

Social grants and livelihood activities of beneficiaries

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Overview

- ▶ Background
- ▶ Rationale & aim
- ▶ Approach & method
- ▶ Findings
 - ▶ Qualitative
 - ▶ Quantitative
- ▶ Policy implications



A quick snapshot

- ▶ SA has one of the 10th largest cash transfer programmes internationally
- ▶ **Reach of the grants is extensive:** 47% of population in 2022
- ▶ **Positive effects of grants are well-documented:** poverty & inequality; food insecurity & hunger; material well-being of children, nutrition, schooling; financial empowerment of women; transport, health & school costs among others
- ▶ **But significant challenges remain:** high unemployment & poverty persists and was worsened by Covid-19 pandemic & economic recovery is slow
- ▶ **In terms of design features:** grant values differ by type of grant, are largely unconditional, and beneficiaries have great flexibility of how grant monies may be used; it also enables agency.

Emerging research shows grants are used to promote livelihoods



- ▶ Grant money is largely spent on food
- ▶ Grants are used to make productive investments in informal livelihood activities
- ▶ These activities include: savings, job search, micro-enterprises,
- ▶ There are no tailored complementary interventions to support livelihood activities – standalone CT
- ▶ No national statistical data on the employment status of beneficiaries & their livelihood activities

1. What is the employment status (formal and informal) of grant beneficiaries?



2. What livelihood activities do they engage in?



3. How are grant monies used to promote livelihood activities?

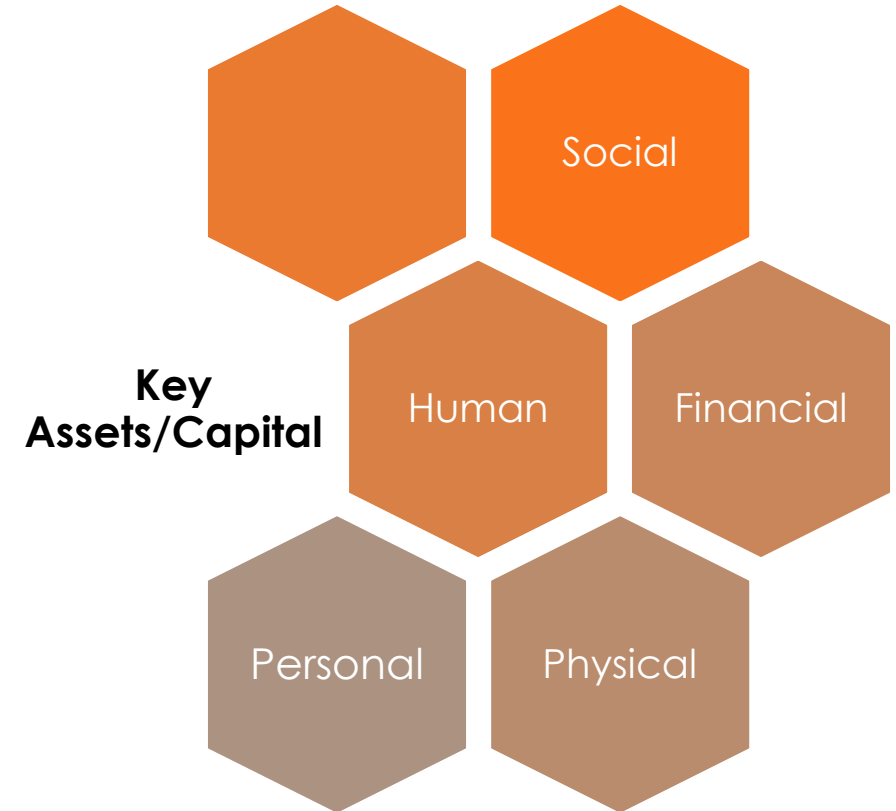


4. What might this mean for social development policy and programmes?

Our research sought to answer 4 questions

We used a livelihoods lens

- ▶ **Livelihood activities** are the means by which people secure the basic necessities of life
- ▶ **Sustainable Livelihoods Approach** (Chambers & Conway 1992)
- ▶ **Critics:** approach is too rigid as livelihood strategies in SA are non-linear
- ▶ Agency of grant beneficiaries is central
- ▶ Informed by the idea of '**cash plus**' policies



Mixed methods study

Qualitative component

- ▶ 2X CSDA Masters theses
- ▶ 1X CSDA PhD thesis
- ▶ Focus groups and in-depth interviews
- ▶ **Research sites**
 - ▶ Gauteng: Doornkop; Soweto
 - ▶ Gauteng, Greenfield; Hammanskraal
 - ▶ KZN: Valley of a Thousand Hills

Quantitative component

- ▶ Panel data from the NIDS wave 1-5 (2008 - 2017)
- ▶ NIDS- CRAM survey (May 2020 – May 2021 over 5 waves)

A sub-set of national data was created of all grant beneficiaries across 10 waves. We report findings for 4 waves of the NIDS & NID-CRAM.

Samples size NIDS: 5636 (2008); 9528 (2017)

Sample size NIDS-CRAM: 1473 (2020); 2131 (2021).

Quantitative findings

Employment status of social grant beneficiaries: definitions

- ▶ Livelihood activities measured using the employment status of the individual:
 - ▶ **Formal employment:** a job with a written contract, or if self-employed, their business is registered for tax (StatsSA, 2018).
 - ▶ **Informal employment** is a job with no contract and not registered for tax
 - ▶ **Unemployment**, is 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.
- ▶ Limitations: we did not include casual work in the definition of informal work.

Findings from NIDS 2008 - 2017 & NIDS- CRAM 2020- 2021

- ▶ **Unemployment trends:** Majority of social grant beneficiaries in South Africa **(64%) were unemployed in 2008** and this decreased to **55% by 2017**.
- ▶ During the pandemic (using NIDS-CRAM data), unemployment rose sharply to 61% in 2020 but improved to **51% by the end of 2021**.
- ▶ **Unemployment is highest among CSG beneficiaries across all waves.** Over half of the CSG beneficiaries (56%) 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% in 2017, 40% in 2020 and 26% by the end of 2021.
- ▶ **Formal and informal employment:** Social grant beneficiaries are generally involved in more informal than formal employment. There are **very low levels of formal employment** recorded in the NIDS for social grant beneficiaries ranging from 5% in 2008 to 11% in 2017.

Findings from NIDS 2008-2017 & NIDS-CRAM 2020-2021

- ▶ **Informal employment** increased between 2008 from 31% to 34% in 2017. Due to the lockdown regulations in 2020, informal work declined to 23% but improved again reaching 2008 levels by 2021.
- ▶ In regard to CSG beneficiaries, a quarter were in informal employment in 2008. This increased to 29% by 2017 but dropped to 14% in 2020 and it remained unchanged by the end of 2021.
- ▶ The bulk of CSG beneficiaries are women who are employed in precarious, low paid work such as casual work and piece work.
- ▶ The two top occupations of social grant beneficiaries in 2017 are predominantly in elementary occupations (64%) like domestic work, gardening; followed by services and sales.
- ▶ The numbers of grant beneficiaries engaged in **business activities to generate income** is fairly low (16.6% in 2017 and 8.6% in 2021). These income generating activities appear to fall mainly in the lower tier of survivalist type of operations.
- ▶ At the end of 2021, CSG beneficiaries were more likely to engage in businesses activities (11%), SRD beneficiaries (9%) and 4% for OAP.

Qualitative Findings

What motivates grant beneficiaries?

- Desire to improve their lives
- Demonstrate self-efficacy
- Strong future orientation
- Want to respond to poverty & unemployment
- To fill the gap that grants leave in order to:
 - Put food on the table
 - To cover schooling costs
 - Cover medical costs



A woman with dark skin and short, styled hair is shown from the side, looking back over her shoulder towards the camera. She is wearing a grey patterned short-sleeved top. She is in a kitchen or food preparation area with a corrugated metal wall behind her. To her right, there is a large metal fryer with a basket of golden-brown fried food inside. Above the fryer is a blue and silver electric pressure cooker. In the foreground, there is a white bowl and a yellow squeeze bottle. The lighting is bright, coming from the left side.

“Doing something for myself “

“Not to sit and do nothing’

“Changing how I behave”

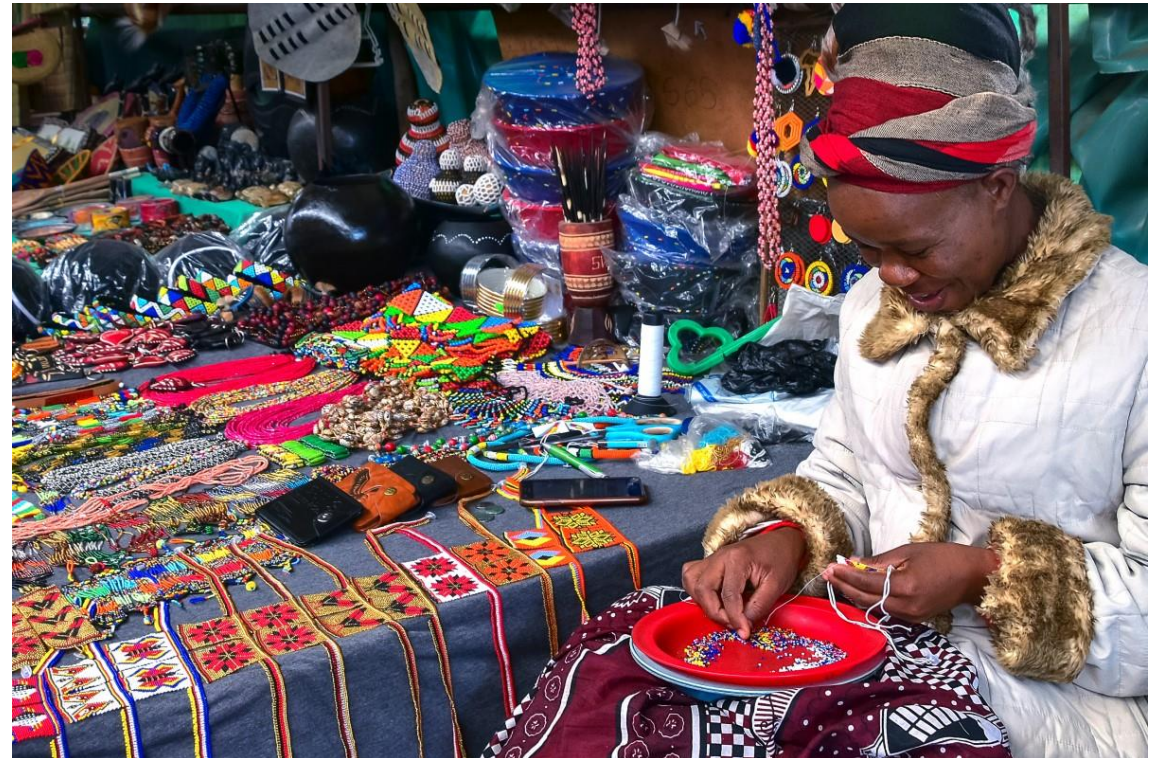
Types of livelihood activities

- ▶ Buying and selling goods
- ▶ Supplying goods
- ▶ The provision of services e.g. building; repairs
- ▶ Running restaurants or taverns
- ▶ Renting accommodation
- ▶ Traditional healing
- ▶ Fafi (betting)
- ▶ Farming (subsistence and commercial)
- ▶ Beadwork



How grant money was used for livelihoods

- ▶ Grant acts as **seed money**
- ▶ Grants help to **grow and sustain businesses**
- ▶ **Investing** grant money e.g. savings & stokvels
- ▶ Grants assist with **cash flow**
- ▶ Grants support **consumption smoothing**
- ▶ Investing in future livelihoods
- ▶ **Livelihood diversification**



Support services accessed to implement livelihood activities

- ▶ Only two groups of people made use of formal support systems
 - ▶ Women crafters in The Valley of a Thousand Hills area in KZN accessed support through the NGO, Hillcrest AIDS Centre Trust
 - ▶ Some small-scale farmers in Hammanskraal turned to the Department of Agriculture and Land Reform for support
- ▶ Very **few of the grant recipients** were able to **access formal livelihood** support services
- ▶ Most turned to their own social capital networks e.g., family, neighbours

Barriers to engaging in livelihood activities

Barriers to non-engagement in livelihood activities:

- Child care responsibilities
- High transport costs
- Lack of jobs
- Lack of access to capital, credit, small loans
- Lack of experience, knowledge & information
e.g. Skills in financial literacy to initiate a livelihood activity
- Lack of safety & security
- Lack of mentorship and coaching e.g. beneficiaries helping others



Need for a multi-pronged poverty reduction strategy

- ▶ Greater **support** from government and development actors
- ▶ Address identified barriers
- ▶ **Increased entrepreneurial** support & training
- ▶ Provision of **tailored interventions** for specific groups e.g. women, rural areas, PDs, youth
- ▶ Strengthening the **township economy**



Conclusion

Greater social recognition of informal work is needed

- ▶ Contrary to the view that beneficiaries are passive and disengaged from the labour market, grant beneficiaries are 13% more likely to be engaged in informal work than formal work.
- ▶ SRD drew attention to the value of informal work, the lack of social protection for informal workers, and to the precarious nature of the work.
- ▶ More research is needed to inform the design of livelihood support policies & strategies.

Strengthen employment in new growth sectors e.g. services, digital jobs, green economy, vocational education, upgrading skills and informal apprenticeships.

A growing economy is needed that creates jobs especially for those excluded from the labour market.

Conclusion

Grants plus complementary livelihood supports are needed.

- ▶ This could **strengthen agency of beneficiaries** by strengthening existing activities
- ▶ **Explore options for models of delivery** e.g. integrated; alignment with other programmes, piggybacking supports onto existing programmes; incentives to support those who wish to pursue productive activities
- ▶ Potential to scale up livelihood support through governmental, NGO, development agencies and CSI programmes
- ▶ Supporting grant recipients with a range of livelihood supports services could provide pathways to increase income generation and improve well-being outcomes.

Resources

FIND THE FULL RESEARCH
BRIEF [HERE](#)

DOWNLOAD THE
INFOGRAPHIC [HERE](#)