants and social reciprocity

This section argues that social grants support the livelihoods of the impoverished, and the informal social protection introduced in the discussion, by facilitating social reciprocity. The institutions, ideologies and practices of mutuality are where entitlement and obligation are enacted. Social reciprocity and the redistribution of value it facilitates are central in the survival of impoverished South Africans. Theoretically, the working of social reciprocity has been described in a number of ways, including in terms of social networks and social capital. Although social reciprocity is sometimes described in terms of a socio-biological register, of

'self-interested' or 'altruistic' behaviour, it is particularly useful to think of it in terms of cultural rules and historical trajectories. This section argues that social reciprocity represents not only a strongly felt social and moral imperative, but constitutes an important form of investment in their survival by economically marginalised people, by strengthening their ability to make moral claims against others in future.

The workings of social reciprocity can be thought of in terms of two separate but intertwined dimensions: the first is that recipients demonstrate that they are deserving and worthy of assistance, and the second is that they are able to reciprocate in future.

The first dimension is a person's worthiness as a recipient. Encompassing their self-presentation, this entails they be dignified and respectable, and often relies on a carefully cultivated comportment, captured in the Xhosa word of *isidima* (dignity). This quality is marked by dignity, propriety and appropriate forms of sociability or what Nyamnjoh (cited in Ross, 2005) calls 'conviviality'. The case studies illustrate the role of social respectability, strongly evident in the self-presentation of Vuyiswa and Simon and Veronica, and a key part of their ability to access the beneficence of better resourced individuals. For instance, Vuyiswa saved a considerable sum from her Disability Grant to fund her daughter's *izila* ceremony. The ceremony required a lavish (for an impoverished household) celebration, complete with food and drink for all guests, along with buying new clothes and consumer durables (including a bed) for the daughter. On the face of it, diligent saving for a once-off event seemed imprudent and even perplexing. However, when this decision was understood in its social context, including the manner in which successful completion would enable the daughter to remarry (and secure her place in a new patrilineage) and to rightfully return to work (thereby generating an income), these actions become far more comprehensible. The extent to which it served to reaffirm Vuyiswa's moral claims to support against her daughter and cement herself within her kinship network was important. In contrast, by way of a hypothetical example, if Vuyiswa were to become an unco-operative, undignified, uncivil, argumentative or cantankerous aunt or grandmother, it is difficult to imagine that her extended kin would support her to the extent that they have.

The worthiness and respectability of an individual is distinct from, yet linked to, the second dimension – their ability to enter into exchange. Reciprocation implies the ability to exchange at some point in future, but as the recipients of social reciprocity are recipients precisely because they are resource constrained, this often sees them performing socially reproductive labour. They engage in tasks such as looking after the children, the sick or frail, they maintain homesteads, cook, clean, and provide agricultural labour. As was suggested in the literature review, social grants fulfil a crucial role by providing the material basis to engage in these forms of labour, and thereby effectively underpin systems of social reciprocity and systems of informal social protection (Bracking and Sachikonye, 2006). In this way, formal systems of grant receipt interact with these informal systems of social protection. South African society has been highly monetised for a century; there are scant prospects for an autarkic existence in a realm

outside of monetised exchange. It is these networks and horizontal exchanges between people of broadly similar socioeconomic status that link formal social protection to informal social protection, and serve to connect marginalised people to the resources for their survival.

Several examples exist of these investments in social reciprocity, including Veronica and Simon's investing of their grant income in building a homestead for their son; Vuyiswa's use of her DG in caring for her niece's daughter and support for her widowed daughter's *izila* ceremony; and Mamzoli's care for her grandchildren and storing items in her fridge for others. These acts can be thought of as investments because they divert resources from immediate consumption, with the (often tacit yet reasonable) expectation of reciprocation and support in the future. The gains of these investments are not interest, dividends or capital growth, instead they are about cementing future social entitlements from others.

Two additional points can be made about social reciprocity. The first is that networks of social reciprocity incorporate their actors on different terms. The particular form that provisioning for ones' household and kin assumes depends on a host of factors, including the individuals' demographic characteristics and position in relation to resources. For example, both Simpiwe and Vuyiswa support their households, but do so in typically gendered ways. Simpiwe supports his kin network through remittances from his formal job, his careful allocation of resources, and support and encouragement to his extended family. Vuyiswa supports her household through the care she primarily delivers within her kin context. Both of them contribute to their households and enable its survival, but in very different ways.

The second is that it is important to note that while these dynamics are social and relational they have important material manifestations. Prosperity involves the accumulation of appropriate material goods. The rural case studies illustrate one of the traditional sources of rural respectability and wealth, namely ownership of, or access to, livestock. The centrality of livestock to rural accumulation strategies and its place as a store of wealth and source of social prestige is suggested in the case study of Simon and Veronica. Even the loan of livestock enabled them to lay claim to the animals' value and social prestige. Anthropological literature is replete with accounts of the social dignity and value associated with cattle ownership and its centrality to communal life. Although the communally harnessed spans of oxen for purposes of animal traction are rare, the use of oxen for ritual slaughter, transfer (through bridewealth payments or *lobola*) and communal consumptive purposes (feasts) continues to tie them to the most potent of public acts in the Southern African countryside. In the decline of agrarian livelihoods, a solid marker of rural respectability is a comfortable rural homestead, particularly the reception rooms of slightly better off households. Furnished with store-bought furniture rather than grass mats or rough wooden benches, this is where visitors, such as the research team, are received. These rooms are not simply investments in domestic comfort (indeed, they were often relatively unused for day-to-day living), they are significant markers of social respectability. They proclaimed the inhabitants to be people of substance, to be dignified, successful and worthy of respect.

Urban areas offer up different contexts for material accumulation and the accoutrements of dignified living with which inhabitants surround themselves. Material artefacts and furnishings are an important part of popular conceptions of a respectable home, and markers of social respectability. Hence the formal upgrading of shacks introduces an imperative to formalise relationships and invest materially. In urban township contexts of formal housing, ownership of goods, such as domestic appliances, is often central to local construction of proper urban and modern living (Meintjies, 2001). The centrality of material investment as a marker of social respectability was echoed in Vavile's strenuous investments in his domesticity and household durables.

Summary of qualitative findings

The qualitative data suggests the importance of paying careful attention to the livelihoods and the processes of decision-making of grant recipients, in order to understand how they use social grant income. The case study material documents how resources from social grants are directed towards consumptive expenditure, along with a variety of investments in productive assets, physical and human capital. Looking at financial market behaviour, the qualitative data points to the way in which grants are frequently saved via informal savings mechanisms, whereas bank accounts are comparatively rare among the impoverished research participants. Bank accounts, but to a much larger extent other formal savings instruments, are generally found among people with a history of formal employment. Where they are held, bank accounts are treated as transactional rather than savings vehicles, and are sometimes used by people other than the formally designated account holder. With borrowing, bank loans appear to be rare, possibly reflecting the poverty of the small sample. Far more common were reports of obtaining credit from both formal and informal retailers. The data also suggests that the regularity and reliability of grant income enabled recipients to borrow. Finally, when borrowing behaviour was located within the minutiae of research participants' social lives, comparatively high and variegated forms of informal borrowing and mutual assistance became apparent.

The qualitative analysis also sought to carefully understand the way in which social grant receipt serves to leverage household level resources. Clear examples of grant income being used to support economic activity were presented, as this often provided the material basis for recipients to perform unpaid socially reproductive care work. This generated value and, in several cases, this freed up working-age adults to engage in remunerative employment. These dynamics are in turn reliant on the way in which social grant receipt functions to underpin social reciprocity. In this way, formal systems of social protection support systems of informal social protection. Social reciprocity is intertwined with social respectability. Social grants strengthen the ability of recipients to enter into cycles of social reciprocity, and thereby ameliorate their vulnerability. Social grant receipt therefore does not simply elevate consumption, or facilitate forms of fiscal investment, it enables investment in social relationships that are crucial to how poor people survive.

7. Quantitative analysis

Introduction

This section buttresses the findings of the qualitative analysis by employing both descriptive statistics and a more rigorous propensity score matching approach. The latter identifies a credible comparison group that serves as a substitute for the absence of a formal control group, in accordance with quasi-experimental design. Building on past quantitative research (Samson et al 2008), this analysis sheds light on how receipt of South African social grants affects savings, credit and other developmental indicators such as education, nutrition and reported hunger.

The findings from the analysis suggest that those receiving social grants (treatment group) had an increased tendency to save using bank saving accounts or *stokvels*, owned life insurance and used other savings mechanisms when compared to individuals in a similar socioeconomic standing who were eligible to receive social grants, but did not (control group). Moreover, it finds that the treatment group had a decreased tendency to use more formal borrowing mechanisms relative to the control group, particularly with commercial banks and building societies. This is an encouraging finding since it indicates that grant recipients are less exposed to unfavourable terms of formal lending given their increased levels of income (e.g. high interest rates). However, in contrast to this, the treatment group has an increased tendency to borrow from informal, relationship-based lending sources such as family members and local shops.^{xxiii} Drawing from a recent propensity score matching study completed by EPRI in 2008, further developmental impacts are found with respect to Child Support Grants. ‘Specifically, the findings show that amongst *all* CSG-eligible children, school attendance was increasing and hunger was declining during the 2002–2004 period, but the reduction in hunger was approximately 4–7 percentage points greater and the proportion newly in school was about 6–8 percentage points higher amongst those receiving the grant.’ (Samson et al, 2008).

Data and samples

The main objective of the analysis is to evaluate the impact of the receipt of grants on household participation in financial activities. The dataset used in this analysis is a panel dataset extracted from Statistics South Africa’s Labour Force Surveys for the years 2001, 2002 and 2003. Individuals who received any kind of social grant were linked across these years in the surveys of about 30 000 households. The final panel dataset contains 14 223 individual observations and 5 303 households. The panel data allows the researchers to see the impacts of grants receipt on the changes in the variables of interest over time.

The sample frame for this analysis is the set of linked households across the three years which did not receive any kind of social grant from the South African government in 2001. Two treatment groups were identified: individuals who received no grants in 2001, but received one or more grants in 2002 and 2003; and individuals who received no grants in 2001, but received

one or more grants in 2003. The impact of the receipt of grants on use of savings in bank accounts, savings in *stokvels*, savings in pension plans or retirement annuities, cash loans which are expected to be repaid, life insurance and other savings is assessed. The impact of the receipt of grants on the use of various borrowing mechanisms, namely cooperatives, commercial banks and building societies, land banks, government agencies, *stokvels* and non-governmental organisations (NGOs) is also assessed.

Methodology

In impact evaluation, the theoretically ideal situation (ignoring practical and ethical issues) is to conduct a randomised experiment. In a randomised experiment the researcher assigns individuals or households to treatment and control groups randomly, which helps to eliminate certain kinds of bias. The fundamental assumption is that the individuals or households in the treatment and control groups are statistically comparable observations (i.e. they have the same observable and unobservable characteristics that influence the outcome, but are uncorrelated to the assignment to the groups, in this case all the idiosyncratic changes on the final outcome due to something other than the treatment is the same across all individuals in all groups and, therefore, impacts can be measured by applying a difference-in-difference approach). Alternatively stated, the effect of the treatment is simply the difference of outcomes between the treatment and control groups. Unfortunately, social scientists rarely have the opportunity to work with randomised experiments because of the serious issues of ethics and practicality. Giving a grant to someone and refusing it to another on a random basis is unfair to the non-recipients and has enormous welfare implications on the participants of the experiment. Therefore, ethical concerns of randomised experiments in policymaking combined with the large implementation costs often make it politically impossible.

The nature of this project is necessarily non-experimental. Almost all grants are either means tested or categorical (awarded to designated categories of recipients), or both, which makes the grant recipients and non-recipients non-comparable without a correction for the resulting selection bias. This is why an alternative approach is necessary – propensity score matching provides such a technique for correcting selection bias; it creates a quasi-experimental dataset from a previously non-experimental one. Unable to simply take the recipients as treatment and non-recipients as control groups, this technique identifies a comparable control group – alternatively stated, as a credible comparison group – and estimates the effects.

Propensity score matching is an approximation of the counterfactual – it identifies an estimated credible comparison group that appears to be eligible for the grants, but that is not receiving them.^{xxiv} The reason it is an approximation of the counterfactual and not simply the counterfactual is because it is not guaranteed that this credible comparison group is truly eligible for the grants. In a quasi-experimental setting the main problem is that the individuals in the treatment group are systematically different from the people not in the treatment group because of selection bias. Moreover, geographic and demographic differences may lead to

additional bias. To demonstrate this point, let Y_1 be the outcome on the treatment group, Y_0 be the outcome on the control group and $D=\{0,1\}$ be the indicator if the treatment is received or not, that is if $D=1$ the individual received the treatment and if $D=0$ the individual did not receive the treatment. *In our case Y_1 can be thought of as the savings indicator for the people who do receive grants and Y_0 is the savings indicator for the people who do not receive grants.* The average effect of the treatment on the outcome will be found by:

$$E(Y_1 - Y_0 | D=1) = E(Y_1 | D=1) - E(Y_0 | D=1)$$

Where $E(Y_1 | D=1)$ is just the outcome of the treated group and $E(Y_0 | D=1)$ is the counterfactual expected outcome on the treatment group participants had they not been treated, which we do not observe. What we do have at our disposal is $E(Y_0 | D=0)$, the outcome on the control group, and there is no reason for it to be equal to $E(Y_0 | D=1)$. But if we identify a set of observable characteristics, X , such that conditioned on X , Y and D are independent, then we can treat $(Y_1 | D=1, X)$ and $(Y_0 | D=0, X)$ as statistically identical and can substitute the counterfactual $E(Y_0 | D=1)$ with the observed $E(Y_0 | D=0)$ (Sianesi, 2001).

Propensity score matching

Conditioning on a set of observable characteristics, X , is a complicated process. A propensity score is the probability of an individual of being in the treatment group given X , $P\{D=1 | X=x\}$. It can be shown that conditioning on X is equivalent to conditioning on the propensity scores.

The basic idea is that we find individuals who look a lot like our treatment group but who do not receive grants based on their propensity scores and identify them as our matched control group. Once we have the control and the treatment groups, we can estimate the difference-in-differences in savings and credit behaviours and observe the level of significance of our results. There are different ways of matching individuals and households. The method we employed is caliper matching.^{xv} This method increases the quality of matches but may run the risk of increasing the variance of the estimates (Caliendo and Kopeinig, 2008).

Estimation of Propensity Scores

The propensity scores are estimated by finding variables that are expected to have a high correlation with the receipt of grants (see Table I). Since only eligible households are included in the sample we expect these models to include factors relating to the household ability and motivation. For example, the private costs of applying for grants – travel expense, time lost in the application process, and application requirements – may be more burdensome to some families. In addition, awareness of social grants will most likely affect participation. Moreover, the expected future returns to the investment in the grant application process depend on the life horizon and the age of potential recipients.

There were two treatment groups employed for this analysis – ‘Treatment 1 All’ and ‘Treatment 2 All’. Treatment 1 All is made up of those individuals who received no grants in 2001, but received one or more grants in 2002 and 2003. Treatment 2 All is made up of those individuals

who received no grants in 2001, but received one or more grants in 2003. Use of Treatment 2 All allowed for a larger sample population from which to draw results and findings. The model was estimated with a total sample size of 8 381 households, as per the Treatment 2 criteria. With time series data it is necessary to use the difference-in-differences approach to eliminate the time variant in the estimates. But because our variables of interest are dummy variables (e.g. it takes the value of 1 if the household has savings in a bank account and 0 otherwise), differencing them is less intuitive. Instead, a dummy variable was identified that takes the value of 1 if an individual made use of a financial service in 2003 but did not engage in it in 2001 and 0 otherwise. Our analysis is completed using this newly created dummy variable.

Table I shows the final variables used in predicting receipt of grants and estimating the propensity scores. Not all variables are individually statistically significant at conventional thresholds (95 percent or 90 percent confidence level), but they are jointly significant.

The bigger the household size, the more likely the household receives a grant. Also, the number of children under seven years of age has big positive and statistically significant impact on the receipt of grants, whereas the presence of a working age male has a slightly negative but statistically significant effect. Some of the provinces also have quite significant explanatory power on the receipt of social grants, while others do not (e.g. provinces 4, 5 and 6).

Table I: Statistical determinants of participation in social grants¹				
Treatment Group: Treatment 2 All ²	Coefficient	Std error	z-statistics	P(z)
Household size in 2001	.153	.012	11.84	0.000
Household working age men in 2001	-.050	.024	-2.10	0.035
Household elderly members in 2001	1.00	.060	16.72	0.000
Percent of the household male members	-.27	.094	-2.86	0.004
Household children under seven in 2001	.2007	.0218	9.17	0.000
Household children between 7 and 14 in 2001	-.094	.0187	-5.03	0.000
Ownership of a car	.390	.029	13.40	0.000
Province 1: Western Cape	-.247	.0918	-2.69	0.007
Province 2: Eastern Cape	.151	.088	1.71	0.088
Province 4: Free State	.0506	.094	0.53	0.593
Province 5: KwaZulu-Natal	-.0455	.0902	-0.50	0.614
Province 6: North West	.0528	.0904	0.58	0.559
Province 7: Gauteng	-.345	.0937	-3.68	0.000
Province 8: Mpumalanga	.204	.094	2.17	0.030
Province 9: Limpopo	.363	.087	4.14	0.000

¹ Province 3 (Northern Cape) was dropped from the first stage model by Stata due to high multicollinearity (viz. highly correlated predictor variables in a multiple regression, which make for erratic responses following even small changes in the data).

² Treatment 2 All is made up of those individuals who received no grants in 2001, but received one or more grants in 2003.

Results I: Impact of social grants on ownership of financial assets (saving behaviour)

This part of the quantitative analysis focuses on the impact of social grant receipt on *savings and investment* behaviour, that is, the ownership of financial assets. A priori, receipt of a social grant should allow individuals to save or invest more of their income, allowing for more long-term economic stability and enhanced human development. Savings and investments are disaggregated into several types – this includes bank savings accounts, savings in *stokvels*, pension or retirement savings, investments in unit trusts or shares, cash loans, life insurance, and all other types of savings. Those receiving social grants in 2003 had a higher increased tendency to take part in saving via bank saving accounts, saving in *stokvels*, ownership of life insurance and other savings mechanisms than individuals in a similar socioeconomic standing who did not receive social grants. On the other hand, in the cases of ‘pension or retirement savings’, investment in ‘unit trusts or shares’ and ‘cash loans’, those receiving social grants had a decreased tendency to save via these mechanisms than those in a similar socioeconomic standing who did not receive social grants.

Before applying the propensity matching techniques, a look at basic descriptive statistics comparing those receiving grants with those not receiving grants is useful. On the whole, those receiving grants and those not receiving grants differ in the types of saving mechanisms they employed. In 2003, on average, recipients tended to use *stokvels* and ‘other savings’ more than non-recipients, with a usage rate 2.1 percent and 3.2 percent higher than that of non-recipients, respectively (see Table 2). For all other types of savings, on average, non-recipients of social grants had higher usage. Notably, non-recipient use of ‘bank savings accounts’, ‘pension or retirement plans’ and ‘life insurance’ was 16.3, 18.0 and 18.2 percent higher, respectively, than recipients’ use of the same mechanisms in 2003. Given that those who are not receiving grants are likely to have higher incomes and engage more with the formal sector, these observed differences are expected – the higher one’s income the *less* likely there will be a need to save via informal mechanisms like *stokvels* and ‘other savings’ (recall that these descriptive statistics are based on the full sample, with no propensity matching techniques employed). Notably, for both those receiving grants and those not receiving grants, saving behaviour increased from 2001 to 2003, but the recipients outpaced the non-recipients with an increase in participation in saving behaviour of 1.4 percent (non-recipients increased saving behaviour by only 0.4 percent over the same period).

Table 2: Savings by grant receipt status (descriptive comparison, with no propensity score matching):						
Does this household, or a household member, own any of the following financial assets ³ ?						
Type of Saving	Receiving grants (%)			Not receiving grants (%)		
	2001	2003	New in 2003	2001	2003	New in 2003
Bank savings account	35.6	41.2	19.0	53.5	57.5	17.4
Savings in stokvels	7.6	8.5	7.5	7.9	6.4	5.2
Pension / Retirement	8.2	7.6	5.2	22.0	25.6	13.4
Unit Trusts / Shares	1.7	1.1	0.7	7.3	6.5	3.8
Cash loans	2.1	1.6	1.3	4.2	3.4	3.0
Life insurance	19.0	20.5	12.6	39.8	38.7	12.1
Other savings	2.0	5.8	5.8	3.0	2.6	2.6
Total (average)	10.9	12.3	7.4	19.7	20.1	8.2

Applying the propensity score matching methodology to the constructed Labour Force Survey Panel data, the estimated impacts of the social grants on savings behaviour are identified using difference-in-differences statistical calculations to isolate the impact (see Table 3). Recall that propensity score matching, a quasi-experimental methodology, compares two similar groups of individuals – in this case, one group (treatment group) that is currently receiving the social grant and another (control or a credible comparison group) that is eligible, but not currently receiving the grant. While several treatment groups and versions of the mechanism variables were constructed for the analysis, the results for treatment group 2, which is comprised of individuals who received one or more grants in 2003 but not in 2001, are shared below since this iteration has a higher sample population, allowing for more robust conclusions. The dummy variables for the mechanisms were used as they are much more intuitive than difference constructs and there were minimal differences observed in significance of the results between the dummy and difference variables for the savings variables, with the exception of pensions, stocks and cash loans (see Appendix II). In the latter case of cash loans, the result was strengthened.⁴

³ Constructed Panel Dataset from Statistics South Africa's Labour Force Surveys 2001 and 2003.

⁴ In addition to difficulty of interpretation, difference constructs often require subjective judgments to be made regarding the importance of each difference. For example, if there is a variable that takes on values of 1 → 5, a judgement must be made regarding the importance of 1 versus 2 versus 3 versus 4, etc. The coding of 1 may be 'Always', 2 as 'Sometimes', 3 as 'Frequently', and so on. The quantitative analysis of the difference between 2 and 3 should not be the same as the analysis of 1 versus 2, and yet it is unclear how these differences in weights should be accounted for. Finally, the statistical properties of dummy variables are well-documented and essentially

The treatment group had an increased tendency to take part in saving via bank savings accounts, saving in *stokvels*, ownership of life insurance and ‘other savings’ mechanisms relative to the control group. More specifically, when matched, the treatment group’s increase from 2001 to 2003 was 4.0 percent higher for bank savings account, 3.2 percent higher for saving via *stokvels*, 2.6 percent higher for life insurance ownership and 4.0 percent higher for use of ‘other savings’ mechanisms than the control group. All four of these findings are statistically significant at a 99 percent confidence level with t-statistics of 3.40, 4.43, 2.65, and 6.77 respectively.

On the other hand, there are cases where the treatment group exhibits a decreased tendency to use particular savings and investment instruments relative to the control group. These exceptions are ‘pension or retirement savings’, investment in ‘unit trusts or shares’ and ‘cash loans’ (see Table 3). For these saving mechanisms, compared to the control group, the treatment group has a 4.0 percent *lower* tendency to save using pensions, 1.4 percent lower for unit trusts or shares and 0.6 percent lower for cash loans, with the former two being significant at the 99 percent confidence level with t-statistics of 4.50 and 3.11 respectively, and the latter insignificant at the 90 and 95 percent confidence level with a t-statistic of 1.37. These unexpected findings, particularly with respect to the use of pension or retirement savings, may point to an issue that generally arises when conducting quasi-experimental studies – the problem of finding a credible comparison control group. Individuals that may appear to be eligible based on the matching criteria employed may not *actually* be eligible to receive social grants.

Table 3: Impact of social grants on savings (change from 2001 to 2003)					
Type of savings		Treated (%)	Control (%)	Difference (%)	T-Stat
Bank savings accounts	Unmatched	19.0	17.4	1.6	1.76
	Matched	19.7	15.8	4.0	3.40
Savings in stokvels	Unmatched	7.5	5.2	2.3	4.11
	Matched	7.4	4.2	3.2	4.43
Pension / Retirement	Unmatched	5.2	13.4	-8.2	-11.24
	Matched	5.4	9.4	-4.0	-4.50
Unit Trusts / Shares	Unmatched	0.7	3.8	-3.1	-7.88
	Matched	0.8	2.2	-1.4	-3.11

proven at this point, whereas the statistical properties of difference constructs are more arbitrary and dependent on the specific context of each various construct. For these reasons and for ease of analysis, the dummy variable has been employed.

Cash loans	Unmatched	1.3	3.0	-1.7	-4.73
	Matched	1.3	1.9	-0.6	-1.37
Life insurance	Unmatched	12.6	12.1	0.5	0.68
	Matched	12.7	10.1	2.6	2.65
Other savings	Unmatched	5.8	2.6	3.2	7.38
	Matched	6.0	2.0	4.0	6.77

Still, on the whole, the data suggests that the treatment group has displayed an increased tendency to save and invest, particularly with basic financial mechanisms (bank accounts, *stokvels*). Although the treatment group is still not using bank accounts and life insurance as much as non-recipients, the gap is progressively narrowing. The same cannot be said for more advanced financial instruments like stock ownership and pensions; this is not unexpected as engagement in these areas suggests a higher level of connection with the formal, more advanced economy. Many of the current grant recipients, and even those who are 'officially' eligible, tend to lack connection or meaningful engagement with this level of economic interaction. In addition, the findings about pensions and stock ownership suggest that the matching model used for the analysis may have room for improvement.

Results II – The impact of social grants on credit market activity (borrowing behaviour)

This section of the quantitative analysis focuses on the impact of social grant receipt on *borrowing* behaviour. A priori, receipt of a social grant should allow individuals to borrow *less* as more of their core needs are now being covered by the grant. Borrowing, here, is disaggregated into several types of credit lending activities. These include acquiring credit from co-operatives, commercial banks/building societies, land banks, government agencies, *stokvels*, NGOs, family members, neighbours, local dealers/shops, mashonisias (informal moneylenders), commercial farmers, and 'other' lending. Those in the treatment group exhibit a decreased tendency to borrow relative to the control group, particularly from commercial banks/building societies, government agencies, neighbours, land banks and commercial farmers.

Looking at descriptive statistics, on the whole, those receiving grants and those not receiving grants differ in their borrowing behaviour. Based on 2003 figures, those receiving social grants tended to borrow slightly less (0.4 percent less on average) than those not receiving social grants (see Table 4). This is true for most types of credit – on average, in 2003, those receiving grants tended to use borrowing mechanisms 1.1 percent less for cooperatives, 8.6 percent less for commercial banks, 0.7 percent less for land banks, 0.4 percent less for government agencies, 0.5 percent less for *stokvels*, 0.3 percent less for moneylenders and 0.4 percent less for commercial farmers than those not receiving grants. However, for lending from family, neighbours and local dealers, grant recipients have higher usage rates than non-recipients with

differences of 3.9, 1.9 and 0.7 percent respectively. For NGOs and ‘other’ credit the differences are negligible in 2003. Over the period from 2001 to 2003, recipients of grants decreased their average use of borrowing mechanisms by a bit less than non-recipients, with recipients decreasing their use over the period by 0.2 percent and non-recipients by 0.3 percent.

Notably, the borrowing behaviour of the social grant recipients differs greatly from the savings behaviour of the same individuals. Instead of borrowing increasing, it decreased from 2001 to 2003. This inverse relationship is encouraging and indicative of the positive benefits of social grants on long-term household economic stability and sustainable human development.

Table 4: Credit by grant receipt status (descriptive comparison, with no propensity score matching): Did this household or a household member receive cash loans or buy on credit from any of the following in the past 12 months? ⁵						
Type of credit	Receiving grants (%)			Not receiving grants (%)		
	2001	2003	New in 2003	2001	2003	New in 2003
Cooperative	0.9	0.3	0.3	2.0	1.4	1.2
Commercial Bank ⁶ / Building Societies	2.8	2.4	2.4	8.8	11.0	8.5
Land Bank	0.5	0.1	0.1	1.6	0.8	0.5
Government agency	0.0	0.1	0.1	0.2	0.5	0.4
Credit from stokvels	1.4	0.9	0.9	1.5	1.4	1.3
NGO	0.9	0.7	0.7	2.0	0.7	0.7
Family	11.9	12.1	10.0	10.3	8.2	6.7
Neighbour	12.3	9.3	7.6	8.2	7.4	6.0
Local dealer/Shops	15.7	19.8	14.7	17.0	19.1	14.0
Money lender/Mashonisa	3.0	2.7	2.2	3.9	3.0	2.4
Commercial farmer	0.2	0.0	0.0	0.4	0.4	0.4
‘Other’ credit	1.5	0.6	0.6	1.5	0.6	0.6
Total (average)	4.3	4.1	3.3	4.8	4.5	3.6

⁵ Constructed Panel dataset from Statistics South Africa’s Labour Force Surveys 2001 and 2003.

⁶ Includes credit cards.

Again, in order to more clearly isolate the impact of social grants on borrowing behaviour, use of the propensity score matching techniques are employed, using difference-in-differences statistical calculations to highlight the effect (see Table 5). The results from the propensity matching analysis confirm the suggested findings of the descriptive statistics – the treatment group has a lower propensity to borrow relative to the control group. More specifically, this decreased tendency disaggregates to 0.2 percent less for cooperatives, 2.3 percent less for commercial banks, 0.4 percent less for land banks, 0.4 percent less for government agencies, 0.2 percent less for *stokvels*, 1.6 percent less for neighbours, 0.4 percent less for moneylenders and 0.3 percent less for commercial farmers. However, only the commercial bank, land bank, government agency, neighbour and commercial farmer findings are significant at the 95 percent confidence level and above with t-statistics of 3.31, 2.22, 2.51, 2.14 and 2.10 respectively. Propensity matching findings for cooperatives, *stokvels*, NGOs, moneylenders and ‘other’ credit are insignificant at the 90 percent confidence level (see Table 5). As mentioned, dummy variables for the mechanisms were used as they are much more intuitive than difference constructs. However, unlike findings observed in savings variable specifications, in the case of borrowing behaviour there were substantive changes to robustness depending on the specification of the variable, implying that the results for borrowing mechanisms are not as strong as that of savings mechanisms. Specifically, employing the difference construct rendered the findings for commercial banks, land banks, government agencies, family and commercial farmers insignificant (see Appendix II).

As indicated by the descriptive statistics for borrowing from family members and local dealers, there is a contrary impact observed of social grants on borrowing from these two sources. The treatment group increased its use of family for lending purposes 1.4 percent faster than the control group over the same period. Moreover, the treatment group increased its use of local dealers for lending purposes by 1.9 percent faster than the control group over this period. Both results are statistically significant at the 90 percent confidence level with t-statistics of 1.64 and 1.81 respectively.

Table V: Impact of social grants on credit (change from 2001 to 2003)					
Type of credit		Treated (%)	Control (%)	Difference (%)	T-Stat
Cooperative	Unmatched	0.3	1.2	-0.9	-3.88
	Matched	0.4	0.6	-0.2	-0.84
Commercial Bank ⁷ /Building Societies	Unmatched	2.4	8.5	-6.2	-10.60
	Matched	2.5	4.8	-2.3	-3.31
Land Bank	Unmatched	0.1	0.5	-0.4	-2.48

⁷ Includes credit cards.

	Matched	0.1	0.5	-0.4	-2.22
Government agency	Unmatched	0.1	0.4	-0.3	-2.40
	Matched	0.1	0.5	-0.4	-2.51
Stokvel	Unmatched	0.9	1.3	-0.4	-1.56
	Matched	1.0	1.1	-0.2	-0.55
NGO	Unmatched	0.7	0.7	0.0	0.20
	Matched	0.7	0.5	0.2	0.80
Family	Unmatched	10.0	6.7	3.3	5.29
	Matched	10.5	9.1	1.4	1.64
Neighbour	Unmatched	7.6	6.0	1.6	2.83
	Matched	7.9	9.5	-1.6	-2.14
Local dealer/Shops	Unmatched	14.7	14.0	0.7	0.82
	Matched	14.9	13.0	1.9	1.81
Money lender/Mashonisas	Unmatched	2.2	2.4	-0.1	-0.41
	Matched	2.3	2.7	-0.4	-0.86
Commercial farmer	Unmatched	0.0	0.4	-0.4	-3.21
	Matched	0.0	0.3	-0.3	-2.10
'Other' credit	Unmatched	0.6	0.6	0.0	0.15
	Matched	0.6	0.3	0.3	1.30

Assuming that local shops are generally interpreted by respondents as non-chain, spaza-like shops, both borrowing from local dealers/shops and borrowing from family generally requires a beyond cursory relationship and represents the extension of the grants benefits to the greater community and family. This links directly with previous findings from Du Toit and Neves (2007b): the authors found that the use of grants often extends beyond basic expectations and that these grants are typically transferred within large informal exchange networks with the community and other connected households. Increased lending from family members speaks to the increased informal social safety net provided for by one household's receipt of a grant (i.e. with guaranteed income, the recipients feel more comfortable lending from family members for additional needs). This is also described as 'trading on a grant' (Du Toit and Neves, 2009b). While more formal credit lends itself to greater risk due to interest rate fluctuations stemming from external shocks, the same is not true for informal, relationship-based exchange

relationships between family members or members of the community. Still, it should be noted that the 'borrowing from family' finding was rendered insignificant when employing the difference variable (see Appendix II). Moreover, borrowing from family is difficult to measure as most loans from family members are remittances rather than loans that are expected to be paid back.

Assuming that households go to family for remittances and to neighbours for dealing with shocks, receipt of a grant provides an income buffer, lowering the need for loans from neighbours. Since maintaining and building social respectability is central at all levels of society, the reduction in requests for loans from neighbours is consistent with expectations, as these requests are not looked on highly.

In general, the data suggests that the treatment group is increasing its use of more formal borrowing mechanisms at a slower rate than the control group, particularly with commercial bank lending. On the one hand, this is an encouraging finding as it implies that households are less vulnerable to economic shocks that impact interest rates directly. On the other hand, the findings imply that already vulnerable households are either removing themselves or being removed from access to more formal credit. This could place those receiving social grants in a cycle of economic dependency on the government for their economic welfare indefinitely. This concern is somewhat offset by the findings on borrowing from family members and local shops. However, in the event that an opportunity (e.g. entrepreneurial venture) presents itself, it is unclear whether these people will have enough credit history to access meaningful levels of funding from more formal lending institutions. Thus, while savings are increasing and recipients are borrowing from family and local shops, the formal and informal social protection network provided by social grants may be insufficient to fully lift individuals out of a cycle of dependency.

As a final consideration, in South Africa, borrowing historically has been employed as a substitute for a precautionary demand for saving. With receipt of a grant, a household's income, social capital and social respectability increase. This allows for precautionary demand for savings to grow (as evidenced by the increased tendency to engage in savings behaviour), improved consumption smoothing (as evidenced by a disproportionate increase in the tendency to borrow from local shops) and decreased tendency to borrow from neighbours during shocks.

Results III – Nutrition and education: review of recent child support grant findings from the 2008 EPRI Department of Social Development study (Samson et al, 2008)

Beyond the impact on savings and borrowing behaviour, there are further direct developmental impacts of social grants on education, nutrition and reported hunger. Reviewing results from a recent propensity matching study conducted on Child Support Grants by EPRI, the data points to a positive relationship between receipt of a CSG and increased school attendance of children and decreased child hunger. The treatment group in this study was households that had

received a CSG in both 2003 and 2004. Two hypotheses were tested – whether hunger among children in the household was reduced from 2002 to 2004, and whether school attendance increased among children in the household from 2002 to 2004. The data for this analysis is derived from Statistics South Africa's General Household Survey (GHS). The surveys of approximately 30 000 households over three years (2002–2004) were linked to allow for the analysis of changes in children's outcomes over this period (Samson et al, 2008).

Focusing on the impact of CSGs on hunger, Table 6 presents a summary of the impact estimation results obtained using five alternative matching techniques. Radius caliper matching excludes matches for which the difference in propensity scores (of the matched treatment and comparison group members) exceeds the specified caliper, in this case, a conservative 0.01. Because a common support is imposed, cases that do not meet this criterion are excluded from the estimation. The kernel matching estimator applied is based on a normal density function, and the local linear regressions specify the kernel types as normal and biweight. Each of these first four techniques is implemented in Stata statistical software using the 'psmatch2' module. The fifth technique in the analysis, nearest-neighbour matching with bias adjustment, is a newer technique that was developed in response to concerns first articulated by Abadie, Drukker, Herr and Imbens (2002) that even after removing the conditional bias, matching estimators with a fixed number of matches may not reach the semiparametric efficiency bound for average treatment effects. Their alternative approach, recently incorporated into Stata as the 'nnmatch' command, implements a bias-correction that removes the conditional bias asymptotically, making matching estimators root-N-consistent (see Abadie , Drukker, Herr and Imbens , 2004; Samson et al, 2008).

'We see larger reductions in hunger for CSG recipient households than for those not receiving the CSG (the differences shown in the matched row for each model estimated). As anticipated, the standard errors are slightly larger in the matching estimation as well. The estimate of the difference in reduction in hunger between treatment and comparison group households is fairly consistent across the first four matching methods, ranging from 4.2 to 4.9 percent, but comes short of statistical significance at a 95 percent confidence level. However, the first three differences are very close to statistical significance at a 90 percent confidence level, and the estimated impact in the local linear regression with a biweight kernel type is statistically significant at a 92 percent confidence level. *In addition, the final nearest-neighbour matching estimate that includes the bias adjustment shows a larger difference between the two groups in the reduction of hunger (7.4 percent), and this estimate is statistically significant at close to a 99 percent confidence level.* Thus, with the adjustments made for differences between the treatment and comparison groups through matching, the effect of receipt of the CSG on reducing hunger (from 2002 to 2004) is two to three times larger than the unmatched (raw) difference of 2.5 percent (Samson et al, 2008).

Table 6: Impact of social grants on hunger (change from 2002 to 2004)⁸				
Propensity score matching technique	Treated (%)	Control (%)	Difference (%)	T-Stat
Unmatched sample	32.3	29.7	2.5	1.12
Matched samples				
Radius, caliper = 0.01	32.2	27.7	4.5	1.61
Kernel (normal)	32.3	28.0	4.2	1.60
Local linear regression (kernel-type = biweight)	32.3	27.7	4.6	1.61
Local linear regression (kernel-type = normal)	32.3	27.3	4.9	1.74
Nearest-neighbour with bias adjustment	32.3	24.9	7.4	2.44

Shifting focus to the impact of social grants on educational outcomes, Table 7 presents the results from the models estimating changes in school attendance from 2002 to 2004. ‘The findings are unambiguous in this case; the impact of the child support grant on school attendance is positive and statistically significant with greater than 95 percent confidence in each estimation. For the radius, kernel and local linear matching estimates, the matched difference of approximately 6.0 (the percentage point increase in households with children newly attending school in 2004) is the same as the unmatched difference between the treatment and comparison groups. The difference-in-differences estimate produced by nearest-neighbour matching with bias adjustment is again slightly larger than the others.’ (Samson et al, 2008).

Table 7: Impact of social grants on school attendance (change from 2002 to 2004)				
Propensity score matching technique Key variable: ‘Newly in school’	Treated (%)	Control (%)	Difference (%)	T-Stat
Unmatched sample	40.6	34.7	5.9	2.51
Matched samples				
Radius, caliper = 0.01	40.6	34.3	6.2	2.04
Kernel (normal)	40.6	34.8	5.8	2.08
Local linear regression (kernel-type = biweight)	40.6	34.7	5.9	1.97
Local linear regression (kernel-type = normal)	40.6	34.7	6.0	2.00

⁸Samson et al, 2008

Nearest-neighbour with bias adjustment	40.6	32.7	7.9	2.52
--	------	------	-----	------

Caveats

In the absence of true randomised experimental design, quasi-experimental impact analysis has obvious shortcomings as it is not easy to estimate the counterfactual. However, a quasi-experimental approach is often the only politically and ethically viable approach.

Propensity score matching techniques, in theory, eliminate all biases despite not having a randomised experiment control group. However, this only occurs when the observable characteristics identified completely explain the assignment to the various groups. In the event that these characteristics are found incomplete, the various assignments will be flawed, producing biased estimates. Based on the findings about saving behaviour in pension/retirement funds and unit trusts/shares, there may be room for improvement of the characteristics employed in segmenting the sample population.

An additional caveat is regarding the data itself. The Labour Force Survey relies on accurate answers from respondents for its accuracy. As exemplified by the qualitative case studies, at times individuals do not have full command over their financial behaviour (e.g. mistaking a life insurance policy for a health insurance policy or stating they have a pension when they actually have some other instrument). For many of the findings, particularly for savings behaviour, the results are so robust that errors due to incorrect responses are not of primary concern.

The propensity score matching results for savings are more robust to variable specification modifications compared to borrowing mechanisms. While the findings for many of the borrowing mechanisms are meaningful and conducive to developmental goals, they should be interpreted as preliminary findings given their sensitivity to specification. The fact that borrowing is so low for grant recipients in so many areas – cooperatives, land banks, government agencies, *stokvels*, NGOs, commercial farmers, and other – is part of the reason why these results are less robust.

Finally, the scope this research was directed towards grants in their totality. There may be some unobserved differentiation in outcomes based on various grants received. For instance, it is conceivable that the CSG has a much smaller impact on outcomes than the SOAG or the DG since it is so much smaller. In future research, FinScope^{xxvi} data should be used to look at the impact of the grants disaggregated.

Overall, the findings derived from the data suggest that the receipt of social grants leads to an increased tendency to use saving mechanisms (e.g. bank accounts); to a decreased tendency to use more formal borrowing mechanisms; and, for households with children, trends point to improved nutrition and increased school attendance.

Conclusions

South Africa's social grants are intended to reduce poverty and promote human development. To this effect, the measurable impacts of social grants suggest a diverse collection of developmental impacts beyond meeting basic needs.

In summary, the findings from this quantitative analysis suggest that those receiving social grants (treatment group) display an increased tendency to save and invest relative to comparable individuals in a similar socioeconomic standing, who were eligible to receive social grants, but did not (control group). Moreover, it finds that the treatment group has a decreased tendency to borrow on credit, particularly from commercial banks. However, the findings show that recipients display an increased tendency to borrow from informal, relationship-based sources (e.g. family and local shops). This finding correlates with past qualitative findings from Du Toit and Neves (2006, 2009a). The research's findings on savings mechanisms were found to be more robust to specification changes than borrowing mechanisms.

Drawing from a propensity score matching study completed by EPRI in 2008, further developmental impacts are found with Child Support Grants. 'Specifically, the findings show that among *all* CSG-eligible children, school attendance was increasing and hunger was declining during the 2002–2004 period, but the reduction in hunger was approximately 4–7 percentage points greater and the proportion newly in school was about 6–8 percentage points higher among those receiving the grant.' (Samson et al, 2008).

8. Report findings

The quantitative and qualitative analyses in this report affirm the centrality of social grants in supporting the livelihoods of impoverished South Africans. More specifically, the research points to the importance of social grants in supporting improvements in consumption, investments in productive assets, human and physical capital, and favourable financial market behaviour. The qualitative analysis suggests that social grant receipt plays an often invisible, yet crucial, role within systems of social reciprocity, on which economically marginalised people rely. Social grants support the leveraging of resources within existing systems of informal social protection. They allow otherwise marginalised people to transact within these systems as well as providing material resources for households to flexibly adapt their livelihood-enabling activities in response to their changing circumstances.

1. Social grants support consumption

The literature review noted the documented effectiveness of social grants in elevating consumption expenditure and supporting human welfare (Ardington and Lund, 1995; Case and Deaton, 1998; Lund, 2002; Devereux, 2001a; Delany et al, 2008). These dynamics are strongly affirmed by this research. The qualitative and quantitative data show how social grant receipt is used to purchase food and groceries, with receipt of a grant associated with less reported hunger. Even receipt of the comparatively small CSG reduces reported hunger by almost 30 percent, relative to comparable non-recipients. In addition, the qualitative case studies document how social grants are used for a range of other consumption expenditure, including transport, school fees and clothing. Due to their relatively small size, the CSG appeared to be predominantly, but not exclusively, used for direct consumptive expenditure.

2. Social grants support investments in productive assets, human and physical capital

The manner in which receipt of social grants is associated with investments in productive assets, human and physical capital, has been noted in other research (Ardington and Lund, 1995; Lund, 2002). The present research suggests that after the purchase of food and fuel, the main use of social grants is to fund children's schooling (including school fees, transport, school uniforms and stationery). This applies to the CSG and also the SOAG, which is frequently directed to the schooling of recipients' grandchildren. Consistent with Budlender and Woolard's (2006) findings, discussed in the literature review section, the quantitative analysis illustrates that CSG receipt is associated with higher levels of school enrolment. Among CSG-eligible children, receipt of a grant resulted in an increase in school enrolment by six to eight percentage points, relative to those children not receiving a grant. Finally, the qualitative data suggests receipt of a SOAG is in many cases directed to the upgrading or construction of new housing. With the exception of Ardington and Lund (1995), this issue appears to be the subject of relatively little systematic inquiry in the South African context. However, it is a finding that resonates with contexts outside of South Africa: Martinez (2005) notes similar use of grant income in Latin America.

3. Receipt of social grants enables beneficiaries to save more

Receipt of a social grant is associated with a range of financial market engagement and behaviour, such as elevated levels of savings and investment. This issue is relatively under-researched in the South African context, but the finding is consistent with the investment effect noted in the international literature (Barrientos, 2008; Grosh et al, 2008). Although savings behaviour is noted in relation to the larger value grants, savings behaviour is also evident in relation to the lower value CSG. The qualitative case study data suggests the preponderance of informal savings mechanisms, such as *stokvels*, is associated with social grant receipt. The quantitative data, however, suggests the increase in use of formal bank savings accounts over time was higher than that of *stokvels*. There are two reasons that these seemingly divergent findings are observed. Primarily, the quantitative sample included a more diverse group of grant recipients, not just those most vulnerable and impoverished as in the qualitative analysis. Moreover, the quantitative analysis evaluated the change in behaviour of the period from 2001 to 2003. Historically, lower-income groups have, as evidenced by the qualitative case studies, commonly invested in *stokvels* and the like – the relatively higher observed increase for formal institutions is the result of the increase coming off a much smaller base than for *stokvels*.

4. Receipt of social grants enables recipients to engage more favourably with credit markets

Grant receipt also affects borrowing behaviour. The quantitative research indicates grant recipients are increasing their borrowing from more formal institutions at a lower rate than their peers who are not receiving grants and, based on descriptive statistics, they are also borrowing less than those not receiving grants. This arguably makes them less vulnerable to external shocks that may, for example, affect interest rates. Moreover, the increased tendency of recipients to borrow from family and local retailers also supports the argument that the terms of lending are improving for recipients, as opposed to non-recipients.

Significantly, the quantitative findings on savings and borrowing suggest that grant recipients are shifting from a dependency on borrowing to satisfy demands for liquidity to a precautionary demand for saving. That is, precautionary saving is acting as a substitute for borrowing as grant recipients build up income buffers through saving. Finally, this shift interfaces with the social dynamics discussed in the quantitative analysis, whereby savings help to strengthen the position of individuals and their households in relation to larger support networks.

5. Social grants support impoverished livelihoods by enabling the leveraging of existing resources within systems of reciprocal social exchange

Social grant income is not simply consumed, invested, saved or used to facilitate more favourable terms of borrowing. The qualitative data demonstrates how social grants are used in flexible ways to leverage and multiply the existing resources and capacities of receiving individuals and their households. Three of the case studies document the use of income from a social grant to support various forms of economic activity. This includes informal self-employment (as operating or seed capital, consistent with Lund, 2002) and labour market

engagement by working-age adults (Kingdon and Knight, 2000; Posel, Fairburn and Lund, 2004). In addition, social grants are harnessed to generate other, non-pecuniary forms of value. Social grant receipt provides the material basis for particular kinds of socially reproductive care work, which creates important forms of social value that ultimately serve to support the livelihoods of the impoverished. Two of the case studies clearly show the way in which receipt of a social grant enabled recipients to reconfigure their activities and engage in childcare, eldercare or the care of a disabled person. This care work is easily overlooked in much conventional analysis, and the value of these 'shadow wages' seldom computed, yet it represents a significant positive outcome of social grant receipt. In this way, through their role in underpinning self employment, labour market engagement and socially reproductive care work, social grants support productive activity.

The manner in which grant receipt strengthens the ability of recipients to transact within their social networks is also highlighted in the quantitative data – this is suggested in grant recipients' increased tendency to borrow from family members and local shops relative to non-recipients. However, a note of caution must be applied to the findings about borrowing from family; these reported loans are more likely to be remittances, which are often not expected to be repaid. In addition, as family loans have a strong obligatory quality, there are more likely to be increased loans from family members relative to other mechanisms since the family members providing the loan will have observed that the household now has this guaranteed level of income each month (implying that the lender is more likely to be repaid). A level of crowding out of remittances or obligatory loans can be expected when a household receives a grant as less outside income is needed to satisfy basic household needs. These offsetting effects may be part of the reason why this finding is not robust when subject to specification adjustments. Finally, as the crowding out of private remittances recounted in the literature review notes (Jensen, 1998; Lund, 2002; Posel, 2001; Posel et al, 2004), evidence of crowding out reveals nothing of how, or to what, the unsent remittance is redirected.

6. Social grants empower otherwise marginal household members to transact within systems of social reciprocity

Receipt of social grants significantly affects intra-household relationships, including, in many cases, shifting the balance of power within receiving households. Although these empowering dynamics were suggested in the literature review (Sagner, 2000; Barrientos and Lloyd-Sherlock, 2002; Du Toit and Neves, 2009a), they were lucidly evident in the qualitative enquiry. The case study of Vavile shows how his disabled stepson's receipt of a DG underpinned the stepson's continued claim to care, while the case study of Vuyiswa suggests the way in which receipt of a social grant strengthens the ability of an otherwise extremely marginal household member to socially transact within the systems of social reciprocity or informal social protection (Bracking and Sachikonye, 2006). Regular receipt of a social grant allows marginal and disempowered people to find a place for themselves within prevailing systems of social reciprocity. These people typically include, but are not limited to, various groups of women, the elderly and the

disabled. By supporting people who would otherwise be marginalised within the systems of social reciprocity, social grants go some way to ameliorating the highly skewed power gradients that often mark these social networks and systems.

Within these circuits of social reciprocity on which the impoverished crucially depend, social grants also facilitated expenditure on items or activities which could best be described under the broad rubric of 'investments in social respectability'. A major precondition to enter into social reciprocity entails demonstrating oneself both worthy of beneficence and as able to reciprocate in future. These twin characteristics are evident in particular kinds of activity, such as performing socially reproductive care work. However, social respectability is also crucially intertwined with aspects of self-presentation and consumption. Examples of the role of consumption in relation to social respectability are provided by Vuyiswa's use of her grant for the exuberant consumption associated with her daughter's *izila* ceremony, which ultimately served to strengthen Vuyiswa's position within her networks of social reciprocity. Similarly, Vavile's diversion of high levels of household income to acquire consumer durables and the signs of domestic propriety are underpinned by comparable concerns. As social respectability is intertwined with material objects, a weatherproof, dignified home and consumer durables such as furniture do not simply represent expenditure on domestic comfort, they are investments in social respectability. These demonstrate that the person is able to reciprocate support, thereby positioning him or her more favourably within circuits of local patronage and beneficence. Being socially respectable entails not only acting socially respectable, but also appearing to be socially respectable.

7. Receipt of social grants allows beneficiaries the flexibility to reconfigure household livelihood activities

The case studies readily demonstrate how social grants are frequently directed to relatively dynamic patterns of expenditure and forms of investment. Social grant income is routinely transferred between people, activities and different locales, and changed over time. The cash nature of grants enables this flexibility, allowing beneficiaries to make changes in how they source their livelihoods.

The complexity of this recirculating of grants and their various end users, or vicarious beneficiaries, is easily misunderstood or overlooked. For instance, the case study of Mamzoli demonstrates how her receipt of a SOAG saw her son Simpiwe's remittance decline, a seemingly textbook example of the crowding out of a private remittance. However, when viewed within the complexity of the household's livelihood provisioning over time, the decreased pressure on Simpiwe to remit saw him work fewer hours, improve his education and ultimately improve his employment prospects. The grant income allowed household members to recalibrate their activities and resource flows to their ultimate benefit.

Finally, the shifting dynamics associated with social grant receipt is evident in the findings about the CSG's impact on school enrolment. The proportion of children newly in school is six to eight

percentage points higher among those receiving the grant relative to households not receiving a grant. In this case, livelihood-enhancing activities, such as human capital investment, which were previously out of reach, now received a higher proportion of the household's net income.

8. Impoverished households' non-receipt of a social grant impedes favourable development-supporting behaviour

The counterpoint to the positive findings of those receiving grants is that those who are grant-eligible but non-receiving are not increasing their tendencies to save, borrow and take on development-promoting behaviour at the same pace as grant recipients. The quantitative data suggests that they are effectively being left behind in the development process. This is particularly worrisome when considering the findings about the impact of receipt of the CSG on school attendance and hunger.

9. Policy implications

This concluding section considers the policy implications that emerge from the research.

1. The developmental impact of social grant receipt strengthens the case for their sustainability, and suggests the need to consider their expansion

In the South African context of limited opportunities for employment and subsistence agricultural production, social grant programmes support the economically marginalised in a range of ways. Grants are crucial to the survival of the poor as they provide for their basic needs and consumption. However, they also support productive investments in physical and human capital, as evidenced by this report's findings on the favourable impacts of a grant on savings, borrowing and a range of development-promoting behaviours. Furthermore, social grant receipt also underpins underlying systems of informal social protection and social reciprocity on which poor people crucially depend. Conversely, none of these benefits accrue to those people who are not in receipt of grants and are not increasing their development-promoting behaviours at the same pace as grant recipients. In light of these findings, there is a need to firstly recognise and acknowledge the complexity of the developmental impact of social grants. This includes improvements in consumption and human welfare, financial market behaviour and positive social dynamics. Secondly, this finding lends impetus to the need to consider how these effects can be magnified, both through scaling up the benefits and by expanding eligibility.

2. There is a need to recognise the important role of informal social protection systems, and the way in which social grant receipt serves to underpin and strengthen these systems

Many of the debates about social protection are characterised by disagreements over the measurement and nature of the data. This contestation can sometimes obscure substantial conceptual differences about how to interpret and understand the underlying social dynamics, such as how crowded out private remittances are redirected, or the meaning and use of seemingly exuberant consumptive expenditure. The crucial place of these social dynamics needs to be acknowledged, along with the utility of qualitative analysis to illustrate the rich, contextual back story about how social grants are received, used and benefit recipients and their larger social networks. Although these elements are typically difficult to measure, they represent a significant strength of social grant receipt.

3. There is a need to recognise that the cash format of social grants confers flexibility on recipients, and is a distinct strength

The flexibility of social grants represents an important strength of South Africa's system of social transfers. The fact that these public transfers are paid in cash and are unconditional allows economically marginalised people to accommodate the hybrid and synergistic livelihood activities on which they rely. Attempts to limit the flexibility of grant use by imposing conditions and the use of targeting may well detract from their livelihood-enabling quality. The qualitative data also suggest that different kinds of expenditure can effectively be a form of investment in

social reciprocity, particularly if such investments are understood in more expansive and social terms. These forms of investment are marked by the diversion of resources into acts of social reciprocity, with the reasonable expectation that they will provide future benefit.

4. There is a need to consider carefully impulses towards imposing conditions on social grant recipients

A recurrent theme in debates on social grants in South and Southern Africa is the imposition of conditions and the use of targeting to direct programme resources to those who most need them. Conditionalities are a defining feature of Latin America's CCT programmes and seek to combine the aims of providing social assistance with addressing demand-side constraints (both resource and behavioural) to building human capital through accessing education and/or health services.^{xxvii} CCT programmes are most prevalent in middle-income, high-inequality societies where they can serve to potentially elevate the use of existing social services, without excluding too many from social assistance.^{xxviii} However, precisely what effects the imposition of conditions would achieve in relation to existing categories of grant recipients in South Africa remains unclear, and relatively unexplored in the literature. However, further to the discussion in the literature review section, there remain several compelling reasons not to apply conditions within South Africa.

Firstly, several of the demand-side constraints and social ills that conditions seek to remediate, such as low school enrolment figures and child labour, are generally unknown in South Africa. Secondly, in domains where the uptake of social services is low or outcomes relatively poor (such as education and health), this frequently reflects supply-side rather than demand-side constraints. Not only are systemic weaknesses in the provision of state services in South Africa likely to be relatively unresponsive to demand-side interventions, imposing conditions risks further excluding the neediest in areas where services are sub-optimal or inaccessible. Thirdly, conditions also impose often-considerable costs both on administrators (who need to communicate, validate, monitor and manage compliance) and beneficiaries (who need to comply and demonstrate their compliance). Grosh et al (2008) therefore cautions: 'where service use is all but universal, adding conditionalities to social assistance programmes will run little risk of inducing errors or exclusion, but the potential for gains from the condition is small, thus the extra administrative costs of verifying that conditions have been met may not be worthwhile' (p.323).

A fourth and final point is that conditions are generally well-suited to responding to poverty that is intertwined with compound forms of vulnerability and social exclusion. Consequently, most societies^{xxix} with CCT programmes target relatively specific and comparatively small sub-populations, including Argentina (nine percent), Bangladesh (<five percent), Chile (six percent), Columbia (3.6 percent), Costa Rica (1.2 percent), Dominican Republic (nine percent), Jamaica (eight percent), Nicaragua (two percent), Pakistan (0.5 percent), Turkey (4.5 percent) and Peru (5.3 percent) (World Bank, 2005; Grosh et al, 2008). In many of these contexts social

vulnerability is concentrated among vulnerable demographic groups (such as impoverished indigenous people in Latin America or impoverished unmarried or widowed women in Asia), and it warrants a directive, narrowly-targeted conditional intervention. In South Africa, however, poverty can hardly be thought of as residual. It is not the consequence of compound forms of ethnic, gender or caste-based exclusion, or exacerbated by factors such as child labour or early withdrawal of girls from school. Instead, poverty is widespread and common, and it is patterned by a structural context whereby many impoverished Africans are not excluded, but rather incorporated into the broader political economy of South Africa on extremely unfavourable terms.

Social policy needs to be underpinned by clear objectives; hence the debate on using conditions needs to be informed by a clear sense of the benefit these would add to the existing system of social grants.

5. There is a need to consider how to better include those falling outside the social grant net

Social grants are not infinitely scalable upwards and there are limits to the expansion of South Africa's system of social grants. Not only has grant expenditure plateaued after a period of rapid expansion but, as a percentage of GDP, social grants have also reached the upper end of the global norms for a middle-income country (Grosh et al, 2008). Against this backdrop there is a need to consider how the gap in the welfare net, constituted by unemployed, working-age, able-bodied adults, might be mended. Programmes that may be extended to this group include a universal income grant or forms of labour market subsidy. Social protection also needs to be examined alongside other aspects of state policy, such as economic policy, trade and industrial policy and employment creation.

This will help to address one of the key political dangers of South Africa's current programme of social grants: namely that by ameliorating rather than transforming the conditions that give rise to poverty, social grants merely serve to make it 'politically sustainable' in the short term. Under these conditions social grants may serve to ameliorate the social dissent and impetus for political change associated with enduring inequality and poverty, but only for the intermediate future. Yet, in the absence of fundamental social and economic change, these dynamics remain, and will prove disruptive and deleterious in the longer-term future.

6. There is a need to continue to make social grants accessible to eligible recipients

In the past, the effectiveness of social grant programmes has been undermined by administrative inefficiencies and the imposition of costs onto impoverished applicants. These include various transaction and opportunity costs, along with displacing the burden of grant administration onto would-be beneficiaries, which happened when impoverished applicants were, for instance, required to make multiple (and expensive) trips to service points, provide photocopies of essential documents, or pay traditional authorities to attest to their local residence. In addition, the effectiveness of cash transfers is potentially undermined by weakness of state service delivery in many impoverished areas and unsanctioned, yet

widespread, practices such as the payment of school fees by grant recipients, from which they should be exempt. Although recent fieldwork has documented improvements, these weaknesses and costs erode the value of the cash transfer paid out to beneficiaries. Ensuring that these negative dynamics are contained and that social grant receipt remains accessible to eligible recipients remains an ongoing challenge.

10. References

- Abadie, A., Drukker, D. Herr, J.L. and Imbens, G. (2002). *Implementing Matching Estimators for Average Treatment Effects*. University of California Working Paper. Berkley: University of California.
- Abadie, A., Drukker, D. Herr, J.L. and Imbens, G. (2004). Implementing matching estimators for average treatment effects in Stata. *The Stata Journal*, 4(3), 290-311.
- Addison, T., Harper, C., Prowse, M., Shepherd, A. and other co-authors (2008). *The Chronic Poverty Report 2008–09*. Chronic Poverty Research Centre, Brooks World Poverty Institute, University of Manchester.
- Ahmed, A.U., Quisumbing, A.R. and Hoddinott, J.F. (2007). *Relative efficacy of food and cash transfers in improving food security and livelihood of the ultra poor in Bangladesh*. Washington DC: International Food Policy Research Institute.
- Alderman, H. (1999). *Safety nets and income transfers in South Africa*. South Africa: Poverty and inequality, Informal discussion paper series 19335. Washington DC: World Bank.
- Ardington, E. and Lund, F. (1995). Pensions and Development: Social security as complementary to Programmes of reconstruction and development. *Development Southern Africa* 12(4), 557-577
- Arjona, R., Ladaique, M. and Pearson, M. (2001). *Growth, inequality and social protection* DEELSA/ELSA/WD (2001)4. Paris: OECD.
- Baulch, B. & Hoddinott, J.(2000). Economic mobility and poverty dynamics in developing countries. In B. Baulch & J. Hoddinott (Eds). *Economic mobility and poverty dynamics in developing countries*. (pp.1-24) London: Frank Cass publishers.
- Banerjee, A., Galiani, S., Levinsohn, J. and Woolard, I. (2006). *Why has unemployment risen in the new South Africa?* CID Working Paper No. 134. Boston MA: Centre for International Development, Harvard University.
- Barrientos, A. (2004). *Cash transfers for old people reduce poverty and inequality*. Draft paper for the World Development Report 2006: Equity and Development. Manchester: Institute for Development Policy and Management, University of Manchester.
- Barrientos, A. (2008). *Social transfers and growth: a review*. Working Paper no. 112. Manchester: Chronic Poverty Research Centre, University of Manchester.
- Barrientos, A. and Lloyd-Sherlock, P. (2002). Non-contributory pensions and social protection. Issues in Social protection series. Geneva: International Labour Organisation.
- Barrientos, A., Ferreira, M., Gorman, M., Heslop, A., Legido-Quigley, H., Lloyd-Sherlock, P., Møller, V., Saboia, J., Werneck, M.L.T. (2003). *Non-contributory pensions and poverty prevention: A comparative study of South Africa and Brazil*. London and Manchester: HelpAge International and Institute for Development Policy and Management, University of Manchester.
- Barrientos, A. and De Jong, J. (2006). Reducing child poverty with cash transfers: A sure thing? *Development Policy Review*, 24(5), 537–552.

- Barrientos, A. and Sabates-Wheeler, R. (2009). *Do transfers generate local economy effects?* Brooks World Poverty Institute Working Paper 106. Manchester: Brooks World Poverty Institute, University of Manchester.
- Bassett, C. (2008). South Africa: Revisiting capitals 'formative action'. *Review of African Political Economy*, 116, 185–202.
- Behrman, J.R. and Rosenzweig, M. (2001). *The returns to increasing body weight*. Working paper No. 01052. Philadelphia: Penn Institute for Economic Research, University of Philadelphia.
- Bertrand, M., Mullainathan, S. and Miller, D. (2003). Public Policy and Extended Families: Evidence from Pensions in South Africa. *The World Bank Economic Review*, 17(1), 27-50
- Bhorat, H. and Kanbur, R. (2005). *Poverty and well-being in post-apartheid South Africa: An overview of data, outcomes and policy*. DPRU Working Paper 05/101. Cape Town: Developmental Policy Research Unit, University of Cape Town.
- Bhorat, H. and Kanbur, R. (2006). *Poverty and policy in post-apartheid South Africa*. Pretoria. Human Sciences Research Council Press.
- Bhorat, H. (1995). The South African social safety net: Past, present and future. *Development Southern Africa*, 12, 595-604
- Bertrand, M., Mullainathan, S. and Miller, D. (2003). Public policy and extended families: evidence from pensions in South Africa. *World Bank Economic Review*, 17(1), 27–50.
- Bourguignon, F., Ferreira, F. and Leite, P. (2002). *Ex-ante evaluation of conditional cash transfer programmes: The case of Bolsa Escola*. Policy Research Working Paper, 2916, Washington DC: World Bank.
- Bourguignon, F. (2004). *The poverty-growth-inequality triangle*. Unpublished paper. Washington DC: The World Bank. (Available at http://siteresources.worldbank.org/DEC/Resources/84797-1104785060319/5988861104852366603/33634_PovertyInequalityGrowthTriangleFeb24_ICRIER.pdf)
- Budlender, D., Rosea, S. and Hall, K. (2005). *At all costs? Applying the means test for the child support grant*. Cape Town: Children's Institute & Centre for Actuarial Research, University of Cape Town.
- Budlender, B. and Woolard, I. (2006). *The impact of South African Child Support and Old Age grants on children's schooling and work*. International Programme on the Elimination of Child Labour. Geneva: International Labour Office.
- Bracking, S. and Sachikonye, L. (2006). *Remittances, poverty reduction and the informalisation of household well-being in Zimbabwe*. GPRG-WPS-045. *Global Poverty Research Group*. (Available at <http://www.gprg.org/pubs/workingpapers/default.htm>)
- Caliendo, M. and Kopeinig, S. (2008). Some Practical Guidance for the Implementation of Propensity Score Matching. *Journal of Economic Surveys*, 22, ((1)), 31–72.
- Carter, M. (2007). Poverty traps and natural disasters in Honduras and Ethiopia. *World Development*, 35(5), 835-856.
- Case, A. (2001). *Health, income and economic development*. Paper presented at ABCDE conference. (May 2001) Washington DC: The World Bank.

- Case, A. and Deaton, A. (1998). Large cash transfers to the elderly in South Africa. *Economic Journal*, 108,(450),1330–1361.
- Case, A., Hosegood, V. and Lund, F. (2005). The reach and impact of Child Support Grants: evidence from KwaZulu-Natal. *Development Southern Africa*, 22 (4),267–482.
- Chen, M. and Ravallion, M., (2004) Welfare Impacts of China's Accession to the World Trade Organization. *The World Bank Economic Review*, 18 (1), 29-57.
- Cichon, M. and Knop, R. (2003). *Mission Report, Windhoek, Namibia, 19-26 January 2003*. Joint International Labour Organisation (ILO)/Luxemburg Government Mission.
- Collins, D. (2005). Financial instruments of the poor: Initial findings from the financial diaries study. CSSR Working paper 130. Cape Town: University of Cape Town.
- Combariza, R. (2006). *The impact of conditionalities of Familias en Acción*. Paper presented at the Third International Conference on Conditional Cash Transfers. 26-30 June. Istanbul.
- Corbett, J. (1988). Famine and household coping strategies. *World Development*, 16(9),1099–1112.
- Cox, D. and Jimenez, E. (1995). Private transfers and the effectiveness of public income distribution in the Philippines in D. van de Walle and K. Nead (Eds), *Public spending and the poor: Theory and evidence*. Baltimore, MD: Johns Hopkins University Press.
- Cox and Jimenez (1997). *Coping with Apartheid: Inter-Household Transfers over the Life-Cycle in South Africa*. Draft. Boston and Washington DC: Boston College and The World Bank.
- De Ferranti, D. Guillermo, P., Francisco, F., and Walton, M. (2004). *Inequality in Latin America: Breaking with History?* Washington DC: The World Bank.
- De Janvry, A., Finan, F., Sadoulet, E., Nelson, D., Lindert, K., De la Brière, B, Lanjouw, P. (2005). *Brazil's Bolsa Escola programme: The role of local governance in decentralized implementation*. Social Protection Discussion Paper 0542. Washington DC: The World Bank.
- De la Briere, B. and Rawlings, L. (2006). *Examining conditional cash transfer programs: A role for increased social exclusion?* Social Protection Discussion Paper, No. 603. Washington, DC: The World Bank.
- De Neubourg, C., Castonguay, J. and Roelen, K. (2007). *Social Safety Nets and Targeted Social Assistance: Lessons from the European Experience*. SP Discussion Paper No.0718. Washington DC: The World Bank.
- Delany, A., Ismail, Z., Graham, L. and Ramkissoo, Y. (2008). *Review of the child support grant: Uses, implementation and obstacles*. Report commissioned for Department of Social Development, South African Social Security Agency and the United Nations Children's Fund. Johannesburg: Community Agency for Social Enquiry.
- De Giorgi, G. and Angelucci, M. (2006) *Indirect effects of an aid program: how do liquidity injections affect non-eligibles' consumption?* Discussion paper. Discussion Papers in Economics (06-01). London: Department of Economics, University College London.
- Department of Social Development. (2006). *Report on incentive structure of social assistance grants in South Africa*. Pretoria: Department of Social Development.

- Dercon, S. (2006). *Risk, growth and poverty: What do we know, what do we need to know*. Queen Elizabeth House working papers No. 148. Oxford: Oxford University.
- Devereux, S. (2001a). Livelihood insecurity and social protection: A re-emerging issue in rural development. *Development Policy Review*, 19(4), 507–519.
- Devereux, S. (2001b). *Social Protection: What are international lessons with respect to the poor?* An issues paper for DFID. London: Overseas Development Institute.
- Devereux, S., Baulch, B., Macauslan, I., Phiri, A., and Sabates-Wheeler, R. (2007). *Vulnerability and Social Protection in Malawi*. IDS Discussion Paper 387. Brighton: Institute of Development Studies, University of Sussex.
- Devereux, S. (2001c). *Social Pensions in Namibia and South Africa*. IDS Discussion paper 379. Brighton: Institute of Development Studies, University of Sussex.
- Devereux, S. (2006). *Social protection mechanism in southern Africa*. IDS Research Report. Brighton: Institute of Development Studies, University of Sussex.
- Devereux, S. and Sabates-Wheeler, R. (2004). *Transformative social protection*. IDS Working Paper 232. Brighton: Institute of Development Studies, University of Sussex.
- DFID (Department for International Development) (1999) *Learning opportunities for all: A policy framework for education*. London: DFID.
- Duflo, E. (2003). Grandmothers and granddaughters: Old age pension and intrahousehold allocation in South Africa. *The World Bank Economic Review*, 17(1), 1–25.
- Du Toit, A. and Neves, D. (2006). *Vulnerability and Social Protection at the Margins of the Formal Economy, Case Studies from Khayelitsha and the Eastern Cape*. Report for the SA National Treasury. Bellville and Pretoria, PLAAS and USAID (Available at <http://www.plaas.org.za/publications/downloads/vulnerability.pdf/>)
- Du Toit, A. and Neves, D. (2007a). *Understanding Self-Employment at the Margins of the South African Economy: Findings from a Pilot Study on Qualitative Approaches to Self-Employment*. A Report for the National Income Dynamics Study Steering Committee, Office of the Presidency. Bellville: PLAAS.
- Du Toit, A. and Neves, D. (2007b). *In search of South Africa's second economy*. *Africanus*, 37(2), 145–174.
- Du Toit, A. and Neves, D. (2009a). *Informal Social Protection in Post-Apartheid Migrant Networks: Vulnerability, Social Networks and Reciprocal Exchange in the Eastern and Western Cape, South Africa*. Brooks World Poverty Institute Working paper 74. Manchester: University of Manchester. (Available at <http://www.bwpi.manchester.ac.uk/resources/Working-Papers/index.html>)
- Du Toit, A. and Neves, D. (2009b). *Trading on a Grant: Integrating Formal and Informal Social Protection in Post-Apartheid Migrant Networks*. Brooks World Poverty Institute Working paper 75. Manchester: University of Manchester. (Available at <http://www.bwpi.manchester.ac.uk/resources/Working-Papers/index.html>)
- Economic Policy Research Unit (2008). *Quantitative Analysis of the Impact of the Child Support Grant*. EPRI Final Report to Department of Social Development, South African Social Security Agency and UNICEF. EPRI; Cape Town.

FAO (Food and Agricultural Organisation). (2002). *The state of food insecurity in the World*. Fourth edition, Rome: FAO.

Gertler, P. (2004). Do conditional cash transfers improve child health? Evidence from PROGRESA'S control randomized experiment. *American Economic Review*, 94(2), 336-341

Gertler, P.J. and Boyce, S. (2001) *An experiment in incentive-based welfare: The impact of PROGRESA on health in Mexico*. Unpublished Research Report. Berkley: University of California.

Gibson, J., Olivia, S., and Rozzelle, S. (2006). *How widespread are non-linear crowding out effects? The response of private transfers to income in four developing countries*. Working paper 06/01. Hamilton, New Zealand: University of Waikato, Department of Economics.

Goldblatt, B. (2003). Teen pregnancy and abuse of the Child Support Grant. Addressing the myths and stereotypes. *Agenda*, 56, (79–83).

Goldblatt, B. (2005). Gender and social assistance in the first decade of democracy: A case study of South Africa's Child Support Grant. *Politikon*, 32(2), 239–257.

Goldblatt, B. Rosa, S. & Hall, K. (2006). *Implementation of the child support grant: A study of four provinces and recommendations for improved service delivery*. Cape Town and Johannesburg: Children's institute, University of Cape Town & Centre for Applied Legal Studies, University of the Witwatersrand.

Grosh, M., Del Ninno, C., Tesliuc, E. and Ouerghi, A. (2008). *For protection & promotion: The design and implementation of effective safety nets*. Washington, DC. The World Bank.

Haarmann, C. (2001). *Poverty and the current social assistance programmes in South Africa*. Cape Town: University of Cape Town.

Hall, K. (2007). *Where to draw the line? Targeting and leakage in the Child Support Grant*. Cape Town: Children's Institute, University of Cape Town.

Hunter, N. (2006). Crises in social reproduction in a developmental state: Home-based care in KwaZulu-Natal. Colloquium on the Economy, Society and Nature. Durban: University of KwaZulu-Natal, *Centre for Civil Society*.

Hunter, N. and Adato, M (2007). *The Child Support Grant in KwaZulu-Natal: Perceptions and experiences inside the household*. SODS Research Report 73. Durban: University of KwaZulu-Natal, School of Development Studies.

Hochschild, A.R. (2000). *Global care chains and emotional surplus value*. In W. Hutton and A. Giddens (Eds), *On the edge: Living with global Capitalism* (pp.130-146). London: Jonathan Cape.

Hoddinott, J. and Kinsey, B. (2001). Child growth in the time of drought. *Oxford Bulletin of Economics and Statistics*, 63(4), 409-436

Holzmann, R. and Jørgensen, S. (2000). *Social risk management: A new conceptual framework for social protection, and beyond*. Social Protection Discussion Paper No. 9926, Washington, DC: The World Bank.

Horton, S. (1999). Opportunities for investments in nutrition in low-income Asia. *Asian Development Review*, 17(1,2), 246–273.

- Hoogeveen, J. and Özler, B. (2006) *Not separate, not equal: Poverty and inequality in post-Apartheid South Africa*. In Bhorat, H. and Kanbur, R. (2006). *Poverty and policy in post-apartheid South Africa*. Pretoria. HSRC Press.
- Jalan, J. and Ravallion, M. (1999). Are the poor less well insured? Evidence on vulnerability to income risk in rural China. *Journal of Development Economics*, 58, 61–81.
- Jenson, R. (1998). *Public transfers, private transfers, and 'crowding out' hypothesis: Evidence from South Africa*. John F. Kennedy School of Government Faculty Working Paper. Cambridge, MA: Harvard University.
- Katz, C. (2001). Vagabond Capitalism and the necessity of social reproduction, *Antipode*, 33(4), 709-728
- Keswell, M. (2004). Non-linear earning dynamics in post-apartheid South Africa. *South African Journal of Economics*, 72(5), 913–939.
- Kingdon, G.G. and Knight, J. (2000). Unemployment in South Africa: the nature of the beast. *World Development*, 32(3), 391–408.
- Leatt, A. (2006). *Grants for children: A brief look at the eligibility and take-up for the Child Support Grant and other cash grants*. Working Paper no 5. Cape Town: University of Cape Town, The Children's Institute.
- Leite, P. (2006). *Effects of Bolsa Escola on adult labour force participation*. Washington, DC. The World Bank.
- Lentz, E. and Barrett, C. (2005). *Food aid targeting, shocks and private transfers amongst East African pastoralists*. SAGA Working Paper. Ithaca NY: Cornell University, Department of Economics.
- Lentz, E. Barrett, C. and Hoddinott, J. (2005). *Food aid and dependency: Implications for emergency food security assessments*. Rome: World Food Programme.
- Lund, F. (1999). Understanding South African social security through recent household surveys: New opportunities and continuing gaps. *Development Southern Africa*, 16(1), 55–67.
- Lund, F. (2002). 'Crowding in' care, security and micro-enterprise formation: Revisiting the role of the state in poverty reduction and in development. *Journal of International Development*, (14), 681–694.
- Lund, F. (2006). Gender and social security in South Africa. In Y. Padayachee (ed). *The development decade? Economic and social change in South Africa 1994–2004*. (pp.160–181). HSRC. Pretoria.
- Lund, F. (2008). *Changing social policy: The Child Support Grant in South Africa*. Cape Town: Human Sciences Research Council Press.
- Lund, F., Noble, M., Barnes, H. and Wright G. (2008). *Is there a rationale for conditional cash transfers for children in South Africa?* SODS Working Paper no. 53. Durban: University of KwaZulu-Natal, School of Development Studies.
- Makiwane, M., Desmond, C., Richter, L. and Udjo, E. (2006). *Is the Child Support Grant associated with an increase in teenage fertility in South Africa? Evidence from national surveys and administrative data*. Research Report. Pretoria. Human Sciences Research Council.
- McAllister, P. (2001). *Building the homestead: Agriculture, labour and beer in South Africa's Transkei*. Aldershot: Ashgate Press.

- Mamdani, M. (1996) *Citizen and subject: Contemporary Africa and the legacy of late colonialism*. Princetown: Princeton University Press.
- Martinez, S. (2005). *Pensions, poverty and household investments in Bolivia*. Draft typescript. Berkley: University of California, Department of Economics.
- Meintjes, H. (2001). Washing machines make women lazy: Domestic appliances and the negotiation of women's propriety in Soweto. *Journal of Material Culture*, 6(3), 345–363.
- Meintjes, H., Budlender, D., Giese, S. and Johnson, L. (2003). *Children in 'need of care' or in need of cash? Questioning social security provision for orphans in the context of the South African AIDS pandemic*. Working Paper. Cape Town: Children's Institute and Centre for Actuarial Research, University of Cape Town.
- Meth, C. (2004). Ideology and Social Policy: 'Handouts' and the spectre of 'dependency', *Transformation*, 56,1–30.
- Moffitt, R. (1992). Incentive effects of the U.S. welfare system: a review. *Journal of Economic Literature*, 30,1–61.
- Møller, V. and Sotshongaye, A. (1996). 'My family eats this money too': Pension sharing and self-respect among Zulu grandmothers. *Southern African Journal of Gerontology*, 5(2), 9–19.
- Molyneux, M. (2006). The 'Neoliberal Turn' and the New Social Policy in Latin America: How Neoliberal, How New? *Development and Change*, 39,(5), 775-798
- Moultrie, T. and McGrath, N. (2007). Teenage fertility rates falling in South Africa. *South African Medical Journal*, 97(6),487–501.
- Morduch, J. (1999). *Between the state and the market: Can informal insurance patch the safety net*. Washington DC: The World Bank.
- Nattrass, N. (2005). Trading off income and health?: AIDS and the Disability Grant in South Africa. *Journal of Social Policy*, 35(1),3–19.
- Noble, M., Ntshongwana, P. and Surender, R. (2008). *Attitudes to work and social security in South Africa*. Cape Town: Human Sciences Research Council.
- Parker, S. W. and Skoufias, E. (2000). *The impact of PROGRESA on work, leisure and time allocation*. Washington DC: International Food Policy Research Institute.
- Pauw, K. and Mncube, L. (2007). *Expanding the social security net in South Africa: Opportunities, challenges and constraints*. International Poverty Centre. United Nations development Programme: Brasillia.
- Perotti, R. (1992). *Fiscal policy, income distribution and growth*. Economics department working paper series 636. Columbia: Columbia University.
- Posel, D. (2001). Intra-family transfers and income-pooling: A study of remittances in KwaZulu-Natal. *South Africa Journal of Economics*, 69(3),501–528.
- Posel, D., Fairburn, J.A. and Lund, F. (2004). *Labour migration and households: A reconsideration of the effects of the social pension on labour supply in South Africa*. Mimeograph. Durban: University of Natal.

- Rawlings, L. and Rubio, G.M. (2005). Evaluating the impact of conditional cash transfer programs, *World Bank Research Observer*, 20(1),129–155.
- RSA (Republic of South Africa). (1996). *Report of the Lund Committee on child and family support*. August 1996. Pretoria: Government Printer.
- Rosa, S., Leatt, A. and Hall, K. (2005). *Does the means justify the end? Targeting social grants for poverty alleviation in South Africa*. Cape Town: The Children's Institute, The University of Cape Town.
- Ross, F.C. (2005). Model communities and respectable residents? Home and housing in a low-income residential estate in the Western Cape, South Africa. *Journal of Southern African Studies*, 31(3),631–648.
- Roy, D. and Subramanian, A. (2001). *Who can explain the Mauritian miracle: Mead, Romer, Sachs or Rodrik?* IMF Working Paper 01/116: Washington, DC, International Monetary Fund (Available at <http://www.imf.org/external/pubs/ff/wp/2001/w01116.pdf>)
- Sadoulet, E. de Janvry, A., Davis, B., (2001). Cash Transfer programmes with income multipliers: PROCAMPO in Mexico. *World Development*, 29(6), 1043-1056.
- Sagner, A. (2000). Ageing and social policy in South Africa: historical perspectives with particular reference to the Eastern Cape. *Journal of Southern African Studies*, 26(3), 523–553.
- Sagner, A. and Mtati, R. (1999). Politics of pension sharing in urban South Africa. *Ageing and Society*, 19, 393-416.
- Samson, M., Lee, U., Ndlebe, A., Mac Quene, K., Van Niekerk, I., Gandhi, V., Harigaya, T. and Abrahams, A. (2004). *The social and economic impact of South Africa's Social security system*. Final Report Executive summary. Report commissioned by Economics and Finance Directorate, Department of Social Development, South Africa. Cape Town: Economic Policy Research Unit.
- Samson, M., Mac Quene, K. and Van Niekerk, I. (2005). *Addressing inequality: Policies for inclusive development – a case study of social security in South Africa*. Cape Town: Economic Policy Research Unit.
- Samson, M., Heinrich, C., Williams, M., Kaniki, S., Muzondo, T., Mac Quene, K. and Van Niekerk, I. (2008). *Quantitative Analysis of the Impact of the Child Support Grant*. Commissioned by the Department of Social Development, the South African Social Security Agency (SASSA) and the United Nations Children's Fund (UNICEF), Republic of South Africa.
- Seekings, J. (2002). The broader importance of welfare reform in South Africa. *Social Dynamics*, 28(2), 1–38.
- Seekings, J. and Nattrass, N. (2005). *Class, race and inequality in South Africa*. London & New Haven: Yale University Press.
- Sen, A. (1999). *Development as Freedom*. Oxford: Oxford University Press.
- Skoufias, E. (2005). *PROGRESA and its impacts on the welfare of rural households in Mexico*, Research Report, No. 139. Washington DC: International Food Policy Research Institute.
- Skuse, A. and Cousins, T. (2007). Managing distance: rural poverty and the promise of communication in post-Apartheid South Africa, *Journal of Asian and African Studies*, 42(1), 185-207.
- Sianesi, B. (2001). *Implementing Propensity Score Matching Estimators with STATA*. Prepared for UK Stata Users Group, VII Meeting in London, May 2001. (Available at

<http://www.stata.com/meeting/7uk/sianesi.pdf>)

Spiegel, A., Watson, V., Wilkinson, P. (1996). Domestic diversity and fluidity among some South African households in Greater Cape Town, *Social Dynamics* 22(1), 7-30.

Stats SA (Statistics South Africa). (2001). *Labour force survey (LFS 02), February 2001*. Study 1026. Pretoria: Statistics South Africa.

Stats SA (Statistics South Africa). (2002). *Labour force survey (LFS 05), February 2002*. Study 0131. Pretoria: Statistics South Africa.

Stats SA (Statistics South Africa). (2003). *Labour force survey (LFS 07), March 2003*. Study 0133. Pretoria: Statistics South Africa.

Wood, G. (2003). Staying secure, staying poor the 'Faustian Bargain'. *World Development*, 31(3),455–471.

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

Van der Berg, S. 2002 The BIG Grant: Comments on the Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa, *Viewpoint*, July, Johannesburg: South Africa Foundation.

Van der Westhuizen, C. & van Zyl A. (2002). *Obstacles to the delivery of social security grants*. IDASA Budget Brief no. 100. Cape Town. Institute for Democracy in South Africa.

Woolard, I. (2003). *Impact of government programmes using administrative data sets: Social assistance grants*. Project 6.2 of Ten year review research Programme. Unpublished research report.

Woolard, I and Klasen, S. (2004). *Determinants of Income Mobility and Household Poverty Dynamics in South Africa*. IZA Discussion Paper No. 1030. Bonn, Germany: Institute for the Study of Labour.

World Bank. (2002) *World development report 2000/2001: attacking poverty*. Washington, DC: The World Bank.

World Bank. (2005). *Conditional cash transfers on trial: A debate on conditional cash transfer programmes*. Washington, D.C. The World Bank.

Appendix I: Qualitative Case studies

Case Study 1: Mamzoli Fikile

Mamzoli Fikile's rural homestead is two hours drive on unpaved roads from the nearest small Eastern Cape town. The homestead compound is a short walk up a steep path and vertical rise of about 50 metres, inaccessible to vehicles.

A 2002 survey painted a picture of Mamzoli's household as very poor and scraping by in the lowest income quintiles, not only did she report 'no paid work', month by month recall questions listed no income other than her state pension and R200 worth of wage income. There were, however, signs that the household had been able to invest in some household durables and assets: the survey listed a 'refrigerator' and a moderate number of livestock (seven goats, 19 chickens, two geese and a pig).

The research team returned in 2005 and was received by the elderly Mamzoli in her neat reception room, comfortably furnished with a velour lounge suite. Gurgling away in the corners was a large LPG (liquid petroleum gas) powered chest-type freezer. These material endowments alone suggested Mamzoli's household was not among the poorest of the poor by village standards.

In 2005 Mamzoli Fikile (b. 1942) and her 32-year-old daughter-in-law Nyathikazi were the only locally resident adults, in a household home to half-a-dozen grandchildren who were the progeny of Mamzoli's adult children. Although none of her five adult children lived locally, they generally maintained close links with Mamzoli's household. These children included Mamzoli's daughter Khanyiswa; son Thabo (the husband of locally resident Nyathikazi); son Simpiwe; daughter Thandiwe, and the youngest, a son, Ndumisani. Khanyiswa and Thabo were the parents of six of the locally resident grandchildren; Thandiwe had no children, while Simpiwe's two children and Ndumisani's infant lived with their respective parents.

Khanyiswa (b.1966) was the mother of three of the six locally resident grandchildren. Based in Durban, Khanyiswa was a self-employed fruit and vegetable vendor. She was reportedly 'not scarce on the phone' (i.e. phoned regularly) but neither remitted money, nor received child support grants for her children. She lived in a brick township house, purchased jointly with her brothers Simpiwe and Ndumisani. Simpiwe

While Thabo (b. 1968) and Nyathikazi's three children frequently cooked and ate together with Mamzoli, they lived in their own comfortable homestead on an adjacent plot. Deciding on the precise parameters of Mamzoli's household was not easy: while Nyathikazi and her children were readily counted as part of Mamzoli's household they had their own homestead and access to the resource stream of Thabo's remittances. Thabo was a semi-skilled metal formwork worker in the construction industry. Although a contract worker, he was highly mobile and had worked extensively across the African continent for a range of large South African construction companies. His mother and wife were unclear on the precise nature of his employment, but

their description of his work and his solid homestead suggested he earned more than the average construction labourer. Nyathikazi worked part-time as an adult basic education and training instructor. During the 2005 interview she was temporarily employed in Mount Frere, and Mamzoli was overseeing all the grandchildren. At the time of the interview only one of Nyathikazi's children was receiving a CSG. Nyathikazi had missed several opportunities to register the other children during designated 'registration drives' in the village because she was travelling outside of the village.

In early 2006 Thabo became ill, reportedly with TB. His mother travelled to Durban to care for him, while Nyathikazi stayed in the village and looked after all the children. Thabo recuperated and returned to work, however at the end of 2006 he ailed and died reportedly of diabetes-related complications. There was no life insurance payout, and after his death Nyathikazi's far less prosperous household came to rely more closely on Mamzoli's.

Thandiwe (b. 1975), the third of Mamzoli's adult children, completed her matric at an 'agricultural college' in Pietermaritzburg and worked as a supervisor for a catering company attached to the airline industry in 2005. She wasn't married and didn't have any children.

Ndumisani (b. 1982) lived with his four-year-old son and his sister Khanyiswa in Durban in the house they had jointly purchased with their brother Simpiwe. Ndumisani was a contact worker in the construction sector, like his brother Thabo.

Simpiwe (b. 1972) worked as a bakery manager in a regional town, having worked and trained as a baker at a Durban supermarket. (The research team subsequently visited Simpiwe and conducted an interview with him). In 2005 Simpiwe lived with his wife and child in the formally white area of a regional town. He visited his mother frequently, using his own car, and was an important benefactor to the entire extended household. The intertwined histories of Simpiwe and Mamzoli are described below.

The early death of Mamzoli's husband in the mid 1970s compelled her to seek employment. She worked as a domestic worker for many years in Mount Frere, and the larger centres of Mthatha, Cape Town and Durban. At this time her own mother looked after her children, and all but her very youngest son (Ndumisani) were fathered by her late husband. In 1989 Mamzoli stopped working and returned to the village, having built up the homestead during her years of working in the distant urban centers. While she physically made mud bricks during the holidays, she also hired people within the village to build for her. Mamzoli started receiving an old-age pension in the late 1990s, and generating an income selling meat and beer from her gas-powered freezer. Key to these activities was the help of her son Simpiwe.

In the 1980s, in his late teens, Simpiwe started working as a cleaner in a Durban supermarket. He steadily worked his way up the ranks in the bakery until he earned enough to tell his aging mother to 'go home' (i.e. retire to the village). He not only regularly remitted money but purchased the freezer, so she could generate an income within the village. When his mother started receiving a SOAG, the pressure on both of them eased. Mamzoli was able to sell less,

because she did not have to make so much money to feed her resident grandchildren, and Simpiwe was able to reduce his hours at the supermarket to the evening shift and return to school. He duly matriculated, which enabled him to formalise his training as a baker, and eventually become a manager.

By 2005 Mamzoli had been selling meat and beer for several years. This income was apparently crucial in her ability to send her youngest son (Ndumisani) and her grandchildren to school. At the time of the 2005 interview she described the freezer as 'medium full'. A quick glance revealed it contained about 10 quart bottles (750ml) of beer and several commercially packaged trays of chicken portions. A standard 9kg bottle of gas powered the freezer and lasted approximately three-and-a-half weeks. Mamzoli sourced the meat in Matatiele (a town closer to commercial cattle farmlands, than the neighbouring former-Transkei towns) and appeared to be an astute shopper, comparing prices between several butcheries. She estimated she made about R500 profit a month, but indicated it was difficult to work out the precise profit because they routinely took money for household expenses from this sum. She reportedly earmarked the proceeds of specific products for specific purposes, explaining the 'chicken money' pays for the children's school fees and expenses. Mamzoli reportedly also favoured selling 'Russian sausages' as the return on these was comparatively high.

Although highly variable, she sold an average of seven cases of beer a week. Sourced from a small local bottle store, her two grandsons, aged 11 and 14, were an integral part of the business and they fetched the beer from the store, returning with it on the daily bus service through the village. They assisted with selling the beer when Mamzoli was absent, with the older grandson calculating customers' change. Mamzoli estimated she made up to R600 a month from the beer, although had to extend more credit than with meat which was a disadvantage. She indicated that people normally paid their debts, and her two grandsons were occasionally dispatched to collect outstanding sums. Overweight and with obvious stiffness, Mamzoli did not look as if she was able to walk very far. Asked by a fieldworker if she sold *umnandi* (industrially produced sorghum beer), she replied that she did not as people who drink it like to fight and she is too old to break up fights or eject them from her home.

Apart from vending out of her fridge, and using it to store her own food, Mamzoli occasionally helped other villagers by keeping their perishables in her fridge. She explained that she kept meat in her fridge for special occasions such as a recent school graduation (without charge). Fridge owners in the village who ran out of gas would also shift their perishables to somebody's working fridge. Being able to provide refrigeration was a considerable favour in an unelectrified village, and positioned Mamzoli at the source of an endless stream of beneficence and social reciprocity.

From her state old age grant, remittances and retail activities Mamzoli was able to be a regular contributor towards an *umcalelo* (rotating savings society). She collected cash from the cash pay point and had never had a bank account. In 2005 she was saving R150 per month with a group of four people, which provided her with R600 three times a year. In 2005 she bought

several new sheets of zinc (corrugated iron) and was planning to add another room to her homestead (to be occupied by herself; visitors would occupy her current room). She also had a modest, R35, funeral plan with a local funeral parlour. By 2007 and 2009 she was contributing larger amounts to the *umcalelo*, using the proceeds to fund bouts of construction, and buy furnishings and fencing.

Another significant avenue of Mamzoli's efforts was agrarian production. In 2005 she listed six goats, about 27 chickens and two pigs. Her grandsons helped to tend a fair-sized vegetable garden (planting cabbage, spinach, potato and turnip), and in the distant communal planting field the household harvested beans, pumpkin and maize. She had sufficient income to pay a tractor to plough the field, at a cost of R500, and bought about R200 of *manola* (fertiliser) out of her pension. She reportedly harvested four bags of maize, and the garden supplied sufficient vegetables to avoid having to purchase store-bought vegetables during the summer. It is useful to reflect more closely on the broader networks of resource flows and interdependencies that marked the household. Simpiwe was not only an important benefactor to Mamzoli, but a key actor within the broader kinship network. Prior to 2005 Simpiwe supported his brother Thabo (along with the then pregnant Nyathikazi – later to be his wife) when Thabo was retrenched from the mine where he worked. Simpiwe also subsequently encouraged Nyathikazi to complete her schooling after the birth of her first child, and to train as an Adult Basic Education and Training instructor. Simpiwe funded his younger sister Thandiwe through agricultural school in Pietermaritzburg and 'pushed' (Simpiwe's term) his own wife through 'school'. She successfully completed training as an ambulance attendant and got her driver's licence, and subsequently joined one of the state's pension payout contractors as a clerk.

This investment in education and training, and desire to secure a foothold in the formal labour market was maintained over time and evident in the siblings' upward employment trajectories. By 2008 Simpiwe had accepted a more lucrative job as a manager with a listed catering supply company in East London, visiting his family who remained in the regional town where he worked earlier. After completing a diploma in agriculture, Thandiwe resigned from the catering company, and worked for a poultry company from 2007, but by 2009 has secured a 'good job' (Mamzoli's words) at the local office of the department of agriculture. Mamzoli approvingly pointed to the new 2 500 litre rainwater tank that Thandiwe had just purchased her. Even Durban-based Khanyiswa and Ndumisani continued remitting small amounts of money (less than R150) to Mamzoli and remained in regular contact with her. Reflecting on this in 2009, Mamzoli, with obvious pride, explained that even though they grew up poor all of her children became successful and never forgot her. She even cited their abstinence from alcohol and smoking as further proof of their collective virtue; an assessment she made with no irony, despite her alcohol retail activities.

Similar interdependencies within the household were evident in their rising agricultural production following the wet 2008/2009 summer. This period saw them harvest approximately 11 bags of maize from the communal planting fields. Mamzoli hired a tractor to plough (R450),

a span of oxen to plant (R150) and 'hoe' (drag a leveling implement across the field) (R250), and hired four labourers for a week to weed (at R30 each person a day), and finally load the maize (R300). Simpiwe and his family visited one weekend to help harvest the maize, taking some home with them. Although the total cost (at about R1 800) seemed close to the market value of the harvest, Mamzoli both paid several of the labourers in maize and the extended household ate a constant supply of green mielies. In response to the research team's computation of her marginal profitability, Mamzoli impatiently insisted 'it is our tradition' and explained the entire family ate mielies for months from the field. Livestock numbers also seemed to creep upwards over time: 18 chickens, four pigs, 13 goats and eight cattle (that she insisted were Simpiwe's), by 2009. Simpiwe paid a 'herdboy' to look after the cattle.

Mamzoli managed to maintain her retail activities throughout the research period. By 2009 she was selling an average of about three cases of beer (to a maximum of about four or five), along with one or two 'straights' (750ml bottles) of brandy a week. She had a low opinion of brandy consumption and ventured that it 'ate your insides' (fieldworker's translation), and complained of the competition posed by several other households now also selling alcohol. She continued to source and sell *wors* (sausage), and various other cuts of meat from Matatiele. Simpiwe regularly bought her cheaper meat for resale, and visited her at least once a month. Her children continued to remit, particularly Simpiwe who dutifully sent at least R400 a month in cash. Mamzoli explained that her pension was being spent on funeral insurance, groceries, and '*bandincedise ngezinto ezincinci*' ('it helps with smaller things') – such as sugar, toiletries, irregular amounts required by the children at school.

Case study commentary

The case study illustrates the way in which Mamzoli's household is located in a network of social reciprocity and kin support, and how the receipt of a social grant allows her to leverage other resources. Her son Simpiwe's support is part of a wider pattern of material support and moral encouragement to his various, extended kin. He is a lynchpin in wider circuits of providing for the family, and his efforts have helped build a livelihood system of formal sector employment, alongside a rural safety net of kin care for grandchildren by his mother.

It is useful to carefully consider the precise flow of resources and entitlements between Simpiwe and his mother within this system. Simpiwe's improved earnings enabled his elderly mother to retire from her urban-based domestic work; his monthly remittance and purchase of the refrigerator enabled Mamzoli to engage in informal retail within the village. The comparatively rare ownership of a fridge in an isolated, un-electrified village was not simply a lifestyle asset, but enabled her to generate income. The case study also shows how Mamzoli's receipt of a state old age grant served to recalibrate the flow of resources within her household and in relation to urban-based Simpiwe: not only was she under less pressure to generate income to support her grandchildren, her son scaled back on his monthly remittance to her.

Relieved of this fiscal obligation Simpiwe worked fewer hours and completed his schooling, a prerequisite for his subsequent mobility within the formal labour market.

The income generated by access to the fridge enabled Mamzoli to leverage and multiply both the remittance from her son and her state old age grant. Systems of formal social protection and social reciprocity are here linked. The regularity and certainty of the state pension not only provided operating capital, it enabled her to offer credit to her frequently poor patrons, an important consideration in a resource poor environment. In addition the refrigerator facilitated the generation of other kinds of value. Mamzoli allows fellow villagers to store perishables in her fridge/freezer; a considerable favour in an un-electrified village, where keeping a refrigerator powered demands the ongoing expense and effort of procuring bottles of LPG gas. Mamzoli's beneficence positions her within local, intimate networks of patronage and represents an ongoing, renewable source of social capital.

If the fridge enables Mamzoli to generate income and cement a favourable position in local networks of obligation and reciprocity, it is useful to note that operating her enterprise relies on the input of other household members. Her constrained mobility means that the running of the tavern is crucially dependent on the work of the young grandsons who purchase and transport the beer locally to restock the refrigerator. A similar deployment of household labour is reflected in the agrarian production. In this way even relatively young household members (one a pre-teen) are a part of the webs of social reciprocity on which the household's economic activity crucially depends. To a large extent, the success of these efforts relies on the availability of household labour and the ability to co-ordinate it. This entails a certain degree of household cohesiveness and co-ordination of authority within the household. Finally, it is useful to reflect on the way Mamzoli directs her income to not only supporting consumptive expenditure, but also saved via informal mechanisms to enlarge and furnish it.

Case Study 2: Vavile Xaba

When the research team first visited Vavile's household in Khayelitsha 2005, it occupied a squalid lean-to shack. Built against the back of the unfinished shell of an RDP house, it was set rather incongruously in a street consisting of a tidy row of completed houses. Entering the shack required visitors walk through the unroofed, incomplete shell to get to the back. The household consisted of elderly Vavile (born in the 1930s), his 43-year-old wife Nomonde, a 15 year old teenage niece Nolufefe, an adult daughter Utathile (in her early 20s), and a five-year-old granddaughter Avela (Utathile's child). Also resident at the homestead was Nomonde's 24-year-old intellectually impaired son Samkile (viz. Vavile's stepson). The household subsisted off Vavile's SOAG, Samkile's disability grant and the informal vending of fruit and vegetables.

Vavile was relatively unclear about the chronology of his work history. He described growing up in the Transkei before working as a labourer in a mine on the Highveld, following which he worked for three years in a shop in the East London area. Vavile then moved to the Western Cape, where he worked as a labourer on a dairy farm. He described how despite the fact he could drive the farm tractors and truck, the farmer never allowed him to go for his driver's licence. He left the farm after conflict with the white farmer and had a series of casual jobs in the construction industry, describing himself as a plasterer. Vavile was in his forties when he married Nomonde, who is more than 20 years his junior. Prior to this relatively later marriage, he reportedly had not married or had a family. Vavile stopped working in the construction industry job in the late 1980s, and from 1989 onwards sold seasonal fruit and vegetables, along with loose cigarettes and snacks such as peanuts from a stand.

Nomonde was born in the same Transkei village as Vavile. She knew him by sight, as he used to return to the village every Christmas holiday, but the account of how they met and married was rather ambivalent. Leaving two young sons from a previous union at home, Nomonde came to Cape Town in the mid 1980s on the promise of a job. However, Vavile readily admitted to having orchestrated her arrival through the deception of a potential job. (He was reportedly afraid of her father). Nomonde's account of this period suggests her anxiety and feelings of being marginalised because of being lured to unfamiliar Cape Town. Not knowing anybody, she was compelled to live with Vavile, and 'in the third week became his wife' (fieldworker's translation). This narrative invokes elements of the practice of *ukutwala* (a now rare mode of customary marriage, wherein the betrothal is preceded by the abduction of the bride). They initially lived in the establish township of Crossroads, before moving to Khayelitsha as it became settled in the mid 1980s.

Nomonde sold fruit and vegetables at a train station from her arrival in Cape Town (sometime in 1983/1984) until around 1999. She stopped selling after her health deteriorated and a doctor advised her to avoid sitting out in the cold. In most years, Nomonde joined the seasonal grape pickers during the first quarter. She, along with many other casual labourers, was picked up daily and transported on the back of trucks to the commercial farms of the outside Cape Town.

She described this as poorly paid work (earning about R30 a day in 2008), the onerous nature of the work magnified by the fact that people are paid by the weight of produce harvested, allowing little chance for respite.

After having sold fruit and vegetables at the station for much of the 1990s, Vavile and Nomonde gave this up in the early 2000s. By 2002/2003 Vavile started to routinely sell at the side of a busy road leading into Khayalitsha. His modest stand consisted of little more than a few upturned plastic crates in front of a small (telephone-booth sized) stall cobbled together from bits of scrap timber, corrugated iron and plastic sheeting. Located on a busy arterial route leading into Khayelitsha, he sold mainly to pedestrians, but the wide road verge also allowed motorists to stop and buy. Although there were two or three stalls selling fresh produce close by, Vavile disavowed the notion of them being in competition. The vendors readily referred customers between each other's stalls, and looked out for each other against the depredations of thieves.

Vavile explained that he gave up selling fruit and vegetables in town because he found the early morning rising, to be at the Epping fresh produce market, and walking the long distances with the fresh produce to get his spot on the station concourse became increasingly onerous as he aged. He had to wake up at 03h30 to wash, travel to the market, and then to the station to secure a viable spot from which to vend. In 2005 Vavile still sourced fruit and vegetables from a wholesaler in Epping (close to the fresh produce market), along with peanuts and cigarettes in Mitchells Plain. He would source relatively small quantities and carry his goods on public transport. By 2009 he was simply buying his fresh produce from a large wholesaler in Khayelitsha, to avoid the now greater travel expenses. He worked every weekday and on Saturday morning, estimating in 2005 that he was making up to R40 a day, but just over R100 a week in 2008. However, this estimate ought to be viewed with caution. Not only did Vavile seem unsure of the figures and not keep written records, in light of the household's ongoing personal consumption of the perishable stock (particularly as it became too ripe to sell), and the ad hoc replenishment of the stock (with varieties and prices fluctuating seasonally), calculating profit was a difficult undertaking. His figures did, however, give an order of magnitude. When asked about his future plans, Vavile replied that he had no intention of expanding his fruit and vegetable stand, as nobody back at home is working, so profit from the stand needed to be ploughed back into groceries rather than used to expand the stand.

Vavile and Nomonde's eldest daughter Utathile also assisted in running the stand. She left school in standard 7 after falling pregnant with Avela in 2000. In 2005 she described her unsuccessful efforts to secure a position as a domestic worker in the middle-class suburbs of Cape Town. She worked for a brief time for a low salary (R25 a day) for a 'foreigner' selling cellphone accessories at the taxi terminus in Wynburg. She, however, gave up this employment to escape his sexual advances. She tried, unsuccessfully, to sell fruit and vegetables from their unfavourably located home, before joining her father, assisting him at his fruit and vegetable stall. Utathile would take over vending from Vavile in the afternoons, although the trade in the

mornings was brisker as commuters waited for public transport. In late 2008 Utathile spent over a month in hospital, apparently with uncontrolled hypertension, and in January 2009 gave birth her second child, a boy. This curtailed her ability to work at the fruit and vegetable stall. Her mother stopped the grape picking, in part to help her hypertensive daughter with the newborn infant. By 2005 Utathile had secured a CSG for Avela, and readily secured one for the new infant soon after his birth. Utathile indicated she intended to seek private parental maintenance from the infant's father who, unlike Avela's elusive and unemployed father, she knew how to find. He reportedly lived with another woman elsewhere on the Cape Flats, but crucially, was in paid employment as a security guard.

Another consistent household member has been Vavile's stepson (Nomonde's son), Samkile. Mentally disabled and withdrawn, Samkile lacks manual dexterity, is shy, impassive and largely mute. Samkile takes a long time to complete even basic household and personal tasks. As he did not complete more than a single year of schooling, he is also illiterate and totally innumerate. Although his teachers referred him to a special school in the Eastern Cape, his maternal grandmother refused to send him so far away. Samkile and his able-bodied brother, Nothuthuzelo (also in his twenties), arrived in Cape Town in 2003 after the death of their maternal grandmother in the Eastern Cape, with whom they had been living. As the son of a man other than Vavile, Samkile's continued residence in the house is somewhat inconsistent with cultural precedent, however he needs care and his Disability Grant has been an important contribution to the household economy. In 2008 the grant lapsed for a few months, but was successfully reapplied for.

Samkile's brother Nothuthuzelo was also locally resident between 2003 and 2005. Poorly educated in the rural Eastern Cape (he only completed standard 6), Nothuthuzelo worked as a labourer on Cape Town construction sites for two years. In this time, he reportedly saved about R3 000 (kept in cash, hidden in the household) in order to undergo his initiation into Xhosa manhood. By 2005 he had returned to live with extended kin in the Eastern Cape and did odd jobs such as tend cattle and exercise his self-taught aptitude for fixing 'wirelesses' (radios). Apart from Nothuthuzelo's two-year sojourn at the house, and the birth of a new grandchild, the household's composition has remained relatively constant.

With regards to income, expenditure and debt, the fruit and vegetable stall was largely self-funding and generated a small surplus, which was spent on food. In 2005 Vavile denied borrowing from the *machonisa* (informal moneylender), asserting somewhat implausibly that they do not like to lend to impoverished pensioners. The household had no reported *machonisa* debt in 2009 either, but a significant source of debt was furniture store accounts the household maintained between 2005 and 2009. In 2005 they were paying R155 a month on a medium-sized colour TV. In 2008/2009, when questioned on their expenditure, Nomonde enumerated they were paying R300 a month for a new 'room divider' (a veneer wall unit with cupboards and shelves), this amount reportedly diverted from Samkile's Disability Grant. The house had a tidy lounge suite, and a large fridge previously bought on installment.

In 2005, they were paying R25 for their burial society, which covered four people, but by 2008 they were diverting R200 of their monthly income to a more generous policy, which covered eight people including family in the Eastern Cape. With the SOAG they buy groceries, clothes and pay school fees. They also invested quite large amounts in an *umcalelo* (rotating mutual savings society), diverting R300 from the Disability Grant, and R300 from the SOAG (a total of R600) every month for the purpose. This, and the furniture store account, depleted the bulk of Samkile's DG. There were four people in the *umcalelo* so they would receive R2 400 quarterly. While the research participants were vague on what they were planning to do with future payouts, besides 'buying things for the house' (i.e. furniture and furnishings), it was far easier to discern what they had been spending the *umcalelo* payouts on, namely house building.

A major area of expenditure had been the completion of their three-roomed RDP house. In 2005, the building of the house was retarded by the inexplicable non-delivery of the standard fibre cement ('asbestos') roof sheeting, which all the neighbouring houses received. Vavile's attempts to follow this up met with the response that the local housing project had closed down. In 2005 they had recently spent R700 (saved via the *umcalelo*) on the timber for rafters. They were also saving up to buy the cheapest roofing they could, second-hand corrugated iron sheeting. In 2005 although concrete blocks to build up the height of the uncompleted walls were piled nearby, they complained of being unable to afford to pay the R1 000 for a builder to do this. They also did not have money to buy 16 second-hand corrugated iron sheets at R80 a sheet (i.e. R1 280). In 2006, the walls were built up, and the house was roofed by 2007. Vavile and Utathile finished the construction themselves, work she described as laborious, while the roofing was done with second-hand sheets over a period of time by a neighbor to whom they paid R300. The internal plastering was done by another neighbor for R600, despite the fact that Vavile previously worked as a plasterer. He explained that he is old, and it was easier for him to sell (i.e. work at his stall) than to plaster. Completing the house required significant effort by household members, and their collective savings, but represented a substantial improvement in the quality of their accommodation. The house offered discernibly more protection from the inclement Cape winter weather than their previous structure. Vavile explained that they built the house with the social grants and the fruit and vegetable selling, because they could use the grants to build while they ate from the stall.

When questioned about their plans for the future and any rural investment, Vavile and Nomonde explained they did not have a rural homestead, or livestock. There seemed to be little indication of Vavile contemplating retiring to the Eastern Cape, and he ventured that Utathile would probably inherit the house from him.

In terms of their social relationships, Vavile is a senior member ('a senator') of one of Khayelitsha's multitude of small churches, The New Born Church in Zion, with about 20 congregants. The small church alternates between meeting in various members houses. Vavile could reportedly read in Xhosa, and the household owns a bible. Vavile ascribed his health and vitality, despite his age, to the beneficence of God, and the fact that he never smoked or drank.

In 2005 the household listed Vavile's relatives in another section of Khayalitsha as substantial sources of aid. Even though the patriarch of that family had died in 2003, his wife, employed in a comparatively good job as a domestic worker, occasionally bought them grocery items and would lend them money if necessary. Nomonde's sister, also living elsewhere in Khayelitsha, would lend and borrow money (sub R200 sums) as required. Well prior to 2005, in the 1980s and 1990s, the household reported remitting small sums of money to Nomonde's mother and her two sons in the Eastern Cape, but this was reportedly constrained by Vavile's low earnings. This remitting ceased with the death of Nomonde's mother, and arrival of her sons in Cape Town. Finally, in 2005 there was little reported 'helping' or social reciprocity between the street's various residents, but by 2008, Nomonde and Utathile were intermittently caring for the neighbour's small baby and reportedly lending various small grocery items and even small amounts of money to their closest neighbours. The neighbours also kept an eye out for each other's laundry, which festooned the front of their houses on sunny days. It is not clear if this represented an earlier understating of social relationships, or alternatively, a deepening of social reciprocity in an area recently redeveloped and resettled in soon before 2005.

Case study commentary

Vavile's relatively unfavourable history of employment is evident in his employment in a paternalistic agricultural job with poor prospects for skills acquisition, and trajectory of casual and informal self employment. His poor history of accumulation is arguably intertwined with his relatively late marriage. Although Vavile is embedded in networks of social reciprocity, and holds a position in his small local church, he did not appear very effective in terms of positioning himself within the local RDP house development initiative. In 2005 the uncompleted house and piles of unused building materials looked like a failed investment strategy, but by 2008 the household had saved up sufficient resources from Vavile's SOAG, and mustered the labour necessary to complete it. This represented a major investment in their comfort and standard of living. The house furnishings and furniture store debt they serviced suggested their felt imperative to invest in social respectability and forms of urban modernity. Commensurately the household was urban focused with little back investment to the Eastern Cape.

The fruit and vegetable stall Vavile ran served to synergistically leverage the household's income. The grant income reportedly enabled the retail by freeing them from the need to consume the enterprise's operating capital. A major savings instrument has been their mutual savings society, as they remain unbanked, although this has not stopped them from acquiring a range of consumer durables via furniture store accounts.

A clear constraint within the household was its labour poor nature: Vavile grew too old for the early rising to vend from the station, his wife too sickly, his stepson disabled, and their hypertensive daughter has a young infant to care for. The continued residency of Samkile is significant – although inconsistent with cultural precedent, it is a pragmatic accommodation that satisfies the imperative of securing his care, with capturing the resources of the grant.

Case study 3: Vuyiswa Magadla

In 2005 the diminutive and wizened Vuyiswa lived in a tiny shack in the urban township of Khayelitsha, on the outskirts of Cape Town. Her shack could only be reached by winding through the narrow alleyways of the shack settlement. Set well back from the road, the shack was not positioned in the middle of its small plot, but was instead part of a collection of small shacks clustered around a small central courtyard. One of the small shacks belonged to Vuyiswa's niece, Nolusindiso, alongside it was Vuyiswa's and next to her, a larger kitchen structure. All the shacks were constructed from scrap wood and sheets of corroded corrugated iron. The sandy central courtyard between the shacks was covered in ancient, weathered carpet — testimony to the residents' ceaseless battle against the winter stormwater and the sand of the low-lying Cape flats. The room that functions as a kitchen was threadbare and damp, the concrete floor covered with ancient linoleum; and the walls papered with pages torn from glossy magazines. The room was sparsely furnished: a weathered wood bench and little stool along a wall, a table with a paraffin stove and an old kitchen dresser with a collection of battered but polished thin aluminium pots. Through the kitchen door was a dark, empty lounge with a fireplace that was perpetually unlit.

Elderly and with poor eyesight (her eyes milky with what looked like cataracts), Vuyiswa could often be found on clear winter days sunning herself with her kin outside her shack, to escape the cold and damp inside. Moving slowly and deliberately, she initially appeared guarded and reserved; but as time passed what becomes apparent is that this reserved manner does not seem to flow from timidity but from a carefully cultivated comportment. Though poor, Vuyiswa has what in Xhosa is known as *isidima* — esteem or dignity — evident both in her careful, traditional dress and her courtly insistence on formalities.

Vuyiswa and her immediate neighbours had been living alongside one another in this densely settled corner of Khayelitsha, adjacent to a busy highway, since they were settled here by the apartheid state in the aftermath of the internecine conflict in Crossroads more than 20 years ago. When the research team visited her in 2005, the household was composed of the widowed 60-year-old Vuyiswa; her older sister Nombeko's 37-year-old daughter Nolusindiso, who worked as a domestic worker for two wealthy white households in suburban Constantia; Nolusindiso's infant daughter Thandiwe, and Vuyiswa's own grandchild 20-year-old Noluntu. Alongside this core of residents, was a shifting cast of other visitors — in fact there was so much flux and fluidity in the household that transient visitors could easily be confused with longer-term household residents. For instance one person who had been listed as a 'permanent household member' in a 2002 survey was Vuyiswa's elder sister (and Nolusindiso's mother) Thembeke. Yet Thembeke only visited Vuyiswa's house for extended periods to seek medical care in Western Cape hospitals (which she trusted more than Eastern Cape facilities), and her regular home was in Krancolo in the Eastern Cape, where she (nominally) took care of Nolusindiso's other children, Zandile (13) and Sipho (6). 'Nominally', because it appeared to be young Zandile who looked after her young brother, Sipho and elderly grandmother. In addition

to her pension, Zandile's father (whom Nolusindiso never married) paid R300 maintenance on Nolusindiso's behalf to Thembeke; this helped her take care of the children.

Also in the Eastern Cape were Vuyiswa's daughter Nomsa (Noluntu's mother). Nomsa had recently become a widow, and was living in Qumbu along with her other daughters, Lindiwe and Thandiwe. At the time of the research team's visit, Nomsa's son Welile was also living in the Eastern Cape, schooling there and only visiting his mother during the holidays. Later in 2006, Lindiwe and Thandiwe, in turn, visited the shack street for their holidays.

Vuyiswa had come to Cape Town in 1979, shortly after the death of her husband. Initially she resided at the house of her brother Madoda Simani, and survived by doing domestic work in Cape Town's coloured suburbs. This was a time of hardship for her; not only did she suffer from her employer's racism, the job also involved lots of ironing and her lower back constantly hurt. She lost her job after an extended visit to the Eastern Cape, and subsequently found employment as a domestic worker in the more affluent white neighbourhood of Newlands. It was in this period, in the mid 1980s, that she moved into her present shack as the area was being newly settled. In 1989 she fell down a flight of stairs at her employer's house and broke her leg; she was incapacitated and lost her job. For a while she sold 'smilies' (cooked sheeps' heads), relatively unpleasant and poorly paid work. She then switched to selling fruit and vegetables – her brother Madoda extended her R100 starting capital. According to Vuyiswa, the money was not a loan but a gift given in gratitude for all the times she had helped him, buying him shoes when he had no money and paying a village tax on his behalf.

In about 2000 Vuyiswa was diagnosed with diabetes and awarded a Disability Grant. Ever since then she has lived in her shack with her niece Nolusindiso, using her grant to supplement Nolusindiso's income – and using it to help keep the business going. Vuyiswa would use R300 or R400 of her grant to buy fresh vegetables. However, she could not sell the fruit and vegetables from her own shack, which was situated unfavourably far off the road, so she would vend from the front of her brother Madoda's house. One of the advantages of a fruit and vegetable stall was the relatively sedentary nature of the work, as she could sit and did not have to stand on her injured leg. Though troubled by her eyesight, she could see well enough to count change. Vuyiswa did comparatively well out of the business, and reported that she made more money than the white family in Newlands had paid her. Vuyiswa also occasionally helped Madoda's wife, Nolusapho, out with the dressmaking business she ran from a kiosk near a local taxi terminus. Madoda had returned to the Eastern Cape several years before, and whenever his wife left to spend some time with him, Vuyiswa would tend the business.

Another important source of income by 2006 was Nolusindiso's wages as a domestic worker. Nolusindiso never married, and had initially only planned to visit Cape Town for a short while (her young daughter Zandile had been ill so they had come to seek medical attention in Cape Town). She initially stayed with extended family (in this case, another sister of Vuyiswa's), but had better luck with employment than Vuyiswa. She soon found work as a domestic worker in wealthy, white Constantia. In 2006 she was bringing home in the region of R1 200 a month.

Caring for Nolusindiso's young daughter Thandiwe put more pressure on Vuyiswa's fruit and vegetable vending. Not only did Thandiwe's presence mean there was less money to use as operating capital for the business, Vuyiswa had to look after Thandiwe while Nolusindiso worked. Hence Vuyiswa felt too constrained to keep her business going and abandoned it. It was also at this time that her daughter Nomsa's husband died. In 2005 Vuyiswa was managing to save a considerable sum of between R300 and R400 a month from her Disability Grant towards her daughter Nomsa's *izila* (coming out of mourning) ceremony. So Nolusindiso was covering the bulk of domestic expenses, buying groceries from the Somalian-run *spaza* shop down the road, while Vuyiswa contributed by caring for Thandiwe and purchasing the 'small things' – beef stock, soup, extra paraffin, and train tickets for her granddaughter Noluntu, who was schooling in Langa. Vuyiswa hoped that she would be able to return to selling fruit and vegetables from Madoda's home when Thandiwe was a little older. She said that she planned to keep the business small, since if it got too big, it would attract the attention of criminals.

Crucial to Vuyiswa and Nolusindiso's survival was their connection to a broader social network. Some of this network was relatively easy to identify: her shack was visited by a steady trickle of visitors, most of them family. Her brother's sister-in-law Unathi (Nolusapho's sister) was a regular visitor. Often these visits were only the occasion for conversation and gossip, but inquiry into Vuyiswa's household network revealed that these familial links were significant conduits of resources. Vuyiswa's household, though in one sense a relatively independent unit, was also part of a larger network of individuals and households all connected through vectors of kinship, friendship, and alliance to that of her brother Madoda.

Although Madoda was at the time of the research living in the Eastern Cape, tending to his cattle and homestead, he played a central role in the organisation of this larger network. As Nolusindiso explained, he was 'the only man', so he was supposed to look after them all: the women in his 'own' family as well as the women in his wife's family. Madoda was a formidable but rather shadowy figure, and much about his past was not uncovered by the research team; partly because key moments in his history were passed over in silence by his relatives. It was fairly clear that he spent a while working on the mines in the 1970s before being injured in an accident that cost him the toes on one foot. After spending some time in the Eastern Cape recovering, he migrated to Cape Town and found work in a cement factory, followed by a stint as a crew member on a fishing trawler. It may be that he spent some time in prison — when the team eventually visited him in the Eastern Cape his arms bore the tattoos typical of Cape Town's 'numbers' gangs: this, and the tough, streetwise hauteur with which he received the team seemed to suggest to the fieldworkers that he had spent at least part of his life among the *tsotsis* (gangsters). But none of this was mentioned in the descriptions of him by his wife Nolusapho or his sister, who both painted him as a paragon of respectability and virtue.

It was clear that Madoda's shack elsewhere in Khayelitsha had played a key role as an urban beachhead for kin, clan members and other villagers seeking to migrate; according to his wife there were at one stage 14 different people all living in the tiny property. It is also clear that his

injury did not cripple the household financially. A key role was played by Nombula and her sisters, who had started their own dressmaking business. It is this dressmaking business that the women credited for the fact that when Madoda's shack burned down in 1998, the household was able to recover relatively quickly.

Dressmaking was not the only activity in Madoda's Cape Town household. His eldest son was also establishing himself in business: among other things he was the owner of a shipping container-based business perched on the side of a road not far from Vuyiswa's home – prominently signposted as an "Internet Café". The business's name had proved to be misleading though; although it once did have an internet connection this proved to lose money – the dialup connection was too expensive and there were too few customers. Although it kept its 21st century name, the business now sold hair extensions and shampoo. Another important connection, about which Vuyiswa did not reveal much until well into the research process, was her relationship with Andile Mathole, her 'boyfriend', a grizzled shebeen owner who lived down the road from her, and with whom she freely shared resources and money.

Without these connections, Vuyiswa's household would have been a lot worse off. They were substantially cushioned, and their poverty significantly reduced, by the fact that they were part of this spatially extended and tightly knit network of kin. But at the same time, it would be a mistake to see these relationships only as harmonious. In some ways, Vuyiswa's position could be seen as relatively precarious. The situation encountered by the researchers was in some ways merely the outcome of a long and complex back story relating to Vuyiswa's life before she came to Cape Town. She did not share much of this story with the team, but it became known that the death of her husband in 1983, while she was still a relatively young woman, was a major blow. By marrying him, she had in effect left her own lineage and had no real claim on her family for support; as his widow she was expected to continue living in his homestead and raise his children. It appears that her relationships with his family soured, and that there was a sustained campaign of attrition against her on the part of a 'jealous' aunt which steadily made her life more and more difficult. She attributed her survival during this difficult time to her friendship with Nombula, her brother's wife, and Nombula's sister Unathi, who interceded on her behalf with Madoda and entreated him to take her back into the family fold. Within the Xhosa cultural mores of patrilineal unilateral descent, there is no strong moral obligation for an elder brother to receive back into the family a sister who has married, but apparently Unathi was successful in her entreaty. Much of the configuration of Vuyiswa's social network and obligations seemed to be shaped by the larger context of Vuyiswa's relative powerlessness and her considerable debt to Unathi and Madoda.

Similarly, though there clearly was a strongly co-operative element in the domestic arrangements in Vuyiswa's household, there were also limits to what was shared. The threadbare interior of Vuyiswa's house contrasted sharply with what was behind Nolusindo's padlocked door. Nolu's tiny room contained a glossy new wall unit displaying a new hi-fi and small television, as well as a sturdy bed with a brightly coloured new bed linen. Vuyiswa had

access to the room, and was allowed to watch TV or listen to the radio, but even so it is clear that Nolusindiso's income was far from evenly distributed among the members of the household: her contribution was limited to the groceries and daily running costs. Vuyiswa was unable to use that income to accumulate household durables for her own room. In fact, Nolusindiso confessed to the team that she would much rather stay on her own. She could not buy any more things because her little shack was too small, and as convenient as Vuyiswa's child care was, Thandiwe would soon be old enough to be sent to a crèche. The most important reason why Nolusindiso had not moved out was location. If she moved she would have to relocate to the newly settled and distant settlements of greater Khayelitsha, which would be both inconvenient and expensive for someone who needed to travel in to Constantia regularly.

Yet by 2008 Nolusindiso's decision was made for her. The municipality demolished every alternate shack in the settlement, including Nolusindiso's, and relocated the residents to the newly completed concrete RDP-style houses in Kuyasa on the outskirts of Khayelitsha. This process of (in town planning parlance) 'de-densification' was in preparation for the upgrading of the entire shack settlement where Vuyiswa continued to live. Nolusindiso and Thandiwe moved out. Although Nolusindiso had to commute the longer distances to the local train station, she was heartened by the newly constructed train tracks snaking their way into Kuyasa.

Nolusindiso's departure forced a radical reconfiguring of the residential arrangements. Nolusindiso's shack disappeared, and the previously open courtyard was enclosed to incorporate a low-roofed, windowless seating area. The claustrophobia of this rather abject interior room starkly contrasted with the space which had now opened up around each individual shack. Perhaps even more significantly, the household composition had shifted with the arrival of new residents. Vuyiswa's boyfriend Andile joined her at the shack (although Vuyiswa remained decorously reticent on the precise contours of their relationship). Elderly Andile's shack had also been demolished and although also reallocated a newly built house in Kuyasa, he arranged for a relative to take occupancy of it. He complained that as he was old, and as he had lived in this part of Khayelitsha for over 20 years did not want to move to a new area full of strangers. Andile built the new sitting room on Vuyiswa's shack as he effectively brought his shebeen with him, altering the portfolio of livelihood activities associated with Vuyiswa's household. The third resident at the reconfigured shack was Vuyiswa's granddaughter, Nolutu, who was now herself also a mother. Her toddler was resident with Nolutu's mother in the Eastern Cape, to whom Nolutu apparently remitted most (R200 of R240) of the Child Support Grant she received for the child, retaining R40 for herself. The final two immediate household members were Siphos and Zandile, the children of Vuyiswa's niece, Nolusindiso. Previously resident in the Eastern Cape they had come to live in Cape Town, reportedly to both assist their elderly aunt and attend the better quality schools. Vuyiswa was the designated recipient of Siphos's Child Support Grant.

The reconfigured household's sources of income therefore included Vuyiswa's Disability Grant, Siphos's Child Support Grant and the income earned by Andile, and these were largely pooled.

Vuyiswa did not return to fruit and vegetable retailing, although she remained close to her other kin (her brother Madoda briefly resident in Cape Town, visited during one of the research team's visits). Although Andile received a Disability Grant (he lost an eye in an accident many years ago) and was close to retirement age, he worked as a gardener for two to four days a week in the leafy white suburb of Constantia. He surprisingly described this physical work as relatively undemanding: not only was he strong, he explained, he had worked for several of his good employers for many years and they got on well. Andile's small shebeen, run from the newly constructed sitting room, vended only two or three cases of beer a week. His patrons seemed to consist entirely of elderly men, who would talk and nurse a single bottle of beer for hours on end. The relative smallness of the enterprise, and subdued nature of the patrons, meant that the resident children or Vuyiswa easily ran the shebeen in Andile's absence. Andile reportedly lived off the proceeds from the gardening and his beer sales, remitting the full value of old age pension to his (formal) wife and household in the rural Eastern Cape. He indicated that his residency at the shack was temporary – although he eventually intended to return to the Eastern Cape, he explained that the beer vending and undemanding gardening work kept him in Cape Town. If he returned to the Eastern Cape, he and his family would be compelled to live on nothing more than his pension. The upgraded RDP house, to be built on the current site of the shack when the area is upgraded, would be Vuyiswa's, he clarified. In response to the research team's delicate inquiries about how he and Vuyiswa met, Andile replied that he had known her for decades. They had grown up in the same Krancolo village.

Case study commentary

The case study illustrates a number of general points about the nature of households and practices of household making. It illustrates the often fluid, spatially stretched nature of households, as people and resources circulate. The case study also illustrates the often extended nature of the linkages and the centrality of care work to households of post-apartheid migrant networks. The precise parameters of the household are mutable, as its composition and rings of entitlement and obligation shift over time.

The case study highlights the roots of Vuyiswa's vulnerability, and documents how she successfully negotiated her return to her kin. Motivated by a debt of obligation, she is a respectable Xhosa matron, inserted into systems of social reciprocity. These complex reciprocal exchanges included Vuyiswa's tending to her sister-in-law's business, caring for her resident niece's young daughter, saving up her DG payments for her daughter's *izila* ceremony and tending Andile's shebeen. It was through these acts of labour and beneficence that Vuyiswa was able to cement herself within circuits of social reciprocity and ameliorate her vulnerability. Although Vuyiswa disavowed having any savings or making any investments, she carried a substantial burden of care and invested heavily in her relationships and social respectability. Finally, in reflecting on this social reciprocity, it is useful to stress that while pecuniary resources are important, they are only one of the forms (alongside unpaid labour, material goods, advice, moral support etc) exchanged.

Finally, alternates for housing and household composition emerged in 2008 with the redevelopment of the area. The departure of Vuyiswa's niece from the household saw Vuyiswa's boyfriend join her at the shack. He represented not only an important holder of resources but also a socio-political guarantor.

Case Study 4: Veronica and Simon Zama

At the time of the 2005 visit, Veronica and Simon's homestead consisted of two mud block structures on the edge of a rural Eastern Cape village, about one hour's drive from the nearest small town. The household consisted of 43-year-old Veronica, 64-year-old (about to turn 65) Simon, two sons – 13-year-old Themba and nine-year-old Nkosithethile – and a seven-year-old granddaughter (of a married daughter). The interview was conducted with Veronica in her small, thatched cooking hut, sparsely furnished with a bench, a few basic kitchen items and agricultural implements. Behind Veronica was a storage area, containing a bathtub-sized volume of maize on the cob and several large gourds. The paucity of the accommodation, the relative lack of consumer durables or furniture, and the household members' threadbare clothes suggested this to be a comparatively poor household, even by village standards. Veronica's husband Simon was helping to organise the funeral arrangements of a cousin who had recently died, but even on subsequent occasions when he was present, it was the loquacious Veronica who dominated the interviews.

Veronica's husband Simon worked on the goldmines of the Reef until he was injured on duty in the late 1980s/early 1990s. He broke his ribs and legs; injuries which still visibly affected his gait. He returned to the village to recuperate and lost his job, never to return to the mines. Veronica reported that their life was better when her husband was working in the 1980s, as he used to send money to the local 'trading store' which she collected and spent on groceries. At the time of the 2005 interview Simon was doing 'piece jobs' in the village, mixing *daka* (the mud and grass mixture) for his wife's mud bricks. His health was poor (he reportedly suffered from fits, and a range of respiratory complaints) so he struggled to work, but he was poised on the age eligibility threshold for a State Old Age Grant.

Veronica never worked outside the village; she earned a meagre income making sun-dried mud blocks and collecting firewood. Her husband would help with the mud brick production by mixing the mud and grass mixture, or if he was too ill to help she would hire other male villagers, retrospectively paying them once payment was received for the bricks. Veronica used to make 100 bricks a week, but indicated that by 2005 her hands with 'arthritis' (her description) only allowed her to make this quantity a fortnight. She also expressed reluctance to take payment up-front for bricks, lest she fall ill and was not be able to deliver. She charged R120 for 100 bricks in 2005. In addition to mud bricks, she also occasionally plastered (using a mixture of mud and dung) and whitewashed the exterior of huts with *kalica* (powdered lime), charging R100 for this service. However, clients who commission the bricks would sometimes argue that as she made the bricks she ought to plaster the structure for a reduced rate; she sometimes did so for a sum as low as R60. An alternate way of working, particularly if potential clients did not have money, was to accept much smaller sums of money pro-rata for constructing relatively small sections of wall. Mud bricks were usually made in the yard where required, or made elsewhere where the soil is soft and then carefully transported to the desired

site. Producing bricks on-site is contingent on have water at hand, the procurement of which was the responsibility of the client or organised for an additional fee.

In addition to making mud bricks and plastering, Veronica gathered wood used for fuel and construction. Collected from a small grove, about an hour walk down into a valley, a large bundle of wood was sold for a R15. She sold a few bundles (under 10) a month. Veronica reported her ability to make bricks and fetch wood was affected by her ill health. She reportedly has arthritis (she walked with a pronounced limp after being seated for the two-hour interview), and poor vision, tending to misjudge the number of objects in a distance. In 2007 she applied for a Disability Grant, but her application was rejected as she was judged to be insufficiently incapacitated.

Veronica and Simon also had two older, married daughters resident elsewhere. Veronica explained she had given birth nine times, but had four surviving children, with five of her infants having died during infancy.

The eldest resident son in 2005 was 13-year-old Themba. Veronica only secured a CSG for him in 2005. The grant had apparently been received late because his age cohort had matured in advance of the rate at which the eligibility age for the grant was extended, and children of his age were (until relatively recently) discouraged from applying for the grant by officials. His 14th birthday would render him age ineligible. By 2008 the academically weak (and now 16-year-old) Themba had dropped out of school in grade five. After herding cattle for over a year he secured a 'piece job' in Mount Frere in early 2009. He worked as a building site labourer, living in his boss' yard and reportedly going on to earn R1 200 a month. He had not been working long, but his parents thought he would be given a few groceries by his shop-owning employer. They were visibly proud at their son's comparatively well remunerated employment, particularly with employment being so scarce in the area.

The younger son, nine-year-old Nkosithethile, was attending grade two in 2005 and receiving a CSG. By 2008 he had progressed to grade four. Although he appeared to have lost a year on this age cohort he reportedly fared much better at school than his older brother.

In 2005 a seven-year-old granddaughter intermittently lived with Veronica and Simon, alternating with the paternal kin. By 2008 she had left, but her six-year-old brother was locally resident. These were all the children of Veronica and Simon's adult daughter, Nobathwa).

Of the two adult daughters the eldest, Nobathwa (b. 1980), was married and living in the nearby village with her two children (both of whom were CSG beneficiaries) in 2005. In late 2005 Nobathwa moved to Johannesburg, where she sewed and sold traditional German-print style dresses favoured by Xhosa matrons. Nobathwa's husband secured various piece jobs, prior to 2005 as a security guard and by 2007 he was working as an electrician. In 2005 the older of Nobathwa's two children alternated between the paternal and maternal grandparents, while the younger child lived with Nobathwa and her husband in Johannesburg. In 2007 both children went to live with Veronica at the rural homestead and only visited their parents in

Johannesburg during school holidays. Nobathwa continued to receive the two CSGs in her bank account, and reportedly remitted slightly more than the value of the two grants (at R240 each) to Veronica – a monthly figure of R600. This sum was deposited in the bank account of a relative resident in an adjacent village, and collected monthly by Simon on horseback. Neither Veronica nor Simon had a bank account of their own.

The second of the two adult daughters, Fotiwe (b. 1984), was married and resident at another village in the district. She was mother to both a toddler and a young infant in 2005. As she and her husband presided over fewer resources than Nobathwa, they did not furnish Veronica and Simon with much assistance, beyond ‘moral support’ (fieldworker’s term) at traditional events, and the reciprocation of small amounts of money (viz R20) and food. Fotiwe’s husband used to work in Johannesburg, but even before he married had incurred serious burn wounds in an accident and became unemployed. Fotiwe’s husband collected wood for resale, while she wove grass mats sold within the village, or sold to an intermediary who sold them to the seasonal tourist trade on the Wild Coast. In the course of 2007 they secured two CSGs for the children; by 2008 they had two more children (a total of four). One of the children, a preschooler, was severely disabled. Hence they received a total of three CSGs and a care dependency grant (or as a fieldworker translated their isiXhosa formulation ‘an old age pension for children’). The need to constantly care for the child reportedly constrained Fotiwe’s ability to do any remunerative work.

The synergies between Veronica and Simon’s household and those of their adult daughters have already been suggested. A further key benefactor was locally resident Philemon (genealogically quite distant, a paternal cousin, several times removed). Veronica and Simon would help Philemon weed his fields and harvest, for which they received agricultural produce (such as maize and gourds evident in the 2005 interview). Veronica reported that when she was ill and in bed, she sent her children to Philemon to work in his field, from which they would never return empty-handed (i.e. they came back with food). Philemon also aided them by ploughing their small maize patch with his span of oxen, a significant and increasingly rare and unused asset in the rural Eastern Cape.

Although Veronica and Simon owned two pigs and chickens of their own, Philemon assisted them by ‘lending’ them livestock to look after. In 2005 Veronica was looking after three sheep and two goats from Philemon. These animals were loaned in terms of the cultural practice of *wazinqonywa*, whereby an animal is lent, and its products (milk, eggs) or more commonly, offspring, would be retained by those looking after the animal. (A different term describes when a cow which is lent out – *itsengibhekwa* – but its various outputs: milk, traction power, offspring and social prestige similarly accrue to the borrower).

These patterns of social reciprocity and beneficence endured across time and generation. In 2008 Themba was herding Philemon’s cattle. Although unpaid, he was routinely given food for his efforts. If Veronica and Simon ran out of a grocery item, or broke a tool, they would ask Philemon to buy it for them, and then repay him at the end of the month. Philemon’s superior

cash liquidity enabled him to lend them money, and he also retained small sums (less than a month's SOAG) they wished to save. In response to the research team's inquiry, Veronica explained Philemon's superior material position by explaining that although he was the same age as Simon, and had also worked on the mines, he was never injured. He worked for most of his adult working life and retired with an endowment of assets and saved income which made him comparatively rich relative to Veronica and Simon.

In addition to their close relationship to Philemon, Veronica and her husband were prominent in the local burial society. Veronica was sufficiently trusted to be responsible for collecting the villagers' contributions to the funeral scheme, a position she held despite the fact that she was among the youngest of the burial society's members.

In terms of income and expenditure, the 2005 interview showed Veronica and Simon to essentially be living off two CSGs, an erratic sum of up to two or three hundred rand from mud brick making and wood gathering, and a little subsistence agrarian production. They were heavily reliant on the patronage of Philemon. Veronica reported they had no savings instruments (bank accounts or *umcalelo*), and was intermittently taking up to R150 worth of goods on credit from the local trading store – she would repay 50% off a month (i.e. R75 at a time) over two months. Their groceries were bought from the large supermarket chains in town, but she did not normally travel to town. Instead she gave a female member of Philemon's family money and a list of groceries. Veronica and Simon were also part of a village-based funeral service (based in a distant village, but with links to a funeral parlour in the district), and paid R30 (and a 30 cents administrative costs literally 'the ink in the pen') monthly premium.

When asked in 2005 what they intended to do with the prospect of a R780 increase in their monthly income from the SOAG, Veronica reported that they would use it to buy food and upgrade their existing housing. Although she aspired to rebuilding the structures with commercially made concrete blocks, she thought they would probably have to settle for mud bricks. A pressing priority was the need to renew the worm-eaten rafters and rusted corrugated iron sheeting on their sleeping quarters. These were in such poor condition that at the conclusion of the 2005 interview, while showing them to the research team, Veronica joked that if we visited them in future we might find them in their graves (i.e. the collapse of the roof was imminent).

Simon duly secured his SOAG in late 2005 and they renewed the perilous roof in 2006. On the research team's 2007 visit, Simon also proudly showed the research team his new horse (his 'four by four', as he and the fieldworkers joked). They had bought two horses in 2007 which produced two offspring (although one of the original pair drowned in a river), along with three sheep. Simon had also bought two saddles to enable both him and a son to ride. This was in addition to the three goats he owned. Receipt of the SOAG appeared to have a discernible effect on their assets.

When questioned retrospectively in 2007, Simon and Veronica reported the SOAG had been used to buy food, to reroof the sleeping quarters and buy livestock. They, however, remain far from affluent, and at the time of the autumn visit were taking advantage of the clear weather to cut wood for their own use through winter to avoid unnecessary expenditure on paraffin. Surviving largely on Simon's SOAG, and Nobathwa's R600 remittance, much of their expenditure was on groceries. They had not even upgraded their basic funeral plan, which now cost R40 a month. They neither belong to a rotating savings society (*umcalelo*) nor had a bank account. They were, however, planning to build a new homestead, the site of which was visible several hundred meters away from their own homestead, which they were to fund with savings and a lay-buy at a hardware store in the local town.

By 2008 Simon and Veronica had almost finished building the rectangular single-roomed dwelling. About four by three metres in size, it was built on the edge of the village, close to a precipice where the plateau of the village fell away to the valley below. This structure was for their son Themba. Simon and Veronica had been allocated this site by the local headman, and were compelled to build on it within three years, because leaving it undeveloped would imperil their tenure of the site. Veronica and Simon readily enumerated the money, all diverted from Simon's SOAG, they spent on the construction including R1 000 on corrugated iron ('zinc') roofing and R900 on rafters. Veronica made the 800 mud bricks required, and Simon laid them himself. (When asked to impute the market value of these costs, they estimated a conservative R2 400 for the mud bricks and R1 000 for the building work). They still plan to buy a door (between R300 and R400) and a window (R120) for the uncompleted hut, which was being occupied by Philemon's children to ensure that livestock and the local 'skollies' (petty criminals) stay out. Simon and Veronica exuded a strong sense of accomplishment over the construction of the hut, as they showed it to the research team.

In response to the research team's queries about the flat, Simon and Veronica explained that it was the last of the favourably located sites within view and hailing distance of their own homestead. If they did not take this site they would eventually have to build on the other side of the village. In this region of the Eastern Cape (Baca) inheritance inverts the normal rules of primogeniture: the youngest rather than the eldest son inherits the homestead (viz. ultimogeniture), and is expected to look after his parents in their old age. Having his new homestead nearby would mean Simon and Veronica's eldest son would also be conveniently resident. They elaborated that although he will have his own place, he will also be able to help them with their problems. Probing the issue further and asking what would happen if Themba migrated to the city never to return to the village, Veronica and Simon dismissed this scenario, and replied that they would deal with this at the time if it happened. They reiterated that it is good to have a son in the village, because the *makoti* (their daughter-in-law) could always look after the parents when they are old. They are not planning to build for the younger son they explained, he will continue to occupy and eventually inherit their current house.

Finally when questioned on their future plans, Simon and Veronica intended to fence the yards of both homesteads. Although they had not investigated this for themselves, they understood that fencing costs R500 a roll. They were not sure of how much they require (how many metres), they aimed to buy a roll every second month or so, and store it until ready to undertake the work.

Case study commentary

The case study shows Veronica and her husband to be economically marginalised after a relatively unfavourable history of employment and asset accumulation, disrupted by Simon's injury and retreat from formal sector employment. Despite their impoverishment, Veronica and Simon are both located within important circuits of reciprocity and clearly commanded some degree of local respect, evident in their being entrusted with a key position within the local burial society, and looking after animals on loan. A small and cohesive unit, the household absorbed different grandchildren at various points and, relied on the labour power of its children to aid with some of the subsistence agricultural production.

The case study provided a particularly instructive pre- and post-hoc sense of the effects of social grant receipt and the way in which it was spent. Receipt of a SOAG was carefully strategised over and although reportedly spent on improving the food consumption of the impoverished household also enabled them to upgrade the quality of their accommodation, invest in forms of small-scale agrarian accumulation, and build a house for their son. There was no discernible sign of the grant income being directed to improving the quality of their clothing, or being spent on consumer durables or furniture. Their focus was the physical structure of the accommodation, livestock and other forms of agrarian assets.

Although they reported not having an *umcalelo*, grant income was saved via informal savings mechanisms, being lodged with Philemon. It is also useful to the considerable investment, of both effort and income, made in building a homestead for their eldest son. This represented a considerable investment in future social and care relationships. Securing the presence of another resident son nearby was an important way in which Veronica and her husband were attempting to secure their future well being, and suggested their confidence that their son would honour this obligation and look after them in their old age. Not only was the homestead an entitlement in relation to their son, it also represented an investment in his and their respectability.

Appendix II: Propensity score matching difference construct results

Impact of social grants on savings (change from 2001 to 2003) Difference Constructs					
Type of Savings		Treated (%)	Control (%)	Difference (%)	T-Stat
Bank Saving Accounts	Unmatched	-5.6	-3.9	-1.7	-1.27
	Matched	-6.9	-1.5	-5.4	-3.2
Savings in Stokvels	Unmatched	-0.9	1.6	-2.5	-2.94
	Matched	-0.7	2.6	-3.2	-3.01
Pension/ Retirement	Unmatched	0.5	-3.6	4.1	3.99
	Matched	0.6	-1.1	1.7	1.34
Unit Trust/Shares	Unmatched	0.5	0.8	-0.2	-0.39
	Matched	0.4	0.8	-0.4	-0.58
Cash Loans	Unmatched	0.5	0.8	-0.2	-0.42
	Matched	0.6	1.9	-1.4	-1.99
Life Insurance	Unmatched	-1.5	1.1	-2.5	-2.19
	Matched	-2.0	1.4	-3.4	-2.33
Other Savings	Unmatched	-3.8	0.4	-4.2	-7.05
	Matched	-3.8	0.1	-3.9	-5.10

Impact of social grants on credit (change from 2001 to 2003) Difference Constructs					
Type of Credit		Treated (%)	Control (%)	Difference (%)	T-Stat
Cooperative	Unmatched	0.6	0.6	0.0	-0.16
	Matched	0.6	0.6	0.0	0.00
Commercial Bank/Building	Unmatched	0.3	-2.2	2.6	3.26

⁹ Includes credit cards.

Societies ⁹	Matched	0.4	-0.9	1.3	1.31
Land Bank	Unmatched	0.3	0.8	-0.5	-1.78
	Matched	0.4	0.1	0.2	0.66
Government Agency	Unmatched	-0.1	-0.3	0.1	0.88
	Matched	-0.1	-0.3	0.2	1.00
Stokvel	Unmatched	0.5	0.1	0.4	0.94
	Matched	0.5	0.0	0.5	1.13
NGO	Unmatched	0.2	1.3	-1.1	-3.05
	Matched	0.2	0.6	-0.4	-1.00
Family	Unmatched	-0.2	2.1	-2.2	-2.28
	Matched	-0.2	-0.5	0.3	0.24
Neighbor	Unmatched	3.0	0.7	2.2	2.50
	Matched	3.0	-2.5	5.5	4.67
Local Dealer/Shops	Unmatched	-4.1	-2.1	-1.9	-1.63
	Matched	-4.3	0.3	-4.6	-3.05
Money Lender/Mashonisas	Unmatched	0.4	0.9	-0.5	-0.96
	Matched	0.0	0.7	-0.8	-1.15
Commercial Farmer	Unmatched	0.2	0.0	0.2	0.84
	Matched	0.2	0.3	-0.1	-0.67
"Other" Credit	Unmatched	0.9	0.9	0.0	-0.18
	Matched	0.7	0.9	-0.2	-0.36

Appendix III: Further discussion of propensity score matching¹⁰

The general approach of matching is to estimate counterfactuals for each treated person so that his or her treated outcome (which is observed) can be compared to what would have happened in the absence of treatment (which we estimate using the comparison group). Although more flexible than linear regression, matching still requires a maintained assumption about the relationship between the treated ($D=1$) and untreated ($D=0$). Cross-sectional matching is valid only if after controlling for observable characteristics X , a person's ultimate treatment status is not related to what their outcome would have been in the absence of treatment. In other words, people select into treatment based on observables only. In order to relax this assumption, a panel or "difference in differences" version of the matching estimator that allows a time-invariant (unobserved) difference in outcomes between the treated and untreated is used. These estimates use dependent variables (Y) defined as the difference between pre- and post-treatment outcomes for each individual. The following mean-independence assumption must hold for the periods t (before treatment) and t' (after treatment):

$$E(Y_{0t'} - Y_{0t} \mid D = 1, X) = E(Y_{0t'} - Y_{0t} \mid D = 0, X) \text{ for } X \in S,$$

where S is defined as the overlapping support among the treatment and comparison groups, i.e. $S = \text{Supp}(X \mid D=1) \cap \text{Supp}(X \mid D=0)$. This assumption implies that the outcome trajectories of the treatment and comparison groups must match, but their outcome levels are allowed to differ by an unobserved constant. This panel version of the matching estimator often performs better than its cross-sectional counterpart, in part because it allows for this unobserved heterogeneity.

The common application of matching used, called propensity score matching, is a two-step process in which first estimates the probability of treatment based on the conditioning variables. Generating predicted probabilities of treatment (i.e. propensity scores) reduces the matching process to the one-dimensional problem of comparing treated and untreated workers with similar propensity scores (rather than requiring matches on all of the X variables). Estimation of the propensity score includes a matching estimation using radius matching, kernel matching, local linear regression, and nearest-neighbour matching.

Nearest neighbour matching is one of the most straightforward matching procedures. An individual from the comparison group is chosen as a match for a treated individual in terms of the closest propensity score (or the case most similar in terms of observed characteristics). Variants of nearest neighbour matching include "with replacement" and "without replacement," where in the former case, an untreated individual can be used more than once as a match, and in the latter case, it is considered only once.

¹⁰ Discussion of propensity score matching from EPRI's Final Report to DSD, SASSA and UNICEF for the project: "Quantitative Analysis of the Impact of the Child Support Grant" (2008).

To avoid the risk of poor matches, **radius matching** specifies a “caliper” or maximum propensity score distance by which a match can be made. The basic idea of radius caliper matching is that it uses not only the nearest neighbour within each caliper, but all of the comparison group members within the caliper. In other words, it uses as many comparison cases as are available within the caliper, but not those that are poor matches (based on the specified distance).

Kernel and local linear matching are non-parametric matching estimators that have in common that only a few observations from the comparison group are used to construct the counterfactual outcome of a treated individual. In other words, these techniques compare the outcome trajectory of each treated person to a weighted average of the outcome trajectories of untreated persons with similar propensity scores (with the highest weight being placed on those with scores closest to the treated individual). One major advantage of these approaches is the lower variance, which is achieved because more information is used. A drawback of these methods is that some of the observations used may be poor matches. Hence, the proper imposition of the common support condition is of major importance for these approaches.

When applying kernel matching, it is necessary to choose the kernel function and the bandwidth parameter. The kernel matching estimator applied is based on a normal density function, and in the local linear regressions, the kernel types are specified as normal and biweight.

Endnotes

ⁱ Administratively, the Social Assistance Act of 2004 placed the responsibility on national government for social security grants. The South African Social Security Agency (SASSA) was established in 2005 to implement policy and administer grants, tasks previously charged to provincial government.

ⁱⁱ Within Africa, cash transfers (particularly social pensions), are generally found in countries with high income inequality and comparatively small populations (such as Botswana and Namibia). As a redistributive mechanism they are better suited to these societies, rather than those that are very populous and poor.

ⁱⁱⁱ In recent official documentation the SOAG is increasingly referred to as the 'Older Person's Grant'. In the interests of reader comprehension the former and better known moniker is used.

^{iv} The age eligibility threshold for men is being incrementally being lowered to 60 years, to attain parity with women by 2010.

^v The notion that being insulated from risk encourages risk taking that an agent might otherwise not take on, if they were not insulated from the risk (e.g. the proposition that a safety net encourages greater risk taking behaviour).

^{vi} Households and individuals can receive multiple grants. For instance it is not uncommon for a SOAG pensioner to receive one or more Child Support Grants for grandchildren in her care.

^{vii} These, and other comparatively minor areas of welfare expenditure, such as 'grants in aid' for carers, and short-term 'social relief of distress' grants, food parcels and vouchers are not a focus of the current inquiry.

^{viii} It is useful to make a distinction between a *beneficiary* for whose benefit a grant is intended, and a *recipient* who receives the grant on the beneficiary's behalf. This might be because the beneficiary is a legal minor (as in the case of the child-orientated grants) or unable to physically access the grant.

^{ix} The beneficiary child's Road to Health clinic card was initially a one off entitlement requirement (rather than a 'conditionality' in the strict sense), but dropped in later regulations. Despite this these are routine demanded by ground level officials.

^x Errors of exclusion are the proportion of people who meet eligibility criteria erroneously precluded from grant receipt, conversely errors of inclusion are the proportion of ineligible recipients erroneously or fraudulently included in the pool of grant recipients.

^{xi} The means test thresholds are differentiated by whether the beneficiary lives in a formal urban area (R800), or alternatively an informal urban or rural area (R1 200). These geographical differentials attempt to price in the value of public goods that beneficiaries living in formal urban areas may receive (utilities, housing, improved access to services).

^{xii} This is the maximum value of the grant. Like the SOAG, the value DG is reduced in relation to the other income of the recipient, but in reality the overwhelming majority of recipients simply receive the full cash value of the grant.

^{xiii} In the absence of social security for non-disabled unemployed working-age adults, some (Nattrass, 2007) have pointed out there the welfare system compels DG recipients to 'trade off income and health'. They choose between attaining health through treatment compliance on one hand (thereby the losing the DG), and remaining ill (in order to continue to receive the DG).

^{xiv} A coefficient or index of concentration showing the relationship between two sets of percentage frequencies. The Gini coefficient is used to describe income inequality.

^{xv} Despite the fact that policy exempts poverty-based grant recipients from such fees, research indicates that many still pay them. Knowledge and application of eligibility for fee exemptions is generally low.

^{xvi} Measuring the physical characteristics of human bodies. Measuring the distribution of bodily dimensions (such as height, weight and body fat) within a given population enables researchers to readily quantify stunting and malnutrition.

^{xvii} Grant application frequently entails multiple trips by impoverished applicants both to welfare officials and Department of Home Affairs officials who issue the official identity documents necessary for grant application.

^{xviii} Wood (2003) terms this the 'Faustian bargain' of exchanging long-term security for short-term survival. Potentially an evocative formulation, it perhaps risks attributing an unwarranted degree of agency, and moral culpability to the poor, for their poverty.

^{xix} While microfinance interventions have for several years generated much policy interest, evidence of widespread success are rare and only found in relatively limited national contexts, most notably Bangladesh.

^{xx} Migration remains high, and although the South African population has become predominantly urban residing, the transition has happened far slower than initially predicted. In the post-apartheid era rural migration (particularly from the populous provinces of the eastern seaboard viz. the Eastern Cape and KwaZulu Natal) often continues to be marked by oscillatory rural-urban return quality. The reasons for this are complex, but the limited resources of many migrants and a desire to provide for urban livelihood shocks and eventual rural retirement have slowed South Africa's urban transition.

^{xxi} A RDP house takes its name from the now defunct Reconstruction and Development Programme (RDP) programme of the 1990s. The moniker continues to be widely used to describe the low-cost, small (approximately 40 square meters) government-funded, free-standing dwellings.

^{xxii} Trading stores no longer buy agricultural surpluses, and are therefore essentially rural *spaza* shops.

^{xxiii} This does not include *mashonisas* (informal moneylenders)

^{xxiv} For more information about propensity score matching, see Appendix III.

^{xxv} For a pre-specified positive delta, a treated individual is matched to a non-treated individual as long as their propensity scores are within the range of delta. If there are no non-treated individuals within that range, then the individual is left unmatched.

^{xxvi} A nationally representative study of consumer perceptions on financial services and issues, run by the FinMark Trust. See <http://www.finscope.co.za/southafrica.html>

^{xxvii} There are tensions between these functions. For instance, conditions that encourage secondary school enrollment would elevate human capital formation, but the exclusion of primary school learners would render it an incomplete form of social protection.

^{xxviii} Conditionalities are of less utility in high poverty contexts with demand-side constraints (as exist in much of sub-Saharan Africa) because they incur the risk of excluding the neediest.

^{xxix} Brazil and Mexico are notable exceptions, with approximately a quarter of their population enrolled in CCTs.