

Cash Transfers and Poverty Reduction in South
Africa:
A Case Study of Old Age Pensions

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GAYLE FARAI KASERE

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Supervisor: Kirk Helliker

ABSTRACT

Social assistance in the form of cash grants is a large and fiscally costly component of anti-poverty policy in South Africa. A critical question arises: Are the grants effective tools for reducing poverty in South Africa and, moreover, how significant is their impact on poverty? As a measure of reducing poverty, the government has expanded the social grants system since the advent of the new democracy in 1994. The country's social grant system is quite comprehensive and it is intended to cover vulnerable individuals over their life course from childhood to adulthood and into old age. Policy discourse surrounding the grants centres on the sustainability of the system and its implications for socio-economic development and poverty alleviation. It is therefore important that the significance of grants is identified and assessed particularly in relation to very poor households.

This dissertation focuses specifically on one particular grant, namely, the old age pension. It does so in the context of the sustainable livelihoods conceptual framework and the history of the social grant system in South Africa. Statistical data collected by the South African government as well as more localised evidence gathered in the Eastern Cape town of Grahamstown is used to ascertain the significance of old age pensions for poverty reduction. While there is some evidence to suggest that pensions contribute to poverty reduction, this does not translate into poverty alleviation. In fact, there is some unevenness in the impact of pensions on poverty. In this regard, the decision-making structures in poor households regularly influence the way pension money is allocated and used within households. Grant money is normally shared in extended households, such that the pension does not simply benefit the recipient but the recipient's household as a whole.

Although there is cause for concern regarding the propensity of social grants to affect people's behaviour negatively, there is a case to be made for retaining grants as an important, though not the only, form of anti-poverty strategy. This highlights the need for continued research on the social grant system and pensions more specifically.

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LIST OF ACRONYMS

ANC	African National Congress
CCT	Conditional cash transfers
CSG	Child Support Grant
CSS	Central Statistical Services
DFID	Department for International Development
GHS	General Household Survey
HDI	Human Development Index
HH	Household
IFAD	International Fund for Agricultural Development
ILO	International Labour Office
LFS	Labour Force Surveys
MDGs	Millennium Development Goals
NGO	Non-Governmental Organization
OAP	Old Age Pension
PSNP	Productive Safety Nets Programme
RSA	Republic of South Africa
SASSA	South African Social Security Agency
SLA	Sustainable Livelihoods Approach
SLF	Sustainable Livelihoods Framework
SPSS	Statistical Package for the Social Sciences
UCT	Unconditional cash transfers
UNDP	United Nations Development Programme

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CHAPTER ONE:

INTRODUCTION AND METHODOLOGY

1.1 Context of research

The persistence of poverty is not only a reminder of the dilemmas and challenges the development field is facing today, as it is also a broader global concern (UNDP, 2007). Poverty stamps its mark on the world and specific nations and groups. Of the six billion people sharing our planet today almost half live on less than US\$2.50 a day, with one billion of these being children (World Bank, 2008). Poverty reduction therefore remains one of the myriad of challenges confronting researchers and policymakers alike, and tackling it is one of the most desired social outcomes (World Bank, 2008:291). Since the mid-1980s the research and policy communities have witnessed a deepening appreciation of the significance of poverty, including its causes, consequences, and complexities (Harmaan, 2001:12). Over the past ten years social protection (in the form of unconditional cash transfers or social assistance) has emerged as an important instrument for combating poverty. On the African continent, South Africa has by far the largest of such (cash transfer) schemes, with social protection expenditure expected to reach R118.1 billion in the 2009/2010 Fiscal Year, with a coverage of twelve million beneficiaries in 2009 (Manuel, 2009).

Social assistance in South Africa dates from the period 1910 to 1933, when many new welfare schemes were introduced, although Africans and Indians were initially excluded from benefits (Kruger, 1992:159). Borat (1995: 595) notes that the exclusion of Africans was predicated on the view that people who are used to modern lifestyles and expenditure patterns had greater need for social protection than people in rural subsistence agricultural areas who were presumed to be better served by 'traditional' means of social protection (Bhorat, 1995: 597). Under apartheid, whites (specifically poor whites) had privileged access to social grants more than any other race (Bhorat, 2001: 190). The safety net for other groups was initially rudimentary, but as apartheid became diluted through the decades, benefits were gradually extended to other race groups (Lund, 1993: 22). In 1944 the Smuts Government extended old age pensions to Africans (Van de

Merwe, 1996: 378), though benefit levels were less than a tenth of those for whites and means tests were more stringent. By 1958, Africans comprised 60% of 347,000 old age pensioners, although they received only 19% of old-age spending (Bhorat, 1995: 189).

The post-apartheid ANC-led government in 1994 inherited a very unusual social system: both fragmented and deeply unequal. Since 1994 the implementation of South Africa's social security has involved a process of reforming a racially-based social protection system into one that gives meaning to the provisions of the new Constitution: "Everyone has the right to have access to social security, including if they are unable to support themselves and their dependants" (RSA, 1996, Section 27 (1) (c)). Since 1994 social grants (as cash transfers) have come to be recognized as one of the core aspects of the social security system for cushioning the vulnerable segments of South Africa's population from the full impact of poverty (Samson et al, 2000:1). With the progressive restructuring of the social security system, many researchers have highlighted the importance of social assistance in the wider poverty reduction strategy (Samson et al, 2000: 3). Today the South African government manages a non-contributory programme targeted at the sections of the population that are considered to be vulnerable to extreme poverty. This includes the elderly, children and the disabled, and involves providing the targeted needy with income support (IPC, 2008: 3).

Cash transfers in South Africa involve five programmes: Old Age Pension (OAP), Disability Grant, Care Dependency Grant, Foster Child Grant and the Child Support Grant (CSG). Rather than universal entitlements, all five programmes are targeted and based on means testing. The primary focus of my thesis is on the OAP grant, one of the largest grants valued at R1, 010 per month which supposedly targets old age poverty. As we will see, General Household survey (GHS) data available from Statistics South Africa allows us to undertake a snapshot view of the grants and their impact on household (HH) poverty (ANC, 2009).

1.2 Motivation for the study

Some researchers argue that in South Africa social grants have an immense impact on household poverty thereby enhancing household development and improving human asset accumulation,

and that these spill-over benefits improve livelihoods (Samson et al, 2000; Ellis et al, 2008; Taylor, 2002; Harmaan, 2001; Travers and Richardson, 1993). Much of the effort to justify cash transfers (including OAP and CSG) refers to improved labour market participation. But, in the case of OAP, this fails to recognise that spreading old people's pensions across three generations in a household does not significantly reduce old age poverty – which is the primary target of this transfer (Taylor, 2002: 59; Møller and Ferreira, 2003). Furthermore, while CSG might afford the guardians of child grant recipients an opportunity to take business risks (with the knowledge they can fall back on the welfare grant), this fact does not give us significant insight into child poverty itself. Both grants would require a guarantee that recipients' livelihoods are elevated in a socially acceptable and sustainable manner in order for the cash transfers, over the long run, to effectively reduce old age poverty and child poverty.

Møller and Ferreira (2003: 34) argue that the old age pension is the “single most important source of income” for rural black households. However indications are that, while cash transfers reach a large number of poor and vulnerable families, many households are still living in very difficult circumstances due to insufficient income and other vulnerabilities (Ellis et al, 2008: 3). Existing literature suggests that targeting fails to reach the very marginalized and poorest of the poor; people who should be included are excluded (cf. Alison and Seeley, 2004; Seeley & Gardner, 2007; Ellis et al, 2008; Samson et al, 2000). The application process alone is biased against the poorest (who often are the least educated) – they have the least access to the official identification documents required for processing grants, and they experience extreme difficulties in navigating the bureaucratic process necessary for accessing grants (Samson et al, 2000). Furthermore, the means test criteria also exclude many poor households who are not eligible (for instance households without eligible children or old-age members) but who are nevertheless in absolute poverty.

From the above it could be argued that cash transfers do improve the livelihoods of its targeted poor and vulnerable recipients, enabling them to lift their horizons above the otherwise desperate and urgent task of survival. Similarly, cash transfers do enhance adaptability and take some recipients out of poverty. These may be general trends, but it is important to note that the

dimensions of poverty within the poor themselves vary (Taylor, 2002: 45). As much as poverty is pervasive, not all people are equally poor. Put differently, the level of poverty differs between individuals and households (Swanepoel and de Beer, 2006:8). Equally important is the poverty datum line adopted in any estimation of poverty. As Woolard and Leibbrandt (2006) show, poverty estimation is very sensitive to the datum line used; different targeting thresholds yield different outcomes (Swanepoel and de Beer, 2006:8).

These issues of variations or different measurements of poverty lie at the heart of the task of understanding poverty (May, 2000:23). In practice there are many measurements of poverty which include capabilities, social assets, income and expenditure. Capabilities measurements look at sufficiency of resources (such as education, nutrition and human dignity), income and commodities which enable one to at least combat or fight poverty as well as participate fully in society (Sen, 1983:167). Social assets-based estimation methods focus on the relationships that people create to address their everyday needs (Portes, 1998; Moser, 1998; Coleman, 1988). Income-based measurements categorize people as poor if their income falls below a defined income poverty line (Magasela, 2005:2). Income poverty line is the defined level at which households have enough income for a specified amount of food, housing and transportation (Magasela, 2005:2). A widely used international poverty line is \$2.50 per day and \$1.25 for acute poverty. Poverty analysis in South Africa continues to suffer from the absence of an official national poverty line, and this raises concerns regarding a common platform from which to measure and discuss poverty. At the same time, income alone is not sufficient to measure poverty.

Expenditure measurement of poverty is often used to qualify income-based measurements. The use of expenditure to indicate the standards of living has been endorsed by several organisations and researchers who have argued that “when measuring the resources available to an individual it is preferable to quantify expenditure” (Travers and Richardson, 1993:24). Expenditure allows us to empirically analyse spending patterns from which material well-being is derived. Income measures, on the other hand, provide a glimpse into whether individuals and households are capable of purchasing particular goods and services. Combining the two measures offers a more

satisfactory picture of poverty levels. On their own, consumption-based estimation techniques are likely to over-estimate the welfare of the poor and under-estimate the welfare of the rich, since they do not take into consideration the savings available to the rich (Adesina, 2001).

1.3 Importance of research

The core of this research is to analyse the extent to which unconditional cash transfers in South Africa are a poverty reducing instrument rather than merely poverty alleviating. There is currently inadequate attention given to the important distinctions between poverty alleviation, poverty reduction and poverty eradication. While poverty reduction and poverty alleviation are used interchangeably in many official documents and statements, a 2007 Social Security and Retirement Reform *Discussion Paper* (Treasury, 2007: 13) cited poverty reduction as a policy objective that dates back to the Reconstruction and Development Plan of the early 1990s. A key goal of the Millennium Development Goals, to which South Africa is a signatory, is halving the number of people in poverty by 2015—a poverty reduction, rather than poverty alleviation, is the objective. While poverty eradication is normally the long-term objective of inclusive development, poverty reduction—a quantitative reduction in the number of people living in poverty, poverty alleviation—often a short- to medium-term objective assisting in smoothing and easing of poverty for that a small period. (IPC, 2008: 7).

This study of poverty and unconditional cash transfers is carried out within the broad context of the Sustainable Livelihoods Framework (SLF). According to Scoones (1998:9),

a livelihood comprises the capabilities, assets and activities required for a means of living. It is important to apply the sustainable livelihood framework to the case of cash transfers and their efficacy as a tool to reduce poverty. This is because a livelihood is said to be sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future.

It is crucial to consider, therefore, whether giving individuals cash transfers will enable them to gain assets and also to recover from various shocks thereby combating poverty. A key conclusion underpinning the thesis is that the breadth of the coverage of social protection such as

cash transfers needs to go beyond income smoothening to ensuring that those experiencing asset-based shocks remain above the poverty line and do not fall into a poverty “trap” (Carter, 2006).

Bebbington (1999:7) notes that people require a range of assets to achieve their self-defined livelihood goals, and these include social, human, physical, financial and natural assets; of primary concern for this study are physical and financial assets. Physical assets comprise the basic infrastructure and consumer goods needed to support livelihoods, such as affordable transport, secure shelter and buildings, and adequate water supply and sanitation. Financial assets refer to the financial resources that people use to achieve their livelihood objectives. Sources of financial assets include regular inflows of money comprising employment-based income, pensions (or other transfers from the state) and remittances (which are mostly dependent on others and need to be reliable to ensure sustainability) (Shankland, 2000; Keeley, 2001).

This thesis focuses on the Old Age Pension (OAP) and the possibilities of reducing poverty through this grant, and it uses the sustainable livelihoods framework in doing so. Resources and livelihoods are inter-linked in complex ways and the specific linkages established determine the type and direction of outcomes resulting from various policy interventions (in this case, cash transfers) (Carney, 1998:8). Livelihood outcomes are the achievements of a range of livelihood strategies, including broadening income sources and increasing material well-being on the one hand, and enhancing non-material well-being (such as self-esteem, health status and a sense of inclusion) on the other. Determining livelihood outcomes assists in evaluating the input and significance of cash transfers in terms of reducing poverty.

The SLF forms the core of the Sustainable Livelihoods Approach (SLA). The SLA provides a framework to help understand the main factors that affect poor people’s livelihoods. In other words, the framework provides a checklist of important livelihood issues and sketches out the way these link to each other.

1.4 Goals of the research

Therefore, the focus of this study is to provide a basis for evaluating the importance of cash transfers to people living in poverty, in terms of size, coverage, adequacy and sustainability (Schubert, 2004). SLF can be used for describing the socio-economic conditions of the recipients of social grants and offers a basis for assessing the efficacy of the grants in terms of sustainable livelihood outcomes. It also has the capacity to capture the choices that households make in their attempts to meet their basic needs. In this sense, SLF offers a more adequate basis for assessing poverty reduction strategies (Carney, 1998:9), and provides a more robust basis for assessing the efficacy of state cash transfers beyond what income-based or expenditure-based techniques can offer separately or in combination.

In this context, the research undertakes and analyses the current social assistance system in South Africa, including its potentials and gaps. I argue that cash transfers may be successful in taking recipients out of poverty whose income is close to the poverty line (therefore pushing them out of poverty); compared to those whose income line is far below the poverty line where the severity of poverty might be reduced but households are not necessarily taken out of poverty.

To this end, the specific goals of the research will *inter alia* include the following:

- 1) Using the General Household Survey (GHS) of Stats SA for 2006 and 2008, I undertake an estimation of income and expenditure of households generally and specifically of those households that are in receipt of social grants.
- 2) Using the same dataset, I undertake a poverty analysis and assess the impact of the receipt of social grants on income, expenditure, asset accumulation and household development.
- 3) Estimate the efficacy of cash transfers (OAP) for poverty reduction amongst Grahamstown OAP recipients.

1.5 Research methods, procedures and techniques

The focus of this study is to provide an evaluation of the extent to which cash transfers in South Africa serve as a poverty reduction tool. The study achieves this by analysing grant recipients'

socio-economic status, household development, asset accumulation and livelihoods development, using the General Household Survey (GHS) of 2006 and 2008. A numerical picture will therefore be attained of social grant recipient households in general. A significant focus of the study further entailed evaluating the impact of the Old Age Pensions (OAP) on poverty reduction amongst the aged recipients in Grahamstown, Eastern Cape, South Africa. This will be accomplished through qualitative and quantitative methods.

The GHS is the only available nationally representative survey that covers recent data periods and has detailed information on social grants and household development. With this data we observe expenditure patterns of recipient households, household improvement, asset ownership and sustainability of the grant itself and ultimately creation of sustainable livelihoods (Schubert, 2004). Quantitative analysis provides a detailed perspective of the broad range of impacts (of both a tangible and intangible nature) that the social grants have upon the lives of the recipients. Qualitative collection of data through in-depth interviews enabled this study to examine how the OAP reduces poverty amongst the aged recipients, and to get a closer view of how the recipients choose to spend their grant money and undertake actions to ensure sustainable livelihoods and ultimately poverty reduction. After reviewing the several research methodologies, the mixed methods approach was selected.

A data instrument called SPSS (Statistical Package for the Social Sciences) was used to analyse already collected data by Statistics SA, the latest General Household Survey of 2006 and 2008. SPSS was used to assess grant recipients livelihoods, using poverty determinant variables, such as assets, education and expenditure details. Descriptive statistics and correlations of these variables were run (for example, correlations between grant and recipients' ability to spend on food). SPSS offered a more detailed analysis of looking into the GHS data and allowed for simple statistical tests to be run; correlations to analyze strength of variables, descriptive tests and frequencies were ran and generated for results. With this statistical package one can generate graphs and pie-charts to present results (Pallant, 2007).

The researcher constructed an interview schedule, so as to carry out in-depth interviews. This qualitative technique enabled OAP recipients to describe changes ever since grant take-up, and its poverty reducing impact. The qualitative aspect of the study entailed using in-depth interviews, for selected OAP recipients, in Grahamstown, Eastern Cape. It is important to note that the sample of selected respondents is not a representative sample; however it aided in explaining the statistical results obtained from the GHS national representative sample of grant recipients.

From the outset, this study sought to focus on recipients and their view on how receiving a grant has the potential to reduce poverty amongst old age pension grant recipients in Grahamstown, Eastern Cape. The issue of poverty, income, expenditure and assets is a topic that seems intrusive; snowballing sampling therefore seemed appropriate. Snowballing is a non-probability sampling technique in which the participants/sampling units are selected on purpose to achieve certain predefined goals (Collins et al, 2007:193). Snowball sampling is traditionally reserved for sampling rare populations and involves one or more participants leading the researcher to additional participants (Collins et al, 2007: 195). It was also appropriate because it was a relatively inexpensive way of generating a sample. Fortunately the researcher was introduced by a colleague to a person in the community whose grandmother receives an old age pension from the government; she then became a key informant. Using the key informant, the researcher was able to gain access to people receiving old age pensions in the Grahamstown community. Snowball sampling, however, suffers from the problems inherent in all non-probability sampling methods. Self selection by participants yields samples that are not representative of the general population and the small sample size means that results of the study are not generalisable. Because participants self select, a relatively homogenous sample was achieved. The merit of using the snowballing sampling method is that it eliminates the researcher's selection bias (Collins et al, 2007: 195).

Please refer to appendices for a detailed explanation and structure of methodology adopted for this study.

1.6 Ethical considerations

Honesty, openness and accountability were the guiding ethical pillars in this research. Where conducted, the purpose of the interviews was explained to the participants. Furthermore, prior to the actual research, participants were asked to give express consent and, after this, every interview proceeded on the premise that informed consent had been obtained. However, in cases where private information was shared or where participants requested to be anonymous, such confidentiality was respected and maintained at all times during the research process (Babbie & Mouton, 2001: 527; Kumar, 1996).

1.7 Thesis Outline

This chapter (Chapter 1) sets out the background to the thesis, as well as the methodology, methods and research techniques that were employed in this thesis.

Chapter 2 conceptually frames the study of the cash transfer system in South Africa by discussing the concept of poverty, indicators of poverty and conceptual frameworks for understanding poverty. The chapter shows how the Sustainable Urban Livelihoods Framework's multidimensional approach offers and enables a rich and deep insight into grant recipients' livelihoods in all spheres, including the social context in which they are located, challenges faced by the urban poor, livelihood assets, strategies and outcomes. In demonstrating the relevance of the framework in assessing poverty reduction, the chapter highlights how the framework can be used as a checklist in evaluating poverty reduction and the impact of social transfers whilst also analysing livelihood challenges faced and strategies taken by grant recipients.

Chapter 3 discusses the issue of social protection as initiated by governments, the development of social protection measures and why social protection was pursued historically. It also discusses more specifically the use of social assistance cash transfers as an instrument to achieve social protection and poverty reduction. This is outlined in some depth in relation to the South African use of social assistance grants as a poverty reduction measure, looking at both the Segregation and Apartheid periods and the subsequent post-Apartheid period. Hence, this

chapter is critical is setting out the broader historical and spatial context within which my specific study on old age pensions is located.

Chapter 4 involves an analysis of the data collected from General Household Survey (GHS) of 2006 and 2008 as well as Grahamstown in-depth interviews with old age pension recipients. In this light, the chapter examines grant recipient livelihoods and their financial (income and expenditure) and human assets, in order to evaluate the extent to which social grants facilitate poverty reduction through these assets. This provides an understanding of the linkages between grants, assets and poverty, so as to identify cases where cash transfers have been successful and also cases where they have been unsuccessful. I also identify reasons behind either the success or failure of social grant initiatives.

Chapter 5 is a continuation of Chapter 4 by further analysing grant recipient's households (from both the GHS and Grahamstown) in terms of their physical or infrastructural state. This chapter seeks to solidify the notion that grants cannot solely reduce poverty of recipients if some aspects of livelihoods such as their dwellings are decrepit. In addition, this chapter has a particular thrust on evaluation, namely, looking at the extent to which grants have reduced poverty amongst recipients: this includes assessing how grants assist individuals and households in living a life that is filled with sustainable assets and value-adding goods, and also identifying the barriers that reduce the efficacy of grants in the reduction of poverty. The discussion draws significantly on qualitative findings from old age pension recipients in Grahamstown, Eastern Cape.

Chapter 6 then concludes the study linking the several chapters in this thesis in an attempt to answer the question of whether old age pensions have been efficient in reducing poverty. It also highlights some of the issues that came out of the research that would be beneficial to the South African state in terms of poverty and poverty reduction mechanisms.

CHAPTER TWO:
THE SUSTAINABLE URBAN LIVELIHOODS FRAMEWORK -
A THEORETICAL REVIEW

2.1 Introduction

Modern capitalist societies regularly develop mechanisms and policies in order to assist the poor and disadvantaged. These initiatives are institutionalised in the form of policies, legislation, state entities and civil society organisations (Holscher, 2008:114). In the case of South Africa, a large portion of the population is poor and/or unemployed and this group requires sustained state intervention for their livelihoods (Pauw and Mncube, 2007:28). For this marginalised group, social security in the form of welfare grants or cash transfers is an important source of income as well as a critical measure in trying to combat poverty (Lund, 1993:22; Van der Berg, 1997:1; Kruger, 1992:3). In looking at the cash transfer system, my aim is to investigate whether this system reduces poverty or if it merely alleviates poverty. I will show (in the case of South Africa) that the breadth of the coverage of social security measures such as cash transfers need to go beyond income smoothening. This means that a cash transfer regularly becomes a resource to just smoothen the flow of goods and services for a short period instead of ensuring that those experiencing asset-based shocks remain out of poverty and do not fall back into a poverty trap.

This chapter conceptually frames the study of the cash transfer system in South Africa by discussing the concept of poverty, indicators of poverty and conceptual frameworks for understanding poverty. The relevance of the Sustainable Livelihoods Framework (SLF) for this specific study is an important theoretical axis because the thesis focuses on the extent to which unconditional cash transfers have been successful or unsuccessful as a poverty reduction mechanism in South Africa. The focus of this study is on the reduction of urban poverty hence the use more specifically of the Sustainable Urban Livelihoods Framework.

I show the relevance of the framework in assessing poverty reduction, emphasising that the reduction of poverty is not only about transferring money to people but is mainly about the improvement of livelihoods. In line with this, Ellis (1998:4) proposes that a sustainable livelihood encompasses not only income but a variety of attributes such as access to education, health, shelter, communication, electricity, water and proper sanitation. The SLF framework not only provides a checklist in evaluating poverty reduction and the impact of social transfers, but goes further and analyses livelihood challenges faced and strategies taken by grant recipients. Its multidimensional approach enables a rich and deep insight into grant recipients' livelihoods in all spheres, including the social context in which they are located, challenges faced by the urban poor, livelihood assets, strategies and outcomes. Before discussing the SLF in relation to poverty reduction, I first outline questions about poverty and poverty indicators.

2.2 Defining poverty

The concept of poverty is complex and multi-faceted, and poverty fluctuates in depth and duration in the light of contingent circumstances (May, 2000:23). Poverty can be either subjective or objective. The subjective view defines poverty on the basis of visual profiling; for example, seeing images of congested informal settlements, unpleasant sanitation, shacks, homelessness, unemployment, poor infrastructure, lack of basic services, absence of electricity and poverty-related diseases (Davids et al, 1998:38). However, though one can be conscious of these symptoms of poverty, it is undeniably challenging for there to be conceptual consensus as to the components and indicators of poverty. Quite often, poverty is experienced and exists in a relative way, such that one cannot give precise descriptions of what poverty entails (Swanapoel and de Beer, 2006:8). This study is sensitive to relative and absolute notions of poverty because, as much as poverty is common in South Africa, not all people experience poverty equally. Put differently, poverty conditions and reflections on poverty differ between individuals and communities, and therefore my reliance in this study on poverty as either absolute or relative (Swanapoel and de Beer, 2006:8).

Absolute poverty measures the number of people living below a certain income threshold or the number of households unable to afford certain basic goods and services (Hulme and McKay,

2005:7). It is claimed to be based on the notion of subsistence (Townsend, 1979:31), which is the minimum essential required to sustain life for survival. Hence, being below subsistence is to experience absolute poverty because one is unable to sustain a decent and dignified living. This is exemplified by Amartya Sen (1981:12), who says that starvation or malnourishment evidently is the most telling aspect of poverty. Swanapoel and de Beer (2006:8) substantiate this, viewing absolute poverty as a situation where the next meal (or absence thereof) means the difference between life and death. Therefore, within the context of this study, I believe that it is a mistaken assumption that one needs to work out what people need to have in order to survive, because once we have limited our view of poverty to providing goods it could become difficult to identify an appropriate and long-term poverty reduction mechanism. Hence, the study is not confined to the subjective experience of not having, but goes beyond that; hence the idea of relative poverty.

Relative poverty is an expression of one entity in relation to another; for example, if one compares South Africa and Malawi, undoubtedly Malawi would be defined as poorer (Swanapoel and de Beer, 2006:9). In its narrowest sense, relative poverty is conceptualized in relation to the national distribution of income and expenditure (Magasela, 2005:2). Magasela (2005:2) stresses the comparative aspect of the concept of relative poverty, by highlighting that there is a difference between the standard of living of the poor and those that are better placed to afford basic amenities. In this regard, May (1998:31) proposes that people are poverty stricken when their income (even if adequate for survival) falls markedly below that of the rest of the community. In other words, while managing to survive, some people are materially disadvantaged compared with others living in the same society.

By conceptualizing poverty in this way, to be poor would mean to be excluded from full participation in society, that is, to be excluded from the full benefits of citizenship (understood in its broad socio-economic sense). Whether people are absolutely or relatively poor, some action needs to be taken to improve their position as well as the meeting of basic needs across the various dimensions of poverty. Yet, in practice, poverty alleviation measures often lead to only short-term relief, after which the beneficiaries return to their previous state of poverty.

In light of all these definitions, this study conceptualises poverty as a concept that is determined by a number of indicators that go beyond the mere income valuation of individuals' livelihoods. The tendency to define poverty as income-based (or even assets-based) seems to be the reason why poverty reduction measures in South Africa are lagging behind and, on this basis, one is unable to determine if poverty is being appropriately or adequately tackled at a policy level. The view that assessing poverty only involves income-based indicators has been criticised by scholars like Sen (1987) and Chambers (1987) who note that poverty is a multi-faceted phenomenon. Therefore, I take my conceptualisation of poverty further by highlighting the various indicators of poverty.

2.3 Poverty indicators

This section brings to the fore some poverty indicators with the intention of providing a more nuanced understanding of poverty. I offer points of reference and analysis for the later discussion of the impact of poverty reduction measures (notably cash transfers) that have been adopted in South Africa. For the purposes of this study, I have selected a number of indicators which capture the multi-faceted nature of poverty and are also significant in relation to the chosen Sustainable Livelihoods Framework. As discussed below, these include income, expenditure, asset building, basic needs, human development and social exclusion.

2.3.1 Income and expenditure

When using the income and expenditure poverty indicator, a household is considered living in poverty if its income falls below a particular defined income measure. Magasela (2005:2) proposes that a poverty income line is the defined level at which households have enough income for specified amounts of food, housing and transportation. In the early 2000s the sustainable income measure in South Africa was R486 (Magasela, 2005:2). Income has always been an important indicator of the abilities of individuals to pursue and uphold a sustainable livelihood, and the measures of income have been heavily relied upon in South Africa in order to determine the eligibility of persons for various social assistance and cash transfers. Although income is a viable tool for assessing the state of a household's social condition, it cannot be the sole definitive factor that determines whether or not a household is materially poor. This is

because there are various other factors that need to be taken into account when identifying and analysing the condition of poverty.

In this regard it is important to highlight that an income can only be said to be sustainable when it can enable a household to have access to or afford basic amenities. Accordingly, Kingdon and Knight (2004) are of the view that the income thrust in poverty discourse has to be matched with questions around sustainability, because doing so incorporates other dimensions of poverty which are critical in identifying whether a household is living in poverty or not and which in some cases can be easily and objectively measurable. However, one finds the prominence of the income measure in the study of poverty, which comes as no surprise when one considers the fact that most studies on poverty carried out in South Africa have followed a path that emphasizes income as sole factor in the determination of poverty.

Concurrent with income is the importance of the analysis of expenditure. Expenditure-based analyses are often used to qualify income-based measurements. Expenditure reflects the marginal values or utility that people place on commodities; this is helpful because the objective of consumers is usually to maximize utility. Hence, poverty can be measured or assessed using the expenditure indicator (Laderchi et al, 2003). The use of expenditure to indicate the standards of living has been endorsed by several organizations and researchers who have argued that “when measuring the resources available to an individual it is preferable to quantify expenditure” (Travers & Richardson, 1993:24). Income measures, on the other hand, provide a glimpse into whether individuals and households are capable of purchasing goods and services, i.e. it measures their potential ability to purchase inputs.

Combining the two measures offers a more satisfactory measure of poverty. Expenditure can also be examined in the form of consumerables and asset building (for example, groceries, rentals, television set, bed and refrigerator) and this can be a path to self-sufficiency. Poverty, therefore, is more than a lack of income and often entails a deprivation of (or lack of access to) essential assets (Klasen, 2004:76). Assets determine people’s ability to stay out of poverty by maximising responses to national and local trends, shocks, and seasonality. Despite the weaknesses of

income-based measures, when combined with expenditure (including in the form of assets) they become a more palatable indicator. I now move on to the next indicator: basic needs indicator.

2.3.2 Basic needs indicator

Marais (1998:53) argues that the basic needs indicator is the most useful indicator in South Africa. It is an important indicator because the unavailability of income affects the attainment of basic needs that are important for survival (Marias, 1998:53; Magasela, 2005:2). Using the basic needs indicator is particularly helpful as a determinant of poverty in the context of the developing world, where millions of people live without access to clean air and water, and lack an adequate and balanced diet, clothing, and physical and emotional security (Marias, 1998:53). The basic needs indicator potentially relies on both the subjective and objective views of poverty to identify poverty. Objectively, the indicator can be tracked by looking at an individual's nutrition, clothing, shelter, water and sanitation, all of which are necessary elements to prevent diseases, mal- and under-nourishment, and other problems that are associated with poverty (Kingdon and Knight, 2004). The next indicator under discussion is the social exclusion indicator.

2.3.3 Social exclusion indicator

The social exclusion indicator is in large part based on research conducted by Townsend (1979:1), in relation to developed countries. These are countries in whose societies most people's basic needs have been met and there are (globally-speaking) lower incidences of poverty, but there may still be deprivation and vulnerability (World Bank, 2000:4). With regard to South Africa, May (2000:45) proposes that social exclusion refers to the fact that despite the presence of welfare and 'general wealth', there remains a significant grouping that is excluded from the mainstream benefits of the society and is prevented in the same way from fully enjoying the prosperity of the country. This is very prevalent in South Africa because of massive (and increasing) social inequality and the significance of inequality in causing poverty.

The main social exclusion indicator is employment, but lines of exclusion also entail access to (amongst other things) leisure, communications and financial services such as banking and

investment (Ravallion, 1992:13). Contemporary forms of social exclusion have been linked to the nature of capitalist employment and societal relations, specifically to the capitalist nature of power vested in governments and markets which has the invariable consequence of creating inequality and ultimately exclusion of the disadvantaged. This exclusion, or social isolation of people caught in the deprivation trap, contributes to their experience of poverty and powerlessness. The lack of access or isolation, coupled with lack of real income, therefore equals abject poverty if not absolute poverty (Swanepoel & De Beer, 2006:7).

2.3.4 Human development indicator

The human development indicator emphasizes a holistic understanding of the terms and conditions of poverty, such that anti-poverty actions enlarge people's life choices (May, 2000:41). This refers to enabling individuals to lead a long and healthy life, in which they are educated and have access to a decent standard of living, access to information and knowledge, social and political participation, and material means (Woolard & Leibbrandt, 1999:203). Drawing extensively on Hirschowitz's (2000) work on measuring poverty in South Africa, human development represents the process of expanding people's choices to live long, healthy, and creative lives (Hirschowitz, 2000:119). It is not merely about human resource investment, social-sector expenditure, basic needs, economic growth, or even about poverty as such. Enlarging people's choices implies reinforcing human capabilities and fostering access to meaningful opportunities for exercising choice (Hirschowitz, 2000:119).

2.3.5 Poverty indicators and sustainable livelihoods

The preceding discussion has attempted to provide a contextualization of some of the factors and concepts that need to be taken into account when studying poverty. This has been necessitated by the realization that most poverty studies focus on the basic human condition in relation to either income or expenditure, without factoring in other issues that are crucial to human sustainability. The indicators discussed above can be likened to the various body parts in the human anatomy, which are highly dependent on each other. In essence, they need to be viewed in conjunction with each other and not separately, if one is to obtain a clear and comprehensive understanding of poverty. Adopting this comprehensive approach will enable this thesis to achieve a multi-

dimensional analysis of the complex nature of poverty which, in turn, facilitates the identification of poverty reduction measures more comprehensively.

Suffice it to say, the use of the poverty indicators for this study is done within the context of state cash transfers in South Africa. My approach is supported by Horowitz (2000:12) who in his work argues that poverty is multifaceted and can be linked with hunger, unemployment, exploitation, and lack of skills and education. He further highlights how poverty is about vulnerability to crisis, which can be countered by the strength of one's asset base and by the management of various kinds of assets. In the end, different indicators have different and complementary uses in the identification of *what is* and *what is not* poverty, giving a clearer picture of the extent of poverty in any given society and the planning processes required for the alleviation of poverty.

Marias (1998:52) points out that poverty can be understood as a system of relationships that have the cumulative effect of excluding people from processes of development and accumulation. This entails exclusion from the prospects of a sustainable livelihood. Sustainability is critical to this study, and the various poverty indicators discussed above will be framed within sustainability. In other words, this study of the efficacy of social grants and whether they contribute to the eradication of poverty will be discussed and highlighted by reference to the existence of sustainable livelihoods. Income-related poverty lines or simple measures of consumption cannot solely represent poverty adequately (Rakodi and Lloyd-Jones, 2002:10). Poverty requires a holistic and participatory appraisal of the range of livelihood activities that people draw upon in order to live a life free of poverty. In this context, the balance of this chapter considers more directly the question of sustainable livelihoods.

2.4 Sustainable livelihoods in an urban context

This section provides a discussion and description of the sustainable livelihoods framework which is used to anchor the main research objective of this thesis – which is to look at whether the social grants system in contemporary South Africa has the capacity to reduce poverty, with the prospects of sustainable livelihoods. In outlining the framework, there is a specific focus on the urban context.

2.4.1 Defining sustainable livelihoods

According to Scoones (1998:9) “a livelihood comprises the capabilities, assets and activities required for a means of living”. A livelihood is also sustainable when it can self-sustain as well as recover from stresses and shocks. Moriarity (2002:4) states that sustainability implies that individuals and households should earn (or have) sufficient money to provide for basic amenities such as food, clothing and shelter to lead a dignified life. With regards to describing urban households and livelihood security, CARE International (1999) notes that a sustainable household is one: “That has adequate and sustainable access to income and other resources to enable households to meet basic needs and to build up assets to recover from shocks and stresses” (Care International, 1999:2).

The key argument in this study is that social grants should effectively ensure that livelihoods, particularly in urban areas, not only experience an income cushion for a short period of time but be taken out of poverty as well as remain above the poverty line and not be accustomed to a vicious poverty cycle (Carter, 2006). In that sense, a poor livelihood is one that is based on a fragile or unbalanced set of livelihood assets unable to weather shocks, changes or trends; generally, this is a situation where assets fall below that of a set sustainable livelihood standard.

2.4.2 Urban livelihoods and poverty

The thrust of poverty reduction initiatives in South Africa, which has mainly been through the use of social grants, has focused on two distinct social groupings: the rural poor and urban poor. However, most research done on the subject of poverty in South Africa has focused on rural poverty and concomitant food shortages at the expense of the subject of urban poverty. This seems to be related to the notion that urban physical and social amenities are, more or less, equally accessible to all urban populations. This of course is a fallacy, as one can see a huge concentration of the poor in urban areas as well as rural areas (Devas, 2004). Therefore, the complex and multi-faceted nature of urban poverty deserves a deeper understanding and explanation, both for the purposes of knowledge generation and for policy initiatives. Maxwell (1999) concurs with the view in this study by highlighting that urban poverty has been a

neglected area both within social research and in poverty reduction policies. This study has as its focus an urban setting: Grahamstown, in the Eastern Cape Province of South Africa.

The variables that influence poverty in urban areas are different from those found in rural areas (PRSP, 1999). Urban people face high costs for transport, education, housing, food, health and childcare, and are thus more dependent on income. In this way, it can be argued that the urban poor require a 'hidden income', in so far as they need access to services, including sanitation, drainage and garbage removal, schools, health and child care (Satterthwaite, 1997). The increased dependence of the urban poor on the cash economy reduces the possibilities for adopting non-income based coping strategies. Satterthwaite (1997) further suggests that a significant difference between urban and rural people lies in the ability of the latter to reduce their costs. In addition, the urban poor have been affected in particular ways by the negative impacts of recent economic reform measures, particularly the increases in prices in basic commodities resulting from the elimination of state subsidies and the tendency towards casualization of labour (although it could be argued that the poorest have never had security of employment).

Many urban households have had to diversify their sources of income to reduce the risks and adapt to changed circumstances. As well, urban assets, incomes and standards of living are not constant but alter with time and circumstance. In response to the changing nature of livelihoods, many people resort to informal arrangements for the provision of employment, housing and services. It is therefore imperative in this study to adopt a framework that can analyze and evaluate urban livelihoods outcomes after receiving a social grant. In adopting this framework it is hoped that income and housing aspects of poverty in urban areas (and the social, economic, household and health dimensions of poverty) can be analysed, and thereby ascertain the potential of a cash transfer in ensuring that poverty is effectively reduced.

The next section of this chapter outlines the sustainable livelihoods framework, as a basis for evaluating the impact of the cash transfer or social grant in reducing poverty and enhancing livelihoods of recipients. I use a modified Sustainable Urban Livelihoods Framework as the

analytical tool in assessing the impact of the social grant system in the reduction of poverty in urban areas. The reason why I am calling it a 'modified' theory is because I am trying to adapt it to urban areas; the theory in its original conception (for instance in the work of Scoones, 1998), was related to rural livelihoods. Modifying the theory is beneficial in order to be able to assess the specific spatial context, assets vulnerability, strategies and outcomes of urban livelihoods.

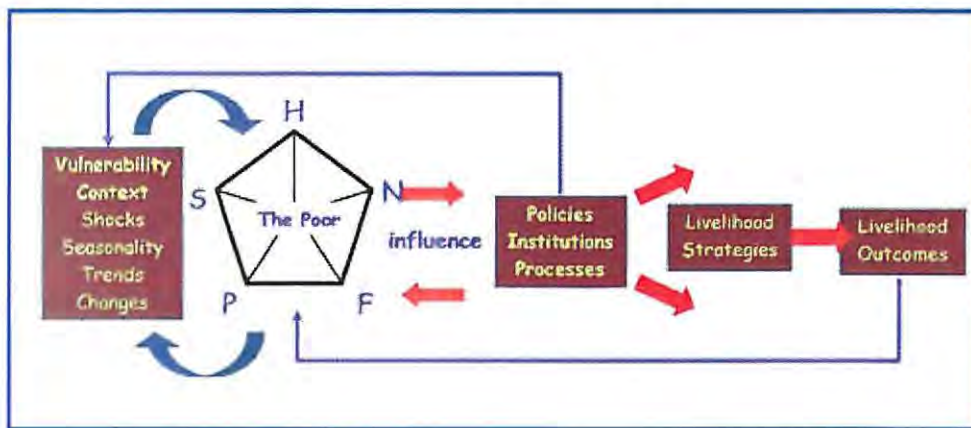
The Sustainable Urban Livelihoods Framework fits the purpose of the study (which is to evaluate urban recipient's livelihoods in Grahamstown, Eastern Cape) because of the framework's ability to recognize financial assets as a crucial factor and facet of a sustainable urban livelihood. We are also able to analyze social grant recipients livelihoods reported in the General Household Survey administered by the South African government.

2.5 Elements of the Sustainable Livelihoods Framework in the Urban Setting

Livelihoods approaches propose that thinking in terms of strengths or assets is vital as an antidote to the view of poor people as 'passive' or 'deprived'. Central to the approach is the need to recognize that those who are poor may not have money or other savings, but they do have other material or non-material assets – such as their health, their labour, their knowledge and skills, their friends and family, and the natural resources around them. Livelihoods approaches demand a realistic understanding of these assets in order to identify what opportunities they may offer, and where constraints may lie. Proponents argue that it is more conceptually appropriate, empirically sound and of more practical use to start with an analysis of strengths as opposed to an analysis of needs. However, it has also been suggested that there is a danger that this emphasis may restrict state policy and actions to households that have some assets on which they can build, and neglect the poorest and the destitute, who may be effectively asset-less (Rakodi, 2002).

The diagram below (Figure 1) outlines the framework and highlights some of its key points.

Figure 1: The Sustainable Livelihoods Framework



(IFAD, 2004)

Figure 1 shows a representation of the flow of the elements that need to be taken into account when one considers the question of whether a certain livelihood is free from poverty or not. Underpinning the sustainable livelihoods framework is the claim that people draw on a range of assets to further their livelihood objectives and reduce vulnerability and poverty (DFID, 2001). These assets are represented in the Figure by the alphabetical letters S, P, H, N and F; these are discussed in greater detail in the following paragraphs with particular reference to urban livelihoods. The assets include:

- ❖ **F=Financial assets:** These include the financial resources available to people (such as savings and supplies of credit). The importance of income for the urban poor leads to a dependence on cash income as compared to rural residents who have better access to land for subsistence agriculture. When in dire poverty, rural inhabitants can often rely on subsistence produce; whereas the urban poor would have to sell their labour in order to access cash income. Farrington, Ramasut and Walker (2002) note that dependence on income as a key asset means that urban poverty is under-counted. This arises from the fact that almost all urban assets must be converted into cash in order to be used for consumption – this seemingly makes the urban poor less poor in terms of income. Income-based poverty lines tend to underestimate the higher proportion of expenditure that the urban poor have to make on non-food items, for example, rentals for

accommodation, transport costs, and costs of keeping children in school (Satterthwaite, 2000).

While the urban poor are highly dependent on income for survival and for ensuring sustainable livelihoods, it is worth noting that factors such as lack of skills, education and access to employment leads the urban poor settling for (often insecure) informal employment (Benjamin & Amis, 1999). In addition, a potentially key financial asset for the urban poor is access to credit through formal or informal markets. Rutherford (1999) notes that while credit may be a key asset for the urban poor, many households and individuals are unable to access credit through the formal market or even through more expensive informal markets where they are charged exorbitant interest rates.

International poverty lines based on income have been used to measure poverty reduction. In South Africa, the issue of trying to define a poverty line is one that has raised many debates and contestations leading to a defined poverty line. The South African Treasury set R480 per person per month for absolute poverty (any individual falling below this amount is said to live in absolute poverty, a figure that is in line with \$2.50 a day) (National Treasury, 2008).

The urban poor also rely on government poverty-focused schemes, such as unconditional cash transfers. Unconditional cash transfers aim to give the targeted poor income, so as to reduce poverty amongst the targeted. In South Africa, the targeted vulnerable poor include the aged, children and disabled. This point is particularly important, given that the aim of this study is to evaluate the impact of these unconditional transfers on reducing poverty amongst the recipient households.

- ❖ **P=Physical assets:** Physical assets comprise the basic infrastructure and producer goods needed to support livelihoods, such as affordable transport, secure shelter and buildings, adequate water supply and sanitation (Carney, 1998). In the urban setting, Moser (1998) notes that physical assets include housing, tools and equipment that people own, rent or

use, as well as public infrastructure to which they have access. Housing is normally one of the most important assets for poor urban households, as it is used both for shelter and for reproductive or income-generating purposes (such as renting out rooms or using the space as a workshop area) (Benjamin and Amis, 1999). The importance of housing is evidenced by major investments that governments make in this area. For example, in South Africa, the Reconstruction and Development Programme is still a bone of contention and makes housing delivery a pressing matter (Budget Speech, 2011).

Access to housing has different implications mainly because a house is an appreciating asset and most importantly for the value of housing as security. Ownership of housing can be crucial in ensuring access to other resources. For example housing in informal settlements (if registered) can at times be used as collateral for credit. It is however important to distinguish between those who own and those who rent when considering the prospects for accessing credit. Inevitably those dwelling in squatter settlements would not be able to obtain credit. Location of housing close to employment opportunities would also increase residents' chances of taking up income-generating work as this would reduce transport costs (Benjamin and Amis, 1999). Another important physical asset for the urban poor is public infrastructure. For instance, access to proper sanitation is a determinant of sustainable livelihoods. Proper sanitation would entail piped water supplies, which might be unavailable for slum dwellers (Kundu, 1993).

- ❖ **H=Human assets:** This includes education, knowledge, skills, capacity to work, health, and the nutrition of individuals. Health status determines people's capacity to work, and skill and education determine the returns from their labour. Financial assets are strongly related to human assets; for example, people with skills and knowledge are in a stronger position to maximise income compared to those without significant levels of skills and knowledge. In South Africa, although public education is subsidized and reasonably inexpensive, fees are still to be paid monthly by parents or guardians and, for the urban poor, meeting these costs proves challenging. Therefore education and health might be

easily accessible to all citizens but imposing education fees (official and unofficial) might deepen poverty of livelihoods.

- ❖ **S=Social assets:** These are intangible assets, and include rules, norms, obligations, reciprocity and trust embedded in social relations, social structures, and societies' institutional arrangements. Social assets are often critical assets for the urban poor. Social assets present themselves as networks of mutual support that exist within and between households, extended families and communities, and they allow for the mobilization of access to, for example, personal loans, food, economic opportunities or accommodation (Moser, 1998; Dersham and Gzirishvili, 1998). These networks become crucial especially in times of crisis and dramatic socio-economic change. This phenomenon though is not easily identified as it lies deeply rooted between specific individuals and groups, families and households.

- ❖ **N=Natural assets:** This is the stock of environmentally-provided assets such as soil, atmosphere, forests, minerals, water and wetlands. In rural communities, land is a critical productive asset for the poor. In urban areas, natural resources may be used in the livelihood strategies of the poor, but they tend to be less available (Bebbington, 1999; Carney, 1998; Moser, 1998; Narayan, 1997; Portes, 1998; Putnam, 1993).

These assets are central to the sustainable livelihoods framework, in large part because they are drawn upon by the urban poor in pursuing their livelihoods. The livelihoods approach proposes that thinking in terms of strengths (or assets) is vital in order to recognise that the urban poor are not without agency and that they are not mere victims of prevailing power structures.

2.6 Application of the Sustainable Livelihoods Approach: The impact of cash transfers

The SLF can be used at both policy and project level to initiate new poverty reduction activities or modify existing activities to improve livelihood outcomes. It can also be used to review project activities – which may not have been designed originally with sustainable livelihoods in mind – and to improve monitoring and evaluation (Ashley & Carney, 1999). For this study, the

approach can facilitate the analysis of livelihoods protection through and after cash injections by the state. The sustainable livelihoods approach is essentially a way or a 'lens' through which to view and analyse the effect of development interventions (such as social grants) on livelihoods (Ashley and Carney, 1999). It provides a coherent overarching theoretical framework and analytical structure for ensuring that conceptual links are made between different issues and activities, including the different types of assets (Bebbington, 1999). The sustainable livelihoods framework presents the main factors that affect people's livelihoods, and typical relationships between these.

The practical aim is to help stakeholders engage in debate about the many factors that affect livelihoods, their relative importance, the ways in which they interact and the most effective means of promoting more sustainable livelihoods. The SLF is a holistic method therefore of addressing development issues that centres the discussion on people's livelihoods (Department for International Development, 2003). Farrington, Ramascut and Walker (2002) note that 'sustainable livelihoods' is a chameleon-like or multi-faceted concept that can serve many functions: it is at once an established development objective, an analytical tool used to understand the factors influencing a community's ability to enhance their livelihoods, and a method of eradicating poverty (Farrington et al, 2002: 84).

Furthermore, the sustainable livelihoods approach recognizes that state policies, institutions, and processes influence access to and use of assets, which ultimately impacts on livelihoods (Farrington, Carney, Ashley & Turton, 1999). For example, policy processes (such as means testing for identifying one's eligibility for a social grant) can derail and frustrate the resource base of an individual. The framework can as a result be used in both planning new development activities and assessing the contribution to livelihood sustainability made by existing policies – in this case cash transfers as a poverty reduction tool (Farrington et al, 1999: 25).

What makes the framework particularly attractive and suitable for this study is its flexibility in application and analysis. Therefore, in this study, I use assets as tools or a checklist to see if livelihoods stand outside poverty, or have been lifted out of poverty by managing to build a

sustainable asset base. The SLF allows me to hence determine if (after cash has been injected) cash transfers are a successful livelihood strategy which lead to viable incomes and more economically sustainable livelihoods, as well as increased social well-being, reduced vulnerability and (where relevant) the more sustainable use of the natural resource base (Moser, 1998). In providing a general checklist for analyzing grant recipients' lives, the framework can determine if particular households exist in conditions of poverty, thereby offering a basis for measuring poverty reduction initiatives. The balance of this section highlights why this framework is pertinent to my study as an analytical tool in identifying the linkages between cash transfers, poverty and livelihoods.

The SLF can be used for describing the living conditions of the recipients of social grants and it offers a basis for assessing the efficacy of the grants in terms of sustainable livelihood outcomes. In addition, it captures the choices that recipient households make in their attempts to meet their basic needs. Financial assets refer to the financial resources that people use to achieve their livelihood objectives and attain livelihood outcomes. Sources of financial assets involve regular inflows of money comprising employment-based income, pensions or other transfers from the state, and remittances, which are mostly dependent upon others and need to be reliable for facilitating sustainability (Shankland, 2000; Keeley, 2001). This study focuses on one particular financial asset, namely, the old age pension as a state cash transfer. Financial assets can be used for the direct achievement of livelihood outcomes, but they can also be tracked through expenditure and asset building (Ashley and Carney, 1999: 45). Livelihood outcomes are the achievements of livelihood strategies, such as more income (e.g. cash), increased material and non-material well-being such as non-material goods like self-esteem, health status, access to services, and a sense of inclusion. Livelihood outcomes are an important basis for evaluating the significance of cash transfer inputs, and hence they facilitate the identification of the extent to which cash transfers reduce poverty.

One of the principle distinctions the framework offers is between coping strategies, which are short-term responses to a specific shock (such as a job loss for a major earner in the household, or illness) and adaptive strategies, which entail a long-term plan rather than a temporary response

to necessity (for example hawking as a result of low income). Long-term strategies may involve investment in a child's education (knowing that education enhances future employment opportunities), as a basis for generating income in the household, or the disposal or sale of assets such as livestock, land and jewellery to compensate for consumption shortfalls. Sacrificing time by investing in social relations (so as to draw from those sources in times of stress) also enhances livelihoods over the long haul. Sometimes the strategies are markedly gendered when it comes to gender differences in livelihood strategies to enhance income or human assets. Barret and Beardmor (2000) stress that women make a special effort to invest their time and labour in building financial assets. That said, the livelihood framework gives this study insight into the strategies that grant recipient men and women employ in order to make a living and to promote their household's security (Beall and Kanji, 1999).

The Urban Sustainable Livelihood Framework can evaluate grant recipients' livelihoods assets and identify the principal assets needed to support different livelihoods in the context of different levels of poverty. Old age pension recipients spend their income in order to increase sustainability of their own livelihoods and/or the livelihoods of their household members. We can note changes before and after this financial asset was injected by the government and most importantly evaluate if the cash transfer (particularly the old age pension) can reduce poverty amongst its recipients first and the recipient household secondly. The framework is able to highlight different priorities and options pursued by recipients with their cash grants, and how this relates to seeking to improve other assets such as human, physical or social assets. Thus, it identifies and describes the livelihood strategies urban recipients undertake in order to lift them out of poverty and reduce vulnerability.

This framework, in offering an analysis of livelihoods and well-being of old age pension grant recipients, can be used at the household unit level. My study can identify quantitatively the livelihood strategies adopted by recipient households, as well as their priorities in relation to spending their old age pensions in order to ensure they do not remain in poverty or better yet not fall back into poverty. Farrington, Ramatut and Walker (2002) therefore note that the sustainable livelihoods approach is compatible with quantitative research, and that it gives a broad analysis

which allows for insights into background context and livelihood trends. The framework makes it possible for this study to analyse already collected data from South African government surveys. Specifically, the General Household Survey of 2006 and 2008 allows for insight into grant recipient households regarding their wellbeing, assets, expenditure patterns, sanitation, availability of food in the household, and service delivery. It enables me to evaluate if grant recipient households' outcomes, context and assets are sustainable enough to ensure reduced vulnerability.

A rich aspect of this framework is that, in analysing grant recipient livelihood outcomes, the study is able to see which context they exist in, the availability of resources and current barriers. Furthermore, I am able to identify the main sources of vulnerability amongst grant recipients, something not normally considered systematically in state planning processes. In this regard, the livelihoods approach draws attention to the issue of poor people's access to the structures and processes that can help to transform their livelihoods, thus addressing complex issues around poverty reduction.

Interestingly, the versatile nature of this framework enables this study to forecast possible reductions in poverty or increases in poverty. This is so because the framework facilitates the viewing of the resource base of the grant recipients, as well as accounting for other assets they have besides their social grant from the government. Furthermore, it enables the viewing of lives in the absence of a grant, and the state of poverty the urban poor grant recipients would be in without the presence of a social grant.

2.7 Shortcomings of the Sustainable Livelihoods Framework

Despite the strengths of the framework, and its relevance to my study, there are certain shortcomings. Notably, some important dimensions that are included in the framework are underemphasised or they are not well defined. Early versions of SLFs, such as the DFID framework, do not explicitly:

- Address social relations or social differentiation (including the conditions, assets and strategies of different social groups). This could be addressed by explicit attention being given to the implications of social difference (such as gender, class, and ethnicity).
- Integrate power relations and conflict, and do not help to identify conflicting interests.
- Incorporate the exploration of cultural variables, such as worldviews, beliefs, traditions, status, and identity.
- Examine the historical experiences which shape people's livelihoods and strategies.

As well, early versions of SLFs were not very useful in addressing the fundamental questions of “why” and “how” poverty reduction programmes fail. They did not help explore how decisions are made within a household; how societies deal with conflicting interests; how sustainability is negotiated, for whom and for how long; why specific institutions limiting access to assets for the poor have evolved and are maintained; or why different social groups are excluded from access to certain assets. However, these challenges have been overcome by building on the strengths of the original SLF and integrating insights from extensive collaborative research on rural livelihood systems.

2.8 Conclusion

In conclusion, this chapter started off by understanding and contextualizing poverty, particularly with reference to a number of indicators that go beyond income valuation of individuals' livelihoods to consider the sustainability of livelihoods. The various poverty indicators are useful in analysing the efficacy of current poverty reduction measures in South Africa. Furthermore, a discussion of the Sustainable Livelihoods Framework was carried out, as this framework forms the standard for analysing whether poverty reduction measures are in fact working in South Africa, specifically in Grahamstown in the Eastern Cape Province. This study investigates whether or not the livelihoods of those that receive social security cash transfers are improved in a sustained manner or if the cash transfers merely offer a temporary measure of relief. Application of a sustainable livelihoods framework is important because cash transfers in South Africa remain the pivotal focus of the government in trying to curb poverty, and the framework offers a basis for assessing whether the prevalence of these transfers are reducing poverty.

CHAPTER THREE: EVOLUTION OF WELFARE PROVISION AND IMPACT OF CASH TRANSFERS ON POVERTY

3.1 Introduction

In Chapter Two I highlighted that the persistence of poverty is a reminder of the dilemmas that the development field is facing at present and that the question of poverty is an ongoing global concern (UNDP, 2007). Poverty reduction remains one of the key challenges confronting researchers and policymakers, and one of the most desired social outcomes (World Bank, 2008:291). Starting in the mid-1980s, research and development communities have through applying sophisticated methodologies and measures developed an in-depth understanding of poverty; its causes, consequences, and complexities (Harmaan, 2001:12). In the last ten years, social protection (in the form of unconditional cash transfers or social assistance) has emerged as an important instrument for combating poverty.

Social protection consists of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption or loss of income (Midgley, 1996: 38). Social security has the task of providing protection against life-cycle contingencies which cause reduction or loss of earnings (Haarmann, 1998:3). Social protection therefore is a mechanism with a variety of protective public actions carried out by the state in response to intolerable levels of poverty, and which seek to guarantee relief from impoverishment for those sections of the population who, for reasons beyond their control, are unable to provide for themselves (Luiz, 1995:21). Social protection is especially important in most African countries since almost half the continent's population lives in dire poverty.

In the light of these brief introductory remarks, this chapter provides an overview and explanation of how social protection came about: its origins, nature, and the basic principles that inform it. In doing so, I provide a review of academic literature on social assistance programmes worldwide, and in South Africa in particular, and on the impact of cash transfers on poverty

levels. Current cash transfer programmes in South Africa need to be discussed taking into account their unique historical background. My main focus in this study is on the recipients of old age pensions. It should be noted that this chapter does not provide an exhaustive account of social protection schemes. Rather, it offers a broad overview in order to anchor our understanding and analysis of the efficacy of social cash transfers as poverty reduction measures.

3.2 Social protection: meaning, evolution, conceptual underpinnings and instruments

3.2.1 Defining social protection

The term social protection is used in a number of different ways in the development literature. However the common thread in the thinking on social protection in this literature is the risks and vulnerabilities of the poor and the entrapments of poverty. While poverty analysis has conventionally examined the state of socio-economic deprivation at a particular point in time, the problem facing poor households is also one of fluctuations in their ability to meet basic needs. An influential World Bank report (World Bank, 2008:3) on poverty stated that social protection is a response to this more dynamic understanding of poverty and the attendant problems of risk and vulnerability. This relates social protection to public policy approaches and instruments which have the objective of providing socio-economic security to people who are poor or are at risk of becoming poor (Conway et al, 2000).

The concept of social protection though is not static and has altered historically. Initially, public assistance focused on keeping people out of poverty by guaranteeing a minimum income to meet basic needs (Ellis, Deveruex and White, 2009: 15). The main objective was to provide a safety net to cover the risk of being extremely poor. Different groups such as central governments, local authorities and charities provided the earliest forms of assistance. These were targeted at civil service employees and the very poor who had to meet strict requirements (such as living in workhouses) in order to receive public assistance (Adato and Haddinott, 2008).

In the late 19th and early 20th centuries, during the early industrialization period, schemes for social assistance began to change due to the social and economic transitions in society (Van Voorhis, 2003). The most notable transition was the development of wage labour. Workers in

industry became reliant on wages, based on the sale of their labour power. In the absence of wages, the majority had no form of security since they could no longer rely on traditional structures of protection, such as the extended family or access to land. As a result, the state began to take a broader interest in the provision of income security. Saving schemes were organized by governments and mutual aid societies, private insurance emerged, and the state began to introduce legislation which required employers to provide some maintenance for sick and injured workers (Foucault and Khalfa, 2006). Nevertheless, these measures were largely insufficient in providing adequate protection, and workers were expected to make their own arrangements to counter life's contingencies.

In time, labour became more organized and more influential, and as a result more adequate social protection programmes began to take shape in industrialized countries (Castiglioni, 2001). These programmes were made compulsory, initially affecting certain categories of workers but progressively extending to cover the entire population. Various benefits were also narrowly introduced and then extended, and eventually the term "social security" was used to collectively describe social protection. In this way, social protection schemes assumed a new role. The safety-net function was preserved to ensure that people were able to meet their essential needs, and the coverage of socio-economic risks for all, through the pooling of risks, was added (Holst, 2009). Over time, social protection programmes began to cover a wider range of risks, such as unemployment, incapacities due to age, and workplace accidents or injury. The safety-net function also subsequently became more ambitious and was progressively enhanced to include more than basic subsistence needs, such as health care, housing and social services. In most industrialized countries, social protection schemes became universal (Holst, 2009).

The extension of social protection to address ever more contingencies meant that its scope also began to broaden. Holst (2009) notes that social protection evolved from having a primary safety-net function, which aimed to ensure a minimum standard of well-being, to a more "proactive" function with the dual aim of protection against and prevention of risks. In an attempt to address problems of unemployment, many countries have put in place proactive strategies to promote employment, such as programmes centred on skills training and

development, retraining, and youth work incentives (Ferreira, 2005). These proactive strategies play a dual role in that they promote employment as well as protect against the risk of unemployment. In addition, they complement schemes that provide benefits to people when they are unemployed, thus ensuring that essential human needs are met. The International Labour Organisation (ILO) Convention on Employment Promotion and Protection against Unemployment (No. 168), adopted in 1988, reflects this shift towards prevention and protection against risks through proactive security measures (ILO, 2001).

Historically, social protection has been narrowly defined by various states as excluding social services. Other stakeholders have tended to place emphasis on those social transfer programmes that target groups falling outside the coverage of formal labour market-based social security programmes. This emphasis was clear in the 1980s, which were characterized by acute and sustained economic and financial crises as well as structural adjustment in the economies of Latin America, Africa and elsewhere. The outcome of these changes was a rapid rise in poverty and vulnerability, which laid bare glaring gaps in social protection. In the countries affected, the adverse impacts of transformation were concentrated in the more vulnerable sectors. Rising poverty (and the threat of conflict and social unrest it presages) focused attention on strengthening social protection policies and programmes (Sumarto et al, 2008) in the wake of economic and financial crises. Increasing poverty and vulnerability arising from globalization and economic transformation were therefore key drivers for social protection.

Current interest in social protection among policy makers developed in the aftermath of the structural adjustment policies of the 1980s and 1990s, and especially their failure to promote growth and reduce poverty (Moore, 2002:25). This led to a realisation that a globalised economy could produce dramatic downturns in human well-being, and that a better understanding of the human and developmental costs associated with inadequate social protection policies and programmes in developing countries was needed. The existing Millennium Development Goals (MDGs) – which focus primarily on poverty and vulnerability reduction (Moore, 2002:62) – might be considered a culmination and result of that realisation.

Social protection continues to be subject to re-evaluation and evolution. The current era of globalization and the changing lifecycle patterns of men and women are posing numerous challenges to which social protection policies and strategies are adapting. In the industrialized world, many countries are re-examining their systems of social protection and their effectiveness in the light of increasing pressures such as the significant increase in levels of poverty globally, high unemployment, the ageing population, pervasive spatial mobility, changing social structures, and increasing expectations (Conway, de Haan and Norton, 2000). Currently, in advanced industrial and advancing developing countries, social protection comprises of a set of integrated institutions and programmes including social insurance, social assistance, and employment protection and promotion (NASI, 2008:8).

Esser (2009) argues that in developing countries, social protection has a stronger focus on poverty reduction and on the poor and poorest. It aims to increase the extent of income transfers to poorer groups and their access to basic services and/or productive employment and asset building. It is premised on a widely shared view that poverty is multidimensional (cutting across all forms of institutional life) and persistent in time and across generations (Esser, 2009). Because of this, Munro (2008) notes that the main role of social protection is seen as lifting the constraints to human and economic development posed by *social risk*, or ensuring the satisfaction of *basic needs*, or implementing a *rights-based* approach to human development. Competing perspectives on risks or needs or rights support alternative views of what social protection seeks to achieve (Munro, 2008).

The concept and practice of social protection in developing countries has been adopted and implemented at a remarkable pace over the last decade. It has been implemented by approaches grounded mainly in basic human needs and human capabilities. Social protection practice is increasingly changing from a focus on short-term social safety nets and social funds to a much broader armory of policies and programmes that combines the following interventions: protecting basic levels of consumption among poor and very poor households; facilitating investment in human asset and other productive assets which provide escape routes from persistent and intergenerational poverty; and strengthening the agency of households in poverty

so their capability to overcome their predicaments are increased (Barrientos and Hulme, 2008). It is worthy to note that – largely evolving from programmes introduced in Europe – significant variation has emerged in the specific details of social protection design, financing and implementation, reflecting local social and political-economic conditions. Despite this variation, the next section briefly explains the general components of social protection.

3.2.2 Instruments of Social Protection

In this study, social protection is seen as including various elements. These elements include social security (social insurance), social services and social assistance, mainly for the poor, disadvantaged and vulnerable groups in society. These are described briefly below.

- *Social insurance programmes.* Social security includes programmes available for government employees, government enterprise employees and workers in the formal private sector, and includes pensions, unemployment benefits, and possibly health care and disability. These have traditionally made up the social security agenda associated with formal employment. Social insurance benefits, eligibility requirements and other aspects of the programme are defined by statute. It is mainly funded by taxes or premiums paid by (or on behalf of) participants (although additional sources of funding may be provided as well). In addition, the programme serves a defined population, and participation is either compulsory or the programme is so heavily subsidized that most eligible individuals choose to participate (Haarmann, 1998).
- *Social services* incorporate public sector services available in the areas of health, education and social welfare only.
- *Social assistance programmes* include projects made available specifically for the poor, the disadvantaged and vulnerable groups. These include various cash or in-kind transfer programmes, often providing minimal assistance to targeted groups, usually those unable to work, the destitute, or those with specific disabilities. They have generally attained only limited coverage and are often viewed negatively as welfare handouts. Cash transfers are either conditional cash transfers (CCT) or unconditional cash transfers (UCT) in form. Conditional cash transfer programmes pay recipients in exchange for an action that brings private behaviour closer to the social optimum (Luiz, 1995).

Unconditional programmes do not attempt to influence individual/household consumption preferences. They recognize the vulnerability of those whom the scheme addresses and make provision of a cash grant to enable individual/group coping mechanisms (Edmonds and Schady, 2009). Forms of unconditional cash transfers provide resources to poor people so as to help them maintain basic consumption levels (Luiz, 1995). Schubert (2005) states that unconditional cash transfers are more likely to impact beneficially on human development where vulnerable groups also have sufficient access to information to make informed choices about health and education. In South Africa, cash transfers (or social grants) are non-contributory and are financed entirely from government revenue (Nattrass and Seekings, 1997:60). This study focuses on social assistance as a form of social protection and its impact in reducing poverty amongst recipients.

3.2.3 Summary

In the preceding sections I have defined social protection and highlighted some of the important issues surrounding this concept. Further, I highlighted the instruments that are used in order to ensure social protection, notably social assistance, social insurance and social services. Later in this chapter I review conceptual contestations surrounding social protection and notably the use of social cash transfers as a poverty reduction mechanism. I first discuss contestations from an international perspective in order to shed light on the field of social assistance as a whole, and then draw the focus back to the subject of my study, namely, South Africa and particularly Grahamstown in the Eastern Cape. In this light, I now turn to an investigation of cash transfers, their application and their use in the reduction of poverty.

3.3 Cash transfers: Mechanisms and principles

In an effort to meet the MDGs commitment to halve extreme poverty by 2015, the World Bank (2001) reported that cash transfers were widely adopted by most developing countries as the most effective means of tackling poverty and social exclusion. Cash transfer programmes have been established in more than forty countries including Brazil, Chile, Colombia, Ecuador, Ethiopia, Honduras, Jamaica, Mexico, Nicaragua, South Africa, Turkey and Zambia, with some

other countries piloting them with the support of international financial institutions and donor governments (Fiszbein, Schady, Ferreira, Kelleher and Skoufias, 2009).

Cash transfers have gained credence both because they appear to make a clear advance on earlier systems of poverty relief and because they have achieved good results, particularly in Latin America and in some African countries (including South Africa, Lesotho and Malawi) (Fiszbein, Schady, Ferreira, Kelleher and Skoufias, 2009). The move from transfers in kind (typically food) to monetary stipends accomplishes several goals at once. Households have more choice over how cash is spent and thus become “active consumers” rather than “passive recipients of handouts” (Rawlings, 2005: 10). Rawlings (2005) further notes that these transfers are reported to have positive spillover effects such as increased savings and nutritional diversity. There are administrative benefits too. Cash is more easily delivered than food and can sometimes reach distant or scattered communities previously left out of the delivery system. Cash transfers allow more efficient targeting and monitoring and, once set up, they are relatively cheap and easy to administer. Evidence of cash transfers effectiveness is becoming increasingly revealed throughout the Latin American, European and African continents (Standing, 2007), and this evidence counters the presumption of an overall trade-off between redistribution and insurance on the one hand, and growth on the other (Ravallion, 2003 in Standing 2008). Likewise, following arguments by Oxfam International (2005, in Howard 2007: 16), cash transfers have been deemed both faster and more effective than most food distribution programmes, while “common fears surrounding cash transfers, such as increased risk of insecurity, gambling, purchase of illicit items or domestic violence, are all unfounded”.

As noted earlier, cash transfers are either conditional or unconditional in form. The CCT programmes aim to reduce poverty by making welfare programmes conditional upon the receivers’ actions (Janvry and Sadoulet, 2004). The government therefore only transfers the money to persons who meet certain criteria post-injection of the cash benefit; these criteria include using the money to enrol children into public schools and getting regular check-ups at the doctor’s office (including necessary vaccinations). This process has been supported by the World Bank. It argues: “Conditional cash transfers provide money directly to poor families via a

‘social contract’ with the beneficiaries – for example, sending children to school regularly or bringing them to health centres” (World Bank, 2009). For extremely poor families, cash provides emergency assistance, while the conditionalities promote longer-term investments in human assets (Janvry and Sadoulet, 2004).

The enthusiasm for CCTs coincides with the emerging consensus regarding targeted social protection, in which monetary assistance rather than in-kind transfers is a central policy plank aimed at reducing the risk and vulnerability of those in extreme poverty (Barrientos and De Jong, 2004; de la Brière and Rawlings, 2006). While many programmes in Africa are unconditional cash transfers (which take a variety of forms including pensions for the elderly and grants for particular vulnerable groups such as households stricken with HIV/AIDS), most Latin American programmes provide beneficiary households with a cash sum conditional on meeting targets for children’s attendance at school and health checks. The education transfers (often in the form of ‘scholarships’ for schooling) are typically paid to mothers who are responsible for meeting programme demands. Here conditionality is conceived of as involving ‘co-responsibility’, under which the stipend is given subject to the beneficiary household’s compliance with programme requirements (Subarea, 1997).

This is a desirable development considering additional verified impacts of CCT, including for instance linkage effects in the local economy, multiplier effects through self-investments and improvements in primary school enrolment (de la Brière and Rawlings, 2006), and the positive changes these bring about. But a significant number of CCT-related shortcomings have been observed and documented, far beyond the mixed impacts on actual school attendance and learning identified by de la Brière and Rawlings (2006). In the move from philanthropic models of poverty relief (‘handouts’) to ones that are more comprehensive in their treatment of the poor, cash transfers represent a different approach both to poverty relief and to the poor themselves. Conditionality mechanisms, along with CCTs’ other features, are designed to promote positive subjective and situational changes through which beneficiaries are expected to become ‘active, responsible citizens’ endowed with choice (over consumption and household expenditure) rather than being positioned as passive recipients of charity.

At the same time, though, conditionality presumes that a poor person is not capable of acting rationally with regard to financial issues and is unable to recognise his/her children's long-term interests (Standing 2008:18). Further, conditionality like in the Brazilian *Bolsa Família* programme can only be fulfilled when adequate schooling, health and transportation infrastructure exists. While this might hold for urban areas in Brazil and elsewhere, the rural population is likely to encounter large-scale supply (and demand) side market failures, and might have to face large costs and obstacles to comply with the imposition of for example a clinic-attendance condition, with such conditionalities disproportionately affecting the poorest. Thus, programmes with less conditionality regularly imply a more efficient and equitable outcome (Standing, 2008).

Mkandawire (2006: 40) notes that, in the realm of poverty alleviation policies, it is often argued that the “best” solution is one which identifies the poor by targeting benefits towards that group. Researchers have emphasized the costliness of identifying the poor and the effects on incentives which may attend income-tested programmes. For example, Haarmann (2001) observes that, in the wake of macroeconomic and structural adjustment, targeting seems to have attained a special significance in developing countries, as more and more governments have come under pressure to reduce expenditure (Haarmann, 2001: 123). Universal access became a preferred choice with the rise of social democratic/socialist parties and movements, which linked access to citizenship. Neoliberalism¹ revived the targeting discourse (Jones et al, 2009: 120). Targeting has almost become treated as a panacea in the area of poverty alleviation, with improved targeting meaning that more poverty alleviation could be achieved with less expenditure (Haarmann, 2001: 123).

Both conditional and unconditional cash transfers are processed through targeting and means testing. Targeting is a method that ensures the proper selection of beneficiaries of a programme. It is a necessary step in non-universal cash transfer programmes in developing countries whose governments often are constrained by limited resources and torn between competing demands (Hanlon et al, 2010). Targeting can be conducted at various levels of analysis. When a cash transfer programme is designed, the first question that often comes to the policy-maker's mind is

¹Neo-liberalism is a market-driven approach to economic and social policy. It seeks to maximise the role of the private sector in determining the political and economic priorities of the state.

which area of the country the programme should cover. This is commonly referred to as geographical targeting. Another common method, called categorical targeting, makes use of demographic characteristics of the population to target intended beneficiaries (for example, pension benefits for people beyond a certain age or households with children under five years).

Devereux and Sabates-Wheeler (2004) dispute the effectiveness of targeting on the basis that attempts to target public transfers efficiently are typically constrained by the lack of information that government agencies have on the welfare status of individuals and households. This is particularly true in less developed countries. Policymakers are thus forced to select among different imperfect targeting schemes to choose recipients and non-recipients of public support (Jones et al, 2009: 120). Such imperfect choices can be based on the following: indirect individual indicators of welfare (such as geographic location, socio-demographic characteristics, land ownership, or type of housing), differentiated indirect taxation (such as foodstuff subsidization), “self-targeting” schemes (such as subsidized low-wage public employment), or an income-means test (Bibi and Duclosy, 2004:125).

Means-testing requires potential grant recipients to identify themselves as “poor” and, to be effective, means-testing requires applicants to present a range of documentary evidence of their eligibility. Depending on the grant, this may include an identity document, a birth certificate, an affidavit of income, and medical records. It can be very difficult for poor families to establish their eligibility to the satisfaction of the state. This is because the costs involved in doing so can be substantial, and hence the burden is most onerous for those households with the least resources. Moreover, to find out who qualifies for a transfer, the means-tested schemes require an operational definition of “income”, which is obstructed by the high incident of undocumented incomes in developing countries which entail erratic and substantial fluctuations. Often income proxies (such as quality of housing) need to be collected and analyzed, involving substantial administrative costs (Standing, 2008; Howard, 2007). The result of these (practical) difficulties is a very uneven and incomplete coverage of the disadvantaged population, frequently not reaching the most impoverished in society (Standing, 2008) or only reaching a fraction of those entitled to transfers. Households with pre-school children, without children, and orphans living outside

family households are not included in education or family programmes. Such biases further skew poverty patterns to the disadvantage of particular marginalised groups. Also, the difficulty and costs of implementing the criteria used for identifying beneficiaries can lead to merely token or discretionary application of the formal conditions in practice (Standing, 2008), opening the field for corruption.

While conditional transfers do prove successful in certain aspects, they are likely to create a “welfare mess” comprising a “bureaucratic, costly, stigmatizing patchwork of highly complex means-tested welfare” that is “riddled with built-in disincentives to work” (Pereira, 2009: 6). The often overlapping structure of a plethora of existing programmes deprives the entire system of the necessary efficiency on a macro-level, with de la Brière and Rawlings (2006) asserting that CCT programme’s highest costs occur from targeting and conditionality monitoring – simultaneously, its constant monitoring by official bureaucracy causes the invasion of privacy on a micro-level. Whether it is in spite of or due to the extensive bureaucracy created, most CCT programmes suffer from structural biases; for instance, although proportionally extreme poverty is more pronounced in rural areas, due to massive rural-urban migration numerically the number of poor in urban areas is larger. In this regard, Johannsen (2009) stipulates that, in 2007, 78% of the total poor population was to be found in urban areas. This has important implications for the design of programmes in a context of insufficient information about the population.

The counterpoint is to recommend universal programmes which provide benefits which are paid independent of income (Mkandawire, 2006: 40). Mkandawire (2006:43) notes that universalism as well cannot be exempted from administrative costs, such as counting and registering the number of households and the total population. In this case everyone considered poor would by necessity be included, and this would curb the mess of exclusion and inclusion errors in which (because of means-testing) for example a range of poor individuals are left out of the programme because they do not meet the criteria. Under-coverage is the proportion of poor households that are not included in the programme (errors of exclusion). And leakage is the proportion of those who are reached by the programme but who in fact should be classified as non-poor (errors of inclusion). With universal grants everybody is entitled to the same amount, and no social stigma

is attached to the collection of a transfer. Stigma often hinders the collection of aid by the recipients, and this regularly results in the limited reach of CCT programmes. Thus, by being non-exclusionary, universal grants introduce an element of dignity for the individual receiving it, and they eliminate the pejorative “deserving” and “undeserving” categories of the poor in favour of a sense of unification (Künnemann, 2004; Standing, 2008).

Means-tested programmes only come into action after the fact (i.e. after poverty has already affected peoples’ lives profoundly) and proving positive outcomes is based on this (Cassadas, 2007). As opposed to such efforts of poverty alleviation that try to deal with poverty when it already harms the victims, a universal grant scheme aims at poverty prevention and, depending on the amount paid out to citizens, effectively rids communities of cases of extreme poverty. It is then important to abandon the purely corrective “patching” strategy of poverty intervention, to come to a politics of preventive rationality and empowerment. This does not imply abandoning all existing CCT projects or simply disqualifying unsuccessful CCT programmes that do not reach their targets: rather, it marks a change of direction towards a holistic and universally just approach to poverty alleviation (Yanes, 2010).

3.3.1 Summary

This section has given a detailed account of the nature of cash transfers, including the functionality of the cash transfer system and its historical development. There are both conditional and unconditional cash transfers or grants, which are awarded by certain criteria, for example, targeting. In the next section I discuss the efficacy of social grants in the reduction of poverty. This is important in the thesis, because I seek to determine whether cash transfers reduce poverty and by so doing give households what is termed a sustainable livelihood.

3.4 Efficacy of cash transfers in reducing poverty

3.4.1 Cash transfers impact on human development

A review of published literature reveals that social grants support household development, improving human asset accumulation and generating spill-over benefits that increase the success of social security in reducing poverty and inequality (Samson, Babson, Mac Quene, van Niekerk

and van Niekerk, 2004:5). For instance, literature shows that children in poor households that receive social grants are more likely to attend school or not be deprived of food. The view that social grants are helpful in this way can be seen in the statement of then Minister of Social Development in South Africa, Zola Skweyiya, who posited that social grants are a “trampoline that enables many people in households to jump over barriers of economic and social grants” (cited in Hassim, 2005:638). In this respect, spending in households that receive social grants has been documented to focus more strongly on basic needs, like food, fuel, housing and household operations, and less is spent on tobacco and debt. Social grants are also associated with more positive indicators of health and well being (Samson et. Al, 2004:13). In an evaluation coming out of Zambia (IPC, 2008), cash transfers to households in a number of programmes across Southern Africa were found to be spent mostly on food, clothes and seeds, as well as on meeting the costs of services like education and health.

Unlike goods, cash is versatile and can be used to buy various forms of security for households. It allows recipients to become decision-makers in their own best interests. Thus, cash transfers fit in with a developmental approach to welfare that seeks to empower the poor (Lund, 2008). Cash transfers have been praised for their important impact on wage structures and dynamics by pushing up wages for unattractive, unrewarding work once no-one is forced to accept it to survive (van der Veen and van Parijs, 2006).

Studies involving low and middle income households found that social transfer programmes are effective in improving nutrition, access to health care, and the health status among beneficiaries (Ardington and Lund, 1995; Lund, 1999; Case and Deaton, 1996; Borat et al, 2001; Borat, 2003; le Roux, 2002; van der Berg and Bredenkamp, 2002; Samson, 2003; Meth, 2002; de Swardt, 2003 and Thurlow, 2003). Another study of Mexico’s conditional cash transfer programme called *Oportunidades* found that children exposed to the conditional programme gained one centimetre in height compared to a control group, two years after the start of the programme. Similar improvements in long-term nutrition have been found among children, especially girls, in pensioner households in South Africa (Ardington and Lund, 1995). These

findings on improvements in child nutrition suggest there will be medium- and long-term effects on these children's employment prospects and productivity.

Households receiving support from *Bono de Desarrollo Humano* in Ecuador increased their spending on food by 25 per cent, and improved their nutritional status. In Colombia, a substantial increase in the intake of protein-rich foods and vegetables was observed as a result of *Familias en Acción*. Earlier studies of the Maharashtra Rural Employment Guarantee Scheme in India found that the programme played an important role in combating seasonal malnutrition and income variability among poor households (Jauch, 2010:16). By enhancing nutrition, a person becomes a human asset investment (Haarmann and Haarmann, 2007) in future economic productivity that, taking into account cumulative levels, points towards a high multiplier effect of improved levels of health, education and income. Transfers have significant impacts on access to health care and on health status, another key dimension of human development. Some transfers directly target improvements in health care access and utilization, while others affect health care indirectly by supplementing household consumption (Subbarao et al, 1997).

Recent debates continue to suggest that providing families with "income" transfers will enable children to go to school instead of being obliged to work for basic survival, this way activating a multiplier effect of lowered incidences of child labour and youth criminality on the one hand, and furthering education on the other (Jauch, 2010). As well, as more parents can afford to pay school fees, the schools' stronger financial situation will improve teaching materials for pupils. Many social transfer programmes directly target improvements in the schooling of children in beneficiary households. This is certainly the case of conditional cash transfer programmes. In middle income countries in particular, where primary school enrolment rates were high prior to the introduction of transfer programmes, the impact has been more significant on secondary school enrolment and attendance. This is the case for Colombia's conditional cash transfer programme, *Familias en Acción*, Brazil's *Bolsa Familia*, and Mexico's *Oportunidades*. In low-middle income countries, similar effects have been reported; for example, in Bangladesh's Cash for Education, Nicaragua's *Red de Protección Social* and Ecuador's *Bono de Desarrollo Humano*. Improvements in schooling are not restricted to conditional cash transfer programmes.

Positive effects on schooling can also be observed for unconditional transfers. In Namibia and South Africa, pensioners reported using their social pension benefits to pay grandchildren's school fees. Social transfers appear to be particularly effective in addressing gender disparities in schooling, as Bangladesh's Cash for Education programme has shown.

Overall, the use of education and health services is increasing in the light of cash transfers, particularly in low income countries. There is a need however to ensure that service infrastructure is available to meet the growth in service demand, and that service quality is improved. Beyond education and health, a controversial aspect of the effects of cash transfers is the suggestion that, due to economic insecurity, recipients are likely to take entrepreneurial risks (although without necessarily jeopardizing livelihoods) and thereby add onto their total household income (Haarmann and Haarmann, 2007). Social grants also provide potential labour market participants with the necessary security to invest in job searches, since the availability of funds allows them to travel further and educate themselves better than in a pressing situation. In 2004, Michael Samson found a correlation between living in households receiving social grants and a higher success rate in finding employment and improved productivity – which again results in higher wage increases (Samson, 2004). Once a cash transfer system is established, it thus has important effects on macroeconomic stability, including ameliorating the potential negative effects of future crises on poor households. Woolard (2010:11) found South Africa's Old Age and Disability Grant to reduce the labour supply of older people. Also, in Brazil, a recent study finds that for the poorest 30 per cent, the labour market participation rate for beneficiaries of *Bolsa Familia* was significantly higher than among control groups (Medeiros, 2008). These findings are consistent with other impact studies of South Africa's Old Age and Disability Grant and Mexico's *Progres*a (ILO, 2010: 1).

3.4.2 Summary

In this section I reviewed literature that discusses the usefulness and effectiveness of social grants in the fight against poverty. Even though this section has shown some positive effects of the social grants on households, my thesis intends to investigate and answer whether these effects involve poverty reduction on a sustainable basis. Following sections highlight that cash

transfers have been and still remain a component of poverty reduction in South Africa and the rest of the world. But, first, in the next section I discuss the gender component of social transfers, in part because what males and females use their grants for is very different. This will help assess the different contributions that men and women make to poverty reduction.

3.5 Gender empowerment aspects of cash transfers

Cash transfers have indirect benefits such as the empowerment of women and of socially excluded groups through increased control of household finances. They empower household and community members by giving them choice over the use of the transfer. However the downside is that they have limited scope to control how the beneficiary uses the transfer, notably in the case of unconditional transfers (Samson et al, 2006:15). Evidence from the pilot project called *Kenya Cash Transfer for Orphans and Vulnerable Children* shows how the unconditional transfer has increased school attendance and enabled people to prioritize spending on health and education, improving nutrition and building assets (Gorman, 2004: 29).

Even when cash transfers are not tied to service use, the additional income is often used for health, nutrition and education priorities as has been discussed above (Ellis, Devereux and White, 2009:11). The benefits enjoyed by the direct recipients of the transfers are often shared by other household members across generations. Choosing the recipient of transfers must be based on an understanding of local beliefs, and with grants targeted to where the money is most likely to be fairly distributed. Experience shows this is most likely when the transfer is given to women (Schubert, 2005: 56).

In Mexico, studies found that women's self-esteem and financial security was enhanced as a result of the transfers, and their status in the community was improved. Similar results are reported from Brazil's Child Labour Eradication Programme, now integrated into *Bolsa Familia* (Medeiros, 2008: 12). Evidence from social pension schemes in Lesotho and Namibia indicates that elderly people have improved their financial self-reliance and hence their status within the household (ILO, 2010: 9). Social pensions can thus play an important role in restoring dignity

and conferring recognition to elderly people, in contexts where they would otherwise be perceived as economic burdens.

Many women are the full-time and only caregivers of their children and/or grandchildren. Clearly the state's social assistance (the social grants) makes a difference in people's lives. The social grants are a lifeline to the beneficiaries, preventing them from sinking into complete decimation. The "bedrock of the social assistance" (Rasavi & Hassim, 2006:90) is black women's unpaid labour, as multi-faceted caregivers. Gendered opportunities, needs and constraints combine with poverty to determine women's and men's ability to secure a livelihood in old age. Women are, in general, less able to secure a stable income when compared to men (van Driel, 2008: 21). More of their income-generating work is concentrated in the informal sector, often at a lower wages than men, or they are paid in kind and not cash. Women's participation in the labour force is also constrained by child-rearing responsibilities compounded by situations of extreme poverty. Poor women, in particular, are less able to mitigate shocks and crises. The social grants, while they do not break the cycle of poverty, prevent the complete annihilation of the working class, and may assist and cushion women for daily survival (Makgetla, 2004: 1).

Van Driel (2008: 10) notes that, for men, receiving a pension is often inextricably linked to their patriarchal-based social status as much as to their survival needs, as the pension provides a form of recognition for their role as breadwinners or heads of households. While older men are likely to suffer loss of status and lack of recognition if they are denied a pension, for older women it is often a case of finding themselves in extreme poverty. However, for both older men and women who have lived most of their life in rural areas and whose livelihood has depended upon intermittent production and barter, Ellis et al (2009) view the reality of survival in a cash economy as harsh and as necessitating social grants – but notably for women. In this regard, Barber (2009: 1) found in her research in Mexico under a programme called *Progresa* that where women controlled family resources (including cash transfers) there were better health, education and development outcomes for children. She stresses that cash transfers channelled through

women benefit mostly children and are spent on their health, education and overall social protection.

3.6 Cash transfers and asset creation

Ellis et al (2009) found a correlation between cash transfers, poverty and asset creation. They found that achieving poverty reduction and asset creation requires making investments, but doing so is problematic when households have few resources of their own (Ellis et al, 2009:21). Many poor households lack access to credit, yet credit would allow them to acquire assets, invest in their children as human assets, or enter profitable activities. Social protection provides liquidity to poor households, giving them additional resources that can be used to make such investments. In Nicaragua, the CCT programme *Red de Proteccion Social* raised school enrolments by nearly 22 percentage points, while in Mexico beneficiaries invested just over 10 percent of their transfers – this led to sustained increases in per capita consumption in the following five years after the introduction of the programme (IPC, 2008).

Cash transfers have the ability to impact greatly on assets, but the effect is larger where regular, predictable and adequate transfers enable credit-constrained households to reallocate their productive resources, and accumulate and protect their assets. There are indications across a variety of social transfer programmes that beneficiaries are able to save and invest a fraction of their grant. A study of Bolivia's *Bono Dignidad*, a social pension, estimates that among pension beneficiaries in rural areas, consumption rises by twice the amount of the benefit, which suggests that improved household production was facilitated by the transfer. Studies of Mexico's *Progresa* and Namibia's and Brazil's social pension schemes have observed similar results (ILO, 2010: 4).

Another way to build assets is to link transfers to productive activities, health and nutrition, education activities (including, for example, AIDS awareness and voluntary testing and counseling) or social services. For example, Ethiopia's Productive Safety Nets Programme (PSNP) links beneficiaries receiving transfers to agricultural extension agents and development workers, and provides access to credit. Evaluations indicate that transfers plus access to these

complementary activities or services have a much bigger effect on a range of outcomes (such as food security and use of improved seeds and fertilizers) than just transfers alone. For instance, mean caloric availability among households receiving both PSNP transfers and these complementary activities was ten percent higher than among comparable non-beneficiaries. In Kenya's Cash Transfer Programme for Orphans and Vulnerable Children, transfers are being linked to lectures on child and maternal health, prevention and treatment of illness, and nutrition. Some programmes in Latin America are experimenting with linking cash transfers to savings schemes (Adato and Hoddinott, 2008: 1).

Without a doubt, cash transfers provide a steady and reliable source of income and can have significant effects on the capacity of households to invest in human and physical assets and overcome the threat of long term poverty (Bariantos, 2002:19). Social grants not only provide households with income, they also support second-order effects that further reduce poverty. In particular, as highlighted in this chapter, households that receive social grants are more likely to send young children to school, provide better nutrition for children, and look for work more intensively, extensively and successfully than do workers in comparable households that do not receive social grants (Lund, 2008:11).

3.7 Social welfare provisioning in South Africa

3.7.1 The pre- and post-Apartheid era: South Africa's social grant assistance programme

Throughout the course of history societies have tried to develop ways and methods to assist the poor and disadvantaged (Holscher, 2008:114). These mechanisms have been institutionalised in varying ways in the form of policies, legislation, state bureaucracies and civil society organisations (Holscher, 2008:114). In many countries, South Africa included, these mechanisms take the form of social welfare policies. Kotze (1995:67) suggests that social welfare includes all those activities which are designed to enable individuals, families, groups and communities to cope with social problems and challenging conditions (Maqubela, 1997:6).

In the case of South Africa a large portion of the population falls outside the economic mainstream and have limited employment opportunities (Pauw and Mncube, 2007:28). For this

grouping, social security provisioning in the form of welfare grants (cash social assistance) is an important source of income (Lund, 1993:22; Bhorat and Leibbrandt, 2001:200; Van der Berg, 1997:1; Kruger, 1998:3). This chapter will make reference to social assistance and social security interchangeably, but social assistance will be preferred as the more appropriate term. This is in light of the statement by the then South African Chief Director (of Grant Systems and Administrations) Selwyn Jehoma, at the Social Development Portfolio Committee of May 21 2003. He refuted any reference to the more far-reaching term social security. He felt that in the South African context 'social assistance' was a more appropriate term than 'social security' as the existing grants system was too fragmented, such that the government could only be said to be offering social assistance (Social Development Portfolio Committee, 2003).

3.7.2 The origins of social security

Social assistance in South Africa dates back to the period 1910 to 1933, when the system of social assistance was concretised and rationalised as a method enabling (mainly white) people to escape social destitution. Social assistance became extremely important after the famous White Mineworkers Strike of 1922. Hassim (2005:6) notes that this strike was significant in the history of social assistance for two reasons. Firstly, it showed the depth of the entrenchment of both social and political divisions between black and white workers in South Africa. Secondly, the strike was the basis for the "co-optation of the white working class into a historic bloc with the white bourgeoisie, under the class interests of the latter" (Hassim 2005:7).

When many new welfare schemes were introduced, Africans and Indians were initially excluded from the benefits (Kruger, 1992:159). Bhorat (1995: 595) argues that the exclusion of Africans was predicated on the view that people who are used to modern lifestyles and expenditure patterns (that is, white people) had greater need for social protection than people in rural subsistence agricultural areas who were presumed to be better served by the 'traditional' means of social protection (Bhorat, 1995: 597). Liebenberg and Tilley (1998:4) and other scholars (Patel, 1992:34-35; Visser, 2004, 2009) have therefore drawn our attention to the fact that the exclusion of Black Africans was rationalised on the assumption that Africans in rural areas could rely on rural kinship ties and solidarity customs to assist them in their old age. Visser (2009:4)

adds that: “under apartheid, state welfare expenditure for whites represented an important economic and political stabiliser in government efforts to maintain white support.” This is evidenced by the fact that, for example, the Unemployment Act of 1937 covered 88,000 white workers, but excluded all black agricultural, domestic and mining workers (Meth and Piper, 1992). Furthermore, Van der Berg (1994:4) highlights that economists at the time warned that if any black people were put on the system, this may jeopardise the fiscal viability of the system.

The rationale behind social assistance during the segregation period was to ensure a safety net to protect the standard of living of the White people. For example, the Children’s Protection Act of 1913 provided maintenance grants for children. Very few of these reached African parents, and none were given to the parent of an African child in rural areas (Liebenberg and Tilley, 1998:4). Another act, the Old Age Pensions Act of 1928, entitled all white men over 65 years and coloured women over the age of 60 to draw pensions. Nowhere is it recorded that, at the time of the drafting of legislation and computing figures for social assistance, a share for Africans was included. Such a state of affairs cemented the exclusion of Africans from the welfare quotas of the time (Seekings and Natrass, 2006).

3.7.3 A basic safety net

A basic safety net was constructed through the establishment of means-tested state pension and disability schemes (Burns, Keswell and Liebrandt, 2004). The pension system was introduced in the form of non-contributory social pensions in 1928 for whites and coloureds (who were not covered by occupational retirement insurance). Pensions were subject to age criteria and a means-test to ensure that only the poor were targeted. The white population dependent on social pensions remained relatively small despite an increasingly liberal means-test, as occupational retirement insurance covered the majority of the white population. During the segregation period, poor whites had privileged access to social grants more than any other race or group (Bhorat, 2001: 190). The safety net for other groups was initially rudimentary, but as apartheid became diluted through the decades, benefits were gradually extended to other race groups (Lund, 1993: 22).

Only in 1944 did the Smuts Government extend social-old age pensions to black Africans and other race groups (Van de Merwe, 1996: 378), though benefit levels were less than a tenth of those for whites and 'means' tests were more stringent. By 1958, Africans comprised 60% of 347,000 old age pensioners, although they received only 19% of old-age spending (Bhorat, 1995: 189). Hence, though there was the creation and extension of a 'basic safety net' across the race groups, payment of these pensions remained highly discriminatory. An example is that (in 1941) the War Veterans Pension Act was passed; but the benefits excluded Africans who had served in the Native Military Corps in the First World War (Liebenberg and Tilley, 1998:4).

In 1943, take-up rates amongst the elderly were 40 per cent for whites and 56 per cent for Coloureds (van der Berg, 1997). By that year, only 4 per cent of all social assistance spending was on Africans and this consisted of targeted relief and pensions for the blind (van der Berg, 1997). During the period of apartheid (from 1948), the Old Age Pension (OAP) existed but it was clearly differentiated by race, with Whites receiving the highest payments, Africans the least, and Asians and Coloureds in-between. The extension of the social pension to include black Africans led to a rapid increase in the number of black pension recipients but, because of the differentiated entitlements, their share of benefit expenditure lagged behind. There was a gradual increase in pension entitlements for blacks relative to whites in the 1970s and 1980s, until full parity was achieved in the mid-1990s. This resulted from the combination of a reduction of benefit levels and tightening of the means-test for the minority of whites to qualify, and a rise in the level of the benefit for blacks. This was made possible by a favourable set of changing institutional and political factors (van der Berg, 1997).

In the context of apartheid, discrimination in the labour market against blacks made the social pension of marginal value to whites. This lowered the degree of opposition to changes in the OAP compared to other areas of public expenditure. As van der Berg (1997) notes, equalisation "was thus most readily accomplished where political resistance to reducing white benefit levels was the least ... the small number of whites who qualified under the means test were poor and politically marginal" (van der Berg, 1998:6). The implications for public finances of incorporating blacks were quite severe, but the large differential in benefit levels for whites and

blacks, together with increases in budget allocation, facilitated and smoothed out the changes with the end of apartheid. There was initial evidence supporting the view that the social pension had a strong impact in reducing poverty among blacks, and especially those in rural areas. The Social Assistance Act of 1992 provided the steps and measures to deracialise access to state grants (Vorster, 2000:1). By 1993, pension parity was achieved and discrimination almost eliminated with blacks still receiving a less amount.

This important role of cash social assistance is fairly exceptional compared to most other middle-income countries (Lund 1993, 2001). Other grants, payable in the form of parent and child grants, were means-tested benefits payable to a natural parent who could not, for a number of reasons, rely on the support of the second parent. If the second parent was alive, it was necessary to apply for a private maintenance order through the courts and only if this failed (or the amount awarded was very low) was the child eligible for the grant (van der Berg, 1997). This bureaucratic hurdle in conjunction with very low awareness of the grant was effective in excluding many eligible children from accessing the grant. In 1990, only 0,2% of African children were in receipt of maintenance grants, while 1,5% of white children, 4,0% of Indian children and 4,8% of Coloured children received benefits (Kruger, 1998). It became apparent in the mid-1990s that providing equal access to maintenance grant benefits would have severe fiscal implications given poverty levels and household structures such as co-existence with extended families, dependents or relatives, with simulations based on household survey data predicting a more than twenty-fold increase in expenditures (Haarmann and Haarmann, 1998).

3.7.4 Post-apartheid era

When the ANC came into power in 1994 it was faced with the challenge of a fragmented social security system. Reforms of the social assistance programme in post-apartheid South Africa have entailed an effort to produce safety nets in line with the 1996 Constitution (Bhorat, 2001:56). At the time of the transition to democracy in the early 1990s, the South African social security system was already well developed for a middle-income country (Lund, 1993; Van der Berg, 1997; Case & Deaton, 1998). This fact can be ascribed to the way that the system developed under apartheid as a welfare state for whites and was then expanded under social and political

pressure to incorporate other groups (Van der Berg, 1997). Post-apartheid, the system has expanded markedly, with a large increase in the take-up of disability grants and the roll-out of child support grants to the caregivers of about three-fifths of children in receipt of grants. Thus, at the advent of the new post-apartheid society, an important basic framework for a social assistance system was in place. Since then, a set of policies has been implemented that has expanded this system substantially. Most of these policies are implemented through unconditional cash transfers.

The system that was inherited was fragmented and it was designed to cater for white minority interests (Bhorat, 2001:78). In addition to that, poverty was one of the gross residues of the unequal apartheid system (Bhorat, 2001:78). Since 1994 the implementation of South Africa's social security has involved the process of reforming a racially-based social protection system into one that gives meaning to the provisions of the new Constitution: "Everyone has the right to have access to social security, including if they are unable to support themselves and their dependants, appropriate social assistance" (RSA, 1996, Section 27 (1) (c)).

The social grants/cash transfers have come to be recognized as one of the core aspects of the social security system for cushioning the vulnerable segments of South Africa's population from the full impact of poverty (Samson et al, 2000:1). With the progressive restructuring of the social security system, many researchers have highlighted the importance of social assistance in the wider poverty reduction strategy (Samson et al, 2000:3). The South African government manages a non-contributory programme targeted at those sections of the population that are considered to be vulnerable to extreme poverty. These include the elderly, children and the disabled, with the targeted needy being provided with income support (IPC, 2008:3). On the African continent, South Africa has by far the largest of such (cash transfer) schemes, with the greatest social protection expenditure. The Treasury estimates that, by 2012, this figure will reach 16 million people. Of these, more than 10 million will be child-grant beneficiaries. The budgeted amount for grants is R147 billion in 2011/12, rising to R172 billion in 2013/14. However, in themselves, these figures do not shed light on the effectiveness of the grant programme in tackling poverty among South Africans.

In 2011, the Finance Minister Pravin Gordhan noted that social grant payments mainly go to pensioners (38 per cent), children in poor households (35 per cent) and the disabled (19 per cent) and the rest apportioned to the remaining grants such as the Foster Care grant. There are now almost 15 million people receiving social grants in South Africa – which is more than a quarter of the population and over six times the number of grant beneficiaries in 1998 (Gordhan, 2011). The President of South Africa, Jacob Zuma, is on record as saying:

Since we are building a developmental and not a welfare state, the social grants will be linked to economic activity and community development, to enable short-term beneficiaries to become self-supporting in the long run. A successful social security system is with fewer people, not more people and we've increased the number of people that are dependent on state grants to 15 million, that's about a third of the population. While government warns it can't afford to pay people grants if they do not qualify for them, the 2011 budget also talks about proposed revisions to the means test thresholds, which will benefit households with modest incomes that reduce their grant entitlement, a more stringent form of targeting to curb the disparities between the poor and the poorest receiving the same amount of money (Budget Speech, 2011).

At present, the major types of grants in South Africa are the Old Age Pension, the Disability Grant, the Child Support Grant and the Foster Care Grant. Per month respectively, each recipient receives R1,080 (for income-eligible persons over the age of 60), R1,080 (for income-eligible prime age adults who are temporarily or permanently unable to work because of poor health or disability), R250 (currently for children under 16, but soon to include 18 year-olds), and R710 (for children who have been placed with a foster parent by order of the court). The former Minister of Social Development, Zola Skweyiya, has referred to the social grants as a “trampoline that enables many people in these households to jump over the barriers of economic and social exclusion” (Hassim, 2005: 38), thereby recognizing the importance of the social grants to beneficiaries, especially in the context of structural unemployment (Hassim, 2005: 638). Studies by the Economic Policy Research Institute corroborate and extend these results, documenting the extent to which South Africa's social grants reinforce developmental impacts within households in terms of nutrition, education, health, and vital services (Samson et al,

(2004: 17). Evidence demonstrates that living in a household receiving social grants is correlated with a higher success rate in finding employment, and that individuals in recipient households have a higher labour force participation than those who live in households that do not receive social grants (Samson et al, 2004; Posel et al, 2004).

In South Africa social assistance is subject to 'means' testing which means that the South African Social Security Agency (SASSA) evaluates the income and assets of the person applying for social assistance in order to determine if that person's means are below a stipulated amount. Grant applicants are required to prove that they are eligible for income support by showing that they earn less than a certain amount (SASSA, 2009: 1). This 'means' test, according to SASSA, is a way of determining whether a person qualifies to receive a grant. This is to ensure that grants are only received by those who need them the most.

Møller and Ferreira (2003:34) argue that the old age pension is the "single most important source of income" for rural black households. Existing literature suggests though that targeting fails to reach the marginalized and poorest of the poor; in other words, people who should be included are excluded (Alison and Seeley, 2004; Seeley and Gardner, 2007; Ellis et al, 2008; Samson et al, 2000). The application process alone is biased against the poorest (normally those who are least educated) because they have the least access to the official identification documents and are least able to navigate the bureaucratic process necessary for accessing social grants (Samson et al, 2000). Furthermore, the means test criteria exclude the poor who are not eligible but who live in absolute poverty, notably poor households without eligible children or old-age members.

The means test and application process vary from one grant to another (SASSA, 2009:1). Depending on the grant, this may include producing an identity document, a birth certificate, an affidavit of income or medical records. It is often very difficult for poor families to establish their eligibility to the satisfaction of the state. In many instances, the costs involved in doing so are substantial, making the burden most onerous for those households with the fewest resources but needing social protection the most (Devereux, 2006: 35). Hence, effective means testing requires applicants to present a range of documentary evidence of their eligibility (Coady et al.,

2002: 57). Considering that the onus is upon individuals to prove that they are destitute (Jones et al, 2009), for less educated eligible persons this might prove to be a tedious process (coupled with the distance the applicant might have to travel in order to submit documentation to the nearest welfare office).

Farrington and Slater (2006:2) argue that the strict criteria for accessing the grant negatively disregard the poorest. The poor are less able to negotiate the bureaucratic hurdles that are preconditions to accessing benefits through a poverty-targeted intervention. This regularly leads to high exclusion errors. The poor incur costs to demonstrate eligibility – including transport costs, time and fees for documentation. For example, in the early days of the South African Child Support Grant, when targeting mechanisms were even more rigidly applied, only one-tenth of poor households with qualifying children were able to access the transfer (Devereux, 2006: 34). Devereux (2006) further notes that when the ‘means’ testing process was relaxed, the take-up rate increased seven-fold, with the highest increases in the poorest provinces.

With ongoing strict criteria though, arguments have arisen against means testing. It is deemed a poor way of targeting social grant recipients because it discourages those who are eligible from applying and, ironically, such grants are likely to be most inaccessible to those most in need (Farrington and Slater, 2006:61). For these reasons, the government's expert Committee of Inquiry into a Comprehensive Social Security System (the Taylor Committee) identified the ‘means’ test as a significant barrier preventing eligible people from accessing existing grants, particularly the CSG (Taylor, 2008:58). About half of all poor South Africans live in households that receive no social assistance leaving huge gaps in social grant delivery. As Taylor notes, the social security system would need to be expanded and better targeted if the government was to realise the Constitution's promise of comprehensive social security for all (Taylor, 2008:58).

The means test is highly problematic due to the difficult criteria that have to be met. The poorest cannot access grants, due to administrative hurdles, lack of documentation (especially identity documents and birth certificates) and inaccessible offices (Children's Institute, 2008:1). Problems with the ‘means’ test involve the exclusion of all children without birth certificates and

those children whose care givers do not have identity documents, such that these children cannot access the grant. Infrastructural problems, such as inaccessible offices in many rural areas and payout points being far away, are a disadvantage to the poorer areas and communities. This has created huge discrepancies between provinces' capacities to achieve their take-up targets and their actual (compromised) coverage (Children's Institute, 2008: 1).

The main area stifling the impact of the grants has been their inadequacy. The current amount of the CSG grant for example is reported to be insufficient to meet the basic needs of a child let alone an entire family (Case, Hosegood and Lund, 2005: 17). Research in Bophelong, KwaZulu-Natal shows that many women on the CSG, along with their families, live on a mere R200 a month. Most families are unable to live on this social grant, such that food security is a daily preoccupation (IPC, 2008). For most beneficiaries, the social grant is the only source of income and it cushions them for short periods only (Lund, 2008: 13). Any moments of normality for most grant recipients are short-lived as the grant, once paid out, is mostly spent on food. People live a hand-to-mouth existence, unable to break out of the cycle of poverty. Many grant recipients attempt different forms of survival strategies, largely within the informal sector, but these are not sustainable (Ellis et al, 2009: 45). In view of the fact that the grant which forms the basis of this thesis is the Old Age Pension in South Africa, and particularly its capacity to reduce old age poverty, I will explore it more fully in the balance of this chapter – including contestations about its adequacy as a poverty reduction strategy.

In sub-Saharan Africa, the number of people aged 60 and over will more than double in the next 30 years. Ageing has an important gender dimension. Universally, women tend to live longer than men. The number of widows and older never-married women is rising rapidly in most parts of the world. The challenge in population ageing is to ensure that this ageing brings real gains for all older people, in terms of material wellbeing, health and personal security. The problem is not the existence of too many older people, but that too many older people spend their lives in poverty and ill-health. For the majority of people in developing countries, these are the major risk factors in later life. People entering old age in poverty are likely to remain poor; and their chances of improving their situation become more limited as they get older and their capacity to

work is diminished (IPC, 2008:3). In South Africa, under the grant system, the old age pension is the most significant cash transfer.

3.8 The Old Age Pension system in South Africa and debates around its impact on poverty

Moller and Ferreira (2003) consider South Africa as having one of Africa's most rapidly ageing populations and ageing poor. More than 2.3 million men and women receive a non-contributory means-tested social pension. In South Africa, the OAP grant is valued at R1, 080 per month and is designed for people who were unable to save effectively during their working life. Hence, this means-tested non-contributory system targets those with virtually no income in retirement (Ellis, 2008). Ardington and Lund (1995), based on their empirical research, argue:

Pensions are a significant source of income, with marked redistributive effects, they are the basis of credit facilities in local markets, further contributing to food security; they deliver cash into remote areas where no other institutions do; they are gender sensitive towards women; and they reach rural areas as few other services do (Ardington and Lund, 1995:571).

Since poverty reduction efforts through labour market or education policies are ineffective in reducing poverty amongst the aged, the only available instrument is to directly transfer money so the elderly can purchase goods and services.

The main aim of this cash injection (which is unconditional though means-tested) is to lift older poor out of poverty in terms of providing income necessary to meet their basic needs and better their personal livelihood through access to food, proper nutrition, shelter and health services (Ellis et al, 2008). In this regard, South Africa is one of the few sub-Saharan countries with a national pension programme that covers the majority of older people. Moller (2010) notes that the old age pension system in South Africa has evolved over more than a century and that the majority of older poor South Africans are reliant on it as the sole or major source of income for their poverty-stricken families. Hence, it is regularly celebrated for playing a role in poverty relief (Moller, 2010). However, as noticed in the literature reviewed below, the effects of old age pensions on poverty are not fully understood and at times there are inconsistencies in study findings.

In order to be eligible for an old age pension, the applicant must be 60 years or older – in the case of both females and males (SASSA, 2010). Recipients of the grant must pass a ‘means’ test, consisting of an asset criterion and an income criterion, in order to be considered eligible. The old age grant is cancelled if the beneficiary dies, if s/he is admitted to a state institution/state hospital, or if his/her income or assets improve to the extent that s/he no longer qualifies in terms of the means test. In general, however, due to difficulties with the valuation of assets, only the income criterion is applied in practice when using the means test (SASSA, 2010). These social pensions seem commendable in terms of incentives (increasing a household’s tendency to acquiring assets, saving money and leading to a greater sense of solidarity) and they have important spill-over effects such as food provision for dependents that may reside with the recipient.

The effectiveness of South Africa’s OAP in reaching poor households and improving their welfare has been widely recognised (Ellis et al, 2009:31). The non-contributory pension programme was initially intended to provide a social safety net for the aged poor, who were vulnerable in the household because of “a decline in job opportunities, increased vulnerability to health conditions, limited mobility, discrimination in access to credit and financial markets, and changes in household composition and status” (Barrientos and Lloyd-Sherlock, 2003:5). It has also been reported that the regularity of pension payments and the links to financial providers improves access to credit; this facilitates the presence of a stable financial source allowing recipients to acquire assets (Ardington and Lund, 1995). Overall, most of the benefits of the OAP seem to be distributed broadly to all members in the household because the majority of the poor households in South Africa are multi-generational. Social pensions in this sense reduce poverty, even beyond the individual recipient, since the elderly mostly live in multi-generational households.

As the vast majority of older Africans live in multi-generational households, pension-sharing appears to be a standard practice. Studies suggest that old-age pensioners pool their pension money with other household income resources, in order to meet expenses such as groceries, rents, rates, clothes and grandchildren’s school fees (Ardington and Lund, 1995). Sagner and

Mtati (1999), in a study reflecting pension politics in urban South Africa, found that old age pensioners 'accommodated' their extended family (i.e. distributed their pension money) because of the severe economic neediness of their grandchildren's parents or, in cases of one-parent families, they were willing to accept financial responsibility for the upbringing of their grandchildren. Old age pensioners experience considerable pressure to care for their extended family members, given the high levels of unemployment and the selective coverage of public and insurance-based income support schemes (Sagner and Mtati, 1999).

In light of extended households, older people in South Africa have an embedded respect for kinship and family. However praiseworthy this may be, recent studies indicate that it attracts dependency of young and middle-aged people on pension money. Sagner (1997:17) argues that this dependency on pension money leads to unemployment amongst other household members, such that social pensioners become magnets for economically weaker persons. He further notes that the absorption of kin depresses the per capita income of pensioner's households and tends to endanger the older people's exclusive use of their pensions. Financial abuse of older people's grant assistance by family members and other younger people occurs frequently and mainly because of unemployment and poverty (Bryant, Lindgren and Joubert, 2001).

Hence, unemployed individuals share in the resources of the household by attaching themselves to households that have pension recipients (Klasen and Woolard, 2009). Kingdon and Knight (2000:2) however warn that higher household incomes (from pension money) which lead to intra-household transfers to unemployed members may lower employment search efforts as the effects of pension money allow them more leisure activities. In this regard, Moller and Sothshongaye (1996: 17) claim that the main aim of the old age pension is undermined, as most old-age pensioners consider it unthinkable not to share their grant with needy kin. Kinship as a moral order implies the recognition of social obligations towards kin (that is, the acknowledgment of mutual responsibility to each other) even if it is a burden (Spiegel and Mehlawana, 1997).

A pension therefore effectively represents a cash transfer to a household rather than to an individual. An analysis of the role of the pension in households in Kwa-Zulu Natal, South Africa, found that more than 60 per cent of households contained three or more generations, and that households with pensioners were more likely to be able to ensure modest standards of living (Case and Wilson, 2000). There is also clear evidence that pension income makes the most difference to the poorest of households. In South Africa, the old age pension thus has an important redistributive effect, and is the most effective of any social programme in targeting and reaching economically vulnerable groups. The pension of older family members is the main source of income for many poor households. Few pensioners use their pension income for their own needs. Rather, most use it to meet the basic needs of the whole family, contributing to the costs of food, health care and education of all occupants (Case et al, 2007:45).

Unemployment persists because individuals who should be actively looking for work move into households that receive pensions. The pension acts as a safety net for people who are unemployed; however, the downside is that this coping strategy negatively influences employment search prospects because the households supporting them are often located far from labour market opportunities (Klasen and Woolard, 2009). These individuals put a strain on the resources of pensioner households, pulling everyone into poverty or preventing a rise out of dire poverty. Lund (2006) validates these claims, as his findings suggest that prime-aged males are the main beneficiaries of pensions. At the same time, under circumstances of household fluidity, the pension in South Africa means the reduced necessity of household members to move out of the household to secure material resources, and therefore it acts as an important device to stabilise domestic units and to allow for social household continuity in the face of structural and personal decline of members.

Case and Deaton (1998) look at the redistributive consequences of the transfers to the elderly and the standard of living of households with a pensioner. They observe that children are also benefiting from the pension, as older people are supporting them economically. In their findings they note that the most benefited children are those living with a pensioner in households where per capita incomes are the lowest. Therefore, the children who benefit most from the pension are

the poorest. The authors also look at some of the behavioural responses in terms of the allocation of the pension. Their results show that pension income is spent in much the same way as other income. Nevertheless, the authors find evidence that expenditure patterns are different for different types of households. Female-headed households spend less on alcohol and tobacco. And, surprisingly, the presence of elderly householders often turns expenditure away from transportation and from schooling.

Møller and Sotshongaye (1996) carried out qualitative research in KwaZulu-Natal on pension expenditure and its significance for family welfare and the household budget. The pension was the only source of income in fourteen of the fifty households. According to the authors, the fact that the pensioners share their income with other family members makes them view themselves as being poor, although they would be earning more money than before becoming eligible for the pension. Female pensioners spend their pension on food, clothing and educational and health care needs of the children in their care. The study shows that the pensioners who are more satisfied are those that come from smaller households. Though grandmothers derive pleasure and self-esteem in pension sharing, they are also frustrated that their own needs are neglected in the interests of family welfare. The women in the study feel that unless family needs are first met, they would not consider themselves entitled to use their pension money for their personal needs (Møller and Sotshongaye 1996, in Hunter 2002).

Case and Ardington (2006) investigate in South Africa whether having a pensioner in the household reduces the negative impact of maternal orphanhood on schooling. They find that having a female pensioner mitigates the impact of orphanhood in respect of school enrolment and progression, but does not do so in respect of school-related expenses. Having a male pensioner in the household has a negative effect on school progression, and an insignificant effect on enrolment and school-related expenditure. Dufflo (2003) suggests that the efficiency of public transfer programmes may depend on the gender of the recipient, noting that pensions received by women had a significant impact on children's nutritional and educational status. Lund (2006) likewise shows that there are improvements in the health status and nutrition of the family when the recipient is a woman.

In this light, Ellis et al (2009: 28) note that a wide body of research in South Africa evidently suggests that pensions go to women more than men, due to the fact that a critical mass of households are female-headed and mostly by grandmothers. There is documented South African (and international) evidence that women “spend money better” than men (Lund: 2008, 54) and in child-friendly ways (Dufflo, 2003). Dufflo (2003) in addition finds that households including women eligible for the old age pension reported significantly better weight-for-height indicators for girls, although there was no significant difference for boys or in households with eligible men. Maitra and Ray (2003: 20) show that the households that receive public pensions both have higher expenditure shares on food and education, and lower expenditure shares on alcohol, tobacco and entertainment, than other households.

Social pensions in South Africa have been reported to also reduce the dependency of old persons on their family, “restoring the elderly to the status of assets, instead of the liabilities they had come to be to their families in the past” (Saboia, 2003: 51). Pensions may contribute to empowerment, especially among older women. As well, the grant enables pensioners to invest in their grandchildren (for example in families affected by HIV/AIDS) or to give money to their children for setting up a small business. Pressure on girls to work for the survival of the family may be reduced, enabling them to attend school (Barrientos and Lloyd-Sherlock, 2002: 12). Overall, the OAP has been confirmed by research to have an important redistributive effect within the South African population. According to the Committee of Inquiry into Comprehensive Social Security, the old age grant is the primary source of income for older persons who would otherwise be living in abject poverty, and it is estimated to reduce the poverty gap (Committee of Inquiry, 2002). This was also one of the results obtained in a re-analysis of the 1995 Western Cape Community Housing Trust data files. According to this research, in about 2/3rds of African households where a pensioner resides, the pension appears to be the main source of income (Sagner, 2000).

Though there is evidence that OAP contributes to poverty reduction broadly, there is little evidence to suggest that the OAP is indeed carrying out its intended purpose, that is, to reduce old age poverty (which is the sole and ultimate purpose of the grant). The only evidence to

suggest this kind of impact is noted by Case (2001) who investigated the impact of old age pensions on health status. Her analysis was based on a small sample of households in the Langeberg health district of the Western Cape. The study found that pension income is pooled in 84 per cent of households. Where income was not pooled, beneficial health impacts are experienced only by the pensioner. Where income was pooled, children were in good health – again suggesting the impact of the grant beyond the pensioner. The study suggests that this impact works through a combination of improved sanitation, enhanced nutritional status and a reduction in psychosocial stress. The adverse effect of this coping mechanism (based on a caring culture) is that, if and when resources are stretched too far, some households are plunged deeper into poverty due to the pressure on resources (Klasen and Woolard, 2009: 32-34).

There is evidence of flux in households in terms of generational presence. Wittenberg and Collinson (2005) document significant reductions in average household size since 1995. Sagner (2000) presents fieldwork evidence from the Eastern Cape Province of household fragmentation arising from the departure of members to seek employment and the enduring effects of the apartheid era on residential restrictions. Klasen and Woolard (2000) argue that household formation is a central survival strategy for the unemployed. They find that state pensions in the Eastern Cape “increase the likelihood of attracting unemployed persons to a household” (Klasen and Woolard, 2000:1). The possible role of the pension in encouraging migration has been outlined by Posel et al (2006), and they suggest that household composition may change with pension income. Assessing this, Edmonds et al (2005) find that female pension eligibility is associated with an increase in the number of children aged 0–5, an increase in the number of women 18–23 (that is, around first motherhood age) and a decrease in the number of women 30–39 in households. The older group (30–39) has a comparative advantage in working away from home, perhaps arising from fewer child care obligations. In contrast to Jensen (2003), such household change arising from the availability of a pension in a household could suggest that a migrant labour response may be occurring (which would be in line with Posel et al’s 2006 results) or that the pension is simply attracting unemployed youths and young mothers (thereby confirming Klasen and Woolard’s stance).

Maitra and Ray (2003b) also challenge the conception of the household as a multi-generation unit causing exogenous expenditure, and they use 1990s panel data to assess whether resource inflows (including the OAP) change household composition. They find evidence that household composition is rather mutable, and that pension income leads to a reduction in working-age resident adults in the household (Klasen and Woolard, 2000). They speculate that “the expanding social pensions programme in South Africa encourages working age adults to leave their elderly parents in the villages in search of jobs in the cities” (Klasen and Woolard, 2000: 146). Pursuing this theme, Maitra and Inder (2004) find that migration is indeed more likely when a household receives the OAP, noting that pensions have different effects on prospective male and female migrants.

Two clear, potential sources of endogenous household change with respect to the OAP thus emerge. The first is that pension income results in working age family members migrating from the household, in order to seek employment or take-up pre-arranged employment opportunities elsewhere. The second is that the pension acts as an attractor to non-resident family members, causing them to relocate into pension-receiving households to survive unemployment. In the Eastern Cape, it has been largely documented that black pensioners are under strong normative pressure to share their grants within their families (Sagner and Mtati, 1999). However, research has also shown that the pension has empowered old people who hold the purse strings and this contributes to their self-respect and social status (Moller and Sotshonganye, 1996).

Furthermore, research conducted by Moller (2010) in Grahamstown (in the Eastern Cape) in the year 2010 shows that the majority of pensioners projected “wise” and ethical use of the grant. She highlights that almost 50 percent note that they use the grant for their nutritional status and 10 percent indicate they share their grant amongst household members. However it is worth recording that about 37% used their grant for purchasing tobacco and alcohol, and this was particularly prevalent amongst men. Women opted to spend the pension on nutritious food. A case study that was conducted by Venestra (2006) in the Eastern Cape also demonstrates that OAP social grant recipients and household members in a household have improved chances of moving out of poverty. The expanded social grant system assists households to better weather

financial shocks caused by loss of employment, illness, disability or death of an income partner. At times, one type of grant can replace another or fill the gap in the safety net created by loss of income. Veenstra indicates that women filled the role of the “main income earner” as well as becoming home caregivers for the frail children growing up in the household (Veenstra, 2006).

Some studies have focused on the incidence of non-contributory pension programmes in South Africa on poverty. Lund identifies the poverty reduction and promotion effects of the social pension in South Africa, and has traced the expanding literature on this topic (Lund, 1993; Ardington and Lund, 1995; Lund, 1999). Deaton and Case (1998) look at this issue in the context of a 1993 nationwide household dataset and confirm that the social pension has significant effects on poverty. Studies using more recent data have confirmed the poverty reduction effects of the social pension, albeit less directly through estimating the correlation existing between the presence of pensioners in households and measures of household income and poverty (Leibbrandt, 2001).

3.9 Conclusion

This chapter shed light on the concept of social assistance, and specifically on the OAP in South Africa. I also discussed the various contestations and contentions surrounding the OAP as a poverty reduction tool. This was done to contextualise the ensuing discussions in Chapters Four and Five, in which we discuss more extensively (and with evidence from interviews with grant recipients) the efficacy of the OAP grant. It is important to reiterate at this point that this study aims to explore the role of the OAP in poverty reduction among the elderly people in South Africa. Most of the published literature broadly depicts “poverty” as one undifferentiated whole and fails to take a multi-dimensional approach in assessing poverty and the impact of social grants. Our current understanding of old age poverty in developing countries is incomplete and deficient in many respects. Consistent and comprehensive indicators tracking old age poverty are lacking.

Further research is needed on the impact of the old age pension on elderly people and on how resources are redistributed between household members. Because of this, this study examines the

role of non-contributory pensions in reducing poverty among OAP recipients in South Africa broadly and in Grahamstown specifically. Resource allocation of the pension income between household members, the role of non-contributory pensions in livelihood strategies, pensioner capabilities, and conditions of well-being among poor older people, are all examined in the following chapters.

CHAPTER FOUR:
UNCONDITIONAL CASH TRANSFERS AND POVERTY REDUCTION IN SOUTH
AFRICA: AN ASSESSMENT OF RECIPIENTS' INCOME AND EXPENDITURE
PATTERNS

4.1 Introduction

In Chapter Three an effort was made to discuss the history and context of the development of social protection and, in particular, social assistance as a poverty reducing mechanism in South Africa. I focused on the social assistance grants, their application and benefits in the fight against poverty. This was important in order to anchor the more specific analysis in this study, which starts in this chapter and continues in Chapter Five. The discussion in this chapter is split into various themes that address the issue of financial assets – this will allow me to pinpoint a coherent strand and understanding of how social assistance grants assist in the attainment of certain financial assets which, if accumulated over time, can improve the life of a person to an extent where one can identify the individual or household as having sustainable financial assets. The end result would be the conclusion that the household has been lifted out of a state of poverty, along with an inference that social assistance grants are either an effective or non-effective tool for the reduction of poverty.

We started this thesis with the assertion that cash transfers may be successful in taking individuals out of poverty. This is particularly the case with those recipients whose income is close to the poverty line. In this light, I examine grant recipient livelihoods and their financial assets (income and expenditure) and human assets, and seek to evaluate the extent to which social grants facilitate poverty reduction through these assets. This provides an understanding of the assets in order to identify cases where cash transfers have been successful and also cases where they have been unsuccessful. I also aim to identify reasons behind either the success or failure of social grant initiatives.

In doing this, the chapter discusses research findings from the General Household Surveys and from my Grahamstown-based research. The next two chapters are aimed at addressing the following aspects of the research:

- 1) Using the General Household Survey dataset of Stats SA for 2006 and 2008, I undertake expenditure estimation and asset accumulation analysis of households in receipt of social grants as well as a socio-economic background analysis of these households.
- 2) I assess a sample of OAP grant recipients in Grahamstown, looking at grant recipient households' assets (financial, physical, human, natural and social) and evaluate the impact of social grants on reducing poverty.

This chapter therefore is designed to provide a clearer picture of the social cash transfer system and its effects on poverty. In presenting and discussing quantitative and qualitative findings, I seek to shed light on the extent to which cash transfers reduce poverty, particularly given the very complex nature of poverty. All findings are presented and discussed by evaluating if poverty reduction and sustainable livelihoods can be ensured through a cash injection by the government.

4.2 Cash transfer recipients in South Africa and Grahamstown: OAP recipients

I begin by giving a profile of grant recipients and OAP recipients in Grahamstown, which also includes the current socio-economic status of the community. In discussing the results of my investigation, I relate them to findings from other studies discussed previously. I provide a précis (not all-encompassing) of the demographic make up or nature of the social grant, recipients and households that are dependent on them. This will be helpful in providing a context for analysis, because in this study I have sought to look at the demographic characteristics of grant recipients, their access to basic services and how they spend their grants. I also depict the perceptions of those receiving these grants about the adequacy of the grants, the impact of grants on reducing income/monetary poverty, the attainment of basic needs, and factors both contributing to and constraining poverty reduction. This is all done in the light of the conceptual provisions of the Sustainable Livelihoods Framework.

Most of the existing studies on grants in South Africa have focused on CSG and child poverty. As well, the General Household Survey data has been used to analyse poverty status on a broad and undifferentiated scale and not specifically on an analysis of grant recipients' households. In the context of these prevailing gaps, my study makes an important contribution. I not only assess grant recipients' households covered in the GHS of 2006 and 2008 but also weave statistical inferences from the analysis with in-depth interviews of OAP recipients in Grahamstown in order to take a general snapshot of recipients' livelihoods and a more focused, closer examination of OAP recipients. Frequency tests ran allow for an understanding of the profiles of recipients and the rate of take-up of social grants.

Results indicate that the CSG and OAP remain the largest grants, in terms of uptake, in South Africa and the most prevalent grants to be accessed. This seems to reflect and imply for the most part that children and the aged are the most vulnerable population groups in the country. I also ran a preliminary frequency distribution test to ascertain the number of households whose livelihoods depended on the availability of the social grants as their main source of income. Frequency results from the two databases (GHS 2006 and GHS 2008) indicate that in 2006, out of the interviewed households, 53.1% were mainly dependent on salaries and wages as their main source of income while 28.3% were dependent on cash grants as their main source of income. For the year 2008, results also indicate that most households in South Africa were dependent on incomes from salaries and/or wages (55.2%) while 29.3% depended on a grant as the main source of income.

When one compares the results of 2006 and 2008, the number of households by percentage that heavily depend on social grants increased by one percentage (1%), which is indicative that more households are becoming dependent on the social grants as a major source if not the only source of income. Therefore, I start with the understanding that social grants remain a critical source of income for many households, just as salaries and wages are important to other respondents and for that reason remain a lifeline for many. What the statistics above show (and what I am highlighting by inference) is that much of South Africa's population still lives below the given poverty line in the light of the means-test, and are dependent on the grant system. This all

together lends the question: Are social grants reducing poverty? If that is the case, then why does the uptake of grants seem to increase?

Finance Minister Pravin Gordhan (Budget Speech, 2011) notes that social grant payments mainly go to pensioners (38 per cent), children in poor households (35 per cent) and the disabled (19 per cent). Ellis et al (2009) argue that social grants in South Africa compare favourably with developed countries and are considered impressive in comparison to those of other developing countries. This though may not be an achievement let alone something to celebrate, as the growing uptake of grants is alarming and candidly worrying. Grant uptake, which increases by a discernible amount every year, tells us that more and more South Africans are likely without employment or any viable economic activities, and therefore that more and more South Africans are turning to a life of receiving instead of producing.

4.2.1 Gender Composition of grant recipients

I examined the gender characteristics of those who take up grants. The aged people who are impoverished, vulnerable and highly dependent on the social grants are predominantly women; this is shown in Figures 1 and 2 below.

Figure 2: OAP Gender Composition

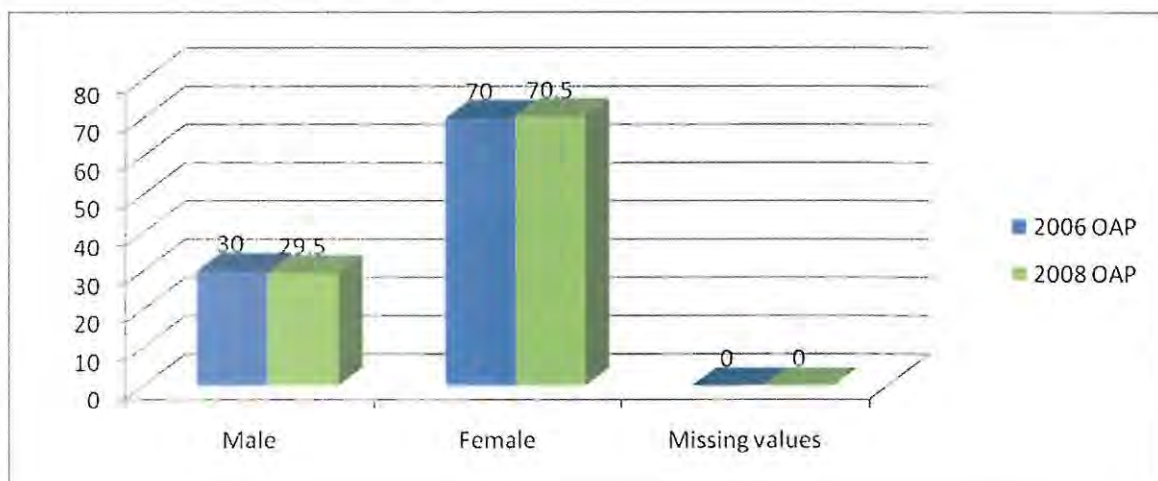


Figure 3: Gender of Head of OAP recipient households

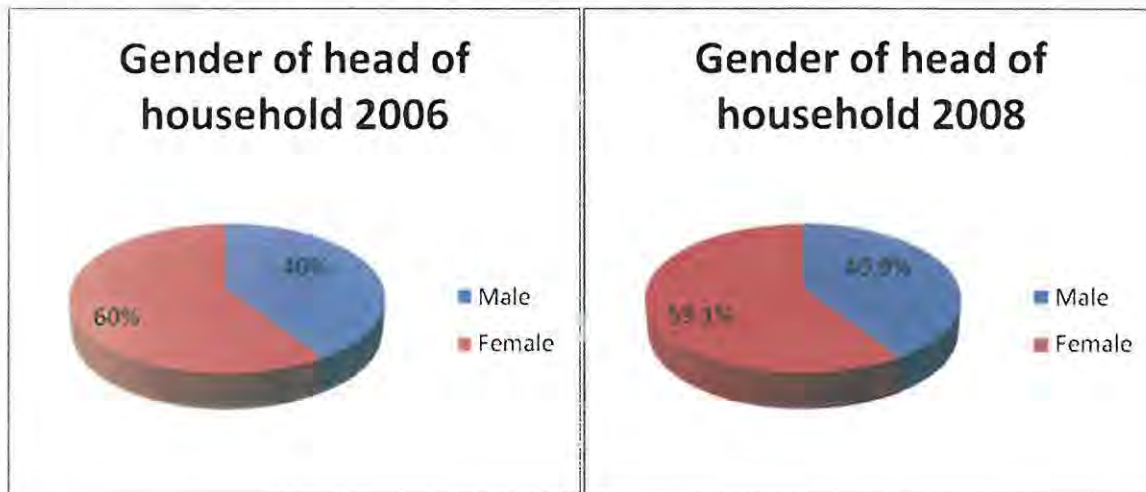


Figure 2 shows that the female to male ratio OAP grant take up in the years 2006 and 2008 was heavily skewed towards females, comprising 70% of the population and males 30%. This indicates that more females than males remain disadvantaged and are more in need of grant assistance (Razavi and Hassim, 2006; Hassim, 2005:6). Figure 3 demonstrates a similar finding, as in OAP recipient households females are more likely than men to have the burdensome role of being the head of the house (Razavi and Hassim, 2006:3; van Driel, 2008:21). The results above bring to the fore that women make up the greater number of aged poor and of heads of households; and qualitative data from recipients specifically in Grahamstown indicate that – out of the twenty OAP recipients interviewed – the majority were females who head families. Further, within these female-headed households there were many kinship dependents, and this comes with a range of stresses. One of the interviewees, Nozipho, gives a picture of what females who head homes and depend on social grants experience. When asked how she saves her pension she lamented:

The money is not enough at all, when I receive my pension on the 3rd I pay R300 to the furniture shop, R100 for electricity and I have five dependents – nieces, nephews and my brother who is unemployed – and you spend by a hand to mouth system. I have to put food on the table for all, give children money for food at school, and things are getting

expensive. But I can't afford to mourn for if I fall apart so will my children and everyone here (Nozipho, Grahamstown 2011).

4.2.2 Population group of the CSG and OAP Respondents

To ascertain the race or population grouping of grant recipients I ran a comparative simple frequency analysis between statistics for 2006 and 2008. It shows that the race groupings that benefit from social grants include Africans, Coloureds, Asians and Whites. Figure 4 below shows results by population groups in relation to the receipt of social grants which have the highest take up rate, namely, the CSG and OAP.

Figure 4: Population and Racial Groupings of Social Grant Recipients

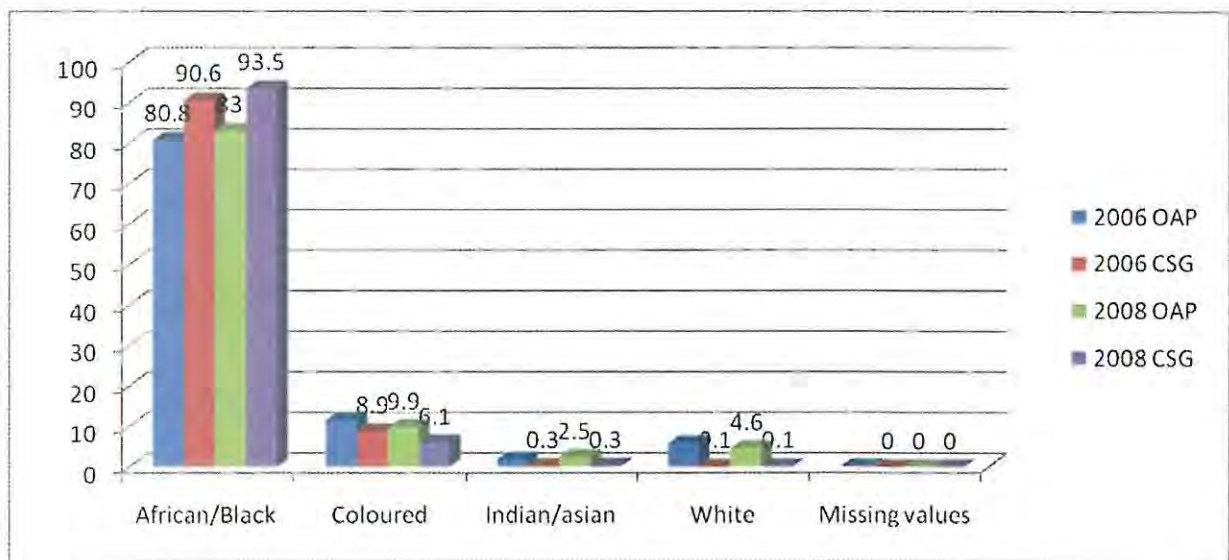


Figure 4 shows that, for the year 2006, of the percentage of the aged who received grants, Africans constituted 80.8 % while Indians had the least recipients among the aged at 0.3 %. On the other hand, for the CSG (a grant administered by adults and provided to children), African children averaged 90.6%, while Whites had the least at 0.1%. In 2008, the trend remained similar with OAP Black Africans counting for 83.6% and 2.5% were Indian or Asian. The same can be said for the CSG recipients in 2008, where Africans counted for 93.5% and the Whites with only 0.1%.

These results show several issues about the social grant system. The first is that when one looks at the percentages for 2006 to 2008 there has been an increase in uptake for both the CSG and OAP across the population groupings. This raises the question of whether or not the social grant system is working to effectively reduce poverty. Or whether it is just what Former Minister of Social Development, Zola Skweyiya, called “a trampoline that enables many to jump over the barriers of economic and social exclusion” (cited in Hassim, 2005:638). The metaphor of the trampoline used by the Minister is questionable, because as one bounces on a trampoline there is always a correlative relationship with gravity that returns one to their starting position, that is, the ground. In this case, social grants seem to provide temporary and not long lasting relief to the question of poverty reduction. The second issue is that of inequality: the results shown above seem to demonstrate that there is still a high level of unequal distribution of resources between the races, with the Africans bearing the brunt of this inequality. Ironically, the apartheid roots of the social grants system have ensured that the current system put in place is decidedly comprehensive and is effectively the extension of a system designed to keep a certain segment of the population (that is, poor white people under pre-apartheid grants) out of abject poverty (Lund, 1993:22; Bhorat et al, 2001:200; Kruger, 1998:3).

As May (2000:45) notes, South African society – despite social welfare and general wealth – remains a country rife with tremendous inequality, with specific groups still being excluded from the mainstream benefits of society and prevented in the same way from fully enjoying the general prosperity. In highlighting this, it should be borne in mind that much inequality and poverty in South Africa has evolved to be defined along class and not only racial lines. As well, poverty in geographical studies over the years has not only stamped the historically disadvantaged black African as vulnerable. Researchers and statistics have also surmised that provincial areas such as the Eastern Cape, Limpopo and Kwa-Zulu Natal, which historically have experienced extreme areas of mass poverty as once marked “Bantustans”, still continue to hold the highest poverty rates (Swanepoel and de Beer, 2006:8; Reddy and Sokomani, 2008: 60).

Figure 5 below is used to illustrate the persistence of inequality and poverty within the provinces. I ran a frequency distribution test to ascertain the occasion and occurrence of poverty in the different provinces.

Figure 5: Provincial OAP and CSG Grant Uptake

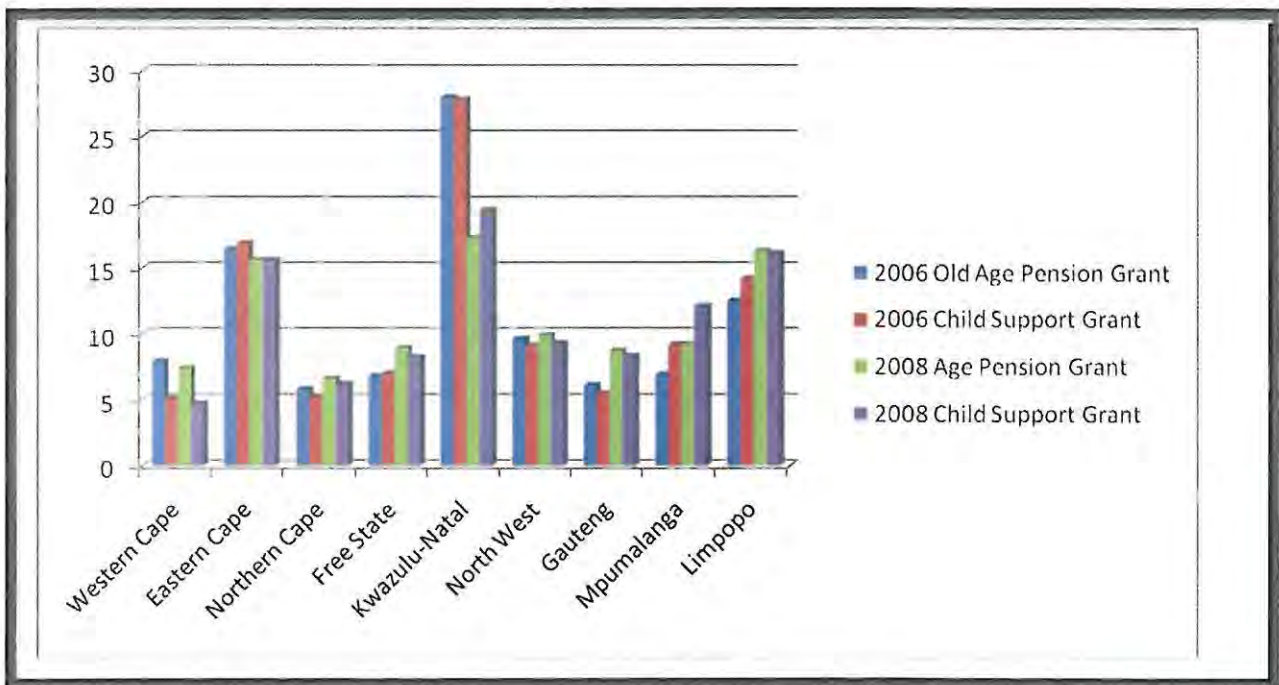


Figure 5 shows that in 2006 KwaZulu-Natal accounted for 28% of OAP grants, followed by the Eastern Cape (with 16.4%) and Limpopo at 12.5%. In 2008 KwaZulu-Natal OAP recipients accounted for 17.3%, followed by Limpopo at 16.3% and Eastern Cape at 15.6%. When compared to metropolitan areas like Gauteng, it is clear that the provision of social grants still shows the underlying impact of apartheid policies, such that these historically demarcated poverty stricken areas still have greater poverty prevalence. In the apartheid era these areas were structurally, economically and socially underdeveloped (Van Nierkerk, 2007:370; Lund, 2001). To date these provinces, and the majority of their districts and municipalities, are still impoverished and require governments' intervention in a significant way to ensure that individuals in those provinces will be able to acquire resources that will allow them to live a sustainable life. However, it is worthwhile to also highlight that in as much as there are problems

of inequality, the government has thus far been trying to redress apartheid policies and their lingering effects (Bhorat, 2001: 78). This study took to task the need to evaluate the effectiveness of social grants to reduce poverty in an already deep-seated vicious cycle of marginalisation from resources (Terreblanche, 2002: 23).

4.3 Cash transfers' impact on income and expenditure, poverty and asset accumulation

In this section I present findings on the impact of grant income on poverty by discussing findings on monthly income, income sources and savings; further, a quantitative and qualitative presentation of household assets and expenditure patterns is offered. This type of monetary poverty evaluation is favoured by a number of authors (May, 2003; Alkire, 2002; Baulch and Hoddinott, 2000; Bourguignon, Francois and Satya, 2003) for its multi-dimensional nature. As highlighted earlier, my intention is to establish whether grant income has impacted on recipients' monetary poverty to enable them to command more resources, to plan and strategise, and to become more economically active and ensure a sustainable livelihood.

Cash transfers have for a long time been fêted for having a direct impact on monetary poverty simply by virtue of the increase in household income that the transfers provide. Magasela et al (2010) note that a stable income source (such as cash transfers) frees up some of the other resources such as alimony or financial support from family members, which are normally needed for ensuring the sheer survival of the household and which are necessarily used in terms of day-to-day planning and strategy. These resources can now be used in relation to longer-term planning and strategies, and this enables people to become economically active and participate productively in the informal or formal sector.

A variety of social grant and poverty assessment studies have favoured income poverty lines when measuring poverty, in large part because this method allows for quantifiable analysis of those in poverty or out of poverty (Laderchi 1997). Ravallion (2008: 3) defines poverty lines as money a household requires to achieve the minimum level of 'welfare' so as not to be deemed 'poor', given the household's social circumstances. He notes: "Everyone at the poverty line is taken to be equally badly off, and all those below the line are worse off than all above it". This

means that there are different levels of poverty within the poor themselves, and perhaps intervention to combat poverty should take this into consideration. However, my apprehension with the use of the income poverty line in South Africa is that since 1994 there has never been a solid constant revision of the income poverty line (National Treasury, 2007), let alone a consensual agreement as to which income value to use given an economic period. Therefore the subjective nature and assessment of income poverty lines may understate or overstate the income poverty of recipients (Woolard and Leibbrandt, 2006). From the onset, this study has stressed that the use of income poverty lines is lop-sided in ensuring a holistic impact assessment and evaluation of an urban grant recipient's livelihood. However, seeing that my study offers a multi-dimensional approach to analysing poverty, financial assets lend themselves as an income. It is at this juncture that I now discuss findings emanating from the GHS (2006 and 2008) as well as in-depth interviews administered. It is hoped that this facilitate identifying the extent to which social grants (particularly the OAP) effectively reduce poverty.

4.3.1 Total Monthly Income

Selected Grahamstown OAP recipients calculated their personal total monthly income. In general, every household monthly income consisted of the reliable monthly cash injection of R1,040 (OAP grant income) from government. However, in a few cases the actual monthly income was higher than the OAP monthly income. One of the interviewees, Idah, claimed R3,940 as being her total monthly income. The reason for this higher figure was because she supplemented her income through a seasonal meat business for which she fetches profit of about R300 a month; plus she leases rooms in her five cottages (R300 per room= R1500) and she has an employers pension worth R1,100. Another interviewee, Nompumelelo Evelyn, said her total monthly income amounted to R2,140. This is because, prior to retirement, she had held a stable job and for this reason she receives a pension of R1,100 from her previous employer. Another interviewee, Monica, highlighted that her income is about R1,200, in which case the extra money she obtains is from the seasonal sales of snacks.

The fact that they receive a monthly injection of R1,040 does not necessarily mean that the old age pension will be a “trampoline that helps them jump barriers of economic and social

exclusion” (Skweyiya, cited in Hassim, 2005). This is because upon receipt of this amount there is no guarantee that recipients will have the money either placed in a bank account or for their own use. Instead, in most cases, recipient’s grant income is misused by relatives or dependents and in such instances there is no available sustainable income. For example an interviewee, Thandi, claimed:

My son and wife manage [sigh].... he takes some of it and gambles and before I know it we have no food for the day and I have to go and borrow from my brother’s place in Joza. ... [T]he money is for him to do his dirty work, drink and gamble.

Thandi is not the only grant recipient whose grant is managed or received by a third party on her behalf. Of all the interviewees, only three mentioned that they managed their own grants. The rest are in the same situation as Thandi; upon receipt of their grants, they have to share with a huge family to ensure that all household members have enough basic food to survive for the month. In light of this, one can see that the possibility of creating any economic sustainability is difficult. Though the money received could ease the pangs of recipient poverty, it is not in fact necessarily helping those it is targeted to help (i.e. the aged). This means that there is need to deal with the issue at a policy level, in order to ensure that those who actually receive the grant are able to benefit more directly and develop a form of livelihood that can be sustained over time.

4.3.2 Sources of Income

Most OAP households pool income from other state grants; hence there is a high dependence of households on grants. In fact, grants seem to be the only sustainable income source available to most grant recipient households. As noted by Joe’s daughter, “we depend on the grants”. Grants are indeed a lifeline for many household. The table below (Table 1) lists and shows the sources of income indicated by OAP Grahamstown study participants during the interviews (Table 8 and Table 9 also illustrate available sources of income for recipients in Grahamstown).

Table 1: Sources of Income for Grant Recipients

Household Head	Household Sources of Income
Zamuxolo	OAP and Seasonal Gardening
Nozipho	OAP, Two CSG grants, seasonal gifts from brother or uncle
Joe	OAP, Disability grant, CSG, occasional gifts from one employed grandson
Joyce	OAP
Kolose	OAP
Thandi	OAP
Sam	OAP
Matthew	OAP, 5 Child Support grants
Thembi	OAP
Peter	OAP, Income from his two grandsons' salary and business profits, plus renting shack
Monica	R300 per month from brothers OAP, seasonal sweets and chips business, R1200 per month from her daughter
Nokuzola	OAP
Nomathemba	OAP
Siphiwo	OAP
Idah	OAP, employment related pension insurance, Meat business, renting cottages, 1 CSG,
Paulina	OAP, Sells sweets (R70 profit per month)
Vincent	OAP
Neliswa	OAP, 3 Child support grants
Nompumelelo	OAP, employment related pension insurance, monthly allowance from son
Nokuzola	OAP, 2 child support grants, occasional income from baking business

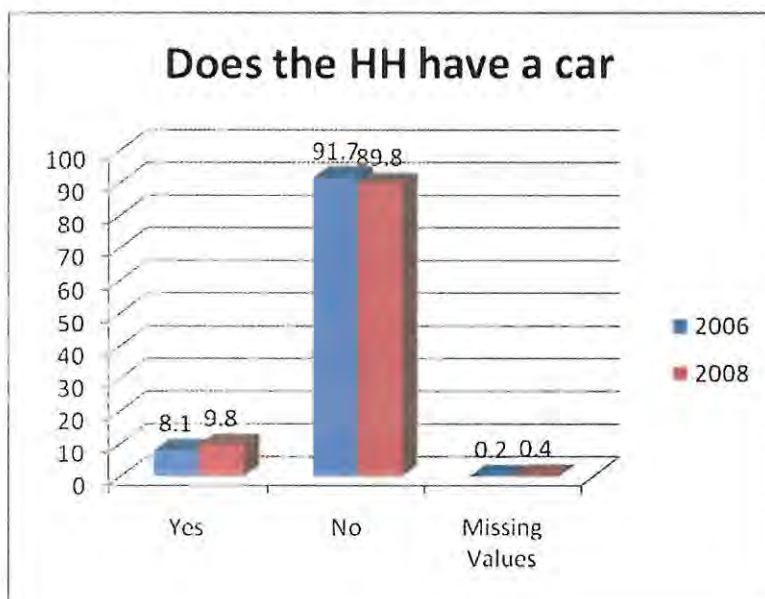
Table 1 indicates the basis of income for the participants in this research. In the course of this research, I identified that the majority of recipients had no savings and that the money from the grant did not enable any savings. They indicated that if savings were available they were to be used at the end of the month to pay school fees. Nomathemba however indicated in her narrative that she had 'saved' during the previous week "so that I can buy meat next week". This echoes Onyango's (2010) view that savings in poor households are not long-term or intended to increase financial assets or physical assets, but are rather short-sighted in that they are used on other livelihood obligations such as school fees or buying food. All of the recipients indicated in their narratives that saving to create a better or sustainable existence was out of the question, because whatever they received had to be used to benefit the children in the household or for other day-to-day necessities. Meikle (2002:46) recommends rather paternalistically that the urban poor should be motivated to develop a culture of saving to help them deal with stresses and shocks. However, in Grahamstown, the urban poor are not able to do this, given that the OAP is often the sole income for recipients and their poor dependents.

4.3.3 Asset Accumulation

Several South African studies (Posel et al, 2004; Dufflo, 2000; Case and Deaton, 1998; Ardington and Lund, 1994) found that old-age pensions were an important source of income for the poor and elderly, and that they also had other benefits (such as improved access to credit and cash delivery to remote areas). This section will rely on information from Stats SA data sets and information from the research participants to determine the correlation (if not any casual relation) between the social grants and the assets grant recipients own.

Using both quantitative and qualitative data sets I was able to establish the assets households have. Therefore it is pertinent to first present results of material assets in Stats SA (GHS of 2006 and 2008) for grant recipient households and most importantly material assets purchased using OAP grant income by Grahamstown OAP recipients interviewed. It is noteworthy to highlight that in the GHS the level of the quality of material assets such as televisions and radios were not requested or probed in the GHS 2006 and 2008 questionnaire. Below is a discussion of the results, which indicate asset accumulation derived from the GHS 2006 and 2008 (as inferred from the frequency analysis) as well as assets recorded and listed by Grahamstown OAP study recipients.

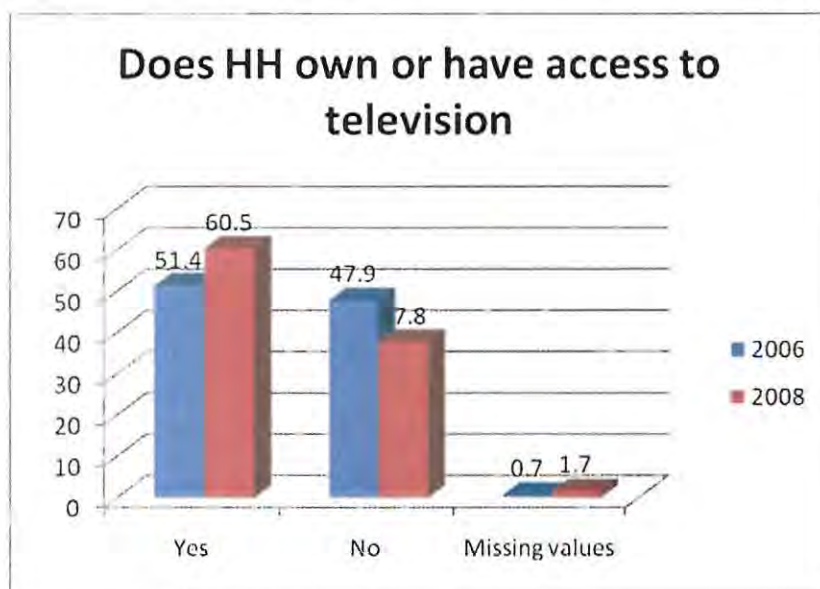
Figure 6: Grant recipient households' access or ownership of a car



The General Household Survey stipulated assets in the meta-data that we used in this study as including the following: access or ownership of televisions, radios, books and cars. The table above shows, in percentages, the households who have access or own any of the assets.

Figure 6 shows that, in the year 2006, 8, 1% of all grant recipient households reported in the data set owned a car whilst 91.7% did not. For the year 2008, 9.8% noted that they owned a car whilst those who said 'no' decreased to 89,8%. These figures are significant in showing that there is a relationship between the grant and its potential to assist in the purchasing of tangible and long-term assets like a car. Further, between the two years, there seemingly has been an improvement in the ability to access sustainable resources.

Figure 7: Grant recipient households' access or ownership of a television set



In terms of access to television, in the year 2006, 51.4% of respondents owned television sets whilst 47.9% said that they did not own televisions. In the year 2008, there is a significant increase in television ownership as 60.5% owned a television and 37, 8% noted that they did not own a television set.

Figure 8: Grant recipient households' access or ownership of a radio

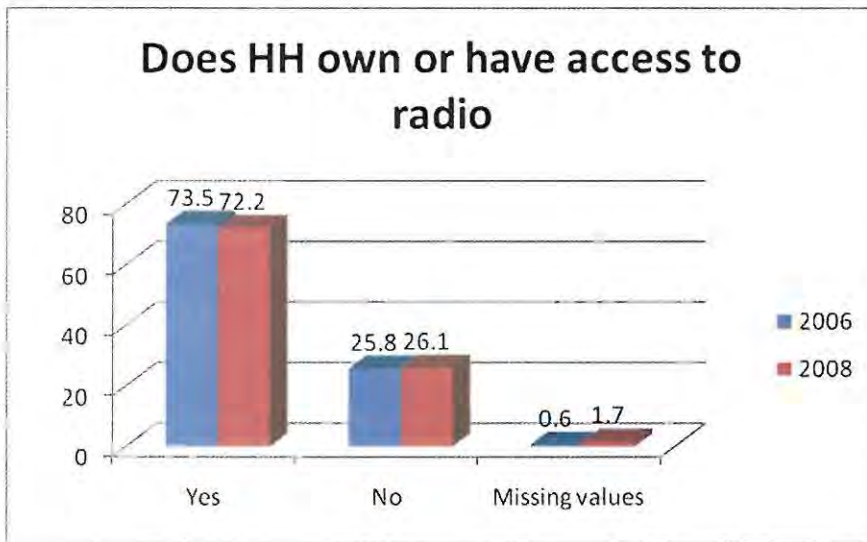
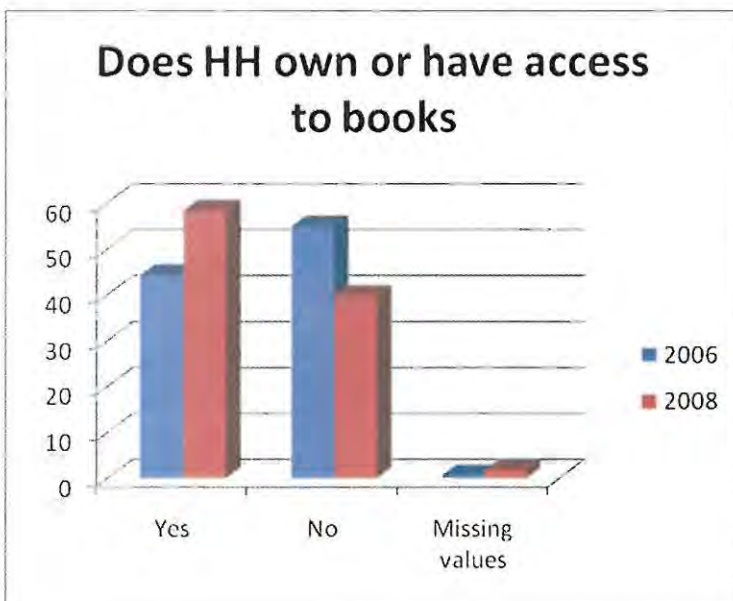


Figure 8 above shows that 73.5% owned a radio while 25.8 % did not have ownership in the year 2006. In the year 2008, there was a decline in the ownership of radios; those who said they owned a radio set only amounted to 72.2% and those who did not own increased to 26.1 % from the 25.8% that had been recorded in 2006.

Figure 9: Grant recipient households' access or ownership of books



In the year 2006, 44.3% owned books and 55.0% did not own or have access to any books. Whereas in 2008, 48.4% owned books and 39.8% did not own any books. Figure 9 shows the significant increase in the number of households that now have access to books, and this is – at least potentially – an important factor in the increase of human capacity and later to the reduction of poverty.

Although the asset statistics in the above figures show either an increase in the ownership of particular assets or the decline in that ownership, it is insufficient to rely exclusively on this data. This is because I have simply highlighted that, broadly speaking, there is an increase in the ownership of assets, but the presentation of qualitative data from the questionnaires and interviews assist in determining whether these assets were in fact purchased using grant money.

The results from the comparison and analysis of data from the years 2006 and 2008 show for instance that some poor households have the ability to purchase a car (8.1% in 2006 and 9.8% in 2008). The slow increase in cases of those who own cars indicates of course that, as much as these households have other sources of income besides the grant, it is still insufficient for them to purchase a car. However, in as much as there is an indication that households are acquiring cars, it was beyond the scope of this study to look at what model and year of cars they bought; this would be useful in showing the lifestyle led by these recipients. Further, I am unable to conclusively claim that the cars were gifts or not, and this limits our analysis of the links between grants and car ownership as a particular asset. We can infer though that the low percentage of car ownership shows that the social grant might not be enough to enable the purchase of goods of high monetary value.

On a positive note, the study indicates that, in 2006, 51.4% of grant recipient households owned a television and in 2008 there is a significant increase in television ownership to 60.5%. As (Dercon, 2006) notes, the presence of assets in a household ensures that households will never go back into a poverty trap or be worse off than they are, if they experience shocks. These households for example are able to offer their television sets in exchange for a loan to fight shocks. Though this is remarkable, there is still the concern that 40-50% of recipients cannot

afford to buy a television set. Furthermore, the survey did not probe grant recipients on whether their television set was black and white or a colour television, or a plasma flat screen or a normal old-style television set. Furthermore, with 73% of grant recipient households reporting they have a radio in both 2006 and 2008, not much could be determined as to value and make of the radios. Thus I cannot determine the value of these assets (or of other assets) and thereby determine the approximate period of survival in case a household experiences a shock and uses assets as a backup means of survival.

Also included from results derived from the GHS 2006 and 2008 frequencies ran, was the ownership of land by grant recipient households – this is an important asset that can assist in poverty reduction for many households. With regard to ownership of land for subsistence production, results indicate that just over 20% of grant recipients' households owned land for this purpose. Of these, 19.2% engaged in farming crops on land for own consumption, while 1.2% utilised land for rearing livestock for home consumption. This indicates that, besides relying on the grant, those with access to or who own land engage in an activity to supplement food consumption for their households. Furthermore, it positively signifies that, when there are resources, households do whatever possible to ensure that they do not stay in poverty. This goes some way in refuting the common assertion that “grant recipients have a dependency syndrome”. Results here indicate that every household that has land uses it to uplift its livelihoods through food production and consumption. Not only do they have a valuable asset (i.e. land) but seek to utilise it in the fight against poverty.

It is clearly vital to investigate asset accumulation in grant recipient households, thereby assessing if households have accumulated sufficiently to fight poverty shocks when experienced. In terms of assets (such as land, car, television and radio), only 20% of recipient households have land, 9% have a car, 53% have a television, and 73% have a radio. Only a few households are able to purchase high-valued goods such as a car, and many households can purchase a radio. With this we can generally assume (considering that the quality of assets was not asked in the questionnaire) that about three-quarters of the households have low value assets; therefore, if in dire poverty they can exchange their goods for small sums of cash, this can only act as a short

bridge before they fall back into poverty. Ultimately the erosion or absence of assets decodes into increased insecurity.

To this effect, in the Grahamstown study, I asked the recipients to list the assets that they bought using grant income only. Table 2 below provides in greater detail the assets that the recipients had bought with grant money and whether they purchased using cash or credit. In this regard (as argued in Chapter Two in focusing on the SLF), asset accumulation is an important indicator of household poverty status and is a way to profile poverty alleviation or reduction. From the findings obtained in this (amongst Grahamstown OAP recipients and in Table 2 below), one can observe that households use credit as a method of purchasing goods; the availability of a stable source of income has made them eligible for credit purchases. This may imply that OAP recipients are able to accumulate a wide range of assets and not endure the burden of having to purchase cash but rather pay for goods using procedures such as monthly instalments or lay-bys which all need a reliable source of income as proof. There is no denying that in Grahamstown the majority of OAP recipients in this study have a range and variety of good quality (as observed by the researcher) assets.

Those with more assets are often better able to improve their income levels and so to participate in economic growth (for example, by having better access to credit), as well as being better able to protect themselves against downturns. Accumulation of assets is an important means by which people can move out of poverty and improve their livelihoods. Having more assets also potentially plays an important role in providing – and indicating – social status, and potentially benefiting more from public policy interventions. On the other hand, those losing assets – perhaps as the result of a health shock – may be pushed into poverty. And those lacking assets to begin with risk being caught in a poverty trap (Carter and Barrett, 2006), or at least left behind in an environment of positive change. There is an important risk of an inequality dynamic existing or emerging which can be understood in terms of assets.

Table 2: List of OAP recipients' material assets

NAME	LIST OF MATERIAL ASSETS	CREDIT/CASH PURCHASE
Zamuxolo	Samsung fridge, bed, Colour Tv (32 inch), four plate stove, microwave, DVD player, HIFI system, mobile cellular phone	Credit
Nozipho	stove, sofas, fridge, beds and TV, and a wardrobe	Credit
Joe	bed and fridge	Credit
Joyce	Assets ceased by children	N/A
Kolose	Bed	Credit
Thandi	No assets grant money being misused by grandson	
Sam	colour TV, microwave, Samsung fridge, DVD player, double bed, set of sofas, four plate stove	Credit
Matthew	Bed	Credit
Thembi	No assets son spends money on alcohol, tobacco drugs and girlfriends	N/A
Peter	Colour TV, huge HIFI radio, DVD, cellphone (Nokia 1200), microwave, grill, stove and oven, bed and bedding	Credit
Monica	TV Stand, for microwave, fridge and Colour TV, bed and two plate stove	N/A
Nokuzola	Bed, two sofas, a cupboard and a two plate stove	Credit
Nomathemba	bed and the bedding,	Credit
Siphiwo	bed, fridge and wireless radio, TV, stove, microwave, kitchen cupboard (using profits from Spazza shop)	Credit
Idah	Plasma TV, home theatre, sofas, three queen size beds, microwave, fridge, deep freezer, Kettle, toaster, four plate stove and oven, griller, food processor, tv stand, coffee table, dining room table, kitchen table, also owns a four bedroomed house. OAP pays for her DSTV and pocket money for grandchildren. All listed assets were bought using employment pension and not OAP.	Credit
Paulina	single bed, wardrobe, simple 21 black and white TV, fridge, coffee table, two plate stove, and a small wireless radio.	Credit
Vincent	bed	Credit
Neliswa	fridge, bed and a set sofas	Credit
Nompumelelo	Plasma TV, five bedroomed house, sofas, home theatre, beds, coffee table, radio	Credit
Nokuzola2	Bed, mattresses and two plate stove	Credit

The existence of assets in OAP grant recipient households sheds light on the prospects of upward mobility, and particularly transitions of these households out of poverty – but this is particularly discernable if surveys included the value and quality of assets and not only focused on quantity. The availability of a radio, television and books in these grant recipient households shows that many of the households may take risks when needed and use these assets as a mitigating effect when experiencing severe poverty shocks, rather than making financially costly decisions such

as borrowing therefore incurring debt (Sherraden, 1991: 15). Accordingly, results in this study (both quantitative and qualitative) show that asset-building directly influences household progress. Coupled with cash transfers, the presence of these assets can increase the likelihood of effective reduction of poverty in the long run.

Recent academic writings concerned with poverty alleviation note the importance of assets as a basis for poverty reduction (Londono and Szekely, 1997; Baulch and Hoddinott, 2000). They also recognize the value of the livelihood framework in understanding how the poor can call upon a range of different assets to improve and sustain their well-being (Ellis, 2000). Indeed, it is often suggested that access to assets enables poor people to develop their own pathways out of poverty (Moser, 1998; Bebbington, 1999; Ellis, 2000). My view is that if these assets are to be noted as survival instruments, then surveys should not simply focus on how many respondents have television sets; rather, the quality of assets becomes critical, in order to ascertain if in terms of real value the households can sustain themselves if there is need to exchange these assets for a loan. In this respect, over time, successful asset accumulation will assist as a critical pathway for the prosperity of grant recipients (Bebbington, 1999).

Hence, as Case and Deaton (1996) note, asset accumulation is a better indicator than income because income measured over a short time period may not represent the permanent economic position. Using asset accumulation one can derive from the GHS 2006 and 2008 findings that absence of even television sets in 50% of grant recipient households may imply that many grant recipients do not have enough assets worthy of collateral security or assets able to economically cushion them out of poverty for long periods. However, results from the qualitative Grahamstown OAP recipients indicate that though the majority of the recipients have a wide range of assets (which symbolises a certain degree of security), nevertheless many of these assets are credit purchases and this raises the issue of debt and poverty. Krishna (2004) also reports evidence from Rajasthan, India, of health shocks leading to entries into poverty and increased levels of indebtedness, with the extortionate interest rates charged on such loans being a major factor keeping households poor. These examples highlight the importance of credit market failures in keeping people poor.

4.3.4 Expenditure Patterns

Expenditure patterns are used as a lens through which to view whether monetary poverty reduction occurs through the injection of a social grant into household livelihoods. As such, expenditure pattern analysis can be used to give a picture of income/monetary poverty. To assess if there is a relationship between a household's main source of income and the ability of the household to spend, I ran a correlation test. A correlation value (see Table 3) of 0.5² indicates that there is a correlation between a household's main source of income (notably wages and salaries, remittances, and grants) and its ability to purchase and spend on basic needs.

Table 3: Relationship between main source of income and expenditure

	Phi Correlation Value 2006	Asymptotic Standard. Error ^a	Approximate Significance. T ^b
Nominal by Nominal Phi	.515	.000	.000

The same correlation test was carried out for grant recipient households. The aim was to ascertain the strength of the relationship, if any, between grants as a source of income and households' expenditure patterns on transport, housing, food, personal appearance and other household members. Table 4 below indicates correlation results.

Findings indicate that there is a statistically significant negative correlation between grant income in households and their ability to spend on the listed items. This perhaps indicates that these grant recipient households draw income from other channels or sources, besides grants only, in order to fully command sustainable livelihoods. The statistical notations below also do not signal a strong relationship; this may imply that grant income to a lesser extent can assist in

²Statistical correlations values (using the -1 to 1 correlation value strength) indicate that generally there is a relationship between a household's income and its capacity to spend on food, transport and other basic needs. This is signified by the 0.5 Phi test value.

households buying food and clothing or that grant income needs to be substituted by other sources of income. For example, a grant recipient household's ability to buy clothing and food is not a result of a presence of a social grant but arises because of a number of income sources. Simply put, a grant can be used to smoothen one aspect of the household's expenses, such as bills, education for dependents or food, Looking at the statistical values, all values show that there is a presence of a relationship but not a strong one or strong enough and, critically, this suggests the inadequacy of grant income.

Table 4: Relationship between grant Income and households' ability to spend on basic needs

Items	2006	2008
Transport	0.048	0.083
Housing	0.046	0.074
Clothing	0.054	0.085
Food	0.085	0.085
Personal appearance	0.054	0.094
Others household members	0.033	0.037

In the absence of comprehensive income and expenditure data, it was decided to use reported household expenditure from grant income. In view of the fact that income in the form of expenditure is a poverty determinant variable, I undertook a descriptive test to assess how much grant recipients spend on basics on a monthly basis. Figure 10 below shows monthly total expenditure of grant recipient households, for the years 2006 and 2008. Items that households spent on include food, clothing, transport, alcohol and tobacco, school fees, entertainment and any other expenses (Stats SA Meta Data, 2006, 2008).

Figure 10: Total income expenditure of households who main source of income is a social grant

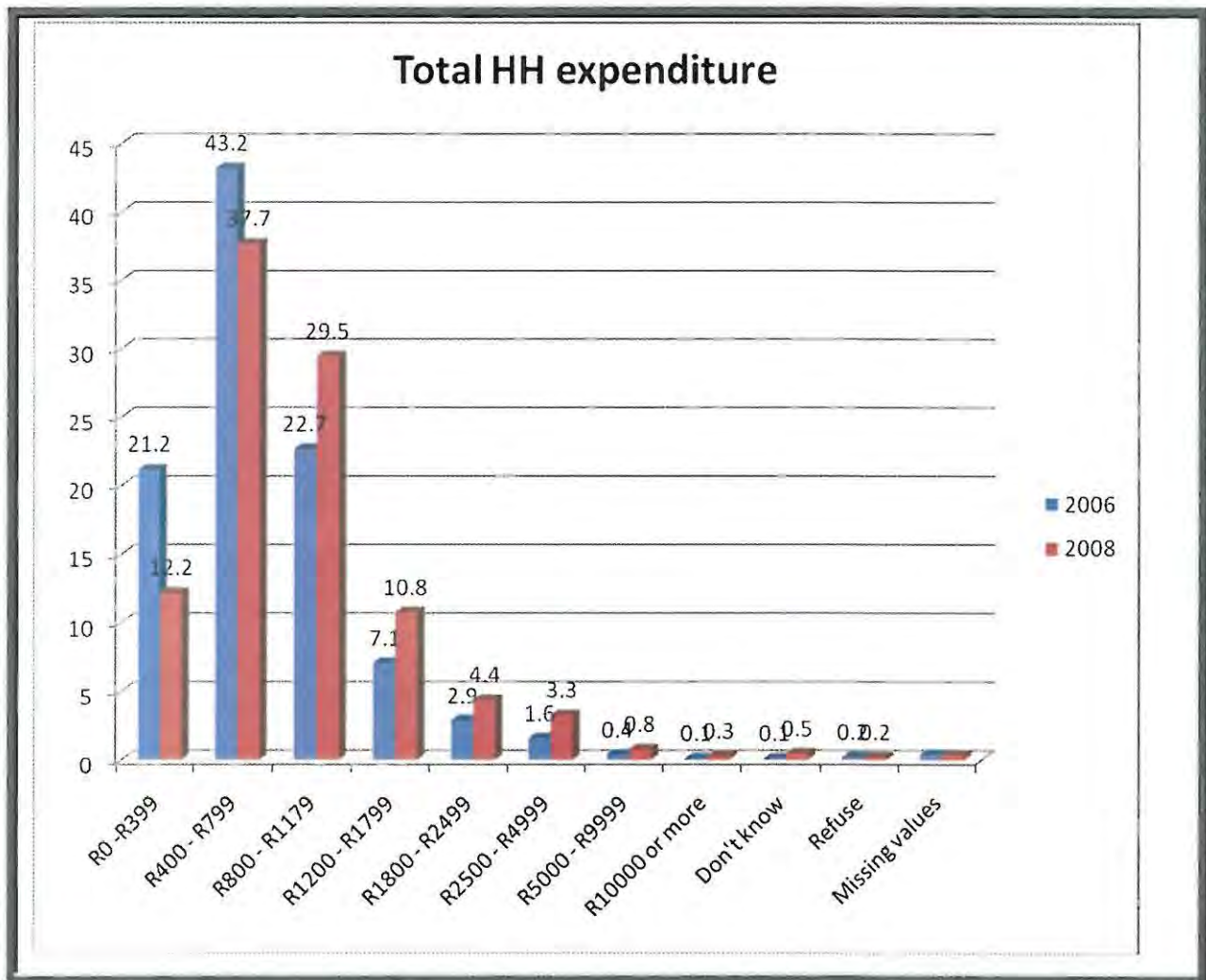


Figure 10 (in the form of a bar chart) demonstrates that there have been remarkable changes in monetary expenditure in grant recipient households from 2006 to 2008. In the year 2006, 21.2 % of the households spent between R0-R399; in 2008, there was a significant decrease with only 12.2% of the households reporting that they spent that amount for clothing, food and so on. Again, in 2006, those spending between R400-R799 were found to be 43.2%; however, in the year 2008, there was a significant decrease in households spending that amount. Overall, there was an increase in monetary expenditure, as 29.5% of grant recipient households in 2008 reported to be spending between R800-R1,179, while the corresponding amount in 2006 was

22.7%. There was also a 3% increase in grant recipient households spending between R1,200-R1,799 and a 5.3% increase in households spending between R1,800 and R10,000.

An additional analysis was done to determine approximately how much grant recipients spend on specific basic needs. Using descriptive statistics at a 95% confidence level, I was able to analyse the highest amount that can be spent on a particular variable (for instance, clothing); from this I was able to observe to what extent specific needs and expenses impact on household incomes.

Table 5: Monthly grant recipient household income-expenditure patterns

HOW MUCH HOUSEHOLD SPENT	2006-2008 MEAN		2006-2008 LOWER BOUND		2006-2008 UPPER BOUND	
	2006-Mean	2008-Mean	2006 Lower Bound	2008 Lower Bound	2006 Upper Bound	2008 Upper Bound
On transport	R 499.06	R 785.66	R 357.28	R 597.33	R 640.84	R 973.99
On housing	R 613.11	R 861.68	R 451.30	R 658.01	R 774.92	R 1 065.35
On clothing	R 537.80	R 783.17	R 389.71	R 590.91	R 685.89	R 975.43
On food	R 823.00	R 1 058.66	R 683.65	R 891.91	R 962.35	R 1 225.41
On personal appearance	R 493.19	R 977.68	R 347.17	R 756.50	R 639.20	R 1 198.87
On others (HH sharing)	R 2761.79	R 3 975.43	R 2 404.06	R 3 524.94	R 3 119.52	R 4 425.92

**Results generated at 95% confidence level*

The descriptive statistics on expenses recorded in Table 5 show the average amount of money spent on a particular need; included is the lowest (lower bound) or highest (upper bound) amount of money spent on this need, thus reflecting the marginal value or utility that people place on commodities. From the findings above, it is noticeable that grant households spend their income

on mainly food, clothing and housing, with considerable sharing with others, which could be a sign of dependents in the households. The presence of a grant in a household ensures that everyone's upkeep is taken care of (or at least an attempt is made to do so). The availability of income in a grant-receiving household therefore leads to strong spill-over benefits or the sharing of income (including the grant) with other household members. The statistics also show a marked increase in monetary expenditure in the year 2008. However, it is important to note that the monthly monetary values of expenditure on all variables imply that the households rely on other sources of income other than a grant. And the expenditure increases in the year 2008 can be explained not only by a minimal grant income increase but also by price hikes leading to an increase in expenditure. Results do not necessarily infer that the availability of a grant enables the households to spend more. Rather they may actually suggest possible inadequacies of grant income to command expenditure on (for example) food, personal appearances and housing; and the possibly that households depend on other sources of income such as informal trading and selling, remittances and alimonies.

Weak Pearson correlation values strongly suggest that grant recipient households pool finances from other sources (other than the cash transfer injected by the South African state) in order to adequately spend on household food, clothing, transport and personal appearances. This has two simultaneous implications, namely, that the grant alone is not enough to command sustainable livelihoods but that it at least ensures that certain basic needs such as food are met. Further research is needed to investigate what income-generating activities recipients actually partake in, in order to ensure a much more sustainable livelihood. But it is clear that the grant alone does not enable households to spend on all the basic necessities listed in the General Household Survey (clothing, food, transport, personal appearances and others). From this, one cannot help but conclude that grant income is not sufficient to enable households to fully combat poverty. Statistical results show that it can reduce poverty but there is need for it to be complemented by other income resources. Findings in this study significantly illustrate that grant-dependent households aggregate their income, thus making the interaction between grant income and expenditure patterns quite complex. Again, further research is required to explore these

interactions, mainly focusing on what needs grant recipients pool their income resources, in seeking to combat poverty and ensure sustainable standards of living.

In the course of the Grahamstown study I also found the issue of grant sharing as prominent. Many OAP recipients interviewed in Grahamstown noted that they spent grant income on “food mainly, clothes and less on transport”. Table 5 shows exactly what OAP grant recipients spend on; this though did not simply entail spending the money on themselves as they also had to cater for in many cases at least four or five dependents on their grant. Qualitative findings from the Grahamstown study show that most OAP recipients who were residing with brothers, sisters, children, grandchildren or dependents in general would share their grant income without any hesitation.

4.3.5 Summary

The evidence on expenditure, in summary, suggests the profound effects of households spending income on other members of the household, indicating that the presence of a grant in a household ensures trickle down benefits. Targeted social programmes that provide cash transfers to the poor often have consequences for the behaviour of untargeted individuals due to income-sharing within households. Because of income-pooling within households, these grants hence have broad household impacts. Findings from my study show that the benefits of the grant are found to be distributed broadly to all members in the household, particularly insofar as Black African households in South Africa tend to be multi-generational. Expenditure patterns identified in the study indicate flows of goods and services from which the material well-being of households is derived. The income measures discussed previously provided a glimpse into whether the referent individuals and households are capable of purchasing goods and services. Combining the two measures offers a more satisfactory evaluation of whether cash transfers can reduce poverty. On its own, it is clear that cash transfer income cannot ensure total poverty reduction (as signified by households' expenditure shares), given the presence of other financial sources necessary for ensuring sustainable standards of living. At the same time, cash transfers are capable of contributing to the reduction of poverty – but not to a great extent and not as a standalone form of assistance.

4.4 Human assets

In this section I discuss human assets that are obtained through the use of the social grants. In this study I use the phrase ‘human asset’ to refer to those assets that are acquired and are pertinent to an individual. These assets are usually obtained through investments in education and training, and they invariably work to increase the capacity and potential of an individual to earn an income and eventually become self-sufficient. I focus specifically on education and nutrition as test cases for determining whether there is investment in human assets in grant recipient households. This is reflected in my definition of a multi-dimensional analysis of poverty also noted by Sen (1983), who indicates the need to analyse education and nutrition as ‘commodities’ which enable one to at least combat or fight poverty as well as participate fully in society. I also then consider whether this investment in human assets by OAP recipients has an impact on contributing to effective poverty reduction.

4.4.1 Cash transfers and education

The meta-data from Stats SA indicate that an expected outcome from the government for those who receive grants is that household members, especially those on the CSG of school-going age, would benefit from the grant by furthering their education. This is based on the assumption that those on both the CSG and OAP would facilitate access to education for others in their household, thereby increasing their chances of receiving a basic education (which ultimately would increase their chances of becoming economically active). Results from the analysis of the meta-data indicate that 92% of CSG recipients attend school. And findings from interviews conducted amongst OAP recipients in the Grahamstown study corroborate that CSG recipients attend school (this is seen in Table 5 above which indicates what OAP recipients spend their grant income on). These figures show that cash transfer programmes may provide a predictable and reliable source of income which can have significant effects upon the capacity of households to invest in human assets, and thus go some way in break the intergenerational transmission of poverty.

In support of these quantitative findings, the research participants in Grahamstown highlighted that education is a method for investment in the future of the young. Some OAP recipients

highlighted that they saw investing in the education of their grandchildren, nieces or other dependents as a way of leading them out of poverty in the long run. For example, Kolese indicated: “At least my daughter is finishing university this year... Hopefully she will start to work and better herself”. Another interviewee, Nozipho, also remarks that by educating her dependents she is at least securing a bright future for her nieces and grandchildren, and raising the possibility of a future not rife with poverty. In her opinion, the grant is achieving its purpose by reducing poverty directly and indirectly (in both the short-term and long-term). In the case of Grahamstown, the majority of OAP recipients indicated that their grandchildren or dependents of school-attendance age indeed attended school. However, in one case, poor attendance by a child was due to the father (also a dependent) abusing the OAP grant money as well as the CSG received. Material such as school uniforms and proper food (both to enable a dignified school attendance) seemed to be a priority amongst OAP recipients. This prioritising of grant money for education was also as a result of the education system which is strict in terms of school fees payment; most respondents noted they pay because the school commands that “if you don’t pay you don’t attend school”.

Therefore, the actions of the recipients in privileging education are concurring with the efforts of the government to reduce poverty. In President Thabo Mbeki’s State of the Nation address to Parliament in 1996, he described education and training as the “decisive drivers” in the country’s efforts to build a prosperous nation (Marais, 2009). In South Africa, education is a right but it is not free. Though subsidised by the state and reasonably cheap, a certain fee is still expected to be paid monthly by parents or guardian, and for very poor urban households this might prove challenging. Therefore education might be easily accessible but imposing fees for primary education may deepen poverty and compromise livelihoods. Beyond the direct cost of school fees (that is, tuition), students and their families must cover the indirect costs of books and supplies, school uniforms, and often transportation to school as well (as lamented by the majority of OAP recipients). Despite this, the grant does seem to enable dependents to receive a basic education, possibly contributing to the building of sustainable livelihoods.

Quality education can contribute to a virtuous sustainable livelihood with long-term dynamic benefits that are not easily measured by statistical analysis. There exists a relationship between education and poverty. As Klasen (1996) notes, pervasive poverty across Africa is a barrier to expanding access to education and improving learning outcomes. Without adequate education, children are facing long-term and irreparable damage. The OAP grant enables chronically poor recipients to invest in children's education; this may in due course help prevent transmission of poverty from one generation to the next. I now address the question of investment in health as concurrent with efforts to reduce poverty.

4.4.2 Investment in health and nutrition

The results from the meta-data frequency results indicate that 11% of sampled respondents in both the 2006 and 2008 GHS are covered by medical aid, but that an insignificant 0.1% of the respondents are OAP and CSG recipients. Clearly, a relatively small proportion of individuals in South Africa had medical aid coverage in 2006 and 2008. Further qualitative findings from the Grahamstown research concur with this – the majority if not all respondents had no medical aid insurance, yet the actual delivery of public health services is commendable. Interviewees indicated that the local clinic was a walk away, while hospital is one “public transport ride away”. They expressed the view that they never had problems accessing medication and had not used their OAP money to access medical assistance. In this regard, the provision of and access to health facilities by the government has to a great extent ensured that grant recipients do not destabilize their financial resources whilst trying to access health services but rather has ensured to a certain extent that livelihoods command a fairly healthy life by use of free health services.

In relation to food and nutrition, the statistical findings in this study show that social grants are effective in addressing hunger. Results detailed in previous sections indicate that grant recipient households' income expenditure share on food provision is fairly high. In addition, there are no statistical results that show household members going without food, or even seeking to live on the streets as a result of no food in the household. Quantitative findings in fact illustrate that there has been a decrease in food insecurity amongst grant-dependent households. In 2006, 17.7% noted that they had gone hungry sometimes and the corresponding figure in 2008 was

18.9%. In 2006, 14.5% indicated that sometimes or always a child might go hungry without food and 15.3% in 2008 noted the same. In 2006, 3.3% answered yes to a young person aged 5-17 years having left their household to live in the streets and in 2008 the figure was 6.2%.

Qualitative findings from Grahamstown support these more quantitative findings. Maitra and Ray (2003) note that households receiving state pensions spend more on basic food items than on more 'luxury' items such as tobacco, and this is borne out in Grahamstown. Zamuxolo's household is a case in point. I had the privilege of being taken for a "mini-tour" around his house. Asked if anyone ever goes hungry he points to a stockpile where he has huge tins of rice, mealie meal, samp, flour, potatoes and butternuts. He further indicated that ever since receiving the grant he has never gone without food and consumes three meals a day. Cash transfers in these circumstances reduce poverty by enhancing poor people's access to food and other basic needs. The majority of households in the Grahamstown study used their OAP income to guarantee food security in the household. The effects of cash transfers demonstrate the ability of a household to obtain food for the household with grants. As Jacobs, Baiphethi, Ngcobo and Hart (2010: 40) argue, cash transfers can make certain a healthy livelihood status through the availability of food while also ensuring some level of food security which safeguards developmental outcomes.

In households where there are young school-going dependents, such as Nozipho's household, qualitative findings indicate that most of the grant money ensures that there is food on the table: "Because they are children we try and eat at least twice a day". Though the ability of a grant recipient household to prioritize food ensures an improvement in nutrition and the physical and cognitive development of children thereby leading to better health (Behrman and Hoddinot 2005), there was a chorus of disapproval amongst respondents with regard to food price hikes. Further, the laborious efforts of recipients to provide for their dependents indicate that households were prone at times to serious food insecurities as their livelihood system and resource base (namely, the grant) is becoming insufficient in the face of shocks such as price hikes. Nevertheless, social grants are significantly and positively associated with a greater share of household expenditure on food. This increased spending on food is associated with better nutritional outcomes.

4.5 Conclusion

I started this chapter on the premise that I wanted to examine grant recipient livelihoods and assess their physical, human and social assets, in order to evaluate the extent to which social grants ensure poverty reduction through these assets. The chapter has shown that grant income is not invariably the only income in grant recipient households (though it is normally the single most relied upon income) and that it cannot be a stable income which allows for households to free up other resources and be economically active. Not only that, it cannot even ensure day-to-day survival until the next payout, but can only act as temporary bridge before recipients are without a penny.

Making a poverty evaluation judgment based on income alone is futile, as has been mentioned throughout this chapter. As highlighted in Chapter Two, a livelihood can only be said to be out of poverty (despite income levels) if and when all or some basic assets to command a sustainable life exist and can withstand shocks. The former Minister of Social Development, Zola Skweyiya, who has been quoted on numerous occasions in this study, claimed that social grants impact on livelihoods as a ‘trampoline that enables many people in these households to jump over the barriers of economic and social exclusion’. Social grants do facilitate a jump away from the poverty line but this jump does not have trampoline energy or a trampoline effect. In urban settings such as Grahamstown, livelihoods tend to rely on financial assets to build up human, physical and social assets if possible. Livelihood outcomes of the poor urban recipients are therefore critically marked and shaped by their financial asset base.

Hence, this chapter emphasised urban recipients’ financial assets. Quantitative results indicate that households with grant recipients spend more than simply their grant income, and statistical analysis show that grant recipients’ expenditure patterns are not reliant only on the receipt of a grant. This demonstrates that grant recipients are supplementing their grant income so as to sustain themselves throughout the month. These results are consistent with the qualitative findings in Grahamstown – grant money is not sufficient for an average household to ensure long-term sustainability and the majority of the households stated that they had to pool income from different income sources or avenues. They also borrow from loan sharks or friends and

family who know they have a grant and can pay back when they are paid out their grant. This system again entrenches poverty in that it becomes cyclical.

In conclusion, financial assets available are not entirely sufficient for the poor OAP recipients in urban Grahamstown to move out of a state of poverty in the long-term, as issues stand currently. It is noteworthy that (though there is great financial insecurity) recipients seem to invest in their grandchildren's or children's education with the hope that this will result in a future without poverty. It was also repeatedly shown that, in sustaining themselves, many recipients seem to worry more about putting a meal on a table for all household members than pursuing selfish interests. This invariably inhibits any capacity to save grant money, which ensures that the poverty cycle is repeated every month. These findings are crucial and will be augmented in Chapter Five where I extend this discussion further by evaluating cash transfers and poverty reduction in relation to other assets. Chapter Six will conclude with answering the question of the efficacy of the social grant in creating a sustainable livelihood for its recipients.

CHAPTER FIVE:

UNCONDITIONAL CASH TRANSFERS AND POVERTY REDUCTION IN SOUTH AFRICA: AN ASSESSMENT OF GRANT RECIPIENTS' PHYSICAL AND SOCIAL ASSETS, LIVELIHOOD STRATEGIES AND BARRIERS

5.1 Introduction

In Chapter Four, I discussed with considerable evidence the financial assets of the grant recipients. I indicated that social grants have the capacity to take people out of poverty, but also that there has not been a long-term solution on the ground to the contribution of grants to poverty reduction. This is in part because of the disjointed relationship between the grant amount, the intended use of the grant and what actually happens in practice (in terms of grant usage). The discussion was couched in the sustainable livelihoods framework and its relevance to poverty, assets and grants. The current chapter extends this discussion by further evaluating cash transfers and poverty reduction in relation to physical and social assets. The chapter will broadly unpack grant recipients households (from both the GHS and Grahamstown study) in terms of these assets. I seek to solidify the notion that grants cannot solely reduce poverty if some aspects of livelihoods such as their dwellings are decrepit. This just perpetuates and feeds the poverty cycle. In addition, the thrust of this chapter is more on evaluation, namely, looking at the extent to which grants have reduced poverty amongst recipients: this includes assessing how grants assist individuals and households in living a life that is filled with sustainable assets and value-adding goods, and also identifying the barriers that reduce the efficacy of grants in the reduction of poverty. The discussion will draw on more extensively from qualitative findings from Old Age Pension recipients in Grahamstown, Eastern Cape.

5.2 Basic Services and Infrastructure

As noted in Chapter Two, affordable transport, secure shelter and buildings, adequate water supply and sanitation are basic physical needs needed to support livelihoods. It is imperative to note that the discussion below emanates from the understanding that housing is normally one of

the most important assets for poor urban households as it is used both for shelter and reproductive or income generating purposes (renting out rooms or using the space as a workshop area (Benjamin and Amis, 1999). This variable therefore then became an important interest in this study, namely, the need to analyse dwelling environment of grant recipients and how this reduces or exacerbates poverty status of recipients.

5.2.1 Dwelling environment

In carrying out this part of the research, the first step was to look at the houses or physical structures in which people live. I started by investigating the number of people who actually owned the dwellings in which they lived, as well as the condition of the dwelling places. I used the term dwelling, instead of house, in order to cover every structure in which people lived (even structures that at first sight may not seem suitable for human occupation). Table 6 below shows the statistics on the ownership of the dwellings by grant recipients in the area of investigation, Grahamstown, and mainly using the meta-data from Stats SA.

Using both 2006 and 2008 data sets, most grant recipients reportedly noted that they owned their dwellings. In fact, 92% indicated they owned the dwelling without any outstanding debt. The meta-data is agreeable with the findings from the interviews I conducted, in which most OAP recipients either had a government-provided RDP house or owned a shack. Three or four recipients were renting a room or a shack. The survey I carried out in conjunction with the interviews also investigated the number of rooms in dwellings.

5.2.2 Number of rooms

A constant 83% of grant recipients' households in both the 2006 and 2008 data sets indicated that they had between 2-7 rooms in their dwelling, and only 7% recorded living in one-roomed houses. In my qualitative findings I observed that almost all recipients (except for three) had two or more rooms. Those who had RDP houses were fortunate and had two bedrooms, a bathroom, kitchen and lounge in one building. For the better-off recipients, such as Idah and Nompumelelo, they had dwellings with more than 3 bedrooms and 2 bathrooms. Vincent, Kolese and Joyce

were the few recipients who had one-roomed houses; the rooms were divided by curtains or involved sharing with other shack tenants a kitchen and bathroom.

Table 6: Grant recipients dwelling ownership profile

Dwelling ownership variables	2006		2008	
	Frequency	Percentage	Frequency	Percentage
Owned and fully paid off	7322	92.4	6520	91.7
Owned, but not yet fully paid off(e.g. with a mortgage)	53	0.7	91	1.3
Rented	305	3.9	275	3.9
Occupied rent-free as part of employ. contract of family member	77	1	64	0.9
Occupied rent-free not as part of employ. contract of family member	149	1.9	148	2.1
Occupied as a boarder	11	0.1	8	0.1
Missing Values	5	0.1	3	0.0
Total	7922	100	7109	100

5.2.3 Type of dwelling grant recipients occupy

All recipients in the GHS of 2006 and 2008 were asked to indicate type of dwelling. Furthermore the format of the questionnaire allowed for a frequency analysis to identify the dwelling recipients occupied five years prior to the study. This question enabled me to have a snapshot of whether there has been an improvement in the quality of dwellings with regards to households which currently resided in either formal or informal dwellings. What can be established is that in

the year 2006, 62.3% recorded to be residing in a brick structured house on a separate stand/yard or farm and in the year 2008 there was an increase to 67.9%. However the most prominent type of house (besides the brick structured house) amongst grant recipients is an informal dwelling, hut or shack; effectively then the household is squatting. For the year 2006, 24.7% recorded residing in either a traditional dwelling (or hut) made of traditional material or a shack. In that same year (2006), the frequency analysis indicates that 27% of the respondents noted that they used to occupy (five years ago) a hut or shack. In the year 2008, 22% of the recipients indicate that five years ago they used to occupy the same traditional/hut dwelling they are currently residing in.

For both data sets, only a small (unexceptional) number of households occupying informal settlements had accessed better housing over five-year periods; the vast majority have clearly not received any formal housing assistance from the government over an extended period. Housing and service delivery broadly is moving at a snail's pace. Conversely, commendable efforts in housing delivery services can be to some extent noted in the qualitative study; this study indicates that, out of 20 recipients, 12 recipients had RDP houses, while the balance had shacks or were renting. Proper housing is a factor that can be a foundation for a grant being a source of livelihood and effectively reducing poverty. Recipients who had RDP houses ultimately were at an advantage as their structures would neither dilapidate nor expose them to diseases, as indicated by recipients who had shacks. However, every recipient (including those who had RDP houses) had one or more shack in their yard. This was in most cases to accommodate their dependents or many household members and in some instances it was a source of income for recipients' households as they would rent out the shacks.

5.2.4 Conditions of the grant recipients main dwellings

It is one thing to own a dwelling; in the end, though, the quality and state of the dwelling determines the value of the asset. As indicated above, the vast majority of recipients own their dwelling, but a significant proportion of these dwellings are in fact informal (hut or shack) dwellings. Figure 11 below illustrates the nature and conditions of the dwellings. In the year 2006, 35% of recipients reported that their roofs were in good condition, and 7% indicated that

roofs were in very good condition. However results also indicated that 27% required minor repairs, 15% were in a weak condition and 5% said that their roofs were in a very weak condition. In the year 2008 there was a slight decrease in the number (23.7%) reporting the roof needing repairs, but increases in recipients reporting their roofs being weak (18.3%) and very weak (9.5%). A total of 47% in 2006 noted that their roof was either very weak, weak or in need of repairs and the corresponding total in 2008 was 51.5%. This means that roughly half of the grant recipients live in dwellings whose roof conditions are not in a good state. This depreciates recipients' dwellings as valuable structures. Furthermore, the roof conditions potentially pose certain risks and liabilities: recipients are exposed to hazardous health risks and may possibly spend some of their finances on fixing and maintaining these structures which seem to be wearing away.

Figure 11: Condition of roof in main dwelling

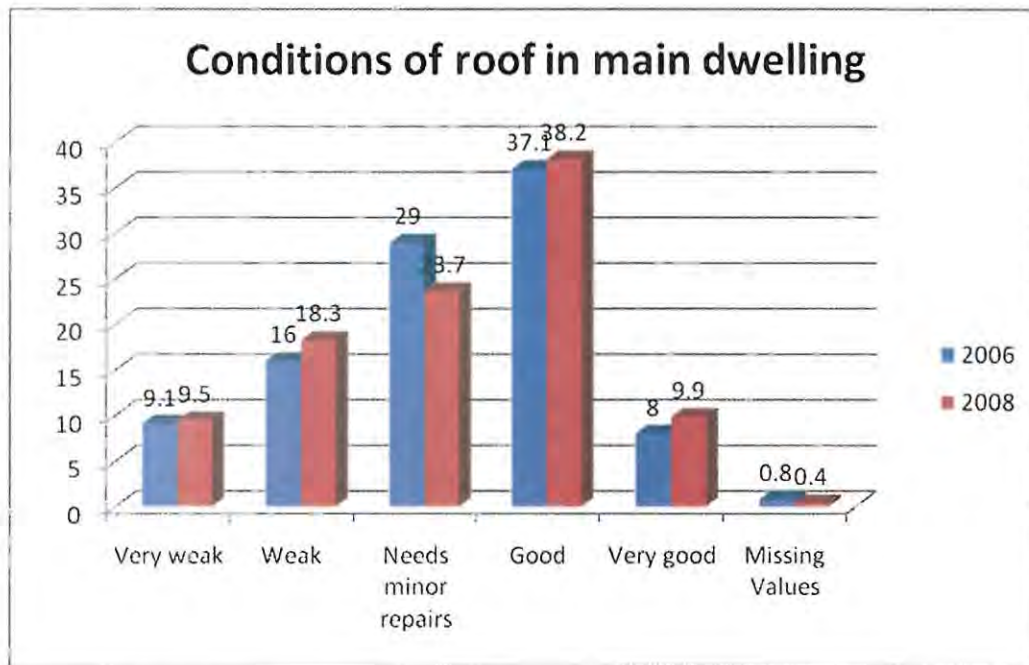
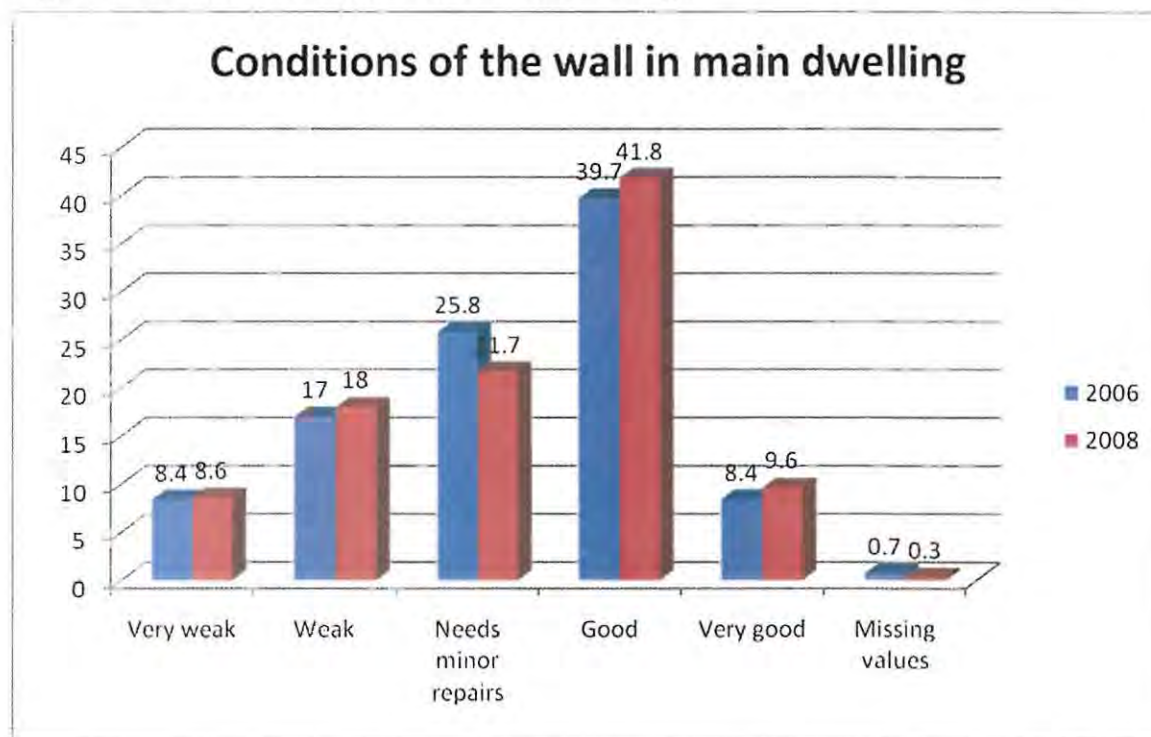


Figure 12 below also summarizes the conditions of walls of dwellings. It highlights that in 2006 54% of grant recipient households had either housing for which the walls were notably weak, very weak or in need of repairs. In 2008 however there was a slight decrease by 2% as 51.8% recorded the same. Households whose roofs where either weak, very weak or in need of repairs were 53% in the year 2006 and 48% in the year 2008. In comparing results from both data sets

(and for both roofs and walls), it is clear that that grant recipients' dwelling quality overall is poor – 60% of the households have recorded for both 2006 and 2008 bad dwelling conditions (either very weak, weak or needs minor repairs) and 40% of the respondents note that the state of dwelling is good or very good.

Figure 12: Conditions of the wall in main dwelling



Qualitative findings concur. For instance, Matthew (on an OAP) has his own RDP house. But because he has four daughters who have their own children as well (adding up to a number of dependents) he has two shacks. His shacks have mud-soil floors, they are not cemented or plastered, and there is excessive moisture inside (with moulds coming from the painted cardboard walls). In addition, they are overcrowded. This poor quality of dwellings undercuts the sufficiency of grants as a source of urban livelihoods. Joyce, another OAP recipient, notes that asset accumulation of moveable goods (such as televisions and radios)

Is a waste of time as I live in a shack. I have bought goods, however my children possessed them. I could not contest this as my house leaks, and is made of mud and cement. When it rains my property will be destroyed. All I just use my money for is to

buy food, pay for the shack rental fee and buy my tobacco and alcohol (Joyce, Grahamstown 2011).

In the urban setting, Moser (1998) notes that physical assets include assets such as housing, tools and equipment that people own, rent or use, and the public infrastructure to which they have access. Housing is normally one of the most important assets for poor urban households as it is used for shelter, reproductive and sometimes income-generating purposes – including renting out rooms or using the space as a workshop area (Benjamin and Amis, 1999). The importance of housing is evidenced by major investments that the South African government has made and continues to make through for instance the *Breaking New Ground* (BNG) programme (as part of a broader government poverty reduction initiative). Access to quality housing has specific implications for the value of housing as an asset for households and it also affects household security. Ownership of housing of any quality though can be crucial in ensuring access to other resources. For example RDP houses can be used as collateral for credit (Lemanski, 2009).

5.3 Water, Sanitation and Sources of energy

Besides housing, the study analysed other poverty indicators amongst grant recipients by investigating the quality of service delivery concerning water, sanitation, electricity, source of energy for cooking and lighting in grant recipient households. The results obtained are discussed below.

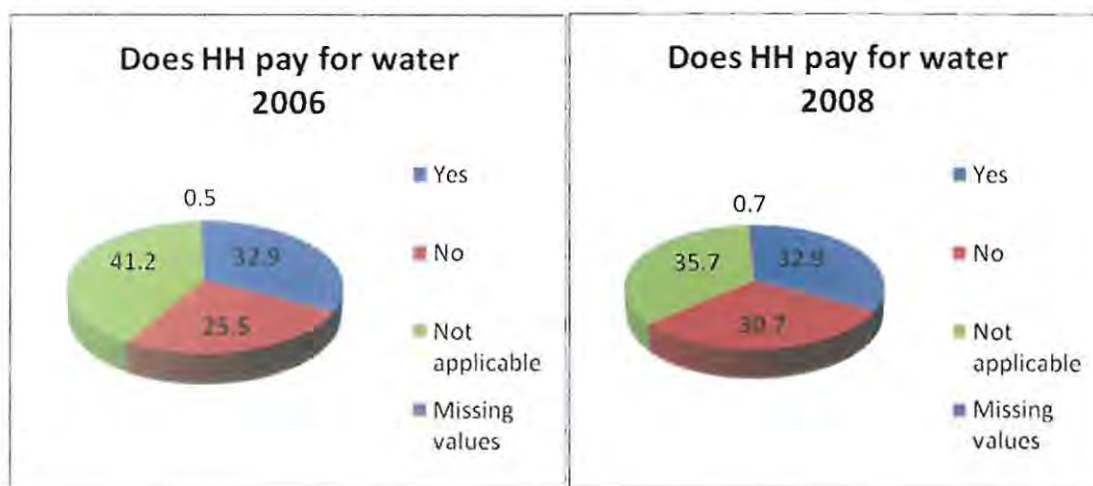
5.3.1 Households' Main source of Water

Results indicate that, in the year 2006, 27.8% of recipients had piped water on site or in the yard, while 21.2% had access to a public tap only, and 9.1% accessed water from flowing water (a river or stream). In the year 2008, 29.2% had piped (or tap) water on site or in the yard, 21.7% used a public tap and 8.1% had to access to flowing water. Frequency analysis results show that in 2006 the percentage of households using piped water from inside their dwellings was 32.3% and that this increased significantly to 47.3% in 2008. There was also a slight increase (of about 1.5%) in the number of households which obtain piped water inside their yards.

5.3.2 Households that pay for water

In the year 2006, 32.9% of grant recipient households were paying for water whilst 29% were not (the remaining 41% noted that this question was not applicable). In the year 2008 similar results were obtained, with 32.9% of the recipients noting that they paid for water and 30% not paying whilst 35% of the respondents found this question not applicable to them (see Box 1 and Box 2). It is unclear from the data sets why a large number of households considered the question inapplicable to them. Those who paid presumably had water either in their house or in the yard.

Box 1: Percentage of households that paid for water in 2006 Box 2: 2008 Percentage of HH that paid for water in 2008



5.3.3 Sanitation

Using both 2006 and 2008 data sets, my study ran frequencies for sanitation provision using questions such as those focusing on toilet facility accessibility for grant recipient households. Results produced indicate that the number of households with access to flush toilets connected to a sewerage system slightly increased from 18.3% in 2006 to 20.7% in 2008; while the use of pit latrines (without ventilation) declined from 35.4% in 2006 to 31.9% in 2008.

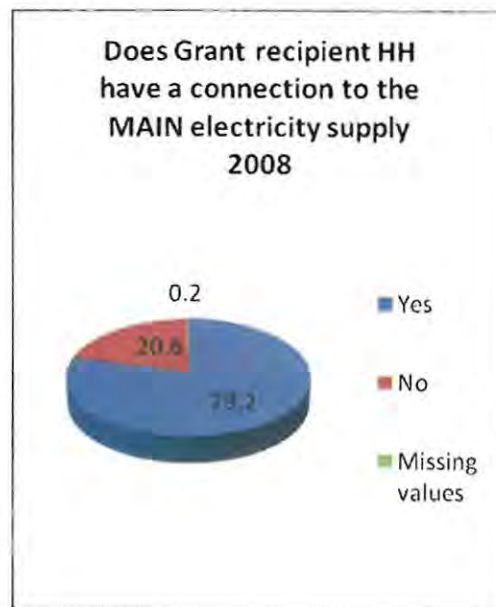
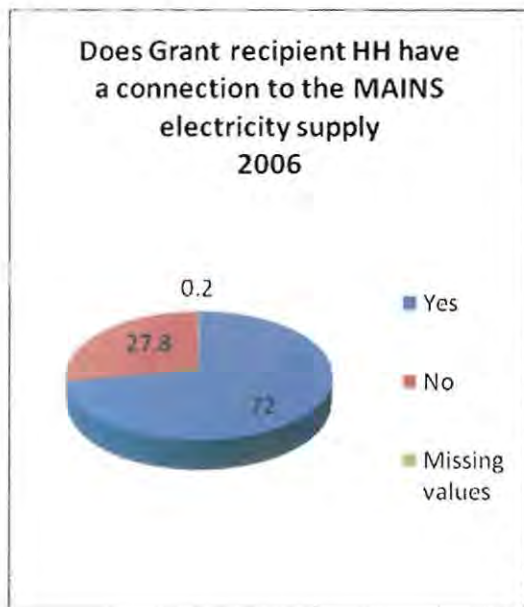
5.3.4 Provision of Electricity services

In terms of access to electricity, the results (as reflected in Box 3 and 4) indicate that almost 80% of grant recipient households have a direct connection to the electricity mains. Additionally, grant recipients' sources of energy for cooking, heating and lighting were investigated; this

provides an energy sources profile for grant recipients. Results show that though most households have a connection to the main electricity supply, not all of these households used electricity to go about their daily business such as cooking and lighting. There is evidence though that use of paraffin (an alternative energy source) for cooking decreased significantly in grant recipient households. In 2006, 17.1% of grant recipients used paraffin as a source of energy for cooking; this dropped to 8.9% in 2008. The data also indicate that 34% of grant recipient households used wood for cooking. As for lighting, most households used electricity with a documented 72% in 2006 and an increase to 78% in the year 2008. However, when it came to heating, 41% of the households used wood in the year 2006 and 43% in 2008 (21.2 % of the households used electricity in both 2006 and 2008). The above statistical results are consistent with my Grahamstown-based qualitative findings. Most households in their narratives noted that they alternated between different energy sources, but mainly electricity was used for lighting, and paraffin for cooking.

Box 3: Grant recipient HH that have electricity supply in 2006 in 2008

Box 4: Grant recipient HH that have electricity supply



5.3.4.1 Electricity Cut offs

Out of those that used electricity or at least had a main connection to electricity supply, the data sets allowed me to run frequencies on grant recipient households which had experienced power cuts as a result of non-payments. Results acquired for 2006 indicate that 3.6% had experienced electricity cuts as a result of non-payment, 68.0 % had not, and the issue was not applicable to the balance of the households. In the year 2008, there was a slight increase in cuts: 6% of the grant recipient households had experienced cuts as a result of failing to pay the bill, and 72.4% had not experienced such cuts. Even if people do not experience power cuts because of non-payment, they may still not be able to access electricity continually if they are on prepaid electricity service and have financial problems. My qualitative findings concur as most household heads note that they sometimes borrow money in order to access electricity for lighting. In one case, Joe's daughter (Grahamstown, 2011) said that use of electricity was subject to availability of funds in her household – as they would most times run out of cash to pay for electricity and therefore not be able to purchase electricity. In such instances, she notes that candles were used for lighting, while paraffin or firewood was used for cooking.

Power cuts illustrate that households cannot afford the utilities available to them. Those not experiencing power cuts may still find the utilities in large part unaffordable, as indicated by the widespread substitution of electricity with other sources of energy such as wood for heating and candles for lighting. These alternatives may curb costs to the household and prevent themselves from certifying bills the household cannot afford to pay. Most grant recipient households, with regards to energy sources for lighting, heating and cooking therefore juggle between using electricity, wood, paraffin and candles to be able to command day-to-day activities. While this shows commendable survival skills, it also demonstrates that conditions of poverty exist within grant recipient households. With poverty making it impossible sometimes to pay for electricity or to be connected to the power network on an ongoing basis, these low-income households are deprived of certain consumer commodities as well as denied the possibility of improving their living standards through productive activities that require electrical energy.

5.4 Summary

Cognisant of the fact that poverty involves more than simply a lack of income, overcoming it entails that recipients have a minimum standard of living (Woolard and Leibbrandt, 1999:201). Most of the grant recipient households exist under poverty conditions and they battle to escape out of the poverty cycle. The unavailability of quality physical assets, for example recipients who reside in dilapidating housing structures (coupled with little income or unavailability of cash or funds), further entrenches poverty. This study cements the fact that effectiveness of cash transfers in reducing poverty is complemented by the provision of important elements such as sanitation, clean and nearby water, and accessible energy sources.

Most recipients noted dilapidated roofs and walls needing repair or in bad conditions, yet basic infrastructure is key to alleviating poverty. Basic infrastructure is not a luxury that can wait for better economic times nor is it a product of poverty alleviation. If not a precondition for the alleviation of poverty, then the provision of basic infrastructure (and access to it) is at least part of the process of poverty alleviation. Inadequate housing has many consequences: promiscuity, inadequate protection against diseases, difficulty to sleep and rest, difficulty for children to do school homework, fire hazards and family conflicts. Particularly for those beneficiary households in shacks or huts, spending a lifetime repairing and maintaining and tying up loose ends in order to survive is not financially sustainable (and unexpected shocks, such as flooding damage, only add to the misery).

The current mix of social policy in South Africa has definitely ensured that thousands of poor South African households are not in stark poverty. But as part of social security policy, for cash transfers to be a successful poverty reduction tool, there is a great need for the provision of basic infrastructural services to poor people of a solid quality and at an affordable cost for low-income groups. The issue at hand is to ensure the effectiveness of cash transfers by facilitating the development of sustainable households. This regrettably is not taking place. For example, although recipient households may own their dwellings, the conditions of these dwellings regularly undermine the impact of any cash injection. Simply put, households are likely to spend significant resources maintaining dwelling walls, the roof and so forth.

That said, poverty cannot be measured purely in monetary terms. It is also about considering various choices and opportunities that are basic to human development. These include the ability to lead a long, creative and healthy life, to acquire knowledge, to have freedom, dignity, self-respect and respect for others, and to have access to the resources needed for a decent standard of living. For cash transfers to be thoroughly effective, they need to operate hand-in-hand with government policy and programmes on basic services, such as *Breaking New Ground* which seeks to build sustainable human settlements. This is not to say that there is a duty bound up with social security policy and cash transfer programmes to ensure good housing. Rather, it is to stress that poverty is multi-stranded and multi-dimensional, and that it needs to be tackled holistically and simultaneously by a range of state departments interfacing and interconnecting constantly. Currently, grants may be given to the aged and for children, but without quality education and health care services, and good housing and sanitation, cash transfers cannot make a significant impact in reducing poverty. After all, the origins and maintenance of poverty are embedded in lack of access to safe water and sanitation, lack of access to educational opportunities, limited income or insufficient income, limited or expensive power supplies, and inadequate housing. At present, grant recipient households are in the main stuck in a complex poverty web.

5.5 Social Connections and Networks

Social assets (though an intangible asset) prove to be key assets for the urban poor. These include social relations, social structures, and societies' institutional arrangements that present themselves as networks of mutual support that exist within and between households, extended family and communities. These networks help in the mobilising of and access to, for example, loans, food, work opportunities or accommodation (Moser, 1998; Dersham and Gzirishvili, 1998). This becomes crucial especially in times of crisis and disruptive socio-economic change. In urban settings, this networking is quite pervasive and is deeply rooted in communal relations between individuals and groups, families and households.

In Grahamstown, many households when asked "what they do in times of financial stress" implicitly raise the significance of social assets. Neliswa's granddaughters, for example, note that people know who receives a grant and who does not in the community; in this context,

friends, relatives and neighbours of old age recipients feel comfortable lending the recipient some cash as they know that the cash loan will be repaid once the recipient receives the monthly grant income from the government. Nozipho, an OAP recipient in Grahamstown, indicates that she borrows from her friends because she views her community as close knit, and that it is easy for her when she hits rock bottom to borrow. Recipient households have a regular income, and the relations within their close-knit community have established themselves as networks that provide them with cash when stranded. However, these social networks are not strong enough or of a nature to facilitate employment or remittances. In other words, their social asset base does not in any sense ensure grant effectiveness in reducing poverty. Actually, these networks often simply entrench the cycle of poverty within communities, with a never ending sequence of debt repayment.

The situation is precarious because in households that receive the OAP there are too many people for the grants to be sufficient, such that debt repayment often becomes problematic. As Moller (2010) notes, the availability of a pension within a particular household attracts like a magnet a number of unemployed relatives and dependents. Zamuxolo reiterates this – when questioned on the credibility of relatives as a support system of any form, he claims that “ever since receiving a grant relatives have flocked for financial assistance or any kind of assistance. I actually help them than the other way round”. The lack of strong social support, and jealousy within the household and with friends – that is, anything but beneficial social assets – resulted in another beneficiary (Sam) closing his *spazza* shop. He argues that in Grahamstown “everyone resorts to selling chips and sweets for extra income; as such, competition worked at my disadvantage”. Now he depends solely on his OAP grant.

The presence of income social support systems has proved to also work in fact to the recipients’ disadvantage. For recipients who access loans from these systems, they indicate that the “amashonisa” (or loan support system popular in low income areas) is their last resort; the interest payable on these loans is very high and as a result seeking to clear the full debt (including the interest raised) may only deepen household poverty. The only form of strong social support system is usually friends. Unfortunately findings from the study in Grahamstown

indicate that grant recipients ostensibly do not have strong recognisable social institutions to ensure livelihood activities. However the presence of strong social support systems in the form of friends or family has led to a great number of informal businesses of a survivalist nature.

Swanepoel and de Beer (2006:7) argue that isolation of people within communities is a deprivation trap contributing to their experience of poverty and powerlessness. The scarcity of real social bonds coupled with the lack of sustainable incomes adds up to abject poverty. Moser (1998) also stresses this and indicates that the unavailability of social asset (or supportive social networks) undercuts efforts towards the sustainability of livelihoods (including, I must add, social grant systems).

5.6 Assessing cash transfer intervention effectiveness: benefits, constraints and outcomes

The discussion below will illustrate factors that have an effect on cash transfers' ability to reduce poverty. At the end of this discussion it is anticipated that reader will understand factors determining the extent to which poverty can be effectively reduced and hopefully eradicated.

5.6.1 Different poverty levels of the old aged recipients

The main aim of the thesis is to examine if (and how) grants reduce poverty. In order to assess the degree to which the grant reduces poverty amongst recipients, I have stressed that poverty reduction is subject to different asset ownerships and income sources amongst the poor. Booyesen and Van den Berg (2006) concur, noting that the poverty reduction of grant recipients is dependent upon the different levels of assets that the recipients already possess. This section discusses in some detail the benefits and outcomes deriving from grants for a household, as well as ongoing constraints inhibiting poverty alleviation.

My study findings strongly indicate that the effectiveness of a grant to deracinate poverty is determined by the availability of assets in a recipient's household. Peter is such a recipient whose life has dramatically changed. Peter has a good quality RDP house, a television, sofas, microwave, and beds (all as physical assets). He uses his OAP (financial asset) to buy food, groceries and furniture (purchased on account). In his narratives, he remarks that no one goes

without food in his household (as human assets). He has no dependents as his sons are entrepreneurs. He lent to one son some of the OAP money, who then started up his own sustainable business (such that the OAP was used to start-up an income-generating activity). Furthermore, he rents out shacks in his yard (another source of livelihood besides his OAP). Peter is a classic case of how the OAP allowed him to obtain further his assets.

Idah and Nompumelelo have a variety of high quality assets. These two can be distinguished from the rest of the recipients interviewed, because not only are they recipients of the OAP grant but they also receive an employment pension from the government. Their monthly incomes therefore puts them at a different financial level than other poor recipients whose only source of income is a grant. Furthermore, Idah's income-generating activities (such as renting her cottage rooms) add to her income and facilitate her status as a better-off if not secure recipient. Asked what the grant money is used for, she notes that she pays for her DSTV. In this regard, Idah is a recipient who is in her way out of poverty. She is still included in the system as a deserving recipient probably because her formally accounted-for income designates her as a poor aged pensioner, yet she has informal income-generating activities and assets which the typical working class member does not have.

Asset accumulation wealth is not a feature that the social security system in South Africa investigates when considering applications. Poverty, for social security purposes, is defined by a monetary measure which is broadly weaved into a means test. Because of this, the system is prone to high inclusion areas, especially in low-income areas; that is, the majority of the poor people's income does not differ drastically mainly because informal business returns are never reported as this would take the recipient out of the grant recipient's bracket. Simply put, understating one's income is inevitable. This is problematic as the case of two recipients highlighted above (Peter and Idah) shows: these two recipients have a range of assets such as houses and moveable assets, and they also have links to municipal leaders as they once served in the government (which means they have saleable skills and social connections that might facilitate the building of their asset base). These recipients may be atypical; certainly, they are well-off compared to other recipients in my study. As has been suggested by Rakodi (2002),

social security policies may problematically include households which have significant assets on which they can build and combat poverty, while the existence of the very poor and destitute (who are effectively asset-less and perhaps without any kind of government grant) is rampant.

In addition to well-off recipients, there are others who are 'getting by'. Paulina is a classic example of this, of a recipient whose poverty has not been completely reduced but eased. In her own words she says that after receiving the OAP grant:

It's much better having a grant; it can assist you in so many ways. I also sell chips and sweets so my life is much better ever since I started receiving grant money. The money that I get from chips and sweets I buy paraffin to light my heater when it's cold. I cannot really count how much I get from the chips and sweets business because I just use it as I go by day-to-day whether it's buying rice, mealie meal and so on. With my grant money I can pay rent, eat proper food, and also put aside R80 for funeral cover every month (Paulina, Grahamstown 2011).

The OAP is her main source of income; she considers herself "alright" as she has a healthier life than before. She also ensures that she has basics such as paraffin (notably for heating her room in winter) by selling chips and drinks at school and in the neighbourhood.

At the other extreme end (compared to for instance Peter and Idah) there are very poor recipients (like Thandi and Thembi) who rely solely on the grant money for their livelihoods. In these two cases, the grant only goes as far as securing a few meals in their respective households before recipients and their dependents become hungry and start borrowing in order to sustain their households. In such cases, a monthly grant in fact first clears off debts incurred in the "dry seasons of the month" before securing a few meals for the house. Thandi and Thembi live under conditions of severe poverty and the grant is largely ineffective in reducing poverty. In these instances the grant only cushions recipients for a short period before they fall back into abject poverty again. Given the variation in asset ownership and livelihoods amongst recipients, the Labour Force Surveys (LFS, 2002, 2004) emphasise that there is need to have rigorous targeting within the already-targeted poor, as there are unequal levels of poverty amongst the poor. This more rigorous targeting would enhance the effectiveness of grants vis-à-vis poverty.

Old age pension recipients in Grahamstown were asked to document any changes that they had experienced since receiving the grant. There was variation in impact of the grant according to the existing degree of poverty of the recipient. Recipients for example with many dependents (young or unemployed), without kin support and living in poor quality dwellings were in deep poverty and the grant did not significantly improve their socio-economic status. The case of Matthew is instructive. He has four daughters and six grandchildren and, even though his daughters receive a child support grant, he shoulders the burden of caring for all of them. In frustration, he vented out that since receiving the grant not much has really changed, except for the RDP house the government gave him. In addition he disclosed that his daughters never went far in school and they continue to become pregnant and give birth; in his view, he would not see his life improving as there were “many mouths to be fed”. Another recipient (Thandi) exuded an intense degree of suffering because of being asset-less and she lamented that “I have gone from having at least one bed to nothing. ... As you can see, my daughter-in-law and grandson use the bedroom now. All I hope for is proper shelter, but seeing that I have an irresponsible dependent even the hope of sleeping on a bed was farfetched”.

Such recipients in severe poverty documented minimal changes in their lives. In as much as cash transfers are the single monthly income avenue or the main source of income (as they are for many recipient households), my study shows that cash transfers have only limited effect in lifting the very poor out of poverty. But the above examples do indicate that variations exist amongst the poor themselves in terms of the effectiveness of grants. This means that more stringent steps are needed in the social security system in terms of auditing a recipient’s socio-economic status. Whilst the likes of Idah and Nompumelelo are able to spend their OAP on non-essentials such as DSTV subscriptions (and thereby obtain extra benefits from the grant), others including Thandi and Thembi are at the other end of the continuum in that the grant does not even allow for the bare necessities on a sustained basis. There is a loophole in the targeting itself, as recipients do not fully account for their informal business income and assets. In that regard inclusion errors are likely to occur (van der Berg, 2007). Though very expensive, independent evaluations of recipients’ income and assets will assist in determining the depth and severity of poverty

amongst recipients. This would allow for targeting recipients on a more refined basis and allow for the injection of cash transfers according to different levels of poverty (van der Berg, 2007).

The adoption of the sustainable livelihoods framework in this study highlights the need for a social grants system that adopts a people-centred approach to poverty. Such an approach, focusing on sustainable poverty reduction, would be more sensitive to variations in income levels and asset base amongst the poor. In this regard, Magasela, Wright, Ratcliffe and Noble (2006: 10) note that the different poverty levels amongst the poor themselves greatly determine the effectiveness of grants in reducing income and expenditure poverty. Concurrently, findings from my study illustrate that the propensity of a grant income to effectively reduce poverty prevalence amongst beneficiaries is immersed within, or contingent upon, the different levels and forms of poverty that exist. What this means is that recipients' other sources of income and the reliability of these incomes determine the poverty reduction effects of grants on urban livelihoods in this study.

To ensure that grant income effectively reduces poverty amongst recipients, there is a need to address the poorest of the poor, who are severely affected by the gross inequalities amongst grant recipients (Jones et al, 2009). Armstrong and Burger (2007) argue that, in order to achieve any long term remedy to the situation of perpetual poverty, those living in severe poverty still require a means to access higher levels of cash injections on a sustainable basis. For most beneficiaries of OAP in Grahamstown, the OAP is their only source of income and in such cases the grant cannot make a substantial contribution to reducing poverty (let alone alleviating it); in many instances that grant only cushions recipients for a short period (Lund, 2008). The moments of normality for most grant recipients are short-lived, during the time of the month when the grant is paid out. But the money does not last long, and is mostly spent on food. Those people in severe poverty experience a hand-to-mouth existence, and are unable to break out of the cycle of poverty. Mkandawire (2006) claims that in the realm of poverty alleviation policies it is often assumed that the "best" solution is one which identifies those who are (broadly speaking) poor and targets benefits towards that group. Targeting has almost become a panacea in the realm of

poverty alleviation, but more improved (or more nuanced) targeting means that more poverty alleviation could be achieved with less expenditure (Haarmann, 2001: 123).

5.6.2 Household development

Following the above discussion, the question therefore becomes: what is the effect of the OAP in so far as poverty reduction is concerned? Mixed responses obtained in my study concerning OAP grant recipients (based on their narratives of the impact of pensions on household development) are consistent with studies by the Economic Policy Research Institute which notes that South Africa's social grants reinforce developmental impacts within households in terms of nutrition, education, health, and vital services (Samson et al, 2004: 17). For instance, research documents that children in households that receive social grants are more likely to attend school or not be deprived of food. The majority of the recipients in Grahamstown noted that as a household they do not struggle in terms of food access, or endure months of starvation or even days without food. Nozipho, with great acknowledgment to the government grant, indicated that availability of food in her household had improved subsequent to receiving her OAP grant:

I don't struggle anymore. I do not endure months where I am going without food or money. My life has changed since receiving the grant in that I can send my grandchildren to school. I wasn't working months before receiving the grant and now things are way better (Nozipho, Grahamstown 2011).

Zamuxolo said that because of his financial resources and assets he is now respected and acknowledged by other residents in the community. In line with this, Peter reported a general improvement in his life, noting that he felt his dignity had been restored and his quality of life improved: "I dress better as a man. I didn't have enough shoes but I have a couple of shoes now, and eat well. I have money in my wallet even as we speak." He went on to say:

Having a little bit of money to take care of you does a lot for someone personally, emotionally, psychologically, spiritually ... You are talking to a man who lived outside in that shack you see, didn't have anything, ... and did gardening whenever he could; I battled to take care of my own child and my grandsons (Peter, Grahamstown 2011).

Recipient Nomathemba indicated that the grant has allowed her to become a decision-maker in her own life. She boldly stated that “with no money you have no power, no voice, no peace” (Nomathemba, Grahamstown 2011).

Recipients were asked to narrate the likely socio-economic conditions of their households without the grant. Joe’s response was quite typical. He pronounced that “I will not be able to pay for electricity; I just won’t be able to survive and would be beyond poor; and I would most probably and eventually die”. In this respect, while the grant system has been criticised for its inadequacy or insufficiency (Jansen van Rensburg & Horsten, 2004), many recipients indicate that without a grant they would be in a far worse situation; some even declared that they would not know where the next meal would come from, and that their grandchildren would be forced to withdraw from school. This illustrates that the grant system, though not a strong poverty reduction device, can smoothen the lives of recipients and their dependents, ensuring some level of dignity (although sadly for a short while).

My qualitative findings largely demonstrate that, without the grant, the majority of the recipients would be in extreme poverty. Similar to Moller’s (2010) findings, older poor South Africans are reliant on the grant as their major source of income for their families; grants are the households’ lifeline in many poor urban areas (Moller, 2010). The extreme faith and reliance placed on the pension grant is articulated by one dependent in my study, who pointed out that if their 90 year old father were to die, they would obviously soon die because of poverty: “When my father dies we are going to suffer a lot. We are going to have to wait for me to get an old age grant”.

I also found that, consistent with an evaluation in Zambia (IPC, 2008), OAP grants in Grahamstown urban households are spent mostly on food and clothes as well as on meeting the costs of services like education and health. These findings broadly stress the power a grant holds in ensuring household development and positive indicators of wellbeing. In that regard, an OAP grant assists in alleviating different dimensions or aspects of poverty as it assists recipient households with regard to grant recipient’s grandchildren attending school (education) or food provision (nutrition). Most recipients in the General Household Survey and OAP recipients in

Grahamstown indicate an ability to purchase basic food items and to send children to school, and they felt dignified in their ability to have money available. In addition, my findings align with research conducted by Lund (2008), who highlights the impact a grant has in empowering the poor.

What can be deduced from the qualitative findings are signs of poverty relief and not poverty alleviation (or poverty reduction for that matter). This therefore begs the questions: Why does the grant system lead only to relief and not reduction; what constrains the recipients' ability to lead a sustainable poverty-free life? This will be discussed at length in the following section.

5.7 Factors contributing or constraining poverty reduction effect of the OAP grant

The discussion so far indicates that the grant system makes commendable efforts in tackling poverty broadly in recipient households. But it is pertinent to remember (as argued in earlier chapters) that the aim of the grant is not only to alleviate, but to also eliminate poverty. In previous chapters I have consistently shown that the OAP grant, though aimed at old people and seeking to improve their lives, has been used more widely for household development. Guthrie (2002) has celebrated the ability of the pension grant to tackle multi-generational poverty in a significant manner: sadly, this is not apparent from my study. Findings show households (recipients and dependents) struggling to ensure access to basic goods and services for sheer survival purposes, rather than strengthening their assets and livelihood activities. In this regard, I now discuss poverty reduction barriers for example pension sharing. The discussion in large part is based on my Grahamstown qualitative research.

5.7.1 Pension Sharing

Table 7 lists the beneficiaries (who formed part of my study) and the number of individuals who are dependent on the one grant which is received in each household.

Table 7: Grant recipients' dependent profile

Participants Pseudonyms	Number of Dependents	Dependents profile
Zamuxolo	1	unemployed adult
Nozipho	7	3 children, and 3 educated unemployed youths, and 1 seasonally employed brother
Joe	6	2 unemployed daughters (1 receiving DSG),3 unemployed grandchildren & 1 employed
Joyce	0	N/A
Kolese	1	daughter in University
Thandi	3	Unemployed son, unemployed daughter-in law and grandson
Sam	0	N/A
Matthew	9	4 unemployed, daughters and 5 grandchildren
Thembi	1	Unemployed alcoholic son
Peter	0	N/A
Monica	9	5 grandchildren children, HIV positive & unemployed daughter & OAP receiving brother
Nokuzola 1	0	N/A
Nomathemba	0	N/A
Siphiwo	0	N/A
Idah	4	2 school going granddaughters, 1 unemployed son and 1 son who occasionally visits
Paulina	0	N/A
Vincent	0	N/A
Neliswa	4	2 unemployed granddaughters, four children and an OAP receiving
Nompumelelo Evelyn-	4	2 unemployed daughters, 1 employed son, 1 grandchild
Nokuzola	4	2 daughters (entrepreneurs) and 2 grandchildren

Beneficiary households with dependents have an average number of four dependents and as many as nine. Pension-sharing based on kinship is a factor that can reduce poverty – through for instance allocating a share of the grant income to educating dependents; some recipients (as noted earlier in the thesis) use the grant as an investment in hopefully securing a poverty-free life for their dependents. Pension-sharing contributes to good nutrition, health, education and a safe and peaceful environment for many dependents. Ultimately, this aligns with praises showered upon grants for alleviating multi-generational poverty. The apparent impact grants have on addressing intergenerational poverty is worthy of praise, and Ellis et al (2009) claim that the distribution of the grant across generations in an OAP-receiving household is an undisputed positive benefit. The social grants are indeed a lifeline to the dependents of beneficiaries, preventing them from sinking into complete decimation. From this it can be concluded that the presence of an old age grant in a household effectively represents a cash transfer to a household rather than to an individual (i.e. the recipient).

Pension-sharing however proves to also have a downside. Most recipients highlight that – ever since their eligibility for a grant – their children, brothers, sisters, uncles or aunts have become more inclined to shift the care-giving roles to them. Concurring with many other studies (such as Schatz 2011), female recipients who are the head of the household and are managing the grant, tend in particular to extend their care-giving role to relatives. In some cases, children were dumped by their daughters (the daughters of recipients) before fleeing ostensibly in “search of employment” or to relocate to where their spouses reside. To add insult to injury, most of these nearest and dearest people were currently in receipt of a child support grant or some sort of aid which never made its way to the care giver (now old age pension recipient). In this regard, pension-sharing serves as a barrier to poverty reduction. Differences in lifestyles between those sharing their pension and those who are not were observed. This is because those without dependents spend the grant by and for themselves; for example, Nomathemba and Sipiwo are able to use the grant to edify them alone, thereby facilitating a sustainable livelihood and reducing old age poverty to some extent.

Though government praises sharing for tackling multi-generational poverty (Moller, 2010), in my study those sharing mostly voiced phrases such as “scrounging”, “scrapping by”, “getting by” and “surviving” in which these recipients automatically put themselves in a sacrificial position in which they take it upon themselves the responsibility (indeed, burden) of care-giving. Sagner and Mtati (1999: 400) indicate that sharing is a kinship moral obligation even if it is a burden. As Thembi, with one dependent (an alcoholic son) put it: “I have to go and borrow from my brother’s place in Joza” because “abantwanaakhoabatwanaakho” (your child is your child no matter what)”. Thembi cares for her son who not only is unemployed but is abusive and squanders the grant income through alcohol. Thembi’s socio-economic status has depreciated accordingly. For her, scrounging in order to survive is the order of the day. Nonetheless, for some the responsibility for dependents has great returns potentially and is seen as an investment (Sagner and Mtati 1999: 400), with the hope that schooling and caring for their dependents creates strong sustainable livelihoods and eventually eradicate poverty in the household. However the lack of employment in Grahamstown, plus ongoing price hikes and other shocks, gives further grounds for more dependents to gravitate towards pension-receiving relatives or guardians, hence possibly transforming a load (or responsibility) into a burden.

Half of the interviewed households in Grahamstown had an unemployed dependent. These findings are consistent with Moller (2010), who noted that OAP recipient households attract the unemployed. With the scarcity of employment opportunities, the majority of dependents rely upon guardians, parents or relatives receiving social grants. These findings also correspond with research conducted by Help Age International (1999) – they found that high levels of unemployment lead to increased dependency on pension recipients. A cause for concern is the outcry from the poor with regard to local municipalities’ failure to support if not drive employment opportunity initiatives for the poor with little or no education or skills. The result is high levels of frustration, as put by Nozipho: “My nephews are unemployed and this weighs me down emotionally in terms of providing for them”.

Moller and Sotshongaye (1996) highlight the strain that is felt by recipients as they continue to care not only for children but for working age adults who are unable to find work. Due to

household members all sharing the only source of income, the grant becomes meagre for households. In the main, the elderly population in South Africa live within family structures (whether extended or not). If spent strictly on the aged, the grant (as Zamuxolisa for example intimates) may be sufficient to meet at least the basic personal needs of the aged recipient. Van Zyl further indicates that adequate expenditure might be possible (even for households with a number of dependents) if there are other sources of household income. But, as Van Zyl (2003) notes, and as my study concludes, the significance of the grant system in South Africa is pocket-sized; this is because the fact remains that many poverty-stricken households in urban areas have the grant as their only source of livelihood.

5.7.2 Misuse of grant money

Samson et al (2004) found that households that received social grants spent the money primarily on basic needs (like food, fuel, housing and household operations), and less on tobacco and debt repayment. My findings at times diverged from this view, as some aged recipients flagrantly spend their money on alcohol and tobacco. In this context, such recipients were likely to express discontent with the insufficiency of the grant. As simply expressed by Joyce: “I have seen no changes ever since receiving the grant Do you think they will increase this grant?” However, my study results indicate that misuse of grant money was mainly by dependents than by recipients themselves. Willingness of OAP recipients to share their OAP grant with needy relatives in some cases has resulted in mismanagement or misuse of income by the dependents. One OAP recipient (Thandi, with three dependents), when asked who managed her grant and why, answered:

My son and his wife manage the grant [Sigh]. They spend money on clothes, and the grandchild’s school fees at times. But he is at times chased away from school because they would not have paid his fees. There is no food at times. My son takes the money to go and gamble and drink alcohol; and before we know it we have no food for the day and I have to go and borrow from my brother’s place in Joza” (Thandi, Grahamstown 2011).

The above narrative not only highlights Thandi's loyalty to kinship; it also demonstrates financial and emotional abuse of older people and even extortion of their pension money by family members. This is mainly due to poverty and unemployment. Evidence from my findings also suggests that female recipients are more susceptible to abuse by younger unemployed dependents. This mentality and behaviour is an obstacle in reducing or at least alleviating poverty amongst the aged recipients. As well, my research in Grahamstown brings to the fore a seemingly lethargic behaviour based on a worldview (a culture of dependency) which breeds complacency and seeks to lay blame and responsibility on something or someone for prevailing circumstances, in this case the government. Two interviewed recipients claimed for instance that their daughters had become pregnant with the foreknowledge that there was some sort of income (i.e. old age pension) in the household that almost warranted such behaviour. In the case of Joe, his 47 year old daughter proclaimed that she and her children had lived with her father all their lives, yet she possessed hairdressing skills – he blatantly declared that “she is lazy”. This idea of a dependency culture – based almost on an entitlement claim to government support – is raised in some of the existing literature (Noble, 2008: 34).

I have noted consistently that dependents tend to reside with or flock to OAP recipients who at least have some sort of consistent source of income. Moreover, to reiterate, in some instances this proves to be a heavy yoke. Respondent Thembi exclaims:

My son never went to go and find employment ever since he dropped out of school at the age of 14 years; he has been doing illegal deals and each year he has gotten worse. I have grown tired; he is an old man, and frankly speaking it looks like I will take care of him till he dies.

Nonetheless, in some commendable situations, recipients noted that their daughters, sons or brothers who were educated but unemployed, were constantly looking for work avenues to penetrate and generate some income to contribute to household wellbeing.

Although a few surveys such as the Social Attitudes Survey (2008) have dismissed the notion of a culture of dependency, in my study there were visible signs of complacency and an underlying current that depicts a grant as the “saviour”. Therefore there is immense disgruntle amongst the

dependents and grant recipients about how the government should increase the money and, rather than giving it to a particular person, making it available to all amongst the dependents and recipients alike. In this regard, Sachs (2005:242) argues that the starting point for ending poverty is the poor themselves (and their agency) and not for example a mystical acceptance of their fate. Evidently in a few cases (Joe's daughters and Neliswa's granddaughters), there is a willingness by household members to see themselves as able participants of the labour force and to find work and make a contribution towards household income, and not simply rely upon child support grants or any other welfare aid. However, as Van Zyl (2003: 21) notes, unemployment and the economy's capacity to generate work remain a challenge and a blockade in reducing poverty amongst recipients.

5.7.3 Cash transfers ability to engineer income-generating activities

Following from the above arguments, it seems clear that grant insufficiency is a generic issue amongst recipient households. Recipients in Grahamstown were in fact directly asked about the sufficiency of the social grant. The majority of recipients praised the grant's consistency (monthly, and over an extended period), which in turn ensures that recipients are able to purchase assets such as colour televisions, microwaves, refrigerators and beds from stores on credit. Most recipients indicated they paid between R250-R350 a month for assets purchased on credit. If the grant is the only source of income (which it normally is) then almost 30% of the grant (of R1,040) goes towards paying off furniture or clothing accounts. For this reason, grant income proves to be insufficient because it does not allow for cash purchases of basic assets. The acquiring of goods on higher purchase – which also sometimes take place – or on credit places a burden on poor recipients, as they incur high interest rates and a steep monthly deduction for years. This feeds into and accelerates the hand-to-mouth syndrome as they have to constantly pay off accounts. In essence, this becomes a barrier to reduced income-based poverty but strengthens recipients' asset base in the long run.

Contrary to what Jacobs, Baiphethi, Ngcobo and Hart (2010:25) state, recipients cannot convert their assets into more potentially productive livelihood strategies. This is because most of their assets are acquired on higher purchase or on credit; they cannot be deemed collateral security in

times of financial stress or shocks. In addition, the availability of a grant in a household does not warrant households engaging in income-generating activities. This is because the OAP grant is the only source of livelihood for many households. The majority of Grahamstown recipients shunned the idea of grants acting as a springboard for productive activities, citing that everyone in the household would die of hunger while waiting for that business to take off let alone boom. This a sheer sign of a day-to-day life of survival.

In addition, the unavailability of reliable income-generating activities or sustainable livelihood strategies has further posed as strong barriers in facilitating the OAP's ability to reduce poverty. Moller's (2010) findings indicate that, for the most part, poor urban and rural Eastern Cape recipients are not able to engage in sustainable income-generating strategies. In the Grahamstown study, recipients were asked to describe other income avenues available to them. Three recipients indicated that they seasonally sell chips or sweets, or are involved in gardening which generates R10 for a full day and is available seasonally. Some sell beer (illegally) and in one instance dependents sold sex in an attempt to contribute financially to the households' functioning. Others who had been allocated a RDP house by the government rented out their shacks in order to receive a further money income, though they rent these shacks for as little as R50 per month. Table 8 below shows that about seven recipients did not have any other sources of income even in the form of support from other relatives; in one instance, a recipient even exclaimed that "relatives come and borrow from me ever since I started receiving the grant; I am their income source". Not only does the grant pose as a short-lived poverty relief aid but any income-generating activity leads to pitiable livelihood outcomes.

Table 8: OAP Recipients Household Livelihood strategies

OAP Recipient	Household livelihood strategies
Zamuxolo	Gardening
Nozipho	Occasional income from brother's sporadic sales of women's bags, etc
Joe	None
Joyce	None
Kolese	None
Thandi	None (stopped selling beer as son misuses household income)
Sam	None
Matthew	None
Thembi	Ploughing and selling vegetables on an empty piece of land
Peter	Grandsons are formally employed and one is selling purses, handbags, suitcases, sunglasses etc; also renting one shack
Monica	Daughter selling sweets, chips and drinks from time to time
Nokuzola 1	Daughter is a sex worker and sells beer
Nomathemba	None
Siphiwo	None (closed spazza shop 2 years ago), occasional gardening
Idah	Renting out cottage rooms, sells meat, and occasionally sells clothes
Paulina	Selling sweets and drinks
Vincent	None
Neliswa	Occasionally sells meat
Nompumelelo Evelyn	None
Nokuzola	Daughters bake and sell scones and cakes

Table 9 below indicates that the majority of the recipients have no other sources of income than the OAP grant. All respondents in their narratives indicated that there were few income-earning opportunities in their economically-depressed community. Small businesses such as selling sweets and chips in the community are saturated. Furthermore, for the likes of Zamuxolo and Sphiwo who took up gardening to earn extra income, gardening work is seasonal and the income received is incredibly low (R10 per day). With the grant acting as a lifeline for the many dependents found in recipient households, the use of a grant specifically by the grant recipient as start-up asset to explore other income-generating avenues is a far-fetched vision. The grant as a consistent and reliable income is not a foundation for taking risky business opportunities; pursuing such opportunities is considered by very poor recipients (with the grant as their only source of income) as hazardous as opposed to a safe long-term investment. This fear stems from a number of factors including the responsibilities of caring for many dependents, and the overall hand-to-mouth syndrome. Considering that sustainable income-generating activities in Grahamstown are quite scarce, risking one's only source of income for an activity that may not generate profit is viewed as highly problematic by many recipients.

Table 9: OAP recipients Households source of income

Household	Household Sources of Income
Zamuxolo	OAP and Seasonal Gardening (R10)
Nozipho	OAP, Two CSG grants, seasonal gifts from brother or uncle
Joe	OAP, Disability grant, CSG, occasional gifts from one employed grandson
Joyce	OAP
Kolose	OAP
Thandi	OAP
Sam	OAP
Matthew	OAP, 5 Child Support grants
Thembi	OAP
Peter	OAP, Income from his two grandsons salary and business profits, renting shack
Monica	R300 from brothers OAP, seasonal sweets & chips business R1200 by daughter
Nokuzola	OAP
Nomathemba	OAP
Siphiwo	OAP
Idah	OAP, pension insurance, Meat business, renting cottages, 1 CSG,
Paulina	OAP, Sells sweets (R70 profit
Vincent	OAP
Neliswa	OAP, 3 Child support grant
Nompumelelo	OAP, pension insurance, monthly allowance from working son
Nokuzola	OAP, 2 child support grants, occasional income from baking business

Because households heavily rely on the grant, the possibility of households with that one source of income (OAP) taking business risks is low. Peter says:

The first month my grandson came to me and begged me to use the OAP grant money for he wanted to start a business. It took strong will power on his part, and when he created a business plan I saw that he was serious. ... He started his business in town, selling purses, handbags, suitcases, sunglasses, earrings, ladies stuff and mens stuff too. After about three months of surviving on one income-earner in the household [the grant] I can with a sigh of relief say that we are doing very well; the scrounging for those few months were for a good cause, as at least my grandsons are self-sufficient. My grandsons are not dependents and neither am I a dependent, as you can see I can do fine on my own grant, and they can do very well on their own (Peter, Grahamstown 2011).

In terms of reducing dependency and improving the socio-economic status of poor households, the availability of income-generating activities could ensure that unemployed dependents have work, so that the grant would be spent by and for the intended 'target', namely, the aged recipient. But this possibility seems highly improbable. Joe's grandson exclaimed in anguish that he finished his 'Matric' a year ago (final year secondary school) and is still waiting to find employment; he has also taken mini-proposals for business ventures to the municipality so that he can start a car wash business, but the municipal offices say that such businesses have flooded the town. There was consensus among the respondents that they lacked power and influence to be heard in resource allocation decisions by all tiers of government, and that this undermines their efforts to create sustainable assets and livelihoods. Carney (2003:36) concurs that this lack of influence is common among the world's poor. The respondents did not have a voice over public policies and priorities, and this powerlessness led to deprivation and low access to resources. In such instances, the poor therefore resort to whatever is available so as to survive, whether it be stealing or selling sex for cash. As Nompumelelo simply put: "That is why people complain that the grant is not enough; it can only give you porridge but can never take you out of the deep dark corner of poverty".

The sources of livelihood for Grahamstown recipients are limited or non-existent, which makes it impossible for households to break out of an entrenched position of poverty. Satterthwaite (2002:8) raises the concern that the poor make choices based on the constraining environments in which they live. In this regard, Cooper et al (2002:8) argue that the constraints of poor people cannot be confronted and undone by one government department, nor can they be solved at local level, because poverty is multi-faceted. A range of key assets or material and social resources are the basic building blocks that support the poor in pursuing self-sufficiency. The mere provision of the social grant as a financial asset does not guarantee self sufficiency. Poverty eradication is not only a process leading to the poor meeting a certain level of income or consumption, as it also entails achieving "a sustained increase in productivity and an integration of the poor into the process of growth" (Mafeje, 2001:22). In order to achieve this, the poor must have access to opportunities and resources within an effective national policy and institutional framework. As the sustainable livelihoods framework makes clear, people must be capacitated to maintain these

assets to their benefit and be supported with productive activities that will enable them to pursue long-term livelihood strategies. The resources for sustaining livelihoods should not only be available for meeting consumption needs in the present but should provide for the needs of future generations (Moriarity 2002:4).

All factors that have been discussed in Chapters 4 and 5 show how the absence or presence of them can perpetuate or reduce poverty amongst recipients in one way or another. The majority of the OAP study participants in Grahamstown felt that the government is lacking on housing delivery and that the municipality is not developing community interventions to enhance livelihood strategies available for the urban poor. In that regard some recipients truly conveyed hopelessness and noted that the grant is more of a gift (and not so much the government trying to reduce poverty). Some recipients not only challenged the government on the factual truths such as the availability of community intervention strategies by municipality and employment programmes by central government; some noted that the reason why they see no light at the end of the tunnel is because, from before the end of apartheid, their parents were in poverty and they inherited poverty, as are their children and their grandchildren. This is in line with Chambers' (1983:111) deprivation theory that if one was born in a poor family, chances of getting out were few and isolated. Some recipients expressed the impossibility of getting out of poverty, with the likes of Thandi professing her belief "the riches of the poor are only in heaven".

5.8 Conclusion

This chapter dealt with the various physical (and social) assets that individuals have and the possible effect of these in reducing poverty in their lives, by pushing them towards creating or gaining assets that would be sustainable in the long run. This chapter has shown with evidence that there are various limitations in the social grant system as a poverty reduction mechanism. We found that the great limitation of the grant in reducing poverty not only lies in current financial shocks but lies in the view that an OAP grant is for households as a whole – for relatives, dependents and other kin who depend on the grants. This leads to lifestyle choices and mindsets and a general insufficiency in the amount disbursed. The findings have also indicated that, without the grant, the majority of the recipients would be in extreme poverty. In

juxtaposition with Mollers' (2010) findings, older poor South Africans are reliant on the grant as their major source of income for their families. The extreme faith and reliance placed on pension grant and grants in general by poor households indicates the absence of sustainable structures to ensure that the grant not only relieves the household of poverty burdens but also strengthens its overall asset base in line with the reduction of multi-dimensional poverty. The use of the SLA has aided this study in investigating assets of the poor, and further illustrates how a real reduction in poverty is a long and complex process since it requires reducing many dimensions of poverty from mentality to dormant municipal structures.

This chapter illustrated urban people's reliance on income to pursue a sustainable and poverty-free life; most recipients have remained in the cycle of poverty and battle to come out of this cycle. This sheds light on the notion that transfers to older people are for the greater good of the household and not so much for the old people's well-being specifically. Results suggest that there is a somewhat positive relationship between the OAP grant on the one hand and food security and school attendance of dependents on the other. There is a much weaker relationship between the grant and an increase in financial assets through savings and income-generating activities. In most instances the OAP grant, as Van Zyl (2003:1) also indicates, is the sole major income for most poverty stricken households; it therefore can only offer itself as a poverty relief mechanism and not as a poverty alleviating, reduction or eradication measure. But there was variability amongst recipient households. The use of the sustainable livelihoods framework therefore produced variant results, with some beneficiaries indicating an increase in assets and a move toward sustainability, whereas an equal number also remained in the cycle of poverty.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The overall aim of this thesis was to determine whether social grants disbursed to old age pensioners in South Africa have an important affect on poverty alleviation. To understand this we used the sustainable livelihoods framework. We started from the premise that a livelihood is sustainable if it can acquire or is in possession of assets that can assist individuals to recover from shocks and setbacks. Importantly, the assets need to be relatively enduring for them to constitute and be counted as sustainable assets that qualify one to be listed as an individual who is out of poverty and lives a sustainable life.

This study was motivated by an understanding that nation-states attempt to provide welfare for those individuals in their countries who fall below a certain standard of life. With this understanding also came a visible and consistent thread that, despite efforts by the South African government to curb poverty by providing social grants to the aged, there are still many people living in poverty. So, our investigation was intended to investigate if social grants by themselves are effective in catapulting people from dire poverty.

As such this thesis was framed and designed to address the following:

- a) Using the General Household Survey (GHS) of Stats SA for 2006 and 2008, to undertake an estimation of income and expenditure of households generally and specifically of those households that are in receipt of social grants;
- b) Using the same dataset, to undertake a poverty analysis and assess the impact of the receipt of social grants on income, expenditure, asset accumulation and household development (and on poverty broadly); and
- c) Estimate the efficacy of old age pension cash transfers specifically for poverty reduction amongst Grahamstown OAP recipients.

This concluding chapter aims to evaluate the success and failure of applying the Sustainable Livelihoods Framework in the investigation of the efficacy of social cash transfers as a poverty reduction measure. In doing so, I assess the efficacy of cash transfers in the reduction of poverty. Further, I also discuss the implications and contributions of this research to the issue of developmental social policy, and give recommendations about cash grants and the issue of poverty reduction in the South African context especially.

6.2 The efficacy of cash transfers in the reduction of poverty

In the course of this research we realized that there are various precarious conditions surrounding the issue of poverty in general and poverty reduction in particular. We found that grant income is often not the only source of income and cannot be the only source of stable income if households are to free up other resources and be economically active. The small grant amount nevertheless is the single most relied on source of income in the majority of the households. Generally, the grant cannot ensure day-to-day survival until the next payout, and can only act as a funding bridge for a while before recipients are without money. This was highlighted at great length in Chapters Four and Five which focused on the forms of assets that households and individuals were able to obtain or utilize using their grant incomes. We showed that it is only those recipient households that already have some form of income or asset that can transcend the bounds of poverty into living a somewhat 'poverty free' life. Otherwise, the precarious nature of the socio-economic setting of recipient households inhibits sustainability.

We found that, in an urban setting, livelihoods tend to rely more on the financial asset to build up human, physical, social and natural assets if possible. Livelihood outcomes of the poor urban recipients are therefore marked and shaped by their financial asset base. In this study we found that the R1,040 was insufficient to form the financial axis upon which basic assets and day-to-day living can be based. This is because households with grant recipients spend more than their grant income, with quantitative tests in the study showing that grant recipients' expenditure patterns cannot and are not dependent on the grant. Those who are able try and supplement their income to sustain themselves. Thus, we reached the conclusion that the urban assets of grant

recipients are not sufficient for the poor recipient households in Grahamstown to move out of a state of poverty over the long haul.

It is however commendable that, though there is great financial lack, recipients seem to invest in their grandchildren's or children's education, with the hope that this will at least take them out of poverty indefinitely. It was also shown that, in sustaining themselves, many recipients seem to worry more about putting a meal on a table for all household members rather about their own personal needs. At the same time, this invariably indicates that there is little or no capacity to save, which ensures that this cycle is repeated every month. This justifies our thrust towards examining sustainability by focusing on the SLF as an approach to assist in developing all-encompassing poverty reduction measures.

It is important to highlight that sustainable livelihoods were discussed as a response to the apparent failure to alleviate poverty merely focusing on income provision. We found in the course of the study that poverty is multi-dimensional; therefore frameworks such as the SLA which are multidimensional in nature can effectively assess any livelihood interventions to reduce poverty. In that regard any poverty reduction intervention should address poverty as a phenomenon entwined with multiple deprivations. In other words, each poverty reduction policy is enmeshed with other policies and all policies are dependent on each other. For example, policies focusing on housing, employment creation, access to education and the provision of quality education should not be treated as divorced from social assistance and cash grants when conceptualizing and tackling the problem of poverty.

Poverty has many dimensions and requires a multi-sectoral approach. The starting point therefore has to shift from focusing on the problems of the poor to building up their strengths or assets. With a narrow-minded approach to poverty reduction we risk recording numbers only, rather than focusing on livelihoods as a comprehensive socio-economic condition. A sustainable livelihoods approach deters from a narrow-minded approach and evaluates projects and programmes targeted to reduce poverty from a holistic point of view which brings in all factors that make up a sustainable livelihood. By using the sustainable livelihoods approach to analyse

the poverty reduction impact of cash transfers, this study found that variations amongst the poor themselves are very noticeable. There is the danger that cash transfer programmes are not sufficiently nuanced, in that they include households that have some assets on which they can build and combat poverty as well as the poorest and the destitute (who may be effectively assetless).

In South Africa, substantial amounts of funds are spent on social grant expenditure as a way to reduce poverty with seemingly one-third of the population scrambling to receive a grant. Consequently Pravin Gordhan (Budget Speech 2011) mentioned that state expenditure on grants might not be sustainable in the long run. This warrants rigorous and constant evaluation of whether poverty reduction interventions such as social grants are ensuring sustainable livelihoods. In this light, the adoption of the SLA as an analytical framework illustrates that the injection of social grants operates in a policy vacuum. While state spending on social assistance is laudable, this intervention alone with no other livelihood strategies put in place in an integrated manner seriously undermines the poverty reduction effect of social grants. Because of this, social grants (including old age pensions) in South Africa are well-known for alleviating poverty and not so much for reducing poverty let alone eradicating it.

Findings have consistently shown that cash transfers may apparently be successful in taking recipients out of poverty whose income poverty is close to the poverty line, therefore pushing them out of poverty. For those far below the poverty line, the grant lessens the severity of poverty but households are not necessarily taken out of poverty. In this respect, of significance is the ability of cash transfers to influence household expenditure. Both quantitative and qualitative findings demonstrated that the presence of a grant sometimes allowed the household to command other financial sources for other purchases (assets such as furniture, household equipment and similar items). Furthermore, the presence of assets in the household sometimes counts for collateral security in times of income distress or may act as a cushion when households experiences risks and vulnerabilities.

The datasets examined offered insights into a wide range of household expenditure, including routine maintenance of the dwelling, health, transport, clothing, miscellaneous goods and services (including personal care and insurance). Therefore results showed a much broader poverty profile of grant recipients. In doing this, the study shows (in terms of the sustainable livelihoods framework) that poverty cannot be reduced to a monetary aspect, but the presence or absence of human, social, physical and financial assets is critical. This study shows that the unavailability of sustainable assets amongst recipients is what diminishes the effectiveness of a grant in reducing poverty – this can be noted by the livelihood outcomes of the OAP recipients. Recipients with quality and valuable physical assets such as RDP houses, human assets, social assets and a strong financial asset base show poverty-reduced livelihood outcomes.

However, those households whose assets are either depreciated and in some cases non-existent, and rely almost exclusively on a cash transfer from the government, have livelihood outcomes entailing short-term planning (the grant can only ‘sustain’ them for a short period or can only facilitate minor assets). The ineffectiveness of social grants in reducing poverty is an issue that cannot go unnoticed in the Grahamstown community. Recipients and dependents openly shared their strong sentiments of what should be at the heart of poverty reduction policies. There was consensus among the recipients that grants are supposed to be a channel to effectively rectify the injustices of the past and current inequalities. As I exited one poverty stricken township, a few people shouted comments such as “go back and tell them to increase the grant money to accommodate for everything we so rightfully desire”.

Carney (1998:4) suggests that the use of the sustainable livelihood approach often consists of identifying combinations of livelihood activities which are called ‘livelihood portfolios’. In this study, findings suggest that for cash transfers to effectively reduce poverty in South Africa (considering poverty is historically embedded), an intervention strategy needs to be diverse and offer a range of livelihood activities that can be monitored to ensure sustainable livelihood outcomes.

6.3 Recommendations

In the course of this research we raised certain issues that could not be addressed successfully in this research, because either they were beyond the scope of the study or they arose directly from the results of the research and require further investigation. Therefore, beyond any relevant points raised in the previous section, I now highlight issues for further research as well as some recommendations for the government and other policy stakeholders to consider as they relate to poverty reduction mechanisms. These include:

- (a) Poor people must be key actors in identifying and addressing livelihood priorities. Carney (2002:13) concurs that outsiders should listen and respond to the poor. However, some organisations (including often state departments) are not flexible enough to cater for the required dynamism and flexibility of fully participatory interventions. There are also underutilised resources within their communities that the poor can tap into, especially the development centres set up by the Department of Social Development (Cooper et al, 2002:23-24).
- (b) The urban poor must change their behaviour and attitudes to their dependency on the state (and by extension donor agencies). This is a long uphill task that requires patience. The urban poor will protest initially, but when they realise that their participation is no longer a token measure but entails a substantive transfer of control, they willingly own the process.
- (c) Increasing the asset base of households is absolutely critical, as this will lead to more secure livelihoods. The main assets needed are financial, social and physical. This is consistent with Sachs's (2005:244-5) observation that the extreme poor lack human, physical and financial assets. This also relates to the need to formulate policies for enhancing local income-generating activities.
- (d) According to Jones (2002:277), urban poverty is a series of interlinked difficulties; hence overcoming poverty requires institutional linkages to promote access to resources. Proximity to resources and facilities means very little when access is denied, or when the voices of the poor are left unheard. This implies that for any project to succeed, it requires a multi-disciplinary team sensitive to community participation and access, as

well as collaboration between community-based organisations and government departments.

6.4 Conclusion

This research has discussed pertinent issues relating to the reduction of poverty. A critical conclusion is that social grants in themselves are insufficient in the fight to reduce poverty. This is mainly as a result of the fact that poverty is multi-dimensional and hence poverty reduction requires an all-encompassing and comprehensive approach (as implied by the sustainable livelihoods approach). We indicated in this study that social grants have been useful in ameliorating the wider challenges that are faced by individuals on a daily basis, for example access to food, nutrition, shelter, electricity and water. However, existing assets are not enough to catapult individuals out of situations of desperation created by lack. Therefore, by making use of the SLF in this study, we were able to show that the government has taken huge strides in fighting poverty through cash transfers but these efforts have not facilitated sustainable assets which people can rely upon. We conclude that social grants are helpful, but not necessarily effective and successful in ensuring the reduction of poverty.

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APPENDICES

Appendix 1: Research Methodology Outline

1.1 Introduction

The focus of this study is to provide an evaluation of the extent to which cash transfers in South Africa serve as a poverty reduction tool. The study achieved this by analysing grant recipients' socio-economic status, household development, asset accumulation and livelihoods development, using the General Household Survey (GHS) of 2006 and 2008. A numerical picture was therefore attained of social grant recipient households in general. A significant focus of the study further entailed evaluating the Old Age Pensions (OAP) impact on poverty reduction amongst the aged recipients in Grahamstown, Eastern Cape, South Africa. This was accomplished through qualitative and quantitative methods.

The GHS is the only available nationally representative survey that covers recent data periods and has detailed information on social grants and household development. With this data we could observe expenditure patterns of recipient households, household improvement, asset ownership and sustainability of the grant itself and ultimately creation of sustainable livelihoods (Schubert, 2004). Quantitative analysis provided a detailed perspective of the broad range of impacts (of both a tangible and intangible nature) that the social grants had upon the lives of the recipients. Qualitative collection of data through in-depth interviews enabled this study to examine how the OAP reduces poverty amongst the aged recipients, and to get a closer view of how the recipients choose to spend their grant money and undertake actions to ensure sustainable livelihoods and ultimately poverty reduction.

The terms methodology and methods are often used interchangeably and thus incorrectly. Creswell and Tashikkori (2007: 176) offer a precise description: a comprehensive methodology accounts for the entire research process, its philosophical assumptions, data collection, analysis and interpretation of findings. This research charts Creswell and Tashikkori's (2007) interpretation of the term methodology as encompassing the philosophical underpinnings of the research. All of these are described here.

After reviewing the several research methodologies, the mixed methods approach was selected. In this chapter, the researcher explains and justifies the logic for adopting mixed methods to answer the research questions and how two seemingly incompatible paradigms – quantitative and qualitative – were integrated in a pragmatic way to understand the phenomenon under investigation.

This chapter appendix the methods and research processes that were adopted for this study.

1.2 Research Paradigms

This research follows mixed methodology path praised by the likes of Creswell and Tashikkori, just to name a few. A basic description of a mixed methodology is simply that it is a methodology with methods that have comparisons between quantitative and qualitative data (Jones, 2004). Quantitative data is data in numerical form, often derived from questionnaires or structured interviews, in this case already the General Household survey of 2006 and 2008 collected by Statistics South Africa. Qualitative data is descriptive data from observation or unstructured interviews (Taylor et al., 1995: 632).

Mixed methodology is usually aligned with two paradigms of positivist and interpretive research; a paradigm being defined as a belief system or view of the world (Guba & Lincoln, 1994). Among those associated with the former are passive observation, measurement/statistical analysis, survey/questionnaire, experiment, simulation and case study. For the latter, the methods listed include interviews, content analysis, ethnography, grounded theory and participant observation. The quantitative paradigm – also called the positivist, empirical-analytic approach – advances the notion of a singular, objective reality that exists independently of the researcher (Guba & Lincoln, 1994: 179). Measurements using structured instruments generate numerical data that can be statistically manipulated and analysed. In contrast, the qualitative paradigm advances that reality is subjective, socially constructed and that multiple realities exist based on people's varying interpretations of the world. Consequently, to understand reality, the qualitative researcher needs to make observations or at least engage in dialogue with the people who are being investigated, and ideally in their natural setting in order to understand how they make meaning (Khun, 1996:179).

Quantitative approaches are criticized for decontextualising human behaviour: critics say human behaviours are inherently complex and to understand social phenomena, rich personal data are required (Khun, 1996:181). Criticism of the qualitative approach stems from its inability to generalise findings because of non-random sampling techniques and small sample sizes, and because of concerns about validity and reliability (Kuhn, 1996:179).

Mixed methods allow for this study to form a basis for arguing that using insights from qualitative as well as quantitative paradigms leads to a better understanding of the complex social, economical and personal aspects of grant recipients that this study sets out to explore (Creswell et al.,2004). To fully describe the

observed phenomenon it is necessary to supplement quantitative data with qualitative description. In that way a full and meaningful (a rich description) of the phenomenon can be derived (Barnett, 1953). In embracing methodological pluralism and diversity, the choice of a mixed-methods approach enabled this study's researcher to formulate a flexible and pragmatic research design. This study's aim was to evaluate the efficacy of unconditional cash transfers in South Africa to reduce poverty (all social grants as reported by the GHS and OAP recipients in the Eastern Cape). Using mixed-methods enabled the researcher to obtain *quantitative measures* of grant recipients receiving a grant in South Africa and the impact of grants on their income and expenditure patterns, enquired assets and sustainable livelihood evaluation, household development and using the General Household Survey of year 2006 and 2008. *Qualitative interpretations* allowed for nuanced and more comprehensive insights through a small sample (not representative but explanatory) into how OAP grant recipients spend their grant money, their estimated household income, livelihood outcomes as a result of the cash transfer, expenditure patterns, asset ownership or accumulation, and mainly the grants income on reducing poverty.

When quantitative and qualitative approaches are combined, weaknesses inherent in each approach are partially counterbalanced and their complementary strengths can be harnessed to generate a more compelling account of the social phenomenon being investigated (Morgan, 2007: 179). Secondly, the weaknesses inherent in one data collection technique were partially offset by using other techniques. In this study, the researcher sought to generate numbers as well as attribute meaning to the numbers (Morgan, 2007: 179). Mixed methods (Morgan, 2007:187) were therefore adopted for this study to guide data collection, analysis and the integration of findings.

1.3 Orientation and Planning of the research

This study commenced in 2009 in fulfillment of the requirements of the Master of Social Science in Development studies. In this study qualitative and quantitative data were not collected simultaneously therefore the General Household Survey data sets (Statistic South Africa) for the year 2006 and 2008 were pre-ordered before study commenced. The qualitative phase was embedded within a predominantly quantitative study.

The General Household Survey have in the past and recently been put to good use in exploring dimensions of poverty (Statistics South Africa, 2009). A critical part of this orientation and planning phase was an in-depth perusal and understanding of data collected in General Household Survey and Income and Expenditure of South Africa data sets. The in-depth understanding entailed the perusal of the

meta-data of all the data sets to see if data collected would fully address the research questions (Denzin and Lincoln, 1994: 85). Going through all household data sets from the years 2002-2008 and all material pertaining to data collected proved to be time consuming and taxing. The same goes for accessing reliable statistical information relevant to the study. Having familiarized myself with the data, the researcher firstly identified two GHS data sets (2006 and 2008), that addressed the goals of the study then henceforth started preparing data for future analysis as noted.

A data instrument called SPSS (Statistical Package for the Social Sciences) was used to analyse already collected data by Statistics SA, the latest General Household Survey of 2006 and 2008. SPSS was used to assess grant recipients livelihoods, using poverty determinant variables, such as assets, education and expenditure details. Descriptive statistics and correlations of these variables were ran (e.g correlation between grant and recipients ability to spend on food). SPSS offered a more detailed analysis of looking into the GHS data and allowed for simple statistical tests to be ran; correlation to analyze strength of variables, descriptive tests and frequencies were ran and generated for results. With this statistical package one can generate graphs and pie-charts to present results (Pallant, 2007).

As the study progressed the researcher ran tests throughout the study period; also, the researcher constructed an interview schedule, so as to carry out in-depth interviews. This qualitative technique enabled OAP recipients to describe changes ever since grant uptake, and its poverty reducing impact. The qualitative aspect of the study entailed using in-depth interviews, for selected OAP recipients, in Grahamstown, Eastern Cape. It is important to note that the sample of selected respondents is not a representative sample, however it aided in explaining the statistical results obtained from the GHS national representative sample of grant recipients.

1.4 Quantitative Data

The study's goal is to investigate if cash transfers reduce poverty in South Africa, with OAP a primary focus. Using the GHS of 2006 and 2008, we analyzed and evaluated grant recipient households and livelihoods, through poverty determinant variables in the data set, such as education, nutrition and asset ownership. These variables were also used to help construct the interview schedule therefore allowing for a rich and exhaustive analysis and evaluation of efficacy of grants on recipients' livelihoods and development in general.

Statistics South Africa's General Household Survey (GHS) is the country's main general-purpose annual national household survey. Statistics South Africa conducted the GHS annually from 2002 since a need was identified for a regular survey designed specifically to measure the level of development and the performance of government programmes and projects such as social grants. The GHS was thus developed for this purpose; to measure various aspects of the living circumstances of South African households. The GHS covers five broad areas, namely: education, health, activities related to work and unemployment, housing and household access to services and facilities. In 2006 and 2008 information was collected about various aspects of the living circumstances from members of over 30 000 households across the country.

The survey was specifically designed to measure multiple facets of the living conditions of South African households, as well as the quality of service delivery in a number of key service sectors. A multi-stage stratified area probability sample design was used. Stratification was done per province (nine provinces) and according to district council (DC) (53 DCs) within provinces. These stratification variables were mainly chosen to ensure better geographical coverage, and to enable analysts to disaggregate the data at DC level. Thus one reason for stratification is to reduce the chance of being unlucky and having a disproportionately large (or small) number of the sample units selected from a sub-population that is considered significant for the analysis. Stratification is done to ensure proper representation of important sub-population groups without biasing the selection operation (Statistics South Africa, 2006,2008).

Probability sampling allows for statistical inference. Statistical inference makes use of information from a sample to draw conclusions (inferences) about the population from which the sample was taken (Statistics South Africa, 2006, 2008). The estimates are representative of a larger population, from which the sample population is taken, at a known and quantifiable level of confidence or probability. Estimates are given in ranges, called confidence intervals, although they are often expressed as a point estimate +/- a number of percentage points (Statistics South Africa, 2006, 2008). Probability sampling is almost exclusively used with quantitative data collection methods. Statistics South Africa, 2006 and 2008 technical reports state that the essence of probability sampling is that each unit of study (e.g. household, individual, child) in the study population for which the estimate is desired must have an approximately equal probability for selection and inclusion in the sample. In order to ensure that this critical criterion is met, an exhaustive sampling frame must exist or be created for the unit under study (households, individuals, children). A sampling frame is a complete list of all the potential units of study (e.g. households, individuals or children) in the population from which the sample will be taken. A multi-stage, stratified random sample was therefore drawn to conduct the General Household Survey of 2006 and 2008. First level stratification

was based on province and second-tier stratification on district council. The sampled dwelling units in each of the nine provinces were visited by field staff employed and trained by Stats SA, and a GHS questionnaire was completed through face-to-face interviews for each household visited (Statistics South Africa, 2006, 2008). While there have been changes and shifts in the sampling procedure, coverage and data gathering technique, the idea behind the surveys is to measure changes over time. General Household Surveys provide information about the levels of well-being of sub-groups at any point in time. They do not however, permit an analysis of whether the *same* households are consistently poor or non-poor or whether there is a high degree of upward and downward mobility. Therefore, the researcher was only able to undertake a trend analysis between GHS 2006 and 2008, and examine expenditure patterns, assets ownership, service delivery, household development and human development in general.

While the limitations of these subjective questions are acknowledged, we maintain that they provide a useful window on changes over time in grant recipient's households in relation to, for example, food security, assets, dwelling conditions, and expenditure patterns on food, transport and clothing. The main advantage is the annual nature of the surveys and the relatively large sample sizes. Household surveys also offer a more in-depth understanding of living conditions by expanding the amount of information gathered from households, but carefully limiting the number of households surveyed to create a representative sample of the population (Statistics South Africa, 2008). GHS 2006 and 2008 offer the same poverty determinant variables, therefore it allowed for this study to analyse recipients in two different years. The data sets seemed prudent for their insight into grant recipients' livelihoods and for their ability to give a detailed picture of non-metric poverty determinants.

Income is known to be under-reported generally, and particularly in the General Household Survey (Katherine Hall, 2010:12). The researcher was able to have a view of expenditure, income, access to services, asset accumulation, health and education status. Selecting two data sets enabled the researcher to compare two previews for two different years. This assists the researcher in evaluating the impact of cash transfers on grant recipients in that given year. To compensate for under reported income in the GHS data set, the researcher incorporated the issues about income in the in-depth interviews held in Grahamstown with the OAP recipients. The question was incorporated to estimate roughly how much the recipients are living on and not so much of how much they have or earn, seeing that OAP recipients are not allowed to work whilst receiving the grant.

The General Household Survey data sets are in four files, Person; Worker; Tourism and Household information. Data relevant to the study's goals and aims were mainly addressed in the person and household files. The files also contained some derived variables relevant for the analysis of poverty in this study. These files allow us to explore: Demographic information, sex, age population groups, education and health, household information, type of dwelling, ownership of dwelling and other assets, electricity, water and sanitation, environmental issues, services, transport income and expenditure, a comprehensive coverage of living conditions and service delivery. In line with the primary focus of the study, the data sets proved sufficient enough to see trends in social grant household and livelihoods; household development, assets and capital accumulation could be tracked (Stats SA, 2008). It is important to note that the overall sample size in both (2006 & 2008) data sets was large enough to allow for meaningful analyses of cash transfers and poverty determinants variables and poverty reduction effect regardless of the limitations.

1.5 Poverty determinants from GHS (2006 & 2008) data sets

From the discussion in Chapters Two and Three, this study understands poverty a state characterized by multi-faceted issues including income, assets, human development and basic needs. The chosen conceptual framework (the SLA) assisted in describing and evaluating grant recipient livelihoods and this aided the researcher to assess poverty conditions. Using the two comparable GHS data sets of the years 2006 and 2008, we analyzed the data with regards to some poverty determinant factors. These data sets allowed us to look at the biographical data of the recipients of OAP and their household socio-economic conditions. This in turn allowed us to create a poverty profile (Van der Berg, *et al*, 2007).

Using the Household File, we selected respondents whose main source of income was a social grant. Again certain poverty determinant variables were used to analyze profiles of households receiving grants - these are not the causes of poverty but help explain the pattern of distribution of poverty. The boxes below were created covering aspects that could explain and describe poverty of grant recipients' household and livelihoods. These variables were selected from the two selected files i.e. *PERSON AND HOUSEHOLD FILE* in the GHS data sets. The boxes list variables that could depict the profile of grant recipients. Variables covered the biographical information, socio-economic status of recipients, social, financial, expenditure patterns, and asset accumulation of grant recipients. These variables were extracted from the questionnaire (note that the 2006 and 2008 questionnaires are similar).

Variables for poverty profile of CSG and OAP recipients

Provincial take up of social grants Population group of the CSG and OAP Respondents Gender compositions of the OAP and CSG Respondents Literacy Status of the OAP recipients CSG- Caregiver's relationship to the CSG recipients Child support grant recipients education profile (Conditions) Distance to school for CSG recipients Problems experienced at school Health
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Variables for Household socio-economic conditions

Household income sources in both data sets Province of Households whose main source of income is grant gender head of grant recipient households Dwellings grant recipients occupy Conditions of grant recipient dwellings Dwelling ownership General Living conditions Service delivery-water, electricity, electricity cut-offs experienced, source of energy for cooking, Household assets : dwelling ownership, agricultural land, television radio and books Hunger experienced in household Total expenditure of grant recipients

The SPSS statistical package was used to analyze the data—for descriptive and inferential statistics. Research was designed as described above to achieve a comprehensive format to profile poverty and evaluate results using theory and the SLF analytical framework. The SLF offers a more robust basis for poverty analysis (Ellis et al, 2008 and Devereux, 2008). The variables in the GHS 2006 and 2008 dataset enabled me to track the changes in expenditure patterns, income and asset building, and evaluate the impact that cash transfers have on poverty reduction over the period.

1.6 Understanding Data and Checking for Assumptions

Following the guidelines set by Sarantakos (2007) for preparation of statistical analysis using SPSS version 18, we acquainted ourselves with the meta-data documents from the three data sets in order to determine possible statistical tests, and the variables to employ for this purpose. Most questions in the General Household Survey questionnaire are pre-coded, i.e. there is a set number of choices from which one or more must be selected (GHS, 2002, 2008). The target population of the survey consists of all

private households in all nine provinces of South Africa and approximately 30 000 households. However the researcher went through the data to see if there were any inconsistencies. These were measured against the meta-data, that is, data telling us about the data (GHS, 2002, 2008). Though GHS Stats SA data was already coded this was just a precautionary measure (Sarantakos, 2007).

The data-cleaning process and other quality assurance issues were handled by Statistics South Africa before the datasets were released.

1.7 Details of Statistical Tools Used in the Quantitative Data Analysis

Selected indicators from the GHS covered a wide range of factors thought to analyse poverty analysis. The data has been analyzed by using the Statistical Package for Social Sciences (SPSS). The results from the analysis were interpreted along with simple tables, charts, and graphs. Mainly SPSS and Microsoft Excel work sheets were used to analyze the information from recipients, including with reference to the grant as their main source of income and some of the poverty determining variables.

Descriptive analysis

As a quantitative research, the aim was to determine the relationship between cash transfers and poverty determinants (dependent variables) amongst grant recipients. Using the General Household Survey of 2006 and 2008 an accurate estimate of the relationship between variables using descriptive tests with 95% confidence level was undertaken.

Frequency or one-way tables represent the simplest method for analyzing categorical (nominal) data (Sarantakos, 2007:40). They are often used as one of the exploratory procedures to review how different categories of values are distributed in the sample (Sarantakos, 2007:39). In this study, using the frequency analysis, we looked at grant recipients (OAP and CSG) as well as their household characteristics, i.e. demographics, human assets, physical assets such as ownership or access to car, television, radio, dwelling ownership and natural assets such as land. This does not tell the researcher about the brand of the television set for instance or the age. So owning a 12 inch 1980s-type non-colour television set and owning a 50-inch plasma, High Definition television set are two vastly different things. Therefore the qualitative study made up for the gaps in the quantitative data missed and allowed the researcher to probe pertinent issues further.

Use of frequency analysis was important as we could better profile poverty amongst grant recipients as well as use the Sustainable Livelihoods Framework as a checklist noting areas of need and policy intervention amongst grant recipient livelihoods. Results in tables and graphs were then used to present results from the analysis. Descriptive statistics aided in explaining expenditure patterns, assets ownership and human development of grant recipients.

Correlations

The linear correlation coefficient procedure enabled the researcher to test the strength of relationships between grant income and households' ability to spend on food, clothing, other members of the household, personal appearances and transport. Linear correlation coefficient is a statistical procedure used to measure the degree to which two variables are associated (Sarantakos, 2007: 48). The correlation coefficient can determine the level and direction of a relationship between two variables.

The interpretation of results is based on probability theory. This theory determines the level of significance of differences among sample groups that can be applied to the entire survey population. Correlation tests between households in receipt of grants and asset and expenditure patterns were ran. Correlation is a measure of the relation between two or more variables (Sarantakos, 2007). The study analyzed households and variables associated with poverty determinants; these were investigated one by one to explore the nature and strength of the relationship between households' main source of income (being a grant) and the household outcome (in terms of expenditure and assets). Since many of these factors have influences that potentially confound each other, the aim was to conduct a significance tests between grant as main source of income and certain variables.

For quantitative, normally distributed variables, the researcher chose the Pearson correlation coefficient. Correlation coefficients range in value from -1 (a perfect negative relationship) and $+1$ (a perfect positive relationship). A value of 0 indicates no linear relationship. When interpreting your results, one must be careful not to draw any cause-and-effect conclusions due to a significant correlation. In order to evaluate the correlation between variables, it is important to know this magnitude or strength as well as the *significance* of the correlation. All results were based on correlation value being significant at the 0.01 level (2-tailed). The interpretation of the result is that at 1% level of significance, the mean difference between the pairs is significant when P value is less than 0.01 and insignificant when the P value is greater than 0.01 . In this study the levels of significance were set at 0.05 or less, meaning that a minimum 95 percent confidence interval was used to either accept or reject the hypothesis that the association

between two variables is random (Lewin & Somekh, 2005: 13). If the level of significance is found to be less than 0.05, the association between the two variables is considered strong; if the significance level is found to be less than 0.01, the association is considered very strong (Lewin & Somekh, 2005: 13). The values of the correlation coefficient range from -1.00 to $+1.00$, and their sign and magnitude indicate how the two variables relate to one another. A coefficient value at or near -1 indicates that the variables are inversely related, that is, a higher value for one is associated with a lower value for the other (Sarantakos, 2007: 50). Grant income may, for example, be inversely related to household ability to spend on food, since grant income increases and smoothes households total income— which in turn permits a household to command more resources and inversely prevent food deprivation. In contrast, a value at or near 1 suggests a strong positive relationship between the two variables (Sarantakos, 2007: 50). For example, the household total income maybe very closely related with its total expenditure. Coefficient values at or near 0 suggest that no strong relationship exists between variables. Both data sets where analysed using Statistical Package for the Social Sciences (SPSS).

1.8 Qualitative Data Collection tools

At this juncture it is important that we explore the steps and procedures that were taken in order to ensure qualitative data collection. Sampling refers to the systematic process of selecting participants or items for inclusion into the study. Collins et al. (2007: 193) note that important elements of a sampling design are the sampling unit, sampling scheme and the sample size. Sampling units are basic, indivisible elements of the study population subject to sample selection, in this case, OAP recipients in Grahamstown, Eastern Cape. The approach or strategy one uses to select the units is called the sampling scheme; the sample size is the number of sample units chosen for inclusion into the study (Collins et al. 2007: 193).

From the outset, this study sought to focus on and the view of households on how receiving a grant has the potential impact to reduce poverty amongst old age pension grant recipients in Grahamstown, Eastern Cape. The issue of poverty, income, expenditure and assets is a topic that seems intrusive; snowballing sampling therefore seemed appropriate. Snowballing is a non-probability sampling technique in which the participants/sampling units are selected on purpose to achieve certain predefined goals (Collins et al., 2007:193). Snowball sampling is traditionally reserved for sampling rare populations and involves one or more participants leading the researcher to additional participants (Collins et al., 2007: 195). It was also appropriate because it was a relatively inexpensive way of generating a sample. Fortunately the researcher was introduced by a colleague to a person in the community whose grandmother receives an old age pension from the government; she then became a key informant. Using the key informant, the researcher

was able to gain access to people receiving old age pensions in the Grahamstown community. Snowball sampling, however, suffers from the problems inherent in all non-probability sampling methods. Self selection by participants yields samples that are not representative of the general population and the small sample size means that results of the study are not generalisable. Because participants self select, a relatively homogenous sample was achieved. The merit of using snowballing sampling method is that it eliminates the researcher's selection bias (Collins et al., 2007: 195).

Pretesting or piloting of data collection instruments is essential to conducting rigorous research (Collins et al., 2007:199). Primary concerns that prompted the pretesting of both the structured questionnaires and the interview questions were related to possible negative emotional reactions to some economically sensitive and intrusive questions especially income and assets-related ones. Pretesting was done with one respondent – the key informant grandmother– who the researcher felt was ideally suited for this role as a rapport had been established. The pretest respondent was also an OAP receiver and lives in the Grahamstown community.

During this pilot phase, the researcher administered all questionnaires and carefully checked for visible signs of distress, anger or embarrassment. After the interviews the key informant was asked how she experienced the research process, interview questions and questionnaires and how these could be improved. The respondent noted that phrasing of some questions could potentially lead to inhibition or premature termination of the interview as some of the questions could elicit negative responses induced by some sensitive questions therefore leading to potential respondents taking offense. Such questions for example were therefore reworded with the help of an interpreter, who was the key informant. Pretesting also enabled the researcher to gauge the optimal timing and sequencing of data collection.

1.9 Semi structured Interviews

As mentioned earlier, interviews are common in qualitative research. They enabled the researcher to probe respondents' answers to questions and gave participants the opportunity to narrate changes since taking the old age pension grant in their own words, thereby contextualising their view of the impact of the grant in reducing poverty. In designing this study the researcher was acutely aware of the sensitive nature of issues relating to income, poverty reduction and assets accumulation as these are considered intrusive or private in many societies. Face-to-face in-depth interviews were thus chosen over focus group discussions because they offer more privacy. Interview questions were open ended to avoid imposing predetermined responses and leading questions. Interview schedules (see Appendix 2) were used to guide

the content and sequence of questioning. The interview style was conversational and questions were not limited to those in the interview schedules. If a participant said something particularly interesting, the researcher probed them on the issue to better understand the meanings of what they were saying (Miles, 1994: 198). A follow-up interview was carried out for data that were collected using the quantitative tools.

1.10 Qualitative Data Collection processes

Initial correspondence between potential participants and the researcher was through letters of invitation sent via the key informant. Old age pension recipients interested in participating in the study indicated this verbally. Direct telephonic correspondence between the researcher and the potential participants followed and culminated in a meeting being scheduled at a mutually agreed venue (their households). All participants were interviewed in their respective homes. It is a quiet, secluded location that all participants found to be convenient and accessible. During the first meeting with each participant, the purposes, procedures, and potential benefits of the study were explained to participants and they were assured that their personal data will remain confidential. Some participants were asked to assist in recruiting other participants until the desired sample size was reached.

All participants were asked to assign themselves a pseudonym at the start of the study. These were used throughout the data collection and in the write-up phases. All sensitive identifying information such as names of friends/people and places were changed to protect the identity of the participants. After this final stage the researcher then took Ritchie's (2002; 19) stance on how important it is to comment on the researcher's biases, a *priori* assumptions, values, and judgment since they inadvertently influence data collection procedures and the interpretation of the findings (Ritchie, 2002; 19). This is so as to aid an analysis of collected data that is credible and reliable.

1.11 Qualitative Data analysis

All interviews were audio-taped and transcribed verbatim. Qualitative data – interview transcripts, observation notes and evidence from document analysis – were analysed for patterns of experiences or recurring themes, using thematic analysis. According to Miles and Huberman (1993: 200) the main task of qualitative analysis is “to explicate the ways people in particular settings come to understand, account for, take action and otherwise manage their day-to-day situations”. Thematic analysis is defined as a process of encoding qualitative information or the method for identifying, analysing, and reporting patterns within data (Miles and Huberman, 1989: 201). It is widely used to provide rich descriptions of

social phenomena in numerous fields including psychology, behavioural health and social development studies. The work of Lacey (2001) informed qualitative data analysis procedures in this study. Although not a linear process, as the description below shows, the analytical steps were as follows:

Stage 1: Checking transcripts for errors. Because the transcription of verbatim records to text was carried out by a typist, there was a room for human errors. So, the first step involved cross-checking interview transcripts against original audiotapes for accuracy and making the necessary amendments.

Stage 2: This involved getting familiar with all interview transcripts by reading them several times. Afterwards, the researcher took time to reflect on their contents of the transcripts and write down initial insights. Interesting phrases and concepts were also noted.

Stage 3: Coding involves analysing for patterns and meanings or themes in the textual data and assigning a phrase or symbol to adequately describe phenomena (Lacey, 2001; 19). The researcher chose to use highlighting in different colours to mark coding on the scripts. As new perspectives emerged, codes were reviewed, altered, and merged.

Stage 4: Searching for themes. Codes were analysed for patterns and closely related codes were sorted into themes. Themes are defined as a common thread across an entire data set. However, since simply searching for commonalities across the data set is often inadequate and important insights might be excluded (Lacey, 2001:19), the researcher was careful not to ignore data which at first glance appeared to be irrelevant. Also careful attention was paid to commonalities as well as differences between a participant's accounts.

Stage 5: Writing the final interpretive account. When writing the final interpretive account, quantitative interpretations measures were brought together with qualitative interpretations. Illustrative quotes were used to provide rich descriptions of the phenomena.

1.12 Strategies for Validating Findings

It is not reasonable to expect that quality assessment criteria and procedures specific to quantitative research will apply to qualitative research as the two traditions emerge out of very different ontologies and epistemologies. Qualitative research aims to *understand* social phenomena by allowing people to speak about their own reality (Lincoln and Guba, 1985:205). There are four criteria for judging the quality of qualitative research namely: credibility, transferability, dependability and conformability.

Internal Validity

According to Durrheim and Wessenaar (199; 207) a credible interpretative account ought to be convincing and believable. The term credibility is used to refer to its trustworthiness, authenticity, soundness of the argument and whether the findings are plausible. Because codes were generated both inductively and deductively, the researcher was thus able to search for rival explanations, divergent views and to generate alternative interpretations without being limited to predetermined themes/categories. Reliability and objectivity are particularly important.

Reliability is associated with repeatability/consistency or the ability to replicate the study. Interview schedules guided the interviews and while there was freedom to ask new questions or follow up on what participants said – which is essential in building a better understanding – all interviewees were asked the same essential questions. The questionnaires afforded consistency in this regard. In addition, an audit trail of interviews transcripts, communications with participants and observation notes were retained and checked by the research supervisor.

Qualitative inquiry involves the interplay of the researcher's subjectivity and objectivity. Research findings ought to reflect the views of the study participants and not the preconceptions of the researcher. Since no observer is completely neutral, the researcher's preconceptions, beliefs and values and opinions also inform her research choices/decisions, interpretations of data, meanings assigned to social phenomena and the study's conclusions. To lessen bias, qualitative researchers are encouraged to share their motivations, preconceptions and meta-positions that could influence their choices regarding the research process. Mauthner (2003, 67) defines reflexivity as an attitude of attending systematically to the context of knowledge construction, especially to the effect of the researcher, at every step of the research process.

1.13 Ethics and Informed consent

Ethical approval was granted by the Rhodes University's Sociology Department prior to commencing this study. Ethical issues in poverty reduction research present a unique set of challenges. For instance, the high levels of emotions amongst the underprivileged and the feelings of exploitation mean that access into underprivileged communities is very hard. With this in mind, ethical considerations took precedence in planning and carrying out the study. Creswell (2007: 179) asserts that besides ontological and epistemological issues, researchers' values (ethical, aesthetics or religious) are inextricably linked to the process of knowledge acquisition, issues of truth, beliefs and justification.

Thus, from this perspective, ethical issues can be viewed as an integral component of a robust research methodology and should be given due consideration at every stage of the research process. Mauthner (2003; 143) recommends that ethical considerations should be viewed as a fundamental component of the overall research process. In this study, the snowballing sampling involved sending letters of invitation to potential participants through other participants for their consideration; their identity remained unknown to the researcher until they decided to participate in the study. That way, uninterested person's identity remained anonymous. Also, all participants chose pseudonyms at the enrolment phase. These were used as identifiers throughout the data collection phase to protect their participants' identities. Interviews were conducted in a mutually agreed upon venue and due consideration was given to issues of privacy, quietness and convenience in terms of accessibility.

Only information relevant to the study was solicited during interviews and efforts were made to minimise intrusion into the participants' private life. When verifying documents, only data relevant to the inquiry was recorded manually e.g. age as noted in their ID books. A stamp from the social welfare department declaring the respondent as pensioner was double checked to ensure that respondent was indeed an OAP recipient. Digitally audio-recorded interviews were stored in password-protected folders in a personal computer. This data was accessible to the researcher and her supervisor only.

The interpreter who assisted the researcher in gaining entry and trust in the society also signed contracts with clauses to safeguard participants' information, right to privacy and to ensure confidentiality. Whilst this study was physically non-invasive, due care was taken to ensure that the interview questions were at least sensitive to their socio-economic conditions. Piloting the data collection instruments and interview questions aimed to lessen these problems. In-depth interviews can be psychologically intrusive, particularly in the case of this research where the topics and questions have the potential to evoke unpleasant memories from the participants. To reduce this, interview questions were worded and sequenced appropriately. Interviews were kept under 1 hour in duration. Throughout this study, the researcher strove to adhere to the principle of justice that requires fair and equitable treatment of participants and, the principle of fidelity which obligates the researcher to be faithful to all agreements entered with the participants.

Informed consent was given verbally by participants before the first interview. Informed consent assumes that when a *reasonable* person is provided with *relevant* facts pertaining to a study, *cognisant* of the implications and consequences of their actions and in the *absence of coercion, deceit or misrepresentation*

of facts, prospective participants will choose what is in their best interest (Mauthner, 2003: 143). Prior to obtaining their informed consent, all prospective participants were made aware of the purpose of the study, the procedures, possible benefits, risks and discomforts, as well as issues to do with confidentiality. All participants in this study were given an honorarium amounting to R40 for participating. This money served as encouragement to participate, and as token of appreciation for their time. Considering that most researchers come into the Grahamstown society promising things and never returning, eventually making it hard for people living in the township to trust anyone and rather feel “used”, this honorarium could have been considered a significant incentive for people to participate in this study wholeheartedly. The study was also not made widely known and the chances of persons enrolling in order to obtain the honorarium were minimised.

1.14 Limitations and constraints encountered

Several limitations of this study deserve mention. Firstly it must be kept in mind that the datasets used in this study were, strictly not designed to be used as a time series, due to changes in the sampling design, sampling frame, questionnaire structure, the way the income and expenditure questions are phrased and the experience of the interviewers. All these factors influenced the comparability of the poverty and inequality results across different surveys during the period under investigation. Therefore the study could only investigate an increase in reported incidences and compare on that platform, thereby tracking changes pertaining to those specific periods. Household surveys such as the GHS do not track the same respondents over the years.

Time-intensities, preparation of data and evaluation is another limitation. The data sets are exorbitant and rich with information; therefore the researcher took months filtering what she needed and did not need. All data sets had four different files (person, worker, household and tourism files). Files pertinent to this study were household and person file. The person files in GHS surveys gave limited information to enable the researcher to conduct an in-depth analysis of individual poverty; the instrument and the data are skewed towards household more than individual poverty. Although poverty normally applies to individuals and households, there still exists a preference for its measurement and analysis at the latter level.

In this study, because of the nature of the General Household data sets, most indicators used to measure poverty were operationalised at the household rather than at the individual level. As a result the household more than the individual formed the main unit of analysis. However the person file still allowed us to

analyse other poverty determinant factors such as population group, gender and education, but the household file allowed for a much more extensive analysis. On the other hand, in-depth interviews held in Grahamstown were concerned with the grant recipient, that is, the old age pension recipient. As a result, the analysis and results presented in the chapters four and five reflect aggregated household and individual conditions of both grant recipients from the national household survey and Grahamstown OAP recipients.

In order to overcome this limitation, when analyzing poverty incidence, depth and severity the researcher adjusted income by dividing total household income by n-household members, thereby allocating an income line to all individual respondents in the survey. This is called household economies of scale (Thomas, n.d but cir 1998). A limitation of this file was that it did not stipulate whether the grant in receipt was OAP or CSG. Therefore a general analysis was undertaken using value of cash transfer injected and not so much as to whether it was OAP, CSG or disability grants.

The survey data entailed ambiguous questions such as “Does household have access to TV, radio as a household asset”. Such questions proved to be vague as they do not specify whether the television is a colour television, plasma, black and white old model etc. With regards to poverty studies, such survey questions affect the quality of the results negatively. With this in mind, the in-depth interviews held in Grahamstown allocated a section for assets assessment that is quality and age. Though the findings could not be generalized, they did explain and gave an insight to such important questions not tackled in the GHS. Furthermore determining distribution patterns of poverty determinant variables was impossible, because such surveys designed questions and measure outcomes simultaneously. However correlations proved to be a next best option in order to determine if there is indeed a relationship between variables. The use of correlation values could better inform which values are less related but ought to be strongly related. This can aid in informing policy formulation with cash transfers effectiveness.

1.15 Conclusion

This appendix described in detail the methodology that was adopted for this study. The mixed methods approach was chosen because it was best suited to answer my research questions. Several strategies were employed to addresses issues of research rigor and quality. Ethical considerations, which were given high prominence throughout the study, were described.

Appendix 2: Interview Schedule: Old Age Pension and poverty reduction

Participant's Pseudonym _____ Date of
Interview _____

Section A

Background Information

Gender

Level of Education

How many people are employed if any, and those who are not what are they doing?

Who manages/ handles the OAP grant?

Why does that person manage the grant?

What do you/they spend the grant on?

Do you share your pension...with who and what for exactly?

Specifically how many people is the OAP grant recipient supporting? And where are their parents? What are they doing?

Briefly describe dependents age and profile, of whom you are taking care of.

How long have you been caring for these dependents?

How do the dependents benefit from the OAP e.g assuring that there is food on the table or that they are sent to school?

Has anyone stopped working as a result of the grant, or have any relatives given you more responsibilities as a result of the grant

Are dependents in receipt of any grants or are there any grants the household receives?

Section B

What income generating activities does the household take part in? Roughly how much income do you generate per month from those activities?

Please estimate roughly total household income.

Has the OAP grant money assisted in buying assets such as TV, Radio, Books, or a Car? Please list all material assets acquired using the OAP.

Has the grant money facilitated in starting a business?

Please give a detailed picture of what the grant is used for in the household/ Functions of the grant in the household.

Please explain how the household members have improved since receiving the grant.

To what extent do you feel the grant has contributed towards: food, clothing, transport, education, other household members' wellbeing.

Describe the possible household conditions without the OAP.

Roughly estimate total monthly Income.

From where else does the household pool income and resources?

How much impact does the recipient feel the grant has made towards the total household income?

In your view is the OAP grant sufficient, if not why and if so why?

What are you doing to compensate for the lack of sufficiency the grant poses?

What are the households other income sources and they reliable.

Do household members contribute to the functioning of the household, if so how?

Section C

Briefly narrate what physical goods have you managed to purchase as a result of grant income alone.

Do you have any debts and does the grant usually assist in repaying?

Where do you access loans from and how much interest do you incur?

Do you have any savings?

In times of financial stress who assists you?

What skills education or training have you acquired and do you use those skills to generate income.

Is this a sustainable and consistent avenue of income flow?

Are there any dependents attending school, if so who is footing the bill?

Has anyone dropped out of school, if so, explain why and what they are now doing?

Has anyone in the household gone without food, or gone to live in the streets?

Describe your experience with access to healthcare with regards to quality and expenses.

Do you own/rent this house?

Describe Condition of housing, roofing and walls.

Do you get any form of assistance from external relatives or friends?

Are you part of any social networks if so, how has it assisted the household upkeep/ Or how do you benefit from those societies?

That concludes my questions for you. Do you have any questions for me?

Appendix 3: Sample of Statistical tests ran

Descriptive Statistics of Poverty determinant variables

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Statistics

		In past 12 months, did any adult in this HH go hungry because there wasn't enough food?	In past 12 months, did any child (17yrs or younger) in this HH go hungry because there wasn't enough food?	In past 12 months, any young person aged 5-17yrs, who has left this HH to live in the streets?
N	Valid	7109	7109	7109
	Missing	0	0	0
	Mean	1.55	2.72	2.47
	Median	1.00	1.00	2.00
	Mode	1	1	2
	Std. Deviation	1.099	2.166	.979
	Skewness	2.282	.724	1.211
	Std. Error of Skewness	.029	.029	.029
	Kurtosis	5.962	-1.185	2.252
	Std. Error of Kurtosis	.058	.058	.058
	Range	8	8	8
	Minimum	1	1	1
	Maximum	9	9	9

Frequency Table

In past 12 months,did any adult in this HH go hungry because there wasn't enough food?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	5367	75.5	75.5	75.5
	Seldom	291	4.1	4.1	79.6
	Sometimes	1089	15.3	15.3	94.9
	Often	153	2.2	2.2	97.1
	Always	96	1.4	1.4	98.4
	Not applicable (No children in household)	104	1.5	1.5	99.9
	9	9	.1	.1	100.0
	Total	7109	100.0	100.0	

In past 12 months, did any child (17yrs or younger) in this HH go hungry because there wasn't enough food?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3914	55.1	55.1	55.1
	Seldom	202	2.8	2.8	57.9
	Sometimes	890	12.5	12.5	70.4
	Often	123	1.7	1.7	72.1
	Always	81	1.1	1.1	73.3
	Not applicable (No children in household)	1880	26.4	26.4	99.7
	9	19	.3	.3	100.0
	Total	7109	100.0	100.0	

In past 12 months, did any young person aged 5-17yrs,who has left this HH to live in the streets?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	442	6.2	6.2	6.2
	No	4815	67.7	67.7	73.9
	Don't know	12	.2	.2	74.1
	Not applicable (no children in HH)	1828	25.7	25.7	99.8
	9	12	.2	.2	100.0
	Total	7109	100.0	100.0	

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Frequencies

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Statistics

Main source of income

N	Valid	7109
	Missing	0
Mean		3.00
Median		3.00
Mode		3
Std. Deviation		.000
Std. Error of Skewness		.029
Std. Error of Kurtosis		.058
Range		0
Minimum		3
Maximum		3

Main source of income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Pensions and grants	7109	100.0	100.0	100.0

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Statistics

Total HH expenditure

N	Valid	7109
	Missing	0
Mean		3.12
Median		3.00
Mode		2
Std. Deviation		5.968
Skewness		15.182
Std. Error of Skewness		.029
Kurtosis		240.923
Std. Error of Kurtosis		.058
Range		98
Minimum		1
Maximum		99

Total HH expenditure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	R0 -R399	865	12.2	12.2	12.2
	R400 - R799	2681	37.7	37.7	49.9
	R800 - R1179	2095	29.5	29.5	79.4
	R1200 - R1799	767	10.8	10.8	90.1
	R1800 - R2499	314	4.4	4.4	94.6
	R2500 - R4999	234	3.3	3.3	97.8
	R5000 - R9999	55	.8	.8	98.6
	R10000 or more	22	.3	.3	98.9
	Don't know	38	.5	.5	99.5
	Refuse	12	.2	.2	99.6
99	26	.4	.4	100.0	
Total		7109	100.0	100.0	

```

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Resources	Processor Time	00:00:00.219
	Elapsed Time	00:00:00.234

[DataSet1] C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav

Grant Recipients Households' total expenditure

```

CROSSTABS
  /TABLES=filter_$ BY Q469tota
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ CC PHI LAMBDA UC CORR BTAU CTAU
  /CELLS=COUNT

/COUNT ROUND CELL.

```

Crosstabs

		Notes
Output Created		09-Sep-2010 01:08:52
Comments		
Input	Data	C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	24222
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=filter_\$ BY Q469tota /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI LAMBDA UC CORR BTAU CTAU /CELLS=COUNT /COUNT ROUND CELL.
Resources	Processor Time	00:00:00.344
	Elapsed Time	00:00:00.344
	Dimensions Requested	2

Notes

Output Created		09-Sep-2010 01:08:52
Comments		
Input	Data	C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	24222
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		<p>CROSSTABS</p> <p>/TABLES=filter_\$ BY Q469tota</p> <p>/FORMAT=AVALUE TABLES</p> <p>/STATISTICS=CHISQ CC PHI LAMBDA UC CORR BTAU CTAU</p> <p>/CELLS=COUNT</p> <p>/COUNT ROUND CELL.</p>
Resources	Processor Time	00:00:00.344
	Elapsed Time	00:00:00.344
	Dimensions Requested	2
	Cells Available	174762

[DataSet1] C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Q468mnin = 3 (FILTER) * Total HH expenditure	24222	100.0%	0	.0%	24222	100.0%

Correlation between grant income and access to assets

```
CROSSTABS
/TABLES=filter_$ BY Q476TV Q476radi Q476Book
/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ CC PHI LAMBDA UC CORR BTAU CTAU
/CELLS=COUNT

/COUNT ROUND CELL.
```

Crosstabs

Notes

Output Created		09-Sep-2010 01:12:00
Comments		
Input	Data	C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	24222
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		<pre> CROSSTABS /TABLES=filter_\$ BY Q476TV Q476radi Q476Book /FORMAT=AVALUE TABLES /STATISTICS=CHISQ CC PHI LAMBDA UC CORR BTAU CTAU /CELLS=COUNT /COUNT ROUND CELL. </pre>
Resources	Processor Time	00:00:00.422
	Elapsed Time	00:00:00.438
	Dimensions Requested	2
	Cells Available	174762

[DataSet1] C:\DOCUME~1\user\LOCALS~1\Temp\Temporary Directory 1 for spss0165.zip\spss0165\house_1.sav

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Q468mnin = 3 (FILTER) * Does HH own or have access to television	24222	100.0%	0	.0%	24222	100.0%
Q468mnin = 3 (FILTER) * Does HH own or have access to radio	24222	100.0%	0	.0%	24222	100.0%
Q468mnin = 3 (FILTER) * Does HH own or have access to books	24222	100.0%	0	.0%	24222	100.0%

Q468mnin = 3 (FILTER) * Does HH own or have access to television

		Crosstab			
Count		Does HH own or have access to television			Total
		Yes	No	9	
Q468mnin = 3 (FILTER)	Not Selected	12529	4234	350	17113
	Selected	4299	2687	123	7109
Total		16828	6921	473	24222

The above shows the relationship between households whose main source of income is a grant and access to a television.