Reducing Child Poverty
A review of child poverty and the value of the Child Support Grant

2023
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REPORT

Katharine Hall, Paula Proudlock & Debbie Budlender

Conducted by the Children’s Institute, University of Cape Town

for the National Department of Social Development

2023
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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>List of Tables</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>List of Figures</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Abbreviations</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Summary</td>
<td>7</td>
</tr>
<tr>
<td>1.</td>
<td>Introduction</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>1.1</td>
<td>Rationale for the study</td>
</tr>
<tr>
<td></td>
<td>1.2</td>
<td>Overview of the report</td>
</tr>
<tr>
<td>2.</td>
<td>Child poverty: An overview</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>2.1</td>
<td>Introduction</td>
</tr>
<tr>
<td></td>
<td>2.2</td>
<td>A brief note on poverty measures</td>
</tr>
<tr>
<td></td>
<td>2.3</td>
<td>How many children are poor, and what are the trends?</td>
</tr>
<tr>
<td></td>
<td>2.4</td>
<td>Direct measures of deprivation</td>
</tr>
<tr>
<td></td>
<td>2.5</td>
<td>Multidimensional poverty measures</td>
</tr>
<tr>
<td></td>
<td>2.6</td>
<td>Poverty traps and poverty transitions</td>
</tr>
<tr>
<td></td>
<td>2.7</td>
<td>Conclusion</td>
</tr>
<tr>
<td>3.</td>
<td>Birth and growth of the CSG</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>3.1</td>
<td>Birth of the Child Support Grant in the 1990s</td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td>Growth in take-up</td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>Expansion of the age threshold</td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>Income threshold</td>
</tr>
<tr>
<td></td>
<td>3.5</td>
<td>The grant value</td>
</tr>
<tr>
<td></td>
<td>3.6</td>
<td>Lessons learned from history</td>
</tr>
<tr>
<td>4.</td>
<td>Impact of the CSG</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>4.1</td>
<td>Impact on poverty and inequality</td>
</tr>
<tr>
<td></td>
<td>4.2</td>
<td>Impacts for young children</td>
</tr>
<tr>
<td></td>
<td>4.3</td>
<td>Impacts on school-age children</td>
</tr>
<tr>
<td></td>
<td>4.4</td>
<td>Impacts for adolescents</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>Impact on (adult) labour market participation</td>
</tr>
<tr>
<td></td>
<td>4.6</td>
<td>How can the CSG impacts be strengthened?</td>
</tr>
</tbody>
</table>
5. The cost of a child ........................................................................................................ 103
   5.1 Early poverty lines and the Lund Committee .............................................. 103
   5.2 National poverty lines .............................................................................. 104
   5.3 Grant benefits, poverty lines and income thresholds ............................ 110
   5.4 Cost of childcare and education ............................................................... 112
   5.5 Private maintenance formulae ................................................................. 112
   5.6 Unpaid care work ..................................................................................... 114
   5.7 Expanding the concept of the cost of children ....................................... 116
   5.8 Efforts to estimate the overall cost of a child in South Africa .............. 116

6. Lessons from international experience .......................................................... 118
   6.1 Comparator countries & regions ................................................................. 118
   6.2 Latin America ............................................................................................ 120
   6.3 Southern Africa .......................................................................................... 125
   6.4 Comparing SA with other countries ......................................................... 130

7. Child rights and State obligations ................................................................. 135
   7.1 Constitutional law ..................................................................................... 136
   7.2 International law relevant to the CSG ...................................................... 143
   7.3 Conclusion .................................................................................................. 155

8. Modelling options for a bigger CSG ............................................................. 158
   8.1 Modelling the scenarios .......................................................................... 158
   8.2 Data sources ............................................................................................... 161
   8.3 Method ......................................................................................................... 163
   8.4 Impact and cost of a CSG increase ............................................................ 168
   8.5 A phased approach to the CSG increase .................................................. 175
   8.6 Policy, administrative and legal considerations ...................................... 182
   8.7 Summary and recommendations .............................................................. 188

References .............................................................................................................. 191
List of Tables

Table 2.1 Poverty line values 2022................................................................. 33
Table 2.2 Provincial child poverty headcounts, 2019 ...................................... 39
Table 2.3 Social grants in payment and self-reported, third quarter 2020 ............ 44
Table 2.4 Child poverty rates 2019 & 2020, with and without 2020 disaster relief ... 45
Table 2.5 Upper-bound poverty rate, depth and severity for adults and children .......... 49
Table 2.6 Indicators of living environment deprivation for adults and children ............ 52
Table 3.1 Grant values in 1995/1996 .................................................................. 64
Table 3.2 The CSG proposal and final decision .................................................. 67
Table 3.3 Monthly income thresholds across the various grants in 2022 ................. 77
Table 3.4 Comparison of grant amounts and increases 1996 to 2001 ..................... 78
Table 3.5 CPI and Food inflation vs CSG annual increases .................................. 79
Table 4.1 Impact of CSG on food poverty measures for children, 2021 .................. 86
Table 5.1 Comparison of poverty lines (all set in 2011 Rands) ............................... 105
Table 5.2 Summary of the PACSA energy groups ............................................... 108
Table 5.3 Contents of PACSA food basket ....................................................... 109
Table 5.4 Comparison of Stats SA and PMBEJD food poverty lines for children .... 110
Table 6.1 Name and target population of selected LAC child-linked grants ..... 121
Table 6.2 Quantitative characteristics of selected LAC child-linked grants ............ 123
Table 6.3 Child-linked grant coverage, poverty rate and Gini coefficient by country 124
Table 6.4 Poverty rates and Gini coefficients in Southern African countries .......... 126
Table 7.1 Nine minimum contingencies and SA’s social security system .............. 145
Table 7.2 CESC indicators and SA’s social security system .................................. 146
Table 8.1 CSG eligibility estimates by province, area type, race and age group ........ 167
Table 8.2 CSG increase options, eligibility and direct reach ................................ 168
Table 8.3 Direct and indirect reach to individuals and households ......................... 169
Table 8.4 CSG increase options and child poverty outcomes ............................... 170
Table 8.5 Minimum, mean and maximum per capita monthly income ................... 172
Table 8.6 Impact of CSG increase options on inequality (Gini) ............................ 174
Table 8.7 Illustrative cost of immediate implementation ..................................... 175
Table 8.8 Estimated beneficiary numbers for future CSG top-up, by age group ......... 179
Table 8.9 Revised budget estimates and CSG values 2021/22 – 2024/25 .......... 180
Table 8.10 Current and projected poverty lines 2021/22 – 2024/25 ....................... 180
Table 8.11 Cost of phased roll-out of the CSG “top-up” by age group .................... 181
Table 8.12 Examples of CSG increase by Government Gazette notice .................... 184
List of Figures

Figure 2.1 Distribution of child per capita income shares across income deciles .......... 30
Figure 2.2 Official poverty headcount rates 2014/15 .............................................. 34
Figure 2.3 Child poverty trends 2003 – 2021 ................................................................. 38
Figure 2.4 Child poverty rates by province (2019) ......................................................... 39
Figure 2.5 Child poverty rates by racial classification and type of area (2019) .......... 40
Figure 2.6 Child food poverty headcount versus child food poverty rate ...................... 42
Figure 2.7 Child food poverty trend and the impact of COVID-19 disaster relief .......... 46
Figure 2.8 Under-1 birth registration and CSG access for infants ............................... 47
Figure 2.9 Distribution of adult and child populations across the income quintiles .... 50
Figure 2.10 South Africa in global perspective: Child stunting rates by per capita GNI ....... 53
Figure 2.11 Reported child hunger, 2011 – 2021 ............................................................. 54
Figure 2.12 Relative change in child deprivation between 2001 and 2007 ....................... 58
Figure 3.1 Growth in the number of CSG beneficiaries, 1998 – 2022 ............................ 70
Figure 4.1 Child food poverty rates v CSG beneficiary numbers, 2003 – 2022 ................ 85
Figure 4.2 The impact of CSG on child food poverty headcounts ................................ 86
Figure 4.3 The progressivity of the Child Support Grant ................................................. 87
Figure 4.4 Number of birth registrations 1995 – 2020 ..................................................... 90
Figure 4.5 Gaps in under-five nutrition by socio-economic status ................................. 92
Figure 4.6 Distribution of births by mother’s age at delivery, 2010 & 2020 .................... 96
Figure 5.1 State transfers for child costs in 1998 ............................................................. 104
Figure 5.2 Reference food basket for Stats SA’s food poverty line ............................... 106
Figure 5.3 Poverty lines and social grant values as at October 2022 .................. 111
Figure 6.1 Country comparison of per capita gross national income, 2019 ................ 119
Figure 8.1 Trajectory of the value of the Food Poverty Line and the CSG .............. 159
Figure 8.2 Impact of CSG increase options on child poverty rates ....................... 171
Figure 8.3 Impact of CSG increase options on income distribution (children) ............ 173
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACESS</td>
<td>Alliance for Children’s Entitlement to Social Security</td>
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<tr>
<td>ACRWC</td>
<td>African Charter on the Rights and Welfare of the Child</td>
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<tr>
<td>BIG</td>
<td>Basic Income Grant</td>
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<tr>
<td>BIS</td>
<td>Basic Income Support</td>
</tr>
<tr>
<td>CESCER</td>
<td>Committee on Economic, Social and Cultural Rights</td>
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<tr>
<td>CI</td>
<td>Children’s Institute</td>
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<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
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<td>CDG</td>
<td>Care Dependency Grant</td>
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<td>CSG</td>
<td>Child Support Grant</td>
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<tr>
<td>DPME</td>
<td>Department for Planning, Monitoring and Evaluation</td>
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<td>DSD</td>
<td>Department of Social Development</td>
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<tr>
<td>FCG</td>
<td>Foster Child Grant</td>
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<tr>
<td>FPL</td>
<td>Food poverty line</td>
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<td>GEAR</td>
<td>Growth, Employment and Redistribution strategy</td>
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<tr>
<td>GHS</td>
<td>General Household Survey</td>
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<tr>
<td>HEL</td>
<td>Household Effective Level (UPE poverty line)</td>
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<tr>
<td>HSL</td>
<td>Household Subsistence Level (UPE poverty line)</td>
</tr>
<tr>
<td>ICESCR</td>
<td>International Convention on Economic, Social and Cultural Rights</td>
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<tr>
<td>IDASA</td>
<td>Institute for Democracy in South Africa</td>
</tr>
<tr>
<td>IES</td>
<td>Income &amp; Expenditure Survey</td>
</tr>
<tr>
<td>LBPL</td>
<td>Lower bound poverty line</td>
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<tr>
<td>LCS</td>
<td>Living Conditions Survey</td>
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<tr>
<td>MEC</td>
<td>Member of the Executive Council</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<tr>
<td>MYPE</td>
<td>Mid-Year Population Estimates</td>
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<tr>
<td>MinMEC</td>
<td>Minister and Members of the Executive Council</td>
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<td>NDP</td>
<td>National Development Plan</td>
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<td>NIDS</td>
<td>National Income Dynamics Study</td>
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<td>NSFAS</td>
<td>National Student Financial Aid Scheme</td>
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<td>NSNP</td>
<td>National Schools Nutrition Programme</td>
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<td>OPG</td>
<td>Older Persons Grant</td>
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<td>QLFS</td>
<td>Quarterly Labour Force Survey</td>
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<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<tr>
<td>SAHRC</td>
<td>South African Human Rights Commission</td>
</tr>
<tr>
<td>SALDRU</td>
<td>Southern African Labour and Development Research Unit</td>
</tr>
<tr>
<td>SASSA</td>
<td>South African Social Security Agency</td>
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<td>SMG</td>
<td>State Maintenance Grant</td>
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<tr>
<td>SOCPEN</td>
<td>Social grants and pensions administrative database</td>
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<tr>
<td>SRD</td>
<td>Social Relief of Distress</td>
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<tr>
<td>Stats SA</td>
<td>Statistics South Africa</td>
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<tr>
<td>UBPL</td>
<td>Upper bound poverty line</td>
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<tr>
<td>UCW</td>
<td>Unpaid Care Work</td>
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<tr>
<td>UNCRN</td>
<td>United Nations Convention on the Rights of the Child</td>
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<td>UCT</td>
<td>University of Cape Town</td>
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</table>
Summary

The South African social assistance programme is recognised worldwide for its efficiency and achievements and is widely regarded as the country’s most successful poverty alleviation strategy.

The Child Support Grant (CSG) has been especially successful at reaching large numbers of poor children with relative ease and it has the best pro-poor targeting record of all the existing social grants. Its biggest weakness is that the value of the CSG, at R500 per month in 2023, is too small to protect the poorest children from hunger, malnutrition and stunting.

Of the 20 million children in South Africa, just over 13 million receive the CSG every month. Yet more than seven million children remain below the food poverty line (FPL), which was R663 per person per month in 2022. In 2021, 37% of all children in South Africa were living below this poverty line.

Twenty seven percent of all children under five are stunted. Children who are stunted are likely to struggle to learn in school, and this affects their employment prospects later. Stunting is a serious concern not only for individual children, their caregivers and households, but also for society as a whole.

Taking these high rates of child poverty, malnutrition and stunting into account, the UN Committee on the Rights of the Child, the UN Committee on Economic, Social and Cultural Rights and the African Committee of Experts on the Rights and Welfare of the Child have all recommended that the CSG amount be increased.

In 2020, the Minister of Social Development acknowledged that the CSG amount should be reviewed because it is below the food poverty line.

In 2021 the National Department of Social Development commissioned the Children’s Institute at the University of Cape Town to conduct a review of child poverty and the CSG value.

The purpose of the review was to:

- assess the state of child poverty in the country;
- document the policy process in the development and expansion of the CSG;
- review the impact of the CSG on child poverty;
- review the value of the CSG in the context of child poverty and the cost of raising a child;
- identify options for increasing the CSG, including vulnerable groups that can be targeted for top-ups;
- calculate the budget implications of increasing the CSG value to the various levels;
- assess each option based on cost, impact for children, as well as policy, legal and administrative implications;
- recommend a plausible option based on this assessment; and
- assess the potential impact on child poverty of increasing or not increasing the value of the CSG.
Child poverty: an overview

The Reconstruction and Development Programme of 1994 stated the goal that “within three years, every person in South Africa can get their basic nutritional requirement each day and that they no longer live in fear of going hungry”.

The Bill of Rights in the Constitution guarantees every child’s right to basic nutrition and everyone’s right to have access to sufficient food, and to social assistance if they are unable to support themselves or their children. But more than a quarter century later, over seven million children live in households that are below the food poverty line.

South Africa has three official poverty lines, published annually by Stats SA:

**Food poverty line (FPL)** at R663 per person per month in 2022, is the estimated cost of buying the minimum daily food needed to meet energy needs.

**Lower bound poverty line (LBPL)** at R945 per month in 2022, adds to the FPL the average amount spent on non-food items by households whose total expenditure is at the FPL. It is based on households that sacrifice food to pay for non-food needs.

**Upper bound poverty line (UBPL)** at R1,417 in 2022, adds to the FPL the average amount spent on non-food items by households who spend close to the FPL minimum amount on food. The UBPL is the minimum sum of money needed to cover basic food and non-food essentials.

The UBPL is not a “generous” line. It represents the minimum amount needed to buy a very basic basket of goods.

At the time of the last official poverty survey (the Living Conditions Survey of 2014/15), 55.5% of all people in South Africa lived below the UBPL, 40% below the LBPL, and 25% below the FPL. In the same year, 67% of all children in South Africa lived below the UBPL, 51% below the LBPL and 33% below the FPL.

Poverty rates are higher for women than for men, and higher for children than adults. This presentation of poverty rates shows the importance of analysing child poverty rates specifically, as the extent of child poverty is otherwise obscured by the overall national poverty rates.

### Official poverty headcount rates for men, women and children 2014/15

<table>
<thead>
<tr>
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<th>Upper bound</th>
<th>Lower bound</th>
<th>Food poverty</th>
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<tr>
<td>Ave (total pop)</td>
<td>55.5%</td>
<td>40.0%</td>
<td>25.2%</td>
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<tr>
<td>Adult men</td>
<td>46.1%</td>
<td>30.9%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Adult women</td>
<td>52.0%</td>
<td>36.5%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Children</td>
<td>66.8%</td>
<td>51.0%</td>
<td>33.3%</td>
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Even if the poverty rate decreases, this does not necessarily mean that the number of individuals living in poverty is reduced. For example, the child poverty rate (UBPL) fell from 66.4% in 2011 to 64.5% in 2016. However, with population growth, the number (headcount) of poor children grew from 12.2 to 12.5 million. Similarly, while the child food poverty rates were the same in 2015 and 2019, the number of food-poor children had grown by around 400,000.

Child poverty rates, although high, were stable in the decade before lockdown, with a striking decline in upper bound poverty. Poverty rates rose sharply in 2020 and 2021 as a result of lockdown and job loss.

Child poverty remains racially and geographically distorted. African children, and those living in former homelands, are most likely to be poor. While the national child food poverty rate was 33% in 2019, it was 37% for African children and 51% for African children living in rural areas in the former homelands.

Of the nearly eight million children in the former rural homelands, just over half (four million) are in food poverty, and three quarters (six million) are below the upper bound national poverty line.
These poverty rates are exceptionally high and occur in contexts where there has been little investment in infrastructure and economic development, and where there are few employment opportunities.

Like children, older people tend to be over-represented in the former homeland areas, compared with working age adults. Many rural households depend mainly on grants for survival – especially CSGs and older persons grants.

A small social grant like the CSG can bring children out of poverty only if they are not very far below the poverty line to start with. For those in deeper poverty, the CSG will be very useful but will not necessarily take the poorest over the poverty line even if its value is increased.

The poverty rate measures the extent of poverty, by counting the number or share of a population below a specific poverty line.

The poverty gap measures the depth of poverty amongst the poor. It represents the average gap between the income of poor households and the poverty line.

The squared poverty gap measures the severity of poverty. It gives greater weight to those that fall far below the poverty line than those close to it.

All three measures are higher for children than for adults.

Child poverty rates rose in 2020, although the introduction of temporary Covid-19 grants and top-ups to the permanent grants helped to offset increases in child poverty for a few months. The temporary measures to boost grant income “saved” an estimated 1.2 million children from food poverty for a few months.

However, child poverty and hunger rates increased after the Covid-19 grant top-ups and caregiver allowance ended in October 2020. Delays in birth registration and CSG applications during COVID-19 resulted in the number of babies receiving the CSG falling by about 100,000 in 2021, with no recovery in 2022.

Money is an indirect measure of poverty; it cannot, for example, be eaten. But it is a useful proxy because low incomes tend to go together with other dimensions of deprivation. It is also the best indicator when discussing grants because they consist of money.

Nutrition measures are also useful given that extreme poverty and all the other poverty lines are defined in relation to the food poverty line, and food accounts for a very large proportion of poor people’s expenditure.

Over a quarter of South Africa’s children under five are stunted – too short for their age due to chronic undernutrition. This stunting rate is very high for a middle-income country and an outlier in global terms. Undernutrition in turn hinders physical growth and brain development.
South Africa in global perspective: Child stunting rates by per capita GNI

The birth and growth of the CSG

At the time of transition to democracy, South Africa’s entire social assistance system reached about two and a half million people. The State Maintenance Grant (SMG) reached 200,000 children and 200,000 caregiver beneficiaries. The SMG was racially skewed and very few of the SMG beneficiaries were African.

If extended to all who were eligible, the cost of the SMG would have increased from R1.2 to R12 billion per year.

In 1995, the majority of the provincial MECs proposed that the grant be abolished because they were of the view that it would be unaffordable if extended to all poor children and their caregivers.

Setting the CSG value

The Minister of Welfare established the Lund Committee on Child and Family Benefits to explore alternative ways of using the existing budget to support poor children and their families.

The committee proposed a range for the grant amount of R70 to R125, and that the grant start with the youngest children and be extended over time to older children. R70 represented the estimated cost of food and clothing for a child from a low-income household, while R125 was the value of the child portion of the SMG at the time. Cabinet decided on an amount of R70 for children under seven years of age. Civil society groups called for a higher amount given the extent of child poverty and the recently adopted Bill of Rights.

Finally, a grant of R100 per month was introduced in April 1998. Its estimated cost was approximately double that of the SMG budget.

The Welfare Laws Amendment Bill (90 of 1997) was tabled in Parliament to provide the legislative base for the new grant. The related memorandum stated that the grant was a contribution towards the cost of raising a child:
“The Department of Welfare is unable to cover all the costs of rearing poor children but is able to contribute towards the support of some of the children through the child-support grant.”

The complementary nature of the CSG is often raised as the reason why its value is very low compared to larger grants such as the Older Persons and Disability grants. The larger grants are aimed at providing enough money for all a person’s basic needs as they are based on the assumption that the beneficiary is unable to earn a living due to old age or disability.

The Minister of Welfare elaborated on this concept when she said that the CSG was part of a package of support for poor children. Other parts of the package would include free basic healthcare, development projects, subsidised housing and improved access to credit for poor households.

The complementary nature of the CSG is based on an assumption that caregivers of poor children are able to work and earn income because they are able adults, and that the CSG and other parts of the support package will supplement their earnings. This assumption does not hold true when high unemployment persists.

Grant expansion

Take-up got off to a slow start due to conditions that prevented many from applying. After one year only 34,500 children were accessing the new CSG. However, take-up grew rapidly once the conditions were removed and the grant became more popular due to multiple public awareness campaigns.

By March 2022 there were nearly 13 million child beneficiaries. The successful growth in take-up was due to:

- early removal of conditions that posed barriers to applicants;
- mass-based education and awareness campaigns;
- internal and external accountability to achieve targets;
- improvements in the application and administrative systems;
- the establishment of the South African Social Security Agency (SASSA) and a national social assistance system;
- improved early registration of birth;
- extension of the qualifying age and income thresholds.

Age threshold

As the age threshold was increased from seven to 18 years of age over the period 2003 to 2013, the grant reached more children. The percentage of children living in food poverty declined from 53% in 2003 to 33% in 2013 – demonstrating the positive impact of investing more budget in the CSG.

Means test

The means test for the CSG was initially set at R800 per caregiver per month for rural and informal households and R1,100 for those living in formal urban areas. It remained the same for 10 years so that the income threshold was eroded and fewer children were eligible every year.

After calls for an increase to adjust for 10 years of inflation, a new formula was introduced, linking the income threshold to the grant amount. This ensures that the means test adjusts annually when the grant amount is increased. For example, in 2023 the income threshold was R5,000 per month for a single caregiver (i.e., single income) and R10,000 for a married caregiver and her spouse (i.e., joint income must be below 20 times the grant value).
Executive summary

**Grant amount**

Due to the low starting amount and many years of annual increases below food inflation, the purchasing power of the grant has been eroded over time and it no longer covers the costs of food and clothing for a child, as originally intended. In 2022 the CSG was 28% below the food poverty line, meaning that it does not even cover the costs of basic food.

**CSG top-up for orphans**

On 1 June 2022, orphans in the care of family members became eligible for a CSG top-up of R240, bringing the total CSG amount received by their caregivers to R720, which is above the food poverty line. This larger amount should reach as many as 700,000 poor children over the next three years.

The amended Social Assistance Act opens the door for top-ups for other specified categories of beneficiaries and provides an easy mechanism to increase the CSG amount in phases.

**Impact of the CSG**

About three quarters of government spending on social assistance goes to the poorest 40% of the population. Social grants raise the share of the national income earned by households in the poorest three quintiles (the poorest 60% of households) from 5% to 9%. These impacts would not have been possible without the CSG.

In 1997 only one in eight households in the poorest quintile reported any grant income. By 2010, more than four-fifths of households received grants. Now, over 80% of households in the poorest quintile receive a child grant, making it the most pro-poor targeted grant in South Africa.

Studies show the following beneficial impacts of the CSG:

- Increase in early birth registration;
- Better nutrition and health outcomes;
- Increased ECD attendance;
- Increased school enrolment and reduced dropout;

---

**Growth in the number of CSG beneficiaries, 1998 – 2022**

![Graph showing growth in CSG beneficiaries from 1998 to 2022 with key events such as removal of conditions, start of age increase, means test change, end of age increase, biometric system introduced, and lockdown & birth reg delays marked.](chart)
Reduced teenage pregnancy and child-bearing rates;

- Reduced sexual activity, alcohol and drug use in adolescence; and
- Increased labour force participation of mothers.

This evidence illustrates how giving effect to the right to social assistance also contributes to the realisation of a range of other rights.

An increase in the amount of the CSG would increase the impacts reported above.

The cost of a child

Ideally the value of a CSG would be linked to some empirically based measure or poverty line. For example, when the CSG was first recommended by the Lund Committee, the idea was to link its value to the basic food and clothing costs of a child.

The official poverty lines are the best ‘official’ estimates of the costs of a child.

However, when compared with other poverty measures, the official poverty lines are very conservative and the basic costs of a child are likely to be higher than these lines, especially the food poverty line.

The reference food basket used for the Stats SA food poverty line does not represent a healthy or sufficiently diverse diet as it is based only on caloric intake (using the consumption patterns of poor households, which tend to prioritise calorie-rich foods in the form of starches) and not on nutritional requirements or dietary diversity. Those who are “below” the food poverty line and counted as food-poor will not be able to consume the minimum number of calories needed for health, but this does not mean that those who are “above the line” are getting adequate nutrition.

The food poverty line should be regarded as an absolute minimum.

A comparison between the various grants reveals enormous variation in the value of grants and a striking mismatch between the grant values and poverty lines.

<table>
<thead>
<tr>
<th>Poverty lines and social grant values in October 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Older persons grant</td>
</tr>
<tr>
<td>Disability grant</td>
</tr>
<tr>
<td>Care dependency grant</td>
</tr>
<tr>
<td>Foster child grant</td>
</tr>
<tr>
<td>CSG + orphan top-up</td>
</tr>
<tr>
<td>Child support grant</td>
</tr>
<tr>
<td>Adult Covid-19 SRD</td>
</tr>
</tbody>
</table>
Lessons from other countries

We learned the following lessons from the experience of Latin America and the Caribbean (LAC) and Southern Africa:

- In some countries the grant amount is not increased regularly to keep pace with inflation.
- Most of the LAC grants have conditionalities attached to them. Conditionalities frame the grant as a benefit for the “deserving” (i.e., those that behave in a certain way) rather than as fulfilling the human rights of people. Conditionalities also place a burden on caregivers and can lead to exclusion of the most vulnerable.
- Zambia’s grant focuses explicitly on households. In other countries the grants combine both household and individual targeting elements. Grants based on household composition are especially difficult in a country like South Africa with high levels of household change and movement of people around the country.

South Africa out-performs the other countries on many important grant characteristics.

However, the low grant amount seriously undermines the impact of the positive characteristics. This helps explain the very high inequality and poverty rates in South Africa compared to the other countries, even with the grants in place.

A larger CSG would reduce both inequality and poverty.

Children’s rights and state obligations

Everyone’s right to social assistance

The Constitution guarantees a range of socio-economic rights for everyone. These include the rights to education, health care services, sufficient food and water, adequate housing, and social security (including appropriate social assistance if unable to support themselves or children).

The inclusion of justiciable socio-economic rights in the Bill of Rights was based on an acknowledgement that the realisation of socio-economic rights for all is essential to enable transformation. The right to social assistance is key to achieving a transformed society as it effectively redistributes money from the wealthy to the poor. The extent of redistribution depends on the number of people reached and the quantum of money transferred.

The state is obliged to take reasonable measures within its available resources to progressively realise the right to social assistance. This means that the state:

- may not take any retrogressive (backwards) steps that would deprive or reduce existing entitlements;
- must make continual progress in moving towards the full realisation of each of the rights; and
- must ensure that vulnerable groups such as children are prioritised in its plan.

The state may limit the right to social assistance in certain circumstances. The Constitutional Court has developed the reasonableness test to assess whether a policy that limits a socio-economic right is constitutional.
If required to assess whether the low value of the CSG amounts to a justifiable limitation to children’s right to social assistance, the courts are likely to use the reasonableness test. In assessing whether the state is making progress in realising the right for children, the court would consider the number of children accessing the CSG and whether this is showing continual growth. However, growth in coverage will not be enough to pass the test.

The court would also consider child poverty indicators. The widening gap between the food poverty line and the CSG value and recent increases in the rate and number of children living in poverty, will likely be relevant factors considered by the court. There are over seven million children whose other basic rights are at risk because they live in food poverty. The court would consider this substantial number, as well as the effect of severe poverty on children.

Because South Africa is a monetary economy (where few households are able to survive on subsistence agriculture, for example), children’s right to basic nutrition is dependent on their parents earning income or having access to adequate social assistance.

The court is likely to view seven million children living below the FPL as a significant segment of the child population whose right to basic nutrition is at risk. The high rate of stunting and child deaths where malnutrition is a contributing factor will also be considered.

The state could raise the existence of other parts of the social protection package and its limited resources as its main defence. The court would then require the state to show that it has used its ‘maximum available resources’ to realise children’s right to social assistance.

This means it would need to show that it has prioritised children’s basic socio-economic rights in its decisions about the allocation of budget. The obligation to prioritise children is heightened in a time of crisis such as a health pandemic or economic recession.

**Widening gap between the value of the Food Poverty Line and the Child Support Grant**

![Graph showing the widening gap between the value of the Food Poverty Line and the Child Support Grant over time.](image)
Children’s right to basic nutrition

In addition to the right to social assistance that is guaranteed for everyone unable to support themselves, children have a right to basic nutrition. Like the right to basic education, the right to basic nutrition is immediately realisable and is not subject to available resources.

Any limitation of the right by the state will need to be justified in terms of the general limitations clause in section 36 of the Bill of Rights: It would need to be justifiable and reasonable in a democracy based on equality, dignity and freedom. This is a higher standard of justification than is required for a limitation to everyone’s socio-economic rights using the reasonableness test.

In 2020 the North Gauteng High Court considered whether the limitation of children’s right to basic nutrition was justifiable when the state had not restored the National School Nutrition Programme (NSNP) to all eligible children. Millions of children went hungry due to missing the daily meal provided by the NSNP. The Court found that hunger and starvation of a child is never justifiable. If the low value of the CSG is challenged in court and evidence of widespread child hunger, starvation and death is submitted, it is likely the court would follow precedent in the NSNP case.

International law

When interpreting the Bill of Rights, the court is obliged by the Constitution to consider international law. This includes the UN Convention on the Rights of the Child (UNCRC), the African Charter on the Rights and Welfare of the Child (ACRWC) and the International Convention on Economic, Social and Cultural Rights (ICESCR) – and any relevant General Comments or Concluding Observations issued by the committees that monitor these laws.

An assessment of the CSG against international law would find that its value falls short on the principle of adequacy. The amount is not enough to provide for a child’s basic needs. It is not even enough to cover basic nutrition.

The three committees monitoring these international laws have all found the CSG amount to be inadequate and have recommended it be increased, at least to the food poverty line.

The committee monitoring the ICESCR has also advised that the state review its fiscal policy to enable greater redistribution of wealth in the face of very high levels of inequality and poverty.

“The State party should review its fiscal policy in order to improve its capacity to mobilize the domestic resources required to bridge existing gaps and to increase its redistributive effect”. [ICESCR 2018]

The committee monitoring the UNCRC has advised the state to undertake child impact assessments prior to making decisions that affect children’s rights.

In relation to children’s rights to social assistance and basic nutrition, any policy or budget decision that will result in the erosion of the value of the CSG will need to be justified based on a child impact assessment which demonstrates that there was no other alternative available to the state. This would include decisions to reduce the purchasing power of the CSG amount by making below inflation annual increases.
Modelling options to increase the value of the CSG

We present models linked to all three national poverty lines. We use these lines because they provide a rational basis linked to the cost of a basket of goods, and they are adjusted annually by inflation.

The scenarios modelled are:

1. **Status quo CSG value and uptake**
   (to provide a baseline for comparison);

2. **CSG equal to Food Poverty Line**
   (R561 in 2019 Rands / R624 in 2021);

3. **CSG equal to Lower Bound Poverty Line**
   (R810 in 2019 Rands / R890 in 2021);

4. **CSG equal to Upper Bound Poverty Line**
   (R1280 in 2019 Rands / R1335 in 2021);

5. **Phased increase** to each of the three lines through incremental age-based top-ups.

Option 1 is simply to illustrate the impact of not increasing the CSG. For options 2 to 4 we use the increased value of the CSG to determine the respective means tests. This is why the numbers of beneficiaries increase slightly for each poverty line option – because the income threshold increases as well.

For option 5 we keep the income threshold linked to the base amount of the CSG (i.e. before the increase) and recommend that the means test only be adjusted after the full roll-out to prevent there being two different means tests in use at the same time.

We assume an uptake rate of 90% for all models (i.e., 90% of those who are eligible will receive the grant). This is a realistic estimate based on current uptake rates.

**Reach and coverage**

The CSG is effective in reaching poor children, and also poor households generally. The status quo is that the CSG reaches two thirds of all children with coverage of 35% of all households in the country.

**If the value of the CSG were increased to the food poverty line, the CSG would reach 69% of all children, covering 40% of all households.** If the CSG were increased to the upper bound poverty line, its reach would increase to 76% of all children and 45% of all households.

### CSG uptake (percentage of all children and number of child beneficiaries)

<table>
<thead>
<tr>
<th></th>
<th>Status quo</th>
<th>CSG @ FPL</th>
<th>CSG @ LBPL</th>
<th>CSG @ UBPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>66.3%</td>
<td>12 900 000</td>
<td>69.0%</td>
<td>13 400 000</td>
<td>72.5%</td>
</tr>
<tr>
<td>76.4%</td>
<td>14 900 000</td>
<td>72.5%</td>
<td>14 400 000</td>
<td>75.7%</td>
</tr>
</tbody>
</table>

### Reach to households (numbers and percentage)

<table>
<thead>
<tr>
<th></th>
<th>Status quo</th>
<th>CSG @ FPL</th>
<th>CSG @ UBPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total HHs reached</td>
<td>34.7%</td>
<td>40.2%</td>
<td>44.7%</td>
</tr>
<tr>
<td>HHs in poorest two quintiles</td>
<td>59.5%</td>
<td>69.8%</td>
<td>70.2%</td>
</tr>
<tr>
<td>HHs with no employed adults</td>
<td>44.2%</td>
<td>50.8%</td>
<td>50.8%</td>
</tr>
</tbody>
</table>
**Executive summary**

**Illustrative impact of CSG increase options on child poverty rates (2022 poverty line values)**

<table>
<thead>
<tr>
<th></th>
<th>Status quo CSG</th>
<th>CSG = food poverty line</th>
<th>CSG = lower bound line</th>
<th>CSG = upper bound line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper bound poverty rate</td>
<td>55%</td>
<td>53%</td>
<td>50%</td>
<td>43%</td>
</tr>
<tr>
<td>Lower bound poverty rate</td>
<td>44%</td>
<td>40%</td>
<td>32%</td>
<td>15%</td>
</tr>
<tr>
<td>Food poverty rate</td>
<td>33%</td>
<td>25%</td>
<td>15%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Importantly, the CSG is well targeted to the very poorest households, reaching around 60% of households in the poorest two income quintiles and over 40% of households where there is no employment. This pro-poor reach would also be enhanced if the value (and therefore the means test threshold) were increased.

**Just increasing the CSG to the food poverty line would extend its coverage to 70% of households in the poorest two quintiles, and half of all households without any employment income.**

If increased to the food poverty line, indirect reach would include 72% of all unemployed working-age women (up from 65 percent in the status quo).

**Child poverty impact**

Child food poverty can be **eliminated** for children by increasing the CSG to the upper bound poverty line. Food poverty could be **substantially reduced** (from 33% to 25%) by increasing the CSG to the food poverty line. Increasing the CSG also reduces the depth and severity of child poverty substantially.

**Budget impact**

The 2022/23 CSG budget was R77 billion. Increasing the CSG to the food poverty line for all poor children would have required a further R23 billion. Increasing it to the upper bound poverty line would have added R161 billion to the existing budget.

**Illustrative cost of immediate implementation of CSG increases (2022 values and uptake)**

<table>
<thead>
<tr>
<th></th>
<th>Status quo CSG</th>
<th>CSG @ FPL</th>
<th>CSG @ LBPL</th>
<th>CSG @ UBPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSG value</td>
<td>R480</td>
<td>R624</td>
<td>R890</td>
<td>R1 335</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>13 100 000</td>
<td>13 400 000</td>
<td>14 100 000</td>
<td>14 900 000</td>
</tr>
<tr>
<td>Estimated cost p.a. (Rm)</td>
<td>R75 400</td>
<td>R100 000</td>
<td>R151 000</td>
<td>R239 000</td>
</tr>
<tr>
<td>Difference from budget</td>
<td>-R1 700</td>
<td>R23 000</td>
<td>R73 000</td>
<td>R161 000</td>
</tr>
</tbody>
</table>
Modelling a phased approach

Phasing in the increase using the top-up mechanism will avoid a large once-off “shock” to the budget. Implementation could start with children under six years in the first year and reach full coverage by increasing the age cohort by three years in each of the following four years.

The models assume inflation and grant increases for the base CSG amount of 6% per year. The means test is calculated according to the usual formula based on the current CSG amount (before the top-up to the relevant poverty line).

Increasing the CSG to the food poverty line in a phased manner would require an additional budget of R10 billion in the first year, rising to R17 billion and R24 billion over a three year cycle starting in 2023/24. Increasing the CSG to the upper bound poverty line would require an additional R50 billion, R85 billion and R124 billion over the three years.

Illustrative reach and cost of phased roll-out of the CSG increase, 2023/24 – 2025/26

<table>
<thead>
<tr>
<th>Age groups for phased top-ups</th>
<th>2022/23 (no top-ups)</th>
<th>2023/24 children &lt; 6 years</th>
<th>2024/25 children &lt; 9 years</th>
<th>2025/26 children &lt; 12 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 year-olds top-up (80%, 85%, 90%)</td>
<td>-</td>
<td>4 235 000</td>
<td>4 500 000</td>
<td>4 765 000</td>
</tr>
<tr>
<td>6-8 year-olds top-up ( , 90% 90%)</td>
<td>-</td>
<td>-</td>
<td>2 270 000</td>
<td>2 270 000</td>
</tr>
<tr>
<td>9-11 year-olds top-up ( , 90%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 223 000</td>
</tr>
<tr>
<td>Total top-ups</td>
<td>-</td>
<td>4 235 000</td>
<td>6 770 000</td>
<td>9 258 000</td>
</tr>
</tbody>
</table>

Budget implications – base cost

<table>
<thead>
<tr>
<th>Total children on CSG</th>
<th>13 100 000</th>
<th>13 300 000</th>
<th>13 500 000</th>
<th>13 700 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE CSG COST (Rm)</td>
<td>R75 000</td>
<td>R81 000</td>
<td>R87 000</td>
<td>R94 000</td>
</tr>
</tbody>
</table>

Additional cost for phased CSG top-up (Rm)

<table>
<thead>
<tr>
<th></th>
<th>2023/24</th>
<th>2024/25</th>
<th>2025/26</th>
</tr>
</thead>
<tbody>
<tr>
<td>to FOOD POVERTY line</td>
<td>R10 000</td>
<td>R17 000</td>
<td>R24 000</td>
</tr>
<tr>
<td>to LOWER BOUND line</td>
<td>R25 000</td>
<td>R42 000</td>
<td>R62 000</td>
</tr>
<tr>
<td>to UPPER BOUND line</td>
<td>R50 000</td>
<td>R85 000</td>
<td>R124 000</td>
</tr>
</tbody>
</table>
Policy, administrative and legal considerations

Policy considerations

Aligning the CSG to an official poverty line would provide an objective measure for the grant amount. This would clarify the CSG’s purpose and ensure that it is adjusted every year to enable it to achieve that purpose.

The purpose would depend on which of the poverty lines it is based on:

- **Aligning with the Food Poverty Line** would retain the complementary nature of the CSG by basing it on the costs of basic food. This option assumes that caregivers can obtain employment to earn enough income to cover the other basic necessities that are not covered by other parts of the social protection package (e.g. clothes, shelter, bedding, energy for cooking, and transport to school and health care facilities).

  However, in the context of structural unemployment and as many as 7.3 million children in households where there are no employed adults, limiting income support to minimal food costs does not ensure the child’s other basic needs will be met.

- **Aligning with the Lower Bound Poverty Line** would halve the child food poverty rate, with many positive impacts for children, women and the economy. A CSG at the lower bound line would retain the complementary nature of the grant as it would not cover all the basic costs of raising a child. In the face of structural high unemployment, this option suffers from the same faulty assumptions as the FPL option: it does not enable unemployed caregivers to cover their children’s other basic needs.

- **Aligning with the Upper Bound Poverty Line** would change the nature of the grant from a complementary grant to a grant that covers the basic costs of a child. This option could eradicate child food poverty and somewhat reduce inequality. It would represent a bold and decisive policy decision with multiple positive impacts for children, women and the economy.

Increasing the CSG immediately for all poor children will require additional budget ranging from R23bn to R161bn depending on the poverty line chosen. A question therefore arises as to whether an increase to the CSG is affordable in a climate of multiple competing social priorities and low economic growth.

In the absence of more revenue, an increase to the CSG will compete with other aspects of the social protection package that are also important for children’s basic needs such as basic health care, education and early childhood services. It would also compete with the call for basic income support for unemployed adults, many of whom are caring for children.

Government should precede its decisions on all these competing social priorities with a child impact assessment that projects what the implication will be for children, in particular for the constitutionally protected basic rights such as basic nutrition, basic health care services, basic education, shelter and social services.

Phasing in the increase could be considered as a way of spreading the affordability challenge over time and reducing shock on the budget.

The suggested approach is to start with the youngest children (0 – 6 year-olds) and expand access to an increased CSG by age groups, over a five year period. Targeting the youngest children first would be a way of prioritising those children who are most vulnerable to malnutrition and stunting. There is precedent for this approach, as the CSG was initially targeted to young children.
The starting cost of a phased approach would range from R10 billion to R50 billion per year depending on which poverty line is chosen.

The returns to society of investing in the early years of a child’s life have both short-medium- and long-term positive financial implications for the state, society as a whole, and the economy.

**Administrative considerations**

An increase to the CSG is **administratively easy** to implement. All that is needed is the publication of a notice in the government gazette. It does not require any amendments to the Act or the Regulations, or investment in staff training or changes to the application processes. It places no additional administrative or human resource burden on SASSA.

There is **existing precedent** for this approach. The Act already authorises the Ministers of Social Development and Finance to increase grant amounts or to pay additional amounts (top-ups) to categories of grant beneficiaries based on need.

So far, the Ministers have used this power to implement annual inflation related increases and to introduce an additional amount for certain categories of grant beneficiaries based on need [e.g. top-ups to older persons grants for pensioners older than 75 years and top-ups to the CSG for orphans living with relatives].

If the CSG value is increased in phases using an age cohort approach, it is recommended that the method used is to **set a year of birth as the entry criteria** for each phase (e.g. all children born on or before 1 January 2018) rather than setting an upper age threshold. This will avoid grants that have been topped up from dropping back down to the base amount while waiting for the next age cohort to become eligible.

**Legal considerations**

Increasing or decreasing the CSG amount can change the future of South Africa’s child poverty and inequality levels.

When the Ministers of Social Development and Treasury make decisions on annual increases to the CSG amount or on whether to increase the CSG to the food poverty line or the upper bound poverty line, they are effectively making decisions about the extent to which they want to see decreases or increases in child poverty, inequality, malnutrition and stunting.

- **If the decision is to continue the status quo**, with a low CSG amount and below food inflation annual increases, then child food poverty is likely to increase. This in turn will lead to increased child inequality, deprivation, malnutrition and stunting. Increases in these child centric indicators will be viewed by international treaty bodies and South African courts as evidence that the state is not achieving progress in realising children’s right to social assistance and is unjustifiably violating the basic nutrition rights of over seven million children. Continuing with the status quo trajectory is therefore a risk for the state in both the international and constitutional law environment.

- **If the decision is to increase the CSG to the FPL**: Child food poverty rates will decrease by 7.5 percentage points and upper bound child poverty will decrease by 2 percentage points. This in turn will reduce the rates of child hunger, malnutrition and stunting.

- **If the decision is to increase the CSG to the LBPL**: Child food poverty rates and numbers will be more than halved and child hunger, malnutrition and stunting will be significantly reduced.

- **If the decision is to increase the CSG to the UBPL**: Child food poverty will be virtually eliminated, with comparably
high reduction impacts on child malnutrition and stunting.

For any of the increase options (to align the CSG value with the food, lower or upper bound poverty line), international treaty bodies would commend the state for heeding their recommendations and making a decision that will reduce child food poverty.

In relation to the FPL and LBPL options, internal treaty bodies would encourage the state to continue to do more to reach the goal of eliminating child food poverty. These options would not pose a litigation risk to the state because the evidence on both a budget and child indicator level would demonstrate progressive realisation of children’s social assistance rights and immediate realisation of children’s basic nutrition rights.

➢ If the decision is to phase in one of the options, starting with the youngest children: the poverty reduction impact of each scenario will be somewhat reduced due to the time delay.

This limitation can be mitigated by targeting the youngest children first and ensuring the final phase is reached within three to five years.

A phased approach to implementing the increase could be challenged on the basis that older children are disadvantaged if they are excluded from the first three phases. If the state can demonstrate a commitment to reach all poor children under 18 years of age within a clear and short timeframe, such a challenge is not likely to succeed. Furthermore, there are many legal arguments to be made as to why children under six should be prioritised for the first phase, in particular their stage of development, their risk of stunting and the lack of other government-funded nutrition programmes reaching this age cohort at scale.

Take-away message

Child poverty rates have not decreased since 2013 when the age threshold extension to 18 for the CSG reached its end. A third of children are food insecure (below the food poverty line). This high prevalence of poverty is also reflected in the persistently high stunting rate. Child poverty rates increased in 2021, and the below-food-inflation increases to the CSG over the past three years are likely to lead to a further increase in child food poverty.

The scenarios show that by increasing the CSG amount, it is possible to reduce the high child poverty rates significantly, alongside even greater impacts on the depth and severity of child poverty.

However, a sudden and substantial increase is likely to be regarded as a shock to the economy and unaffordable. A phased approach, in which CSG top-ups are provided for children in age cohorts, starting with the youngest (pre-school) group, does not shock the national budget and substantially reduces child poverty within five years.

Reducing child poverty will yield positive impacts on many other areas of child well-being including nutrition, health, and education. Increases to the CSG would also empower women economically.

The CSG is well-targeted and widely accessed, with proven and wide-ranging impacts for children and their caregivers. Given its efficiency and the administrative ease with which an increase can be implemented, an increase to the CSG can be regarded as a key mechanism to reduce child poverty, advance the realisation of children’s rights and contribute to longer-term human development outcomes and economic growth.
1. Introduction

“Like slavery and apartheid, poverty is not natural. It is man-made, and it can be overcome and eradicated by the action of human beings.”

1.1 Rationale for the study

The National Department of Social Development commissioned this review of child poverty and the monetary value of the Child Support Grant (CSG) to inform deliberations on the expansion of the social assistance programme.

South Africa’s programme of social assistance is constitutionally mandated and widely acclaimed, both locally and internationally, as a highly successful poverty alleviation strategy that is strongly pro-poor and extensive in its reach. However, the economic and humanitarian crisis that emerged in the wake of Covid-19 and lockdown revealed critical limitations in the social assistance system. Prior to this crisis, the economic recession in 2008 had revealed similar limitations.

Two of the limitations are interrelated:

First, the social assistance programme has, until the introduction of the Covid-19 SRD grant as part of the COVID-19 disaster relief package, excluded working-age adults unless they are too disabled to work. It has not provided social protection for unemployed adults despite the fact that unemployment is a structural problem in South Africa and unemployment rates are extremely high and have increased in the wake of the pandemic.

This represents a critical gap for children because in households where unemployed adults are co-resident with children, the absence of income support for unemployed adults will dilute the effect of the CSG for the children it is intended to support.

Second, the amount of the CSG, the grant provided to poor caregivers for their children, is insufficient to meet a child’s basic needs. While the CSG value was originally set at an amount slightly above the costs of feeding and clothing a child (R100 in 1998), its real purchasing value has been eroded over time. With a value of R480 per month in 2022/23, the CSG was substantially below the food poverty line of R663 per person per month.

The CSG has reduced the rate and severity of child poverty substantially over the past two decades. However, in the context of high rates of unemployment, particularly among African women, it has not been enough to bring millions of children out of poverty.

There is a particular urgency to addressing the needs of children because of their unique vulnerabilities to the effects of poverty, and the importance of establishing life chances from the early childhood.

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Early investments in health, nutrition and learning are essential for ensuring that children can develop well and realise their potential. Conversely, the effects of deprivation on children can be detrimental to their development and perpetuate cycles of inequality, poverty and deprivation. Ultimately this prevents the country from making full use of its human potential and negatively affects economic growth.

The events of 2020 and 2021, which included increased unemployment and sharply rising food prices, have again drawn attention to these two interrelated gaps.

During the 2020 lockdown, the Minister of Social Development introduced the COVID-19 SRD grant for unemployed adults and stated that the CSG value needed to be reviewed due to being below the food poverty line. In 2021 the Department of Social Development commissioned the Children’s Institute to conduct the review of the CSG value.

Raising the value of the CSG for all children or certain categories of children is just one of a number of options for expanding the impact of the CSG. Others include extending the reach of the CSG by increasing the age threshold to the end of the year that the child turns 18 years or further to the age of 21 years, or backwards to pregnancy (as income support for the maternity period); or universalising the grant.

All the options have different arguments, for and against, as well as different administrative and budget implications.

The review of the CSG value is undertaken in this context, so that the findings and recommendations will be part of a body of evidence that can help government to assess the potential impact, feasibility, cost, administrative implications, risks and benefits of this particular option.

1.2 Overview of the report

Chapter 2 provides an overview of child poverty dynamics in South Africa. It describes different approaches to poverty measurement, introduces the different income poverty lines and presents trends in child poverty. It highlights the persistent spatial and racial inequalities in poverty rates and also explains why, when poverty headcount rates are used, child poverty rates appear higher than adult poverty rates. In a section dedicated to the impact of COVID-19, this chapter also gives an overview of the disaster relief grants and top-ups and their effects on child poverty.

Chapter 3 gives a retrospective overview of the birth and growth of the CSG. It details the conceptual thinking and policy processes that led to the introduction of the CSG, the considerations that went into its design and the ways in which it has been expanded over time.

Chapter 4 draws on a wide range of studies to summarise the available evidence on the impact of the CSG. The evidence is considered in relation to poverty and inequality, the impacts for young children, school-age children, adolescents and co-resident adults, including positive effects on labour participation.

Chapter 5 explores the cost of a child. While it is not possible to arrive at a specific Rand value, there are many ways in which the cost of a child can be considered. These include the child costs that the CSG was initially intended to cover when it was introduced, and the extent to which the CSG still meets these costs; various poverty line approaches and values; the values and purpose of different grants; the costs of food, childcare and education; and the consideration of unpaid care work in estimating the cost of a child.

Chapter 6 looks beyond South Africa to give a comparative review of child focussed social assistance programmes in other countries, with a specific focus on countries in Latin America and the Caribbean, as well as the southern African region. It draws on this review to highlight some important lessons for South Africa.

Chapter 7 focuses on child rights and the legal obligations of the state. It provides an analysis of the constitutional and international rights, focusing particularly on everyone’s right to have access to social assistance if unable to support themselves or their dependents, and children’s right to basic nutrition. It considers the extent to which the South African social assistance system complies with the rights framework based on an analysis of South African case law, and general comments and concluding observations from international rights bodies.

Chapter 8 models scenarios for increasing the CSG, providing estimates of the reach, coverage and impact of the CSG if it were to be retained at its current level, or aligned with the food poverty, lower bound or upper bound poverty lines. It models the cost of increasing the CSG to each of these lines, and also models the cost of a phased increase starting with a pre-school cohort of children. The CSG increase options are assessed in terms of policy, administrative and legal considerations.

An extensive reference list is included at the end.
2. Child poverty: An overview

“The severity of the triple challenges in South Africa [poverty, inequality and unemployment] currently constrain our growth prospects... The depth of poverty in South Africa is such that we cannot feasibly ‘grow our way out of poverty’ in any reasonable timeline, with the current patterns of income distribution.

Significant poverty reduction needs a combination of growth and pro-poor distributional change (including through mass employment creation...). Direct distributional change through social protection has a particular role to play in dealing with extreme poverty.”

2.1 Introduction

We start by describing the existing poverty dynamics: what is the extent and depth of child poverty using different measures, how is poverty distributed when using these measures, and how has the situation changed over the years?

The South African government has, since 1994, repeatedly pledged to reduce poverty and inequality. At the time of transition to democracy, the Reconstruction and Development Programme policy framework (RDP) stated that “no political democracy can survive and flourish if the mass of our people remain in poverty.... Attacking poverty and deprivation must be the first priority of a democratic government.”

The RDP included the seemingly reasonable target that “as soon as possible, and certainly within three years, every person in South Africa can get their basic nutritional requirement each day and that they no longer live in fear of going hungry”. Nearly two decades later, the National Development Plan made similar pledges, reaffirming the government’s commitment to address poverty and deprivation as a priority though with a much longer horizon. It stated its core aim as being “to eliminate poverty and reduce inequality by 2030”. However, a combination of factors, outlined in the Diagnostic Report that preceded the NDP, have impeded progress in achieving the poverty reduction objective. They include persistently high unemployment rates, the poor quality of education for the majority of children, unequal, poorly maintained and failing service infrastructure, spatial divides and other challenges. These factors have been exacerbated by the negative impact of COVID-19 and lockdown on government service delivery, by cuts to social spending, by increased electricity outages and by high food and fuel price inflation.

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6 NPC Diagnostic report 2011.
In the context of economic and structural challenges that are unlikely to be resolved in the foreseeable future, social grants remain essential for alleviating poverty for millions of children in South Africa. If adequately valued, they can also play a key role in eliminating poverty and reducing inequality.

South Africa’s status as the most unequal country in the world suggests that serious consideration should be given to using the social grant system as a way to redistribute wealth and eliminate poverty.

Despite substantial spending on social assistance (which, as shown in chapter 6, is higher than most other countries in the region), South Africa’s persistently high levels of poverty and inequality continue be a defining feature of the country. It is into this landscape that 1.1 million children are born each year; poverty and inequality continue to shape the life chances of children now, and of future generations.

In this section we provide a short review of the evidence on the nature and extent of child poverty in South Africa, drawing on previous research that has measured child poverty in the country and including updated trends from our own analyses.

We discuss the dimensions of child poverty in relation to various definitions of poverty (income poverty lines as well as multiple poverty indices and discrete outcome measures such as hunger and stunting.)

We show that although poverty rates have indeed fallen by various measures, South Africa is still far from its goal of eliminating poverty on even the most austere of measures. Many children (over 7 million in 2021) continue to live in households that are food-poor, where per capita income is below the food poverty line: they do not even have the resources to secure basic nutrition.

### 2.2 A brief note on poverty measures

The meaning of poverty seems obvious: it is about being deprived or not having enough. But how much is “enough”? The detail of where to draw the line and what exactly to measure may vary depending on the purpose of the analysis, the availability of different kinds of data or the preferences of the analyst, and various methods are used. Before describing child poverty trends, we briefly clarify some of the principles and measurements in the analysis of poverty.

#### Absolute versus relative poverty

Two main concepts used in poverty analyses are **absolute** or **relative poverty**. The distinction is summarised as follows: Absolute poverty is based solely on the needs of the poor and not on the needs of the non-poor. It is concerned with survival, subsistence or meeting basic needs, and the minimum resources needed to achieve this. Relative poverty on the other hand is based on a comparison of the standard of living of the poor and the non-poor. Both measures require some line or threshold to divide the population into two groups: the poor and the non-poor.

The measures used to define absolute poverty thresholds are typically linked to basic needs, for example:

- a poverty cut-off or threshold may be linked to the notion of a **minimum core right** (such as a legal interpretation of the content of the “right to shelter”);
- linked to **minimum standards set out in policy** (such as the definition of “adequate sanitation” as being a flush

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toilet or ventilated pit latrine within 200m of place of residence; or

- linked to expert or globally accepted minimum criteria (such as the World Health Organisation’s guidelines on the minimum number of daily calories that should be consumed to avoid becoming malnourished).

When measured in monetary terms, absolute poverty lines also tend to be defined in terms of the financial resources required to meet some minimum level of need (for example, the cost of meeting minimum nutrition requirements, or the “cost of basic needs” approach which is used in many countries including by Stats SA in South Africa).

These basic needs do not change with economic fluctuations or shifting standards of living in the country and if poverty reduction strategies are sufficient and effective, then poverty (defined in absolute terms) can be eradicated. Relative poverty measures, on the other hand, are affected by changes in standards of living due to economic growth or recession. Examples of relative poverty cut-offs are the 40th or 50th percentile of the income distribution or of the average income, where those living below the relatively defined threshold are counted as poor. Defined in this relative way, there will always be “poor” households relative to “richer” ones.

The numerous poverty analyses in South Africa have used both absolute and relative poverty measures, though the absolute measures are far more common. This is presumably because of the high rates of both poverty and inequality.

The income distribution is strongly skewed towards the wealthiest decile (the top 10%) while the poorest 60 percent of the population has very “flat” distribution. For example, an analysis of the distribution of expenditure shares across all households shows that the bottom 5 deciles (the poorest 50% of the population) account for less than 10 percent of all expenditure while the richest decile accounts for over 50 percent of all expenditure.⁸

This highly skewed distribution holds true when looking at households where children live, as shown in Figure 2.1.

Figure 2.1 Distribution of child per capita income shares across income deciles

<table>
<thead>
<tr>
<th>Percentile</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>1.8%</td>
<td>2.4%</td>
<td>3.5%</td>
<td>5.9%</td>
<td>11.2%</td>
</tr>
<tr>
<td>51.3%</td>
<td>21.2%</td>
<td>11.2%</td>
<td>5.9%</td>
<td>3.5%</td>
<td>2.4%</td>
<td>1.8%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

K Hall calculations from GHS 2019.

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The distributions are based on per capita household income in households where children live.

Absolute measures, with specific Rand cut-offs linked to basic needs, are arguably more immediately useful than relative measures given the prevalence of households that still cannot afford to meet their basic needs and the urgent need to monitor and address extreme levels of poverty.

However, measures that reveal the inequality of the income distribution help to highlight the extent to which wealth needs to be redistributed – and that resources are available to do this because there is a lot of wealth at the top end of the income distribution.

**Direct v indirect poverty measures**

A second consideration in the measurement of poverty is whether to use a **direct or indirect definition** of poverty.

Direct measures look at specific dimensions of living standards or areas of deprivation for the individual or household (for example, how much nutritious food they consume and whether this meets the minimum dietary requirements).

An income poverty threshold is an indirect measure in that it is used to identify individuals or households who are unable to meet a minimum standard of living because they cannot afford it – whereas direct measures identify those who fail to meet the minimum standard. This “failure” could occur for a range of reasons, including behaviour/choice.

Economists have tended to favour the income approach “out of respect for individual choice”. Given the importance of nutrition for a child’s development and future prospects, this poverty review will also include analyses of child hunger, food security and nutritional outcomes.

A further reason for direct measures is that, as the RDP acknowledged, it is not necessarily within the power of households, (including the non-poor in some instances), to meet certain basic needs such as safe water and sanitation infrastructure, good quality schooling or health services, as these depend on the accessibility, availability and quality of infrastructure and services provided by the state. Moreover, given the spatial inequalities inherited from the apartheid era, including the under-servicing of the rural former homelands, the quality, accessibility and availability of state services remains highly unequal. Inequalities in the quality of living environments, household services and in education outcomes are briefly reviewed in the section on direct measures below.

**Unidimensional v multidimensional measures of poverty**

A third consideration is whether one should use a **unidimensional or multidimensional** approach to measuring poverty. Indirect definitions are generally money-metric and therefore unidimensional, as only one measure (income, or expenditure) is used.

There has been growing interest in multi-dimensional measures over the past two decades. Different forms of deprivation tend to be interconnected and mutually reinforcing as they are also correlated with race, gender, geographic location and other dimensions of structural inequality.

The focus on direct measures of deprivation (rather than financial resources) in the multiple indices work is also linked to the fact that not all forms of deprivation are the result of income poverty. We briefly discuss some of the post-democracy research

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under multiple dimensions of deprivation for children later in this chapter.

The purpose of this review, however, is to consider options for increasing a monetary grant, so the main focus of the report will be the income aspect of poverty.

**Chronic v transitory poverty**

A further consideration is the temporal dimension of poverty and whether it is **transitory or chronic**.

Work on poverty traps draws attention to the self-reinforcing mechanisms that cause poverty to persist amongst individuals and households, across communities and also across generations.

Work on poverty transitions examines the factors that make households vulnerable to falling into poverty, and the attributes or events that enable them to escape poverty. These studies are also discussed briefly later in the chapter.

In summary, South African poverty analyses have used an array of poverty measures, including measures of income poverty (indirect, absolute and unidimensional), as well as relative money-metric measures, direct measures of various forms of poverty and composite or multidimensional measures.

The rest of this chapter gives an overview of child poverty dynamics from research using these various measures and traces trends in child poverty against the commonly used poverty lines.

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2.3 How many children are poor, and what are the trends?

Although there are some differences of opinion about how income poverty should be measured and what can be feasibly measured, most South African poverty analyses use income rather than expenditure variables to calculate poverty rates. Most divide total household income by the number of household members to calculate per capita income. This is also the approach used in the Children Count project of the Children’s Institute, which monitors child poverty rates annually through analysis of Stats SA’s General Household Survey, and which we draw on in describing the child income poverty trends.

**South African poverty lines**

For many years economists used the first “official” national poverty lines published by Stats SA in 2012. Prior to that, they generally used poverty lines developed by economists Hoogeveen and Özler, but the lines did not have “official” status in that they were not formally recognised by the South African government.

The official national poverty lines were updated by Stats SA in 2015, using expenditure data from the Income and Expenditure Survey (IES) 2010/2011. Since then, Stats SA has updated the poverty lines each year, with the values adjusted using inflation indices. The poverty lines are designed to “provide a consistent and constant benchmark against which progress on a money-metric... dimension of poverty can be monitored.”

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11 www.childrencount.uct.ac.za

12 Stats SA (2021) National Poverty Lines 2021. P.6. The poverty lines and cost-of-basic-needs approach are discussed in more detail in chapter 5, where we discuss the cost of a child.
South Africa has three official poverty lines to distinguish the poor from the non-poor. The poverty lines were developed by Stats SA, following the internationally recognised “cost-of-basic-needs” approach.

- The **Food poverty line (FPL)** was set at R335 per person per month in 2011 Rands. Its real value (taking into account inflation) was calculated by Stats SA to be R663 per person per month in 2022 Rands. This line was developed by calculating the cost of a reference food basket and represents the estimated cost of meeting the required minimum daily intake for an individual. It therefore allows for a person to purchase a basic basket of food but no other essentials like clothing, shelter, education, energy/fuel for cooking, light or heating, or for transport.

- The **Lower bound poverty line (LBPL)** was set at R501 per person per month in 2011 Rands, equivalent to R945 per person per month in 2022 Rands. This line is calculated by using the 2011 food poverty line (R335) as a base, and adding the average amount spent on non-food items by households whose total expenditure for food and non-food items is equal or close to the food poverty line. To illustrate: In 2011 Stats SA found that households that were spending a total monthly per-person amount of R335 (equivalent the FPL) on all expenses, were spending an average of R166 per person – almost half of their expenditure – on non-food items. The lower bound line was derived by adding the average non-food expenditure of these households to the food poverty line (R335+R166= R501).

The lower bound line therefore allows for some basic non-food costs, but the value is calculated from households where members have made food sacrifices in order to pay for the non-food items. It is less useful than the other lines because it is harder to understand, and it is punitive (being based on the expenditures of households where members are likely to be malnourished).

- The **Upper bound poverty line (UBPL)** was set at R779 per person per month in 2011, equivalent to R1,417 in 2022 Rands. This line is also calculated by using the food poverty line as a base. Stats SA then adds the average amount spent on non-food items by households whose food expenditure is exactly or close to the food poverty line. In other words, it allows for the basic non-food costs that would be spent by households whose expenditure only just enables members to meet their minimum nutrition requirements.

All of these poverty lines are measures of absolute poverty, distinguished only by the extent to which they allow for non-food basic essentials as opposed to allowing only minimum calories needed to survive.

Even the UBPL is not a “generous” line but instead represents the minimum amount needed to meet both food and non-food essentials – a basic basket of goods.

The official Stats SA lines do not distinguish between adults and children but assume each person’s basic needs (and costs) to be similar, irrespective of age. In chapter 5 we outline some poverty measures that do differentiate the costs of children by age as well as, in some cases, by sex.

**Table 2.1 Poverty line values 2022**

<table>
<thead>
<tr>
<th>Poverty Line</th>
<th>2022 value (per person/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food poverty line</td>
<td>R663</td>
</tr>
<tr>
<td>Lower-bound poverty line</td>
<td>R945</td>
</tr>
<tr>
<td>Upper-bound poverty line</td>
<td>R1417</td>
</tr>
</tbody>
</table>

Source: Stats SA (2022)
Child poverty rates

Poverty rates vary depending on the definition of poverty (and, in the case of income poverty, the poverty line used) as well as the data source and method. But most longitudinal analyses of poverty in South Africa concur that poverty rates decreased between 2000 and 2010 and then remained fairly constant for much of the next decade.

More recent analyses presented below suggest a further decline in child poverty rates in 2018 and 2019, and an increase in 2020.

The most recent official poverty estimates for South Africa come from the 2014/15 Living Conditions Survey, the last formal income and expenditure survey conducted by Stats SA. The survey found that 55.5 percent of all people in South Africa were living in poverty (below the upper bound poverty line), while 40 percent were below the lower bound poverty line and 25 percent were living in extreme poverty, below the food poverty line.

Aggregate or overall poverty statistics mask the many forms of inequality within the population. These inequalities are partly defined by geography and by historical racial classification. But they are also evident when the poverty rates are disaggregated by gender and age.

Using the three Stats SA poverty lines, Figure 2.2 shows the poverty rates for the population as a whole as well as for the sub-populations of men, women and children. As shown in the graph, poverty rates are higher among women than among men, and child poverty rates are higher than either of the adult poverty rates, and above the national average.

According to these official figures, two thirds of children (67%) were below the upper bound poverty line in 2014/15, and one third (33%) were below the food poverty line. In contrast, just over half (52%) of adult women and 46 percent of men were below the upper bound poverty line, and the adult poverty rates at the food poverty line were 23 and 18 percent for women and men respectively.

Figure 2.2 Official poverty headcount rates 2014/15

<table>
<thead>
<tr>
<th>Category</th>
<th>Upper bound</th>
<th>Lower bound</th>
<th>Food poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ave (total pop)</td>
<td>55.5%</td>
<td>40.0%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Adult men</td>
<td>46.1%</td>
<td>30.9%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Adult women</td>
<td>52.0%</td>
<td>36.5%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Children</td>
<td>66.8%</td>
<td>51.0%</td>
<td>33.3%</td>
</tr>
</tbody>
</table>

The average (total population) figures lie between the disaggregated rates, being the total produced by the poverty rates for men, women and children. This presentation of poverty rates shows the importance of analysing child poverty specifically, as the extent of child poverty is obscured by the overall rates.

Reasons for the relatively high child poverty rates

One might wonder how it is that the child poverty rates can be higher than those of adults, given that children live in the same households as adults. There are many reasons for this.

Children are not randomly distributed over the population. They are over-represented in low-income households, and especially in households with women. More children in South Africa live only with their mother (43%) than live with both their parents (34%), and only a very small proportion live with their father and not their mother (4%). In addition, in some cases where the child is not with the mother, families may make strategic choices to accommodate children with women who are not working and can provide childcare.

Even if women are working, they tend to earn less than men. The higher poverty rates for women are both because of this, and because they are more likely to live with (non-earning) children.

Children are over-represented in the former homelands, where 85 percent of all households include children and have on average three children in each household (compared with only 70 percent of urban households that include children, with an average of two children in those households).

The spatial mismatch between work opportunities and family homes that can provide care is rooted in colonial and apartheid policies that effectively demanded the fragmentation of families to support labour migration while maintaining segregationist policies.

Children who live in the former homeland areas are more likely than those in urban areas to have absent biological parents, as might be expected given that historically these are sending areas for labour migrants. For example, in 2019 over 30 percent of children in the rural former homelands lived in households where neither of their biological parents were co-resident, compared with only 15 percent of children in urban settings.13

Parental absence and labour migration are not the only reason for the relatively high share of children in rural areas and in poorer households more generally. The Demographic and Health Survey of 2016 throws further light on the factors associated with poorer, and more rural, households tending to contain more children.14 It reveals that:

- the total fertility rate decreases progressively as income rises, from 3.1 children per woman in the poorest quintile to 2.1 per woman in the wealthiest quintile;
- The median age at which women give birth to their first baby increases from 20.5 years for the poorest women, to 24.2 years for the wealthiest;
- Only 14 percent of urban women give birth before the age of 20, as against 19 percent of women in non-urban areas;
- Among women aged 40-49, those in rural areas have given birth to an average of 3.4 babies, as compared to 2.6 babies among women in urban areas.

13 www.childrencount.uct.ac.za
Women, who often bear a combined burden of economic, domestic, and childcare responsibilities, share these responsibilities within networks that span generations and geographic space. Children often remain at the rural home of origin when parents migrate from rural areas, or when children are orphaned. Extended family care arrangements are made possible by the availability of substitute caregivers—usually women, and often grandmothers.\(^{15}\)

Around a third of all children living in the rural former homelands do not have their mother living with them but are cared for by female relatives who do not work.\(^{16}\) Given that many women become grandmothers in their early 40s, grandmothers cannot be assumed to have access to an old age grant. The same applies in the case of aunts or older siblings who become substitute caregivers.

Research that explicitly set out to analyse the effect of motherhood on labour participation among women found that labour migration was a key reason for maternal absence.\(^{17}\)

Conversely, a lack of childcare options can limit the caregiver’s freedom to seek work and earn income.\(^{18}\) In other words, women with children are less likely to migrate to find work, although this restraint is reduced when there is a substitute caregiver such as an adult (non-working) female relative at the home of origin.\(^{19}\)

A further reason for the relatively high child poverty rates is that children are not meant to work and are, by definition, dependent on adults for their income support. Per capita poverty rates are calculated by dividing all household income (including grants) by the number of household members, including children.

The more children in the household, the more non-earners are included in the denominator, resulting in higher poverty rates. In other words, there is some conflation of cause and effect: households that include children tend to have lower per capita incomes than those without children because there are more dependents in households where children live.

Sometimes analysts reduce this effect through technical methods, by using adjusted equivalence scales (for instance where the household head is weighted as 1, while other adult members are weighted as 0.8 and children as 0.5).

The argument for this approach is that it takes into account variations in household size and economies of scale (every household may need a stove, for example, irrespective of whether it is one adult living alone or multiple adults and children in the household). It also adjusts for household composition and some assumed variation in the amount needed for different categories of individuals (for example, it might be assumed that adults eat more than children or have greater transport or clothing costs).

The equivalence-adjusted approach does reduce poverty rates, including child poverty rates, and it reduces the gender gap, but it does not change the ordering of poverty—women are still “poorer” than men and children “poorer” than adults.

A 2009 study, using the 2005 Income & Expenditure Survey, demonstrated that applying various equivalence scales when calculating poverty ratios for children does


\(^{17}\) Posel and Van der Stoep (2008) Co-resident and absent mothers.


\(^{19}\) Posel and Van der Stoep (2008).
not significantly affect the result. In addition, there is no evidence that the adjusted weights or ratios are any more “accurate” than equivalised per capita income, where household income is divided equally among household members. Nobel Prize-winner Angus Deaton argues that there are no exact methods for estimating either economies of scale or equivalence scales.

**Child poverty data and trends**

The Children Count project of the Children’s Institute has monitored income poverty rates for children over the past two decades. Income poverty rates are traced against the three Stats SA poverty lines and updated annually, using the General Household Survey (GHS) conducted by Stats SA.

The best sources of income data locally are the “official” Income and Expenditure Survey (IES) and its successor, the Living Conditions Survey (LCS), both of which are conducted by Stats SA and cover a large nationally representative sample. The last IES was conducted in 2010/11 and the last LCS in 2014/15.

The National Income Dynamics Study (NIDS), initially commissioned by the Presidency and conducted by SALDRU at UCT, is also designed to provide detailed income-expenditure data, though it covers a smaller sample than the Stats SA surveys and so allows for less disaggregation to sub-populations. Designed as a panel survey (following the same individuals over time), five waves of NIDS were conducted, in 2008, 2010, 2012, 2014/15 and 2017. Some of the poverty analyses presented in this report draw on these surveys.

The main data source for the Children Count indicator project is the GHS, as this has the advantage of being both a large national survey with “official” status, and an annual survey, allowing for regular child-centred analysis.

The GHS is a multi-purpose survey and is not designed to obtain detailed information about income or expenditure. It does not include specific questions about income sources like interest from investments or non-cash employment benefits, for example, and as a result may under-count income, leading to an over-estimation of poverty rates. However, the GHS does include questions on employment status and individual income, as well as income from grants, and the exclusion of information on investment income is unlikely to affect poverty rates as this would tend to occur in the higher income groups.

A comparison of GHS poverty estimates with other more detailed income data sources suggests that income estimates derived from the GHS are plausible.

Figure 2.3 plots the child poverty income trends from 2003 to 2021 and includes a comparison with the child poverty estimates in 2014, the year in which the last LCS was undertaken.

The GHS and LCS-derived poverty rates are very close, with the LCS poverty estimates being slightly higher. This suggests that, even once the Children Count analysis has adjusted for missing data and implausible zero values, the poverty rates calculated from the GHS do not under-estimate income and over-estimate poverty.

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The trend analysis shows a gradual and consistent decline in child poverty rates between 2003 and 2008 with a sharper decline between 2008 and 2009 on the upper and lower lines, and between 2009 and 2010 on the food poverty line. It is likely that there is a connection between the declining child poverty rates and the expansion of the CSG age and income thresholds.

2003 was the year when the age threshold started to be increased beyond 7 to age 14 by 2005. 2008 was the year in which the income threshold for the CSG was changed (effectively doubled), after having been static since 1998. This had the effect of expanding eligibility, allowing more children to access the CSG. 2009 was the year in which the gradual extension of the CSG age threshold from 14 to 18 started, allowing children to continue receiving the CSG year by year as they aged up.

There was some levelling off at the upper bound line around 2010, after the global recession, but lower-bound and food poverty rates continued to decline until 2013, when the extension to children under 18 years was complete. From then, child poverty rates remained constant and even increased slightly on the lower lines until 2018, when the trend suggests a sharper decline.

The most pronounced decline in 2018 and 2019 is in the upper bound line and cannot be explained by policy adjustments. Neither is there an obvious economic phenomenon that would have led to declining poverty rates other than an increase in grant access by households over the same two years.23

This is followed by a clear rise in poverty rates in 2020 and 2021, which is to be expected as Covid-19 related lockdowns led directly to job loss.

Source: K Hall analysis from GHS. Further disaggregations and population numbers are available at www.childrencount.uct.ac.za.

Note: The markers at 2014 are child poverty rates calculated from the LCS and reported by Stats SA, showing close alignment with the GHS estimates in the same year.
Figure 2.4  Child poverty rates by province (2019)

Just as the overall poverty rates mask differences in poverty rates between adults and children, so the overall child poverty rates obscure the inequalities within the child population.

Figure 2.4 provides a further breakdown of child poverty rates by province. We use the 2019 GHS poverty rates, as the much smaller samples in 2020 and 2021 have substantially higher error margins when the data are decomposed into smaller sub-populations. The poverty rates presented here therefore represent the situation of children before Covid-19 and lockdown, after which poverty increased again.

Table 2.2  Provincial child poverty headcounts, 2019

<table>
<thead>
<tr>
<th>Province</th>
<th>Children below upper-bound poverty line (ranked)</th>
<th>Children below food poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>KZ-Natal</td>
<td>2 593 000</td>
<td>61.7%</td>
</tr>
<tr>
<td>E Cape</td>
<td>1 902 000</td>
<td>74.3%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>1 724 000</td>
<td>71.1%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>1 514 000</td>
<td>35.0%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>1 095 000</td>
<td>65.1%</td>
</tr>
<tr>
<td>N West</td>
<td>905 000</td>
<td>63.6%</td>
</tr>
<tr>
<td>F State</td>
<td>662 000</td>
<td>65.3%</td>
</tr>
<tr>
<td>W Cape</td>
<td>544 000</td>
<td>27.1%</td>
</tr>
<tr>
<td>N Cape</td>
<td>216 000</td>
<td>50.4%</td>
</tr>
<tr>
<td>South Africa</td>
<td><strong>11 156 000</strong></td>
<td><strong>55.6%</strong></td>
</tr>
</tbody>
</table>

Source: K Hall analysis of GHS 2019.
Table 2.2 provides the population numbers for children below the upper and food poverty lines by province, ranked from highest to lowest. KwaZulu-Natal has the highest child poverty headcount in terms of numbers, with 2.6 million children below the upper bound line, followed by the Eastern Cape (1.9 million) and Limpopo (1.7 million).

Together, these three provinces account for 56 percent of poor children in the country. They also account for 62 percent of the number of ultra-poor children (4.1 million out of a total of 6.6 million), below the food poverty line.

Although Gauteng has relatively low child poverty rates in percentage terms, it has large numbers of children in poverty because of its large population, with 1.5 million children below the upper bound line.

Nearly three decades into democracy, race remains a strong predictor of poverty. Of the 20 million children in South Africa, 86 percent (17.6 million) are defined as (Black) African according to the apartheid-era population group classification still used by Stats SA. Of these African children, 61 percent (10.5 million) are in poverty – below the upper bound poverty line – and 37 percent (6.3 million) are ultra-poor, below the food poverty line.

Of all the children living in food poverty, 96 percent are African. A third of “Coloured” children are poor, below the upper bound line. Because of the much smaller child population defined as Coloured (1.7 million), this equates to just over half a million children, while around 240 000 (15%) live in food poverty. Children who are defined as “Indian” and “White” make up an even even smaller share of the child population – 2 percent and 4 percent respectively. Their poverty shares are very low and, especially in the case of “Indian” children, the error margins very wide.

Figure 2.5 shows child poverty rates by race and area type, illustrating persistent racial and spatial inequalities. Over the past two decades the child population has gradually become more urban, alongside a general urbanisation trend nationally and globally. Yet the child population is less urbanised than the adult population (57% of the child population is urban, compared with 68% of adults). Those who grow up in rural areas, and particularly those in the former homeland areas, remain in substantially poorer conditions, on average, than those in urban areas.

![Figure 2.5](image-url)
Of the nearly 8 million children in the former rural homelands, just over half (4 million) are in food poverty, and three quarters (6 million) are below the national poverty line (upper bound). These poverty rates are exceptionally high and occur in a context where there has been little investment in infrastructure and economic development, and where there are few employment opportunities.

Like children, older people tend to be over-represented in the former homeland areas, compared with working-age adults. Many of these households survive mainly on grants – particularly CSGs and older persons grants.

Urban child poverty rates are lower, on average, than those in rural areas, but there are vast inequalities within urban settings and many urban children are vulnerable to poverty and food insecurity.

Given the relatively large urban population, the numbers of poor children living in urban areas are substantial: 4.7 million (41%) below the upper bound poverty line and 2.4 million (21%) below the food poverty line. Within a subpopulation of urban children living in informal settings, over half are poor and nearly a third are food-poor.

The child population living in rural parts of the former “white” South Africa (mainly commercial farms) is now very small – less than 800 000 children – and the error margins in the survey consequently very wide (as shown by the error bars in Figure 2.5 above).

Between 48 percent and 69 percent of these children live in poverty, and between 26 percent and 43 percent in food poverty.

**Number of children in poverty**

As has become clear, it is important to consider population numbers as well as poverty rates or percentages when comparing poverty across differently sized sub-populations or monitoring poverty trends over time.

Population growth means that a decline in the poverty rate does not necessarily translate to a decrease in the number of poor children. For example, the child poverty rate (i.e., the percentage of children below the upper bound poverty line) shows a drop of two percentage points between 2011 (66.4%) and 2016 (64.5%) but the estimated size of the poor child population increased over the same period, from 12.2 million to 12.5 million children. This was because the size of the child population increased slightly over the same period – as did the population as whole.

Although the general trend over the past two decades has been a decrease in the child poverty rates, the number of poor children in the country in 2019 slightly exceeded the number recorded in 2011.

The difference in trends between the poverty rate and poverty headcount is shown in Figure 2.6, which tracks child food poverty rates over the past decade.

In 2011, 36 percent of children were below the food poverty line. By 2019 the rate had dropped to 33 percent – a decrease of three percentage points. But there was an increase of around 80 000 food-poor children across the same period.

Similarly, while the child food-poverty rates were the same in 2015 and 2019, the number of food-poor children had grown by nearly 400 000.
Figure 2.6  Child food poverty headcount versus child food poverty rate


Two sources of population projections (one by Stats SA and the other from the Thembisa model) concur that the child population is not expected to grow substantially in the coming years.

The Stats SA projections\(^\text{24}\) extend to 2032, while the Thembisa model\(^\text{25}\) extends to 2050. Both predict that the size of the child population will remain stable.

The main driver of population growth will be longevity (adults will live longer) rather than increased fertility.

The fact of a “growing” adult population is itself an argument for investing in children. Children who grow up well-nourished, healthy and well educated are in a better position to contribute to the economy when they are older.

Impact of COVID-19 and disaster relief on child poverty trends

There was an immediate sharp rise in unemployment as a direct result of the first ‘hard’ lockdown. Three million jobs were lost between February and April 2020. Two million of those who lost employment were women.\(^\text{26}\) In the 2\(^{nd}\) quarter of 2020, the expanded unemployment rate breached the 40 percent mark for the first time since the Quarterly Labour Force Survey was introduced in 2008, and it remained above 40 percent for the rest of the year.\(^\text{27}\)

Although there was some recovery of jobs in the second half of the year,\(^\text{28}\) Stats SA still recorded a net decrease of 1.4 million (8.5%) in total employment numbers in the last quarter of 2020, compared with the same period the previous year.\(^\text{29}\) By the end of 2020, 46 percent of women in the labour

\(^{24}\) Stats SA 2022 Mid-Year Population Estimates (detailed tables provided by Stats SA on request).

\(^{25}\) https://www.thembisa.org/


force were unemployed, versus 39 percent of men. Most children in South Africa depend on women, not only for their daily care but also for financial support and nutrition.

The top ups to the existing grants and the caregiver allowance started in May 2020 and ended in October 2020. The COVID–19 SRD for unemployed adult started in May 2020 and was extended into early 2021. For this reason, the child poverty rates for 2020 have been estimated in two ways:

- **first, without the disaster relief grants and top-ups** (i.e., including existing grants but excluding disaster relief);
- **second, including the R250 top-ups to existing grants, the R500 COVID–19 caregiver grants and the R350 COVID–19 SRD grants.** The GHS did not ask about grant top-ups or the caregiver grant, so these were imputed in the following ways:

  **Permanent grants:** All those who reported receiving an Older Persons, Disability, Foster Care or Care Dependency grant were allocated an additional R250 to the usual grant amounts.

  **Temporary caregiver grant:** The disaster relief package included a COVID–19 caregiver grant of R500 which was allocated to each caregiver who received CSGs on behalf of children. It was only paid for five months, from June until the end of October. Although households may include more than one caregiver receiving CSGs on behalf of different children, we simply imputed one caregiver grant per household where any child received a CSG. This yielded a reasonably close approximation to the number of CSG-caregivers reported by SASSA in the last quarter of 2020.\(^{30}\) We allocated caregiver grants to 6.7 million CSG-receiving households in the GHS, compared with 7.2 million CSG caregiver beneficiaries reported by SASSA.

  **Temporary SRD grant:** The R350 COVID–19 Social Relief of Distress grant for unemployed adults without any income took off slowly due to logistical challenges with the online application system and linked databases that erroneously kicked out applicants as “ineligible”. By the end of November 2020, a total of 9.5 million COVID–19 SRD grant applications had been received, of which 6 million had been approved and were in payment.\(^{31}\) The GHS 2020 included a specific question on receipt of the R350 COVID–19 SRD grant and individual income of R350 per month was assigned to individuals who were reported to receive this grant.

The inclusion of these disaster relief grants in the second set of estimates is a “generous” scenario in that they would not have been received in the last months of the year (the top-ups and caregiver grants stopped in October). Our grant income calculations excluded the CSG top-up of R300 per child as that was paid for only one month, in May 2020, and fell outside of the GHS data collection period.\(^{32}\)

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\(^{32}\) GHS 2020 was a sub-sample of the 2019 sample, consisting only of previously interviewed households that were contactable by phone the following year. Unlike the preceding years where the GHS fieldwork was spread throughout the year, data collection took place only between September and December. There was a strong likelihood of bias in 2020, and Stats SA corrected for this by applying bias adjustment factors to the survey weights for households and individuals. Nevertheless, Stats SA warns that comparison with previous years should be made with caution as 2020 estimates are not based on a full sample. Our child-centred analysis suggests that, on indicators where one would not expect substantial change due to COVID–19 disruptions, such as the characteristics of living environments (housing and services), the results of the GHS 2020 appear consistent with previous years. This suggests that the child sample is plausible when the adjusted population weights are applied.
Table 2.3 Social grants in payment and self-reported, third quarter 2020

<table>
<thead>
<tr>
<th>Grant type</th>
<th>SASSA grants in payment Nov 2020 (actual numbers)</th>
<th>Reported grants in GHS Sept-Dec 2020 (weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child support</td>
<td>12 956 601</td>
<td>13 645 000</td>
</tr>
<tr>
<td>Foster child</td>
<td>299 608</td>
<td>260 000</td>
</tr>
<tr>
<td>Care dependency</td>
<td>149 801</td>
<td>92 000</td>
</tr>
<tr>
<td>Older persons</td>
<td>3 731 034</td>
<td>3 662 000</td>
</tr>
<tr>
<td>Disability</td>
<td>1 084 824</td>
<td>722 000</td>
</tr>
<tr>
<td>COVID-19 SRD</td>
<td>6 088 766</td>
<td>2 081 000</td>
</tr>
</tbody>
</table>

Source: Compiled from SASSA (2021a), SASSA (2021b) and own analysis of GHS 2020.

Note: The GHS-derived numbers are rounded to the nearest thousand, as the weighted estimates are not precise. The SASSA reported numbers are derived from administrative data and are provided as reported.

Table 2.3 compares the actual grant numbers in payment as recorded by SASSA, with the number reported in the GHS 2020. Child support grants were slightly over-reported in the GHS, while the other child grants (Foster Care and Care Dependency) were under-reported. This may be the result of uncertainty or confusion around the names of grants for children. Disability grants were also under-reported, while the weighted number of Older Persons Grants reported aligned very closely with the actual numbers reported by SASSA.

The COVID-19 SRD was substantially under-reported in the GHS 2020: just over 2 million COVID-19 SRDs were reported in the survey. There are various possible reasons for this. First, The GHS data collection took place between September and December, a period during which the number of COVID-19 SRDs was increasing quite rapidly after slow initial uptake. The under-reporting may be partly because the majority of GHS interviews would have been conducted before the end of November, and therefore when uptake was lower than the numbers reported by SASSA in November. It could also be because in the GHS, all data on behalf of the household is provided by a single “key” respondent, who may not be aware of all the grants received by other household members.

The under-estimation may also be related to sample bias. For example, even if respondents from the 2019 sample were contactable by telephone, they were excluded from the survey if they had moved to a different dwelling since 2019. The profile of SRD COVID-19 applicants was strongly skewed towards unemployed youth (under 35 years) and there may have been a large degree of mobility in this group.

Table 2.4 shows the 2019 child poverty rates on the upper bound and food poverty line and compares these with the 2020 child poverty rates in scenarios with and without the disaster relief grants. Child poverty rates rose in 2020 despite the inclusion of the COVID-19 top-ups, the caregiver grant and the SRD in the income calculations. The 2020 child poverty rates are likely to have been higher earlier in the year, before the disaster relief grants were introduced and before some of the 3 million job losses through the hard lockdown had been regained.
Table 2.4  Child poverty rates 2019 & 2020, with and without 2020 disaster relief

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020 (excluding disaster relief)</th>
<th>2020 (including disaster relief)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper bound poverty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% poor</td>
<td>55.6%</td>
<td>62.7%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Number poor</td>
<td>11 156 000</td>
<td>12 856 000</td>
<td>12 283 000</td>
</tr>
<tr>
<td><strong>Food poverty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% poor</td>
<td>32.9%</td>
<td>39.3%</td>
<td>33.6%</td>
</tr>
<tr>
<td>Number poor</td>
<td>6 611 000</td>
<td>8 050 791</td>
<td>6 888 652</td>
</tr>
</tbody>
</table>

Source: K Hall analysis from GHS 2019 and 2020.

In 2019, the child poverty headcount was 11.2 million children, using the upper bound poverty line. In 2020 the estimate would have been 12.9 million in the absence of disaster relief through social grants. The difference of 1.7 million is the number of children who are estimated to have fallen into poverty during 2020, though the real number would be higher if some moved out of poverty over the same period.

The top-ups to existing grants, along with the temporary COVID-19 caregiver and SRD grants, are estimated to have reduced the upper-bound child poverty rate from 63 percent to 60 percent, effectively saving nearly 600,000 children from falling below the upper bound poverty line during that period.

The effects at the food poverty line are even more striking. An estimated 33 percent (6.6 million children) were below the food poverty line in 2019.

In the absence of disaster relief grants and top-ups, food poverty among children increased to 39 percent (the numbers growing by over 1.4 million to just over 8 million children).

Even after including the disaster relief grants, 6.9 million children were below the food poverty line — nearly 300,000 more than the previous year.

But nearly 1.2 million were effectively “saved” from food poverty for the five months that disaster relief was in place.

Figure 2.7 shows the food poverty trend and illustrates how the disaster relief grants and top-ups had a strong protective effect, counteracting rising poverty in the context of lockdown. The food poverty rate for children remained relatively stable despite job loss. This protective effect would have ended when the top-ups and caregiver grant were discontinued after October.

It is worrying, then, that there was a real reduction in CSG access since 2020. Our analysis reveals that this is most likely due to delays in early birth registration of babies.

During the first hard lockdown in April 2020, Home Affairs offices were not offering birth registration services or ID applications and Home Affairs officials in maternity wards were withdrawn. Babies born during April 2020 and some of those born during the previous months of early 2020 were therefore not able to be registered until later in the year while some were only registered in 2021.

During less stringent levels of lockdown, Home Affairs was providing limited services and operating at reduced staff capacity to prevent the spread of COVID.
For example, under level 4 lockdown in May and June 2020, applications for identity documents were not possible. Over 20 000 children are born every week in South Africa, and the birth rate would not have been affected by COVID-19 or the state of disaster. It is much more difficult to apply for the CSG for unregistered children, especially babies, even though there is a proviso in the Social Assistance regulations that makes this possible (regulation 13.1).

At the end of March 2020, nearly 660 000 infants under one year were receiving the CSG. By March 2021 this had dropped to 550 000, and the number remained at this low level in March 2022 (with 543 000 infants receiving the CSG). The decline in uptake for infants has also contributed to an overall decline in CSG uptake numbers, while the unemployment rates have risen over the same period. Accompanying these trends is a substantial increase in the child food poverty headcount (from 33% in 2020 when disaster relief was in place, to 37% in 2021). The continued trend to 2022 will be revealed one survey data for that year become available. Figure 2.8 tracks the number of infants (children under one year of age) in the population, as well as the number of current year birth registrations. The bottom line shows the number of infants receiving the CSG. There had been some improvement in CSG uptake over the previous decade, and particularly between 2018 and 2020 – an important achievement given that exclusion errors are known to be a particular challenge for very young children. However, there was a clear drop in current-year birth registrations in 2020, mirrored by a sharp drop in CSG uptake for infants by March 2021.

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The well-established exclusion errors for young children were exacerbated by the inaccessibility of essential government services during the state of disaster implemented in response to COVID-19 and have continued in the context of load-shedding and frequent shutdowns of the Home Affairs online systems.

Poverty depth and severity

The poverty analysis up to this point has focused on the incidence of poverty (i.e., the poverty rate or headcount). This is the simplest poverty measure and tells us what proportion or number of the population falls below the poverty line at a point in time. But any poverty line is an artificially hard cut-off: there is no clear difference in the circumstances or quality of life for those just above or just below the line. Those whose incomes are clustered near to the line may qualify as being “poor” in one month and “non-poor” the next.

From a policy perspective, it would be relatively easy to reduce the poverty rate simply by slightly increasing the income of individuals who are just below the poverty line. A small social grant like the CSG, for example, may bring children out of poverty, reducing the poverty headcount, but only if they are not very far below the poverty line to start with. (Its effect will also be influenced by the size of the household, as per capita income is calculated by dividing total income, including grants, by the number of household members.)

For those who are further below the poverty line, grants may have a great impact in terms of social benefit but will not take them over the poverty line. In other words, the poverty rate is not necessarily the best way to determine the “success” or “impact” of social grants, since reductions in the poverty headcount rate will mainly reflect changes in the incomes of the least poor (those close to the poverty line), as opposed to the poorest.

The poverty rate, or incidence, does not tell us about the depth of poverty (i.e., how far below the poverty line the poor are, or what it would take to bring them out of poverty). There are other measures that can do this.
**Sub-poverty lines** at lower thresholds provide an alternative to a single national “poverty line,” allowing for identification of the “ultra-poor”. In South Africa, the main official poverty line is the Stats SA upper bound line, which allows for both food and non-food basic expenditures. The food poverty line is based on the income required to purchase basic food only, excluding non-food needs, and thus could serve as a benchmark for estimating the “ultra-poor”. As a start, it is useful to monitor poverty rates on both lines.

The poverty gap measures the depth of poverty amongst the poor. It shows how far individuals or households are from the poverty line. In the case of children, it is a measure of the poverty deficit of the entire child population and is calculated by adding up the shortfall in the income of each poor child (i.e., the difference between their income and the poverty line) and dividing by the total child population to obtain the mean.

The squared poverty gap measures the severity of poverty amongst the poor. It takes into account both the distance separating the poor from the poverty line, and inequality among the poor. The effect of squaring the poverty gap is that it gives greater weight to observations that fall far below the poverty line than those close to the poverty line.

In poverty analyses, the poverty incidence or rate is commonly denoted by “P0”, the poverty gap or depth of poverty by “P1” and the squared poverty gap or severity of poverty by “P2”. Together, these are referred to as the Foster, Greer & Thorbecke (FGT) set of poverty measures, after the people who developed them.

Table 2.5 compares the three poverty measures for adults and for children at five-year intervals between 2010 and 2020. The penultimate year, 2019, has been included to give an indication of the trend just before the arrival of Covid-19 and the substantial impact on poverty rates due to COVID-19 restrictions. Two alternative analyses are provided for 2020, one excluding the additional income from temporary disaster relief and the other including disaster relief. This reveals the impact of the disaster relief measures, not only on the poverty rates, but also on the depth and severity of poverty.

As previously discussed, the poverty rate (P0) is higher for children than for adults, but so are the measures of poverty depth (P1) and severity (P2). These trends are consistent throughout the 10-year period. In other words, children are more likely than adults to be below the poverty line, and they are also more likely to be far below the line, in severe poverty.

There are clear improvements for children between 2010 and 2019, not only in the declining poverty rates but also in the depth and severity of poverty. The percentage decreases over the period not only show some movement out of poverty (from below to above the poverty line), but also suggest that the depth of poverty was alleviated for those who remained below the poverty line, and particularly for those who were the furthest from the poverty line. This makes sense, in that grants may reduce poverty while not necessarily being sufficient to bring individuals in poor households above the poverty line.

For children, there was a reduction in the poverty gap and severity (upper bound line), from 39 and 26 percent respectively in 2010, to 31 and 21 percent respectively in 2019. The 2020 measures suggest that much of the gain in poverty reduction was lost in a single year.
Table 2.5 Upper-bound poverty rate, depth and severity for adults and children

<table>
<thead>
<tr>
<th>Year / period</th>
<th>Adult poverty measures</th>
<th>Child poverty measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P0 poverty rate</td>
<td>P1 poverty depth</td>
</tr>
<tr>
<td>2010</td>
<td>0.485</td>
<td>0.256</td>
</tr>
<tr>
<td>2015</td>
<td>0.427</td>
<td>0.211</td>
</tr>
<tr>
<td>2019</td>
<td>0.393</td>
<td>0.207</td>
</tr>
<tr>
<td>% change 2010-2019</td>
<td>-19%</td>
<td>-19%</td>
</tr>
<tr>
<td>2020 (excl disaster relief)</td>
<td>0.466</td>
<td>0.255</td>
</tr>
<tr>
<td>2020 (incl disaster relief)</td>
<td>0.442</td>
<td>0.222</td>
</tr>
<tr>
<td>% change 2019-2020 (excl disaster relief)</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>% change 2019-2020 (incl disaster relief)</td>
<td>12%</td>
<td>7%</td>
</tr>
</tbody>
</table>


In the absence of disaster relief, the adult poverty rate (on the upper bound line) increased by 19 percent from the previous year, and the depth and severity of poverty by an even greater margin. The child poverty rate increased by 13 percent, while the depth of child poverty increased by 16 percent and the severity of poverty by 20 percent.

The inclusion of the temporary disaster relief grants results in striking changes to the poverty measures. Although we still see an increase in the poverty rates it is less pronounced than it would have been in the absence of disaster relief. Importantly, disaster relief had a strong effect on the depth and severity of poverty, as shown in the last line of Table 2.5.

In the case of children, although there was still an increase in the poverty rate, there was no increase in the depth of poverty and severity of poverty was even alleviated slightly. This is likely due to the introduction of the COVID-19 caregiver grant, so that additional income was automatically received in households where children were receiving CSGs. Children living with grandparents who are pensioners would also have benefited from the top-up to the older persons grants.

The protective role of the disaster relief grants and top-ups for children is evident on all poverty measures (the rate, depth and severity of poverty) but would been more effective for children if the child support grant had also received a top-up.

In our later modelling of possible increases to the CSG value (chapter 8), we estimate the effects of various increase options for the CSG, not only on poverty rates, but also on the depth and severity of child poverty.
Relative poverty

A common way of defining a relative measure is to select a fraction of the income distribution within a society – for example a percentage (often 40 percent or 50 percent) of the mean or median household income – so that those falling below this level are defined as poor. These types of relative poverty measure are quite often used in wealthy countries but less so in developing contexts because of the higher poverty rates. In South Africa, any percentage of the median income, for example, would give an extremely low poverty line cut-off because of the skewed income distribution.

It has been argued that relative poverty approaches are not very useful for monitoring progress in measuring poverty “as there will always be a bottom 40 (or any other) per cent in any society and so poverty, using this definition, could never be eradicated, except in an unlikely situation of equal incomes”. However, relative measures can be useful for comparative analysis, and to demonstrate differences in the relative poverty of different groups.

Relative poverty rates can also be calculated simply by using a percentage cut-off of the per capita household income distribution, such as the poorest 40 percent or 50 percent.

The first official post-apartheid study of poverty in South Africa was conducted by SALDRU at the University of Cape Town for the World Bank in 1995 (the Project on Statistics for Living Standard and Development, or PSLSD). The study used two relative definitions of poverty: people living in the poorest 40 percent of households were defined as “poor” while those in the poorest 20 percent of households were defined as “ultra-poor”.

Figure 2.9 compares the distribution of the adult and child populations across the income quintiles (the quintiles are constructed using per capita household income). Quintile 1 represents the poorest 20 percent of households, quintile 2 the next poorest 20 percent and so on.

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Figure 2.9  Distribution of adult and child populations across the income quintiles

<table>
<thead>
<tr>
<th>Quintile 1 (poorest)</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5 (richest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults</td>
<td>21%</td>
<td>21%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>Children</td>
<td>34%</td>
<td>25%</td>
<td>13%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: K Hall analysis from GHS 2019.

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34 Barnes (2009: 6).
The adult population is quite evenly distributed across the household income quintiles, with just over a fifth (21%) of adults in quintile 1 households (the poorest 20% of households) and another 21 percent in quintile 2 households. Altogether, 42 percent of adults in South Africa live in the poorest 40 percent of households.

The distribution of children is strikingly different, with 34 percent of all children living in the poorest 20 percent of households. Incomes in these households range from R0 to a maximum of R575 per person per month, with the median being R315 – far below survival level. Another 25 percent of children are in quintile 2, where per capita incomes range from R576 to a maximum of R1400.

Altogether, nearly 60 percent of children (11.7 million) live in the poorest 40 percent of households, once again illustrating the disproportionately high levels of poverty in households with child dependents.

### 2.4 Direct measures of deprivation

In this section we look briefly at some measures of poverty along dimensions other than money.

As explained previously, money is an indirect measure of poverty because it is instrumental. Money cannot be eaten or used to keep warm, and though it can be used to purchase food and clothing there may be instances where even non-poor households (in money-metric terms) are still deprived because the infrastructure needed to meet their needs is not available.

For example, if there is no bulk water infrastructure in a village or informal settlement, then households in the area are unlikely to have a water connection with a steady supply of safe drinking water, irrespective of their income. Similarly, if the education or health services in a community are failing, then the children who depend on these services may be deprived in the areas of education or health.

Many of the direct deprivations are hard to measure quantitatively, and income is a useful proxy indicator because low incomes tend to correlate well with other dimensions of deprivation. But there are some areas of deprivation that can be determined from the surveys.

Here, we focus on three main categories of direct deprivation that concern children, and contribute to poverty traps: living environments, nutrition and education.25

#### Living environments

South Africa’s historical policies of racial discrimination and segregation left an enduring legacy of inequality when it comes to living environments. Urban townships and informal settlements were under-resourced in terms of housing development and service infrastructure, and rural areas even more so. In comparison, many of the urban suburbs formerly demarcated as white areas have maintained high property values, reinforcing wealth inequality.

Because these spatial inequalities and the deficits in living environments have not yet been addressed, the quality of living environments is strongly correlated with income, race and type of area. The deprivations and inequalities remain evident in respect of many of the living environment indicators in the third decade after democracy, as shown in Table 2.6.

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25 Various child-centred indicators in these domains are monitored regularly by the Children’s Institute and can be explored on the interactive Children Count website: [www.childrencount.uct.ac.za](http://www.childrencount.uct.ac.za)
Table 2.6  Indicators of living environment deprivation for adults and children

<table>
<thead>
<tr>
<th>Indicator of living environment deprivation</th>
<th>Adults</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (%)</td>
<td>Total (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional dwelling</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Informal dwelling</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Overcrowded dwelling</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>No piped water</td>
<td>23</td>
<td>30</td>
</tr>
<tr>
<td>Inadequate sanitation</td>
<td>18</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: K Hall analysis from GHS 2019.

Note: In this analysis, “rural” refers to the rural former homelands. Commercial farms within the former “white” RSA are not shown. The population of children still living on farms is very small relative to the urban and rural “homeland” populations.

Overall, 9 percent of children live in traditional dwellings, compared with 5 percent of adults. Children in the poorest quintile households are more likely to live in traditional dwellings than those in the richest quintile (16% versus 2%).

Children are substantially more likely than adults to live in overcrowded dwellings and without basic household services. For example, while 30 percent of all children do not have piped water available on the property where they live (even in the yard), only 23 percent of adults lived without piped water.

Most children living in the rural former homeland (60%) do not have piped water connection at their home, and 37 percent do not have adequate sanitation on site (defined as a flush toilet connected to the bulk sanitation system or a septic tank, or a ventilated pit latrine).

It is worth noting that rural children do not fare worse than their urban counterparts on all the living environment dimensions. Urban children, for example, are more likely than those in the rural former homelands to live in informal dwellings and overcrowded households, which in turn can present risks for healthy development and safety.

**Hunger and nutrition**

Adequate nutrition is an obvious prerequisite for survival and development and is clearly linked to income poverty in that households that are income-poor may be unable to provide sufficient and healthy food for members. Poor nutrition is also associated with poor living conditions: inadequate sanitation and unsafe water undermine hygiene and increase the risk of gastro-intestinal infections which in turn compromise nutritional and health status.

The causal relationship between poverty and nutrition also works the other way: under-nutrition in childhood negatively affects health and educational outcomes and the individual’s capacity for work and income-earning in adulthood. There is considerable evidence that early deficits, particularly in the first three years of life, can have long-term effects on work capacity, and that adequate nutrition is of critical importance for pregnant mothers and young children.
Thus “it is clear that policy interventions that improve children’s health can dramatically increase their chances of escaping poverty.” 36

Child malnutrition has been described as a form of “slow violence” that systematically destroys a child’s developing body and brain, damaging their health, education and employment prospects. 37

South Africa has an enormous burden of child malnutrition. Even before the arrival of Covid–19, the situation in South Africa was very worrying. One in ten children lived in households where children were reported to go hungry at least sometimes because there wasn’t enough money for food. This rate of reported child hunger decreased quite rapidly during the 2000s, from 30 percent nationally (and nearly 50 percent in the Eastern Cape) in 2002, to 15 percent nationally (and 20 percent in the Eastern Cape) by 2009. Since then, the decline in reported hunger has been much more gradual, levelling off from around 2014.

Even when children do not feel the physical pain of hunger, they may not be getting adequate nutrition. A nutritious and sufficiently diverse diet is much more expensive than filling the belly with starch. As shown in the poverty analysis, a third of all the children in the country live in households below the food poverty line, where there is not enough money to provide household members with the minimum nutrition needed for survival and development.

Over a quarter of children under the age of five are stunted – too short for their age. 38 The stunting rate is very high for a middle-income country, and as shown in Figure 2.10, South Africa is an outlier by global standards.

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**Figure 2.10  South Africa in global perspective: Child stunting rates by per capita GNI**


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37 Lawrence Haddad, Director of the Global Alliance for Improved Nutrition in his Foreword to the South African Child Gauge 2020.
38 South African Demographic and Health Survey 2016.
The national data on stunting rates are not produced very regularly as they are difficult and costly to collect at scale, but the general pattern has been an initial decline in under-5 stunting in the early years of democracy, from an average of 30 percent in 1993 (when stunting rates among children in the poorest quintile households were as high as 40 percent among children), to 25 percent in 2008.

Following this, stunting rates have remained stubbornly high. The most recent estimates are from the 2016 Demographic and Health Survey, which recorded 27 percent, or around 1.6 million children under 5 as being stunted.

Stunting is a sign of chronic malnutrition, which literally impedes physical growth and cognitive development. Large numbers of young children also suffer from deficiencies in micronutrients such as iron and zinc. A national nutrition survey found that nearly half of children under five had vitamin A deficiency. Low levels of vitamin A impair immunity, making children even more vulnerable to infectious disease.

Malnutrition has been identified as one of the top five causes of child mortality in South Africa, and in 2018, around half of all child deaths in hospitals were associated with malnutrition as an underlying cause.

The Covid-19 lockdowns thrust many more households into desperate poverty, and children suffered the effects of food insecurity. There were no real food shortages – people just did not have the money to buy it. Nearly half of households (47%) ran out of money to buy food in the hard lockdown of April 2020.

Along with the rise in unemployment and poverty, food prices increased (by as much as 9.8% for the period Feb 2020 to Feb 2021). The NIDS-CRAM study recorded that child hunger rates increased after the grant top-ups and COVID-19 caregiver grants were discontinued in October 2020.

**Figure 2.11 Reported child hunger, 2011 – 2021**


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40 National Department of Health Ministerial Committee for the Morbidity and Mortality of Children under 5 years.
42 Van der Berg, Patel & Bridgman (2021) Hunger in South Africa during 2020: Results from Wave 3 of NIDS-CRAM.
Most poignantly, during lockdown there was evidence that adults who lived with children had made food sacrifices, going hungry themselves in an effort to protect their children from the ravages of hunger.\(^{43}\)

Despite these efforts, results from the 2020 and 2021 GHS show an increase in reported child hunger from households in the poorest two quintiles, as illustrated in Figure 2.11.

**Education**

Access to education can be measured in various ways. The most basic measure is to count the number of school-age children who are attending school. This is really a measure of behaviour and institutional access but tells us little about the quality of education that children receive. In South Africa, schooling is compulsory from age 7 until the child completes grade 9 or turns 15 years old, and school attendance in this phase is almost universal.

Although attendance rates start dropping off from around the age of 16, particularly among boys, most children aged 7 to 17 – around 98 percent - attend school.

Unlike many other measures, there are no pronounced inequalities in attendance rates among children in the compulsory schooling years: rich and poor, urban and rural children alike make the effort to go to school. Their households carry the financial costs of uniform, transport and other education-related expenses, including school fees for those attending schools in the upper quintiles.

The quality of education that learners receive, however, remains highly unequal – supporting the notion of two education systems operating in South Africa: “one well-resourced and high-performing, serving mainly the richest quarter of children, and the other a low-performing system, inefficient at converting resources into academic performance, and serving the poor”.\(^{44}\)

These discrepancies in the quality of education service are important from the perspective of poverty reduction because the persistence of educational inequities serves to reinforce a range of other forms of inequality and deprivation that are passed down to the next generation.

The low quality of education offered in schools serving poor communities can entrench exclusion and marginalisation: “the education system generally produces outcomes that reinforce current patterns of poverty and privilege”\(^{45}\) so that inequalities in schooling outcomes are later paralleled in labour market outcomes, perpetuating patterns of inequality.

A 2014 study found that whereas 88 percent of children from relatively well-off households may expect to reach matric, only 17 percent of children from poor households will do so.

Within the poorer three quintiles – the public education system that serves the bulk of children in South Africa – only about four of every ten children who start school achieve any kind of matric pass, and only one in ten will achieve a matric exemption or “bachelor’s pass” that enables them to enter tertiary education.\(^{46}\)

The labour market returns to education only start kicking in from high school, increasing slightly with each additional year of schooling. But it is only after successful completion of matric that income earning prospects are significantly increased, and further education is increasingly necessary for any decent labour market prospects.

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\(^{44}\) SAHRC & UNICEF (2014: 5).

\(^{45}\) Van der Berg et al (2011: 1).

\(^{46}\) SAHRC & UNICEF (2014).
In the case of education, there is a clear need for infrastructure investment to address the backlog in school resources and services such as sanitation. However, additional monetary investment from the state is not the only important intervention needed for improving learning outcomes. For example, problems with inadequate school infrastructure are less about budget than about the capacity to spend the money allocated for infrastructure.

International and regional comparative assessments on literacy and numeracy have shown that South Africa’s educational performance is “abysmal” – weaker even than much poorer countries such as Tanzania, Kenya and Swaziland, which have lower education spending.

Rather, a range of “binding constraints” in the education sector have been identified and would need to be jointly addressed to overcome the structural challenges in the education system. These include weak institutional administration, management and accountability systems, weak teacher content knowledge and poor pedagogic skill, and wasted learning time despite the presence of learners.

This last constraint was particularly pronounced in the two years of lockdown, resulting in an estimated set-back of a full year of learning lost for 50-75 percent of learners in the foundation and intermediary phase – from Grade 1 to Grade 9. The situation was worse for poor children who did not have access to computers, internet, data and other resources needed for online learning.

The effect of lockdown was particularly dramatic in the non-compulsory early learning phase, with a massive fall-off in attendance among children aged 5–6-years.

In 2019, 93 percent of young children in this age group were attending some kind of educare facility or group learning environment; by the third quarter of 2020 when the GHS was conducted, the attendance rate had dropped to 33 percent. Of the 2.3 million children in this age group, 780,000 were reported to attend an early learning programme, while 1.5 million were not attending.

Addressing inequalities in the education system requires attending to the whole system of education, right back to the earliest years of learning. Improved foundation learning enables children to cope better with the formal education system and to benefit from it.

Systemic solutions to address the underlying issues in early learning include appropriate nurturing care and stimulation from the early years, well-resourced and capacitated early learning centres, and a solid foundation phase with good quality teaching with an emphasis on mother-tongue learning.

In the absence of universal free early childhood services, child grants also enable households to pay for access to early learning programmes.

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49 Hall K analysis of GHS 2019 and 2020, as reported in the SA Child Gauge 2021/22.
50 SAHRC & UNICEF (2014).
2.5 Multidimensional poverty measures

A range of child-focused indices of deprivation have been produced in South Africa, combining individual deprivation measures such as those described above into composite indices. Typically, the individual indicators are clustered into domains which are combined to create a composite score. The indices tend to exclude income, as income is correlated with the other measures.

Although multiple indicators work has attracted a lot of attention, the policy implications of these analyses are not always easily discernible. In general, the studies serve to affirm the well-established racial and spatial dimensions of poverty as well as the associations between income poverty and various other (non-monetary) dimensions of deprivation.

When undertaken at small area level, they can be used for more detailed spatial analysis and visual mapping, although even at small area level it is often more useful from a policy perspective to consider the indicators individually.

South African Indices of Multiple Deprivation for Children

A local municipality-level South African Index of Multiple Deprivation for Children (SAIMDC) was constructed using the 2001 Census by the Centre for the Analysis of South African Social Policy and the Human Sciences Research Council. Sets of child-focused indicators were grouped into five dimensions or ‘domains’ of deprivation:

- income and material deprivation
- employment deprivation
- education deprivation
- parental deprivation
- living environment deprivation

The domains were combined to give a deprivation score for each municipality as well as a multiple deprivation score and rank.

A more fine-grained version of the SAIMDC profiled child deprivation at sub-municipal level. While the overall pattern showed that the areas with the highest levels of deprivation were in the former homeland areas, small areas of deprivation could be picked up in otherwise affluent areas. Within metropolitan areas such as Cape Town or Johannesburg, for example, the analysis revealed pockets of deprivation in the townships, which are masked when looking at deprivation at higher levels of aggregation.

The municipality level index was updated using the Community Survey 2007 in a study conducted for the Department of Social Development. This analysis revealed that the spatial distribution of child poverty and deprivation had not changed noticeably, with the most deprived areas being in former homelands.

The same method was undertaken for an updated study using the 10 percent sample of the 2011 Census.

One of the contributions of this work is that it enabled municipalities to be ranked according to multiple deprivation scores. In terms of multiple child deprivation, the most deprived municipality in South Africa was found to be Port St Johns in the Eastern Cape.

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51 The initial parts of this section draw directly from a review of child poverty conducted in 2017 for the DPME: Barnes, Hall, Sambu, Wright and Zembe-Mkabile (2017) Review of research evidence on child poverty.
52 Barnes, Wright et al. (2007).
Figure 2.12 Relative change in child deprivation between 2001 and 2007

Source: Wright, Noble, Barnes and Noble 2009

Men, Women and Children: Findings of the Living Conditions Survey

Stats SA used data from the 2008/2009 Living Conditions Survey to produce estimates of multi-dimensional poverty among children. Eight equally weighted dimensions were combined to form the index:

- shelter
- sanitation
- water
- energy
- information
- education
- food
- health

Two indices of deprivation were then generated, representing severe deprivation and less severe deprivation, and the number of deprived dimensions were calculated for each child.

On the severe index, 35 percent of children were deprived in at least one dimension and 13 percent were deprived on two or more. On the less severe index, 71 percent of children were deprived in at least one dimension and 49 percent were deprived on two or more.

Children were defined as living in multi-dimensional poverty if they had two or more deprivations, based on the less severe index. It was found that multi-dimensional poverty rates were highest for children in the oldest age group (12 – 17-year-olds) (in part, at least, likely because this group includes more who are not in an educational institution) and for females.

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Black African children had the highest rates of multidimensional poverty, while multidimensional poverty among White children was almost zero. Income inequalities were paralleled in the multidimensional index: 72 percent of children in the poorest quintile were multidimensionally poor, compared to a negligible 2 percent of children in the richest quintile. The similarity in the patterns between the two measures reflects money’s enabling effect in respect of many other aspects of wellbeing.

Poverty traps and social exclusion among children in South Africa

A 2014 report published by the SAHRC and UNICEF explored child poverty traps using the Child Multidimensional Poverty Indices (MPI) method developed by the Oxford Poverty and Human Development Initiative and the UNDP’s Human Development Report Office.55

Acknowledging the limitations of a purely money-metric approach to poverty analysis as monetary measures fail to take into account the general well-being of children (i.e., money reflects a “means”, whereas the other dimensions are more a reflection of “ends”), the report focused on five dimensions related to children:

- health
- education
- living standards
- employment (of adults)
- life satisfaction

The authors measured child multidimensional poverty over time from 2008 to 2012, presented in three MPIs. Several indicators comprise each dimension. For example, the education deprivation dimension considers school enrolment and whether any adult household members have achieved a certain level of education.

Trends in multidimensional poverty were traced from 2008 to 2012, using data from the National Income Dynamics Study. Using the three MPIs, the authors found that child poverty decreased slightly over this period, that – as with other measures – rural MPI poverty was higher than urban poverty, and that the provinces where children had the highest levels of money-metric poverty also had the highest incidence of MPI poverty.

Substantial contributors to high deprivation scores were lack of access to basic amenities such as sanitation and water, poor health, low education quality and attainment, as well as more subjective indicators such as “lack of hope”.

Child poverty and inequality in post-apartheid South Africa: a multidimensional perspective

In 2018, economists at the University of Pretoria published a report in which they applied the MPI methodology to data from the General Household Survey to produce a child-specific MPI for 2002 and 2014.56

The child MPI consisted of 18 indicators across four dimensions:

- education
- health
- living conditions
- economic activity

Each indicator had a deprivation cut-off, defined as minimum level of satisfaction informed by the Sustainable Development Goals and national documents including the National Plan of Action for Children.

The researchers found that the incidence of multidimensional child poverty had reduced over time, from 33 percent of children in 2002 to 22 percent in 2014. The major contributing dimensions to the indices were economic activity (fewer

children with no employed adults in the household) and living conditions. As with other studies, the analysis confirmed that multidimensional child poverty is most prevalent among African children and those in the former homeland areas.

**Child Poverty in South Africa: Multiple Overlapping Deprivation Analysis (MODA)**

The most recent offering in the area of multiple indices is a study commissioned and published by Stats SA in 2020 to measure multidimensional and money-metric poverty among children in South Africa.\(^{57}\)

Using UNICEF’s Multiple Overlapping Deprivation Analysis (“MODA”) methodology and using data from the Living Conditions Survey 2014/15, it constructs a multidimensional measure made up of 14 indicators in 7 domains:

- nutrition
- health
- education
- child protection
- WASH (water, sanitation and hygiene)
- housing
- access to information.

Children who were deprived in three or more of the seven dimensions were defined as being multidimensionally poor. This was the case for 62 percent of children in 2014/15.

There was little variation by sex or age, but unsurprisingly, the highest rates of multidimensional poverty were found among African children, among those in rural areas, and in households with no employed adults.

Multidimensional poverty was negatively correlated with the education level of the “household head”: the higher the education level of the “household head”, the lower the MPI rate.

The MPI rate was also higher among single orphans than non-orphans, and highest among double orphans. Poverty rates were higher for young children whose births are not registered.

In the “overlapping” aspect of analysis, it was found that around 40 percent of children were both money-metric and multi-dimensionally poor, while 20 percent were multi-dimensionally poor but not monetarily poor, and 9 percent were money-metric poor only. Thus, for most, income poverty was accompanied by deprivations in other more direct measures.

### 2.6 Poverty traps and poverty transitions

Although the overall rate of poverty has decreased, and this has been shown through a range of measures, many households have been unable to break the cycle of poverty. They are trapped in poverty. A poverty trap can be defined as “any self-reinforcing mechanism which causes poverty to persist”.\(^ {58}\)

In 2014 the South African Human Rights Commission and UNICEF commissioned a group of researchers at the University of Stellenbosch to conduct a study on poverty traps and social exclusion among children in South Africa.\(^ {59}\) The poverty traps report adds to the existing evidence on the patterns of children’s poverty status across the country, following a panel of children

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\(^ {59}\) SAHRC & UNICEF (2014).
longitudinally from 2008 to 2012 (the same period that the CSG age threshold was extended from 14 to 17 years). The analysis identifies two main categories of poor children:

- those who were **chronically** poor in that they remained below the income poverty line throughout the period 2008 – 2012 (around 40% of all children); and
- those who were **structurally** poor (i.e. poor in terms of both the poverty line and asset threshold (also around 40%).

Structurally, the households containing poor children lacked both the means of income and the productive assets to escape poverty and were stuck in a poverty trap.

The analysis identified transitions or movement in or out of poverty. Multiple factors were found to contribute to poverty transitions, an important one being the education and employment profile of co-resident adults and caregivers, especially mothers. This again points to education quality as a key lever, not only for the sake of individuals themselves, but also to help break intergenerational cycles of poverty.

In investigating poverty transitions, they found that changing household composition was the largest trigger of poverty entry, especially if there was a fall in the labour market earnings of the “household head”.

Increased income from social grants was identified as a main trigger precipitating poverty exit (for about one quarter of the sample).

They conclude that this finding is “a reflection of both the success of the targeting and expansion of the state’s grant system, and the failure of the labour market to act as the main driver of poverty reduction in the country.”

2.7 Conclusion

Children depend on adults not only for their care, nurture and guidance, but also for meeting their basic needs. The critical issue underlying child poverty is the high rate of adult unemployment and the low (and often erratic) earnings of many of those who do work.

There is no doubt that if employment rates increased substantially, there would be less child poverty. However, unemployment has thus far proven to be an intractable problem in South Africa.

Viewed from the perspective of children, there has been very little change in the rate of household-level unemployment over the last decade. Around a third of children live in households where none of the adult members are employed. In 2020, this...
increased to 36 percent of children (7.3 million children), with rates as high as 50 percent in former homeland areas and 80 percent amongst those in the poorest quintile.

The official unemployment rates have increased in recent years, and by the end of 2021 reached 35 percent for narrowly defined unemployment and 46 percent on the expanded unemployment rate, including discouraged work seekers.62 Yet, over the past decade, child poverty rates have continued to fall, and there is evidence that additional grants and top-ups helped to protected children from the economic effects of lockdown.

Children are over-represented in poor and rural households. There is a circular argument here: on the one hand, children’s households may be identified as being poorer because they have a relatively high number of dependents (children), relative to working adults who can earn income. In many instances there are no income earners at all, the households being dependent on social grants.

On the other hand, poverty can be seen as a major factor in the fragmentation of families in South Africa: it is not unusual for adults from poor households that are located far from work opportunities to migrate in search of employment, leaving children with the other parent, or in many cases with grandparents or other relatives caring for multiple children.63

Women bear an enormous burden of responsibility as providers, carers of children and dependent adults and maintainers of the household, both through “women’s work” and financially. In the absence of work opportunities, income support through grants is an essential intervention to enable caregivers to provide for their children’s basic needs.

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3. Birth and growth of the CSG

“The Committee is firm in its belief that this cash benefit [the CSG] will be a more reliable form of support than the alternatives it considered. In a society of such extreme inequalities, social spending of this sort is an important contributor to household income.... It should be seen as a minimal basis from which incremental growth can take place.”

3.1 Birth of the Child Support Grant in the 1990s

The political landscape

The CSG was conceptualised over a two-year period starting in 1996. South Africa had just emerged from apartheid into a constitutional democracy with a Bill of Rights reflecting an explicit transformative agenda that was aimed at achieving substantive equality.

The Bill of Rights includes justiciable socio-economic rights for everyone, including the right to have access to social assistance if they are unable to support themselves or their dependants. It also provides additional protection in respect of children’s socio-economic rights to basic education, social services, shelter, basic nutrition and basic health care services.

Most of South Africa’s laws, policies and programmes had to be re-conceptualised and re-written in the 1990s and early 2000s to provide the necessary frameworks to realise these socio-economic rights for everyone. The process included revising the policies and laws that provide for social assistance so as to give effect to the right to social assistance.

On the macro-economic policy front, the Reconstruction & Development Programme (RDP) was about to be replaced by the Growth, Employment & Redistribution (GEAR) strategy, ushering in a restrictive fiscal environment and limiting opportunity for new socio-economic policies to be designed and implemented at the scale required to realise socio-economic rights and substantive equality for the majority.

The new CSG would therefore be introduced at a time of fiscal conservatism and would be competing for fiscal space with other

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67 Justiciable means that the right can be enforced by a court of law.
68 Section 27(1)(c).
69 Section 29 (1) (a).
70 Section 28(1) (c).
important socio-economic priorities such as free primary health care, subsidised housing and basic education.

The HIV/AIDS epidemic had already started to increase South Africa’s child mortality rate and increasing numbers of children were losing one or both parents to AIDS. Care of children by extended family members was already a common child-care practice and was likely to increase due to the HIV epidemic.

Socio-economic policies needed to recognise and support these patterns of childcare and ensure that social protection programmes reached children who needed them, irrespective of whether they were cared for by their biological parents or other relatives.

Social assistance in 1996

While the apartheid state already had a legislated social assistance system in place, it was racially discriminatory in respect of the value of the grants, eligibility criteria and implementation. It was also based on an assumption of near to full employment of the male working age population and a nuclear family structure where parents were married, having been originally designed with only the privileged white population in mind.

In the 1980s the apartheid state started to equalise the value of the grants for all racial groups and in 1992 it passed a uniform national law to partially address the fragmentation across provinces and homelands. By 1993 the values of the grants were mostly equal, but access remained unequal for the majority of African children, especially those in the towns and rural villages of former homelands where access was very rare.

In 1995/96 social grants reached some 2.5 million people, mostly elderly and people with disabilities. Approximately 400 000 of these beneficiaries were women and children in receipt of the State Maintenance Grant (SMG). The values of these grants are shown in Table 3.1.

The SMG was first introduced in the 1930’s to protect white family life. It was designed based on a western concept of a married two-parent nuclear family with a

### Table 3.1 Grant values in 1995/1996

<table>
<thead>
<tr>
<th>Grant</th>
<th>1995 (July)</th>
<th>1996 (July)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>R410</td>
<td>R430</td>
</tr>
<tr>
<td>Disability Grant</td>
<td>R410</td>
<td>R430</td>
</tr>
<tr>
<td>Care Dependency Grant</td>
<td>R410</td>
<td>R430</td>
</tr>
<tr>
<td>Foster Child Grant</td>
<td>R288</td>
<td>R305</td>
</tr>
<tr>
<td>State Maintenance Grant (parent allowance)</td>
<td>R410</td>
<td>R430</td>
</tr>
<tr>
<td>State Maintenance Grant (child allowance)</td>
<td>R127</td>
<td>R135</td>
</tr>
</tbody>
</table>

Source: Grant Increases published in Government Gazette in 1995 and 1996

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male breadwinner and the assumption of near to full employment of working-age males. It was only available to women who did not have a male breadwinner due to being unmarried or widowed, or because their spouse had deserted them or was imprisoned or disabled. When applying for the SMG, women had to first prove that they had attempted to obtain maintenance from the child’s father via the private maintenance system. The SMG became available to men only from 1992 onwards, in recognition that men might also be primary caregivers.

Besides the outdated design and unrealistic assumptions with regards to employment, at an implementation level the grant was reaching only a small number of women and children (400 000) and the majority were Coloured or Indian. The vast majority of African children especially those in the former homelands and rural areas, were excluded from the SMG.

Conception and birth of the CSG

If the SMG, in its current design at the time, had been used as the vehicle to reach all eligible poor women and their children, it would have cost approximately R12 billion per year.75 This was more than the total social assistance budget in 1995/96.

Frances Lund, the social activist and academic who led the committee tasked with conceptualising the CSG, gives an account of MinMECs discussions on the SMG in early 1995 which showed that the SMG was at risk of being abolished:76

At a MinMEC meeting in February 1995, provincial MECs were asked to consider whether the parent allowance portion of the SMG should be lowered or abolished. A few months later the MECs returned with their decisions. The majority proposed abolishing both the parent and child portions, or reducing them drastically, or replacing them with a small family grant. Their decisions appeared to be based primarily on the projected costs of extending the SMG to reach all eligible poor women and children.

Lund was present at this MinMEC meeting and advised that terminating the SMG without a replacement would be economically and socially disastrous and recommended a committee be established and tasked with investigating options for providing social support to children and families. As a result, the Minister of Welfare at the time, Abe Williams, established a committee and Lund was asked to lead it.

The Lund Committee for Child and Family Support was tasked with conducting research and making recommendations for options to support families and children. The Committee investigated a range of options with an emphasis on a new equitable cash grant to alleviate child poverty. The new grant had to do away with the outdated and racially discriminatory features and reach millions more children. However, the committee was instructed by the Ministry of Finance to remain within the existing annual budget for the State Maintenance Grant, which was R1,2 billion at the time. This constraint required the committee to make difficult choices about the eligibility criteria, in particular the qualifying age threshold and income threshold, as well as the grant value.

After much internal debate, they proposed a range for the amount from R70 to R125 per month with the lower amount intended to cover the costs of food and clothing only and the higher amount representing the 1995/6 financial year value of the child portion of the SMG.

They proposed age threshold options of 4, 6 or 9 years with the possibility to extend to older children over time. They also proposed a simple means test with a set income threshold for the primary caregiver and their spouse if the spouse was living in the same household. They recommended an administrative requirement of a birth certificate and a soft condition relating to immunisation, in order to promote ‘positive behaviour’ in the areas of birth registration and immunisation respectively.\(^{77}\)

When the proposal was presented to Cabinet in early 1997, Cabinet decided on an amount of R75, an age threshold of 7 (children aged 0 – 6) and an income threshold of R800 per household per month. This approach would effectively target 30 percent of poor children under 7. The initial aim was to reach 1.5 million poor children by 2003.

The CSG proposal was criticised by human rights activists as a retrogressive measure in violation of the State’s constitutional obligations to children.\(^{78}\) In particular, they criticised the low value (R75 per child with no allocation to the caregiver, compared to the SMG which was R135 per child and R430 per mother at the time), and the limitation to children under 7 years of age (as compared to the SMG which provided cover up to 18 years of age).

At the parliamentary hearings on the Lund Report in April 1997, many civil society networks and organizations,\(^{79}\) as well as human rights watchdogs,\(^{80}\) called for greater consultation and a larger grant.

The general perspective in civil society at the time was that, given the new constitutional obligations and large-scale poverty, government could and should have set both the grant value and age at a higher level.\(^{81}\)

Civil society organisations were frustrated by the lack of participation opportunities provided by the Lund Committee process due to the time constraints under which it had to work, and the fact that Cabinet had made a decision prior to any public participation process.

The lack of opportunity for participation stood in contrast to the process adopted for the drafting of the new White Paper on Social Welfare which had been relatively inclusive, involving civil society and social service practitioners at many levels over a two-year period.\(^{82}\)

In response to these criticisms, the Minister for Welfare and Population Development, Geraldine Fraser-Moleketi, emphasised that the new CSG would be part of a package of support which would include other elements such as free health care, subsidised housing, development projects, sustainable public works projects and improved access to credit for poor households, thereby articulating its complementary nature.\(^{83}\)

This concept is echoed in the memorandum of the bill that was tabled in Parliament in 1997 to provide the legislative base for the new grant:

\(^{79}\) These included COSATU, IDASA, Community Law Centre at the University of Western Cape, and the Black Sash.
\(^{80}\) These included the South African Human Rights Commission and the Commission for Gender Equality.
“The Department of Welfare is unable to cover all the cost of rearing poor children but is able to contribute towards the support of some of the children through the child-support grant.”

Despite the civil society outcry, Parliament approved the legislative framework tabled by the Minister. However, the public participation platform provided by the Parliamentary process heightened the pressure on the Executive, resulting in Cabinet deciding to increase the amount from R75 to R100 and to double the number of children targeted from 1.5 million to 3 million. This doubled the projected budget required for the grant at full roll-out – demonstrating that the prescribed fiscal envelope was not cast in stone.

In line with the Constitutional principle of progressive realisation, the law provided mechanisms for expansion of the grant over time as more resources became available by empowering the Minister of Social Development, with the concurrence of the Minister of Finance, to increase the qualifying age, income threshold and value of the grant via secondary legislation (regulations and notices).

The CSG was implemented on 1 April 1998 as a legally entrenched cash grant with a low value targeted at young children living in poverty, with a legal mechanism and political promise to expand over time as more resources became available. The main proposals and final decision are outlined in Table 3.2.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant amount (per child per month)</strong></td>
<td>R70 or R125</td>
<td>R75</td>
<td>R100</td>
</tr>
<tr>
<td><strong>Age threshold</strong></td>
<td>0 – 4 years / 0 – 6 years / 0 – 9 years (with option to expand over time)</td>
<td>0 – 6 years (with option to expand over time)</td>
<td>0 – 6 years (with option to expand over time)</td>
</tr>
<tr>
<td><strong>Income threshold</strong></td>
<td>Simple means test for caregiver</td>
<td>Means test for household</td>
<td>Simple means test for caregiver with thresholds as follows: • R800 per month (urban areas) • R1100 per month (rural areas and informal settlements). Double if spouse in the household</td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td>Depended on value and age threshold. E.g. If age 0 – 6 at R70 it could reach between 17% to 30% of children under 7 depending on budget allocated.</td>
<td>1.5 million children by 2003</td>
<td>3 million children by 2003</td>
</tr>
<tr>
<td><strong>Annual budget at maturity</strong></td>
<td>R1.2 to R2bn(^{85})</td>
<td>R1.6 bn</td>
<td>R3.8bn(^{86})</td>
</tr>
</tbody>
</table>


\(^{84}\) Welfare Laws Amendment Bill No 90 of 1997, Memorandum.


The age threshold, means test and grant value have provided the government with flexible levers for progressive expansion of the programme over time. They have also provided legal footholds for human rights activists to apply pressure for expansions.

The next sections describe the growth and expansion of the CSG over the following two decades. After a bumpy start, implementation improved. The expansion of the qualifying age and the income threshold resulted in rapid growth in the years to come. This growth and expansion gave demonstrable effect to government’s obligation to progressively realise the rights to social assistance for children. It also had the effect of realising a range of other rights for millions of children, including the right to basic nutrition and basic education.

### 3.2 Growth in take-up

**Conditions – a barrier to access**

The number of children targeted for the CSG was originally set by the Executive at 1.5 million to fit within the limited fiscal envelope that was prescribed by the Ministry of Finance. After political pressure, the Minister of Social Development, Geraldine Fraser-Moleketi, announced a more expansive target of 3 million children to be achieved by April 2003.

However, take-up was initially very slow and by the end of the first year of implementation (March 1999), only 34 500 children were accessing the grant and only R160 million had been spent. The slow take-up was attributed partly to conditions set in the regulations as these created barriers to access.

The first condition required the caregiver to prove that the child had been immunised. This had been proposed by the Lund Committee as a potential mechanism to encourage uptake of immunisation, provided the condition was not used to exclude eligible applicants. However, it was written into the regulations as a hard requirement for the application and as a result created a barrier for the many caregivers who were unable to access health care services due to a lack of available health facilities in all areas of the country.

The second condition required applicants to prove that they had made an effort to secure maintenance for the child from the child’s other parent. This condition was inherited from the SMG and was inserted by welfare department officials familiar with the SMG. Due to the weaknesses in the private maintenance system, which were described in some detail in the Lund Committee’s report, it was very difficult for applicants to meet this condition, particularly those living in rural areas.

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The third condition required applicants to provide evidence that they had made efforts to join a development project (i.e., to find work through a government programme). Like the second condition, this was inserted by the welfare department officials. It backfired because development projects were not available at scale and existed in too few areas, making it impossible for most applicants to comply with the requirement.

All three conditions were removed through an amendment to the regulations in 1999. There were other factors besides the conditions that impeded take-up in the beginning. These included a lack of understanding and awareness by officials responsible for taking applications, unequal administrative capacity across provinces, and the requirement of IDs and birth certificates which many beneficiaries did not yet have, especially in the rural areas.

**Increasing public awareness and growth of demand**

By May 2002, 1.8 million children were benefiting from the grant. To reach the April 2003 target of three million, the department would need to process more than 1.2 million new applications in one year. Recognising this challenge, the department launched a campaign to promote the grant and also announced a new target of 6 million children to be reached by 2005.

The partnership led to numerous grant application “jamborees” over the period 2002 to 2004. At these jamborees, civil society mobilised local communities and promoted the events, while government ensured that officials and equipment from both Home Affairs and Social Development were on site for birth registration and CSG applications.

Civil society groups also embarked on a media campaign to educate the public about the availability of the CSG, including the use of community radio stations and educational television programmes such as Soul City and Soul Buddyz.

**Evidence based advocacy to hold government accountable to targets**

Civil society organisations, including IDASA and the Children’s Institute (CI) at the University of Cape Town, regularly monitored and analysed the take-up rate, collected evidence on implementation barriers and made suggestions for improvements. ACESS, the CI and Black Sash used this evidence in their submissions on law and policy reform to publicly hold the government accountable to its own targets.

A number of policy and law reform processes affecting social assistance were under way in the early 2000s and these provided opportunities for public debate and created greater accountability for political leaders and government officials.

Evidence generated by civil society and by government’s policy reform processes was also disseminated in popular formats and this helped keep nongovernmental organisations and the public in general informed on progress.

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Take-up starts to soar

By March 2003, the grant reached 2.6 million children under age seven⁹⁰ — very close to the target of three million children. Thereafter, take-up started to increase rapidly. This was due to greater awareness and demand from the public, improved administrative capacity and service delivery, and the inclusion of additional children made eligible by the phased age extensions that started in 2003.

By March 2006 after the age threshold had been extended up to the age of 14 years, seven million children under age 14 were receiving the grant. And in March 2013, by the end of the phased roll out to age 18, 11.3 million children under 18 were enrolled.

The period of 2003 to 2013 represented a period of rapid growth in coverage, mainly due to the phased increases in the age threshold over the periods 2003 to 2006 and 2009 to 2013, and the inflation linked adjustment to the means test threshold in 2008.

In 2014 a biometric system was introduced, and a substantial number of suspected “ghost” children were removed from the system, resulting in a dip in the steady growth in take-up. Some of those removed from the system were subsequently verified and reinstated in 2015.

There have been no further expansions to the eligibility criteria since 2013. However, the number of children receiving the CSG continued to grow (by an average of 200,000 children per year between 2013 and 2021) before dropping by 77,000 in 2022. In March 2022 there were just over 13 million children in receipt of the CSG.

Figure 3.1 traces the growth in the number of CSG beneficiaries over the entire period.

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⁹⁰ Leatt (2006) ‘An analysis of the uptake, eligibility and administration of the Child Support Grant extension to children under 14 years of age’ Children’s Institute, UCT.
The growth in take-up is a success story attributable to a range of factors including:

- early removal of conditions;
- mass based education and awareness campaigns run by government and civil society separately and in partnership;
- public demand;
- time-bound targets followed by internal and external accountability to achieve progress;
- continuous improvements to the grant administration systems;
- the ‘centralisation’ of social assistance to the national government over the period 1998 to 2000 and the creation of a dedicated implementation agency, the SA Social Security Agency (SASSA) over the period 2005 to 2006;
- improved services for early registration of birth by Home Affairs;
- extension of the qualifying age threshold;
- extension of the income threshold.

### 3.3 Expansion of the age threshold

Over a period of ten years (2003 – 2013), the age of eligibility was incrementally extended from seven to 18 years.

As more income flowed into households with children, so South Africa’s upper bound child poverty rate declined from 78 percent in 2003 to 65 percent in 2013, while the percentage of children living in food poverty declined by 20 percentage points from 53 percent to 33 percent. These statistics on their own are evidence that by rapidly increasing income support to households with children via the CSG, the state substantially decreased SA’s child poverty rate. This section provides more detail on what led to and influenced each of the age threshold expansion decisions.

#### Starting age limit of 7 years

The age of eligibility for the CSG was one of the areas of major debate when it was being conceptualised and finalised. The grant for children, the State Maintenance Grant (SMG), that the CSG would replace, was available to children up to their 18th birthday.

Accurate statistics were not available at the time due to the fragmented administrative systems, but estimates were that the SMG reached approximately 200 000 children and 200 000 mothers in the 1995/96 financial year. The committee worked more or less within the instruction from the Deputy Minister of Finance that they could not exceed the current budget for the SMG, which was R1.2 billion per year, and yet knew that they had to make the grant available to a much greater number of children. They had to limit both the grant amount, the age threshold and the number of beneficiaries. They proposed three options for age targeting (children aged under 4, 6 or 9 years) and indicated a preference for children under nine years.

Cabinet approved the birth to six years option and the Cabinet-approved version of the age limit was passed by Parliament.

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91 Lund (2008) Changing Social Policy. Lund explains how it was impossible at the time to work out exactly how many caregivers and children were receiving the SMG due to the fragmented social assistance system and the different way different areas reported the grant (p.16).


93 Cabinet’s proposal is reflected in the Bill that was tabled in Parliament, the Welfare Laws Amendment Bill 90 of 1997. This part of the Bill was not amended by Parliament.
While the law set the age limit at seven years it also kept open a window of opportunity for further progressive extensions of the age limit by delegating authority to the Minister of Social Development, with the concurrence of the Minister of Finance, to increase the age by notice in the Government Gazette.\textsuperscript{94} The requirement of obtaining the concurrence of the Minister of Finance meant that the Minister of Social Development would first have to persuade the Minister of Finance to allocate additional budget.

The two Ministers at the time, Zola Skweyiya and Trevor Manuel, and their respective departments represented two different agendas and were often at odds: while Social Development promoted poverty alleviation and re-distribution of wealth via the social assistance system, Treasury was faced with multiple demands on the fiscus and was most concerned about economic growth and rising government debt.

### Extension to 14 years

In 2000 the Department of Social Development appointed a Committee of Inquiry\textsuperscript{95} to conduct research and make recommendations for a comprehensive social security system for South Africa. This policy development process presented an opportunity for expansion of the CSG, and many civil society organisations used the platform to recommend that the age threshold be increased.

The Committee of Inquiry released its report in March 2002\textsuperscript{96} and recommended that the CSG age threshold be extended to 18 years. Cabinet met briefly to consider the Committee report in July 2002 and issued a press statement saying that it was considering extending the CSG to children above the age of seven years but wanted more evidence that the extension would be effective.\textsuperscript{97} Overall, the press statement implied a preference for job creation strategies as an alternative to any further extensions of the social security system.

At Parliamentary hearings on the Report in November 2002 and June 2003, civil society organisations overwhelmingly supported the Committee’s recommendation that the CSG be extended to 18 years.\textsuperscript{98}

In December 2002 the ANC National Conference adopted a resolution to expand the age threshold to 14 years\textsuperscript{99} and this was announced as government policy in February 2003.\textsuperscript{100}

The extension was articulated in the regulations as a phased extension over a period of three years,\textsuperscript{101}

- Children under nine years of age qualified for the grant from 1 April 2003;
- Children under 11 years qualified from 1 April 2004; and
- Children under 14 years qualified from 1 April 2005.

\textsuperscript{94} Social Assistance Act of 1992 as amended by the Welfare Laws Amendment Act 106 of 1997, s2(d), 19(1) (c) & 19(2).
\textsuperscript{95} Committee of Inquiry into a Comprehensive System of Social Security for South Africa (Taylor Committee).
\textsuperscript{96} Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa Transforming the Present, Protecting the Future (2002).
\textsuperscript{97} Cabinet Lekgotla 25 July 2002 Statement issued by Government Communication and Information System.
\textsuperscript{98} These included ACESS, CI, Black Sash, COSATU, Treatment Action Campaign, South African Human Rights Commission and the South African Council of Churches.
\textsuperscript{100} President’s State of the Nation Address in Parliament February 2003.
3(1)(a) A primary caregiver shall be eligible for a child support grant in respect of a child who –
(i) during the period 1 April 2003 to 31 March 2004, is under the age of 9 years;
(ii) during the period 1 April 2004 to 31 March 2005, is under the age of 11 years; and
(iii) after 1 April 2005 is under the age of 14 years.

24(2) A child support grant lapses –
...(c) subject to the provisions of regulation 3(1)(a) of the Regulations, on the last day of the month in which the child in respect of whom the grant is paid attains the age of 9 years, the age of 11 years or the age of 14 years, respectively.

The extension regulations were drafted in a way that resulted in about a quarter of each age extension cohort aging out between the phases of extension. For example, a child aged eight who applied in June 2003 but turned nine in December 2003 (before the 1st of April 2004 when the next phase started), would lose their grant for a few months and have to wait for the next phase to start before re-applying.102

This problem was anticipated by the drafters from the start of the extension because they included an amendment in the regulations to enable a shortened application process for these children’s second and third applications.103 This design saved the State some budget in grant costs but likely caused additional administration costs due to the triple application required for many beneficiaries. It also caused additional application costs in transport money and time for caregivers and a lack of income support for a few months between each extension phase. Some officials were reluctant to process applications close to the cut-off age as they were aware they would imminently be lapsed, and this somewhat reduced the number of children reached during these three years.

Extension to 18 years

Over the period 2005 to 2008 civil society turned to the courts to attain the final extension to children under 18 years of age.104 Parliamentary advocacy had not yielded results and the Executive was persistent in its arguments that more research on the effectiveness of the CSG was required before a further extension could be implemented.

Before the case was heard in court, the ANC underwent a change of leadership at its National Conference in December 2007. A major debate within the ANC at the time was over social policy decisions and the CSG extension was one of the contested areas within this debate which eventually won favour in the shift to the left.

In December 2007, the ANC adopted a resolution that the CSG should be extended gradually to children under 18 years.105 However, the old leadership, including the Minister of Finance who was opposed to the extension, was still in government and would remain so until the general elections in May 2009.

In comparison with the remarkably swift implementation of the December 2002 ANC resolution to extend the CSG to children under 14 years of age, the 2007 ANC

104 Mahlangu v Minister of Social Development and Others Case No: 25754/05, Transvaal Provincial Division of the High Court.
resolution to extend to 18 years of age took two years to become government policy.

In February 2008, the Minister of Social Development, Zola Skweyiya, stated publicly that the grant would be extended gradually to 18 years and that the Minister of Finance would provide the details of the phased extension.\textsuperscript{106} However, the Minister of Finance, Trevor Manuel, in his budget speech in February 2008 announced that the grant would be extended only to children under 15 years of age as of 1 January 2009 and he gave no promise or commitment for further extensions.\textsuperscript{107} The extension to 15 was promulgated in the August 2008 regulations.\textsuperscript{108}

Through the court papers filed by the Department of Social Development it became clear that Social Development was in favour of the further extension but faced opposition from the Finance Ministry. The Minister of Finance applied to join the case in 2008 and filed his own papers arguing against the extension and citing finite resources and competing social policies. He also argued that he was not convinced that the CSG was the appropriate policy intervention for older children and that vocational training might be more appropriate.

On 5 February 2009 the interim President\textsuperscript{109}, Kgalema Motlanthe, announced in his State of the Nation Address that "government will sustain and expand social expenditure, including progressively extending access to the child support grant to children of 18 years of age ....".\textsuperscript{110} However, the Minister of Finance again watered down the President’s commitment by saying in his Budget Speech on 11 February 2009 that “consideration is being given, subject to affordability, to the extension of the child support grant to the age of 18.”\textsuperscript{111}

After the general elections in May 2009 a new Cabinet was constituted under President Jacob Zuma. Pravin Gordhan was appointed as Minister of Finance and Edna Molewa as Minister of Social Development. In October 2009, Cabinet announced its approval of the extension of the grant’s age threshold to children aged 15 to 18 years over a period of 3 years.\textsuperscript{112}

In December 2009, the decision was promulgated as an amendment to the regulations.\textsuperscript{113} This time the regulations were designed to ensure that children did not lose their grants between the phases, but this design also resulted in the exclusion of some children who were already in the 15 to 18 year age bracket (e.g. those born before 1 October 1994), never qualifying for the CSG.

\textsuperscript{106} Minister of Social Development \textit{Social Cluster Media Briefing} Parliament 14 February 2008 (witnessed by authors).
\textsuperscript{107} Minister of Finance \textit{Budget Speech} 20 February 2008.
\textsuperscript{109} Motlanthe was elected President by Parliament in late 2008 after President Mbeki resigned following the shift within the ANC. The ANC President, Jacob Zuma would officially take over only after the May 2009 elections.
\textsuperscript{110} President’s State of the Nation Address to Parliament 5 February 2009 p.14.
\textsuperscript{111} Minister of Finance Budget Speech 11 February 2009 p.16.
\textsuperscript{112} Statement on the Cabinet Meeting of 21 October 2009.
Proposal to extend to youth aged 18 to 21 years and still in education

A proposal to extend the age threshold to the end of the year that the child turns 18, and then further to 21 years for youth still in education or training, was put forward by the Department of Social Development in 2016. This was precipitated by a situational analysis of what happens when children exit the CSG programme in the month they turn 18 years of age.

The proposal also mirrored the then-existing situation for the Foster Child Grant (FCG). While the FCG is terminated at the end of the calendar year that the child turns 18, the CSG ends abruptly at the end of the month that the child turns 18. Most children are still in high school at this age and the loss of the CSG income to the family can impede the child’s ability to complete their schooling.

The FCG may be extended beyond 18 to 21 years of age if the young person is still in school or has enrolled for further education and training, thereby supporting the youth and family financially while the youth is still in education. However, this extension mechanism is not available for CSG recipients.

The aim of the proposal was to support youth to complete their schooling and tertiary education, to improve their employment prospects and earning potential. Secondary aims included promoting further poverty reduction in poor households with children and youth, equalising the age thresholds of the FCG and CSG, and taking a first step towards providing income support for unemployed 18 to 59 year-old adults.

The extension would potentially reach some 750 000 to 800 000 youths between the ages of 18 and 21 and cost the State R3,35 billion per annum on full implementation.

The proposal found support within the ruling party and was included as one of the ANC’s National Conference Resolutions in 2017. However, the proposal was not considered financially feasible by National Treasury and therefore did not advance to Cabinet.

Treasury was facing many competing priority claims on the budget, especially in relation to a vocal campaign led by youth calling for increased financial aid to cover university and college fees and other tertiary study related costs under the “Fees Must Fall” banner. This highly political campaign, which saw widespread unrest and disruption on university campuses, resulted in a decision to add significant additional budget to the National Student Financial Aid Scheme (NSFAS) for the 2018/19 financial year—reducing the likelihood of other policy proposals aimed at financially supporting youth from advancing at this time.

In the 2019/20 year the NSFAS budget was further increased to fund students’ personal care needs, thereby negating the need for extending the CSG to youth in further education and training.

However, the proposal to extend the CSG to the end of the year that the child turns 18 years old or the end of the year that they finish high school (with a cap of 21 years of age) to enable the completion of schooling, remains a ‘policy gap’ in need of reconsideration.

114 Interview with Dr Maureen Mogotsi, Director Child and Family Benefits, Dept of Social Development, 1 July 2022.
115 As above.
116 Mogotsi & Senona (2016) Extending the Child Support Grant to youth aged 21 years in education or training.
117 Mogotsi & Senona (2016).
3.4 Income threshold

The Lund Committee initially preferred a universal approach for the CSG because of the high rate of poverty amongst children and a concern that a targeted approach carried higher risks of excluding many eligible children due to weak administrative systems or inability of the poorest applicants to meet the administrative requirements. Because of the prescribed small budget and the conservative fiscal environment at the time, they compromised and proposed a targeted approach using a simple means test.

In 1998 the qualifying income threshold was set at R800 for children living in formal urban areas or R1100 per month for those living in rural or informal urban areas. The CSG income thresholds remained the same for ten years despite being eroded on an annual basis by inflation (whereas the income thresholds for all the other social grants were adjusted annually). The result was that, over time, the income threshold for the CSG was reduced in real terms, excluding more children, and this was retrogressive.

After pressure from civil society including via litigation, in August 2008 new regulations adjusted the income threshold through the introduction of a formula based on the grant amount. The new means test was set at 10 times the value of the grant if the caregiver was unmarried (based on single income), and double that if she (or he) was married (based on joint income).

Application of the formula for the CSG, which was valued at R220 per month at the time, resulted in a threshold of R2 200 per month for single caregivers and R4 400 per month for married caregivers (joint income), effectively compensating for 10 years of inflation. Due to this reform, an estimated additional 987 000 poor children under 15 years became eligible for the CSG in 2008. The new formula ensured that as the amount of the grant was adjusted with inflation each year, so the income threshold would automatically increase.

In April 2022 the value of the CSG was R480 per month, meaning that the income threshold for eligibility was R4 800 per month if the caregiver was unmarried, and R9 600 if she/he was married. Given South Africa’s low marriage rates and the fact that most CSG applicants are unmarried, the current value sets the income threshold slightly above the national minimum wage (R4,500 in 2022).

The CSG’s income threshold is the lowest of the permanent grants, making it the most pro-poor of all the permanent grants. The temporary COVID-19 SRD has the lowest threshold of all the grants at R595 per person per month in 2020 and 2021 and R624 in 2022.

The income thresholds for the CSG and the bigger social grants such as the Older Persons, Disability and Care Dependency grants do not have a clear rational basis. They are all different and not based on any objective measure. The Committee of Inquiry recommended in 2002 that the various means tests should be rationalized to provide a standard income threshold that is based on an objective measure. This has not occurred, however, and the respective means tests remain different with no clear or objective reason for the differences.

122 Ncamile and Children’s Institute v South African Social Security Agency, Eastern Cape Regional Office and Others, Case No. 227/08. Eastern Cape Provincial Division of the High Court. [Withdrawn and unreported].
123 See the Department of Social Development’s presentation to the Portfolio Committee on 25 June 2008 www.pmg.org.za
Table 3.3 Monthly income thresholds across the various grants in 2022

<table>
<thead>
<tr>
<th>Grant type</th>
<th>Means test threshold</th>
<th>Single person</th>
<th>Married couple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Older Persons Grant</td>
<td>R7 710</td>
<td>R15 420</td>
<td></td>
</tr>
<tr>
<td>Disability Grant</td>
<td>R7 710</td>
<td>R15 420</td>
<td></td>
</tr>
<tr>
<td>Care Dependency Grant</td>
<td>R19 900</td>
<td>R39 800</td>
<td></td>
</tr>
<tr>
<td>Child Support Grant</td>
<td>R4 800</td>
<td>R9 600</td>
<td></td>
</tr>
<tr>
<td>Foster Child Grant</td>
<td>Not means tested</td>
<td>Not means tested</td>
<td></td>
</tr>
<tr>
<td>SRD-COVID 2020/21</td>
<td>R595</td>
<td>N/A (individual income)</td>
<td></td>
</tr>
<tr>
<td>SRD-COVID (Apr – Jun 2022)</td>
<td>R350</td>
<td>N/A (individual income)</td>
<td></td>
</tr>
<tr>
<td>SRD-COVID (from July 2022)</td>
<td>R624</td>
<td>N/A (individual income)</td>
<td></td>
</tr>
</tbody>
</table>

As discussed above, the original reason for the low income threshold for the CSG was to prioritise children in the poorest households within the limited budget made available.

A recurring debate is whether to dispense with the means test altogether and make the CSG universal (given that so many children are already eligible given widespread poverty), or whether to increase the value of the CSG for the targeted group who do pass the means test.

The former option would reduce the administrative burden on both applicants and the State and automatically help to resolve the problem of exclusion and inclusion errors. The latter would be an investment in further reducing poverty for the large sub-population of very poor children by giving them a more adequate grant and increasing the positive developmental impacts.

Given budget constraints, it is unlikely that both these options (universalising the grant and increasing its value) can be pursued simultaneously.

3.5 The grant value

The original rationale: ‘food and clothing for a young child in a low-income household’

The Lund Committee suggested two options in terms of the amount. The first option, R70 per month in 1996, represented the minimum amount calculated to cover food and clothing for a young child in a low-income household. This line was based on the Household Subsistence Level (HSL) determined by the University of Port Elizabeth. The second option, R125 per month, was at the 1996 level of the child allowance part of the SMG.

The motivation for suggesting the lower amount was that, although it was very low, it was based on real (but limited) costs and would automatically increase as the HSL increased in line with inflation in respect of food and clothing. The motivation for the higher amount was to retain the existing level of the grant already being received by approximately 200,000 children, albeit without the allocation for their mothers.
First indications were that the government would opt for the lower amount with Cabinet indicating a preference for an amount of R75. Civil society organisations called for a grant value of R135, which was the 1997 value of the child’s portion of the SMG.\textsuperscript{124} They pointed out that the new grant amount was regressive and was not based on a human rights approach because it was determined by fiscal constraints rather than by the rights and needs of the children affected.

The government’s final decision to increase the amount to R100 was almost certainly the result of being responsive to the call from these organisations. However, the final grant amount determined through the political process no longer had a clear rational basis, meaning there was no objective measure to benchmark or adjust it against on an annual basis. It is clear however that the original intention was for the amount to at least cover the costs of the child’s food and clothing.

### Erosion of the CSG’s real value

For the first three years of the CSG’s implementation, unlike all the other social grants, the CSG was not increased annually in line with CPI inflation. This increased the already-wide gap in value between the child grant and grants for adults and by 2000 its real value had been eroded to R87 (in 1998 rands).\textsuperscript{125}

<table>
<thead>
<tr>
<th>Table 3.4</th>
<th>Comparison of grant amounts and increases 1996 to 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
</tr>
<tr>
<td>Older Persons Grant</td>
<td>R430</td>
</tr>
<tr>
<td>Disability Grant</td>
<td>R430</td>
</tr>
<tr>
<td>Care Dependency Grant</td>
<td>R430</td>
</tr>
<tr>
<td>Foster Child Grant</td>
<td>R305</td>
</tr>
<tr>
<td>SMG (parent allowance)</td>
<td>R430</td>
</tr>
<tr>
<td>SMG (child allowance)</td>
<td>R135</td>
</tr>
<tr>
<td>Child Support Grant</td>
<td>-</td>
</tr>
</tbody>
</table>


Note*: The SMG amounts for 1999 to 2001 were decreased at a rate of 25% per year over three years and then stopped. The gradual decrease was aimed at lessening the negative impact on existing SMG beneficiaries.

\textsuperscript{124} The organisations involved included the Community Law Centre at UWC, the Black Sash, the Congress of South African Trade Unions, the Institute for Democracy in South Africa (IDASA), the Cape Flats Development Association, the Gender Advocacy Programme, the New Women’s Movement, and the South African Non-Governmental Organisation Coalition.

\textsuperscript{125} Cassiem and Kgamphe (2004:188).
After sustained pressure from civil society\textsuperscript{126}, the CSG amount was adjusted to R110 in 2001 and then R140 in 2002, to compensate for the erosion of its real value by inflation.

Thereafter, the CSG received inflation linked increases every year. In 2008, the inflationary increase was split, with the first increase (of R10) in April, and the second (also R10) in August. This was the first time the increase had been split, effectively creating a saving for government by delaying half of the CSG increase. The Older Persons, Disability and other social grants all received their full increases in April. The approach of delaying half of the CSG increase was repeated in 2011, and then again in 2013, 2014, 2016, and 2018 – 2020. In all of these subsequent years the second increase was in October.

More recently, the CSG’s inflation-related increases have lagged behind in comparison to the larger grants for adults and sometimes in comparison to inflation, resulting in a widening gap between the value of the children’s and adult grants and between the CSG value and the food poverty line. In 2021, the second year of the COVID pandemic, the CSG was increased by only R10. In nominal terms, this was the smallest increase that the CSG has received in the past six years (since 2015). In relative terms it was the smallest increase it had received in two decades.

The below-inflation increases will be most severely felt in the poorest 20 percent of households where inflation is highest. For example, in 2022, while the national CPI was 6 percent overall, for households in income deciles 1 and 2, inflation was 6.7 percent and 6.1 percent respectively. Thirty percent of all children in SA (over 6 million) live in these two poorest deciles.

While the original idea of setting the grant amount at the value of the Household Subsistence Level for feeding and clothing a young child was to ensure that the amount would increase annually based on inflation of food and clothing, what happened was that the annual increases were more or less aligned with CPI headline inflation. As illustrated in Table 3.5, food inflation is often higher than headline consumer price inflation (CPI), and there is inflation inequality between the poorest and richest households.

Table 3.6  CPI and Food inflation vs CSG annual increases

<table>
<thead>
<tr>
<th>Inflation increases</th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline inflation (average CPI)</td>
<td>3,2%</td>
<td>5,9%</td>
<td>7,1%</td>
</tr>
<tr>
<td>Food inflation</td>
<td>5,7%</td>
<td>6,6%</td>
<td>14,4%</td>
</tr>
<tr>
<td>CPI for decile 1 households (poorest 10%)</td>
<td>3,9%</td>
<td>6,7%</td>
<td>11,3%</td>
</tr>
<tr>
<td>CPI for decile 10 households (richest 10%)</td>
<td>3,3%</td>
<td>6,1%</td>
<td>6,4%</td>
</tr>
<tr>
<td>Grant amount increase for CSG</td>
<td>4,5%</td>
<td>4,3%</td>
<td>4,2%</td>
</tr>
</tbody>
</table>


Year-on-year CSG increases as at 1 April.

\textsuperscript{126} In particular, budget analysis by IDASA’s child budget project and evidence-based advocacy by the Children’s Institute, University of Cape Town.
The effect of basing the CSG increases on CPI rather than food inflation can now be seen by comparing the value of the grant with the national per capita food poverty line: In late 2022 the grant value at R480 was 28 percent below the food poverty line of R663 per child per month.

The CSG no longer provides enough money to cover the costs of feeding and clothing a child. Its original rationale of being a complementary grant aimed at covering the costs of feeding and clothing a young child is therefore no longer being met.

**Higher valued CSG for orphans**

On 1 June 2022, orphans in the care of family members became eligible for an additional payment on top of the base CSG amount. This mechanism was introduced to replace the use the foster child grant (FCG) for this category of child due to the burdensome administrative processes and delays associated with FCG applications. This would alleviate the burden on social workers and children’s courts, enabling them to focus their efforts more effectively on foster care placements and services for children in need of child protection, while still ensuring that orphaned children living with kin receive adequate income support through the administratively easier CSG.

Colloquially known as the “CSG Top-Up”, the additional payment of R240 (half the value of the CSG) increases the CSG amount received by family members caring for orphans to R720 per child per month. If effectively implemented, approximately 717,100 children could benefit from this additional amount over the next three years (2022 – 2025).127

The budget allocated was R551 million for 2022/23; R687 million for 2023/24 and R871 million for 2024/25.128

The CSG Top-Up has been made possible by a new section in the Social Assistance Act which authorises the Minister of Social Development, with the concurrence of the Minister of Finance, to provide additional payments linked to a social grant and to do so by differentiating between categories of beneficiaries based on need.129

Besides orphans, the same top-up mechanism could be used to increase the CSG amount for other categories of children – for example to certain age groups or other sub-groups of children. It provides a flexible mechanism for phasing in a CSG amount increase without adjusting the means test threshold because the means test is linked to the CSG base-amount.

### 3.6 Lessons learned from history

**CSG is a good vehicle for reducing child poverty**

Over a period of ten years (2003–2013), the age of eligibility was incrementally extended from seven to 18 years. As more income flowed into households with children, so South Africa’s upper bound child poverty rate declined from 78 percent in 2003 to 65 percent in 2013, while the percentage of children living in food poverty declined by 20 percentage points from 53 percent to 33 percent. By rapidly increasing the coverage of income support to households with children via the CSG, the

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127 National Assembly (2022) Question Number 1862 for written reply, internal question paper 17-2022, 13 May 2022.


129 Section 12A of the Social Assistance Act of 2004 as amended by Act 16 of 2020 and put into effect on 1 May 2022.
State substantially decreased SA’s child poverty headcount. This success can be augmented by investing further in the CSG by continuing to improve uptake and by increasing the value.

The opposite also holds true: any decline in income support to households with children is likely to increase the child poverty rate. The drop in numbers of children accessing the CSG between 2021 and 2022 therefore needs to be addressed before it becomes an ongoing trend that leads to an increased child poverty rate. Similarly, ongoing below-food-inflation increases to the CSG value will also lead to increased food poverty levels.

The CSG amount does not cover the cost of feeding a child

The value of the CSG started off in 1998 slightly above the estimated cost of feeding and clothing a young child. In 2002 at a value of R480 it was 28 percent below the food poverty line of R663 – meaning it no longer covers the costs of feeding a child. Either the first estimate of the costs of feeding a child in 1998 were too low, or the CSG was not adjusted annually based on the costs of feeding a child, or both.

Certainly, by as early as 2006, the value of the CSG had fallen below the food poverty line. The gap between the CSG and the food poverty line has continued to widen in each subsequent year.

Structural unemployment: ongoing pandemic in need of ongoing relief

Each decision-making moment for the CSG, from its conception to implementation, its growth and expansion, and its recent decline in growth has been influenced by multiple competing claims on the State’s available resources. In an environment of high rates of inequality and structural unemployment, it is understandable that fiscal space is constrained. However, fiscal constraints are often raised together with a policy preference for job creation rather than expanding social assistance or even maintaining the real value of grants. This suggests that Treasury believes there is a necessary trade-off between job creation and social assistance, that the State can and will invest money in job creation at the scale required, and that State interventions will have the desired labour market effects.

Job creation has been a policy preference since the early 2000s, but with little evidence of substantial success in achieving increased employment. Unemployment rates remain persistently high for women and youth (i.e. prime-age and female adults who are also most likely to have children of their own or to care for children).

Structural unemployment was already entrenched in the late 1990s when the CSG was conceptualised and has intensified since, with 45 percent of the working age population unemployed in the first quarter of 2022 (using the expanded definition) and as high as 53 percent in the Eastern Cape.\(^\text{130}\)

The underlying premise of SA’s social security system, and in particular of the ‘complementary grants’ such as the CSG, that full and adequately paid employment is achievable, needs to be re-assessed. This affects the underlying rationale for the value of the CSG grant.

If over 45 percent of working age people in South Africa are not employed, the social security system should arguably be paying higher amounts that cover children’s basic needs and not only a contribution to one aspect of those basic needs. Currently, the CSG does not even cover the costs of feeding a child.

\(^\text{130}\) Statistics South Africa QLFS First Quarter 2022.
With 7.3 million children currently living in households where none of the co-resident adults are employed, a social grant system that assumes income from other sources, needs to be re-assessed.

Unemployed caregivers lack the resources to buy food for themselves and their children, or to cover the energy costs of cooking the food. They would also lack the resources to cover the costs of their children’s clothing, bedding, shelter, water, and transport to school and health care facilities.

A well-designed policy or law can fail if not implemented correctly

Two of the conditions that posed a barrier to the CSG uptake in its first year of implementation were imposed by officials who had not been part of the conceptualisation process and who were more familiar with the restrictive rules governing the old State Maintenance Grant. This contributed to a very low take-up in the first year of implementation with only 34 500 children benefitting from the CSG and only R160 million of the budget being spent. Before the conditions were removed in mid-1999, hundreds of thousands of poor children lost out on accessing the CSG in its first 15 months of operation.

A lesson learnt is that the legal team who are ultimately responsible for drafting the law and regulations should also be included in the policy development process. Conversely, the policy development team should be involved when the policy is translated into law and regulations as well as in the development of administrative materials such as application forms and online systems.

There is also a need to debrief and (re)train implementing officials and their managers, especially to ensure that concerns for “compliance” do not result in overly strict application of the regulations. For example, there are still cases where guidelines are enforced as requirements, or soft conditions enforced as hard conditions. These lead to errors of exclusion.
4. Impact of the CSG

“The CSG is making important inroads on the pathway towards a just society.”

“Of all the existing grants, the CSG reaches by far the largest number of direct and indirect beneficiaries, and previous research has shown it to be highly progressively targeted.”

There is a wealth of evidence on the many and varied impacts of the CSG. Much of this section is drawn from a chapter of the Children’s Institute’s South African Child Gauge 2016 (focused on Social Assistance), which provided a comprehensive summary of the evidence on the impact of the CSG to date. Where relevant and available, the summary is updated or augmented with additional and more recent analysis, especially in relation to the impacts of the CSG on child poverty and inequality.

South Africa’s social grants, along with its tax policies and social spending, have been credited with being strongly progressive, helping to raise the income of the poorest by 10 times and to reduce income inequality by a quarter. Children and older persons are the main beneficiaries of this extensive grant system. Alone, the Child Support Grant (CSG) accounts for 70 percent of all the permanent social grants disbursed (excluding the Social Relief of Distress Grant), but because of its small value it accounts for only 38 percent of the cost of permanent social grants.

Numerous studies show that that the CSG improves child nutrition, health (including mental health) and schooling outcomes. It protects adolescents from risk, strengthens households’ resilience to shocks, and has the potential for impacting lifelong productivity and earnings.

The expansion of child grants is not a uniquely South African phenomenon. It is part of a global trend in which the role of social assistance in ensuring positive outcomes for poor families and children has become common currency. This growing recognition is buttressed by solid evidence from rigorous evaluations.

This chapter presents the evidence from South Africa, focusing on the various stages of a child’s life: infancy and early childhood (from birth to pre-school); middle childhood (primary-school age and transition into secondary school); and adolescence (secondary-school years and transition into adulthood). It also briefly touches on some of the broader and unenvisaged impacts for adult caregivers.

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132 Goldman et al (2021) Simulation of options to replace the SRD R35- grant and close the poverty gap, p.7.
135 Woolard et al (2015) How much is inequality reduced by progressive taxation and government spending?
136 Own calculations from 2022 Estimates of National Expenditure, tables 19.1 and 19.3.
137 In reporting impacts of the CSG on children and their families, this section relies on evaluation methods which compare grant recipients with non-recipients, or different sets of beneficiaries depending on the length of time they have been receiving the grant. Studies also use qualitative and mixed-method approaches to assess impact.
4.1 Impact on poverty and inequality

The combination of social transfers and progressive taxation has played a key role in reducing poverty and improving income distribution, especially once access to grants began to expand rapidly in the early 2000s.\(^{137}\)

South Africa’s social grants are well targeted and highly progressive, with about three-quarters of government spending on social assistance going to the poorest 40 percent of the population.\(^{138}\) This makes a notable difference to the lives of poor and vulnerable South Africans, especially since the share of households with children and older persons is higher at the bottom end of the income distribution. By targeting transfers to families with children and elderly people, South Africa ensures that its social grants will reach the poorer segments of the population and have a strong redistributive impact.

Cash transfers have helped stabilise income levels among the country’s poor. If households in the poorest second and third deciles had not been receiving grant money, their real income would have dropped by 12 percent and 7 percent respectively each year between 1995 and 2010. Income inequality as measured by the Gini coefficient would be much higher, standing at 0.74 instead of 0.69, while poverty rates would have remained unchanged or even worsened.\(^{139}\)

Social grants raise the share of the national income earned by households in the poorest three quintiles from 5 percent to 9 percent.\(^{140}\) For every Rand spent on social assistance, South Africa is more efficient at reducing poverty and inequality than comparable middle-income countries.

**Poverty, inequality and the CSG**

These impressive impacts would not have been possible in the absence of the CSG.\(^{141}\) Like no other grant, the CSG has generated an explosive growth since the early 2000s. Less than one-third of households were receiving grants in 1997. Twenty years later, this share had almost doubled, with most of the increase directly due to expansion of the CSG. The growth in its coverage has been particularly dramatic for the poorest: In 1997, only one in eight households in the poorest quintile reported any income from grants, rising to more than four-fifths by 2010.

Because of its strong pro-poor targeting and extensive coverage, the CSG is the most progressive of all grants. About one-third of CSG recipients report no income from wages, self-employment or other grants. In households with a CSG recipient, the grant contributes more than one-third of total income. The share of household income stemming from the CSG is especially high in the poorest quintile. Over

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\(^{137}\) According to the World Bank (2014), fiscal policy instruments (taxes and transfers) reduced extreme poverty in 2011/12 by two-thirds, lifting 3.6 million people out of poverty. The incomes of the poorest 10% of households were raised ten times, resulting in a significant reduction of inequality: the Gini coefficient dropped from 0.77 to 0.6, while the gap in incomes between the richest and poorest 10% of South Africans declined from over 1,000 to about 66 times higher than in the absence of redistributive policies.


\(^{139}\) Bhorat & Cassim (2014).


80 percent receive a child grant – four times as many as households in the richest quintile – with grant money contributing as much as 60 percent of their income. For the poorest 10 percent of households, access to the CSG results in a four-fold increase over their pre-grant income. The incidence of grant money drops as one moves up the income ladder and becomes negligible for households in the upper deciles, underscoring the progressive nature of South Africa’s social assistance system.\textsuperscript{142}

Grant income as a share of total household receipts has increased over time, largely due to the CSG. Its rapid expansion coincided with a time of major changes in the labour market, with growing numbers of households lacking access to jobs. In the absence of wages, government transfers stepped in to sustain incomes and smooth the consumption of the poor. More than half of the income flowing into the poorest 40 percent of households comes from social grants, up from about one quarter in the 1990s. Most of this income comes from child grants.\textsuperscript{143}

Child poverty rates decreased sharply during the 2000s, alongside progressive uptake of the CSG as the eligibility criteria were expanded. This relationship is illustrated in Figure 4.1.

\textbf{Figure 4.1} Child food poverty rates v CSG beneficiary numbers, 2003 – 2022

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure4.1.png}
\caption{Child food poverty rates v CSG beneficiary numbers, 2003 – 2022}
\end{figure}


\begin{flushright}
\textsuperscript{143} Woolard et al (2009) The persista\texttt{nce} of high income inequality in South Africa.
\end{flushright}
Figure 4.2  The impact of CSG on child food poverty headcounts

From 2013, once the planned extension of eligibility to children under 18 was complete, the child food poverty rates declined more slowly, alongside a more gradual growth in uptake.

Figure 4.2 illustrates the effectiveness of the CSG in reducing the child poverty headcount. It shows that in the years leading up to the lockdown of 2020, around a third of children were living in food poverty (slightly over 6 million children). In the absence of the CSG this number would have been over 8 million. The graph also shows the protective effect of the CSG in the aftermath of hard lockdown, where poverty rates remain higher than in previous years, but the CSG effectively keeps two million children from falling into food poverty.

The CSG has an even greater effect on the depth and severity of child poverty. Table 4.1 shows that in 2021, 37 percent of children were living below the food poverty line. In the absence of the CSG, that figure would have been 47 percent. The CSG, which at the time was received by nearly 13 million children, reduced the child food poverty headcount by 21 percent. It also reduced the depth of child food poverty by 4 percent and the severity of child food poverty by 66 percent, bringing it close to zero.

Table 4.1  Impact of CSG on food poverty measures for children, 2021

<table>
<thead>
<tr>
<th>Food poverty measures</th>
<th>with CSG</th>
<th>without CSG</th>
<th>CSG impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food poverty headcount ratio</td>
<td>0.371</td>
<td>0.467</td>
<td>-21%</td>
</tr>
<tr>
<td>Depth of poverty (poverty gap)</td>
<td>0.154</td>
<td>0.305</td>
<td>-49%</td>
</tr>
<tr>
<td>Severity of poverty (squared poverty gap)</td>
<td>0.082</td>
<td>0.246</td>
<td>-66%</td>
</tr>
</tbody>
</table>

Source: K Hall analysis of GHS 2021
The poverty measures confirm that the CSG is well targeted to the poorest children, substantially reducing the severity of their poverty even if the amount is not sufficient to bring them above the food poverty line.

The pro-poor targeting of the CSG is well established in the economics literature. Back in 2007, when the number of CSGs disbursed nationally was still below 8 million, Agüero et al analysed three waves of the KwaZulu-Natal Income Dynamics Study and their analysis demonstrated the importance of government grants in countering poverty and inequality. The authors specifically highlighted the importance of the CSG in shifting the bottom of the income distribution to the right – in other words, reducing both poverty and inequality.

A 2018 study of the impact of taxes and transfers on poverty and inequality in South Africa confirmed that one of the most successful policy interventions to address poverty and income inequality was direct redistribution through the fiscal system (taxing income earners and paying cash transfers to the poor).

Using the 2014/15 Living Conditions Survey as their data source, the authors show that all the social cash transfer programmes are progressive overall, and also flow to households that are vulnerable (such as rural and female-headed households). Compared with the other permanent grants, the CSG is particularly well targeted to the African population.

The progressivity of the CSG is illustrated in Figure 4.3 below. The straight black line in the figure above is the hypothetical 45-degree line of equality (i.e., if income were equally distributed, then the first 10 percent of the population would receive 10 percent of all income, half the population would receive half of all income, and so on.)

**Figure 4.3  The progressivity of the Child Support Grant**

- Population shares
- Market income (Lorenz curve)
- Child Support Grant

Source: Adapted from Maboshe & Woolard 2018.

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145 Maboshe & Woolard (2018) Revisiting the Impact of Direct Taxes and Transfers on Poverty and Inequality in SA.
The dark dotted line shows the actual cumulative income shares across the deciles. Income is strongly skewed to the richest 10 percent of the population, which receives nearly 60 percent of all income while the poorest half of the population collectively receives less than 5 percent of all income. The concentration curve for the CSG is clearly skewed to the poorest, as it lies well above the 45-degree line of equality.

The CSG benefits 74 percent of the poorest half of the population – both adults and children – because of the way that it flows into the poorest households.

A more recent study commissioned by National Treasury to simulate options to close the poverty gap found that “of all the existing grants, the CSG reaches by far the largest number of direct and indirect beneficiaries, and previous research has shown it to be highly progressively targeted”.

The authors highlighted that, in addition to reaching a large majority of poor children, the CSG’s reach is disproportionately skewed towards women given the demographic structure of households where children live. They note that because the CSG is an established vehicle for reducing poverty, it is an effective option for transferring greater income to vulnerable segments of the population because increasing the grant requires little additional administrative capacity.

The CSG, together with other grants, also has an important role in enabling households to move out of chronic poverty. A study of the determinants of poverty entry and exit (using four waves of the National Income Dynamics Study) showed that while the presence of children in households increases poverty (because children are, by definition, dependents), increased income from government grants was the main trigger precipitating poverty exit, for about a quarter of the panel.

The authors note that “this is a reflection of both the success of the targeting and expansion of the State’s grant system, and the failure of the labour market to act as the main driver of poverty reduction in the country.”

It is therefore no wonder that social grants are widely regarded as having been the most effective policy intervention to address poverty and inequality since the end of apartheid. With regards to the CSG specifically, it is because the targeting of the grant has been so effective that its benefits accrue mostly to South Africa’s poorest, and children living in extreme poverty have gained the most from it.

An increase in the amount of the CSG would augment the impacts for poor children, especially if coupled with strategies to reduce errors of exclusion. It would also augment the impacts for adults who live with children in poor households, because it would provide a greater contribution towards the cost of the child, leaving poor adults with more of their own small income to provide for their own needs.

**Protection from economic shocks**

Social grants played an important role in protecting households from the economic shock of lockdown and rising unemployment in 2020 and 2021. This has been described in some detail in section 2.3 above. Although the temporary CSG top-up was removed from the disaster relief package after one month and replaced with a temporary caregiver grant, the additional income to caregivers, in combination with

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146 Goldman et al (2021) Simulation of options to replace the SRD R350 grant and close the poverty gap at the food poverty line. p.7.

top-ups to other grants, almost entirely offset the effects of rising unemployment and poverty in many households where children lived.

The disaster relief intervention was short-lived, however, ending after just six months, after which child poverty rates soared to their highest levels in over a decade.

In the absence of the caregiver grant and top-ups to other existing grants (which ended in October 2020), one out of every four children was below the poverty line in late 2020, and the poverty rate had increased by seven percentage points from the pre-lockdown year.

Ahead of Covid-19 there were useful lessons from the global economic recession of 2008-09, when there were similar patterns of job loss as well as loss of income in the informal sector, with significant impacts for poor households.

The Financial and Fiscal Commission, with UNICEF, commissioned two studies shortly after the global recession (one quantitative and one qualitative) to investigate the impact of the financial crisis on child poverty in South Africa and the coping strategies of households. The studies found that even though there were no disaster-relief top-ups to the CSG or other grants, the effect of the crisis for children was ameliorated by receipt of the CSG.

Mabugu et al modelled the likely impacts of global recession on child poverty, using two scenarios. Their projections were that under a severe scenario, the child poverty headcount radio would rise by 2.3 percentage points, the poverty gap ratio by 43 percent and the poverty severity ratio by 94 percent. In other words, the model indicated that there were likely to be severe consequences for children in a situation of economic shock, and that the poorest children would be most severely affected.148

Interestingly, although pre-crisis poverty rates were substantially higher among rural children than urban children overall, it was children in urban areas who were likely to be worst affected by the crisis, partly because of differences in price level effects – and perhaps because they were more likely to live in households where adult members previously had (and lost) jobs.

At the same time, urban households were more buffered by the fact that there may have been multiple earners within a household, and diverse sources of income. Rural households, on the other hand, were relatively unprotected from job loss because their income streams were not diversified – but there was much greater reliance on grants.

In investigating the impact of the CSG on poverty, the authors concluded that “the impact of not having the Child Support Grant is as large as that of the severe crisis…. The impact of the Child Support Grant outweighs that of the economic crisis.”

The authors stressed the importance of having diverse income sources as a buffer against economic crisis, and that social grants provide not only an additional income stream (for households where members earn income) but also a stable income stream. This was important in a context where few of those who were negatively affected by the crisis had the skills or capital to engage in coping strategies such as starting their own business ventures or producing their own food.149

4.2 Impacts for young children

Birth registration

South Africa made impressive strides in recording births in the first two decades of the democratic era. By the end of this period, nearly nine in every 10 births (87%) were registered during the first year of life, rising to 97 percent by the time children turn five.\(^\text{150}\)

The introduction of the CSG, which required a birth certificate, was one of the main drivers of this increase in birth registration. Current year registrations\(^\text{151}\) began to rise steeply after the CSG was introduced, from 22 percent in 1998 to 70 percent by 2009 and 90 percent in 2020. There were even more dramatic increases in some provinces like the Eastern Cape (from 13% in 1998 to 91% in 2020) and Limpopo (10% to 95%).

At the same time as current year registrations increased, late registrations (after age 1) exhibited a gradual drop in 1999 after the CSG was introduced and a sharp drop in 2003, when access to the CSG began to rise, as illustrated in Figure 4.4.

The near universalisation of birth registration is excellent news for South Africa’s children, as the possession of a birth certificate serves as a gateway to a range of basic services and helps realise the child’s right to a name and identity, as established in the United Nations Convention on the Rights of the Child.

More needs to be done to increase early birth registration (within 30 days) to ensure that the benefits of the CSG accrue to infants as soon as they are born. The uptake rate for infants under a year of age has lagged behind the overall uptake rate.

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\(^\text{151}\) Current registrations refer to births recorded by the Department of Home Affairs within a year of birth, while late registrations are those registered after 365 days.
Many older children are also excluded from the CSG because they do not have birth certificates. These children can be included on the CSG by improving services to facilitate late registration of birth and through wider use of Regulation 13(1) of the Social Assistance Act, which expressly allows SASSA to accept alternative proof of identity in cases where the child does not yet have a birth certificate.

**Infants and young child nutrition**

Despite its modest value, there is evidence that the CSG contributes to improving food security and nutrition in measurable ways. For many households, social grants provide a lifeline in the face of high levels of unemployment. Caregivers who received CSGs for their children reported that they could now afford a greater quantity and variety of food, and the share of expenditure on food in overall household expenditure was found to be larger among CSG recipients than in similarly poor households that did not receive the grant.152

At the same time, spending on undesirable “adult goods” (e.g., alcohol, tobacco) tends to decrease among CSG recipients.153 For example, duration of receipt of the CSG was strongly associated with an increase in household expenditure on food and a decrease in the expenditure share on alcohol and tobacco.

The impact is stronger the longer a child has been receiving the grant – with the strongest effects when it is received for at least half of the child’s life.154 Because the CSG is overwhelmingly paid to women, it tends to be spent in ways that benefit the children in their care, rather than on items that only adults consume.

It is not surprising, therefore, that the CSG helps to reduce child hunger, both over time and when comparing grant recipients with non-recipients. One study found that over a three-year period in the early 2000s, there was a greater reduction in child hunger among children receiving the grant than among equally poor children who did not receive it.155

In another study, the probability that a child would experience hunger in the past year decreased by 8 – 14 percent with each CSG that a household received. The effects of CSG receipt on child hunger were stronger in poorer households.156

Households’ ability to consume more nutritious diets is reflected in improved height-for-age scores, an indicator of nutritional status. Receiving the CSG during the first two years of life significantly boosts child height, particularly among girls. No gains in child height could be detected when children had received the grant for less than half of this critical period, underscoring the importance of early and continued access to the CSG.157 To maximise its developmental impacts, it is critical to increase take-up rates among infants, which remain stubbornly low despite protracted efforts to raise them.158

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Coetzee M (2014) Do poor children really benefit from the child support grant?
Grants can help close the gaps in nutrition between the poorest and richest children. Figure 4.5 shows a significant decline from 1993 to 2008 in the stunting rates of children from the bottom two deciles compared with the rates of the wealthiest 10 percent of children. Echoing previous research, the narrowing of these gaps was attributed largely to the introduction of the CSG in 1998.

A group of researchers at the University of Johannesburg studied the predictors associated with child health outcomes using a path analysis model. An important role of the CSG was in providing the means for increased access to food and improved food security.

This nutritional impact was confirmed first by analysing caregivers’ perceptions of their child’s health and then by analysing the child’s anthropometric outcomes (the weight and height of the child in relation to their age).159

Despite these gains, stunting in South Africa remains higher than in many poorer African countries, with large numbers of South Africa’s children still suffering from inadequate food intake. In 2016, over a quarter of all children in South Africa (27%) were stunted.

Researchers note that the value of the CSG seems too low to enable families to afford more than the most basic staples, with food choices often limited mainly to starches, and it is not uncommon for the grant money to be used up before the next pay date.160

Child health

Improvements in child health have also been traced to the CSG. Comparing early versus late enrolment in the programme, a study found that receiving the grant in the first two years of life increases the probability that a child’s growth is monitored at a clinic.

Source: Adapted from May J & Timæus IM (2014) Inequities in under-five child nutritional status in South Africa.

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Children receiving the CSG before turning two years of age were more likely to have been weighed. Early receipt, however, had no impact on immunisation rates.\textsuperscript{161}

In 2019, 84 percent of babies had been fully immunised by their first birthday. This dropped to 80 percent in 2020, the lockdown year.\textsuperscript{162} Immunisation compliance is strongly affected by the accessibility and availability of clinic services.

A CSG impact study commissioned by DSD found that boys who accessed the CSG in the first year of life had a 21 percent likelihood of being ill in the preceding 15 days, compared to 30 percent for boys who enrolled at age six. Early and continued access to the CSG reduced the number of sick days by more than one quarter. Since children were 10 years old at the time of the survey, these results suggest that the health benefits associated with early CSG enrolment persist to at least age 10.

Early Childhood Development

Caregivers report using the CSG to pay preschool and crèche expenses or to negotiate deferred payment against the grant.\textsuperscript{163} One study found that among children living in rural and informal urban areas, those who were receiving the CSG were one and a half times as likely to be attending an ECD facility or Grade R as those who were not getting the grant.\textsuperscript{164}

Grant receipt also seems to encourage utilisation of crèches and nursery schools from a slightly earlier age and increases the length of attendance by girls. These results matter because children in low-and middle-income countries who attend preschool or crèche tend to score better on tests of literacy, vocabulary and numeracy, and these benefits may persist through primary school and into adolescence.\textsuperscript{165}

In 2021, only 38 percent of children under six years were attending any kind of early childhood development (ECD) or group learning programme (a pre-school, creche, educare facility, home-based play group or formal school). Attendance rates dropped in 2020 from pre-lockdown levels and had not fully recovered by 2021.

Children from wealthier households were more likely than poorer children to attend ECD programmes: 54 percent of children in quintile 5 households (the richest 20%) were attending some kind of group learning programme, compared with just 34 percent of children in the poorest two quintiles. However, within these poorest quintiles, those who received CSGs were significantly more likely to attend group learning programme (34%) than those who did not receive a CSG (of whom only 23% were attending), suggesting that the cash transfer provided caregivers with the means to pay for ECD programmes.\textsuperscript{166}

The Department of Basic Education conducted a full ECD Census in 2021. The results revealed that, among children attending ECD facilities, the poorest caregivers (those in quintiles 1 and 2) spent about half the value of the CSG on ECD fees.\textsuperscript{167} This affirms a strong relationship between the CSG and ECD attendance in that a substantial share of CSG income in spent on fees. However, in the absence of free ECD services, this also means that less of the CSG transfer is available to spend on

\textsuperscript{162} District Health Information System 2021.
\textsuperscript{163} DSD, SASSA & UNICEF (2011) Child Support Grant Evaluation 2010;
\textsuperscript{167} K Hall analysis of GHS 2021.
\textsuperscript{166} Dept of Basic Education (2022) ECD Census 2021.
food and other basic essentials for the child.

Given that the value of the CSG does not cover the food costs of a child, these fundings suggest that children (and their caregivers) may be making food sacrifices to pay for early learning. This trade-off may be informed by the fact that virtually all (99%) of ECD programmes incorporate at least one meal into the daily programme.¹⁶⁸

### 4.3 Impacts on school-age children

South Africa has high school enrolment, for both girls and boys, across all population groups. Enrolment tends to drop among older children, beyond the compulsory schooling age. Those who drop out of school often cite cost as the main reason, as even when children do not pay fees, regular expenses on transport, uniforms and shoes can be prohibitive for poor households. By providing cash, the CSG helps families defray the costs of education and equip their children with even rudimentary school supplies.

**Schooling**

There is solid evidence that caregivers spend CSG money on school-related costs, to a larger extent than households that do not receive the grant despite qualifying for it. After food, school fees, transport and uniforms are the main expenditure items in CSG households: one in four recipients report they can afford such expenses as a result of the grant.¹⁶⁹

Studies have found that the presence of a CSG recipient in the household increases school enrolment and helps families invest in their children’s future. Once a household gets a CSG, all of the children in the household are more likely to be enrolled in school, regardless of who or how many are receiving the grant.¹⁷⁰

CSG receipt has also been associated with increased school attendance, especially among the most disadvantaged. Among African and coloured children, the probability that a school-age child is not attending school decreases by more than half when they receive the grant. These impacts are stronger for children residing in rural households, informal dwellings or with caregivers with less education. They are much larger for children who live with their mother, suggesting that grant money may be spent differently when a child’s mother, rather than someone else in the household, receives it.¹⁷¹

These impacts are just as big as in cash transfer programmes in countries like Mexico, where the grant is conditional on a child attending school. This implies that large gains can be achieved with an unconditional grant, and without the administrative cost and potentially negative consequences of imposing conditions on beneficiaries.¹⁷²

An impact assessment of the CSG found it to be associated with the age at which children enter school. Girls who start receiving the CSG shortly after birth are 27 percent less likely to start school late and are able to complete a quarter of a grade more by age 10, than girls who only enrol

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for the CSG when they reach the compulsory age for schooling. This is a large difference in school attainment, considering that the children had only completed four grades at the time of the study.\textsuperscript{173}

The same study found that early receipt has an even larger impact on children with less educated mothers (less than eight years of schooling). Delays in starting school decline by almost one-third among these children, raising their grade attainment by nearly four-tenths of a grade, in comparison with children who do not access the grant until they turn six. This suggests that the CSG may be helping to narrow the gap between children whose mothers have not completed primary school and those with mothers who have at least some secondary educations.

Once children start school, they are less likely to repeat a grade the longer they have been receiving the grant. A study of children aged 14 or younger found that children who have received the CSG for about half of their lives were 20 percent less likely to repeat a school year. In this study it is the duration of grant receipt, not whether or not a household is getting it, which accounts for these results.\textsuperscript{174}

The CSG may be affecting learning, too. Children who started receiving it during their first year obtain higher marks on tests of mathematical ability and reading than those enrolled just before starting school. The increase in the maths test score\textsuperscript{175} was 6 percent when comparing early versus late enrolment on the CSG. The difference in test scores was especially large among girls: those who accessed the CSG at a young age scored more than 10 percent higher in maths, and almost 30 percent higher in reading ability, than girls who enrolled later.\textsuperscript{176}

In sum, receipt of the CSG has large, positive and statistically significant impacts on children’s schooling. Not only is the grant associated with increased household spending in education, but it contributes directly to improved outcomes across a range of indicators, from school enrolment to attendance, progression, attainment and learning. How early a child starts receiving the grant and for how long she gets it matter in terms of her schooling.

4.4 Impacts for adolescents

Despite lingering concerns about social grants breeding teen pregnancy, grants could instead contribute to lower fertility. Grant income can give teenage girls greater control over sexual and reproductive decision-making and even help to facilitate contraceptive use by improving access to health services. Receipt of a grant can also improve education and job prospects, thereby increasing the opportunity costs of pregnancy and motherhood.

Teens are highly vulnerable to a number of risk factors. Risk behaviours are likely to increase when children grow up in the midst of poverty and in fractured communities and families. By improving their life prospects, income support programmes can play a vital protective role, enabling children to avoid the long-lasting effects of adolescent risk behaviour and make a safe transition into adulthood.

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\textsuperscript{175} Based on the administration of the Early Grade Mathematics Assessment (EGMA), a battery of tests that seeks to measure what children in grades 1 – 4 would be expected to learn. Testing of reading ability was based on the Early Grade Reading Assessment (EGRA).
Teen fertility and child-bearing

Teenage fertility began to decline in the early 1990s, before the introduction of the CSG. This trend is in line with a decades-long decline in overall fertility rates in South Africa.177

Teen fertility has been falling among all population groups, and comparatively more in rural areas, where the bulk of CSG recipients live. Much of the decrease has been driven by a decline in births to women under 18. Between the early 1990s and the late 2000s, the percentage of women who gave birth before 18 dropped by one-fifth, while the proportion of children born to them nearly halved.178

Although teenage fertility has declined over the years, South Africa still has relatively high teenage pregnancy and birth rates, even compared with other African countries. In 2020, 36 000 births were registered to child mothers under the age of 18 years.181 A recent analysis of data from the District Health Information System suggests that the declining trend was reversed from 2020, and that the teenage birth rate increased slightly during lockdown.182 Nevertheless, fewer than 1 000 of the 13 million CSGs are paid to teens under the age of 18.183

Figure 4.6

Figure 4.6 draws on recorded birth data from the Department of Home Affairs and shows that women are giving birth later. Teen mothers under 20 years account for 10 percent of all those giving birth in 2020, down from 15 percent a decade before.179 Yet only a fraction of teen mothers receive the grant: adolescents under 20 years account for less than 1 percent of all CSG recipients.180

Figure 4.6   Distribution of births by mother’s age at delivery, 2010 & 2020

Source: K Hall analysis from Stats SA recorded live births data


179 It should be noted that most of these teenage births are to young women aged 18 and 19, who are not “children”.


181 Own analysis of Stats SA recorded live births.


In a context of unacceptably high rates of gender-based violence and coerced sex and HIV prevalence, it is unlikely that young girls would choose to have unprotected sex merely to gain access to a grant that pays a very modest amount. Indeed, the very low access to grants by teenage mothers suggests that they do not benefit directly from the grant.

If teenage girls fall pregnant and give birth, then the grant, if accessed at all, is likely to be received by an older relative. This may be partly because many teenagers have not yet registered for an adult identity document, another indication that they are not rushing to apply for grants.

Pregnancies terminated by teen girls remain fairly high in public health facilities, which mostly cater to the poorer segments of the population – the same groups that the CSG targets.

Over the period 2017–2021 approximately one out of every ten known pregnancies in adolescent females younger than 20 years was terminated, again suggesting that the CSG is not a driver of teenage pregnancy and that many pregnancies are not only unintended but also unwanted.

Despite persistent efforts to increase grant take-up among infants, grant receipt for babies continues to lag considerably behind as many young mothers do not register their children within the required 31 days after birth.

If teenage girls were deliberately getting pregnant to obtain the CSG, one would expect a higher take-up among adolescent beneficiaries, fewer abortions, and earlier registration of new-born babies. Given the high reported levels of unmet health needs, a more plausible explanation for the high rates of teen pregnancy is the absence of age-appropriate sexual and reproductive health services for this age group.

Empirical studies have found no association between uptake of the CSG and teen fertility. Instead of incentivising child-bearing, the CSG may rather discourage it as children reach puberty. In one study, girls who started receiving the grant before turning five were found to be 40 percent less likely to get pregnant as teenagers than those accessing it later. CSG receipt during adolescence also reduces the likelihood of teenage pregnancy.

A study in rural Mpumalanga found that receipt of the CSG may result in longer spacing between pregnancies. Women were compared based on whether or not they started receiving the CSG after the birth of their first child.

The time between first and second pregnancy was significantly longer among CSG recipients than non-recipients and was no different for those who were younger or older than 21. Nor was the timing to a second pregnancy affected by the loss of the grant: women whose first child became ineligible just before the CSG was extended from under age 7 to under age 9 in 2003 had similar second pregnancy rates as women whose children remained grant-eligible during the programme’s expansion.

Could the pathway from grant receipt to lower pregnancy rates be taking place through an “income effect”?

The CSG amount is not large enough to serve as an incentive for family expansion but may be sufficient to induce behaviour change towards lower fertility. If so, the

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184 Richter (2009) Bread, baby shoes or blusher? Myths about social grants and ‘lazy’ young mothers.
187 DSD (2006); Makiwane & Udjo (2006); Makiwane (2010).
potential for social grants to reduce unwanted pregnancies needs to be explored, and efforts made to ensure that adolescent girls, including young mothers, are not blamed but rather encouraged to take up the CSG in greater numbers.\textsuperscript{190}

**Adolescent risks**

The importance of emerging evidence that social grants have a *protective* effect on adolescents cannot be overstated in a country with the world’s highest HIV burden and intolerable levels of violence inflicted on children. The CSG has been associated with reduced sexual activity, fewer sexual partners, and reduced alcohol and drug use during adolescence.

These outcomes are affected by the *timing* of first grant receipt. Early childhood receipt strengthens the protective role of the CSG. Among teenage girls, the probability of delaying their sexual debut was higher when they began benefitting from the CSG at a young age (less than five years old).

Likewise, the number of sexual partners, a strong predictor of HIV risk, rises along with the child’s age at first receipt of the grant.\textsuperscript{191} Early and continuous access to the CSG has a protective effect on sexual risk behaviour in adolescents.

It also matters if a household is accessing the grant during the time when children become adolescents. Teen girls are 25% more likely to abstain from sex and have a lower probability of having multiple sexual partners in households receiving the CSG, even if the grant is not being paid for the teenager herself.\textsuperscript{192}

Especially among young females, alcohol and drug use is less frequent when they start receiving the CSG before turning five or are able to access it at the time they reach puberty. Males, in turn, are less likely to join gangs or engage in petty crime if they live in households where a CSG was received during the child’s early years.\textsuperscript{193}

Other evidence further supports the notion that cash grants can shield adolescents from risk, especially when combined with other interventions. A study of 3,500 adolescents from Mpumalanga and the Western Cape found a strong relation between access to the CSG and adolescent risk behaviours. Girls were half as likely to exchange sex for food, shelter, money or school fees, and one-third less likely to have had age-disparate sex, if they lived in a household receiving the CSG.

It appears that the grant reduces the economic pressure that can drive teenage girls to take risks regarding partner selection or limit their power to negotiate sex. The effects of accessing the CSG were especially pronounced among females aged 12 – 14 years.\textsuperscript{194}

**Schooling and work**

About half of learners beyond the compulsory age of schooling who are not enrolled cite reasons of not being able to afford school, job search or current employment. Making use of the first three waves of NIDS one study found that the CSG leads to a higher probability of school enrolment among African and coloured children aged 15 – 19 years.

\textsuperscript{190} Makiwane (2010); Branson et al (2013); Rosenberg et al (2015).
After controlling for age and other factors, CSG beneficiaries were six percentage points more likely to be enrolled than non-beneficiaries – a large effect when compared to a mean enrolment of around 85% in that age cohort. Females, who are less likely to be enrolled, reap the greatest benefits from the grant.195

Again, CSG receipt early in life seems to have long-lasting implications. Another study found that adolescents who started receiving the CSG before entering school are less likely to be working outside the home (13%) than those who do not receive it until they are 14 years or older (21%). This is especially true for adolescent girls who accessed the CSG very early in their childhood.196

These findings may explain why CSG receipt has been associated with fewer adolescent absences from school. Over a period of eight weeks, adolescents were absent 2.2 fewer days in households receiving the CSG than in non-beneficiary households. Males, on average, miss seven fewer days of school when their household is accessing the grant, even if not for the adolescent himself.197

By helping to fund school-going expenses such as fees, books or uniforms, the CSG appears to affect households’ decisions to send and keep their children in school.

Beyond these immediate effects, access to the CSG on a continuous basis since early childhood matters greatly for children’s schooling. Children born in the late 1990s, who qualified for the CSG their whole life, had a 33 percent higher probability of attending school than children who did not meet the age requirements for the grant.198

4.5 Impact on (adult) labour market participation

The CSG not only benefits children directly; it also has a positive impact on caregivers and other members of the households, helping to finance job search and increase labour market participation. Receipt of the CSG adds to household income and reduces poverty among grant-recipient households.

Dependency arguments

Critics of social welfare grants maintain that they discourage labour market participation and breed a culture of "dependency" on government hand-outs. Upon receipt of a grant, critics say, households will withdraw their members from the labour market and may refuse jobs for fear of losing the payment.199

This question matters for the CSG, as it is the only permanent grant which is typically paid to a healthy person of working age and because the bulk of CSG recipients are African women under 35, among whom poverty and unemployment are chronic. It is not only the caregivers themselves who are unemployed: CSG beneficiaries often live in households where there is no employment income from any source.

In a recent analysis of national data, one out of two caregivers who received the CSG was identified as living in a household where nobody was employed.200 But there is no evidence that the CSG discourages

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work. Qualitative research with African males and females in the Eastern and Western Cape found a strong consensus that the grant was simply not enough money to affect their labour supply decisions.\textsuperscript{201}

**Evidence of increased labour participation**

Instead, it appears that access to the CSG may *increase* labour force participation and employment in poor households. Among African and coloured mothers, having a child who receives the grant was associated with a 7 – 14 percent increase in their labour force participation.

The impacts were greater in poorer households – those living in informal dwellings or where mothers and “household heads” had not completed their matric. Grant income may be easing constraints to labour market access, helping to finance job search and migration from places with few employment prospects.\textsuperscript{202}

Other research supplies further evidence to challenge the notion that the CSG promotes dependency.

One study, commissioned by the national Department of Social Development, concluded that grant receipt has a positive impact on the capacity of beneficiary households to engage with labour markets.\textsuperscript{203}

Using three national datasets, the study found that households receiving the CSG were significantly more likely to improve their employment prospects, compared to households that received no grants. The impacts were greatest for youth and women, including single mothers, who were the most likely of all recipients to find employment.

Many of the gains associated with the CSG were in regular or permanent jobs, for a salary or wage, as opposed to occasional work. Employment rates were 40 – 70 percent higher for women and youth in beneficiary households than in the comparison group. The results were even stronger for households with never-married women, whose employment rates were almost double those of comparable households that did not receive the CSG.

A further study suggests that young mothers appear to benefit the most. Among a sample of African caregivers aged 20 – 45 years, mothers who become CSG recipients in their twenties had higher labour market participation (9%), lower unemployment (14%) and a higher probability of being employed (15%). Young women in the bottom half of the income distribution are affected more strongly by grant receipt than are better-off women.\textsuperscript{204}

**CSG promotes work search**

Yet another study explored the causal effect of receiving the CSG on women’s work. Based on a sample of African women in the NIDS panel, the study showed positive and statistically significant effect of the CSG on the labour force participation of mothers, although not necessarily in their employment rates. This was primarily due to increased work search among the unemployed: the CSG enabled caregivers to spend money on transport to look for work.\textsuperscript{205}

\begin{itemize}
  \item \textsuperscript{201} Surender et al (2010) Social assistance and dependency in South Africa: An analysis of attitudes to paid work and social grants.
  \item \textsuperscript{202} Williams (2007) The Social and Economic Impacts of South Africa’s Child Support Grant.
  \item \textsuperscript{204} Eyal & Woolard (2011) Female Labour Force Participation and South Africa’s Child Support Grant.
  \item \textsuperscript{205} Klace (2013) The Impact of the South African Child Support Grant on Mother’s Labour Force Participation.
\end{itemize}
In other words, CSG caregivers were likely to look for work (and there was a statistically significant increase in work-seeking behaviour amongst beneficiaries), but despite their greater efforts there was not a significant increase in employment, presumably because of the lack of work opportunities.

All of this evidence seems to disprove allegations that the CSG discourages beneficiaries from seeking employment, and it also demonstrates that the CSG is necessary income to enable caregivers to support their children in a context where the labour market does not provide enough jobs.

4.6 How can the CSG impacts be strengthened?

This chapter has documented multiple positive impacts from the CSG on children and their families. A range of analyses over the past two decades have demonstrated the impacts of social grants (and the CSG in particular) on households that receive them.

In summary, social grants are effective in reducing poverty in the receiving households and are primarily spent for positive social outcomes; grants help to remove the financial barriers to education (including opportunity costs) and increase enrolment. Social grants are associated with better nutrition and health outcomes for children.

The CSG supports the development of young children, discourages unsafe practices in adolescence and provides critical income support for struggling families, helping to finance their job search, childcare and employment-related costs. There is, nonetheless, room for improving the grant’s impact.

The intrinsic value of the CSG’s impacts (through better nutritional, health and educational outcomes for children) would also have a longer-term instrumental value in terms of improvements to human capital in the country, contributing to more equitable growth.206

However, by all accounts, the CSG amount is too small to yield a more substantial reduction of poverty. Increasing it will make a large difference to poor families. Most CSG beneficiaries are cared for by their mothers.

Children living with their mothers but not their fathers count among the poorest in the country – poorer than children in the care of relatives, who have been more likely to access the higher valued Foster Child Grant or Older Persons Grant. Narrowing the gap in the amount paid by the two childcare grants by levelling up the CSG will not only reduce child poverty further but also promote greater equity in the social assistance system.

Reducing the levels of malnutrition will require additional effort. As currently implemented, the CSG is unlikely to yield significant progress for young children and infants under one year of age.

An increased CSG amount may incentivise more mothers to register early, even if it is difficult to do so, thereby contributing to improved early birth registration rates and improved CSG take-up for infants under a year. Children have to be reached earlier as too many are being missed during the critical first year of life.

Enabling mothers to register for the CSG at antenatal clinics would make it easier for infants to start receiving it as soon as they are born. It might even be worth registering

206 Kløve (2013).
pregnant women attending ante-natal clinics for income support from the start of the second trimester until the baby’s birth is registered after birth, at which stage the income support can be converted to the CSG. Such an approach would improve maternal nutrition, reduce low birth weight babies, increase early birth registration and increase CSG take-up rates for infants. Social assistance may not always be the first policy choice for lifting families permanently out of poverty. But in the absence of jobs, child grants, especially the CSG, have delivered important benefits for South Africa’s poor. Combined with other interventions, and with a larger investment, they can help to vanquish the stubborn legacy of child poverty and deprivation in South Africa.
5. The cost of a child

“Every South African should have a minimum level of income that is adequate to meet basic subsistence needs. This is a floor of the socio-economic norm the country should commit to and put in place measures to achieve, rather than toning down on it, especially in times of economic distress.

As such, the State has an obligation to provide these positive rights, that can also contribute to strengthening capabilities.” 207

5.1 Early poverty lines and the Lund Committee

Ideally the value of a CSG would be linked to some empirically based measure or poverty line. For example, when the CSG was first recommended by the Lund Committee, the idea was to link its value to the basic food and clothing costs of a child.

According to the (then) Department of Welfare and Population Development, “the fundamental purpose of the right to social assistance is to ensure that persons living in poverty are able to access a minimum level of income, which is sufficient to meet basic subsistence needs, so that they do not have to live below minimum acceptable standards”.208

At the outset, we note that this review does not set out to propose a single amount that represents the cost of a child. Rather, we discuss some of the rationales for different estimates of the cost of a child.

In this section we will briefly outline some of the considerations in defining poverty and deriving an objective base for income support for children. We describe a few of the attempts to define the “cost of a child” and some of the challenges associated with doing so.

When the CSG was introduced in 1998 it had a cash value of R100 per child per month, paid to the child’s primary caregiver. This was slightly more than the cost of basic food and clothing for a child as reflected in the Household Subsistence Level (HSL) estimates calculated by economists at the University of Port Elizabeth.

The Lund Committee used the calculations of the University of Port Elizabeth for its six-monthly Household Subsistence Level (HSL) and Household Effective Level (HEL) estimates as the basis for its proposals. The HSL was similar to the Food Poverty Line (FPL) developed later by Stats SA in that it was the theoretical minimum on which a family might provide for itself. The HEL was similar to the Lower Bound or Upper Bound Poverty Line in allowing for some additional expenses.

The University of Port Elizabeth no longer publishes its six-monthly HSL and HEL estimates. The Bureau of Market Research at UNISA also no longer publishes its six-monthly Minimum Living Level and Subsistence Living Level estimates. Further, even when it did so, it did not provide the same breakdown of estimated costs for household members of different ages as were available for the HSL.

The Lund Committee’s report illustrates how, even within government, the amounts paid by government for children in different circumstances varied enormously although all, in theory, could be seen as needing to reflect the basic costs of caring for a child.

The report notes that in 1996 the monthly Place of Safety allowance was R180, with the Foster Child Grant at R288 and the residential care subsidy at R850. The monthly cost to correctional services of a child in prison was R2,040, and the monthly cost of a child in hospital waiting for adoption was R3,300. The highly variable estimates of child costs inherent in the state transfers at the time are shown in Figure 5.1.

5.2 National poverty lines

For a decade after the CSG was introduced, South Africa did not have any officially recognised poverty lines. In the mid-2000s, renowned economists Hoogeveen and Özler developed three poverty lines for South Africa. These lines were widely used in poverty analyses but were never adopted as official poverty lines by the South African government.²⁰⁹

Eventually, in 2008, Stats SA published pilot national poverty lines calculated from the 2000 Income & Expenditure Survey (IES). Although this was the same data source as that used by Hoogeveen and Özler, the Stats SA poverty lines were between 33 percent and 48 percent lower than the Hoogeveen and Özler lines.²¹⁰

In constructing the lines, Stats SA followed the internationally recognised “cost-of-basic needs” approach proposed by renowned World Bank economist Martin Ravallion and produced three poverty lines:
a food poverty line (FPL, the lowest value line), a lower bound poverty line (LBPL, the middle value) and the upper bound poverty line (UBPL, the highest). It should be noted than even the upper bound line was a minimal line in that it only allowed for basic food and basic non-food needs.

Stats SA later rebased the national poverty lines using the 2010/11 IES. The rebased lines also took into account changes in spending and consumption patterns since the pilot lines were developed. The revised lines, published by Stats SA in 2015, did not substantially change the food poverty line, but resulted in a slightly higher LBPL and a considerable higher UBPL.

The different poverty lines are shown in Table 5.1, with all values set in March 2011 rands. The revised Stats SA poverty lines have been updated annually since 2015 using the consumer price index (CPI) and are the only “official” poverty lines for South Africa.

### Composition of food poverty line

Stats SA describes its conceptualization of a poverty line as “a minimum socially acceptable standard”, and the lowest (food) line is defined as “the Rand value below which individuals are unable to purchase or consume enough food to supply them with the minimum per-capita-per-day energy requirement for good health (which is about 2100 kilocalories)”.\(^\text{211}\) Calculating retrospectively, Stats SA reported the food poverty line at R141 in 2000 values.\(^\text{212}\) The value of the CSG in 2000 was R100, and therefore already below Stats SA’s food poverty line just two years after its inception.

A SALDRU paper explains that all three of the Stats SA poverty lines are based on the cost of a basic food basket that meets the calorie requirements of the average family.\(^\text{213}\) However, there are many different combinations of food that could be combined to make up such a basket. Stats SA based its basket on the foods typically consumed by households in deciles 2-4 of the national expenditure distribution – i.e. very poor households. The paper notes that this could be described as first calculating the existing average cost of a calorie for these poor households, and then multiplying it by the minimum calories required. By basing the food basket on typical consumption as reflected in surveys and thus representing actual behaviour, the approach aims to overcome critiques that poor families may not be able to access the foods that would allow a household to satisfy their calorie needs most cheaply.

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\(^{212}\) Stats SA (2011).

Stats SA explains that households with high income and expenditure tend to pay more per calorie for food than do poor households. Richer households consume more costly food because they have more varied and protein-rich diets, and the ability to choose foods according to taste, convenience or brand preference.

In contrast, the food expenditure of lower-income households is characterized by a smaller and less varied food basket consisting of “survival foods” providing relatively cheap calories. The food poverty line (which also constitutes the food component of the lower and upper bound lines) is therefore based on the minimum cost of meeting daily calorie needs by consuming the relatively cheap calories typically consumed in poorer households. Figure 5.2 summarises the food categories and items that Stats SA used to construct its food basket for the poverty lines, based on the IES 2010/11. It should be noted that the reference food basket used for the FPL does not necessarily represent a healthy or sufficiently diverse diet as it is based only on caloric intake and not on nutritional requirements. For example, it allows for consumption of calorie-rich foods in the form of starches but does not include vitamin A-rich foods such as fresh fruit or legumes. This is an important caveat, but as pointed out by the SALDRU economists there is no other easy option: if the food basket were designed to contain all the nutritional components, it would become overly prescriptive and no longer represent the food habits of the poor.

The caveat must therefore be applied to the way in which the food poverty line is interpreted. Those who are “below the line” and counted as food-poor will not be able to consume the minimum number of calories needed for health, but this does not mean that those who are “above the line” are getting adequate nutrition.

Poor households often cope with food costs by reducing both the diversity of their diet and the consumption of healthy foods, and by prioritising foods that can be bought in bulk, are non-perishable, are filling and high in calories but low in nutritional content.

Figure 5.2 Reference food basket for Stats SA’s food poverty line

<table>
<thead>
<tr>
<th>Grain products</th>
<th>Miellie meal / maize flour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bread</td>
</tr>
<tr>
<td></td>
<td>Rice</td>
</tr>
<tr>
<td></td>
<td>Cake flour</td>
</tr>
<tr>
<td>Fish, meat, poultry</td>
<td>Poultry (including heads and feet)</td>
</tr>
<tr>
<td></td>
<td>Beef and veal (including heads and feet)</td>
</tr>
<tr>
<td></td>
<td>Boereuwors</td>
</tr>
<tr>
<td></td>
<td>Canned pitchards</td>
</tr>
<tr>
<td></td>
<td>Polony</td>
</tr>
<tr>
<td>Fruits and vegetables</td>
<td>Cabbage</td>
</tr>
<tr>
<td></td>
<td>Potatoes</td>
</tr>
<tr>
<td></td>
<td>Tomatoes</td>
</tr>
<tr>
<td></td>
<td>Onions</td>
</tr>
<tr>
<td>Dairy products</td>
<td>Milk (fresh / long life)</td>
</tr>
<tr>
<td></td>
<td>Sour milk / maas</td>
</tr>
<tr>
<td></td>
<td>Eggs</td>
</tr>
<tr>
<td>Oils and fats</td>
<td>Cooking oil</td>
</tr>
<tr>
<td>Beverages</td>
<td>Aerated cold drinks</td>
</tr>
<tr>
<td></td>
<td>Fruit juices</td>
</tr>
<tr>
<td></td>
<td>Instant coffee</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Burgers</td>
</tr>
<tr>
<td></td>
<td>Powdered soup</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
</tr>
</tbody>
</table>

Source: Compiled from Stats SA (2011) Rebasing the national poverty lines.
Children need diets that are sufficiently diverse to ensure healthy growth. While there has been a decline in wasting and underweight among children in South Africa, child stunting rates have remained persistently high, and the prevalence of overweight is rising, affecting around 13 percent of children under 5 years in 2016.214 A detailed analysis of dietary diversity in food consumption patterns in children’s households in South Africa showed a strong positive association between income and dietary diversity.215

Increasing the CSG could be a relatively easy way not only of protecting children against food insecurity but also of enabling households with children to diversify their diets more, improving nutritional outcomes for children.

Non-food components of the poverty lines

In justifying the concept of an upper bound line, Ravallion distinguishes between what he calls “survival food needs” (without which a person will die), and “basic food needs” (sufficient calories for health). He argues that a poor person will first satisfy their survival food needs but may then prioritise basic non-food needs over basic food needs even when they have not met the minimum caloric threshold – effectively sacrificing necessary calories to meet other needs such as clothing, housing, energy and education costs.

The assumption behind the upper bound is that in cases where food expenditure is equivalent to the FPL, households are considered able to meet basic food and essential non-food needs (i.e., otherwise calories to cover the costs of other basic living costs).

In contrast to the food component, calculation of the non-food component of the national poverty lines is not based on specific goods or service costs. Stats SA justifies this on the basis that there are no universal standards for consumption of non-food basic needs. Instead, the non-food component for the UBPL is based on basic food needs plus the average amount that households actually spend on non-food goods and services, using a reference group of households whose food expenditure is equivalent to the FPL (or within a very narrow margin of that value).

The LBPL, in contrast, is based on a reference group of households whose TOTAL expenditure is close to the food poverty line and who therefore make food sacrifices to pay for other basic non-food needs. The amount spent by these ultra-poor households on non-food needs (which are prioritized over the attainment of basic food needs or minimum caloric intake) is added to the FPL to derive the LBPL.

The LBPL is therefore an austere line, as acknowledged by Stats SA, which describes it as the point “below which one has to choose between food and important non-food items”.216

In reviewing the theoretical foundations and the methods underlying the three Stats SA poverty lines, SALDRU economists concluded that the upper-bound and food poverty lines were worthwhile, while the lower-bound line was “not conceptually coherent and is not appropriate for poverty measurement.”217

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214 South African Demographic and Health Survey 2016.
Children’s food poverty lines in the Household Affordability Index

The Pietermaritzburg Economic Justice and Dignity group (PMBEJD) developed child-specific food poverty lines for its Household Affordability Index. These poverty lines are intended to be specific to children and allow for some variation between child age groups and between male and female children. Overall, the PMBEJD child food poverty line is higher than the StatsSA food poverty line developed for the population as a whole. There are a few reasons for the differences in the food baskets and costs.

First, the Pietermaritzburg group (at the time called PACSA) found that a food basket based on the consumption of poor households, such as a kind produced by Stats SA, is unlikely to provide adequate dietary intake because the foods that low-income households actually buy and consume are nutritionally deficient. Therefore, a minimum food basket was formulated to more accurately represent the minimum food types and quantities that should be consumed for optimum health. Attention was also paid to ensuring that the nutritionally balanced diet was culturally acceptable. 218 This minimum nutrition is the basis for the food basket that PMBEJD has costed and tracked over the years in its monthly affordability index.

Second, the PACSA food basket was designed to determine the cost of a nutritionally balanced eating plan for different groups of people at different age, gender and life stage groups. Given that children are particularly vulnerable to the effects of household food insecurity, particular attention was given to ensuring that the food basket for children included appropriate micronutrients as well as calorie needs for children at different ages.

In line with dietary reference intake models, the PACSA food costs also distinguished between the calories needs of males and females at different life stages. For example, males typically require more calories than females within the same age groups, and while women over 18 require more calories than girls, teenage boys require more calories than adult men. The nutritional needs of pregnant women were also considered. The PACSA energy groups are summarized in Table 5.2.

Table 5.2 Summary of the PACSA energy groups

<table>
<thead>
<tr>
<th>Energy group</th>
<th>Daily KJ value</th>
<th>Age, gender and life stage groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy group 1</td>
<td>6 500</td>
<td>Girls &amp; boys under 9 years</td>
</tr>
<tr>
<td>Energy group 2</td>
<td>8 500</td>
<td>Girls &amp; boys 10-13 years Adult women 19-64 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Elderly women &gt;65 years</td>
</tr>
<tr>
<td>Energy group 3</td>
<td>10 500</td>
<td>Girls 14-18 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very active women 19-64 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adult men 19-64 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Elderly men &gt;65 years</td>
</tr>
<tr>
<td>Energy group 4</td>
<td>12 000</td>
<td>Boys 14-18 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very active men 19-64 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pregnant and lactating women</td>
</tr>
</tbody>
</table>

Source: PACSA (2014) Minimum Food Basket report

218 Barnard (2014) The PACSA Minimum Food Basket
Third, the PACSA food basket then allocated units from the different food groups to make up the recommended minimum eating plans to provide the energy and nutrients needed by children, teenagers and adults. In doing this, the group followed the Guidelines for Healthy Eating developed by the Department of Health in 2012, together with their own research on purchasing patterns and culturally appropriate food choices.

The 34 food items chosen for the minimum food basket menu (Table 5.3) are more varied and more nutritious than those used by Stats SA for calculating the national food poverty line. The PACSA energy groups were used to calculate the portion sizes of selected food items based on this meal pattern, to yield average minimum intake over a 30-day month. The menu was piloted in focus groups with women who buy food for their households and the micronutrient content was analysed by dieticians.

Most of the micronutrients provided by the food basket were above 90 percent of the recommended daily allowance, indicating that the menu allows for a reasonably balanced eating plan for most age, gender and life stage groups – although it is slightly deficient in some nutrients and more severely deficient in a few others (for example, calcium).

In other words, even this relatively generous food basket (and poverty line) does not provide a perfectly balanced diet, and those who follow it will still suffer some nutritional deficiencies.

The PACSA food basket was used to calculate the monthly cost for various family types and sizes, as well as for specific population subgroups, including children.

The cost of the PACSA Minimum Food Basket for a family was substantially lower than the Department of Health food basket, but above the value of the Stats SA food basket.

### Table 5.3 Content of PACSA food basket

<table>
<thead>
<tr>
<th>Food group</th>
<th>Food items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starchy foods</td>
<td>Maize meal</td>
</tr>
<tr>
<td></td>
<td>Oats porridge</td>
</tr>
<tr>
<td></td>
<td>Brown bread</td>
</tr>
<tr>
<td></td>
<td>Rice</td>
</tr>
<tr>
<td></td>
<td>Samp</td>
</tr>
<tr>
<td></td>
<td>Potatoes</td>
</tr>
<tr>
<td>Vegetables</td>
<td>Onion</td>
</tr>
<tr>
<td></td>
<td>Tomato</td>
</tr>
<tr>
<td></td>
<td>Carrot</td>
</tr>
<tr>
<td></td>
<td>Spinach</td>
</tr>
<tr>
<td></td>
<td>Cabbage</td>
</tr>
<tr>
<td></td>
<td>Green pepper</td>
</tr>
<tr>
<td></td>
<td>Butternut</td>
</tr>
<tr>
<td>Fruit</td>
<td>Oranges</td>
</tr>
<tr>
<td></td>
<td>Apples</td>
</tr>
<tr>
<td></td>
<td>Bananas</td>
</tr>
<tr>
<td>Beans &amp; legumes</td>
<td>Sugar beans</td>
</tr>
<tr>
<td></td>
<td>Baked beans, tinned</td>
</tr>
<tr>
<td>Animal protein</td>
<td>Eggs</td>
</tr>
<tr>
<td></td>
<td>Stewing beef</td>
</tr>
<tr>
<td></td>
<td>Tinned pilchards</td>
</tr>
<tr>
<td></td>
<td>Chicken pieces</td>
</tr>
<tr>
<td></td>
<td>Chicken livers</td>
</tr>
<tr>
<td>Dairy</td>
<td>Milk</td>
</tr>
<tr>
<td></td>
<td>Maas</td>
</tr>
<tr>
<td>Fats</td>
<td>Margarine</td>
</tr>
<tr>
<td></td>
<td>Sunflower oil</td>
</tr>
<tr>
<td></td>
<td>Peanut butter</td>
</tr>
<tr>
<td></td>
<td>Mayonnaise</td>
</tr>
<tr>
<td>Sugars</td>
<td>Brown sugar</td>
</tr>
<tr>
<td></td>
<td>Jam</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Tea</td>
</tr>
<tr>
<td></td>
<td>Salt</td>
</tr>
<tr>
<td></td>
<td>Soup powder</td>
</tr>
</tbody>
</table>

Source: PACSA (2014) Minimum Food Basket p.20
Table 5.4  Comparison of Stats SA and PMBEJD food poverty lines for children

<table>
<thead>
<tr>
<th>Source</th>
<th>Food basket type</th>
<th>Monthly cost per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stats SA food poverty line</td>
<td>General population (not differentiated by age or sex)</td>
<td>R663</td>
</tr>
<tr>
<td>PMBEJD basic nutritious food basket</td>
<td>Small child aged 3-9 years</td>
<td>R724</td>
</tr>
<tr>
<td>PMBEJD basic nutritious food basket</td>
<td>Child aged 10-13 years</td>
<td>R792</td>
</tr>
<tr>
<td>PMBEJD basic nutritious food basket</td>
<td>Girl aged 14-18 years</td>
<td>R844</td>
</tr>
<tr>
<td>PMBEJD basic nutritious food basket</td>
<td>Boy aged 14-18 years</td>
<td>R954</td>
</tr>
<tr>
<td>PMBEJD basic nutritious food basket</td>
<td>Average for all children</td>
<td>R829</td>
</tr>
</tbody>
</table>


Table 5.4 presents the various per-person food poverty line values developed by Stats SA and PMBEJD. The difference between the PMBEJD food basket in the Household Affordability Index and the Stats SA food poverty line is a reminder that, when measuring child poverty rates or comparing the value of the CSG against the official food poverty line, one is effectively using a poverty line that is extremely minimal, and that does not provide sufficient diversity of food for an adequate diet that would enable a child to develop healthily.

5.3 Grant benefits, poverty lines and income thresholds

The value of the older persons grant (OPG) is four times that of the CSG. As a result, although there are 13 million CSG beneficiaries as opposed to only four million pensioners, the total value of State expenditure on social grants for older persons exceeds expenditure on CSGs for children.

The grants are, in theory, designed to pay for certain costs. The OPG and Disability Grant are targeted to people who are too old or disabled to work, and are therefore in theory a replacement wage, reflecting the government’s estimate of the minimum amount individuals would need to earn to support themselves. The Care Dependency Grant, set at the same value, is similarly designed to replace the income of an adult who cannot work because they must provide full-time care for a child who is severely disabled.

Although these grants could be construed as implying a certain minimum income level or threshold, they are not linked to any objective measure or value and are less than half the value of the national minimum wage.

Figure 5.3 compares the current amount of the CSG with the monthly amounts for South Africa’s current other social assistance grants as well as the three official poverty lines. This comparison reveals enormous variation in the value of grants and a striking mismatch between the grant values and poverty lines.
When it comes to grants for children, there is an important distinction between the Foster Child Grant (FCG) and the CSG. The FCG is not designed as a poverty alleviation grant and accordingly is not means-tested. Foster care is a form of alternative State care where a child who is found to be in need of care and protection, and who would otherwise be cared for in a State institution (a Child and Youth Care Centre).

Children in foster care have been placed by the court in the care of a foster parent so that they can grow up in a family environment rather than an institution (statutory care). The FCG is a transfer from the State to the appointed foster parent to cover the costs of a child who is being cared for on behalf of the State.

The value of the FCG (R1070 in 2022) may therefore, in a sense, be regarded as the State’s estimate of the cost of raising a child. However, there is no evidence that the initial value of the FCG was linked to any objective or comparable cost (e.g. the amount that the State would spend on a child in a Child and Youth Care Centre), and the real value of the FCG has been eroded substantially over many years by below-inflation increases. The current amount of the FCG cannot therefore be regarded as representing the State’s estimate of the cost of a child.

According to statements by the Minister of Social Development at the time of the introduction of the CSG, the relatively small CSG was always intended to be a “complementary” grant in that it was designed to contribute to the cost of the child, while other costs would be covered by other aspects of the social protection package such as the school feeding scheme, free primary health care and housing subsidies. Costs not covered by the social protection package would need to be borne by the child’s family or caregiver.

The value of the CSG initially had an objective basis in that it was meant to cover the basic food and clothing components of the cost of a child. From the discussion of poverty lines, it is clear that from as early as the year 2000 the CSG has not even covered basic food costs.

In setting means tests for social grants, the government is in effect defining poverty thresholds to identify the eligible or
“deserving” target group who are in need of the grant. Like the grant amounts, these income poverty thresholds do not coincide with any of the national poverty lines, with the exception of the COVID-19 SRD, where the means test is set at the food poverty line.219

5.4 Cost of childcare and education

The Department of Basic Education conducted a census of ECD facilities in 2021, in preparation for the ECD mandate shift. The census found that only a third of surveyed ECD centres received government subsidies. Further, even those ECD programmes that do receive subsidies charge fees.

Fees at subsidised ECD programmes averaged just over R200 per child per month. The fees charged by ECD programmes that were not subsidised averaged R649 per child per month. This cost alone was nearly one and half times the value of the CSG at the time.

5.5 Private maintenance formulae

The private maintenance system represents another area (in addition to the various official government costs compared in the Lund Committee report) where a payment amount should in theory be based on the costs of raising a child.

The Lund Committee’s brief included an examination of the private maintenance systems in other countries in the expectation that a better-functioning private maintenance system would reduce the burden on government to the extent that non-custodial parents contributed – as legally obliged to do wherever possible – to the costs of raising their children.

The Lund Committee’s discussion of private maintenance looks, in particular, at the Australian system which had undergone substantial reform in the late 1980s based on thorough academic and other investigation.

The Australian reform saw the introduction of a formula for calculating the amount of private maintenance to be paid by the non-custodial parent. Formulae have also been introduced in other jurisdictions in recognition of the fact that in general child support orders “bear little relationship to the actual costs of raising children”220 i.e., they are much lower. The description below must thus be understood as producing a conservatively estimate given that research in Australia found that the average value of the formula assessment in 1992/3 was less than a third of the estimated cost for a child under 13 years.

A formula will never be able to give the exact cost of a child given the large number of factors that influence the cost in a particular case. In Australia, the formula was developed with, among others, the following considerations in mind:

- The family circumstances of typical families that will use the system;
- Family income;

219 When the 2022 iteration of the COVID-19 SRD R350 grant started in April 2022, the income threshold for the means test was reduced from R595 to R350 – the value of the grant. In June 2022, after the threat of litigation, it was increased back up to the 2021 food poverty line (R624 per month). The value of the food poverty in 2022 is R663.

• Tax and social security implications;
• Relative income of two-parent “intact” families; and
• Simplicity, so that officials and users can understand and trust it.

In the late 1980s each US state was required to develop its own guidelines for reaching the “quantum” of a maintenance award.

Canada’s analysis of the different approaches used at the time it was wanting to reform its own system found that while each US state developed its own approach, all had as their base one of four models. Further, conceptually all four models attempted to calculate the share of family income that two-parent “intact” families spent on children, and most took into account total family income, the number of children, and the ages of the children.

The four methods can be summarised as follows, and are described in ascending order of the size of the estimates produced:

• The Extended Engel model assumes better-off households spend a smaller proportion of their total budget on necessities than poorer families. Two families that spend the same proportion of their budget on necessities are considered equally well-off even if one has higher income and has children. The difference in income between the households is assumed to be the cost of children.

• The Adult Goods model works similarly to the Extended Engel model but focuses on what parents spend on themselves as an indicator of well-being rather than what they spend on necessities.

• The Consumption model follows a single household through its life cycle to see how expenditure changes. The cost of children is the difference in expenditure between periods with and without children.

• The Blackorby/Donaldson model assumes household well-being can be described using an index. As there are more goods to consume, the index rises. Expenditures on children are the additional income required to make each member of a household as well off as each member of a two-adult household without children.

Canada’s own calculations using these approaches found that the average percentage of family income spent on children ranged between CAD 6.94 and CAD 15.23 for one-child families, and between CAD 14.58 and CAD 29.53 for families with four children. However, the Canadian researchers highlight the conceptual problem that a non-intact family (i.e., one in which only one parent is living with the child and maintenance payments are therefore necessary) has neither combined income nor combined expenses, and is thus not strictly comparable to an intact family. In particular, two separate households require separate dwellings and do not benefit from other similar economies of scale.

Burman quotes US research in the late seventies which showed that a mother with two children required 75–80 percent of the former family’s income to achieve the same standard of living for herself and the children.

All the models agree that families spend more on the first child than on subsequent children. This reflects economies of scale as well as the fact that the foregone earnings of the parent who looks after the children have already been taken into account. Research for the Wisconsin/ Massachusetts...
guideline found that families spend 25 percent of their income on one child, 37.5 percent on two, 50 percent on three, 56.3 percent on four and 62.5 percent on five children. (The actual guidelines provide lower percentages, partly because average existing awards are lower than this.)

The Australian guidelines prescribe 18 percent of taxable income for one child, 27 percent for two, 32 percent for three, and up to 36 percent for five or more children.

All the guidelines that are based on a family’s overall income have, as underlying assumption, that the overall income is adequate. This assumption is not appropriate in a situation where a large number of families – and in particular, the families for which the calculations are being done – are living in poverty.

All the guideline formulae either exclude or seriously underestimate the costs of childcare, medical and educational expenses.  

This exclusion would be especially worrisome in South Africa in relation to the youngest children in poor households, in that there are almost always fees for early childhood development (ECD) services unlike the fee-free schooling available for poorer children.

In ignoring childcare, the maintenance formulae are also blind to the issue of unpaid care work. Nancy Folbre’s work on valuing children, though based on the situation in the US, is helpful in expanding our understanding of the costs and value of children and child-raising.

5.6 Unpaid care work

The term ‘cost’ is usually understood as referring to money. However, there are other non-monetary costs attached to many things, including raising a child. One of the most important costs relating to the latter involves unpaid care work (UCW) – the unpaid work done in households, typically and primarily by women, in bearing, rearing and caring for children (and other members of the household).

The extent of the work done by women, men and other children in caring for children is best measured by time use surveys. South Africa is fortunate among developing countries in having had two national time use surveys – the first in 2000 and the second in 2010. The fact that the patterns found in these two years were broadly similar suggests that the patterns found in 2022 would be more or less the same.

UCW is commonly understood to consist of three broad sub-categories – household maintenance (primarily housework), care for members of the household, and unpaid care (or volunteer) work within the community. The first category generally accounts for the largest proportion of UCW in a country, while volunteer work is a very small proportion.

Women account for the overwhelming bulk of the work done in the first two sub-categories both in South Africa and in all other countries in which time use surveys have been done. Further, when the time spent on paid work (including self-employment) and UCW are added together, women are found to work longer average hours than men in virtually all countries, including South Africa.

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A cross-country study that included South Africa alongside Argentina, India, Japan, South Korea, Nicaragua and Tanzania found that South Africa had the largest gender gap in respect of care of persons, with women doing an average of 35 minutes per day as against only 7 minutes for men. This pattern is, at least in part, explained by the large proportion of children living apart from their fathers.

In South Africa, as in other countries, care of children accounts for the bulk of care for members of the household. Further, the number of young children (aged under 7) in the household is a stronger predictor of the amount of person care done than gender, employment status, age, education, marital status, race, rural/urban location and household wealth. However, the age of the child has little if any influence over the amount of UCW done by men; it is women whose UCW hours are lengthened.

The number of young children in the household also has a statistically significant influence on the overall amount of UCW done. This is to be expected when one recognises that young children generate extra work in respect of tasks such as safety supervision, food preparation, washing clothes and utensils, and cleaning.

The above discussion confirms that the amount of time spent on UCW is substantial, that the work burden falls mainly on women, that the burden is especially heavy for women, and that the burden is most severe when the children are very young.

A few statistics from the time use survey of 2010 give a sense of the magnitude of the disparities. Firstly, only 8,1 percent of men aged 10 years or above, as compared to 29,5 percent of women, had done some

tasks related to care of persons on the day prior to the interview.

Secondly, women living in households that included at least one of their own child/ren under seven years of age spent an average of 71,9 minutes per day on care of persons, as against 26,5 minutes for men. For those with no young children of their own, the time spent was 15,1 minutes for women and 5,4 for men.

The question then arises what these disparities in time translate into in terms of monetary cost. The most common way in which this has been done is to assign an hourly wage to each hour worked. Unfortunately, there is no consensus on which wage should be used, with some estimates based on that of a domestic worker, some on the mean wage in the economy as a whole, some using the wage the woman concerned earns in the labour market, and a final option being to assign the appropriate wage for each of the different tasks e.g. the wage of a cook or chef for cooking, of a launderer for washing, and so on.

The estimates are generally biased downwards because the wages of women and of those working in typical “female” jobs are generally lower than those of men. In 2000, the annual value of care of persons alone estimated using some of these different methods ranged from R12,3 billion (1,4% of GDP) using the domestic worker wage to R33,2 billion (3,7% of GDP) using the mean gender-specific wage of all employees. For the latter, women accounted for R29,6 billion compared to R3,6 billion for men.

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225 Budlender (2010) Time use studies and unpaid care work.
5.7 Expanding the concept of the cost of children

Nancy Folbre attempts both to describe and estimate the value of private and public (government) “transfers” (or payments) to/for children in the US in the early 21st century. Her book “shows how children affect adult standards of living, what parents spend on average in both money and time, and what public programs do and don’t deliver.”

While Folbre notes that adequate data do not yet exist for all her estimates, her attempts help to think about the question of “who should pay for the kids”\textsuperscript{228} – a question relevant in thinking about the value of the CSG.

Many of the arguments raised by Folbre would be relevant in South Africa, although the details will differ. Throughout the book she points to ways in which single-parent families are disadvantaged, in particular through how the need for the child to be cared for restricts income earnings. So, for example, she describes and challenges the US poverty line and other estimates that suggest that the cost of raising children is relatively low and that a single-parent family would be better off economically than a two-parent family with the same income in that this does not take into account the time and effort spent on care. Similarly, she describes how the US Department of Agriculture’s estimates of expenditure of parents on children constitute a bare minimum and do not adequately provide for childcare.

Folbre also highlights how better-off families can access benefits that reduce their child-rearing costs while poorer families either pay more or go without.

So, for example, better-off parents may, through their work, be entitled to health insurance (similar to our medical aid) for their children, receive paid maternity leave, have access to bursaries or subsidies for their children’s education, or even have access to a workplace-based nursery.

If there is a two-parent family, one (generally the woman) can structure her work life so as to be able to care for the children, while in a one-parent family the parent (woman) must choose between doing paid work but having to pay for childcare, or doing the childcare herself but foregoing earnings.

5.8 Efforts to estimate the overall cost of a child in South Africa

In this section we have described various poverty lines linked to assumed costs of basic needs, and the discussion has pointed to a range of factors that influence what a child in particular circumstances might cost. There is wide variation in the measures and the assumptions underlying them, and none come close to representing the entire cost of raising a child.

In 2017, Parent24 carried an article which seems to speak directly to the topic of this section. The article was entitled “How much does it cost to raise a child in SA?”\textsuperscript{229} The article cited advice provided by Sydney Sekese, the winner of the 2016 Financial Planning Institute’s Media Award. Sekese

\textsuperscript{228} Folbre (2010) p.3.

estimated the cost in 2017 at R90 000 a year, i.e., R7 500 per month. This was almost 20 times the value of the CSG amount at the time, and also much higher than the Stats SA upper bound poverty line.

Sekese advises that monthly costs to be considered include “education, clothing and pastime activities, such as ballet classes, playgroups and soccer clubs. For those parents who can afford it, the entertainment expenses of various gadgets and toys need to be factored in as well.” He notes that the costs change over the childhood of a child, with a “big spike” in the first 18 months, after which there is a smaller increase each year until the early teenage years, when there is another sharper increase. A second child costs less than the first to the extent that clothes and other items are handed down, but this depends, among others, on whether the children are boys or girls, and what season they were born in.

The considerations raised by Sekese are beyond the wildest dreams of most of the caregivers who receive the CSG.
6. Lessons from international experience

“South Africa’s child support grant, the program with the largest impact on inequality, also has the widest coverage of the poor. But coverage is not a sufficient condition for reducing inequality.”

This section provides a brief review of child poverty in countries with characteristics similar to South Africa and government interventions to address child poverty if any. It explores what we can learn from the experience of governments in Latin America and the Caribbean (LAC) and Southern Africa in trying to address child poverty through social assistance grants.

LAC is of interest because grants have been widespread there for some time and because of the socio-economic similarities between South Africa and many LAC countries. These similarities include high rates of inequality within a middle-income classification, as well as – at least in the Caribbean – high rates of single parenthood. A key difference is that most of the LAC grants are provided to the household rather than to an individual, as is the case in South Africa. Nevertheless, the majority of the LAC grants are conditional transfers with conditions that typically relate to school attendance, immunisation, and maternal health care prior to and after delivery. The conditions thus have a clear link to children.

Southern Africa is chosen for comparison because of its proximity as well as similarities in social structure, especially among South Africa’s closest neighbours. However, most of the countries in the region have much less experience of grants than South Africa or the LAC countries. Further, the majority are generally much poorer than South Africa when using measures such as gross national income (GNI) per capita. (See below) As a result, some of the countries are heavily dependent on donors for their grant budgets and donors have played a large role in shaping their grant systems.

6.1 Comparator countries & regions

We discuss the two regions separately given the differences in the information provided in the key sources for each and the differences in their history of and approach to grants. These, in turn, suggest differing lessons for South Africa. However, the differences between countries within a region are also important in that in some respects Country A in LAC may resemble County B in Southern Africa more than it resembles Country C in LAC. Economic differences are especially important given that these affect the ability of a country to provide grants.

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Figure 6.1 gives the gross national income per capita in purchasing power parity dollars (i.e., controlled for buying power) as recorded in the 2020 Human Development Report. It clearly shows the wide disparities in the economic situation across the countries discussed in this section. Panama is the best-off, with a per capita GNI of USD 29,558. Panama’s GNI per capita is 28 times as high as that of Malawi, where the GNI per capita is USD 1,035.

The graphic also shows that the majority of the Southern African countries are clustered at the lower end. The exceptions are Botswana, South Africa and Namibia. However, even South Africa and Namibia have GNIs per capita that are less than half that of Panama. South Africa holds more or less middle position in the ranking, and its GNI per capita is very similar to the mean (average) GNI per capita of USD 1,194 across the 25 countries.

The GNI can be seen as a measure of the economic resources available in the country as a whole. The regional discussions below provide further comparative information on levels of poverty and inequality. These indicators give a sense of the comparative need for grants. They offer essential complementary information to GNI.

The GNI is essentially an average, but the same average can reflect a situation where there is substantial equality across households (and thus lower poverty and inequality levels) as well as a situation where a few households are extremely wealthy while large numbers of households are very poor (with higher poverty and inequality levels).
In the latter situation, the need for redistributive measures such as grants would be greater.

The comparative analysis presented below focuses on grants provided in “normal” times, but the section includes some information and discussion on measures introduced in response to COVID-19. For the latter, measures targeted at workers whose income has been affected have been excluded although these would, indirectly, benefit children living in the workers’ households.

The main source used on COVID-19 measures is a “living paper” maintained by the World Bank. The version used was last updated in May 2021 and so will exclude any measures introduced since then. Further, examination of the country descriptions confirms that some of the information was last updated at earlier dates. Where there is no COVID-related information for a country this could indicate that the country had no such measures (either at all, or other than worker-related ones) or that information on the measures was not available.

By May 2021, the researchers had compiled information on 3,333 social protection measures across 222 countries, with 734 of these (across 186 countries) consisting of cash transfers and a further 48 linked to social pensions. The size of the transfer tended to represent a larger share of monthly GDP per capita in poorer countries, and sub-Saharan Africa in particular. In contrast, coverage decreased in line with the poverty rate. Thus, in low-income countries, about 5 percent of the population was covered, as compared to 19 percent in middle-income countries and 27 percent in high-income countries.

The COVID-19-related information is presented together with the description of the standard grants so as to give a better sense of how the emergency responses fit into the existing systems.

### 6.2 Latin America

The key source on grants for LAC was the United Nations Economic Commission for Latin America (CEPAL in Spanish) on-line database on conditional grants in the region. For the majority of countries, the database lists more than one grant. In some cases, this is because there are a number of different grants, as in South Africa. However, in some cases the list includes grants that are no longer in place, which are excluded from this review. The latter include Mexico’s Progresa / Oportunidades grant that was probably the best-known and most researched grant internationally for many years.

More generally, what is evident from the database is that the grant systems of most countries are dynamic. Characteristics of grants change, for example when a new administration comes to power, and the name often changes as well. Despite these changes, there are many similarities in the grants across countries and across time.

The discussion here focuses on one current grant per country. Where more than one grant is current, the focus is on the one that relates most clearly to children. In some cases, the link to children consists only of the fact that conditionalities relate to the

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“Living paper” version 15. Gentilini Ugo et al.
232 https://dds.cepal.org/bpsnc/cct
233 Comment on the abolition of Progresa/Oportunidades can be found at https://www.developmentpathways.co.uk/blog/the-demise-of-mexicos-prospera-programme-a-tragedy-foretold/
Lessons from international experience

...behaviour of children or, more often, their caregivers’. In other cases, the grant amount changes in line with the presence of children. Countries that do not have a grant with a direct or conditionality-related link to children are excluded from the analysis.

Table 6.1 below reveals that all the child-linked LAC programmes target households rather than individuals. Further, all focus on poor (sometimes only extreme poor) households, implying either a means test or some other method of identifying the poorest households. Some of the programmes are further restricted to households with particular characteristics, and in particular members in specified demographic groups. The latter include children, pregnant women, persons with disabilities and the elderly. In some countries where the elderly are not considered, a separate type of grant exists for these individuals.

Table 6.1 Name and target population of selected LAC child-linked grants

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Asignación Universal por Hijo para Protección Social</td>
<td>Families with children under the age of 18 or sons/daughters with disabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(no age limit) and/or pregnant women who are unemployed or work in the informal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>economy, domestic employees or mono-taxpayers.</td>
</tr>
<tr>
<td>Belize</td>
<td>Building Opportunities for Our Social Transformation (BOOST)</td>
<td>Proxy means test on households with pregnant women, children younger than 5,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>school children (between 5 and 18 years of age), elderly (over 60 years of age)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and people with physical disabilities.</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Bono Madre Niño-Niña &quot;Juana Azurduy&quot;</td>
<td>Uninsured pregnant women and children under two years</td>
</tr>
<tr>
<td>Brazil</td>
<td>Bolsa Familia</td>
<td>Families with per capita income below the poverty line</td>
</tr>
<tr>
<td>Chile</td>
<td>Seguridades 7 Oportunidades</td>
<td>Households in extreme poverty/poorest 30% of households</td>
</tr>
<tr>
<td>Colombia</td>
<td>Más Familias en Acción</td>
<td>Displaced households, indigenous families, and/or poor families</td>
</tr>
<tr>
<td>Dominican Rep</td>
<td>Progresando con Solidaridad</td>
<td>Families in extreme and moderate poverty</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Bono de Desarrollo Humano</td>
<td>Households in extreme poverty with children under 16 years old, adults over</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65 years old and people with disabilities.</td>
</tr>
</tbody>
</table>

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234 Mexico is excluded because its only current child-linked grant is a bursary available in respect of children aged 15 years and above.

235 The monotax (or ‘monotributo’) is a simplified tax for own-account workers and micro-enterprise employers who earn less than a specified threshold income. The monotax replaces income tax and VAT as well as personal contributions to social security and health insurance.

236 Proxy means test base eligibility on non-income characteristics that regression analysis of household-level data in those countries have been shown to be associated with income. These characteristics serve as a “proxy” for means (income). A score is calculated for each household using the responses in respect of each of the characteristics in the formula of the “best-fit” regression.

237 The terms “poor”, “extreme poor” reflect what is recorded in the CEPAL database. The definition of the terms may differ across countries. The terms are nevertheless useful in distinguishing those countries that aim to cover only those suffering from severe poverty (such as those beyond the food poverty line).
<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Salvador</td>
<td>Programa de Apoyo a Comunidades Solidarias</td>
<td>Extremely poor families with children under 21 years old and / or pregnant women living in municipalities with &quot;severe&quot; extreme poverty or in urban slums.</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Programa Bolsa Social</td>
<td>Households living a situation of poverty or extreme poverty, whose members include children between 0 and 15 years of age and/or adults older than 65 years old.</td>
</tr>
<tr>
<td>Honduras</td>
<td>Bono Vida Mejor</td>
<td>Families living in extreme poverty</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Programme of Advancement through Health and Education</td>
<td>Poor families with children under 17 years, adults older than 60 years, people with disabilities, pregnant and/or lactating women, and/or unemployed adults between 18 and 64 years.</td>
</tr>
<tr>
<td>Panama</td>
<td>Bonos Familiares para la Compra de Alimentos</td>
<td>Families in extreme poverty. Priority is given to families with minors (children), disabled and / or elderly members.</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Tekoporã</td>
<td>Households in extreme poverty with pregnant women, widowed parents, elderly and / or children up to 18 years old, as well as people with disabilities and indigenous families.</td>
</tr>
<tr>
<td>Peru</td>
<td>Junto</td>
<td>Households in extreme poverty with pregnant women, widowed parents, elderly and / or children up to age 19. Indigenous families who are inhabitants of the Amazon.</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Asignaciones Familiares - Plan Equidad</td>
<td>Poor families</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>Targeted Conditional Cash Transfer</td>
<td>Poor families</td>
</tr>
</tbody>
</table>

Table 6.2 gives the year to which the other information in the table applies (all relatively recent), the budget allocated for the grant, the percentage of gross domestic product (GDP) that this represents, the number of households covered, the number of individuals living in these households, the percentage that these individuals constitute of the total population, the minimum monthly grant per capita, and – for those countries for which it is available – the maximum possible per household per month.

The final, italicised, row of the table provides more or less comparable data for South Africa’s CSG, with the US dollar values based on an exchange rate of 15 rand to the dollar. The South African coverage estimates are derived from General Household Survey 2020 data for the child population and CSG beneficiaries. For the maximum, we use a household with six child beneficiaries, the maximum number of non-biological children for whom a caregiver can receive the grant. For the minimum per capita, we use the 90th percentile of household size for households receiving a single CSG. For both these computations we consider only the CSG income.

The percentage columns are useful for comparative purposes as one would expect absolute numbers to differ across countries with very different population size, as well as differences in poverty levels.

In terms of percentage of the budget allocated for the grant, South Africa is easily the highest apart from Honduras, which is a clear regional outlier on this indicator but also – as seen in the graphic above – the poorest of the LAC countries.
Table 6.2  Quantitative characteristics of selected LAC child-linked grants

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Budget USD (m)</th>
<th>% GDP</th>
<th>Households covered</th>
<th>Individuals covered</th>
<th>% pop</th>
<th>Min p.c.</th>
<th>Max/ hh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2019</td>
<td>2 890.3</td>
<td>0.64</td>
<td>2 344 276</td>
<td>4 154 652</td>
<td>27.8</td>
<td>55.1</td>
<td></td>
</tr>
<tr>
<td>Belize</td>
<td>2020</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>6 856</td>
<td>1.7</td>
<td>22.0</td>
<td>246.0</td>
</tr>
<tr>
<td>Bolivia</td>
<td>2019</td>
<td>27.1</td>
<td>0.07</td>
<td>105 342</td>
<td>209 777</td>
<td>1.8</td>
<td>263.4</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>2018</td>
<td>8 203.7</td>
<td>0.44</td>
<td>14 142 764</td>
<td>57 075 896</td>
<td>26.8</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>2017</td>
<td>76.3</td>
<td>0.03</td>
<td>193 247</td>
<td>808 356</td>
<td>4.4</td>
<td>45.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Colombia</td>
<td>2017</td>
<td>651.4</td>
<td>0.21</td>
<td>2 511 457</td>
<td>4 103 663</td>
<td>21.5</td>
<td>0.9</td>
<td>91.6</td>
</tr>
<tr>
<td>Dominican Rep</td>
<td>2018</td>
<td>361 542.3</td>
<td>0.44</td>
<td>957 790</td>
<td>3 543 823</td>
<td>32.5</td>
<td>8.1</td>
<td>91.4</td>
</tr>
<tr>
<td>Ecuador</td>
<td>2016</td>
<td>250.8</td>
<td>0.25</td>
<td>433 313</td>
<td>2079 902</td>
<td>12.7</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>2016</td>
<td>46.7</td>
<td>0.18</td>
<td>69974</td>
<td>377 325</td>
<td>6.0</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>2020</td>
<td>5.9</td>
<td>0.01</td>
<td>23 614</td>
<td>144 045</td>
<td>0.8</td>
<td>5.3</td>
<td>32.4</td>
</tr>
<tr>
<td>Honduras</td>
<td>2017</td>
<td>65.8</td>
<td>4.00</td>
<td>268 263</td>
<td>1 588 475</td>
<td>17.5</td>
<td>3.7</td>
<td>35.5</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2018</td>
<td>61.4</td>
<td>0.39</td>
<td>116 129</td>
<td>360 000</td>
<td>12.4</td>
<td>1.0</td>
<td>18.7</td>
</tr>
<tr>
<td>Panama</td>
<td>2018</td>
<td>5.4</td>
<td>0.01</td>
<td>12 000</td>
<td>56 400</td>
<td>1.4</td>
<td>10.6</td>
<td>50.0</td>
</tr>
<tr>
<td>Paraguay</td>
<td>2017</td>
<td>67.9</td>
<td>0.17</td>
<td>152 132</td>
<td>837 888</td>
<td>12.3</td>
<td>4.0</td>
<td>104.8</td>
</tr>
<tr>
<td>Peru</td>
<td>2018</td>
<td>295.3</td>
<td>0.13</td>
<td>693 980</td>
<td>3 520 729</td>
<td>10.8</td>
<td>12.0</td>
<td>60.9</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2018</td>
<td>195.1</td>
<td>0.33</td>
<td>139 342</td>
<td>640 237</td>
<td>18.5</td>
<td>48.7</td>
<td>340.9</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>2018</td>
<td>28.4</td>
<td>0.12</td>
<td>2 4327</td>
<td>78 819</td>
<td>5.8</td>
<td>18.7</td>
<td>103.4</td>
</tr>
<tr>
<td>South Africa</td>
<td>2020</td>
<td>4 651.0</td>
<td>1.42</td>
<td>5 994 365</td>
<td>33 971 418</td>
<td>57.2</td>
<td>4.4</td>
<td>184.0</td>
</tr>
</tbody>
</table>

On percentage of the population living in households covered by the grant South Africa is again the clear leader, at more than double all other countries except the Dominican Republic. However, in terms of per capita amount, South Africa is less than half the median of 11 USD across all the LAC countries. Only four LAC countries have lower minimum amounts.

The information presented above may suggest that South Africa is performing better than the LAC countries except in terms of amount. However, Table 6.3 shows that South Africa has a higher poverty rate\(^{238}\) and higher Gini coefficient than all the other countries. South Africa’s poverty rate is more than double that of all the LAC countries for which we have these indicators except Honduras, where the poverty rate is 14.8 percent as against South Africa’s 18.7 percent.

South Africa’s Gini coefficient is at least nine points above that of all the other countries, despite Latin America being notorious as a region for its high levels of inequality. The poverty rate and Gini coefficient reflect the situation prevailing in these countries with the grants in place.

\(^{238}\) The income poverty line used is USD 1.9 USD per day adjusted for purchasing power parity. The poverty and Gini indicators are sourced from the UN’s Human Development Report of 2019 (http://hdr.undp.org/en/data).
The poor performance of South Africa on the two key indicators thus indicates that the grants in South Africa, despite the wide coverage of the CSG, have limited redistribution success as measured by outcomes.

The low amount of the CSG obviously contributes to this failure as a higher CSG amount would put more money in the poorest households, decreasing both poverty and inequality.

Comparison of coverage, as measured by the percentage of the population in households covered by the grants, suggests that all LAC countries except Bolivia and Guatemala extend their targeting beyond the extreme poor as measured by the poverty line used in the Human Development Report. This situation is also found in South Africa.

Covid-19 measures in LAC

In terms of COVID-19-related measures, the World Bank document shows eight of the 17 LAC countries providing relief through transfers to existing beneficiaries of the basic grants. Several also allocated funds to expand the reach of existing grants.

- Argentina had provided an Extraordinary Bonus of $3,000 to 4.4 million beneficiaries240 of the Universal Child Allowance by April 2020.
- Belize increased the BOOST transfers for six months, reaching 6,125 beneficiaries.
- Bolivia introduced three new temporary cash transfer programmes which, between them, were intended to reach virtually all families in the country.

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239 The Human Development report’s Gini coefficients have 0 as indicating complete equality and 100 indicating complete inequality. Some other sources set the range as 0 to 1.

240 The difference between this and the 4.1 million reported above probably reflects data referring to different dates.
Existing beneficiaries received their payments between January and March 2021.

Brazil’s Auxilio Emergencia targeted informal or self-employed workers but was also paid to Bolsa Familia beneficiaries whose usual grant was lower. The grant was paid to a maximum of two eligible adults per family, with single mothers receiving a double benefit. In 2020, more than 68 million people benefited. In April 2021, a smaller new round focused on single mothers and childless single males, with only one grant possible per family. Budget was allocated for an increase in the number of Bolsa Familias beneficiaries.

Chile’s Bono de Emergencia COVID-19, consisting of a one-off payment of CLP$ 50 000 (USD 57) per household, targeted beneficiaries of Chile Seguridades y Oportunidades and the Family Subsidy, as well as households in extreme poverty. The grant reached 1.5 million households.

In Colombia, Familias en Acción made bimonthly additional payments to 2.6 million households (10.5 million individuals) between May 2020 and June 2021. The programme was also extended to households previously excluded due to non-compliance with conditionalities.

In Jamaica, existing beneficiaries with children enrolled in primary and secondary schools received a top-up of J$150 (USD 1) per day while schools were closed.

In Uruguay, more than 370 000 beneficiary households of Asignación Familiar Plan de Equidad received additional payments for four months.

Most of the LAC countries thus recognised their grant system as an efficient and readily available means of targeting assistance to poor and vulnerable households in a situation of heightened economic stress globally.

6.3 Southern Africa

The main source of information for Southern African countries is budget briefs produced with UNICEF support. Ideally, these briefs are produced on an annual basis, with the analysis generally done by civil society partners (individuals or organisations) or UNICEF staff, and government often assisting with provision of data. The sectors covered differ across countries and years, although education and health are included every year for most countries.

We draw, in particular, on the most recent brief on social protection for the different English-speaking countries. The term social protection can refer to a relatively wide scope of programmes, of which cash transfers (grants) may account for only a small share in budget terms. Unfortunately, the briefs do not always provide all the details that might be useful for our purposes on social grants specifically. What is also evident is that in at least some countries, the grant is dependent on substantial support from donors, which in some cases might not be reflected in the government budget that is being analysed.

The overall Southern African situation is very different to that of LAC. As a start, the overall poverty rate (using the USD 1.9 per person per day poverty line) for LAC is 3.9 percent of the population as compared to 43.6 percent in sub-Saharan Africa as a whole.

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241 https://www.unicef.org/esa/reports/budget-briefs
Table 6.4  Poverty rates and Gini coefficients in Southern African countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Poverty rate</th>
<th>Gini coefficient</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>14.5</td>
<td>53.3</td>
<td>Less than 25% of multi-dimensionally poor children</td>
</tr>
<tr>
<td>Lesotho</td>
<td>27.2</td>
<td>44.9</td>
<td>About 10%</td>
</tr>
<tr>
<td>Malawi</td>
<td>69.2</td>
<td>44.7</td>
<td>7%</td>
</tr>
<tr>
<td>Malawi</td>
<td>13.8</td>
<td>59.1</td>
<td>30% of children</td>
</tr>
<tr>
<td>South Africa</td>
<td>18.7</td>
<td>63.0</td>
<td>57%</td>
</tr>
<tr>
<td>Zambia</td>
<td>58.7</td>
<td>57.1</td>
<td>7.8%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>39.5</td>
<td>44.3</td>
<td>?</td>
</tr>
</tbody>
</table>

Error! Reference source not found. gives more detail for the Southern African countries covered in this review. In this comparison, South Africa emerges as the third best performer in terms of overall poverty rates. However, it remains the worst performer on the Gini coefficient – reflecting its notoriety as one of the most unequal countries in the world, if not the most unequal.

The information on coverage is, unfortunately, not standardised in the same way as that for LAC countries. It suggests some countries — Malawi, Rwanda and Zambia among them — are reaching only a fraction of poor (whether of children or all ages), while Namibia and South Africa reach far more than the number estimated to be poor using the USD 1.9 per capita per day measure.

Botswana

Botswana has about 30, sometimes overlapping, social protection programmes spread across 10 different government departments. UNICEF’s Budget Brief of 2019/20242 states that close on 30 percent of the social assistance budget is allocated for “child-focused” programmes and that Botswana’s social protection expenditure on children (at 0.6 percent of GDP) is higher than the global average (0.4 percent of GDP). However, the term “child-focused” is defined broadly to include all those that reduce household poverty, including the Old Age Pension and the Ipelegeng public works employment scheme.

Despite the comparatively high spend on social protection, there are no grants specifically for children and over three-quarters of children who are multidimensionally poor live in households that do not receive any financial support in the form of social grants from government. This picture is very different to that of Namibia and South Africa, the other two countries in the region with relatively high GNI per capita, despite Botswana scoring highest on the latter indicator.

Botswana did not implement any COVID-19 grant measures.

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Lessons from international experience

Lesotho

UNICEF’s Lesotho Budget Brief reports that the country’s social assistance budget is the largest in the Southern African Customs Union, at 6.8 percent of GDP. (Namibia is second at 4.5 percent of GDP.) Lesotho’s social assistance budget is reportedly twice as large as South Africa’s social assistance budget. However, in Lesotho, bursaries for tertiary studies account for 40 percent of the social assistance budget. These tend not to be pro-poor as children from poor households are less likely to complete school or perform well enough to qualify for tertiary studies.

Lesotho has a child-specific grant targeting children aged 0–17 years in “poor and vulnerable” households. The grant was originally introduced by donors to address the impact of HIV & AIDS on children. However, in 2013 government assumed responsibility for the grant and committed to increasing coverage. The Budget Brief reports a coverage of 41,049 households and 90,821 children (of a total of approximately 900,000 children, i.e., coverage of about 10 percent of all children).

The amount paid increases step-wise, with M360 paid per quarter for households with 1–2 children, M600 for those with 3–4 children, and M750 for those with five or more children. Lesotho is heavily dependent on donors – and in particular, the European Union – for funding of this grant. For example, the European Union contributed M0.108 billion in 2020/21. The amounts paid to households remained unchanged between 2009/10, when the grant was introduced, and 2021, when there was an upward adjustment.

Destitute orphans and other vulnerable children, alongside the severely disabled, ill and elderly, may also qualify for a Public Assistance grant of M250 per month. However, this is paid for a maximum of six months.

The COVID-19 response included an increase of M870 in two quarterly transfers for each beneficiary household.

Malawi

Malawi is heavily dependent on donors, who cover 90 percent of its on-budget social protection programmes. The Social Cash Transfer Programme, or Mtukula Pakhomo, does however receive some funding from government. Thus in 2019, government covered the cost in one district while the World Bank, European Union, Germany, and Ireland provided the necessary funding in the remaining 27 districts.

Malawi’s programme consists of an unconditional cash transfer averaging US$12 per month, but paid bi-monthly, to ultra-poor and labour-constrained households. The grant amount is equivalent to only about 20 percent of the extreme poverty line. In 2020 more than 290,000 households (about 7 percent of the population) received the grant. The intention is to reach the poorest 10 percent of households in each district.

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244 The calculations are based on BOOST budget data for Lesotho and World Bank ASPIRE Social Expenditure Indicators data for the other countries. The two sources may not be directly comparable. The ASPIRE database has Lesotho’s social assistance at 5.4% of GDP in 2017.
246 The value of the Maloti is very similar to that of the rand.
Because of inequality across districts and between rural and urban, this (formally rather than substantively) equal approach to all districts, irrespective of poverty differences between districts, prejudices ultra-poor households with young children in poorer rural districts.

Malawi did not provide new or larger grants in response to COVID-19, but instead “frontloaded” existing grants (i.e. paid them earlier than scheduled).

Namibia

Namibia’s grant system was very similar to that of pre-1994 South Africa. This reflects the previous status of the country as a “protectorate” of the apartheid State. The two countries have introduced different changes since that time. Namibia retains a child maintenance grant. As in the past, this is available to the biological parent of a child under 18 years where the spouse is a sentenced prisoner, deceased, receives an old age or disability grant, or has been declared unfit to work.249

In the past, unmarried parents were not eligible for the grant. In terms of the Child Care and Protection Act of 2015, the child maintenance grant is now available to a broader group of persons caring for a child, and there is no limit to the number of children in a single household who can receive the grant.

The Legal Assistance Centre250 states that those eligible to receive the grant on behalf of a child include registered kinship carers, children heading child-headed households, and an adult who is supervising a child-headed household.

The UNICEF budget brief seems to refer to the expanded child maintenance grant by the term “vulnerable child grant”, which it states is available for children in households with incomes under 1,000 NAD per month – the same means test as used for the maintenance grant. In contrast, the Centre states that, to be eligible, neither parent must earn enough to be liable to pay income tax. In 2019/20, the tax threshold was R50 000 per year.

The budget brief reports that by 2017 the new grant reached 285,431 children, far more than the 35,216 children benefiting from maintenance grants. Together, the two grants reached about 30 percent of all children in the country. This reach is still less than that of South Africa, but relatively high when compared to LAC countries.

Namibia also has a foster child grant, and a disability grant that is available where the child has one or more of specified disabilities or chronic illnesses. The disability grant is paid as a top-up to a maintenance or foster grant.

The child maintenance grant amount remained unchanged between 2000 and 2014 at NAD200 per month for the first child in the family and NAD100 for each further child.251 In 2014 it was increased to NAD250 for each eligible child. By 2017, the real value of NAD250 was only about half of NAD200 in 2000.252

Unlike in South Africa, the Namibian grants do not appear to be seen as rights. Thus, for example, an article in the Namibian in August 2021 quoted a senior government official explaining the reason for non-payment of eligible beneficiaries as being inadequate budget allocations in light of

249 Delgado & !Goses with Dempers U (2021) Evaluation of the Namibia Basic Income Grant (BIG) process and the implementation of an Emergency Income Grant (EIG) in the context of social protection responses to the Covid-19 pandemic. OSISA/SPII BIG Namibia (BIGNAM) Project.

250 Legal Assistance Centre (2019) Grants and Emergency Aid.

251 The Namibian dollar is pegged to the South African rand, with one Namibian dollar equivalent to one Rand.

the economic crisis.\textsuperscript{253} Children who are not citizens or permanent residents of Namibia are not eligible for child grants.

**Zambia**

Prior to 2014, Zambia had a child grant that targeted households with children under five years of age alongside the multiple category targeting grant for other categories of vulnerable people.\textsuperscript{254} In 2014 it was decided that the social cash transfer, which had been introduced in pilot form in five Zambian districts over the previous decade, would replace all existing grants.

The new harmonised grant has the dependency ratio as the key eligibility criterion. The ratio is calculated as the sum of the number of household members under 19 years of age or over 64 years of age or aged 19–64 but with a disability divided by the number of able-bodied people aged 19–64 years. A ratio of three or more serves as the eligibility criterion.

Also eligible are households with no members fit to work. Beyond this criterion, a proxy means test is applied to rank households in terms of poverty. This ranking is then checked and amended by community workers and social assistants. This combination of a criterion, proxy means test and a more subjective assessment suggests that eligibility is not clear-cut. The existence of a ranking suggests that not all those who are eligible are guaranteed a grant.\textsuperscript{255} The grant is thus not a right.

By the end of 2016, more than 239\,000 households – 7–8 percent of the population but only 20 percent of the extreme poor – were covered.\textsuperscript{256} Research undertaken in 2019 suggested that the grant decreased the extreme poor by only 1.6 percentage points, and by only 1.4 percentage points for households with children.\textsuperscript{257} By 2020, the reach of the grant had expanded to 370\,000 households – 20 percent of all households (and an unknown percentage of the extreme poor).

The most recent government budget (which includes donor funds) provides for a 33 percent increase in grant expenditure, from K2,3 billion in 2021 to K3,1 billion in 2022. This would allow for a planned increase from 880\,000 to more than a million beneficiaries and an increase in the transfer amount from K150 to K200 per month per household (equivalent to approximately R168 per month in 2022).\textsuperscript{258} Households with members with disabilities receive K300 and K400 respectively in the two years.

However, in previous years expenditure has fallen short of budgeted amounts due to financial constraints which prevented the budget amounts being realised.

Similar anomalies are reported in a recent research paper that argues that the Zambian government lacks real political commitment to the grant.\textsuperscript{259} The grant allocations are not protected by ringfencing, despite World Bank loans and other donors providing the bulk of the funding. In 2020, for example, the Swedish

\textsuperscript{253}https://allafrica.com/stories/202108250699.html#:~:text=Namibia%3A%20More%20Than%2030%20000%20Orphans%20Without%20Grants%20for%20Three%20Years
\textsuperscript{254}https://socialprotection.org/discover/blog/social-cash-transfers-zambia
\textsuperscript{256}https://transfer.cpc.unc.edu/countries/zambia/
\textsuperscript{257}https://www.wider.unu.edu/publication/financing-social-cash-transfer-scale-zambia
The Zambian kwacha has a value of about R0,84.
and UK governments and the World Bank contributed to the costs of the grant.260

 necessário

Zambia introduced a targeted emergency COVID-19 social cash transfer scheme for a six-month period in the face of the COVID-19 pandemic, with the focus on the elderly and women and their children.

Zimbabwe

Zimbabwe spends 1.2 percent of GDP on social assistance. Historically, donors have supported Zimbabwe in this respect, but their support has decreased over the years. Between 2019 and 2020, for example, the donor contribution to social protection fell from USD 24 million to USD 18 million.261

Zimbabwe’s (unconditional) Harmonized Social Cash Transfer was introduced in 2011 and targets households under the food poverty line who are “labour-constrained”.

Eligible households receive bi-monthly payments of between USD10 and USD25 per month based on household size. In 2015, 55 000 households benefited from the grant.262

In 2020/21, there were plans to expand the programme’s 23 to 33 districts (of a total of 59) in 2020/21, with uncovered districts assisted through the country public assistance programme.

Adjustments were made in the administration of the standard Zimbabwean transfer in an effort to deliver the transfers quicker and more effectively during the COVID-19 pandemic.

Summary

The descriptions show the heavy reliance on donors in many Southern African countries, as well as relatively low coverage compared to reported poverty rates for many countries. Some of the grants were also introduced relatively recently, sometimes first as a pilot. Some of the descriptions point to the influence of development partners, including the World Bank in particular, in shaping the approach to the grant. This includes the use of proxy means tests, targeting of only the extreme poor, a district-by-district approach and – in some cases – the use of conditionalities.

6.4 Comparing SA with other countries

Scarlato and d’Agostino’s 2016 paper263 provides some useful political economy context for extracting lessons from the experiences of countries in the two regions. Their paper confirms the observation in the introduction to this section that there are marked differences between the experiences in the two regions.

Grants became widespread in LAC during the 1990s, in response to the negative impact of the structural adjustment programmes that were prevalent in the 1980s alongside the large number of families dependent on earnings from informal economy jobs in which they were not covered by unemployment insurance or other social protection schemes. Grants gained additional support in the 2000s when more left-of-centre governments gained power in many of the region’s

260 In Zambia, Regular Social Cash Transfers Play a Direct Role in Reducing Poverty (worldbank.org).
262 https://transfer.cpc.unc.edu933/countries/zimbabwe/
countries and saw grants as an important tool in their social justice agendas.

Almost all the LAC programmes have conditionalities related to human development/capabilities and target the household or family as a whole. The fact that grants are generally paid to mothers is seen by some as empowering women. At a more practical level, women are assumed to be more likely than men to use the grant money for the well-being of children.

By 2010 the World Bank claimed that at least half of all Southern African countries in the region had some sort of grant system. Most of the grants were introduced only in the first or second decade of the 21st century. Prior to this the dominant form of support for poorer households consisted of food aid. The serious HIV and AIDS pandemics in some of the countries in the region and associated increases in the number of orphans encouraged a focus on households with children.

Most of the grants are unconditional. Where conditionalities exist, they are “soft” in the sense that households that fail to fulfil the conditions are rarely excluded.

Donors have played a leading role in the introduction and development of grants in Southern Africa while governments generally took the lead in LAC. However, Scarlato and d’Agostino note that there is much less homogeneity in grant systems in Southern Africa than in LAC. They distinguish, firstly, between middle-income countries where legislated long-term programmes are managed by government and funded through domestic revenue.

Within this group, they identify South Africa and Namibia as unique because of their upper-middle-income status and well-established grant systems. In contrast, low-income countries are more likely to have small and fragmented transfer programme funded by donors or other non-government actors, with limited government commitment. While poverty rates are very high in these countries, the programmes typically cover only 10-20 percent of the population.

Against this background, we draw out the following points of relevance to this study.

**Inflation**

The descriptions above of several countries across the two regions show that the grant amount is not, as in South Africa, increased on an annual (or other regular) interval to keep pace with inflation. This is a serious problem given that both regions are characterised by relatively high inflation rates. This positive aspect of the South African system would be more meaningful if the CSG amount were higher as the size of the inflation adjustment is proportional to the grant amount.

Worryingly, more recently, there have also been some indications that South Africa may not always provide full compensation for inflation in the coming period. For example, the planned increase to the CSG for 2023, implicit in the 2022 Medium Term Budget Policy Statement, was a mere two percent, at a time when inflation was over six percent.

**Conditionalities**

Most of the LAC grants have conditionalities attached to them, and the conditionalities commonly relate to school attendance and health monitoring and vaccination of children.

Such conditionalities frame the grant as a benefit that government bestows on “deserving” individuals or households, rather than a grant provided in light of the socio-economic situation of the individual or household.

Conditionalities also tend to place a burden on the children’s caregivers, who are overwhelmingly women, as they are
generally responsible for ensuring the conditions are met. This responsibility can reduce the caregivers’ possibility for earning money. In addition, where access to education and health services is difficult, conditionalities penalise the children and their caregivers rather than government and others who are responsible for ensuring accessible service provision.

The CSG in South Africa is an unconditional grant, although there have been various attempts over the years to introduce conditionalities (see chapter 3). These attempts have been reversed or abandoned, in view of the fact that conditionalities tend to be punitive, resulting in exclusions for those who are most vulnerable and are unable to comply with the conditions.

Rights-based

Even where conditionalities are not imposed, the Southern African and LAC grants generally do not seem to have the same status, as a “right” to which citizens, permanent residents and refugees are entitled, rather than a “grant” which government may or may not provide depending on the availability of finances and political developments in-country.

The existence of such a right requires both the related legal provisions, such as in a constitution, and implementation in line with the legal provisions. In Namibia, for example, there is a strong constitution, but in practice the grant is not implemented as a right.

Individual v household targeting

Discussions of grants often distinguish between household and individual grants. In reality, the distinction is not a simple binary. Some countries – with South Africa and Namibia as examples – have grant systems that clearly focus on individuals.

Other countries – with Zambia as an example – focus explicitly on households.

In between these two poles are:

a) countries where the amount is allocated per child (or per person in another category deemed “vulnerable”) with a single grant for the household that is the sum of the discrete amount;

b) countries that give a set amount to the household if it contains one or more members in the specified categories; and

c) countries where a single grant is given to households with members in the specified categories, with the amount increasing – but not proportionately – for each additional such member.

Arguably, it is the grants that clearly focus on individual children that send the strongest message that the money is intended for the child’s well-being. A rights-based approach also does not fit easily with a household-based grant as it is individuals, not groups, to whom the Constitution accords rights.

Finally, grants based on the composition of households are especially questionable in a country with levels of household mobility (in the sense of changing composition) as high as those of South Africa.

Elaborating on this last point, in 1996 when designing the CSG, the Lund Committee did not consider a household grant given that the existing grant system, which functioned relatively well overall, was based on individually targeted grants.

However, of relevance is that one of the innovations introduced by the Lund Committee was that the CSG should “follow the child”.

The Committee’s report noted that “many South African children, and especially children in poor circumstances, are not being continuously parented by either or both of their own parents. Non-parents
may well provide good quality care. But there is a sequence of different caregivers...”


It noted that in South Africa, “household composition changes over time due to mobility, death, movement of orphans between households, and other reasons, will make a family grant more difficult and costly to implement...” Further, a family grant “could also result in unforeseen consequences where individuals (such as abused women) are pressured to remain in unhealthy families in order not to lose access to the grant.”

The report refers to analysis using data from the NIDS of 2008 and 2012 that confirms South Africa’s unusually high rates of various indicators of change in household composition over time.

- For example, less than half of the target individuals in the 2012 round of the study were living with exactly the same individuals with whom they lived in 2008, even if one excludes new births. Women and black people were less likely to be with the same individuals as men and white people.

- Further, by 2012, 35 percent of the people originally surveyed had previous co-residents now living in other households, pointing to splitting off of individuals and households. Africans were most likely to be in this position.

South Africa has a history of complex, fluid and stretched households, and these patterns were further entrenched by apartheid-era restrictions on the rights of migrant workers to settle permanently in urban areas. In the decades since democracy there has been an increase in the migration of women, which in turn can precipitate child mobility or changing care arrangements.

A study of a cohort of African children spanning four waves of NIDS (a period of 7 years) found that 35 percent of children had moved residence at least once before the age of 15 years. This confirmed, at a national level, the high rates of child mobility found in various localised studies, and again affirms the importance of an individually-targeted grant that “follows the child”.

Grants where the size and shape of the household are core determinants would require frequent monitoring and changes – with a resultant increase in administrative burden for both government and for those who receive grants, and likely delays in processing applications and payments. In terms of children’s welfare in particular, a household grant would not send the same clear message that the money received is to be used for the benefit of the child.

**Grant coverage**

Comparisons of grant coverage (Tables 6.3 and 6.4 above) confirm that South Africa achieves much wider coverage of the population than the countries in Latin America, and that this is also true when South Africa is compared to the Southern African countries.

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266 Hall & Posel (2020).
**Grant value**

The bullet points above show South Africa outperforming the other countries on many important grant characteristics. However, its poor performance in respect of the grant amount seriously undermines the impact of the positive characteristics.

Further, the fact that South Africa performs worse than all other countries in terms of inequality and worse than all the LAC countries in terms of poverty confirms that the CSG and other poverty alleviation and redistributive measures in South Africa are far from sufficient. A larger CSG would reduce the extent of the failings on both these indicators.

The cross-country comparisons do not point to the need for a major re-design of the CSG. This is fortunate as Scarlato and d’Agostino argue that there is a high level of “path dependency” in the shape of grant systems which makes major changes difficult. The grants increase already at least on an annual basis without any operational difficulties. This could happen just as smoothly if the increases were larger.
7. Child rights and State obligations

“If there was no duty on the Department to provide nutrition when the parents cannot provide the children with basic nutrition, the children face starvation. A more undignified scenario than starvation of a child is unimaginable. The morality of a society is gauged by how it treats its children. Interpreting the Bill of Rights as promoting human dignity, equality and freedom can never allow for the hunger of a child.”  

In this section we review the constitutional rights most relevant to the Child Support Grant (CSG): everyone’s right to have access to social assistance if unable to support themselves or their dependents, and children’s rights to basic nutrition. We provide an interpretation of the meaning of these rights and the nature and extent of the State’s obligation to realise them based on an analysis of relevant constitutional and international law. Within this framework we assess the constitutionality of the monetary value of the CSG.

The Bill of Rights allows for rights to be limited under certain circumstances. The right of everyone to have access to social assistance and children’s right to basic nutrition are subjected to different limitation tests with a limitation of children’s right to basic nutrition requiring a higher standard of justification. This is brought about by the textual differences between the rights of everyone and the rights of children and how the South African Constitutional and High Courts have interpreted this textual difference.

When interpreting the Bill of Rights, South African courts are required to consider international law. This includes all international and regional human rights treaties that have been ratified by SA and any general comments or concluding observations issued by the supervisory committees.

An analysis of international law relevant to the rights to social assistance and basic nutrition therefore provides us with insight into how SA courts are likely to interpret rights and obligations in future cases.

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267 Equal Education and Others v Minister of Basic Education and Others [2020] 4 All SA 102 (GP) Para 53.
269 Section 8 of the Bill of Rights.
270 Section 39(1) (b).
Our legal analysis of the meaning of the two rights and the State’s obligations is primarily based on decided case law. Secondary sources relied on include international law that courts are likely to consider in the future, and academic analysis of case law and international law.

7.1 Constitutional law

Section 7(2) of the Bill of Rights in the Constitution obliges the state to respect, protect, promote and fulfil the rights to social assistance and basic nutrition.

- The obligation to **respect** requires the State to refrain from actively interfering with people’s existing enjoyment of their right. This means the State should not take away or reduce an existing entitlement unless it has a legally justifiable reason.

- The obligation to **protect** requires the State to prevent third parties from violating children’s rights. This means that the State should pass and enforce legislation preventing third parties from violating children’s rights to social assistance and nutrition.

- The obligation to **promote** requires the State to lead awareness and education initiatives about the rights. For example, the State should educate the public on what grants are available and how to apply for them.

- The obligation to **fulfil** requires the State to provide social assistance and basic nutrition if caregivers are unable to support their children. This means that the State has a positive obligation to provide material support in cases of need.

Rights can be **limited** under certain circumstances. In the sections that follow we outline the differences in the approach to the limitation of rights that the courts have taken when dealing with everyone’s socio-economic rights versus children’s basic socio-economic rights.

Everyone’s socio-economic rights

The Constitution guarantees a range of socio-economic rights for everyone. These include the rights to basic education and further education; to have access to health care services, social security including appropriate social assistance, sufficient food and water; and adequate housing.

The inclusion of **justiciable socio-economic rights** was one of the major debates during the drafting of the Bill of Rights in the early 1990s. Justiciable means that the right can be enforced by a court of law.

Some countries – for example India, Nigeria and Ireland – have socio-economic rights expressed in their constitutions as ‘directive principles of State policy’ instead of as human rights. Their constitutions also clearly state that these directive principles are not enforceable by the courts.

In these countries, or in countries without any reference to socio-economic rights or directive principles in their constitutions, rights claimants have to use the civil and political rights to equality, life or dignity to make legal claims to socio-economic goods...

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272 Section 29(1) (a).
273 Section 29(1) (b).
274 Section 27(1) (a).
275 Section 27(1) (c).
276 Section 27(1) (b).
277 Section 26(1).
and services. In some countries, this has left claimants with no recourse.\footnote{For example, regarding Canada: see Fudge ‘Substantive equality, the Supreme Court of Canada, and the limits to re-distribution’ 2007 SAJHR 235; Ireland: see Mullally ‘Substantive equality and positive duties in Ireland’ 2007 SAJHR 291; and Nigeria: see Nnamuchi ‘Kleptocracy and its many faces: the challenges of justiciability of the right to health care in Nigeria’ 2008 Journal of African Law 1.}

The final decision to include justiciable socio-economic rights in the SA Bill of Rights was based on an acknowledgement that the realisation of socio-economic rights for all was essential to enable the transformation envisaged by the Bill of Rights: Without equal access for all to food, housing, social security, health care, water and education it would not be possible to achieve substantive equality,\footnote{See the preamble and ss 1(a), 7(1), 9 and 36(1) of the Constitution for references to equality as a core value underpinning the Constitution.} improve the lives of all citizens and free the potential of each person.\footnote{See the preamble to the Constitution.}

The State is obliged to take \textit{reasonable measures within its available resources to progressively realise these rights}.\footnote{See ss 26 (2), 27 (2) and 29 (1) (b).} This internal qualifier recognised the grossly unequal access to socio-economic rights and the substantial budget growth required to reach full realisation of each of the rights. It therefore provides the State with time to reach full realisation of each of the socio-economic rights.

If faced with a legal challenge for lack of progressive realisation, the State can justify its actions by arguing that it has made steady progress, that it does not currently have the resources available to extend further, and that it has a plan to reach full realisation should resources become available. The State will also be required to show that vulnerable groups such as children are prioritised within the overall plan.

The State may not take any retrogressive (backwards) steps that would deprive access to or reduce existing socio-economic entitlements. If it does, it faces a higher standard of justification, especially if the group affected is a vulnerable group like children.

**The reasonableness test**

The Constitutional Court has developed the \textit{reasonableness test} to assess whether a limitation of a socio-economic right by a State’s policy or programme is constitutional.\footnote{This test was developed and refined through a series of cases including \textit{Government of the Republic of South Africa v Grootboom} 2001 (1) SA 46 (CC) (hereinafter referred to as ‘\textit{Grootboom}’); \textit{Minister of Health v Treatment Action Campaign (No 2)} 2002 (5) SA 721 (CC) (hereinafter referred to as ‘\textit{TAC}’); and \textit{Khosa v Minister of Social Development; Mahlaule v Minister of Social Development} 2004 (6) SA 505 (CC) (hereinafter referred to as ‘\textit{Khosa}’).} When applying this test, the Court will ask a set of questions. If the policy or law does not measure up to one of more of the questions, the limitation it is resulting in will be found to be unreasonable and will need to be reformed.

1. Is the programme \textit{reasonably conceptualised}? (i.e., is it designed in a way that is capable of realising the right progressively?)

2. Is the programme \textit{comprehensive, coherent and coordinated}? 

3. Have appropriate \textit{financial and human resources} been allocated for the implementation of the programme?

4. Is the programme being \textit{reasonably implemented}? 

5. Is the programme \textit{transparent} and have its contents been made known effectively to the public?
6. Is the programme **balanced and flexible** and does it make provision for **short, medium and long-term needs**? In particular, the programme should not exclude a significant segment of the population especially those whose needs are the most urgent and whose ability to enjoy all rights therefore is most in peril.

Considering the value of the CSG, does it pass the reasonableness test? The first, third, and sixth questions of the test are likely to be the most relevant.

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**Does the value of the CSG pass the reasonableness test?**

- *Is the CSG reasonably conceptualised? Is the CSG at its current value capable of resulting in the full realisation of children's right to social assistance over time?*

**Positives:** The law is designed to enable the CSG value to be increased based on inflation and need. Is this design feature being utilised and is the real value of the grant showing growth over time?

**Negatives:** The gap between the food poverty line and the CSG value has widened and is projected to widen further if the value is not increased. The rate and number of children living below the food poverty line increased in 2020 and 2021 indicating that the CSG value is not keeping pace with the real costs of food.

- *Have appropriate financial resources been allocated for the programme?*

**Positives:** The budget for the CSG shows steady growth over time. The budget for grants targeted at the caregivers of children was increased significantly in 2020 during the COVID-19 disaster [the CSG was topped-up in 2020 for one month by R300 and a caregiver allowance of R500 was paid to CSG caregivers for 5 months]. Since August 2021, CSG caregivers who are unemployed are also eligible for the COVID-19 SRD of R350. A portion of the additional budget allocated for the COVID-19 SRD is therefore also reaching CSG caregivers.

**Negatives:** While the CSG budget shows steady growth, the real value of the CSG has not kept pace with food inflation and is now significantly below the food poverty line. Unemployed women in receipt of the CSG for their children, did not receive any disaster relief for a 9-month period during the state of disaster (November 2020 until August 2021).

- *Does the current value of the CSG result in a significant segment of the child population being ‘excluded’? If yes, is this a particularly vulnerable segment and does the ‘exclusion’ prevent the children from enjoying their rights to basic nutrition, protection from abuse and neglect, equality, and dignity?*

**Positives:** All children whose caregivers earn below the income threshold are eligible and a high proportion of eligible children are receiving the grant.

**Negatives:** A significant segment of the child population (seven million children) lives below the food poverty line despite receiving the CSG. This means that their right to basic nutrition is being limited and they are at high risk of not being able to enjoy a range of other constitutional rights including rights to equality, dignity, protection from neglect, basic education, shelter and basic health care services.
The interdependency of rights

All rights are related and interdependent which means that the realisation of one right depends on the realisation of other rights, and a violation of one right will lead to a violation of other rights. The courts therefore do not interpret rights in silos but consider their interdependency. A constitutional analysis of the value of the CSG is therefore not only about the right to social assistance in s27, but also the other rights that are affected by the monetary value of the grant.

These rights include the rights of everyone to equality,283 dignity,284 and basic education285 and children’s rights to basic nutrition, shelter, basic health care services and social services,286 to protection from abuse and neglect287 and to have their best interests considered of paramount importance.288 The value of the CSG also affects two ‘umbrella rights’ in international law that are not expressly included in the Bill of Rights, but which will be considered by the courts if tasked with interpreting children’s socio-economic rights and evaluating the constitutionality of the value of the CSG. These are the child’s right to survival and development,289 and to an adequate standard of living.290

Children’s socio-economic rights

In addition to the rights available to everyone, children also have the rights to birth registration,291 family care or alternative care,292 basic nutrition, shelter, basic health care services and social services293, to be protected from abuse and neglect294, and to have their best interests considered of paramount importance in all matters that affect their rights.295

The State’s positive obligations in relation to everyone’s right to social assistance are expressly articulated as an obligation to ‘take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation’ of the right. However, children’s additional socio-economic rights in s 28(1)(c) and the rights of everyone to basic education in s 29(1)(a) do not have this in-built limitation.

The textual differences between the rights of everyone and the rights of children, together with the best-interests principle and the right to be protected from neglect and abuse, have given rise to an interpretation that children have a priority claim on State resources for the prompt delivery of a basic level of socio-economic goods and services.296

283 Section 9.
284 Section 10.
285 Section 29(1) (a).
286 Section 28(1) (c).
287 Section 28(1) (d).
288 Section 28(2).
289 Article 6 of the UNCRC and Article 5 of the African Charter on the Rights and Welfare of the Child (ACRWC)
290 Article 27 of the UNCRC and Article 11 of the International Covenant on Economic, Social and Cultural Rights.
291 Section 28(1) (a).
292 Section 28(1) (b).
293 Section 28(1) (c).
294 Section 28(1) (d).
295 Section 28(2).
This interpretation has been accepted by the Constitutional Court and High Courts with regards to children living on their own or in alternative care (words of the State). Both the Constitutional Court and the High Court have held that such children have a constitutional entitlement to have their basic needs as set out in s 28(1)(c), provided directly and immediately by the State. Therefore, for children in prison, child and youth care centres and foster care, the State is obliged to provide all the child’s basic needs (food, accommodation, clothing, bedding, social services and health care) and this obligation is not subject to the limitation of progressive realisation within available resources but can only be limited by the general limitations clause in section 36(1) of the Bill of Rights. The High Court has consequently ordered the State to immediately and directly provide children in alternative care with socio-economic goods (such as bedding) and social services (such as psychological support).

With regards to children living with their families: in a series of three cases over the period 2000 to 2004, the Constitutional Court created and refined a jurisprudence that recognised the State’s obligation to progressively provide material assistance to families living in poverty.

These cases were concerned with the rights of everyone to housing (Grootboom), health care services (Treatment Action Campaign) and social assistance (Khosa) and were not directly about children as a category. In these cases, the Constitutional Court showed a reluctance to divorce children’s socio-economic rights in s 28(1)(c) from the limitation clause attached to everyone’s socio-economic rights in sections 26(2) and 27(2).

Rather, the court assessed the State’s housing, HIV treatment, and social assistance programmes against the internal limitation of “progressive realisation within available resources”. When applying this qualifier, the court expressly decided not to apply the international law concept of the “minimum core” and instead developed the reasonableness test.

The reasonableness test jurisprudence acknowledges children as a vulnerable group in need of priority attention within the State’s overall plan of progressive realisation and requires the State to provide material assistance to families to enable them to provide for their children’s basic needs.

However, in a later fourth case on everyone’s right to have access to sufficient water (Mazibuko), the Constitutional Court did not consider children specifically as a vulnerable group in need of priority attention in its application of the reasonableness test. This judgment has been critiqued for a number of reasons, including for neglecting to consider the negative impact of a lack of access to clean water and adequate sanitation on children’s rights to life, health and nutrition especially in the context of high rates of HIV and child death due to diarrhoea.

The first case in the Constitutional Court that was directly about children as a category, was the Juma Musjid case in 2011 on the right to basic education in

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297 Grootboom 2001 (CC) & TAC 2002 (CC).
298 Centre for Child Law v Minister of Home Affairs 2005 (6) SA 50 (T) & Centre for Child Law v MEC for Education, Gauteng 2008 (1) SA 223 (T).
299 Centre for Child Law v MEC for Education, Gauteng 2008 (1) SA 223 (T).
300 Grootboom 2001 (CC); TAC 2002; and Khosa (2004).
301 Mazibuko v City of Johannesburg 2010 (4) SA 1 (CC) (hereinafter also referred to as ‘Mazibuko’).
In this case the Constitutional Court interpreted the right to basic education as immediately realisable and not subject to progressive realisation within available resources. This has been followed by a number of successful High Court judgments enforcing the right as immediately realisable. The State has consequently been ordered to immediately provide textbooks, desks and stationery.

With regards to the right to basic education, the courts have not accepted the State’s arguments that the right is subject to the limitation of ‘progressive realisation within available resources’ and have instead required the State to prove that the limitation of the right is ‘reasonable and justifiable in an open and democratic society based on equality, freedom and dignity’ in terms of the general limitation clause in section 36. This is a higher burden of justification for the State than the reasonableness test.

Given the Constitutional Courts’ interpretation of the right to basic education as immediately realisable, it was predicted that the courts would also consider children’s socio-economic rights in s28(1)(c) as immediately realisable.

In 2020 this prediction became a reality when the High Court interpreted children’s right to basic nutrition as immediately realisable (the NSNP case). This case concerned children’s rights to continue to benefit from the National School Nutrition Programme despite some of the school grades still being closed due to COVID-19 related lockdowns.

When applying the general limitation test, section 39(1) requires the court to consider a range of factors, including the nature of the right being limited and the nature and extent of the limitation.

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“Section 28(1) of the Constitution is only qualified with the word “basic” and no internal qualifier. The failure to roll out the NSNP is thus justifiable only in terms of the criteria and proportionality analysis required by the general limitation clause of section 36. The rights to basic nutrition can thus also not be progressively realised.”

“The children’s rights in section 28 of the Constitution are not subject to internal limitation such as the availability of resources or progressive realization. These rights are unqualified and immediate with the only limitation under section 36 of the Constitution. The NSNP cannot be rolled out grade by grade.”

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303 Governing Body of the Juma Musjid Primary School v Essay NO 2011 (8) BCLR 761 (CC) (hereinafter also referred to as ‘Juma Musjid’).
304 Juma Musjid 2011 (CC) at para 37.
305 See, for example, Section 27 and others v Minister of Basic Education 2013 (2) SA 40 (GNP); Centre for Child Law v Minister of Basic Education 2013 (3) SA 183 (ECG); Madzodzo v Minister of Basic Education 2014 (3) SA 441 (ECM); and Khula Community Development Project v HOD of Eastern Cape Department of Basic Education and Others Case No 611/2022 (ECG).
306 Equal Education and Others v Minister of Basic Education and Others [2020] 4 All SA 102 (GP) [The NSNP case].
308 NSNP [2020] para 54.
In the NSNP case, Judge Potterill found that the total withdrawal of the NSNP for a portion of the eligible children was not justifiable due to the programme being concerned with children’s right to basic nutrition and the withholding of that programme resulting in an extreme limitation of the right.

“Children are categorically vulnerable; poor hungry children are exceptionally vulnerable. The degree of the violation of the constitutional rights are thus egregious.” 309

The NSNP case was concerned with the total withdrawal of an existing nutrition programme for a portion of the children who were eligible. It was therefore clearly regressive and a violation of the State’s negative obligation to respect the right and of the positive obligation to fulfil an existing entitlement to basic nutrition.

When applying this case law to the question of the value of the CSG, it is likely that a court would follow the precedent set in the NSNP case because the CSG is a programme designed for children as a category (it is not for everyone) and it is the State’s primary programme for realising poor children’s rights to basic nutrition.

A key distinction however is that when looking at the question of the inadequate value of the CSG, one is not dealing with a decision by the State which resulted in the total withdrawal of an existing programme, but rather with an administrative decision on the original value of the grant and the annual administrative decisions resulting in below inflation adjustments that have resulted in a gradual erosion of the real value of an existing grant.

It could be argued that the net effect of the low value of the CSG, coupled with below-food-inflation adjustments, has the same impact for poor children as the withdrawal of the one daily meal provided by the NSNP – namely hunger, starvation and malnutrition. With seven million children living below the food poverty line of R663, over two million children reported as hungry in 2020, and a stunting rate of 27 percent for children under five years of age, there is evidence that a large number of children in South Africa are hungry and malnourished and that a lack of sufficient income to buy nutrient-rich foods is a significant causal factor.

In this regard, the High Court’s reference to the constitutional right and value of dignity is applicable:

“The injunction in section 39(1) of the Constitution also applies. When interpreting provisions in the Bill of Rights this Court should “promote the values that underlie an open and democratic society based on human dignity, equality and freedom.” If there was no duty on the Department to provide nutrition when the parents cannot provide the children with basic nutrition, the children face starvation.

A more undignified scenario than starvation of a child is unimaginable. The morality of a society is gauged by how it treats it children. Interpreting the Bill of Rights [as] promoting human dignity, equality and freedom can never allow for the hunger of a child and a constitutional compliant interpretation is simply that the Department must in a secondary role roll out the NSNP, as it has been doing.” 310

309 Para 88.2 [Egregious means ‘extreme, glaring, grievous’].
In all the case law described above, the courts have considered international law when interpreting the rights. In the next section we outline the role played by International Law and elaborate on some recent developments in international law that are likely to be considered by the courts in future cases.

### 7.2 International law relevant to the CSG

South Africa signed and ratified the UN Convention on the Rights of the Child (UNCRC), the African Charter on the Rights and Welfare of the Child (ACRWC) and the International Convention on Economic, Social and Cultural Rights (ICESCR). By doing this, the State has agreed to implement the rights that are guaranteed in these treaties by putting in place the policies, laws, budgets and services that are required to realise the rights.

Each treaty has a committee tasked with monitoring compliance with the treaty’s provisions. These committees regularly issue General Comments on individual rights to provide State parties with more detail on what the right means and the nature and extent of the State’s obligation.

The State is held accountable to its commitments by having to report on its progress to the committee responsible for monitoring compliance.

This reporting mechanism results in Concluding Observations being issued to the State which provide an interpretation on whether the State is meeting its obligations, and if not, what it should do to remedy the breach.

When making decisions that affect children’s rights, the Executive and Legislature should consider these treaties and any concluding observations that relate to the particular decision they are contemplating. For example, when the State makes its annual decision on inflation adjustments to social grants, it should refer to the multiple concluding observations by three international committees that relate to the low value of the CSG.

Courts must consider international law when interpreting any of the rights in the Bill of Rights.\(^{311}\) Therefore, if the CSG value were to be challenged in court as being inadequate, the court would consider these international human rights instruments, any General Comments interpreting them, and any related Concluding Observations that they have issued to South Africa.

The CSG is government’s primary policy for realising the international rights of children and their caregivers to social assistance.\(^{312}\) The CSG also contributes indirectly to the realisation of a range of other international rights of the child, including the rights to:

- life, survival and development;\(^{313}\)
- equality and non-discrimination;\(^{314}\)
- an adequate standard of living\(^{315}\)
- health;\(^{316}\)
- adequate nutritious food;\(^{317}\)
- protection from neglect and abuse.\(^{318}\)

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\(^{311}\) Section 39 of the Bill of Rights.

\(^{312}\) UNCRC Article 26 & ICESCR Article 9.

\(^{313}\) UNCRC Article 6 & ACRWC Article 5.

\(^{314}\) UNCRC Article 2 & ACRWC Article 3.

\(^{315}\) UNCRC Article 27 (1) - (3) & ICESCR Article 11.

\(^{316}\) UNCRC Article 24; ACRWC Article 14 & ICESCR Article 12.

\(^{317}\) UNCRC Article 24(2) (c); ICESCR Article 11 & ACRWC Article 14(2) (c).

\(^{318}\) UNCRC Article 19 & ACRWC Article 16.
When deciding on whether South Africa is giving effect to its commitments under international law, the committees tasked with monitoring the treaties, will assess whether the CSG is giving effect to these rights. If the committee has issued a General Comment interpreting any of these rights, they will use the General Comment to guide their assessment.

The treaty bodies will rely on the following General Comments when assessing the CSG:

- ICESCR (2008) General Comment No. 19 on the Right to Social Security (Article 9);
- UNCRC (2013) General comment No. 15 on the Right of the Child to the enjoyment of the highest attainable standard of health (Article 24);

They will review trends in key indicators of child health and wellbeing to assess the impact of the CSG. Key indicators of most relevance would include the following:

- Child poverty
- Child food poverty
- Inequality (Gini-coefficient)
- Underlying causes of preventable child deaths
- Child hunger
- Malnutrition
- Stunting

The meaning of the right to social security in international law

Article 9 of the ICESCR provides that “States Parties to the present Covenant recognise the right of everyone to social security, including social insurance.” This right creates the right of individuals to social security and a duty on the State to provide social security.

General Comment 19 on the Right to Social Security elaborates on the meaning of this right and the State’s duty, and lists nine minimum contingencies for which the system must provide cover. 319:

These nine contingencies are:

1. Health care
2. Sickness
3. Disability
4. Maternity
5. Family and child support
6. Employment injury
7. Unemployment
8. Old Age
9. Death of a family member.

Table 7.1 lists these contingencies and evaluates SA’s social security system against the contingencies. Our evaluation is focussed on the elements of the system that most affect children and their caregivers’ ability to care for them. What stands out here is that the system currently provides some form of cover for 8 contingencies but fails to provide cover for the loss of income incurred for the maternity period by a women employed in the informal sector.

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319 ICESCR General Comment 19 Item 2.
Table 7.1  Nine minimum contingencies and SA’s social security system in 2022

<table>
<thead>
<tr>
<th>Contingency</th>
<th>Social Insurance (formal sector)</th>
<th>Social Assistance (informal sector / Unemployed)</th>
<th>Other social protection (poverty targeted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Health care</td>
<td>Public health care is free for pregnant women and children under 6. Primary health care is free for everyone without private medical aid. Secondary and tertiary health care are free for social grant beneficiaries and anyone below a set means test.</td>
<td>Temp Disability Grant (R1990)</td>
<td></td>
</tr>
<tr>
<td>2. Sickness</td>
<td></td>
<td>Temp Disability Grant (R1990)</td>
<td></td>
</tr>
</tbody>
</table>
| 3. Disability                | Road Accident Fund (RAF) for injuries sustained in car accidents | Adult Disability Grant (R1990)  
Child Disability Grant (R1990)  |                                           |
| 4. Maternity                 | Unemployment Insurance Fund (UIF) | Not covered                                     |                                           |
| 5. Family and child support |                                 | Child Support Grant (R480)                      | No-fee schools  
National School Nutrition Programme (NSNP)  
National Student Financial Aid Scheme (NSFAS) |
| 6. Employment injury         | Compensation for Occupational Injuries (COIDA) | Disability Grant (R1990)  
– where injury results in chronic disability. |                                           |
| 7. Unemployment              | Unemployment Insurance Fund (UIF) | SRD-COVID Grant (R350)                         | Public Works Programmes  
Free basic water  
Free basic electricity  
Housing subsidies |
| 8. Old Age                   |                                 | Older Persons Grant (R1990)                    |                                           |
| 9. Death of a family member  |                                 | CSG-TOP UP for orphans (R240)                  |                                           |

If the State can show that it has systems in place to provide cover for all nine contingencies, then its cover will be evaluated against the principles of availability, accessibility, affordability and adequacy.

The General Comment also provides indicators that can be used to assess whether SA’s social security system meets the requirements of the ICESCR. These indicators are listed in Table 7.2 in the left column. The middle and right columns provide our assessment of South Africa’s non-contributory social assistance system against the indicators and principles, with a focus on the elements of the system most relevant to children and the ability of their caregivers to care for and protect them.
### Table 7.2  CESCR indicators and SA’s social security system

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does a social security system exist?</td>
<td>Yes</td>
<td>✔</td>
</tr>
<tr>
<td>Is the system administered by a public authority?</td>
<td>Yes</td>
<td>✔</td>
</tr>
<tr>
<td>Are all 9 contingencies covered?</td>
<td>‘child support’ is covered. ‘maternity’ for informal sector workers not covered</td>
<td>✗</td>
</tr>
<tr>
<td>Does the cover for each contingency reach the majority of people in need?</td>
<td>CSG, OPG &amp; COVID-19 SRD = yes, DG &amp; CDG = unknown, FCG = no</td>
<td>✔ &amp; ✗</td>
</tr>
<tr>
<td>Are the level of benefits adequate?</td>
<td>CSG &amp; SRD are below the food poverty line, FCG is below the lower bound poverty line, OPG, DG, &amp; CDG are above the upper bound poverty line but 50% below minimum wage</td>
<td>✗</td>
</tr>
<tr>
<td>Do the benefits cover the duration of the contingency?</td>
<td>Yes for CSG, OPG, DG &amp; CDG, No for temporary DG, FCG, SRD</td>
<td>✔ &amp; ✗</td>
</tr>
<tr>
<td>Does the benefit contribute towards the realisation of other socio-economic rights?</td>
<td>Expansion of the social grant programme is clearly linked to increased progressive realisation of a range of other socio-economic rights. However, more recently as the level of the benefits have not kept pace with inflation, the ability of the social grant programme to realise other SERs is decreasing.</td>
<td>✔ &amp; ✗</td>
</tr>
</tbody>
</table>

When assessing South Africa against this framework, the following stands out in relation to children and their caregivers:

**Child Support**

The contingency of child support is covered, and the reach of coverage is high for the targeted group. However, the level of benefit provided is **not adequate** to meet a child’s basic needs. The CSG in 2022 was R480 which was 28 percent below the 2022 food poverty line of R663, meaning that it does not cover even the costs of food for a child.

This **inadequacy limits its ability to contribute towards the realisation of other rights in the ICESCR**, in particular the child’s right to basic nutrition, basic health care, an adequate standard of living, and protection from abuse and neglect. The CSG fails in respect of two of the principles in the framework set by the CESCR.

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320 The FCG is for the care and support of children who have been placed into alternative care by the courts. They are ‘wards of the state’. In terms of the case law cited above, the state is 100% responsible for the full costs of their basic needs. The upper bound poverty line therefore represents the minimum value that would be considered ‘adequate’.

321 If the minimum wage represents the minimum for an employed person, a person who is not employed due to old age or disability should theoretically be entitled to social assistance equal to the minimum wage.
As shown in the next section, all three of the treaty monitoring bodies have expressed this as a finding and have recommended that the CSG value be increased, with two bodies specifying that the increase should be at least to the food poverty line.

**Maternity**

The contingency of maternity is **not covered** for mothers working in the informal sector. Mothers working in the formal sector can rely on the partial cover provided by the Unemployment Insurance Fund. Those working in the informal sector or in unprotected/casual jobs have no cover for paid leave after their child is born, putting their own health and the child’s nutrition and health at risk. This affects the social security, food and health rights of approximately 2.1 million women, their new-born infants and the other children in their care.

The State could argue that the CSG and/or SRD provides cover for this contingency. However, the low values of both benefits would be assessed as **not adequate**. The CSG may also be assessed as **not accessible** during the maternity period due to the low take-up of the CSG in relation to infants under a year, in particular the first six months, which is the period of maternity.

**Unemployment of parents and caregivers**

The level of the benefit provided to unemployed parents or caregivers is **not adequate** to meet one adult’s basic food requirements (R350 is 47 percent below the R663 food poverty line).

The **reach of the coverage is limited** due to the low-income threshold (R624 per month) and due to an income verification system that disadvantages caregivers of children. For example, while the legislation exempts income from the CSG as counting towards the income threshold of R624, the banks were not able to make this differentiation for three months in 2022 (April to June) and millions of CSG caregivers had their SRD applications declined because of this.

The legislation does not exempt child maintenance payments received by a parent from the other parent from the means test, again disadvantaging caregivers of children. The **duration of benefits is temporary** (it is a temporary COVID-19 relief grant that is legislated to end in March 2024).

These challenges affect at least four million parents/caregivers and around seven million children in their care.

As will be shown in the next section, prior to the introduction of the COVID-19 R350 SRD, the CESCR identified the total lack of social assistance for unemployed adults as a contingency gap in South Africa’s social security system and recommended that the State consider the introduction of a basic income grant.

It remains to be seen how the Committee will assess the temporary COVID-19 SRD R350 and DSD’s proposals for a targeted unemployment grant in the future.

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322 K Hall analysis of QLFS 2022, Quarter 2. Those who do not have access to maternity benefits include 1.1 million women who work in the informal sector, as well as 1 million employed women employed in the formal sector who report that they are not eligible for maternity leave. Women of childbearing age are defined as being between 15 and 44 years.
Concluding observations on the value of the CSG

Over the period 2016 to 2019, three treaty bodies assessed South Africa’s progress in realising children’s rights. After considering the evidence of South Africa’s high levels of inequality, child poverty, malnutrition and stunting, all three of the treaty monitoring bodies found that the value of the CSG is inadequate and recommended that it should be increased.

When the State next reports to these committees, it will be expected to report on whether it has implemented the committees’ recommendations.

The sections that follow provide more detail on why the committees found the CSG to be inadequate and what they have recommended the State should do to address it.

UNCRC (2016) Concluding Observations on South Africa’s second periodic report

With reference to children’s rights to an adequate standard of living and to social security, the Committee welcomed ‘the substantial expansion in social security coverage for children in the State party, which has resulted in an overall decline in child poverty’ but stated that it was concerned that ‘[t]he poverty rate in the 1-17 years age group is the highest out of all age groups’ and ‘that the amount of the Child Support Grant falls below the actual cost of meeting the needs of a child living in poverty.’

Based on these findings, the committee recommended that the State should ‘[r]eview the amount of the Child Support Grant based on an objective assessment of the actual cost of meeting the needs of children living in poverty;...’

Standard of living

55. The Committee welcomes the substantial expansion in social security coverage for children in the State party, which has resulted in an overall decline in child poverty. Nevertheless, the Committee is concerned that:

(a) The poverty rate in the 1-17 years age group is the highest out of all age groups; ...

(c) The amount of the Child Support Grant falls below the actual cost of meeting the needs of a child living in poverty;... 

56. The Committee recommends that the State party: ...

(c) Review the amount of the Child Support Grant based on an objective assessment of the actual cost of meeting the needs of children living in poverty;...

UNCRC 2016.

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ICESCR (2018) Concluding Observations on South Africa’s initial report

With regards to social assistance, the committee found that ‘[t]he levels of all non-contributory social assistance benefits are too low to ensure an adequate standard of living for recipients and their families; ...’ and recommended that the State should ‘raise the levels of non-contributory social assistance benefits to a level that ensures an adequate standard of living for recipients and their families’.

The Committee was concerned by the lack of any social assistance for unemployed adults and recommended the introduction of income support for this group and the consideration by the State of a basic income grant. 324

When looking at the right to food, the committee expressed concern at:

“the high incidence of food insecurity and malnutrition in the State party, particularly among children. Given the fact that 12 percent of children lived in hunger in 2017 and 27 percent of children were suffering from stunting in 2016, the Committee is particularly concerned that the child support grant (at 400 Rand/month) is set far below the food poverty line...” 325

The Committee therefore recommended that the State: “[i]ncrease the child support grant at least up to the level of the food poverty line; ...” 326

Social security

47. The Committee notes that social grants have been an important instrument in reducing poverty in the State party and that significant progress has been made in this regard in recent years. It remains concerned, however, that, while the poverty ratio in the State party stood at the unacceptably high level of 55.5 per cent in 2018:

(a) There is no composite index on the cost of living that provides the State party with a benchmark to adequately set the levels of social benefits consistent with the requirement to ensure an adequate standard of living for all;

(b) The levels of all non-contributory social assistance benefits are too low to ensure an adequate standard of living for recipients and their families;

(c) Those with no or little income who are between the ages of 18 and 59 and are capable of working are not covered by existing schemes;

48. The Committee recommends that the State party:

(a) Raise the levels of non-contributory social assistance benefits to a level that ensures an adequate standard of living for recipients and their families;

(b) Ensure that those between the ages of 18 and 59 with little or no income have access to social assistance;

(c) Consider the possibility of introducing a universal basic income grant;

ICESCR 2018

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Malnutrition and the right to food

56. The Committee is concerned at the high incidence of food insecurity and malnutrition in the State party, particularly among children. Given the fact that, in the State party, 12 per cent of children lived in hunger in 2017 and 27 per cent of children suffered from stunting in 2016, the Committee is particularly concerned that the child support grant (at 400 rand per month) has been set far below the food poverty line.

57. The Committee recommends that the State party:

(a) Increase the child support grant at least up to the level of the food poverty line; ...


On the child’s right to family care and an adequate standard of living, the Committee commended the State for the creation and provision of social grants but noted that the ‘amount of money offered through the child support grant is insufficient to address the issue of poverty and inequality as it remains an amount below the food poverty line.’

The Committee therefore recommended that the amount should be revised and that the new amount should be above the food poverty line. 328

When assessing SA’s progress in realising children’s rights to health, the committee was very concerned by the considerable number of children in South Africa who suffer from malnutrition, especially young children. In the context of the high rate of inflation, in particular the rising costs of food, they expressed an opinion that the ‘child support grant is not adequate to fulfil the nutritional need of children.’

The Committee therefore recommended that the State should take additional measures to ensure food security including through improved social assistance and the regulation of prices of healthy foods. 329

Right to family care and adequate standard of living

21. The Committee commends the Government for the creation and provision of social grants to those in need. However, the Committee also takes note of the fact that the amount of money offered through the child support grant is insufficient to address the issue of poverty and inequality as it remains an amount below the food poverty line.... The Committee, therefore, recommends the following:

A) that the Government revises the amount given in the child support grant and that the new amount be above the food poverty line;...

ACERWC 2019

Right to health

31. The Committee notes with concern that a considerable number of children in South Africa suffer from malnutrition. The 2016 South African Demographic and Health Survey (DHS) report confirmed that 23% of children 6 to 23 months received a minimum acceptable diet. Children in poor households continue to be adversely affected by rising costs of food. Although there is Child Support Grant, given the high rate of inflation, the child support grant is not adequate to fulfill nutritional needs of children. Therefore, the Committee recommends to the Government of South Africa to take additional measures to ensure food security through improved employment, social assistance and land and agrarian reform in combination with regulation of prices of healthy foods.

The Concluding Observations of the three committees were issued over the period 2016 to 2019. Since then, the inflation rate has increased significantly, with the poorest households being the worst affected (inflation is highest for the poorest quintiles, and inflation indices for food and public transport are higher than aggregate inflation).

When presenting its reports to the Committees in 2022 and 2023, South Africa will need to show that it has ensured the annual CSG increases match inflation (preferably food inflation), that it has reviewed the CSG amount, that it took the committees’ Concluding Observations into account when reviewing the amount, and that it has a plan to increase the amount.

If it does not have a plan to increase the CSG amount, it would need to justify this decision. In the context of South Africa’s high rate of income inequality, and increased child poverty over the period, a response that the resources for an increase are not available to the State is not likely to be well received by the international bodies.

Concluding observations on ‘available resources’

The two UN committees also assessed South Africa against the requirement that the State should use its maximum available resources to realise children’s socio-economic rights. They both found SA to be lacking in this area and made strong recommendations for reform at a macro financial policy level, increased allocation to social assistance budgets, and improved visibility and prioritisation of vulnerable groups (including children) within the budget, especially in the context of austerity budgeting and economic recession.

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330 UNCRC Article 4 and ICESCR Article 2.
Maximum available resources

16. With a Gini coefficient of 0.63 and a Palma ratio of 7.1, the State party is among the most unequal countries in the world; and market inequalities, before tax and redistribution, are even more striking. While the Committee is well aware of the historical roots of such inequalities and welcomes the efforts pursued since the end of apartheid, the persistence of such inequalities signals that the model of economic development pursued by the State party remains insufficiently inclusive. The Committee is deeply concerned by such unacceptably high levels of economic and social inequalities.

Although welcoming the introduction in 2017 by the National Treasury of rural-focused indicators, it also regrets the significant geographical disparities in the State party, both between provinces and between rural and urban municipalities. The State party’s fiscal policy, particularly relating to personal and corporate income taxes, capital gains and transaction taxes, inheritance tax, and property tax, do not enable it to mobilize the resources required to reduce such inequalities; and it is not sufficiently progressive to this end. The recent increase in the value added tax (VAT) was not preceded by a human rights impact assessment. Although the Committee notes that certain items, including 19 basic food items, farming inputs, educational services, and rents were exempted, the Committee remains concerned about the impacts of this increase on low-income households.

It is further concerned at the large amount of illicit financial flows and tax avoidance, which has a serious impact on the ability of the State party to meet its obligation to mobilize the maximum available resources for the implementation of economic, social and cultural rights (art. 2 (1)).

17. The Committee recommends that the State party:

(a) Review its fiscal policy with a view to improving its capacity to mobilize the domestic resources required to bridge existing gaps and to increasing its redistributive effect;

(c) Assess the impact of the increase in value added tax, particularly on low income households, and take corrective actions as necessary;

(d) Intensify its efforts to combat illicit financial flows and tax avoidance with a view to raising national revenues and increasing reliance on domestic resources, including by combating trade mispricing within multinational corporations, and seek international cooperation with relevant international organizations, as well as the countries of origin of multinational corporations, to this end;

(e) Re-examine its growth model in order to move towards a more inclusive development pathway.
Child rights and State obligations

ICESCR (2018) Concluding Observations

After assessing SA as one of the most unequal countries in the world, the ICESCR found that South Africa was failing to use its maximum available resources to realise socio-economic rights. After this negative finding, the Committee recommended that South Africa “should review its fiscal policy in order to improve its capacity to mobilise the domestic resources required to bridge existing gaps and to increase its redistributive effect”.

The Committee also assessed budget cuts to public services and advised the State to set a timeframe when these austerity measures would cease, to ensure they did not result in increased levels on inequality, and that already disadvantaged and marginalised groups should not be disproportionately affected.

Austerity measures

18. The Committee is concerned that the State party has introduced austerity measures to relieve the debt level without defining the time frame within which such austerity measures should be re-examined or lifted. It is also concerned that these measures have resulted in significant budget cuts in the health, education and other public service sectors, and that they may further worsen inequalities in the enjoyment of the rights under the Covenant, or even reverse the gains made, particularly in the health and education sectors. The Committee notes that such fiscal consolidation measures have been adopted even though the auditor general has identified instances of irregular expenditure (made in violation of procurement laws) and fruitless and wasteful expenditure, and even though instances of mismanagement of State-owned enterprises have been identified, thereby reducing the capacity of the State party to adequately finance public services (art. 2 (1)).

19. The Committee reminds the State party that, where austerity measures are unavoidable, they should be temporary, covering only the period of the crisis, necessary and proportionate; should not result in discrimination and increased inequalities; and should ensure that the rights of disadvantaged and marginalized individuals and groups are not disproportionately affected.

The Committee recommends that the State party:

(a) Increase the level of funding in the areas of social security, health and education;

(b) Task the Department of Planning, Monitoring and Evaluation with ensuring that public policies are directed towards the realization of the rights covered by the Covenant;

(c) Ensure that the Standing Committee on Public Accounts within the national parliament (and its equivalents within provincial parliaments) takes such rights into consideration in assessing the budgetary choices of the national and provincial governments.

ICESCR 2018

The ICESCR recommended that South Africa increase the level of funding in social security, health and education; task the DPME with ensuring that public policies are directed towards the realisation of the rights of the Covenant; and ensure the finance related committees in national parliament and provincial parliaments take the Covenant rights into consideration in assessing the budgetary choices of the national and provincial governments respectively.\textsuperscript{332}

**Child impact assessments**

To ensure that children are prioritised, the UNCRC has recommended that the State should conduct child impact assessments before making decisions that affect children’s rights.\textsuperscript{333}

This requirement does not only arise in cases affecting individual children or children as a specified group, but also when government is making decisions about:

- **the macro fiscal policy** (e.g., decisions about tax rates)
- **budget allocations and budget cuts** (e.g., should ECD or basic education funding be reduced to enable increase funding for higher education? Should the CSG annual inflationary increase be reduced for three years to fund the continuation of the R350 SRD?)
- **new policies and laws** (e.g., the National Health Insurance, lockdown regulations, or a basic income grant)
- **administrative decisions affecting service delivery** (e.g., closing down a SASSA office in a rural area or shifting from office-based applications to an online application model).

The UNCRC has recently asked South Africa to report on its progress in implementing child impact assessments.\textsuperscript{334} It will not be sufficient for the State to respond by saying that it conducts a Socio-Economic Impact Assessment (SEIA) prior to every new law or policy being approved.

These assessments do not include a child centred approach and in many instances do not even mention children.

Conducting separate socio-economic impact assessments for each decision may not enable the State to make human rights impact informed choices between policy priorities when resources are limited.

For example, a basic income grant (BIG) for unemployed adults might be shown to have a positive impact for the children of the adults that would receive the grant, but if the decisions on how to finance a BIG result in cuts to already underfunded existing children’s grants and services, the net effect may not be in children’s best interests.

Further, a decision to fund a BIG through an increase in VAT might result in a net effect loss for poor children, rather than a gain. On the other hand, funding a BIG through increased taxes to large corporations and the very wealthy and increased VAT on luxury goods only, without making cuts to existing children’s grants and services, would have a net positive impact for children’s rights.


\textsuperscript{333} Section 28(2) read with article 3 of the UN Convention on the Rights of the Child; UNCRC (2003) General Comment No.5, para 45, and UNCRC (2013) General Comment No.14, paras.35 and 99; and UNCRC (2016) General Comment No.19, para 47.

7.3 Conclusion

a) The “best interests” principle requires the State to conduct child impact assessments of its decisions, to ensure that children’s basic needs are being prioritised. This obligation is of heightened importance during times of economic crisis.

If this requirement had been fulfilled prior to the following decisions being made, would the decisions have remained the same?

- Below inflation annual adjustment to the CSG value for the 2022/23 and 2023/24 financial years.
- Stopping the COVID-19 caregiver allowance in October 2020 and continuing to exclude unemployed women in receipt of the CSG from the COVID-19 SRD grant until August 2021.
- Removing Home Affairs birth registration services from maternity wards during the hard lockdown in 2020.
- Suspending the school feeding scheme during 2020 when schools were closed due to COVID-19.

It is always easy with the advantage of hindsight to critique a decision and say it should have been done differently. The reason for doing child impact assessments prior to taking a decision is to provide an opportunity to model possible scenarios and project what the likely impact on children will be, based on available evidence.

This simple exercise can prevent children’s basic needs being neglected in what is often an adult centric decision-making environment.

b) The value of the CSG falls short of the standard of adequacy defined by the ICESCR.

Three treaty committees have found the CSG value to be inadequate, primarily because it is below the real costs of caring for a child, in particular the costs of food.

The State is likely to argue that the CSG is meant to be a complementary grant that only contributes towards the total child support costs of poor families, alongside a basket of other social protection benefits such as the school feeding scheme, subsidised child-care/ECD facilities, free basic water and electricity, no-fee schools, and free primary health care. However, this argument does not address the ‘cash gap’ in households where there is no employed adult and no income other than social grants (approximately 7 million children lived in households with no employment income in 2021). Arguably, the following are not covered by the package of social protection measures combined with the low valued CSG:

- 28% of the food costs (given that the CSG is 28% below the food poverty line);
- 100% of the cost of clothing, bedding, personal care and hygiene, toys and books;
- 100% of the cost of rent, security, maintenance of the home;
- 100% of the cost of transport (for example to school and health care facilities).

Those most affected by this policy gap will be children living in households that fall below the per capita food poverty line, i.e., the majority of children in quintiles 1 and 2.
Within this large group, children under 6 years do not benefit from the national school nutrition programme because they are too young to attend school, and most are not benefiting from nutrition via State subsidised ECD.\textsuperscript{335} The elements of the package focussed on supplementing nutrition therefore exclude the majority of children under 6, whose caregivers are solely reliant on an inadequate cash grant to meet nutritional needs. These children are most at risk of malnutrition and stunting.

\textbf{c) The low CSG value limits the rights to social assistance of over seven million children.}

At least 7 million children in South Africa are living below the food poverty line. This means they are not receiving the required basic nutrition to enable them to survive and develop. Most of these children are African, living in the poorest households (quintiles 1 and 2), where none of the adults are employed. Many are located in former homeland areas.

- 44 percent of working age adults are unemployed\textsuperscript{336} and a third of children in South Africa (7 million) are living in households where no adults are employed. The rates are as high as 50 percent in former homeland areas and 80 percent amongst children in the poorest quintile.\textsuperscript{337}

The complementary nature of the CSG is based on an assumption of other income flowing into households from employment. However, the evidence reveals that this underlying assumption is flawed, especially in relation to the 7 million poorest children in South Africa.

- 7 million children are living on monthly income that is below the food poverty line, and this analysis includes all income from social grants including the R350 SRD.

- As a result of this limitation, a large proportion of children do not receive sufficient nutrition and are at risk of death or permanent stunting. Half of all child deaths in hospitals in 2018 had malnutrition as a contributing cause. We are yet to see how the COVID-19 pandemic and economic recession have impacted on this already worrying picture.

- Many children end up stunted for life (27% of all children under 5 years of age are stunted). This means they are less likely to reach their potential and be able to earn a living wage in adulthood.

If a court were to assess the limitation of rights as described above using the reasonableness test, it would consider the question of whether the CSG’s low value negatively impacts “a significant segment of the population whose needs are the most urgent and whose ability to enjoy all rights therefore is most in peril”.

Such an assessment is likely to find that hungry, starving, malnourished and dying children are among the most vulnerable segments of society and that 7 million is a significant segment of the population of children.

If the case is argued only on the right to social assistance and the right is found to be limited, the case is most likely to become primarily about whether the State has the available resources to increase the CSG amount. The State will need to demonstrate that it has used its maximum

\textsuperscript{335} The 2021 ECD Census found that 40\% of Early Learning Programmes were fully or partially registered, and only a third received a subsidy from the government.

\textsuperscript{336} The broad definition of unemployed, including discouraged work seekers. QLFS 2022, quarter 2.

\textsuperscript{337} \text{www.childrencount.uct.ac.za}
available resources and that children have been prioritised within its overall budget.

The comments by the ICESCR about South Africa not using its available wealth effectively, will be invoked by those arguing on behalf of children. Child rights advocates will also draw attention to the explicit trade-offs within the budget that have resulted in cuts or erosion of children’s grants or services.

d) The low value of the CSG limits the rights to basic nutrition of seven million children, particularly children under six years of age.

The lack of other nutrition programmes at scale for children under 6 years of age, combined with the high stunting rates for this age cohort, leaves the CSG as the State’s primary intervention for realising the right to basic nutrition for young children.

The same evidence as is raised under sections (b) & (c) above would be raised here. The difference is that the court would likely require the State to justify the limitation under the general limitations clause which imposes a higher burden on the State than the reasonableness test.

In the concluding chapter of this report, we bring this rights-based evidence to bear on the options available for increasing the CSG amount.
8. Modelling options for a bigger CSG

“The very existence, functionality, and efficiency of the CSG is an important form of recognition of material need... it is explicitly designed to recognise the structural constraints that keep children poor.” 338

A key purpose of the overall study is to simulate options for increasing the value of the CSG. In this section we describe the rationale for modelling certain increase options for the CSG and the technical processes undertaken to simulate the poverty impact, coverage and cost.

The final models are linked to the three official national poverty lines (food poverty, lower- and upper-bound poverty lines). For each scenario, we calculate the number of children who would be eligible if the CSG (and its means test) were adjusted to align with the relevant poverty line.

We present the direct and indirect reach of the CSG under each scenario, and we estimate the poverty reduction effects relative to the status quo as well as the budget implications of full (immediate) roll-out.

We also calculate the cost of a phased roll-out by age group, with the CSG means test remaining at the current value/formula, and the adjusted CSG value as a “top-up” to the existing CSG. We model the reach (to children) and annual cost (to the State) of incremental increases in the eligible age threshold over a 3-year MTEF.

We conclude with a discussion of the options from a legal perspective, and discuss the administrative implications, potential risks to the State, and risk mitigation.

8.1 Modelling the scenarios

Choice of CSG values to model

In identifying the scenarios to model, various options were considered, and some were discarded.

It made sense to use the Stats SA national poverty lines as the main benchmarks for aligning possible CSG increases because, unlike the value of the CSG (and indeed all the social grants), there is a rational basis for the poverty line values, conservative as they may be, because they are linked to the cost of a basket of goods. The StatsSA poverty lines have the status of official poverty lines (i.e., although they are not uncontested,339 they are developed by the national statistics agency, accepted by government and widely used in poverty

339 For example, both SALDRU at UCT and PMBEJD have developed alternative and slightly higher value poverty lines, as discussed in chapter 5.
analyses), and Stats SA adjusts them with inflation each year so that their “real” value is maintained.

Since 2001, the CSG has also received increases each year, usually in increments of R10 or R20, and sometimes split across the year (with one small increase in April and another in October). These increases have meant that the CSG more-or-less kept pace with inflation and maintained its real value over time – although it received below-inflation increases in 2021 and 2022, just when households (and children) could least afford to sacrifice income for food due to higher unemployment and poverty rates.

Importantly, the fact that that CSG started off from a lower base than the food poverty line means that the gap between the CSG value and the food poverty line has widened in absolute terms (number of rands) over the years. And the fact that the food poverty line has increased faster than headline inflation means that the gap has also increased in relative terms. In the absence of a substantial (above-inflation) increase in the CSG benefit, this gap will continue to widen in the foreseeable future, as illustrated in Figure 8.1.

In 2006, the value of the CSG benefit was very close to the food poverty line, being equivalent to 87% of its value. In effect, the CSG was almost providing for the basic food costs of a child at the time. In 2022 the relative value of the CSG had declined to 72% of the value of the food poverty line, and if current projections are implemented (i.e., inflation at around 6% applied to the poverty line and smaller increases to the CSG as projected in the MTEF), the value of the CSG benefit will drop to below 70% of the value of the food poverty line by 2024.

A below-inflation increase was planned for 2023/24, according to the 2022 MTEF and August 2022 MTBPS. The actual year-on-year increase (April values) was 4.2 percent. This will undoubtedly contribute to rising hunger and under-nutrition among children.

Figure 8.1  Trajectory of the value of the Food Poverty Line and the CSG

<table>
<thead>
<tr>
<th>Year</th>
<th>Food poverty line</th>
<th>Child support grant</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>219</td>
<td>190</td>
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<tr>
<td>2007</td>
<td>237</td>
<td>200</td>
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<tr>
<td>2008</td>
<td>240</td>
<td>215</td>
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<tr>
<td>2009</td>
<td>240</td>
<td>240</td>
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<tr>
<td>2010</td>
<td>250</td>
<td>250</td>
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<tr>
<td>2011</td>
<td>265</td>
<td>265</td>
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<tr>
<td>2012</td>
<td>280</td>
<td>280</td>
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<tr>
<td>2013</td>
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<td>2014</td>
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<tr>
<td>2015</td>
<td>365</td>
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<tr>
<td>2016</td>
<td>386</td>
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<tr>
<td>2017</td>
<td>417</td>
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<tr>
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<tr>
<td>2019</td>
<td>458</td>
<td>445</td>
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<tr>
<td>2020</td>
<td>476</td>
<td>460</td>
</tr>
<tr>
<td>2021</td>
<td>475</td>
<td>480</td>
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<tr>
<td>2022</td>
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<tr>
<td>2023</td>
<td>547</td>
<td>505</td>
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<tr>
<td>2024</td>
<td>547</td>
<td>505</td>
</tr>
<tr>
<td>2025</td>
<td>585</td>
<td>505</td>
</tr>
</tbody>
</table>

Food poverty line as reported by StatsSA to 2022, inflated conservatively at 6% per year.
We initially proposed modelling the CSG increase at the food poverty line and upper bound poverty line – the two lines that have a clear rationale: the food poverty line is meant to cover minimum food costs for survival, while the upper-bound poverty line is meant to cover these minimum food costs as well as the costs of non-food basic necessities. In discussion with the DSD team, it was decided to simulate three value options, including the lower bound poverty line.

Another possibility was to increase the CSG to the value of the Foster Child Grant (FCG) on the basis that the FCG was intended to cover the cost of a child who is technically a ward of the State. The larger FCG value (relative to the CSG) was originally justified on the basis that, if the child was not in the care of a foster family, they would need to be cared for in a State institution and the State would cover the full cost of the child. However, like the CSG, the value of the FCG does not have a discernible rationale for its value and in recent years the real value of the FCG has been eroded by below-inflation increases. This option was therefore not pursued.

A further possibility was to increase the CSG to the value of the CSG top-up which was introduced in June 2022 for orphaned children living in the care of relatives. The CSG top-up for orphans is an additional 50% of the value of the CSG in addition to the base value of the CSG (in 2022 the CSG is R480 per child per month, and the top-up for orphans an additional R240 per month, making the full CSG top-up value R720 per month).

This option has the benefit of aligning grant values for children, but the drawback is that the CSG top-up itself is calculated from a base value that does not have an objective rationale. The CSG top-up value lies between the food poverty and lower bound poverty lines, and instead of modelling a CSG increase to align with the orphan top-up (1.5 times the CSG value), we have included both the food and lower bound poverty values in the models.

We also considered the possibility of increasing the CSG to the national poverty lines as discussed above AND including an automatic R350 allowance for caregivers. This option would assume that if a caregiver is poor enough to qualify for the CSG then they should automatically receive the COVID-19 SRD for herself. From a child poverty reduction perspective, this approach would help to ensure that the CSG (intended for children) is not diluted by having to support the caregiver too.

From an implementation perspective it would circumvent the need for caregivers to apply separately for the SRD as it could be assigned automatically using the existing CSG mechanism, as was the case for five months during the disaster relief period in 2020.

However, the means test for the SRD is considerably lower than that of the CSG (R624 per individual adult versus R4,800 per single caregiver), so there is no alignment of the means tests, making it an unlikely option for implementation.

The option of including an automatic caregiver component in the models was therefore abandoned. Instead, it is assumed that caregivers who qualify for the R350 SRD would apply and receive it through the separate SRD process and would not be excluded on the basis of receiving CSGs for children (as happened from October 2020 to April 2021).

The eligibility estimates and budget implications for the COVID-19 SRD are beyond the scope of this study and have been modelled elsewhere.\textsuperscript{340}

Scenarios

The scenarios modelled are as follows:

1. **Status quo** CSG value and uptake to provide a baseline for comparison and demonstrate the likely situation if the CSG continues at the current level;

2. Increase the CSG to the value of the **food poverty line** (R624 in 2021 / R561 in 2019) with accompanying increase in the income threshold (ten times the value of the grant according to the current regulations);

3. Increase the CSG to the value of the **lower bound poverty line** (R890 in 2021 / R810 in 2019) with an accompanying increase in the means test income threshold;

4. Increase the CSG to the value of the **upper bound poverty line** (R1335 in 2021 / R1280 in 2019) with accompanying increase to the income threshold;

5. Implement a **phased increase** to each of the three poverty lines by targeting top-ups to the CSG incrementally by age group, keeping the income threshold constant (i.e. with the means test formula aligned to the base CSG amount rather than the CSG including the top-up).

Outcome measures

The simulated outcomes include the following estimates for each of the CSG increase scenarios:

- The **number of eligible children**;
- The **indirect reach** of the CSG (to all children, adults, working age unemployed and working-age women and total indirect reach) in a hypothetical scenario with 100% uptake, where indirect reach refers to other members of the household in which the child lives;
- The **impact of the CSG on child poverty reduction** using the poverty headcount ratio (disaggregated by province, race, area type and age group), as well as the depth and severity of child poverty;
- The **extent to which the targeting of the grant is progressive**, by simulating the distribution of grant income across the deciles;
- The **impact of the CSG on inequality among children**, using the Gini measure;
- The **cost to the State** of implementing the grant increase option (i.e., the additional budget needed) over a three-year MTEF.

8.2 Data sources

Our primary data source for modelling CSG increase options is the General Household Survey (GHS) 2019. The GHS is a nationally representative survey conducted annually by StatsSA, with a sample of around 70 000 individuals in 20 000 households.

As outlined in the chapter on poverty, the GHS is not regarded as the best source of income data and is not generally used for official poverty statistics. Nevertheless, the poverty estimates that we derive from the GHS (after some imputation for missing and implausible values) closely match those calculated from the 2014/15 Living Conditions Survey (LCS), suggesting that the GHS income data is reasonably reliable compared with the last available “official” poverty estimates.341

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341 It should be remembered, however, that income data in all survey datasets is very approximate, which means that eligibility estimates are also approximate. For this reason, we include confidence intervals in the graphs to remind...
GHS is a general purpose survey and is not designed to obtain detailed information on income and expenditure. It only asks about income in a one-shot question (for each adult over 15 years) and only in relation to earnings. It does not ask about other sources of income such as income from investments, retirement income, rent or remittances. This is a limitation of the data, but it is likely that the omission of the additional income streams does not substantially affect the poverty ratios at the lower end of the income spectrum as these income streams are likely to be negligible in poorer households.

Another key reason for using the GHS as the main data source is that it is an annual survey with recent data available and is the only national survey that provides recent data on reported receipt of social grants for children.

The Income & Expenditure Surveys (IES) and the Living Conditions Surveys (LCS) would have been good data sources for modelling increases, but the last IES was conducted in 2011 and the last LCS in 2014/2015, making them too outdated for this purpose.

Although the 2020 GHS data were available at the time of this study, we have opted to use the slightly older 2019 GHS, for three main reasons:

- First, the 2020 GHS was conducted on a small sub-sample of the 2019 GHS including only those households that were sampled in 2019 and were still contactable on the same phone numbers in late 2020. Although Stats SA adjusted its weights to control for the resultant bias in the 2020 sample, the true effects of bias are unknown and given the small sample it is preferable to use the larger 2019 dataset to allow for disaggregation.

- Second, the accuracy of grant reporting at the time of 2020 data collection was complicated by the fact that the survey spanned a period both before and after the disaster relief top-ups and caregiver grant were in payment and when they were terminated. (The 2020 GHS data collection period ran from September to December 2020, while the disaster relief grants came to an end in October.)

- Third, we are modelling on pre-COVID-19 incomes, as 2020 was unusually volatile in terms of income and job loss, and while the longer-term effects of lockdown are still felt in the labour market, there has been considerable recovery of jobs since 2020. For all these reasons, the GHS 2019 provides the best recent data on which to model increases to the CSG going forward.

We also made use of the National Income Dynamics Study (NIDS) data, in particular to develop a method for assigning caregivers to children, since this question is not asked directly in the GHS.

A nationally representative panel study, NIDS was an initiative of the Department of Planning Monitoring and Evaluation (DPME) to track and understand poverty dynamics. It is implemented by the South African Labour and Development Research Unit (SALDRU) at the University of Cape Town. NIDS Wave Five, used in this analysis, has a sample of 47,055 individuals in 13,719 households.

readers that the estimates lie within a range, rather than being precise numbers. Detailed tables in the appendix provide standard errors and confidence intervals for the estimates.

342 See also chapter 2 for our comparison of the GHS-derived poverty rates with those derived from the Living Conditions Survey, which had more detailed income data.

343 The 2019 GHS collected data on 19,649 households and nearly 25,000 children. The 2020 GHS was half the size, collecting data on just under 8,896 households and 12,500 children.

8.3 Method

To model the various scenarios, we needed to calculate the number of children who would be eligible for the CSG under the status quo and in each scenario. For this, we used existing work that the Children’s Institute has undertaken\textsuperscript{345} to develop a method for determining the percentages and population numbers of eligible children, and the uptake rate.

Similar analyses of CSG eligibility have been conducted previously,\textsuperscript{346} although the assumptions and methods used have varied, as have the data sets used, with different approaches to identifying the caregiver and spouse, and imputing income for non-resident spouses.

Many of the previous eligibility simulations were calculated before the extension of the CSG to children under 18 years, and/or from national data prior to Stats SA’s recalibration of the population model in 2017. The revised population weights, when applied to GHS data, resulted in an increase of nearly a million individuals in the child population. Finally, there is some variation in how grant uptake is measured.\textsuperscript{347} The variations in methods and results are discussed in greater detail in a separate publication.\textsuperscript{348}

We used a two-part process to estimate eligibility, namely linking children to their caregivers, and then calculating (or estimating) the caregiver income to replicate the means test.

### Linking children to caregivers (and spouse where applicable)

In terms of the regulations to the Social Assistance Act, a child support grant is paid to the primary caregiver of the child.\textsuperscript{349} The caregiver’s income (and that of their spouse, if married) is used for purposes of the means test.\textsuperscript{350}

The caregiver may be the biological parent or anyone else in the household who takes primary responsibility for the care of the child (such as a grandmother or other relative, or even someone who is not related to the child). The GHS does not provide data that explicitly identifies a child’s primary caregiver. Rather, the identification must be based on the available data on children’s intra-household relationships, namely whether their biological parents are co-resident in household, and their relationship to the “head of the household”\textsuperscript{351}.

\textsuperscript{345} Hall K (forthcoming) Re-estimating eligibility and targeting errors in South Africa’s Child Support Grant.
\textsuperscript{347} For many years grants were substantially under-reported in the GHS. Many analyses have simply calculated uptake as the number of beneficiaries recorded in SOCPEN, as a share of the number defined as eligible. This approach does not take into account errors of inclusion, and therefore under-estimates errors of exclusion.
\textsuperscript{348} Hall K (forthcoming).
\textsuperscript{349} Regulation 7 (1) (a).
\textsuperscript{350} Regulation 7 (1) (b), 13 (1) (c ) & 13 (3) (a).
\textsuperscript{351} The “head of household” is itself a problematic term, as its meaning is ambiguous and its interpretation may vary. It may be subjectively defined or simply conferred by the enumerator to establish a reference person on the household roster. But the relationship to the head it is useful for approximating at least one intra-household relationship for children (in the absence of biological parents) in that it enables identification of a co-resident grandparent, aunt, uncle etc if that person is defined as the household head.
Prior to embarking on the GHS analysis, we used NIDS wave 5 of to develop the best possible set of assumptions for defining primary caregivers for children. NIDS asks all the same questions as the GHS regarding the co-residence of biological parents and relationship to the household head, but unlike the GHS it also includes specific questions to identify a primary caregiver for each child. The primary caregiver is identified on the household roster and the relationship between the child and the caregiver is also defined. This makes it possible to cross-check and refine assumptions about the identification of the caregiver by comparing with the reported caregivers, and to derive a best-fit typology that can be implemented in the GHS.

It should be noted that many households in South Africa are “extended” in that they include members who are related in multiple ways beyond the “nuclear” form. Households may be extended vertically (for example three-generation households) or horizontally (for example where adult siblings or cousins live together). An analysis of children’s household types, using nationally representative data, found that only 25 percent of children in South Africa live in households defined as “nuclear” (children and their parents), while 10 percent lived with a single parent and 62 percent were in extended households.

Identifying the child’s primary caregiver

In our analysis, the identification of primary caregivers was implemented separately for each child, not per household, so that some households have more than one caregiver. This is also the case in practice: some households will have two or more different caregivers receiving social grants for the children in their care. The final set of tested assumptions for defining each child’s caregiver was as follows:

1. If the biological mother is co-resident, she (and/or spouse) is the caregiver.
2. [failing which] if household head is female, she (and/or spouse) is the caregiver.
3. [failing which] if household head is grandparent, he (and/or spouse) is the caregiver.
4. [failing which] if the father is co-resident, then he (and/or spouse) is the caregiver.
5. [failing which] another co-resident adult female (and/or spouse) is the caregiver.
6. [failing which] another co-resident adult male (and/or spouse) is the caregiver.

Steps 1–4 result in caregivers being assigned for 99 percent of children, with 87 percent accuracy when verified against the reported primary caregiver in NIDS. For the remaining 1 percent of children without assigned caregivers we followed steps 5 and 6 for purposes of imputing income for the means test.

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352 Five waves of the full NIDS panel study have been conducted to date, in 2008, 2010/11, 2012, 2014/5 and 2017. The 2017 sample, used in this analysis, was topped up to correct for attrition within the panel and ensure that it was nationally representative as a cross-sectional survey. The sampling frame is derived from the 2011 population census, as are the Stats SA surveys including GHS.


354 For the last two steps (5 and 6), no specific caregiver is assigned but for purposes of the means test income is imputed for adult males and females respectively using the mean income of all adult males/females who are not household heads and are African. This constraint on race is applied in light of substantial racial inequality in earnings, and the racial profile of children (overwhelmingly African) for whom caregivers have not been assigned in steps 1–4.
Determining the caregiver’s marital status and identifying or assigning the spouse

The regulations state that the applicant and spouse must meet the requirements of the means test.\[355\]

Although the CSG is awarded to the primary caregiver, it is also necessary to determine whether the assigned caregiver is married, and if so to identify the spouse and determine his income so that the combined income of the caregiver and spouse are calculated for the means test.

South Africa has low (and declining) marriage rates. The GHS asks about marital status in respect of all adults, with a pre-defined set of response categories. The category “legally married” does not distinguish between civil and customary marriage, but it is assumed that if customary marriages are registered with the Department of Home Affairs, then they would be reported as legally married. This is also how marital status is interpreted by SASSA officials, who require documentary proof of marital status in the case of married applicants.

In the analysis it was possible to determine the marital status of caregivers for 97 percent of children.\[356\] Just over a third (35 percent) had caregivers who were reported to be married. For the remaining 65 percent the spouse income was set to zero. Where the spouses of caregivers were co-resident household members, we were able to identify them through their unique person identification number in the survey and use their income data for the means test. We imputed the income of non-resident spouses by applying the mean income by race and (reverse) sex for married males / females who spouses are not co-resident.

Replicating the means test and other eligibility criteria

The CSG is targeted to poor children and a means test is used to determine whether the applicant qualifies as “poor”. The means test formula states that the income of the caregiver (if unmarried) must be below ten times the value of the grant. For married caregivers, the combined income of the caregiver and spouse must be below twice that amount.

In 2022 the CSG benefit was R480 per child per month, so the income threshold for an unmarried caregiver was R4800 per month, and for a married caregiver the income threshold for the joint income of the caregiver and her spouse was R9600 per month. The income used for the means test excludes any income from social grants.

The GHS collects information on individual earnings for all adults (from salaries / wages as well as self-employment) and this is used for calculation of income for the means test. The GHS is not designed as an income-expenditure survey and does not collect detailed information on individual income from sources other than earnings. The absence of this information potentially results in under-estimation of income (and over-estimation of eligibility) because, in theory, the CSG means test takes into account other sources of income including business profits, investment dividends, private pensions and retirement annuities, rental income, and maintenance payments.

Given the low rate of maintenance support in South Africa, due in part to the inaccessibility and poor capacity of the maintenance courts, and the fact that profits, dividends and other sources of investment and insurance income would tend to be concentrated in households in

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\[355\] Regulation 13(1) (c) & (3) (a) read with definition of ‘spouse’ in Reg 1 and with Reg 20, 21 and Annexure B.

\[356\] The information was missing or “refused” for the remaining 3%.
the top income deciles, it is unlikely that the omission of these income sources from the analysis would have a substantial income on the eligibility estimates for those whose earnings are zero or close to the income threshold.

We apply the means test by replicating the formula used by SASSA in the application process. Because the analysis uses 2019 data, we use an income threshold of R4200 for unmarried caregivers (the GHS was R420 per month in 2019), and R8400 for the combined income for married caregivers and their spouses.

There are other eligibility criteria set out in the regulations to the Social Assistance Act, some of which are possible to apply in the eligibility simulation, and some not.

- **The primary caregiver must be a South African citizen, permanent resident or refugee.** This information is not available in the GHS.
- **Both the applicant and the child must reside in South Africa.** This is implicit in the analysis as it is assumed that the resident members of sampled households live within the country.
- **The child must be 18 years of age or younger.** For SASSA’s purposes this is verified through the child’s birth certificate or ID (or sworn affidavit with supporting documentation, in the few applications lodged via the Reg 11(1) proviso for children without birth certificates). For purposes of analysis, the age cut-off is based on the reported age of the child in the survey.
- **The applicant cannot apply for more than six non biological children.** This constraint is not applied in the analysis because it affects grant access (uptake) rather than eligibility.
- **The child cannot be cared for in a State institution.** The GHS is a household survey and does not include State institutions, so these children are automatically excluded from the model.

Finally, the child should not receive another social grant. For this reason, children for whom foster child grants or care dependency grants are received are excluded from the eligible population.

### Eligibility and uptake estimates

Overall, we estimate that 73 percent of children in South Africa are eligible to receive the CSG at its current value and means test. This is equivalent to approximately 14,480,000 children.\(^{357}\) There are considerable differences in eligibility rates across the provinces, across rural and urban areas, and across race groups. Table 8.1 presents the eligibility estimates and actual uptake numbers where available.

Rural areas and the poorer provinces that include large rural populations have the highest rates of eligibility. In the former homelands eligibility rates are very high, at an average of 88 percent, compared to a much lower rate of eligibility in urban areas. Eligibility rates are 80 percent or above in the Eastern Cape, Limpopo, Mpumalanga, North West and Free State.

Although Gauteng and the Western Cape have much lower rates of eligibility (59% and 54% respectively), the number of eligible children in these provinces remains substantial because of their relatively large populations, and Gauteng has the second largest number of eligible children (after KwaZulu-Natal). Similarly, although eligibility rates are lower in urban areas than in rural areas, around half of eligible children are urban.

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\(^{357}\) We have adjusted the population weights in the GHS to produce population estimates aligned with Stats SA’s 2020 population model.
Nationally, around 14.5 million children are eligible for the CSG and 12.5 million receive it, giving an uptake rate of 87 percent. Again, there is considerable variation across provinces, and in line with previous research our analysis reveals that some of the poorest provinces (Eastern Cape and Limpopo) have among the highest uptake rates.358

Table 8.1  CSG eligibility estimates by province, area type, race and age group.

<table>
<thead>
<tr>
<th>Province</th>
<th>Child population</th>
<th>Eligible for CSG (%)</th>
<th>Eligible for CSG (N)</th>
<th>CSGs paid (SASSA)</th>
<th>% uptake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>2 521 000</td>
<td>84% (81.3-85.6)</td>
<td>2 108 000</td>
<td>1 918 481</td>
<td>91%</td>
</tr>
<tr>
<td>Free State</td>
<td>998 000</td>
<td>80% (75.9-83.3)</td>
<td>797 000</td>
<td>696 268</td>
<td>87%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>4 261 000</td>
<td>59% (56.4-61.4)</td>
<td>2 512 000</td>
<td>1 883 383</td>
<td>75%</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>4 139 000</td>
<td>79% (76.9-81.0)</td>
<td>3 270 000</td>
<td>2 857 247</td>
<td>87%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>2 387 000</td>
<td>83% (80.0-84.8)</td>
<td>1 970 000</td>
<td>1 858 297</td>
<td>94%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>1 656 000</td>
<td>81% (77.9-83.4)</td>
<td>1 338 000</td>
<td>1 113 085</td>
<td>83%</td>
</tr>
<tr>
<td>North West</td>
<td>1 399 000</td>
<td>80% (75.7-84.1)</td>
<td>1 123 000</td>
<td>862 882</td>
<td>77%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>423 000</td>
<td>70% (65.1-75.2)</td>
<td>298 000</td>
<td>316 270</td>
<td>106%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>1 974 000</td>
<td>54% (50.0-58.0)</td>
<td>1 067 000</td>
<td>1 028 638</td>
<td>96%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area type</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>11 281 000</td>
<td>63% (62.0-64.9)</td>
<td>7 157 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural (homelands)</td>
<td>7 714 000</td>
<td>88% (86.3-88.7)</td>
<td>6 752 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural (farms)</td>
<td>762 000</td>
<td>75% (67.2-81.5)</td>
<td>572 000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>African/Black</td>
<td>16 954 000</td>
<td>79% (77.5-79.5)</td>
<td>13 317 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coloured</td>
<td>1 608 000</td>
<td>59% (54.4-63.2)</td>
<td>947 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>329 000</td>
<td>26% (17.8-37.2)</td>
<td>87 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>865 000</td>
<td>15% (11.2-19.6)</td>
<td>129 000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age group</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>6 900 000</td>
<td>77% (75.4-78.2)</td>
<td>5 301 000</td>
<td>4 262 790</td>
<td>80%</td>
</tr>
<tr>
<td>6-11 years</td>
<td>6 894 000</td>
<td>73% (71.4-74.0)</td>
<td>5 013 000</td>
<td>4 548 704</td>
<td>91%</td>
</tr>
<tr>
<td>12-17 years</td>
<td>5 962 000</td>
<td>70% (68.4-71.3)</td>
<td>4 165 000</td>
<td>3 723 057</td>
<td>89%</td>
</tr>
</tbody>
</table>

| TOTAL                     | 19 757 000       | 73% (72.3-74.3)      | 14 480 000           | 12 534 551       | 87%      |

Source: K Hall calculations from GHS 2019 and SOCPEN.

1) CSG eligibility estimates are derived from survey data, which are always subject to a margin of error. 95% confidence intervals indicate the range into which the percentage estimates fall. For example, the total eligibility rate lies somewhere between 72.3% and 74.3%. Due to the small 2020 sample, and anomalies in grant access during that year, this analysis uses the 2019 GHS.

2) CSG uptake numbers are as reported by SASSA as at end June 2019 (the mid-point of year). The GHS is conducted from January to December. Data were extracted by SASSA data warehouse on request. SOCPEN does not provide information on race or the type of area where beneficiaries live.

358 The above-100% uptake rate in Northern Cape should be regarded with circumspection as the population is small and the confidence intervals wide. If the true eligibility estimate for this province is at the upper end of the confidence range rather than the mid-point, then the CSG uptake rate would fall just below 100%.
The analysis also confirms existing evidence of high rates of exclusion among younger children. In the under-6 (pre-school) population, the average eligibility rate is 77% (higher than among older age groups), but the average uptake rate is only 80%, compared with around 90% among older children. It is well established that very young children, especially those under two years, are at greatest risk of exclusion.\textsuperscript{359}

### 8.4 Impact and cost of a CSG increase

A similar process was followed to estimate eligibility for the CSG increase models to that described above. We model increases in grant value to align with the food poverty line of R624, the lower bound poverty line of R890 and the upper bound poverty line of R1335.

For each, we calculate the eligible child population based on the adjusted means test for each increase option, assuming that the 10% formula for the means test remains the same (i.e., if the CSG were increased to the Food Poverty Line of R624, then the income threshold for the means test would be R6240 for a single caregiver and double that for a married caregiver).

#### Coverage

We estimate uptake at 90 percent for all models, rounding up from the current uptake rate of 87 percent. In doing so, we assume that uptake would remain similar to, and possibly slightly higher than, current levels given the intention of DSD and SASSA to try to address the persistent errors of exclusion.

Table 8.2 shows the estimated eligible population and beneficiary numbers for each of the scenarios.

If the value of the CSG were adjusted to the Food Poverty Line and the income threshold increased accordingly, an estimated 15.1 million children would be eligible (an additional 600 000 children) and uptake would increase by 500 000 to 13.4 million (69% of all children).

<table>
<thead>
<tr>
<th>CSG value option</th>
<th>Status quo</th>
<th>CSG @ Food poverty line</th>
<th>CSG @ Lower bound line</th>
<th>CSG @ Upper bound line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage &amp; number of children eligible for CSG</td>
<td>73.3%</td>
<td>14,5</td>
<td>76.7%</td>
<td>15,1</td>
</tr>
<tr>
<td>Estimated CSG beneficiaries (assuming 90% uptake)</td>
<td>66.3%</td>
<td>12,9</td>
<td>69.0%</td>
<td>13,4</td>
</tr>
</tbody>
</table>

Table 8.2 CSG increase options, eligibility and direct reach

Source: K Hall calculations from GHS 2019 and SOCPEN.

Notes: Status quo CSG beneficiary numbers from end March 2022, as reported by SASSA.

\textsuperscript{359} More detail on the profile of the excluded population will be available in Hall (forthcoming).
Raising the value of the CSG to align with the Upper Bound Poverty Line would increase the eligible population to 16.8 million with an estimated uptake of 14.9 million children (76% of all children).

In terms of indirect coverage, the CSG reaches (and helps to alleviate poverty) for co-resident children and adults in households where it is received.

Table 8.3 summarises the indirect and total reach. The models are presented for the status quo and the outer two increase options: the CSG at the Food Poverty Line and at the Upper Bound line.

The analysis reveals the effectiveness of the CSG as a mechanism not only in its ability to reach poor children, but also in reaching poor households generally, and especially those with unemployed women.

If increased to the Food Poverty line, the CSG would also reach 45 percent of the adult population, 61 percent of unemployed working-age adults, and 72 percent of unemployed women. The total reach would be 31.8 million (including the child beneficiaries) – up from 28.6m at the current value. This would increase further to 34.7 if the CSG were increased to the Upper Bound line.

### Table 8.3 Direct and indirect reach to individuals and households

<table>
<thead>
<tr>
<th>CSG value option</th>
<th>Status quo</th>
<th>CSG @ Food Poverty Line</th>
<th>CSG @ Upper bound line</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reach to individuals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct reach (% of all children)</td>
<td>66.3%</td>
<td>69.0%</td>
<td>76.4%</td>
</tr>
<tr>
<td></td>
<td>12 900 000</td>
<td>13 400 000</td>
<td>14 900 000</td>
</tr>
<tr>
<td>Indirect - coresident children without CSG</td>
<td>23.2%</td>
<td>19.6%</td>
<td>22.8%</td>
</tr>
<tr>
<td></td>
<td>1 500 000</td>
<td>900 000</td>
<td>700 000</td>
</tr>
<tr>
<td>Indirect - co-resident adults</td>
<td>40.1%</td>
<td>45.3%</td>
<td>49.9%</td>
</tr>
<tr>
<td></td>
<td>15 400 000</td>
<td>17 400 000</td>
<td>19 200 000</td>
</tr>
<tr>
<td>Indirect - unemployed working age adults</td>
<td>55.5%</td>
<td>61.3%</td>
<td>61.4%</td>
</tr>
<tr>
<td></td>
<td>3 800 000</td>
<td>4 200 000</td>
<td>4 200 000</td>
</tr>
<tr>
<td>Indirect - unemployed working age women</td>
<td>65.3%</td>
<td>71.7%</td>
<td>71.8%</td>
</tr>
<tr>
<td></td>
<td>2 400 000</td>
<td>2 600 000</td>
<td>2 600 000</td>
</tr>
<tr>
<td>Indirect reach - total</td>
<td>37.7%</td>
<td>42.6%</td>
<td>47.9%</td>
</tr>
<tr>
<td></td>
<td>16 900 000</td>
<td>18 300 000</td>
<td>19 800 000</td>
</tr>
<tr>
<td>Total reach (children &amp; coresident members)</td>
<td>49.3%</td>
<td>54.8%</td>
<td>59.9%</td>
</tr>
<tr>
<td></td>
<td>28 600 000</td>
<td>31 800 000</td>
<td>34 700 000</td>
</tr>
<tr>
<td><strong>Reach to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total households reached</td>
<td>34.7%</td>
<td>40.2%</td>
<td>44.7%</td>
</tr>
<tr>
<td></td>
<td>5 900 000</td>
<td>6 800 000</td>
<td>7 600 000</td>
</tr>
<tr>
<td>Households in poorest two quintiles</td>
<td>59.5%</td>
<td>69.8%</td>
<td>70.2%</td>
</tr>
<tr>
<td></td>
<td>4 000 000</td>
<td>4 700 000</td>
<td>4 800 000</td>
</tr>
<tr>
<td>Households with no employed adults</td>
<td>44.2%</td>
<td>50.8%</td>
<td>50.8%</td>
</tr>
<tr>
<td></td>
<td>2 200 000</td>
<td>2 600 000</td>
<td>2 600 000</td>
</tr>
</tbody>
</table>

Source: K Hall calculations from GHS 2019 and SOCPEN.
In terms of household reach, the current coverage of the CSG is 5.9 million households (35% of all households in the country). This would increase to 6.8 million households (40%) if aligned with the Food Poverty line, and 7.6 million households (45%) if aligned with the Upper Bound poverty line. The progressive targeting of the CSG is well-established and this is also evident in the results shown above.

At its current value the CSG reaches 60 percent of households in the poorest two quintiles, and this pro-poor reach would be substantially improved by increasing the value (and related income threshold) to the Food Poverty line.

The simulation shows that reach to the poorest 40 percent of households would increase to 70 percent. Further increases to the grant value (and threshold) would not increase coverage to the poorest households substantially because most of the remaining households in the bottom quintiles do not have children and so cannot be reached by the CSG.

**Poverty impacts**

Table 8.4 shows the impact on child poverty for the different scenarios. With the CSG at its current value, 55 percent of children (nearly 11 million) remain below the upper-bound poverty line, 44% are below the lower bound line and 33% below the food poverty line. The status quo is based on 2019 data; whereas 2021 data already shows an increase in child poverty rates. The status quo scenario is therefore likely to lead to increased child poverty.

Increasing the CSG value to the food poverty line would have a negligible effect on upper-bound poverty rates but would reduce food poverty substantially, to 25 percent. As the modelled grant values increase, so do the poverty impacts.

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**Table 8.4  CSG increase options and child poverty outcomes**

<table>
<thead>
<tr>
<th></th>
<th>Status quo CSG</th>
<th>CSG @ FPL</th>
<th>CSG @ LBPL</th>
<th>CSG @ UBPL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper bound poverty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child poverty headcount (% and N)</td>
<td>55.5% 10 970 000</td>
<td>53.5% 10 570 000</td>
<td>50.3% 9 930 000</td>
<td>43.1% 8 510 000</td>
</tr>
<tr>
<td>Child poverty gap</td>
<td>0.31</td>
<td>0.27</td>
<td>0.21</td>
<td>0.13</td>
</tr>
<tr>
<td>Child poverty severity</td>
<td>0.21</td>
<td>0.16</td>
<td>0.11</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Lower bound poverty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child poverty headcount (% and N)</td>
<td>44.4% 8 770 000</td>
<td>40.3% 7 960 000</td>
<td>32.6% 6 440 000</td>
<td>15.1% 2 980 000</td>
</tr>
<tr>
<td>Child poverty gap</td>
<td>0.22</td>
<td>0.16</td>
<td>0.10</td>
<td>0.03</td>
</tr>
<tr>
<td>Child poverty severity</td>
<td>0.13</td>
<td>0.08</td>
<td>0.04</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Food poverty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child poverty headcount (% and N)</td>
<td>33.0% 6 510 000</td>
<td>25.5% 5 030 000</td>
<td>15.1% 2 990 000</td>
<td>3.2% 640 000</td>
</tr>
<tr>
<td>Child poverty gap</td>
<td>0.14</td>
<td>0.08</td>
<td>0.03</td>
<td>0.01</td>
</tr>
<tr>
<td>Child poverty severity</td>
<td>0.08</td>
<td>0.03</td>
<td>0.01</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Source: Own calculations from GHS 2019 and SOCPEN.

Notes: For purposes of comparison and projection, we use the grant beneficiary numbers from end March 2022, as reported by SASSA.
Increasing the CSG to the upper bound poverty line would virtually eliminate food poverty among children, even within the current context of high unemployment among adults.

The impacts on the poverty depth and severity are also presented in the table. The results show that even where the effect of an increase on the poverty headcount is relatively small, there are substantial impacts on poverty depth and severity. In effect, an increase to the value of the CSG has a stronger effect on the depth and severity of poverty than on the poverty headcount rate.

**Figure 8.2  Impact of CSG increase options on child poverty rates**

![Bar chart showing the impact of CSG increase options on child poverty rates](chart.png)

Source: K Hall calculations from GHS 2019.

Even poverty lines with an objective basis are arbitrary in nature because of the hard cut-offs (incomes may be clustered around the poverty line value, and those with erratic incomes may move above and below the line from month to month.) The impacts on poverty depth and severity are arguably more important for the wellbeing of children: even if a CSG increase does not bring many more children above the poverty line, it has a definite effect on reducing the depth of poverty for those below it.

All three of the modelled increase options result in a reduction of severe child poverty to nearly zero against the food poverty line. Figure 8.2 provides a visual summary of the poverty effects for different CSG options. It shows that food poverty could be eliminated for children by increasing the CSG to the upper bound poverty line. It also shows that even a more modest increase, to the food poverty line, would have a substantial effect on the food poverty rate.

---

360 As described in chapter 2, the poverty gap measures the depth of poverty amongst the poor. It is a measure of how far individuals are from the poverty line. The severity of poverty is measured as the squared poverty gap, giving greater weight to those who fall far below the poverty line.
Inequality impacts

South Africa is the most unequal country in the world. It’s gini-coefficient is ranked at the top of the World Bank’s global database of 164 countries. Inequality in South Africa has remained persistently high and even increased after the end of apartheid, although it is not as neatly mirrored in race differences as previously.

Despite the broad coverage of social assistance which now provides direct income support to a third of the population, social grants have not made a substantial impact on income inequality. This is for two main reasons:

First, the existing grants (not including the small COVID-SRD grants) exclude the millions of working-age adults in poverty.

Second, although the permanent grants (especially the CSG) are well targeted and reach millions of poor households, they are too small to offset high unemployment and the extreme differentials in income and wealth across the population.\(^{361}\)

Table 8.5 gives the minimum, mean and maximum of monthly per capita income for each decile, a reminder of the stark inequality across the deciles (and within the upper deciles). The value of the CSG falls within the second decile while both the food poverty and lower bound poverty lines fall within the third decile and upper bound poverty line within the fourth decile.

A large body of evidence suggests that high rates of inequality hamper economic growth. Inequality is also linked to other indicators such as reduced life expectancy, lower educational outcomes, lower levels of trust within society and higher rates of anti-social behaviour such as crime and even homicide.\(^{362}\)

Inequality harms the life chances of children and entrenches inequality of opportunity across generations. Given the circular links between poverty, inequality and human development outcomes (health and education), there are broader societal arguments for investing in children, and particularly young children.

<table>
<thead>
<tr>
<th>Income decile</th>
<th>min</th>
<th>mean</th>
<th>max</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td>2</td>
<td>304</td>
<td>441</td>
<td>577</td>
</tr>
<tr>
<td>3</td>
<td>577</td>
<td>735</td>
<td>890</td>
</tr>
<tr>
<td>4</td>
<td>891</td>
<td>1 127</td>
<td>1 442</td>
</tr>
<tr>
<td>5</td>
<td>1 444</td>
<td>1 688</td>
<td>1 923</td>
</tr>
<tr>
<td>6</td>
<td>1 924</td>
<td>2 433</td>
<td>3 007</td>
</tr>
<tr>
<td>7</td>
<td>3 009</td>
<td>3 867</td>
<td>4 864</td>
</tr>
<tr>
<td>8</td>
<td>4 870</td>
<td>6 412</td>
<td>8 278</td>
</tr>
<tr>
<td>9</td>
<td>8 280</td>
<td>11 118</td>
<td>15 000</td>
</tr>
<tr>
<td>10</td>
<td>15 009</td>
<td>24 913</td>
<td>167 000</td>
</tr>
</tbody>
</table>

Source: K Hall calculations from GHS 2019, based on total population.
(Decile 10 income cut-off at the 99% percentile to eliminate outliers and likely implausible values.)

\(^{361}\) World Bank 2022.

\(^{362}\) Wilkinson & Pickett 2009.
The World Bank warns that “Inequality in human development outcomes among children in different socio-economic groups contributes to slower economic growth”.\textsuperscript{363} Inequality can be measured across various dimensions, thought the most common measure concerns the distribution of income across the population. In South Africa, numerous analyses of the unequal income distribution tell the same story: the poorest decile (10 percent of the population) receives less than 1 percent of all income, while those in the richest decile receive more than half of all income.

The distribution is very “flat” in the lower deciles, with less than 10 percent of all income being received by the poorest half of the population. At the upper end, the shape is exponential, a result of massive inequality within the wealthier groups.\textsuperscript{364}

Figure 8.3 depicts the impact of the modelled CSG increases on the income distribution for children. It shows that, even if increased to the value of the upper bound poverty line, the CSG would not substantially alter the overall shape of the distribution. The share of income to children in the poorest decile would increase marginally from 0.5 percent of all income to 1.5 percent, while the income share to the richest decile would decrease from 51.7 percent to 46.8 percent (the differences, though small, are statistically significant).

The Gini index is a summary measure of income inequality. It incorporates the detailed income shares data into a single statistic that summarizes the dispersion of income across the entire income distribution. The Gini coefficient ranges from 0 (indicating perfect equality, where everyone receives an equal share) to 1 (indicating perfect inequality, where only one recipient or group of recipients receives all the income).

\textbf{Figure 8.3} \textit{Impact of CSG increase options on income distribution (children)}

![Figure 8.3 Impact of CSG increase options on income distribution (children)](image)

Source: K Hall calculations from GHS 2019.

\textsuperscript{363} World Bank 2022, p. 17.

\textsuperscript{364} As already shown in chapter 2, the income distribution can be replicated for children (using per capita household income) to show the extent of income inequality within the child population.
Table 8.6  Impact of CSG increase options on inequality (Gini)

<table>
<thead>
<tr>
<th>CSG value</th>
<th>Total</th>
<th>Adults</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status quo</td>
<td>0.675</td>
<td>0.663</td>
<td>0.682</td>
</tr>
<tr>
<td>CSG @ Food Poverty Line</td>
<td>0.664</td>
<td>0.655</td>
<td>0.661</td>
</tr>
<tr>
<td>CSG @ Lower Bound Line</td>
<td>0.651</td>
<td>0.646</td>
<td>0.637</td>
</tr>
<tr>
<td>CSG @ Upper Bound Line</td>
<td>0.630</td>
<td>0.632</td>
<td>0.599</td>
</tr>
</tbody>
</table>

Source: K Hall calculations from GHS 2019.

Note: the official Gini measure is not usually calculated from the GHS, as it is not a formal income-expenditure survey. And it excludes some of the elements of income that are especially found among wealthier people, so UNDER-states inequality. Wealthier people are also less well captured in the GHS, so the estimates of their income are likely to be especially weak (and almost certainly under-estimates). Therefore, the overall Gini co-efficient presented in the table does not necessarily match with the official inequality rate, although it is close to commonly-reported Gini coefficients for South Africa. The last “official” Gini measure for South Africa, derived from the 2014/15 LCS, was 0.63. Inequality estimates from NIDS surveys have produced higher Gini estimates, closer to 0.7. The purpose of the table is to demonstrate the relative measures for adults and children, and the relative effect of the CSG value scenarios.

Although the CSG is targeted to children specifically, it becomes part of household income and can help to reduce poverty for all co-resident members, including adults. Table 8.6 shows the Gini coefficients for the child population, the adult population and the total population in each of the increase scenarios modelled.

The table shows overall inequality for the population and reveals differences in inequality within the child and adult populations. In the status quo scenario (with the CSG at its current value), inequality in the child population is slightly higher than in the adult population and the overall measure.

The modelled increases to the CSG reduce both adult and total inequality, with an even more pronounced impact on inequality among children which reduces from 0.68 in the status quo scenario, to 0.66 if the CSG were increased to the food poverty line.

Increasing the CSG to the upper bound line would reduce the Gini coefficient in the child population to below 0.6.

It will require more than poverty alleviation through social grants to address the stark inequality of South Africa. Progressive taxation is also instrumental, as are comprehensive social protection, good quality education, health and other services, a reduction in unemployment, and inclusive growth to enable “levelling up”. But adequate poverty alleviation, particularly for children, is an essential part of the inequality reduction dynamic.

An adequate CSG can help to reduce the constraints arising from extreme poverty (such as malnutrition) so that children have a better chance to thrive, achieve better educational outcomes and break the intergenerational cycles of poverty and inequality.
Table 8.7 Illustrative cost of immediate implementation

<table>
<thead>
<tr>
<th></th>
<th>Status quo CSG</th>
<th>CSG @ FPL</th>
<th>CSG @ LBPL</th>
<th>CSG @ UBPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSG value</td>
<td>R480</td>
<td>R624</td>
<td>R890</td>
<td>R1335</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>13 100 000</td>
<td>13 400 000</td>
<td>14 100 000</td>
<td>14 900 000</td>
</tr>
<tr>
<td>Estimated cost p.a. (Rm)</td>
<td>R75 400</td>
<td>R100 000</td>
<td>R151 000</td>
<td>R239 000</td>
</tr>
<tr>
<td>Difference from budget</td>
<td>-R1 700</td>
<td>R23 000</td>
<td>R73 000</td>
<td>R161 000</td>
</tr>
</tbody>
</table>

Budget implications

The current-year CSG budget in 2022/23 was R77 billion. Our estimates suggest that expenditure on the CSG will be close to this amount if there are no changes in the grant, or even slightly lower at around R75.5 billion unless there is a substantial up-tick in the number of CSG beneficiaries. CSG numbers have remained static and even declined slightly over the last two years – partly a result of lower uptake among infants whose births were not registered during lockdown, and partly the result of grant lapsing when caregivers died.

The cost implications of the modelled increases are shown in Table 8.7. These are illustrative costs to show the budget impacts in a scenario where modelled increases were implemented immediately, in the current year.

If a CSG increase to the food poverty line had been implemented in the current year, with 90% uptake, the cost would require an additional R23 billion to the current budget of R77 billion. To increase the CSG to the Upper Bound line would cost an additional R161 billion.

8.5 A phased approach to the CSG increase

The increases and budget implications presented above describe hypothetical scenarios in which the CSG is increased for all children with immediate effect. A more likely approach in practice will be to phase in the increase through a top-up to the CSG, smoothing the impact on the budget.

Options for phased top-ups

Various options for phased increases were considered. Key principles were:

- That a phased approach should not complicate the targeting mechanism or administrative process, which currently work relatively well for both applicants and officials – as evidenced by the rapid expansion, high uptake and effectiveness of pro-poor targeting. If anything, any adjustments to eligibility and access should aim to reduce errors of exclusion, and not create additional obstacles for applicants.

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365 Note that we have not included the simulated costs of the CSG top-up for orphans in the cost analysis.
That a phased approach should be designed to allow for progressive expansion, ideally as quickly as possible.

Two possible targeting approaches were considered: categorical targeting (for example to certain geographic areas or age groups) and means-tested “severe poverty” targeting (through an additional means test).

The latter option, a phased poverty targeting approach, has the theoretical benefit of prioritising the poorest children, for example by identifying those in the poorest quintiles and targeting top-ups to them. However, this would require a supplementary means test and, if targeted to low-income quintiles, it would probably need to be a different kind of means test that takes into account household income and household size. This would complicate the means test, and probably be infeasible to implement accurately.

A great advantage of the existing means test is its simplicity. An additional (household-based) means test would risk more stringent verification processes, placing an additional burden on poor applicants and additional cost to the State, and potentially delaying uptake or obstructing it altogether, leading to higher exclusion rates. If linked to household income rather than individual (caregiver) income, it would be inappropriate and infeasible to implement in practice given the high rates of labour migration, mobility and changing household composition.

When the CSG was first introduced, the means test was applied to the household rather than only the primary caregiver, and the approach encountered such strong resistance that it was soon changed to focus on the individual.

The option of a household-targeted “Family Poverty Grant” inspired by Brazil’s Bolsa Familia was considered and modelled for National Treasury by economists at SALDRU.

Although the simulations suggested that this targeting method was, in theory, an efficient way of reducing extreme poverty, the authors were explicit that it was not a feasible option as it would have “strenuous implementation requirements” and be “exceedingly difficult to implement in practice” especially as there is no registry of households in South Africa. It would also have potential “unintended consequences” and be “particularly sensitive to inclusion errors which will affect its efficiency”.366

For the purposes of the current study, it was therefore accepted that an additional or complementary means test on household income would overly complicate the application process, and this option was not pursued.

The option of geographic targeting was considered briefly, given the provincial inequalities in poverty rates and CSG eligibility within the current system. For example, with high poverty rates and almost universal eligibility in the Eastern Cape and Limpopo, it might make sense to start with top-ups in those provinces. However, this idea was soon discarded in view of the extreme levels of within-province inequality, especially in the relatively wealthy and more urban provinces. Although eligibility rates in the Western Cape and Gauteng are lower than in other provinces, they include areas characterised by severe poverty,367 which for children may be compounded by the higher costs of urban living. It would therefore be inequitable to target CSG top-ups to some regions and not to others.

367 The inequalities and poverty “pockets” have been clearly illustrated in poverty analyses at small area level, for example in the SA Multiple Indices of Deprivation for Children conducted by Noble, Wright et al.
The final option, agreed in consultation with the DSD team and modelled in this report, was to phase in the CSG increases by targeting children by age groups, starting with the youngest children.

**Rationale for age-based targeting of top-ups**

There are many good arguments for using the age of the child to progressively apply increases to the CSG. First, it is easy to implement as the vast majority of children in South Africa have birth certificates. For those whose births could not be registered there is the existing alternative mechanism of the proviso to Regulation 11(1) which allows for alternative proof of identity (which in can also include confirmation of the child’s age).

Research evidence has shown that early-life intervention (and investment) is the best way to disrupt intergenerational poverty traps and enable children to escape poverty.\(^{368}\)

There is also a precedent for progressive age-based targeting in the CSG, starting from the youngest age group. The report of the Lund Committee observed that ideally the proposed “new” grant (the CSG) should cover children up to their eighteenth birthday, i.e., when they reached formal adulthood. However, in light of the fiscal constraints of the time, it considered how the grant might initially be restricted to a specific age range, and then increased incrementally over time. The report considered several different alternatives, but all of them started from birth, with only the upper cut-off changing.

The Lund Committee’s most conservative option was to cover children under five years of age. It noted that the argument for prioritising this age group was that “the first four years of a child’s life are critically important in terms of consistent nurturing, attention to health problems, and adequate nutrition.”\(^{369}\) In particular, inadequate nutrition in these early years has a negative impact on the wellbeing of the child throughout the rest of their life.

The committee could also have noted that the earliest years are the ones in which women are least likely to be working, or working full-time. Gender disparities in the labour market are partly about inequalities in the availability and types of employment opportunities, but are also related to the women’s caregiving roles, including breastfeeding in the early period of a child’s life, and the need for daily childcare in a context where ECD facilities are often unavailable or unaffordable. Early childhood is thus the time when the caregiver is most in need of supplementary income. The Committee declared the 0-4 age range as “the absolute minimum which should be considered”, and that it “should be loudly declared as the minimum, and the age increased as fiscal circumstances permit.”

The Committee’s second most conservative option – and the one chosen by government when the grant was introduced – was pre-school children i.e., children under seven years of age. This was motivated on the basis of the need for nurturing, access to health services, and access to adequate nutrition.

More than two decades later, with the National School Nutrition Programme reaching all schools in the bottom three deciles, a grant for pre-school children would cover children in the years before they can benefit from the mass school-feeding programme. There is thus a strong rational basis for this age range, especially if the grant amount is set at the food poverty line.


\(^{369}\) Lund report, p.94.
Phased uptake simulations and cost modelling

A few important principles underlie the approach to increasing the CSG incrementally by age group.

- First, as explained above, it makes sense to start with the youngest children and then to phase in eligibility by increasing the age threshold over time. The proposal, modelled below, is to start with a cohort of children under 6 years. This is a critical period for development. The effects of malnutrition and stunting in young children are hard to reverse and can result in life-long limitations on children’s ability to realise their potential; and pre-school children do not benefit from supplementary nutrition provided through the school nutrition programme.

- Second, it is essential that a phased approach does not cause children who have been included in an early age cohort to fall off the system when they reach the cut-off age threshold. This problem occurred during the 2000s when the age threshold was gradually increased to age 14. Then, children’s grants lapsed when they reached the age threshold and before the next increment was implemented, so that caregivers had to reapply for grants, with back-pay.

Rather, once started, the phased increases must (at a minimum) keep pace with the age increases of children at the top of the age range, and for progressive reach should exceed the age progress of children. This can be achieved by tying eligibility to a birth date rather than an upper age limit, for example 1 January 2018 if implemented in 2023. Our proposed approach, modelled in this section, is to start with children under 6 years in the first year, and then increase the age threshold by three years every subsequent year. In this way, the full roll-out of the increase could be implemented for all children under 18 within a five-year period as follows.

| Year 1: under 6 (children aged 0–5 years) |
| Year 2: under 9 (including 6–8 year-olds) |
| Year 3: under 12 (including 9–11 year-olds) |
| Year 4: under 15 (including 12–14 year-olds) |
| Year 5: under 18 (including 15–17 year-olds) |

For purposes of simulation and cost modelling, we have restricted the period to a three-year budget cycle during which the top-up amount is incrementally rolled out to children under 12.

- Third, the simple means test should be maintained to avoid complicating the application procedure and causing confusion among applicants and SASSA officials. For this reason, we have modelled the increases by applying the income formula to the current base value of the CSG. From a budget perspective, this will also mean that that eligibility will not be expanded up as it would if a universal increase were applied. Instead, we refer to the phased increases as “top-ups” – i.e., additional amounts over and above the base CSG amount.

Younger children within the eligible age range for the increase would receive the base CSG and a top-up equivalent to the difference between the base CSG amount and the chosen poverty line value. Older children beyond the targeted increase range would continue to receive the base CSG. All applicants would need to pass the means test based on the usual formula linked to the base CSG (i.e., R4,800 in 2022).
Table 8.8  Estimated beneficiary numbers for future CSG top-up, by age group

<table>
<thead>
<tr>
<th>Age group</th>
<th>Number of children</th>
<th>Eligible children (%)</th>
<th>Eligible children (N)</th>
<th>Current beneficiaries</th>
<th>Uptake rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 6 (0-5 year-olds)</td>
<td>6 891 000</td>
<td>77%</td>
<td>5 294 000</td>
<td>4 220 492</td>
<td>80%</td>
</tr>
<tr>
<td>Under 9 (6-8 year-olds)</td>
<td>3 425 000</td>
<td>74%</td>
<td>2 522 000</td>
<td>2 256 089</td>
<td>89%</td>
</tr>
<tr>
<td>Under 12 (9-11 year-olds)</td>
<td>3 437 000</td>
<td>72%</td>
<td>2 470 000</td>
<td>2 262 783</td>
<td>92%</td>
</tr>
<tr>
<td>Under 15 (12-14 year-olds)</td>
<td>3 299 000</td>
<td>70%</td>
<td>2 304 000</td>
<td>2 202 262</td>
<td>96%</td>
</tr>
<tr>
<td>Under 18 (15-17 year-olds)</td>
<td>2 932 000</td>
<td>70%</td>
<td>2 049 000</td>
<td>1 974 114</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19 984 000</strong></td>
<td><strong>73%</strong></td>
<td><strong>14 648 000</strong></td>
<td><strong>12 915 740</strong></td>
<td><strong>88%</strong></td>
</tr>
</tbody>
</table>

Notes: Unlike previous analyses (which were based on weighted data from the 2019 GHS), the child population used here is the most recent available, drawn from Stats SA’s 2020 Mid-Year Population Estimates. Eligibility estimates are derived from our analysis of 2019 data in the GHS, using reported income and grant income thresholds in 2019. Beneficiary numbers are the most recent available at time of modelling, from the 2021/2022 year-end.

Table 8.8 shows the population numbers, eligible population and uptake rates for children in the respective age groups, based on the most recent available data. There was some contraction in CSG uptake during 2020 and 2021, possibly related to government office closures, obstacles to birth registration and grant lapsing due to beneficiary death, among others.

The actual base number of beneficiaries is considerably lower than that projected for the past and current year in the 2022 ENE. We therefore calculated a revised baseline and projections in beneficiary numbers for the three-year period we model.

A further departure from the MTEF projections relates to the grant values. Those derived from the ENE tables suggested that projected increases in the grant value are negligible, ranging between two percent and four percent over the next two years. Considering recent hikes in the inflation rate (particularly in food and fuel costs) and the prospect of recession, we approach the models with the assumption that the planned increases to social grant values will need to be reviewed.

We model the total base cost of the CSG to all children and the CSG top-ups to targeted age groups with the assumption that the grant will be increased by six percent each year. Even this assumption is conservative, given that headline inflation is already above 6 percent, and as high as eight percent for those in the poorest expenditure decile.

The official budget estimates and projected beneficiaries are presented in top section of Table 8.9. In the bottom section we present our revised projections. We consider this the “more likely” scenario, i.e., with the “current” CSG beneficiary numbers as a baseline and projected increases of 200 000 per year, and with the base CSG amount inflated by 6 percent in the two outer years.

We projected increases to the poverty lines values between 2022/23 and 2024/25. At the time of modelling, StatsSA had not yet published the 2022 poverty lines. We therefore estimated the poverty line increases based on likely inflation. The new 2022 poverty lines were published by Stats SA shortly before this report was finalised. The poverty lines are very close to those in the model, with the food poverty line at R663, the lower bound line at R945 and the upper bound line at R1417. As the R2 difference in each of the poverty lines was negligible, the model was retained as is.
Table 8.9 Revised budget estimates and CSG values 2021/22 – 2024/25

<table>
<thead>
<tr>
<th>BUDGET ESTIMATES</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected beneficiaries</td>
<td>13 300 000</td>
<td>13 400 000</td>
<td>13 600 000</td>
<td>13 900 000</td>
</tr>
<tr>
<td>Budget (Rm)</td>
<td>R73 318</td>
<td>R77 224</td>
<td>R80 706</td>
<td>R84 349</td>
</tr>
<tr>
<td>Implied CSG value (R/mth)</td>
<td>R460</td>
<td>R480</td>
<td>R490</td>
<td>R510</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVISED PROJECTIONS</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised beneficiaries</td>
<td>12 900 000</td>
<td>13 100 000</td>
<td>13 300 000</td>
<td>13 500 000</td>
</tr>
<tr>
<td>Revised budget estimate</td>
<td>R71 000</td>
<td>R77 000</td>
<td>R81 000</td>
<td>R87 000</td>
</tr>
<tr>
<td>Revised value at 6% CPI</td>
<td>R460</td>
<td>R480</td>
<td>R510</td>
<td>R540</td>
</tr>
</tbody>
</table>

Notes: The projected beneficiaries are from Table 19.1 in the ENE 2022, and the Budget estimate from Table 19.3. The revised beneficiary projections are estimated from a 2021/2022 baseline aligned with the actual number of beneficiaries reported by SASSA as at end March 2022. The 2022/23 CSG values are as announced in the budget speech and implemented by SASSA, while the 2023/24 and 2024/25 CSG values project an inflation increase of 6%.

Table 8.10 Current and projected poverty lines 2021/22 – 2024/25

<table>
<thead>
<tr>
<th>STATS SA POVERTY LINES</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper bound poverty</td>
<td>1 335</td>
<td>1 415</td>
<td>1 500</td>
<td>1 590</td>
</tr>
<tr>
<td>Lower bound poverty</td>
<td>890</td>
<td>943</td>
<td>1 000</td>
<td>1 060</td>
</tr>
<tr>
<td>Food poverty</td>
<td>624</td>
<td>661</td>
<td>701</td>
<td>743</td>
</tr>
</tbody>
</table>

Table 8.10 above estimates the projected value of the three StatsSA poverty lines, again anticipating increases of six percent each year, in line with CPI.

Table 8.11 draws on all the information provided above, i.e. the eligibility estimates (at current CSG value and income threshold), the uptake ratios (based on actual beneficiary numbers reported by SASSA), the revised beneficiary projections and grant values, and the projected poverty lines to estimate the top-up amount (the difference between the CSG and the poverty line) the reach and the additional cost of implementing the top-ups to the CSG value.

A phased increase in the value of the CSG to the food poverty line (targeting children under 6 in the first year, children under 9 in the second year and children under 12 in the third year) would cost an additional R10 billion in 2023/24, an additional R17 billion in 2024/25 and an additional R24 billion in 2025/26. This is the cheapest option and, as shown above, would substantially reduce the depth and severity of poverty among children. Once fully implemented, it would reduce the child food poverty rate to around 25 percent, effectively bringing 1.5 million children out of food poverty.

A phased increase in the value of the CSG to the upper bound poverty line would cost an additional R50 billion in 2023/24, an additional R85 billion in 2024/25 and an additional R124 billion in 2025/26.
### Table 8.11  Cost of phased roll-out of the CSG “top-up” by age group

<table>
<thead>
<tr>
<th>Age groups for phased top-ups</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
<th>2025/26</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Children &lt; 6 years</td>
<td>Children &lt; 9 years</td>
<td>Children &lt; 12 years</td>
<td></td>
</tr>
<tr>
<td>0-5 year-olds top-up (80%, 85%, 90%)</td>
<td>-</td>
<td>4 235 000</td>
<td>4 500 000</td>
<td>4 765 000</td>
</tr>
<tr>
<td>6-8 year-olds top-up (70%, 90%, 90%)</td>
<td>-</td>
<td>-</td>
<td>2 270 000</td>
<td>2 270 000</td>
</tr>
<tr>
<td>9-11 year-olds top-up (70%, 70%, 90%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 223 000</td>
</tr>
<tr>
<td>Total top-ups</td>
<td>-</td>
<td>4 235 000</td>
<td>6 770 000</td>
<td>9 258 000</td>
</tr>
</tbody>
</table>

**Budget implications – base cost**

| Total children on CSG | 13 100 000 | 13 300 000 | 13 500 000 | 13 700 000 |
| Base CSG cost per year (Rm) | R75 000 | R81 000 | R87 000 | R94 000 |

**Additional cost for phased CSG top-up (Rm)**

- to FOOD POVERTY line: 
  - R10 000 | R17 000 | R24 000 |
- to LOWER BOUND line: 
  - R25 000 | R42 000 | R62 000 |
- to UPPER BOUND line: 
  - R50 000 | R85 000 | R124 000 |

As demonstrated in the poverty impact models above, this option would virtually eliminate food poverty and close the food poverty gap. It would also reduce inequality within the child population significantly. A phased increase to the lower bound poverty line would cost about half as much as increasing the CSG to the upper bound line and would also have a significant impact on the poverty headcount and poverty gap.
8.6 Policy, administrative and legal considerations

Policy considerations

In terms of **policy coherence**, aligning the value of the CSG to an official poverty line would return the CSG value to the original vision, in which the grant amount is based on an objective measure.

- **Aligning with the food poverty line** would retain the complementary nature of the CSG by basing it on the costs of food. However, in the context of structural unemployment, where 7.3 million children live in households where there are no employed adults; supporting families to only afford food does not ensure the child’s other basic needs will be met. Basic needs that will remain unmet will include energy for cooking food, clothing, hygiene products, transport to clinics and school.

  Under this scenario, children are likely to remain deprived in these areas or else their caregivers would need to reduce their expenditure on basic food to attempt to meet some of these other basic needs, resulting in under-nutrition for the children.

  For children under 6 years the risk of under-nutrition is greatest as they are not receiving the daily meal provided by the NSNP and the majority are not attending a State subsidised ECD centre. Even ECD centres that are registered and subsidised often still need to charge fees as the government subsidies do not adequately cover the basic running costs of running an ECD centre and providing meals to the children in the centre.

- **Aligning with the lower bound poverty line** would also retain the complementary nature of the CSG by basing it on the costs of food plus some other basic essentials and would also align with the original intent of the grant design which was to cover the costs of food and clothing.

  This would go some way in addressing the gap for the children under 6 who are missing the other components of the social protection package with regards to food.

- **Aligning with the upper bound poverty line** would change the nature of the grant from a complementary grant to a grant that covers the basic costs of a child. This last option would give effect not only to the right to social assistance and basic nutrition but would also eliminate child food poverty and somewhat reduce inequality – thereby contributing to the realisation of the rights to dignity and equality.

  Where this proposal potentially faces its biggest challenge on the policy front relates to **affordability** in a climate of fiscal austerity and multiple competing social priorities.

  In the absence of increased revenue, any increase to the CSG will effectively have to compete with other aspects of the social protection package that are also important for children’s basic needs such as basic education and ECD. It will also compete with other aspects of the social protection package that are important to cover the basic needs of unemployed adults, many of whom are caring for poor children and have no access to a grant or are only able to access a very low R350 SRD to partially cover their own basic needs. Other budget items that are relevant include NSFAS, National Health Insurance and free basic water and electricity.
When the government makes decisions on all these competing budget priorities, they should precede the decisions with a child impact assessment that projects what the implication will be for children, in particular for the constitutionally protected basic needs such as basic nutrition, basic health care services, basic education, shelter and social services.

Phasing in the increase will spread the affordability challenge over a five-year period while reaching the youngest children who are most vulnerable to malnutrition and stunting in the first year of implementation. The returns to society of investing in the early years of a child’s life have both short, medium and long term positive financial implications for the State and society as a whole.

**Administrative considerations**

An increase to the CSG would also be administratively easy to put into effect and would place no additional administrative or human resource burden on SASSA. This is because it does not require any amendments to the Act or the Regulations, or any additional training or changes to the application processes.

The Act already authorises the Minister of Social Development to increase grant amounts or to pay additional amounts (top-ups) to categories of grant beneficiaries based on need.

So far, the Minister has used this power to implement annual inflation related increases and to introduce an additional amount for certain categories of grant beneficiaries based on need (grant top-ups in the Older Persons Grant for pensioners older than 75 years, and CSG Top-Ups for orphans). If the CSG value is increased in phases using an age cohort approach, all that is needed is the publication of a notice in the government gazette indicating the increased amount for that age cohort.

It is recommended that the method used for the age extension from 15 to 18 year-olds is used [setting a year of birth as the entry criteria] rather than the method that was used for the age extension from 7 to 14 years [setting an upper age limit as the criteria] so as to avoid children whose grants have been topped-up dropping back down to the base amount while waiting for the next age cohort to be topped up.

The method used for the 7 – 14 years age extension caused financial uncertainty for families whose children were at the top-end of the age cohort being phased in as they continually fell off the grant and had to wait for the next age cohort phase to reapply. It also caused extra administration for the State as caregivers had to reapply for the same child multiple times.

The CSG Top-Up has been made possible by a new section in the Social Assistance Act which authorises the Minister of Social Development, with the concurrence of the Minister of Finance, to provide additional payments linked to a social grant and to do so by differentiating between categories of beneficiaries based on need.

Besides orphans, this new ‘top-up’ mechanism could be used to increase the CSG amount for other categories of children – for example to certain age groups or other sub-groups of children. It provides a flexible mechanism for phasing in a CSG amount increase without adjusting the means test threshold because the means test is linked to the CSG base-amount.

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372 Section 12A.
373 Section 12A of the Social Assistance Act of 2004 as amended by Act 16 of 2020 and put into effect on 1 May 2022.
Table 8.12  Examples of CSG increase by Government Gazette notice

**Notice for Grant Increases as of 1 April 2023**

<table>
<thead>
<tr>
<th>Grant</th>
<th>Current amount (2022/23)</th>
<th>New amount (2023/24)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPG (Older persons)</td>
<td>R1980</td>
<td>R2080</td>
</tr>
<tr>
<td>OPG [75+ years]</td>
<td>R2000</td>
<td>R2100</td>
</tr>
<tr>
<td>CSG</td>
<td>R480</td>
<td>R500</td>
</tr>
<tr>
<td>CSG Top-Up [Orphans]</td>
<td>R240</td>
<td>R250 [Total R750]</td>
</tr>
<tr>
<td>CSG Top-Up [0 – 6] For children born on or after 1 January 2018</td>
<td>0</td>
<td>R170 [Total R670]</td>
</tr>
</tbody>
</table>

**Notice for Grant Increases as of April 2024**

<table>
<thead>
<tr>
<th>Grant</th>
<th>Current amount (2023/24)</th>
<th>Projected amount (2024/25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSG</td>
<td>R510</td>
<td>R540</td>
</tr>
<tr>
<td>CSG Top-Up [Orphans]</td>
<td>R250</td>
<td>R270 [Total R810]</td>
</tr>
<tr>
<td>CSG Top-Up [0 – 6] For children born on or after 31 March 2017</td>
<td>R170</td>
<td>R200 [Total R740]</td>
</tr>
<tr>
<td>CSG Top-Up [6 – 9] For children born on or after 1 January 2016</td>
<td>0</td>
<td>R200 [Total R740]</td>
</tr>
</tbody>
</table>

**Notice for Grant increases as of April 2025**

<table>
<thead>
<tr>
<th>Grant</th>
<th>Current amount (2024/25)</th>
<th>New amount (2025/26)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSG</td>
<td>R540</td>
<td>R580</td>
</tr>
<tr>
<td>CSG Top-Up [Orphans]</td>
<td>R270</td>
<td>R290 [Total R870]</td>
</tr>
<tr>
<td>CSG Top-Up [0 – 9] For children born on or after 31 March 2015</td>
<td>R200</td>
<td>R220 [Total R800]</td>
</tr>
<tr>
<td>CSG Top-Up [9 – 12] For children born on or after 1 January 2014</td>
<td>0</td>
<td>R220 [Total R800]</td>
</tr>
</tbody>
</table>

Table 8.12 shows how the increase could be phased in by notice in the government gazette over a three-year period.

This illustrates both how the Top-Up mechanism works in practice and shows how the modelled age cohorts would work in practice.\(^{374}\)

How the top-up for orphans and the top-up for age cohorts would work together needs further discussion.

How the computer systems would handle this complexity also needs discussion with SASSA:

\(^{374}\) Note that the actual values would be determined in line with the actual grant increases and the value of the food poverty line as inflated by Stats SA.
• Currently SASSA’s computer programme is not able to add an orphan top-up to an existing SASSA beneficiary’s CSG. As a result, SASSA first cancels the existing CSG and then requires the beneficiary to re-apply for the CSG and Top-Up.

• However, during the state of disaster, SASSA was able to add top-ups to existing grants without first cancelling the grants and requiring a new application.

• The difference is that the orphan top-up is obtained by an application that needs to be checked and loaded at local office level, whereas the relief package top-ups were automatic and effected at a systems level by the national office.

• SASSA’s grants administrative database can easily disaggregate children into ages based on a specified dates of birth (e.g., all children born on or after 1 January 2018), so the poverty top-ups could be added automatically in the same way that the disaster relief top-ups were added, without the need for a new application. This makes the introduction of the top-ups administratively easy for both SASSA officials and for the beneficiaries.

• It is recommended that the system is not programmed to end the age cohort top-ups when the upper age limit is reached, but rather allow the top-up to continue and merge with the second age cohort phase. This can be achieved if the qualifying requirement is a birth date rather than an upper age limit.

Legal considerations

The lessons learned from the history of the CSG (chapter 3) combined with the findings of the CSG impact analysis (chapter 4) and the modelling exercise (chapter 8) demonstrate the pivotal role that the CSG amount plays in South Africa’s child poverty and inequality rates: Increasing or decreasing the CSG amount can change the future of South Africa’s child poverty and inequality levels.375

Therefore, when the Ministers of Social Development and Treasury make decisions on annual increases to the CSG amount or on whether to increase the CSG to the food poverty line or the upper bound poverty line, they are making decisions about whether they want to see a decrease or increase in the rates of child poverty, inequality, malnutrition and stunting.

Section 8.4 above provides a child centric impact assessment of what is likely to happen to South Africa’s high child poverty levels depending on which scenario is implemented. The legal implications for the State will also be determined by the decision, which is ultimately taken by the Ministers of Social Development and Finance.

a) Maintain CSG at its current value

If the Ministers decide to continue the status quo, with a low CSG amount and below food inflation annual increases: child food poverty is likely to increase. This in turn will lead to increased child inequality, deprivation, malnutrition and stunting. Increases in these child centric indicators will be reviewed by international treaty

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375 The modelling does not take into account other variables that may change and influence the child poverty and inequality rates. For example, the unemployment rate for quintile 1 to 3 households may increase or decrease. Or the R350 SRD may be replaced with a Basic Income Support grant (BIS) for unemployed adults that either increases or decreases income to households with unemployed adults depending on its value and how narrowly or broadly it is targeted. However, there is unlikely to be any substantial changes in these variables in the next 3 to 5 years. For example, if BIS is introduced in 2025, it is likely to be an incremental increase on the existing R350 SRD.
bodies and South African courts as evidence that the State is not achieving progress in realising children’s right to social assistance and is unjustifiable violating the basic nutrition and health rights of over 7 million children. Continuing with the status quo trajectory is therefore a risk for the State in both the international and constitutional law environment.

The State will face increasingly scathing Concluding Observations from human rights treaty bodies. The respective international committees already recommended in 2016, 2018 and 2019 that the CSG amount should be increased. If this is not done, the State will need to explain why it has ignored the recommendations of the international rights bodies and instead continued to erode the value of the grant by making below food price inflation annual increases for three years in a row.

Within the domestic courts, the State currently faces a litigation risk due to the evidence of increasing child food poverty, international law strongly calling for an increase and three years of below food inflation annual increases which amount to regressive action. It is important to remember that the food poverty line is a proxy for children’s right to basic nutrition which is an immediately realisable right. It is not subject to the limitations of progressive realisation or available resources.

The State would therefore have to prove that its decision to continue to violate this right for over seven million children is reasonable and justifiable in a democracy based on equality, dignity and freedom. This is a high threshold that the High Court has already ruled on in relation to the right to basic nutrition in the NSNP case. In this case the Court found that starvation of a child is never justifiable – a precedent that is likely to be followed by the South African courts if the CSG’s low value is challenged.

b) Increase CSG to food poverty line

If the Ministers decide to increase the CSG to the food poverty line and ensure the value keeps pace with the food poverty line on an annual basis: Child food poverty rates will decrease by 7,5 percentage points to 25 percent and upper bound child poverty will decrease by 2 percentage points to 53.5 percent. This in turn will reduce the rates of child hunger, malnutrition and stunting.

International treaty bodies would commend the government for heeding their recommendations and making a decision that will reduce child food poverty. They would encourage the government to continue to do more to work towards the goal of eliminating child food poverty.

A decision to increase the CSG amount to the food poverty line would remove the domestic litigation risk described above under the status quo scenario. The decision would not be able to be challenged in South African courts because the evidence on both a budget and child indicator level would demonstrate progressive realisation of social assistance rights and immediate realisation of children’s basic nutrition rights.

If, however, other individually targeted poverty related grants, such as the SRD or BIS were increased to values higher than the food poverty line, while the CSG was only increased to the food poverty line, the decision could be challenged as discriminatory and an infringement of children’s and women’s rights to equality and children’s rights to be prioritised when resources are scarce. Under such a scenario, households with children would be disadvantaged by receiving less income support per person in the household, whereas households without children would receive more per person.
c) Increase CSG to lower bound line

If the Ministers decide to increase the CSG to the lower bound poverty line and ensure the value keeps pace with the lower bound poverty line on an annual basis: **Child food poverty rates and numbers will be more than halved and child hunger, malnutrition and stunting will be significantly reduced.**

The food poverty rate would drop to 15 percent (just under 3 million children), while upper bound poverty would drop to 50 percent.

A decision to increase the CSG to the lower bound poverty line would exceed the recommendations of the international treaty bodies and would receive strong praise from them. As the child indicators start to show the results of this decision, the State’s reports to the international treaty bodies will increasingly be able to show significant progress in realising children’s socio-economic rights.

There is no domestic litigation risk for the State if this decision is taken. If, however, other individually targeted poverty related grants, such as the SRD or BIS are increased to values higher than the lower bound poverty line while the CSG is only increased to that level, the decision could again be challenged as discriminatory and an infringement of children and women’s rights to equality and a failure to prioritise children’s rights when resources are scarce.

Under such a scenario, poor households with children would be disadvantaged by receiving less income support per person in the household, whereas poor households without children would receive more per person.

d) Increase CSG to upper bound line

If the Ministers decide to increase the CSG to the UBPL and ensure the value keeps pace with the UBPL on an annual basis: **Child food poverty will be almost eliminated, with comparably high reduction impacts on child malnutrition and stunting.** The headcount of children living below the upper bound poverty line would be reduced by 12 percentage points to 43 percent and is likely to continue to reduce with time. Food poverty among children will be virtually eliminated.

A decision to increase the CSG to the upper bound poverty line would exceed the recommendations of the international treaty bodies. As the child indicators start to show the results of this decision, the State’s reports to the international treaty bodies will increasingly be able to show significant progress in realising children’s socio-economic rights. There is no litigation risk for the State if it takes this decision.

e) Phased increase

If the Ministers decide to phase in one of the poverty line increases starting with the youngest children: **the poverty reduction impact of each scenario will be somewhat reduced due to the time delay.**

This can be mitigated by targeting the youngest children first and ensuring the final phase is reached within three to five years.

A phased approach to implementing the increase could be challenged on the basis that older children are disadvantaged if they are excluded from the first three phases. If the State can demonstrate a policy or legal commitment to reach all poor children under 18 within a clear and short timeframe, such a challenge is not likely to succeed. Furthermore, there are many legal arguments to be made as to why children under 6 should be prioritised for the first phase:

- children under five years of age are at greatest risk of lifelong negative impacts due to stunting if they do not receive adequate nutrition;
• children under six years of age who do not attend formal schooling are not benefitting from the National School Nutrition Programme;

• the majority of children under five are not in a State subsidised ECD programme and are not benefitting from the nutritional components of the ECD subsidy;

• children under five who are in subsidised ECD programmes are unlikely to receive adequate nutrition at the centres due to the low level of the State subsidy;

• children under six have an increased need for supervised care to keep them safe from harm, which inhibits full-time employment by their caregivers or requires caregivers to pay for supervision.

8.7 Summary and recommendations

Raising the value of the CSG is just one of a number of options available to the DSD. Others include; extending the reach of the CSG by increasing the age threshold to 21 years, or backwards to pre-birth (via a maternity grant); or universalising the grant.

These all have different arguments, for and against, as well as different administrative and budget implications. We understand that the review of the CSG value was commissioned in this context, as well as the continuation and expansion of the COVID SRD and the prospect of a possible Basic Income Grant in future.

Any proposals to increase social grants for children will be considered in the context of other proposals or claims on the social assistance budget – and beyond that, against competing claims from other sectors, on an increasingly contracted national budget.

It is therefore especially important that the option of increasing the CSG is backed by a strong empirical evidence base in which options are carefully costed and considered in terms of practicality and impact as well as from legal and budget perspectives.

The findings and recommendations will be part of a body of evidence that can help the DSD and Treasury to assess the feasibility, cost, administrative implications, risks and benefits of this option.

At the time of writing this report, DSD is promoting and prioritising a basic income support grant for unemployed adults. This option also has strong support from civil society and organised labour, but it is important that existing grants that are shown to be highly pro-poor and effective (like the CSG) are not traded off to facilitate the establishment of a new grant for unemployed adults.

Most of the options for a grant for unemployed adults that are being put forward are aimed at individual adults irrespective of the number of children in their care.

The impact of these options and proposals on children and their caregivers, and the existing CSG, need to be considered. For example, will the CSG be changed into basic income support for children and pegged at the same amount as basic income support for adults or will the CSG be a lower amount?

This is an important and opportune time for the DSD to carefully consider options for increasing the value of the CSG, and to understand the financial, legal and administrative consequences of the various options, as well as the consequences of not increasing the grant.
South Africa has extremely high levels of child food poverty, malnutrition and stunting. It is notorious as having one of the highest rates of inequality in the world, and unemployment rates are persistently high, especially for African women in the lowest quintiles. This represents a crisis for 11 million children in South Africa. Their caregivers do not have enough income to provide for their children’s food, clothing, transport, bedding, or shelter. The caregivers of over seven million children do not have enough income to ensure their children have basic nutrition.

In terms of international and constitutional law, the State is obliged to support the caregivers of these children to provide for their children’s basic needs. This obligation should be prioritised above all other obligations, especially in a time of crisis. The State’s decisions in relation to the CSG annual increases over the past three years have eroded the real value of the CSG, reducing its purchasing power in the face of increased food and fuel costs, pushing more children into food poverty.

Increasing the CSG value to one of the poverty lines and ensuring that it keeps pace with this line on an annual basis, will ensure that children’s basic needs can be met now and in future times of crisis. While increasing the CSG to the food poverty line or lower bound poverty line will not cover all children’s basic needs, these increases will at least ensure that children have the food they need to survive and stay healthy. Increasing the CSG to the upper bound poverty line will almost eliminate child food poverty and ensure that caregivers can provide for most of their children’s basic needs, enabling them not only to survive and stay healthy, but to develop and possibly thrive – breaking the intergenerational cycle of poverty and reducing reliance on the State for income support over the long term.

The scenarios that we have modelled in this report demonstrate that it is possible to address the high child poverty rates and substantially reduce the depth and severity of child poverty. This can be done using a phased approach that does not shock the national budget but still achieves substantial poverty reduction effects for children within five years, with the potential to transform the prospects for a current cohort of children, and with benefits that will flow forward to future generations.

“Social protection and employment creation are not either/or choices....

Social protection has a particular role in addressing extreme poverty. As an upper-middle-income country, South Africa has the resources to come close to eliminating extreme poverty within a relatively short period of time.”

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