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RESEARCH BRIEF

# Social Grants, Livelihoods and Poverty Responses of Social Grant Beneficiaries in South Africa

LEILA PATEL , VIWE DIKOKO AND JADE ARCHER

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## Introduction

Globally, a fifth of the people living in developing countries receive at least one form of social assistance (World Bank 2018). South Africa fares well as it has one of the largest cash transfer programmes in Africa. Roughly one third of the population are beneficiaries of social grants for older persons, people with disabilities and children. The expansive temporary Social Relief of Distress (SRD) grant introduced for unemployed adults in 2020 in response to the Covid-19 pandemic means that just under half of the population now receive social assistance in the form of an unconditional cash transfer. Social grants are associated with positive effects on poverty and inequality (Köhler & Bhorat, 2021; The World Bank, 2018) and on key social development outcomes (Patel, 2021).

Although grant monies are spent largely on food, there is growing evidence that social grants are also used to make productive investments in livelihood activities (Granlund & Hochfeld, 2020; Neves et al., 2009; Nnaeme et al., 2020). Köhler and Bhorat (2021) find that the SRD increased the probability of job search among beneficiaries by 25 percentage points. Despite these findings, there is still limited evidence of the nature and scope of informal livelihood activities of grant beneficiaries and how government and other social partners may be able to support people's agency and strengthen their livelihood strategies in a context of extraordinarily high rates of unemployment (33.9 per cent in quarter three of 2022) (StatsSA, 2022).

This research brief is based on the synthesis of findings from three qualitative studies that were conducted by post graduate students of the MPhil in Social Policy and Development offered by the Centre for Social Development in Africa and the Department of Anthropology and Development Studies at UJ and a Doctoral study supervised by Leila Patel, DSI/NRF Chair in Welfare and Social Development and Sophie Plagerson at UJ. The qualitative studies provide insight into the types of livelihood activities of grant beneficiaries. It does not however tell us about the extent to which grant beneficiaries engage in informal work and income generating activities and which groups of beneficiaries are most likely to do so. A quantitative analysis was therefore conducted of the employment status of social grant beneficiaries disaggregated by formal employment, unemployment and informal employment segmented by grant types. Household survey data from 2008 to 2021 are used. The findings confirm low formal labour market participation of grant beneficiaries, very high unemployment with three out of ten grant beneficiaries engaging in some sort of informal work. Informal work is taken to be employment in the informal economy and self employment is work in unregistered enterprises and that do not pay tax. This research brief presents findings from both the quantitative and qualitative data and provides pointers for combining cash transfers with livelihoods support.

To accompany this Research Brief the CSDA has produced an infographic which provides a high-level overview of social grants and livelihoods in South Africa, it can be viewed [here](#).

## Reach of social grants by grant type and grant values

Prior to the Covid-19 pandemic, 17.8 million people received a social grant in the 2018-2019 financial year. The numbers increased significantly during the pandemic reaching 18.2 million in 2020-2021 (SASSA, 2022). During the pandemic a new temporary Social Relief of Distress grant (SRD) was introduced reaching 10 million additional beneficiaries by 2022. The SRD recipients are people of working age who are unemployed or engaged in informal employment and did not have access to formal social protection benefits. (DSD, 2021). A rapid appraisal of the SRD conducted in 2020 found that 93 per cent of beneficiaries used the money for food (DSD, 2021). The SRD is due to end in March 2023. Although government has made commitments to its extension, the form that it will take remains unclear. The total number of overall beneficiaries increased from 31 percent of the total population in 2019 to 47 percent in 2022 (SASSA, 2022). These high numbers are due to extremely high rates of poverty and unemployment prior to the pandemic that was exacerbated by successive lockdowns and by the impact of the pandemic itself between 2020-2021. Despite the expansion of the grants system before the pandemic, 55.5 percent of the population lived below the national upper bound poverty line of R992 in 2017 based on 2015 prices (STATSSA, 2017). The three largest grants are the Child Support Grant (CSG) which has 13 million recipients while the Old Age Pension (OAG) is received by 3.7 million and the Disability Grant (DG) reaches about a million beneficiaries. The remaining care related grant types are: foster care, care dependency grant for caregivers caring for children with disabilities and the grant-in-aid for the care of a person who needs regular care by another person. The latter grants reach under a million beneficiaries combined.

It is important to note that grant values in 2022 are the same for the OAP, the DG, the care dependency grant amounting to R1 990 per month. The value of the foster care grant is R1 070; the grant-in-aid is R480 and the CSG is R480 per child. All grants are paid monthly and are subject to eligibility requirements such as income and age; an assessment is required to access the disability grant while the foster care grant involves a statutory child protection process. There are no prescriptions on how beneficiaries may use grant monies.

## Using a livelihoods lens

Livelihood activities are how people make a living to meet their basic needs such as for food, clothing and shelter. People living in poverty tend to use a range of livelihood activities to build assets and gain access to goods and services to meet their consumption needs (De Wet et al., 2008). A livelihood activity could be a job in the formal or the informal economy, it could be in the form of self-employment such as an income generation activity or adaptive strategies to cope with economic shocks such as loss of a job or a health pandemic such as Covid-19, that triggered an unprecedented economic and humanitarian crisis.

The Sustainable Livelihood Approach (SLA) conceptualised by Chambers and Conway (1992) has been adapted over time. It nevertheless provides a useful way of understanding the assets that people living in poverty use to pursue their livelihood activities such as social, human, financial and physical assets. Social assets can be their social networks that they have built up over time which they draw on to make a living, while human capital assets refer to the knowledge and skills that they have to generate an income. Financial assets are savings, borrowings or access to credit. A financial asset may also include having access to social grants. And lastly, physical assets are those environmental assets that people use such as land to grow food, water and other resources in their environment, access to basic services, transport, a home from which they may run their businesses and includes a safe environment. Government policies such as local authority policies to regulate informal trading for instance may also enable or constrain people's livelihood pursuits.

Central to the study of people's livelihoods is the recognition of the agency of beneficiaries as the key actors in addressing poverty and unemployment. Agency is taken to be the capacity that an individual has to improve their lives. To do so, we need to understand people's motivations, the decisions they make and the actions they take to achieve their goals (Giddens, 1984) but also, the resources that they have access to such as a social grant. Recognition of the agency of grant beneficiaries means that they are not conceived of as passive beneficiaries of state assistance reliant on government only for an income but are active partners with government and other development agents to improve their lives.

Finally, our approach is also informed by ideas of 'cash plus' policies and social interventions where we build on the expansive strengths of South Africa's grants system to support people's livelihood capabilities and responses to poverty. There is a growing interest in cash plus programmes for children and families in South Africa (Patel & Ross, 2022) and elsewhere (Handa et al., forthcoming). Limited attention is however focused on cash plus livelihood policies and programmes. While the positive benefits of cash transfers on well-being outcomes is now widely acknowledged, additional supports that could provide greater traction by supporting beneficiaries in their livelihood pursuits might be needed. This research brief provides knowledge and insights that could further this agenda.

## What did we aim to understand through this research?

The aim was to:

1. Determine the employment status of grant beneficiaries by grant type (formal employment, unemployment and informal employment) assessed using national household survey data between 2008 and 2021.
2. Determine the types of livelihood activities they engage in (qualitative data).
3. Ascertain how beneficiaries use grants to engage in livelihood activities (qualitative data).

We consider what this means for policy and action.

## Research approach

This research brief is a synthesis of the findings drawn from two Masters dissertations (Khoza, 2021; Westley, 2022) and one Doctoral thesis (Nnaeme, 2019) at the CSDA. These studies used a qualitative research design that included one-on-one interviews with 40 social grant beneficiaries who were purposively selected if they were engaged in some kind of additional income generating activities such as running a business and were engaged in informal work. In one of the studies, focus groups were also used such as an art-based activity and photography as data collection methods. Observation of their informal trading activities was also done in one of the studies. Most studies incorporated story telling about their livelihood strategies in urban, peri-urban and rural contexts. All the studies explored similar research questions that are pertinent to this study. Data collection occurred in the communities of Doornkop in Soweto, Greenfield (Sekampaneng) in Hammanskraal and the Valley of the Thousand Hills in KwaZulu-Natal. Two of the studies were conducted telephonically during the Covid-19 pandemic while Nnaeme's (2019) fieldwork was conducted in 2018 and before the pandemic. A narrative and thematic approach to the analysis of the qualitative data was employed. Mokhele's (2022) MPhil study of the livelihood strategies of small-scale black women farmers in Maubane, Hammanskraal was excluded because the participants were not social grant beneficiaries. This study nevertheless provides useful insight

into the livelihoods support that might be needed by women in farming. Mamba's (2022) MPhil study on the livelihood activities of old age pensioners in Eswatini was also excluded from the analysis because of policy and contextual differences between the countries. It does however provide important insights into the productive investments made by older persons, but the irregularity of grant income, paid quarterly only, limits its use.

The qualitative data was complemented by a quantitative analysis using panel data from the National Income Dynamics Survey (NIDS) which has five waves from 2008 to 2017. In 2008 the NIDS collected data on 28 000 individuals, the survey was done every two years. Only two waves of data are reported on here relating to the employment status of grant beneficiaries disaggregated by grant type for wave 1 (2008) and wave 5 (2017).

In addition, data from NIDS – CRAM (Coronavirus Rapid Mobile Survey) were also analysed based on two waves of data collected from April-May 2020 and November-December 2021. The surveys provided nationally-representative data on the socio-economic status of households such as unemployment, informal and formal employment, household income and access to government grants during the Covid-19 pandemic. NIDS-CRAM is a nationally-representative panel survey of 7 000 individuals. This data provides for a longitudinal analysis of informal work by type of grant received for three waves. The NIDS-CRAM data includes the SRD grant.

## Employment, unemployment and informal employment of grant beneficiaries and by CSG receipt (2008 – 2021)

Respondents in the NIDS and the NIDS-CRAM surveys were asked questions about their employment status, namely, whether they were employed, unemployed or engaged in informal work. The StatsSA (2018) guideline was used to analyse employment status. Formal work is defined as regular work with a written contract and informal work is a job without a written contract. An individual is defined as informally self-employed if their business is not registered for tax and where the individual has no access to a pension or medical aid (Cichello & Rogan, 2017). For unemployment, the broad definition is used in the survey which refers to a person of working age (15 and 64) who is not working, but is willing and able to work but is not actively searching for a job. We present findings first for all grant beneficiaries below. This includes all the different types of social grants: children, older persons, people with disabilities and the range of social care grants. The SRD grant is included in the 2020 and 2021 data. The SRD was implemented in May 2020 with 4.4 million beneficiaries; reaching 6.1 million beneficiaries by end of October 2020 and 5.9 million beneficiaries at the end of April 2021 (Van der Berg et al., 2021). The extension of the SRD to caregivers of the CSG increased the numbers significantly.

Next, we summarise the results by grant type with the focus on the CSG. This is because the CSG is paid to primary caregivers of children who are largely persons of working age, except for a smaller proportion of grandparents over 60 years, who are caregivers of the children. Since the sample is small for disability grant beneficiaries, we do not report on employment status for this group and for pensioners. Older persons receive an OAP pension from 60 years of age and would be counted as economically active up to age 64 years. The findings are summarised below and are also presented in an [infographic](#) accompanying this brief.

### NIDS 2008 and 2017 and NIDS-CRAM 2020 and 2021

**Unemployment status of social grant beneficiaries:** The NIDS shows that the majority of social grant beneficiaries in South Africa (64 per cent) were unemployed in 2008 and this decreased to 55 percent by 2017. Following the pandemic and using NIDS-CRAM data, unemployment rose sharply to 61 per cent in 2020 but improved to 51 per cent by the end of 2021.

Unemployment is highest among CSG beneficiaries across all waves. Over half of the CSG beneficiaries (56 per cent) reported that they were unemployed in 2008. Although unemployment is very high, it is evident that unemployment for CSG caregivers seems to be decreasing reaching 49 per cent in 2017, 40 per cent in 2020 and 26 per cent by the end of 2021.

**Formal employment of social grant beneficiaries:** Very low levels of formal employment is recorded in the NIDS for social grant beneficiaries ranging from 5 per cent in 2008 to 11 per cent in 2017. At the start of the pandemic, 16 per cent indicated that they were formally employed and this increased slightly to 18 per cent by the end of 2021. Few CSG beneficiaries are engaged in formal employment across the four waves ranging from 5 per cent in 2008 to 10 per cent in 2017 and 14 per cent in 2020 and 2021 respectively. Many barriers have been noted about the low labour market participation levels of CSG beneficiaries who are largely women such as unpaid care work, responsibilities in the home, low levels of education and work experience. Although more women have entered the labour market over the years, this has occurred at a time of low economic growth and low levels of job creation (Casale & Posel, 2020). This is also reflected in gender inequalities in the labour market where fewer women are in formal employment compared to men.

**Informal employment of social grant beneficiaries:** Informal employment increased between 2008 from 31 per cent to 34 per cent in 2017. Due to the lockdown regulations in 2020, informal work declined to 23 per cent but improved again reaching 2008 levels by 2021. The three top occupations of social grant beneficiaries in 2017 are predominantly in elementary occupations (64 per cent) like domestic work, gardening and services and services and sales (29 per cent). Only 7 per cent were involved in work in craft and related trades.

In regard to CSG beneficiaries, a quarter were in informal employment in 2008. This increased to 29 per cent by 2017 but dropped to 14 per cent in 2020 and it remained unchanged by the end of 2021. This means that informal work among CSG beneficiaries contracted significantly. The bulk of CSG beneficiaries are women who are employed in precarious, low paid work such as casual work and piece work (Patel et al., 2012) and for those who engage in self-employment, it is largely to make ends meet. Of those in informal work in 2017, 16.6 per cent were involved in a business activity over the past month in 2017 while 2.1 per cent were doing so in April-May 2020 during the hard lockdown. This improved to 8.6 per cent by 2021 of which CSG beneficiaries made up the largest proportion (11 per cent) followed by SRD beneficiaries (9 per cent) and 4 per cent for those receiving an OAG.

The household survey data suggests that the numbers of grant beneficiaries engaged in business activities to generate income is low. These income generating activities appear to fall mainly in the lower tier of survivalist type of operations.

**Limitations with the household survey data:** The survey data provide a snapshot in time. Also, the quantitative data does not provide an indication of the actual livelihood activities of beneficiaries, nor of the types of business activities that they engaged in. Although our estimates of informal work are in keeping with Rogan and Skinner's (2021) estimate of 30 per cent, we did not include casual work in the definition of informal work which might under-estimate informal work among grant beneficiaries. We also did not consider other sources of income of beneficiaries who have access to periodic financial support from family members, remittances, unpaid care work in the home in lieu of food and shelter, participation in public employment schemes or volunteering activities to develop work experience. There may also be under reporting of their engagement in informal business activities as the research question referred to the past month and not to prior business activities. Nevertheless, the analysis of the NIDS and the NIDS-CRAM data for the respective periods provide a useful starting point to understand the nature and scope of their livelihood activities. The qualitative data helps to fill this gap and provide rich insights into the livelihood strategies of grant beneficiaries.

## Livelihood activities of social grant beneficiaries

### Motivations to improve their lives

Across the studies, participants articulated strong motivation to improve their lives. Some of the statements were about self-efficacy, such as *'doing something for myself'*, doing something to improve family well-being, for children, while others expressed a strong desire for independence, to be active and productive, *'not to sit and do nothing'* or *'changing how I behave'* (Nnaeme 2019 p.135-136). The livelihood stories across the studies converged around their need to respond to poverty and unemployment; finding ways to multiply or grow grant monies. Money for food for children and for the household was cited most frequently such as putting food in the house, for schooling costs and for health services which was found in early studies in the 2000s (Delany et al., 2008). All beneficiaries were motivated to pursue livelihood activities because the grant monies were insufficient to meet their needs. This was articulated by beneficiaries regardless of the grant they received and the value of the grant which varies across the different types of grants. Lastly, the interview data also suggest a strong sense of a future orientation among beneficiaries who pursued additional income streams.

### Types of livelihood activities

From the qualitative studies, it was established that the livelihood activities of grant beneficiaries are diverse consisting of some formal work, but mostly informal work and income generating business activities. Those involved in income generating activities were engaged in buying and selling of goods, the supply of goods, the provision of services to customers such as building, painting, photography, running restaurants or taverns, renting accommodation, traditional healing, fafi (a form of betting), community gardening, sewing, recycling and beadwork. The diagram below provides an indication of the types of activities the beneficiaries were engaged in.



Source: Nnaeme (2019, p. 84).

Beneficiaries combined incoming generating strategies with informal work. This is what some of the participants said they do:

*"I do building and plumbing and shoe repairs"*

*"Sangoma, spaza shop, selling of second-hand clothes, renting a room, Fafi"*

*"Domestic work, recycling, laundry and dry cleaning."*

Nnaeme (2019, p. 84).

Another said that she hired out traditional costumes as an informal enterprise and lived on her grant. She also did bead work in a crafters cooperative, but then things changed when the tourists did not come any longer during the Covid-19 pandemic, her social grant became her primary source of income. Another reported working on a mushroom farm, presumably this is seasonal work, doing domestic work and beading (Westley, 2022).

Greenfields, North of Pretoria is an area that emerged following the illegal occupation of land which is now an informal settlement. Livelihood activities included a combination of formal work, informal work and social grant receipt. None of the beneficiaries were running businesses. Only one of the respondents relied on income from the CSG only, and another, had income from an informal job. The remaining 13 participants all combined grant income with other forms of income and may be categorised as follows: (1) income from a formal job, the CSG and income from a partner who is employed (5); (2) CSG and a partner who is working (5) (3) informal employment and a CSG (2); (4) CSG combined with another type of social grant, unemployment insurance (UIF) and or SRD (2) (Khoza, 2021).

## How is grant money used to generate income?

### Livelihood diversification: a mix of strategies

People with small or micro enterprises have multiple livelihood strategies to supplement their income. Grants provide regularity of income which gives people more agency to diversify their livelihoods. This was particularly so with bead-workers in KwaZulu-Natal and grant recipients in Soweto. For example, a few had full-time or part-time jobs, were grant recipients, offered services and produced products for sale, all in addition to their core livelihood strategy of beading or trading.

### Investing in future livelihoods

Beneficiaries reported using their grants to invest in future livelihood strategies. This predominantly involved investing in a child's education or even supporting children with their job search. This is a form of long-term investment from which grant beneficiaries hoped to benefit in the future.

## Monies are used to grow and sustain businesses

Grant recipients use their grants in a range of innovative and creative ways to sustain their businesses:

**Grants act as seed money:** Grant recipients who engaged in income generating livelihood activities typically used their grants as seed money to establish and initiate small businesses. This seed money is typically used to buy stock, equipment and to rent business space to get their micro-enterprise started. Many supplement the grant money with money from other sources including mashonis (informal lenders).

**Grants help to grow and sustain businesses:** Some beneficiaries used grants once-off or on a continual basis to grow and sustain their business. The grants are used to cover start-up costs or as a cash injection to expand their existing operations or to buy new equipment. Again, the grant money is often supplemented with other sources of capital such as rental income.

**Grants assist with cash flow:** Many grant recipients who engaged in livelihood activities struggle to maintain stable cashflow throughout the month and use their grants to manage during periods of fluctuating income. Across the three qualitative studies, beneficiaries reported that households with multiple income streams were more financially stable.

**Grants support consumption smoothing when running micro-enterprises:** Many people who run micro-enterprises struggle to maintain a stable level of income throughout the month and this compromises their ability to cover their basic consumption needs. Many grant recipients use grant monies for household expenses. By smoothing over their consumption during periods of low-income generation some indicated that they are able to ringfence their business capital and profits to grow their business.

## Investing grant money

Grant recipients reported saving a portion of their grants, primarily through local stokvels or savings schemes. By setting aside a small amount, grant recipients indicated they aimed to build up savings that in time could be reinvested into their businesses or to use during an emergency or may be used to buy stock when cash flow is limited. Some used the money to introduce new products.

## Support services accessed for business activities

The crafters who were part of the crafters cooperative in KwaZulu-Natal accessed support through the NGO, Hillcrest AIDS Centre Trust and its income generating arm Woza Moya. Women in this community made use of the skills development and training offered by the NGO to enhance their livelihood activities and their children attended the school run by the NGO.

However, in general very few of the grant recipients were able to access formal support services to enhance their livelihood activities, rather they turned to their own social capital networks including friends and family for support, guidance, advice and financial assistance. Many turned to informal money lenders when they needed access to cash.

## Barriers experienced in running their own businesses

The most common barriers are related to women's child care and other care responsibilities in the home and the time burdens that this presented; the opportunity costs of working (such as high transport and child care costs), a lack of jobs, lack of capital, credit or access to micro loans and indebtedness. Competition for customers and lower prices charged for goods by large retailers especially where they were in close proximity to them. A lack of experience, knowledge and skills for example in financial literacy are other barriers to initiating and sustaining self-employment. Some expressed concerns about crime and violence in the community and the impact of the lockdowns on their businesses.

## Conclusions

The analysis of the employment status of social grant beneficiaries shows that two thirds are unemployed (using the broad definition) and are not actively looking for work. This is not unexpected in a country with one of the highest unemployment rates globally; in a context of low economic growth and low levels of job creation especially for people with lower levels of skills (Rogan & Skinner, 2021). Despite a desperate economic situation, a third of all grant beneficiaries and 14 per cent of CSG beneficiaries in 2021 who are largely women of working age, are engaged in informal work in elementary occupations, services, sales and craft and related trades. A smaller proportion (8.6 per cent) of beneficiaries were self-employed and running their own businesses of a survival nature. Informal employment is a significant livelihood strategy for grant beneficiaries with 13 per cent more beneficiaries being employed in informal jobs than in the formal labour market in 2021.

Several conclusions may be drawn from the findings. First, informal work is a crucial livelihood strategy for grant beneficiaries who supplement their income through a multiplicity of livelihood activities. Second, the hard lockdown during the Covid-19 had a significant impact on their capacity to supplement grant income with informal work and self-employment. There is recovery in beneficiaries' participation in informal work by 2021, this is however at a lower level for CSG beneficiaries who are mainly women. Third, the introduction of the temporary SRD grant, although introduced to mitigate the impact of the pandemic, signalled a positive shift in government policy toward the social recognition of informal work and their lack of access to social protection. Fourth, the qualitative studies provide rich insight into the agency of grant beneficiaries, their motivations to improve their lives, the livelihood activities they engage in and how they use grant monies to multiply their income. The qualitative data also show the positive impact of grants and livelihood activities on aspects of beneficiaries' well-being such as in reducing food insecurity, making investments in education and health and in promoting a sense of personal effectiveness (Nnaeme et al., 2020, 2021). However, the income poverty effects derived from a combination of informal work and grants was not measured, further research is needed to do so.

Fifth, income from informal work and self-employment among grant beneficiaries is precarious and fluid and is similar to other findings on income from informal work (Cichello & Rogan, 2018). There also appears to be a cross over between these strategies (change from one type to another and vice versa) or a mix of livelihood activities at different times. The qualitative data also hint at adaptive strategies that beneficiaries employ to respond to changing markets, demand for new products or personal adversities and external shocks. Further, income generated is composed of a number of micro-sources that vary from time to time. Clearly much more needs to be learnt from grant beneficiaries' search for survival and how best to support and strengthen their efforts to improve their lives. Sixth, the findings support the call for a new generation of social policies that recognise informal sector-employment in reducing poverty as an important national policy objective (Cichello & Rogan, 2018) on the one hand, and the need for social protection for informal workers on the other.

Finally, the application of a livelihoods lens to improve resource flows in grant beneficiary households, in a context of extremely high unemployment and limited access to formal work, especially for women, could open novel ways of supporting beneficiaries to strengthen their livelihood activities. Interventions such as cash plus livelihood programmes that could both enable and support informal workers and persons who are self-employed could play an important role in poverty reduction, 'and for some, it could be a way of expanding employment' (Cichello & Rogan, 2018, p.461). Policies and programmes are needed that address the barriers that grant beneficiaries face in accessing both formal and informal work opportunities, enabling and supporting them to engage in self-employment through enterprise development but also supporting them in growing their business activities, no matter how small, and to strengthen those micro enterprises with greater growth potential. Improved access to capital, credit and micro loans, skills in financial literacy are also indicated.

Few beneficiaries had access to external government support such as through small business development programmes and training opportunities to upgrade their skills to improve their earning capacity and to obtain better quality jobs. Few government programmes target grant beneficiaries specifically for these types of interventions. Greater efforts could be made by government departments at provincial and local levels to support opportunities for formal employment, but also informal employment and entrepreneurship programmes for grant beneficiaries. There is room for government partnerships with NGOs, Corporate Social Responsibility initiatives and development agencies to enable and support beneficiaries' livelihood activities. While there is emerging evidence of the use of SRD monies to aid work seeking, how to best support this group of beneficiaries and especially women, youth and persons with disabilities, and how to do so in different locations such as in urban and rural areas and informal settlements, require further attention. There is a need to support experimental intervention studies that combine cash plus livelihoods supports in order to learn what packages of support would be most beneficial for which groups of beneficiaries. A differentiated approach might be more feasible given the variation between the different groups who might benefit from both generic and customised supportive interventions. Other barriers are related to the need to improve access to services, address safety and security issues at community level and greater responsiveness is needed to address women's childcare needs.

Limited research has been conducted of how the expansion of social grants in South Africa has impacted the informal economy. This is also the case in other low and middle-income countries in Asia and the Pacific, Latin America and Africa based on a systematic review conducted by Canelas and Niño-Zarazúa (2022).

There is scope to craft livelihood support interventions onto existing government programmes targeted at social grant beneficiaries especially those who are of working age and groups of people who are left behind. Attaching behavioural conditions to grant receipt is not feasible in a society which has one of the largest unemployment rates internationally. Instead, finding creative opportunities for those who want to pursue productive activities as well as providing support for discouraged work seekers, are also indicated. Government, private sector, CSI and development agencies could play a critical role in funding NGOs and other intermediaries to support the livelihood strategies of grant beneficiaries.

In particular policy-makers could consider the following:

1. **Multi-level poverty reduction strategy:** policy makers could consider introducing multi-level poverty reduction strategies that supports the livelihood initiatives of grant beneficiaries.
2. **Address the barriers to entry:** initiate programmes that address barriers including child care, high transport costs, access to capital, credit and loans and even land.
3. **Greater support from government and development actors:** to support and strengthen livelihood activities at a local level and move micro-enterprises beyond survival enterprises by:
  - a. Establishing entrepreneurship training and support programmes that promote livelihood activities. These programmes could include training workshops, skills development, financial literacy and management training, debt counselling, provision of business space, access to markets, access to capital, assistance with formalising businesses, support for informal trading networks and regulatory support.
  - b. Provide tailored interventions and support and access for women and those in rural areas. Women and people in rural areas have unique needs and local level interventions are needed to provide the required support.
4. **Strengthen the township economy** by recognising the link between social grants and township economies. Many respondents reported on the vibrant economies that spring up at grant pay points and increased trade at spaza shops on grant days or the first week after grants have been paid. This presents opportunities to leverage this cash injection for local economic development. Other opportunities include identifying local entrepreneurs as community level ambassadors and mentors to promote small business development.
5. **Exploring opportunities for employment in new growth sectors:** services, (Rodrik, 2022), digital jobs, the green economy, vocational education, upgrading skills of informal workers in trade e.g. apprenticeships and the provision of financial literacy education.
6. **Future research:** More research is needed to understand what the impact of social grants is on the informal sector, especially how this works in practice, to inform the design of livelihood support policies and programmes. There is also need for pilot programmes to evaluate impact in real world situations and in different contexts. The temporary Social Relief of Distress (SRD) grant introduced in 2020 could provide valuable knowledge on its impact, to find ways to strengthen livelihood activities and or mitigate adverse effects.

#### **This policy brief is based on the following research reports**

- “Challenges of small-scale women farmers in Maubane, Hammanskraal” by Kamogelo Mokhele (Mokhele, 2022).<sup>1</sup>
- “Social Grants, Developmental Agency and Livelihood Improvements of Beneficiaries” by Chibuikem C. Nnaeme (Nnaeme, 2019).
- “Illegal occupation of land in Sekampaneng, Hammanskraal: an exploration of people’s lived experiences and livelihood activities” by Patrick Matlhomola Khoza (Khoza, 2021)<sup>2</sup>
- “Understanding the experiences and pathways of rural women towards sustainable livelihoods” by Wendell Westley (Westley, 2022)<sup>3</sup>
- “Understanding the social and economic uses of the old-age pension by the older persons in Mazombizwe, Eswatini” by Sibongiseni Mamba (Mamba, 2022)<sup>4</sup>

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<sup>1</sup> The full research report can be found [here](#).

<sup>2</sup> The full research report can be found [here](#).

<sup>3</sup> The full research report can be found [here](#).

<sup>4</sup> The full research report can be found [here](#).

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## About the authors

- Leila Patel is Professor of Social Development Studies, Centre for Social Development in Africa, University of Johannesburg.
- Viwe Dikoko is a researcher at the Centre for Social Development in Africa, University of Johannesburg.
- Jade Archer is a communications specialist with the Centre for Social Development in Africa, University of Johannesburg.

