



Cash transfers for sustainable rural livelihoods? Examining the long-term productive effects of the Child Support Grant in South Africa

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ABSTRACT

Cash transfers have received increased scholarly and policy attention, as a means of reducing poverty in the global South. While cash transfers are primarily intended to prevent impoverishment and deprivation, several studies suggest they can have 'productive' impacts, contributing to building sustainable livelihoods. However, pilot projects of unconditional cash transfers have often been too brief or too recent to determine how small, but regular, transfers can improve rural livelihoods over time.

This paper explores potential long-term productive effects of cash transfers on rural household's livelihoods. This is done through revisiting, after 14 years, all (273) households in two South African villages included in an extensive livelihood and asset survey in 2002. That survey predated the phasing in of the Child Support Grant (CSG), targeted at impoverished children. When re-surveyed in 2016, some households had cumulatively received significant, while others little or no CSG income. Multivariate regression analysis shows how households that received more CGS income were more likely to invest in productive assets (e.g. small ploughs), and engage in poultry, staple crop and vegetable production. We also found a statistically significant correlation between CSG incomes and growing a larger variety of crops, in an environment generally marked by deagrarianization. However, correlations between receiving more CSG and employment or engagement in informal small-scale trade were not significant. We use data from interviews and observations to explain these processes further.

Compared with the paucity of outcomes from other concurrent and costly development interventions in the focal villages, cash transfers have improved livelihoods and living conditions significantly. However, the structural and contextual factors that cause and reproduce poverty remain unaltered, limiting the effects of comparatively small cash transfers. While we show that the cash transfers generate productive livelihood-enhancing effects, they remain insufficient to lift most households out of poverty without further structural changes and developmental interventions.

1. Introduction

Most of the world's poorest people live in rural areas and struggle to sustain their livelihoods, especially in the light of challenges such as climate change, declining prices for cash crops, decreased access to land and declining employment opportunities. Various development efforts, ranging from agricultural development interventions and microfinance initiatives to the promotion of private investments have often failed to

foster sustainable livelihoods in impoverished rural areas (Bateman, 2010; Hajdu, 2006; Hajdu, Jacobson, Salomonsson, & Friman, 2012; Jacobson, 2013).

Over the past decade, cash transfers have received increased attention as a policy response to poverty (Barrientos, 2013; de Haan, 2014; Hulme, Hanlon, & Barrientos, 2012). In sub-Saharan Africa, they have coalesced around *unconditional cash transfer schemes* (Davis et al., 2016). Research suggests they effectively address poverty, through

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improving consumption, nutrition, and school enrolment (Ballard, 2013; Ellis, Devereux, & White, 2009; Farrington & Slater, 2006). Describing a decade of growing evidence of various, mostly successful, experiments to “Just Give Money to the Poor”, Hulme and others (2012) argue cash transfers are effective and affordable policy interventions to reduce poverty. Policy attention has since increased and numerous donors and domestically funded unconditional cash transfer projects are evident across Africa (e.g. Davis et al., 2016; de Haan, 2014).

Evaluating cash transfer programs in eight African countries, the Transfer Project finds strong evidence for both *protective* effects, smoothing consumption and mitigating risks for the poorest households, but also *productive* effects, facilitating poor households in improving their long-term living standards (Davis et al., 2016; Handa et al., 2018). From the earliest debate regarding the efficacy or ‘dependency’ effects of cash transfers¹, discourse increasingly centers on their role in poverty reduction, and, more recently, productive effects on livelihoods (Farrington & Slater, 2006; Davis et al., 2016; Fisher et al., 2017).

Although cash transfer programs were seldom intended to have any more than protective effects, some studies have explored their productive effects (Daidone, Davis, Handa, & Winters, 2019). Yet several authors have cautioned against undue ‘hype’ where cash transfers are viewed as a ‘magic bullet’ for development; predicated on the simplistic assumption that structural poverty can be addressed through diminutive cash transfers, somehow leveraged into livelihood activities, and eventual ‘graduation’ from the programmes (Adesina, 2011; Daidone, Pellerano, Handa, & Davis, 2015; Khan, 2013). Even though cash transfers are effective interventions in the protective sense, the extent to which they enable long-term productive activities, and their effects on recipients’ livelihoods remains unclear.

This study accordingly examines the long-term productive effects on impoverished livelihoods of a small cash transfer, South Africa’s Child Support Grant. It builds on a study where all 273 households in two rural villages were surveyed in 2002, a survey repeated in 2016. Although initiated in 1998 the Child Support Grant (CSG) was not rolled out in the villages until 2002. Hence, the 2002 data is a baseline, prior to the effects of the CSG. In 2016, the villages were re-surveyed, with some households having collected up to 110 years’ worth of CSG payments (for multiple beneficiary children). Other households had received no or only a few years’ worth of grants, typically because their children aged in advance of the incrementally extended age eligibility threshold. If it is true that cash transfers have long-term positive impacts beyond immediate consumption, then the households that received multiple years of grant income should be better off relative to households with no or little history of CSG receipt.

One difficulty studying the long-term effects of cash transfers is that interventions such as the CSG, were generally not intended to generate productive effects, and were thus not set up so these could readily be measured. Moreover many ‘productive’ activities are often contextually dependent, varied, and unfold over time - making them difficult to capture analytically. The present study examines the long-term effects of CSG receipt by combining quantitative panel data and regression analysis with detailed, long-term ethnographic knowledge of the focal context and qualitative in-depth interviews. In this article, the focus is on the tangible, material effects of the transfers on assets and engagement in livelihood activities. Another article examines qualitative data from the same research project to explore the social and relational

effects of transfers (Granlund & Hochfeld, 2020)..

Attributing changes in livelihoods to the effects of grant receipt over time is challenging and requires deeper insight in livelihoods and practices than what evaluations of welfare grant expenditure can produce (Davis, Gaarder, Handa, & Yablonski, 2012). Effects that are difficult to capture may include impacts of long-term investments in human capital (e.g. education, health care) or investment in assets that free up labour time and thus enable other productive activities. Even when grant income is spent on food it can have long-term productive effects – e.g. through preventing households from eating seeds intended for future planting - a documented phenomenon in the region (c.f. Fischer & Hajdu, 2015). Attribution is challenging also since various factors unrelated to grant receipt potentially influence households over time, including (shifting) household composition and the effects of (often erratic) temporary employment. Both can be significant in relation to the relatively low value of the grant. However, there are no reasons to think that these causes of error are systematic and would skew results significantly in either direction.

This study was located in South Africa, a context marked by similarities but also key differences with the rest of the continent. South Africa is unusual in the long historical precedent for its welfare system. Rooted in 1920’s state welfare for ‘whites’ (of European descent), which was slowly expanded to ‘natives’ from the mid twentieth century onwards. Research has historically examined non-contributory social pensions, showing their impacts on improving the livelihoods of pensioner’s households (Devereux, 2007). However, the bulk of the post-apartheid growth in welfare transfers was in the introduction and expansion of the Child Support Grant, received by approximately 62% of all children in South Africa². Unusually in global terms, the CSG can be received by even the non-biological caregivers of beneficiary children, and is effectively unconditional (as existing conditions are broad and little enforced).

Social welfare transfers are part of highly unequal South Africa’s larger ‘distributional regime’ (Seekings & Nattrass, 2005). The combination of an efficient and progressive taxation system with comparatively large numbers of beneficiaries (over 30% of the population), make cash transfers an important redistributive mechanism. Yet extreme poverty and inequality, largely contoured by South Africa’s racialized past, endure. The concentrated core industrial and service economy create few opportunities for unskilled rural dwellers. The same dynamic limits the space for small or emergent enterprises, resulting in South Africa’s comparatively low levels of informal sector employment (Devey, Skinner, & Valodia, 2005). The legacy of colonial and apartheid era dispossession, together with the capital-intensive growth trajectory of the post-apartheid economy, therefore see rural residents subject to ‘jobless de-agrarianisation’ (du Toit & Neves, 2014), where declining land and agrarian livelihoods are unmatched by opportunities in secure employment or urban residency.

The remainder of the article reviews the literature on the effects of cash transfers in relation to their impact on livelihoods, following which, the research methods, including the survey, interviews and ethnographic work, are explicated. This is followed by a discussion of the focal villages, including data on livelihood changes and informant accounts of grant use. After this background, the factors for determining long-term effects of cash transfers identified and the regression analysis conducted are discussed. Regression analysis results are presented and interpreted in analytic dialogue with ethnographic and interview data. The paper concludes with reflection on the potential long-term effects on livelihoods of small cash transfers.

¹ In popular debate, the fear of grants causing dependency is still present, and CSG is also often seen as causing elevated teenage fertility levels. Yet analysis shows that fertility levels are comparable to what they would be in the absence of the CSG (Makiwane, 2010; Rosenberg et al., 2015) and that cash transfer programs do not have negative effects on labour supply (Daidone et al., 2019; Davis et al., 2016).

² We get this number by dividing the 12 081 375 CSG recipients in March 2018 (www.sassa.org.za) with the latest number of total children in South Africa, 19 579 000 in 2017 (childrencount.uct.ac.za), which gives us 61,7%. Most of the remaining children are likely to be non-eligible based on the means testing.

2. Literature review: The productive effects of cash transfers

Early debates about unconditional cash transfers focused on their effectiveness and concerns pertaining to unintended or undesirable side effects (Farrington & Slater, 2006). Since then, the welfare effects of elevated consumption, improved health, nutrition and other proximate effects have been well documented (e.g. Hulme et al., 2012). Contemporary debates instead focus on the potential productive effects and transformative potential of cash transfers, yet few studies so far empirically examine productive effects (Daidone et al., 2019).

Cash transfer policy experiments, such as a universal income grant pilot project in Namibia, showed significant and broad impacts, including on productive factors such as employment and incomes (Haarmann, Haarmann, Jauch, Shindondola-Mote, Natrass, van Niekerk, & Samson, 2009). Hulme et al. (2012) note that cash transfers improved health, nutrition and education, thereby replacing the vicious cycle of intergenerational poverty with a virtuous development cycle. South Africa's Child Support Grant has been studied (Hochfeld & Plagerson, 2017) but evaluations mainly focused on improvements in child wellbeing (DSD, SASSA, & UNICEF, 2012) rather than productive effects on household level. Productive is here defined as investments in assets that save labour time, or enhance productivity (e.g. in agricultural activities) or facilitate engagement with economic opportunities including informal enterprise.

Influential evidence of productive effects of cash transfer in Africa has emanated from the Transfer Project (Davis et al., 2016; Handa et al., 2018), a collaboration with the Food and Agriculture Organization (FAO) and United Nations Children's Fund (UNICEF). In Malawi, the Social Cash Transfer pilot program found a significant increase in ownership of agricultural implements (e.g. hoes, sickles and axes) and of chickens. Informal seasonal agricultural labour declined, as people spent more time farming their own plots. The evaluation demonstrated that cash transfers help farming households overcome credit and liquidity constraints (Boone, Covarrubias, Davis, and Winters (2013). Zambia's Child Grant Program (CGP) (targeting the poorest households, in the poorest districts) showed similarly significant impacts on agricultural activities, e.g. investments in agricultural implements and inputs, livestock and poultry. Other benefits included an increase in latrines, and improvements in daily living (e.g. using candles and torches for illumination instead of open fires) (Handa, Seidenfeld, Davis, Tembo, & Team, 2016; Handa et al., 2018; Daidone et al., 2019).

The Transfers Project's impact evaluations of cash transfer programs in Kenya, Zimbabwe, Ethiopia, Lesotho and Ghana showed more mixed results for productive effects. Differences in impacts across countries appeared related to the value and predictability of the transfer, the length of the evaluation period, and quality of programme communication with beneficiaries. Zambia's comparatively generous and regular transfers were associated with the strongest and most consistent effects, enhancing poor households' probability of engaging in productive activities (Daidone et al., 2019). With regards to effects on labour supply or work effort, the Transfer project found no overall reduction in this due to transfers, instead money was used for improving household income-generating activities (Daidone et al., 2019).

The above studies used similar quantitative methodologies, with either randomised control trials or propensity score matching, and strict impact evaluations with baseline and endpoint surveys. However, in-depth understandings of local livelihood activities and contexts is needed in order to fully grasp long-term productive effects, but little such research has been undertaken (Davis et al., 2012). There remains a dearth of studies on long-term productive effects of cash transfers in Africa, especially studies that combine qualitative and quantitative enquiry.

As already suggested, there has been criticism of the cash transfer 'hype'— and its tendency to displace responsibility for poverty reduction and improving livelihoods onto the poor themselves, as well as expecting outsized impacts from small sums of money, while neglecting to

address the wider structural factors underpinning poverty (e.g. Adesina, 2011; Ferguson, 2007; Sandberg, 2012). The focus on "the poor", a contested categorization in itself, has similarly been problematized (Adesina, 2011; Knox-Vydanov, 2014). Even firm proponents of cash transfers acknowledge they are not a panacea for poverty, but should be a part of an overall development strategy (Standing & Samson, 2003). Thus, comprehensive evidence of the extent and manner in which cash transfers help strengthen recipient livelihoods in the long term is needed.

3. Data collection

This paper draws on data collected in 2002 by Hajdu (Hajdu, 2006) and more recently by Granlund in 2016. The 2016 data collection was comparable to 2002, with both villages surveyed in their entirety using a common survey questionnaire, with only a few minor amendments. The survey strategy was replicated, and drew on locally recruited and extensively trained research assistants, alongside a researcher present in all interviews. The survey questionnaire included questions on household size, formal and informal jobs, remittances, social grants, use of natural resources, energy sources, assets, livestock, agricultural activities, health, and perceptions of livelihood security. In 2016 additional questions included on research participants used of their social grant money. The research assistants were local villagers (some worked both in 2002 and 2016), who assisted in first developing and piloting the questionnaire before conducting the survey during two weeks in each village, together with Hajdu and Granlund respectively.

In addition to the survey, each researcher lived in the villages for several months, conducting participatory observations and in-depth interviews about livelihoods and social grants. Hajdu undertook nine visits over 17 years (2001–2018) remaining in contact with key informants via phone and social media between visits. The survey was thus rooted in deep knowledge of the local context and livelihoods, as was the subsequent interpretation of results.

Finally, the data and our preliminary conclusions were cross-checked with the research assistants as well as the communities during a dissemination visit in 2018. A final round of complementary interviews was then undertaken, to refine the nascent analysis.

4. Changes in village livelihoods (2002–2016)

In this section, the two case study villages are presented, together with background data on the changes during the period of study, and accounts of recipients grant use.

The focal case study villages, Cutwini and Manteku, are located in the north-eastern part of the South Africa's Eastern Cape Province, in the communal areas of the former Transkei 'homeland'. The communal areas are some of poorest regions in rural South Africa due to the legacy of colonialism and apartheid, with a long history of underdevelopment, poor quality public services (e.g. health and education) and infrastructure (Shackleton & Luckert, 2015). In 2002, there were no water taps or electricity, with rough unpaved roads to both villages. Improvements by 2016 included electricity (installed in 2011–2013) and improvements to the (still unpaved) roads, but water remained collected from springs or distant communal tanks.

Although both villages are situated close to the coast, there are important differences between them. Cutwini is in a relatively isolated, area with poor infrastructure but has extensive grazing and agricultural lands. The smaller village of Manteku is located closer to the Indian Ocean enjoying better access to fishing (compared to Cutwini), but limited agricultural lands. Hilly topography, deep river valleys and a dense indigenous forest isolate Manteku from villages further inland, where most Manteku children attend school.

Table 1 shows key characteristics of the villages and changes between 2002 and 2016. While population numbers decreased in Cutwini and increased slightly in Manteku, both villages comprise of larger

Table 1
Basic data on households and grants Cutwini and Manteku in 2002 and 2016. Total numbers and percentage of total (for that village and year) in brackets.

Household characteristics	Cutwini		Manteku	
	2002	2016	2002	2016
Total number of households	146	174	87	99
Total population	944	918	588	608
Households that have moved into village since 2002	4	4	4	4
	(2%)		(4%)	
Households with local employment	103	87	40	19
	(71%)	(50%)	(46%)	(19%)
Households with social grant receiving member/s	42	147	26	88
	(29%)	(85%)	(30%)	(89%)
Households with a vegetable garden	138	149	61	62
	(95%)	(86%)	(70%)	(63%)
Households keeping cattle, sheep or goats	80	89	30	53
	(55%)	(51%)	(34%)	(54%)
Households utilizing marine resources	68	76	70	7
	(47%)	(44%)	(80%)	(73%)
Breakdown of social grants received				
Older Person's Grant	39	66	20	37
	(27%)	(38%)	(23%)	(37%)
Child Support Grant	0	116	0	73
		(67%)		(74%)
Disability Grant	4	16	2	6
	(3%)	(9%)	(7%)	(6%)
Foster Child Grant	0	15	0	4
		(9%)		(4%)
Care Dependency Grant	0	2	0	2
		(1%)		(2%)

number of households in 2016 compared to 2002. Cutwini households have become smaller, typically due to young adults moving out of their natal households earlier. Only 2–4% of households moved in from outside the villages between 2002 and 2016. The other new households are attributable to intra-village movements.

Between 2002 and 2016, the quality of village housing improved and villagers report fewer concerns about basic survival such as having sufficient food. At the same time, several livelihoods-related metrics deteriorated. Livelihood changes in the villages between 2002 and 2016 are the focus of another article (Hajdu, Neves, & Granlund, 2020), but summarised briefly here. Since 2002, employment opportunities have declined and become less attractive (see Table 1). Even in 2002 villagers expressed unhappiness with the low and erratic wages at the nearby homeland-era tea plantation, which was employing many Cutwini residents. By 2016 the tea plantation, long wracked by mismanagement and instability (Kepe, 2005), saw workers abandoning their jobs after being unpaid for several months (though the situation had improved again in 2018). The few local job opportunities in Manteku, at the local Nature Conservation offices and casual work for private cottage owners also disappeared. Hence, a higher percentage of working aged adults were unemployed in 2016 than in 2002, despite public employment programmes having provided temporary (low paying) jobs in Cutwini. Accordingly, the income gap grew in the villages, and clear differences emerged between, on one hand, the few villages with better jobs (especially in the public sector) and, the unemployed or precariously (temporarily, informally) employed, on the other. Lack of employment was worse in Manteku where labour-market derived income (including from informal employment) shrunk by over 40% (adjusted for inflation) in the 14 years that elapsed. The resulting lack of money in the village is likely influencing the number of people engaged in local informal enterprises, and engagement in informal self-employment had doubled in Cutwini, it had conversely declined in Manteku between 2002 and 2016. Remittances from migrants had become comparatively more important, especially in Manteku.

Natural environment-based livelihood activities included the use of marine resources (fishing, collecting crayfish and mussels), agricultural

production through cultivation of gardens and fields, as well as the keeping of livestock, pigs and fowl. In 2002, most households grew less than 50% of their own vegetable needs, and field agriculture had long been waning. By 2016, vegetable production for domestic use was even less significant and field cultivation largely abandoned. Livestock production however, remained at similar levels, even increasing in Manteku where many began keeping goats by 2016. Marine resource use, though undertaken by a similar number of households, became more important to overall livelihoods in 2016. This was largely due to improved marketing opportunities for crayfish (an external buyer with a truck visiting Cutwini during crayfish season), and improved storage following the introduction of electricity which enabled refrigeration and reduced transaction costs as Manteku residents could accumulate several days' worth of fish caught and then travel to resell it in the closest town (Lusikisiki).

Table 1 shows social grant data in the villages in 2002 and 2016. As expected, there is a large increase in number of households receiving 'any' social grant, from approximate 30% to over 85% in both villages. Most notable is the increase in Child Support Grant (CSG), rolled out in the area during 2002 and thus still missing in the 2002 survey. Since 2002 South Africa has seen increased uptake of the Old Age Pension and Disability Grant, for working age adults with a temporary or permanent disability. These are respectively the grants with second and third largest number of beneficiaries, after the CSG. A small number of households have also started receiving two other grants, The Foster Child Grant and the Care Dependency Grant³.

Overall, the villagers were divided on the question as to whether life had become better or worse over the past 14 years. While 53% and 56% (in Cutwini and Manteku respectively) described life as better, 36/35% perceived it to have become worse - partially reflecting the uneven developments in the village over the years, especially declining employment. The data suggest that if it had not been for social grants, the villagers would actually be worse off in 2016 due to declining employment and other income-generating opportunities. Social differentiation and intra-village inequality had increased, though also partly mitigated by social grants.

Important to note is that the two villages have been the focus of at least six different development interventions since 2002. These programs have generally failed to produce the anticipated results and often engendered disappointment and disillusionment amongst villagers. Between 2002 and 2016, Cutwini received three successive agricultural development projects, each of which failed within 24 months (Hajdu, Jacobson, Salomonsson, & Friman, 2012). Manteku was targeted by a microfinance project that ultimately funded no local villagers, and an ambitious (plant) nursery project that never generated income and collapsed with the cessation of the funding (Hajdu, 2006). In the early 2000s the villages were sites in a large EU-funded community tourism development project that promised many, ultimately unrealized, jobs (Ntshona & Lahiff, 2003; Hajdu, 2006). All these failed projects increased local frustration and suspicion. Several of these initiatives were multi-million rand interventions suggesting no lack of ambition or funding from government, NGOs and donor funders to effect development and improve livelihoods. The developmental impacts of social grants can be instructively contrasted with the costly, failed projects.

In response to a survey question on what grant income (expansively, not just CSG) was spent, informants proffered a range of answers. These can be categorized into broad categories, such as food, education (especially fees, uniforms, food, transport and boarding for secondary school children), agricultural production (including seeds, fertilizer,

³ The CSG is the largest grant in terms of recipients, with 12.3 million recipients nationally in 2018, followed by Older Person's Grant (i.e. pension, 3.3 million recipients) and Disability Grant (1 million recipients) – see Fact Sheet No 2, 2018, www.sassa.gov.za/index.php/knowledge-centre/statistical-reports.

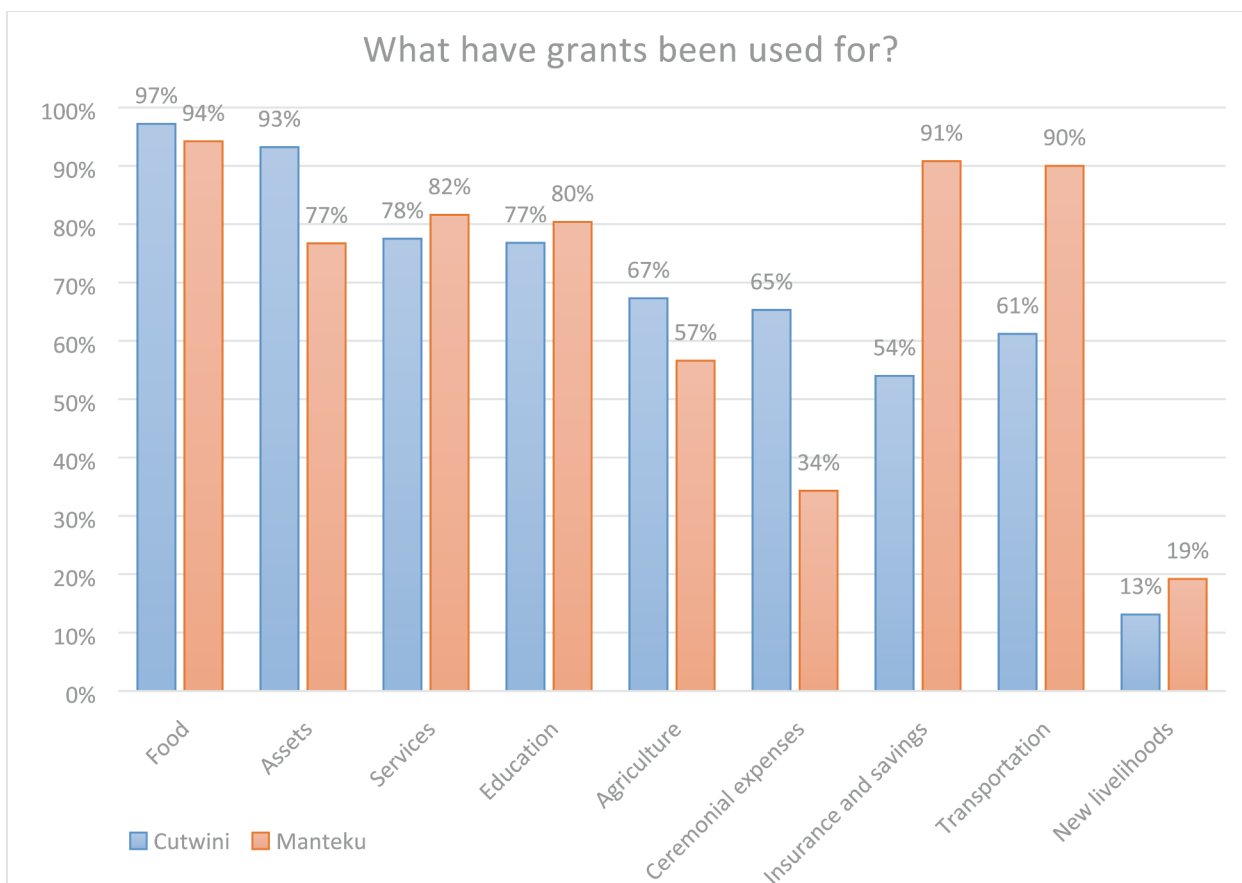


Fig. 1. Uses of grant money, in percent, of all households receiving grants. Assets include clothes, pots and pans as well as larger assets such as water tank, fridge and TV. Services include health care, builders, assistance in the home or hired agricultural labor. Ceremonial expenses are mainly funerals. Insurance and savings are local community savings/insurance groups and formal funeral insurance.^a Transportation is needed to buy bulk food in town. New livelihoods indicate expenditure aimed at generating further income e.g. job searching or starting up an informal enterprise.

pesticides, tools, ploughing services and buying animals). Fig. 1 shows the percentage of households that spend grant money on these items, out of all households receiving any grants over the past 14 years (viz. 84–88% of the households in Cutwini/Manteku). Note that multiple responses to the question were permitted.

Fig. 1 shows that grant money is most commonly used to purchase food. The households not spending grant income on food typically have other employment-derived incomes. In several instances, female recipients relied on husband/male partner income for food while directing CSG income towards children’s secondary schooling (especially if the male partner was not the father of the child). Many used the grants directly for productive purposes, including purchasing productive assets and making agricultural investments (e.g. livestock, seeds and other inputs). Local spending potentially also stimulates the village economy. Insurance, whether it is a local burial society or commercial funeral cover, cushions households against unexpected shocks, while rotating savings associations enable the purchase of higher-cost productive assets such as rain water tanks (as shown below). About 13–19% of households stated that they used the CSG income to investment in new livelihood activities, such as starting an informal enterprise or for job searching outside the village (although the regression analysis

^a Not directly related to the grant issue but nevertheless interesting in this graph is the difference between the villages in handling of funerals, where in Cutwini most households state that they have paid for funerals out of grant money but relatively few have funeral insurance, whereas in Manteku most families are paying for insurance and therefore not ending up spending grant money on funerals, which are instead covered by the insurance.

below does not show a correlation between having employment and access to the CSG, discussed later). The sections that follow discuss which expenditure can be deemed ‘productive’, and investigate how households that received cumulatively more CSG income over the years, have invested in assets and activities.

4.1. Data analysis

Two challenges need to be considered when seeking to understanding the relationship between CSG receipt and livelihoods, namely of imputation and attribution. Firstly, determining or imputing how much CSG each household received between 2002 and 2016 is a challenge. For instance, CSG recipients may (or may not) take grants with them as they move in or out of households. Grant recipients (almost invariably mothers or female kin) may not be co-resident with beneficiary children, and difficulties applying for the CSG could have led to otherwise eligible children not having received it. However, in the calculations below it is assumed that the household members enumerated in 2016 have been consistently resident, and that each child has received all the CSG income to which they were entitled. While these ‘best-case’ assumptions may be a source of error, however CSG take up rates are high, and there is no reason to believe that such error is systematic.

Secondly, attributions of changes in household livelihoods is difficult, as they are mediated by a multitude of factors, such as for instance, a household member securing employment (and income), unrelated to grant receipt. Although the regression analysis controlled for other incomes reported in 2016, households may have received other incomes

prior to 2016, effectively invisible to the survey. As the CSG is a small sum, its effects are easily dwarfed if a household has had a member with a reasonable job for a few years, relative to a consistently jobless household. However, this source of error is not systematic across households with low and higher levels of employment income. Hence there is limited reason to believe that grant-recipient households derived significant employment income (which systematically terminated before 2016) than non- (or low) CSG receiving households.

4.2. CSG Receipt Years (CSGRY): A metric for calculations

Instead of using an indicator based on CSG income received at a static point in 2016, a metric of comparison that reflects how much CSG income households received since 2002, was required. The measure constructed is Child Support Grant Receipt Years (CSGRY) and comprises the hypothetical maximum number of years any given household would have received CSG income, if they had applied for, promptly and continuously received the CSG at the point of grant eligibility. Though the initial CSG registration process was slow in 2002, the vast majority of households were registered within two years, and many received retroactive payment. The isolated accounts of eligible children or older persons not receiving the grant, typically due to bureaucratic issues such as lacking birth certificate or losing ID documents, were generally resolved over time. By 2016, amidst high take-up rates nationally, it was impossible to find village households with eligible children who were not receiving the CSG. The CSGRY metric thus represents the arithmetic maximum of CSG income/s a household would have received over the preceding 14 years⁴, but we have no reason to believe the actual figure would be noticeably lower. This CSGRY metric varies for different households depending on the number of children they have had, but also depending on age of children as the upper age eligibility threshold for the CSG was raised over the years. Until 2003 only children up to 6 years old were eligible, after which it was extended to children up to 8 years old. The threshold was then raised to 10 years (2004), 13 years (2005), 15 years (2009) 16 years (2010) and finally to 18 years of age in 2012 (Seekings & Natrass, 2015). The cumulative sums for each household, based on age of each child in the household at the time of the 2016 survey, was calculated. The computation assumed that each child received the CSG from the year of eligibility, except those with less than a year of eligibility in 2002, who were generally excluded by officials, in the initially-slow grant registration process. The distribution of CSGRY in households is shown in Fig. 2 – while 45 out of the 273 households did not receive any CSG, the distribution among the rest was between 1 and 110 CSGRY, with the average being 27.6 years' worth of CSG receipt.

4.3. Indicators for assessing developmental effects on livelihoods

The assets and livelihood activities selected for assessing the effects of CSG receipt need to give an indication of how the household is faring in livelihood terms. In this section the indicators for developmental effects on livelihoods and the rationale for their selection are discussed.

4.3.1. Acquisition of significant productive assets

The correlation between CSGRY and the productive assets such as rainwater tanks, fridges, stoves, cellphones, vehicles and ploughs were tracked. Productive is defined in terms of assets that save labour time, increase productivity or contribute to more efficient use of resources. For example, water tanks, stoves and fridges save (particularly female)

⁴Note that we thus assume that every year of CSG is worth the same to a household, even though the sum has been successively raised from R120 per child in 2002 to R380 per in 2016. The raising of the sum has not followed inflation exactly and therefore in reality the money was worth slightly more some years than others.

labour time, fridges save transportation costs and ploughs increase productivity. Cellphones enable communication and access to important information and reduce transaction costs (e.g. job searching and enterprise opportunities).

4.3.2. Investments in pigs and poultry production

Fowls, including chicken, geese and ducks, are animals that women usually control. While it is unlikely that women would have invested CSG income into large livestock (especially cattle), they might have diversified their livelihoods and food consumption through investing in chicken or pigs. The analysis examined correlations between CSGRY and poultry and pig ownership.

4.3.3. Investments in horticultural production for household consumption or sale

Many survey respondents indicated they spent social grant income on seeds, fertilizer and other inputs for cultivation (See Fig. 1 above). Previous studies show households, which can afford to do so, prioritize growing vegetables in their kitchen gardens (Fischer & Hajdu, 2015). However, people may stop growing crops if they have the option of buying food, especially if gardens yield little, are poorly fenced or otherwise deficient (Hajdu et al., 2020). For some, growing a variety of crops is an important way of diversifying income through selling to others. These producers typically grow high-value vegetables, instead (or in addition to) the three most commonly cultivated crops of maize, beans and pumpkins. The study investigated both the likelihood of crops cultivation correlated to CSGRY, but also the tendency to grow a wider variety of crops, beyond the common three, such as cabbage, spinach, taro, potatoes and tomatoes.

4.3.4. Holding a stable job

Having access to stable waged employment (i.e. not casual, informal or public employment scheme work) is also, of course, a sign of a resilient livelihood situation. Stable employment typically consisted of formal sector, waged employment, including a small number of people employed in the public sector, e.g. teachers or nature conservation guards. While CSG income is unlikely to enable recipient household members to secure such jobs, theoretically the CSG could be invested in better education in order to secure better jobs over time, or as shown by Posel et al. (2006), directed to search for employment more actively. A study by Samson et al. (2004) found that living in a household receiving social grants is correlated with a higher success rate in finding employment. Hence, the correlation between CSGRY and a household member holding a stable job was investigated.

4.3.5. Running an informal enterprise

Engagement in small-scale vending or retail or local income-generating activities such as driving a rural taxi is a useful complementary activity that some villagers use as a major livelihood strategy. Many CSG recipients explained that they wanted to invest in such activities. However if CSG is the only resource available they start on a small scale, e.g. buying sweets/cigarettes for resale in the village in order to accumulate capital. The difficulties of undertaking such enterprises are discussed below, and the correlation between CSGRY and engaging in informal economic activity are investigated. These are dubbed 'petty trade' in what follows but could also include non-tradeable and service sector activities (e.g. housebuilding).

4.4. Regression analysis

To investigate the long-term productive effects of child support grant (CSG) receipt on households' livelihoods a regression analysis was undertaken on the 2016 survey data. Variations in the eligibility of child support grant between the periods 2002 and 2016 were computed to create the CSGRY metric. Given that a household would be eligible for a CSG if it has a child within the established age range, the CSG is

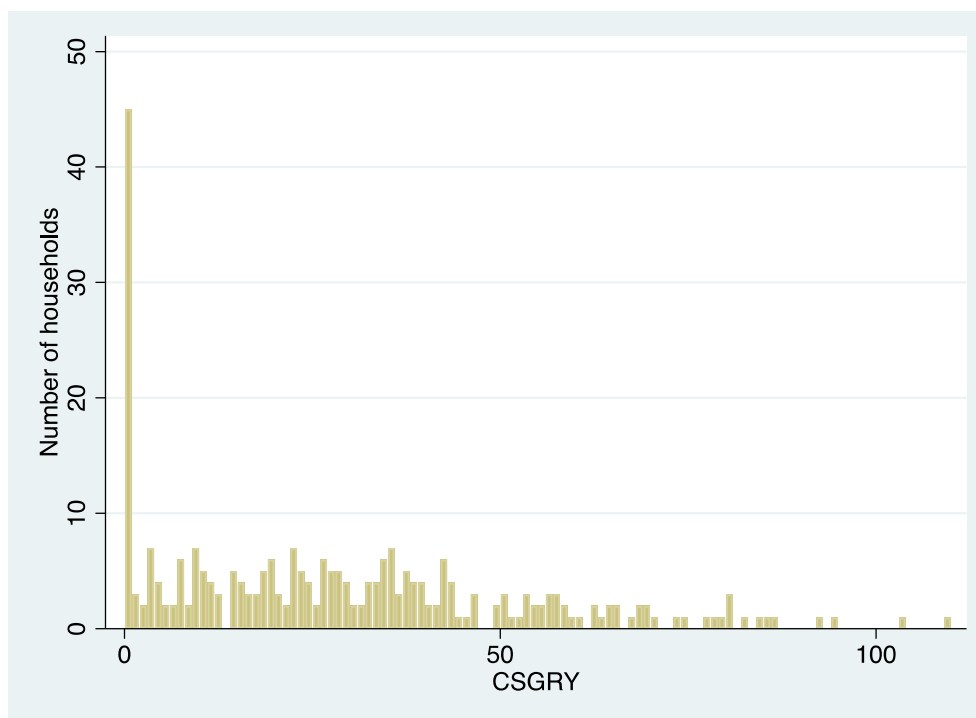


Fig. 2. Distribution of CSG Receipt Years (CSGRY) across households.

treated as an exogenous factor to the household's decision in the model (as the household has no control over a child's age). The regression analysis is specified as:

$$Livelihood_{ij} = \beta_0 + \beta_1 CSGRY_{ij} + \mathbf{X}'\beta + \gamma_j + \varepsilon_{ij}$$

where $Livelihood_{ij}$ represents household livelihood indicator chosen (as described above) and the "i" represents the households interviewed while "j" represents the village. The list of other variables which can affect dependent variable such as remittances, pension, stable job and small-scale trade are captured by the vector \mathbf{X} . The β s are the estimated coefficients of the explanatory variables in the equation. The estimate of interest is β_1 which measures the effect of CSGRY on the chosen livelihood indicators. Village specific characteristics such as access to road, electricity, water, health facilities and so on, are represented by the γ_j . The inclusion of village specific characteristics controls for variations in the level of socioeconomic development across villages that may confound relationship between livelihoods and CSGRY. The term ε_{ij} represents the random error term. Conditional on village specific characteristics and other controls (such as remittances, pension, etc.) variations in CSGRY are plausibly exogenous and uncorrelated with the unobserved drivers of household's livelihoods. The outcome variables (that is, household assets, animals, crops and employment options) are binary in nature with values 1 if a household has them and 0 otherwise. However, the number of crops grown by household is presented as a continuous variable.

All estimations are done using ordinary least squares (OLS) in a linear probability model (LPM) framework. The LPM approach is preferred to the non-linear estimators such as Logit/Probit for the following reasons. First, the LPM allows identification of impact without necessarily having to impose a specific functional form such as logistic or normal distribution as required by the Logit and Probit models respectively (Angrist & Pischke, 2008). Second, unlike the Logit and Probit models which require transformation of the parameters into marginal effects to aid intuitive economic interpretations, coefficients of the LPM model can be directly interpreted as marginal effects (Angrist & Pischke, 2008; Bellemare, Novak, & Steinmetz, 2015).

It is however, noteworthy to emphasize that despite of the relative

advantages of LPM over Logit/Probit models, the former is not without biases, even though these limitations are unlikely to offset the limitations of the latter. A well-known limitation of the LPM is that predicted probabilities from an LPM model can fall outside the interval, 0 to 1. This drawback becomes important if the objective of the estimation is, for instance to predict the probability of the outcome variable. But if the aim of the estimation, as in the case of this paper, is to estimate the average partial effect of CSGRY on household's livelihoods, then this issue is arguably unimportant (Wooldridge, 2002). To deal with the heteroscedasticity often associated with LPM estimations, robust standard errors are used. Considering the time range between the baseline survey and the follow-up, the structure of survey design and other challenges aforementioned, we are careful in claiming causal effect in the interpretation of the results.

5. Long-term livelihood effects of the child support grant

The results of the regression analysis in relation to the five indicators discussed above are presented in Figs. 3–6 below. In each figure, the estimated coefficients and 95 percent confidence interval of the effect of CSGRY are plotted. Possible explanations of the results are discussed, drawing on the literature and contextual data from interviews and observations.

As shown in Fig. 3, there is a positive correlation between all productive assets and the CSGRY, although the correlation is statistically significant (indicated by the 95% confidence interval above the zero line) only for fridge, cell phone and plough. In the case of both fridge and plough, a unit increase in CSGRY (representing one years' worth of CSG received for one child) could increase the probability of the household owning these assets by 0.23 percent. In other words, a household that has received 10 years of CSG for one child has an increased likelihood of owning a plough and a fridge by 2.3%, and a cell phone by 2.7%.

Interview and observational data suggest that these assets are among those that women would likely prioritize. The strong correlation for the plough is interesting in a context of longstanding trends towards deagrarianization, especially with regards to field cultivation of staple

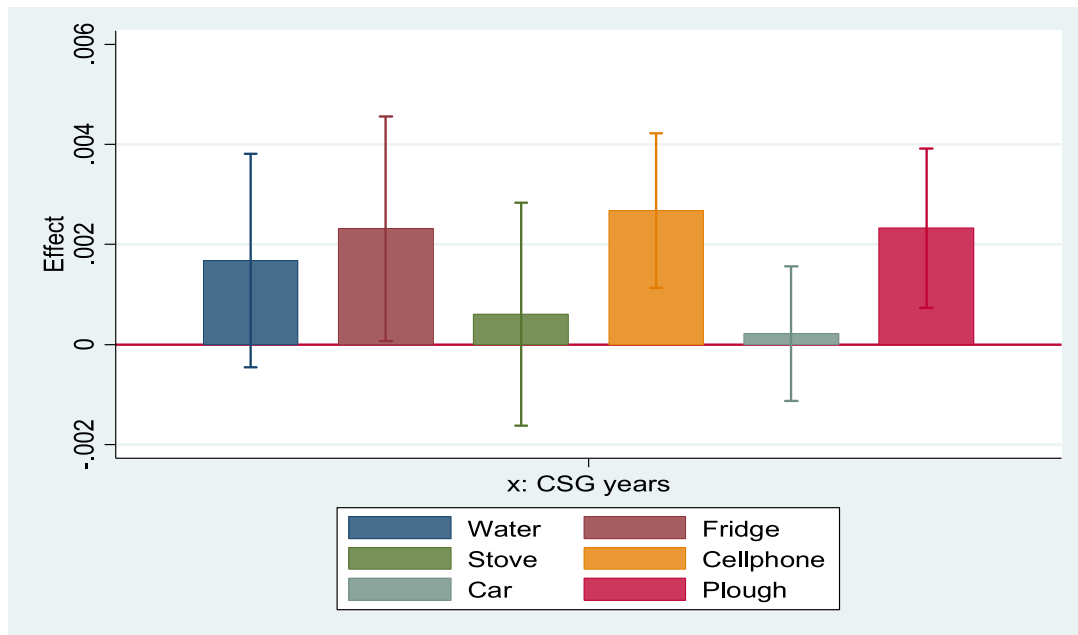


Fig. 3. Association between CSG receipt and selected household assets. The figure shows the coefficient plot of the regression analysis with the 95% confidence interval shown in lines. Dependent variables are whether households own a water tank, stove, car, fridge, cellphone or plough. Each regression is controlled for remittances, pension, stable job, small-scale trade and community specific characteristics.

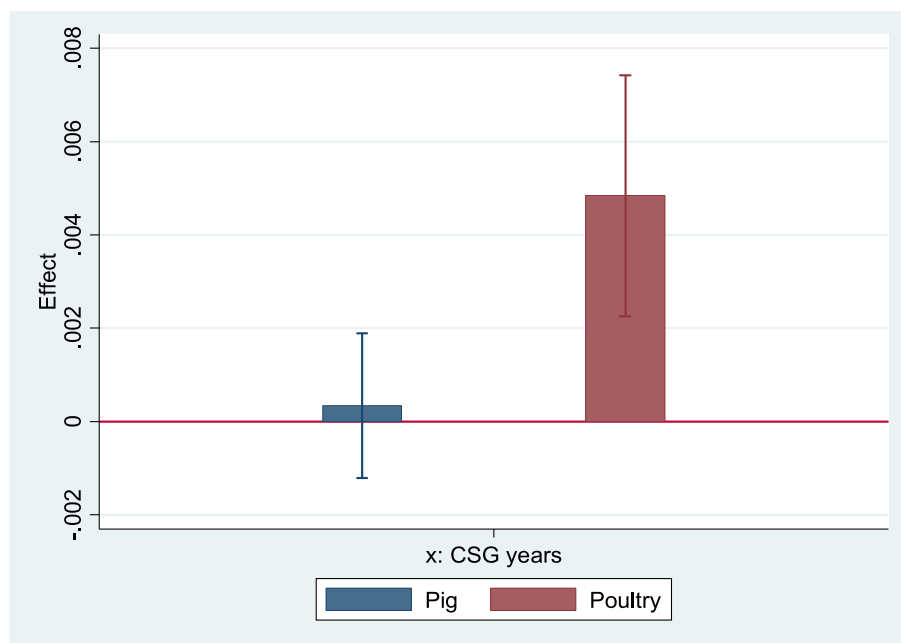


Fig. 4. Association between CSGRY and household's ownership of pigs and poultry. The figure shows the coefficient plot of the regression analysis with the 95% confidence interval shown in lines. Dependent variables are whether households has pigs or poultry. Each regression is controlled for remittances, pension, stable job, petty trade and community specific characteristics.

crops. Hence small hand-driven ploughs were favoured and acquired by women for vegetable production in kitchen gardens, close to homesteads. Vehicles are expensive assets that few households have acquired, and unaffordable with CSG savings, therefore the lack of correlation between vehicle ownership and the CSGRY is unsurprising.

Based on interviews, a stronger correlation between CSGRY and rainwater tanks as well as stoves than demonstrated in Fig. 3 was expected. Women are traditionally responsible for the burdensome work of fetching water, which makes a household rainwater tank widely coveted. Interviews reveal men tend not to prioritize rainwater tanks

(“No, we don’t care where water comes from. It’s a women’s responsibility” one married man stated). Interestingly, some men did not believe it possible save up sufficient CSG money to buy a rainwater tanks (costing about 5 times the value of a single child grant). Interviews however revealed that woman do acquire water tanks through local savings-and credit associations (*umgalelo/stokvel*). Several women pool R 100–200 monthly, taking turns to receive the resultant lump sum. Lindiwe⁵, a 50 year old woman in Manteku explained:

⁵ Pseudonyms are used.

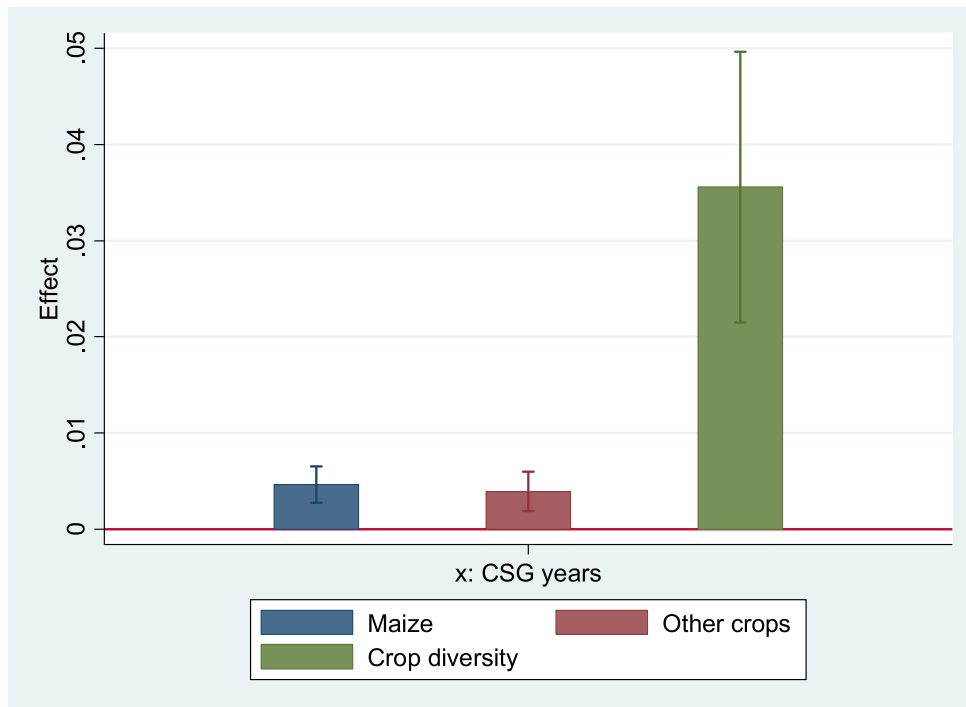


Fig. 5. Association between CSGRY and household maize and other crop production, as well as crop diversity. The figure shows the coefficient plot of the regression analysis with the 95% confidence interval shown in lines. Dependent variables are whether households grow maize or other crops, and the number of crops grown for the crop diversity plot. Each regression is controlled for remittances, pension, stable job, petty trade and community specific characteristics.

The aim of getting into *umgalelo* is making the money [from CSG] bigger. You can buy stuff that is bigger than the money from the grant alone. *Umgalelo* is so helpful to me because I can use that money to buy water tank and fridge.

This demonstrates the manner in which the CSG money is controlled by women and enables purchases that they prioritise. Informants' accounts underscored however that it is mainly those who have access to more than two CSG per month that are able to accrue via the savings associations. Otherwise, the R380 per month (2016) of a single CSG is quickly exhausted through daily consumption needs, particularly if it is

the household's sole or largest source of income.

Fig. 4 suggests that households that have received more CSGs are statistically significantly more likely to engage in poultry production, but that there is no significant effect for rearing pigs. The effect is even stronger for numbers of poultry produced (though not shown in the figure), where households that received CSG owned more poultry than others. The data from Fig. 4, suggests that ten years' worth of CSG receipt for one child is associated with a small increase in likelihood of poultry ownership (4.8 percent). The interviews suggested that some women invest the CSG in poultry production, while others purchased

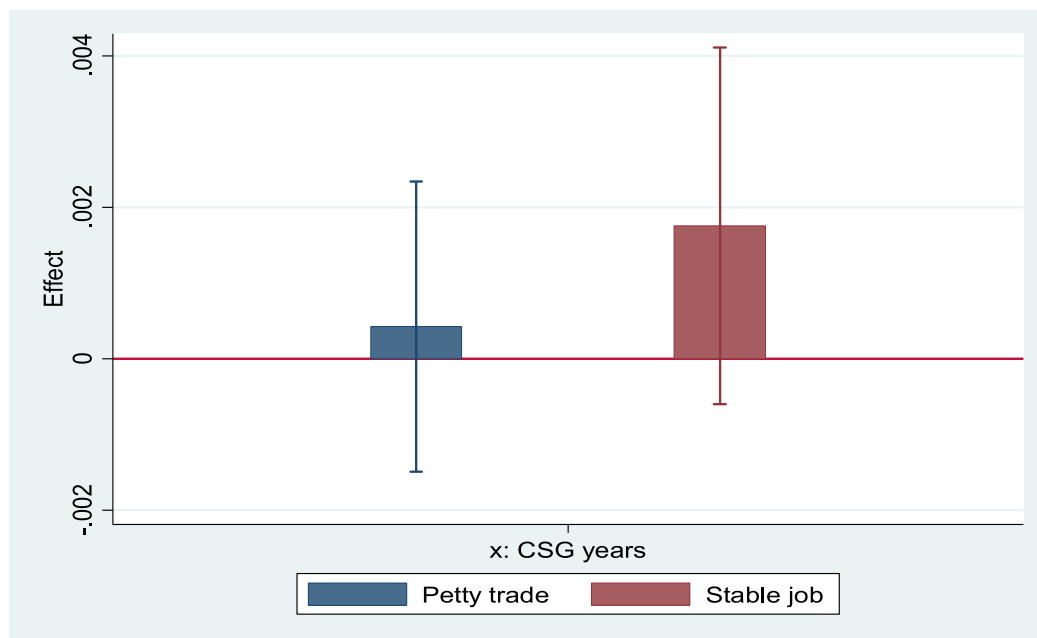


Fig. 6. Association between CSGRY and household engagement in small-scale trade and other informal economic activities, or holding a stable job. The figure shows the coefficient plot of the regression analysis with the 95% confidence interval shown in lines. Dependent variables are whether household members are engaged in petty trade or hold a stable job. Each regression is controlled for remittances, pension, stable job, petty trade and community specific characteristics.

pigs and piglets. CSG receipt and agricultural production decisions are shaped by gender norms. For example, women eschew investing in cattle, with some even relegating other large livestock to men. A married woman stated: “the husband must be responsible for paying things like goats and cattle”.

In terms of crop production, there is a statistically significant positive correlation between CSGRY and growing maize as well as other crops, as shown in Fig. 5. There is a similarly, statistically significant positive relationship between CSGRY and household's crop diversity. Ten years of receiving a single CSG elevates the probability of maize cultivation by 4.6%, and other crops by 3.9%. In terms of crop diversity, ten unit's increase in CSGRY raise crop diversity by 0.36. Given the average crop diversity of about three crops per household in the sample, the likelihood of growing more than three crops increases about 12% for every 10 years of receiving a CSG.

The correlation between CSGRY and crop diversity is contextualised by interviews and observations, where informants explained the CSG resented an opportunity to diversify incomes through growing a larger variety of crops for sale (e.g. spinach and taro). One research assistant remarked: “A few people plant like serious planting, like the whole garden will be spinach and cabbage... and they sell to us [other villagers]”, even if but underscored that these were just a few households. When discussing why more villages did not take advantage of the opportunity to cultivate and sell vegetables, the discussion often turned to the litany of other constraints on farming. As a Sizwe, a man in his 40's explains:

The soil here is bad, sandy and salty, it needs fertilizer and it ends up being expensive. We [then] do feel like it's better to buy than to plant. I used to plant some veggies here but for two years I didn't get anything. Other problems like too wet soil, expensive fencing and moles that destroy everything. I had a spinach and it was big, but the moles went underneath it and [shows with hands how the spinach wilted]...

Other problems include wild animals such as bushpigs (*Potamochoerus larvatus*) and monkeys, or untended livestock damaging fields and gardens. The sub-tropical weather is unpredictable with dry spells and excessive rains leading to waterlogging. Thus, the CSG can represent an opportunity to earn income from cultivation, but mainly to those who have gardens, with good soil, favourable location and infrastructure.

In Fig. 6 the results for indicators 4 and 5 are shown, and the data reveals a positive relationship between holding a stable job or engaging in petty trade and CSGRY, but this result is not statistically significant for either of the variables. In interviews, informants insisted that CSG income neither helps nor inhibits job-searching efforts, but rather the main problem was the dearth of work opportunities.

Sizwe in Cutwini explained that if job opportunities existed they would surely find the resources to apply for the jobs:

There is always money to go and look for work... but most people know that if you go there [to town/further afield], you will not just find it. [...] There is no point going there... spending your money on travels and then find out that there are no jobs... and then you have to come back...

Though many CSG recipients may hope to undertake petty trade or other small-scale informal economic activities with capital derived from the grant, few succeed, as indicated by the lack of a significant correlation. Interviews, and an example, shed light on some of the difficulties involved.

In the case of Nolwethu, she managed to save R1000 from her CSG after several months, and sought to buy used clothes in Durban and resell them in the village. She ran into various problems, and ended up with a net loss. She explained:

... from that thousand rand is from here to Lusikisiki [closest town],

the return [fare] is R30. Then from Lusiki to Durban is two-hundred [rand] to return. Then— so the remaining [money] is for the stocking [up on clothes to resell]. So it's not easy to calculate, because maybe you can take something for your lunch there, so you didn't know how much maybe you can spend for lunch. Then when you're back you can sell these clothes... [but] I didn't get even the amount of thousand rand. [...] also because of this one taking for the credit [i.e. a person saying they will pay later]. Some others ran away with this money [i.e. never paid], so...

The example above illustrates the difficulty marking profit from a small sum of capital, in a resource poor environment. Nolwethu had not visited to Durban previously, did not expect lunch to be so expensive, and with only about R700 left (after travel and meals) to spend on stocking so she could not negotiate a good bulk purchase. She thought it unlikely to be able to add more than a 50% margin to her stock, when selling in the village. Calculating together with her, during the interview, revealed that even if she had managed to sell everything, her profit would amount to a total of R50 for the entire venture - to her astonishment. There was the additional problem of customers buying on credit and defaulting. This example illustrates several challenges facing informal enterprises, namely, small starting capital and scale, the comparatively high transaction costs to procure stock, a lack of contacts and trading experience, the lack of purchasing power in the village and difficulties collecting debt. Against this backdrop, the poor correlation between petty trade and CSG does not seem particularly surprising.

6. Discussion

Firstly, it ought to be emphasized that while this paper only looked at potential long-term effects on impoverished livelihoods, cash transfers have other important documented effects, such as rapid effects on poverty reduction, including improving food security and school enrolment (DSD et al., 2012; Eyal, Woolard, & Burns, 2014; *The Use and Effectiveness of Social Grants in South Africa*; Zembe-Mkabile, Surender, Sanders, Jackson, & Doherty, 2015) as well as various social and relational effects such as reduction of risky sexual behaviour of adolescents (Cluver et al., 2013), increasing recipient women's dignity (Wright, Neves, Ntshongwana, & Noble, 2015) and feelings of autonomy, independence and power over decision-making for caregiver recipients (Granlund & Hochfeld, 2020; Hochfeld & Plagerson, 2017). It should be stressed that the intended purpose of the CSG is for children's material needs, making the productive outcomes all the more remarkable. In addition, even if effects of the CSG are not large in narrowly material terms, they can cause micro-level transformations in social and relational dynamics – e.g. through effects on gender relations by expanding women's autonomy, choices, dignity and social recognition, something which some of us explore in a different publication from this project (Hochfeld & Plagerson, 2017).

The regression analysis suggests that households that received cumulatively more CSG income (higher number of CSGRY) are better-off in some ways (but not in other ways), relative to households that received less or no CSG income. There was a statistically significant positive correlation between receiving more CSG income and owning productive assets, especially fridges, cellular phones and ploughs, as well as for the rearing of poultry and growing of crops. Interviews confirm that women do buy these items using CSG income accumulated in local savings groups, indeed the interviews further suggest the purchase of water tanks and stoves, although the latter were not statistically significant. The regression analysis also suggests an interesting statistically significant correlation between CSGRY and crop diversity, which interviews have also confirmed for some households

However, the analysis showed no significant correlation between CSG receipt and holding stable jobs or engaging in small-scale informal trade, despite such correlations suggested by earlier studies (such as the correlation between receiving social grants and a higher success rate in

finding employment found by Samson et al. in 2004). In interviews, informants resolutely explained that if a job opportunity presented itself people would apply, regardless of their access to grant income. In a situation of more available jobs, access to CSG income to go and apply for them all could potentially have more impact. Even if grant money can be used to try to engage in small-scale business ventures, these are seldom sustainable over the long term, and thus unlikely to appear in the 2016 survey. Therefore, while the CSG has positive material effects, including productive effects that are important for recipients, the results do not indicate that recipients' households have significantly transformed their circumstances or livelihoods over the long term, to be able to secure more sustainable livelihoods and move out of poverty.

The interviews also identified that it is primarily women with access to more than two grants for an extended period of time, or who have access to other incomes, who are best able to leverage CSG income into productive assets and activities. Conversely, the example of Nolwethu's failed petty clothes reselling illustrates the constraints on leveraging a very small sum into successful long-term livelihood outcomes. This is consistent with research from elsewhere in rural Africa (Fisher, Pozarny, & Estruch, 2017; (Hajdu, Ansell, Robson, van Blerk, & Chipeta, 2011). Small sums of cash are neither sufficient for impoverished recipients to overcome the real binding constraints on engaging in remunerative and livelihood-enhancing activities, nor transcending the legacy of structural under-development, persistent poverty and racialized inequality (Devereux, 2007; Sabates-Wheeler & Devereux, 2008). Despite evidence and reports of recipients directing grant income towards generating new livelihood activities or looking for work, the effects of these efforts remain modest.

Explanations for the seemingly positive, albeit constrained, impacts of grant receipt on livelihood assets and activities, require an attentiveness to larger structural factors. South Africa presents a particular context, with comparatively few opportunities to leverage small sums into larger gains, or (in agrarian political economy terms) 'accumulation from below' (Bernstein, 2010). Employment prospects in the formal labour market are inhibited by the long, capital intensive growth trajectory of the South African economy (Black & Gerwel, 2014), and the structure of the economy crowds out the space for emergent or small-scale enterprises (Philip, 2010). Even subsistence agriculture, and the self-provisioning of food, commonplace in much of Africa and a fundamental sector for many developmental interventions, is notable for its paucity in South Africa. Not only does a long legacy of state underinvestment and poor infrastructure undercut the prospects for small-scale agriculture in the former homelands, corporate supermarkets efficiently distribute cheap food, imported or domestically produced by large-scale agribusinesses (Greenberg, 2015). These interlocking structural factors, ultimately limit the economic options open to impoverished social grant recipient households.

What does this study reveal about the potential of cash transfers to deliver long-term effects on livelihoods amidst increasing attention to cash transfers as a development intervention in rural areas? Although small amounts of regular cash transfers do have consumption effects, is there also potential for more transformative developmental effects? While the study suggests that the CSG had some positive long-term livelihood effects for many rural households, it cannot show that cash transfers would offer a pathway out of poverty and towards sustainable livelihoods for these households. Indeed, the interviews illustrate the difficulties in creating long-term, sustainable enterprises or acquiring employment in a context of deep poverty. It is therefore crucial that the results suggesting positive effects of CSG on livelihoods are not over-interpreted to claim that cash transfers alone are able to move recipients out of poverty.

Cash transfers need to be coupled with other complementary public policy interventions in order to create a comprehensive web of social security, structural change and economic opportunities in order to support the poor and vulnerable in building sustainable long-term rural livelihoods. Hence there is no easy answer to the question framing this

paper – as cash transfers can contribute to more sustainable rural livelihoods, but remain contingent and dependent on other public policy interventions and structural change. Following the initial wave of literature drawing attention to the potentials of cash transfers, more recent literature increasingly points to limits in what can be achieved (de Haan, 2014; Devereux & McGregor, 2014; Daidone et al., 2019). The present study reinforces the need for caution in believing that cash transfers provide a sufficient solution to rural poverty, when major structural constraints continue to prevail.

Finally, even if the money spent on development projects versus social grants are not directly comparable, it is pertinent to consider the resources spent on the various (costly) failed development projects in the focal villages over the years. In contrast to these development interventions, CSG transfers have at least aided recipient households in securing their basic needs, and in several cases made contributions towards productive assets and activities, thus improving livelihoods in the long term. Viewed holistically and in these terms, social grant transfers have arguably had greater impact than any other development intervention in the focal villages. They indubitably are an important part of a package of fundamental interventions that are necessary to strengthen impoverished livelihoods over time.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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