

**South Africa's Social Assistance Intervention as a building block of
a Developmental State**

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Date:

26th May 2014

DEDICATION

I dedicate this thesis to my late mother, Elestina Chagunda, who worked tirelessly brewing local beer (mowa wamasese) to pay for my school fees and other school necessities. May her soul rest in peace.

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ABSTRACT

This study explores the extent to which South Africa's social assistance programme can constitute a building block of a developmental state. Using a critical research approach and Taylor's conceptual framework (2002) that draws on Sen's understanding of development as freedom, I explore the impact of cash transfers on households, on access to socio-economic opportunities and to the overall development of local democracy. Sen's capability approach and theoretical analysis of development helps to link different dimensions of poverty with human and institutional capabilities. There are five research objectives: examining whether a cash transfer has a developmental impact on the people who receive it; establishing whether cash transfers improve opportunities for households to take part in socio-economic activities; investigating how cash transfers promote civic participation and local democracy; ascertaining ways in which cash transfers promote development; and ascertaining the extent to which a cash transfer could be a significant feature of a developmental state.

The findings are in two parts. The first is a review of the relevant literature. Previous studies have found that social grants can lead to poverty reduction, help to send dependents to school and enable respondents to get loans to start their own businesses.

The second part consists of new findings, based on interviews from a purposive sample of 160 men and women from Khayelitsha and Graafwater in the Western Cape who received a social grant. The respondents perceived the cash transfer as opening up socio-economic opportunities for them, such as skills training. Social grants also reportedly enabled women to break free of abusive relationships and function independently, which they described as restoring their human dignity and freedom. Further, 46% indicated that the social grant income assisted them to become active citizens. A minority of respondents, especially those with small businesses or employment, perceive the grants as a backup in case of business failure or retrenchment. My assumption of cash transfers having a developmental impact has been confirmed.

In conclusion, the thesis expands the theoretical and policy understanding of social assistance beyond its impacts on income poverty and provides new insights on the multiple ways through which cash transfers enable poor household members to participate in enterprise development and in building local democracy. Based on the findings, recommendations are offered to government and stakeholders.

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LIST OF ACRONYMS

AIDS	acquired immune deficiency syndrome
ANC	African National Congress
AU	African Union
ACHPR	African Charter on Human and Peoples' Rights
ACCESS	Alliance for Children's Entitlement to Social Security
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BIG	basic income grant
CWD	Catholic Welfare and Development
CT	cash transfer
CEDAW	Committee on the Elimination of All Forms of Discrimination against Women
CEMAF	Cederberg Municipal Advisory Forum
CDE	Centre for Development and Enterprise
CSG	child support grant
CSP	comprehensive social protection
CRC	Convention on the Rights of the Child
CPI	consumer price index
DG	disability grant
EPWP	Expanded Public Works Programme
FDI	foreign direct investment
GHS	General Household Survey
GNP	gross national product
GDP	gross domestic product
GEAR	Growth, Employment and Redistribution
HIV	human immunodeficiency virus
HDR	Human Development Report
HDI	human development index
HDIs	human development indices
IMR	infant mortality rate
IMF	International Monetary Fund
MDGs	millennium development goals
MAF	Municipal Advisory Forum
NDPW	National Department of Public Works

NGPA	National Government's Programme of Action
NP	National Party
NPC	National Planning Commission
NIEO	new international economic order
NGO	non-governmental organisation
ODA	official development assistance
OAG	old age pension
PQLI	Physical Quality of Life Index
PPP	purchasing power parity
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SANCO	South African National Civic Organisation
SASSA	South African Social Security Agency
StatsSA	Statistics South Africa
SAPs	structural adjustments programmes
U5MR	under-five mortality rate
UIF	Unemployment Insurance Fund
UNDP	United Nations Development Programme
UN	United Nations
WHO	World Health Organisation

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Introduction

A developmental state is defined as one that has a national development vision and acts as an entrepreneurial agent to co-ordinate investment plans and engages in institution building to promote growth and development (Chang (1994). Such a state influences the direction and pace of economic development by directly intervening in the developmental process (Johnson, 1982). Marais (2011:338-347) adds that a developmental state is a model of economic growth and social redistribution in which the state acts, with varying degrees of autonomy. The state also acts as a major actor promoting growth, determining its pattern and ensuring social development (Marais, 2011) [detailed unpacking of the term developmental state refer to section 1.6 below]. The concept of developmental state in South Africa has to be contextualised both pre-1994 and post 1994. Pre-1994 the White minority benefited from South Africa's development and the majority were excluded. The majority of black South Africans were forcibly removed from their ancestral land and community where they had closely practiced Ubuntu which was at the core of kinship social assistance and social protection. The removal of the majority of black South Africans from their land and community meant the end to their subsistence farming and kinship social assistance. At the same time it was the beginning of increased poverty and reliance on the government social assistance which the majority of them were unable to access. During apartheid period social protection was bias towards White and Coloured people leaving the majority of black South Africans without social protection. It was only after 1994, that every South African regardless of race was entitled to access social assistance. The sustainability of social assistance programme depends on how developmental South Africa continues to be. It is in this regard that the link between a developmental state and social assistance programme must be made.

The South African National Development Plan: Vision 2030 (NDP), launched in August 2012, has a distinct focus on inequality, and poverty. The plan sets as its main objective, among others, the reduction of inequality, unemployment and eradication of poverty by 2030 which are regarded as the outcome of a developmental state. South Africa uses cash transfers as a way of addressing poverty in the short to medium term, until job creation takes off.

Scholars and researchers have undertaken various studies on social assistance. These include:

- the relationship between pro-poor growth and social protection in South Africa (Bhorat and Van der Westhuizen, 2011a)
- the child support grant (CSG); its uses, implementation and obstacles (DSD, SASSA and UNICEF, 2010)
- the extent to which cash transfers in South Africa alleviate hardship in terms of the household poverty of vulnerable groups (Woolard and Leibbrandt, 2010)
- the impact of the cessation of the old age pension on household formation and labour supply (Ranchod, 2010)
- whether CSGs can be made conditional on education or health-related behaviour to enhance their effectiveness (Lund, 2008)
- the impact of unconditional cash transfers on nutrition, with reference to the South African CSG (Aguero, Carter and Woolard, 2006)
- the reach of the CSG in KwaZulu-Natal (Case, Hosegood and Lund, 2003)
- an examination of the expanding social security net in South Africa, with regards to opportunities, challenges and constraints (Pauw and Mncube, 2007)
- whether having an old-age pension (OAG) recipient in a household reduces the negative impact of maternal orphanhood on schooling (Case and Ardington, 2006)
- the impact of the OAG on health status (Case, 2000)
- the investment in children in households where both an eligible woman and a man receive an OAG (Duflo, 2003)
- the potential impact of social assistance in South Africa on poverty (Haarmann, 2000).

There is not much research that focuses on how cash transfers contribute to broader development processes, which is why this study explores ways through which social grants contribute to the developmental goals of the state. I have used a critical research approach and Taylor conceptual framework that draws on Sen's understanding of development as freedom, to explore the impact of cash transfers on households, on access to socio-economic opportunities and to the overall development of local democracy.

There are opposing views about whether South Africa is a developmental state or striving to become one. Marais (2011:338) argues that the South African government rolled out the developmental state “project”, as he calls it, in the early 2000s. At this time in South Africa, gross domestic product (GDP) was increasing, trade relations had multiplied and financial investors were heading to South Africa as an attractive emerging economy (Marais, 2011). Real-estate developments were flourishing, imported vehicles were in demand, shopping malls were filled with customers, public debt had been trimmed, as had the budget deficit, and tariff barriers and capital controls were being dismantled (Marais, 2011). The Presidency (2010:9) was able to claim various developmental achievements since the start of democratic government in 1994.

I agree, while at the same time I note that some challenges have continued to choke the country. Social realities on the ground were bleak, as the quality of life and well-being of the previously excluded [for detailed discussion on the previously excluded, refer to section 1.8.1 of this thesis] and marginalised groups were below acceptable standards (Marais, 2011:123). Twenty years after the transition to democracy, breaking the grip of poverty has remained a huge challenge for South Africa.

In this thesis, “poverty” is understood as the condition of not having the means to meet basic human needs, such as clean water, nutritious meals, healthcare, education, clothing and housing. (Kabeer, 1994). Poverty is a denial of choices and opportunities and a violation of human dignity (UN, 1998; Taylor, 1997). Poverty prevents people’s development. The poor are at the very bottom of society and suffer from exploitation, discrimination and powerlessness. Most of these are women and children – black women and children in particular (Joubert, 2012; Marais, 2011; Taylor, 1997). According to Marais (2011:123), the ANC-led government assured the nation that solid economic fundamentals would make it possible to start building a developmental South Africa that would harness new economic opportunities for social progress.

In this study, I have argued that, in a developmental South Africa, the government should ensure that development benefits all individuals and communities, and the country as a whole. This means directly improving human conditions (Adelman and Yeldan, 1999), human welfare (Pronk, 1997), and promoting and enhancing human capabilities (Sen, 1999; Edigheji, 2010).

The provision and usage of cash transfers – the child support grant (CSG), old age pension (OAG) and disability grant (DG) – contributes to a developmental state in various ways. By reducing household hunger, people live longer and healthier, allowing them to contribute to developmental projects. Children can be afforded transport to school and better nutrition, which contributes to the decrease of under-five mortality and infant mortality (Hall, 2013). Cash transfers contribute to the improvement of beneficiaries' living conditions, human capabilities and economic development.

Various African nations, such as South Africa and Mauritius, consider social policy, and especially social protection, to be a powerful instrument for transformation as it has the potential to enhance protection, redistribution, production, reproduction and freedom (Mkandawire, 2007). In some countries, social policy has been associated mainly with technical interventions, such as the provision of income support to the poor, which aims to reduce poverty and provide some protection against destitution, and Marais (2011:238) puts South Africa into this category. The South African government provides social grants as a means to reduce poverty (Hall, 2013). The number of cash transfer beneficiaries increased significantly after 2000, and increased further when eligibility was broadened in 2003 (Seekings, 2006).

My views concur with those of the National Planning Commission (NPC)'s statement that development is the process of nurturing continuously the capabilities of all citizens, in South Africa; particularly those who were previously disadvantaged (NPC, 2011). It argues that the provision of a cash transfer contributes to the promotion of human capabilities as it helps grant recipients to do things that they would not have been able to do without it. In so doing, grant recipients can define their goals and live the life they value (Sen, 1999). It is through such expansion of capabilities that development will fulfil human needs and prevent loss of life (Ul-Haq, 1989).

As South Africa strives to become a developmental state, the government, amongst other players, has to root out poverty, deliver quality services, improve access to quality education, ensure growth, and create more jobs in the economy (Modise, 2012:4). South Africa's developmental challenges include the limited number of employed people, the fact that the quality and standard

of education for low-income households is not at an acceptable level, poor people's exclusion from economic and employment opportunities, and public services that are insufficient, of poor quality or otherwise lacking (NPC, 2010). In 2010, the South African government admitted that, despite all its achievements since 1994, the country had not attained the outcomes necessary to create "a better life for all" (Presidency, 2010:9). Substantial levels of poverty, joblessness and inequality continue to haunt the country (Ramphela, 2008). To ensure its focus on realising concrete improvements in the life of all South Africans, the government identified 12 key outcomes:

1. Improved quality of basic education
2. A long and healthy life for all South Africans
3. All people in South Africa are, and feel, safe
4. Decent employment through inclusive economic growth
5. A skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable and sustainable rural communities with food security for all
8. Sustainable human settlements and improved quality of household life
9. A responsive, accountable, effective and efficient local government system
10. Environmental assets and natural resources that are well protected and continually enhanced
11. Create a better South Africa and contribute to a better and safer Africa and world
12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship (Presidency, 2010:13).

These outcomes are being worked on: they are not yet achieved. But even as aims, they are characteristic of a developmental state.

In general, the expansion of social assistance provision is a desirable policy intervention as it enables the state to better address massive levels of poverty and deprivation. Among other features, social assistance provides:

- a way to redistribute resources from the rich to the poor, and from the employed, employers and businesses to vulnerable groups, such as the disabled, the elderly and the children in poor households (Woolard and Leibbrandt, 2010)
- a guaranteed minimum income to the poor and the most vulnerable (Freeman and Sherwood, cited in Gil, 1992)
- one means of increasing capabilities and opportunities for people to become self-reliant (Woolard and Leibbrandt, 2010).

This study explores the extent to which South Africa's social assistance programme can constitute a building block of a developmental state. Using a critical research approach and conceptual framework (Taylor, 2002) that draws on Sen's understanding of development as freedom (refer to page 94), I explore the impact of cash transfers on households, on access to socio-economic opportunities and to the overall development of local democracy. The Taylor conceptual framework provides a setoff critical questions that address the following: the underlying nature of society, adopted values, the concept of social security, socio-economic situation, current institutional setup and options for reform. Not much research exists that link cash transfers with its ability to promote civic engagement and local democracy. As a researcher¹ who has worked in advocating for changes to social policy through the National Parliament in South Africa I have been interested in the links among cash transfers, poverty reduction and the promotion of local democracy. This chapter therefore provides an introduction and sets out the context of the research, identifying the problem and outlining the questions that require investigation. It also provides the justification for the study and its significance.

¹The author of this thesis, Chance Chagunda has a Masters of Philosophy in Public Policy from the University of Cape Town (UCT). The title of his thesis is "A Study of state-based social assistance provision and its influence on the Developmental character of the South African State: The case study of the Child Support Grant". Chance worked in the South African Parliament as senior researcher on-behalf of the Catholic Parliamentary Liaison Office as part of civil society engaging with parliament in policy formulation. After working for 5 years in parliament, Chance joined the Catholic Welfare and Development, where he is working with policy implementation on the ground. Chance's doctoral research emerges from his concern with the disconnect between macro social policy processes taking place on social security in the South African Parliament and his analysis of the impacts of such policies on micro level developmental initiatives in the Western Cape. His thesis argues that social assistance in the form of social grants has a developmental component because it contributes to the alleviation of different kinds of hardship stemming from income poverty but goes beyond to facilitate social inclusion within local community structures. This is fundamental to building a developmental state.

1.2 Statement of the problem

Structurally based poverty is one of the most pressing challenges in South Africa as it affects the lives of the majority of the people. The government's social grant system is a critical strategy to alleviate this kind of poverty. Cash transfer plays a very important role in poverty alleviation. There is no study that has explored linkages among cash transfers as a developmental intervention that contributes to enhancing the participation of poor people in society and building the democratic character of the state.

This missing link between social assistance and developmental state shows that there are still major gaps in our understanding of the full impact of cash transfers (Bray, 2002; Samson et al., 2004; WCDSSPA, 2004; Samson, 2005). Although South Africa has a unique and extensive social protection system, more research needs to be done before concluding that cash transfer is proving developmental (Goldblatt, 2004). Similarly, Potts (2013:91) and the Centre for Development and Enterprise (CDE) (2005) are not convinced that cash transfer is a good policy intervention. The European Union's expert advisor to the South African government on social welfare claims that cash transfers create laziness and dependency among young people who should rather be actively trying to find employment (Martin 2004a:1, quoted in DiLollo, 2006:36). In his 2004 budget speech, the Minister of Finance, Trevor Manuel said that the challenge was to increase the number of people in society who depend for their livelihood on normal participation in the economy (National Treasury, 2004). Marianne, Mullainathan and Miller (2003) argue that the receipt of old age grants has a negative impact on the working hours and employment rates of prime-age individuals who live with pensioners.

These mixed arguments about the impact of cash transfer on the lives of the poor have triggered this study. Through the following research questions, its purpose is to explore whether social assistance contributes positively to the developmental outcomes of the South African state:

1. Do cash transfers have a developmental impact on the people who receive them?
2. How do cash transfers promote developmental processes?
3. Do cash transfers improve opportunities for households to participate in social and economic activities?
4. Do cash transfers have social/community impact?

5. To what extent does a cash transfer promote civic participation?

I identify certain features or variables that indicate whether cash transfers contribute to development. These are: (1) household consumption patterns, e.g. what people spend their cash on within households; (2) recipients' access to food, education and healthcare; (3) participation of recipients in local activities; and (4) use of grants as a springboard for other economic and developmental processes.

1.3 Socio-economic rights and the developmental state

A developmental state sees economic growth as a means to social development and not as an ultimate goal (Castells, 1992). For example, developmental states in East Asia achieved economic growth and improved living standards, including access to education and health (Nürnberger, 1999). In spite of their exploitative working and living conditions, the improvement of living standards was the fastest in the world (Castells, 1992). One critical reason for this was the provision of healthcare, education, social security and housing (Marais, 2011).

The South African government believes that a social assistance programme is the most direct means to combat poverty and deprivation (National Treasury, 2012a). By December 2011, about 15.3 million people – more than half of all households – were in receipt of a social grant (National Treasury, 2012a).

In democratic states such as South Africa, the government enters into a contract with the citizens, namely that if they are voted into power they will fulfil certain commitments (ANC, 2004). Such promises are commitments to citizens, particularly those who live in poverty and hunger. Paul Hirst (1980) provides a different perspective: “Welfare rights serve socially determined policy objectives” (cited in Dean, 1996:10).

Socio-economic rights are also part of citizens' broader rights, as enshrined within the South African Constitution, Act 108 of 1996. Section 27(2) mandates the state to take “reasonable legislative and other measures within its available resources, to achieve progressive realisation of such rights”.

It is important to distinguish between rights that are prescribed by doctrine and those that people establish for themselves through struggle (Dean, 1996:12–14). Furthermore, distinctions need to be made between *negative* and *positive* rights. Negative rights signal a *freedom from* something and positive rights signal an *entitlement to* something (Dean, 1996). The entitlements created by positive rights are often subject to conditions. For example, while the poor are entitled to social grants from the government, South African Social Security Agency (SASSA) staff use a means test to determine whether an individual is eligible.

Dean (1996:6), citing Marshall (1965), adds that comprehensive or full citizenship includes civil, political and social citizenship rights. The Universal Declaration of Human Rights (Article 22) speaks of a person's "right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his [her] control" (UN, 1948), such as being disabled, being a child whose parents cannot provide care, being an orphan, terminally ill or elderly. All citizens need to share the country's resources, not just to maintain peace, but also to promote people's well-being and dignity.

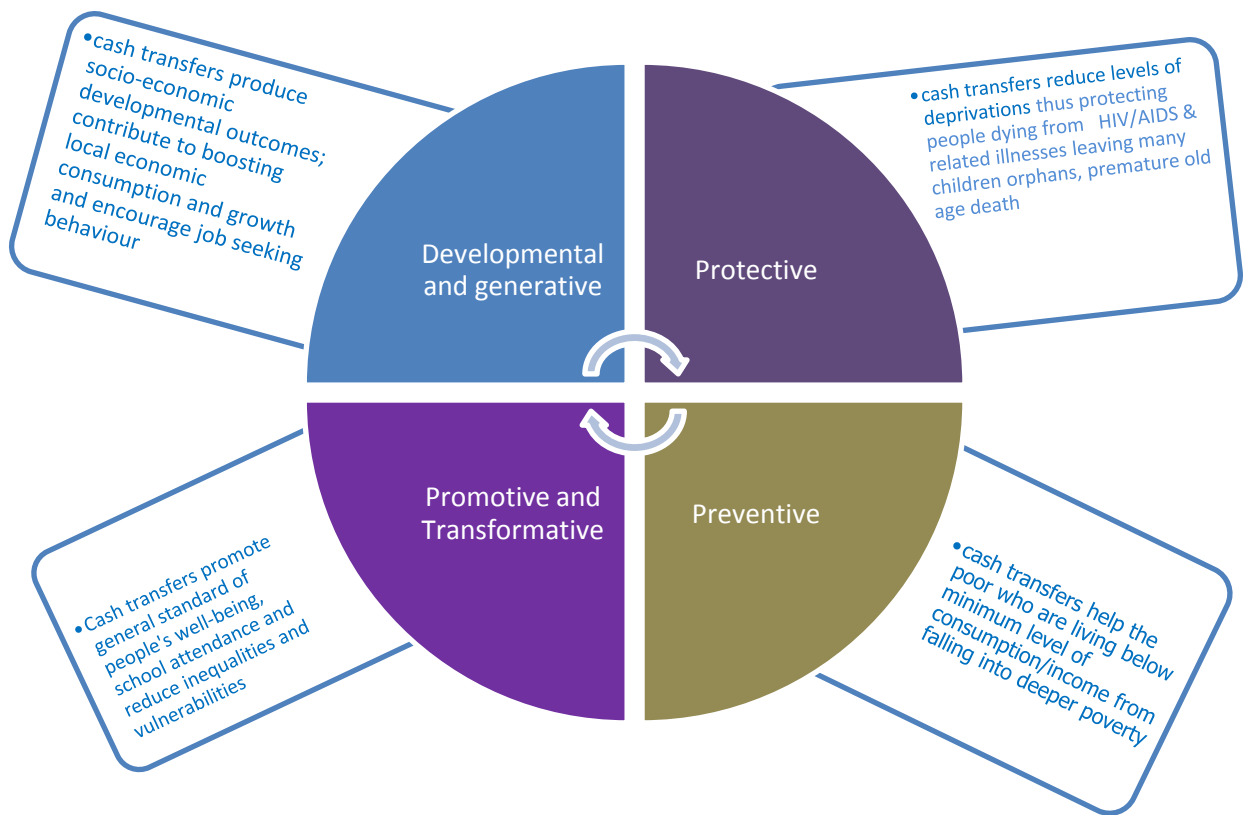
These rights emphasise that people ought to be treated as ends in themselves, with intrinsic value, and not as means to an end (Sen, 1993). According to one of the great philosophers, Immanuel Kant, people have intrinsic value by nature – it is not created by any individual – and this is to have *dignity* (Kant, 1948). When people's basic needs are fulfilled, their dignity will be upheld. When people cannot meet their basic needs for reasons beyond their control, the state ought to provide social assistance. In this regard it is fitting to explore ways in which cash transfers contribute to the normative and developmental obligations of the South African state towards its vulnerable citizens.

1.4 Policy instruments

The challenges of widespread poverty, child mortality, hunger and deprivation in most developing countries, including South Africa, put pressure on policy makers to take imaginative and bold steps to transform their nations (Taylor, 2008). The provision of cash transfers is a critical component of policy instruments for various goals: poverty reduction (Barrientos and De

Jong, 2006); the promotion of household well-being and support of critical economic objectives (Samson, Mac Quene, and Van Niekerk, 2006); and the promotion of political stability, social harmony and social control (Williams, 2005).

Figure 1.1 shows that cash transfers can address four areas of social policy concerns: developmental/generative; protective; preventive and promotive/transformativa (Smith and Subbarao, 2003; Samson, Mac Quene, and Van Niekerk, 2006; Taylor, 2008).



Source: (Smith and Subbarao, 2003; EPRI, 2006; Taylor, 2008)

Figure 1.1: Goals of Cash Transfers

The provision of social assistance to support coping strategies, to deal with risks, to protect the poor against shocks, tackle deep poverty and promote development are critical to a developmental state (Holzmann and Jorgensen, 2002; Smith and Subbarao, 2003; Barrientos and De Jong, 2006).

Freeman and Sherwood (cited in Gil 1992:4-5) present a four-layered definition of social policy and government's central role in taking care of the poor and the needy. Their first layer is a philosophical principle whereby the government should be concerned with providing solutions to social problems. One argument for cash transfers in South Africa lies in its redistributive nature, which addresses the marked income differences between the poor and the wealthy.

Although the end goal of a social protection system is to increase people's capabilities and opportunities to depend on themselves (UNCSD, 2000), it is a state policy intervention to deal with the short-, medium- and long-term developmental needs of its people (Mishra, 1977; David, 1998; RSA Constitution, 1996; Giddens, 2001; Taylor Report, 2002).

In South Africa, the *Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa* (Taylor Report) proposed a "comprehensive social protection" (CSP) package of interventions to address capability poverty, asset poverty, income poverty and service deprivations (Taylor Report, 2002). CSP is thus similar to the programmes adopted by developmental states in East Asia in the 1970s to address various forms of poverty and promote development through the provision of land to the landless for cultivation; free and subsidised education to produce needed skills; free and subsidised healthcare; public housing; increased labour-intensive employment opportunities; and cash transfers (Castells, 1992; Harold, 1981; Chang and Kozul-Wright, 1999).

The government of Hong Kong in 1973 saw it fitting to extend cash transfers, from means-tested allowances for the destitute to other non-means-tested allowances. "The government gives non-contributory cash transfer to needy families, unemployed able-bodied adults, the severely disabled and the elderly" (Turner, 2007:332). Cash transfers in Hong Kong were an expression of the authority's trust in the ability of the people to buy what was essential for their own subsistence (Harold, 1981).

Developmental states in Asia have used cash transfers to reduce poverty. In pre-World War II Taiwan, the Ch'ing dynasty established welfare measures, many of which focused on assistance for the poor, women and children (Ku, 1997). At the centre was the Yang-chi-yuan that

accommodated the disabled, the poor, the sick and the homeless (Taiwan Provincial Documentary Committee, 1971 cited in Ku, 1997). According to Ku (1997:39), there was a radical change in social welfare under Kuomintang (KMT) rule. Under the Principle of Livelihood, passed in 1964, the state implemented policies to improve social services, including cash transfers (Ku, 1997). From the literature, one can conclude that the KMT government reduced the poverty line to below one-third of the per capita national income.

In Hong Kong and Taiwan, the governments provided cash transfers to enable the poor and the unemployed workers to live a dignified life and contribute to the economy (Turner, 2007). Poverty has continued to fall in most parts of East Asia. According to the 2006 *World Bank East Asian Update*, the number of people living on less than \$2 per day fell by 37 million to just less than 32 percent in 2005, down from 50 percent in 1996.

1.5 The effects of government cash transfers

This study makes use of the *Conceptual Framework for Social Welfare Transformation* developed by Vivienne Taylor (Taylor Report, 2002). The framework provides a means of comparing pre-1994 social policy developments in South Africa to those of the current regime, and understanding the values and trends in relation to the political, economic and social arenas.

Social transfer programmes have a significant effect on poverty, providing a highly effective means of moving South Africa towards the Millennium Development Goals (MDGs) (Samson, Mac Quene and Van Niekerk, 2006). Cash transfers significantly reduce the income poverty gap – by up to 47 percent – and have important second-order effects, including better nutrition, improved school attendance and greater labour market participation (Samson, Mac Quene and Van Niekerk, 2006).

The cash transfer intervention also has a developmental effect even where it is primarily meant for consumption, as this often has a positive effect on production (Farrington and Slater, 2006). Where people use their cash transfer to buy food, they create a demand for it, as has been seen at Graafwater. Farms and small-scale producers have had to increase their production to satisfy the demand. “A basic level of income would also have other developmental spin-offs related to enabling that person to participate more effectively in the economy.” (Taylor Report, 2002:42).

The state's investment in a cash transfer allows most beneficiaries to become independent or live a decent life (Leisering and Leibfried, 2001). Cash transfers also provide recipients with greater freedom of choice in terms of how to use the grant (Mackintosh and Blamquist, 2003). In this regard, the cash transfer can be said to be developmental as it bolsters freedom of choice either in terms of capabilities or income. The bolstering of such freedom, according to Sen (1999:17), is development.

1.6 Concept and theories of a developmental state

According to Chang (1999:182), the concept of an interventionist developmental state can be traced back to a German school, represented by Friedrich List, who was influenced by 18th century American economists such as Alexander Hamilton. Early development economists of the 1950s and 1960s, including Paul Baran, identified the absence of a nationalist developmental state as the major cause of many poor countries' underdevelopment (Chang, 1999). A major reason for the economic stagnation of many developing countries was the absence of a "hard" state that could override conservative interests in favour of social reform and economic transformation (Chang, 1999).

Economic development requires a state that can regulate the economy, promote social development and foster political relationships. Such a state was referred to as "developmental" (Chang, 1999). In a developmental state, the government leads a strong, concerted drive for economic growth, ensuring the mobilisation of national resources towards developmental goals (Levin, 2008). Examples of such developmental states include Germany under the Marshall Plan, the "Asian tigers" (South Korea, Singapore, Taiwan and Hong Kong) and Japan (Levin, 2008). A developmental state needs leaders with vision, who can implement developmental objectives to benefit all its citizens, especially the poor. The next section provides theories about the concept of a developmental state.

The "developmental state" model is closely associated with Chalmers Johnson's (1982) seminal analysis of Japan's very rapid, highly successful post-war reconstruction and (re)industrialisation. Johnson coined the phrase to explain Japan's rise from the ruins of its defeat

in World War II, and its resulting emergence as an economic giant. The developmental state is able to mobilise the nation around economic development within the capitalist system (Johnson, 1982). It is determined to influence the direction and pace of economic development by directly intervening in the developmental process, and not to rely on uncoordinated market forces to allocate resources (Johnson, 1982:10).

Unlike a market-driven regulatory state, Johnson describes a developmental state as driven by the government, with the collaboration of private enterprises, for rational and deliberate development. Johnson (1982) understands a developmental state to be one that engages numerous institutions for consultation and co-ordination with the private sector so that its policy implementation will create economic and political space to respond to the needs of different groups.

Togo and Sundaram (1998), in agreement with Johnson (1982), emphasise the role of a “strong state” to achieve developmental objectives. Government intervention is crucial for developing new capabilities, and Sen (1999:90) highlights the importance of enhancing capabilities in order to change people’s lives. Sen’s approach in *Development as Freedom* (1999) reiterates that development requires social and economic policies that are holistic and multidimensional, comprising the five instrumental freedoms referred to in the paragraph. Edigheji (2010:11) is of the same mind that central to a developmental state is its enhancement of people’s capabilities.

If today’s countries that lag behind in development want to provide decent standards of living for their citizens, then the construction of viable developmental states, consciously integrated with other similarly placed developmental states, will have to remain high on their agenda. Leftwich suggests that governments must form developmental states if they aim to reduce poverty:

it seems unlikely that it is possible in the modern era for any society to make a speedy and successful transition from poverty without a state that in some respects corresponds to this model of a developmental state (Leftwich, 2000:169).

The developmental state is one that has been able to manage the delicate balance between growth and social development (Manuel, 2004, quoting Patrick Heller). It focuses on integrating social

development and economic growth goals within a wider developmental strategy (Taylor, 2005). To make sure that people can participate in economic development, the developmental state among other things provides a social protection system in the areas of education, health, housing and social services (Taylor, 2005).

I argue that a developmental state ought to put mechanisms in place to prevent the poor from being excluded from benefiting from and participating in socio-economic development. To make sure that people are able to participate in development, a developmental state provides social support in areas of education, health, housing and social services. The following are some of the main features of a developmental state:

- promotion of and adherence to human rights
- enacting policies so that equality becomes a reality
- the state works towards social justice and redistribution of resources
- state intervention in the short to medium term to reduce poverty
- an effort to balance economic growth and social policy objectives
- the government formulates policy interventions to deal with short-, medium- and long-term developmental needs
- a focus on building capacity of poor people
- an emphasis on social institutions to address social needs
- provision of social assistance to cater for the needs of workers as well as poor citizens
- the state's responsibility in meeting needs is total
- level of benefits is high
- high proportion of national income spent on state services. (Mishra, 1977; David, 1988; South African Constitution, 1996; Giddens, 2001; Taylor Report, 2002)

1.7 Aim and Significance of this Study

Most of the above principles are not yet present in South Africa, but there is an ongoing effort to realise them. The aim of this study is to explore ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

1.7.1 Specific Objectives of the study

- examining whether a cash transfer has a developmental impact on the people who receive it;
- establishing whether cash transfers improve opportunities for households to take part in socio-economic activities;
- investigating how cash transfers promote civic participation;
- ascertaining ways in which cash transfers promote development;
- and ascertaining the extent to which a cash transfer could be a significant feature of a developmental state.

1.7.2 Significance of the study

Social assistance reduces poverty in South Africa (Leibbrandt, Woolard and Ardington, 2011). Borat and Van der Westhuizen (2011a) explored the interaction between pro-poor growth and social protection in South Africa. Delany et al (2008:1) reviewed the CSG in terms of its uses, implementation and obstacles.

Woolard and Leibbrandt's (2010:19) paper, "The evolution and impact of social security in South Africa", found that South Africa's social assistance programme is a very effective policy instrument with which to combat poverty and improve education and health, particularly for children living in poor households. In the bottom quintile, fully two-thirds of household income comes from social assistance grants, with most of this coming from child grants. They also discovered that, as a predictable and reliable source of income, cash grants can have a significant effect on the capacity of households to invest in human and physical capital and to break the inter-generational transmission of poverty (Woolard and Leibbrandt, 2010:19).

Ranchod (2010:1) investigated the impact of the cessation of the pension grant on household formation and labour supply. The findings showed that people who continued to receive the OAG and did not migrate, their household members both middle-aged and older adults had employment opportunities more than households where they had lost the OAG recipient.

Taylor (2008:59) noted that South Africa's social assistance system reduces destitution by 47 percent. Lund (2008:65-70), investigating whether CSG can be made conditional on education or health-related behaviour to enhance its effectiveness, acknowledged that one of the effects of the CSG is to address poverty. Agüero, Carter and Woolard (2006:2) investigated the impact of unconditional CSGs on nutrition. One of their findings was that early support significantly boosts the child's growth, as evidenced in height. This is an important finding in a country where most poor children are vulnerable to malnutrition (Marais, 2011). Malnutrition is one of the main contributors to child mortality, and the provision of the CSG helps to eradicate it (Hall, 2013).

Another study, "The reach of the South African Child Support Grant: Evidence from KwaZulu-Natal", by Case, Hosegood and Lund (2003), found that more than 98 percent of beneficiaries of the CSG were female and 93 percent were the parents of the child for whom the grant was received. In general, they concluded, the grant goes where it is intended to. Haarmann (2000) evaluated the links between social assistance and poverty alleviation in South Africa, as well as options of extending social assistance to those excluded. Pauw and Mncube (2007) examined the expanding social security net with regards to opportunities, challenges and constraints, finding that budgetary and service delivery constraints present a strong argument against any expansion of the social welfare system in the immediate future. However, it has been shown extensively that the cash transfer benefits the poorest people and enables their households to escape poverty, so any effort to diminish the social welfare system without an alternative would be counter-productive.

Looking at grants other than the CSG, Edmonds' (2006) analysis of the 1999 Child Labour Survey showed that levels of school attendance and years of completed schooling increase in households where there is a beneficiary of an OAG. Case and Ardington (2006) found that having a female OAG beneficiary in a household mitigates the impact of orphanhood in respect of school enrolment and progression.

Case (2000) found that OAGs on average constitute 84 percent of total household income, compared to households where there are no recipients of OAG. Duflo (2003) looked at investment in children living in households with an OAG recipient. One finding is that children,

especially girls, benefit more from households where a woman receives the OAG than those where a man receives it. All these studies show that cash transfers have a direct impact on human development.

Most of the work done so far demonstrates that the cash transfer plays a very important role in poverty alleviation. There is no research that would enable scholars to determine whether cash transfers have a developmental effect (Goldblatt, 2004). This study explores how cash transfers alleviate poverty and, in doing so, widen people's opportunities to participate in local activities and therefore to contribute to social and economic developmental processes. This includes an exploration of how such a transfer impacts on people's ability to participate in community processes and opens up various opportunities. The study aims to produce new knowledge to social policy or add to the limited information available.

The findings will contribute to the understanding and the interpretation of the role of social assistance as one of the building blocks of a developmental South Africa. Furthermore, it is anticipated that the current study will show that cash transfers promote people's ability to participate in community processes to improve their lives, which in turn is critical to building citizenship. This study is the first to explore linkages among cash transfers as a developmental intervention that contributes to enhancing the participation of poor people in society and building the democratic character of the state.

1.8 The characteristics of South African society pre- and post-1994

In South Africa, the birth of democratic government in 1994 meant that the apartheid regime had come to an end, but the devastating impact of its economic and social policies remained. This included the social policies that served the minority, extensive structural unemployment, poverty, social disintegration and the spread of HIV/AIDS. These and other issues forced the government to transform the social welfare system after 1994. In line with this, the ANC-led government assured the nation that democracy was not just about the franchise, but also the improved quality of life for ordinary people (ANC, 1994). Since 1994, the ANC government has adopted and promoted values based on a human rights approach so that services are not provided on racial grounds but on needy human beings.

It is necessary to examine the underlying characteristics of the South African society before 1994 to understand how the majority were excluded from social protection and thus from development. Similarly, it is important to examine to understand how the values adopted since 1994 intend to address the social protection gaps.

1.8.1 Historical Approaches to Social Policy

Before 1994, access to social assistance was skewed along racial lines, with black people being the most disadvantaged. Patel (1992:34-35) argues that the foundation of racial discrimination and the distorted nature of social welfare policies favouring whites were laid down during colonial times. The Dutch East India Company at the Cape of Good Hope in the 17th century started to raise money for “poor relief” (Visser, 2004). In 1806, when the British occupied the Cape Colony, the money raised for poor relief was organised into social welfare provision to take care of children, the physically handicapped and the indigent, especially white people (Visser, 2004). The number of poor whites increased after the second Anglo-Boer War (1899–1902) and poor relief remained the major component of the social security programme until the end of the 1920s (Visser, 2004).

After the 1920s, occupational insurance for retirement was institutionalised for employed people (Visser, 2004:2), based on a fund to which both employers and employees contributed. African, coloured and Indian people’s socio-economic challenges remained largely ignored. After the depression of the late 1920s, there was a growing public concern about increased white poverty. Woolard and Leibbrandt (2010:7) state that non-contributory social old age grants were instituted in 1928 for whites and coloureds who were not covered by occupational retirement insurance. In the same year, the Carnegie Corporation of New York funded a scientific inquiry into the causes of white poverty, its extent and the means by which it could be reduced. One of the recommendations of this 1932 Carnegie Report was to create a state department of social welfare (Visser, 2004).

The department of social welfare (DSW) was created in 1937. Besides dealing with white poverty, the welfare of white children and the handicapped received increased attention through

legislation and implementation. The department provided better services to the white population than to any other population group (ibid., 2004). Extensive social security, housing, health and education as well as job reservation ensured that white wage earnings were secure (Taylor Report, 2002). It can be argued that the National Party (NP)'s accession to power in 1948 signaled the consolidation of social security for the white population.

According to Visser (2004:4), from 1950 onwards, the DSW transferred its welfare responsibilities for African, Indian and coloured people to the newly created departments of Bantu administration, Indian affairs and coloured affairs, respectively. Patel (1992:43) argues that the creation of these separate departments increased and deepened racial discrimination in the provision of social services and social security benefits. Black African welfare needs were badly neglected during the apartheid period (Patel, 1992).

The Industrial Conciliation Act of 1956, which enforced job reservation for the white population, improved white people's socio-economic well-being (Doxey, 1961). The Pension Fund Act of 1956 that regulated pension funds excluded almost all black Africans (Visser, 2004). Terreblanche (2003:27-28) and Van der Walt (2000:70-71), cited in Visser (2004:4), state that fiscal expenditure on social assistance increased rapidly from the 1960s onwards, in the attempt to incorporate black Africans. This incorporation of the previously excluded marked the beginning of the removal of racial barriers that had allowed the white welfare state to prosper:

During the "late apartheid period" of the 1980s under P W Botha, changes and restructuring in social welfare reflected declining economic growth rates, which promoted an early drive towards neo-liberal restructuring, and an attempt to get Africans, Coloureds and Indians to support apartheid in the face of growing protest. By the late 1980s, the racial welfare gap had narrowed slightly (Visser, 2004:5).

According to Woolard and Leibbrandt (2010:9), the Social Assistance Act of 1992 at last did away with all inequitable provisions and expanded the eligibility rules to include all South Africans. Black African people had been especially disadvantaged in accessing cash transfers, compared to people of other races. As the White Paper for Social Welfare attests:

There is great racial inequality in child- and family-care benefits. Poor black women have been particularly disadvantaged. It is from this group that the greatest demand for social assistance will be felt in the future.

Women can claim support for themselves and their children through the law courts. The system, however, is complex and unreliable (MWPDP, 1997:49).

In short, these grants went almost entirely to White, Coloured and Indian women and their children. In some areas, the children's portion of the cash transfer was paid for children living in the care of their grandparents in the form of a state maintenance grant, and was popularly known as the "Granny Grant" (Lund Committee, 1996:64). Children of other races in this position had the benefit of the larger foster care grant, which was received by black African children in some areas, but not in others (ibid., 1996).

The pre-1994 South African government favoured the minority (mostly white people) and excluded the majority (mostly black Africans) of the population. The social policies and regulations passed during apartheid clearly excluded the majority of the population from resources and services and were residual in nature. The residual approach to social policy first ensures that all other measures available to an individual, such as assistance from family and voluntary institutions, have been depleted and the state comes in as the last resort to provide temporary assistance (Titmuss, 1974). The population covered by the state is very low and in this regard it was mainly the white and other racial groups. As the White Paper argues:

[p]ast welfare policies, legislation and programmes were inequitable, inappropriate and ineffective in addressing poverty, basic human needs and the social development priorities of all people. Services are not always located in underprivileged communities and therefore inaccessible to their members (MWPDP, 1997:11).

For the majority of South Africans, the social welfare policies of the apartheid government meant the denial of human rights. In order to include those who had been excluded, there was a real need to formulate and implement social policies that could realise and meet the basic human needs of every eligible person in society (Gil, 1992). This could lead individuals to develop spontaneously, normally and healthily, in accordance with their innate capacities.

1.8.2 The State Maintenance Grant

During the apartheid period and during the dawn of democracy, the main cash transfers in the field of child and family care were the foster care grant (FCG) and state maintenance grant

(SMG). The SMG was given in two forms: one to cover children's expenses (children's allowance) and one to cover the expenses of a parent (parent's allowance) (Burman, 2004). The parent's allowance went to all minority races (whites, Coloureds and Indian women). The SMG was administered by different departments for different race groups: for whites, it was the department of health and welfare; for Indians and coloureds, the department of internal affairs; and for a minority of black women, it was the department of co-operation and development.

These departments changed over time. Coloureds and Indians in the latter years of apartheid were mainly served by the department of Indian affairs and the department of coloured affairs respectively. This was followed by the departments of social welfare under the House of Delegates and the House of Representatives in the tricameral parliament of 1984–94. The departments awarded the SMG differently and with differing amounts according to their racial classification (Burman, 2004).

The Report of the Lund Committee on Child and Family Support (Lund Committee, 1996) states that, although all South African women were legally eligible for the cash transfers, South African black women were largely excluded from accessing the SMGs, particularly in the former homelands. Two out of every 1 000 South African black children were receiving the cash transfer, compared to 48 out of every 1 000 coloured children and 40 out of every 1 000 Indian children (Lund Committee, 1996). Burman (2004) confirms that there were certain conditions unique to South African black women, including those in Cape Town, who were much affected by the influx control provisions of the Coloured Labour Preference Area. To access the SMG, black women, especially those originally from the independent homelands (Transkei and Ciskei), had to provide proof of legal residence in Cape Town. The Lund Committee Report shows that clearly racial groups were treated unequally in accessing social grants under apartheid and that the selective provision of social protection disregarded people's human rights.

Black African women faced a highly confused and arbitrary situation. One of the reasons why people migrated from the Eastern Cape to the Western Cape was to find better social welfare provision, but the social policy let them down because of its bias towards whites (Burman,

2004). All recipients had to pass a means test, but it differed according to the woman's race group. Different groups also received different amounts:

In 1983 and early 1984, the maximum grant payable for whites was R152 per month for the parent's allowance and R40 for each child. However, the single allowance (R15) and scholar's allowance (R8) appeared to be viewed as bonuses which could be added to these figures. The maximum payable for Coloured and Indian women was R93 per month for the parent's allowance and R23 per month for each child, up to 4 children. For blacks, the standard child allowance was a maximum of R14 for the first child and each subsequent child up to the fourth... it was extremely rare for a black woman with less than 2 children to receive a maintenance grant (Burman, 2004:62).

The state maintenance grant was based on the nuclear family model, but this model did not fit South African families living in poverty. Many were headed by single women or otherwise fell outside of the conventional definition.

The Lund Committee (1996) argued that the fragmentation of African families is to be seen as part of a broader political system whose economic and political policies systematically disrupted family life, particularly affecting African households. The social policy legislation, in the form of the Maintenance Act, required parents, especially men, to support their children. Women who applied for the maintenance grant first had to show that they had tried to get support in terms of that Act, via the Maintenance Court. The child's allowance, on the other hand, was provided for in the Children's Act and later the Child Care Act (Lund Committee, 1996).

In this study, it is argued that the Maintenance Act contained a set of subjective values that the ruling elite of the day used to guide their decisions to assist the minority. This is why the post-1994 government has been faced with the difficult task of setting social policy directions and guidelines to transform the system. It was clear that the change to democracy in the country and its new adopted values would result in major changes in the social welfare system, too.

1.8.3 Democratic values and inclusive social protection

After 1994, the South African government's formulation and adoption of social policies was influenced by newly adopted values or principles, which are contained in the Constitution and social policy frameworks. In order to ensure that social policy implementation is in line with the transformation agenda of South Africa, these principles include the following:

- *access to adequate housing.* This means that the government provides affordable, habitable, accessible housing to every South African. Government should also make available services, materials, facilities and infrastructure, and provide legal security of tenure (Khoza, 2007)
- *access to social security.* Everyone has the right to have access to social security, including appropriate social assistance, if they are unable to support themselves and their dependants (Constitution, Section 27)
- *access to basic education.* No person should be obstructed in pursuing his or her basic education (Constitution, Section 29)
- *to prevent the poor from falling into deeper levels of poverty.* Through institutions and legislation, the government should put in place mechanisms to support the poor, such as the provision of employment to everybody within the labour force and social grants (Taylor Report, 2002; Liebenberg and Pillay, 2000)

South Africa had its first democratic elections in April 1994 and a new constitution was passed in December 1996. As a result, South Africa had, for the first time in its history, laws that ensured equal rights for all its citizens, enshrined within the Constitution in the Bill of Rights. These rights, including socio-economic rights, are enforceable.

The South African Constitution favours a human rights approach to social policy, which acknowledges and emphasises the interrelatedness, interdependence and indivisibility of social, economic, civil and political rights. By adopting the values and principles of a human rights framework for social security, the government sends a message that it will fulfil its social protection responsibility. The South African Constitution has been acclaimed as one of the most liberal and progressive examples of legislation in the world. Turok (2003) states that the South African Constitution is respected because it affirms the democratic values of human dignity, equality and freedom and also links up with the covenant of socio-economic rights such as housing, education and healthcare.

These human rights are in line with the social democratic state championed by T.H. Marshall, a sociologist who argued that social rights are a unique achievement of the 20th century, (Mishra,

1977). However, in practice, the government places more importance on the civil and political rights that form first-generation rights (e.g. rights to vote, to life and freedom of speech). The socio-economic second-generation rights lag behind. These rights are fundamental to promoting the dignity and comprehensive well-being of everyone within our society. According to Liebenberg and Pillay (2000), they are essentially developmental rights, and as such contribute to healing the divisions of the past and establishing a society based on democratic values and social justice. If first-generation rights ensure political citizenship for people, the second-generation rights mean social citizenship for the same people (Marshall, 1965). Together, these constitute comprehensive citizenship.

The social policy aspect becomes very clear in the Constitution. Section 27 (1) in Chapter Two declares that everyone has the right to have access to:

- healthcare services, including reproductive healthcare
- sufficient food and water
- social security, including if they are unable to support themselves and their dependants.

During the 19 years since the advent of democratic government and the new constitutional dispensation, the South African parliament focused largely on policy formulation and law making. The social policies that have been formulated to respond to particular contingencies faced by society are explicitly framed in post-1994 values, including equality. The SMG was standardised and the institutions administering cash transfers were transformed. This was the dawn of a new system, in which social policy would have an impact in the lives of eligible (by means test) needy people, regardless of race. All people were equal and had the same opportunity to access social security benefits.

Taylor (2004) states that transforming the social protection system in an era that has been characterised by insecurity has led to significant debates about the type of approach that can best respond to the crises of poverty and human security. The appropriate form of social protection in the South African scenario should be one that can have an impact on poor people in terms of access to income, employment, health and education services, nutrition and shelter. In short, it

should aim at providing a minimum standard of well-being to people in dire circumstances, enabling them to live with dignity (Taylor, 2004).

The social assistance programme is located in the department of social development (DSD), which aims to ensure protection against vulnerability (National Treasury, 2012b). The strategic overview of the department between 2008/09 and 2014/15 relates to its social protection mandate as expressed in Section 27 of the Constitution. The department delivers on this largely through the provision of income support to poor households in order to alleviate the hardship and destitution experienced by vulnerable groups. According to the National Treasury (2012b), the DSD also plays a critical role in protecting the rights of children, youth, older persons, women and people living with disability through a range of welfare and community development services that contribute to social cohesion and nation building.

The DSD's main strategic priorities are to strengthen welfare services and community development, and to extend the reach and scope of social security provision (National Treasury, 2012b). The department will accomplish this by working towards achieving a long and healthy life for all South Africans, decent employment through inclusive growth, and vibrant, equitable and sustainable rural communities with food security for all (National Treasury, 2012b).

Cash transfers in South Africa have reduced destitution and deprivation of the poorest people, as well as increased local economic activity, which is vital for development (Chagunda, 2006; Leibbrandt and Woolard, 2010). In the 2011/12 financial year, the social assistance system added 25 311 new old age grants, bringing the number of older people receiving the pension to 2 712 638. With regards to the child support grant, 325 046 recipients were added to the list, bringing the total to 10.8 million children (National Treasury, 2012b). By March 2013, over 11 million children were accessing CSG (Hall, 2013).

1.9 Other processes and influences related to policy changes

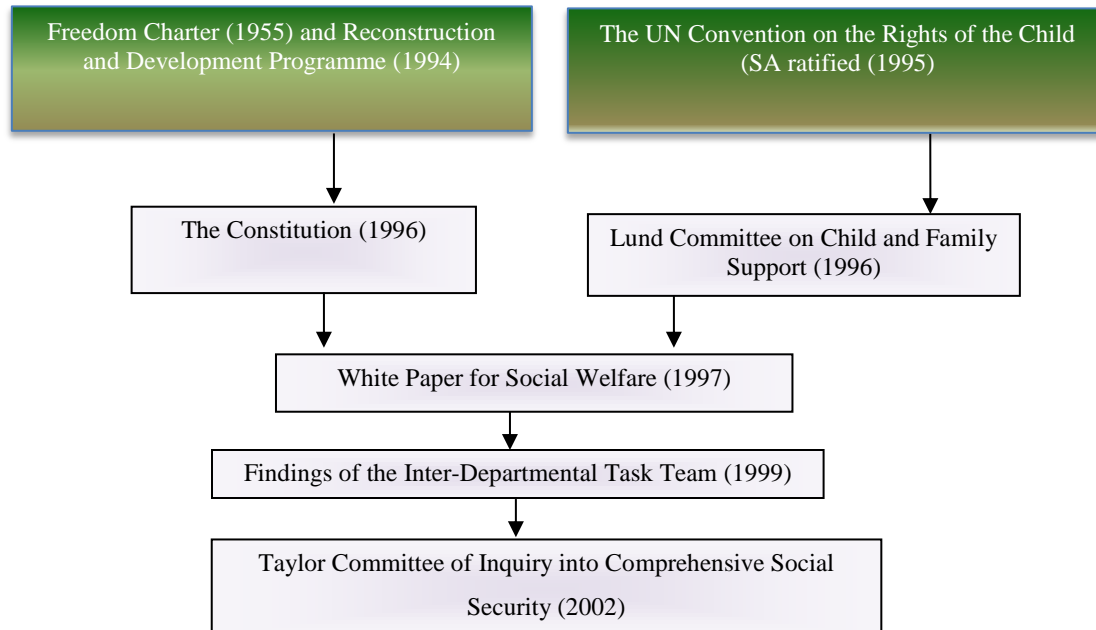


Figure 1.2: Policy and Legislative Context

It is very useful to outline the historical context of developmental social policy in South Africa (Figure 1.2).

1.9.1 Freedom Charter (1955) and the RDP (1994)

In its 1994 Reconstruction and Development Programme (RDP), the ANC-led government emphasised the developmental characteristics that were already in the Freedom Charter (1955), which, one can argue, were dormant on paper while apartheid was still being enforced. These included:

- the need to encourage the participation of all citizens in policy decision-making processes and service delivery, thereby promoting equal rights and equitable distribution of services
 - that a preventive health scheme will be run by the state and free medical care and hospitalisation will be provided for all, with special care for mothers and young children.
 - that education would be free, compulsory, universal and equal for all children and that higher education and technical training would be opened to all by means of state allowances and scholarships awarded on the basis of merit.
 - that the elderly, the orphans, the disabled and the sick would be cared for by the state.
- (ANC, 1955 and ANC, 1994)

1.9.2 The United Nations Convention on the Rights of the Child (ratified by South Africa in 1995)

The UN Convention on the Rights of the Child (hereafter, the Convention), adopted by the United Nations in 1989, is one of the most critical international treaties dealing with all aspects of children's rights. The Convention aims to promote the protection of children, encourage their participation in society, especially in matters that affect them, and provide assistance to ensure that children's basic needs are met. These are the key rights in the Convention's general principles, referred as the "pillars" of the children's rights framework (Sloth-Nielsen, 2002).

When South Africa ratified the Convention in 1995, the need to care and support the country's vulnerable and marginalised children took centre stage (Taylor Report, 2002). This ratification includes the duty to ensure the survival and development of the child to the maximum extent possible (Article 6). Article 26 states that every child has the right to benefit from social security, including social insurance, and the state should take the necessary measures to achieve the full realisation of this right in accordance with national law. Social security benefits should consider the state's available resources and the needs of the child and those responsible for the maintenance of the child. Article 27 lays out the right of every child to have a standard of living adequate for the child's physical, mental, spiritual, moral and social development.

1.9.3 The Constitution (1996)

The Bill of Rights states that all children have rights to live a decent life with dignity and safety and the basic necessities (such as food, clothing, shelter, schooling and healthcare) for adequate social development. The human rights-based approach ensures sufficient social protection, especially for children. The power to enforce and adjudicate social security rights lies with the courts, especially the Constitutional Court, while the Human Rights Commission is mandated to monitor compliance and to support the development of fundamental rights (Taylor Report, 2002).

1.9.4 The Lund Committee (1996)

The South African democratic government took over the social security system that was benefiting the elderly people, the disabled people, children and poor families. The State Maintenance Grant was meant for the child and family care (Lund Committee, 1996). Even though African women and children were eligible to receive this grant many of them were excluded. The democratic South Africa wanted everyone who was eligible to access the grant but the state was afraid of its affordability. In 1996, the government set up the Lund Committee on Child and Family Support (hereafter, the Lund Committee) to investigate the future affordability of the State Maintenance Grant. Its final terms of reference were:

- to undertake a critical appraisal of the existing system of support, in all departments, to children and families
- to investigate the possibility of increasing parental financial support through the private maintenance system
- to explore alternative policy options in relation to social security for children and families, as well as other anti-poverty, economic empowerment, and capacity building strategies
- to develop approaches for effective targeting of programmes for children and families
- to present a report giving findings and recommendations (Lund Committee, 1996:3).

The Lund Committee provided key recommendations, including the introduction of a new child support grant and the correction of historical imbalances.

- *Introduction of a flat-rate child support benefit*

The Committee recommended that the existing state maintenance grant be phased out over a five-year period to allow for the introduction of a new child support grant (CSG). The underlying principle of the new system would be that benefits should follow the child. The Committee recommended that all children up to the age of seven were eligible for a monthly grant, which would be paid to the primary caregiver. Children would need to be registered and meet certain health requirements, such as immunisations, to receive their grant (Lund Committee, 1996). There was much debate over the amount of the CSG. The government was in favour of R70 per

child per month. Civil society groups², including the Commission on Gender Equality represented by Vivienne Taylor³, made a submission to parliament arguing for a higher amount, and for the grant to be given to children up to 18 years of age. In July 1997, the ANC recommended a grant of R100 per child per month (ANC, 1997), an amount that the government adopted in 1998.

- *Paradigm shift towards developmental social welfare*

In line with the values adopted after 1994, the Committee commended the department of welfare, population and development (DWPD) for its paradigm shift towards developmental social welfare. It recommended that these efforts be expanded to form greater linkages with the NGO sector and to share information and resources with other government departments on these issues (Lund Committee, 1996).

- *Progressive health and development sectors*

Although the fiscal discipline imposed by the government's macro-economic growth strategy made it impossible to reach all poor children, the proposed grant system would promote greater equity among South African children, address the historical imbalances and distribute more money to the rural African women and their families who had been most seriously disadvantaged under the previous system. In order to achieve greater equity with limited resources, some current recipients would lose out (Lund Committee, 1996).

In 1997, the Lund Committee presented its report to the DWPD and the recommendation that the SMG be phased out was approved. In the same year, the department put out its White Paper for Social Welfare.

² Civil society groups included the Children's Institute at University of Cape Town, the Community Law Centre at the University of the Western Cape, Black Sash, the Congress of South African Trade Unions, the Institute for Democracy in South Africa, the Cape Flats Development Association, the Gender Advocacy Project, the New Women's Movement, and the South African National NGO Coalition.

³ Vivienne Taylor represented the Commission on Gender Equality in Parliament during the Public Hearings

1.9.5 The White Paper for Social Welfare (1997)

Taking the dictates of the South African Constitution further, the first important document of the national DWDP (which would become the department of social development in 2000) was the White Paper for Social Welfare, which provided a broad framework for other policies. It established three principles for the department's work:

- welfare provision would continue to be a partnership between government, the community and civil society organisations, and private sector entities that were involved with the delivery of social services
- there would be a paradigm shift toward developmental social welfare
- social security would continue to be a central and valued part of the overall provision of welfare (MWPD, 1997)

It should be noted that the White Paper intended that social welfare services be conceptualised and delivered within a developmental paradigm, which was not defined but can be deduced from its vision statement: to create “a welfare system that facilitates the development of human capacity and self-reliance within a caring and enabling socio-economic environment” (MWPD, 1997:9).

Its mission was “to serve and build a self-reliant nation in partnership with all stakeholders through an integrated social welfare system which maximises its existing potential and which is equitable, sustainable, accessible, people-centred and developmental” (MWPD, 1997:7).

These are all terms that fit in with the post-1994 adopted values and characterise the developmental state. Equitable distribution of resources is important in development because it addresses inequalities, promotes development through the acceleration of growth, increases people's happiness and reduces potential unrest. Government programmes, including the provision of social assistance, must be accessible by everyone wherever they might be. In whatever is being planned and being done, people's concerns, aspirations, opportunities and assets must be at the centre, for these are fundamental to their own development. In all programmes, care must be taken so that all actions are sustainable for both current and future generations. With regard to children, one can rightly argue that social welfare services are

designed to enable vulnerable and marginalised children, families and communities to meet their needs and achieve their potential.

The White Paper for Social Welfare put forward 11 principles to guide all social welfare delivery, including social security. Some of the principles that relate to this thesis are:

- *securing basic welfare rights*. The commitment to create the conditions essential for the progressive achievement of every citizen's rights to social security, through both private and public financing
- *equity*. The distribution of resources should be equitable and address racial, gender, geographical, urban/rural and sector disparities
- *human rights*. The programmes and delivery of services should be in harmony with human rights and the fundamental freedoms as articulated in the South African Constitution
- *accessibility*. Welfare organisations and institutions should be accessible to all those in need, and action should be taken to build access for all, where there are barriers
- *appropriateness*. Social welfare approaches are to be appropriate and responsive to the range of cultural, social and economic conditions in communities
- *ubuntu*: Efforts should be made to adhere to the principles of caring for each other's well-being (MWPD, 1997).

As a policy framework, the White Paper went very far to set a basis for transforming the social assistance system. It emphasised poverty alleviation and integrating social assistance with other interventions: strengthening family life; the adoption of a developmental approach in service design and delivery; focusing on citizen participation in development; and acknowledging the importance of working within fiscal constraints, so that people should understand that the vision of social welfare service is to be implemented progressively.

1.9.6 Findings of the inter-departmental task team (1999)

The Minister of Welfare, Population and Development convened an inter-departmental task team to review the social security system. It identified critical gaps: many people remained financially vulnerable in respect of healthcare; no child benefits were available for children older than seven years and under school-leaving age; and large numbers of South Africans remained vulnerable to harsh poverty, with limited means of advancement (Taylor Report, 2002:9).

Due to these and other challenges, the task team recommended that South Africa should investigate the social security structure, noting that the necessary changes “would require considerable planning, political debate and consultations with the social partners and all sections of the community” (Taylor Report, 2002:10). This led the cabinet to appoint a committee of inquiry into comprehensive social security for South Africa, chaired by Professor Vivienne Taylor. The committee released its report (known as the Taylor Report) in 2002.

1.9.7 The Taylor Committee of Inquiry (2002)

The Taylor Committee had broad terms of reference: to evaluate the entire social assistance system including all grants, their funding mechanisms, and the efficiency with which they achieved their goals.

The Committee found that strategies to address child poverty must be part of an overall strategy to alleviate and reduce poverty. It further stated that measures to address child poverty (the CSG in particular) were central to its recommendations, covering “a comprehensive and integrated medium- to long-term framework for income support” (Taylor Report, 2002:77). The Taylor Committee recommended that the CSG be extended up to 18 years, and that it be supplemented by a programme for appropriate nutrition and childcare.

However, in order to properly address income poverty, the Committee recommended a comprehensive social protection (CSP) package:

Comprehensive social protection for South Africa seeks to provide the basic means for all people living in the country to effectively participate and advance in social and economic life, and in turn to contribute to social and economic development. Comprehensive social protection is broader than the traditional concept of social security, and incorporates developmental strategies and programmes designed to ensure, collectively, at least a minimum acceptable living standard for all citizens. It embraces the traditional measures of social

insurance, social assistance and social services, but goes beyond that to focus on causality through an integrated policy approach including many of the developmental initiatives undertaken by the State (Taylor, 2002:41, emphasis added).

1.10 Comprehensive social protection and the developmental state

We can analyse this definition to show how it relates to the character of a developmental state.

- “provide the basic means”

A poor person should be guaranteed some cash support to reduce income poverty; some basic measures to address capability poverty, such as basic water and electricity, free and adequate healthcare, free education; and some measures to address asset poverty, such as land. The aim of development is to address human needs. The provision of the basic means is the beginning of liberation from all impediments that hinder people’s development (Gutierrez, 1973).

- “effectively participate and advance in social and economic life”

The CSP package has potential developmental spin-offs related to participation and socio-economic advancement. According to Meier (2001), the backwardness of individuals as economic agents is caused by poverty. This is a negation of development and must be removed through various means, such as the provision of cash transfers.

- “contribute to social and economic development”

The receipt of basic means, such as basic income, contributes to the reduction of poverty and accelerates economic and social development. Development is considered to be a multidimensional process involving major changes in social structures and popular attitudes (Davids et al, 2005).

- “developmental strategies and programmes... at least a minimum acceptable living standard for all citizens”

CSP is not only meant to prevent the poor from falling into deeper levels of poverty but also to address capability and asset poverty and to guarantee human dignity through affordable housing, adequate healthcare and free education. Todaro and Smith (2003) argue that development must signal a total range of change that turns an entire social system towards the diverse basic needs

of individuals and social groups within that system, and moves away from unsatisfactory living standards towards a better life, both materially and spiritual.

- “focus on causality through an integrated policy approach”

CSP contributes to the developmental character of the state. The package contains short- to medium-term interventions to allow vulnerable people a minimally acceptable living standard and, in the longer term, to contribute to further development, including of capabilities.

The elimination of poverty is a key goal and outcome of a developmental state, and the CSP definition emphasises how critical it is for the state to provide the basic means of life and reduce poverty. This is why I have chosen to study the developmental effects of the three poverty-related social grants: the child support grant, the old age pension and the disability grant.

1.11 Concept Clarification

Concept Clarification

Mouton (1996:65) argues that, “conceptualization involves at least two activities, namely the conceptual clarification or analysis of the key concepts in the statement, and relating the problem to a broader conceptual framework or context”. The following defined concepts below are used in the study:

Cash Transfers are a form of social assistance in monetary value intended for development or humanitarian purposes (Farrington and Slater, 2006). Cash transfers are generally intended to increase or smooth the consumption of goods and services provided through the market system (Farrington and Slater, 2006).

Capabilities refer to measures that one can use to identify income and services so that one is able to live and function in a society. Measures to address poverty can be achieved through the provision of basic water and electricity, free and adequate healthcare, free education, food security, and affordable housing and transport (Taylor, 2002; Sen, 1993).

Contributory refers to the benefits that are funded through some form of contribution. These can be voluntary as can be seen with medical schemes and private retirement, but can also be mandatory, such as social insurance schemes such as the Unemployment Insurance Fund (UIF) (Taylor, 2002).

Child Support Grant refers to the grant of R290 per child per month from 1st April 2013, paid to the primary caregiver, for eligible children under 18 years old (Black Sash, 2013).

Developmental state tries to manage the delicate balance between growth and social development. The developmental state is determined to influence the direction and pace of economic development by directly intervening in the developmental process, and not by relying on the uncoordinated influence of market forces to allocate resources (Adelman and Yeldan, 1999; Castells 1992; Johnson, 1982; Manuel, 2004).

Non-contributory refers to the benefits provided directly by the state, either as social transfers or benefits in kind (Taylor Report, 2002). These benefits can be either means-tested, such as CSG, or universal such the proposed Basic Social grant (BIG).

Social policy can be defined as the aim and objective of social action as well as the structural patterns or arrangements through which needs are met (Mishra, 1977). Social policy is that part of public policy that deals with social issues such as public access to social programmes.

Social welfare generally means protection against socially recognised issues, including poverty, old age, disability, unemployment, families with children and others (Mishra, 1977).

Social security has various meanings, but in this dissertation it refers to social assistance and social insurance.

Social assistance grants refer to grants for non-contributory children in poor households (Leibbrandt, 2010).

Social insurance involves individuals pooling resources by paying contributions to the state or private providers so that if they suffer a shock or permanent change in their circumstances, they are able to receive financial support (Farrington and Slater, 2006).

Social protection is the set of all initiatives, both formal and informal, that provide **social assistance** to extremely poor individuals and households; **social services** to groups who need special care or would otherwise be denied access to basic services; **social insurance** to protect people against the risks and consequences of livelihood shocks; and **social equity** to protect people against social risks such as discrimination or abuse (Meth, 2008). It can also be understood as a sub-set of public actions that address risk, vulnerability and chronic poverty (Farrington and Slater, 2006). The World Bank defines social protection as public measures to provide income security for individuals (Holzmann and Jorgensen, 2000:2).

Poverty refers to the inability of individuals, households or communities to command sufficient resources to satisfy a socially acceptable minimum standard of living (Taylor Report, 2002).

Well-being means an enabling environment which allows the comprehensive unfolding of a human being as they are supposed to (Nürnberger, 1996). The section below discusses the fundamental traits of the South African society and adopted values pre and post-1994.

1.12 Conclusion

A large social deficit is itself a barrier to sustainable economic growth. Social support is therefore set up to promote human and social development. The mandate of the South African government to take “reasonable legislative and other measures within its available resources, to achieve progressive realisation of socio-economic rights” is enshrined in the Constitution (Section 27(2)). The government has adopted social assistance programmes and policies as the most direct method to combating poverty and its deprivations.

This chapter has indicated that the current study is the first to explore cash transfers as a developmental intervention that contributes to improving the participation of poor people in society and building the democratic character of state. I have identified and discussed some scholarly work on cash transfers that show how they alleviate poverty and hardship; their impact on nutrition and health; and their contribution to investment in children.

The concept of the developmental state, its main features, origin, model and definition has been presented, along with brief discussions of the underlying characteristics of South African society, including the values adopted by the state pre- and post-1994, and the historical context and development of policy and legislation.

The concept of comprehensive social protection (CSP) has been analysed to indicate its promotion of survival and developmental strategies, as it enables the poor to escape extreme hunger and poverty and has a multiplier effect on household income. Finally, I presented an overview of the three cash transfer grants that will be the focus of investigation.

CHAPTER 2: LITERATURE REVIEW THAT UNDERPINS THE STUDY

2.1 Introduction

In an effort to explore ways in which South Africa's social assistance programme can constitute a building block of a developmental state, the literature review is presented. The literature review shows the links between social policy, cash transfers and poverty, discusses the literature that underpins the current study and discusses how developmental states have used social assistance policies to address poverty.

2.2 Links between social policies, cash transfer and poverty reduction

The available literature links social policy to government action with regards to the provision of cash transfers in South Africa.

Social policies are directly linked to the provision of social assistance to the poor. Social assistance includes cash transfers that are meant to alleviate poverty and reduce poor people's vulnerability. Poverty is one of the many challenges affecting individuals and communities in South Africa. A cash transfer system is a state intervention to support the development of people who fall through the net of the market system. In many situations, poverty is both the cause and outcome of underdevelopment. When the government provides the poor with cash transfers, it changes the life chances of those people and also produces development outcomes that economic markets cannot due to the logic of markets. Some cash-transfer policies designed by states are developmental.

2.2.1 Links between social policies and cash transfers

The origin of social policies can be related to the production of goods and their distribution, existing common values, and social challenges within the society (Mishra, 2002). Social policies are meant to address and ameliorate the ill effects of political and economic market flaws.

The discipline of social policy was established in the early 20th century from the politics of collectivism and the practice of state intervention to deal with social problems (Williams, 1989). Currently, there is no single, universally accepted definition of “social policy”. Even academics do not agree among themselves. According to Gil (1992:3), many writers on social policy do not define the term at all, assuming that “it conveys the same meaning to every reader, and it therefore requires no definition”. As the policy of governments, social policy pertains to action that has a direct impact on the welfare of citizens by providing them with services or income (Marshall, 1965). Social policy can also be viewed as an attempt to interfere and, by some criteria, to improve or correct a given social order (Jones, 1985). Social policy can also be considered as government intervention that is designed to affect individual behaviour, or its command over resources, or to influence the economic system in order to shape society in some way (Kleinman and Piachaud quoted in Gil, 1992).

DiNitto and Dye (1983) argue that social policy is political because it arises out of conflict over the nature of the problems confronting society and whether anything should be done about them. According to Mishra (1977: xi), “Social policy refers, in a generic sense, to the aims and objectives of social action concerning needs as well as to the structural patterns or arrangements through which needs are met”. The definitions highlight certain key aspects of social policy: namely, meeting people’s needs and improving their well-being or welfare. Social policy is sometimes understood as structural patterns or arrangements through which people’s needs are met (Mishra, 1977). DiNitto and Dye (1983) define social policy broadly: as anything the government chooses to do or not to do that affects the quality of people’s lives. In this thesis, I use the term “social policy” as defined by DiNitto and Dye (1983). This definition is fundamental to the administration and provision of cash transfers.

Social policies are important because they aim to achieve certain minimum living standards, reduce inequality and encourage economic growth (George cited in McPherson, 1983). Minimum standards could be met through inputs, outputs or outcomes, although it is possible for inputs and outputs to increase without a reduction in inequality. The availability of and access to services could be addressed through either “even” or “fair” distribution means. “Even distribution” (or “universal distribution”) refers to a situation where everyone, regardless of their

social situation, would have access to the same level of services. An example of universal distribution is the basic income grant (BIG) proposed by some civil society groups, which would be given to everyone regardless of whether they were rich or poor (Taylor, 2002). “Fair distribution” is based on a particular level of need, with the aim of achieving a level of equity.

Social policy has an impact both at micro and macro levels in terms of reducing poverty and inequality (Hassim, 2004). Social policies are initiated as a result of political decisions and social choices, as DiNitto and Dye (1983) argue. It is useful and necessary to understand the context in which the term social policy is used, because the context will inform the meaning. The aim of social policy is mainly to ensure that people in need of help are assisted, social problems are alleviated, and that individual and group social and economic situations are improved. Social policies include plans of action and strategies (Huttman, 1981). Cash transfers are activities regulated by social policies, and provided in a structured arrangement to meet people’s needs. Cash transfers can be either unconditional or conditioned on households fulfilling certain human-development responsibilities, such as making use of education, health and nutrition services (Samson, Mac Quene, and Van Niekerk, 2006).

2.2.2 Links between cash transfers and poverty reduction

The onset of the Great Depression in 1929 brought some degree of economic hardship and deprivation to many countries, but it especially affected already-vulnerable groups (Chelf, 1992). There were flaws in the market system: bank and business failures were widespread; unemployment increased to record levels; there was mass poverty; and those who were fortunate enough to keep their jobs could barely earn enough to survive (Chelf, 1992). However, the Great Depression and World War II strengthened confidence in the problem-solving abilities of states. Following the war, cash transfers were viewed as a government’s response to ensure the economic and social well-being of its citizens (Chelf, 1992). In the United States of America, the culmination of these efforts was President Lyndon Johnson’s massive War on Poverty in the 1960s, with its host of social welfare efforts (Chelf, 1992).

Poverty is a vicious cycle that must be broken if both the younger and older generations of those trapped in scarceness are to live a decent life. This is why Chelf (1992:11-12) states that poverty

deprives both parents and children of the opportunity to succeed and improve their lives. Poverty is the “inability of individuals, households or communities to command sufficient resources to satisfy a socially acceptable minimum standard of living” (Taylor Report, 2002:15).

In such a situation, government cash transfers become critical, providing the poor with the basic means to an acceptable minimum standard of living. As the name suggests, a cash transfer is social assistance provided in monetary form and intended for development or poverty-alleviation purposes (Farrington and Slater, 2006). Cash transfers provide cash to the poor, or to those who face a probable risk such that, in the absence of the cash transfer, they would fall into poverty (Mackintosh and Blamquist, 2003). Cash transfers are a main category of social safety-net protection. Cash transfers are primarily meant for consumption purposes (Farrington and Slater, 2006). The Taylor Report (2002:42) also states that “a basic level of income... has other developmental spin-offs related to enabling that person to participate more effectively in the economy”.

According to Leisering and Leibfried (2001), cash transfers from the government enable most beneficiaries to become independent and live a decent life as they are both able and determined to make use of such support. Cash transfers give recipients the ability to make choices about purchases of food, groceries, clothes, seed and manure for crop production that in turn promote education and healthcare for children (Chagunda, 2006). Mackintosh and Blamquist (2003) also state that greater freedom of choice gives a higher level of satisfaction at any given level of income. Cash transfers reduce inequality through redistribution of national income and alleviate short-term poverty (Pauw and Mncube, 2007).

In the Reconstruction and Development Programme (ANC, 1994), the South African government committed itself to developing programmes to help the poor and vulnerable, particularly vulnerable children. In 1996, the new Constitution of South Africa (108 of 1996) made it clear that everyone has first-generation (civic and political) and second-generation (equality) human rights (South African Constitution, 1996: 7-16). The government has a legal mandate to develop laws, policies, programmes and budgets to advance the realisation of these

rights. Policy analysts and decision-makers have been evaluating government policies to check the impact that they have made.

Taylor (2004) states that the development of social security/protection systems in an era characterised by insecurity has led to significant debates about the best approach to respond to the crises of poverty and human security. Cash transfers in a scenario such as South Africa's should have an impact on poor people in terms of access to income and provide a minimum standard of well-being for people in dire circumstances, enabling them to live with dignity (Taylor, 2004). Cash transfers ought to prevent the poor from falling into deeper levels of poverty.

Cash transfer is a means-tested given to those meeting certain criteria. There have been reports that so many eligible people fail to access the grant. Some of them fail qualify due to corruption in the system whether by government officials or other stakeholders involved. There have been cases that children and the elderly do not have Identity Documents thus are denied the access to the grant (Chagunda, 2006 and National Treasury, 2013a).

In Chapter 1, it has been shown that a comprehensive social protection (CSP) package, as put forward by the Taylor Report (2002: 41), is meant to address income, capability and asset poverty. Addressing poverty through cash transfers, among other interventions, helps to achieve certain minimum living standards, promote economic growth and promote people's well-being. The South African government uses cash transfers as a way to combat poverty and deal with people's vulnerability (National Treasury, 2013a). This is why this study explores ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

2.3 Selected cash transfers (CSG, OAP and DG)

Cash transfers in the form of child support grants (CSGs), disability grants (DGs) and old age pensions (OAPs) are non-contributory transfers targeted at the poor and those vulnerable to poverty (Pauw and Mncube, 2007). They are meant to fill the void where households are unable

to manage their own risk through private or public contributory schemes (Pauw and Mncube, 2007).

2.3.1 Child Support Grant

Pauw and Mncube (2007:12) state that the first cash transfer was introduced in South Africa by the Children's Protection Act of 1913, which provided for maintenance grants for children. During the apartheid period and up to 1998, the main childcare grants were the foster care grant (FCG) and state maintenance grant (SMG). In 1998, the SMG was changed to a CSG; from 1998 to 2002, this was paid to families for children from birth to 6 years of age who could meet the means-test requirements, regardless of race. The department of social development took three years to completely phase out the SMG (Cassiem and Kgampe, 2004).

The CSG had the following principles:

- to contribute to the costs of rearing children in very poor households
- to be linked to an objective measure of need, determined through a means test
- to acknowledge the state's fiscal constraints and limitations
- to focus on children, not on the family, thus ensuring that CSG would follow the child, regardless of who was the caregiver
- to work towards the relief of child poverty (Lund Committee, 1996:75).

The Lund Committee (1996:75) recommended that the grant should "follow the child", so as to resolve the problem of how to define "family" in such a complex and multi-cultured society.

Section 4 of the Social Assistance Act of 1992 stipulates that the grants intended for the child should be received by the primary caregiver on behalf of the child (Rosa and Mpokotho, 2004). The child's primary caregiver is any person above the age of 16 who is mainly responsible for meeting the child's daily needs, without being paid to undertake such responsibility. Such a person could be a relative, parent or unrelated member of the community.

The CSG applicant must be a South African citizen or permanent resident currently residing in South Africa. The applicant must prove that he/she is a primary caregiver of the child/ children

concerned. This could be in the form of an affidavit from a police official, a social worker's report, an affidavit from the child's biological parent or a letter from the school principal of the child. The CSG is means-tested, based on the caregiver's financial ability to provide the necessary support to children (Pauw and Mncube, 2007). Single applicants must not earn more than R33 600 and married applicants must not earn more than R67 000 per annum in combined income (SASSA, 2013 and Saunders, 2013).

On 14 February 2003, the government extended the CSG to eligible children under the age of 14 years (Mbeki, 2003; Manuel, 2003; Skweyiya, 2003). This was phased in between 2003 and 2005 (Chagunda, 2003; Skweyiya, 2003). The first phase, from 1 April 2003, registered eligible children younger than 9 years, and had a budget of R1.2 billion. The second phase, beginning 1 April 2004, registered eligible children under 11 years, with a budget of R3.5 billion. The third phase, 1 April 2005, registered those less than 14 years old, with a budget of R6.4 billion (Manuel, 2003). The allocated budget included funds for administration and disbursement costs (Manuel, 2003).

In April 2003, the CSG was increased from R130 to R160 per eligible child per month, rising to R170 in 2004 and R180 in 2005. By the end of March 2013, over 11.3 million children received R290 each per month (National Treasury, 2013a). Since October 2013, the CSG has been set at R300 per child per month (Hall, 2013).

2.3.2 Old Age Pension

The Old Age Pension Act of 1928 enables the provision of the old-age cash grant. Trevor Manuel has called the old age pension system one of the South African government's greatest poverty alleviation programmes (Manuel, 1997). Its positive impact has been widely acknowledged by trade unions and scholars (Ardington and Lund, 1995; Haarmann, 2000) – specifically that, for black South Africans, each pensioner's income helped five other people in the household (Taylor, 2002). This cash transfer is means-tested and payable to people of retirement age, which is 60 years for both women and men. The recipient needs to be a South African citizen or permanent resident currently residing in South Africa. Single applicants must not earn more than R49 200 a year or have assets worth more than R831 600. For married

applicants, the combined-income threshold is R99 840 with assets worth no more than R1 663 200 (SASSA, 2013 and Saunders, 2013).

According to the National Treasury (2013a: 85), the means test for the OAP will be phased out and all elderly people will be eligible for an old age grant. Furthermore, “it is... proposed that the old age grant means test should be phased out by 2016” (National Treasury, 2013a: 85). The phasing-out is meant to prevent the exclusion of vulnerable individuals and to eliminate the disincentive to preserve retirement savings arising from the current means test (National Treasury, 2013a). The amount of the OAP is currently R1 260 per pensioner per month (last revised in April 2013).

2.3.3 Disability Grant

The Taylor Report (2002:101) notes that disability occurs in certain patterns with respect to age, income and employment. Older people have higher risk of disability due to both the increased probability of serious health problems and the accumulated risk of suffering a disabling accident over the course of their lifetimes (Taylor Report, 2002). Poverty is also closely related to disability in the sense that it deepens vulnerability to disability, and disability intensifies vulnerability to poverty. Generally speaking, disability makes households more vulnerable to poverty and poverty-creating shocks. According to the Taylor Report (2002:103), disabled people encounter extra barriers to education, employment and access to basic services, compared to able-bodied people. The disability grant helps the recipient and the household to meet various household needs (Johannesmeier, 2007). Not every disabled person can access the DG: only those who pass the means test.

The DG applicant must be a South African citizen or permanent resident, currently residing in South Africa. The applicant’s age must be between 18 and 59 years. After 59 years the disabled person is transferred to the OAP. The DG is founded on a means test and also depends on medical eligibility. The applicant must submit a medical assessment report confirming their disability. The report must not be more than 3 months old on the date of application. The applicant must be declared a disabled person by a medical doctor, must not be cared for in a state institution and should not be receiving any other cash transfer (SASSA, 2013; Saunders, 2013).

The amount of the DG is currently R1 260 per person per month (last revised in April 2013) (National Treasury, 2013a).

2.4 Some comparative advantages and disadvantages of different targeting types

Table 2.1 Targeting types

Type	Advantages	Disadvantages
Income means	Rigorous indication of eligibility	Costly; excludes potential beneficiaries in informal sector and independent workers; data requirements high (income records); stigma may be attached
Proxy means	May increase ownership/validation of program; draws on local knowledge of communities and categories of vulnerability; does not require highly specialized technical skills at the lower level.	Costly; requires highly developed empirical evidence, indications; administrative and technical capacity (and costs) to develop score, ensure constant updating and implement (and interpret) assessments. May incur significant inclusion and exclusion errors in cases of social risks/vulnerabilities
Community based targeting		Risk of bias resulting from uneven local power relations; difficult to apply in urban settings; can increase tensions between selected and un-selected groups; can be time-consuming at local level and requires considerable oversight and facilitation for quality control, so costs can rise
Geographical	Concentrates resources on spatially-focussed needs; relatively cheap	Many require new survey to complement national survey data which may not allow disaggregation; may lead to errors of inclusion and exclusion (in geographic zones not targeted) unless combined with other methods; political feasibility issues

		may rise
Categorical	Limited technical capacity required; transparent; relatively cheap to administer; politically acceptable if categories arise through consensus	May not completely address structural vulnerabilities and/or impacts of particular risks on families and communities. Stigma associated with targeting particular groups; i.e. OVC and individuals affected by HIV/AIDS
Self-Selection	Limited technical capacity required	May create high exclusion and inclusion errors-requires low benefit levels which may not provide meaningful protection

Bukuluki and Watson (2014).

Monthly social grant increases in Rands, 2012/13 and 2013/14

	2012/13	2013/14	Increase
Old age grant	1 200	1 260	5.0%
Old age grant, over 75s	1 220	1 280	4.9%
Disability grant	1 200	1 260	5.0%
Child support grant	280	290/300	3.6%

(Source: National Treasury, 2013: 84)

2.3.3.1 Social assistance as a building block of a developmental state

A developmental state has various characteristics. These include being able to integrate social security and economic growth goals within a wider developmental strategy. A developmental state aims to avoid a trade-off between poverty alleviation and economic growth by promoting enterprise and job creation (Taylor, 2005). The contribution of cash transfer towards development or where social grants help a state to achieve its developmental goals must be part of the blocks to build a developmental state. For instance, cash transfers help children to attend school and get educated which is central to development (Green, 2009). Therefore, any contribution to attain education or skills development is a contribution to a developmental state.

The presence of income to purchase various basic household goods including food, allows family members to escape diseases that are related to malnutrition (Leibbrandt et al., 2011). Cash transfer can be a source of that income, in this regard social assistance promotes good health and may lead to long life expectancy which is critical for a developmental state (Taylor Report, 2002). The above aspects have been included in this section as pointers that can be used as the basis for determining whether the study findings show that social assistance is indeed a building block for a developmental state.

2.4 Social dimensions of development

2.4.1 The history of development

The notion of development has taken centre stage since the Second World War on the global level, and in South Africa since the birth of the democratic government. It has gone through various cycles. Peet and Hartwick (2009:1) define development as the means to make a better life for everyone, which includes meeting basic needs such as: adequate food to maintain good health; a safe, healthy place in which to live; affordable and available services; and being treated with dignity and respect (Peet and Hartwick, 2009). Development requires more than economic growth, as many nations have achieved economic growth without reducing poverty and inequality. It is rather about the conditions under which production takes place and the results that flow from it (Peet and Hartwick, 2009). Development has to be understood in terms of how people are given the capacity to take part in creating their own livelihoods, governing their own affairs, and taking part in achieving developmental goals (Peet and Hartwick, 2009). Waterston (1997:17) states that development involves change plus growth, and, according to Martinussen (2004:34), the term “development” is associated with something desirable and positive. The current study argues that development has to include something that is desirable, is positive – change and growth.

Various conceptions of development appeared in the 1940s and 1950s, connected with the establishment of a new international order and in conjunction with the formation of US foreign policy in relation to Europe (Martinussen, 2004). After the Second World War, ravaged

European countries needed to accelerate development (Martinussen, 2004) and to initiate relief and rehabilitation work (Gomez, 1998).

Meier (2002:13) argues that, to fast-track development, economists formulated outstanding theories of development strategy that involved structural transformation and a correlative role for extensive government participation in development programmes and planning. This new approach to development saw 44 countries meeting at Bretton Woods⁴ in 1944; their negotiations resulted in the establishment of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development, now known as the World Bank (Martinussen, 2004). The IMF was meant to boost international co-operation in the monetary field and to get rid of foreign exchange restrictions, to stabilise exchange rates, and to facilitate a multilateral payments system amongst member countries (Martinussen, 2004). The World Bank was established to encourage capital investment for the reconstruction and development of its member states (Martinussen, 2004). At first, these bodies focussed on the industrialised countries and their economic growth.

From the 1950s onwards, economic growth was viewed as the supreme goal of development – and all poor countries needed economic growth if they wanted to defeat poverty and underdevelopment. Martinussen (2004:36) argues that the core conception of growth among development economists of the 1950s was increased production and consumption.

From around the 1960s, development economists found that economic growth and its benefits were very often unevenly distributed, and so the question of distribution became central (Martinussen, 2004). Another problem was that there was no agreement on how to define economic growth and development goals, and how to measure socio-economic changes.

Meier (1989:6) defines economic development as “a process whereby the real per capita income of a country increases over a long period of time while simultaneously poverty is reduced and

⁴ Bretton Woods is a place in New Hampshire, United States of America where 44 countries had a meeting in July 1944 to form The Bretton Woods Institutions refers to the World Bank (WB) and the International Monetary Fund (IMF). The aim for the WB and IMF was to help rebuild the shattered postwar economy and to promote international economic cooperation.

inequality in society is generally diminished". As much as this definition looks towards improving people's living conditions, at least on paper, its main focus is income. Some prominent scholars, such as Amartya Sen, Paul Streeten and Mahbub ul Haq, disputed this definition of economic development, arguing that income should be regarded as a means to improve human welfare and not an end in itself (Sen, 1988; Streeten et al, 1981; Streeten, 1994). Thus, any developmental project should have human well-being as its main purpose. In 1990, the UNDP's Human Development Report, under the guidance of Mahbub ul Haq, embraced this basic criticism and presented a more comprehensive concept of human development (UNDP, 1990; Martinussen, 2004).

For individuals, development may mean increased ability, capacity, freedom, creativity, self-discipline and material well-being (Udombana, 2000). I argue that, in this sense, meaningful development has to begin with, and within, an individual. If motivation does not emerge from within, efforts to promote change will be unsustainable and the individual will remain under the power of other people. As one group of rural development workers defined development, it is:

a process by which an individual develops self-respect, and becomes more self-confident, self-reliant, co-operative and tolerant of others through becoming aware of his/her shortcomings as well as his/her potential for positive change. This takes place through working with others, acquiring new skills and knowledge, and active participation in the economic, social and political development of their community (quoted in Burkey, 1996:35).

According to the United Nations Declaration on the Right to Development, development is "a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals, on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom" (UN, 1986:1). The purpose of development is to address human needs while promoting the comprehensive well-being of human beings and nature. "Well-being" here means having an environment conducive to the comprehensive unfolding of a human being as it is supposed or meant to be (Nürnbergger, 1996). In the achievement of personal development, one cannot neglect the state of the society/group where that individual resides. When development is considered at the social group level, other aspects ought to be considered, such as increasing capacity to control both internal and external relations (Udombana, 2000).

According to Davids et al (2005:3), development is about people. This development is a multidimensional process involving major changes in social structures, popular attitudes and national institutions. It is also viewed as the acceleration of economic growth, the reduction of inequality and the eradication of poverty. Todaro and Smith (2003) argue that development must be the sign of a total range of changes by which an entire social system is tuned to the diverse basic needs of individuals and social groups within that system as they try to move away from unsatisfactory living standards towards a life considered as materially and spiritually better.

Development aims to address human needs that are complex and go beyond material needs. Measuring development narrowly in quantifiable terms like gross national product has been seen as undermining the complexity of these human needs. Human beings should assume control of their destiny (Gutierrez, 1973): “liberation from all that limits or keeps man from self-fulfilment, liberation from all impediments to the exercise of his freedom” might be the only option (Bonino, 1975:35). It is important to promote the total process by which persons and societies seek constantly to realise their potentials (Nissiotis, 1975). This view leads Hameso (2001) to argue that development should be considered as a set of standards against which collective performance is measured, established and justified, and as a collection of rules of entitlement and restriction, endowment and appropriation that serve to pull people out of poverty. This assumes that development denotes a set of processes of change that encompasses the economy, society and the polity.

While the above scholars have defined and argued in favour of development as a whole, some scholars such as Austrian Peace, Dietrich and Sutzl (2006), Escobar Arturo (2006), Esteva Gustavo (1997) criticized the development and its universalism calling it a Western utopian project of the Enlightenment. They argue that it is based on the idea that the unification of human knowledge and the advancement of science would eventually liberate mankind and finally lead to a more peaceful, rational world (Gustavo, 1997; Dietrich and Sutzl, 2006). During the enlightenment, it was believed that all social phenomena and conflicts in life could be rationally understood and consequently be solved (Dietrich and Sutzl, 2006).

Emanating from this perspective, Europe was viewed as the epicentre of progress and civilization. According to Dietrich and Sutzl (2006:283) the enlightenment search of attaining universal truth is the basis of modernity that is characterised by Newtonian physics, Cartesian

reductionism, the nation state of Thomas Hobbes and the capitalist world system. It follows then, that modern universalism, a product of the enlightenment is a hegemonic project that makes absolute truth claims for all cultures of the world and measures civilisation in relation to its own narrow conception of reality (Tallman, 2013). According to Sachs (2006:211) in order to unite all people through development, they had to be disembedded from their stories of the past, disconnected from the context of their places and detached from the bonds of their communities. These people were disconnected from their kinship and community social assistance and social protection.

The field of development as a whole, and development theories in particular, reflect the political positions of various proponents, the places where they are developed, their philosophical perspective, and whether they are predominantly economic, sociological, anthropological, historical, geographic and so on (Peet and Hartwick, 2009). Theories of development try to explain the challenges of poverty and underdevelopment and attempt to interpret development efforts.

2.5 The influence of theories of development on social policies

In order to understand the vision of a developmental state in developing countries, I argue that it is important to consider some of the key development theories from the 1950s up to the start of the 21st century.

2.5.1 Pro-innovation transfer theory

After independence, a number of developing nations launched plans based on the theory of economic growth via technology transfers from the West (Fernandes, 1987). It is interesting to note that voluntary organisations also adopted this theory, thinking that it would create the conditions necessary for a change of attitude, economic growth, creation of jobs and social-economic transformation for all groups (Fernandes, 1987). Burkey (1996) points out that development was expected to be an imitative process, in which the less-developed nations gradually assumed the qualities of the industrialised nations. This came to be known as the “pro-innovation transfer” theory. For example, chemical fertilisers and metal ploughs would be introduced so that people could discard their wooden ploughs. However, the metal ploughs had to be bought, spares and fertilisers were expensive, and most farmers were unable to access bank

loans. This, along with government neglect of agricultural sectors, contributed to a decline in yield.

Meir (2001:15–17) argues that this first generation of development advisors turned to the state as the major agent of economic change, but state-owned enterprises were inefficient and the theory lacked adequate empirical content. It also led to adverse effects of import-substitution industrialisation and balance of payments deficits. Meir concludes that, due to these challenges, mass poverty still existed, more people were unemployed or underemployed, the numbers in “absolute poverty” were increasing, and the distribution of income and assets was becoming more unequal. Proponents of development planning pointed out deficiencies in government planning, information and resources, as well as institutional weaknesses.

I note that, in this theory, experts decided for the people what was good for them. For example, experts strongly condemned local knowledge of pesticides and recommended the use of imported chemical pesticides. The use of local tools was discouraged and the development agents promoted Western tools (Call, 1987). The rich became richer and the poor, poorer (Gomez, 1998). It was inevitable that another theory would emerge: this time, “modernisation”.

2.5.2 The modernisation theory

Modernisation held that the key to development was economic growth through industrialisation and consequent urbanisation (Martinussen, 2004). According to Peet and Hartwick (2009:3), it springs from the most optimistic time of modern rational belief and articulates a whole system of Western beliefs about the world. The message to all “backward nations”, enslaved by traditions that kept them underdeveloped, was this: “There is an inevitable process leading from tradition to modernity. Follow it and you too can have everything that Americans have. Your inescapable destiny is to follow our example. Don’t resist destiny.” (Peet and Hartwick, 2009:132).

Western nations are seen as having unmatched economic wealth and democratic stability (Tipps, 1976). According to this theory, any Third World nation that wanted to develop had to assume the mental theory of the West (rationalism), the institutions of the West (markets), the goals of the West (high mass consumption), and the culture of the West (the worship of commodities)

(Peet and Hartwick, 2009). Its advocates believe that modern societies are more productive, their children receive better education, and the poor and marginalised receive adequate welfare services (Smelser, 1964).

It was assumed that development performance could be quantified in economic measures such as GNP and per capita income (Meier, 2002). Technology was to be capital-intensive and labour-extensive, and mainly imported from more developed countries. Martinussen (2004:56) states that modernisation theorists perceived development as a process whereby a society adopts more and more modern elements: the primary concern was how traditional values, attitudes, practices and social structures break down and are replaced with more modern ones. According to Tallman (2013:8) modernisation had disastrous effects on cultures, it brought the loss of indigenous wisdom, creativity and brought the unity of global capitalism and the belief that Western civilisation is the best and only way to organise the world. Other scholars consider modernisation as a transformative process, because the society's traditional structures and values must be totally replaced (Huntington, 1976). Economic development was a matter of increasing gross levels of savings and investment until the economy reached a take-off point for self-sustaining development (Meier, 2002). Levy (1967) states that modernisation tends toward convergence among societies: "as time goes on, they and we will increasingly resemble one another because the patterns of modernisation are such that, the more highly modernised societies become, the more they resemble one another" (Levy, 1967:207). Modernisation is also viewed as an irreversible process. When Third World nations come into contact with the First World nations (West), they will not be able to resist the impetus toward modernisation (Tipps, 1976).

Reality however revealed that this theory was like building a house in the air, as Burkey (1996:28) affirms:

And yet the optimism of the 1950s and 1960s could not be sustained. The empirical evidence could not be denied. More and more information accumulated which pointed towards a growing poverty complex: marginalisation, mass unemployment and recurrent starvation crises. The "green revolution" was only one experience which confirmed the universal observation that what was taking place in many countries during the development decade was growth without development but with poverty, which in the 1980s had led to negative growth and the debt crisis.

Modernisation theory calls for development assistance to be given to “traditional” or “backward” Third World nations facing obstacles to economic development. Among other reasons, this theory has been criticised for advocating the elimination of traditional values. Critics note that China and Japan developed their economies without abandoning traditional values. It was also argued that Europe was not superior due to its rationalism, as per the theory, but because of colonialism and the wealth that had been plundered from Third World nations, and its proximity to the Americans (Blaut, 1994 cited in Peet and Hartwick, 2009:134).

This theory was also criticised for its preoccupation with growth (Gomez, 1998). Growth has non-stopped failing to touch many people’s lives especially solving the problem of abject poverty (Call, 1987). Any economic growth theory that cannot lead to the fulfilment of people’s basic needs is a negation of development, and as such it is not worth pursuing. In such a situation, it is fitting to pursue another development theory – this time, the dependency theory.

2.5.3 Dependency: A critique of modernisation theory

Originating from neo-Marxist development theories of the late-1960s, the dependency theory of underdevelopment came as a reaction to continuing and increasing disparities between rich and poor countries. It questions the assumed mutual benefits of development asserted by European and American proponents of modernisation and growth theories (Meier, 2002). The industrial countries at the centre of the world economy fully enjoyed the benefits of international trade (Martinussen, 2004:76), while the poor countries of the periphery were not capable of deriving any significant benefits from their foreign trade.

This theory stresses the suffering of economies that are not autonomous (Evans, 1979). Dependent nations are those whose involvement with the global market has led them to specialise in the export of a few primary products. According to Martinussen (2004:74), where modernisation theories emphasised lack of capital as a main reason for economic stagnation, the dependency theorists were more interested in the underlying reasons for the lack of investment. They became preoccupied with the difficulties of financing industrialisation, which they regarded as the principal path of development.

Martinussen (2004:76) claims that while the price of exports is essential to the developing country's process of capital accumulation, each product represented only a small fraction of total imports for the developed nations. Evans (1979:27) argues that, since most of the products are agricultural or mineral, the wide variety of sources gives an advantage to the centre. The developed nations had economic dominance over developing nations, in the name of developing them.

Burkey (1996:28) states that:

[t]he central argument of dependency theory is that socio-economic dependency (neo-colonialism) generates underdevelopment, i.e. the development of underdevelopment. Some of the reasons elaborated for the development of underdevelopment were: long-term trends in the terms of trade favoured the centres; the balance of economic and political power was at the centres; and the centres controlled finance and technology.

Genuine development has to be context specific, because each country or region has its own resources and its own cultural, political, environmental and social conditions. It is disastrous just to imitate the development theories of rich nations. Hettne (1978:29) holds the view that any society must begin with its reality. People in developing nations must discover a sense of dignity and identity within their socio-economic limitations.

Some developing countries came up with their own theories of development. China made some achievements in the areas of health, family planning and agriculture, and also achieved equity in the distribution of development benefits among its people. Tanzania, under its former president, Julius Nyerere, decided to tackle the problem of "underdevelopment" by urging Tanzanian citizens to rely upon their own resources. The concept of self-reliance entered the vocabulary of social development through the Arusha Declaration on 5 February 1967 (Rist, 1999:123). Nyerere involved the people in development decision-making through the establishment of *ujamaa* villages. As a result, Tanzania was able to achieve largely decentralised and popular participation in activities that were important and relevant to the people (Rist, 1999). Cuba achieved impressive gains in spreading literacy among its people living in rural areas with the voluntary participation of its citizens (Gomez, 1998).

China, Tanzania and Cuba took the prevailing psychological, social and cultural conditions of their people into consideration, unlike the Western approach to development.

2.5.3.1 Dependency: A critique of dependency theory

Proponents of dependency theory are critical to the proponents of modernisation so too there are those who are critical of dependency theory. This shows that wherever there is a theory, there will be those that are critical and have different view on it. Dependency theory benefits the rich countries that continue to benefit from the resources and human resource from poor countries through capitalistic tendencies. For instance economic and social development for any majority of people cannot change until the capitalist class structure is destroyed and possibly replaced with socialist development (Frank, 1972). Proponents of free market economics are among the group of academics who are critical of dependency theory because of its failure to account for the endogenous factors involved in the country's development and places blame fully on external factors (Moses, 2012). Within the dependency theory, it is the developing countries that suffer greatly especially in areas of socio-political and economic development. Moses (2012:4) argue that this might be because of the social disparity and civil unrest within countries, lack of political capital they can use internationally due to the weakness of their economy.

2.5.4 "Another Development theory"

The search for a better development theory went on. The new theory shifted its emphasis from GNP and per capita income to basic needs such as food, clean drinking water, decent housing, education, security of livelihood, adequate transport, participation in decision-making and the upholding of a people's dignity and self-respect (Gomez, 1998). Analysis of the growth-centred economic theory and dependency theory brought a new vision of development in some developing countries and it stimulated a debate on a new international economic order (NIEO), especially concerning how development should take place. If people's needs were not being addressed, then development was missing its intended target; hence the need to pursue a better development theory.

"Another Development", a theory focused on both human and economic concerns, challenges developing nations to pursue an adequate, self-reliant development strategy, utilising their

resources directly to produce what their people actually need (Call, 1987). Advocates of this theory hold that development should be need-orientated, geared to meeting both material and non-material human needs; endogenous, stemming from the heart of each community; self-reliant, implying that each community relies primarily on its own strength and resources; ecologically sound, utilising the resources of the biosphere rationally; and based on structural transformation as an integrated whole (Call, 1987).

In this theory, increased attention is paid to the basic needs of people, ecology, structural transformation and participatory democracy, in support of pragmatic goals such as high productivity, better health habits, higher education and mass social and political action at all levels. Conscientisation and collective action are powerful methods of helping peasants to identify their real needs and constraints and to plan to overcome problems (Gomez, 1998). Basic Needs program must build on the self-reliance and self-help of governments (Streeten, 1979).

This theory has powerful ideas, such as the satisfaction of needs, the eradication of poverty, endogenous development and self-reliance, and the sense that development relies on the power of society's participation and harmony with the environment (Call, 1987).

2.5.5 Human development theory

Mahbub ul Haq and Amartya Sen are the best-known human development theorists of the 1980s. They highlighted the inadequacies of previous development approaches and shifted the understanding of development to human development. Ul Haq (UNDP, 2010) argued that growing evidence showed that the “trickle down” theory of ending poverty by spreading economic benefits to the poor via market forces was not working. For instance, social ills (crimes, weakening of social fabric, HIV/AIDS, pollution, among others) were still spreading, even in cases of strong and consistent economic growth (UNDP, 2010). A wave of democratisation in the early 1990s provided an opportunity to suggest alternative development theories.

The work of Sen and others provided the conceptual grounding for an alternative and broader human development approach that defined a process of enlarging people's choices and enhancing human capabilities and freedoms, enabling them to:

- live a long and healthy life
- have access to knowledge and a decent standard of living
- participate in the life of their community and decisions affecting their lives (UNDP, 2010).

These aspects are found within what Sen (1999) calls the “capability approach” to development. In response to the welfare economics of the 1980s, it emphasises functional capabilities, which are substantive freedoms including the ability to live to an old age, engage in economic transactions, and participate in political activities (Sen, 1999). Aspects of this approach found their way into the Human Development Report, which a range of stakeholders now use for various countries. For instance, poverty is understood to be a capability-deprivation; as such, it has to be eliminated so that people have more freedom to live the kind of life that, upon reflection, they find valuable (Sen, 1993). Sen’s understanding is that basic development must advance the richness of human life rather than the richness of the economy in which human beings live.

The following are central themes in human development approaches:

- **social progress:** greater access to knowledge, better nutrition and health services
- **economics:** the importance of economic growth as a means to reduce inequality and improve levels of human development
- **efficiency:** in terms of resource use and availability. Growth directly benefiting the poor, women and other marginalised groups
- **equity:** in terms of economic growth and other human development parameters
- **participation and freedom:** particularly empowerment, democratic governance, gender equity, civil and political rights, and cultural liberty, particularly for marginalised groups defined by urban-rural, sex, age, religion, ethnicity, physical/mental and other parameters
- **sustainability:** for future generations, in ecological, economic and social terms
- **human security:** security in daily life against such chronic threats as hunger and abrupt disruptions including joblessness, famine, conflict, etc. (Sen, 1999).

I agree with Sen (1999) that development is a way of improving the quality of human life and increasing the substantive freedoms people enjoy. If these themes are missing, development may negatively impact on the society it exists to serve.

Sen (1999) maintains that the idea of development should not focus on economic growth as an end in itself, but should be more concerned with enhancing the lives the people and the freedoms they enjoy. It should be understood that freedom is both a basic constituent of development in itself and an enabling key to other aspects. It follows then that the expansion of freedom is viewed as both the primary end (constitutive role) and the principal means (instrumental role) of development (Sen, 1999).

Since 1990, when the UNDP started to publish its Human Development Report, the measure of development has shifted from economic development and GNP per capita towards basic human needs such as food, clothing, housing and health (Gomez, 1998). People's concerns were placed at the centre of the development process and their total holistic development emphasised.

Starting in the 1950s and continuing on into the 1960s, the West's attention turned increasingly to the development of the so-called "Third World" (Gomez, 1998). US President Harry Truman observed that more than half of the world's population was living in conditions of misery and need, that their food was inadequate, that they were victims of disease, and that their economic life was primitive and stagnant (Rist, 1999). Truman concluded that their poverty was a threat both to themselves and to the more prosperous nations. For the first time in history, the idea of "underdevelopment" was constructed, in comparison with the industrial development theory of the north. However, it seemed clear that humanity possessed the knowledge and skill to relieve the sufferings of people in dire need (Rist, 1999).

Truman's plan was to make available the technology in agriculture, commerce, industry and healthcare that was abundant in First World countries (Rist, 1999). Martinussen, however, (2004:56) argues that the West wanted economic dominance and political control over underdeveloped nations. Truman stated in his 1949 inaugural address that the cornerstone of growth and peace was "greater production" through "a wider and more vigorous application of

modern scientific and technical knowledge for the improvement and growth of underdeveloped areas” (quoted in Rist, 1999). In this speech, a president of the United States of America proclaimed the “development age”:

Our main aim should be to help free the peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burden... We invite other countries to pool their technological resources in this undertaking... What we envisage is a program of development based on the concepts of democratic fair-dealing... All countries, including our own, will greatly benefit from a constant program for the better use of the world’s human and natural resources. Experience shows that our commerce with other countries expands as they progress industrially and economically. Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge. Only by helping the least fortunate of its members to help themselves can the human family achieve the decent, satisfying life that is the right of all people... [W]e hope to help create the conditions that will lead eventually to personal freedom and happiness for all mankind (Truman quoted in Rist, 1999:70-71).

The quotation above suggests that sometimes it is necessary to provide the vulnerable and the poor with some intervention in order for those people to help themselves. Any assistance provided to the poor will contribute to achieve the personal freedom that is critical to development. Helping the less fortunate also increases the number of people participating in development.

It has to be noted that while President Truman’s historical Speech divided the world and became the source of division, hindrance to development and world peace for the speech. The speech was narrowly assumed that the USA was the most advanced civilization, possessing the one truth, with a moral responsibility of helping the rest of the world to industrialise mainly those cultures outside the capitalistic system.

In South Africa, democracy plays an instrumental role in giving people a voice and a constructive role in shaping values and norms. According to Sen (1999), political rights, including freedom of expression and discussion, are central to the conceptualisation of socio-economic needs.

2.6 Approaches to social welfare

There are various approaches to social welfare, based on the extent to which the state is involved in social provision and the status of the beneficiaries of these provisions. Social policy approaches may be emphasised at different historical stages in a country’s development and are

largely dependent on the dominant ideology of the government. The following approaches are discussed in this thesis: the residual approach in a conservative or neo-liberal state; the institutional approach in a social democratic state and a normative approach in a developmental state. The approaches may co-exist and thus are not sequential.

Figure 2.1 Normative Approach in a developmental state

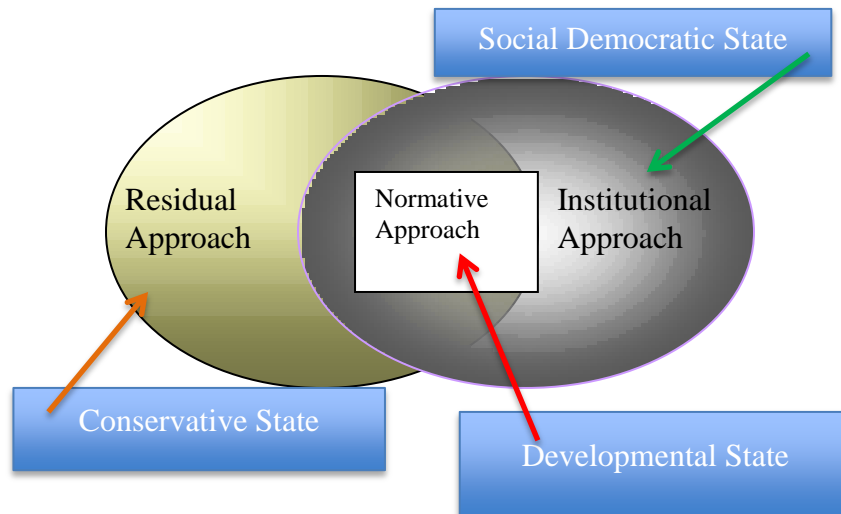


Figure 2.1 show that the normative approach has both the characteristics of the residual and the institutional approach. One can say that it has taken positive characteristics from both approaches to promote development.

The proponents of the developmental state offer a macro-perspective on social policy and deliberately link economic and social policies within the framework of a planned development process. Esping-Andersen (2001) strongly states that income support to households is the most single effective policy against poverty, welfare dependency, and also an investment in human resources at the same time. It is therefore wrong to perceive such income support as merely ‘passive consumption’ but also as active investments which yield a long-run return (Esping-Andersen, 2001).

Table 2.2 Three approaches to social policy

	Conservative or neo-liberal state / residual approach	Developmental state / normative approach	Social democratic state / institutional approach
Policy extent	Incremental	Rational and comprehensive; has social democratic and neo-liberal features	Rational and limited
Policy focus	Long-term economic growth, in the belief that this will create work and the benefits will trickle down to the poor and unemployed	Integrating social security and economic growth goals within a wider developmental strategy	Welfare and poverty alleviation
Attitude to welfare provision	Unemployed and poor able-bodied adults are considered to be undeserving of social security support; implies that capitalist institutions function adequately and individuals do not progress because they are weak	Aims to avoid a trade-off between poverty alleviation (welfare) and long-term poverty eradication (economic growth) by promoting enterprise and job creation; social support is set at a level to enable, rather than create dependency	Efficient pragmatic approach within an framework of social rights
State support for social services	Minimal; many are privatised. Voluntary and relief agencies play a big role	Private provision of social services not discouraged but public provision available to all who need it	Medium to high; social services are also sourced from private and voluntary sectors
Level of benefits and status of clients	Low	High	Medium
Proportion of national income spent on welfare services	Low	High	Medium

Source: Taylor, 2005

2.6.1 Residual approach in a conservative or neo-liberal state

The residual approach to welfare focuses on economic liberalism, traditionalism and individual liberty. It had the support of Margaret Thatcher and Ronald Reagan⁵, the World Bank and the IMF. It is based on the conviction that social welfare activities should come into play only when the normal structures of society break down. If individuals are unable to survive on their own, their needs should naturally be met through the channels of the family, friends, neighbours, religious institutions and charities (Midgley, 2003; Mishra, 1977; Stoesz and Midgley, 1991).

⁵ Margaret Thatcher, the conservative, was the first female Prime Minister of the United Kingdom, who served from 1979 to 1990. Among other things she did, was to cut social welfare programmes and privatized certain industries. Ronald Reagan was the 40th President of the United States of America who redefined the purpose of government and solidified the conservative agenda for decades after his presidency in 1989.

The values of the approach are centred on individual responsibility, self-reliance and freedom. As such, paternalism by the state or employer is frowned upon.

According to Chelf (1992), many conservatives see social programmes for the poor as a disincentive. I am of the opinion that the answer to the question, “Are cash transfers improving opportunities for households to participate in social and economic activities?” would be of interest to the conservatives, because they tend to assume that recipients of such assistance use it as a disincentive to work. The lack of conclusive evidence that income support discourages job-seeking neutralises the argument. Nevertheless, the conservative state does still play a relatively small role in social welfare so that people can live a dignified life and be encouraged to work.

The conservative state highlights middle-class belief in the freedom of the market and therefore minimises state intervention and maximises the role of the market in the distribution of rewards (Mishra, 1977). Conservatives believe that governments should only intervene in the economy to avert short-term crises, and that any attempt to manage an economy in the long run will result in severe shocks, frustrate the workings of the market and distort growth (Jahed and Kimathi, 2008). They argue that allowing markets a free rein is a necessary condition for economic growth.

The neo-liberal state is best understood purely in terms of market distribution (Mishra, 1977). The focus is primarily on long-term economic growth, which, it believes, will eventually create employment and the benefits will trickle down to the poor and the unemployed. With this focus on employment, it follows that the unemployed and poor able-bodied adults of working age do not deserve social security support. One can easily argue that such a state has a minimal role to provide cash transfers and social services. This explains why voluntary and relief agencies are supposed to play a big role (Mishra, 1977; Gil, 1992; Giddens, 2001; Midgley, 2003).

Neo-liberals have a strong belief in the self-regulating operations of the market (George and Page, 1995; Midgley, 1997) and that full employment can only be achieved through the market (George and Page, 1995; Barry, 1995). The market is thus supported towards full employment, but Esping-Andersen’s warning (1996:25) should be noted: “Those following a more radical

liberalisation strategy do better in terms of employment, but suffer a high cost in terms of inequality and poverty. In contrast, those resilient to change pay the price of high unemployment” (Esping-Andersen, 1996:25).

According to Mishra (1977), the residual approach is predominantly oriented by the market economy and serves only a few in a society. In many countries, this has led to an increase in unemployment, marginalisation of the majority and immense income poverty, which makes this approach economically and humanly unsustainable in South Africa.

To some extent South Africa falls within this approach because it has not included the working poor and able-bodied adults in its safety net. The state continued to provide the cash transfer system to the same beneficiary groups targeted during the apartheid era: children, people with disabilities and the elderly. The only difference is that now it is provided to anyone who passes the means test, regardless of race. Most able-bodied adults who do not have any source of income currently (post-1994) rely on a recipient of a cash transfer for a living.

2.6.2 Institutional approach in a social democratic state

The social democratic state with its institutional approach to social security emerged after the Great Depression and World War II. Up to the 1970s, the capitalist economies grew enormously, social rights were being recognised and the welfare state implemented (Carlos, 2004). Social rights consist of civil, political and social elements in a social democracy. Civil rights (via legal institutions) refer broadly to individual liberty and equality before the law. Political rights (via political institutions) refer to the right to vote and to seek political office. Social rights (via social service institutions) concern economic welfare and security – the right to share common resources within the society (Mishra, 1977).

It is through this approach that one can experience citizenship as a social right.

People who are in poverty, in poor health, inadequately fed, poorly educated, and badly housed cannot be regarded as citizens in the proper sense of the term. The state should, therefore, ensure that all members of society have rights to an adequate income, health care, education, housing, and other social goods. It must establish these rights in law and create mechanisms that guarantee their implementation. This involves the provision of extensive social programs and institutionalization of state responsibility for social welfare (Midgley, 2003:15).

Titmuss (1974) was the most eloquent and persuasive proponent of this approach, elevating the social welfare debate to a moral level. In this view, government social programmes ought to be universal, generous and institutionalised. This approach aims at developing the capacity and well-being of individuals as a way of serving both the individuals and social groups. Proponents argue that social welfare should be housed under the social democratic principle of equality, whereby the government has an obligation to develop the welfare of *all* its citizens (Chelf, 1992). Although equality of opportunity may legitimately produce inequality of outcomes and results, the state is still obliged to seek equality in the institutions of society and to ensure the rights of all people to equality of treatment by the state (Chelf, 1992).

“Institutionalism,” according to Midgley (2003:14), “dominated social policy in Europe, North America, and other industrialised nations during the middle decades of the last century”. The institutional approach in the social democratic state represents its citizens, embodies their will, and gives expression to their collective desire to care for each other (Midgley, 2003). It presupposes that social welfare should be provided through a collective mechanism (Mishra, 1977) and believes that the state is the most effective collective institution for the provision of social welfare in complex industrial societies (Titmuss, 1974).

The guiding principle of redistribution in an institutional approach is “to each according to his/her needs” (Mishra, 1977). The social democratic state intervenes by providing free social services such as healthcare and education and the required degree of equity for different elements of the population. Equality and fairness in social policy and social welfare are inseparable, as Chelf (1992:10) argues:

[t]he concept of equality also involves the idea of fairness, and although those who are employed may question why they should pay taxes to provide benefits for those who are not working, this begs the issue of society’s obligation to those who are quite willing to work but cannot find jobs or are forced to accept wages that fail to provide them with a decent living.

Through the institutional approach, the state focuses on welfare and poverty alleviation primarily through cash transfers. The goal of full employment ensures social participation and higher revenue that enables social expenditure to take place. State support is medium to high, with the aim of alleviating adverse effects of the market economy. Social democratic states successfully

promoted economic growth and social justice in the developed countries between the 1930s and 1970s. But waves of neo-liberal ideology, globalisation, and fiscal crises pushed the social democratic state and its social spending policies into a predicament (Carlos, 2004).

It has been easier for First World economies to manage this type of cash transfer, as the scale of poverty and unemployment in the developing states make it economically unsustainable. Another problem with the institutional approach to social welfare in a social democratic state is that decisions are made without public participation. Since participation is a fundamental aspect of development for people and communities, this approach is in opposition to the current study where development is the central theme.

2.6.3 The normative approach in a developmental state

Giddens (2001:2) argues that there is a general recognition almost everywhere that the two ways [neo-liberal and social democratic states] that had dominated political thinking since the Second World War had failed. Another approach to social policy was inevitable. The third approach to social policy is the normative approach that is applied by a developmental state.

Normative approach is best understood as pure need-based distribution (Mishra, 1977). The normative approach seeks a balance between the institutionalism of the social democratic state and the residualism of the neo-liberalist state (Giddens, 2001). This approach has fostered a congenial equilibrium suited to the needs of the time (Quadagno (1993) and Wilson (1995, cited in Midgley, 2001)). There is a distinctive understanding of this approach in social policy as a whole and developmental state in particular. Normative approach recognises that large social deficits such as lack of access to health, education, housing, water and sanitation are obstacles to sustainable economic growth and thus must be removed (Taylor, 2012). The normative approach among other aspects, perceives the role of the state as that of supporting a fundamental redistribution of wealth and power in society (Midgley, 2001). The state is seen to be more socially responsible, thus, the state focuses on integrating social security and economic growth goals within a wider developmental strategy (Giddens, 2001; Taylor, 2002). The state that implements this approach, recognises that it is embedded in society and as such there are social ties that binds the state to society and this demands it to be responsive to people's needs and

development (Evans, 1995). It is because of this that I consider the normative theory suitable for the current study, for it contains some of the important ingredients of development.

According to some academics, the normative approach puts together the positive features from the residual and institutional approaches (Skocpol, 1995 cited in Midgley, 2001). This study argues that the best way for government to take care of its citizens' needs is by adopting the normative approach. The state capacity is crucial within a developmental state because its intervention is instrumental to overcome market failures or imperfections. It follows that the bureaucratic capacity to intervene strategically, especially on behalf of vulnerable individuals and groups, is needed (Levin, 2008). In this approach, one can identify the impact of social policy intervention in general and cash transfers in particular.

2.7 The capability approach in a developmental state

As discussed in Section 2.5.6 above, the capability approach to development was mostly pioneered by the philosopher and Nobel Prize winner in economics, Amartya Sen. Sen (1999) argues for a developmental state that focuses on removing the major sources of "unfreedoms" in society, such as poverty, tyranny, lack of economic opportunity, deprivation in health and education, lack of public facilities, violence and abuse. The capability approach constitutes interventions that enable people to lead a fuller, longer life, and to take part in decision-making in the community (Mehrotra, 1997). It begins with the basic capability to avoid ignorance, malnutrition, disease and early mortality, which involves more than access to income: "The capability to avoid undernourishment may depend not only on a person's intake of food, but also on the person's access to health care, medical facilities, basic education, drinking water, and sanitation facilities" (Mehrotra, 1997:21).

This approach provides certain standards to assist governments, institutions, social development practitioners, researchers and individuals to improve people's well-being (Sen, 1999). Its framework for evaluation is holistic and humanistic (Robeyns, 2005:95) and broad enough to capture all aspects of human well-being and development (Sen, 1999). It looks at a person's real opportunities to live the life they want and aims at enhancing their capabilities to do so (Sen, 2000).

The capabilities approach focuses on unfreedoms that affect people negatively and keep them trapped in poverty (Sen, 1999), which itself is one of the greatest obstacles to people's well-being. The elimination of poverty is a key goal that characterises a developmental state. Because this study explores the ways in which South Africa's social assistance programme can constitute a building block of a developmental state, it uses the capability approach as a theoretical framework to analyse the research findings. This is appropriate because of its tools for analysing people's living conditions.

2.8 The use of social policy to address poverty in developmental states

2.8.1 The developmental state

Adelman and Yeldan (1999:4) view a developmental state as one that achieves economic development in five blocks: self-sustaining growth; structural change in patterns of production; technological upgrading; social, political and institutional modernisation; and widespread improvement in human development. According to Castells (1992:56), a developmental state institutes legitimacy, promotes and sustains development, has steady and high rates of economic growth, and fosters structural change in the productive system within the country and across its borders. Pronk (1997:5) views a developmental state as the one that sustains a climate that promotes development through nurturing productive investment, export-centred economic growth and human welfare. For Johnson (1982), a developmental state is determined to influence the direction and pace of economic development by direct intervention, and not to rely on the uncoordinated influence of market forces to allocate resources.

In *Development as Freedom*, Sen (1999:3) argues that development requires social and economic policies that are holistic and multidimensional and comprise five instrumental freedoms: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security. These freedoms promote human capabilities that are the pillars of development (Sen, 1999). The central goal of any 21st-century developmental state entails the enhancement of capabilities as a base for sustained economic growth (Edigheji, 2010).

2.8.2 East Asian developmental states

From 1970, the economies of Japan, South Korea, Singapore and Taiwan boomed due to activist industrial, trade and technology policies introduced by the state. For example, they “gave substantial well-designed export subsidies to industries they favoured and granted tariff rebates that cheapened imported raw materials and machinery” (Peet and Hartwick, 2009:64). Japan nurtured local business by establishing “state-owned ‘theory factories’ in a number of industries – shipbuilding, mining, textile, and armaments – and after these were privatized, the state subsidized their operations” (Peet and Hartwick, 2009:63). The Japanese state also controlled domestic savings to provide inexpensive credit for particular industries chosen by the state (Peet and Hartwick, 2009).

These four “Asian Tigers” enjoyed rapid growth, more egalitarian income distribution, rising living standards and increased international competitiveness (Chang, 1993), which opened a broad discussion on the lessons that could be drawn for the wider challenges of socio-economic development (Chang and Kozul-Wright, 1999). The post-World War II economic transformation of East Asia was a surprise to many economists and developmental analysts (Castells, 1992).

Castells (1992) argues that, with the exception of Japan, East Asian developmental states were born out of a need to survive and then grew into a nationalist project of self-affirmation of cultural/political identity in the world system. Woo-Cumings (1999) says that they were defined by both class structure and economic policy. After colonialism and the war, there were huge class inequalities that these countries tried to address. They used social policy interventions such as land reform, education (skills training), and cash transfers (Midgley, 1997).

2.8.2.1 Land

Land reform was one of the reasons for the economic take-off of South Korea and Malaysia (Chen and Desai, 1997). From the beginning of their independence, both countries committed to prioritise poverty alleviation and health and educational services (Chen and Desai, 1997). There was an emphasis on land reform, especially in favour of small farmers (Woo-Cumings, 1999) and the growing of cash crops (Stein, 1995:8). To encourage the export of cash crops, the governments increased the terms of trade in favour of the agriculture industry and raised incomes

by providing demand linkages and savings (Stein, 1995). This was done through voluntary rural credit institutions and encouraging agro-processing as the basis of industrialisation (Stein, 1995). The central and critical role of the state in development was indeed the case in East Asia, where agriculture-related policies “involved heavy state intervention in the provision of inputs, procurement and pricing, land reform and significant levels of public investment” (Stein, 1995:9).

In Meiji Japan (1868–1912), a land tax accounted for more than 80% of central government revenue. The Japanese government controlled the food prices to keep them low and this enabled industrial wages to stay low, too. This was possible through large-scale imports from Japan’s colonies (Stein, 1995). Taiwan and Korea used to be Japan’s colonies (Stein, 1995). According to Thorbecke (1979:137) both of these colonies benefited Japan especially in estate agriculture which was unfamiliar to the Japanese. In South Korea, during the 1960s, the state deliberately kept grain prices down, through forced procurement. This was done to encourage the movement of labour to support labour-intensive manufacturing and to keep real wages down (Stein, 1995). The Japanese government invested heavily in agriculture, subsidised fertiliser and pesticide inputs and helped the organisation of co-operatives (Stein, 1995). In Taiwan, the government removed the landlord class, thus acquiring power to control agriculture. The Taiwanese government controlled crop prices so as to sustain low urban wages, and fertiliser was exchanged on a barter basis (Stein, 1995).

2.8.2.2 Education

In East Asia, there was an emphasis on education to produce needed skills (Woo-Cumings, 1999). Countries with high levels of economic development very often have higher levels of educational attainment within their population (Tan, 2000). Tan (2000:55) says that the “causal link between education and economic development can be observed by the fact that educational attainment in a base year is often positively correlated with the rate of economic growth in a subsequent period”. In addition, education plays a fundamental role in economic development through the narrowing of the gender gap. Countries that have high ratios of female-to-male enrolment in secondary and tertiary education have high per capita GDP levels (Tan, 2000). Tan

(2000:64) argues that high levels of education in developmental states help to reduce fertility rates and to increase productivity of the labour force, leading to higher rates of economic growth.

During the 1970s, the governments of Hong Kong and Singapore were paying fees for almost all students at primary school level; only one-sixth of students were privately funded (Stein, 1995:42). After 1977, students in secondary schools had about 90% of their school needs paid for by government. Since 1969–70, these governments provided grants and interest-free loans to cover all school-related items, especially for secondary education, because it was considered a governmental responsibility (Stein, 1995).

2.8.2.3 Cash transfers

Social policy interventions such as cash transfers help poor people to escape poverty (Midgley, 1997). They contribute to changing the standards of living of the poor families through their contribution to household income (Febriany and Suryahadi, 2012). A number of “Asian Tiger” governments have introduced social assistance in the form of a cash transfer to the poor, especially the older people, and this assistance appears to be valuable (Febriany and Suryahadi, 2012).

In Hong Kong and Taiwan, the governments provide cash transfers to enable the poor and the unemployed workers to live a dignified life and contribute to the economy (Turner, 2007). The cash transfer allows the poor to buy basic household necessities, including food, access to primary healthcare and education (Sahoo, 2013). Woo-Cumings (1999) emphasises the social protection aspect of the cash transfer, which, according to Sahoo (2013), may help poor people to access the basic essentials that would enable them to rise above the poverty line in the short term.

Another Asian Tiger, Malaysia also provides cash transfers, although only within a means-test system for pensioners above 60 years old (Febriany and Suryahadi, 2012). The Indonesian government implemented a cash transfer programme to alleviate the impact of fuel subsidy reductions for more than 19 million poor and near-poor families in 2005-06 and in 2008-09 (Febriany and Suryahadi, 2012). In addition, cash transfers are valuable in that they enable the beneficiaries to make their own choices on how to spend their income; they improve the local

economy by increasing the local cash supply; and also generate employment through trade multipliers.

2.8.2.4 Various factors contributing to success of the East Asian developmental states

The success of the East Asian developmental states is partly due to progressive social policies and huge foreign financial aid as well as export access to markets in the United States and European Union (Pempel, 1999b). For Castells et al (1990), it was post-World War II security concerns that caused the US and Britain to pump financial and human resources into the East Asian region, which those countries then used to their developmental advantage. The Tigers successfully balanced domestic market protection with export promotion policies (Appelbaum and Henderson, 1992). In Japan, South Korea and Taiwan, the governments developed industrial and technological policies whose success is reflected in greater industrial and technological capabilities (Togo and Sundaram, 1998), which consequently increased the employment rate.

Five policy outcomes characterised the East Asian developmental approach:

- more egalitarian income distribution
- increased international competitiveness
- rapid growth
- rising living standards of people. (Pempel, 1999b; Castells et al, 1990; Appelbaum and Henderson, 1992)

It is important to note that, when these East Asian states became developmental states, the governments were undemocratic, authoritarian and, in some cases, militarised. Certain states also had anti-union legislation (Appelbaum and Henderson, 1992). Castells (1992) argues that, although exploitation and oppression were integral components of the development process, economic growth was coupled with substantial improvements in basic living conditions for most of the population (as shown by health, education and housing indicators). The East Asian countries continue to maintain relatively high levels of domestic savings as well as high levels of investment (Chang and Kozul-Wright, 1999). You (1999) argues that East Asian economies distinguish themselves by having low inequality and high profit shares, which co-exist primarily due to the unequal distribution of wealth.

It has been argued by some scholars (Peter, 1995) that the success of the East Asian developmental states lies in the fact that the state formed alliances with social groups. In Woo-Cumings's analysis of the class aspects of the developmental state, the state was closely connected to business yet managed to maintain the autonomy needed to drive the development of new industries. It maintained mass support through social policy interventions that resulted in substantial improvements in the living standards of people, including workers and people who managed small businesses (Woo-Cumings, 1999).

While it is true that there is no single developmental approach that can fit every country, East Asian countries offer some lessons that can be contextualised. Economic growth is critical to any developmental state, especially with regards to balancing economic growth and human development. A developmental state should act as an economic catalyst, playing an active and even aggressive role in the industrialisation process by mobilising finance and directing it into investment that would raise productivity (Chang, 1994). A state that considers itself developmental should harness all forces in the economy to meet pre-determined national objectives (Jahed and Kimathi, 2008).

Social policy formulation for developmental states should incorporate the following factors:

- labour-intensive development programmes to create employment for the majority of people which can lead to improved living standard of the majority
- promotion, support and monitoring of businesses to invest in the right areas can ensure long-term productivity (Chang and Kozul-Wright, 1999)
- a competent bureaucracy and various institutions are necessary to facilitate co-operation between the government and the private sector
- planning bodies can govern the market to strengthen the state's primary aim of development, e.g. Malaysia's Malaysian Industrial Development Authority, South Korea's Economic Planning Board, Taiwan's Council for Economic Planning and Development, and Singapore's Economic Development Board (Mondi, 2008)
- it is important that a developmental state determines the desired national income and sets out its social goals and the means to achieve them.

- economic policy-making in developmental states gives precedence to national industrial policies, with an emphasis on making domestic industries competitive internationally
- a developmental state uses “effectiveness” as its evaluative criterion
- it is important to be creative in dealing with international trade policies so that exports as well as imports benefit the country social protection in the form of cash transfers can be provided to those who require them, so that they can live a dignified life and ultimately become financially independent.

2.8.3 South Africa’s developmental state

The concept of South African developmental state is inevitably different from the Asian Tigers because of its democratic values and its role in socio-economic transformation. In 1998, an ANC discussion document, “The state, property relations and social transformation”, characterised South Africa as a developmental state with a normative approach to welfare and social policy:

Development is about improving quality of life; it is about equity and justice. As the RDP document asserts, development entails a growing economy in which redistribution is critical element... It includes the preservation and development of human resources in the form of skills-training, job-creation and the provision of education, health services, infrastructure, an adequate social security system, and so on. It is also about democracy and popular participation. A developmental state should be founded on the principles of democracy, justice and an abiding culture of human rights – conditions which afford people not the right to benefit from the activities of the state, but also to take active part in improving their lives (ANC, 1998:7).

In 2004, the then-minister of finance, Trevor Manuel, referred to South Africa as a developmental state (Manuel, 2004), but there has been a vibrant debate about this. There is a feeling that government policies have so far given too little consideration to the critical role of the state with regard to national development. As a consequence, the ANC government has failed the people of South Africa by not upgrading infrastructure enough, enhancing technology or satisfactorily reducing unemployment and poverty.

According to Joel Netshitenzhe, a former head of the government’s Policy Co-ordination and Advisory Services (PCAS), the ANC is not satisfied with the current order of practices in the country. Some of this dissatisfaction is based on the failure of the market to create enough employment through labour-intensive jobs and reduce the gap between the rich and the poor. Arguably, the ANC has many concerns related to service delivery and social and economic

development. In the opening paragraph of a section on “building a developmental state as an instrument of economic liberation” in a discussion document on economic transformation, (ANC, 2007), it is clear that the ANC approach to economic transformation proceeds from an understanding the desired changes cannot emerge “spontaneously” from the “invisible hand” of the market.

Unlike the apartheid principles of pro-white “separate development”, it is important that democratic South Africa leads a common developmental agenda. In the same way the East Asian developmental states mobilised all sectors of society to take part in social policy implementation and own the developmental process, so too should South Africa follow a similar route. The developmental state must enable people to take part in their own development. My views concur with those of Adesina (2009:49), saying that South Africa needs “visionary leadership that reconstructs the state and its governance by vigorously including the public by democratic ethos of participatory governance rather than the technocratic ideas of governance”. The Constitution has created room for people’s participation in policy formulation in all spheres of government (e.g. Sections 59(1)(a), 72(1)(a) and 118(1)(a)).

ANC discussion documents have indicated that the concept of the South African developmental state ought to have a South African flavour (ANC, 2007), with a social content informed by local realities, such as the legacies of colonialism, and underpinned by popular democracy. It has also emphasised that South Africa’s developmental state ought to restructure the economy to ensure participation at all levels by black people, and that the kinds of industries developed should absorb skilled and unskilled labour, allow for higher rates of export, and so on.

The South African developmental state would also have to work hard to promote rural development because land-tenure security is still a dream for many rural people. It is envisioned that South Africa’s developmental state should enable the benefits of growth to be shared by all (ANC, 2007). This would be done through regulation, taxation for redistribution and by strengthening competition. For this to happen, the state needs to play a central role to create synergy between its approach to skills development (at inter-departmental, inter-sectoral and inter-government levels) and the reduction of poverty.

The failure to achieve the goals envisioned by the 1996 Growth, Employment and Redistribution (GEAR) economic policy, notably the reduction in unemployment and poverty, prompted the South African government to develop the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in 2006. Levin (2008) describes AsgiSA as a set of decisive interventions that includes infrastructure investment, sector strategies, education and skills development, eliminating the second economy, strengthening macro-economic policies and governance, and institutional interventions. One of its aims is to meet the target of halving poverty and unemployment by 2014 (Mohamed and Roberts, 2008). The concept of South Africa's developmental state has to realise the objectives of AsgiSA so that economic growth is shared by all through cash transfers and job opportunities (Chagunda, 2006). The New Growth Path and Industrial Policy Action Plan (DTI, 2011) are the pillar stone of the South Africa's developmental state. The main features of the developmental state includes the changes in the structure of savings, investment and production, the government must pursue key policies and programmes over at least a decade (DED, 2010).

South Africa as a developmental state must be measured by how many features of the developmental state it has in operation. Does it have policy interventions to reduce poverty and material deprivation, and to generate employment? Does it nurture democracy and democratic institutions?

Turok (2011:30) states that as the statistics of persistent inequality, poverty and unemployment become ever more embarrassing, the ANC and the state are turning to the idea of development under the concept of a 'developmental state'. If the South African developmental state is to succeed, the central problem facing the country which is a large part of its economically active population not engaged in productive, must be resolved (Turok, 2011). One downfall, for South African developmental state is its inability or unwilling to direct and discipline business this has been a major factor stalling industrialisation and development (Turok, 2011). Poverty eradication remains one of South Africa's major challenges (Machete, 2008). Marais (2011:346) argues that South Africa's handling of the AIDS and TB epidemics under President Thabo Mbeki and the health crisis generally is an example of not to be a developmental state. The South Africa's ailing

public hospitals, lack of skills and expertise, break-down of discipline in public service are the opposite of a developmental state (Marais, 2011).

It is in this context of a South African developmental state facing serious levels of poverty, and with the capabilities framework to analyse human well-being, that this research attempts to explore the ways in which South Africa's social assistance programme, in the form of cash grants to vulnerable groups, can constitute a building block of a developmental state.

2.9 Conclusion

In this chapter while trying to explore ways in which South Africa's social assistance programme can constitute a building block of a developmental state, the literature review has been presented. The chapter has discussed the links between social policy, cash transfers and poverty reduction. I have also discussed how developmental states used cash transfer policies to address the challenges of poverty. These developmental states include South Africa. The literature review has included policy documents, official documents, government websites, research outcomes and evaluations.

The following chapter will focus on research approach.

CHAPTER 3: RESEARCH APPROACH

3.1 Introduction

The main goal of this research is to explore the ways in which South Africa's social assistance programme can constitute a building block of a developmental state. This will be achieved by using a critical research approach and Taylor's conceptual framework (2002) that draws on Sen's understanding of development as freedom; I explore the impact of cash transfers on households, on access to socio-economic opportunities and to the overall development of local democracy. The overall purpose of this research is to make a contribution to the field of social policy by adding to the store of professional knowledge. Glatthorn (1998) argues that the dissertation is an objective and detailed report of research intended primarily for a scholarly audience.

Chapter 3 provides the research approach used, the research design and methodology, and defines the scope and limitations of the research. All research is based on fundamental assumptions regarding the social world, what constitutes well-founded research and the appropriate methods of conducting such research.

Different schools of thought of how social research is conducted are outlined. My school of thought used in this study is critical school. Other schools of thought are positivist school and interpretive school of thoughts. In the next section I will explain why positivist and interpretive schools are not suitable and will therefore, focus on critical school of thought and show how it is suitable for the current study.

3.2. Meta-theoretical traditions in research

Three meta-theoretical traditions or schools of thought are discussed in brief below: positivism, phenomenology (interpretive) and critical theory.

3.2.1 The positivist school of thought

The term "positivist" has nothing to do with being positive or optimistic. According to Babbie and Mouton (2006), it refers to scientific claims, posited on the basis of empirical proof, as opposed to claims that are based on religious or metaphysical belief. Proponents of positivism

embrace the notion that the social sciences are analogous to the natural sciences and only make progress when they pursue the same goals. One of the earliest social scientists was French philosopher Auguste Comte (1798–1857). Comte explored the main tenets of positivism in his major work, *Cours de Philosophie Positive*. Comte’s fundamental ideal was a society founded on scientific principles, with universally valid, causal laws of human behaviour (Babbie and Mouton, (2006).

Another advocate for positivism is Emile Durkheim (1858–1917). Durkheim is well known for his contribution to the development of the positivist meta-theory. He emphasised the objective and factual nature of social phenomena, and brought the positive view of social science to bear in concrete, empirical research (Babbie and Mouton, (2006).

Lee (1991) suggests that, when conducting social research, a researcher must be able to “disengage” by relying on formal logic and the laws of statistical inference to test a theory. This will help me to draw conclusions in an independent and unprejudiced manner (Myers, 1997). The positivists’ assumption is that social reality is “out there”, ready to be naturally observed and reported by the researcher as it “really is” (Babbie and Rubin, 2005). But this is not true, because social reality is not static and keeps unfolding as the contextual environment changes. Moreover, researchers interpret the world around them according to their own subjectivity. The fact that positivism views the research subject as an object, regardless of whether they are human, seems to be contrary to the aims of development. Social policy is subjective and therefore, by definition, has to take into account the human condition. As such, positivism does not fit in with the provision of social assistance and I therefore do not engage in a positivist approach.

3.2.2 The interpretive school of thought

This school of thought is also known as the phenomenological tradition. According to Babbie and Mouton (2006:28), rather than using a background analogy of the natural sciences, the phenomenological paradigm is based on a predominantly mental metaphor. It is not the human body, but the human mind or consciousness that forms the presumed analogy between the study of an individual and that of society.

Advocates of this school, including Alfred Schutz, believe that theories of the social world should be coherent within the larger system of social science. Human beings are engaged in the process of making sense of their daily life (worlds), and they continuously interpret, create, give meaning, define, justify and rationalise actions. This should be taken into account in the conception of social science research. The phenomenologist's aim in social sciences is primarily directed towards understanding individuals in terms of their own interpretations of reality and society, and in terms of the meanings that people ascribe to the social practices in their society (Babbie and Mouton, 2006). Burrell and Morgan (1979:31) state that greater richness is added to this research because:

[i]nterpretive philosophers and sociologists seek to understand the very basis and source of social reality. They often delve into the depths of human consciousness and subjectivity in their quest for the fundamental meanings which underlie social life...(Burrell and Morgan, 1979:31).

3.2.3 The critical school of thought

The critical school of thought can be traced back to the work of Karl Marx in the 19th century. According to Babbie and Mouton (2006:34), the most notable characteristic of the critical meta-theory is its insistence that science become an emancipatory and transformative force in society. It is not enough to explain the challenges that society is facing, without any attempt to deal with those challenges and make the society better. This school of thought takes the ontological position that social reality is constituted by a number of factors, such as socio-economic, cultural, political and gender positions and is in continuous flux as the status quo changes (Babbie and Mouton, 2006).

This seems a more accurate perspective, which is why I has chosen this school as appropriate to this study. The critical school of thought deals with institutional orders that may at times become dysfunctional or contradictory, causing increased social unrest. For instance, the recession that started in 2008 contributed to job losses and thus increased unemployment, which simultaneously increased poverty (NPC, 2012). This was a blow to government's commitment to reduce the unemployment rate in South Africa. The National Treasury (2013a:81–82), in its Budget Review 2013, argues that this calls for a social welfare response to maintain the citizens' well-being, and to transform poor people's conditions.

According to Brian Fay, a critical social science

is one which attempts to account for the sufferings and felt needs of the actors in a social group by seeing them as a result of certain structural conflicts in the social order, and it seeks to explain these conflicts – and hence the sufferings and felt needs (cited in Babbie and Mouton, 2006:36).

One can easily deduce from the work of Fay that critical social science must take account of the social lives of ordinary people. According to Dorothy Smith (cited in Babbie and Mouton, 2006:37), any social theory must start with the researcher's actual first-hand experience of the daily lives of real people. The critical researcher and the subject must be interactively linked in the research process in order to lend weight and insight to the researcher's knowledge (Ngwenyama, 1991). This supports the notion that one can begin to perform an educative and transformative process by getting involved in the lives of people (Babbie and Mouton, 2006).

A critical research uses methods and techniques that facilitate participation and collaboration between researcher and subject. A successful critical theorist is one who can explain the sources and nature of discontent experienced by the social actors, and show how such dissatisfaction can be eliminated. This school presupposes that social research becomes emancipatory when it contributes to the removal of barriers to people's development and well-being (Babbie and Mouton, 2006). Thus, this approach is fundamental to assisting the present research into how South Africa's social assistance programme can constitute a building block of a developmental state.

This study used a qualitative research approach, including a semi-structured interview schedule, observation of cash-transfer beneficiaries and an analysis of documents.

3.3 Problem formulation

Some researchers, stakeholders and policy makers are not convinced that cash transfers are good policy interventions for social development (Potts, 2013). Why do they see the cash transfers as a problem? How do such views affect government and society? It is thus worthwhile to find out whether the social assistance contributes positively to developmental outcomes in South Africa, qualifying it as a building block of a developmental state.

Development must benefit each and every member of society in one way or the other, in particular the less privileged – and, in South Africa, also those who were previously disadvantaged. The socio-economic context of South Africa is distorted by the era of apartheid, when the majority of people were denied the skills that would enable them to secure decent jobs and good salaries.

The democratic government, which came into existence in 1994, formulated various interventions to achieve its developmental goals. One of these was the comprehensive social protection system. Within this system, this research singles out social assistance in the form of cash grants given to vulnerable groups in South African society: children, the elderly and the disabled.

No research is done without an intended objective. Central to any problem formulation is the acknowledgement that more knowledge is needed about any particular scenario (Babbie and Rubin, 2005). It is for this reason that this study explores the ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

3.4 Primary research question and sub-questions

The primary research question is: What are the ways in which South Africa's social assistance programme can constitute a building block of a developmental state?

Five sub-questions will be answered and analysed:

2. What is the developmental impact of a cash transfer for the people who receive it?
3. How does cash transfer promote development?
4. How does cash transfer improve opportunities for household participation in social and economic activities?
5. What are the social/community impacts of cash transfer?
6. To what extent does cash transfer promote civic participation?

3.5 Objectives

These reflect the objectives of the study, which are to

1. explore the developmental impact that cash transfer has on the people who receive it
2. examine how cash transfer promote development
3. ascertain how cash transfer improves opportunities for household participation into social and economic activities
4. ascertain the social/community impacts of cash transfer.
5. ascertain the extent to which cash transfer promotes civic participation.

I use primary and secondary research (including policy documents) to illustrate whether South Africa's social assistance in the form of grants is a building block for a developmental state.

3.6 Research design

Social science is an enterprise dedicated to finding out things via observation and interpretation and research design plays a critical role. Research design addresses the planning and strategy of scientific inquiry in order to produce valid and reliable evidence or data needed to answer research questions (Babbie and Mouton, 2006). De Vaus (2001) argues that social research needs a design or a structure which ensures that the evidence obtained enables academics to answer the initial question as unambiguously as possible. Research design ought to be treated as the logical structure of the inquiry, and thus it deals with a logical problem and not a logistical one (De Vaus, 2001).

This study was carried out by conducting a literature review and analysing the findings. Primary data were collected from interviews that examined the impact of social assistance on people's ability to participate in community processes and improve their lives. The design of this study focuses on the end product and the kind of evidence required to deal sufficiently with the primary research question and the five sub-questions.

3.7 Research methodology

Neuman (2006) defines social research as a collection of methods and methodologies that researchers apply systematically to produce scientifically based knowledge about the social world. Babbie and Mouton (2006:287) explain that methodological paradigms include methods and techniques of sampling, data collection and analysis. The relevant methodological approach that applies to this study is the qualitative paradigm.

Qualitative research starts from the insiders' perspective of social action. Some of its main methods are unstructured interviewing, participant observation and the use of personal documents. McMillan (1996) indicates that qualitative studies focus on meaning and understanding in naturally occurring situations. Qualitative research is conducted in the natural setting of social actors (in this case, in Khayelitsha and Graafwater Townships within the Western Cape Province where the research was conducted).

Bynard and Hanekom (2006:37) explain that “qualitative methodology allows the researcher to know the respondents personally, to see them as they are and to experience their daily struggles when confronted with real life experiences of people”. In addition, “the advantage of qualitative methods is that they generate rich, detailed data that leave the participant's perspective intact and provide a context for understanding behaviour” (Webb and Auriacombe, 2006:592). The respondents' inputs form the primary data used in this research.

This research has been inductive in nature, in that the specific findings have resulted in the generation of new hypotheses (Babbie and Mouton, 2006).

I chose this methodology to expand my knowledge and easily explore ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

Table 2.3 Summary of Research Methodology

Population	Sample Size	Sampling Method	Data collection instrument	Research Approach
Khayelitsha	119	Purposive non-probability	Semi-structured interview	Qualitative
Graafwater	41	Purposive non-probability	Semi-structured interview	Qualitative

3.7.1. Gaining access

In preparing for the field research there are a variety of ways to establish initial contact with the people you wish to study (Babbie and Mouton, 2007). In Khayelitsha, I made contact with some community leaders and they made my entry into the township safe and easy. During the interviews, I was accompanied by one of them at all times. It was the same in Graafwater, I was assisted and accompanied by the manager of a local non-governmental organisation, the Social Change Assistance Trust (SCAT) who was also a resident of Graafwater.

3.7.2 Population

A critical part of social research is the decision about what to observe and what not to. As Babbie and Mouton (2006) argue, it is almost impossible to study or make observations about the whole population. The current study included social grant recipients in Khayelitsha and Graafwater in the Western Cape Province.

3.7.3 Sampling

Sampling is the process of selecting a subset of observations from among many possible observations about large populations (Babbie, 1983). This study uses non-probability sampling, particularly “purposive” or “judgmental” sampling. Purposive sampling is a process that involves selecting a particular case because it possesses certain characteristics or processes that are of significance to the topic being explored (De Vos et al., 2005). This enabled me to deliberately choose CSG, OAG and DG recipients as respondents.

The sample population in this research consists of 160 people from Graafwater and Khayelitsha who receive social assistance cash grants. The participants who complied with the criteria of the current research were selected on the basis of their availability and willingness to participate. Most cash transfer recipients in the sample are women: 146, with 14 men. This is partly due to the caregiving role women play particularly CSG because CSG follows the child and most of the times women (aunts, grandmothers and mothers) are the ones who take care of the children. Furthermore, this study was interested in understanding experiences of females because many programmes make women the managers of the cash transfer. Even though the target group was females, 14 males were included to get some impressions from them and an insight on men's perspectives on the usage of grants. Of the female recipients, 108 receive the CSG, 10 receive the DG and 28 receive the OAG. Of the male recipients, 10 receive the OAG and 4 the DG. The household size of recipients varied from 2 to 9 members, with an average of 3. The majority of the households are female-headed.

3.7.4 Data Collection approach

Creswell (1998:111) defines data collection as a series of interrelated activities aimed at gathering good information to answer emerging research questions. For this study, face to face interviews were conducted using a semi-structured interview schedule (see Appendix 1). The face to face interviews functioned as the primary data-collection method, in keeping with research process (Bless, 1997). There are several advantages for having an interview administered and these include the fact that with the interviewer on site it is easier for the respondent to be able to ask questions and clarify some of the terms they might not have understood on their own (Babbie and Mouton, 2007). Semi structured interview schedule provided room for me to probe more deeply into respondents' answers. Semi structured interview schedules were designed in a way that I had a list of key questions to be covered and it was easy to use. I was able to change the order of the questions depending on the direction of the interview. There were some questions that had not been anticipated in the beginning of the interview.

There were occasions when respondents had some confusion due to lack of proper understanding of the questions. At the same time, there were some answers that I could not easily understand

because of the pitch of their tone. Whenever, I felt that the respondents were giving me the answers that I wanted to hear, I could probe to hear more. The interviews were conducted between September 2010 and January 2011. They took place in Khayelitsha and Graafwater both from pay-points and a few of them from their homes.

3.7.5 Data collection apparatus

In addition to the semi-structured interview schedule, a digital recorder was used as a tool to record the interview and allowed me to concentrate on exploring the topic, noting the non-verbal cues and being more attentive during the interview process without worrying about taking notes. Permission was sought and obtained from the respondents to use this method of data capturing. Despite the concerns about the technology working, this method of capturing data enabled me to concentrate on what respondents were saying. I noticed that this method allowed for the free flow of information without many interruptions.

3.7.6 Sites for field research

The research took place in the Western Cape Province, South Africa (see Map3.1).



Map 3.1: Western Cape Province

The research work was conducted in Khayelitsha Township, which is located in the Cape Town metropolitan area, and Graafwater Township, situated in the West Coast District (Western Cape, South Africa). The townships were chosen because the majority of inhabitants are poor and also previously disadvantaged. As stated earlier on, the choice of these townships, Khayelitsha predominantly populated by black South Africans was to capture a black voice and likewise in Graafwater mainly populated by Coloureds was to capture a Coloured voice. Finally, my choice of the townships was because the majority of cash transfer recipients reside in the townships.

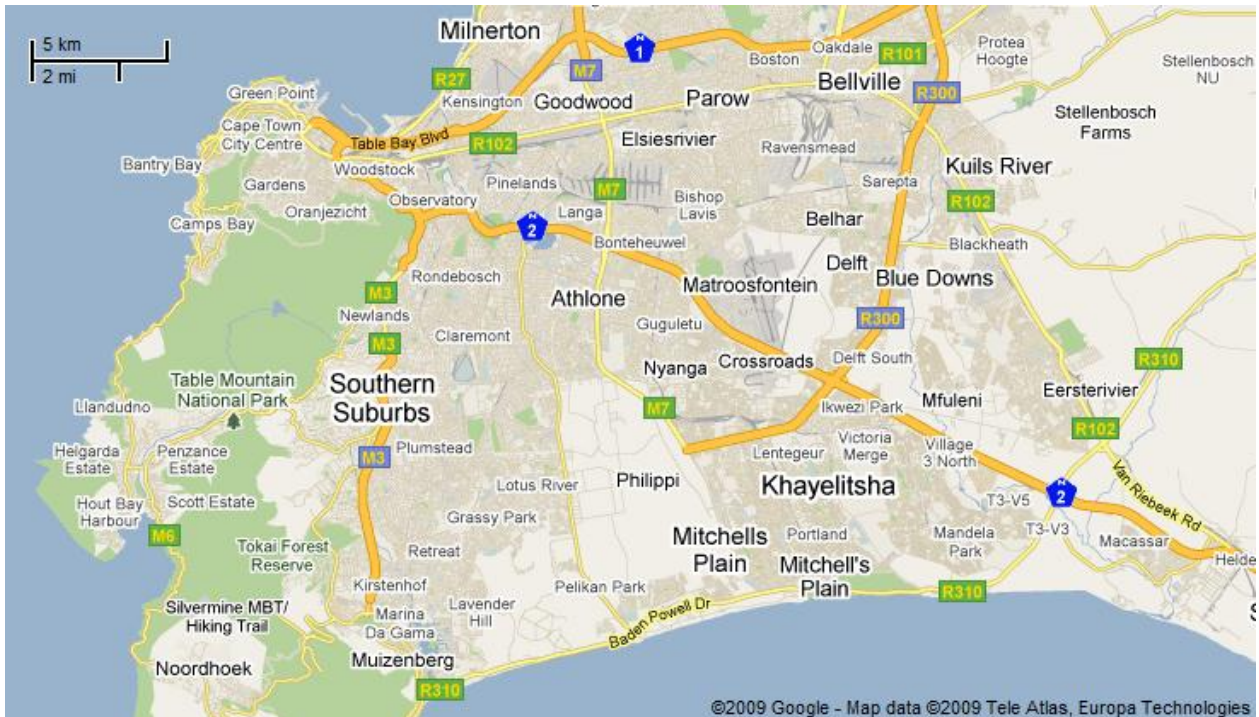
3.7.6.1 Khayelitsha Township

One indicator of the social inequalities in South Africa is the persistent segregation of residential areas. Most black South Africans have remained in areas to which they were moved during the apartheid era. One such area is Khayelitsha. Khayelitsha is a Xhosa word meaning “new home”, and it is a peri-urban settlement, historically a black South African township. It is situated 35 kilometres from Cape Town, where most job opportunities are to be found. People who do find jobs in the city must endure long, costly trips to and from work.

Khayelitsha, which presently covers an area of about 28 square kilometres, is one of the three largest black South African townships in South Africa, after Soweto in Johannesburg and Mdantsane in East London. The last official South African census 2011 revealed that Khayelitsha had a population of 391 749, 118 809 households and the household size was 3.30 (SSA, 2011). Black South Africans comprise of 99% of the population. Thirty-six percent of those aged 20 years and older have completed Grade 12 or higher, 62% of the labour force who are aged between 15 and 64 is employed, 74% of Khayelitsha households have a monthly income of R3 200 or less (SSA, 2011). Khayelitsha falls under the Tygerberg Sub-council of the Cape Town Metropolitan Council.

There are two types of residential areas: formal and informal settlements. Forty-five percent of households live in formal dwellings (SSA, 2011). The poorest areas are inhabited by squatters, who have either inadequate or a complete lack of basic services. Many residents get water from community taps at serviced sites. Many sites are unsustainable for housing and the location of shacks changes in response to flooding or drifting sand (Cook, 2001). The majority of

Khayelitsha residents came to Cape Town from poorer provinces, mainly the Eastern Cape, in search of better living conditions and better services. Despite this, they are still living in poverty. Some youth and adults live in shacks, and many feel the impact of HIV/AIDS. Because of the glaring level of poverty and various community development initiatives, Khayelitsha provides a good site to investigate the impact of cash transfers on development.



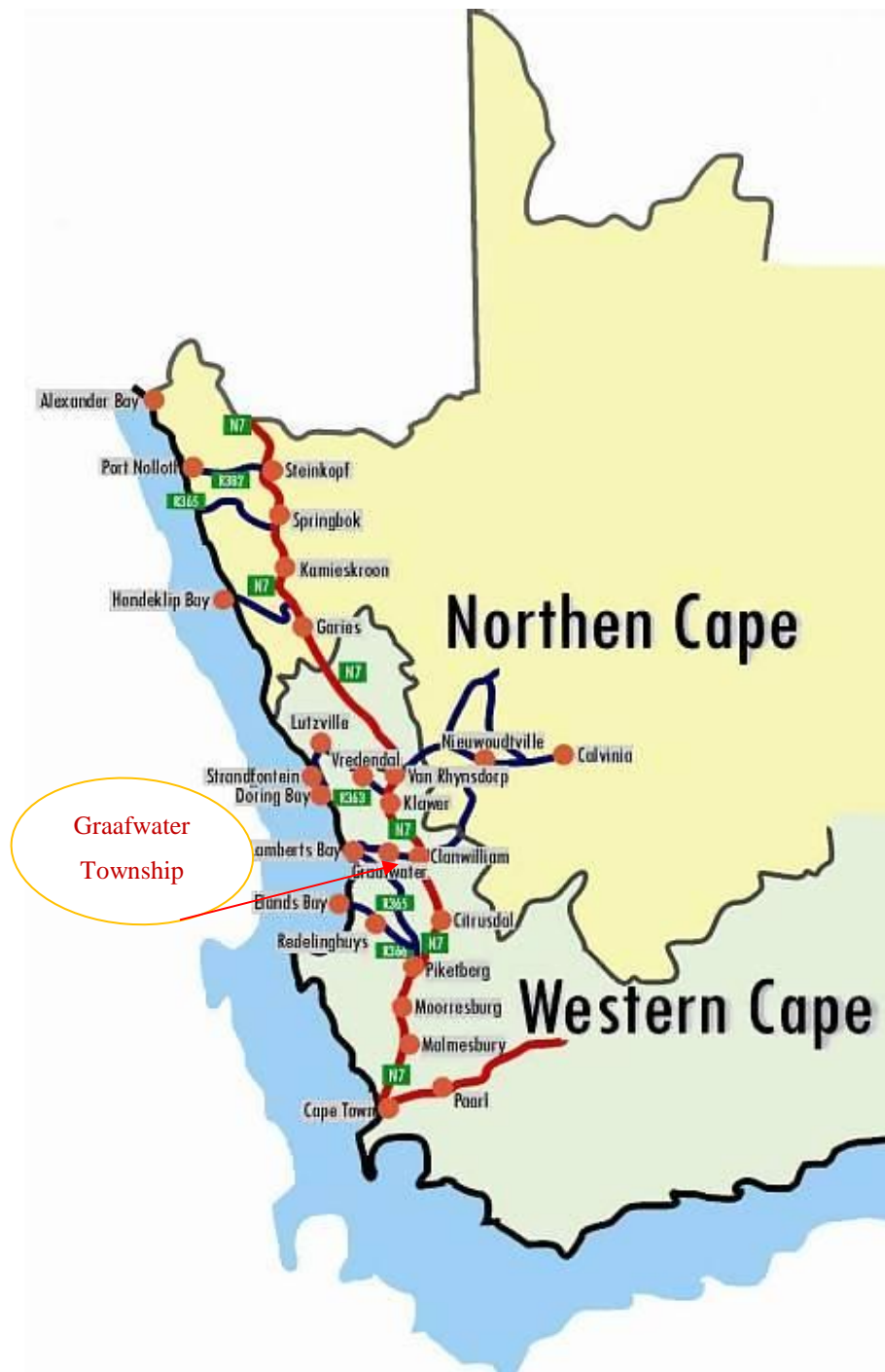
Map 3.2: Cape Town Metropole with Khayelitsha

Source: Tele Atlas

3.7.6.2 Graafwater Township

Graafwater is a small township with a population of 2, 261 (SSA, 2011), located between Clanwilliam and Lamberts Bay in the Cederberg Municipality, approximately 300 kilometres north of Cape Town. The name is an Afrikaans term referring to “water from a spade”. Graafwater was established in 1910 at a railway junction between Cape Town and Bitterfontein. The most common language is Afrikaans and almost the whole population is comprised of coloured people. There are a few white people who own and manage the surrounding farms which provide a source of seasonal income to the Graafwater inhabitants.

This township is relatively impoverished. About 30 percent of the population have jobs within the agricultural sector (DPLG, 2010). The majority rely on social grants because there are few other economic opportunities. I chose Graafwater Township because of its poverty, unemployment and the fact that the majority of residents depend on cash transfers (social grants) for their livelihood.



Map 3.3: The west coast, with Graafwater

Source: <http://www.namakwa.com/map.htm> retrieved on 29 January 2011

3.7.5 Data Collection Process

Data collection took place between 1 June 2010 and 29 July 2011. All the interviews were conducted at various pay-points, except for 20 interviews that took place at the respondents' homes. The interviews took place in conducive, safe spaces and were free from interruptions; the respondents were comfortable and felt at ease. In Khayelitsha, I was accompanied by 2 community residents. In Graafwater, I was accompanied by the manager of a local non-governmental organisation, the Social Change Assistance Trust (SCAT). During the interviews, I informed the respondents of the aim of the study. I also informed them that participation in the study was voluntary and that they were free to leave at any time if they no longer felt like continuing. Before starting the interview, the respondents were asked to sign the consent forms. After signing, I asked the respondents if I could proceed with the questions. Anonymity and confidentiality were also strictly observed (Research ethics in the data collection process are discussed in section 3.8 below).

It was communicated to them the thesis would be kept at the UCT Library upon completion for academic purposes and that some sections of the study will be published. At the end of the interview, I asked if there was anything they wanted to add or subtract from the information they had shared with me. Finally, I thanked the respondents for participating in the study, emphasising that they would remain anonymous and that the information they had shared would be kept confidential and would only be used for academic purposes.

The captured data formed the basis for the analysis. Mouton (2003) argues that the aim of analysis is to understand the various constitutive elements of one's data through an inspection of the relationship between concepts, constructs or variables, and to see whether there are any patterns or trends that can be identified or isolated, or to establish themes in the data. It is within this interpretation stage that the data was synthesised into a larger, coherent whole.

3.7.6 Data analysis: grounded theory

The analysis in this dissertation has been done according to the “grounded theory”, which enabled the development and use of substantive and axial analytical codes (Glaser and Strauss, 1967, as cited in De Vos, Strydom and Fouche, 2005). It was developed by Barney Glaser and Anselm Strauss, who differed on how to conduct the theory. “Substantive coding” can be described as the breaking down, comparison, investigation, conceptualisation and classification of data (De Vos, Strydom and Fouche, 2005). In this study, all data were categorised through a process of substantive coding, which started with the labelling of phenomena. This made it possible to classify the data into themes. The themes were refined and modified as I revisited the interview transcripts again and again to check that all the relevant information had been incorporated.

Strauss and Corbin (1990) developed “axial coding” and defined it as a set of measures whereby data are put back jointly in new ways, subsequent to substantive coding, by making links between categories. In this study, axial coding was used to make connections between themes that involved action, context and consequences. Axial coding incorporates the themes into a set of connections of intangible relations. Examples could range from the provision of social assistance and the effective inclusion of previously excluded individuals to the promotion of participatory democracy. Through the use of this coding, it was possible to identify different themes emanating from the data, merge them into common themes, and eventually name them. Through substantive and axial coding, I generated common themes that are limited to those categories, their properties and dimensions (De Vos, Strydom & Fouche, 2005).

The “capabilities approach” offers the theoretical framework for analysis in this thesis because it is both holistic and humanistic in measuring and analysing people’s living conditions (Sen, 1999 & Robeyns, 2005).

Table 2.4: Capability Approach as a Theoretical Framework

Sources of unfreedoms	Interventions/cash transfers	Experiences of respondents
Income poverty	<ul style="list-style-type: none"> * government policy * state cash transfer grants to children, to disabled people, and to pensioners 	<p>Grants reportedly act as a lifeline: effects are</p> <ul style="list-style-type: none"> * changes in spending, choices, school performance * enables people to take part in meetings such as community level, school etc. * improves their safety * contributes to good health
Tyranny / violence and abuse	<ul style="list-style-type: none"> * constitutional rights/legislation; social and economic rights * programmes and institutions 	<ul style="list-style-type: none"> * absence of abuse, freedom from violence, freedom to seek emotional support in community structures
Lack of economic opportunities	<ul style="list-style-type: none"> * job opportunities through Public Works Programmes * NGO / faith based organisation, such as Zanokhanyo Training Centre 	<ul style="list-style-type: none"> * improved self-esteem *economically empowered respondents * economic opportunities
<p>Deprivations in health:</p> <ul style="list-style-type: none"> * malnutrition * health care * life expectancy * morbidity 	<ul style="list-style-type: none"> * various health policies * healthcare clinics * hospitals * health-centred programmes * community health centres 	<ul style="list-style-type: none"> * cash transfers enable respondents and their household members to go to clinics, hospitals, community health centres and to attend health-centred programmes
<p>Deprivation in education:</p> <ul style="list-style-type: none"> * illiteracy * lack of innovation / entrepreneurship skills * lack of marketable skills 	<ul style="list-style-type: none"> * adult basic education * skills training centres such as Isilulo Computer Training and FET Colleges * various educational policies * educational programmes 	<ul style="list-style-type: none"> * employable workforce * literacy * innovation and creativity * skilled labour force
<p>Lack of public facilities:</p> <ul style="list-style-type: none"> * transport * schools * hospitals / clinics * recreational Centre's * sanitation * water * refuse removal 	<ul style="list-style-type: none"> * various policies as above including transport policies * partnership * local government * local ward committees * street committees 	<ul style="list-style-type: none"> * improved transport system * improved education * enhanced health * quality water supply * enhanced community resources

Table constructed using Sen (1999)

Data analysis has provided critical information. However, it is also necessary to understand the South African context in which social policy is at play. As discussed above, the underlying characteristics of society and the values adopted by pre- and post-1994 governments have shaped social policy in South Africa. Both deliberately developed and implemented social policies that would benefit a part or all of society. The aim of the ANC-led government is the alleviation of social problems, especially for marginalised groups including women, children, disabled people, the elderly, and the homeless.

3.8 Research ethics

The responsibility to identify specific ethical items in a particular research rests with the researcher (Strydom, 1998). This section reviews the ethical considerations applied in this study.

3.8.1 Deception of subjects

Before the research was conducted, I communicated with the respondents the purpose of the study and how it could be done. I made it clear to the respondents that the purpose of conducting this study was purely for academic reasons. This was done so that respondents would not conceal possible negative feelings experienced during the interview process (Babbie & Mouton, 2001). Cash transfer beneficiaries could easily have been afraid to disclose information about their current financial status, for fear of losing their social grants. The respondents did not portray any negative feelings or suspicions about what the information would be used for.

3.8.2 Voluntary participation

I explained to the respondents at the beginning of the schedule that participating in this study was voluntary and no one would force them to participate (Babbie & Mouton, 2001). There would be no negative consequences or penalties if any of the respondents wanted to withdraw from the interview schedule at any time. I presented consent forms to the participants to read and lucky enough all were able to read in English. With their understanding and continued willingness, I asked them to sign the consent form as proof of their agreement. It was only after this that I went ahead with the open-ended questions.

3.8.3 Anonymity

I asked the respondents to select a fictitious name at the start of each schedule. Their identities remained fully concealed throughout the schedules, during data analysis and even in the research report (Babbie & Mouton, 2001).

3.8.4 Confidentiality

Confidentiality is critical for the credibility of the study. At the start of the schedule, I informed the respondents that the schedule was going to be kept confidential and would be available to myself only (Strydom, 1998). The open-ended questions were transcribed and stored electronically onto my computer where they were password-protected, and the schedules were destroyed by burning. I informed the participants that my academic supervisor would have access to the transcriptions. The respondents were duly informed that extracts from the schedules would form part of the final research report. Respondents were told that a copy of the thesis would be kept in the University of Cape Town Library for academic use only (Engel & Schutt, 2010).

3.9 Limitations of the study

The current study has limitations in terms of sampling and data collection language.

3.9.1 Sampling

The findings of this study are based on a small purposive sample of 160 participants. As stated above, there were only 14 males out of 160 participants in the sample. This is partly due to the caregiving role women play particularly CSG because CSG follows the child and most of the times women (aunts, grandmothers and mothers) are the ones who take care of the children. The 14 males gave an insight on men's perspectives on the usage of grants. Therefore, it is not representative of all social grants recipients and it cannot be generalised at the moment. Although purposive sampling adequately represents the setting or issues studied, it does not produce a sample that represents the wider population (Engel and Schutt, 2010).

3.9.2 Data collection language

In Khayelitsha the majority of black South Africans speak Xhosa and I had a Xhosa speaking leader who was ready to help in case the respondent chose to speak in Xhosa language which I

was not very fluent. Lucky enough the respondents were able to communicate with me in English. In the similar manner, Graafwater the greatest population speak Afrikaans. Every time I was conducting my interviews I had back up plan in case I could meet someone who could struggle to communicate in English. One of the community leaders accompanied me all the time but luckily the respondents managed to communicate in English. The use of the English language did not pose a limitation as I had thought before conducting the interviews. The English language was used to collect data because it was the language that I had in common with the participants.

3.10 Conclusion

This chapter has discussed the overall research design and methodology that were used to collect data on the research topic, that is, to explore ways in which South Africa's social assistance programme can constitute a building block of a developmental state. The critical school of thought has been indicated as the most appropriate research theory in the current study. The methodology includes both qualitative and quantitative aspects, which have been discussed. The research ethics that were considered and applied have been discussed. Lastly, the limitations of the current study have also been put across.

CHAPTER 4: AN OVERVIEW OF THE SOUTH AFRICAN SOCIO-ECONOMIC SITUATION

4.1 Introduction

This chapter analyses the socio-economic situation of South African. The socio-economic situation of South Africa and its people determines the importance of cash transfer provision and its impact on the vulnerable groups. In order to explore the ways in which South Africa's social assistance programme can constitute a building block of a developmental state it is important to include this chapter, which examines the socio-economic conditions in which poor people live. Social assistance is a social policy intervention in response to the poor socio-economic context that people live in. In a similar manner the socio-economic perspective can determine the sustainability of the social assistance provision.

There are some trends and indicators that can prevent people's development such as poverty, unemployment, lack or insufficient education, absence of required job skills, disability, lack of, or inadequate transportation, and old age. In general black South Africans are the poorest in the country compared to all races as a result of apartheid, which prevented them from attaining good education and skills that would have contributed to enabling them to work and establish tangible businesses. Lack of employment and not owning a business leads to lack of income, which contributes to income poverty, which leads to capability poverty. Without government's social policy intervention, the crisis for these citizens would deepen. The government post-1994 has taken steps to undo the injustices of pre-1994 and this can be found in the South African Constitution. The Preamble to the South African Constitution states that:

...We, the people of South Africa, recognise the injustices of our past; Honour those who suffered for justice and freedom in our land; Respect those who have worked to build and deepen our country; and believe that South Africa belongs to all who live in it, united in our diversity ... We therefore, .. adopt this Constitution... so as to – Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights... (Constitution of South Africa, Act 108 of 1996:1).

The South African Constitution is founded on the ideals of human dignity, equality and the advancement of human rights and freedoms. This is why the South African Constitution contains

aspects of equality (Section 9), human dignity (Section 10) and life (Section 11). Furthermore, the South African Constitution gives access to specific socio-economic rights that include the right to adequate healthcare (Section 27 (1) (a)), education (Section 29), social assistance (Section 27 (10) (c)) and housing (Section 7(2)).

The South African Constitution makes it very clear in Section 9(2) that never again shall legislation discriminate against a certain racial group of people. This section reads as follows:

Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons or categories of persons, disadvantaged by unfair discrimination may be taken (Section 9(2) of Constitution of South Africa, Act 108 of 1996:7).

The Poverty and Inequality Institute (2009) argues that the primary policy instrument available to government is legislation. Legislation is the tool that confers various mandates and legal obligations for governments to meet. Such mandates need policy development to address key aspects of those obligations (Studies in Poverty and Inequality Institute, 2009). This is why Barker et al (1975) define policy as a mechanism employed to realise societal goals and to allocate resources that advances the values of dignity, freedom and equality.

South Africa has policies and legislations that have relevance to government social assistance and these include the following:

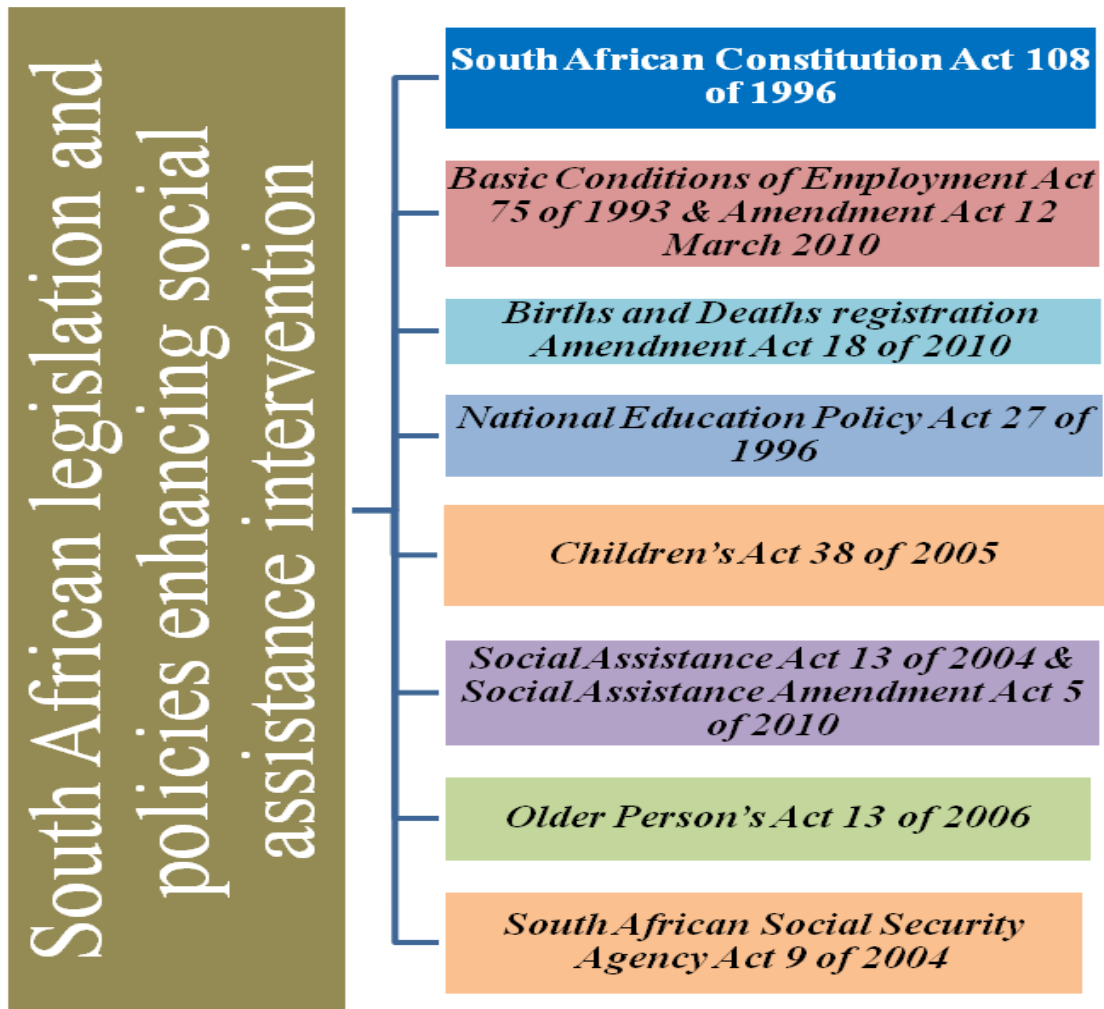


Figure 4.1: Legislation and policies that enhance social assistance

- ***Basic Conditions of Employment Act 75 of 1993 & Amendment Act 12 March 2010:*** Both of these policies contain aspects relating to the protection of workers from exploitation, and both prohibit certain abusive practices. Among others, the amendment states that no person may “require or permit” a child to work as an employee or independent contractor if the child is under 15 or below the minimum school-leaving age (the last school day of the year in which the child turns 15 or the end of Grade 9, whatever comes first (South African Schools Act 84 of 1996).
- ***Births and Deaths Registration Amendment Act 18 of 2010:*** This Act makes provision for those who may register a child’s birth. Those who may register include the mother,

father, caregiver and the social worker. The child's birth certificate is central in registering and accessing social assistance, especially the Child Support Grant.

- ***Children's Act 38 of 2005***: This critical Act is designed to provide certain rights to children as contained in the South African Constitution, to set out principles relating to the care and protection of children, to define parental responsibilities and rights, and to define the age of majority (the age at which a child becomes an adult).
- ***National Education Policy Act 27 of 1996***: This Act provides for the publication and implementation of national education policies. Such policies include the Basic Education Policy on Learner Attendance (2010). This policy aims at promoting punctual and regular school attendance at all public schools. According to the Children's Institute (2010) the policy resulted from concerns about learners not attending schools regularly as a result of poverty and other social problems. It is in this policy that the specific accountability of learners, parents, schools, teachers and principals to ensure regular learner attendance, is covered (Children's Institute (2010)). Social grants contribute to increased school attendance and performance and thus this section is relevant to the current study.
- ***Social Assistance Act 13 of 2004 & Social Assistance Amendment Act 5 of 2010***: The Act provides details of social assistance including various social grants. The amendment Act among others stipulates how the South African Social Security Agency (SASSA) must notify and inform unsuccessful social grant applicants of their right to reapply for the grant.
- ***South African Social Security Agency Act 9 of 2004***: This Act aims at making provision for the effective management, administration and payment of various social assistance grants (such as the Old Age Grant, Disability and Child Support Grant) and services.
- ***Older Person's Act 13 of 2006***: The objective of this Act is to deal effectively with the plight of older persons by establishing a framework aimed at the empowerment and

protection of older people, and the promotion and maintenance of their status, rights, well-being, safety and security.

The above policies and legislation are designed and aligned to the South African Constitution which is human-rights centred, that is, fundamental to people's development. The positive economic outlook is important to enable people's development. The continued provision of social grants to vulnerable groups partly depends on strong and positive South African economic outlook.

4.2 South African economic outlook in brief

South Africa is the second largest economies in Africa. It comes second after Nigeria. It is the only African country that is a member of G20, also known as Group of Twenty, the group of 20 Finance Ministers and Central Bank Governors from 20 major economies. In reality, it consists of 19 countries - the 20th one is the European Union, which is represented by the President of the European Council and by the European Central Bank (www.g20.org/en). South Africa is ranked as an upper-middle income economy by the World Bank, which makes South Africa one of only four countries in Africa represented in this category (the others being Botswana, Gabon and Mauritius). The economy of South Africa accounts for 24% of its Gross Domestic Product (GDP) in terms of Purchasing Power Parity (PPP). With such a stronger economic outlook, South Africa is able to continue providing social protection to the vulnerable groups. This is due to the potential ability of social protection to address multiple dimensions of poverty, reduce inequality and achieve national economic growth, which is critical for development.

According to Marais (2011:126), the South African economy grew at an average rate of 2.9% between 1994 and 2000 and it grew at an average of 4.1% between 2000 and 2008. Few global economies have been unscathed by the recession and economic crisis since 2008 (Lipton, 2013). However, the South African economy has continued to grow minimally, more than originally projected. The growth in real GDP decelerated to 3.1% in 2008, which was remarkably lower than the annual growth rates that varied between 4.9% and 5.3% between 2004 and 2007 (Marais, 2011). By 2008, the South African economy was confronting its legacy of inadequate infrastructure, widespread poverty and inequality, structural unemployment and slow pace of

transformation (National Treasury, 2012a). In November 2009, the South African economy emerged from its first recession in 17 years and it achieved 0.9% growth in the third quarter of 2009 (NPC, 2012). After this, the economy grew further in the first quarter of 2010. According to Gordhan (2010), hosting the 2010 FIFA World Cup acted as a catalyst for growing the country's infrastructure base, skills development, employment creation and economic growth. According to the National Treasury (2012a) economic growth is expected to average 4.2% in 2014.

The Consumer Price Index (CPI) measure of inflation in 2011 was an average of 5% and in 2012 it was an average of 6.2% due to high food prices, rising administered prices and higher prices of imported goods due to the weaker Rand (National Treasury, 2012a). There is no expectation that food prices will become cheaper because the price of fuel continues to rise. This means that the poor will continue to suffer because of lack of food, which is a basic need. The cash transfer as a contribution to income would help to mitigate this experience of poverty (Dancey, 2013b).

4.3 Apartheid policies continue to haunt the current socio-economic context

South Africa has enough natural resources, wealth and abundant labour and yet only a tiny population is employed or earning an income. The roots of the current South African socio-economic situation date back several decades, due to the formal economy that had its beginnings in the arrival of Dutch settlers in 1652. After the discovery of diamonds in 1870 and gold deposits in 1886, the government of the day started enacting segregatory laws.

The National Party won the national election in 1948. Immediately after that, it intensified the implementation of an even stricter race-based policy (apartheid) which effectively divided the economy into a privileged white one and an impoverished black South African one (Pottinger, 1988). This was made worse when land was taken forcibly from subsistence farmers by whites. This meant that black South Africans who had fed themselves and their households from the land could no longer do so. To survive, most black South African men had to go and work in the mines or on white-owned farms, while black South African females either found work on farms or as domestic workers in white households (Khoza, 2007).

The majority of black South African people who had been forcibly removed from fertile land were settled in townships where they could not cultivate crops or graze their livestock (Khoza, 2007). This intensified income poverty among black South African people. The majority of black South African people could not afford to send their children to better schools. Income took on an additional value in that the black South Africans could not live a decent life without it. Income poverty mutated into capability poverty, asset poverty, inter-generational poverty and minimised human choices. Kanbur and Squire (2001:183) state that a noteworthy number of people live in unbearable situations where hunger threatens their being. Cash transfers go a long way to lift the poor from poverty (Leibbrandt, Wegner and Finn, 2011). Social grants cannot lift the poor above the poverty line, but they reduce the depth of poverty (Schubert, 2005). These laws prevented mostly black South Africans from participation in social and economic activities that could enable them to earn an income, which have contributed to changing their lives. It is mainly because of the legacy of these non-inclusive laws that today, some of the black South Africans continue to depend on cash transfers to contribute to their survival.

According to Marais (2011:26) the apartheid development strategy established an affluent welfare state for whites:

White workers were guaranteed access to jobs, enjoyed rising wages and were cushioned by a wide-ranging social-security system, along with easy access to credit and loans ... Vast resources were invested in education, health, cultural, recreational and sports infrastructure and services for whites ... In African communities, the effects were reverse, with the great majority of Africans ruled out of these circuits of production, distribution and consumption. Access to skilled jobs was severely restricted, through discrimination in the workplace and education system that, until the early 1970s, was explicitly designed to equip Africans with only the rudiments required for entry into the lower ranks of labour market (Marais, 2011:26).

In this quote, Marais (2011:26) shows that most black South Africans were excluded from the mainstream systems, which greatly contributed to their living conditions. Today, these people who were excluded are included in the social protection system through receiving the various social grants and in this way, poverty is reduced. It is this reduction in poverty that leads to development among the poor.

After winning the first democratic election in 1994, the African National Congress-led government has been trying to restore the economy while including the majority of people who were previously excluded from the economy. The majority of black South Africans have continued to lack socio-economic freedom as most of them remain with little education and they are prevented from participating in the economy. South Africa has a two-tiered economy. The first economy resembles activities and quality of life of people in developed countries. The second economy has basic infrastructure and resembles that of many developing countries where the quality of life is low.

The separate development policy of the apartheid regime created a legacy of serious disparities and to some extent increased the trends and indicators that prevent people's development. These trends and indicators have direct bearing on the realisation of the freedoms which accompany South African democracy. In his book, *Development As Freedom*, Amartya Sen explains the relationship between freedom and development. He states that freedom is both a basic ingredient of development and an enabling key to other aspects that include political freedom, socio-economic freedom, transparency and security (Sen, 1999).

It is argued here that while South Africa has enjoyed 19 years of political freedom, socio-economic freedom is still to be attained, especially by black South Africans. As long as other freedoms in people's lives are missing, peace and stability are unattainable.

4.4 Some factors preventing people's development

South Africa's policy has had a great impact on the country's economy and people's well-being. Since 1994, the government has formulated social policies to reduce poverty and give effect to socio-economic rights. These policies include the Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution (GEAR) and Accelerated and Shared Growth Initiative for South Africa (AsgiSA). There has been progress on various implemented policies including economic growth. At the same time there have been daunting challenges with regard to improving socio-economic development and the well-being of the majority of previously excluded people. Mthethwa (2011) argues that socio-economic problems confronting many citizens in South Africa are not simply the result of historical factors, but also of lack of service

delivery, resulting from policies focused on economic growth adopted by the government since 1994. Since the first democratic government in 1994, one can divide the formulation and development of economic policies into four segments:

1. The Reconstruction and Development Programme (RDP)-1994
2. The Growth, Employment and Redistribution programme (GEAR)-1996
3. The Accelerated and Shared Growth Initiative for South Africa (AsgiSA)-2006
4. The New Growth Path (NGP)-2010

Policies such as the four mentioned here do not promote social development, rather they are focused on economic growth. Policies that are pro-economic growth do not encourage a social protection system or policies that are based on the development of the people in a society as a result hindering a developmental state from being established.

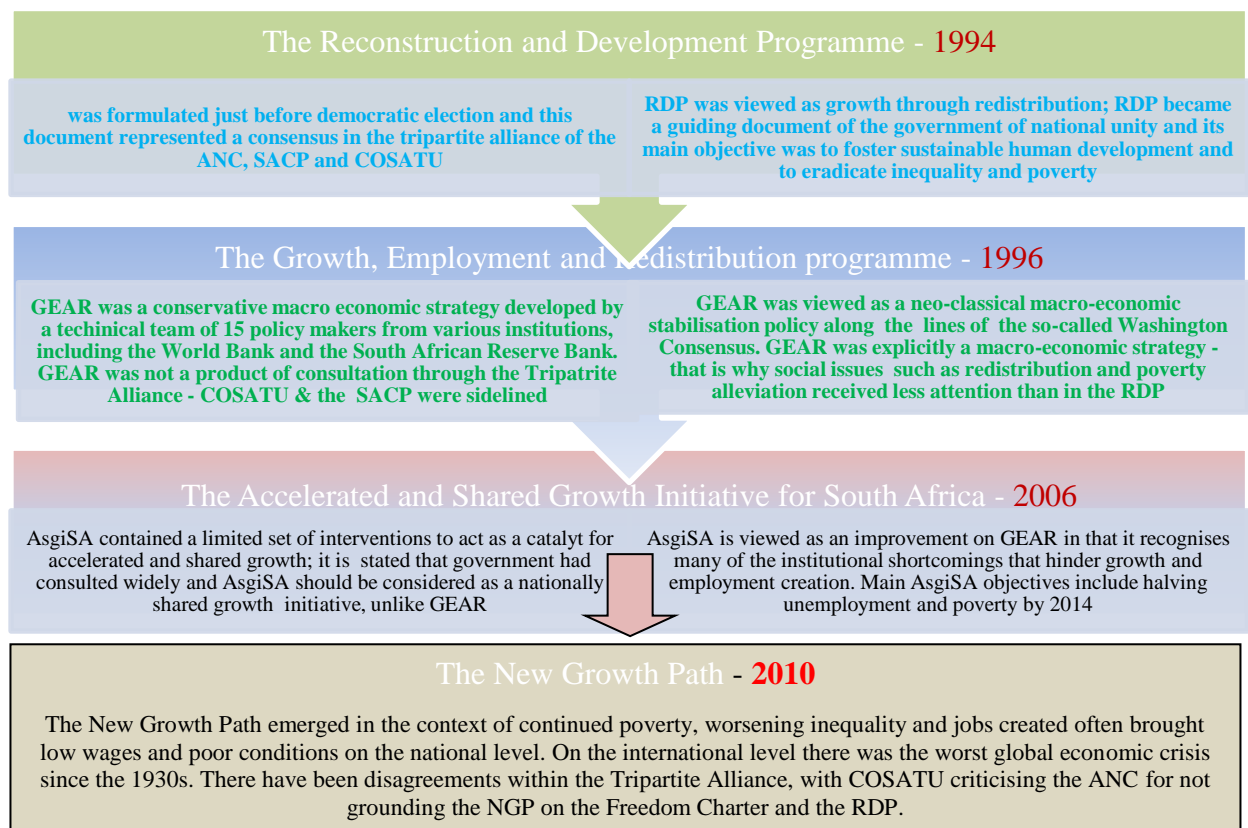


Figure 4.2: Policy Transformation between 1994 and 2012

Constructed from Mthethwa, (2011); ANC, (1994); Berger, (2007)

4.4.1 The Reconstruction and Development Programme

The first policy document by the ANC government-in-waiting was the RDP of 1994 (Coetzee and Streak, 2004). The RDP policy was formulated with the involvement of the public and the Tripartite Alliance comprising of the ANC, SACP and COSATU (Mthethwa, 2011). Since this document was formulated by the government-in-waiting (African National Congress Party led government), it acted as a bridge between apartheid South Africa and the democratic government. The African National Congress led government, had already developed the Freedom Charter as a foundation of values and goals for post-apartheid South Africa. The RDP document is one of the very few documents that are a product of consultation, debate and reflection on what was needed to be done (ANC, 1994). The RDP was firmly rooted in post-Keynesian economics. Social policies such as the RDP were designed to achieve the central goals of reducing poverty and inequality in South Africa (Coetzee and Streak, 2004). According to Terreblanche (2003), RDP was a growth through redistribution policy. Its first priority was to meet the basic needs of people, such as jobs, land, housing, water, electricity, nutrition, health care and social welfare.

The RDP document became the guiding policy of the government of National Unity. In this RDP policy economic growth and development were interdependent, and thus government would focus on both equally (Mthethwa, 2011). After 12 months of existence, the RDP programme had experienced huge challenges in terms of its implementation. Due to a lack of implementing skills, the actual delivery record was poor (Mthethwa, 2011). Terreblanche (2003) and Mthethwa, (2011) argue that the death-blow to the RDP was dealt by a White Paper on Reconstruction and Development published in November 1994. In this White Paper, the notion of redistribution was dropped and the government's major role in the economy was reduced to the task of managing transformation (ibid). The final straw for the RDP was the major currency crisis that started in February 1996 which resulted in the birth of GEAR as a way of calming domestic capital and foreign currency markets (Terreblanche, 2003 and Mthethwa, 2011). Many people lost employment since there was massive retrenchment drive and thus households lost sources of income. The RDP let people down because it did not meet basic needs of people especially creating employment that would provide households with income to afford nutrition and health care just to mention a few. The NPC (2011:4) puts it in the following way:

It is important to understand why we failed to meet key targets in the RDP, particularly the reduction of poverty and deprivation. Two lessons from that experience stand out. First, when the RDP was tabled, government had an overly optimistic view of the capacity of the state. The reality was a failure of coordination within government ... Second, the country as a whole did not anticipate the impact of external shocks and changing international conditions on its fortunes (NPC, 2011:4).

The Ministry of the RDP was abolished and finally closed its doors in March 1996 (Mthethwa, 2011). The RDP was replaced by the macroeconomic policy framework known as GEAR in June 1996.

4.4.2 The Growth, Employment and Redistribution programme

Considering that GEAR was clearly a macro-economic strategy, social issues received a reduced amount of attention. GEAR strategy was somewhat more firmly rooted in a neo-liberal economic paradigm. In this paradigm the state has an increased role to protect and support big business and allow privatisation of social services (People's Budget Campaign, 2003). Neoliberals believe that once business makes a profit, it will trickle down to the poor (2006 World Development Report). GEAR failed the poor in South Africa because trickle down was not witnessed. South Africa enjoyed economic growth but there was limited redistribution. As such, the redistribution of income was not the first priority, but a secondary one.

The GEAR strategy, a neoliberal economic strategy, reflected government's commitment to open markets, privatisation and a favourable investment climate. GEAR was introduced by Trevor Manuel, the Minister of Finance, in June 1996. Through GEAR it was envisaged that the government would achieve sustained annual real GDP growth of 6% or more by the year 2010, while creating 400,000 new jobs each year (Chagunda, 2006). The government was hopeful that GEAR would increase investment, especially Foreign Direct Investment (FDI,) making it easier to achieve the set goals (Mohamed and Roberts, 2008). South Africa has struggled to attract major FDI (Marais 2011). Only in 2005 the largest single FDI into the country was when Barclays bought a majority share in Absa bank.

GEAR did have some successes, for example better financial discipline and macroeconomic stability. South Africa witnessed budgetary reforms such as the medium-term expenditure

framework and the Public Finance Management Act. However, these ‘wins’ did little to directly promote people’s development by, for example, creating employment opportunities.

Trade liberalisation has advanced substantially since the early 1990s. GEAR succeeded in reducing the physical deficit from 9% to 3% of the GDP (Marais 2011). During the period of GEAR (1996-2000) formal employment continued to drop, Marais (2011:118) states that:

More than half a million jobs were ...lost between 1994 and 2000 ... some 200, 000 more jobs were lost on the country’s farms ... unemployment rate stood at 23% in 1999 ... Once unemployed workers who had not sought work in the month prior to polling were included, unemployment topped 37% (up from 32% in 1994).

South Africa’s wealth remained unevenly distributed along racial lines, the country was losing more jobs than new ones being created and economic growth had slumped to only 0.8% in 1998 (Marais, 2011).

GEAR has not prevented millions of South Africans from continuing to face profound socio-economic challenges. The objectives of GEAR, such as the provision of basic services and poverty alleviation, which would have granted better access to the socio-economic rights enshrined in the South African Constitution, were great ideas that never came to life (Chagunda, 2006). Michie and Padayachee (1998) argue that GEAR wanted to realise its objectives through economic growth that would be led by private sector investment, which in turn would create employment. Mohamed and Roberts (2008) argue that GEAR was not in fact a growth strategy, but a strategy to attain a specific macro-economic stability, as well as the recognition that the trajectory of the South African economy would not mean substantial reduction in unemployment and poverty. The first decade of democracy had experienced an economic growth averaged at about 3%. In 2004 growth exceeded 4% per year and it reached 5% in 2005 (Mlambo-Ngcuka, 2006). However, this economic growth did not translate into social development and well-being for the majority of poor people because the poverty rate increased and fewer jobs were being created. It can be concluded that GEAR did not actively facilitate development for millions of South Africans.

On 5 February 2009, Mr Tito Mboweni, Governor of the Central Bank, predicted that South Africa's economy would go through, "a rough patch for the next three to four years" (Isa, 2009). He further said that any politician who did not pass on that message to voters was, "living in cloud-cuckoo-land" (Isa, 2009). Industries such as mining, manufacturing and the retail trade that together account for more than one-third of South Africa's GDP, were already in recession.

According to the People's Budget Campaign (2003), GEAR's fiscal policy is "restrictive" because it places prescriptive curtailments on government spending. The economy might have experienced growth since the inception of this policy, but the problem is that this growth has been 'jobless growth' and has thus negatively impacted society, particularly the poor (Mohamed and Roberts, 2008). It promised private sector investment, but instead there was disinvestment (People's Budget Campaign, 2003). In addition, the scrapping of import tariffs led to the influx of cheap merchandise from countries such as China. Most South Africans preferred to buy foreign clothing because of the cheap prices compared to South Africa made garments. South African clothing industries were unable to make profit as such they resorted to retrenchments in the textile and metal industries. The gap between the rich and the poor widened and apartheid inequalities were exacerbated.

The RDP emphasised a commitment to grassroots, bottom-up development which is owned and driven by communities and representative organisations (Gumede, 2005). The RDP allowed beneficiary communities to be involved at all levels of decision-making and in the implementation of their projects (Gumede, 2005). On the other hand, shortcomings of GEAR have contributed to the extent of poverty in the country due to many retrenchments that put many breadwinners out of jobs. GEAR's argument for redistribution through economic growth by means of a trickle-down approach to poverty alleviation did not work (2006 World Development Report). RDP and GEAR policies constrained and prevented people's development. Perhaps this is why, in February 2006, the South African government introduced the Accelerated and Shared Growth Initiative for South Africa (AsgiSA).

4.4.3 The Accelerated and Shared Growth Initiative for South Africa

AsgiSA's policy programme was intended to cover a limited set of interventions to serve as a catalyst for accelerated and shared growth (Mthethwa, 2011). AsgiSA was launched in February 2006 with the aim of increasing the economic growth rate to 4.5% between 2006 and 2009 and 6% between 2010 and 2014. Mthethwa (2011), making reference from the AsgiSA document, states that the South African economy suffered from two sets of imbalances:

1. The current account deficit resulting from an economic upswing driven by commodity prices, capital inflows and consumer demand.
2. The results of a lack of participation in the economy by a third of the population who were excluded from a direct share in the economic improvements.

The government was to deal with the imbalances if any AsgiSA objectives were to be met. The government was to deal with impediments to people's development such as:

- Deficiencies in government capacity
- Shortage of suitably skilled graduates, technicians and artisans
- Inequality and marginalisation, resulting in many economically marginalised people being unable to contribute to, and/or share in, the benefits of growth and development (the "second economy") (Burger, 2010).

AsgiSA identified some sectors of the economy for accelerating growth and development:

- Creative industries (craft, film, content and music)
- Clothing and textiles
- Durable consumer goods
- Programmes put in place to eliminate constraints include:
 - Second-economy initiatives
 - Skills and education
 - Infrastructure investment
 - Governance interventions (Burger, 2010).

AsgiSA failed to achieve an economic growth rate of 6% in 2010. One reason was the global financial crisis. It also failed to improve participation in the economy of the majority of the

population because its lifespan was cut short with President Zuma coming to power. According to Burger (2007) AsgiSA was short on structure and failed to validate clearly the nature of the link between its stated objectives and the intended interventions compared to RDP and GEAR.

Mthethwa, (2011) argues that despite its shortcomings AsgiSA was an improvement of GEAR policy in the sense that it recognised many of the institutional shortcomings that hinder growth and employment creation. As often happens when there is a change in political leadership, the new leader drops old policies and institutes new ones, and this is what happened when Zuma came to power. After President Thabo Mbeki's government, Zuma's government did not mention AsgiSA again. Zuma's government introduced the New Growth Path in 2010. AsgiSA however, is a policy that promoted the creation of employment for many unemployed South Africans (Mthethwa, 2011).

4.4.4 The New Growth Path

Architects of the New Growth Path from the very beginning recognised that since 1994, there had been economic growth while poverty had remained high. Inequality had remained the same and in some situations grown worse (Zuma, 2010). Mthethwa, (2011) argues that the New Growth Path appeared during the worst period of the global financial crisis during which South Africa lost 1.1 million jobs, between 2009 and 2010. Mthethwa, (2011) argues further that 1.1 million lost jobs equates to R35-billion worth of lost income. Considering that R33 773 is the average annual wage in South Africa according to Statistics South Africa's Quarterly Labour Force Survey (2009 and 2010) and Quarterly Survey of Employment and Earnings (2009), Mthethwa (2011) concludes that 5.5 million South Africans were driven into poverty as this wage covered only the minority who were employed, and excluded the majority who were unemployed people. Mthethwa, (2011:34) says:

The rate at which jobs have been lost and income distribution has worsened shows that the types of jobs created by past policies are vulnerable. These reports also show the failure of past policies to build a strong, internally cohesive productive base, to shift away from reliance on mineral exports, and to promote jobs as the first priority. The weakness of existing macro-economic policies to shocks is also apparent (Mthethwa, 2011:34).

COSATU was critical of the New Growth Path, saying that it was a far cry from the ideals of the Freedom Charter and RDP principles, that it ignored the responsibility of the state and championed the private sector's role in job creation (Zuma, 2010). Furthermore, that the New Growth Path had a problematic idea of the social pact, given such enormous income inequality (Zuma, 2010). According to President Jacob Zuma in his inaugural State of the Nation Address in June 2009, the social pact meant a package of social partners' commitments (GCIS, 2009).

4.5 Unemployment

Unemployment interacts with other economic and social problems, for instance insufficient education, poor health care and crime. The International Labour Organisation defines "unemployed workers" as those who are currently not working, but are willing and able to work for pay, currently available to work and have actively searched for work (ILO, 2007).

The incidence of unemployment is normally measured using the unemployment rate, which is defined as the percentage of those in the labour force who are jobless. It is of concern that the youth are the most affected by unemployment. McCord (2003) argues that unemployment continues to rise, standing at 4.8 million in September 2002, or 30.5% by the official definition (compared to a broad rate of 41.8%). It was further estimated that even in the most positive growth scenario, after 10 years with projected GDP growth of 4% - 5% per annum, broad unemployment among semi-skilled and unskilled workers would not fall significantly below 30% (McCord, 2003).

By March 2003 the South African economy provided only 11.56 million jobs for 16.81 million economically active people resulting in 5.25 million unemployed, or 31.2%. It is stated that between 1996 and 2002, the unemployment rate increased from 19.3% to 30.5% (strict definition), or from 33% to 41.8% (expanded definition) (South Africa Human Development Report, 2003). According to National Treasury (2012a) in the second quarter of 2010, the jobless rate increased to 25.3% and the number of people with work fell by 61 000 to 12.7 million. Statistics SA (2013:1) states that, "unemployment increased by 100,000 to 4.6 million, resulting in an increase in the unemployment rate to 25.2%".

Despite the increase in employment rate in other sectors such as hospitality, in September 2010, soon after the 2010 FIFA World Cup, over a third of South African's workforce were out of work, and so were more than half of black South Africans aged 15-34, three times the level of whites. In the third quarter of 2010, 29.80% of black South Africans were formally unemployed in contrast to 22.30% of coloureds, 8.6% of Asians and 5.10% of whites (Economic Watch 2010). By the end of 2010, the unemployment rate was at 24.8%, up from the previous year's figure of 24.3%. On a global scale, South Africa was at number four according to the unemployment rate (% of labour force) in 2010 which was 19.98% more than the world average of 4.82% (Economic Watch 2010). The Budget Review 2012 argues that the narrow unemployment rate remains high at 23.9% and the broad unemployment rate stands at 33%. It is worrying that labour force participation is low, standing at 15 million people not economically active (National Treasury, 2012a).

The causes of unemployment are complex. Some causes are long-term, such as technical unemployment that happens when people's skills are made redundant. Some are medium-term, for instance cyclical unemployment because there is inadequate demand to keep production going. Some are short-term, such as frictional unemployment which happens because people change jobs or locations. Seasonal work, casual employment and sub-employment are patterns of work which lead to people being employed for short periods at a time (Chagunda, 2002). Regardless of the causes of unemployment, unemployment hinders people's development. If poor people are unemployed, it is not just because they are more marginal in the labour market; it is also because they have fewer chances to participate in developmental initiatives. Cooke and Kothari (2001:5) imply that unemployment denies people the opportunity of participating in the economy, and it thus disempowers them.

Unemployment results in households being left without financial resources. This in turn means the unemployed person's social responsibilities remain unfulfilled and this can lead to psychological damage. The waves of xenophobia across parts of South Africa in 2008 were linked to high unemployment rates in those areas, strongly suggesting that unemployment fuels latent social unrest and instability. Fewer people employed in a country means the less revenue

available for the government to collect. This in turn reduces the scope of possible developmental projects. Fewer people employed also results in a decrease in the amount of goods and services produced, which in turn lowers the GDP.

4.5.1 The need to create employment

It has to be stated categorically that employment articulates and uplifts human dignity. This is why the government must ensure that an enabling environment exists for employment creation. There is a need for decent work as the ILO (2004-05:24) attests to, “work that not only provides a sufficient level of income but also ensures social security, good working conditions and a voice at work”. Decent work will inevitably help workers and their families to live a decent life. The South African government is committed to halving unemployment by this year (2014), which is very unlikely. According to Altman (2004), in 2003 the unemployment rate was 28.5%. Halving the unemployment rate would have meant a rate of about 14.3%. In order to reach this target the economy needed to generate five million net new jobs between 2003 and this year (2014), which is an average of about 450 000 net new jobs every year (Altman, 2004). To create such a number of new jobs is even more challenging, considering the private sector’s trend towards mechanisation and less labour-intensive methods (Altman, 2004).

In 2005, before the recession, Public Enterprises Minister Alec Erwin said during media briefings that South Africa’s main goal for the period 2005 to 2009 was economic growth of 4.5% per year and then 6% per annum until 2014. Mafu (2007) stated that South Africa’s economy would have to create between 510 000 and 740 000 jobs a year to meet AsgiSA’s target of halving unemployment by 2014. Mafu went on to say that if the current job growth and labour participation rate continued, the economy would only create 380 000 jobs a year, well under the AsgiSA target. Achieving the target of halving unemployment by 2014 is doubtful, especially if the economic growth continues to grow at the present rate without substantial job creation.

It has been argued that the main challenge for the South African economy is that unemployment will not be significantly reduced in the coming decades without major interventions. Many analysts do agree that ideally, people should be able to earn a living through employment rather than rely on cash transfers (National Planning Commission, 2011b). But the reality of high

unemployment rates makes it almost impossible for people to attain full employment in the short to medium term (Taylor Report, 2002; National Planning Commission, 2011b). As Taylor (2008) argues, financing social protection is no longer a matter of resource constraints, but rather of political ones. The government must create an atmosphere conducive to job creation so that all economically active people may find employment.

Moreover, the government has a moral and social responsibility in the form of social assistance cash transfers to ensure that the most vulnerable members of society and their families are not left unable to take care of themselves.

4.6 Economic globalization

There are many ways in which globalization may be defined. Khanya College (1998:21) suggests that globalization refers to the strategies that are used by the transnational corporations (TNCs) to try and resolve the crisis of the capitalist economy and to increase the profits of the TNCs. Commonwealth Currents (1999:4) states that “globalization is the process of change towards global economic integration and a world economy characterized by the liberalization of trade, globalization of capital markets, and rapid diffusion of advanced technologies and consumption patterns”. Globalization is driven by competitiveness between companies and countries. I argue that globalization is creating unparalleled opportunities for the creation of wealth and the world is becoming increasingly polarized between the rich and the poor. This is both between countries and even within countries.

The supremacy of the market economy furthers the move to integrate all nation states into global economic process, shaped by free market principles. The market economy that drives economic globalization intends to include all local economies, but experience has shown that some local economies are excluded and, more significantly, many communities of the poor in all economies are also excluded (Chagunda, 2002). The poor now become the excluded from the opportunities of the market. This increases levels of poverty at micro level such as in townships and communities.

In the past years, people have experienced the globalization of capital markets, the liberalization of trade and rapid technological advance that have greatly increased the potential for sustained growth and development. According to Commonwealth Currents (1999:4), those who have been able to take part in these processes have enjoyed increasing prosperity, but those who have been excluded have experienced poverty. It follows then that economic globalisation creates new risks and vulnerabilities as employees lose their permanent work and resort to casual work and informal labour where there are hardly any retirement benefits.

One aspect that is promoted in globalized world nowadays is trade liberalization. Trade liberalization enables products, services and money to move easily across different countries. Trade liberalization is an aspect of globalization. ILRIG (1998:9-10) states that the removal of tariffs on imported goods and the limitations on how much of a company can be owned by aliens brings negative effects to most Third World countries including South Africa. This is due to cheap foreign products which crowd local markets in developing countries, with the implication that there is no thriving market for local products. I have seen in the Western Cape and Kwa-Zulu Natal clothing industries closing down because they could not compete with cheap merchandise from countries such as China. Those who were working now join the jobless community and are condemned to poverty. The consequence is that many employees lose their jobs thus reducing the number of people paying tax. This increases the number of people who have to depend on the poor working employees and those living on cash transfers. Women are the most vulnerable group and experience special difficulties in the face of the forces of globalization.

4.7 Exclusion and Marginalisation of Women

Women in the world in general, and especially in the Third World, are excluded and marginalized in the development process. While proof of gender inequality and exploitation of women exists in most nations, some of its worst manifestations can be found in parts of Third World nations. This explains the high level of poverty in Third World countries (Chagunda, 2002). The exclusion and marginalisation of women contributes greatly to the problems of poverty and dehumanization. Yet there is no adequate moral justification to be found for the severe discrimination faced by women in most, if not all, societies, which limits their potential

and ability to participate in the development process. Improving the quality of human life is crucial for development and so is the quality of human beings as economic agents; development is equal to growth and change. Without this change, the process of development becomes less self-sustaining (Meier, 1976). Macro policies have a direct link with poverty at the micro level. The macro policies have an impact on the aspects of the current study which explores ways in which South Africa's social assistance programme can constitute a building block of a developmental state. Poverty goes hand-in-hand with the problem of unemployment.

4.6 Poverty

Poverty is one of the biggest hindrances to development it deprives people of their capabilities in life. This view of poverty is beyond seeing poverty as a lack of access to income but also people experiencing multiple deprivations and vulnerabilities affecting their holistic wellbeing. It has to be noted however, that income poverty is still a critical measure because income is instrumental in accessing various services. These services include education, water, health, transport and other socio-economic opportunities to achieve development. Macro policies such as the ones discussed above produce and reproduce poverty in the sense that they create exclusion of the majority of the population. These policies focus on growing the economy and leaves out the development of the people, which lead to the lack of human development. The lack of human development in a society such as South Africa hinders the establishment of change and a developmental state. When poor people's lives cannot be changed i.e. through education, access to primary health care and provision of proper housing etc., poverty is reproduced and poverty traps are formed. Social assistance, in this regard, acts as one of the interventions giving people the building blocks that help them to lessen their poverty and make use of socio-economic opportunities to achieve development.

In his foreword *From Poverty to Power*, Amartya Sen quoting George Bernard Shaw, said,

The greatest of evils and the worst of crimes is poverty...This certainly goes well beyond noting the fact that poverty is a huge tragedy, which ruins the lives of a great many people across the world. The immense tragedy of poverty is obvious enough: lives are battered, happiness stifled, creativity destroyed, freedoms eradicated by the misfortunes of poverty (Green, 2009: xiii)

It breeds and perpetuates problems within society such as crime, domestic violence, suicide, prostitution, child labour, human trafficking, and the rapid spread of diseases including HIV/Aids. Mgijima (1999) argues that the worst form of poverty is the lack of nutritious food that is both safe to eat and culturally acceptable to people. Even though the South African economy is classified as a middle-income country more than half of the population live in poverty (Marais, 2011). Gosling (2013:1) argues that eight out of 10 households had gone without food in the six months prior to her research. A fifth of all South African children live in households that experience hunger (Roux, 2011 quoted in Thornycroft, 2011:1). The poor live a quality of life that is lower than a community's generally accepted standard of living. They are dehumanised and exploited. The majority of the poor are women and children (Myers 1999). Klasen and Woolard (2005) argue that due to the larger households of poor people, they remain poor even if they receive social grants. What is important is that a cash transfer reduces poverty and vulnerability (DSD, SASSA and UNICEF, 2012).

With regard to children's poverty, using the poverty line of R515 per person per month, it can be seen that 67% of children can be defined as poor, whereas 54% of the entire populace is defined as poor (NPC, 2011b). According to the Transformation Audit (2012:70), out of the South African population of 51.7m, 41.4% South Africans live below the poverty line and 15.6m South Africans receive social grants.

In this regard, it is important to highlight that cash transfer prevents the poor from falling below the poverty line. However, according to Transformation Audit (2012:70), the majority of the people who seem eligible to receive social grants as they fall below the poverty line are excluded from receiving the grant. Not receiving a grant means that these poor people remain and continue to live in poverty. According to the NPC (2011b), child poverty rates vary significantly by population group. Using the upper threshold of R949 per person per month, the following will be categorised as poor:

- 88% of black South African children,
- 60% of coloured children,
- 29% of Indian/Asian children, and
- 10% of white children (NPC, 2011a).

As has been mentioned above, poverty in South Africa affects children and women. Poverty is normally worse in female headed-households (Chagunda, 2006). The NPC (2011a), states that poverty among women-headed households is greater than the average. Approximately 61% of women live in poverty and 31% are destitute (NPC, 2011a).

Apart from impacting so severely on women and female-headed households, poverty in South Africa is felt most by black South Africans (Marais, 2011). Almost half (49%) of black South African households earned less than R1,670 per month in 2005/06 while just 2% of white households fell into that income bracket (Statistics SA, 2008a quoted in Marais, 2011). Marais (2011) argues that among individuals, more than half of black South Africans (55%) were earning less than R400 per month in 2004 and 16% of them earned less than R100 a month. The National Planning Commission (2011a) recommends using R418 per person per month as the yardstick of poverty. The trend of poverty that has continued to increase from 1990 has greatly prevented people's development. According to Marais (2011:204):

This trend dates back to the final 15 years of the apartheid era, which had seen a significant redistribution of income from the poor to the rich: between 1975 and 1991, the incomes of the poorest 60% of the population had declined by about 35%. Between 1995 and 2002, a further 1.7 to 2.3 million people, depending on the yardstick, slid 'into poverty'.

The number of destitute South Africans doubled between 1995 and 2002, from 9.4% to 19.5% (UNDP, 2003). Marais (2011:204) quoting Statistics SA data, states that from the mid-1990s to 2001, the average annual household income and expenditures mostly of black South Africans declined from R51,000 to R45,000 and R51,000 to R40,000 respectively. Marais (2011:204) concludes that black South Africans became poorer in the first years after the end of apartheid. If we choose R524 per month per person as the yardstick, 53% of the population in 1995, 58% in 2001 and 48% in 2008 would be living below the poverty line (NPC, 2011a). Borat and Van der Westhuizen, (2011) quoted in the NPC (2011a) argue that the drop in poverty since 1995 has been moderately small compared to the increasing per capita income, an upward economy and momentous social policy interventions. Poverty decreases the investment in human capital due to financial means (Barrientos and Sherlock, 2002). Poverty is an obstacle to development, and most of those who are poor are prevented from contributing to development.

4.6.1 Poverty poses a threat to democracy

The Mid-Year Review (2007) argued that poverty had been reduced, especially after the year 2000. However, it acknowledges that the impact is too small to be felt. Poverty is associated with politics, so it is a socio-political issue because it relates to the allocation or distribution of resources and reflects the impact of past and present policy choices (Meth, 2006). The effects of poverty can be felt at all levels of governance. Therefore initiatives to tackle poverty also need to be set up at all levels of government (Alcock, 2006). On the highest level, the UN committed itself to the eradication of poverty at the 1995 UN World Summit on Social Development (Rio Group, 2006). In South Africa, there are various national initiatives to address and reduce poverty and these include the 1998 Presidential Jobs Summit and the 2003 Growth and Development Summit. At the provincial level, there have been Growth and Development Summits.

If not enough is done to alleviate poverty and ultimately eradicate it in the long term, the continued poverty levels in South Africa will threaten the fruits of democracy, such as peace. Poverty erodes or nullifies economic and social rights such as the right to health, housing, food, and education. This is also true with civil and political rights such as the right to political participation (Mutabazi, 2003). In many ways, many South Africans are indeed free, but a huge cross-section of the population has still not achieved freedom from poverty (Sen, 1999). Politicians from different parties acknowledge that despite South Africa's hard-won freedom and democracy, many people continue to lead miserable lives (Mbeki, 2004). Poverty cycles continue to disfigure the Rainbow Nation. President Mbeki stated that this poverty cycle would make it impossible to say that government has fully restored the dignity of all the people so long as the situation persisted (Mbeki, 2004). This is part of the reason that the fight to eradicate poverty would continue to be a central part of the national effort to build South Africa (Mbeki, 2004). The continued poverty levels discredit the progressiveness of the South African Constitution with its highly respectable adopted values.

According to the Brundtland Commission (Brundtland Report, 1987) the overriding priority in the country should be combating poverty and providing for the needs of the poor. It follows then that the central focus on poverty should be to remove as many people as possible from residing

in a state of poverty, especially those who are trapped below the poverty line. Poverty is a vicious cycle that must be broken if those trapped in poverty are to live a decent, dignified life and take part in development. This is well captured in the diagram below:

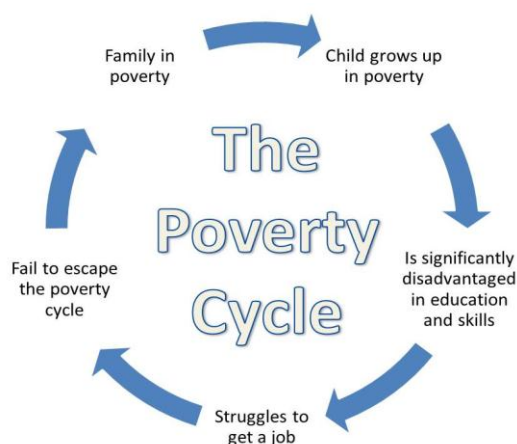


Figure 4.3: The Poverty Cycle
Economicsalevel, 2012

The existence of poverty prevents both parents and their children from participating in their own development and opportunity to succeed in life (Chelf, 1992).

4.6.2 Macro Policies and issues of poverty

It should be noted that it is beyond the scope of this chapter to provide a full examination of the macro and micro linkages of poverty. I will provide an overview of how macro policies are linked to poverty at micro level, and how the cash transfer has become critical in alleviating poverty and enhancing people's wellbeing.

At macro level, policies and legislations may increase the extent of poverty or promote its alleviation. The majority of black South African people could not afford to send their children to better schools and still other black South African people lost their livestock since they could not graze them. Income became a critical commodity for black South African people if they had to survive. Land dispossession increased income poverty, asset poverty and inter-generational poverty. Most black South African people started to live in unbearable situations where hunger

threatened their being (Kanbur and Squire, 2001). Cash transfers have become an income that the majority of the poor cannot do without (Leibbrandt, Wegner and Finn, 2011).

The Agricultural policy reform is aimed at addressing past injustices which include redistribution of land, “agricultural support programmes to disadvantaged farming communities, and a broad based programme of economic empowerment of the black population” (OECD Policy Brief, 2006:1). This concept is about distributing resources anew and supporting the population that was previously disadvantaged, such as black and coloured South Africans. Inadequate implementation of the policy continues to keep millions of South Africans poor. Even people who would have managed to be subsistence farmers continue to wait for social grants to put food on the table.

Land reform is a macro policy for guaranteeing opportunity to small- scale enterprise and subsistence farmers. The Land Reform Policy Discussion (2012:4) specifies that land reform should be seen as autonomy-fostering service delivery.

The implementation of macro race-based policy pre-1994 divided the economy into a privileged white South African one and an impoverished black South African one. As stated earlier, that most black South African people were forcibly removed from their fertile land, most black South African men had to go and work in the mines or on white-owned farms. Black South African females either found work on farms or as domestic workers in white households (Khoza, 2007 and Pottinger, 1988).

4.7 Inequality

A high level of inequality is one of the factors that hinder people’s development, 19 years after the advent of democracy. There is a general consensus among various stakeholders that years of active unfairness of policymaking and neglect have caused extraordinary levels of inequality. This inequality is characterised by excessive wealth being located in the hands of a small percentage of the population, while the majority live in extreme poverty. Inequality may be

calculated by the Gini coefficient. This is a scale that ranges from 0 to 1⁶. Bhorat (2003) states that the Gini coefficient for South Africa in 2003 was 0,6m which ranked it along with Brazil as the two most unequal income distributions in the world. Bhorat (2003) goes on to say that the Gini coefficient is higher amongst African households than amongst non-African households. Amongst black South African households the Gini coefficient moved from 0,49 in 1970 to 0,59 in 2000 (Van der Berg and Louw, 2003).

Between 1995 and 2000, the Gini index among black South Africans increased from 0.467 to 0.501 (Hoogeveen and Özler, 2006). It has been stated by Marais (2011:208) quoting Statistics SA (2002a & 2008a) that the Gini coefficient widened. Marais (2011:208) shows that the gap between the poor and the rich is wide. Marais (2011:208) citing Statistics SA 2008 shows that 10% of income earners bagged 51% while the poorest 20% of the population received 1.4% of total income in 2005/2006. He further argues that income distribution is so skewed that the poorest 50% pocketed a mere 10% of the total income and the poorest 70% of the population got only 21%. In this regard the Gini coefficient stood at a surprising 0.8, which according to Statistics SA (2008) was probably the worst in the world. In this regard, Marais (2011:208) argues that the Gini coefficient narrowed from 0.8 to 0.73 because of the social assistance that was factored in.

Yu (2013:3) examined the Gini coefficients estimated by using the expenditure variables. According to Yu, in 2008, the single estimate expenditure variable resulted in the highest Gini coefficient of 0.742, whereas the imputed aggregate variable resulted in the lowest Gini coefficient of 0.684. The Gini coefficients using these two variables were the same in the National Income Dynamics Study (NIDS) 2010/2011 of 0.698 and it was the aggregate variable before imputations giving the highest estimate of 0.724 (Yu, 2013). Yu (2013:13) in conclusion

⁶ The closer a country is to 1, the more unequal it is. The closer it is to 0, the more equal a country is. The Gini coefficient measures the sharing of the national income. If South Africa was a perfectly equal nation 20% of the population would receive 20% of the income; 30% of the population would receive 30% of the income and so forth. If this was the case, then South Africa's Gini coefficient would be zero. Conversely, if for example 20% of South Africans received 55% of the income or 30% received 80% of the income, this would indicate a more unequal distribution, and so the Gini coefficient would be closer to 1, with the most unequal scenario being 1% of the population receiving 100% of the income – a Gini coefficient of 1.

states that using the single estimate and aggregate variables, the inequality estimates were higher than using only the single estimate variables.

According to Hoogeveen and Özler (2006) poverty increased between 1995 and 2000 for a wide range of poverty lines, especially for the poverty gap and poverty severity measures. The first five years of democracy after the official end of apartheid in 1994 saw inequality among black households rise sharply (Hoogeveen and Özler, 2006). There were various reasons for this sharp rise in inequality, one of which was increased black South African adult mortality due to HIV/Aids, which meant the removal of a generation of breadwinners. This epidemic was felt most by black South Africans. Other reasons included the apartheid policies that disadvantaged the black South African majority and prevented them from enjoying meaningful development.

Bhorat (2003) argues that policy makers are often confronted with the Catch-22 dilemma of rolling back poverty or reducing inequality, because the two react differently to economic growth. Tanzania, the Soviet Union and certain Eastern Europe states opted for equality through socialism, but this left everyone equally poor. China, Korea, Taiwan and Malaysia chose to combat poverty and their governments achieved rampant socio-economic growth (Bhorat, 2003).

When one compares people's income in South Africa with similar middle-income countries such as Argentina, Mexico or Malaysia, one finds that South Africa has a highly skewed income distribution. A small number of South Africans have large incomes while the majority of people have a small income (Marais, 2011 and National Planning Commission, 2011b). There have been increases in income to the lowest paid people, but the Mid-Year Review (2007) revealed that the rate of income increase for the poor did not match that of the better off, so income inequality has not decreased. This information is critical for the current study as it explores ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

4.8 Health care

Access to healthcare especially by the poor and most vulnerable is the promotion of human rights. Any unnecessary human suffering and untimely loss of life due to the inability of the poor

to access healthcare is a violation of the basic human rights and negates development. The poor cannot manage to buy basic food. There has been an increase in the rate for malnutrition and stunted growth in South Africa and this is an indication of the extent of deprivation in healthcare for the vulnerable groups. In fact, differences in the nutritional status of South Africans mirror historical patterns of inequality (Marais, 2011). Social indicators such as life expectancy have been falling since 2000 (Marais, 2011). Poor health care can be an impediment for people and the state to achieve development goals (Kanbur and Squire, 2001). Health broadly refers to the general condition of a person. It can be stated that health is a condition of complete physical, mental and social well-being (WHO, 1946). Health is vital to a person's quality of life and thus determines an individual's capacity to work and earn an income.

Health care refers to the preservation of mental and physical well-being by preventing or treating illness through services offered by the health profession⁷. Health care plays a critical role in people's quality of life. The main focus within the field of health care is how it negatively or positively affects an individual. For instance personal health depends to some extent on the social structure of one's life. The perpetuation of solid social relationships is linked to good health conditions, long life, productivity and a positive attitude (Kanbur and Squire, 2001).

The South African Constitution clearly states that the state has a responsibility to progressively realise the right to health care services. In Section 27, the Constitution requires the state to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of people's right to have access to:

- healthcare services, including reproductive healthcare, and
- emergency medical treatment.

4.8.1 Good quality of services

The government promulgated the National Health Act of 2003 in order to redress socio-economic injustices and inequalities of health services in the past. This was done by legislation on diverse health-related matters to ensure the affordability of, and equitable access to hospitals

⁷ wordnetweb.princeton.edu/perl/webwn, retrieved 2010.05.06

and clinics, and an acceptable quality of services (Studies in Poverty and Inequality Institute, 2009). To some extent this has helped, but much more needs to be done so that poor people can obtain medication at the lowest price. Even though the Uniform Patient Fee Schedule (UPFS) of 2000 that was meant to provide a consistent approach to the billing of hospital services in public hospitals is in operation, there are still challenges (Studies in Poverty and Inequality Institute, 2009). It is these challenges that compromise development on both personal and national levels. Most poor patients cannot receive quality care for free. Often poor patients are unaware of fee exemption options and end up paying for services that could have been had for free, and there is a widespread perception that poor patients who have contacts on the medical staff receive preferential treatment (Studies in Poverty and Inequality Institute, 2009).

4.8.2 Preventable diseases

The South African Constitution (Act 108 of 1996) clearly states that children in South Africa have the right to ‘basic nutrition, shelter, basic health care services and social services’. Despite a range of legislation and programmes to realise children’s right to health and well-being, child death is still a great concern. According to South African Child-Gauge 2009/2010, 81% of child deaths in South Africa in 2007 were children under five years (Children’s Institute, 2010). Sixty percent of children under five who died in hospital between 2005 and 2007 were underweight, mainly due to malnutrition (Children’s Institute, 2010). Malnutrition, which is mostly caused by inadequate food intake and illness caused by poor access to food, inadequate maternal care and child care, poor access to basic health services or an unhealthy environment where there is lack of access to clean water and sanitation, continues to be a problem (Studies in Studies in Poverty and Inequality Institute, 2009).

Malnutrition can be prevented. Lives can be saved. One way of preventing it is to provide cash transfers to the poor so that they can afford basic nutrition. Every person needs sufficient nutritious food to grow and develop their full potential, especially the elderly and children. Sickness, especially due to preventable diseases, hinders people’s development and is a burden on already stretched resources.

4.8.3 Welfare implications of HIV/Aids

HIV/Aids and its related diseases is a major hindrance to personal and national development, especially if no intervention is available. The epidemic of HIV/Aids in South Africa has led to a considerable increase in mortality rates and now it is one of the leading causes of death in the country (Green, 2009). According to Green (2009), South Africa has the largest number of HIV infections in the world. The Department of Health estimates that 18.3% of adults (15-49 years) were living with HIV in 2006. UNAIDS (2007) states that there were around 280 000 children aged below 15 living with HIV and an estimated 1.4 million South African children had been orphaned by Aids in 2007 (Studies in Poverty and Inequality Institute, 2009). According to Green (2009:231), an estimated 1 000 people die every day from Aids-related illnesses, and HIV infection rates are still rising due to the combination of poverty, stigma, labour migration, illiteracy, and mixed messages from a government divided on how best to address the problem. This pandemic is the main cause of death among black South African people, particularly among those who are economically active and between the ages of 15-49. Within this age group dying from HIV/Aids, women outnumber men (Strand and Chirambo, 2005).

Most HIV/Aids patients die because their immune systems have been so compromised that otherwise routine illnesses prove fatal (USAID Health Policy Initiative, 2009). It has been documented that women are more at risk, both due to the physiology of disease transmission and because women are less able to refuse sex or insist on condoms, since discrimination and consequent economic vulnerability drives them into a high level of dependence on men (Green, 2009). In 2001, it was estimated that 25% of all deaths in South Africa were a result of HIV/Aids (South Africa Human Development Report, 2003). The drastic rise in HIV/Aids-related deaths has significantly reduced life expectancy in South Africa, and thus decreased the numbers of economically active people. The household expenditure of those affected is therefore strained, as a significant portion of the disposable income is directed towards taking care of the sick, and funeral services.

The HIV/Aids pandemic has gone beyond a health issue to a socio-economic issue. In 2008, South Africa had the most number of people living with HIV/Aids in the world (UNAIDS, 2008). HSRC (2009) cited in Marais (2011:262) argued that by 2009 there were 5.2 million

people in the country living with HIV, more than in any other country on Earth. When these people became seriously ill, they were unable to earn an income and their children would have no financial support. The increased number of Aids patients using the public health system exerts a lot of pressure on the health budget. Aids patients and orphans in general are in dire need of social assistance.

The continued infection and rising death rates has lowered South African's life expectancy at birth from 59 years in 1990 to 49 years in 2006 for males and from 67 years in 1990 to 52.5 years in 2006 for females (UNAIDS, 2008).

4.8.3.1 ARV roll-out in South Africa

The provision of social assistance to those seriously ill enables them to buy food, and the medication (ARVs) that they get is more palatable on a full stomach. This prolongs their life, allowing them to contribute to development either through their own active engagement or through their children who can be supported through school.

South Africa is a leading example of rolling out antiretroviral treatment. There are more than 1.7-million patients on antiretroviral (ARV) medication in South Africa. The department of health hopes to expand this to 2.5-million by the end of 2014 (GCIS, May 2013). From April 2013 patients on ARVs started taking one tablet instead of three to five pills a day, thus reducing the risk of patients defaulting from treatment (GCIS, May 2013). By January 2013 there were about 2 948 public health facilities in South Africa initiating patients on antiretroviral treatment compared to 495 in January 2010 (GCIS, January 2013). This is good progress in saving life.

This is why the National Treasury (2013a:87) in its Budget for 2013 mentions that government interventions that include HIV/Aids programmes and social assistance have contributed to the improvement of South Africa's health indicators, such as life expectancy that has gone up from 56.5 in 2009 to 60 years in 2011.

4.8.4 Impact of HIV/Aids on all sectors of society

According to TIPS (2008), HIV/Aids has a serious impact on all sectors of the South Africa's socio-economic situation which includes the following:

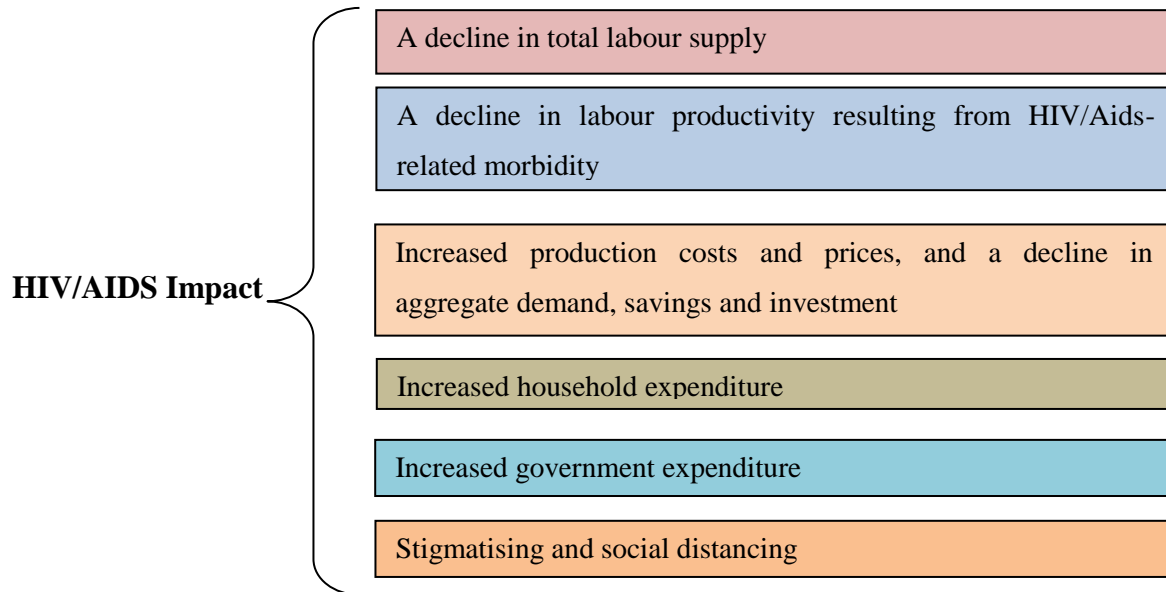


Figure 4.4: HIV/AIDS Impact

According to UNAIDS (2009) the HIV/Aids impact on the South African population is evident. One of the most distressing indicators is the increasing number of orphans resulting from the disease. There are different statistics regarding orphanhood because of the differences in ways that orphanhood is defined, and furthermore, in the theory's used in arriving at the projections. The Centre for Disease Control and Prevention estimated that in 1998 the country had approximately 100 000 Aids orphans. This figure increased to about 420 000 in 2003 and it had reached 1, 6 million by 2008. It is estimated that the HIV-prevalence rate among children aged 2-18 years old is 5.4%. ACCESS (2006) states that one in 10 children will have been orphaned by the age of nine. By 2015, 3.6 million children under the age of 18 will be orphans. The most affected children will be of African descent, especially those from poor households.

It is important to note that the loss of the breadwinner in a poor family, and the retrenchment of the main breadwinner in small family, especially where there is a HIV/Aids sufferer, impacts on

the Human Development Index (HDI). UNAIDS (2004) argues that most of the gains in the HDI over the past century resulted from gains in life expectancy. The higher the mortality rate of South Africans, the more reduced the GDP will become. Welfare loss comes from the decline in life expectancy, as UNAIDS (2004) argues that for South Africa, for example, the available projections of the impact of HIV/Aids on the GDP per capita range from -8% to +9% by 2010. South Africa's welfare loss associated with increased mortality is about 80% of GDP. This is an impediment to people's development.

People living with HIV are often stigmatised and isolated from the rest of the society (Adam and Sears, 1996) and this prevents them from contributing to their development and development as a whole. Friends and family often shun them and this social trauma is usually exacerbated by ignorance about the causes and transmission vectors of HIV/Aids (Lekas et al., 2006). This impacts negatively on personal, household and community development. Social awareness campaigns have proved to be one key method of raising community awareness about the disease, so that HIV-infected people can also begin to lead a positive life and contribute to development.

4.9 Education

Education is vital to success and it plays a key role in human capital formation that impacts on national economic performance (Meier & Stiglitz, 2001). Education increases the opportunity for people to find employment which may lift them out of poverty (Dreze and Sen, 1996). In South Africa there are two departments of education: the Department of Basic Education and the Department of Higher Education and Training. Both of these departments are critically important in national development. The Department of Basic Education's main strategic objective over the medium term is to ensure that all learners in the South African schooling system access quality education through the effective implementation of policy (National Treasury, 2012a). With regard to this department, social assistance encourages children to attend school regularly and perform well in class.

The Department of Higher Education and Training's responsibility is to ensure that a skilled and capable workforce is created to support inclusive growth. What is particularly significant in this thesis is Programme 5, which focuses on policy and the regulatory framework for an effective

skills development system (National Treasury, 2012a). This is important because social assistance promotes the acquiring of skills for development. There is a solid positive connection between household resources and a learner's performance at school (Van der Berg and Louw (2006). For instance, Taylor (2008) found out that learners' reading scores were linked closely to their socio-economic status. Put simply, if social assistance improves poor people's socio-economic situation, it will also inevitably improve children's performance at school. Generally, good education leads to better employment potential, which leads to improved well-being.

Section 29 of the South African Constitution provides the legislative and policy basis for the state to progressively realise the right to basic education and further education (South African Constitution, 108 of 1996). The 1996 National Policy Act defines education as education and training provided by an educational institution. This Act states that policy must aim to advance and protect the rights in the South African Constitution, and the rights guaranteed in terms of international conventions ratified by the South African Parliament. The education system is required to enable and contribute to the full personal development and boost morale, social, cultural, political and economic development as well as the advancement of democracy and human rights (Studies in Poverty and Inequality Institute, 2009). The current reports on education suggest that the majority of students are not performing well (Studies in Poverty and Inequality Institute, 2009). This majority are from public schools, not private schools.

Investment in human capital is needed to stimulate economic growth. Paul and Wells (2009) state that human capital in the form of education is an even more fundamental determinant of economic growth than physical capital. For instance, countries need to implement cost-effective health interventions that can reduce otherwise avoidable deaths, such as maternal mortality. It takes healthy people to contribute to economic growth by participating actively in developmental projects.

The Department of Education wants all children to enjoy access to well-resourced schools run by enthusiastic teachers, as well as the provision of quality education for adult learners (Chagunda, 2007a). The Mid-Year Review (2011) argues that there has been progress in most of the goals set by the Department of Education. This includes:

4.9.1 To eliminate gender disparity in education

The Gender Parity Index (GPI) for total school enrolment (Grade 1 to Grade 12) indicates that gender parity has been achieved (Mid-Year Review, 2007). This review shows that gender parity had been achieved between males and females in primary schools between 1997 and 1999 (Mid-Year Review, 2007). From 2000, gender parity occurred with many more male learners enrolled in primary education than females because of the high repetition rate among males. The Mid-Year Review (2007) argues that the problem was not access to schooling but repetition of coursework. Following on from this premise, the mid-year review states that the GPI for secondary education shows a disparity in favour of girls as a large number of secondary school-aged boys were still enrolled in primary school, or dropped out before completing their schooling (Mid-Year Review, 2007).

4.9.2 To improve Matric pass rate and quality of learner performance

The Mid-Year Review (2007) reports that between 1994 and 1999 the senior certificate pass rate fluctuated between 47% and 58%. However, by 2003 it had reached 73%. After 2004 there was a drop in the pass rate possibly due to the preparedness of students and the effectiveness of teaching. Another related goal was to increase higher grade passes in mathematics and reach 50 000 students by 2008 (the Mid-Year Review (2007)). The target of 50, 000 students were set because the performance of schools in producing higher grade passes in mathematics had been below expectation (Mid-Year Review, 2007). It can be argued that the set target cannot be met because there are too few learners studying mathematics and science at higher grade, also, many teachers are not fully equipped to teach the subject. “Expanding mathematical and scientific capacity in schools remains an important educational priority.”⁸

To increase literacy and reduce the adult literacy rate by 50% between 1990 and 2015 in line with education for all and the Millennium Development Goals target: the Mid-Year Review (2007) reveals that the number of literate people in the country increased from 69.6% in 1995 to 74.2% in 2005.

⁸ Development Indicators Mid-Year Review, June 2007

4.9.3 Skills Development

Programme 5 of the Department of Higher Education and Training relates to skills development. This programme promotes quality learning at work and stimulates the alignment of skills development output with the needs of the workplace, and with the broader growth needs of the country's economy (National Treasury, 2012b). Most of the skills training centres such as Zanolkhanyo Home Management Training Centre and Silulo Computer Training Centre are registered and accredited by Service SETA. The accreditation by Service SETA ensures that the certificate issued by these training centres and others is recognised nationally. Lack of skills prevents lots of unskilled South Africans from obtaining employment and this is an obstacle to people's developing (National Treasury, 2012a). Access to skills development leads unskilled people to become self-reliant, as argued by Oakley (1991) and to accomplishing self-improvement in their lives as identified by Burkey (1996).

4.10 Human Settlement

The Department of Human Settlement, which exists to provide access to adequate housing to its citizens, aims at facilitating the creation of sustainable human settlements and improved quality of household life (National Treasury, 2012a). The Housing Act of 1997 refers to housing as the establishment and maintenance of habitable, stable and sustainable public and private residential environments, to ensure viable households and communities, in areas allowing convenient access to economic opportunities, and to health, education and social amenities. According to the Children's Court (2006), adequate housing also means access to security of tenure, affordability, privacy, safety and adequate infrastructure including potable water, sanitary facilities, domestic energy supply and access to social facilities such as schools, libraries, clinics and hospitals, all of which are often sorely missed in informal settlements or rural areas. The government's National Housing Scheme was a significant anti-poverty strategy after 1994 and represented the largest government asset transfer to poor households (Children's Court, 2006). According to the Poverty and Inequality Institute (2009), government spent R50-billion on providing Reconstruction and Development Programme (RDP) houses⁹ and had built 2.3-million houses by 2007 (SERI, 2010)..

⁹ RDP houses came about as a result of the Reconstruction and Development Programme of 1994. The RDP is an integrated, coherent socio-economic policy framework. It seeks to mobilise the people and the country's resources

Due to corruption, not all houses were built according to specifications and some of this sum was spent on renovations.

It is encouraging that government is spending more each year on housing. There is a shortage of decent housing in South Africa, and this acute problem is particularly visible around cities, where there is usually an absence of affordable and well-located rental housing for people accessing the city for its economic and social amenities (SERI, 2010). Rent in cities is often too high for people to afford. SERI (2010) argues that the critical importance of providing affordable, subsidised accommodation in well-located urban areas, as opposed to only providing bonded or RDP-style houses on the periphery, needs to be recognised and attended to by the government. Until then, millions of South Africans continue to reside in townships and informal settlements with little or no basic services.

Section 26 of the Constitution requires the state to progressively realise the right to access adequate housing and obliges the state to take reasonable legislative and other measures within its available resources to achieve this. I pay tribute to the government for the houses built so far for the poor after 20 years of democracy, but still many millions do not have houses. The government needs to change its strategy and methodology for procurement to make sure there is value for money.

4.11 Good governance

Good governance is a term that has a variety of meanings. It may refer to good political practice, good economic practice or a combination of the two. Good governance, then, refers to the legitimate exercise of political authority, according to law and acceptable standards, in the management of the affairs of a nation. For some time now, donor/lender governments have placed increasing emphasis on good governance by recipient governments (Chagunda, 2006a). The thinking behind this is to guarantee that the financial support provided is optimally applied

towards the final eradication of the results of the apartheid and the building of a democratic, non-racial and non-sexist future.

in attaining sustainable development and poverty reduction targets, and that this support generates maximum impact in an over-arching framework conducive to development.

Furthermore, this emphasis aims at promoting the fundamental right to political participation and the corresponding democratisation process, and is thus based on a human rights approach (Ruwa, 2001). According to donor governments, bad governance is one of the main reasons why available domestic and external resources are not used satisfactorily to sustainably improve the life situation of those it is intended to help. Even though donor governments differ in their definition of good governance, good governance as a principle remains a key condition for receiving assistance and debt relief (Chagunda, 2007a). Good governance remains a fundamental determinant in a state's economic and social development (Raworth, 2007). In some instances, however, donor governments have imposed an understanding of good governance on recipient governments that has served their own interests, rather than the interests of the population of the recipient country (Ruwa, 2001). For example, some of the economic reforms, poverty reduction strategies and rules for investors laid down by the Bretton Woods institutions, especially Structural Adjustments Programmes (SAPs), have been criticised as having done nothing to alleviate poverty or corruption in recipient countries (Raworth, 2007).

This does not mean, of course, that good governance in itself is bad. However, if the people of the recipient country do not buy into the concept, or do not see its benefits, then the effort will most likely fail. In addition, imposing the principle of good governance from 'outside' is contrary to democratic practice, and can easily result in people rejecting it precisely as an 'imposition' (Ruwa, 2001). It must also be borne in mind that there is an overlap between political and economic reform, and that the latter (which is most directly connected to efforts to reduce poverty and promote development) is not sustainable without the former. Good governance can create a conducive environment for economic growth and political stability which is fundamental for the provision of social assistance.

4.12 Quality of life

The term "quality of life" refers to the general well-being of individuals and societies. Quality of life includes measurements of wealth, employment, built environment, physical and mental

health, education, recreation and leisure time, and social belonging (IMF, 2007). Every year since 1990 the Human Development Report (HDR) has published the HDI, which takes a broader definition of well-being as stated earlier in section 4.8.4. The HDI is a very good indicator of poverty and the extent to which a state is combating poverty and promoting people's well-being. This is why the World Bank considers poverty as a cause of a low quality of life. People that have a low quality of life lack resources to meet their basic human needs, such as food, water, shelter, freedom, access to education, health care, or employment. Any source of income such as social grants will enable the poor to purchase resources for their basic needs (Dancey, 2013). Social assistance enables the poor to buy basic items that can improve their quality of life (Barrientos, Hulme and Shepherd, 2005; Johannesmeier, 2007 and Leibbrandt et al., 2011).

4.13 Human Development Index

One commonly used measure of the quality of life and development internationally is the HDI. The HDI replaced the previous measure that was commonly used to measure quality of life - the Physical Quality of Life Index (PQLI), developed by sociologist Morris David Morris in the 1970s (Gomez, 1998). The PQLI was based on basic literacy, infant mortality and life expectancy. This PQLI was favoured over Gross National Product (GNP) and other possible indicators that were not improving. The HDI used by the United Nations Development Programme in their Human Development Report, provides a composite measure of three basic dimensions of human development which are education, health and income (UNDP, 2012). South Africa's HDI increased from 0.570 in 1980 to 0.629 in 2012 and this gave South Africa the country ranking of 121 out of 187 countries (UNDP, 2012). Even though the country has done better in promoting people's well-being, considering its resources and economic growth between 1980 and 2012, it would have done far better than this. The standard of living takes into account the material standard of living. Development, not growth, has been advocated here, because development goes beyond income to the enlargement of human choices, which are mostly economic, social, cultural, or political (Gandhi, 1998).

4.14 Socio-economic situation of the Western Cape

The Western Cape Province is one of nine South African provinces. It is situated in the south-western part of the country, on the southernmost part of the African continent. The province has a land surface of 129 307 square kilometres (Stats SA, 2006). The Western Cape population is estimated at 5 278 585, with a density of 40.8 persons per square kilometre (Community Survey, 2007). According to Marindo (2008) the south-western region surrounding the City of Cape Town accommodates most of the population, and therefore has higher density ratios.

The Western Cape's share of the estimated existing total national inhabitants (48 502 063) increased from 9.7% in 1996 to 10.9% in 2007 (Marindo, 2008). The province's population growth rate per year over the inter-census period of 1996-2001 was 2.7% which is higher than the national growth rate of 2.0%. Statistics show that since 2001 the growth rate of the province has declined fractionally to 2.6%, while the South African growth rate has declined extensively to just 1.3% (Marindo, 2008).

Table 4.1: Population Groups in the Western Cape Province

Municipality	Black	Coloured	Indian/Asian	White
Cape Town Metro	34.9	44.0	1.8	19.3
West Coast	9.0	71.6	0.3	19.1
Cape Winelands	20.5	65.1	0.5	14.0
Overberg	20.0	59.6	0.3	20.1
Eden	29.0	52.2	0.5	18.3
Central Karoo	9.5	80.4	0.1	9.9
Western Cape Province	30.1	50.2	1.3	18.4

Source: Miller, October 2010

According to Miller (2010), 31,9% of children live with their mothers only; 30,8% of the youth are unemployed; 10,8% of children live in households without an employed adult or formal household income; 34% of children in the Western Province live in overcrowded dwellings; 23% of children live in informal housing; under-five mortality has risen to 58,09 per 1000; there were 17 499 HIV-infected children in 2011. There were approximately 68 043 Aids orphans in 2011.

Only 41,3% of 20-34 year olds had matric. The school drop-out rate was highest for ages 12, 14 and 15. Furthermore, 61% of schools were affected by gang-related violence, which prevented many children from reaching matric. Ten percent of the population lived on less than R250 per month and 12% (193 000) of children were living in households where there was hunger. The Western Cape continues to be haunted by racial and gender inequality (Miller, October 2010).

4.14.1 Socio-economic situation of Khayelitsha

History tells us that from 1955, only a limited number of Africans had a legal right to reside in the Western Cape and in 1966 a deliberate policy of exclusion and harassment of African Cape Town residents was implemented. National Party Cabinet Minister Dr Piet Koornhof announced in 1983 that a “black” township at Swartklip, Khayelitsha, was to be created for African residents of Cape Town (Cook, 2001). This was a way to remove all black South Africans within and around the city of Cape Town. According to Dewar and Watson (1990a) the first people to move to Khayelitsha were from Nyanga Bush (KTC), where 3445 structures had been demolished in the beginning of 1983. In June 1983, people from squatter settlements, primarily Crossroads, who were prepared to live in Khayelitsha, were housed in temporarily erected huts. The majority of Africans were not happy to be forced to move to this new place. Due to refusals, demonstrations and rioting started in February 1985. The idea of moving all Africans in Cape Town to Khayelitsha was dropped (Dewar and Watson, 1990a). Things changed in October 1985 when core houses were built for rent and all Africans legally residing in Cape Town were allowed to rent.

In 1986 the private sector was involved in building houses and hostel accommodation for rent (Dewar and Watson, 1990a). Many Africans started occupying Khayelitsha. The largest population settled in Khayelitsha came from Crossroads during the 1986 violence and after the abolition of the Pass laws in 1986 (Cooper and Murray: <http://www.isisweb.org>). Ndegwa et al (2004:7) state that migrants into Khayelitsha constituted 86% of the African population. Most of them originated from the Eastern Cape. The break-down is as follows: 56, 6% from Transkei, 11, 8% from Ciskei and the rest from other Eastern Cape areas (Ndegwa et al 2004:6). A few Khayelitsha residents were born in the settlement. Cook (2001) confirms that the majority of Khayelitsha residents came from Eastern Cape. Khayelitsha is one of the densely populated

townships in the Cape Town area. Khayelitsha is one example of South African townships that are affected by urban sprawl and a high level of segregation of population groups. Stratified city structure affects local labour market outcomes and aggravates unemployment and poverty (Ndegwa et al 2004). I argue that in a township like Khayelitsha the provision of a cash transfer is highly valued, because without it the majority of the people, especially children and people in female-headed households, would face starvation. This allows myself to more easily investigate the cash transfer as a feature of a developmental state.

4.14.2 Socio-economic situation of Graafwater

The West Coast is divided into five municipal areas, Matzikama, Bergrivier, Saldanha Bay, Swartland and Cederberg. Cederberg Municipality includes six wards: Ward 1 consists of rural areas such as Citrusdal and the semi-urban Elandskloof; Ward 2 consists of the town of Citrusdal, Ward 3 consists of the town of Clanwilliam, Ward 4 consists of Elandsbaai and Graafwater as well as smaller settlements such as Sandberg and Poleisheuwel, Ward 5 consists of Lamberts Bay and Leipoldtville, and Ward 6 consists of Wupperthal. Most of the socio-economic information of Graafwater is included in the profile of Cederberg Municipal Area as a whole. As such it is difficult to isolate information pertaining to Graafwater. It is not a true reflection of Graafwater's socio-economic situation to assume Cederberg is one entity, because some wards perform better than others with regard to socio-economic profile. However, Cederberg Municipal Area's socio-economic profile, which includes Graafwater, does provide some valuable information.

Graafwater is the Afrikaans term referring to "water from a spade". This refers to the Afrikaans farming culture found in South Africa at the time of the township establishment. Graafwater Township in the Cederberg Municipality lies between Clanwilliam and Lamberts Bay, approximately 300km north of Cape Town in the Sandveld (DPLG, 2010). It was established in 1910 after the construction of the railway junction between Cape Town and Bitterfontein (DPLG, 2010). The most common spoken language is Afrikaans and almost the entire population comprises of coloured people. There are several white families owning and managing surrounding farms. The population is around 2 142.

This section provides an overview of the socio-economic situation of Graafwater. This township is relatively impoverished. The surrounding farms provide seasonal income to the Graafwater inhabitants. About 30% of the Graafwater population has jobs within the agricultural sector (DPLG, 2010). There is a high unemployment rate.

Graafwater people have access to a clinic that is located in the centre of the township. People can attend HIV/Aids awareness programmes at the clinic. Regarding local economic development, the average household spends most of their monthly income on food, clothing, housing and educational necessities. On average a poorer household cannot meet their monthly necessities as expenses surpass earnings. With regard to security, there is one police station in Graafwater. On the social development level, Graafwater has one club for senior citizens. The majority of the population depend on social grants because there are few economic opportunities. Graafwater Township has insufficient capacity for growth and insufficient capacity to absorb the local residents into its local economy (DPLG, 2010).

Population and Household profile

Table 4.2: Cederberg: estimated population and households in Census 2001 and CS 2007

Municipality	Persons		Households	
	Census 2001	CS 2007	Census 2001	CS 2007
Cederberg Local Municipality	39 326	31 942	10 365	9 212

Source: Stats SA 2003 and CS 2007

Cederberg has one of the smallest populations in the West Coast District. The population decreased from 39, 326 in 2001 to 31,942 in 2007. The reason for this decline is unclear, but may be related to labour migration out of the municipality.

Table 4.3: Graafwater Population Growth: 2001-2012

	2001	2006	2007	2008	2009	2010	2011	2012
Citrusdal	5010	5389	5467	5546	5627	5708	5791	5875
Clanwilliam	6088	6559	6657	6757	6859	6961	7066	7172
Elands Bay	1646	1782	1811	1839	1869	1899	1929	1960
Graafwater	1810	1969	2002	2037	2071	2106	2142	2179
Lamberts Bay	5070	5489	5577	5666	5757	5849	5942	6037

Source: 2009-2010 Cederberg Annual Plan

4.15 Conclusion

In this chapter, I have discussed South Africa's socio-economic situation and indicated why social assistance is critically important for the poor and previously excluded majority. It has been shown that poverty affects all racial groups, but that by far the lion's share is experienced by women and children, especially those from black South African households. Black South African households also suffer the worst effects of unemployment and HIV/Aids. Citizens have a relationship with the government in power. Both belong to a common membership that cements the two with a sense of belonging. As the Preamble to the South African Constitution (Act 108 of 1996) puts it: "South Africa belongs to all who live in it, united in our diversity ... based on democratic values, social justice and fundamental human rights" in which the "government is based on the will of the people" to "improve the quality of life of all citizens, and free the potential of each person".

Income is needed to access many essential items in various poor households. Unemployment in all senses limits the amount of income per household, reducing spending on health, housing and educational facilities, nutritious food and safety. The poor socio-economic condition of an individual or household can compromise well-being. According to what has been seen in this chapter in terms of high unemployment rates, mass poverty and the HIV/Aids pandemic, cash transfers can be an appropriate social policy intervention of a developmental state.

The developmental approach to social policy should be of great assistance in a country such as South Africa where there are huge social problems. This could be done by meeting people's needs in the short to medium term, but also enabling them to depend on themselves in the long

term. In other words, combating hunger and destitution is important, but building capacity through skills training allows people to become self-reliant. With this in mind, let us discuss and examine the institutional set-up that makes the provision of cash transfer a reality in South Africa.

CHAPTER 5: AN OVERVIEW OF INSTITUTIONAL ARRANGEMENTS FOR CASH TRANSFER

5.1 Introduction

Chapter four has examined the socio-economic context of South Africa. Some of the factors that prevent people's development have been discussed. These factors include poverty, unemployment, inequality, poor health care and lack of educational opportunities. Literature has shown that poverty is one of the biggest hindrances to development as it deprives people of their capabilities in life. In the similar manner, the presence of unemployment results in households being left without financial resources and this reduces the scope of possible development. Inequality is another factor that hinders people's development especially the majority since only the minority enjoy better living standards. It has been discussed in chapter four that poor health care can be an obstruction for people and the state to achieve development goals. Preventable conditions such as malnutrition can make children vulnerable to disease and end up being hospitalised and their caregivers might spend a long time looking after them instead of doing productive work. The previous chapter has also indicated that some HIV/AIDS patients die faster if there is no intervention because of poverty. Poverty can also prevent children from attaining education which is pivotal to human capital formation and impacts on national economic performance. The outlined socio-economic conditions are prevalent in Graafwater and Khayelitsha and cash transfer is one of the government's critical interventions.

In this chapter, I examine the institutional set-up that administers and provides social grants to its beneficiaries. The spirit and values of the South African Constitution bring great hope for the realisation of socio-economic rights and social protection system. The transformation of South African society is simultaneously challenged and guided by the high standards set in the Constitution for the realisation of fundamental rights. For any successful policy implementation to take place there is a need for a healthy institutional set-up. The current study explores ways in which South Africa's social assistance programme can constitute a building block of a developmental state. In pursuit of this exploration, the current chapter attempts to answer the following question: is there any way that cash transfers promote developmental processes? For

the South African Department of Social Development in general and the South African Social Security Agency in particular, for social assistance to be implemented successfully, an institution has to function developmentally. Institutional arrangements for effective delivery of social grants are a reflection of the state's developmental capacity.

5.2 Institutional set-up critical to social grants provision

A strong political will to address the disparities of the past and reduce poverty led to a social protection system that serves as a pillar for addressing poverty and other social ills. Cash transfers provide support for various groups that include older people, individuals with disabilities and eligible children. An institutional set-up is critical for the implementation of social assistance. Naidoo (2011:127) in Turok (2011), states that the term "institution" refers to structures and mechanisms of the state that have an impact on implementation. Political will and institutional set-up have been critical in reducing burdensome conditionalities, increasing the coverage of the poor significantly (Samson, Mac Quene, and van Niekerk, 2006). Civil society has also been instrumental in providing political pressure and institutional support to push forward the social protection agenda and enable families with children up to 18 years old to access the Child Support Grant. South Africa demonstrates that, in order for poverty reduction strategies to be effective, sustained political commitment and proper institutions are a prerequisite. The effective and efficient provision of cash transfers is critical to provide the poor with basic means to afford an acceptable minimum standard of living and in return promote developmental processes.

The understanding and implementation of means tests within the provinces differed widely. This compromised take-up of the CSG. The majority of poor children who would have qualified for CSG were unable to receive it. The deficiencies in the system led Cabinet to appoint a Committee of Inquiry into Comprehensive Social Security (the Taylor Committee) in 2000. The Committee acknowledged that applying the means test correctly was a very complicated and generally impossible task within the available institutional capacity (Taylor, 2002). If a more effective system was to be in place to increase coverage of social grants, then a developmental institution to administer such grants should be set up.

President Thabo Mbeki announced a government-led campaign to register all who were eligible for the Child Support Grant (Mbeki, 2002). Furthermore, the President underpinned his support for the on-going effort and thanked all those who had 'rolled up their sleeves to lend a hand in the national effort to build a better life for all South Africans,' (Samson, Mac Quene, and van Niekerk, 2006). The President's call to spread the word and lend a hand saw the take-up rate for the CSG grow six-fold to 58% in 2004 (Samson, Mac Quene, and van Niekerk, 2006).

Civil society in South Africa has played and continues to play a critical role in the social protection system. Some of the organisations that have influenced and continue to influence South Africa's social protection system include labour organisations such as COSATU, churches such the Catholic Parliamentary Liaison Office, and human rights-based organisations such as Black Sash and Access. As has been stated previously, access to cash transfers before 1994 was skewed along racial lines, with black South African people being the most disadvantaged (Lund Committee, 1996). Influenced by the adopted values post-1994, the Black Sash, Access and COSATU, to mention but a few, played a critical role in ensuring that social policy not be based on racial grounds but on need.

5.3 Institutional arrangements for cash transfers

Cash transfers are part of the welfare services defined in the South African Constitution. In 1997, the government released the White Paper for Social Welfare that emphasised programmes for developmental social welfare (Ministry for Welfare and Population Development, 1997).

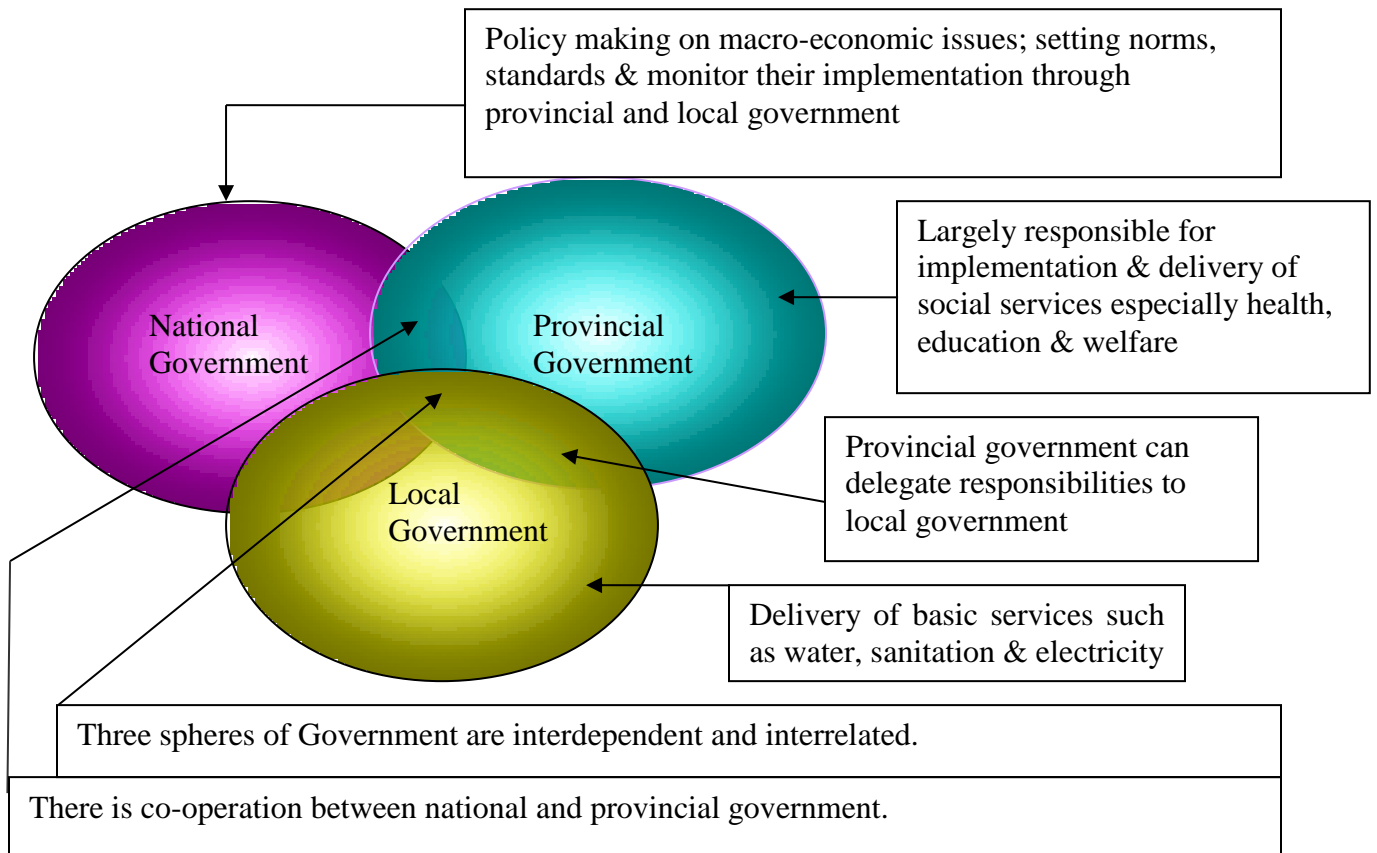
This developmental social welfare requires careful planning, budgeting and service delivery. It became the key social policy framework to guide the transformation of the social welfare sector in South Africa. According to Streak and Poggenpoel (2005), from 1997 onwards social services were to be planned and delivered using a developmental approach. The fundamental aim for this was to improve the impact of service delivery by integrating and linking the various programmes directed towards vulnerable people, including children. In light of this aim, the current study explores ways in which social assistance given to vulnerable people contribute as one of the building blocks of a developmental South Africa.

Under the new approach, the Department of Social Welfare changed its name to the Department of Social Development. Provincial social development departments took up primary responsibility for programme implementation until 2004. State agencies such as the South African Social Security Agency (SASSA) are instrumental in providing poor households with benefits that lead to social development. According to the National Social Development Annual Report (National Department of Social Development, 2005), SASSA, a state body, came into effect on 1st April 2006, to administer the application, approval and payment of cash transfer in the country (SASSA, 2011). The government did this to align the post 1994 values and provide cash transfers in a developmental manner so that the poor are afforded with an acceptable minimum standard of living and in return promote developmental processes.

5.3.1 South African Social Security Agency

Social policy in the form of the Social Assistance Act, No. 13 of 2004, made possible the transfer of powers from the provinces to national government, via SASSA. The three spheres of government (National, Provincial and Local Government) are distinctive from each other, but they are also interdependent and interrelated. Their mandates are complementary (Constitution 108 of 1996, Chapter 3, Section 40). When a province does not or cannot fulfil an executive obligation in terms of legislation or the Constitution, national government may intervene by taking appropriate steps to ensure fulfilment of that obligation (Constitution 108 of 1996, Chapter 5, section 100).

Figure 5.1 Three spheres of government



The administration of cash transfers pre-1996 was the responsibility of each province. However, delays in approval and payment, increasing fraud and corruption within the system, huge administration costs and unhygienic pay-point facilities hindered the actual delivery of these cash transfers (SASSA, 2011). The adoption by Parliament of the SASSA Act, 2004 and the Social Assistance Act, 2004, paved the way for a more professional and focused service delivery of the cash transfers to beneficiaries. SASSA took over the function of budgeting for and administering Social Grants payments from the provinces (South African Social Security Act, 2004). SASSA as an implementing institution for social assistance from the Department of Social Department inherited tenders that allowed for many deductions from social grants before they are paid to the owner. SASSA derives its mandate from the SASSA Act (2004) to administer and pay cash transfer grants. According to National Treasury (2012b: 432), SASSA is supposed to:

1. Develop and implement policies, programmes, standard operating procedures and systems for an efficient and effective social assistance benefits administration system;
2. Deliver innovative and cost-effective services to beneficiaries through multiple access channels; and
3. Pay the right grant to the right person at the right place and time.

The year 2011/2012 saw the bolstering of the institutional set-up for cash transfers with the development of key legislation and capacity building of social services professionals. One important strategy within SASSA was the development of norms and standards to address the lack of uniformity in the delivery of cash transfers (National Treasury, 2011b). During 2011, the Cash Paymaster Service was appointed as the sole service provider to distribute social grants nationally and in April 2012, SASSA introduced an automated biometric-based payment system (Beukman, 2013). Throughout South Africa, cash transfer beneficiaries experienced impermissible and unlawful deductions on their social grants. SASSA has introduced various efforts to curtail these unlawful deductions. These include the payment system and re-enrolment process of grant beneficiaries.

The financial resources are necessary to ensure compliance with the above duties, and therefore SASSA is allocated funds out of the national budget. The national budget through social grant administration provides for the operational costs of SASSA, so that, for example, in 2013/14, R6.3 billion will be transferred to SASSA for its duties (National Treasury, 2013b).

Taking into account the relevant provisions of the Constitution such as Section 214(2) the Financial and Fiscal Commission's (FFC) plays a critical role in the provision and the amount of social grants. The FFC is an independent constitutional advisory institution and its mandate emanates from the South African Constitution Act No.108 of 1996. This mandate is permitted through various legislation such as the Intergovernmental Fiscal Relations Act No. 97, the Financial and Fiscal Commission Act No.99 of 1997, and the Intergovernmental Relations Framework Act No.13 of 2005. The FFC is required to advise and make recommendations to the South African Parliament (both national and provincial parliaments), local government and other State organs on financial and fiscal issues. The FFC's mission is to offer proactive, expert and

independent advice on encouraging a sustainable and equitable Intergovernmental Fiscal Relations (IGFR) system, through the formulation and collation of policy relevant analysis, so that the values of the Constitution are actualised (FFC, 2013).

For instance within the Medium Term Expenditure Framework (MTEF) 2004-2007, the FFC recommended that a comprehensive poverty alleviation package be designed to align the system of social security cash grants and social insurance with the provision by local government of free basic services (FFC, 2003). All these recommendations aim at strengthening government's intervention in the lives of the poor and less privileged, especially with regards to cash transfers. This institutional set-up enabled the provision of cash transfers to eligible people.

5.3.2 Biometrics for Social Grants payments

The payment of social grants is done through a biometrics system which was introduced in KwaZulu-Natal in 1992/93 (Dunkerley, 2013). Biometrics is used for beneficiaries that go to pay-point while banked beneficiaries access their money through the banks (Dunkerley, 2013). Cash Payment Services (CPS) is contracted by the South African government to pay grants to beneficiaries nationally. CPS has a new contract for a period of 5 years, effective from 1 April 2012 (Dunkerley, 2013). Each grantee receives a SASSA Payment Card which allows the beneficiary to access the social grant anywhere in the country and at any time during the month utilising multiple channels such as pay-points, merchants and ATM's. The grant is loaded into the card for those who utilise the banks. Most of the grant beneficiaries have new bank accounts with Grindrod Bank into which the grant is paid (Beukman, 2013). According to Social Assistance Act 2004 section 20 (1), "a grant may not be transferred, ceded, or pledged or in any way encumbered or disposed of unless the Minister on good grounds in writing consents thereto". In section 20 (3) of the same Act, "a beneficiary must without limitation or restriction receive the full amount of a grant to which he or she is entitled before any other person may exercise any right or enforce any claim in respect of that amount".

The Regulations to the Social Assistance Act 2004 states that deductions are permissible for funeral schemes which should not exceed 10% of the value of the social grant amount (Regulation 26 (A). Section 133 of the National Credit Act 2005 makes it illegal for anyone to

retain grant cards, bank cards, identity documents and personal identity numbers. These provisions are meant to treat cash transfer beneficiaries with dignity, respect and in a professional way. It is unfortunate that despite SASSA's efforts to curb unlawful deductions, since the introduction of the automated biometric-based payment system, deductions from social grants for micro loans have taken place nationally out of the newly created bank accounts (Beukman, 2013). In order to preserve SASSA's dignity and professionalism, the agency must strengthen its monitoring arm so that the existing loopholes for the paymaster, loan providers and whoever else may prey on the cash transfer beneficiaries, can be eliminated.

The means-test for old age pension has omitted some deserving old people as grant recipients (National Treasury, 2013a). In order to prevent this from happening, the South African government has announced that the means-test for the OAG will be phased out (National Treasury, 2013a). Apart from simplifying the administrative work, the phasing out will prevent the exclusion of the vulnerable and needy individuals. According to National Treasury (2013a:86), SASSA administrative reforms have contributed to speedier social grants processing times; for example, in 2012, of the 1.2 million new applications for grants, 89% were finalised within 21 days. With these reforms within SASSA, a new payment system will reduce the unit cost per payment from R32 to a standard rate of R16. In addition, to these benefits, cash transfer beneficiaries are now able to receive their grants anywhere in the country and have access to the banking system (National Treasury, 2013b). All these efforts will ensure that vulnerable old people receive social assistance that will help them to access food, education and health, participate in local activities and other economic and developmental processes. Due to these social assistance benefits, the current study explores ways in which South Africa's social assistance programme can constitute a building block of a developmental state.

5.4 Conclusion

In chapter 5, I have examined the institutional set-up that administers and provides social grants to its beneficiaries. I have discussed how the transformation of South African society is simultaneously challenged and guided by the high standards set in the South African Constitution for the realisation of fundamental rights including socio-economic rights. I have further demonstrated that any successful policy implementation to take place there is a need for a

healthy institutional set-up. The administration and delivery for social assistance to be implemented successfully, the institutional set up has to function developmentally.

CHAPTER 6: FINDINGS, ANALYSIS AND INTERPRETATION

6.1 Introduction

The following sections provide an analysis and interpretation of the research that was carried out in Khayelitsha and Graafwater townships. The aim of the research was to gain a deeper understanding of how grant recipients use their income. This data helps us to understand the extent to which cash transfers do alleviate poverty. I have used the capability approach as a framework for analysing the data.

Table 6.1: Theoretical Framework for Analysis

Themes	Questions	Objectives	Categories/sub-themes
1. Perceptions of the respondents concerning the impact of social grants on their lives	<p><i>What difference does a social grant make in your life?</i></p> <p><i>How did you live before receiving a social grant?</i></p>	To examine if cash transfer has a developmental impact on people who receive them	<ul style="list-style-type: none"> • Social grants perceived as valuable in reducing poverty • Cash transfer and people’s experience of poverty • Cash transfers as a valuable instrument in reducing household hunger
2. Perceptions of respondents concerning cash transfers and socio-economic opportunities	<p><i>What social changes have happened to you and your family since you started receiving a social grant?</i></p> <p><i>What economic changes have happened to you and your family since you started receiving the grant?</i></p>	To establish if cash transfers are improving opportunities for household members to take part in socio-economic activities	<p>Linking social grants to:</p> <ul style="list-style-type: none"> • job search • educational advancement • small business establishment • skills training
3. Perceptions of the	<i>Has the grant changed</i>	To investigate how the cash	<ul style="list-style-type: none"> • Social grants and

value of the cash transfer and its influence on people's roles in the community	<p><i>your role within the community? If yes, in what ways?</i></p> <p><i>Before receiving the social grant, did you go to meetings?</i></p> <p><i>How does the receipt of a social grant change your perception or role within the community?</i></p>	transfer promotes participation	<p>participation in community decision-making</p> <ul style="list-style-type: none"> • Social grants empower recipients to engage in community structures • The participation of social grant recipients in community activities
4. The cash transfer and people's experiences in planning and making choices	<p><i>How do you spend your social grant?</i></p> <p><i>Has the grant changed how you plan and make choices? If yes, in what ways?</i></p>	To ascertain ways in which cash transfers promote development	<p>Linking social grants to:</p> <ul style="list-style-type: none"> • joint planning • making choices • health • women and their experiences
5. Perceptions of the respondents regarding why the government should provide social grants	<p><i>Do you think government should provide social grants or not? Why?</i></p> <p><i>What do you think are some of the reasons why the state provides you with a grant?</i></p> <p><i>What else would you like to say regarding the grant?</i></p>	To ascertain the extent to which cash transfer could be a significant feature of a developmental state	<p>Linking social grants to:</p> <ul style="list-style-type: none"> • social inclusion • government's responsibility

South Africa has developed 12 developmental outcomes to improve the living standard of its people, especially those trapped in poverty as already discussed in Chapter 1 above. The reference is made to the outcomes in this chapter because they have helped in analysing the collected data.

According to the Presidency (2010:9), the outcomes approach is used to ensure that the government is focused on attaining real development in the lives of all South Africans and can track the progress made. The National Development Plan (NDP) argues that the outcomes have helped to foster a degree of integration (NPC, 2011b). The 2013 national budget allocation was guided by the 12 developmental outcomes, the NDP's strategic objectives and other key priorities (National Treasury, 2013b:iii). However, it remains to be seen whether the outcomes-based approach will be effective or not.

A developmental state has to be at the forefront of setting developmental outcomes and implementation. As the NDP puts it:

The state not only has a role in setting the appropriate macroeconomic framework. It must also provide the right microeconomic conditions to ensure that the day-to-day decisions and actions of people and companies help deliver the best social and economic outcomes. It is these frameworks and interventions that determine the social and economic climate that we live in and therefore the level of economic growth and employment (NPC, 2011b:134).

The government believes that employment is the most effective route out of poverty and that, while boosting long-term job creation should remain an overriding objective of economic policy, this has to be complemented by a well-designed social assistance system to address poor socio-economic conditions caused by unemployment and income vulnerability. Government has clearly stated that cash transfer is the most direct means of combating poverty (National Treasury, 2012a). As we have seen, the number of beneficiaries has escalated from 2.5 million in 1998 to nearly 16.1 million (Hall, 2013).

6.2 Profile of study respondents

This section examines the basic characteristics of the population sample in the study and provides the following data:

- frequency of grants received (Table 6.2 page 255)
- race of respondents (Graph 6.1 page 160)
- marital status of respondents (Graph 6.2 page 161)
- household size according to marital status (Table 6.3 page 162)
- age of respondents (Graph 6.3 page 162)
- highest level of education achieved (Graph 6.4 page 163)
- highest level of education achieved (Graph 6.5 page 164)
- area of residence (Graph 6.6 page 166)
- age of household members where recipients reside (Graph 6.7 page 170)
- how recipients spend grant money (Graph 6.8 page 172)
- gender profile of respondents in Khayelitsha (Figure 6.1 page 167)
- gender profile of respondents in Graafwater (Figure 6.2 page 168)
- age of household members where recipients reside (Graph 6.7 page 170)
- household income sources (Chart 6.2 page 171)
- how recipients spend grant money (Graph 6.8 page 172)
- items that the CSG is spent on (Chart 6.3 page 174)
- items that OAGs are spent on (Chart 6.4 page 175)
- items that DGs are spent on (Chart 6.5 page 176)

6.2.1 Frequency of Grants Received

Table 6.3 shows the specific number of people who received various social grants. It is clear that, in this study, the most-received grant is the CSG, while a few respondents received DGs and OAGs. This signifies that, even though respondents who are disabled or elderly may be few, they are members of vulnerable groups that need a grant to survive.

Number of Grants Received

	Frequency	Percent	Valid Percent	Cumulative Percent
1	89	55.6	55.6	55.6
2	55	34.4	34.4	90.0
Valid 3	15	9.4	9.4	99.4
4	1	.6	.6	100.0
Total	160	100.0	100.0	

Child Support Grant Received

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	129	80.6	80.6	80.6
Valid No	31	19.4	19.4	100.0
Total	160	100.0	100.0	

Disability Grant Received

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	22	13.8	13.8	13.8
Valid No	138	86.3	86.3	100.0
Total	160	100.0	100.0	

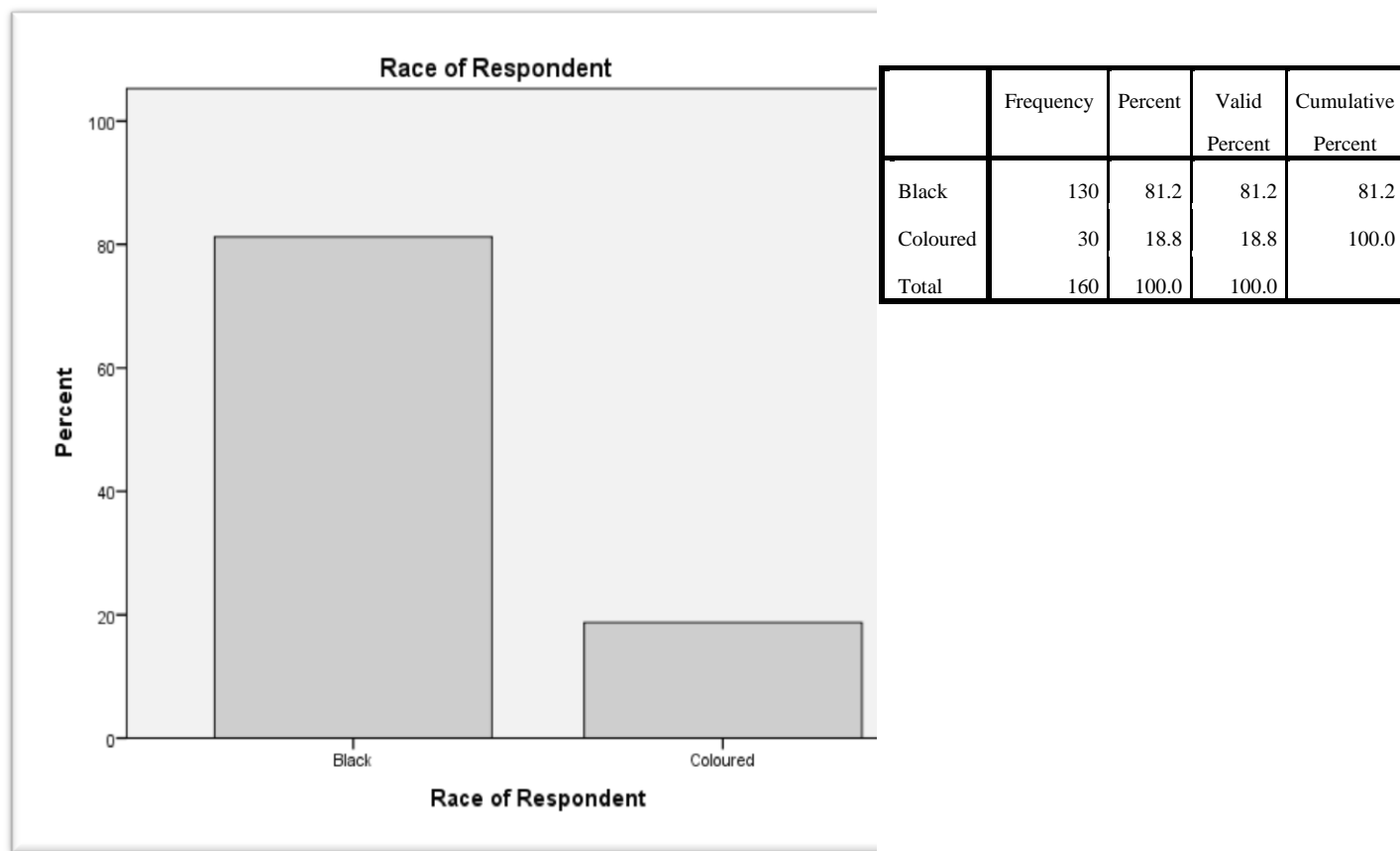
Old Age Pension Received

	Frequency	Percent	Valid Percent	Cumulative Percent
No	122	76.3	76.3	76.3
Valid Yes	38	23.8	23.8	100.0
Total	160	100.0	100.0	

Table 6.2: Frequency Data of Grants Received

6.2.2 Race of Respondents

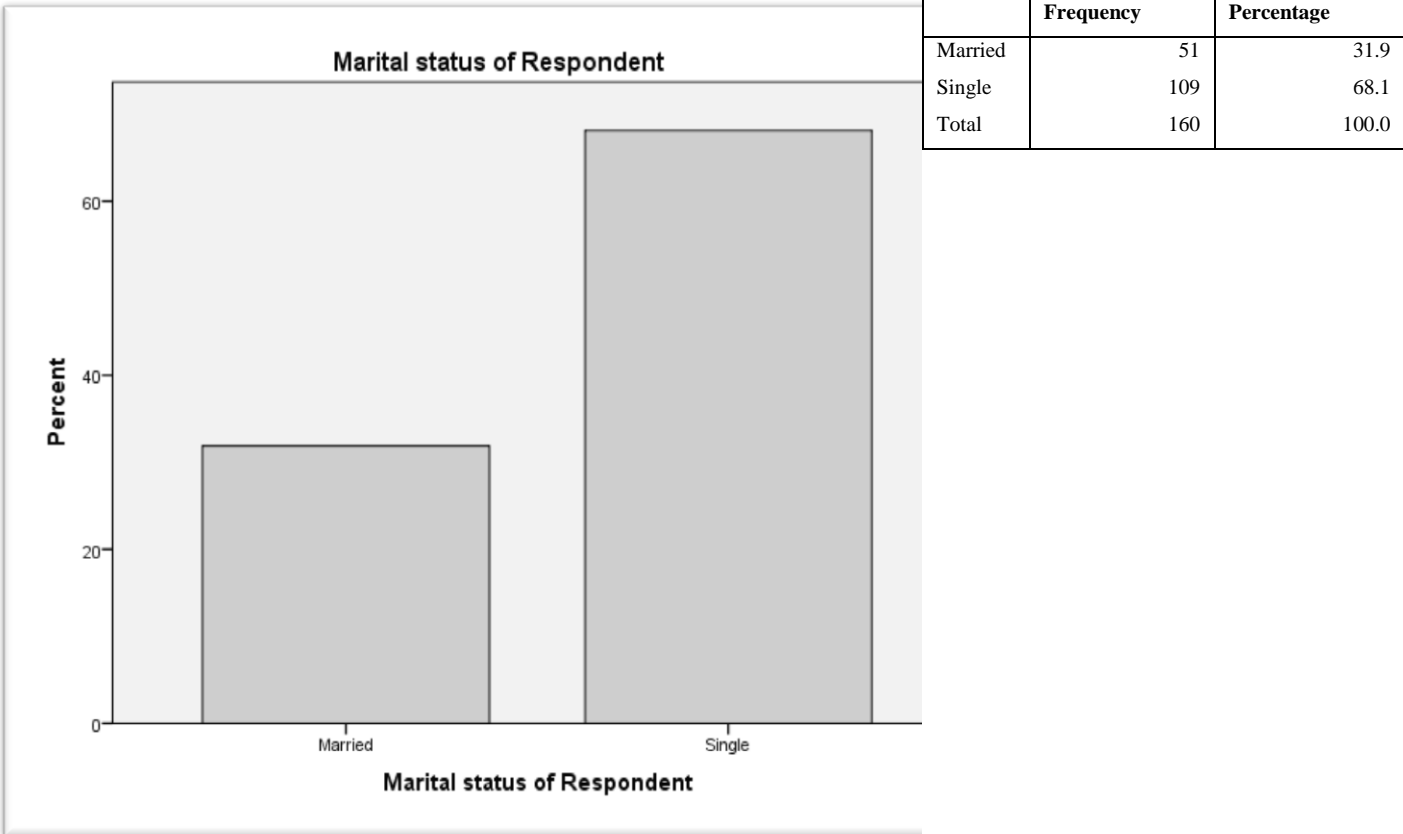
The Western Cape Province has a predominantly 'Coloured' population but Khayelitsha Township is dominated by black South Africans thus I chose it to capture the black voice compared to Graafwater which has mostly has a Coloured population. Graafwater captures the Coloured voice. Graph 6.1 shows that 81.2% of the respondents are black people and 18.8% are coloured people. Despite the current study taking place in predominantly black and coloured communities, the graph still demonstrates that social grants are mostly received by blacks followed by coloureds. This finding can be linked to the legacy of apartheid, where most people from the aforementioned race groups were excluded from social and economic development. It can also be linked to their proportions in the general population.



Graph 6.1: Race of Respondents

6.2.3 Marital Status of Cash Grant Respondents

Graph 6.2 indicates that 109 of the participants were single at the time of the interview, accounting for 68.1% of respondents. Fifty-one participants (31.9%) were married. This indicates that the majority of the grant respondents are single and in a position where they cannot entirely support themselves and need financial assistance to survive.



Graph 6.2: Marital Status of Cash Grant Respondents

6.2.4 Mean Household Size According to Marital Status

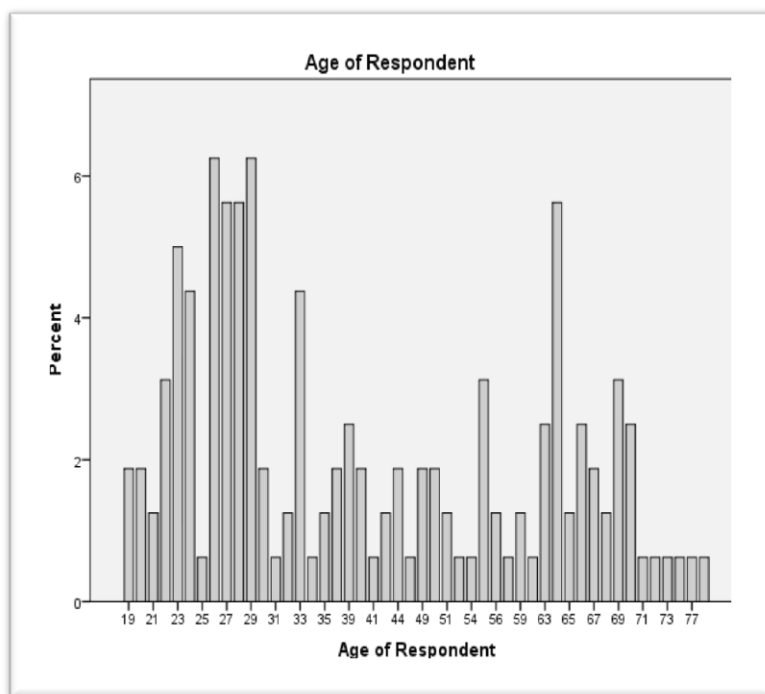
From Table 6.4 below, it is evident that most of the single respondents in the sample have children, with an average of approximately 3 per single household, compared to approximately 4 children per married household. Hence, single caregivers in this sample obviously benefit greatly from cash transfers.

Marital status of Respondent	N	Mean Household Size
Married	51	4.25
Single	109	2.91
Total	160	3.34

Table 6.3: Mean Household Size According to Marital Status

6.2.5 Age of Respondents

This graph reveals that the biggest concentration of cash grant respondents are younger than 35 years old, with those aged between 26 and 29 being the most common. However, we also see that people as young as 19 and as old as 78 in this sample received cash grants.



Age of Respondent

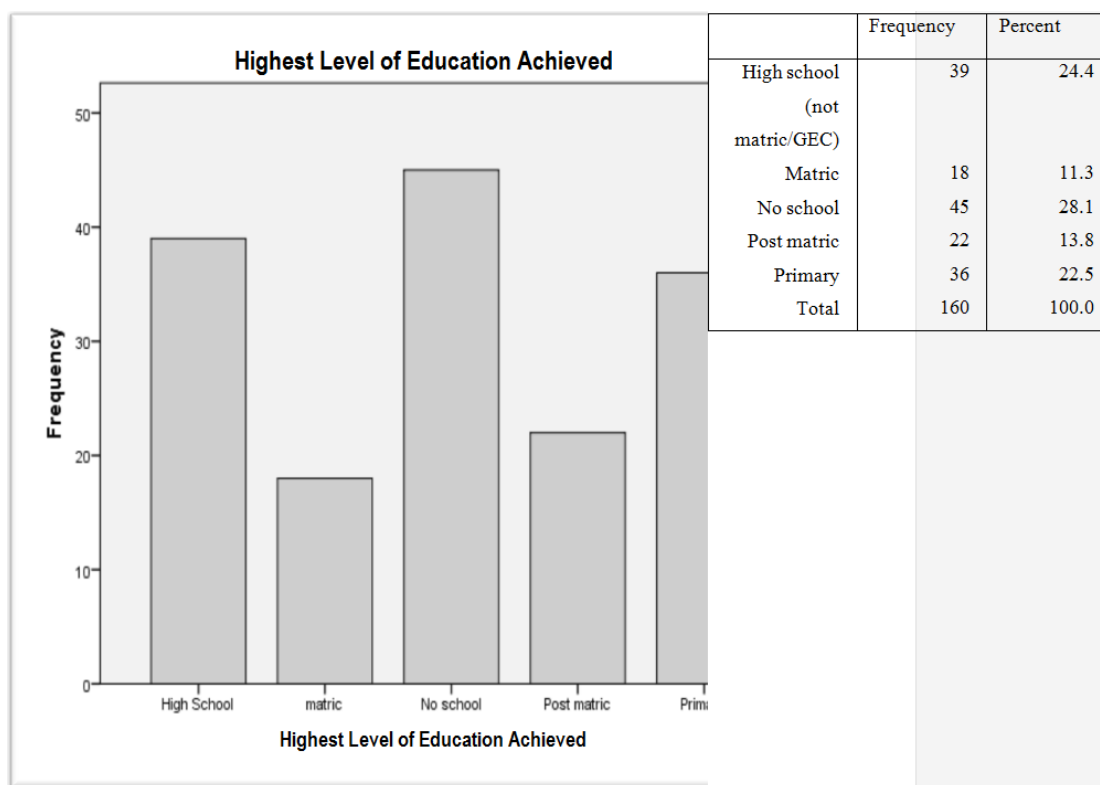
N	160
Mean	41.64
Mode	26
Minimum	19
Maximum	78

Graph 6.3: Age of Respondents

6.2.6 Educational Level of Cash Grant Recipients

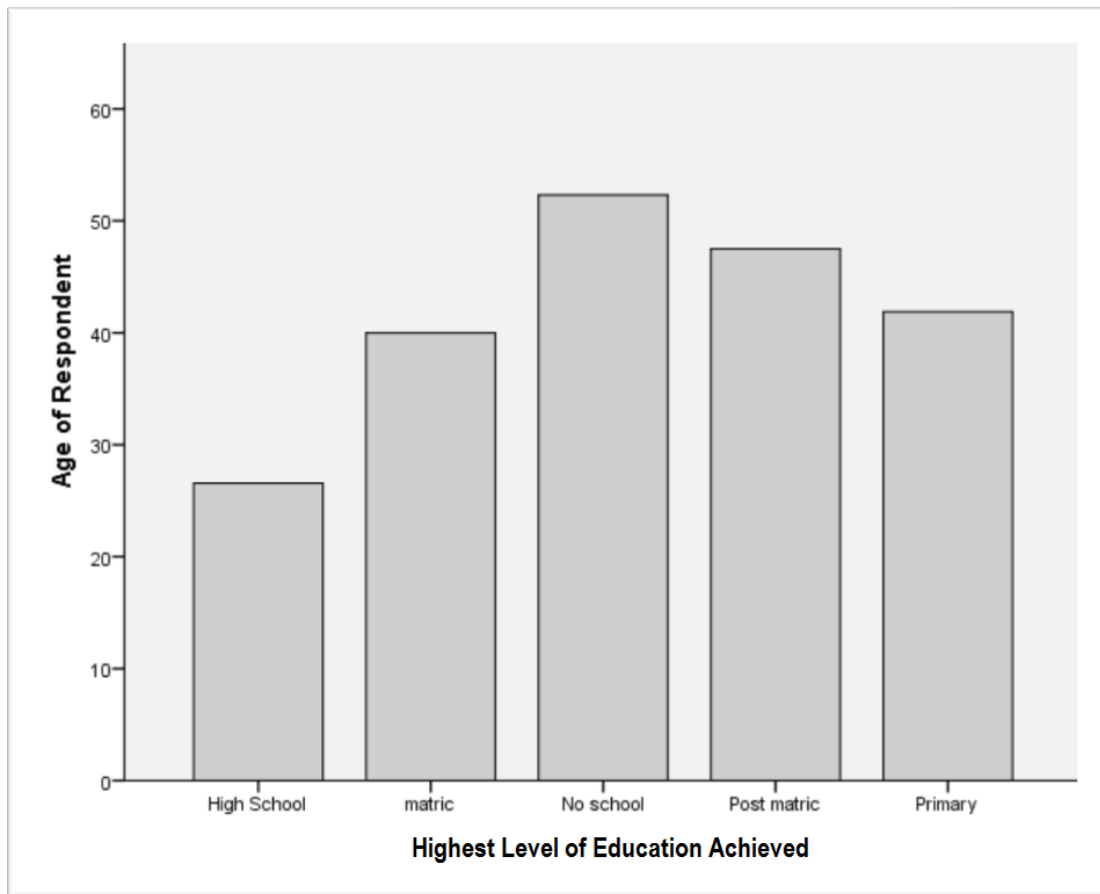
The profile of respondents reveals one ugly legacy of the apartheid education policy. The apartheid government ensured that black South Africans received inferior education that limited them to the lowest ranks of the labour market (Bloch, 2009; Marais, 2011). This history of systematic social exclusion – not only from education, but also from employment, primary health care and democratic political life (aspects vital for human well-being) – left a legacy of severe

poverty and inequality to a huge number of black South Africans (Bloch, 2009; Marais, 2011). This explains why the majority of grant recipients in the current study, especially those older than 50, do not have a matric qualification. Some recipients had never been to school. Others only attended primary school. Some attended high school but did not achieve a general education certificate (GEC) or matriculation certificate.



Graph 6.4: Highest Level of Education Achieved

Graph 6.4 shows the educational level of cash grant recipients. Of the 160 respondents, 28% had not gone to school, 23% had primary education, 24% went to high school, 11% had matric and 14 % had post-matric education.



Graph 6. 5: Highest level of education achieved according to mean age

As shown in Graph 6.5, the majority of respondents under 50 years old had been to school, while a large number of those above 50 had no schooling at all.

There is a high possibility that most of the respondents were unemployed due to low levels of education. There is a distinct correlation between the education levels of respondents and their poor socio-economic conditions. These findings appear to bear out the work of Sen (1999:90), who argues that depriving people of education translates into a definite lack of skills or low skills, which leads to people earning less income, or leaves them unable to find employment. In other words, inferior education results in economic disadvantage. Sen (1999:90-91) and the current findings demonstrate that capabilities reinforce each other. This is consistent with what Green (2009:42) has to say on the matter:

Education is crucial in breaking the cycle of poverty... Good quality education is emancipatory, a path to greater freedom, a choice, and opens the door to improved health, earning opportunities, and material well-being. On average, each additional year of formal schooling increases a worker's wages by 5% to 10%, and the skills gained can transform the quality of life for generations to come (Green, 2009:42).

According to Baxen (2008:197–198), the segregated apartheid system of education configured the political, economic and social landscape of South Africa along racial and ethnic lines. Due to an inferior curriculum and the underfunding of their schools, black African children were denied access to institutions of higher learning and ultimately to the job market.

Most of the respondents are unemployed. Cash transfers are their only (or main) source of income. The NDP (NPC, 2011b) states that poverty in South Africa is characterised by high unemployment and lack of education. Tackling poverty requires the restructuring of state institutions. South Africa currently has no better poverty-alleviating tool than its social assistance system (Marais, 2011).

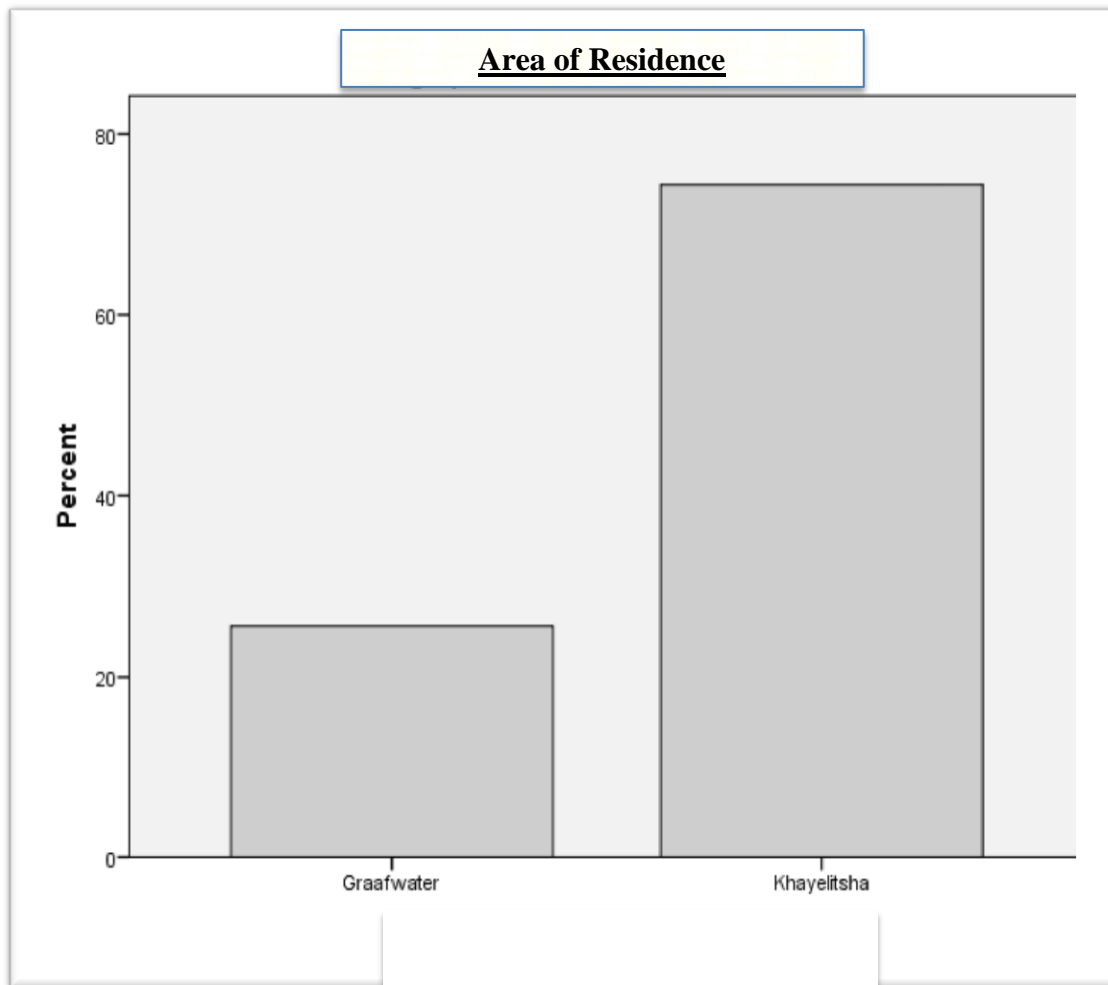
The data show a link between the age of the respondents, the level of their education and their reliance on cash transfers. The older recipients have less education than the younger recipients. It is also clear that, although most respondents are below the age of 40, the majority have not completed high school. Moreover, the legacy of poor education and unemployment among parents and/or guardians is handed down to their children or the children they look after. The cash transfer thus enables poorer households to invest in human and physical capital which breaks the intergenerational transmission of poverty (Woolard and Leibbrandt, 2010).

Baxen (2008:197–198) argues that education is not only the bedrock of a healthy society but also a medium for social growth and development. Poor education not only prevents people from being employed, it also limits their ability to be innovative.

Graph 6.4 shows that 11% of the respondents had matric and 14% had post-matric education (those who had post-matric included 10% had diplomas and 4% had degrees). In other words, 25% had education but no work. This could be due to their lack of necessary skills or the high unemployment rate. Lack of innovation in people hinders them from becoming entrepreneurs. As

such, their levels of income are severely limited. This creates a situation where social assistance becomes critical.

6.2.7 Area of Residence



Graph 6.6: Area of residence

		Frequency	Percent
Valid	Graafwater	41	25.6
	Khayelitsha	119	74.4
Total		160	100.0

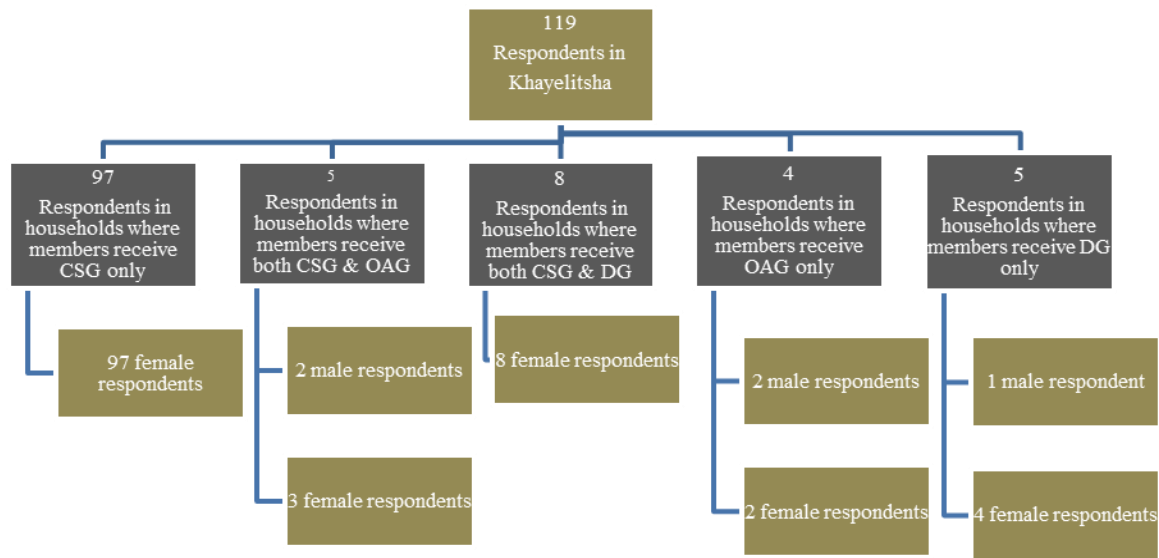


Figure 6.1: Gender profile of respondents in Khayelitsha Township

There were 119 cash transfer recipients in the research sample in Khayelitsha of which 114 are females and 5 are males. In the sample, 97 were CSG recipients, four were OAG respondents and five were DG respondents.

The fact that the majority of the respondents received the CSG suggests that in the current study, cash transfer is mostly benefiting vulnerable children. It also reflects that the largest group of the beneficiaries are those who receive the CSG. This finding supports Green's (2009:208) argument that social assistance in the form of a CSG should be given to vulnerable members of society. According to the ANC (2012), the purpose of the CSG is to alleviate child poverty. The finding also reinforces the key argument of the current study: that short-term poverty alleviation is a critical element of a developmental state. In their study conducted in South Africa, Woolard and Leibbrandt (2010) highlight the significance of resource redistribution from more affluent to less affluent communities. Leibbrandt, Wegner and Finn (2011) highlight the importance of social grants and their centrality in lifting people out of poverty.

In Khayelitsha, the majority of the respondents receive the CSG, while in Graafwater, the majority of the respondents receive either the DGs or OAGs.

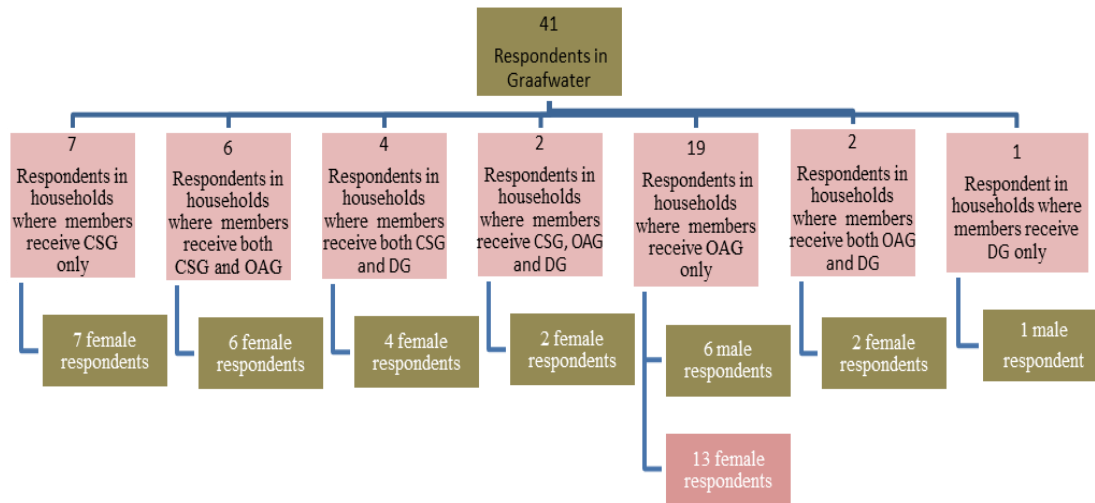


Figure 6.2: Gender profile of respondents in Graafwater Township

In Graafwater Township, the 41 respondents received 29 OAGs, 7 CSGs, and 5 DGs. The sample population consisted of more OAG than CSG recipients. One reason for this could be that there are more households with young people in Khayelitsha than in Graafwater. This could be explained by the fact that there are many people migrating to Cape Town from other provinces, especially the Eastern Cape, in search of job opportunities (Leibbrandt et al, 2004). While Cape Town – and Khayelitsha in particular – attracts young adults (Business Trust and Department of Provincial and Local Government, 2007) who are likely to have children, Graafwater is home to an older population: the younger members have left to find work in other towns, such as Clanwilliam and Lamberts Bay (Sandveld Local Development Agency, n.d.) Similarly, Leibbrandt et al (2004:19-20) highlight this trend of people in the poorest provinces (e.g. the Eastern Cape and KwaZulu-Natal) moving to richer provinces such as Gauteng and the Western Cape in search of better employment opportunities and conditions of living.

6.2.8 Household percentages of grant recipients

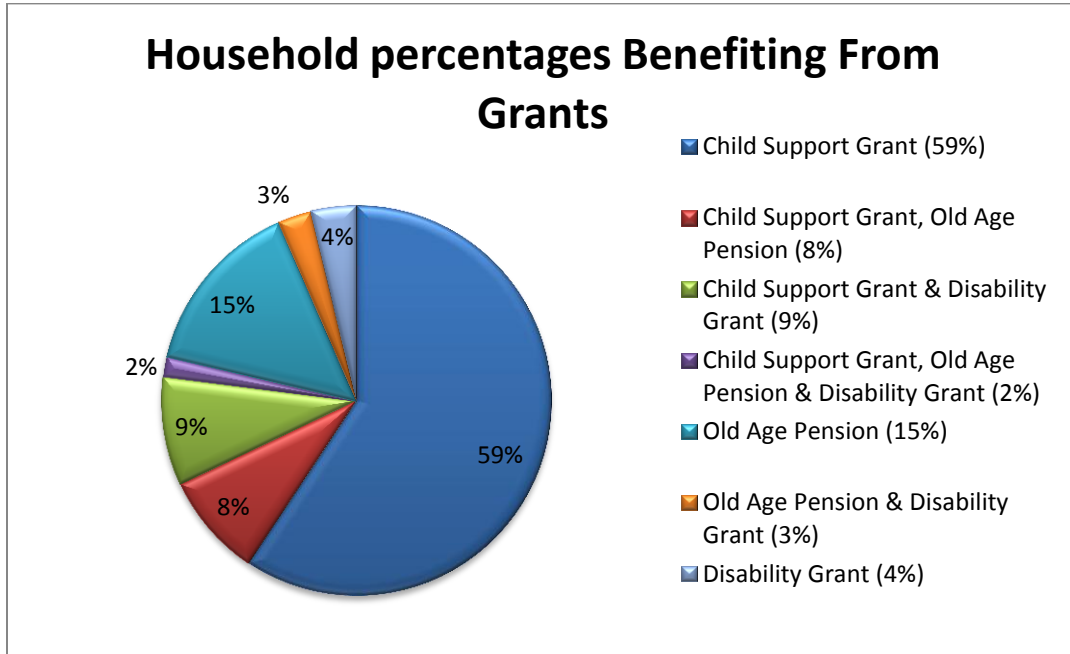


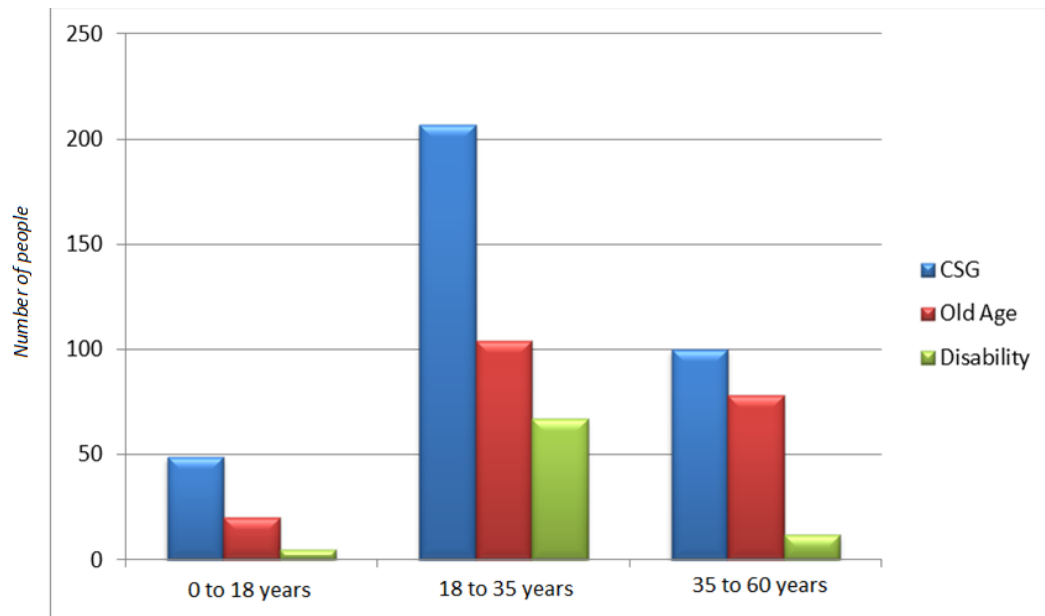
Chart 6.1: Household percentages of grant recipients

Chart 6.1 shows the percentage of households supported by various grants. In the current study, the findings show that the grant provides the income for the entire household.

The National Treasury (2012a) reveals that half of the South African population benefits from social assistance. The cash transfer appears to be a predictable and reliable source of income for many poor South Africans, certainly for the respondents in the current study (Leibbrandt and Woolard, 2010).

The cash transfer provides short-term benefits. In this section, the findings also show that social grants provide long-term benefits which are critical for a developmental state. Leibbrandt (2010:19) in his study conducted in South Africa, refers to these long term benefits as investments in education and healthcare. Kanbur and Squire (2001:184-185) contend that the provision of cash enables the poor to take advantage of high returns in terms of improved health, increased income-earning potential and increased education, which in itself leads to better health. All this leads to longer life, better health and greater literacy. Better health and education can be

viewed as an investment in human capital and improvements in the quality of life (Kanbur and Squire, 2001).



Graph 6.7: Age of household members where recipients reside

Graph 6.7 shows the ages of members of the household where there was a cash transfer recipient. While 160 people accessed the grants, a total of 642 people within their households benefited from them. The CSG was the main source of income, supporting 49 children between 0 and 18 years, 207 people between 18 and 35 years, and 100 people between 35 and 60 years. The OAG cash transfer supported 20 people between 0 and 18 years and 104 young people between 18 and 35 years, and 78 people between 35 and 60 years. The DG supported 84 people, of whom five were between 0 and 18 years, 67 were people between 18 and 35 years, and 12 people were between 35 and 60 years.

It is worth noting that the majority of people being supported were those who are not targeted by either the CSG or the OAG (i.e. those aged over 18 and under 60). The findings of this current research appear to tally with research done by Johannesmeier (2007:36) in KwaZulu-Natal, where the social grants were used as a collective grant for the entire household's needs, benefitting members who had no source of income (Johannesmeier, 2007).

6.2.9 Sources of income at household level

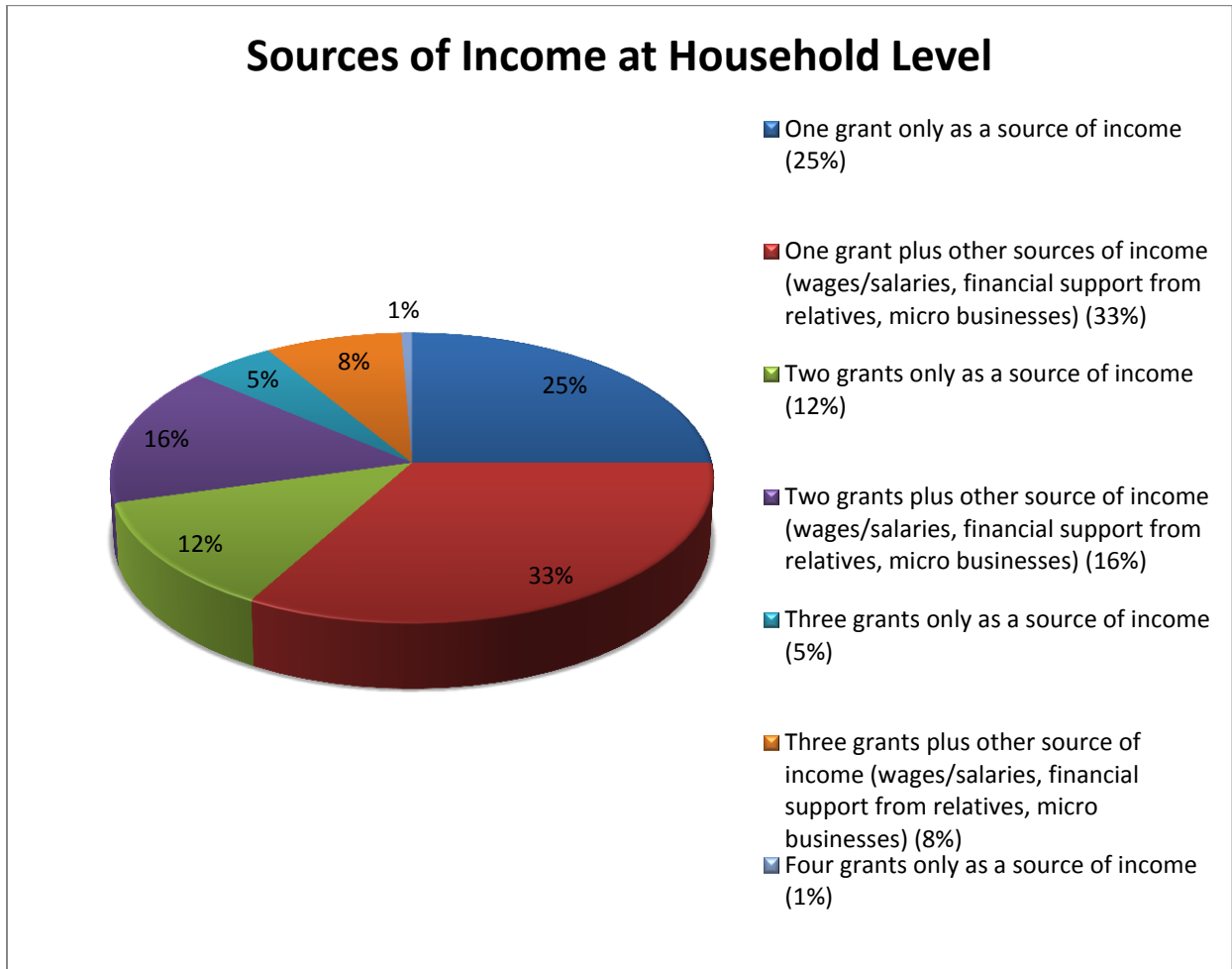


Chart 6.2: Household Income Sources

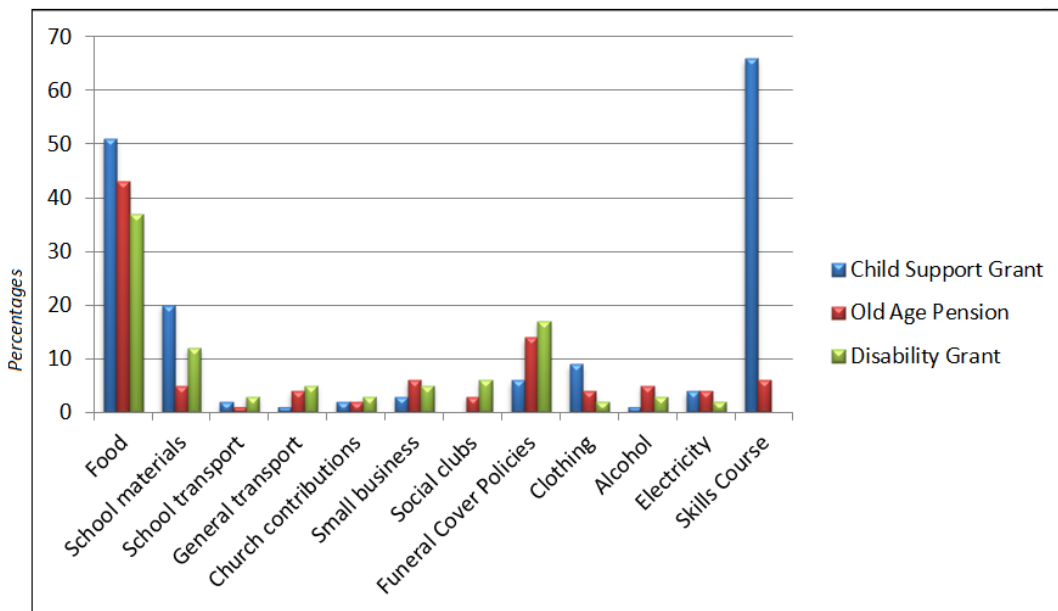
As indicated in Chart 6.2, 33% of the 160 respondents had one grant plus another source of income in their household each month and 25% had one grant as their only source of income. Sixteen percent of the respondents’ households received two grants and had another source of income, while 12% had two grants only, 8% received three grants and had other income sources and 5% relied on three household members who received grants for their only income. One percent of the respondents’ households received four grants (e.g. four household members receiving one grant each) as the only sources of income per month. In several households, two elderly people both received the OAG and two children received the CSG. Households with three recipients received cash transfers in the form of a CSG, OAG and DG or three CSGs. The bigger the household, the more income is needed.

The research also revealed that many households consisted of three or more members all relying on just one grant. Instead of the CSG being spent on the needs of the intended child, it is spent on other, non-intended recipients. This implies that the CSG is not serving its particular purpose of reducing poverty for that intended child. The same problem crops up with the other types of grants, where, for example, the OAG or DG is shared by several household members. As a result, even though the grant contributes to household income, poverty remains in these households. Johannesmeier's (2007:36) research in KwaZulu-Natal and CASASP (2005:40) reveal similar patterns.

Benefits that do exist are often used for purposes other than the income maintenance of the person for whom the payment is made... payment into a household can support many different people within the household (Johannesmeier, 2007:36).

In these cases, the recipient is not the only one who benefits; despite being small, the grant also benefits other members of the household.

6.2.10 How Recipients Spend Grant Money



Graph 6.8: How Recipients Spend Grant Money

This graph shows how social grants recipients spend their money. The biggest percentage of CSGs was spent on skills-training courses, food, school materials and clothing. It seems to me that respondents used most of their CSG to fund their skills training as a way of trying to better their prospects for employment. It is clear that food was regarded as important for most of the respondents. This implies that the majority of the respondents depend on the grants for food. It is interesting to note that while a large percentage of the CSG was spent on skills training, most of the OAG and DG was being spent on funeral cover policies. Most CSG recipients were younger than 35, while the majority of DG recipients were older and their disability prevents them from working. The CSG recipients, because they were young and active, wanted to find employment to support themselves and their dependants. On the other hand, the elderly people (OAG and DG recipients) spent a greater percentage of their income on funeral cover policies because they wanted to save for their funerals, which tend to be expensive. The respondents appear to understand that not securing funds for their funeral would pose challenges for the remaining household members when they eventually died, as did this female OAG recipient in Harare-Khayelitsha (2011):

This grant enables us as old people to buy food and clothes but most importantly to join social clubs... I belong to a burial club since I am no longer young, thus not much to expect in life. Soon God will take me and my children will not suffer because I have already prepared for my funeral (OAG recipient, Harare-Khayelitsha, 2011).

Funeral cover allows the parent to provide the dignity and security of a funeral without great financial worry for the family left behind. At the same time, a funeral serves a social, community-gathering function, to celebrate the death with some ceremony, even though the departed one may have lived in poverty. This is how cash transfers enable the recipient to give something to neighbours and the community. It is a human need to share and be generous to others, thus the “good neighbour” effect of a decent funeral enhances human developmental outcomes.

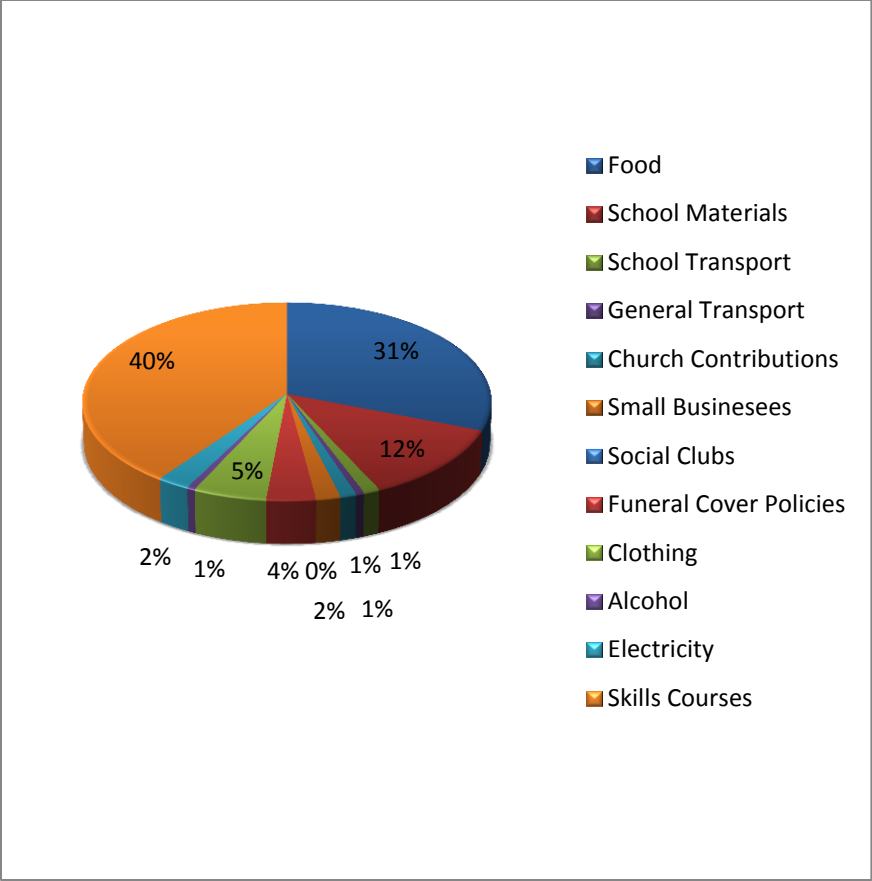


Chart 6.3: Items that the CSG is spent on

Forty percent of the population sample from Khayelitsha spent the greatest portion of their child support grant on skills training courses. A sample of grant recipients who attended skills training was drawn deliberately after seeing that the majority of the learners at Isilulo Computer Training and Zanolkhanyo Training Centres use their grant income to pay for their training. Spending the CSG on skills training might indeed have had long-term positive outcomes, but it was never intended for that purpose. After training, many young people find employment at the lower end of the job market, in cleaning companies, in private houses as domestic workers, in old age homes and in the hospitality industry. The current findings show that monthly wages ranged between R2 500 and R7 600.

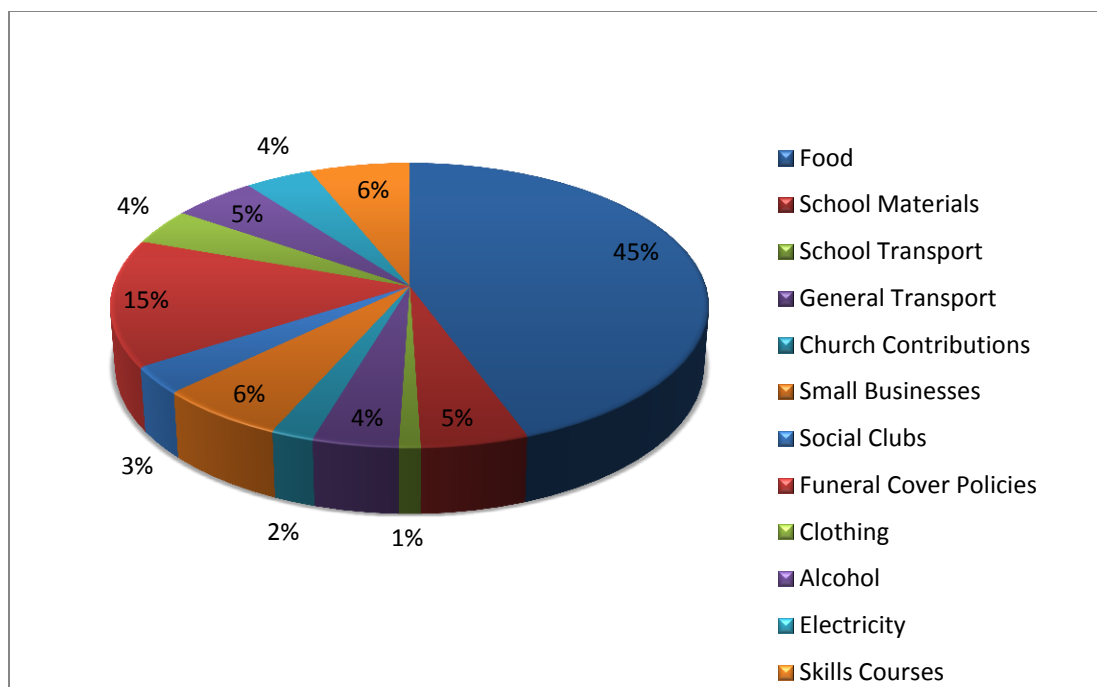


Chart 6.4: Items that OAGs are spent on

The largest portion of the old age pension was used to buy food, followed by funeral cover, small businesses, and skills courses. Other expenses included school materials, alcohol, general transport, clothing, electricity, church contributions and school transport. Elderly people OAG spent most of their OAGs – 45%, according to this research – on food. These findings are supported by other authors, such as Duflo (2003), Case (2000) and Patel et al (2012). Buying food for the entire household, pensioners contributed towards a substantial improvement in the weight-for-height and height-for-age status of children living with female pensioners (Duflo, 2003). Case (2000) also revealed that household members were less exposed to malnutrition when pension income was used to buy food. Case (2000:16) further argues that this made OAG recipients the “guardians of health” within their households.

The research of Patel et al (2012:3) also finds that the grants are primarily used to buy food, followed by funeral cover. Lund (2002:687) shows how pensioners prioritised funeral cover. Pensioners spent less on skills training, perhaps preferring to sponsor the economically active individuals in their households. This current study has shown that only 4% of the grant was used for general transport, including providing for economically active people OAG in the household.

Residing in a household where one or more members receive a social grant OAG allows a certain level of comfort for non-recipients. In Graafwater, by choosing to stay with a pensioner, economically active young people were actually distancing themselves from job prospects. This appears to be supported by the work of Klasen and Woolard (2005), who noticed that young, unemployed people often chose to reside in a rural area with an elderly family member who received the OAG. This meant that they were far removed from the urban job centres. Interestingly, though, because of Khayelitsha's closer proximity to urban job prospects, compared to Graafwater, the OAG could in fact be used for job hunting there. Indeed, Keswell (2003:1) argues that employment prospects are boosted for economically active people residing with a recipient of the OAG because the grant money could be spent on costs connected with job hunting. The current study has shown that grant income is partly used to support economically active people to look for employment. The majority of these job hunters are young people.

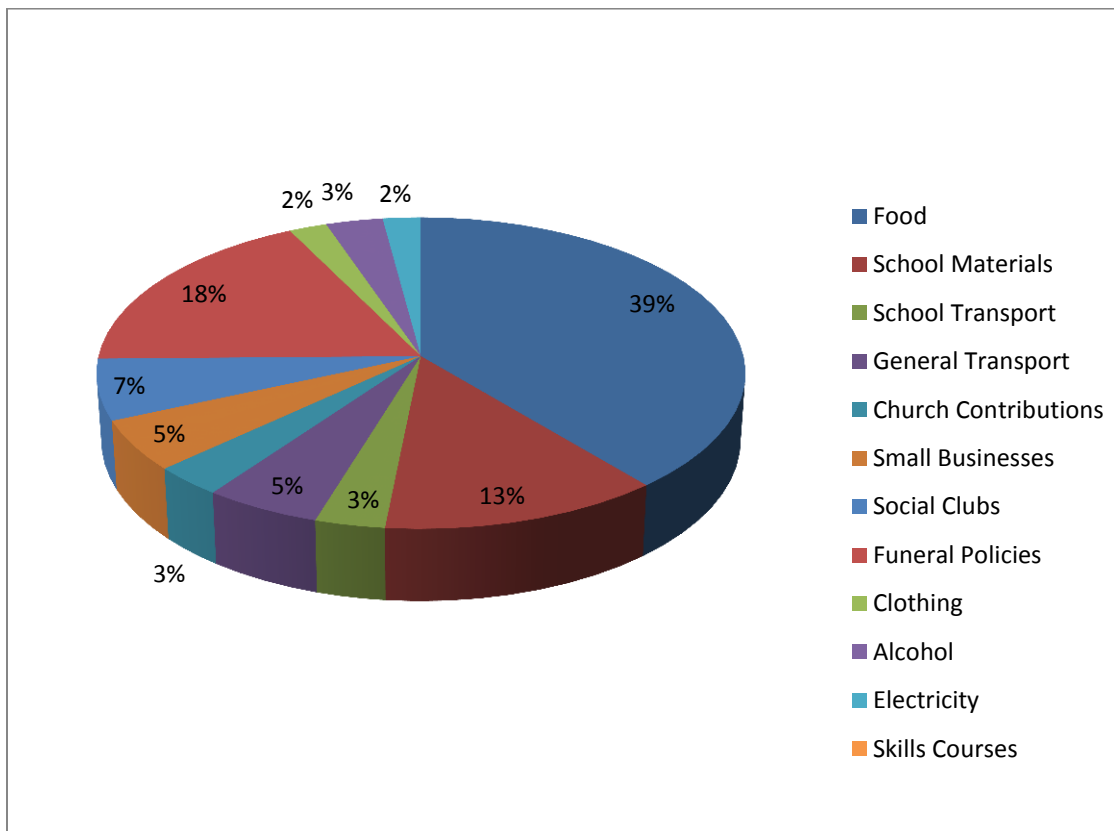


Chart 6.5: Items that DGs are spent on

As we see in Chart 6.5, the main share of the disability grant is spent on food and funeral cover. Other noteworthy expenses include school materials, social clubs, small businesses and general transport. Expenditure on school transport, church contributions and alcohol was equal. Clothing and electricity received the least expenditure. This might be because grant recipients do not need to buy clothing monthly and not all use electricity, perhaps having other sources of energy such as paraffin. The findings of this study are supported by the research undertaken in KwaZulu-Natal by Johannesmeier (2007), who found that the DG was primarily used for basic needs (especially food), school expenses and electricity (Johannesmeier 2007:30). The DG was also used to make contributions towards funeral cover (Keswell, 2003 and Johannesmeier, 2007).

6.4 To explore cash transfer's developmental impact

This objective attempts to answer the question, “What developmental impact does cash transfer has on the people who receive it?”, in line with the capability approach to development, which aims to enhance people's capabilities to capitalise on education, employment, good nourishment and healthcare and to take part in public activities. The purpose of this question was to examine whether cash transfer had such a developmental impact on its beneficiaries.

6.4.1 Reducing Household Poverty

Respondents disclosed that they experience poverty in various ways and lack access to many essential household goods.

We used to suffer from poverty because there was no one with a source of income in the house. We could not buy food, we could not buy electricity, and I remember we could not afford to buy a fridge or radio at all... My wife's DG and my pension have tremendously reduced poverty at our house. Thus we are able to look after ourselves and the two orphans (Male OAG recipient, Harare-Khayelitsha, 2011).

I live with my mother who has 7 years to qualify for the pension grant. I have three children that are going to school. No one in the family is working. We all live and depend on the children's grant which has reduced poverty because we can buy necessities including food eat. Life is hard! I have tried to get a job it is now 2 years trying but nothing has come my way (Female CSG recipient, Section B-Khayelitsha, 2010).

These recipients describe the deep level of income poverty in their household before they started to access social grants. The grant received has enabled the households to have access to basic household needs, including food, crucial for human survival. The findings in this section are that 60% of cash transfer recipients are of the view that social grants reduce household poverty. This poverty includes *income poverty*, which refers to lacking adequate income throughout a life cycle to buy needed things; *capability poverty*, the lack of basic services such as water, electricity, healthcare, education, food security and transport; and *asset poverty*, a lack of assets that could generate income, including land, credit and social capital, such as community infrastructure (Taylor Committee, 2002).

Johannesmeier (2007:9) argues that household members having to pay for disability-related costs increases the likelihood of the household remaining poor. Schneider and Marshall (1998, quoted in Johannesmeier, 2007:17) state that several DG recipients mentioned the struggle to make ends

meet when the money was used to support themselves and other household members. This corresponds with Klasen and Woolard (2005), who found that a larger household is more likely to remain poor, despite the benefits that come with receiving a social grant. Even though the OAG and DG can raise household income and reduce poverty levels, grant-income pooling (sharing) within a household results in households remaining poor.

This is in line with Green's (2009:112) view that women on average spend a higher proportion of grant income on education for their children and healthcare, which reduces poverty in the long term. It is also evident that the CSG helps to reduce child poverty. A female respondent from Section C-Khayelitsha (2010) disclosed:

Without CSG, I do not know what I would have done with my child, maybe my child would have died of poverty... The grant helps me to feed my child, dress my child, thus reduces his poverty, especially since I am a single mother. Being with a child, no father, no support from the family members: it is difficult (Female CSG recipient, Section C-Khayelitsha, 2010).

She views cash transfer as a critical intervention in the presence of poverty and says she had no idea how she would have looked after her child, suggesting that the child would have died due to poverty without the support grant. With no informal social assistance in the family, not even the father of the child to provide support, the CSG helped to reduce income poverty in the household.

Similarly, a study into the impact of the CSG in South Africa found that it reduces poverty and vulnerability. Furthermore, the grant addresses the underlying causes of poverty by enabling poor primary caregivers, such as this respondent, to invest in good nutrition (DSD, SASSA and UNICEF, 2012).

The poor people are well aware of the extent of their poverty and that of their neighbours:

Not every poor household has a recipient of social grant to escape poverty... I hope one day every poor household will be getting a certain kind of grant so that nobody dies of poverty. I know I am lucky to be receiving this grant that helps me to prevent poverty-related deaths in my household (Female DG recipient, Graafwater, 2010).

Having experienced the benefits of the DG for alleviating poverty, this respondent hopes all poor people could access a grant. This agrees with Dancey (2013:20), who finds that recipients of social grants are grateful for cash transfers and that the grants have a positive impact on recipients' lives.

Sen (1999) argues that income deprivation is unfreedom, and that an income has a critical potential to prevent death and promote people's well-being through good nutrition. Social grant income contributes directly to the lives of the beneficiaries and their households. I argue that, the healthier the recipients are and the longer they live, the more they contribute to developmental outcomes in various ways. This is important for the developmental state.

This section examined cash transfer's developmental impact on its beneficiaries. From the findings, it is clear that respondents believe that social grants have a beneficial impact on their lives. Forty-four percent perceived cash transfer as valuable in reducing poverty. Reduction of poverty is critical to the promotion of human capabilities and freedom, which forms part of development. It follows then that this objective has been met to a large extent.

6.4.2 Reducing Household Hunger

Cash transfer recipients disclosed how the people suffer with hunger when no one in the household has a regular source of income. Accessing the social grant immediately improves household food security:

I come from a family of six people and in our family the biggest challenge is that for most of our lives we have been missing meals twice every week because we could not afford to buy food. No one was working so we could not have a regular income. Things changed when I qualified for a pension grant. The entire household can afford to eat twice every day. The pension grant has freed us from hunger as I am able to buy food for the family (Female OAG recipient, Harare-Khayelitsha, 2010).

I remember some days before I started receiving the pension grant, going to bed hungry and my daughter started prostitution to buy us food. Since I started getting the grant I said no need now my girl because we can manage to buy food with the grant (Female OAG, Kuyasa-Khayelitsha, 2011).

Many South Africans depend on income to buy basic food for their households. Employment is one main source of income, but the high unemployment rate means that most households cannot afford to buy basic food. Even though there is enough food available to feed everyone living in

the country, people who do not have an income cannot buy it. The net result is food insecurity, hunger and malnutrition, even death.

In research conducted in Khayelitsha and Philippi in Cape Town, Gosling (2013:1) discovered that 8 out of 10 households had gone without food in the previous six months. The current finding also affirms Joubert's (2012:11) contention that even though South Africa produces enough food for everyone, 14–52% of households experience food insecurity because they do not earn an income. From this discussion, it is clear that many households depend on social grants to put food on the table (Roux, 2012).

This is further affirmed by another respondent:

There is nothing more painful than seeing so much food in stores but no one in your household has the money to buy such food... children crying and begging people for food... My husband used to try to do casual jobs but when he became sick it was so hard... We are fortunate now that I am receiving 2 child support grants that we all survive on by purchasing food and other things (Female CSG recipient, Graafwater, 2011).

Joubert (2012:5) states that a household is not food secure if it exists in a context where, even though there is plenty of food down at the local market, household members are unable to buy the food they need. Any source of income becomes a source of relief to the whole household, as the following respondent explained:

My nephew has no excuse anymore to stay at home and not go to school because of hunger. My old age grant and his CSG have restored our human dignity by providing household income to use on many things like food... a bag of beans, potatoes, maize meal, samp, cooking oil for the month (Female CSG and OAG recipient, Graafwater, 2011).

This illustrates that hunger can prevent children from going to school. Roux (quoted in Thornycroft, 2011:1) said that one-fifth of all South African children live in households that experience hunger. The majority of these children are malnourished and many live in socially-disrupted black households. Furthermore, a third of black children live in households where no member of that household is employed (Thornycroft, 2011). This implies that such children grow into adulthood experiencing poverty and have less chance of finding work or starting their own businesses as they may have left school early and therefore have poor skills.

The current findings raise a pertinent question: what happens to households that depend on grants when the grant is terminated – for example, when a child becomes too old to qualify for the CSG? In a country where the majority of the people experience poverty, surely one is entitled to some social protection and security through a cash transfer from the government (Dean, 1996; UN, 1948: Article 22)?

Article 11 of the UN's International Covenant on Economic, Social and Cultural Rights (ICESCR) places a duty on states to recognise the right of everyone to adequate food and requires states to prevent their people from going hungry. One can argue that the South African government attempts to fulfill that mandate by providing social grants to those who pass the means test. Chagunda (2006) finds that most poor households in South Africa use their social grants mainly to buy the basic foodstuff necessary for survival: beans, rice, maize meal, meat, tinned fish, sugar, salt, cooking oil, potatoes and amasi (sour milk).

Findings of the current study show that 40% of the respondents perceive social grants to be a valuable instrument in reducing household hunger. Some respondents highlighted that a social grant prevented the poor from being exposed to different types of poverty-related to death.

6.4.3 Participation in Education and Training

Respondents showed that there is a direct link between cash transfer and educational attainment. They used social grants to pay for school fees, school transportation costs, food and other related needs:

My child is now doing well in school because the child grant gives her food, writing materials and transport money, so all what she has to do is concentrate in school and pass very well. We have seen improvement since she started getting the grant; we hope she will get a good paying job after her education (Female CSG recipient, Mjondolo-Khayelitsha, 2010).

The government is clever in helping us with the child support grant. My child is now doing well in school because I am able to buy food which he eats before going to school. She is able to concentrate in school and passes very well...thereafter he will get a job and he will be like Mandela, the good President of South Africa, that's what a grant can do, you will see (Female CSG recipient, Section C-Khayelitsha, 2010).

Education is critical for improving one's chances of being employed and for reducing poverty in a household. Kanbur and Squire (2001:184) argue that increased education also leads to better

health outcomes and improved health increases income-earning, which contributes to good standards of living. The current study argues that the link between social grants and education shows the interrelation of different development policies (education and social protection). This study shows that these two aspects contribute to building a developmental state.

Another female respondent explained how CSG income was used to advance her child's education:

The grant helps me to pay for school transport, buy uniform and other school items. And because my child likes sports, I also buy sports shoes. I want my child to be very educated and have a good job, not like us relying on state grants... My auntie also send some money every month to supplement the child's grant (Female CSG recipient, Khayelitsha, 2010)

These findings are in agreement with those of Dreze and Sen (2002), who say that education increases the opportunity for people to find employment. However, to illustrate that the CSG alone is not enough to provide for all school requirements, the respondent discloses that she also receives money from her relatives to supplement her CSG. Nonetheless, despite the actual amount of the CSG being small, Samson et al (2004), WCDSSPA (2004) and ACCESS (2006) have shown that social grants offset negative effects on households by providing them with more resources to finance education.

Similarly, another respondent said:

I have two children a boy and girl who are receiving CSG, so all they have the same chances to education. Their CSGs are spent on their school-related needs but surely I top up with my disability grant... We have to invest in these children if tomorrow must be different from today... It's only us who can make that difference in their lives (Female DG and CSG recipient, Graafwater, 2011).

Kanbur and Squire (2001:185) argue that education can be seen as an investment in human capital that should produce a return in the form of increased income. At the same time, better education can be seen to improve quality of life and growth in national income, also leading to a longer life span (Kanbur and Squire, 2001). Education is a social variable in the nurturing of economic progress, in the sense that poor and unemployed people can find employment and also make use of economic opportunities. Furthermore, the process of schooling, especially of marginalised people, can enhance their ability to organise politically (Dreze and Sen, 2002). In

the long term, social-grant intervention may also help break the intergenerational feature of poverty that is so prevalent in the lives of the respondents.

Of the people interviewed, 90% agreed on the importance of using the grant for school-related items for their children and dependants. It is deduced from the research findings that the cash transfer plays a great part in advancing education as it allows respondents to contribute to their children's education.

I also noted that the situation is far better in households with additional income that supplements the grant, than in those that depend solely on grants (Chagunda, 2006). This study stresses that combining income obtained from work and social grants would greatly contribute to the education of children, especially those in primary school. This would increase their chances to go to high school. Cash transfers contribute to the attainment of basic education, which is government's primary developmental outcome: education is at the centre of any developmental state, including South Africa.

6.4.4 Not Enough to Cover All Needs

Most respondents have disclosed that a grant, on its own, is not enough to cover all the needs of the recipients. They also highlight the CSG's contribution to the reduction of child poverty, although this grant alone cannot help to raise a child. As one woman explained:

A grant does not cover everything in a child's life. Yes, a grant makes a big difference regarding reducing child's poverty but a grant alone can hardly raise the child, but it removes destitution... It is a big responsibility that one cannot deliberately fall pregnant in order to receive the grant (Female CSG recipient, Section C-Khayelitsha, 2010).

Who can raise the child with less than R300 per month? The child grant is a drop in the ocean. I wonder why people think of us so low that we can deliberately go to bed with a man so that we have a baby in order to receive this peanut...it is better to have a job but there are no jobs whatsoever (Female CSG recipient, Graafwater, 2011).

It is better for a person to survive alone and worry for oneself than worrying of what to feed and dress a child. It is a big responsibility that one cannot willingly fall pregnant to receive the grant as if it covers everything in the life of the child however the grant removes destitution. People who think that we have babies so that we can get the child support grant dehumanise us (Female CSG, Section C-Khayelitsha, 2010).

This illustrates the direct opposite of a minister of social development's report that some women got pregnant just to access the CSG (Skweyiya, 2003). In agreement with the current findings, Samson et al (2006) warned against making such claims, arguing that they were a violation of the dignity of grant beneficiaries. The current study also supports the findings of Patel et al (2012), which demonstrate that cash transfer does not encourage teen pregnancy, but actually helps to ease the burden of women who bear the brunt of coping with poverty.

The grant that these respondents receive gives them the capability to access food, clothing, healthcare and education; these last two are vital for people to access employment. With employment, people are enabled to access economic development through proper healthcare, education, housing, and to participate in civic activities, which again leads to their development. Ultimately, the presence of these capabilities leads to the attainment of national developmental outcomes and contributes to the building of a developmental state.

Despite the grant being insufficient to completely alleviate poverty, recipients were able to get food and the extreme levels of poverty were lifted. Respondents revealed that they spent most of their social grant on essential household items needed for the survival of the family members. According to a female respondent from Section C-Khayelitsha:

I am from a very poor family and there were many times in the past when six of us struggled to get even food to feed ourselves. We lived mostly on hand-outs from neighbours. The pension grant has lifted the burden of poverty on the family's shoulders. Though we are still poor it is not like before... (Female OAG recipient, Section C-Khayelitsha, 2010).

...The money that we receive that is my wife's disability grant and my pension have tremendously reduced the economic pressure at our house thus we are able to look after the extended family including two orphans. It is unfortunate that the amount is not enough to cover all the households' needs but it is better than nothing (Male OAG, Harare-Khayelitsha, 2011).

If I was educated, I would worked and earned enough money that would have benefited me now but I never had that chance because of the apartheid government...the grant is not enough but what do you expect when you eat from someone's plate? (Female, OAG, Harare-Khayelitsha, 2010)

In poor households, poverty affects everyone and, as seen in the quotation above, any source of income benefits the entire household. The current findings concur with those of Kanbur and Squire (2001:183) that a significant number of people live in intolerable situations where poverty

is a regular threat to their being. In their *Trends in South African Income Distribution and Poverty since the Fall of Apartheid*, Leibbrandt et al (2011:53–63) discovered that social grants lift many households out of the poorest quintile and were central to anti-poverty impacts in South Africa. In accord with the present study, Leibbrandt et al (2011), found that the impact of the grant is mainly felt by extremely poor individuals, stipulating that a substantial number of households in the bottom quintile reported that CSG was their main source of income. The aim of social grants is to alleviate poverty in the short to medium term until a job is found. Barrientos and Shepherd (2005) confirm the viewpoint that the reduction of poverty is an important role of social protection such as cash transfer.

6.5 To examine how cash transfer promotes development

The objective of this question was to ascertain how cash transfer promotes development. The sections below present the views of the respondents.

6.5.1 Participation in Planning and Budgeting

Twenty-six percent of the respondents stated that the cash transfer transformed household relationships through the necessity of joint planning and budgeting. The respondents revealed that receiving the grant improves how household members relate to each other. These respondents said that only husbands/men were viewed as household breadwinners before receiving the grant, but women grant recipients now have a say in how the household income can be spent:

My husband is not working. He was retrenched two years ago. When he was working, we could not discuss anything and most of the money was spent on him. Since I started receiving my grant now we plan together. Joint planning is very important to make sure we prioritise... We discuss how to spend the grant and the income from the business which originated from social grant (Female DG recipient, Harare-Khayelitsha, 2010).

The DG appears to have helped members of the respondent's household to foster joint planning, better relations and to enjoy a better quality of life. In this example, these factors can help people to live well, leading to household development.

With a similar emphasis, a female OAG recipient from Graafwater had this to say:

With my OAG, I contribute to the family basket of income, so we sit down, plan together and discuss what the priorities are. Everyone contributes regardless of gender (Female OAG recipient, Graafwater, 2011).

The words of a male respondent from Harare-Khayelitsha reinforce the idea that cash transfer increased participation in joint planning and decision-making within households:

We always discuss, plan together and budget together since we started receiving the pension grants... This is important so that we focus on important items that are needed at home... People that stay and eat together must do things together too... I am the only one that drinks alcohol so I have to ask for that to be included in the budget (Male OAG recipient, Harare-Khayelitsha, 2010).

From the testimonies above, female and male respondents agreed that receiving a social grant played a major role in increasing joint planning and decision-making. Another male respondent from Graafwater appeared to agree:

I used to make decisions on my own and could not tell on what the grant was being spent on... But since I started involving my family to plan and budget together, I am happy that we are all happy and we all understand why we cannot have other things at the house. Joint planning has brought good interactions and transparency in the family (Male OAG recipient, Graafwater, 2010).

It is clear from the current findings that receiving a grant provides an enabling environment for the participation of all household members in the joint planning process. The importance of participation of all household members in the joint planning and budgeting process cannot be overemphasised. This has a significant empowering effect, enabling people to take control of their lives and get involved in both individual and collective action (Coetzee and Graaf, 1996).

For the first time, this study has revealed that cash transfers enable joint planning and decision-making processes in a household, which is fundamental for achieving developmental outcomes. In the past, men used to be the ones who were supposed to make the decisions in the household. They were regarded as the head of the family and the breadwinners. However, the respondents have challenged this long-standing tradition. One reason for this is the fact that more men now find themselves being financially supported by women, including their wives.

6.5.2 Freedom to Make Choices

Of the 160 respondents interviewed, 70% valued the freedom that the cash transfer brought to their lives. Here respondents revealed that social grants provide the freedom to decide on how to spend their grant. They highlighted some of the things that they spent the grant on, including food, school fees, transportation, starting up small businesses and healthcare. One respondent explained:

A social grant is like the salary to me in the sense that I choose what to spend it on every month, be it on transportation, church contributions, food. I have supported my daughter to undergo skills training with my pension money and she is now working in Somerset Mall (Male OAG recipient, Harare-Khayelitsha, 2010).

Some of us didn't have houses but the grant has helped us to make important decisions. So I decided to save some of the money from the grant and I have now built a house in Khayelitsha such that when my siblings come to visit from Transkei, I do not worry like before. We are happy and secure (Male OAG recipient, Harare-Khayelitsha, 2010).

Freedom is very important in development, as it allows citizens to feel empowered and to contribute positively to their development and the development of the country. Respondents in this study claimed that they were free to decide what to spend the grant on. Mackintosh and Blomquist (2003) also argue that cash transfers provide recipients with greater freedom of choice, in terms of using the grant to enhance their welfare, and give them a higher level of satisfaction at any given level of income.

The following respondent shared similar sentiments:

It is difficult to tell you exactly what I spend the grant on because each month comes with its different needs, such as when relatives donate some food, then I use the grant on other things. Just similarly, when my sister sends me some money from Bloemfontein, I sometimes put together with my grant and buy a bigger thing... I also save every month, so I might put more in my savings or increase my church contribution (Female DG recipient, Mjondolo-Khayelitsha, 2010).

This supports Devereux et al's (2005) finding that cash transfers give households the option to choose how they can spend the grant and supplementary income. It is clear from observing the

spending pattern described in the current study that respondents had the freedom to use the grant as they saw fit:

The advantage of social grants is that government does not monitor us to see on what do we spend the grant and this gives us flexibility each month... Sometimes I buy clothes, sometimes I use it for contributions to community activities... I have also used it for a medical check-up (Female OAG recipient, Kuyasa-Khayelitsha, 2010).

As can be seen here, some respondents in the current study used the grant in a flexible manner. According to Rawlings (2004), poor households might opt to spend their grants on school fees, transport or healthcare, rather than food. The cash transfer can also be used to purchase items such as groceries, clothes, seeds or manure (Chagunda, 2006). It is this flexibility that causes cash transfers to be regarded as more effective than in-kind transfers or subsidies (Tabor, 2002). Just like other respondents in this section, social grants give people the freedom to spend where it is most needed. In this sense, the current findings show that one of the greatest needs is education. The cash transfer is empowering as it leaves the recipient free to prioritise his or her own needs.

As has been seen above, the freedom to spend the grant gave the respondents the flexibility to use the grant income as they saw fit, or as determined by the circumstances at any given time. If funds were given in kind, for example through food vouchers (Roelen, 2005), recipients would be left with no option to decide on other things they deemed necessary at that particular time. De Beer (1997) states that empowerment is a mixture of the right and the ability to make decisions. According to Sen (1999:18), freedom enhances an individual's ability to assist himself or herself, and also to influence the world – and this is a critical component of development. Since cash transfer creates the capacity for such freedom, it can constitute a building block of a developmental state such as South Africa.

6.5.3 Social grants contributes to improving life expectancy

Respondents indicated that access to state grants enabled them to improve the health of their household in general, and of the children, in particular. In one case, a respondent's grandchildren had died from malnutrition before she started receiving her grant:

My daughters' children, both of them died before finishing 12 months. It was due to inadequate food. Sometimes we ate and sometimes we had no money to buy food. It was really hard. I am getting pension grant and her child grant so I make sure we buy the baby's food first and now she is two years old... These grants have improved our well-being... I have been receiving the grant for four years now (Female OAG recipient, Mjondolo-Khayelitsha, 2010).

Infant mortality has been listed as a pressing issue in sub-Saharan Africa, and South Africa is no exception (Jamieson et al, 2011). The provision of cash transfers contributes towards saving children's lives, as demonstrated in this account. As such, it promotes human development (Chirwa, 2009).

The significant role that social grants play in improving children's health and reducing child mortality was also emphasised by this respondent:

My daughter's son died when he was 8 months and the doctor at the hospital said, "if you do not feed this child you will lose him", and indeed he died because we had no money... Poverty kills... The second child, a son, is grown now because when I get my grant, I give his mother some money for the child. He is a healthy son and I am happy (Female OAG recipient, Harare-Khayelitsha, 2010).

...I thank the government for giving us the Old Age Grant...I have managed to raise my grandchildren because of this grant. There is no any other source of income at home. Before we used to go to the clinic with my daughter's child but hunger killed her before she reached three years...The nurses used to say to us that we should feed the child but they never gave us money to buy food (Female OAG recipient, Kuyasa-Khayelitsha, 2010)

...my son has a wound that never heals so I set aside some money from his grant to buy medicine from the pharmacy every month. I have tried to get this medicine from the clinic but it is so difficult...I do not know why we cannot get them free of charge at the clinic... (Female CSG recipient, Graafwater, 2011).

The current findings reinforce those of Allen and Thomas (2000), who refer to child mortality as a poverty disease. Various responses in this section show that, without the money to buy nutritious food, the risk of malnutrition is high and children are most at risk of dying in infancy.

This respondent also acknowledged the link between accessing social grant benefits and the reduction of child mortality:

Whenever I receive my disability grant for the month, I tell my wife to buy food suitable for the child first to boost her nutritional content. I have seen children die whose deaths would have been prevented if they were fed properly. The child grant and my grant are enough that the whole house gets what they need (Male DG recipient, Graafwater, 2010)

Social grants play a major role in improving children's nutrition, with 39% of the respondents acknowledging that they spent part of their grant on children to boost their nutritional intake. It can therefore be concluded that the provision of social grants contributes to improved children's health, as pointed by Chirwa (2009).

While reducing child mortality is one of the eight goals of the United Nations' Millennium Development Goals (MDGs), these findings suggest that vaccines and antibiotics are not enough to save children from premature death. Nutrition is one of the pillars of a baby's good health and families of poor children that pass the means test need a CSG to purchase nutritious food. This is another example of how the cash transfer has a developmental impact on its recipients and their households and contributes to a developmental state.

Of the 160 respondents, 10% mentioned that they used their social grants to look after the well-being of pregnant women in their households. Evidence from the following respondents illustrate cash transfer also improved the nutrition of pregnant women:

I have been receiving disability grant for 14 years and I have three children who are also receiving their children's grants. I spend the grant more on myself especially when I am pregnant, because I want my child to be born healthy without any disability that can come from not eating nutritious food... I always save for my pregnancy and breastfeeding because my husband is not working (Female DG recipient, Kuyasa-Khayelitsha, 2010).

My disability grant does so many things at the house. I have two children that I feed but they also receive their social grants. I also use my disability grant to buy health food products that go towards feeding my wife when she is expecting. She is so fussy because she has to buy things like green vegetables, eggs, fish – especially fresh ones – juice, lentils, basmati rice. Whenever she is pregnant, I prepare myself where most of the money will go (Male DG recipient, Graafwater, 2011).

I use my social grant to access and visit health care facilities when I am pregnant. This money helps me with transport costs to and from the clinic. Nurses at the clinic always emphasise the importance of accessing such services and how vital it is for the wellbeing of our unborn babies. (Female DG recipient, Harare-Khayelitsha, 2010).

There are always many things needed at home. I support my son and her pregnant girlfriend... It is painful that both of them are not working even though they are educated and qualified. I support my daughter in-law because I do not want her to give birth to a baby with a low birth weight as a result of the mother having poor nutrition. This money also covers her transportation costs as she has to visit the clinic for check-ups. (Woman OAG recipient, Harare-Khayelitsha, 2010)

The well-being of pregnant women has been addressed in various reports by health experts around the world. World Health Organisation research also makes clear the need to ensure women's full access to a healthy, balanced and nutritious diet. In the same light, Marindo et al (2008) show that poverty and social exclusion contribute to maternal death. The improvement of maternal health has a developmental aspect also, as made clear by the MDGs (Davids et al, 2009). I argue that any contribution the cash transfer makes to keep mothers and pregnant women from dying a preventable death has to be celebrated as a critical intervention which leads to human development and the country's development at large.

Some respondents linked the social grant to HIV/AIDS and nutrition. When one is HIV-positive or has AIDS, eating balanced and nutritious food becomes very critical. As one respondent argued:

I have double challenge in my life... I am disabled and have AIDS for three years. If I did not qualify for the grant, I would have died. The grant helps me to eat a balanced diet. My grant relatively covers my needs (Male DG recipient, Harare-Khayelitsha, 2010).

...Life is really hard, there are no jobs, the amount of social grants is too small to cover all the necessities but it is better than nothing...my sister was diagnosed with AIDS last year so we use some of my grant to buy some supplements for her every month...it digs deep into my grant because it is every month (Female, OAG recipient, Harare-Khayelitsha, 2010).

These findings concur with the views of Booysen (2003b), who examined the role of cash transfer in alleviating the impact of HIV/AIDS on poverty-stricken households. Booysen illustrates that households that had experienced a recent morbidity or mortality were more dependent on social grants than those that had not. In the current study, 10% of all respondents used a portion of their social grants on HIV/AIDS-related problems. The respondents, like the one above, said they used their money to buy supplements, healthy food and other medication.

Any policy that contributes to the expansion of social opportunities and creates favourable circumstances for the reduction of mortality rates and the expansion of life expectancy, as Sen (1999:45) argued, is developmental. Since access to social grants helps recipients and household members to prolong their lives by spending the money on items like healthy food and medical care, it promotes development. Access to social grants contributes to the removal of the

unfreedoms that affect health (malnutrition, lack of healthcare, short life-expectancy and morbidity). It also contributes to the achievement of the government's Key Outcome 2, which is to create a long and healthy life for all South Africans. By promoting good health and a long life, the cash transfer can constitute a building block of a developmental state.

6.5.4 Social Grants contributes to Women's Freedom

Eleven percent of the women interviewed said that their husbands changed their behaviour at home when they had to rely on their wife's social grant for a living. Many women who received the grant indicated that the benefits went beyond poverty relief:

I am able to look after my child and not depend on the man anymore... Lack of income made me to stick to my husband persevering all the beating and insults for years (Female CSG recipient, Harare-Khayelitsha, 2010).

The experience of this woman from Khayelitsha shows that poverty and the lack of any meaningful income could trap women in damaging social situations and even abusive relationships. Receiving a CSG gave her the financial freedom to escape from her abusive husband.

These findings are consistent with Gould's (2008:115–130) research conducted in Cape Town on sex work and human trafficking. Gould discovered that women's vulnerability to abuse was exacerbated by poverty. One important way of breaking free from abuse was to have a source of income. If poverty can force women to remain with abusive partners, then cash transfers can kick-start self-empowerment, and can even assist a woman, as in this example, to build a new life for herself.

A disability grant proved to have the same effect in this woman's poignant testimony:

My husband abused me for many years and I could not leave him because of the financial challenges. But as soon as I started receiving my DG, I said goodbye, because I was able to support myself. The disability had made my situation so bad but now I am human again (Female DG recipient, Graafwater, 2011).

As this recipient affirmed, disability had made her situation so difficult that, without an income, she had to stay on in the abusive relationship. When she was able to access a DG, she divorced her husband. This point is echoed by Yeo (2005:21), who argues that a higher percentage of disabled people experience severe poverty compared to people who are not disabled.

In addition, the social grant resulted in another respondent assert herself in household matters:

Due to the social grant that I am getting, my husband listens to me, mainly because he does not work. The grant has power to change stubborn men like my husband (Female DG recipient, Ilitha Park-Khayelitsha, 2011)

This woman linked the DG to a positive change in the husband's behaviour and some increased freedom for herself. The current study shows that the unfreedom of income poverty resulted in some men ignoring the voices of their wives. Sen and Dreze (1996) argue that economic poverty or low income limits people's freedom to do even the most basic things. This research shows that grant income opens up social and economic opportunities, such as improving one's relationship with one's intimate partner, as well as the ability to purchase basic requirements.

While some husbands changed their negative domestic behaviour when their wives replaced them as the breadwinner, other respondents raised concerns about high levels of violence directed at them over money:

Every time I received the grant my husband used to force me to give him the money. Whenever I refused, he could beat me up. What followed was not allowing me to go out and associate with my friends – even going to funeral or church service. After six months of receiving my grant, I moved out because I was tired of the abuse. I receive the disability grant and with it I am able to buy essential items (Female DG recipient, Graafwater, 2011).

Sen (2001:37) argues that the process of development has to be judged by the enhancement of human freedom and not by deprivation. It is for this reason that I argue, in the current findings, the grant recipient's deprivation (exposure to abuse) has to be removed for human freedom to be realised. Further, the grant enables recipients like this to exercise both their economic and substantive freedom, which leads to improved living standards. Sen (2001:39) also says that

various freedoms are not only vital for the conduct of private lives (healthy living, avoiding preventable morbidity and premature mortality), but also for more effective participation in socio-economic activity. Nussbaum (2000) includes *affiliation* in her list of ten capabilities. It includes being able to recognise and show concern for other human beings; having the social bases of self-respect and non-humiliation; being treated as a dignified human being whose worth is equal to that of others. Gender-based violence takes away this capability.

This study has shown, for the first time, that cash transfers help to reduce levels of violence against women in abusive relationships. These also enable such women to become independent and leave their partners. Of the women interviewed, 19% left their abusive partners when they started receiving either a disability or pension grant. Therefore, social grants reduce income poverty, restore human dignity, contribute to human freedom and promote human capability (affiliation/participation). It can be concluded that the cash transfer is a building block of a developmental state because, for example, it allowed these women to break free from their oppressive husbands, become capable of sustaining themselves and their families, and enjoy personal freedom.

This section examined ways in which cash transfer promote development. From the analysis, it is evident that respondents perceive social grants as instrumental in promoting development.

6.6 To ascertain how cash transfer improves opportunities

This objective focused on establishing whether cash transfer has the capacity to create opportunities for households to participate in social and economic activities. Respondents shared many ways in which this took place.

6.6.1 Job Search

Some respondents, like this woman, disclosed that they use part of the grant money for transport to and from areas where they go to search for jobs:

I have been feeling so guilty because for five months I was using some of the money from my children's grant as transport to look for a job in Tygervalley and I could also buy some food on the way. But since I found this job, I am now paying back the money to my mother because the children are in her care. I am now able to buy various items for the house every month (Female CSG recipient, Ilitha Park-Khayelitsha, 2010).

The absence of other income forced this respondent to use the CSG, despite knowing that she was depriving her child. However, this shows that grants can assist people to search for work, which, if successful, brings new income into the household to support the care of children and provide for other household needs. This finding demonstrates the critical contribution of social grants to people's development. In support of these findings are studies undertaken in South Africa by EPRI (2004, 2005, 2006), which highlight that members of a household where a grant is received are more likely to find jobs and are able to work hard.

I put forward the argument that grants have the power to enable people to participate in employment. This in turn allows them to contribute to and benefit from the country's economy. It also fosters socio-economic development among grant recipients, which contributes to the attainment of national developmental outcomes, which are the main indicators of a developmental state.

Some respondents disclosed that they give part of their grant to family members to use for transport when they went to look for work:

I do give some money to my uncle so that he can use it for transport to search for employment and one day when he finds work his salary will help us all... because they will not just depend on my grant, but also on his income (Male DG recipient, Khayelitsha, 2010).

I have been giving my three sons money from my old age grant for transport to look for work in Cape Town and, as we speak, two of them are employed. Without this grant I do not know how they could have found employment. I have realised that lack of transport money can prevent young people to look for jobs because the townships are far from the job opportunity areas (Male OAG recipient, Khayelitsha, 2010).

These two cash transfer recipients testify to the importance of having an income. Both were able to use part of their grants for transportation related to job hunting by family members, one of them noting that employment opportunities are far away from the townships. Dancey (2013:5) and Posel et al (2006) also found some people using their grant for employment-seeking purposes. The current findings are also in line with Chagunda (2006), which shows that the greatest share of the CSG in his sample group goes towards food, which contributes to providing energy so that household members can go and seek employment. The current study argues that grants have the potential to increase the income that comes into the family if used wisely (for example, by investing in other means of income generation or enabling people to look for work). It refutes the argument that cash transfer discourages beneficiaries, including family members, from looking for work (CDE, 2005).

Lack of economic opportunities is unfreedom, according to Sen (1999). Employment contributes to human dignity and enables employees to participate in economic development. According to Cooke and Kothari (2001:5) such participation is “justified in terms of sustainability, relevance and empowerment”. A cash transfer supports the human capability of controlling one’s environment in the sense that an individual can seek employment on an equal basis with others.

Employment is one of the building blocks of a developmental state, it is therefore logical to argue that, in fact, cash transfer contributes to the government’s Key Outcome 4: to create decent employment through inclusive economic growth. It is therefore appropriate to argue that grants, in certain instances, improve opportunities for households to take part in socio-economic activities.

6.6.2 Establishment of Small Businesses

There appears to be a connection between social grants and small business creation. The majority of the respondents said that the grants were instrumental in creating small businesses for themselves:

Some recipients agreed that it was not possible to secure loans using the income from social grants. As the following respondent revealed:

The beginning of my business resides in social grants because I used the pension as my guarantee for a micro-loan. I started a sewing company specialising in traditional clothes and ladies' bags. As my business was booming, it took me 6 months to pay back the loan of R4 000. On average I make R4 200 profit per month and my household income has improved beyond expectation. I even employed two people to help me run my business. I still receive my grant in case my business fails (Male OAG recipient, Mjondolo-Khayelitsha, 2010)

As findings show in this study, Devereux et al (2005) argue that the poor use the cash transfer to satisfy basic consumption needs first, then to invest in income-generating activities. It seems that some people such as the current respondent do not stop receiving the grant even when the businesses they had started were doing well and providing income for the household. For example, when the respondent was asked why he kept accessing the grant while he is making profit, he said it acted as a cushion to fall back on, should his business fail. It follows then that social grants can act as a financial buffer when poor business owners like this respondent face challenging times.

Also emphasising the link between social grants, the establishment of a small businesses and creating employment opportunities for others and for themselves are the following respondents:

I have been saving from my grant for three years to start my business. I cook chips and fish; and sell them to the people that receive their social grants because I know after having their grant they will be looking for food among other items so I bring to them what they need and this is good for my business. I normally make R1990 profit a month because I go to other pay-points as well. There is a young girl who occasionally helps me to sell. With the money I get I have managed to buy a fridge to store the food that I sell for business (Female OAG recipient, Graafwater, 2010).

It was not easy for me to start the business of buying and selling clothes but as the way of saving money, I joined a stokvel in my community where we contribute R100 per month per person. This way I managed to save R1000 with this money, I started my business and now I make a profit of R400 per week. I intend to expand my business so I am still saving. (Female CSG recipient, Harare-Khayelitsha, 2010).

I have been getting this grant for 11 years but it was difficult to cover the household needs. So I decided to start a small business so that my unemployed two sons and daughter could find something to do and make money. Initially I went to the bank for a R3 200 loan but I was denied. I went to the mashonisa (moneylender) who lives near my house and we made an agreement that I will be paying monthly with my grant. I started by buying four sheep from Worcester, which I sold in Khayelitsha... It took nine months to pay off the loan and now I consider myself a business lady running a family business. We make R4 450 profits per month, but during circumcision ceremonies and Christmas time we can make up to R12 000 profits per month. I cannot terminate pension grant – what if my business goes down? (Female OAG recipient, Section C-Khayelitsha, 2010)

Another respondent said:

I have been receiving disability grant for 10 years and my husband has been receiving pension grant for 2 years... We agreed to put our money together as a guarantee to get a loan of R10 000 to start a local liquor shop to sell beer because many people wanted to buy alcohol after hours. Since we could not do it ourselves, we had to employ three people. The business is doing well... We paid off the credit and now we make profits of R20 000 per month... We intend to open another one in Makhaza (Female DG recipient, Harare-Khayelitsha, 2010).

Bruno, Ravallion and Squire (1998) argue that economic growth is negatively affected in a situation where credit market constraints prevent the poor from participating and making investments in physical as well as human capital. The problem here, as seen from the findings in this section, is that credit markets require a person to have a reliable source of income, and sometimes a lump sum as surety, before they are given a loan. As seen in the quotes above, people saved part of the grant until they had the required lump sum to secure a loan. However, it is also clear that respondents were denied loans when they approached the banks. It is apparent then banks don't accept social grants as proof of steady income to secure a bank loan.

Findings in this section show that combining grant income with income generated through other survival mechanisms, such as a small business, has the potential to lift families out of poverty. It can be concluded that this strategy contributes to a developmental state, albeit on a micro level. The fact that most respondents continue to receive grants even when their business make an adequate profit communicates that these business are somewhat fragile. Therefore, a cash transfer is considered a source of income protection and a safety net for tough times. This all raises the question of whether the state should/does monitor the changing fortunes of grant recipients and discontinue grant support to those who would no longer pass the means test.

I argue further that one of the reasons the poor are left out of the mainstream economy is the lack of funding opportunities. Similarly, Barrientos and Sherlock (2002) argue that poverty decreases the investment in human capital as a result of the absence of financial means. Ultimately, cash transfers promote development by creating conditions to achieve development-orientated growth. Respondents have shown how they used the money to start small businesses, thus contributing to the economic life of their households and communities. Once people have extra income, they can achieve some of the human capabilities that are critical for development, including being able to buy what they need (e.g. furniture and appliances), owning a house in a township and being able to work (Sen, 1999). Thus, small businesses form a building block of a developmental state in the sense that the profit they make contributes to self-reliance (Oakley, 1991:17) and self-improvement (Burkey, 1993:58). It has been shown here that cash transfer is behind the origin of small business; therefore, South Africa's social assistance programme can constitute a building block of a developmental state.

6.6.3 Participation in Skills Training

The respondents in the current study disclosed that the income grant enabled them to pay for their skills training, and that the skills they developed increased their chances of finding work. For example, some respondents and other household members acquired certain skills from privately owned Isilulo Computer Training and Zanolkhanyo Training Centres that enabled them to find employment. Findings show that 41% of respondents used some portion of their grant on skills training. A primary caregiver from Ilitha Park-Khayelitsha disclosed:

I used my child's grant to pay for skills training at Zanolkhanyo Training Centre. I stayed at home only two months after graduation then was employed. Now I am working with the cleaning company and I am able to support my child. I am now a supervisor at work. So I am saving the child grant for her future education (Female CSG recipient, Ilitha Park-Khayelitsha, 2010).

...It is amazing that my mother who was a domestic worker was working for a white family without any home management skills training. Nowadays one needs training but since I did not have money I used the Child Support Grant to enrol and undergo home management skills training at Zanolkhanyo in Khayelitsha. I was paying in instalment for my training until I finished. I am now working for a good family in Camps Bay where they pay me very well and life is good now [laughs] (Female CSG recipient, Ilitha Park-Khayelitsha, 2010)

The respondent above clearly showed that the grant can be used for developmental purposes. It is clear that the CSG money did not directly benefit the intended person (the child). However, it

was used to assist the primary caregiver to acquire skills that led to her getting a job. This extra income in the household seemed to enable her to save the grant for her child's future education costs.

Another respondent who used CSG income for skills training is a primary caregiver from Zwezwe-Khayelitsha:

Since I did not have money, I used my child's grant to enrol and undergo domestic work training at Zanokhanyo here in Khayelitsha. It was sad because I was using my child's grant and sometimes we could go hungry but now it paid off. I am now working with Super Care Cleaning Company and I am able to send my child to a better school (Female CSG recipient, Zwezwe-Khayelitsha, 2010).

Another beneficiary from Harare-Khayelitsha sacrificed part of the CSG to finance her skills training:

It was very hard to undergo skills training at Isilulo Computer School because I struggled to divide my two children's grants towards food, transport and paying for my skills training. I am glad now that straight from training I was employed and have been able to move out from a shack to the house that I am renting (Female CSG recipient, Harare-Khayelitsha, 2011).

These findings show that the social grant assists people to develop skills that enable them to find work, even though it is not intended for that. The income the respondents earned after they started to work was used for various essential items, including housing. It seems a social grant, in particular the CSG, is too small to use for household needs apart from providing for some of the basic needs of the child. As one of the above respondents stated, it is difficult to budget for the child's needs and for things such as skills training. Respondents who lived in a household that received more than one grant (hence more income) found it easier to use the money for both the children's needs and for their own training. For example, one CSG recipient lived with a grandmother who received an OAG and paid for food for the household:

I paid for my skills training at Isilulo Computer Training Centre with CSG. I got employed at Shoprite Checkers. My grandmother who gets the pension grant was responsible to buy food for the children. If my granny had refused to buy food for the house or was not receiving the grant, I would still be unemployed (Female CSG recipient, Mjondolo-Khayelitsha, 2010).

The respondent here directly attributed the success of being skilled and getting employment to the income from the two grants.

From the analysis of respondents views above, I conclude that social grants contribute towards achieving some of the objectives of South Africa's National Skills Development Strategy. There is a general agreement that employment is the most effective route out of poverty (National Treasury, 2012a) and that a lack of skills prevents many South Africans from securing employment. It is for this reason that the National Treasury (2012a) sees education and skills development programmes like Isilulo and Zankhanyo as a key way to augment employability. The current study shows that 30% of respondents who received the CSG and 2.2% of those who receive the OAG used their grant to pay for skills training for themselves or for a household member. Most of these training courses were offered by NGOs that subsidised their training costs to make them affordable for poor and vulnerable people.

For the first time it is discovered that social grants have the potential to bring about sustainable development within households by enabling people to acquire the skills needed for long-term employability. At the same time, the workforce is increased, which is a necessary building block to making South Africa a developmental state.

This section has established that cash transfer improves opportunities for households to take part in socio-economic activities, as evidenced by respondents who used the portion of their grants on skills training or to secure a loan to start their business. Respondents who used the grant on school-related items for their children and dependants also perceived the cash transfer as opening up socio-economic opportunities. This objective was achieved to a large extent.

6.7 To ascertain the social/community impacts of cash transfer

The fifth objective of the current study is to ascertain the impact of cash transfer on social/community wellbeing.

6.7.1 Social Inclusion

Respondents revealed that receiving social grants made them to feel like they were part of the South African society. Of the 160 respondents, 45% indicated that social grants not only allowed them to be included in the government social protection system, but also made them to feel like true South Africans. As the following female respondent from Harare-Khayelitsha explained:

Our black colour meant exclusion to the benefits from the government social grants... Now it is not because you are black that you cannot receive the grant but if you meet their requirements... These conditions can still exclude you but it applies to everyone. So if you are poor and needy, you surely qualify (Female CSG recipient, Harare-Khayelitsha, 2010).

Respondents like this woman understood the difficulties that black people encountered in accessing social grants during the apartheid era. Even though there are still conditions that may still exclude some people, the exclusion is not based on colour but on conditions of poverty and vulnerability.

Other respondents shared similar sentiments:

I do feel that I am part of South Africa's citizenry because I am getting my pension at the end of the month. The government is giving me my pension for nine years now. Apartheid is gone which was excluding us (Female OAG recipient, Site B-Khayelitsha, 2011).

I feel included and counted in my own country, unlike before, because I do receive the child's grant for my girl. My mum told me how she tried so many times to access the grant during apartheid time but never succeeded (Female CSG recipient, Khayelitsha, 2010).

Before 1994, discrimination and social exclusion was encouraged by the apartheid government, which based the development of the country on the notion of "separate development" (Bloch, 2009). This favoured the white minority and excluded the black majority from the mainstream economic, social and political systems.

Separate development failed to recognise the fact that the sense of belonging to the country's citizenry leads to a developmental state, as people work collectively towards the development of the country. As Theron (2008:14) argues, "the holistic nature of development has, as one of its first points of departure in development planning and facilitation, the building block of participation".

The mere fact that these respondents are recognised by the government and given the grant leads them to feel included in South African society.

6.7.2 Share of National Wealth

Of the 160 respondents, 66% viewed cash transfer as a way for unemployed and vulnerable people to share in the national income or as a transfer of wealth from the rich to the poor.

In 1928, non-contributory social old age grants were instituted for whites and coloureds (Woolard and Leibbrandt, 2010:5). The current study suggests that eligible black South Africans now benefit from the current government's poverty intervention scheme, which helps reduce poverty in previously excluded communities.

We never had monthly income, but now we have, due to our aging. The Mandela government was very wise to include people that receive old age grants so that we can also have a share from the national coffers (Male OAG recipient, Graafwater, 2010).

My mother kept on trying to receive old age grant during apartheid time, but this did not happen until she passed on. The present government is making sure that the poor black South Africans also get a share of national revenues; that is why I am able to receive my pension grant unlike my mother... The apartheid regime favoured white people and some coloureds. It was bad in a true sense, mtanami (my son) (Female, OAG recipient, Section B-Khayelitsha, 2010).

...peace cannot rein where other people have too much and others nothing and yet the minerals and natural vegetation that provide for all that working are only enjoyed by a small portion of the society. CEOs of companies are earning millions while many poor people like me have nothing...let those that earn millions pay more tax so that it comes to us through social grants (Male DG recipient, Kwezi-Khayelitsha, 2010)

This democratic government provides social grants to those who pass the means test, regardless of their colour. Here, redistribution plays a role in reducing poverty (Barrientos and De Jong,

2006). Woolard and Leibbrandt (2010:4) confirm the redistributive nature of social grants, as they are financed from general tax revenue. Cash transfer is based on the redistribution of resources to the poor to protect their lives against poverty traps and reduce chronic poverty (Hiensch, 2007). This implies that poor people, such as the respondents in the current study, would fall into poverty traps and into chronic poverty if they could not share in the national revenue through grants.

The respondent below highlights the lack of education, which she mainly blames on the apartheid government, as the reason why she survives on a grant today:

If the apartheid government had given all of us equal access to superior education, both whites and blacks, I would have been educated and worked to earn enough money... But I lacked education and could not find a job. I have to survive on a grant, eish! The grant amount is not great, but that is what the government can afford, so let it be so (Female OAG recipient, Harare-Khayelitsha, 2010)

The current finding affirms Pottinger (1988: 178–179), who links lack of education to lack of employment. He argues that good education is a key contributor to enable a person to find a decent job. Bot (1986:4) confirms this when he explains that only a handful of every 100 black pupils who started school in 1973 completed primary education. The lack of further education prevented most black South Africans from participating in economic activity.

The findings here are consistent with Sen's (1999:37) argument about the interrelationship of freedoms and unfreedoms, such that freedom of one type may greatly help to advance the other types of freedom. In line with this, the current study has discovered that unfreedom of one type also interlinks with other unfreedoms. For instance, a lack of education may lead to unemployment, which mostly results in income poverty. Income poverty in turn leads to different types of poverty, including capability deprivation (Sen, 1999:87–88). The current study shows that social grants can reduce both income and capability poverty and henceforth cut the chain of unfreedoms. As people such as respondents in the current study, for example, are able to empower themselves with job skills, good health and information, this may bring about various freedoms, including access to employment (economic freedom), quality education and healthcare

(social freedom), participation in public activities (political and civil freedom), state provision of employment security and prevention of poverty (protection and security freedom).

As such, redistribution is a catalyst for poverty reduction and social development. Cash transfer presents a mechanism for decreasing inequality, which is fundamental for a developmental state. Farrington and Slater (2006) argue that cash transfers are developmental even where they are primarily meant for consumption, as they often have a demand effect on production. This creates room to employ additional workers, thus reducing the unemployment rate and increasing the levels of household income. “A basic level of income would also have other developmental spin-offs related to enabling that person to participate more effectively in the economy” (Taylor Report, 2002:42).

In the views of the respondents, social grants promoted a sense of belonging in the lives of the recipients and their households. Some felt that they were part of South African society because they received a social grant. This objective was met to a large extent.

6.8 To ascertain the extent to which cash transfer promotes civic participation

The third objective is to investigate how cash transfer promotes civic participation. In the current study, 46% of respondents indicated that the social grant income assisted them to become active citizens. Because of the grants, they could participate in community activities and further carry out other responsibilities expected of an active citizen. This happened in various ways, including involvement in community structures and decision-making processes.

6.8.1 Participation in Community Decision-making and promotion of local democracy

Twenty-one percent of the respondents perceived social grants to be instrumental in enabling them to participate effectively in community structures and activities. Some demonstrated that receiving a social grant enabled them not only to participate but also to be part of decision-making processes. They took up leadership roles that they could not have previously because they could not afford to make mandatory financial contributions. This man in Khayelitsha explains:

As one of the community residents, I know I have to be involved in issues that affect my surrounding and my household... This is one way of being involved in community affairs, making an impact and not just complaining but being locally involved... I do not want to be a leader who does not lead by example... I was not involved in community decision-making forums because, when asked to contribute financially, which is normally the case, I could not ... So how could I ask members to contribute but as a leader I cannot...? Now I have the state pension grant that I can use as I wish (Male OAG recipient, Section H-Khayelitsha, 2010).

The respondents in this study value the communities in which they live. They did not want to be passive citizens, but to be actively involved in community affairs, to contribute significantly towards changing the lives of fellow members for the better. They want to be active drivers of change and development within their communities.

This finding is in agreement with the NPC (2011:429), which states that the ability to lead by example and follow the rules that apply to everyone is vital to promote the values of responsible citizenship and solidarity. This respondent seemed to understand the need to be an active citizen. He also understood that, as a member of the community, he had to be part of the dynamic leadership within the community. Although he was previously not involved, due to his lack of

financial standing, he wanted to lead by example and make a financial contribution whenever there was a need to do so. At the time of the interview, the respondent was receiving the grant, which put him in the position to contribute to the community structure, an act which would help him to serve as a leader one day.

Sometimes community leaders mobilise their members to work together in pursuit of a particular goal. I hold the view that such leader ought to be at the forefront – and if it concerns a financial contribution, he or she should be the first one to contribute. Financial constraints can easily prevent people from getting involved and contributing to the community decision-making processes. However, those with financial resources are empowered and enabled to participate in decisions that affect their lives:

Because of the pension grant money, I pay for my own travelling expenses especially when I have to attend meetings... I have been on the ward forum since 2006 and I state categorically that we have influence in decision-making on a number of issues, because they make it to the council agenda. But on some of the topics, decisions are made above us (Female OAG recipient, Section F-Khayelitsha, 2010).

The OAG helped this respondent to fulfil her role as an active citizen through her membership in a municipal public participatory structure. The respondent stated emphatically that her attendance and participation influenced the decision-making body, and that, without the grant, she would not have been able to sit on this forum.

Similarly, Chanza and Piper (2006:22), in their study of the Msunduzi municipality, discovered that having an income encourages people within constituencies to actively participate in activities that are organised to facilitate participatory governance and community development. When people lack financial resources, it is difficult for them to travel around and be part of the decision-making processes that can help to change their lives and the communities in which they live. They quote one respondent as saying, “We do not have resources. We pay for our own travelling expenses, especially when we have to attend meetings. This is too much for unemployed people” (Zuma, B 2005a, in Chanza and Piper, 2006:22).

There are a number of duties that ward committees are legally obliged to execute and these functions are at the core of the system of municipal governance. The Local Government

Municipal Systems Act (Act 32 of 2000) requires municipalities to facilitate community participation in municipal governance. This includes community involvement in processes related to the development of integrated development plans (IDPs) and performance management systems, the preparation of municipal budgets, and strategic decisions with regard to the provision of municipal services (GMSA, Section 16 (1)).

At community meetings, grant recipients are also able to teach other community members about, for example, the need to exercise their constitutional rights and to protest in a responsible manner. The South African Constitution offers citizens the right to protest, but often communities use protests to destroy government property and other significant community structures. The violent nature of such protests has been condemned many times, but it continues. One respondent explained:

Whenever there is unhappiness within the community and a protest is suggested, this is discussed during community meetings so that a decision can be taken. As grant recipients, we refuse to plan a protest that will include the destruction of property which benefits the community – mainly community halls where we receive our grants. The more grant recipients we are at the community decision-making meeting, the more likely community halls would be spared (Female CSG recipient, Ilitha Park-Khayelitsha, 2010).

From these findings it can be argued that social grants also contribute to the protection of public or community property, especially during public protests. Seekings et al (1988:200) state that the prevention of destructive protests at the local government level requires residents to secure control of the decision-making process. It is argued that social grants contribute to this kind of responsible citizenship. Swanepoel and De Beer (2011:52) make the valuable point that communities, like Khayelitsha and Graafwater, must on a regular basis be encouraged and assisted with information to make good decisions.

It is asserted that community decision-making processes in Khayelitsha and Graafwater are empowering. It is this kind of thinking that promotes sustainable development within communities and the nation at large. The spirit of protecting public infrastructure in communities during public service delivery protests needs to be encouraged among community members. This is because such protests in most communities are characterised by vandalism of property, which is regressive to a developmental state. In this regard, social grants are developmental because

they enable people like the current respondents to participate in decision-making and to refrain from destroying public infrastructure, which supports community development.

Influenced by the findings of this study, I argue that social assistance intervention has given local poor people political and economic power, which has deepened democratic participation, which is critical in building a developmental state. In this regard, social grants can again be considered a building block of a developmental South Africa.

6.8.2 Engagement in Formal and Informal Community Structures

Some respondents disclosed that receiving a social grant empowered them to participate in different structures of their communities. Taking part in elections gives them a voice:

Through the social grants that we receive, we are empowered to participate [my emphasis]... As old age pension grant recipients, we mobilise ourselves to frustrate political party councillors that favour their own political party and influence the names on the ward committee... We put forward our preferred people to be voted in positions (Female OAG recipient, Section H-Khayelitsha, 2010).

The various political structures play a critical role in society. Oldfield (2008) found that councillors have a direct role in selecting ward committee members according to their political affiliation. Similarly, Chanza and Piper's (2006:21) study in Msunduzi municipality claims that only ANC card-carrying members are recruited as ward committee members. Govender (2005:82), in support of social grants, says that the right to vote for public representatives and decision-makers with power and responsibility in vital areas was critical for establishing democracy in South Africa. Similarly, Fukuyama (2004:40) argued that:

Holding government agencies accountable to the public is to some extent a matter of institutional design and internal checks and balances, but ultimately it is the people whom government supposedly serves who are responsible for monitoring its performances and demanding responsive behaviour.

I argue that this cherry-picking of political party loyalists results in a ward committee becoming a photocopy of the political party structure, to the extent that broader community interests are not represented. This kind of behaviour results in threats to participatory democracy, which hinders progress towards a developmental state. If ward committees do not represent the diversity of

interests in the ward, they are likely to remain useless to the communities they are supposed to help.

Another respondent emphasised the importance of being involved in street structures, such as street committees and South African National Civic Organisation (SANCO). She said:

It is a right thing to take part and contribute to the expenses of street committees and SANCO where we discuss development and challenges within our streets. Disability grant is an income that we spare to donate and sometimes contribute towards things like street prayer meetings and community funeral savings (Female DG recipient, Section B-Khayelitsha, 2010).

If you want government to know your views on issues then one should be a member of the ward committee and attend its meetings regularly. As a grant recipient I make sure that I know what the committee does as I want to influence its decisions and I also want it to tell government of my concerns regarding the small amount that we are currently getting (Female DG recipient, Kwezi-Khayelitsha, 2010).

It is evident that grant recipients such as those in the current study use the money for their own well-being, but also for the benefit of their communities. In this regard, the benefits of the grant go beyond the household. There appears to be no supportive literature on social grants being used to contribute to street prayer meetings and community funeral savings. The few references there are refer to funeral policies and the stokvel (Dancey, 2013; Chagunda, 2006). This demonstrates that the current finding is new information and a connection that has not been uncovered before.

This grant recipient became an active member of her church council as she was able to contribute towards the church activities. She was also independent as she no longer asked for financial help from other members:

The old age grant helps me to serve comfortably with a peace of mind on church council because I am able to contribute towards church activities, including trips. My grant helps me a lot and I am respected within the church because I do not beg for money from others whenever the church asks for financial contribution (Female OAG recipient, Graafwater, 2010).

In both secular and religious structures, one clearly needs an income in order to serve effectively, independently and with dignity. I have found no supporting literature on the connection between social grants and serving on church structures. However, the church remains an important

resource in the community as it provides some essential services to communities, including looking after the sick, old people and orphans.

It is argued that a cash transfer enables grant recipients to become active citizens. Not only do they participate in meetings, they also mobilise for the greater inclusion of similar minded individuals in the structures. This is developmental, considering that participation in these structures ensures that people are aware of current issues and also become empowered and involved in matters of individual and community interest. One of the new findings of this study is the ability of cash transfers to enable recipients to actively participate in various community structures, including the church.

6.9 Discussion of Findings

The current study has explored whether South Africa's social assistance programme can constitute a building block of a developmental state. The findings in this chapter have shown that social assistance has a developmental component and contributes positively to developmental outcomes of the South African state. From the findings, I conclude that South Africa's social assistance programme can constitute a building block of a developmental state.

It is clear that respondents believe that social grants are valuable in reducing poverty; thus cash transfer has a beneficial impact on their lives. Any reduction of poverty in poor people's lives is essential for the promotion of human capabilities and freedom. The promotion of human capabilities and freedom is critical in achieving development; thus South Africa's social assistance programme can constitute a building block of a developmental state. The respondents perceive social grants as a valuable instrument in reducing household hunger. As revealed in this study, the grant prevented the poor from being exposed to different types of poverty-related death. As a result, the poor have a longer life expectancy. The respondents perceive social grants as a great contributor to the education of children, especially those in primary school. The more children attend primary school, the more they increase their chances to go to high school. In this regard, social grants contribute to the attainment of basic education, which is one of government's primary developmental outcomes. Education is at the centre of any developmental state, including South Africa, and thus South Africa's social assistance programme can constitute a building block of a developmental state.

The current findings have shown that respondents had the freedom to spend the grant as they saw fit. This type of freedom improves individuals' ability to assist themselves, the community and also to influence the world. This is a vital element of development, and since cash transfer creates the capacity for such freedom, it can be viewed as one of the building blocks of a developmental state such as South Africa. Cash transfer alleviates the impact of HIV/AIDS on poverty-stricken households by enabling them to buy supplements, health food and other medication. This contributes to the expansion of social opportunities and creates favourable circumstances for the reduction of mortality rates and prolongs life expectancy. By promoting

good health and a long life, the South Africa's social assistance programme can constitute a building block of a developmental state.

The current findings have also shown that cash transfer supports the human capability of controlling one's destiny. In this regard, cash transfers enable household members to go and search for work. Cash transfer contributes to the South African government's Key Outcome 4, which is to create decent employment through inclusive economic growth. Increased employment is at the centre of any developmental state, including South Africa; thus South Africa's social assistance programme can constitute a building block of a developmental state. In addition, respondents have shown how they used social grants to start small businesses, thus contributing to the economic life of their households and communities. The extra income was used for such activities as buying furniture and appliances, owning a house in a township and being able to work, which are critical for development. All these contribute to the human capabilities of self-reliance and self-improvement. Social assistance is behind the origin of such small businesses; thus South Africa's social assistance programme can constitute a building block of a developmental state.

It is clear from the current findings that receiving a grant provides an enabling environment for the participation of all household members in joint planning processes. This is important because it has an empowering effect: it enables people to take control of their lives and get involved in both individual and collective development. For the first time, this study has discovered that cash transfers enable joint planning and decision-making processes at a household level, which is vital for achieving development. Thus South Africa's social assistance programme can constitute a building block of a developmental state. Another discovery is that cash transfers can help to reduce levels of violence against women in abusive relationships. Furthermore, social grants enable such women to become independent and leave their abusive partners.

Social grants reduce income poverty, restore human dignity, contribute to human freedom and promote human development. Based on these outcomes, I argue that South Africa's social assistance programme can constitute a building block of a developmental state.

Respondents in the current study have directly attributed their successes in gaining skills and employment to the cash-transfer income. This is a new discovery: social grants can bring about sustainable development within households by enabling people to acquire the skills needed for long-term employability. Long-term employability increases the workforce, which is a necessary building block to making South Africa a developmental state. Thus South Africa's social assistance programme can constitute a building block of a developmental state.

The role that social grants can play to deepen democratic participation is another new finding. Social grants have enabled people like the current respondents to participate in decision-making and to refrain from destroying public infrastructure, which supports community development. Influenced by the findings, I argue that social assistance intervention has given local poor people both political and economic power, which has deepened democratic participation, which in turn is vital in building a developmental state. In this respect, again, South Africa's social assistance programme can constitute a building block of a developmental state. Respondents in the current study state that cash transfer enables them to become active citizens by participating in meetings and also to mobilise for increased inclusion of similar-minded individuals in the structures. One of the new findings of this study is the ability of cash transfers to enable recipients to actively participate in various community structures, including the church. This is developmental, bearing in mind that such participation ensures that people are aware of current issues and also engaged in matters of individual and community interest. Thus South Africa's social assistance programme can constitute a building block of a developmental state.

Through all these indirect contributions to the establishment of a developmental state in South Africa, it can be concluded that South Africa's social assistance programme constitutes a building block of a developmental South Africa.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

This final chapter presents conclusions and recommendations based on the findings of the current study, which has examined the extent to which South Africa's social assistance programme can constitute a building block of a developmental state. For this reason, the study investigated whether social assistance has a developmental component and contributes positively to developmental outcomes of the South African state. The conclusions are presented according to the five sub-objectives of the study, followed by recommendations for government and for stakeholders.

7.2 Conclusions

7.2.1 To explore cash transfer's developmental impact

From the participants' point of view, cash transfers have made an impact on their lives. They stated that poverty was persistent in their households before they received the grant, and that, since starting to receive it, the situation of the household had changed for the better.

Respondents have demonstrated that cash transfer is a valuable mechanism to reduce poverty in their households. It appears that household poverty is indeed reduced when people such as the respondents in the current study start receiving a grant. I conclude that social grants contribute to the reduction of household poverty and enable people to minimise the level of starvation within the household because they are able to buy food and other necessities.

Cash transfer helps the majority of the respondents in the current study to advance education in their households. Income from the grants, especially CSG, seems to play a crucial role in enabling children to concentrate and perform well in school. The grant is crucial because it enables people to provide their children with the necessities for school, such as uniforms, shoes, books and food. This shows that the respondents are aware of the importance of education in their children's lives. Education for development is an important feature and building block of a developmental state.

This study reveals that hunger is a main characteristic of the poverty experienced by most respondents. Since hunger results mainly from a lack of household income, making income available allows people access to essential food. The presence of basic foodstuff in the household appears to directly reduce poverty, as people can feed themselves and their household members. Food in the household alleviates the devastating hunger and poverty that can lead to people's loss of dignity. Household poverty also creates "unfreedoms", which negate development. Consequently, the absence of hunger helps to modify the household situation, which may lead to the attainment of some of government's developmental goals.

It is also important to highlight that, as much as social grants have a positive impact, the amount of the grant is not enough to cover a person's daily needs. Therefore, I conclude that a grant should be looked at as a supplement to household income. People such as these respondents cannot depend on the grant alone, but need to find other sources of income, whether through finding employment or starting a small business.

7.2.2 To examine how cash transfer promotes development

This section examined ways in which cash transfer promotes development. From the analysis, it is evident that respondents perceive social grants to be instrumental in promoting development. This objective has been met to a larger degree.

There is a connection between social grants and joint planning and budgeting. It is clear that grants received, specifically DG and OAG, contribute to joint planning between the husband and wife in their household, which seems not to be possible when no social grant is received. This indicates that social grants empower people, especially women, by enabling them to partake in planning and decision-making. I conclude that joint planning contributes to accountability and transparency in the way the income is used, and this leads to better understanding and good relationships between members of the household. Although this cannot be directly linked to a developmental state, the fact that there appears to be an understanding between the members of a household demonstrates that there is a flourish of good relations.

Social grants allow people to make choices. Some respondents stated that social grants were like salaries for them, in the sense that they could choose how to spend their grant, on such things as

transport, church contributions, clothes and food for the household. I further conclude that receiving a social grant assists such people to be independent and to make meaningful choices. The fact that people can decide how they will use the money promotes freedom among them. Freedom is a critical component of development, as people are given the chance to decide on how they can change their lives, the most basic of which is selecting what they want to eat.

There is a strong correlation between social grants and people's health. The presence of income to purchase food allows family members, children in particular, to escape diseases that are related to malnutrition. Nutritious food is one of the pillars of a child's good health. In this regard, a social grant contributes significantly to food security in a child's life. The grant can be used to buy things like supplements, healthy food and medication. The fact that people are able to provide nutritious meals and have access to medical care contributes to the achievement of one of government's key outcomes, which is to create a long and healthy life for all South Africans. Social assistance is a building block of development, as it promotes good health and may lead to long life expectancy.

Social grants, specifically DG and OAG, help to reduce abuse in relationships, although this may not happen directly. Women who are financially dependent can be forced to stay in abusive relationships that prevent them from moving out and becoming independent. Women such as these respondents found that access to social grants put them in a position where they could decide to leave abusive partners. It can also be concluded that women who receive grants are able to care for their children without depending on their husbands. Furthermore, abusive partners, especially husbands, are motivated to change their abusive behaviour when their wives start to receive the grant, especially when they have no source of income themselves. In this sense, social grants restore human dignity, contribute to human freedom and promote human capability. Social grants are a building block of a developmental state when they allow women to break free from oppressive husbands, sustain themselves and their families, and enjoy their freedom.

7.2.3 To ascertain how cash transfers improve opportunities.

This sub-objective established that cash transfer increases the opportunities for households to take part in socio-economic activities. Findings have shown that social grants have the capacity

to enable recipients and other members of their households to access economic opportunities. In households where all members were unemployed, like those of most respondents, a grant was seen to play a critical role, acting as an enabler for household members to go and search for work.

As shown in chapters 2 and 6 of this thesis, lack of income in a household hinders its members from searching for work, and there is a strong correlation between receiving social grants and work-seeking. In this regard, social grants offer a means to an end (employment) and have the potential to promote the inclusion of people into the economy.

The findings in this section also illustrate that social grants are instrumental in helping poor people create small businesses. Some respondents who owned small businesses had started them with income from the grant as the capital. Most revealed that it was not easy to start their businesses as it was difficult to access loans from the banks with the capital they had and with no property to present as surety.

It can then be concluded that some people use social grants directly (e.g. buying stock to sell) and others use grants to secure loans and pay high interests from micro-lenders to start their own businesses. This is another way that the grants promote the inclusion of the people in the economy. Such businesses can also contribute to household income, potentially changing the household's standard of living for the better.

Findings also demonstrate that a social grant enabled some respondents and some of their household members to pay for skills training. In the respondents' view, developing their skills increased their chances of finding work. This shows that, despite social grants being specifically provided for poor people to acquire essential household items such as food, respondents used them to acquire skills which in return helped them to find employment.

It can be concluded that people, such as the respondents in the current study, who developed skills and found work, were able to contribute to household income. This illustrates that social grants can contribute to sustainable economic development within a household through the development of human capital by means of skills training. Social grants thus have the potential to

include in the economy those who were previously excluded because they lacked skills. Their inclusion through employment means that they are able to benefit themselves, to contribute to household income, and to change their lives.

7.2.4 To ascertain the social/community impacts of cash transfer

In the respondents' view, social grants promote a sense of belonging. Some felt that they and their households were part of South African society because they received a social grant.

It can be argued that social grants are not only provided to alleviate poverty but also to include people who had previously been excluded and give them a sense of belonging. The current study shows a strong connection between social grants and feeling included in South African society. People who are left out of receiving social grants can be said to be excluded from the social protection system. If social grants have the potential to establish this feeling of belonging among people who receive them, it can therefore be argued that the grants may encourage such people to contribute towards the development of the country as they own their own development.

It is concluded that social grants are a means to share in and benefit from the economic growth of the country. Sharing in the income of the country through social grants enables recipients such as the respondents in the current study to survive the hardships they experience and prevents them from falling into extreme poverty and poverty traps. When poverty is alleviated, there is hope for development.

7.2.5 To ascertain the extent to which cash transfer promotes civic participation

This sub-objective was met to a large extent, as 21% of the respondents perceived social grants as instrumental in enabling them to participate in community structures and activities. The same percentage perceived the cash transfer as having value and influence in this regard. Social grants also encourage respect among community members, because the income enables people to rely on themselves and not to depend on other people.

Lack of income deprives the poor of the ability to participate in community activities where they are required to make a financial contribution. From the findings, it can be concluded that social grants can capacitate recipients to attend community activities, such as meetings, where they can

contribute to decision-making. It is clear that this is important to them: through participation, their concerns are heard.

Because decisions are based on objective and collective thinking as each attendee expresses their views, it can also be argued that the participation of people like these respondents helps to shape the decisions taken by the community. In this regard, I conclude that social grants have direct influence on the participation of people such as the respondents in community decision-making. I further conclude that, because political participation brings about democracy and empowerment, social grants have an indirect contribution to the establishment of a developmental state in South Africa.

7.3 Recommendations

7.3.1 Recommendations to government-

Most respondents in the current study stated that the grant is insufficient to cover basic needs. Therefore, the government should look into ways to **increase the amount of the social grants**, especially the child support grant.

The study has shown that many members of households where social grant recipients reside are unemployed and thus depend on the grant as a source of household income. The government should **create more labour-intensive employment opportunities** that would be suitable for respondents' unemployed household members.

Most grant recipients use part of the social grant for transporting children to better schools that are far from their places of residence. To reduce the proportion of the grant being spent on school transport, the government should **improve the quality of education in township schools**.

Respondents who started their own businesses and are able to make enough profit to cover their own household needs do not stop accessing the grant. Some respondents who went through skills training and are employed also still continue to access the grant, although their earned income can provide for their own household needs. I recommend **more research be done to establish why cash transfer recipients do not stop accessing the grant when they are able financially to support themselves**.

Although respondents spent the social grant on other things, they should bear in mind that the grant should be used for its primary goals, which is to acquire essential items for the particular recipient.

The current study has established that some recipients who become able to provide for their household needs – whether through their own business or paid employment – continue to access the grant. It is recommended that a massive education campaign be put in place to raise grant recipients' awareness that such a grant could be accessed by vulnerable people who have no

access to income. The government should link grants more consciously to developmental goals, rather than as a stop to poverty alleviation.

7.3.2 Recommendations to other stakeholders working with grant recipients

There are many stakeholders working with social grant recipients and these include churches, Non-Governmental Organisations (NGOs), community based organisations and academic institutions.

The current study has established that social grants are developmental thus various stakeholders working with grant recipients ought to update their information packs to include the developmental aspect.

Stakeholders working with grant recipients should work together with the government in putting in place a massive education campaign to raise grant recipients' awareness. Whenever grant recipients are able to become financially self-reliant they should be encouraged to exit the grant system. This will ensure the sustainability of the grant system.

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9. APPENDICES

Appendix 1: Interview schedule

CASH TRANSFERS IN A DEVELOPMENTAL STATE - SOUTH AFRICA

A SEMI-STRUCTURED INTERVIEW SCHEDULE ON: DO CASH TRANSFERS HAVE A DEVELOPMENTAL IMPACT ON HOUSEHOLDS?

AIM: The aim of this study is to investigate whether social assistance in form of cash transfer is a building block for a developmental state.

The views and opinions expressed by all respondents will be treated with confidentiality and the principle of anonymity will be upheld.

INTERVIEWER'S NAME:

DATE OF INTERVIEW:

LANGUAGE USED: English

RESPONDENT DETAILS

Age:

Interviewee's name:

Gender: **male** **female**

Geographical Location

Geographical area _____

Number of people in a household _____

1. Do you receive any social grant?
2. Which social grant do you receive?

3. How do you spend your social grant?

4. What difference does a social grant make?

Probe (a) in your life?

Probe (b) in your household?

5. How did you live before receiving a social grant?

6. Has the grant changed how you plan and make choices? (Probe)

7. Has the grant changed your role within the community? (Probe)

8. Does the receiving of a social grant change people's perceptions of you within the community? (Probe)

9. What do you think are some of the reasons why the state provides you with a grant?

10. Do you think government should provide social grants or not?
(Probe)

11. Additional comments

THANK YOU FOR PARTICIPATING IN THIS INTERVIEW

Appendix 2: Three types of social grants, their amount and criteria

Child Support Grant (CSG)

The child support sub-programme provides a monthly grant to primary caregivers of children under the age of 18 years. In the 2011/12 financial year, the grant cost R34.4 billion and benefited 10 902 647 children (National Treasury, 2012b). Its features are outlined in Table 1.1.

Table 1.1: Purpose and criteria of CSG

<i>Purpose of CSG:</i>	<ul style="list-style-type: none"> to help the caregiver to raise the child that the caregiver is looking after
<i>To qualify for CSG, the caregiver:</i>	<ul style="list-style-type: none"> must be the child's primary caregiver (e.g. parent, grandparent or a child over 16 heading a family). must be a South African citizen or permanent resident. must not earn more than R34 800 per year if single. If married, the combined income should not be above R69 600 per year.
<i>The child must:</i>	<ul style="list-style-type: none"> have been born after 31 December 19xx [i.e. be under 18 years old]. not be cared for in a state institution. reside with the primary caregiver who is not paid to look after the child.
<i>Amount of CSG:</i>	<ul style="list-style-type: none"> R300 per month per child.
<i>When may the CSG be reviewed?</i>	<ul style="list-style-type: none"> SASSA can decide if the child's grant must be reviewed. Primary caregiver's income as declared when primary caregiver applied for the grant will form the basis for this decision.
<i>The CSG be suspended:</i>	<ul style="list-style-type: none"> when primary caregiver circumstances change. depending on the outcome of a review, including if the primary caregiver fails to co-operate when the child's grant is reviewed. when the primary caregiver commits fraud or misrepresents the child. if there was a mistake when the child's grant was approved. if the child is no longer in the primary caregiver's care.
<i>The CSG will lapse if:</i>	<ul style="list-style-type: none"> if the child passes away. if the child is admitted to a state institution. if the caregiver doesn't claim it for three consecutive months or the child is absent from the country if when the child turns 18 years.

SASSA, 2013

Disability Grant

The disability grant (DG) sub-programme provides a grant for people living with permanent or temporary disability. In 2011/12 , it cost R17.8 billion and 1 215 641 people benefited (National Treasury, 2012b).

Table 1.2: Purpose and criteria of DG

<i>Purpose of the grant:</i>	<ul style="list-style-type: none">• meant for a person who has a physical or mental disability which makes that person unfit to work for a period of longer than six months.
<i>A person may qualify for DG if he or she:</i>	<ul style="list-style-type: none">• is a South African citizen or permanent resident or refugee and living in South Africa at the time of application.• is between 18 and 59 years old.• not cared for in a state institution.• does not earn more than R49 200, if single, or R98 840, combined, if married. Assets must not be worth more than R831 600, if single, or R1 663 200 if married.
<i>Amount of DG:</i>	<ul style="list-style-type: none">• Maximum of R1 270 per month.
<i>A GD may be suspended:</i>	<ul style="list-style-type: none">• when the recipient's circumstances change.• due to the outcome of a review.• if the recipient fails to co-operate when grant is reviewed.• when the recipient commits fraud or misrepresentation.• if there was a mistake when the grant was approved.
<i>A DG may lapse when recipient:</i>	<ul style="list-style-type: none">• passes away.• is admitted to a state institution.• does not claim for 3 consecutive months.• is absent from the country.

SASSA, 2013

Old Age Pension (OAG)

The old age sub-programme provides income support to persons above the age of 60. In the 2011/12 financial year, the pension cost R37.3 billion and benefited 2 724 404 elderly people (National Treasury, 2012b).

Table 1.3: Purpose and criteria of OAG

<i>Purpose of the OAG:</i>	<ul style="list-style-type: none">• for persons over the age of 60. This grant used to be called the Old Age Pension.
<i>To qualify for an OAG, one must</i>	<ul style="list-style-type: none">• be a South African citizen or permanent resident.• live in South Africa.• not receive any other social grant for her/himself.• not be cared for in a state institution.• not earn more than R49 200 per year or own assets worth more than R831 600. if single. If married, have a combined income no higher than R99 840 per year or combined assets worth more than R1 663 200.
<i>Amount of the grant:</i>	<ul style="list-style-type: none">• Maximum R1 270 per month. Persons older than 75 years will get R1 270 + R20.
<i>The grant may be suspended:</i>	<ul style="list-style-type: none">• when the recipient's circumstances change.• due to the outcome of a review.• if the recipient fails to co-operate with the review.• when the recipient commits fraud or misrepresentation.• if there was a mistake when the grant was approved.
<i>The grant will lapse when a recipient:</i>	<ul style="list-style-type: none">• passes away.• is admitted to a state institution.• doesn't claim for 3 consecutive months.• is absent from the country.

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Appendix 3: Profile of the population sample

Respondent identification	Race	Gender	Age	Marital status	Household size	Highest level of education achieved	Area of residence	Number of grants received	Number of CSGs received	Number of DGs received	Number of OAGs received
1	Black	Female	30	Married	4	Post matric	Khayelitsha	2	1	1	0
2	Black	Female	26	Married	3	No school	Khayelitsha	1	1	0	0
3	Black	Female	31	Married	4	Primary	Khayelitsha	2	2	0	0
4	Black	Female	24	Single	2	High school ¹⁰	Khayelitsha	1	1	0	0
5	Black	Female	27	Single	3	Post matric	Khayelitsha	2	2	0	0
6	Black	Female	27	Single	3	Primary	Khayelitsha	2	2	0	0
7	Black	Female	23	Single	2	High school	Khayelitsha	1	1	0	0
8	Black	Female	39	Married	5	No school	Khayelitsha	2	2	0	0
9	Black	Female	28	Single	2	Matric	Khayelitsha	1	2	0	0
10	Black	Female	28	Married	4	Matric	Khayelitsha	2	1	1	0
11	Black	Female	33	Married	3	High school	Khayelitsha	1	2	0	0
12	Black	Female	22	Single	2	High school	Khayelitsha	1	2	0	0
13	Black	Female	25	Single	3	High school	Khayelitsha	1	1	0	0
14	Black	Female	24	Single	2	High school	Khayelitsha	1	1	0	0
15	Black	Female	32	Married	4	Post matric	Khayelitsha	1	2	0	0
16	Black	Female	33	Married	4	High school	Khayelitsha	1	1	0	0
17	Black	Female	37	Married	5	Post matric	Khayelitsha	3	3	0	0

¹⁰ “High school” means that they attended some high school but didn’t pass matric

18	Black	Female	23	Single	2	No school	Khayelitsha	1	2	0	0
19	Black	Female	23	Single	3	High school	Khayelitsha	1	1	0	0
20	Black	Female	23	Single	3	Primary	Khayelitsha	1	1	0	0
21	Black	Female	29	Single	3	Primary	Khayelitsha	2	2	0	0
22	Black	Female	26	Single	3	Primary	Khayelitsha	2	2	0	0
23	Black	Female	64	Married	6	Post matric	Khayelitsha	1	1	0	0
24	Black	Female	22	Single	2	Primary	Khayelitsha	1	1	0	0
25	Black	Female	23	Single	2	Primary	Khayelitsha	1	1	0	0
26	Black	Female	28	Single	4	No school	Khayelitsha	2	2	0	0
27	Black	Female	29	Married	4	No school	Khayelitsha	2	2	0	0
28	Black	Female	27	Married	3	Primary	Khayelitsha	1	1	0	0
29	Black	Female	24	Single	2	Post matric	Khayelitsha	1	1	0	0
30	Black	Female	55	Single	5	No school	Khayelitsha	3	3	0	0
31	Black	Female	40	Single	4	High school	Khayelitsha	2	2	0	0
32	Black	Female	29	Single	2	High school	Khayelitsha	1	1	0	0
33	Black	Female	28	Single	3	Post matric	Khayelitsha	1	1	0	0
34	Black	Female	24	Single	3	Primary	Khayelitsha	2	2	0	0
35	Black	Female	27	Married	4	No school	Khayelitsha	2	2	0	0
36	Black	Female	26	Married	3	Matric	Khayelitsha	1	1	0	0
37	Black	Female	26	Married	3	Primary	Khayelitsha	1	1	0	0
38	Black	Female	26	Single	4	Primary	Khayelitsha	1	1	0	0
39	Black	Female	21	Single	2	No school	Khayelitsha	1	1	0	0
40	Black	Female	23	Single	3	High school	Khayelitsha	2	2	0	0
41	Black	Female	20	Single	3	High school	Khayelitsha	2	2	0	0
42	Black	Female	27	Single	2	High school	Khayelitsha	1	1	0	0
43	Black	Female	33	Single	2	Post matric	Khayelitsha	1	1	0	0
44	Black	Female	22	Single	2	High school	Khayelitsha	1	1	0	0
45	Black	Female	35	Married	5	High school	Khayelitsha	2	2	0	0

46	Black	Female	40	Single	2	Primary	Khayelitsha	1	1	0	0
47	Black	Female	44	Single	4	Post matric	Khayelitsha	3	3	0	0
48	Black	Female	39	Single	2	No school	Khayelitsha	1	1	0	0
49	Black	Female	50	Single	2	No school	Khayelitsha	1	1	0	0
50	Black	Female	51	Single	4	No school	Khayelitsha	1	1	0	0
51	Black	Female	23	Single	2	High school	Khayelitsha	1	1	0	0
52	Black	Female	23	Single	2	High school	Khayelitsha	1	1	0	0
53	Black	Female	27	Single	4	Post matric	Khayelitsha	3	3	0	0
54	Black	Female	54	Single	3	Primary	Khayelitsha	2	2	0	0
55	Black	Female	26	Married	3	Primary	Khayelitsha	1	1	0	0
56	Black	Female	29	Married	3	Matric	Khayelitsha	1	1	0	0
57	Black	Female	55	Single	5	No school	Khayelitsha	1	1	0	0
58	Black	Female	55	Single	3	No school	Khayelitsha	1	1	0	0
59	Black	Female	34	Single	3	High school	Khayelitsha	2	2	0	0
60	Black	Female	28	Single	3	High school	Khayelitsha	1	1	0	0
61	Black	Female	28	Single	4	High school	Khayelitsha	3	3	0	0
62	Black	Female	29	Single	4	High school	Khayelitsha	3	2	1	0
63	Black	Female	59	Married	4	No school	Khayelitsha	2	2	0	0
64	Black	Female	59	Married	4	No school	Khayelitsha	1	1	0	0
65	Black	Female	55	Married	4	Post matric	Khayelitsha	1	1	0	0
66	Black	Female	35	Single	2	Primary	Khayelitsha	1	1	0	0
67	Black	Female	24	Single	2	Matric	Khayelitsha	1	1	0	0
68	Black	Female	27	Single	2	Matric	Khayelitsha	1	1	0	0
69	Black	Female	28	Single	2	Primary	Khayelitsha	1	1	0	0
70	Black	Female	33	Single	4	High school	Khayelitsha	2	2	0	0
71	Black	Female	49	Single	3	No school	Khayelitsha	2	2	0	0
72	Black	Female	37	Single	3	High school	Khayelitsha	1	1	0	0
73	Black	Female	29	Single	3	High school	Khayelitsha	1	1	0	0

74	Black	Female	33	Single	3	Primary	Khayelitsha	2	2	0	0
75	Black	Female	33	Single	2	Primary	Khayelitsha	1	1	0	0
76	Black	Female	41	Married	3	Primary	Khayelitsha	1	1	0	0
77	Black	Female	56	Married	4	No school	Khayelitsha	2	2	0	0
78	Black	Female	42	Married	4	No school	Khayelitsha	1	1	0	0
79	Black	Female	29	Married	4	No school	Khayelitsha	2	2	0	0
80	Black	Female	50	Married	4	Primary	Khayelitsha	2	2	0	0
81	Black	Female	27	Single	3	Matric	Khayelitsha	1	1	0	0
82	Black	Female	26	Single	3	High school	Khayelitsha	2	2	0	0
83	Black	Female	19	Single	4	High school	Khayelitsha	1	1	0	0
84	Black	Female	19	Single	2	High school	Khayelitsha	1	1	0	0
85	Black	Female	19	Single	2	High school	Khayelitsha	1	1	0	0
86	Black	Female	26	Single	3	Matric	Khayelitsha	2	2	0	0
87	Black	Female	28	Single	5	High school	Khayelitsha	2	2	0	0
88	Black	Female	42	Single	4	Primary	Khayelitsha	2	2	0	0
89	Black	Female	44	Married	4	Primary	Khayelitsha	2	2	0	0
90	Black	Female	39	Married	4	Primary	Khayelitsha	1	1	0	0
91	Black	Female	50	Single	4	No school	Khayelitsha	3	2	1	0
92	Black	Female	55	Married	5	No school	Khayelitsha	2	2	0	0
93	Black	Female	56	Married	5	No school	Khayelitsha	2	2	0	0
94	Black	Female	40	Married	5	No school	Khayelitsha	1	1	0	0
95	Black	Female	37	Single	2	High school	Khayelitsha	1	1	0	0
96	Black	Female	22	Single	4	High school	Khayelitsha	1	1	0	0
97	Black	Female	24	Single	2	Matric	Khayelitsha	1	1	0	0
98	Black	Female	28	Single	2	High school	Khayelitsha	1	1	0	0
99	Black	Female	24	Single	3	High school	Khayelitsha	1	1	0	0
100	Black	Female	20	Single	2	No school	Khayelitsha	1	1	0	0
101	Black	Female	20	Single	2	High school	Khayelitsha	1	1	0	0

102	Black	Female	21	Single	2	High school	Graafwater	1	1	0	0
103	Black	Female	22	Single	2	High school	Graafwater	1	1	0	0
104	Black	Female	30	Single	2	Post matric	Graafwater	1	2	0	0
105	Black	Female	32	Single	2	High school	Graafwater	1	1	0	0
106	Black	Female	29	Single	2	No school	Graafwater	1	1	0	0
107	Black	Female	26	Single	2	High school	Graafwater	1	1	0	0
108	Black	Female	27	Single	2	Primary	Graafwater	1	1	0	0
109	Black	Female	51	Married	4	Post matric	Graafwater	2	1	1	0
110	Black	Female	39	Married	4	Primary	Graafwater	2	1	1	0
111	Black	Female	49	Single	3	No school	Graafwater	2	1	1	0
112	Black	Female	29	Single	3	Matric	Graafwater	2	1	1	0
113	Black	Female	29	Single	4	Matric	Khayelitsha	3	2	1	0
114	Black	Female	53	Single	5	Matric	Khayelitsha	2	1	1	0
115	Black	Female	26	Single	6	High school	Khayelitsha	2	1	1	0
116	Black	Female	44	Single	3	Post matric	Khayelitsha	2	1	1	0
117	Black	Female	63	Single	3	Primary	Khayelitsha	1	0	1	1
118	Black	Female	30	Single	2	Matric	Khayelitsha	1	0	1	1
119	Coloured	Female	64	Single	2	Primary	Graafwater	1	1	0	1
120	Coloured	Female	63	Single	3	Post matric	Graafwater	2	1	0	1
121	Coloured	Female	77	Married	6	No school	Graafwater	3	0	1	2
122	Coloured	Female	69	Single	2	No school	Graafwater	1	0	0	1
123	Coloured	Female	64	Single	3	Primary	Graafwater	2	1	0	1
124	Coloured	Female	64	Married	6	Post matric	Graafwater	1	0	0	1
125	Coloured	Female	66	Single	3	Primary	Graafwater	1	0	0	1
126	Coloured	Female	66	Married	5	Primary	Graafwater	2	0	0	2
127	Coloured	Female	63	Married	5	Primary	Graafwater	2	0	0	1
128	Coloured	Female	66	Married	4	Matric	Graafwater	2	0	0	2
129	Coloured	Female	65	Married	4	Matric	Graafwater	1	0	0	1

130	Coloured	Female	67	Single	4	Matric	Graafwater	3	1	1	1
131	Coloured	Female	66	Single	3	No school	Graafwater	1	0	0	1
132	Coloured	Female	62	Single	5	No school	Graafwater	1	0	0	1
133	Coloured	Female	63	Single	3	No school	Graafwater	2	1	0	1
134	Coloured	Female	67	Single	3	No school	Graafwater	2	1	0	1
135	Coloured	Female	69	Single	2	Post matric	Graafwater	1	0	0	1
136	Coloured	Female	70	Single	2	No school	Graafwater	1	0	0	1
137	Coloured	Female	76	Married	5	No school	Graafwater	2	0	0	2
138	Coloured	Female	69	Married	5	Primary	Graafwater	2	0	0	2
139	Coloured	Female	71	Married	4	Post matric	Graafwater	3	1	1	2
140	Coloured	Female	70	Single	5	No school	Graafwater	4	1	1	2
141	Coloured	Female	65	Married	5	No school	Graafwater	3	2	0	1
142	Black	Female	64	Single	6	No school	Khayelitsha	2	1	0	1
143	Black	Female	64	Single	4	No school	Khayelitsha	3	2	0	1
144	Black	Female	64	Married	5	Post matric	Khayelitsha	2	1	0	1
145	Black	Female	64	Single	2	No school	Khayelitsha	1	0	0	1
146	Black	Female	64	Single	2	No school	Khayelitsha	1	0	0	1
147	Black	Male	70	Single	2	Matric	Khayelitsha	1	0	0	1
148	Black	Male	69	Married	7	Primary	Khayelitsha	3	1	0	2
149	Black	Male	78	Married	5	No school	Khayelitsha	3	1	1	2
150	Black	Male	67	Single	2	No school	Khayelitsha	1	0	1	1
151	Coloured	Male	69	Single	3	Post matric	Graafwater	2	0	0	2
152	Coloured	Male	68	Single	6	Primary	Graafwater	2	0	0	2
153	Coloured	Male	68	Married	3	Primary	Graafwater	2	0	0	2
154	Coloured	Male	70	Married	4	Post matric	Graafwater	2	0	0	2
155	Coloured	Male	72	Single	4	Matric	Graafwater	1	0	0	1
156	Coloured	Male	73	Single	2	No school	Graafwater	1	0	0	1
157	Black	Male	49	Single	3	Post matric	Khayelitsha	2	0	1	0

158	Black	Male	47	Married	4	No school	Khayelitsha	1	0	1	0
159	Black	Male	33	Married	3	Primary	Khayelitsha	1	0	1	0
160	Coloured	Male	57	Married	5	No school	Graafwater	1	1	1	0

This table shows the demographics of all 160 respondents. The majority are single women in their 20s and 30s with low education levels, and the most received social grant is the CSG.

