Background and Context

South Africa is a constitutional democracy and had its first national democratic elections in 1994, following a protracted period of political negotiations and transition. Population estimates range from 54.8 million in 2015 to the most recent estimate of 58.8 million in 2019. Children represent approximately one-third of the population and national survey estimates range from 19.7 million in 2015 to 19.6 million in 2018. During the period 1948 to 1994, the country was characterized by a system of legalized racial privilege and discrimination, which continues to have a profound impact on poverty and inequality. By 2015, South Africa became the most unequal society in the world. The Gini coefficient for the country’s per capita income stood at 0.68 in 2015, turning the country into an outlier even in an African context that is generally characterized by poverty and inequality. Income poverty increased from 53.2 per cent of the population being poor in 2011 to 56 per cent in 2015. Children shoulder a disproportionate burden of income poverty and in 2015, 67 per cent of children lived below the country’s upper income poverty line. The burden of poverty is disproportionately shared among people who live in rural provinces, females, and female-headed households, and children under 18 years.

The South African economy is one of the two largest economies on the continent and boasted a Gross Domestic Product (GDP) of ZAR 4.9 trillion (or 366 billion USD) in 2018. Following the 2008 economic crisis, the economy has struggled to get out of first gear and only managed to grow by 1 per cent on average since FY2014. The unemployment rate was 29 per cent in the second quarter of 2019, while the country’s consolidated budget deficit represented 4.2 per cent of GDP in FY2018. Despite the economic and public finance challenges, the South African government has remained committed to what it calls a “social wage” and continued its investment in social sector spending, benefiting poor adults and children. Over the country’s 2019 Medium-Term Expenditure Framework (MTEF), spending on basic education, health and social development is projected to grow by a meagre 1.1 per cent above inflation on average. However, over the same period, combined spending on social development, which finances the CSG, is projected to grow by 1.9 per cent on average over the 2019 MTEF.

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4. South African Reserve Bank, 2019
6. Statistics South Africa, 2019
The present Child Support Grant (CSG) was preceded by the State Maintenance Grant (SMG) system, which was a social security payment provided by the government. Single parents and parents whose partners were unable to contribute to maintenance costs were targeted. The SMG had two components, namely a parent allowance and a child allowance. The parent allowance component was means-tested using income thresholds and age as eligibility criteria, while the child allowance component consisted of a flat-rate benefit.

Because of the unfair racial allocation and award patterns and concerns about the potential costs of the SMG in the event of it being extended to all qualifying families, an expert committee was put together (the Lund Committee on Child and Family Support) in 1996 to come up with proposals for a new child benefit system.

The committee met in May 1996 and released its recommendations at the end of August 1996. Key recommendations included a flat-rate child support benefit paid out for a limited number of years, making receipt of the grant conditional on meeting health requirements (registration of birth and child-appropriate health services) and financing the benefit by the phasing out of the SMG (over a five-year period). Furthermore, the report proposed three potential age-cohorts that could be beneficiaries of the new grant, namely cohorts 0-4, 0-6 and 0-9 years. It also suggested two benefit level options. The Lund Report did not recommend the implementation of a universal child benefit (UCB) for all children aged 0-18.

In 1997, the national Cabinet approved the implementation of a new Child Support Grant (CSG) and determined that the grant be paid to children from 0-6 using a means-tested methodology to identify potential beneficiaries. The initial amount proposed was ZAR 70 (around USD 15), but this was revised to ZAR 100 (around USD 21) and the phasing-out of the SMG was shortened by two years from five to three years. Implementation of the new child grant commenced in 1998. Civil society organisations played a key role in raising the spending level of the CSG.

Whereas the previous SMG was targeted at the structure of families (single parent families or families where one parent was unable to support children), the new CSG was targeted at the child, irrespective of the family structure. The CSG operated alongside other grants, such as the Old Age Pension grant (OAP), thus permitting a recipient of the OAP to also receive the CSG, especially in situations where the biological parents of children were absent or unable to care for their own.

Civil society activity around the benefit level was intense and many of the partners that UNICEF is working with today were active, namely Black Sash, the Alliance for Children’s Entitlement to Social Security (ACCESS), and the Children’s Institute of the University of Cape Town. During the initial implementation of the CSG, the government-imposed conditions such as being in possession of a health or clinic card (e.g. recording clinic visits, nutritional status of the child, immunizations etc.). Because of the social and economic challenges in obtaining such a card, this conditionality was perceived as preventing many eligible children from participating in the system and was subsequently dropped.

The initial take-up was slow because of conditionality, but effective communication campaigns, increases in the benefit level, and the gradual extension of the age limit, encouraged many eligible families with children to enrol in the programme.

Lack of knowledge around eligibility around who qualified for enrolment in the programme, challenges in reaching children in deep rural areas, corruption and fraud, and concerns about individuals becoming grant-dependent were some of the initial challenges in implementing a grant of this scope and size. However, the most recent evidence seems to suggest that social grants have become an accepted reality in South Africa and that political parties that hold different views about the individual and the economy all coalesce around the importance of social grants and there is consensus.
Small financial adjustments (around ZAR10) are made to the CSG around October of each year. Thus, in April 2019 (start of FY2019), children received ZAR420, but this will be increased to ZAR430 from 1 October 2019.

The means test used in 1998 was valid up until FY2008 when it was amended to annul the distinction between urban and rural dwellers. New annual income thresholds were specified for single income households and joint income households (married couples).

In terms of the formal application process, an applicant must present their application to an SASSA office and provide proof of earnings in addition to a sworn statement of his/her personal circumstances and of course details around the child (with proof of course, e.g., ID or birth certificate of child).

**Figure 1. Timeline Summary of the Child Support Grant (CSG) Programme showing changes in coverage**

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Size of benefit (ZAR)</th>
<th>Number of children covered</th>
<th>Qualifying Conditions and Targeting</th>
</tr>
</thead>
</table>
| 1998<sup>8</sup> | 100 | 34,471 | Children aged 0-6  
• Means tested. For eligible citizens living in rural areas and informal settlements, an income not exceeding ZAR 13,200 per annum and if an urban dweller, income not exceeding ZAR 9,600 per annum.  
• Health card for young children displaying immunizations, clinic visits and nutritional status of the child. |
| 2004 | 170 | 5,663,647 | Means tested. Children aged 0-10. |
| 2010 | 250 | 10,371,950 | Children aged 0-14  
• Income threshold for single person ZAR 27,600.<sup>9</sup>  
• Income threshold for married couples, ZAR 55,200. |
| 2012 | 280 | 11,341,988 | Children aged 0-17.  
• Income threshold for single person ZAR 33,600.  
• Income threshold for married couples, ZAR 67,200. |
| 2016 | 350 | 12,044,612 | Children aged 0-17.  
• Income threshold for single person ZAR 42,000.  
• Income threshold for married couples, ZAR 84,000. |
| 2017 | 380 | 12,197,673 | Children aged 0-17.  
• Income threshold for single person ZAR 45,600.  
• Income threshold for married couples, ZAR 91,200. |
| 2019 | 420 | 12,400,000 | Children aged 0-17.  
• Income threshold for single person ZAR 48,000.  
• Income threshold for married couples, ZAR 96,000. |

**Note:** Beneficiary data for 2016 and 2017 were taken at the end of each calendar via SASSA’s “A statistical summary of social grants in South Africa”, while the 2019 data are published on government’s web portal (see [https://www.gov.za/services/child-care-social-benefits/child-support-grant](https://www.gov.za/services/child-care-social-benefits/child-support-grant)) and *The Estimates of National Expenditure 2019*.

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7 Small financial adjustments (around ZAR10) are made to the CSG around October of each year. Thus, in April 2019 (start of FY2019), children received ZAR420, but this will be increased to ZAR430 from 1 October 2019.

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9 In terms of the formal application process, an applicant must present their application to an SASSA office and provide proof of earnings in addition to a sworn statement of his/her personal circumstances and of course details around the child (with proof of course, e.g., ID or birth certificate of child).
Grant Description

The Constitution of the Republic of South Africa (section 27(1)(c)) states that everyone has the right to “social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.”

This high-level right is encoded in the Social Assistance Act, (No. 13 of 2004), which provides for the administration of social assistance and payment of social grants as per section 3(a) of the Act. Section 6 of the Social Assistance Act provides that the primary caregiver of a child is eligible for receipt of the Child Support Grant (CSG).

Child Support Grant summary*

Coverage: All children that are citizens of the Republic of South Africa and non-citizen children that are permanent residents.

Number of Children covered: 12.4 million children or 64% of all children under 18.

Financing: Tax-financed by government.

Cost: In FY2018, the CSG was ZAR 60.5 billion (1.3% of GDP) or roughly 4 billion USD.

Qualifying conditions: The child must be younger than age 18, must not be cared for in a State institution, and live with a caregiver who is not paid to look after the child. In the case of parents or caregivers, they must be a South African citizen or a permanent resident and qualify through the income means test.

Benefit description: 400 ZAR was paid monthly to the primary caregiver for each child in 2018. For 2019, the ZAR amount is 420 (or roughly 28 USD). There is no limit of the number of biologically related children that can receive the grant in a household. The primary caregiver must be aged 16 or older.

In addition to the CSG there is the closely related foster child grant (universal): Paid to a person caring for a foster child aged 18 or younger (aged 21 if a student). There must be a court order indicating the foster care status of the child. Foster parents may receive more than one social grant at a time.

Administrative Organisation: The grants are administered through the South African Social Security Agency (SASSA).

*Beneficiary and expenditure data extracted from the government’s Estimates of National Expenditure 2019. The Social Development chapter (Vote 17) was used. The data apply to FY2018 (01 April 2018 to March 2019).

The government of the Republic of South Africa does not have an explicit policy of linking the social grants, including the CSG, to an inflation index. However, due to popular pressure and political commitments, the CSG, like other social grants, are increased at an annual rate that is above the country’s Consumer Price Inflation (CPI) Index. This has been the practice, even during the difficult post-2008 years.

In terms of projections over the 2019 MTEF, the CSG is projected to grow from 60.5 ZAR billion (4 billion USD) in FY2018 to 75.7 ZAR billion (or 5.1 Billion USD) in FY2021 at a real average annual rate of 2.3 per cent (in 2015 Rands). Beneficiaries of the social grant are projected to grow from 12.4 million in 2018 to 13.1 million at the end of the 2019 MTEF (FY2021), which represents approximately 67% of children covered.

Monitoring the implementation

The South African Social Security Agency (SASSA) provides updated data on social grant beneficiaries every month and publishes the data on their website. At the end of December 2017, there were 12.2 million child grant beneficiaries and from national survey data10 we know that between 25.4 per cent and 34.2 per cent of households

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10. Comprehensive survey data are from the Living Conditions Survey (LCS) 2014-15, a national survey that covers household income and consumption. Although more recent data are available via the annual Household Surveys, the Household Surveys do not generate comparable quality and comprehensiveness in terms of the income and consumption data collected in the LCS.
have access at least one CSG per household. Coverage of the CSG is in all nine provinces and across urban and rural areas.

In FY2018, the actual transfer amount per qualifying child per month is ZAR400 (roughly 27 USD). From national survey data collected in 2015, the estimated average/typical annual market income for households (not inclusive of social grants income) that receive the CSG is ZAR 10,934 (approximately 740 USD). Thus, although the absolute size of the CSG is small, in the context of households in the two poorest income quintiles, the CSG transforms significantly the disposable income of households.

The government strives to keep the eligibility criteria as consistent as possible, but annual adjustments are made to the income thresholds to reflect the impact of inflation. There is also episodic re-registration of social grant beneficiaries (including the CSG) in instances where fraud and corruption becomes a problem. In one such instance (FY2014), the discovery that a substantial number of foreign citizens, that were not permanent residents, were accessing social grants led to the drive to re-register beneficiaries and update the beneficiary database.

Impact evaluations

**Poverty (monetary, MDP etc.) and inequality indicators:**
- Earlier research on the CGS by Samson et al (2004) estimated that the poverty impact of the CSG on the headcount poverty could be reduced by as much as 5.6 per cent if the CSG were extended to children aged 0-18.
- The Economic Policy Research Institute (EPRI, 2013) estimated that social grants reduced food poverty by as much as 42 per cent. When one considers the composition of social grants and the principal role played by the CSG, then its continued impact on food poverty is indisputable.
- Inchauste et al (2015) found that the CSG is the best-targeted social grant (has the highest negative concentration coefficient) and the results are largely reflective of the fact that poorer households have a larger percentage of children and older persons. The disability and old age grants were placed behind the CSG in terms of targeting poor households.
- In the UNICEF 2018 Social Development Budget Brief, social grant receipt is estimated to reduce overall income inequality by 6.3 per cent and by a staggering 20 per cent in rural households. Furthermore, grant income is more than 13 times the size of market income for those households in the poorest income quintile. Prior to this data, it was found the combined effect of the principal national cash transfers – social Old Age Pension, Disability Grant and Child Support Grant – were estimated to ‘strongly reduces inequality – the Gini coefficient (on per capita household expenditure) fell from 0.67 before grants to 0.62 (Woolard, 2003).
- Children enrolled in the CSG since birth, particularly girls, were less likely to suffer illness than those who had joined the programme later in childhood (DSD, SASSA, and UNICEF, 2012).

**Accuracy: exclusion/inclusion errors**
- Van der Berg (2006) estimated the fiscal incidence of social grants spending and concluded that social grants overall are well-targeted and were considered “absolutely progressive.” At the time of the study, the Old Age Pension grant was the best targeted and the CSG came in third position behind the OAG and the disability grant. The reasons for the CSG being less well-targeted most likely relates to the adoption of less stringent targeting measures that were intended to increase the beneficiary base of the child grant.
- A 2013 SASSA and UNICEF report found relatively high rates of exclusion, especially for younger children. For children aged 0-1 (the exclusion error was above 50%), while for children aged 15, 16 and 17, the exclusion rates were 23%, 50% and 72% respectively. Those aged 17 had the highest exclusion rates, because the grant was progressively extended to older age groupings. However, while the exclusion of older children can be explained away by the phasing-in approach the government took, it is less clear why children aged 0-1 had such high exclusion error rates.
- Exclusion rates were the highest in more urban and wealthier provinces such as Western Cape and Gauteng (SASSA and UNICEF, 2013). In 2011, more than 37% of eligible children were excluded from accessing the CSG in the Western Cape, while Gauteng had a corresponding exclusion rate of 33%. Following a series of multivariate regression results, the report concluded that province was less salient as a variable explaining take-up rates and suggested that the distribution of geographical types (urban, rural and traditional areas) across and within provinces may offer
more explanatory power for the differential provincial take-up rates.

- The evidence seems to suggest that exclusion errors are being reduced as the grant has been extended to children across the age band of 0-18.

**Efficiency: What were the admin costs of the grant as a proportion of its assigned budget?**

- Figures are provided in official government documentation about the cost of administration for all social assistance programmes and not just the CSG. In the latest National Treasury (2018) documentation, administration costs of programmes were 5.4 per cent (ZAR 7.2 billion) of the total social assistance budget of ZAR 134.5 billion.

**Current Developments**

**Issues identified as critical to maintaining or moving forward with the programme**

- Fiscal space has become a challenge in South Africa and the fiscal consolidation programme that has been implemented has had a negative effect on service delivery programmes across all three spheres of government (national, provincial and local government).
- However, social grant spending has been protected, both in a nominal sense (extending the number of beneficiaries) and in a real sense through inflation-adjusted allocations to the CSG and other social grants. The CSG amount is projected to grow by 2.3 per cent above inflation annually for the next three years.
- There are no discernible political and policy pressures to roll back the implementation of the CSG and a consensus has largely formed about the centrality of social grants in government’s anti-poverty agenda.
- Graham (2019) has argued that the overall efficacy of the CSG can be improved by identifying children at risk and putting in place immediate interventions to support such at-risk children. If done right, this could boost support for additional investment in the CSG because of its potential longer-term effects on young adults.

**Looking ahead**

While the issue of fiscal space and spending cuts are at the forefront in public finance debates, there does not appear to be the political will or appetite to reverse the gains of the CSG and other such grants. However, financial challenges may mean that there is less of an appetite to eliminate the exclusion errors and there could also be an understandable strategy to expand access to the CSG and other social grants at a slower rate. In FY2018, the government has set aside ZAR 400 million (roughly 27 million USD) to examine different options for social welfare delivery. While no one seems to suggest that social grants need to be curtailed to expand spending on (preventative) social welfare, proponents of social welfare will become increasingly more prominent, especially now that frontline services are being cut and financing for NPOs has been constrained.

**Lessons learned**

South Africa did not have a serious policy debate about whether the CSG (or any other social grant) should be targeted based on poverty and income, or whether there should be provision for a universal CSG. There were, however, consistent calls for the CSG to be extended so that all poor and eligible children aged 0-18 are covered. However, during the early 2000s, there were debates about the possibility of introducing a Universal Basic Income Grant (BIG), but that debate has faded. This is no longer a serious policy consideration.

One of the policy lessons is that the extension of the CSG to all eligible age groups took place during a time when the South African government was generating a budget surplus. It is not certain whether policy-makers would have had the same appetite for the aggressive extension of the CSG if budget deficits became progressively larger during the earlier years of the implementation of the CSG.

This considerable good fortune in timing is more evident in the context of the Fees Must Fall campaign and in the government’s push for a National Health Insurance (NHI). The financial demands generated by the Fees Must Fall tertiary education campaign and the potential costs of the NHI would considerably have complicated a decision to extend the CSG in the 2000s. A better overall public finance situation coupled with consistent advocacy efforts by CSOs to extend the grant to all qualifying children pushed the government to extend the CSG in a planned and orderly manner.
Sources


Useful links

South African Social Security Agency (SASSA)
Department of Social Development
The Southern African Labour and Development Research Unit, University of Cape Town
The Children’s Institute, University of Cape Town
This country profile was written by Russell Wildeman of the UNICEF South Africa country office and Ian Orton of UNICEF’s social protection team in New York. It builds on presentations and discussions at the International Conference on Universal Child Benefits in February 2019 hosted by UNICEF, ILO and ODI and is an output of a larger project on universal child benefits lead by UNICEF and ODI.