



July 2014

Do poor children really benefit from the child support grant?

Marisa Coetzee, Department of Economics, Stellenbosch University

The child support grant has been praised as one of the government's most successful anti-poverty programmes. The rapid extension of the grant increases the importance of ascertaining its effectiveness: does the child support grant make any real difference to the lives of the millions of children who receive it? Using the 2008 NIDS data, a recently published study identifies a significant positive impact on recipient children's health, nutrition and education as a result of receiving the grant.

Introduction

The child support grant (CSG) was introduced in April 1998 and involves a cash transfer to eligible caregivers (parents, grandparents, guardians, etc.) who are identified as deprived by a means test.¹ The grant has been praised as one of the government's most successful anti-poverty interventions. This praise seems to be justified in the light of the high take-up of the grant: at the end of March 2014 there were more than 11 million child beneficiaries. Furthermore, various studies have pointed to the significant role played by the CSG (as well as the state old age pension) in reducing the number of poor people in post-apartheid South Africa (see, for example, Woolard and Leibbrandt 2010: 17).

However, the rapid expansion of the child support grant (from approximately 20 000 children in 1998²) increases the importance of ascertaining its effectiveness in improving the lives of the children at whom it is aimed. Although previous studies have investigated this

¹ Currently the means test is set at a monthly income of R3 100 for single and R6 200 for married caregivers. At the time of the NIDS 2008 survey, the means test was at R800 *household* income per month in urban areas and R1 100 in rural areas.

² The eligible age for receiving the grant has systematically been increased to accommodate more children each year. The number of recipient children has correspondingly increased from approximately 20 000 children in 1998, to over 11 million children in 2014 (SASSA 2008). Samson *et al* (2008) calculate the take-up for 6 year olds as being approximately 10% in 2000 and approximately 63% in 2005.

question (for example, Agüero *et al.* 2009), the recent expansion of the eligibility criteria to include all children younger than 18 years, as well as the resultant increases in central government spending on the CSG, signals the need for an updated evaluation of the effectiveness of the grant.

So the question is: has the child support grant system had a significant impact on the well-being – e.g. the education, nutrition and health – of children whose caregivers received the grant?

How does one identify the impact of the CSG on children's well-being?

It is not easy to get a conclusive answer regarding the effectiveness of the grant. Ideally, one would like to compare the well-being of children who receive the grant ('recipient' children) to that of a control group of children who do not receive the grant but who are like the recipient children in all other respects. However, it is very difficult to find such a control group, since all the reasons for applying for the CSG (for example, low income and unemployment) are the same factors which determine the well-being of children.

This article reports results from a recently published paper (Coetzee 2013) which suggests a way around this problem. To estimate the impact of the child grant on the well-being of children, it uses the fact that there has been a variation in the take-up of the grant. Caregivers have to apply for the grants, which take time to be processed by government, or for some reason they delay applying for the grant after the birth of a child. Accordingly, two eligible children of the same age may not have received the CSG for the same proportion of their lives. Such differences enable one to uncover the impact of the CSG on the well-being of the children.

The approach taken is to calculate the proportion of a child's life during which he or she has received the grant. One can then compare the well-being of children who have received the grant for a large proportion of their lives (i.e. who have been more 'exposed' to the grant) to that of children who have only received it for a small proportion of their lives.

The data is from the first wave (2008) of the National Income Dynamics Study (NIDS), a nationally representative household survey.

Characteristics of households and caregivers of children receiving the grant

Table 1 shows the characteristics of households and caregivers of children who have been receiving the grant for different proportions of their lives. The characteristics of the households appear to be very similar for all three groups of recipient children. They all are

from poor households where less than a fifth of working-age adults are employed and with limited access to basic amenities.

Table 1: Characteristics of households and caregivers for different grant exposure levels (2008)

	Received CSG 0-33% of child's life	Received CSG 34-66% of child's life	Received CSG 67-100% of child's life	Are the differences significant?
Household characteristics				
Proportion with access to electricity	71%	76%	74%	No
Proportion with access to piped water	61%	61%	59%	No
Proportion with access to landline	9%	8%	8%	No
Proportion with access to a flush toilet	33%	36%	35%	No
Per capita expenditure	411	492	409	Yes
Caregiver characteristics				
Proportion employed	16%	15%	18%	No
Average years of education	7.4	8.2	8.4	Yes
Average age in years	39	37	40	Yes
Delay in application for CSG (days)	1180	832	299	Yes
Motivation	-0.25	-0.14	0.46	Yes

Data from National Income Dynamics Survey (NIDS) 2008. Average values. Significance at 1%.

Although the children's living conditions are similar, table 1 also shows that the caregivers of these three groups differ significantly. For example, children with longer exposure to the CSG have caregivers with more years of education. Similarly, longer exposure to the CSG is associated with shorter delays before applying for the grant – less than 300 days for caregivers of the group with the longest exposure compared to more than 1 000 days for caregivers of children with the shortest exposure to the grant. It appears that caregivers' *levels of motivation* with regard to obtaining the grant differ markedly.

Estimating the impact of the child grant (CSG)

It is important to take these differences between caregivers into account if we want to isolate the effect of the CSG on child well-being. A more motivated caregiver who applies for the CSG earlier is likely to be more committed to ensuring the well-being of the child in any case (irrespective of receiving a child grant). Therefore, one has to separate the effect of a caring parent from the effect of the grant as such – otherwise it may result in incorrect measures of the impact of the grant.

This is done by generating a variable that captures the differences in the motivation of the caregiver (see Coetzee 2013 for more detail). Table 1 includes this measure of motivation.³ Caregivers whose children have received the CSG for a larger proportion of their lives have higher motivation scores than caregivers whose children have had access to CSG benefits for a smaller proportion of the children's lives. This variable is then used, together with others, in the formal statistical estimation of the impact of the CSG.

The well-being of children is measured in terms of the following:

1. Health and nutrition:
 - the standardised height-for-age of children;
 - the household's monthly expenditure on food; and
 - the household's monthly expenditure on adult goods (e.g. alcohol and cigarettes), i.e. money spent on items *not* for the benefit of children.
2. Educational attainment: A child's school enrolment and the number of times a grade has been repeated.

Together these indicators provide a composite picture of children's well-being. The receipt of the CSG is measured as the percentage of a child's life that he or she has received the grant (via the caregiver). Other factors that are taken into account are observable differences between children, their home circumstances and their caregivers' characteristics, including motivation (compare the variables in table 1).

This then allows one to identify the effect of receiving the child grant on the well-being of children: one can discern how receiving the grant for different proportions of their lives affects their expected health, nutrition and education outcomes. For example, one can determine the difference between the expected school performance of a child who has received the grant for 40% of his or her life *versus* a child who has received it for only 30% of his or her life.

The results

The research finds a significant positive effect on the well-being of children in the survey (all were aged 14 and younger, the cut-off age for the grant in 2008). These positive effects are in the form of an increase in children's height-for-age, an improvement in children's

³ A negative value indicates that the child's caregiver delayed taking up the grant (relative to other caregivers who live in similar circumstances and with a child of the same age). The greater the negative value, the longer the caregiver's delay. A positive value, on the other hand, indicates that the child's caregiver was eager to take up the grant and applied for the grant earlier in the child's life compared to caregivers in similar circumstances and with a child of the same age.

progress through the school system, an increase in the household's expenditure on food items and a decrease in expenditure on adult goods.

More specifically the analysis reveals the following average effects on a child who had received the grant for 10 percentage points of his or her life *longer* than others:

- Height-for-age: Approximately 1cm taller. (In terms of the normal patterns of the height of children, this is a statistically significant increase.)
- The probability of repeating a school year: A decrease of approximately 4 percentage points. (Since the average probability of repeating a school year in the sample is 20%, this is quite an improvement – and it is statistically significant.)
- Monthly food expenditure: A statistically significant increase of between R3.50 and R5 per person. (Since households in the sample on average spent R130 per person on food per month, this is a 3% increase in monthly food expenditure per person.⁴ This may underestimate the effect of the grant on children's food intake. A smaller amount is typically spent on food for children than for adults (children consume less food than adults), thus the relative increase in expenditure on a child's food probably amounts to more than 3%. This could also explain the increase in children's height for age.)
- Expenditure on adult goods: A decrease of approximately 1 percentage point. (This is quite large – and statistically significant – given that the average household spent approximately 4% of household spending on such goods.)

In general the strongest effects appear to be obtained when the child grant is received for at least 30%-50% of the child's life.

Although the size of the impact of the grant reported above appears small, the results should be interpreted in the context of the relative size of the cash value of the CSG. In 2008 the child grant was R210 per month, compared to total household expenditure of around R2 300 per month, on average, for households that were receiving the grant. In addition, the improved outcomes are associated with an increase in the grant receipt period of only 10 percentage points of the life of a child: it compares children (14 and younger) who were living in similar circumstances but were 'exposed' to the grant for different proportions of their lives, e.g. 40% as against 30% – a relatively short time difference. (In other words, the results reported above are not about receiving the grant compared to not receiving it *at all*.)

Taken in this context, it is clear that there are significant positive benefits to receiving the CSG and the results are not as small as they appear at first. Therefore, while one cannot

⁴ The average household size for the sample of grant recipient households is 6.6.

establish to what extent the money from the child grant is spent specifically on improving the well-being of children, there is little doubt that the child grant does have a significant positive influence on the well-being of children in poor households.

Conclusion

Nutritional development and education is critically important for the well-being but especially the future of children – specifically their future employment and earnings potential. The results from this study confirm the importance of the child support grant (CSG) as a tool to alleviate poverty and promote human development, also contributing to an eventual decrease in inequality in South Africa. The CSG is an important long-term enabling mechanism.

References

- Agüero JM, Carter M & Woolard I. 2009. *The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant*. Working Paper, International Policy Centre for Inclusive Growth.
- Coetzee M. 2013. Finding the benefits: Estimating the impact of the South African child support grant. *South African Journal of Economics* 81(3):427-450.
- Samson M, Heinrich C, Williams M, Kaniki S, Muzondo T, Quene KM & Van Niekerk I. 2008. *Quantitative Analysis of the Impact of the Child Support Grant*. Available at http://www.unicef.org/southafrica/SAF_resources_qachildsupport.pdf
- SASSA (SA Social Security Agency). 2008. *Annual Report 2007/2008*. Available at <http://www.sassa.gov.za/index.php/knowledge-centre/annual-reports>
- Woolard I & Leibbrandt M. 2010. *The Evolution and Impact of Unconditional Cash Transfers in South Africa*. Working Paper 51. SALDRU, University of Cape Town.

[**Topics:** Poverty and livelihoods, Social policy and public expenditure]

[**Tags:** Child grant]