

WOMEN'S **WR** REPORT

EVIDENCE-BASED INSIGHTS ABOUT WOMEN AT WORK

WOMEN'S REPORT 2022

Paper 3: The role of social grants in economically enabling South African women

by Prof. Ingrid Woolard



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The role of social grants in economically enabling South African women

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by Prof. Ingrid Woolard

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South Africa has a well-developed system of social assistance grants that are, partly by design, paid out mainly to women. The prioritisation of social assistance in the national budget is in line with Section 27(1) of the Constitution, which states that “everyone has the right to have access to ... social security, including, if they are unable to support themselves and their dependants, appropriate social assistance”.

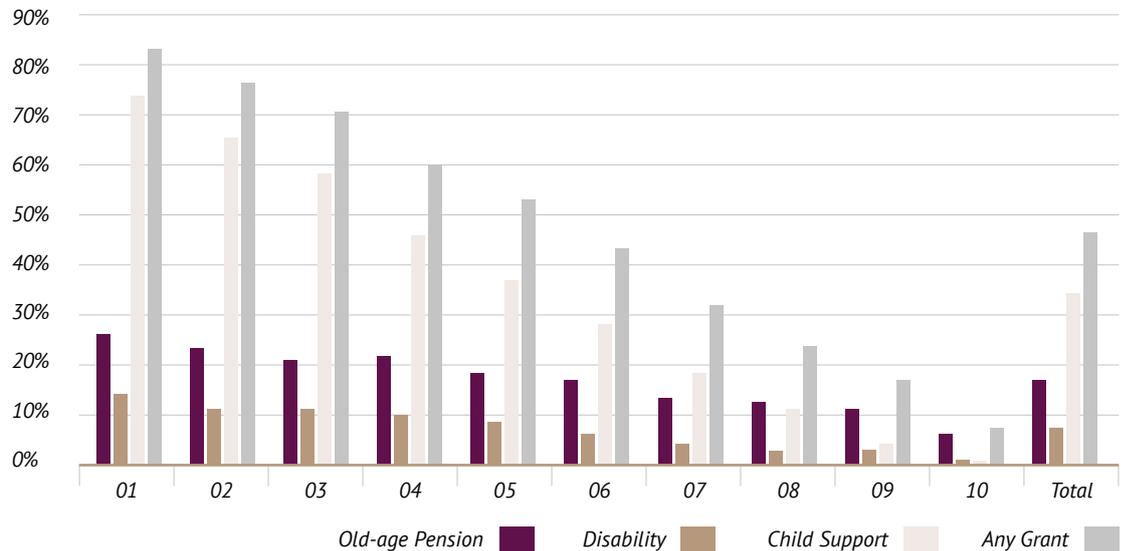
This Constitutional framework has given rise to a system of social grants that provides primarily for categories of individuals who are considered least likely to be able to provide for their own needs, namely the elderly, people living with disabilities, and children. Excluding the temporary Social Relief of Distress ‘COVID’ Grant,¹ 18.3 million grants are paid out each month, of which 13.6 million are for children. The cost of these grants amounts to 3.1% of the gross domestic product,² which is double the median spending across developing and transitioning economies.³

GRANTS SUPPORT POOR FAMILIES

The grants are a key action in government's anti-poverty strategy. Goldman et al.⁴ found that grants keep about 6 million people above the food poverty line of R624 per person per month. The grants are exceptionally well targeted: Figure 1 shows grant receipt by decile (where Decile 1 is the poorest 10% of households and Decile 10 is the richest 10% of households). Figure 1 shows that the Child Support Grant (CSG) is the most pro-poor of the grants, with 74% of households in Decile 1 receiving the CSG, compared to less than 1% of households in the richest decile.⁵ The grants thus play an important role in reducing short-run extreme poverty and ensuring that people are able to eat and obtain the most basic necessities.

- 1 The SRD grant of R350 per month was initiated in May 2020 as a temporary form of emergency relief for individuals reporting no income. At the time of writing (May 2022), the SRD grant had been extended for a fourth time (until March 2023), with about 9.7 million people currently in receipt of the SRD.
- 2 National Treasury (2022). Budget Review 2022. Available at <http://www.treasury.gov.za/documents/national%20budget/2022/review/FullBR.pdf>
- 3 World Bank (2018). The state of social safety nets 2018. World Bank. DOI: 10.1596/978-1-4648-1254-5
- 4 Goldman, M., Bassier, I., Budlender, J., Mzankomo, L., Woolard, I., & Leibbrandt, M. (2021). Simulation of options to replace the special COVID-19 Social Relief of Distress grant and close the poverty gap at the food poverty line. WIDER Working Paper 2021/165. UNU-WIDER.
- 5 It is possible for a child living in a Decile 10 household to be eligible for the CSG, as eligibility depends only on the income of the caregiver and his/her spouse, not the income of the entire household.

THE ROLE OF SOCIAL GRANTS IN ECONOMICALLY ENABLING SOUTH AFRICAN WOMEN



Source: Own analysis of 2014/15 Living Conditions Survey of Stats SA

GRANTS AS A MECHANISM FOR INCREASING HUMAN CAPITAL

In addition to reducing immediate poverty and hunger, the grants play a role in helping to break the cycle of poverty for the next generation. Grants provide a predictable and reliable source of income, which can have significant effects on the capacity of households to invest in human and physical capital. There is evidence that household receipt of the Old-age Pension (OAP) has a positive effect on child nutrition,⁶ despite the grant being intended to support the older adult. The effect is particularly strong when the pensioner is a woman.

A consequence of spatial apartheid planning is that pensioners are often located in rural areas (especially the former homelands), while jobs are more likely to be located in urban areas, making economic migration a necessity for many. Two influential papers⁷ ⁸ have shown that women are significantly more likely to be migrant workers when they are members of a household in receipt of a pension, especially when the pension recipient is female, an illustration of women enabling other women to be economically active. The authors postulate that the pension income relieves financial and childcare constraints on job searches.

There is also evidence that the grants have a positive effect on child nutrition. Agüero, Carter, and Woolard⁹ found that children who received the CSG during the first three years of their life (that is, within the so-called 'nutritional window' during which adult height is largely determined) have significantly higher height-for-age scores than those who did not. More recently, Eyal et al.¹⁰ found that the CSG has a positive effect on keeping adolescents in school. CSG beneficiaries have enrolment rates about 10 percentage points higher than non-beneficiaries.

6 Hamoudi, A. & Thomas, D. 2005. Pension income and the well-being of children and grandchildren: New evidence from South Africa. California Center for Population Research On-Line Working Paper Series No. 043-05. University of California.
 7 Posel, D., Fairburn, J., & Lund, F. (2006). Labour migration and households: A reconsideration of the effects of the social pension on labour supply in South Africa. *Economic Modelling*, 23(5): 836-853.
 8 Ardington, C., Case, A., & Hosegood, V. (2009). Labor supply responses to large social transfers: Longitudinal evidence from South Africa. *American Economic Journal: Applied Economics*, 1(1): 22-48.
 9 Agüero, J., Carter, M., & Woolard, I. (2007). The impact of unconditional cash transfers on nutrition: The South African Child Support Grant. *International Policy Centre for Inclusive Growth Working Paper No. 39*. IPC.
 10 Eyal, K., Woolard, I., & Burns, J. (2018). More than just a black-board: Cash transfers and adolescent education in South Africa. SALDRU, UCT. SALDRU Working Paper Number 125, Version 2.

“The CSG, like the OAP, is clearly a key instrument in improving both health- and educational outcomes of South African children.”

GRANTS GO PRIMARILY TO WOMEN

More than three-fifths of OAPs go to women¹¹. This is unsurprising, given that women live longer than men, and they are less likely to have been able to accumulate private savings prior to retirement. This is as a result of historical and persistent labour market inequalities, as well as the disproportionate burden of household and care responsibilities borne by women.

The CSG is intended to “follow the child”, and should be paid to the person who is primarily responsible for the day-to-day care of the child. Almost all (96%)¹¹ of CSG payments go to women, usually (but not necessarily) the biological mother or grandmother of the child. This is largely by design: the architects of the CSG,¹² the Lund Commission, were led by international empirical evidence that women are more likely to utilise cash transfers to purchase food and child goods.

GRANTS AND TEEN PREGNANCY

There is ongoing public discussion as to whether the child grants might encourage childbearing, particularly amongst teenagers. The empirical evidence, however, runs counter to this. First, recent national surveys suggest that the number of pregnancies among young women is not increasing,¹³ despite the expansion of the CSG over the past two decades. Second, survey data suggest that younger mothers are much less likely than older mothers to apply for the CSG, even when the child meets the eligibility criteria.

It is not clear why this is, but it is possible that young mothers are embarrassed to apply, or are under the impression that they cannot access a CSG for their own child while they themselves are still technically a child (and themselves the ‘child’ beneficiary of a CSG, since this extends up the age of 18). Third, the evidence is clear that most teenage pregnancies are unplanned and often unwanted, with pregnancy and childbearing being the result of inadequate knowledge about sex, unequal gender relations, a lack of access to contraceptive services, and risky behaviours.¹⁴

“The evidence therefore does not support the idea that the availability of the CSG increases teenage childbearing.”

GRANTS AS A MECHANISM FOR EMPOWERMENT

The grants play a transformative role beyond the immediate benefits of redistributing cash. Recent qualitative evidence¹⁵ shows that receipt of this small, regular income provided by the CSG expands women’s autonomy, choices, dignity, and social recognition. The CSG gives women some small measure of financial independence and increases decision-making power over financial resources and decisions about children’s well-being.¹⁶ There is also some evidence that CSG receipt enhances a woman’s ability to participate in community life, for example, through participation in rotational savings schemes (‘stokvels’), which, in turn, have positive impacts on social cohesion and reciprocity amongst each other.

11 Own analysis of the Living Conditions Survey 2014/15. StatsSA.

12 <https://www.gov.za/documents/report-lund-committee-child-and-family-support>

13 Statistics South Africa (2017). Demographic and Health Survey 2016: Key indicator report. Stats SA.

14 Ngubane, N. & Maharaj, P. (2018). Childbearing in the context of the Child Support Grant in a rural area in South Africa. Sage Open. DOI: 10.1177/2158244018817596

15 Granlund, S. & Hochfeld, T. (2020). “That Child Support Grant gives me powers” – Exploring social and relational aspects of cash transfers in South Africa in times of livelihood change. *The Journal of Development Studies*, 56(6): 1230-1244. DOI: 10.1080/00220388.2019.1650170

16 Patel, L. & Hochfeld, T. (2011). It buys food but does it change gender relations? *Child Support Grants in Soweto, South Africa. Gender and Development*, 19(2): 229-240.

CONCLUSION

The extensive system of social grants increases women's incomes and lessens the gender poverty gap. The grants assist women in meeting the basic needs of their families and keeping their children in school, in the hope of a better future for the next generation. Further, there is evidence that household grant receipt increases job searches by loosening financial and childcare constraints, running counter to the widely held belief that the grants promote dependency and welfarism.

Despite the small value of the grants, access to this reliable form of income increases women's autonomy and promotes social cohesion among groups of women. While grants are certainly not a silver bullet for solving all of South Africa's ills, they are an important part of an overall package of economic support.

About the author

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Every year, we are privileged to have some of the foremost experts in their fields contribute to the Women's Report. Their insights, research, and thoughts on topics provide fresh perspectives on the advancement of gender equality at work. Experts come from the ranks of practitioners and researchers, and topics span women at work and the spill-over of perspectives on gender, at home and in society, on paid work.



PROF. INGRID WOOLARD

Ingrid Woolard is the Dean of the Faculty of Economic and Management Sciences at Stellenbosch University, the first woman to hold this position. She is also a Professor of Economics at Stellenbosch University and an Honorary Professor of Economics at the University of Cape Town. She obtained her PhD in Economics at the University of Cape Town in 2002. She has previously worked at the National Treasury, Nelson Mandela University, the University of KwaZulu-Natal, the Human Sciences Research Council and the University of Cape Town. Her areas of research interest include the measurement of poverty and inequality, unemployment, social protection and fiscal policy.

She is a Research Affiliate at the Southern Africa Labour and Development Research Unit (SALDRU) at the University of Cape Town, at the Institute for the Study of Labour (IZA) in Bonn and at the Commitment to Equity Institute at Tulane University in New Orleans. She is strongly committed to providing research-led policy advice.

From 2008 to 2014, she served on the Employment Conditions Commission which advises the South African Minister of Employment and Labour on making sectoral determinations concerning working conditions and minimum wages in sectors where collective bargaining is weak. From 2013 to 2018 she served on the Davis Tax Committee which advised six consecutive Ministers of Finance on tax reform.

A message from the Editor

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Welcome to the 2022 edition of the Women's Report!

In this edition, we hover an equity lens over the realities created for women by South Africa's fiscal policy. Fiscal policy relates to the way in which a government spends its revenue and collects its taxes. It seems reasonable to treat women and men exactly the same when it comes to fiscal decisions — 'One for you, and one for me', at first glance, is fair, is it not? Such an approach is supposed to yield a symmetrical outcome, as each individual is given the same resources and opportunities.



The reality, however, is that a number of systemic forces are disturbing the intended outcome of this equal treatment, creating asymmetries that manifest during the entire lifetime of women of all walks, from birth, during their careers, and through retirement. Perhaps that is why Aristotle used the Greek word *'isos'*, which means more than mere equality — it intimates fairness through equity. When we understand equity to be a state, rather than the balance on a receipt, we can start to work backwards to identify and address the systemic causes of the asymmetry.

“This year, we take a look at some of the characteristics of South Africa's fiscus that are contributing to what becomes life-long inequity for the country's women, especially the poorest.”

Tax expert Lee-Ann Steenkamp, from Stellenbosch Business School, considers the ramifications of discriminatory tax legislation, specifically the sad reality that the burden of consumption tax, VAT, falls on the poorest women – those whose income is too low to be taxable. Lee-Ann also paints a worrying picture of the current status of women's permanent employment, income levels and the wage gap, based on national tax data, together with a discussion of tax laws that disproportionately burden households with a single breadwinner, of which 41.9% are women.

In a second contribution, Lee-Ann points out that many women do not earn enough to save for retirement, they do not enjoy employers' contributions to a retirement fund, and they also overwhelmingly bear the greatest caregiving burden in society — often without compensation. She outlines “a myriad labour market, cultural, behavioural, and biological forces that converge to hamper the financial security of women retirees”. Coupled with the caring responsibilities these women shoulder, it becomes clear why social grants are critical. The gender pension gap may also be ascribed to the fact that, in South Africa, more women than men hold non-permanent jobs — approximately 59% of temporary employees are women.

A message from the Editor

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Ingrid Woolard, Dean of Stellenbosch University's Faculty of Economic and Management Sciences, hones in on the different types of social grants that play a key role in the anti-poverty fiscal strategy of the South African government. She clarifies the role that social grants play in "reducing short-run extreme poverty and ensuring that people are able to eat and obtain the most basic necessities", and shows that social grants are primarily paid out to women. Contrary to popular belief, young women do not aim to have more children in order to gain access to childcare grants. Ingrid outlines how "national surveys suggest that the number of pregnancies among young women is not increasing", and that younger women tend not to apply for the childcare grant, even though their children meet eligibility criteria. She reminds us that teenage pregnancies are mostly a result of inadequate sex education and risky behaviour. Young women understand the lifetime care burden that befalls them when they fall pregnant, and know that childbearing is likely to make it much harder to reach their own goals – hardly an incentive to become pregnant in order to gain access to R480 per month.

Ingrid's article dovetails with the considerations raised by Lee-Ann, creating a more comprehensive understanding of the myriad balls women have to juggle while trying to progress while providing. While this is only a slice of the gender reality pie, this issue of the Women's Report shows that much needs to be done and with greater care and consideration of the facts of life in South Africa that hamper women's advancement. Careful considerations of aspects of fiscal policy, including tax, social grants, retirement funding and gender-based budgeting, could halt the downward spiral of odds that progressively stack up against women as they navigate life. Without such informed and dedicated action and targeted fairness, addressing the plight of the poorest of the poor and eradicating the cycle of poverty for the current generation of children will remain merely a noble aspiration.



Wishing you happy reading!

University of Stellenbosch Research Chair - Women at Work
Associate Professor: Leadership and Organisational Behaviour

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