



# Mandi's story



# Background to the study

- Social grants account for 10% of consumption needs of beneficiaries in low-income countries; 21% in lower-middle and 37% in upper-middle income countries on average (World Bank 2015)
- How then do beneficiaries bridge the gap between grants and their needs?

# What do we know about how grants & livelihoods?

- There is some evidence from rural areas but not urban areas.
- **Study by FAO (2015) titled: ‘*From protection to production*’** : Cash transfers in rural areas are used for productive capital, for diversification of livelihoods, for saving and borrowing.
- Social grants in South Africa are constitutionally-mandated; laws enable beneficiaries to use the grants as they need it.
- Need for research on the urban context in South Africa: **how do beneficiaries utilize grants?**

# Study Rationale

- High rate of poverty and unemployment in South African townships
- Lack of information about how beneficiaries bridge the resource gap between financial support from state and the amount they need
- Lack of understanding about potential linkages between grants and livelihoods
- A need to challenge common assumptions e.g. that beneficiaries are dependent and passive

# Study Aim



To determine how social grant beneficiaries use social grants to improve their livelihoods in an urban community through engagement in income activities

# Research Methodology

- Narrative Research Design
- Study context: **Doornkop**
  - ✓ High receipt of grants
  - ✓ High levels of poverty and unemployment (one of the 10 poorest wards)
  - ✓ 25 % involvement in informal economic activities by beneficiaries
- Selection Criteria: (1) receipt of grants, (2) residing in Doornkop, and (3) engaged in income activities
- Interviews conducted in English, isiZulu, and Sesotho
- Ethical approval (UJ)

# METHODOLOGY: Who are the participants?

- Participants: 17 people: 10 women and 7 men
- Age range: 4 (18-35 yrs); 7 (36-59 years) and 6 (60-70 years).
- Education: 14 secondary education (<matric); 3 primary education
- Grant receipt:
  - Child Support Grants: 12 recipients (3 – 1CSG, 5 – 2 CSG, 4 – 3CSGs)
  - Old Age Pension: 6 recipients
  - Disability Grant: 1 recipient

(All names changed)

# Data collection

- Interviews: 3 interview sessions with each participant, averaging 45mins each
- Observation: simultaneously with interviews
- Photography

# Findings - Livelihood Activities

- Buying and Selling
- Supply of Goods
- Provision of Services to Customers
- Traditional Healing
- Fafi





# Findings – Social Grants & Livelihoods

## Grants Act as Seed Money:

*“They [meaning the government] only give me the money because I am old, they never say anything about how I must spend the money, or what to do or what not to do with the money. I think for myself what I can do with the pension because the money is not enough for the whole month, it is too little. But I know that if I use the money as a seed to plan and start my own business that I will be in a position to make more money and achieve many things which I was not able to do when I was earning salary ... I saw that money as a seed that can grow very well only if I use it to start my business to make more money.”*

Jolly - a pensioner

# Findings – Social Grants & Livelihoods

- Grants Help to Grow and **Sustain Businesses**
- Grants are used for Investment in **Future Livelihoods**
- Grants in the **Community – Township Economy**

# Findings - Motivations

- **Goal-setting:** personal
- **Business goals**
- **Poverty and Unemployment as a Motivation**



# Findings – Active Decision-Making

- **Strategic** Business Decision-making
- **Operational** Business Decision-making
- **Priorities** guiding Decision-making
- **Financial** Decision-making
- **Process** of Decision-making



# Findings – Livelihood Improvements

- Overall improvements as a result of livelihood activities: *“Living has become easier”*
- Increased income: 2 raised from below poverty line...
- Gladys compared her situation before and after starting her business:  
*“Before I started my business, we were struggling for food as my husband was the only one working and people that earn salary don’t always have money. Making sure there is always food in the house was very difficult. That was actually one of the things that pushed me to do something for myself and ignore my husband who wanted me to remain a housewife. I had to start my own business because my mother did not allow us, her children, to go hungry so I should do what she did. Ever since I started the food situation changed.”*

# Findings - Livelihood Outcomes

- **Food security:** “*food is not my problem anymore*” (Gregory)
- **Home** improvements
- Achieving **Business Goals**
- **Psychosocial Outcomes:** “Sense of pride”, “happy”, “confident”
- **New skills:** “negotiation, persuasion, budgeting, finance and customer management, and communication skills”

# Livelihood Challenges

- Even though participants appreciated the varying degrees of improvement, they acknowledged that their **lives were still a long way from ideal.**
- **Participants' narratives were deeply connected to:**
  - Contexts of poverty and unemployment
  - Competition between businesses for markets (everyone is selling tomatoes)
  - Crime
  - Challenging life events
  - Insufficient/Depleted Assets (human, social, financial, and physical assets)

# Conclusion: Grants & livelihoods

- Positive links between grants and livelihoods in this study, despite constraints
- Jolly explains this linkage as follows:

*“Some people have got money more than the pension but they don’t know what to do with the money. It is one thing to have money, it is another thing to know what to do with the money. Some people just spend the grant money for food because they don’t have passion to do anything. Without me the grant money will remain the same amount from month to month, and that it is not enough. I am the person that puts it to work in my business and multiply it to become more money. I am like a farmer who plants one seed of maize and harvests a corn after hard work. That is it. The grant money is the seed, without that seed, my passion for business becomes nothing. They are connected, but I am the farmer here.”*

# Conclusions: Beneficiaries as catalysts

- Beneficiaries in the study **'grew' the grants**
- Entrepreneurship **ambassadors in the community**

# Participants' Recommendations

- **Training** workshops (how to grow businesses from survival to scale)
- Restaurant business: indoor **space**
- Recycling business: space that is not harmful to people
- **Urban gardens**: more space
- **Community gardens**: links to supermarkets
- **Access to larger capital sums**
- Assistance with formal **registration processes**

# Looking forward: Policy recommendations

- Recognising and reinforcing positive linkages between grants programmes and township economies
- Active responses by local government and NGOs to participant recommendations
- Entrepreneurship programmes that support existing local initiatives

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