

**AN EVALUATION OF THE ADMINISTRATION OF
SOCIAL GRANTS AS POVERTY ALLEVIATION
STRATEGY AT THE SEDIBENG DISTRICT
MUNICIPALITY**

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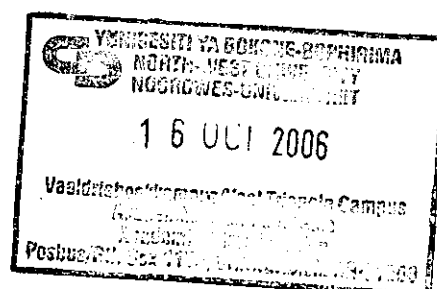
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ABSTRACT

AN EVALUATION OF THE ADMINISTRATION OF SOCIAL GRANTS AS POVERTY ALLEVIATION STRATEGY AT THE SEDIBENG DISTRICT MUNICIPALITY

This research is directed at investigating the extent and depth of poverty in South Africa, with special reference to poverty in the Sedibeng District Municipality.

A literature survey that explores the symptoms and causes of the phenomenon reveals the nature, extent and distribution of poverty in South Africa. This informed the study on the percentage of impoverished South Africans who depend on poverty alleviation through social grants in the form of old age pensions, disability grants and maintenance grants.

An empirical investigation was used to investigate social grants as poverty alleviation strategy and evaluated the effectiveness of the administration thereof. Two self-developed questionnaires were completed by twenty respondents, which included ten clerks and ten beneficiaries of social grants.

Recommendations for further research and the implementation of findings are made, *inter alia*, the need for more pay points especially in the location where it becomes difficult for beneficiaries to travel long distances to receive their grants.

OPSOMMING

Hierdie navorsing word gefokus op 'n ondersoek van die omvang en diepte van armoede in Suid Afrika, met spesiale verwysing tot armoede in die Sedibeng Distrikmunisipaliteit.

'n Literatuurstudie sal die aard, omvang en verspreiding van armoede in Suid Afrika blootle en in gaan op die simptome en oorsake daarvan. Dit sal aan die studie inlidting verskaf oor die persentasie verarmde Suid Afrikaners wat staat maak op armoede – verligting deur middle van welsynstoelae in die vorm van ouderdomspensioene, ongeskikkheids toelae en onderhoudstoelae.

'n Empiriese ondersoek sal ingaan op welsynstoelae as alimentasiestrategie en die geslaagdheid van die administrasie daarvan evalueer. Twee self-ontwerpte vraelyste sal deur twentig respondente ingevul word: tien klerke en tien begunstigdes van welsynstoelae.

Aanbevelings sal dan gedoen word vir verdere navorsig en die implementering van die bevindinge.

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CHAPTER 1

INTRODUCTION, ORIENTATION AND PROBLEM STATEMENT

Key words: welfare organization, social grants, social assistance, dependant, administration, poverty alleviation, Integrated development plan, living standards, development survey, South African Labour and Development Research Unit.

1.1 Orientation and problem statement

The *Social Assistance Act* (Act No. 13 of 2004) was designed to consolidate legal requirements and provisions and to create uniform norms and standards for social assistance in South Africa. The principal objective of the Act is to provide for the financing of social assistance, to provide for the administration and payment of social grants and to make provision for social grants and assistance, as well as to determine the qualification requirements thereof (Act No. 13 of 2004).

The drive towards providing for the administration of social assistance and for payment of social grants is to ensure that minimum norms and standards are set for the delivery of social assistance and to provide for social security. The Department of Social Development and state law advisors are of the opinion that the procedures contemplated in section 76 of the *Republic of South Africa Constitution* (Act 108 of 1996) are followed, since the Act falls within the functional area listed in schedule four of the Constitution, namely Welfare Services (Department of Social Development. 2003b).

The Report of the Committee of Inquiry into a comprehensive system of social security in South Africa (generally referred to as the "Taylor Report") has estimated that between 20 and 28 million South Africans are currently living in

poverty, depending on which poverty line is used (Statistics South Africa, 2002:29). This corresponds to between 45 and 63 Percent of the South African population. South Africa's social security assistance system provides income support in the form of grants to more than 5 million poor South Africans. The largest program in rand terms is the State Old Age Pension, which provides grants to more than 1,9 million poor pensioners. The Child Support Grant has the largest number of beneficiaries, currently providing grants to 2,2 million children. The Disability Grant is the second largest program in rand terms, and the HIV/AIDS is third largest in terms of the number of beneficiaries. Other grants include the Foster Care Grant, the Care Dependency Grant, the War Veterans Grant and the Grant in Aid. It has been estimated, however, that only 43 Percent of the people eligible for grants actually receive them (Casseim & Streak, 2001:23).

Social security has a vital role to play in poverty alleviation and ensuring that everyone has a minimum income to meet their basic needs. In the South African context of deep poverty and inequality inherited from the past, social grants in the form of old age pensions, disability grants and maintenance grants represent a vital lifeline to millions of poor people until the effects of longer term development strategies can be felt (ANC TODAY, 2003:22). A policy commitment to ensuring "comprehensive social assistance to those without other means of support" has been made in the White Paper for Welfare, which affirms that no-one "should have to live below minimum acceptable standards (Bauman, 2004:12; Devereux, 2000:17).

Poverty in South Africa is caused by a lot of factors including the high rate of unemployment. The unemployment problem in South Africa is a very complex one and a great deal of controversy exists concerning the reliability of available data and therefore of the real level of unemployment in South Africa. According to the expanded definition of unemployment, it includes all persons who are actively looking for a job, but who are not in any type of employment. The

unemployment rate in South Africa ranges from a low of 6,6 percent and 6,7 Percent during the sixties and early seventies to 8,4 Percent in 1980, 12,4 Percent in 1985, 19,4 Percent in 1991, 29,6 Percent in 1993 and 32,6 Percent in 1994 (Arrighi, 2004:11). The latest official unemployment rate is 29,3 Percent, which implies that unemployment in South Africa has more than doubled over the past decade. This official unemployment rate implies that approximately 4,2 million economically active persons are without a formal or informal employment opportunity, in other words without any form of income opportunity at all (EPRI, 2004:10).

According to the Department of Social Development (2003c:6), the present social security legislative framework, strives continuously to ensure that its administration provides allocated funds to all provincial municipalities as stipulated in section 32 (1) of the Constitution (Act 108 of 1996)

The specific needs of the people who apply for grants must be addressed and met. Applicants who are turned down or disqualified should be dealt with properly and the concern must have access to reasons as to why they are unsuccessful or do not qualify. Otherwise the aims of Social assistance Act & Social Development will be distorted and a contrary to section 32 (1) of the Constitution (Act 108 of 1996) about grants for those deserving assistance from State.

With regard to physical facilities, pension pay-out points are often based in unsympathetic environments, especially in rural and disadvantaged areas. Factors such as lack of shelter, inaccessible buildings, unsafe environments and long queues add to a sense of dehumanization and disempowerment. There are no facilities such as toilets at the pay points, in winter the aged are exposed to the cold and in summer they stand for hours in the rain, waiting for meagre grants. Incidents have been reported of pensioners who had been standing in queues for more than ten hours, who collapsed and died (Monkman, 2003:19).

According to Woolard and Burger (2005:3), government provides social assistance grants to more than 4 million beneficiaries a month to all Municipalities including Sedibeng District. The Sedibeng District Municipality pay the grants with money received from the National Government. However, failures in service delivery have drawn national attention to the improvement of the Municipality administration Department social services system. Budlender (1999:32) states that continual under-budgeting, litigation and the undignified treatment of beneficiaries threaten attempts at improving delivery. Growth rates of new beneficiaries have not always kept pace with population growth and provincial Municipalities "including Sedibeng District Municipality" have not approved and paid new applicants when they run out of funds (ANC, 2002b:13).

An overall growth in provincial municipalities take-up of new beneficiaries was a modest 1 Percent. The majority of this is attributable to child support grants with little or no growth in other grants. In some provincial municipalities such data reflected a growth of minus 6 Percent in the light of government's effort to address the scourge of poverty. Access to grants calls for intervention and a combined strategy by the relevant government departments and social sector role players (THE PRESIDENCY, 2003:8).

It is postulated that the main problems experienced in rolling out and disbursing social grants are:

- Lack of capacity in the provincial municipality departments . Due to large numbers of beneficiaries of especially the disability and the Child Support Grants, staff are unable to cope with the workloads (Van der Berg & Louw, 2003:38);
- Lack of proper training of municipality administrators. The national Department of Social Development made specific mention of the fact that most provincial municipality Staff do not have the skills required to budget

adequately for grants (ETC, 2005:12);

- Lack of a performance management system for staff in SDM; and
- Generally low staff morale as officials struggle to deal with the workload (Hirsch, 2004:25).

1.2 RESEARCH QUESTIONS

The above argument raises the following research questions:

- What is the extent of poverty and inequality among South African communities, with specific reference to poverty in the Sedibeng District Municipality ?
- What are the procedures for social grant administration in the local government sphere in Sedibeng District Municipality ?
- How effective are the procedures in Sedibeng District Municipality ?
- What factors hinder the smooth and efficient administration of social grants in Sedibeng District Municipality ?
- What recommendations can be offered to add value to improving administration of social grants at Sedibeng District Municipality (SDM)?

1.3 OBJECTIVES OF THE STUDY

The objectives of this research are to:

- analyse the extent of poverty and inequality in South Africa with reference to poverty in the Sedibeng District Municipality;

- determine the role of social grants in alleviating poverty among beneficiaries in Sedibeng District Municipality (SDM);
- investigate the current effectiveness of social grant administrators in administering social grants in Sedibeng; and
- provide recommendations based on research findings for government action.

1.4 HYPOTHESIS

The following has been drawn as a theoretical statement:

The present social security administrative framework and allocation systems tend to be punitive and insensitive to the specific needs of the people who apply for grants and organisational reform is required to alleviate pitfalls.

1.5 METHODS OF INVESTIGATION

Both literature and empirical research methods have been used in this investigation.

1.5.1 Literature Review

Current international and national journals, articles, dissertations, and reports written by researchers, and Acts pertaining to the administration of social grants were reviewed. Catalogues of books from the North-West University and electronic databases were consulted. The above literary works form part of the primary sources to be consulted. Books on social grants serve as secondary sources.

1.5.2 Empirical Research

In addition to the literature study, data were collected by means of questionnaires. These data were analysed and interpreted.

The research was conducted as follows:

Permission was obtained from the Sedibeng District Municipality to conduct this research. In a sample of municipal offices under their jurisdiction the researcher personally visited these offices to deliver and collect the questionnaires. Semi – structured interviews were conducted with relevant officials in the local municipalities of Emfuleni, Lesedi and Midvaal specifically - municipal managers and departmental managers on social grants administration was the nucleus. The purpose of the interviews was to obtain the view of managers on their role and function in alleviating poverty and inequality in the new dispensation, as well as on the adequacy of the policy.

A self-developed questionnaire was designed by the researcher to measure the effectiveness of municipality managers and officials in administering social grants in their areas. A self-developed questionnaire was used because a standardized questionnaire relevant to the study in question could not be found. Only internationally developed questionnaires were available and were not appropriate for the problem statement of this research. A further sample of target groups being interviewed comprised ten beneficiaries of social grants and ten clerks.

1.6 POPULATION AND SAMPLE

All beneficiaries of social grants and clerks working for Social Development were initially considered as target population. Since there are a large number of beneficiaries in the area, which would take a long period to cover and would have unaffordable financial implications, it was decided to limit the population to twenty

respondents (n=20), made up of ten clerks (n=10) and ten beneficiaries (n=10) comprised of eight respondents who receive child support grants, one pensioner and one war veteran.

1.7 STATISTICAL TECHNIQUES

To determine the effectiveness of municipality administrators in administering social grants, the data obtained from the target population was analysed using the SAS program in consultation with the Statistical Consultation Services of NWU.

1.8 OUTLINE OF CHAPTERS

The provisional structure of the dissertation to be undertaken will be as follows;

Chapter 1: Introduction, orientation and problem statement

Chapter 2: Theoretical exposition of poverty and inequality in South Africa

Chapter 3: Provision of social grants as poverty alleviation strategy

Chapter 4: Empirical research on effectiveness of administration of social grants

Chapter 5: Research analysis and interpretation

Chapter 6: Summary of findings conclusions and recommendations

1.9 CONCLUSION

This chapter provided orientation on the research in terms of the statement of the problem that explores the extent and depth of poverty in South Africa, with special reference to poverty in Sedibeng District Municipality. Sedibeng people depend on social grants as a minimum source of their standard of living. The aims of the research, the methods of research and the program of research is to investigate social grants as poverty alleviation strategy and evaluate the effectiveness of the administration thereof.

In the next chapter a theoretical exposition of poverty and inequality in South Africa will be discussed.

CHAPTER 2

THEORETICAL EXPOSITION OF POVERTY AND INEQUALITY IN SOUTH AFRICA

2.1 INTRODUCTION

The most serious economic development problems facing South Africans, are large scale unemployment, poverty and inequality. In South Africa, it is estimated that more than 40 Percent of the population live in abject poverty. In attacking poverty in post apartheid South Africa, the country's new government adopted a multiple approach focusing on building institutions and organisations On macro regional and local – levels to facilitate growth, reconstruction and social upliftment. These include the ‘ Growth, Employment ,Social Security Redistribution” macro economic strategy of 1996, the declaration and Social development in terms of Social grants as poverty alleviation strategy at the Sedibeng District Municipality to address spatial inequalities. .A combination of lavish wealth and abject poverty characterises our Society “(Carter & May, 2001:28; Galbraith, 2002:13).

This chapter examines the nature, extent and distribution of poverty in South Africa. It explores symptoms and causes of poverty, poverty and unemployment, the roots of inequality in South Africa, land, labour, capital, educational technology, capitalism and the African debt which are significant in this study. First and foremost, poverty is defined and analysed.

2.2 Definition of poverty

In this discussion, poverty is seen as the “inability of individuals, households or entire communities to command sufficient resources to satisfy a socially acceptable minimum standard of living” (Bhorat & Poswell, 2003:35). This

inability brings about a lack of opportunities to lead a life of quality. Poverty is simply defined as a condition of unacceptable human deprivation (Du Toit, 2004:31). Complexity enters the definition when the concept of 'deprivation' has to be more fully described. The complexity is driven by the fact that different people and institutions view poverty in different ways. Poverty can also be defined at various different levels, from national poverty through to household or individual poverty, each level requiring its own unique intervention strategy (Van der Berg & Louw, 2003: 21). A useful definition that describes the border of poverty is that of a 'competent' household (Sefton, 2002:23). This definition states that a 'competent' household is "a household which can command sufficient resources to supply its own needs for nutrition, shelter, health and education and have enough of a surplus to contribute to the welfare of the community at large". A household that cannot achieve this state is considered to be in poverty. This definition combines both the intangible and tangible aspects of poverty (Van der Berg & Louw, 2003:55; Meth & Dias, 2004:10).

2.3 Nature, extent and distribution of poverty in South Africa

Quantitative analysis of the extent of poverty in South Africa more or less agrees that the poverty rate (percentage of individuals classified as poor) generally varies between about 40 and 50 Percent. Provincial, population group, gender and urban-rural differentiations are also generally noted. The very poor particularly include African-headed, female-headed and rural households. Regarding older persons and in terms of the results of recent analyses of national datasets, and based on a poverty line of a monthly expenditure of R800 per household, an estimated 25 Percent of all people of 50 years or older may be said to be living in households earning less than half the poverty line (Roberts, 2001:19; May, 1998:37).

In line with the report commissioned by the South African Inter-Ministerial Committee for Poverty and Inequality and the World Bank, this study recognizes

the multidimensional and dynamic nature of poverty. It views poverty generally as the "inability of individuals, households or entire communities to command sufficient resources to satisfy a socially acceptable minimum standard of living" (Bhorat & Poswell, 2003:28). According to the United Nations development reports, poverty entails more than low income or expenditure; it subsumes the issue of individuals and households being denied "opportunities and choices most basic to human development to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and respect from others" (Statistics South Africa, 2003:54). Although different definitions of poverty are used, recent quantitative analyses show that the poverty rate (percentage of individuals classified as poor) in South Africa generally varies between about 40 and 50 Percent (Woolard & Burger, 2005:17).

Though conceptually not without limitations, estimates of the extent and distribution of poverty generally use a consumption-based poverty line or threshold and, in particular, a threshold that relates to monthly household expenditure reflected in monetary terms (Hoogeveen & Ozler, 2004:35; Statistics South Africa, 2002:2). Whereas a monthly household expenditure of R800 (or about \$114 per month at an exchange rate of R7) is frequently used to define the poor, Statistics South Africa uses a somewhat higher threshold when analysing the extent and distribution of poverty in South Africa. In its 1995 survey data: a monthly household expenditure of R600 and less defines the very poor and a monthly household expenditure of R601-R1 000 the poor (Statistics South Africa, 2002:59). In terms of this distinction, Statistics South Africa (2003:65) showed that 17 Percent of households in South Africa were very poor and 25 Percent were poor at the time of the 1996 national census. Provincial, population group, gender and urban-rural differentiations were also noted. The very poor particularly included African-headed, female-headed and rural households. In terms of provincial differences, the Free State had the largest proportion of very poor households (39 Percent), followed by the Eastern Cape (33 Percent), Northern Cape (22 Percent), North West (20 Percent), Limpopo (16 Percent),

Mpumalanga (13 Percent), KwaZulu-Natal (13 Percent). Gauteng (6 Percent) and the Western Cape (5 Percent) had the smallest proportions of very poor households (IDASA, 2000:13). Based on results of the 1998 and 1999 October Household Surveys of Statistics South Africa, and using a poverty line of a monthly expenditure of R800 per household, Lee and Woolard (2003:13) suggest that an estimated 11 658 000 people were living in households earning less than half the poverty line in 1999; 1 347 000 (12 Percent) were 50 years or older and 43 000 were 84 years or older. Among all people 50 years or older, 25 Percent were estimated to be living in households earning less than half the poverty line. They also estimate the proportions in different age groups within various monthly household expenditure categories in South Africa as follows:

Table 2.1 Poverty rate (%) in South Africa by age

Poverty measure	Not old	50-63 years	64-73 years	74-83 years	84+ years	Total
0.5 of poverty line	28.0%	25.5%	24.8%	23.5%	25.1%	27.65
Poverty line	30.0%	27.4%	32.4%	31.2%	29.7%	29.9%
1.5 of poverty line	14.2%	13.7%	13.7%	14.0%	13.4%	14.2%
Twice the poverty line	7.2%	7.7%	6.8%	7.1%	7.7%	7.6%
More than twice the poverty line	20.1%	25.7%	22.4%	24.1%	24.1%	20.7%

Source: May (2003:21)

Most of the poor live in rural areas. While 50 Percent of the population of South Africa is rural, the rural areas contain 72 Percent of those members of the total population who are poor. The poverty rate (which is the proportion of people in a particular group or area falling below the poverty line, and which measures how widespread poverty is) for rural areas is 71 Percent. The poverty gap (which is the annual amount needed to uplift the poor to the poverty line by means of a perfectly-targeted transfer of money, and which measures how deep or intense

poverty is) was about R28 billion in 1995, and 76 Percent of this was accounted for by the rural areas (Aliber, 2003:75; Kingdon & Knight, 2004:391).

Poverty is distributed unevenly among the nine provinces. Provincial poverty rates are highest for the Eastern Cape (71 Percent), Free State (63 Percent), North-West (62 Percent), Northern Province (59 Percent) and Mpumalanga (57 Percent), and lowest for Gauteng (17 Percent) and the Western Cape (28 Percent). Poverty is *deepest* in the Eastern Cape, Free State and Northern Province, which together make up 36 Percent of the population, but account for 51 Percent of the total poverty gap. Poverty is not confined to any one-race group, but is concentrated among blacks, particularly Africans: 61 Percent of Africans and 38 Percent of coloureds are poor, compared with 5 Percent of Indians and 1 Percent of Whites. Three children in five live in poor households, and many children are exposed to public and domestic violence, malnutrition, and inconsistent parenting and schooling. The child risk of poverty varies widely per province: in the Eastern Cape 78 Percent of the children live in poor households, compared with 20 Percent in Gauteng (Budlender, 1999:33; Department of Social Development, 2003a:5; Woolard & Burger, 2005:12).

Table 2.2. Poverty indicators per province

Province	No. of poor persons (million)	% population in poverty	Poverty gap (R billion)	Share of poverty gap
Eastern Cape	4.6	72%	14.8	18.2%
Free State	1.8	68%	5.9	7.2%
Gauteng	3.7	42%	12.1	14.9%
KwaZulu-Natal	5.7	61%	18.3	22.5%
Limpopo	4.1	77%	11.5	14.1%
Mpumalanga	1.8	57%	7.1	8.7%
North West	1.9	52%	6.1	7.5%
Northern Cape	0.5	61%	1.5	1.8%
Western Cape	1.4	32%	4.1	5.0%
South Africa	25.7	57%	81.3	100.0%

Source: UNDP (2004:13)

2.4 Symptoms and causes of poverty

The concept of economic poverty has been briefly defined as the inability to attain goods and services considered essential to human well-being. Although poverty is a global phenomenon, the situation in South Africa is fairly unique in that colonialism and apartheid shaped the present poverty and opportunity configurations along racial lines. Disadvantaged groups in rural South Africa have been left with fewer resources, including land, lower levels of education, and spatially divided households due to the need for external incomes (Aliber, 2003: 6). Dollar and Kraay (2001:24) summarise the main symptoms of poverty as:

- (a) **Low levels of income.** They report that eight million of the 42 million people living in South Africa were surviving on less than \$1 per day, and 18 million were living on less than \$2 per day, in 2002. Due to low levels of economic wealth. Economic wealth derives from assets that can generate income, capital gains or liquidity when needing money. Assets like oxen play an insurance role in the event of adverse shocks (such as drought or the loss of a wage worker or pensioner), helping to smooth consumption in areas where households do not have access to efficient insurance and credit markets (Fedderke, Manga & Pirouz, 2003:15). Studies in rural Ethiopia show that after the debilitating effects of drought, households deplete their livestock herds and consume their seed stocks (asset de-accumulation) to postpone malnutrition and disease (Damane, 2005:18).
- (b) **Low levels of health.** High levels of morbidity and infant mortality are often the result of poor nutrition and inadequate health care. In South Africa, AIDS has compounded these problems. It is projected that the AIDS death toll will top 5.5 million by 2011 (Terreblanche, 2002:15). In 2001, South Africa's infant mortality rate was more than ten times higher than the rate in high-income countries, and average life expectancy had

fallen to 47 from 61 years in 1998 (WORLD BANK, 2001:1).

- (c) **HIV / AIDS.** The combination of poverty, natural disasters, violence, social chaos and the disempowerment status of women facilitates the transmission of HIV. Conversely, the illness increases the risk of a household or individual becoming impoverished, and lowers the general level of health in communities because of its close relationship with other communicable and poverty-related diseases such as tuberculosis (Department of Health, 2001:21). Over and above the fact that Africa as a continent and South Africa in particular are struggling in terms of debt, underdevelopment of its economy, education and technology, it is the worst hit by HIV/AIDS pandemic. The latest national survey of HIV prevalence among women attending antenatal clinics in October / November 1996, found that an average of 14 Percent of pregnant women were HIV- positive, giving a total estimate of over 2.4 million HIV-infected people in South Africa (Abdool, 2005:12). Concerning the economy impact research shows that where a family member has AIDS, the average income falls by as much as 60 Percent, expenditure on health care quadruples, savings are depleted and families often go into debt to care for the sick. Other studies have suggested that food consumption may drop by as much as 41 Percent in orphan households (Ababio, 2005:13). Asset-selling to pay for health care, loss of income by breadwinners and funeral costs may deplete all household reserves, as well as savings. Migration has been identified as an important family and community coping mechanism in the face of the HIV/AIDS pandemic (Piwoz & Peble, 2000:10; Kelly, 2000:34). This is especially so in South Africa where there is aggravation by stigma and discrimination. Migration occurs for several reasons and people move both within and between rural and urban areas. Some identified forms of migration include going home to die, rural widows moving to town to seek work or help from relatives, and potential caregivers and dependants moving between kin households to achieve

the most optimum care arrangements for all concerned. Children are frequently relocated. Adolescents are particularly affected by migration, as girls are sent to help out in other households or children are encouraged to try and fend for themselves by working, including prostitution (Barnett & Whiteside, 2002:13; Campbell, 2003:26, Hunter, 2005:4).

- (d) **Poor standards of housing.** Inadequate housing in urban townships and rural settlements has reached crisis proportions in South Africa, with some seven million people estimated to be living as squatters (Evaratt, & Zulu, 2001:28). However, it is not only the type of dwelling (formal versus informal) that is important, but also the density of occupation, what the dwelling is constructed of, and whether or not sanitation is hygienic and water is safe to drink (May, 1998: 24). In 1999, only 47 Percent of the poor in South Africa had access to laid on water and 38 Percent to adequate sanitation (Mosley, 2004: 3).

2.4.1 Causes of poverty

The main causes of poverty appear to be associated with:

- **Location:** This problem manifests in poor natural resources and high transaction costs in remote areas where physical infrastructure and services are inadequate (Makgetla, 2004:12).
- **Proneness to income shocks:** Income shocks are more frequent and severe where people have poor access to health care and rely on agriculture for livelihoods (Mosley, 2004:12). Farming is particularly vulnerable to natural disasters such as drought, floods, pests and disease.
- **Institutional failures:** Insecure property rights and weak regulatory and enforcement systems raise transaction costs and reduce both the incentive and ability to use assets properly (Poswell, 2004:3).
- **Gender discrimination:** Unskilled women usually earn lower incomes than unskilled men who have greater physical strength for manual work

and often face higher transaction costs in credit and other markets due to their lower social standing (Lopez, 2004:22). This leads to lower earning capacities for households with a high proportion of females and reduced opportunities for female-headed households. Gender discrimination is also evident in education. A recent study of 41 countries shows that parents who cannot afford to enrol all their children for school tend to enrol males ahead of females (Magubane, 2004:24). According to World Bank (2001: 23), direct discrimination on the basis of race and gender constitutes one of the major barriers for vulnerable groups in the labour market. Discrimination occurs at two levels: within the labour market and outside the labour market. Among the working poor, very little internal labour market discrimination is experienced, except possibly among workers in the mining industry. The primary form of discrimination against the working poor is discrimination outside the labour market: the working poor are generally confined to certain occupations because of inadequate access to education and training, locational disadvantages and class background. The inequality and discrimination faced by the working poor manifest in the inability to access more secure, well paying jobs that offer the opportunity of upward mobility in the long term (May & Woolard, 2005:13).

- **Human capital:** Unemployment levels are highest among people who lack education (Streak, 2004: 3). In South Africa, almost 60 Percent of the adults with no formal education are poor, whereas the incidence of poor people is 15 Percent among matriculated and just 5 Percent among those with tertiary education (Bhorat & Hodge, 1999:9).
- **Social capital:** This incorporates concepts such as “trust”, “community” and “networks” that indicate faith in safety nets provided by family, community and government. Social capital is sometimes approximated by measures of trust in government, voting trends, participation in civic organizations, donations and voluntary work. In a large-scale survey of social capital in Tanzania, Carter and May (1999: 18) found that village-level social capital raised household incomes. Of course, the distinction

between causes and symptoms of poverty is seldom clear-cut. For example, low levels of income today may cause low levels of education tomorrow (Deininger & May, 2000:36). Treating the symptoms of poverty may therefore go beyond short-run improvements in living conditions. In addition, it is not possible to observe all of the potential causes of poverty in a small cross-sectional study such as this one.

- **Colonialism and imperialism:** According to Leibbrandt, Woolard and Bhorat (2000:21), imperialism is an old form of state behaviour and can be found in all ages. Its characteristics vary, as do the motives, which lead states to undertake imperialistic expansion. Imperialism is the extension of the power and influence of a nation or state over other nations, territories or groups of people. Africa was hard hit by imperialism as Western countries looted and plundered in Africa. African countries have been subjected to Western countries up until the 20th century. During this time these countries could not govern or develop their economy the way they wanted to as they were under the rule of other countries. The period under review (1884-1960) was when African colonies had no say in the determination of their own fate, no control over their own resources and were obliged to live with whatever political institutions their political masters in Europe imposed on them (McCord, 2003:175; Murray, 2001:17).

Terreblanche (2002:170) argues that the worst aspect was that when there was war in Europe, Africans were drafted to fight without knowing exactly what it was they were fighting or dying for. And when in the 1960s, most African countries gradually began to achieve their independence, they inherited several depleted natural resources and economies that were contrived almost entirely for the benefit of the former colonial masters (Klasen, 1997:13).

The West began to take advantages of the African workers even before

colonial rule was established. The Atlantic slave trade transported up to 5 million people from Africa to work on the plantations of the Caribbeans and the Americas, and more people died in the process of capture, or during transit (Atkinson, 2004:15). Populations in parts of Africa as well as their local political and social formations were devastated (Pillay, 2004:4). People whose labour could have advanced the development of African economies and societies were, instead, forced to contribute to capital accumulation elsewhere. Europeans had underdeveloped Africa by literally destroying its labour force (Sen, 1999:239; Meth & Dias, 2004:22).

Table 2.3 The potential problems created by colonialism inheritance

Arbitrary boundaries	Divided communities Internal ethnic competition Illogical territorial units Inappropriate economic units landlocked
Weak links between state and society	No shared political culture between state and society Unaccountable states Society disengaging from the state A deficit of legitimacy
Formation of a state elite	Strong associations between political office and personal wealth. Social mobility dominated by access to the state corruption and An exploitative bureaucratic bourgeoisie
The economic inheritance	Disadvantage in the International Economy Underdevelopment of human resources Over-reliance on exports Lack of public services Bias towards European
Weak political institutions	Fragile liberal democratic institutions

	without historical moorings
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Source: Sen (1999:123).

Prior to the Industrial Revolution, Africa was as advanced as any part of the world, with a combination of empires and village societies, economically viable for the time and location. The continent was first shocked by the slave trade with its own people as the slavers and industrialists as the customers thereof. With industrialism, the countries of Europe became competitors with one another in this lucrative trade, put up trade barriers against that competition and in need of both raw materials and new markets (Parnell, 2004:34). Africa was an obvious target for both. The transportation system of African ports and railroads, obviously financed and constructed by European industrialists to bring raw material out from the enclaves and market goods in the satellites, did not encourage interrelations among other African nations (UNDP, 2004:85)

The scramble for raw materials and markets might have culminated in the wars among the European powers, which might have enabled Africans to play them off against one another. But diplomacy closed that door in 1884-1885. The colonial powers of England, France, Germany, Spain, Italy, Portugal and, interestingly, King Leopold II, acting for himself rather than for Belgium, met in Berlin to divide up the continent (Du Toit, 2004:14). Pre-existing governmental structures and institutions and tribal relations were ignored in favour of which raw material, what surplus labour or what export opportunity was most coveted by the European nations. Even with the eventual end of the military colonialism after World War II, that pattern has never changed. Those indigenous leaders brought to power by the European imperialists became the neo-colonialists when the European political and military governors were driven out or withdrew, but Europe never lost its economic and cultural dominance of Africa (Galbraith, 2002:15).

It is undeniable that even in this time and age the western world continues to make conscious and deliberate efforts to exacerbate Africa's isolation in the

global economy. It is true that instead of helping Africa to recover from the adverse impact of their colonial domination, the West have sought ways to alienate Africa in terms of development by prescribing flawed experimental policies that have been made a precondition for aid. The point is that the Western powers are not seriously committed to helping Africa recover from the abject poverty that it was enmeshed in the following the decades of imperial domination and unprecedented asset-stripping that it was subjected to. This explains why they are not willing to write off Africa's debts or to pay reparations for slavery (Simkins, 2004:29; Sumner, 2003:17; Chossudovsky, 1998:293).

Weeks (2001:46) asserts that central to the idea of underdevelopment is that all states operated under a single global economic system. This has increasingly been the case with capitalism gradually coming to influence all societies around the world as the dominant method of economic exchange and production. Not all states are equal within this single international system, however. They are divided into two groups, there are those developed states at the core of western countries and the less developed countries on the periphery, largely the third world. The prosperity the west enjoys today has been founded on the exploitation of the peripheries (third world) (Delgado, 1998:23).

2.4.2 Poverty and Unemployment in South Africa

Poverty can be defined as the inability to attain a minimal standard of living, measured in terms of basic consumption needs or the income required to satisfy them (May, 1998: 24). It is conventional to draw a line reflecting the monetary value of consumption, which separates the poor from the non-poor in South Africa. This cut-off point can be defined by considering the poorest 40 Percent of households as poor, given the monthly household expenditure level of R353 per adult equivalent (World Bank, 2001:16).

Most of the poor people live in rural areas. While 50 Percent of the population of

South Africa is rural, the rural areas contain 72 Percent of those members of the total population who are poor. Unemployment is a significant contributor to poverty, and a broad definition of employment would include 30 Percent of economically active South Africans. Unemployment rates tend to be highest among Africans, in rural areas, among women and the youth, and among those with no previous work experience (McCord, 2004b:21).

There is a strong link between poverty and unemployment: using the broad definition of unemployment, there are six basic categories of unemployed poor, each requiring a different strategy from government in order to address their situation effectively:

- poorly educated rural unemployed constitutes 28 Percent;
- poorly educated urban unemployed 13 Percent;
- young unemployed with no labour market experience 36 Percent;
- long term unemployed with no labour market experience 6 Percent; and
- those with labour market experience and some educated 15 Percent and highly educated unemployed poor 1 Percent (Kingdon & Knight, 2004:25; Lewis, 2001:38).

Low paid labour in South Africa appears to have broken out of the long-term stagnation that characterized much of the 1970s and 1980s. It is still creating employment far too slowly to make a meaningful impression on unemployment (Lee & Woolard, 2003:20).

2.4.3 The roots of inequality in South Africa

Inequality in South Africa is rooted in military conquest and political exclusion which took a colonial and racial form and was buttressed by continuing repression of political and social organisation. Conquest began with the establishment in the 1650s of a Dutch shipping outpost on the southern tip of

Africa, which developed into the city of Cape Town (Terreblanche, 2002:70). Over the next two centuries, there was gradual expansion into the interior by the Dutch and then the British (who took over in the early nineteenth century), and defeated indigenous groups were not fully incorporated into colonial and settler societies, retaining considerable economic autonomy. The drive for political control of the region accelerated sharply after mineral deposits were discovered – diamonds in 1867 and gold in 1887 –and demand for unskilled labour rose. By the start of the twentieth century, contemporary South Africa and most of the neighbouring countries had been brought under British imperial control (ILO, 2002:91). Conquest culminated in the defeat of the Boer settler republics in 1902. The peace settlement inscribed racial discrimination in the foundations of the new South African state constituted in 1910 from the British colonies of the Cape and Natal and the Boer republics of Transvaal and Orange Free State. Conquest and political exclusion were the 'initial conditions' shaping black peoples' unequal access to resources, their potential for asset accumulation, and the returns from their assets (Leibbrandt *et al.*, 2000:18). Inequality was deepened by the pattern of economic growth and development after the mineral discoveries. The forced labour regime in mining established the migrant system and provided the foundation for racial discrimination in the labour market and in the workplace as the secondary and tertiary sectors developed (Kaplan, 2004:18).

Mineral surpluses were increasingly channeled to domestic industrial growth (rather than remitted abroad) from the First World War after shipping restrictions boosted manufacturing import substitution. In the 1920s, manufacturing development was the focus of policy: tariff barriers were introduced, large-scale iron, steel and energy works were established by the state to supply the mines, and foreign multinationals entered, seeking consumer goods markets among the white population (McCord, 2004a:18). Domestic output of labour-intensive consumer goods accelerated after 1933, when currency depreciation due to the international gold standard's collapse, and shipping disruptions during the Second World War, each provided effective trade barriers (UNDP, 2002:25).

After 1945, growth was led by the expansion of capital-intensive production for the domestic market of both consumer durables (autos, electro domestics) and heavy intermediate goods. In contrast to the east Asian economies where labour-intensive import-substitution followed by labour-intensive export-promotion contributed to higher employment rates and greater equality, South Africa (like other primary commodity exporters like Brazil and Argentina) opted for a domestic market focus on reaching the end of the first ('easy') phase of import substitution (World Bank, 2001:16). This strategy was linked to building domestic political support among the urban middle class and skilled industrial workers, that is, the urban White population in the South African case. Raising White living standards implied a widening racial gap, exacerbated by increasing capital-intensity and limited labour absorption, raising Black unemployment from the late 1960s (Terreblanche, 2002:24).

South Africa's resource base and strong mining export performance financed imports of *DfID – Inequality in Middle Income Countries: South Africa Case 19* investment goods, making strong long-run growth possible in the 1950s and 1960s, though with an unequalising impact between races. The fixed gold price in the Bretton Woods international monetary system was important for export revenue stability, in contrast to most other commodity exporters. State-owned heavy industry was critical in providing cheap inputs – energy, steel, transport – to domestic firms (Fields, *et al*, 2003:73). Nonetheless, when import substitution exhausted itself by the start of the 1970s, the manufacturing sector had not become internationally competitive: labour productivity was low because of the apartheid labour and education systems, while low effective protection on machinery and assembled intermediates limited backward integration into these sectors. As a result, import dependence in manufacturing was high, and the cost structure inflexible (Cousins, 2004:28). From the late 1960s, long-run manufacturing profitability began to falter, reflecting these supply-side problems. This was an important factor in the economic crisis and decline in long-run growth from the 1970s, which in turn was one of the impulses for the political

transition to democracy (Deininger & May, 2000:20). Before examining the 'crisis' and transition in more detail, there is an examination of the manifestation of inequality in relation to land, labour and capital, the factors of production.

2.4.3.1 Land

The Native Land Act (Act 27 of 1913) restricted land ownership for Africans to certain specified areas, mostly in the north and east, initially about 8 Percent of the country's land area, but extended to about 13 Percent in the 1936 Native Trust and Land Act. The balkanised 'reserves' thus demarcated by legislation laid the foundation for the 'Bantustan' system, in which rights of political representation for Africans were attached to these areas. Many Africans continued to live in rural areas reserved for Whites, as tenants and labourers on White farms, but also on their own land. From the 1960s, the government stepped up forced removals, moving nearly half a million people, but the attempt to shift all Africans into the 'Bantustans' did not succeed: "There never was a 'white man's country' in the sense [of] zones of numerically predominant white occupation, only in the sense that whites...exercised control" (Falkingham & Harding, 1996:14). In 1994, South Africa's land distribution was comparable in its inequality to...many Latin American countries [with] a similar history of European conquest and settlement. What sets South Africa apart...is the relative emptiness of much of its rural landscape....Rural villages, settlements, scattered farms and homesteads of farm labourers (World Bank, 2001:22). In the early 1990s, 67000 white farmers owned 85.8 million hectares amounting to 86 Percent of agricultural land, supporting a population of 5.3 million people or 16.2 hectares per rural resident. White commercial agriculture – producing 90 Percent of agricultural value-added – had developed on the basis of limited competition due to the restrictions on Black land ownership, and was further assisted by substantial state support from the 1930s on, via marketing boards, subsidised credit and generous rural infrastructure and extension services (Hall & Vink, 2004:11). By contrast, 13.1 million Africans lived in the bantustans on 17.1 million

hectares, less than one hectare per person. Though some black commercial farmers did emerge and survive, most farming was for subsistence, but was unable to meet needs – the Bantustans were net food importers. The World Bank concluded that the Bantustans “should be viewed as *DfID – Inequality in Middle Income Countries: South Africa Case* labour reserves, *not even* as the subsistence sector of a highly dualistic agricultural system” (World Bank, 2001:22). In the urban areas, the Group Areas Act of 1950 restricted property ownership rights to specified areas for Africans, as well as for Coloureds and Indians. Together with the migrant labour system restricting Africans’ movement into the urban areas, this contributed to severe housing shortages in the cities, and also prevented home ownership for Africans and limited collateral available for loans (Hall, Jacobs & Lahiff, 2003:39; Botha, 2004:11).

2.4.3.2 Labour

Political conquest enabled the large unskilled labour supply needed in the gold mines, where a strictly segmented labour market was put in place. Black male workers – many from other parts of Southern Africa – were forced into short-term migrant labour contracts providing little employment security, and housed in repressive single-sex compounds on the mines (Meth, 2004:29). Labour organisation was suppressed, often violently, and a strict colour-bar enforced in the occupational hierarchy. Labour systems in other industries were initially similar to these on the mines, but a settled semi-skilled urban African working class slowly evolved from the 1920s (McCord & Van Seventer, 2004:13). Consumption levels in urban African townships were initially at rural levels, and real incomes of urban Blacks grew very slowly. The colour-bar in manufacturing slowly floated upwards after 1945, as demand for semi-skilled labour increased and firms tried to lower labour costs. At the time, White women were moving out of the labour force and being replaced by African males, but White men continued to benefit from racially preferential recruitment policies introduced in the 1920s for low-skill public sector jobs (Oranje, 2002:23). Migration remained a

central feature of labour supply into the 1980s, shaping the gender balance within rural households and restricting black women's participation in the labour market. The statistics do not convey the social and individual consequences of migrant labour. Le Roux (1996:38) cite a few personal expressions from an early 1980s study of the migration system's impact on families: children of migrants going to town: "We find our fathers with concubines yet our mothers are starving"; wives of migrants: "For our husbands we are just their old-age home or their hospital"; and male migrants themselves: "In the towns we are just like water spilt on the ground" (Orange, 2004:36).

Though African urbanisation continued to be restricted via the draconian 'pass laws' which tied urban residential rights to employment, industrial growth meant that about one-third of Africans were urbanised by 1960. But rising capital-intensity meant African workers were not absorbed into urban employment in sufficient numbers, so that open unemployment began to rise from the 1960s, though it was managed politically via containment within the Bantustans (ILO, 2002:19). African trade unions were excluded from the official industrial relations system from the 1920s until 1979, though workers organized nonetheless and there were intermittent periods of strikes and union activity. White workers were incorporated into economic growth along similar lines as industrialised country workers after 1945, moving into skilled and supervisory positions with steadily rising real wages supporting suburbanisation and mass consumption of consumer durables produced in the domestic economy (Rama, 2001:4). Very favourable systems for *DfID – Inequality in Middle Income Countries: South Africa Case* collective bargaining, social welfare and provision of consumption subsidies and credit helped this process. A good indication of the pattern is car ownership which nearly doubled each decade from the 1940s to the 1980s: White car ownership per capita in the 1960s lagged behind only the US, Canada and Australia (Streak & Van der Westhuizen, 2004:31).

Access to labour skills was also racially defined. Church-based schools were

available to African children until the 1950s, when the apartheid government introduced 'Bantu education', focused on limited technical and vocational skills and instruction in the vernacular. Although the number of African children at school grew, they remained concentrated in the lower grades – between 1950 and 1960, for example, enrolment doubled, but the proportion in Grades 1-4 remained at 73 Percent (Taylor, 2002:6). Even after per capita spending on education increased from the mid-1970s, educational outcomes for Africans were still poor. In 1989, the African pupil: teacher ratio was 38:1 compared with 17:1 for Whites, while 52 Percent of teachers in the African school system were under-qualified. Not surprisingly, Africans' pass rate for the school-leaving examination was 41 Percent compared with 96 Percent for whites (Swinnen, 2005:13). At the post-secondary level, Blacks were excluded from established English-language universities from the 1950s, and admitted only to segregate 'bush colleges' set up in the 1960s. The role of education in poverty eradication is crucial. No country has succeeded if it has not educated its people. Not only is education important in reducing poverty, it is also a key to wealth creation (McCord, 2004b:39).

2.4.3.3 Capital

'Market forces' limiting Black access to finance were reinforced by legislation (McCord & van Seventer, 2004:20). The 1950 Group Areas Act explicitly restricted firm ownership by Blacks to specified areas in cities and towns, and later regulations prevented Black entrepreneurs from owning more than one business, from establishing companies or partnerships, or owning business premises even in 'Black' areas (Arrighi, 2004:9). African firms were further restricted to certain markets, only 25 activities – mainly retail supply of food and fuel – being allowed before the restrictions were partially relaxed in 1976. The spatial and racial restrictions on property ownership resulted in Blacks' lacking collateral to borrow for asset acquisition, and the risks of ownership were increased by the insecurity of urban residential and workplace tenure (Atkinson,

2004:16). As a result, there were very few Black South African firms in the medium-size category and in manufacturing – the capital structure had a missing component. Until the 1990s there were almost no large black-owned firms either (Bhorat & Hodge, 1999:28). A 1990 survey of two (broadly representative) urban African townships found that 70 Percent of firms were in commerce and trade, and only 17 % in manufacturing, about half the proportion found elsewhere in Africa. The average firm had only 2.1 employees, including the proprietor, family workers and trainees. More than half of the firms were younger than three years, and women ran 62 Percent of all firms, but only 43 Percent of manufacturing firms (Oranje, 2004:29).

2.4.3.4 Education - Technology

There can be no true development of any nature without education of and by African purposes. The basic issues for an educational policy designed to liberate Africans from their state of decency deal with the concept of man, his role in a special historical context and the right perspective on which to base education. This education must be centripetally oriented: based on local realities and directing its intellectual efforts towards the achievement of cultural freedom (Phillips, 2004:39).

A partial exception to this story is South Africa (and for a time Rhodesia) where the Europeans came to live and dominate, not just exploit from a distance. An important weapon in this colonial imperialism was imported education systems (Sen, 1999:48). These were designed to exalt the image of European societies, train a cadre of low level clerks and administrators to serve the needs (and ultimately become the neo – colonialists, though that was not the European intent) and shield from any intellectual or skills development those who were to be the wage slaves of the farms and mines (May, Carter, Haddad & Maluccio, 2000:38). For those of the latter who resisted conscription, either land was taken away or tax schemes were imposed to remove all alternatives. Relative lack of

technology at a time when modern science and machinery were transforming Western Europe, giving it power, dynamism and wealth, In Africa there was a great defect of pre-colonial Africa (ANC, 2002a:6). Its people were debilitated by the scourge of endemic fevers, especially malaria. Their strength in economic production was limited to muscle power Allied to these obstacles was the difficulty in much of the continent of making knowledge and experience cumulative (Kaplan, 2004:29). African culture was dismissed in some circles as uncivilized. The term civilization was used to refer to a stage of human culture characterized by writing and reading and an urban base in which there is a considerable use of technology, the operation of economic specialization, and a complex infrastructure of law and government (McCord, 2004a:19). As education enhances the earning potential of the poor, both in competing for jobs and earnings, this could not materialize as the education they were trained to work as unskilled labourers (Van der Berg, 2005:28).

2.4.3.5 Capitalism

Africa, a continent with virtually all the resources it takes for development, is the worst hit by hunger, starvation, armed conflicts, instability, displacement and abject poverty. Politicians, jockeying for the few resources left by the capitalist class, display the politics of hide and seek, repression and oppression. This is mainly because of the system, which encourages capital accumulation and profit seeking. The cumulative effect is flagrant corruption, deprivation, wastage and impoverishment, which intensify underdevelopment (Sumner, 2003:39).

Worst of all, as Africa is helplessly dragged into the global free trade championed by the International Monetary Fund and the World Bank, Africa's natural resources are further exposed to deep exploitation by international capitalism, which deteriorates the woes of the already impoverished African working class (Meth & Dias, 2004:16). Both capitalism and imperialism are perceived to be the major cause of the current underdevelopment in Africa. Capitalist development has tended to reinforce the exploitative dependence that enables

underdevelopment to persist. The fact remains that Africa will never witness any meaningful development under capital accumulation and market profit seeking which breed dissension, division, greed, selfishness, tribalism, ethnicity, chauvinism and the like (Rama, 2001:19).

2.4.3.6 The African debt

One major obstacle to Africa's development is the crippling debt that overhangs the continent. It has not been possible to speak of any significant measure of development for as long as Africans have had to allocate a lot of their lean resources to debt payments and servicing (Sefton, 2002:36).

Each Structural Adjustment Programme (SAP) was specifically tailored to the individual country concerned, but there were three universal pillars at the heart of all these programmes:

- lending was conditional on, development strategies firstly favouring agricultural production (Cousins, 2004:30);
- governments secondly operating more realistic trade and exchange rate policies; and
- the public sector thirdly being made more efficient with all of the above strategies imposed on African governments. It was a case of subjecting as many economic activities as possible to the discipline of the free market, rather than to central planning. In short, African states had previously enjoyed a virtual monopoly over economic activity, structural adjustment or the SAP strategy was about to eliminate this monopoly (Stilwell, 2005:28). The economic, social and political ramification of structural adjustment had widespread repercussions across the African continent, and these were not solely confined to the economic field. The Western requirement that African states change their economic policy had a major impact on the economic outcome of the continent's social and political processes as well (Streak & Van der Westhuizen, 2004:11).

The answer to the question as to why Africa is so indebted to the West lies in a combination of factors. Externally it is a product of the continent's declining in

terms of trade, the massive increases in oil prices and a rise in interest rates. Initially, African governments borrowed investment capital from the Western countries, which they thought could be repaid through future sales of primary produce. In fact, they mortgaged prospective harvests and mining output for funds to launch Africa's development process (Woolard & Burger, 2005:28). With African economies imploding under the burden of debts, something had to give. The African governments, including the South African government, were finding it increasingly difficult to raise new loans to service their previous borrowing. This meant that they were becoming more and more indebted to these countries, which lead to poverty and exacerbated social and gender inequality (Bhorat & Hodge, 1999:29). Each cent spent on paying public debts could be used in the urgent fight against poverty, illiteracy, malaria, AIDS and other wide-spread diseases, some of which could easily be cured (Lewis, 2001:24).

2.5 CONCLUSION

The extent and distribution of poverty, its symptoms and causes in South Africa, have been highlighted. It has been argued in this chapter that if more people live below the poverty line, more money will be needed for social grants.

In brief conclusion poverty in South Africa is described as a condition where not even a minimum acceptable standard of life can be maintained. An acceptable human deprivation brings inability and lack of opportunity to lead a life of quality. It is highlighted in this chapter that the nature, extent and distribution of poverty in South Africa particularly in Sedibeng District is prevalent because of the whole structure, nature and morality of a society which is profoundly affected. The extent of absolute poverty in South Africa, especially in Municipality district areas is disturbing and varies between 39 percent and 53 percent of the total population.

Chapter 3 focuses on the main strategies or approaches that government in South Africa has proposed to eliminate, alleviate poverty and balance the problem of inequality.

CHAPTER 3

PROVISION OF SOCIAL GRANTS AS POVERTY ALLEVIATION STRATEGY

3.1 INTRODUCTION

The social security grants system in South Africa plays a critical role in sustaining and enhancing the quality of life of over eight million citizens. Access to the various available forms of social assistance is both a constitutional right and a core aspect of government's poverty alleviation program (Barberton, 1998:36).

In this chapter, poverty and social grant administration, the impact of social grants on poverty alleviation, factors necessitating effective administration of social grants, main problems experienced in rolling out and disbursing social grants will be discussed and analysed. Policy implementation, policy impact, legislation and social grants will be reviewed. It is also imperative to discuss the performance measurement in the Public Sector.

3.2 POVERTY AND ADMINISTRATION OF SOCIAL SECURITY IN SEDIBENG MUNICIPALITY DISTRICT WITHIN SOUTH AFRICA

South Africa is characterised by extremes of wealth and inequality. Classified as a middle-income developing country, it has 'two nations' within it: a small number of very wealthy people, and a large number of very poor. There are various ways in which government through Local Government municipality may intervene to provide relief to the very poor, thereby helping them to build pathways out of poverty (ANC Today, 2004:24). In a very unequal society, the social security system through the Local Government at Sedibeng District Municipality can play a stabilizing role, and is also a Poverty alleviation mechanism and strategy for distribution. In South African local Government municipalities, social welfare policies and programs that provide for cash transfers, social relief and enabling

and developmental services ensure that people have adequate economic and social protection during times of unemployment, ill health, maternity, child-rearing, widowhood, disability, old age and so on (Bauman, 2004:28). Social welfare programs of this nature contribute to human resource development of Sedibeng municipality district and many others by enabling impoverished households to care for their members, especially children and those who are vulnerable. When such programs are combined with capacity building, people can be released from the poverty trap (Devereux, 2001:11). Social security payments play an important role in the household income of many of South Africa's poor. The South African government is committed to providing a comprehensive national security system, and its Growth, Employment and Redistribution Strategy (GEAR) recognizes the importance of a broad social security net comprising social payments and targeted welfare services. In all provincial Local Government municipalities including Sedibeng District. Social security, social services and related social development programs are investments, which lead to tangible economic gains and, in turn, to economic growth. Without such social investments, economic growth is compromised. Social security in South Africa is a right upheld by the constitution (Devereux, 2000:21; EPRI, 2004:18; Hirsch, 2004:9). Chapter 2 of the Bill of Rights notes in section 27 that: "Everyone has the right to have access to....(c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance, and

"The state must through Sedibeng District Municipality and others take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of each of these rights." Many South Africans are unaware of their rights to social security. As a result, the Black Sash, in collaboration with the Department of Welfare, recently published an easy-to-read booklet entitled " You and Social Grants: the social assistance regulations". The Social Assistance Act (Act No.13 of 1996), which deals with pensions and grants, sets out how these grants may be accessed, and regulations under this act have the potential to resolve past problems.

However, in the light of the report of the Lund committee on child and family support, further changes to the welfare system are likely. Until recently, 14 departments created for different population groups and homelands administered the welfare system. This resulted in fragmentation, duplication, inefficiency and ineffectiveness (Lewis, 2001:34). Each of these departments had its own procedures, style of work, approach and priorities. The White Paper for Social Welfare notes that the welfare system is faced by the challenge of devising appropriate and integrated strategies to address the alienation and economic and social marginalisation of vast sectors of the population which are living in poverty, are vulnerable, and have special needs. A further challenge, it states, is to address past disparities and the fragmentation of the institutional delivery of welfare services (Makgetla, 2004:16).

The establishment of one national department and nine provincial departments with their respective Local Governments Municipalities for social welfare, means that the opportunity now exists to build and sustain a uniform and integrated institutional framework. Roles and responsibilities are being clarified, and mechanisms put into place to ensure harmonious and effective working relationships (Mosley, 2004:50). Welfare is a concurrent national and provincial function; provinces through local Government municipalities have some discretion as long as they operate within the framework of national norms and standards (which are far from fully developed as yet). It seems almost certain that Sedibeng district municipality and many other municipalities in all provinces will soon no longer be responsible for grants, which will become a national competence. This is certain to lead to a more equitable distribution of benefits nationwide (Pillay, 2004:35). The roles of both the National department and the South African Social Security Agency will be discussed below.

3.2.1 The Role of National Departments

The National Department of Social Development and the National Treasury both assist provinces through Local Government municipality in rolling out and the disbursement of grants. The National Department of Social Development (DSD) provides the regulations to the local Government municipalities as well as norms and standards, for social service delivery. It plays an overall planning, coordination and control function (Sefton, 2002:6). It takes part in various intergovernmental forums where it identifies problem areas and proposes resolutions. The department engages with other key national departments, including Health, Justice and Home Affairs, to address various issues, especially those relating to eligibility criteria (Streak & Van der Westhuizen, 2004:28). It also aims at standardizing the application process and other processes across provinces and has standardized the training of social security staff through a Human Resource Development Strategy of a specific Municipality like it is with Sedibeng District Municipality. The department also maintains the Information Technology (IT) structure of the social security system (ANC, 2002b:13).

DSD has, however, been criticized for not providing enough support to provincial Local Government Municipalities social development departments. Some provincial Local Government Municipality like at Sedibeng District area are battling with the lack of guidance in the assessment of applicants, lack of co-ordination of grant administration across provinces, as well as inadequate IT systems (Carter & May, 1999:13). The National Treasury assists in the preparation of appropriate budgets for social security grant expenditure and administration. Specific activities include the development of tools for the projection of grant expenditure, as well as regular interaction with the Sedibeng District Municipality treasuries and departments of social development to monitor social grants management and administration, target numbers and expenditure pressures. The National Treasury is also involved in capacity building with regard to the preparation of financial reporting (Chase- Dunn, 1999:176).

3.2.2 The Role of Social Security in South Africa

In terms of the Social Security for South Africa (Act No,2002:18), the new entity is a Local national government agency that falls outside the public service regulatory framework and focuses exclusively on the management and administration of the grant delivery system. The legislation directs that the accountability for the payment of social assistance grants would remain with the Department of Social Development, but its role would change to that of service assuror, rather than provider (Frye, 2003:27). The Agency's national character would not prevent it from delivering services through regional structures such as Sedibeng District Municipality administrators and making optimal use of public private partnerships, although the business processes adopted by the agency would need to comply with norms and standards, and ensure equitable access (Haarman, 2001:13).

3.3 Factors necessitating effective administration of social grants

The impact of poverty on the population of South Africa is a propelling reason for Sedibeng District Municipality administrators of social grants to adopt an effective role in the provision of these grants. This is even more so in the light of how social grants alleviate poverty.

3.3.1 The impact of social grants on poverty reduction

Social grants reduce poverty by 66.6 Percent when the destitution poverty line is used as benchmark. The destitution poverty line is a measure of relative destitution based on the household expenditures of households in the lowest 20 Percent of the income distribution (Standing, 2003:16).

The research finding also shows that a 10 Percent increase in take-up of Old Age Pension reduces the poverty gap by 3.2 Percent, and full take-up reduces the poverty gap by 6.2 Percent (Statistics South Africa, 2003:11). The greatest

poverty-reducing potential lies with the progressive extension of the Child Support Grant. The extension of the CSG up to the age of 14 will yield a 57.0 Percent poverty gap reduction.

South African poverty statistics indicate that:

- 18 million people live below the World Bank poverty line per day (World Bank, 2003:17).
- approximately half the population lives in poverty. The poorest 20 Percent spend, on average' less than R100 per person per month (Aliber, 2003:11)
- about half the poor, including the poorest 10 Percent, have no access to social grants (Statistics South Africa, 2003:15; Lopez, 2004:56).
- between 1995 and 2000, the poorest 50 Percent of households' share of income dropped from 11,3 Percent to 9.7 Percent and the poorest 20 Percent dropped from 1.9 Percent to 1.6 Percent. In comparison, the wealthiest 20 Percent earned 65 Percent of the national income. South Africa remains one of the most economically unequal nations in the world (Leibbrandt, Woolard & Bhorat, 2000:31).
- between 60-70 Percent of the children live in poverty and 25 Percent of children under 9 have severe to moderate stunting (May, 2003:34)
- in 1996, 33 Percent of the working age adults were unemployed. The rate by 2001 had risen to 37 Percent and in 2002 to 41.8 Percent.
- government currently offers targeted social assistance to a total of 5 617 151 beneficiaries (Pillay, 2004:29).

3.3.2 The developmental impact of social grants at household-level

The findings of this study at Sedibeng District Municipality and in general with respect to the impact of social grants at household level show that grants increase school attendance and promote job searching. These findings are

consistent with international experience and studies of the social assistance programs in Brazil, Argentina, Namibia and Botswana (Roberts, 2001:31). Poverty and its associated consequences erode the opportunities for children and the youth to attend school, generating a vicious cycle of destitution by undermining the household's capacity to accumulate the human capital necessary to break through the poverty trap. The statistical evidence in this research report documents the extent to which poverty exerts a negative impact on school enrolment rates (Bhorat & Poswell, 2003:17).

The report shows that children in households that receive social grants are more likely to attend school, even when controlling for the effect of income. The positive effects of social grants on education are also greater for girls than for boys, helping to remedy gender disparities. The report also shows that both the State Old Age Pension and the Child Support Grant are significantly associated, in statistical terms, with improvements in school attendance (Carter & May, 2001:15).

Social grants at Sedibeng area are also effective in addressing the prevalence of hunger in many poor households. Spending patterns in households that receive social grants are more focused on basic necessities like food, fuel and housing than they are on other items. All the major social grants - the State Old Age Pension, the Child Support Grant and the Disability Grant - are significantly and positively associated with a greater share of household expenditure on food (Devereux, 2000:39). This increased spending on food is associated with better nutritional outcomes. Significantly, households that receive social grants were found to have lower prevalence rates of hunger among young children than households with similar levels of income that did not receive grants (Du Toit, 2004:87)

3.3.3 The labour market impact of social security grants

The study also explicitly examines the impact of social grants on labour market participation, employment success and the realised wages of workers in

households receiving social grants (Bhorat & Hodge, 1999:17). While statistical analysis cannot prove causation, the empirical results are consistent with the hypotheses that:

- social grants provide potential labour market participants with the resources and economic security necessary to invest in high-risk / high-reward job search (McCord, 2003:19);
- living in a household receiving social grants is correlated with a higher success rate in finding employment; and
- workers in households receiving social grants are better able to improve their productivity and, as a result, earn higher wage increases (Frye, 2003:22).

The empirical evidence in the Report demonstrates that people in households receiving social grants have increased both their labour force participation and employment rates faster than those who live in households that do not receive social grants (Haarmann, 2001:29). In addition, workers in households receiving social grants have realised more rapid wage increases. These findings are consistent with the hypothesis that South Africa's social grants increase both the supply of and demand for labour (Statistics South Africa, 2002:17).

3.3.4 The macroeconomic impact of social grants

At the macroeconomic level, social grants impact economic growth indirectly through improved education. Numerous academic studies have underscored the link between improved access to education and higher rates of economic growth (Bredenkamp, 2001:33). This report shows that South Africa's system of social assistance tends to increase domestic employment while promoting a more equal distribution of income. The effects of social grants on national savings, trade imbalances and inflation are ambiguous; but the report concludes that, on balance, the macro-economic impact of South Africa's social assistance program is largely positive (Haddad & Zeller, 1997:29).

3.4 SITUATIONAL ANALYSIS OF SOCIAL GRANTS DELIVERY

In 2004, the *Social Security Agency Act*, 2004 (Act 9 of 2004) and the *Social Assistance Act*, 2004 (Act 59 of 1992), were signed into law. These Acts provide for the establishment of the South African Social Security Agency (SASSA). The SASSA is tasked with the management, administration and payment of social grants. The Social Security Agency Act, 2004, creates a unitary, but flexible service-delivery mechanism to ensure that government through the Local Government Municipalities such as 'Sedibeng District Municipality pays the right grant amount to the right person, at the right time and in a dignified manner. In May 2004, the Minister of Social Development, Dr Zola Skweyiya, announced the establishment of the SASSA, which will pay out more than R50 billion in social grants on an annual basis (Sogaula, van Niekerk, Noble, Wadell, Green, Sigala, Samson, Sanders & Jackson, 2002:18). The establishment of the SASSA is part of government's efforts to provide services through the Local Government Administrators to the poorest of the poor and to ensure the restoration of dignity of the most vulnerable, especially older people, people with disabilities, women and children (Department of Welfare, 1997:7).

In March 2004, Minister Skweyiya launched the Department's new national facilities to combat fraud and corruption in the social security system. The facilities are in line with government's Integrated Corruption Management Information System, which is being developed to improve the efficiency and the follow-up to the reporting of corruption (UNDP, 2004:59). The new facilities consist of:

- a toll-free national security fraud hotline (080060 10 11) that operates 24 hours a day, seven days a week; and
- an e-mail address (fraud@socdev.gov.za) and a free-call fax service number (0800 61 10 11).

As part of the Anti-Corruption and Fraud Prevention Strategy, launched in 2001, internal control systems have been improved, and forensic and investigating teams deployed in all provinces (Department of finance, 2003:5).

South Africa's social security system constitutes the government's most effective program for reducing poverty, directly benefiting over eight million South Africans while supporting household development and socio-economic progress.

Since 1994, South Africa's macroeconomic and industrial strategies have turned around an economy in crisis (Haarman, 1999:38). Particularly in the past three years, investment and economic growth have achieved the strongest trajectories in decades. Nevertheless, with an official unemployment rate of 26 Percent, a poverty rate estimated at approximately 50 Percent and one of the most severe measures of inequality in the world, South Africa faces substantial challenges in addressing poverty, inequality and unemployment (Le Roux, 1996:28).

Poverty in South Africa continues to bear the imprint of apartheid's legacy - racially and spatially biased, and deeply embedded in a skewed allocation of and human capital (Murray, 2001:23). While South Africa ranks as an upper-middle income country based on average income, the main indicators are comparable to the poorest countries of the world. According to the government's *Labour Force Survey* in 2004, over half the households subsisted on expenditure of less than ZAR800 (US\$130) per month (with an average household size of 4) (May *et al.*, 2000:59). Poverty is predominantly rural, and female-headed households face poverty rates 50 percent higher than male-headed households. South Africa's security system has proven to be the government's most effective initiative in tackling these problems. The South African government's White Paper on Development identifies the objectives of the security system as follows:

"Social security, social services and related social development programs are investments which lead to tangible economic gains and in turn lead to economic growth. Without such investments economic growth will be compromised.... A social security system is essential for healthy economic development, particularly

in a rapidly changing economy, and will contribute actively to the development process. In a society of great inequality the social security system can play a stabilizing role. It is important for immediate alleviation of poverty and is a mechanism for active redistribution" (Hunter, 2004:51).

South Africa's social grants play a vital role in reducing poverty and promoting social development. Numerous academic studies document the broad social and economic impact of these effective social security programs. This report provides an appraisal of the impact of State Old Age Pensions (SOAP), Disability Grants (DG), Child Support Grants (CSG), and other government-provided grants (Haddad & Zeller, 1997:39).

Social security reduces South Africa's poverty gap by 47 Percent and promotes household development directly and indirectly, with the indirect effects working through nutrition, health, education, housing and vital services. In addition, social grants affect labour market participation and labour productivity, having an impact on both the supply and demand sides of the labour market. Social security also affects poverty, employment and economic growth through macro-economic transmission mechanisms, affecting savings, investment, consumption and the employment intensity of aggregate demand (May, 1998:38).

South Africa's social security system consists of targeted social grants that provide support for the elderly, individuals with disabilities and children under the age of fourteen. The table below lists the cash benefits associated with the main social grants and summarizes the most important conditional ties (Sogaula, *et al.*, 2002:17).

The number of people benefiting from social grants increased from 2,6 million in 1994 to 7,9 million by April 2004. By February 2004, over 4,4 million children were receiving social grants, with about 4,2 million receiving the Child Support Grant (CSG), 190 000 the Foster Care Grant, and 75 000 the Care Dependency

Grant. Total government expenditure on social grants increased from R10 billion in 1994 to R37, 1 billion in 2004. Social grants have been equalized between racial groups and extended to all in need who qualify (Du Toit, 2002:31).

There are two primary types of conditional ties for South African social grants. Firstly, all grants are targeted to those who presumably are not expected to fully participate in the labour market - children, the elderly and those with disabilities. For example, the State Old Age Pension was initially intended to provide a social safety net for the aged poor, who were vulnerable in the household because of “a decline in job opportunities, increased vulnerability to health conditions, limited mobility, discrimination in access to credit and financial markets, and changes in household composition and status” (Falkingham & Harding, 1996:29).

The second type of conditionality is an income-based means test, which varies according to the grant, the marital status of the beneficiary and other characteristics. For example, male recipients of the State Old Age Pension had to be over 65 years of age, while female recipients had to be over 60 years of age. In addition, in 2000 if the individual was single his/her income must have fallen below R1226 per month, and if the individual was married his/her income must have fallen below R2226 per month (Bredenkamp, 2001:47).

The government's 2004 Labour Force Survey provides the most recent data on poverty and the social security system's coverage. Based on an expenditure threshold of R800 per month, 50.4 Percent of South Africa's households fall below the poverty line, with substantial variance across provinces (Barborton, 1998:27). The Western Cape has the lowest poverty rate at 25.6%, about half the national average. The most rural province—Limpopo—has the highest poverty rate at 72.3 Percent. Matching gross take-up rates with poverty rates documents the effectiveness of the system's targeting (Haarman, 2001:20). The only two provinces with poverty rates significantly below the national average, the Western Cape and Gauteng, also have the lowest take-up rates for social grants. Similarly, the poorest provinces, Limpopo and the Eastern Cape, have the

highest take-up rates. In spite of this relatively efficient targeting, severe gaps exist in the safety net. More than half of the poorest households receive no social grants, mainly because no-one in the households meets the targeting conditions. South Africa's social safety net has a very loose weave. Importantly, less than one-fifth of the grants are paid to households with expenditure in excess of R1200 per month (Frye, 2003:18).

National Government, through Local Government Municipalities including Sedibeng, aims to register all children eligible for child support grants by 2005. Government made R3, 6 billion available during the 2004/05 financial year, which is expected to increase to R6, 9 billion in 2005/06 and R9,2 billion in 2006/07 (Martin & Solange, 2003:9).

The Old-Age Pension Grant is the second-largest social grant. The number of beneficiaries increased from 1,8 million in 2000 to more than two million in 2003. Women qualify at the age of 60 years and men at the age of 65.

The Disability Grant is paid to people who have been assessed as permanently or temporarily disabled.

Over the years, the number of people receiving the Disability Grant has been increasing. By mid-2004, there were over 1,3 million beneficiaries receiving the Disability Grant.

Foster Care grants are paid to caregivers of children who have been placed with them by the courts. Caregivers of children with disabilities up to the age of 18 years are eligible for the Care Dependency Grant. Once the child turns 18 years, he or she is eligible for the Disability Grant (Leatt, 2004:35).

Other grants provided by the Department of Social Development include the War Veterans' Grant and Grant-in-Aid (Klasen, 1997:22; Barberton, 1998:48; Standing, 2003:19).

Table 3.1 shows the number of grants beneficiaries in each province

Number of Beneficiaries- February 2005

Province	Number of Beneficiaries	Percentage age (%)
Eastern Cape	1 722 922	18.37
Free State	601 554	6.41
Gauteng	1 157 454	12.34
KwaZulu-Natal	2 153 131	22.96
Limpopo Province	1 409 882	15.03
Mpumalanga	695 662	7.42
North-West	783 067	8.35
Northern Cape	187 333	2.00
Western Cape	667 566	7.12
TOTAL	9 378 571	100.00

Source: May and Woolard (2005:13).

To ensure that efficient and effective social grants delivery takes place the regulations for social assistance were amended to relax conditions that impeded easy access to grants and to promote administrative justice. Some of the amendments involve the following:

- The removal of the pensions medical officer for the approval of Disability and Care Dependency grants, and the introduction of panels to assess applicants for these grants, in terms of both medical and social factors

(Roberts, 2001:67).

- The payment of grants, if approved, accrues from the date of application for all grant types except the Foster Care Grant, in which case accrual begins from the date of the court order (Van de Ruit, May & Roberts, 2001:65).
- The review of grants has been streamlined. Only applicants who declare their means of income at the time of the application are required to have an annual review of their grant. Those who have no means are only required to submit a life certificate on an annual basis. Those who collect their grants through biometrics and have no means are neither required to submit life certificates nor to have their grants reviewed (Aliber, 2003:18).
- Previously, the Care Dependency Grant was only available to parents and foster parents of children. It is now also available to custodians and guardians. Personal income has replaced household income as the means-test indicator, thus increasing the income-exclusion level for applicants (Budlender, 1999:82).

3.5 MAIN PROBLEMS EXPERIENCED IN ROLLING OUT AND DISBURSING SOCIAL GRANTS WITH REFERENCE TO SEDIBENG DISTRICT MUNICIPALITY

- **Lack of capacity in the provincial Local Government departments of social development particularly at Sedibeng District Municipality**

The main problem in the rolling out and disbursing of social grants is the lack of staff capacity in the social development of the Local Government Municipality in Four provinces (Free State, North-West Province, Northern Cape, Western Cape) and both the national Department of Social Development and National Treasury identified the lack of staff as a major problem (Taylor, 2002:19). Due to high take-up rates of especially the Disability and the Child Support Grants, staff is unable to cope with the workloads. An additional problem is the lack of proper

training at Sedibeng District Municipality. The national Department of Social Development made specific mention of the fact that provincial social development staff do not have the skills to budget adequately for grants (Hunter, 2004:18).

They also identified the lack of a performance management system for staff as a problem at Sedibeng District Municipality. Staff morale is generally low, as officials struggle to deal with the workload (Bredenkamp, 2001:49).

- ***Accessibility***

The second largest problem identified is the accessibility of services, especially in rural areas in provinces like the Free State, Northern Cape, Kwa-Zulu Natal and Limpopo Province (Casseim & Streak, 2001:38). The widespread location of clients and bad roads create obstacles in the delivery of services. It can be costly for the poor to travel to departmental offices to apply for grants or to pay-points to collect grants. Provinces with vast rural areas struggle to reach grant recipients and the lack of vehicles is a problem in some provinces (Department of Social Development, 2003a:28).

- ***Eligibility criteria***

When people apply for social assistance at Sedibeng district Municipality, certain eligibility criteria apply. Some of these criteria are applicable to all grants, while others are grant-specific. Some of these eligibility criteria can act as an unfair barrier to access to social grants and have been identified as a major problem in the disbursement of some or all of the grants. The application for a Disability Grant, in addition to satisfying other requirements, must include a medical assessment report to confirm disability (Department of Social Development, 2003a: 2). Petterson (2003:45) asserts that one of the main problems disabled people experience is with the assessment of applications for the Disability Grant.

Specific problems include a lack of medical staff to screen applications and lack of cooperation from the various Departments of Health to assist with assessments and medical certificates for sale.

When applying for any social grant, applicants must be in possession of a 13-bar coded identity document, or an identity document (applicant) and a birth certificate (for the child) when applying for child grants (Department of Social Development, 2002b:3). Everatt and Zulu (2003:45) highlight the lack of proper documentation as one of the main problems in the rolling out of grants. Compounding this problem is the lack of access to the Department of Home Affairs to obtain identification documentation.

- **Other problems**

The pay-points also present problems. The Free State finds it difficult to meet the national norms and standards with regard to the quality of their pay-points. In the Western Cape there is huge pressure at pay-points to deal with all the payouts, due to the high take-up rate of grants. In the North-West Province there is simply a lack of buildings in the many rural areas (Leatt, 2004:10). KwaZulu-Natal identified the security risk associated with cash payments at pay-points. Three provinces (KwaZulu-Natal, Northern Cape and the Western Cape) identified budget pressures, due to the large take-up rates, as a problem. These provinces struggle to accommodate the increases in both administration costs and the actual grant payments (Department of Social Development, 2003c:18).

3.6 SOCIAL GRANT STANDARD PROCEDURES AND IMPLEMENTATION WITH REFERENCE TO SEDIBENG DISTRICT MUNICIPALITY

- **Procedure and implementation**

The *Social Assistance Act of 1992*, which governed the provision of social

assistance grants, was assigned to the provincial Local Government Municipalities in 1997. Although the assignment was challenged in the High Court, government had made a policy decision to establish a national and integrated system of social security provision. A new Social Assistance Act, 2004 now makes this policy decision possible. The Act provides a national legislative framework for the provision of different types of social grants, social relief of distress, the delivery of social assistance grants by a national Agency and the establishment of an Inspectorate for Social Security (Department of Social Development, 2003a:15).

The implementation of South Africa's social security system through the Local Government Municipalities has been largely a process of reforming an apartheid-era system of racially distorted grants into a safety net that gives meaning to the new Constitution's mandate:

- Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants (Constitution of the Republic of South Africa, section 27 (1)(c)).

The initial phases of implementation involved de-racialize existing social grants. The government's initial strategy tasked provincial Government Municipalities with the challenge of managing implementation, administering grants, applications and making payments. A government committee's review of the existing social security system and other evaluations identified a number of problems associated with provincial Local Government administration. Estimates of fraudulent grants reached R1.5-billion (on a base of R35 billion—approximately 4 Percent) (Lund, 2002:19).

In addition, excessive delays in approving grants, applications and difficulties in accessing payment once approved undermined the effectiveness of the system. The decentralized private payment contracting system weakened opportunities to take advantage of economies of scale and government negotiating power. The

decentralized systems undermined effective management information (Rosa & Mpokotho, 2004:56).

Legislated in 2004, the South African Social Security Agency Act, established a national Local government agency to implement the system of social grants. While the national Department for Social Development remains accountable for social security, the agency becomes the implementing provider, managing and administering grant, delivery while the department acts as assessor (Streak, 2004:22). The agency's plan is to work in co-operation with civil society structures (including non-governmental, community-based and faith-based organizations), organized labour and the private sector (Van der Berg & Bredenkamp, 2002:32). This is consistent with the White Paper on Development's vision that:

- Government will facilitate the development of an inclusive and effective partnership with all the role-players in civil society.... The resources and the unique characteristics of each of the partners will be harnessed to maximum effect. Underpinning the partnership is the recognition of the role of organizations of civil society as essentially developmental and as strengthening democracy (Devereux, 2001:37).

A high priority is the development of an effective national information management system and other essential infrastructure of the Sedibeng District Municipality in order to improve effective delivery. The Department of Social Development projects that the resulting reduction in fraud, together with pooling buying power to contract for the grant payments, could save a billion rand per year. The most important benefits are two-fold: improved delivery to social grant recipients and a reduced administrative burden for Municipality administrators to enable them to focus on delivering social services (Streak, 2004:20). The first stage of the phased transition has shifted the funding of social grants to conditional block allocations managed by the national department.

Over the past ten years, a key obstacle in the implementation of the security system has been the means test. Surveys of provincial departments responsible for the means test have identified contradictory interpretations, undermining efforts at uniform delivery standards (Cassiem & Streak, 2001:29). Conditional ties for the Child Support grant, in particular, have severely undermined take-up, particularly in the earlier years of implementation. Beneficiaries had to provide 'proof of efforts' to obtain private maintenance from the parent, proof of immunization 'where such services are available' and proof of efforts to secure employment or to join a development program (Bredenkamp, 2001:38).

In addition, the income test discriminated against households with a large number of dependants. The application process itself was biased against the poorest rural areas, where the poor had the least access to the official identification documents necessary to access social grants (Department of Social Development, 2003b:29).

The ongoing evaluation of the system of social security has involved diverse stakeholders, including the Monitoring and Evaluation Unit in the Department of Social Development, the Economics and Finance Directorate in the same department, the National Treasury, the Taylor Committee, civil society institutions such as the Black Sash, research institutes and academic researchers (Pillay, 2004:30). The evaluation techniques vary, including auditing the beneficiaries, surveying the population to identify gaps and problems, and analyzing national surveys to evaluate policy impacts. The results of some of these studies are summarized in the next section.

The South African Social Security Agency Act, 2004 enacted by President Thabo Mbeki on 28 May, 2004, provides for the establishment of the South African Social Security Agency as a schedule 3A public entity in terms of the Public

Finance Management Act (PFMA). The SASSA Act also makes provision for the effective management, administration and payment of social assistance and services through the establishment of the SA Social Security Agency. Furthermore, the Act relates to an integrated and comprehensive social security system as envisioned in the 10-point plan launched by the Minister of Social Development, Dr Zola Skweyiya in January 2000 (Department of Social Development, 2003c:65).

The values of SASSA will set high standards for a public service that is developmental and people-centered (BathoPele) through:

- promotion and protection of human dignity;
- confidentiality;
- honesty;
- impartiality;
- fairness;
- equitability;
- community participation; and
- consultation and quality service (Hunter, 2004:38; Lewis, 2001:21; Haddad & Zeller, 1997:34).

- **Policy impact**

The effectiveness of South Africa's social security system through the provincial Local Government Municipality administrators and agency's in reaching poor households and improving their welfare has been widely recognized by academic researchers and policy evaluations. Duflo finds that households including women eligible for a State Old Age Pension reported significantly better weight-for-height

indicators for girls, while there was no significant difference for boys or in households with eligible men (Hunter, Hyman, Krige, Olivier, Dekker, Khandhela & May, 2003:26). Case and Deaton find that the State Old Age Pension is well targeted to the poorest households and households with children (Lewis, 2001:30).

Maitra and Ray show that the households that receive private transfers and those that receive public pensions both have higher expenditure shares on food and education, and lower expenditure shares on alcohol, tobacco and entertainment than other households do (Magubane, 2004:19). Numerous studies by the Economic Policy Research Institute corroborate and extend these results, documenting the extent to which South Africa's social grants reinforce developmental impacts within households in terms of nutrition, education, health, vital services and employment (May & Woolard, 2005:40). The primary policy impact of South Africa's social security system is to target the poor and reduce poverty effectively. The largest grant in terms of total spending is the State Old Age Pension. In September 2003, 2.0 million pensioners received a State Old Age Pension (Monkman, 2003:38). The table below reports poverty rates among the target population and an analysis of State Old Age Pension take-up in 2004. The national poverty rate for households that include age-eligible pensioners is close to the poverty rate for all households. The take-up rates per province are uniformly close to the national average take-up rate, with the exception of the Gauteng Province. Type 1 error has fallen substantially in nearly every province from 2000 to 2004, the Percentage age of age-eligible pensioners in poor households who did not receive the State Old Age Pension fell from 17.7 Percent in 2000 to only 10.2 Percent in 2004 (May & Woolard, 2005:39).

- **Lawful guidelines and social grants**

The *Social Assistance Act of 1992*, which governed the provision of social assistance grants, was assigned to the provinces in 1997. Although the

assignment was challenged in the High Court, government had made a policy decision to establish a national and integrated system of social security provision. A new Social Assistance Act, 2004 now makes this policy decision possible. The Act provides a national legislative framework for the provision of different types of social grants, social relief of distress, the delivery of social assistance grants by a national Agency and the establishment of an Inspectorate for Social Security (Department of Social Development, 2003c:16).

South African *Social Security Act, 2004* :enacted by President Thabo Mbeki on 28 May, 2004, the Act provides for the establishment of the South African Social Security Agency (SASSA) as a schedule 3A public entity in terms of the Public Finance Management Act (PFMA). The SASSA Act also makes provision for the effective management, administration and payment of social assistance and services through the establishment of the SA Social Security Agency. Furthermore, the Act relates to an integrated and comprehensive social security system as envisioned in the 10-point plan launched by the Minister of Social Development, Dr Zola Skweyiya in January 2000 (Department of Social Development, 2003b:29; Leatt, 2004:11; Magubane, 2004:56).

3.7 PERFORMANCE MEASUREMENT IN THE PUBLIC SECTOR AT SEDIBENG DISTRICT MUNICIPALITY

It is designed to enable the municipalities in and implementing their legislatively required performance management system .It is also designed to assist municipalities to develop and implement such a system within their resource constraints ,suited to their circumstances and in line with the priorities , objectives indicators and targets contained in their integrated development plan.

Performance measurement can be described as the systematic collection and reporting of information that track resources used, work produced and intended results achieved (Haarmann, 1999:23; Van der Berg & Burger, 2002:34). At

Sedibeng District Municipality , Performance management process involves clarifying and delegating roles and responsibilities , setting up internal institutional arrangements and setting up a framework for managing changes . It could also be seen as an attempt to learn how responsive a government's services are to the needs of the electorate. Performance measurement is also the public sector's way of determining whether it is providing a quality product at a reasonable cost, and whether the objectives of economy, efficiency and effectiveness are achieved (Porteous & Hazelhurst, 2004:23; Rogerson, 2003:13).

As far as government is concerned, the responsibility for stimulating economic growth alleviating poverty and job creation is no longer reserved for the national or provincial level, rather it is a common challenge that all local authorities at Sedibeng District Municipality and other Municipalities must now confront. By utilizing the unique powers and duties of Municipality at local government levels and working in partnership with community stakeholders, Local authorities at Sedibeng can help stimulate the economy and improve the lives of their citizens . The objective of the Public Finance Management Act, Act I of 1999 (as amended by Act 29 of 1999) is to "regulate financial management in the national government, to ensure that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively" in the local government level . The Act provides broad guidelines from which each department or entity can develop a performance measurement system. Furthermore, Section 38 requires accounting officers to take steps to ensure that effective, efficient, economic and transparent use of all the resources of that department, trading entity or constitutional institution takes place (May & Woolard, 2005:37). The Act provides managers in the public sector with a framework of objectives, both quantitative and qualitative. Sedibeng District Municipality model for quantitative and qualitative are very useful organizing tools for performance measurements The model in Sedibeng District municipality helps with consistency in performance measuring and the municipality need to look at

- Inputs which are resources , financial perspective
- Outputs which are results ,service delivery perspective
- Outcomes which relate to impact on social development and poverty alleviation, growth and quality of life.

Good measurements in terms of quality and quantity is:

- Time specific it has to be stated and clarified when the data was obtained
- Source specific. It is explicit where the data was obtained from for example a complaints register a household survey, social grants roll out register and billing system just to mentioned but the few.
- Validity. Is the degree to which that which is intended to be measured is being measured
- Reliability .is the degree to which if the measurement is repeated under exactly the same conditions, it yields the same results
- Clear and accurate. The measurement is unambiguous and the degree of error is low. these guidelines strongly suggest that line managers should be responsible for most measurements.

The next phase is to develop objectives, goals, strategies, policies and procedures in each environment that will result in sound management practices in compliance with the Act at all levels of government and, followed by that, measurement against these (Balogun, 2000:29).

The Treasury Regulations set out a set of minimum requirements with which departments and public entities need to comply. These minimum requirements are based on international best practices. The application of these best practices should result in the scarce resources which local government administrators commands, being allocated efficiently and effectively to meet the needs of the public, which Sedibeng local government serves, based on a prioritisation of such needs (Hendriks & Lyne, 2003:22). Notwithstanding the profit motive in the

private sector, which does not exist in the public sector, the public sector can learn valuable lessons from the private sector on the *optimum deployment* of funds and resources. Just as that in the private sector a company would have to utilise shareholder funds' optimally, Government is expected to use taxpayers' (similar to investors') funds in such a way that value for money is achieved in the spending of such funds (Hunter, 2004:45).

The notion of value for money in Sedibeng District Municipality public spending gives rise to three components (dimensions) of performance that should be included in performance measurement, namely:

Below objectives are aligned with reference to Sedibeng District Municipality:

- **Economy** - is the measure of input and involves the acquisition of resources of an appropriate specification at the lowest cost (McCord, 2003:32).
- **Efficiency** - measures the relationship between input and output and involves maximizing useful outputs with a predetermined amount of input, or minimizing input to result in a predetermined amount of outputs (Doing things right) (Monkman, 2003:31).
- **Effectiveness** - is the measure of output or impact. It involves measuring the extent to which output from a defined activity achieves the desired result (Doing the right thing) (May & Woolard, 2005:54).

The assessment of a Sedibeng Local governmental entity's performance requires more than information about the acquisition and use of resources. It also needs information about the inputs and outcomes of the services provided and the relationship between the use of resources and those outputs and outcomes. Employing a variety of measures of inputs, outputs and outcomes, measures that relate efforts to accomplishments and additional explanatory material will assist users of general purpose external financial reports to assess governmental performance more fully (Atkinson, 2004:28). Performance measures organize information for use by the decision-makers engaged in those activities. Through

the measurement, analysis, and evaluation of performance data, public officials can identify ways to maintain or improve the efficiency and effectiveness of activities and provide the public with objective information on their results (Bredenkamp, 2001:34).

The US Department of Commerce Acquisition: Guide to Balanced Scorecard: Performance Management Methodology (cited in Performance Measurement in terms of the PFM Act) states that the most successful performance measurement systems are learning systems that help the organization identify what works – and what does not – so as to continue with and improve on what is working and *repair or replace what is not working* (Cassiem & Streak, 2001:11). Successful performance measurement systems include the following characteristics:

- Aim to improve the things that will make a difference (those with costs, large customer value, substantial consequences, etc.)
- Measure what employees can translate into direct corrective action.
- Measure what is important strategically (or what is of value to customers), not just what is easy to measure or already being measured.
- Measure group and team outputs, not individual outputs.
- Have the team that produces the result develop the measures, perform the measurements and report the results (Damane, 2005:36; Du Toit, 2002:47; Devereux, 2001:28).

Successful performance measurement systems should be benchmarked against international best practices (Bauman, 2004:3). Benchmarking is the process of continuously comparing and measuring an organization against organizations anywhere in the world to gain information that will help the organization take action to improve its performance. Benchmarks are measured standards. They represent 'best practice' for a task or activity. Everatt and Zulu (2001:51) postulate that successful benchmarks can assist organizations in the following way:

- Tell organizations what the standards of excellence are.
- Provide organizations with realistic goals and targets to work towards.
- Help organizations to understand how they can improve.

Benchmarks may be used in the following ways. As a comparison:

- between a public sector organization and another organization;
- between a public sector organization's performance for one year and the next;
- of a public sector organization's performance with a private sector enterprise; and
- of various departments within a public sector organization (Falkingham & Harding, 1996; Frye, 2003:26; Hirsch, 2004:33).

Organizations that perform below average can flag areas of concern and determine steps to improve performance. Benchmarking is cost beneficial, since an organization can avoid duplicating the efforts of other companies, and avoid making the same mistakes that other companies make. The vast amount of literature suggests that performance measurement is an advanced management tool that is becoming more and more sophisticated in order to accommodate needs of different communities and levels of government over services ranging from public safety and public works to economic development (May, 2003:34). Usually performance measurement is described as contributing the following benefits to organizational effectiveness (Meth, 2004:31; Porteous & Hazelhurst, 2004:31):

- **It clarifies and focuses on long-term goals and strategic objectives at SDM**

Performance measures involve comparing actual performance against

expectations and setting up targets by which progress towards objectives can be measured. It aligns all levels of government to achieve a predetermined set of objectives (goal convenience) (Kingdon & Knight, 2004:34).

- **It provides performance information to stakeholders at SDM**

Performance measures are the most effective method for communicating the success of programs and services to legislatures and citizens (Lund, 2002:21).

- **It encourages delegation at SDM**

Hierarchical structures and extensive oversight requirements can obstruct organizational effectiveness. Performance measures free senior executives for more strategic decision-making and selective intervention, while clarifying the responsibilities and authority of managers (Makgetla, 2004:47).

- **It enhances decision-making.**

All too often, government decision-making at program level, at executive level and in the legislative branch, is conducted with limited data and with too much consideration for political expediency and interest group pressure. The process of developing performance measures allows state government to determine agency mission, set goals for desired results and clarify methods of measuring how well the results are achieved (Devereux, 2001:32). The data generated through performance measurement can be used in determining program effectiveness, in evaluating options for service delivery and in developing long-term programs and fiscal plans. For the legislature, performance measures can focus attention on agency outcomes and can allow for solid evaluation techniques during budget session debates on proposed legislation (Cassiem & Streak, 2001:21).

- **It improves internal accountability.**

Measuring performance of government programs gives policy makers a significant tool to achieve accountability. Public employees at all levels are accountable to upper level public managers for their performance or those of their crew and upper level managers are accountable to elected officials (Atkinson, 2004:10). This relationship becomes much clearer when outcomes and outputs of public sector programs are measured by a commonly accepted standard. Systems such as management by objectives can be much more effective when teamed with a high-quality measurement system (Everatt & Zulu, 2001:56).

- **It enhances public accountability.**

Reporting the results of government activities can increase interest on the part of the public and can result in an even greater emphasis on quality. Furthermore, the use of performance measures to communicate government's results can lead to a far greater level of involvement by citizens in policy development (Frye, 2003:24). Using measures that are easily understood demystifies government for citizens and allows them to know how well services are being performed. They can then more competently, recommend policy changes and better understand the implications of their ideas for society and for government (Lund, 2002:33).

- **It supports strategic planning and goal setting.**

Without the ability to measure performance and progress, the process of developing strategic plans and goals is less meaningful. While there is clearly some benefit to thinking and planning strategically, the evaluation of such plans and goals cannot be successful without measuring performance and achievement and departing from that point to plan for the future (Bredenkamp, 2001:21).

- **It allows organizations to determine effective use of resources.**

With increasing public concern over levels of taxation, government is under pressure to justify the very existence of key programs. A current trend in program evaluation is to determine if government is, in fact, the best provider of some services. Contracting services, outsourcing, privatizing and abandoning some services are real possibilities for the public sector in the near future. The ability to decide if government is the best provider of a given service, or if that service is really making a difference in the lives of its citizens, is dependent on a good performance measurement system (Lund, 2002:67). Without such a database, public policy-makers cannot make decisions on solid qualitative and quantitative grounds. Performance measurement systems only provide a framework for leadership and management in the public sector, and there are several limitations and important considerations. The following limitations of performance measurement in the public sector are highlighted in performance management in terms of the Public Finance Management (Act 59 of 1992:12):

- **Performance measurement must be balanced with other considerations.**

It is clear in the public sector that all the outcomes of government can be measured quantitatively. In many cases, government has undertaken some services to meet a largely immeasurable public good. Some of the outcomes of the public sector cannot be quantified. Managers must be aware of this, as oversimplifying performance measurement can be harmful at its best (Poswell, 2004:38).

- **Performance measurement in itself is only a tool – it is not an outcome in itself.**

The underlying concept behind measuring performance is to provide a useful tool for policy-makers, and for public and government managers to determine if

government is meeting its objectives and those of its constituents. No government should have as its primary purpose the measurement of its results. The results are more significant than their measurement (Department of Welfare, 1997:5).

- **Performance measurement can entail more cost than benefit.**

It is not difficult to imagine a performance measurement system that would consume more resources than its information is worth. It is therefore important, when applying a performance management system, to determine the cost of measuring against the expected benefit (Van der Berg & Bredenkamp, 2002:23).

- **The usefulness of performance measurement varies with its use.**

Performance measurements are only useful to management or decision-making processes to the extent that they are used and that they answer the right questions. Various levels in public organizations use performance measurements differently and some measurements are better than others for various uses (World Bank, 2003:65).

- **State government is limited in its ability to influence outcomes.**

One of the most common criticisms of measuring results in government is that government is not the sole determiner of societal outcomes. Often, state government programs are directed at changing significant patterns in the state. Users of performance measurements must understand that limited role, and recognize that state programs on their own cannot affect outcomes. But outcome measurements are still critical to the state's performance, because they are indicators of whether or not those involved are making a difference (Roberts, 2001:21).

Performance measurement, if properly applied, can enhance decision-making, improve both internal and external accountability, support strategic planning and evaluate resource use. One of the most important aspects in the management of performance results involves the integration of performance measurement with budgeting systems (Taylor, 2002:46). The integration of performance measurement with budgeting is a critical part of implementing results-orientated government. However, performance measurement should be seen as an important tool in allocating resources, not as the only tool. One other variety of integrating budget and performance measurement with regard to outcome-based budgeting is that, if all the appropriate outcome measurements can be defined, a budget could be developed on a Unit cost outcomes basis. The best use of performance measurement in budgeting is as an indicator of success (Weeks, 2001:24).

Outcomes should not be the sole determinant of a budget strategy, but rather an objective tool for determining mission and goal achievement. With a good measurement system in place, policy-makers can determine to a reasonable degree the extent of an agency's success and the role that agency plays in moving the state forward (Van der Berg & Bredenkamp, 2002:31). The use of performance measurement in government is being driven by public scrutiny of government to determine effectiveness, the desire to hold government workers accountable for results rather than stewardship of inputs, to require reporting of service efforts and accomplishments, and the nation-wide effort to make governments more results –orientated (World Bank, 2003:31).

A well-developed performance measurement system will enable its users to spot weaknesses and threats, as well as strengths and opportunities. Thus, better knowledge of strengths and weaknesses will give the manager (as well as other users) an opportunity to diagnose organizational growth capabilities and take relevant action (Streak & Van der Westhuizen, 2004:31).

3.9 CONCLUSION

Since 1994, the government has been trying to overcome the historical factors that were responsible for underdevelopment that led to poverty, inequality and many other oppressive human factors. The social grants have emerged as one of the most significant ways of alleviating poverty in South Africa. The administration of these grants is a necessity, as mal-administration would have detrimental effects on the efforts to alleviate poverty especially at Sedibeng District Municipality. In this chapter the most important indicators of Social grants as poverty alleviation strategy were highlighted and discussed with emphasis on the shortcomings of each of these.

Poverty and administration of social security required that National Government intervene through the Local Government Municipality to provide relief to the very poor and as well as providing social protection during times of old age , child rearing and ill health. South African Government through its constitution is committed to provide a comprehensive national security system, growth Employment and redistribution strategy to alleviate poverty amongst all people.

The next chapter will deal with the empirical design employed in this study.

CHAPTER 4

EMPIRICAL RESEARCH DESIGN ON EFFECTIVENESS OF ADMINISTRATION OF SOCIAL GRANTS AT SDM

4.1 INTRODUCTION

This chapter presents the research methods used in this study. It includes an overview and justification of the self-developed questionnaire, an explanation of the development of the questionnaire and a description of the pilot study. The use of a questionnaire is taken as the most appropriate and practical technique in answering the research questions and in reaching the aims of this study, which are to:

- analyze the extent of poverty and inequality in South Africa with reference to poverty in the Sedibeng District Municipality;
- determine the role of social grants in alleviating poverty among beneficiaries;
- investigate the current effectiveness of social grant administrators in administering social grants in Sedibeng;
- determine if municipalities in the Sedibeng District have policies on the administration of grants and if they are effectively implementing the national policy on social grants in their areas; and
- provide recommendations based on research findings for government action.

4.2 RESEARCH METHODS AND CHOICE OF INSTRUMENT

The most practical research method which satisfies the validity and reliability demands and with which the desired data could be obtained is used. Personal visits to municipality offices in Sedibeng District, during which the questionnaires were distributed to clerks and managers of social grants, were made. Questionnaires for the clerks and managers of social grants were handed out to

them with the request that they should fill them in and hand them over to the researcher after completion. This method of distributing questionnaires to the clerks and managers while at work was effective, as all 10 questionnaires were returned. The researcher had to use a snowball sampling method (see 3.4.) for the beneficiaries, who were then visited at their homes. All 10 beneficiaries, including those who receive child support grants, pensioners and a war veteran filled in and handed in their questionnaires. The table below indicates the numbers distributed to clerks, managers and beneficiaries, and the number retrieved.

TABLE 4.1 Feedback of the population group

	No of clerks managers	No of beneficiaries	Total	Percentage age
No distributed	10	10	20	100%
No returned	10	10	20	100%
Total retrieved	10	10	20	100%

4.3 DESCRIPTION OF THE POPULATION

All clerks and managers of social grants falling under the jurisdiction and control of the Sedibeng District Municipality were considered as the study population.

The Sedibeng District Municipality has 110 000 beneficiaries of social grants, and about 50 clerks and managers who are social grant providers. Because the carrying out of the study could be delayed which would have had particular financial implications, it was not regarded as practically feasible to investigate the entire field. After consultation with the study supervisor it was decided to limit the study population to clerks, managers and beneficiaries in municipality offices in Sedibeng District.

4.4 SAMPLING METHODS

This research is purely quantitative and the "snowball" sampling technique was used. It was impossible for the researcher to list all the beneficiaries of social grants and sample randomly from the list. This is the main reason for choosing the snowball technique. When the researcher went to municipality offices to conduct the research, he knew no beneficiaries of social grants. He had to rely on an informant, who is a clerk in one of the municipality offices, to supply him with respondents. He gave him a name and address of one of the beneficiaries who receives her grant from their offices. The informant came up with one beneficiary, the researcher had to consult with her first and request her to participate in the research.

It was difficult to locate respondents' names because of the sensitivity of the subject the researcher was investigating. Snowball sampling relies on referrals from initial subjects to generate additional subjects. The disadvantage of this technique is that it comes at the expense of introducing bias, because the technique itself reduces the likelihood that the sample will represent a good cross section from the population. The sensitive nature of investigating a topic such as the one of this research compelled the researcher to use the snowball technique as propounded by Goldenberg (1992:163) where he postulates that snowball sampling is suitable for sensitive research topics.

The snowball technique began when the already selected respondent who was drawn by relying on the informant was asked to nominate others. She nominated two beneficiaries who also nominated others. The researcher kept on asking for referrals from the participants until all 10 questionnaires were filled in.

4.5 SAMPLE SIZE

A total of 10 clerks of social grants and 10 beneficiaries who receive child grants, participated in the survey (n=20). This sample ranged from remote areas to metropolitan areas and also included participants both young and old.

4.6 COVERING LETTER

In a covering letter to the clerks and beneficiaries of social grants, the purpose of the questionnaire was explained. An appeal was made to the respondents to respond openly and sincerely promising confidentiality concerning the information

4.7 PROCEDURE

With the permission of managers of municipality offices who agreed, copies of the instrument were distributed by the researcher to the clerks at their offices, to be filled in and to be handed in to the researcher immediately after completion. Written guidelines and personal briefings were provided to ensure standardized administration as far as possible, and to secure respondents' guarantee of confidentiality. The clerks were given three hours to complete their questionnaires as they were still on duty. All data were collected during October, 2005. The researcher then started visiting beneficiaries at their homes to fill in their questionnaires.

4.8 DESIGNING THE QUESTIONNAIRES AS A MEASURING INSTRUMENT

Although several instruments have been devised to obtain reports on social grants as poverty alleviation strategy, as far as could be ascertained, there have been only instruments designed overseas to determine such effectiveness. As a result of a peculiar situation in the townships in South Africa, not a single one of these instruments was appropriate for use in the investigation in question. It was then decided to construct distinctive questionnaires, which could be used to measure the effectiveness of social grants as poverty alleviation strategy in South Africa.

An effort was made to have all the items included in both questionnaires to fall

within the comprehension level of all beneficiaries. Both questionnaires were sub-divided into the following sections:

- demographic data which formed Section A; and
- social grants as poverty alleviation strategy in South Africa which formed Section B in both questionnaires (see appendix A).

4.9 STATISTICAL TECHNIQUES

Data was processed using the SAS programme in consultation with the Statistical Consultation Services of North-West University (Vaal Campus) in which the computer programme performed the TEST procedure of the SAS System for Windows Release (SAS- Institute, 2000; Steyn, 1990).

4.10 CONCLUSION

In this chapter, the research design process was discussed. The research design outlines the various steps that were undertaken in the development of the self-developed questionnaire that was used in this research.

The next chapter provides the analysis and interpretation of data collected during empirical research.

CHAPTER 5

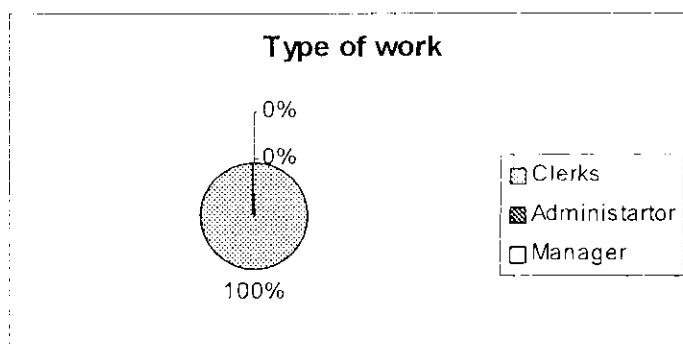
ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

For deductions and conclusions to be made on the evaluation of social grants as poverty alleviation strategy in South Africa, it was necessary to first investigate the demographic data of the respondents. This information is presented in Section A of each questionnaire, while information on the effect of social grants as poverty alleviation strategy is provided in Section B. These data and statistical information are provided in the form of graphs, which are then analysed and interpreted.

5.2 QUESTIONNAIRE TO MANAGERS AND CLERKS

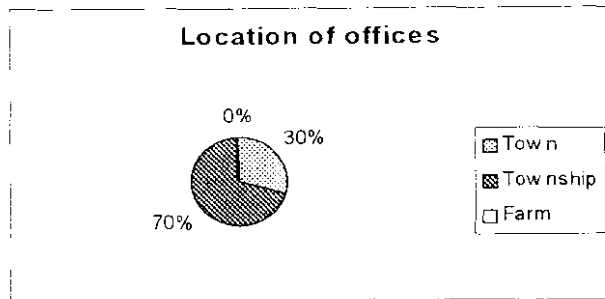
Figure 5.1 Type of work respondents do



- ANALYSIS AND INTERPRETATION

100 Percent of the respondents indicated that they are clerks.

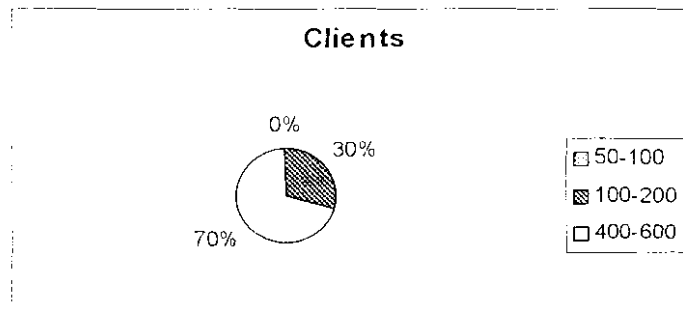
Figure 5.2 Location of offices



- **ANALYSIS AND INTERPRETATION**

70 Percent indicated that their offices are located in townships, while only 30 Percent are in town. This indicates that there are more people in Sedibeng who use these services in the location than in town.

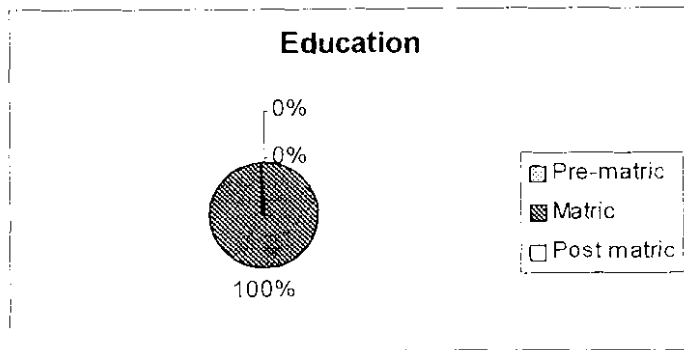
Figure 5.3 Number of clients respondents served per day



- **ANALYSIS AND INTERPRETATION**

70 Percent serve between 400 and 600 people per day, while 30 Percent serve between 100 and 300 people per day. The majority of clerks serve a lot of people per day which could be an indication of the fact that they are understaffed.

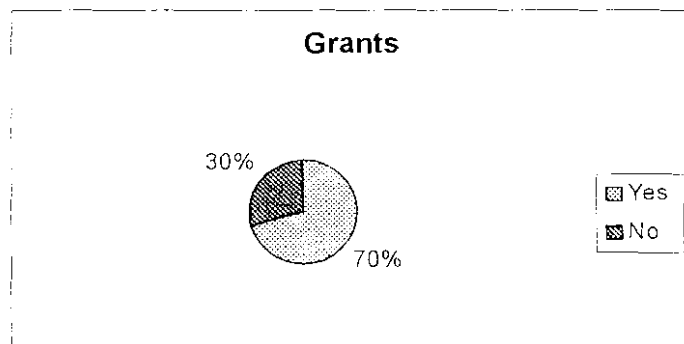
Figure 5.4 The respondent's level of education



- **ANALYSIS AND INTERPRETATION**

100 Percent of the respondents indicated that their level of education was matric. It seems that the clerks do not have adequate administrative skills.

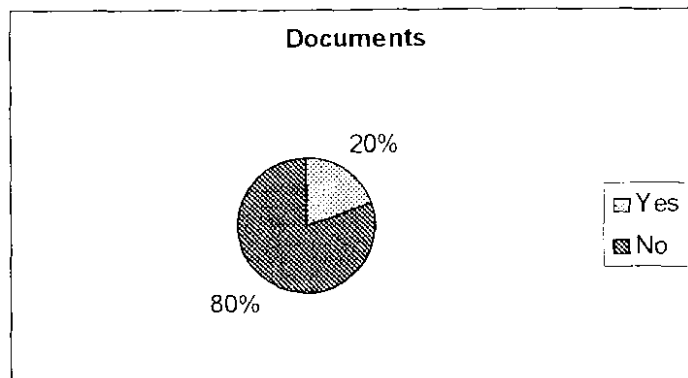
Figure 5.5 Do beneficiaries receive social grants promptly?



- **ANALYSIS AND INTERPRETATION**

70 Percent of the respondents indicated that social grants are received promptly, 30 Percent indicated the contrary. Most respondents indicated that the problem is due to Fidelity Guards being robbed and technical problems. It is impressive that the majority indicate that beneficiaries receive social grants promptly, which could mean that the Department of Social Development is striving towards serving the nation.

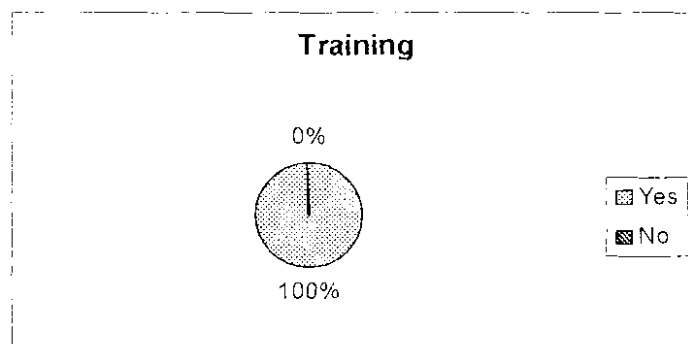
Figure 5.6 Do applicants always have necessary documents when applying for grants?



- **ANALYSIS AND INTERPRETATION**

The majority, 80 Percent, indicated that people do not have the necessary documents, only 20 Percent indicated that people do have these documents. According to the respondents, this problem is caused by delays at Home Affairs: people not having ID documents and/or birth certificates. It is worrisome that the Department of Home affairs seems unable to deliver, and thereby depriving people of the benefits they should receive.

Figure 5.7 Have clerks been trained to do their work?

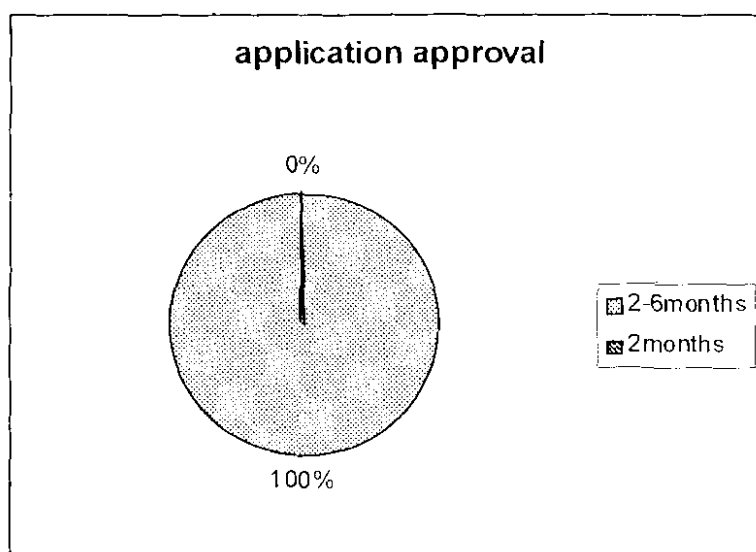


- **ANALYSIS AND INTERPRETATION**

100 Percent of the respondents indicated that they have been trained to do their

work. However, all respondents received their training two years ago. All the respondents had some training, varying from one week to three weeks duration. Although it is good that the respondents were trained, it seems that this training is not enough to make them effective in their work.

Figure 5.8 Waiting period for approval of applications



- **ANALYSIS AND INTERPRETATION**

100 Percent of the respondents indicated that it takes two to six months for applications to be approved. The respondents indicated that the time for a new application and the renewal of old grants to be approved can take from two to six months (with more than three months the more likely). It seems that the period beneficiaries have to wait for the approval of their applications is long.

What options do people have of receiving social grants?

All the respondents indicated that people are aware of the following options for receiving social grants: banks, Post Offices, municipality offices and pay points.

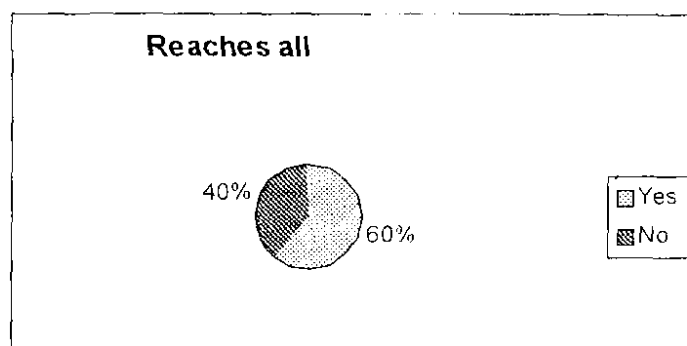
Are beneficiaries aware of these options?

The majority of the beneficiaries are aware of the options but they still prefer to get their grants from the municipal offices as they say they are avoiding the interest they pay at the bank.

How do you inform people about social grants in your area?

Two respondents indicated that they do not inform people about social grants in their area, while the others use the following media: clinics, media, social workers, radio and billboards.

Figure 5.9 Does this information reach all members of the community in Sedibeng?



• ANALYSIS AND INTERPRETATION

60 Percent of the respondents indicated that the information reaches all people in the community and only 40 Percent indicated otherwise. Reasons for information not reaching all the people in the community are that:

- some do not attend clinics;
- many are illiterate;
- some do not have radios; and
- the information is in English and some people do not understand English.

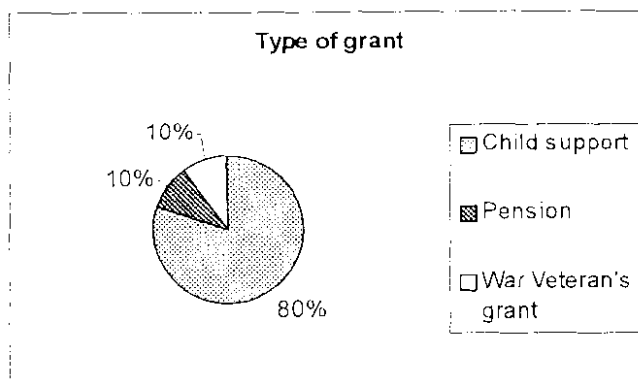
It is impressive that most people do get information about social grants. This is an indication of the commitment of the Department of Social Development to serving the people. However, this information does not reach most poor people who should benefit from the system.

5.3 QUESTIONNAIRE FOR BENEFICIARIES

Ten responses were received, consisting of one war veteran, one pensioner and eight people who receive child support grants.

5.3.1 Demographic information

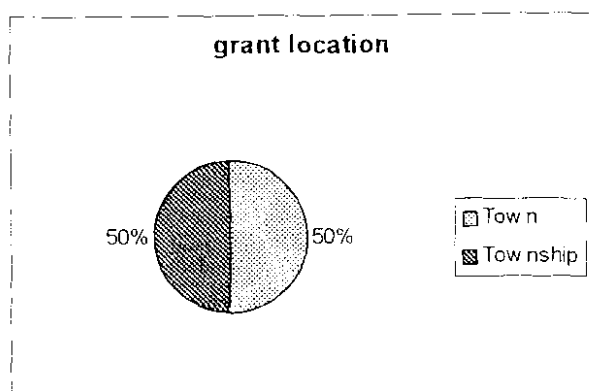
Figure 5.10 Type of grant respondents receive



- **Analysis and interpretation**

80 Percent of the respondents receive child support grants, 10 Percent pensions and 10 Percent war veteran's grants. This indicates that there are many more people receiving child support grants than other types of grants in Sedibeng District Municipality.

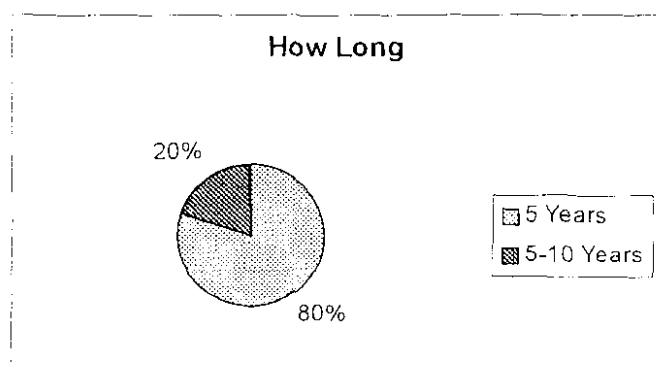
Figure 5.11 Location of offices for receiving social grants in Sedibeng District Municipality. (SDM)



- **ANALYSIS AND INTERPRETATION**

50 Percent indicated that their offices are located in townships, while the other 50 Percent indicated that their offices are located in town. This indicates that people are free to use these facilities wherever they want to.

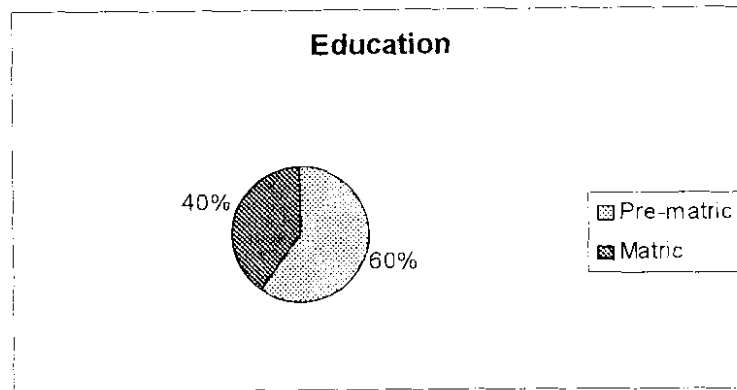
Figure 5.12 How long have you been receiving grants?



- **ANALYSIS AND INTERPRETATION**

80 percent of the respondents have been receiving grants for less than five years and only 20 percent of the respondents have been receiving grants for longer than five years. It is impressive that more people are receiving grants, this indicates that more people are benefiting from the system than before.

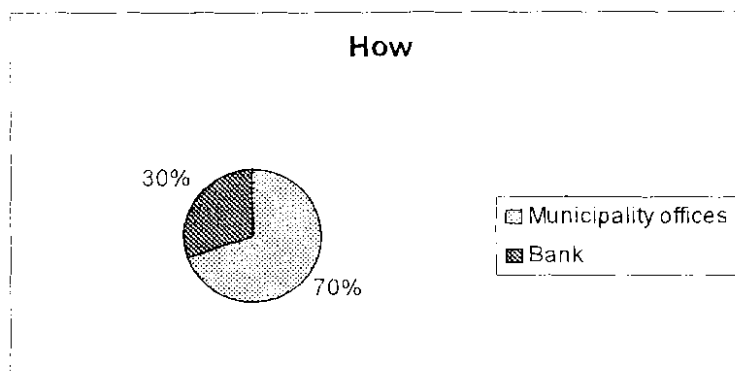
Figure 5.13 Education level



- **ANALYSIS AND INTERPRETATION**

60 Percent of the respondents' education level is pre-matric and that of the other 40 Percent is matric. The majority of the beneficiaries are semi-literate.

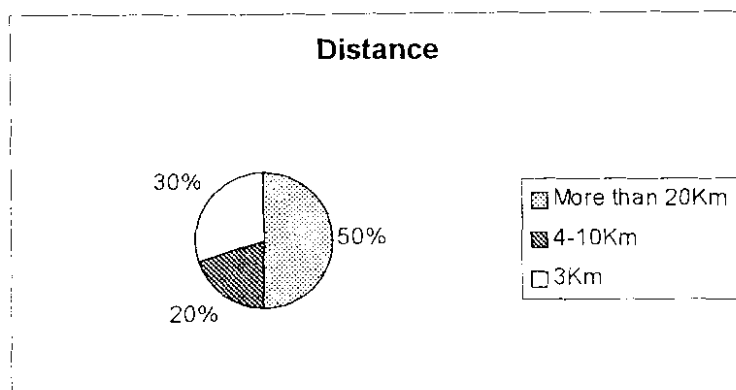
Figure 5.14 How respondents receive their grants



- **ANALYSIS AND INTERPRETATION**

70 Percent of the respondents receive their grants from the municipal offices, while only 30 Percent receive theirs from the bank while 40 Percent is the majority of the respondents still prefer standing in long queues to getting their money from the bank.

Figure 5.15 The distance beneficiaries travel to their pay points

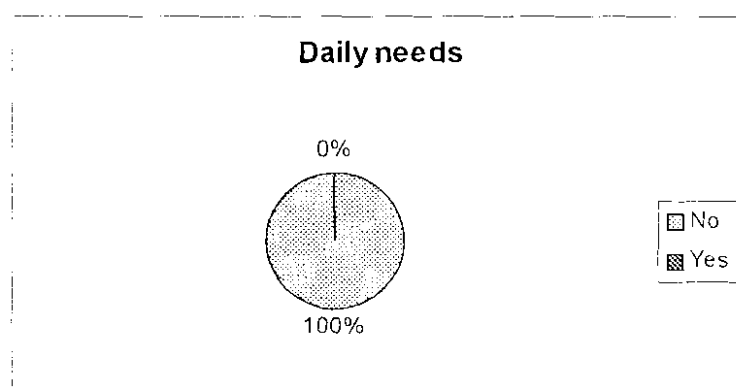


- **ANALYSIS AND INTERPRETATION**

50 Percent of the respondents travel more than twenty kilometres to their pay points, 30 Percent four to ten kilometres and only 20 Percent travel less than three kilometres. Respondents travel long distances to their pay points.

5.3.2 Section B: Social grants as poverty alleviation strategy in Sidibeng District Municipality

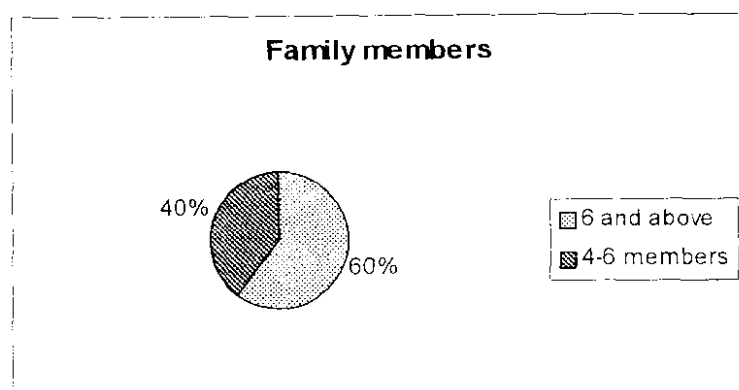
Figure 5.16: Grants providing for daily needs



- **ANALYSIS AND INTERPRETATION**

100 percent of the respondents indicated that grants do not provide for their entire daily needs. Beneficiaries do not seem to understand that they have to supplement their grants.

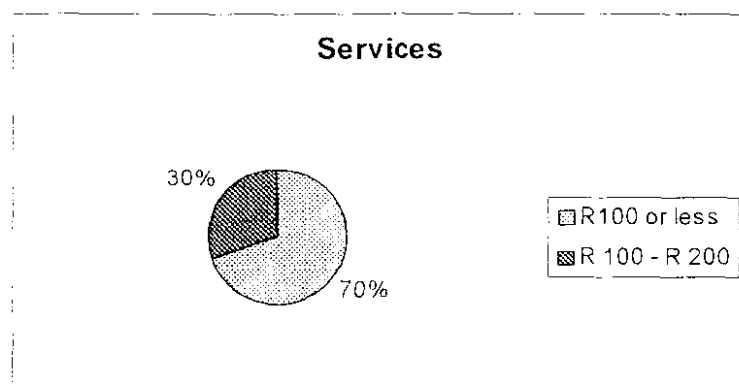
Figure 5.17 Family members depending on the respondent's grant



- **ANALYSIS AND INTERPRETATION**

60 Percent of the respondents have six and more family members depending on their social grants and only 40Percent have four to six family members depending on their grants. This indicates that there is a need for these grants to reach most people who are living in poverty.

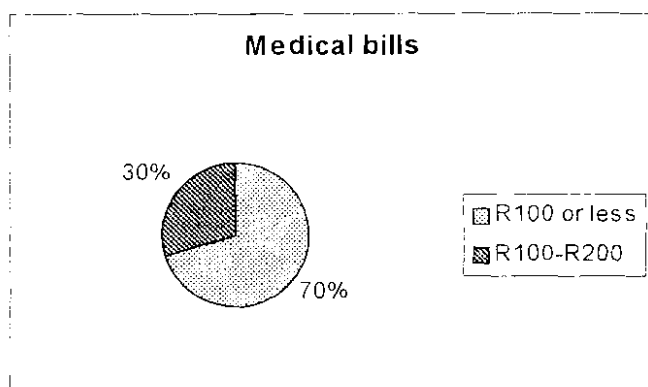
Figure 5.18 How much do respondents pay for their services?



- **ANALYSIS AND INTERPRETATION**

70 Percent of the respondents pay R100.00 or less for their services, while 30 Percent pay from R100.00 to R200.00 for their services. This indicates that the majority of the respondents live in low cost houses and squatter camps.

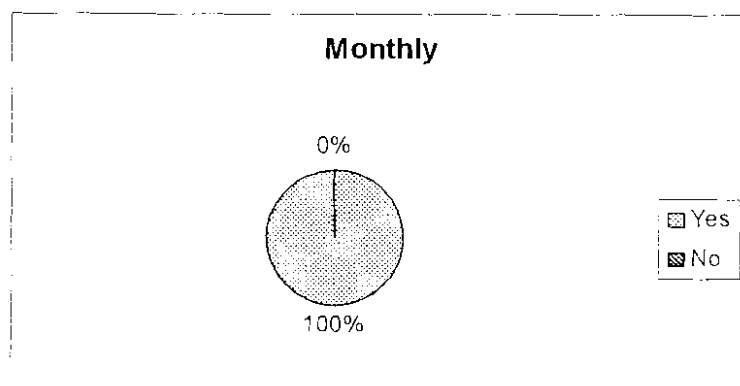
Figure 5.19 How much do respondents spend on their medical bills?



- **ANALYSIS AND INTERPRETATION**

70 Percent of the respondents pay R100.00 or less on their medical bills, while 30 Percent pay from R100.00 to R200.00 for theirs. This indicates that most respondents depend on subsidised medical services provided by the provincial hospitals.

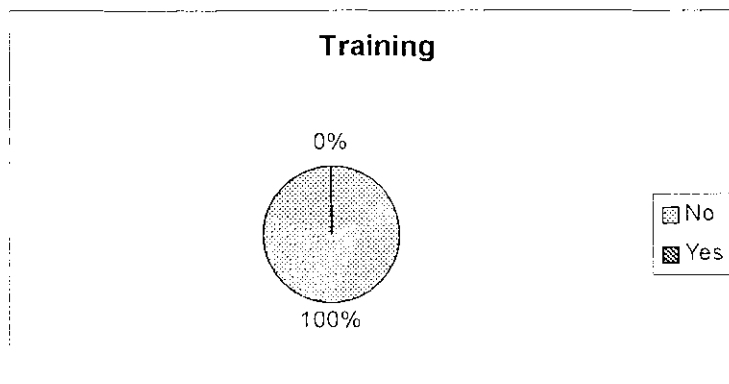
Figure 5.20 Do respondents get their grants every month?



- **ANALYSIS AND INTERPRETATION**

An overwhelming 100 Percent of the respondents indicated that they receive their grants every month. It is impressive that the Department of Social Development seem to be delivering and meeting the needs of the people.

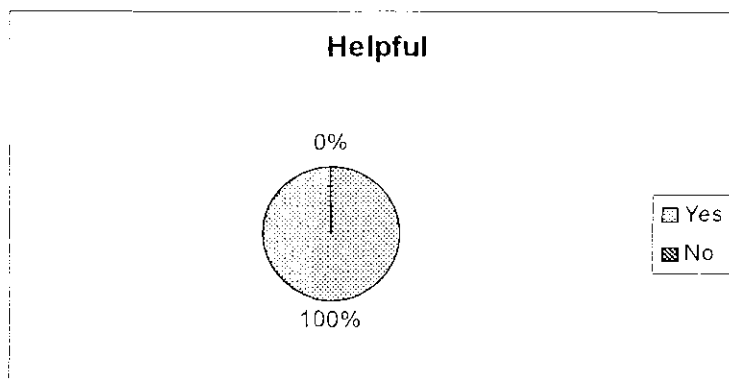
Figure 5.21 Do respondents receive training in grant expenditure?



- **ANALYSIS AND INTERPRETATION**

All 100 Percent of the respondents indicated that they never received training on grant expenditure. It is worrying that respondents are not exposed to information on how to budget. This can lead them into being wasteful.

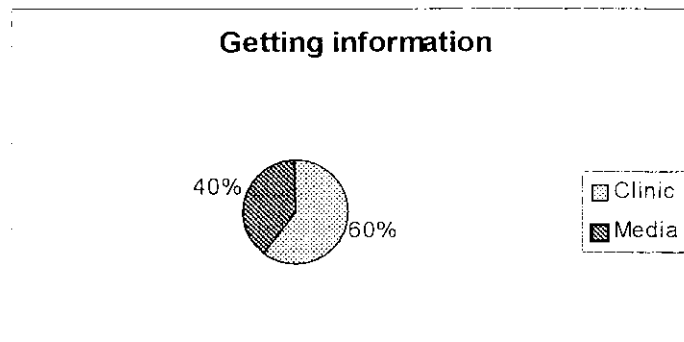
Figure 5.22 Do respondents think that training would be of help?



- **ANALYSIS AND INTERPRETATION**

All 100 Percent of the respondents indicated that they think training in grant expenditure would benefit them. The Department of Social Development needs to be proactive in providing beneficiaries with training in how effectively they can spend their grants.

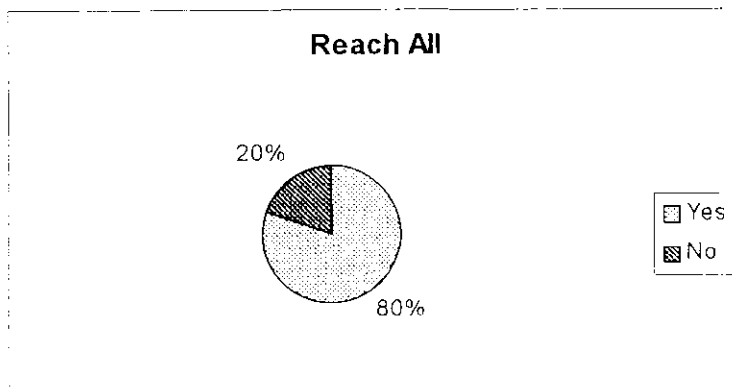
Figure 5.23 How do respondents get information about social grants?



- **ANALYSIS AND INTERPRETATION**

60 Percent of the respondents indicated that they receive information about social grants from the clinics and only 40 Percent of the respondents receive information from the media. This is an indication of a partnership between The Department of Social Development and the Department of Health.

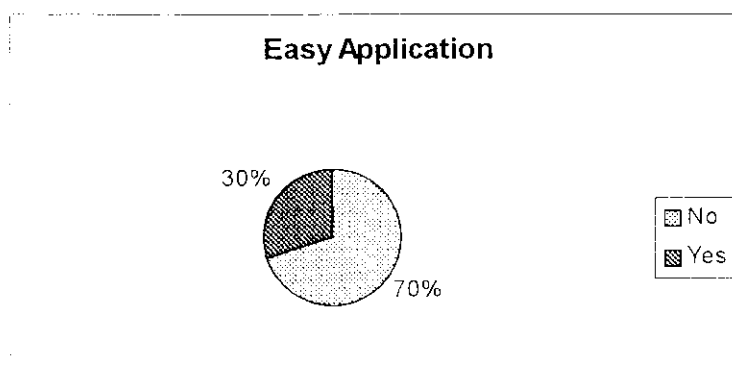
Figure 5.24 Are most people in their communities informed about social grants?



- **ANALYSIS AND INTERPRETATION**

80 Percent of the respondents indicated that the people in their community are informed about social grants, but only 30 Percent indicated that it is easy for them to go to municipal offices to apply for these grants. It is good that people have information about social grants.

Figure 5.25 Is it easy for people to go and apply for grants at Sedibeng municipal offices?



- **ANALYSIS AND INTERPRETATION**

70 Percent of the respondents indicated that it is not easy to apply for social

grants and only 30 Percent indicated otherwise. The lack of ID documents and birth certificates is the only reason given by all 70 Percent who indicated that it is difficult to apply for the grants. Although it seems to be easy to get information about social grants, there seems to be a problem when it comes to actually applying for those grants.

Question: What do you think would improve delivery of social grants?

Respondents responded differently to this question, most of them indicated that there are few offices where they can apply and receive their grants, others highlighted the problem of few clerks working in the offices.

5.4 CONCLUSION

Two questionnaires were handed out to clerks and beneficiaries of social grants at SDM. The data collected is analysed and interpreted in this chapter. The next chapter provides a research summary, conclusion and recommendations.

CHAPTER 6

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In this chapter, a summary of the findings from the literature study as well as the empirical design and important deductions are presented. Recommendations for the practical implementation of these findings and for further research are also included.

6.2 SUMMARY AND CONCLUSIONS

6.2.1 Findings and conclusions from the literature study

In the literature study it was found that between 20 and 28 million South Africans are currently living in poverty, depending on which poverty line is used; social security has a vital role to play in alleviating this poverty and ensuring that everyone has a minimum income to meet their basic needs. In the South African context of deep poverty and inequality inherited from the past, social grants in the form of old age pensions, disability grants and maintenance grants represent a vital lifeline to millions of poor people until the effects of longer term development strategies can be felt.

From this it can be concluded that the way has been paved for social welfare programs to promote human resource development, which will enable impoverished households to care for their members, especially children and those who are vulnerable.

6.2.2 Findings and conclusions from the empirical study

The empirical investigation revealed that, on the whole social grants are received promptly, but there are serious defects in the delivery of this service, i.e. it takes

2-6 months for applications and renewal of grants to be approved, delays at Home Affairs obstruct the possession of necessary documents, information does not get through to everybody, as some members of the community do not attend clinics, do not possess radios, are illiterate or do not understand English. Many beneficiaries have to travel more than 20 kilometres to their pay points and grants are not sufficient to fulfil basic needs.

From these it can be concluded that there are practical flaws in the poverty alleviation system that need urgent attention and can be eradicated. One such an issue is the matter of training of clerks as capacity building and of beneficiaries in grant expenditure as empowerment.

6.3 RECOMMENDATIONS

6.3.1 Recommendations with reference to further research

- Little or no research has been done on the evaluation of social grants as a poverty alleviation strategy, especially in the Sedibeng District Municipality. Future research should therefore focus on an effective training strategy for clerks and managers of social grants.
- Since this research concentrated on beneficiaries of social grants and the clerks that deliver the grants in Sedibeng District Municipality, further research ought to be undertaken at national level so that a national holistic picture of the effectiveness of social grants as poverty alleviation strategy can be obtained.

6.3.2 Recommendations for the practical implementation of findings

The data analysis of the results of this research led to the following recommendations, which have implications for the effectiveness of social grant

delivery as poverty strategy in South Africa:

- The Department of Social Development should employ people who are to train and inform beneficiaries on how to budget concerning their grants and how to develop ways of investing their money.
- Clerks and managers should be trained regularly so as to be effective in delivering services. The training should involve human resource management.
- To avoid the problem of the beneficiaries traveling more than 20 kilometers to the offices or banks where they receive their grants, mobile offices can be provided. Clerks serve many people per day because they have one office that is intended to cover a very vast area.
- There is a need for an aggressive public education campaign on administration of social grants at clinics, churches, forums, print media etc.

6.4 CONCLUSION

In this research it became clear that effectiveness in delivering social grants can never be realized in areas where clerks are not properly trained and where there is one office that serves beneficiaries from more than three locations. It stands to reason that the Department of Social Development should not only be concerned with delivering the service, but should also empower its beneficiaries to use their money wisely.

This research endeavoured to show that the Department of Social Development as overseers of social grants is a central unit in effectively alleviating poverty in South Africa, developing programs that will help the poor in capacity building.

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APPENDIX A

QUESTIONNAIRE FOR MANAGERS, ADMINISTRATORS, CLERKS OF SOCIAL GRANTS IN THE SEDIBENG DISTRICT MUNICIPALITY OF VAAL TRIANGLE

SECTION A

DEMOGRAPHIC INFORMATION.

1. Indicate the type of work you do

Manager	Administrator	Clerk	
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2. Where are your offices located?

Town	Township	Farm	
------	----------	------	--

3. The number of people you serve per day

0-50	50-100	100-300	400-600	600-1000	1000+	
------	--------	---------	---------	----------	-------	--

4. What level of education have you achieved?

Pre-matric	Matric	Post-matric	Learner	
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SECTION B.

Social grants as poverty alleviation strategy in South Africa

1. Do beneficiaries receive social grants promptly?

Yes	No
-----	----

2. If not, what could be the reason?.....

.....

3. Have you been trained to do the work you do?

Yes	No
-----	----

4. If so, when was the training and what was the duration?.....

5. How long does it take for new applications to be approved?.....

6. How long does it take for the renewal of old grants to be approved?.....

7. Do people always have the necessary documents when applying for these grants?

Yes	No
-----	----

8. If not, what could be the reason?.....

9. What options for receiving social grants do people have?.....

10. Are beneficiaries aware of these options?

Yes	No
-----	----

11. How do you inform people about social grants in your area?.....

12. Does this information reach all members of the community in your area?

Yes	No
-----	----

13. If not, what could be the reason?.....

APPENDIX B

QUESTIONNAIRE FOR BENEFICIARIES OF SOCIAL GRANTS IN THE VAAL TRIANGLE

SECTION A

DEMOGRAPHIC INFORMATION.

1. Indicate the type of grant you receive

War veteran's grant		Child support		Pension		Disability	
---------------------	--	---------------	--	---------	--	------------	--

2. Where are the offices where you receive your grant located?

Town		Township		Farm	
------	--	----------	--	------	--

3. How long have you been receiving a grant?

-5 years		5-10		11-15		16 and above	
----------	--	------	--	-------	--	--------------	--

4. What level of education have you achieved?

Pre-matric		Matric		Post-matric		Learner	
------------	--	--------	--	-------------	--	---------	--

5. How do you receive your grant?

The bank		Post office		Municipal offices	
----------	--	-------------	--	-------------------	--

6. How far do you travel to the pay point?

-3km		3-10km		11 km-20 km		20 km and above	
------	--	--------	--	-------------	--	-----------------	--

7. What problems do you face in collecting your grant?

Waiting hrs		Robbery		hunger		sanitary	
-------------	--	---------	--	--------	--	----------	--

SECTION B.

Social grants as poverty alleviation strategy in South Africa

1. Do grants serve to provide for your daily needs?

Yes	No
-----	----

2. How many family members depend on your grant?

-3	4-6	7 and above
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3. How much do you pay for house tariffs and services?

-R100.00	R110.00-R200.00	R210.00- R300
----------	-----------------	---------------

4. How much do you spend on medical bills?

-R100	R100-R200	R300 and above
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5. Does your grant come every month?

Yes	No
-----	----

6. If not, why don't you receive grant the other months?.....

.....

7. Did you ever receive orientation training with regard to grant expenditure?

Yes	No
-----	----

8. If not, do you think this training would help you to spend your grant wisely?

Yes	No
-----	----

9. How do you get information about social grants?.....

.....

10. Do you think most of the people in your community are informed about social grants?

Yes	No
-----	----

11. If yes, is it easy for them just to go to municipal offices and apply for these grants?

Yes	No
-----	----

12. If not, what makes it difficult for them to apply for grants if they qualify?.....

.....

13. What do you think would improve delivery of social grants?.....

.....