

The economic impact of NGOs on the well-being of extended households in Soweto

Mojalefa Rooderick, Phillip Blaauw and Rinie Schenck

Abstract

Extended households, usually in the form of an elder or grandparent, have always provided a safety net for orphaned children. However, the high rates of HIV (AIDS) infection, unemployment and poverty have weakened their capacity to fulfil this vital role. The majority of extended households live in poverty and, therefore, lack sufficient resources to care for these children. In addition to receiving government social grants, some extended households are also receiving financial and non-financial assistance from local non-governmental organisations (NGOs). These local NGOs provide basic needs such as food, clothes and medical care to orphans living in extended family units. Little has been done to quantify their economic impact. This paper, therefore, investigates the economic impact of NGOs in improving the well-being of vulnerable orphaned children living in extended households in Soweto. Using Foster, Greer and Thorbecke's (FGT) poverty indices, we found that the help of NGOs was statistically significant in reducing of poverty in such dwellings. The results of FGT are supported by those of the logit econometric model.

Introduction

Child poverty is remarkable high in South Africa and more dominant in rural areas (Dieden and Gustafson, 2003). Burger, Van der Berg, Gustafsson, Adams, Coetzee, Moses, Spaull, Swanepoel, Viljoen and Zoch (2015) in a recent report to the South African Human Rights Commission and the United Nations Children's Fund (UNICEF) asserted that 41% of children (6½ million) are classified as chronically poor. A further 32% (5 million) live in households that moved in and out of poverty between 2008 and 2012. Most chronically poor children are also structurally poor. They live in households with too few assets and productive potential to break out of poverty (Burger et al., 2015). The high level of child poverty in South Africa and sub-Saharan Africa is dominantly caused by the increasing number of orphaned and vulnerable children (OVCs) (UNICEF, 2008; 2003).

In the context of this paper we use the World Bank's (2005:1) definition of OVCs:

“The concept generally refers to orphans and other groups of children who are more exposed to risks than their peers. In an operational context we can say that they are the children who are most likely to fall through the cracks of regular programs, or, using

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