

# Reducing Child Poverty

A review of child poverty and the value of the Child Support Grant

## EXECUTIVE SUMMARY

2023

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Conducted by the Children's Institute, University of Cape Town

for the National Department of Social Development

2023



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## Introduction

The South African social assistance programme is recognised worldwide for its achievements and is widely regarded as the country's most successful poverty alleviation strategy.

The Child Support Grant (CSG) has been especially successful at reaching large numbers of poor children with relative ease and it has the best pro-poor targeting record of all the existing social grants. Its biggest weakness is that the value of the CSG, at R500 per month in 2023, is too small to protect the poorest children from hunger, malnutrition and stunting.

Of the 20 million children in South Africa, over 13 million receive the CSG every month. Yet over seven million children remain below the food poverty line (FPL), which was R663 per person per month in 2022. In 2021, 37% of all children in South Africa were living below this poverty line.

Twenty seven percent of all children under five are stunted. Children who are stunted are likely to struggle to learn in school, and this affects their employment prospects later. Stunting is a serious concern not only for individual children, their caregivers and households, but also for society as a whole.

Taking these high rates of child poverty, malnutrition and stunting into account, the UN Committee on the Rights of the Child, the UN Committee on Economic, Social and Cultural Rights and the African Committee of Experts on the Rights and Welfare of the Child have all recommended that the CSG amount be increased.

In 2020, the Minister of Social Development acknowledged that the CSG amount should be reviewed because it is below the food poverty line.

In 2021 the National Department of Social Development commissioned the Children's Institute at the University of Cape Town to conduct a review of child poverty and the CSG value.

The purpose of the review was to:

- assess the state of **child poverty** in the country;
- document the **policy process** in the development and expansion of the CSG;
- review the **impact** of the CSG on child poverty;
- review the **value** of the CSG in the context of child poverty and the cost of raising a child;
- identify **options** for increasing the CSG, including vulnerable groups that can be targeted for top-ups;
- calculate the **budget implications** of increasing the CSG value to the various levels;
- **assess each option** based on cost, impact for children, as well as policy, legal and administrative implications;
- recommend a **plausible option** based on this assessment; and
- assess the **potential impact on child poverty** of increasing or not increasing the value of the CSG.

This is a summary of the main findings. The full report is available on the DSD website.

## Child poverty: an overview

The Reconstruction and Development Programme of 1994 stated the goal that “within three years, every person in South Africa can get their basic nutritional requirement each day and that they no longer live in fear of going hungry”.

The Bill of Rights in the Constitution guarantees every child’s right to basic nutrition and everyone’s right to have access to sufficient food, and to social assistance if they are unable to support themselves or their children. But more than a quarter century later, over seven million children live in households that are below the food poverty line.

South Africa has three official poverty lines, published annually by Stats SA:

**Food poverty line (FPL)** at R663 per person per month in 2022, is the estimated cost of buying the minimum daily food to meet energy needs.

**Lower bound poverty line (LBPL)** at R945 per month in 2022, adds to the FPL the average amount spent on non-food items by households whose total expenditure is at the FPL. It is based on households that sacrifice food to pay for non-food needs.

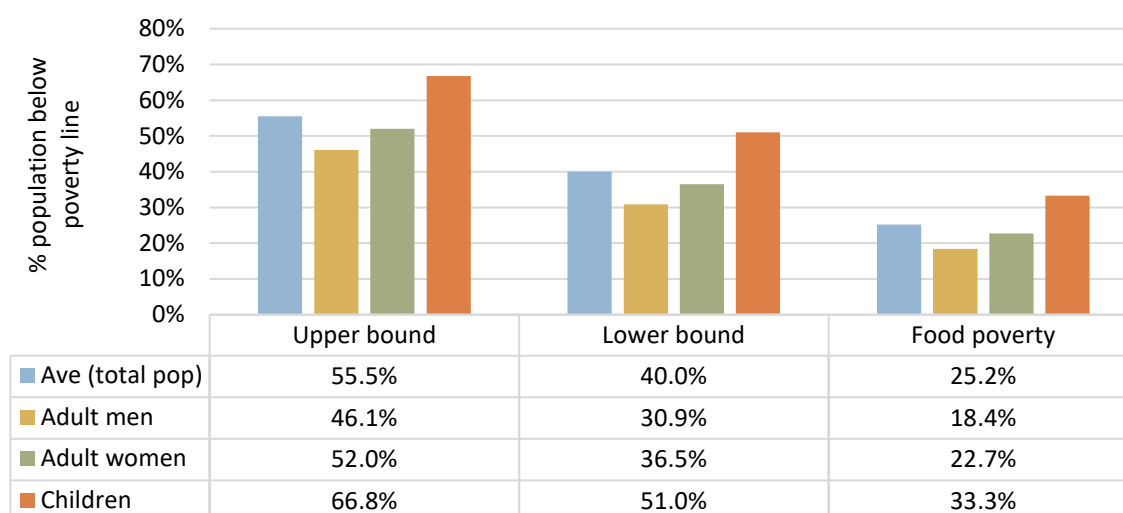
**Upper bound poverty line (UBPL)** at R1,417 in 2022, adds to the FPL the average amount spent on non-food items by households who spend close to the FPL minimum amount on food. The UBPL is the minimum sum of money needed to cover basic food and non-food essentials.

The UBPL is not a “generous” line. It represents the minimum amount needed to buy a very basic basket of goods.

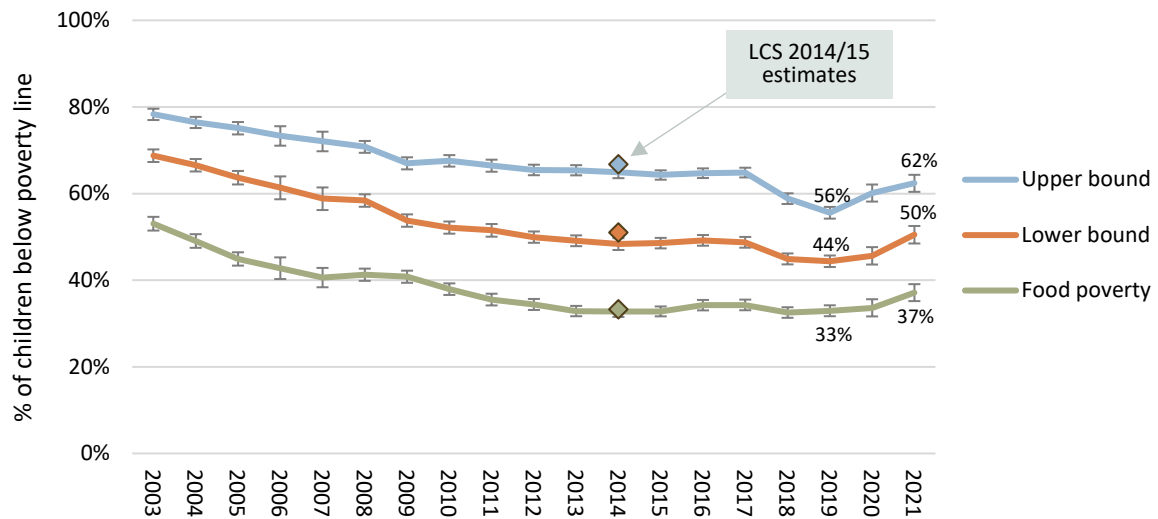
At the time of the last official poverty survey (the Living Conditions Survey of 2014/15), 55.5% of all people in South Africa lived below the UBPL, 40% below the LBPL, and 25% below the FPL. In the same year, 67% of all children in South Africa lived below the UBPL, 51% below the LBPL and 33% below the FPL.

**Poverty rates are higher for women than for men, and higher for children than adults.** This presentation of poverty rates shows the importance of analysing child poverty rates specifically, as the extent of child poverty is otherwise obscured by the overall national poverty rates.

### Official poverty headcount rates for men, women and children 2014/15



### Child poverty trends 2003 – 2021



**Even if the poverty rate decreases, this does not necessarily mean that the number of individuals living in poverty is reduced.** For example, the child poverty rate (UBPL) fell from 66.4% in 2011 to 64.5% in 2016. However, with population growth, the number (headcount) of poor children grew from 12.2 to 12.5 million. Similarly, while the child food poverty rates were the same in 2015 and 2019, the number of food-poor children had grown by around 400,000.

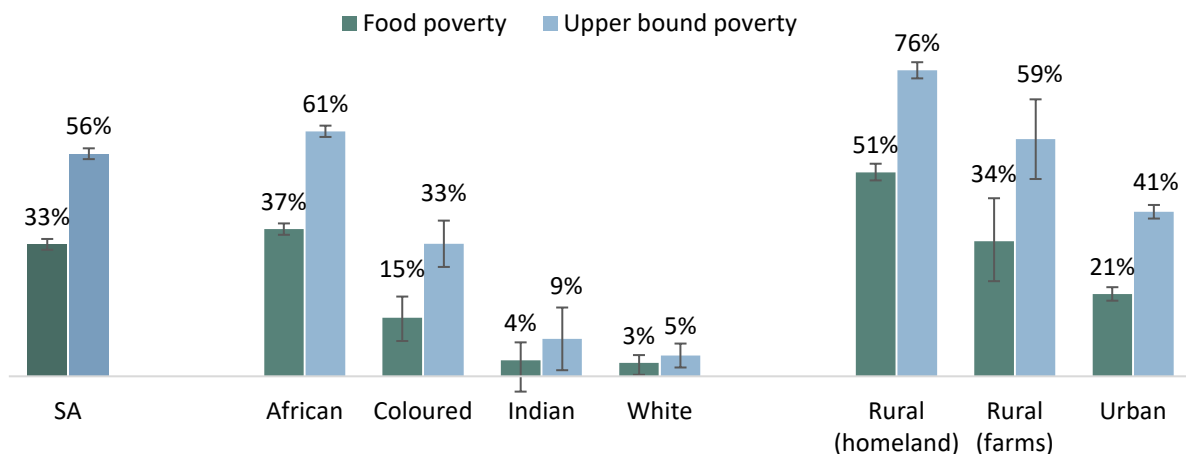
Child poverty rates, although high, were stable in the decade before lockdown, with a striking decline in upper bound poverty.

Poverty rates rose sharply in 2020 and 2021 as a result of lockdown and job loss.

**Child poverty remains racially and geographically distorted. African children, and those living in former homelands, are most likely to be poor.** While the national child food poverty rate was 33% in 2019, it was 37% for African children and 51% for African children living in rural areas in the former homelands.

Of the nearly eight million children in the former rural homelands, just over half (four million) are in food poverty, and three quarters (six million) are below the upper bound national poverty line.

### Child poverty rates by race and type of area (2019)



These poverty rates are exceptionally high and occur in contexts where there has been little investment in infrastructure and economic development, and where there are few employment opportunities.

Like children, older people tend to be over-represented in the former homeland areas, compared with working age adults. Many rural households depend mainly on grants for survival – especially CSGs and older persons grants.

**A small social grant like the CSG can bring children out of poverty only if they are not very far below the poverty line to start with.** For those in deeper poverty, the CSG will be very useful but will not necessarily take the poorest over the poverty line even if its value is increased.

The *poverty rate* measures the **extent** of poverty, by counting the number or share of a population below a specific poverty line.

The *poverty gap* measures the **depth** of poverty amongst the poor. It represents the average gap between the income of poor households and the poverty line.

The *squared poverty gap* measures the **severity** of poverty. It gives greater weight to those that fall far below the poverty line than those close to it.

All three measures are higher for children than for adults.

#### UBPL poverty rate, depth and severity for adults and children (2019)

	Adults	Children
Poverty rate	0.393	0.556
Poverty depth	0.207	0.314
Poverty severity	0.135	0.210

Child poverty rates rose in 2020, although the introduction of temporary Covid-19 grants and top-ups to the permanent grants helped to offset increases in child poverty for a few months. **The temporary measures to boost grant income “saved” an estimated 1.2 million children from food poverty for a few months.**

**However, child poverty and hunger rates increased after the Covid-19 grant top-ups and caregiver allowance ended in October 2020.** Delays in birth registration and CSG applications during COVID-19 resulted in the number of babies receiving the CSG falling by about 100,000 in 2021, with no recovery in 2022.

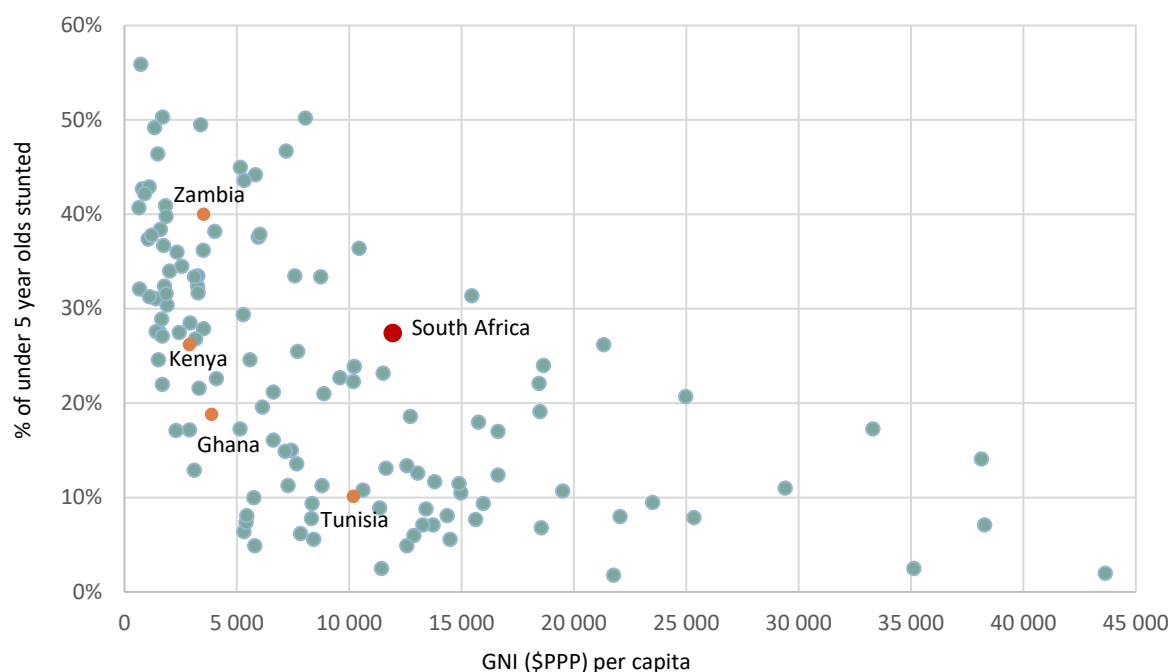
Money is an indirect measure of poverty; it cannot, for example, be eaten. But it is a useful proxy because low incomes tend to go together with other dimensions of deprivation. It is also the best indicator when discussing grants because they consist of money.

Nutrition measures are also useful given that extreme poverty and all the other poverty lines are defined in relation to the food poverty line, and food accounts for a very large proportion of poor people’s expenditure.

**Over a quarter of South Africa’s children under five are stunted – too short for their age due to chronic undernutrition.** This stunting rate is very high for a middle-income country and an outlier in global terms. Undernutrition in turn hinders physical growth and brain development.



### South Africa in global perspective: Child stunting rates by per capita GNI



## The birth and growth of the CSG

At the time of transition to democracy, South Africa's entire social assistance system reached two and a half million people – including about 200,000 child beneficiaries and 200,000 caregiver beneficiaries of the State Maintenance Grant (SMG). Very few of the SMG beneficiaries were African.

If extended to all who were eligible, the cost of the SMG would have increased from R1.2 to R12 billion per year.

In 1995, a majority of the provincial MECs proposed that the grant be abolished because they were of the view that it would be unaffordable if extended to all poor children and their caregivers.

### Setting the CSG value

The Minister of Welfare established the Lund Committee on Child and Family Benefits to explore alternative ways of using the existing budget to support poor children and their families.

The committee proposed a range for the grant amount of R70 to R125, and that the grant start with the youngest children and be extended over time to older children. R70 represented the estimated cost of food and clothing for a child from a low-income household, while R125 was the value of the child portion of the SMG at the time. Cabinet decided on an amount of R70 for children under seven years of age. Civil society groups called for a higher amount given the extent of child poverty and the recently adopted Bill of Rights.

Finally, a grant of R100 per month was introduced in April 1998. Its estimated cost was approximately double that of the SMG budget.

The Welfare Laws Amendment Bill (90 of 1997) was tabled in Parliament to provide the legislative base for the new grant. The related memorandum stated that the grant was a contribution towards the cost of raising a child:

“The Department of Welfare is unable to cover all the costs of rearing poor children but is able to contribute towards the support of some of the children through the child-support grant.”

The complementary nature of the CSG is often raised as the reason why its value is very low compared to larger grants such as the Older Persons and Disability grants. The larger grants are aimed at providing enough money for all a person’s basic needs as they are based on the assumption that the beneficiary is unable to earn a living due to old age or disability.

The Minister of Welfare elaborated on this concept when she said that the CSG was part of a package of support for poor children. Other parts of the package would include free basic healthcare, development projects, subsidised housing and improved access to credit for poor households.

**The complementary nature of the CSG is based on an assumption that caregivers of poor children are able to work and earn income** because they are able adults, and that the CSG and other parts of the support package will supplement their earnings. This assumption does not hold true when high unemployment persists.

### Grant expansion

Take-up got off to a slow start due to conditions that prevented many from applying. After one year only 34,500 children were accessing the new CSG. However, take-up grew rapidly once the conditions were removed and the grant became more popular due to multiple public awareness campaigns.

By March 2022 there were nearly 13 million child beneficiaries. The successful growth in take-up was due to:

- early removal of conditions that posed barriers to applicants;
- mass-based education and awareness campaigns;
- internal and external accountability to achieve targets;
- improvements in the application and administrative systems;
- the establishment of the South African Social Security Agency (SASSA) and a national social assistance system;
- improved early registration of birth; and
- extension of the qualifying age and income thresholds.

### Age threshold

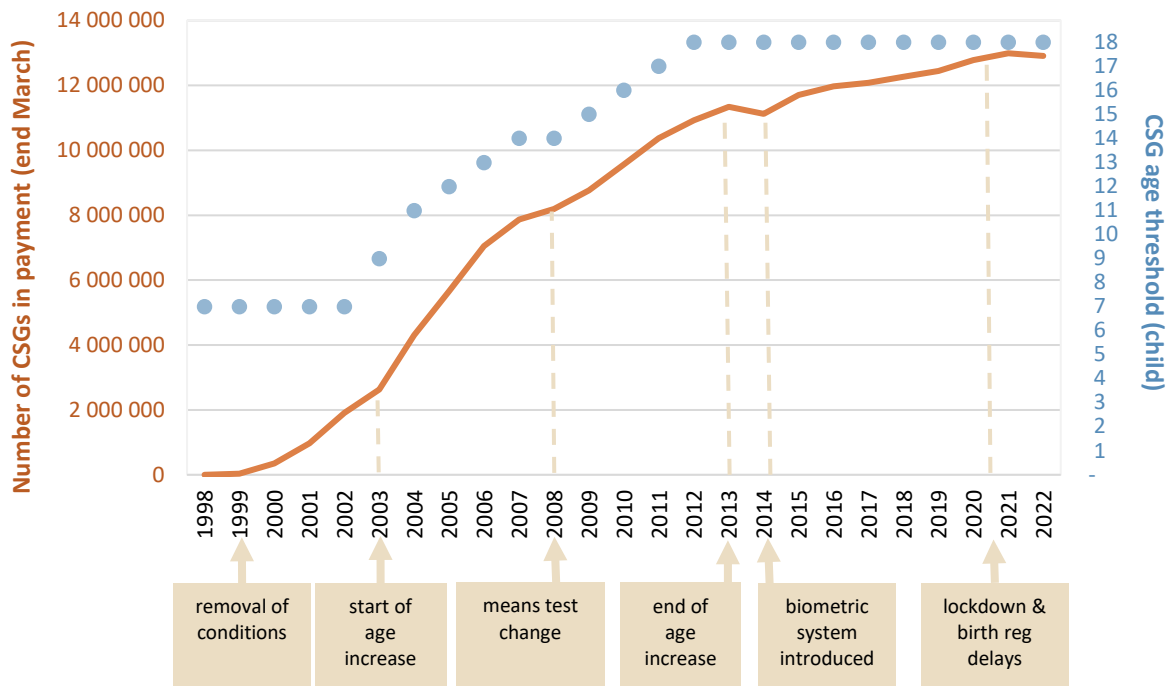
As the age threshold was increased from seven to 18 years of age over the period 2003 to 2013, the grant reached more children. The percentage of children living in food poverty declined from 53% in 2003 to 33% in 2013 – demonstrating the positive impact of investing more budget in the CSG.

### Means test

The means test for the CSG was initially set at R800 per caregiver per month for rural and informal households and R1,100 for those living in formal urban areas. It remained the same for 10 years so that the income threshold was eroded and fewer children were eligible every year.

After calls for an increase to adjust for 10 years of inflation, a new formula was introduced, linking the income threshold to the grant amount. This ensures that the means test adjusts annually when the grant amount is increased. For example, in 2023 the income threshold was R5,000 per month for a single caregiver (i.e., single income) and R10,000 for a married caregiver and her spouse (i.e., joint income must be below 20 times the grant value).

## Growth in the number of CSG beneficiaries, 1998 – 2022



### Grant amount

Due to the low starting amount and many years of annual increases below food inflation, **the purchasing power of the grant has been eroded over time and it no longer covers the costs of food and clothing for a child, as originally intended.** In 2022 the CSG was 28% below the food poverty line, meaning that it does not even cover the costs of basic food.

### CSG top-up for orphans

On 1 June 2022, orphans in the care of family members became eligible for a CSG top-up of R240, bringing the total CSG amount received by their caregivers to R720, which is above the food poverty line. This larger amount should reach as many as 700,000 poor children over the next three years.

The amended Social Assistance Act opens the door for top-ups for other specified categories of beneficiaries and provides an easy mechanism to increase the CSG amount in phases.

## Impact of the CSG

About three-quarters of government spending on social assistance goes to the poorest 40% of the population. Social grants raise the share of the national income earned by households in the poorest three quintiles (the poorest 60% of households) from 5% to 9%. These impacts would not have been possible without the CSG.

In 1997 only one in eight households in the poorest quintile reported any grant income. By 2010, more than four-fifths of households received grants. Now, over 80% of households in the poorest quintile receive a child grant, making it the most pro-poor targeted grant in South Africa.

Studies show the following beneficial impacts of the CSG:

- Increase in early birth registration;
- Better nutrition and health outcomes;
- Increased attendance at ECD centres;
- Increased school enrolment and reduced dropout;

- Reduced teenage pregnancy and child-bearing rates;
- Reduced sexual activity, alcohol and drug use in adolescence; and
- Increased labour force participation of mothers.

This evidence illustrates how giving effect to the right to social assistance also contributes to the realisation of a range of other rights.

An increase in the amount of the CSG would increase the impacts reported above.

## The cost of a child

Ideally the value of a CSG would be linked to some empirically based measure or poverty line. For example, when the CSG was first recommended by the Lund Committee, the idea was to link its value to the basic food and clothing costs of a child.

The official poverty lines are the best ‘official’ estimates of the costs of a child.

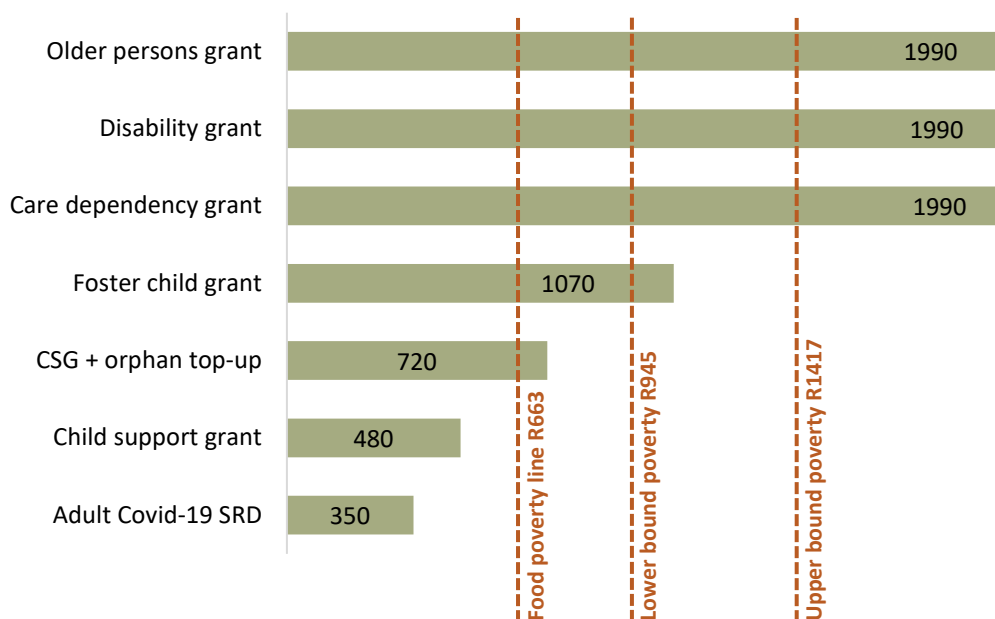
However, when compared with other poverty measures, the official poverty lines are very conservative and the basic costs of a child are likely to be higher than these lines, especially the food poverty line.

The reference food basket used for the Stats SA food poverty line does not represent a healthy or sufficiently diverse diet as it is based only on caloric intake (using the consumption patterns of poor households, which tend to prioritise calorie-rich foods in the form of starches) and not on nutritional requirements or dietary diversity. Those who are “below” the food poverty line and counted as food-poor will not be able to consume the minimum number of calories needed for health, but this does not mean that those who are “above the line” are getting adequate nutrition.

The food poverty line should be regarded as an absolute minimum.

A comparison between the various grants reveals enormous variation in the value of grants and a striking mismatch between the grant values and poverty lines.

### Poverty lines and social grant values in October 2022



## Lessons from other countries

We learned the following lessons from the experience of Latin America and the Caribbean (LAC) and Southern Africa:

- In some countries the grant amount is not increased regularly to keep pace with inflation.
- Most of the LAC grants have conditionalities attached to them. Conditionalities frame the grant as a benefit for the “deserving” (i.e., those that behave in a certain way) rather than as fulfilling the human rights of people. Conditionalities also place a burden on caregivers and can lead to exclusion of the most vulnerable.
- Zambia’s grant focuses explicitly on households. In other countries the grants combine both household and individual targeting elements. Grants based on household composition are especially difficult in a country like South Africa with high levels of household change and movement of people around the country.

**South Africa out-performs the other countries on many important grant characteristics. However, the low grant amount seriously undermines the impact of the positive characteristics.** This helps explain the very high inequality and poverty rates in South Africa compared to the other countries, even with the grants in place.

A larger CSG would reduce both inequality and poverty.

## Children’s rights and State obligations

### Everyone’s right to social assistance

The Constitution guarantees a range of socio-economic rights for everyone. These include the rights to education, health care services, sufficient food and water, adequate housing, and social security (including appropriate social assistance if unable to support themselves or children).

The inclusion of justiciable socio-economic rights in the Bill of Rights was based on an acknowledgement that the realisation of socio-economic rights for all is essential to enable transformation. The right to social assistance is key to achieving a transformed society as it effectively redistributes money from the wealthy to the poor. The extent of redistribution depends on the number of people reached and the quantum of money transferred.

The State is obliged to take reasonable measures within its available resources to progressively realise the right to social assistance.

This means that the state:

- may not take any **retrogressive** (backwards) steps that would deprive or reduce existing entitlements;
- must make continual **progress** in moving towards the full realisation of each of the rights; and
- must ensure that **vulnerable** groups such as children are prioritised in its plan.

The State may limit the right to social assistance in certain circumstances. The Constitutional Court has developed the **reasonableness test** to assess whether a policy that limits a socio-economic right is constitutional.

If required to assess whether the low value of the CSG amounts to a justifiable limitation to children’s right to social assistance, the courts are likely to use the reasonableness test. In assessing whether the State is making progress in realising the right for children, the court would consider the number of children accessing the CSG and whether this is showing continual growth. However, growth in coverage will not be enough to pass the test.

The court would also consider child poverty indicators. **The widening gap between the food poverty line and the CSG value and recent increases in the rate and number of children living in poverty, will likely be relevant factors considered by the court.** There are over seven million children whose other basic rights are at risk because they live in food poverty. The court would consider this substantial number, as well as the effect of severe poverty on children.

Because South Africa is a monetary economy (where few households are able to survive on subsistence agriculture, for

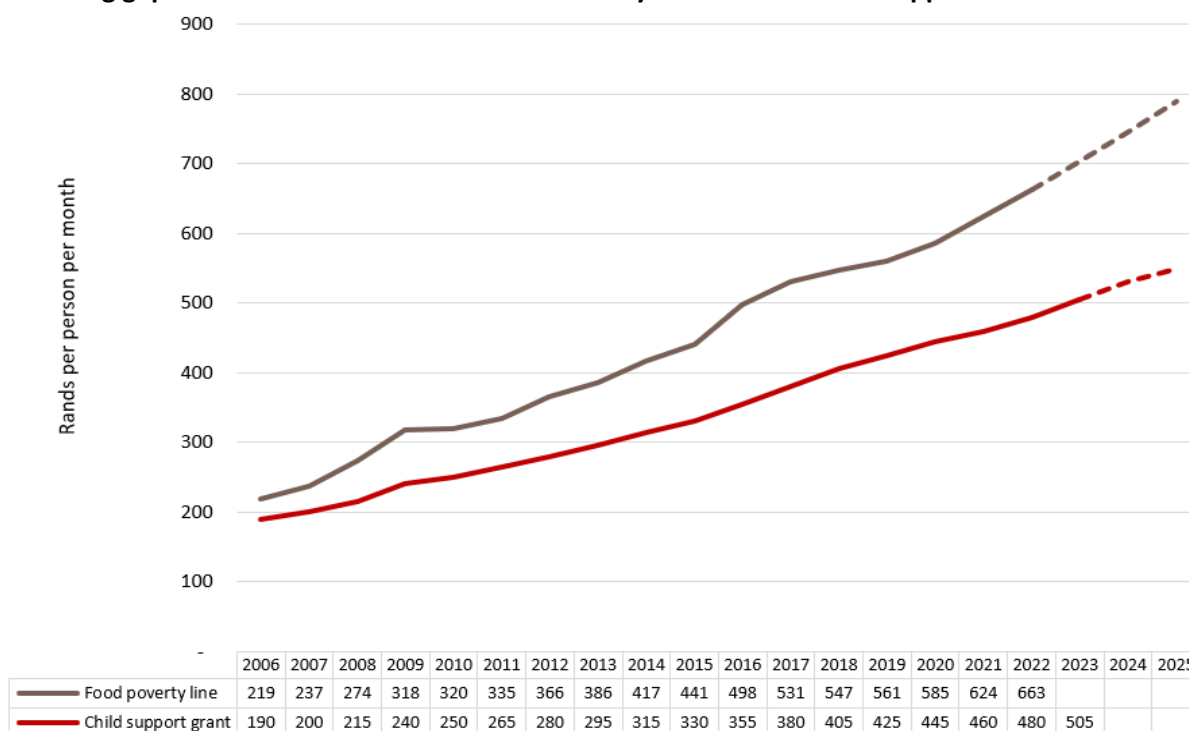
example), children’s right to basic nutrition is dependent on their parents earning income or having access to adequate social assistance.

The court is likely to view seven million children living below the FPL as a significant segment of the child population whose right to basic nutrition is at risk. The high rate of stunting and child deaths where malnutrition is a contributing factor will also be considered.

The state could raise the existence of other parts of the social protection package and its limited resources as its main defence. The court would then require the state to show that it has used its ‘maximum available resources’ to realise children’s right to social assistance.

This means it would need to show that it has prioritised children’s basic socio-economic rights in its decisions about the allocation of budget. The obligation to prioritise children is heightened in a time of crisis such as a health pandemic or economic recession.

**Widening gap between the value of the Food Poverty Line and the Child Support Grant**



## Children's right to basic nutrition

In addition to the right to social assistance that is guaranteed for everyone unable to support themselves, children have a right to basic nutrition. Like the right to basic education, **the right to basic nutrition is immediately realisable and is not subject to available resources.**

Any limitation of the right by the state will need to be justified in terms of the general limitations clause in section 36 of the Bill of Rights: It would need to be justifiable and reasonable in a democracy based on equality, dignity and freedom. This is a higher standard of justification than is required for a limitation to everyone's socio-economic rights using the reasonableness test.

In 2020 the North Gauteng High Court considered whether the limitation of children's right to basic nutrition was justifiable when the state had not restored the National School Nutrition Programme (NSNP) to all eligible children. Millions of children went hungry due to missing the daily meal provided by the NSNP. The Court found that hunger and starvation of a child is never justifiable. If the low value of the CSG is challenged in court and evidence of widespread child hunger, starvation and death is submitted, it is likely the court would follow precedent in the NSNP case.

## International law

When interpreting the Bill of Rights, the court is obliged by the Constitution to consider international law. This includes the UN Convention on the Rights of the Child (UNCRC), the African Charter on the Rights and Welfare of the Child (ACRWC) and the International Convention on Economic, Social and Cultural Rights (ICESCR) – and any relevant General Comments or Concluding Observations issued by the committees that monitor these laws.

An assessment of the CSG against international law would find that its value falls short on the principle of adequacy. The amount is not enough to provide for a child's basic needs. It is not even enough to cover basic nutrition.

**The three committees monitoring these international laws have all found the CSG amount to be inadequate and have recommended it be increased, at least to the food poverty line.**

The committee monitoring the ICESCR has also advised that the state review its fiscal policy to enable greater redistribution of wealth in the face of very high levels of inequality and poverty.

“The State party should review its fiscal policy in order to improve its capacity to mobilize the domestic resources required to bridge existing gaps and to increase its redistributive effect”. [ICESCR 2018]

**The committee monitoring the UNCRC has advised the state to undertake child impact assessments prior to making decisions that affect children's rights.**

In relation to children's rights to social assistance and basic nutrition, any policy or budget decision that will result in the erosion of the value of the CSG will need to be justified based on a child impact assessment which demonstrates that there was no other alternative available to the state. This would include decisions to reduce the purchasing power of the CSG amount by making below inflation annual increases.



## Modelling options to increase the value of the CSG

We present models linked to all three national poverty lines. We use these lines because they provide a rational basis linked to the cost of a basket of goods, and they are adjusted annually by inflation.

The scenarios modelled are:

1. **Status quo CSG value and uptake** (to provide a baseline for comparison);
2. **CSG equal to Food Poverty Line** (R561 in 2019 Rands / R624 in 2021);
3. **CSG equal to Lower Bound Poverty Line** (R810 in 2019 Rands / R890 in 2021);
4. **CSG equal to Upper Bound Poverty Line** (R1280 in 2019 Rands / R1335 in 2021);
5. **Phased increase** to each of the three lines through incremental age-based top-ups.

Option 1 is simply to illustrate the impact of not increasing the CSG. For options 2 to 4 we use the increased value of the CSG to determine the respective means tests. This is why the numbers of beneficiaries increase slightly for each poverty line option – because the income threshold increases as well.

For option 5 we keep the income threshold linked to the base amount of the CSG (i.e. before the increase) and recommend that the means test only be adjusted after the full roll-out to prevent there being two different means tests in use at the same time.

We assume an uptake rate of 90% for all models (i.e. 90% of those who are eligible will receive the grant). This is a realistic estimate based on current uptake rates.

### Reach and coverage

The CSG is effective in reaching poor children, and also poor households generally. The status quo is that the CSG reaches two thirds of all children with coverage of 35% of all households in the country.

**If the value of the CSG were increased to the food poverty line, the CSG would reach 69% of all children, covering 40% of all households.** If the CSG were increased to the upper bound poverty line, its reach would increase to 76% of all children and 45% of all households.

### CSG uptake (percentage of all children reached and number of child beneficiaries)

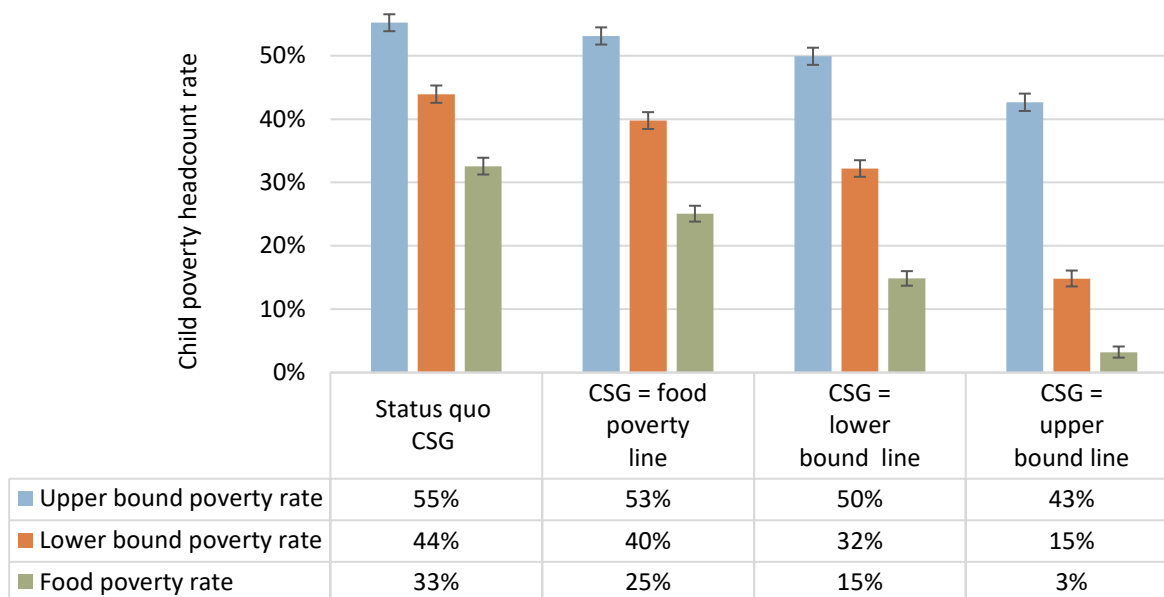
Status quo		CSG @ FPL		CSG @ LBPL		CSG @ UPBL	
%	N	%	N	%	N	%	N
66.3%	12 900 000	69.0%	13 400 000	72.5%	14 100 000	76.4%	14 900 000

### Reach to households (numbers and percentage)

Households	Status quo		CSG @ FPL		CSG @ UBPL	
Total HHs reached	34.7%	5 900 000	40.2%	6 800 000	44.7%	7 600 000
HHs in poorest two quintiles	59.5%	4 000 000	69.8%	4 700 000	70.2%	4 800 000
HHs with no employed adults	44.2%	2 200 000	50.8%	2 600 000	50.8%	2 600 000



### Illustrative impact of CSG increase options on child poverty rates (2022 poverty line values)



Importantly, the CSG is well targeted to the very poorest households, reaching around 60% of households in the poorest two income quintiles and over 40% of households where there is no employment. This pro-poor reach would also be enhanced if the value (and therefore the means test threshold) were increased.

**Just increasing the CSG to the food poverty line would extend its coverage to 70% of households in the poorest two quintiles, and half of all households without any employment income.**

If increased to the food poverty line, indirect reach would include 72% of all unemployed working-age women (up from 65% in the status quo).

#### Child poverty impact

Child food poverty can be **eliminated** for children by increasing the CSG to the upper bound poverty line. Food poverty could be **substantially reduced** (from 33% to 25%) by increasing the CSG to the food poverty line. Increasing the CSG also reduces the depth and severity of child poverty substantially.

#### Budget impact

The 2022/23 CSG budget was R77 billion. Increasing the CSG to the food poverty line for all poor children would have required a further R23 billion. Increasing it to the upper bound poverty line would have added R161 billion to the existing budget.

### Illustrative cost of immediate implementation of CSG increases (2022 values and uptake)

	Status quo CSG	CSG @ FPL	CSG @ LBPL	CSG @ UBPL
CSG value	R480	R624	R890	R1 335
Beneficiaries	13 100 000	13 400 000	14 100 000	14 900 000
Estimated cost p.a. (Rm)	R75 400	R100 000	R151 000	R239 000
<b>Difference from budget</b>	<b>-R1 700</b>	<b>R23 000</b>	<b>R73 000</b>	<b>R161 000</b>

### Modelling a phased approach

Phasing in the increase using the top-up mechanism will avoid a large once-off “shock” to the budget. Implementation could start with children under six years in the first year and reach full coverage by increasing the age cohort by three years in each of the following four years.

The models assume inflation and grant increases for the base CSG amount of 6% per year. The means test is calculated

according to the usual formula based on the current CSG amount (before the top-up to the relevant poverty line).

Increasing the CSG to the food poverty line in a phased manner would require an additional budget of R10 billion in the first year, rising to R17 billion and R24 billion over a three year cycle starting in 2023/24. Increasing the CSG to the upper bound poverty line would require an additional R50 billion, R85 billion and R124 billion over the three years.

### Illustrative reach and cost of phased roll-out of the CSG increase, 2023/24 – 2025/26

	2022/23	2023/24	2024/25	2025/26
<b>Age groups for phased top-ups</b>		Children < 6 years	Children < 9 years	Children < 12 years
0-5 year-olds top-up (80%, 85%, 90%)	-	4 235 000	4 500 000	4 765 000
6-8 year-olds top-up (-, 90%, 90%)	-	-	2 270 000	2 270 000
9-11 year-olds top-up (-, -, 90%)	-	-	-	2 223 000
Total top-ups	-	4 235 000	6 770 000	9 258 000
<b>Budget implications – base cost</b>				
Total children on CSG	13 100 000	13 300 000	13 500 000	13 700 000
Base CSG cost per year (Rm)	R75 000	R81 000	R87 000	R94 000
<b>Additional cost for phased CSG top-up (Rm)</b>				
• to FOOD POVERTY line	-	R10 000	R17 000	R24 000
• to LOWER BOUND line	-	R25 000	R42 000	R62 000
• to UPPER BOUND line	-	R50 000	R85 000	R124 000

## Policy, administrative and legal considerations

### Policy considerations

Aligning the CSG to an official poverty line would provide an objective measure for the grant amount. This would **clarify the CSG's purpose** and ensure that it is adjusted every year to enable it to achieve that purpose.

The purpose would depend on which of the poverty lines it is based on:

- ***Aligning with the Food Poverty Line*** would retain the complementary nature of the CSG by basing it on the costs of basic food. This option assumes that caregivers can obtain employment to earn enough income to cover the other basic necessities that are not covered by other parts of the social protection package (e.g. clothes, shelter, bedding, energy for cooking, and transport to school and health care facilities).

However, in the context of structural unemployment and as many as 7,3 million children in households where there are no employed adults, limiting income support to minimal food costs does not ensure the child's other basic needs will be met.

- ***Aligning with the Lower Bound Poverty Line*** would halve the child food poverty rate, with many positive impacts for children, women and the economy. A CSG at the lower bound line would retain the complementary nature of the grant as it would not cover all the basic costs of raising a child. In the face of structural high unemployment, this option suffers from the same faulty assumptions as the FPL option: it does not enable unemployed caregivers to cover their children's other basic needs.
- ***Aligning with the Upper Bound Poverty Line*** would change the nature of the grant from a complementary grant to a grant that covers the basic costs of a

child. This option could eradicate child food poverty and somewhat reduce inequality. It would represent a bold and decisive policy decision with multiple positive impacts for children, women and the economy.

Increasing the CSG immediately for all poor children will require additional budget ranging from R23bn to R161bn depending on the poverty line chosen. A question therefore arises as to whether an increase to the CSG is **affordable** in a climate of multiple competing social priorities and low economic growth.

In the absence of more revenue, an increase to the CSG will compete with other aspects of the social protection package that are also important for children's basic needs such as basic health care, education and early childhood services. It would also compete with the call for basic income support for unemployed adults, many of whom are caring for children.

Government should precede its decisions on all these competing social priorities with a **child impact assessment** that projects what the implication will be for children, in particular for the constitutionally protected basic rights such as basic nutrition, basic health care services, basic education, shelter and social services.

Phasing in the increase could be considered as a way of **spreading the affordability challenge** over time and reducing shock on the budget. The suggested approach is to start with the youngest children (0 – 6 year-olds) and expand access to an increased CSG by age groups, over a five year period. Targeting the youngest children first would be a way of prioritising those children who are most vulnerable to malnutrition and stunting. There is precedent for this approach, as the CSG was initially targeted to young children.

The starting cost of a phased approach would range from R10 billion to R50 billion per year depending on which poverty line is chosen.

The returns to society of investing in the early years of a child's life have both short-medium- and long-term positive financial implications for the state, society as a whole, and the economy.

### Administrative considerations

An increase to the CSG is **administratively easy** to implement. All that is needed is the publication of a notice in the government gazette. It does not require any amendments to the Act or the Regulations, or investment in staff training or changes to the application processes. It places no additional administrative or human resource burden on SASSA.

There is **existing precedent** for this approach. The Act already authorises the Ministers of Social Development and Finance to increase grant amounts or to pay additional amounts (top-ups) to categories of grant beneficiaries based on need.

So far, the Ministers have used this power to implement annual inflation related increases and to introduce an additional amount for certain categories of grant beneficiaries based on need [e.g. top-ups to older persons grants for pensioners older than 75 years and top-ups to the CSG for orphans living with relatives].

If the CSG value is increased in phases using an age cohort approach, it is recommended that the method used is to **set a year of birth as the entry criteria** for each phase (e.g. all children born on or before 1 January 2018) rather than setting an upper age threshold. This will avoid grants that have been topped up from dropping back down to the base amount while waiting for the next age cohort to become eligible.

### Legal considerations

Increasing or decreasing the CSG amount can change the future of South Africa's child poverty and inequality levels.

When the Ministers of Social Development and Treasury make decisions on annual increases to the CSG amount or on whether to increase the CSG to the food poverty line or the upper bound poverty line, they are effectively making decisions about the extent to which they want to see decreases or increases in child poverty, inequality, malnutrition and stunting.

- **If the decision is to continue the status quo, with a low CSG amount and below food inflation annual increases:** child food poverty is likely to increase. This in turn will lead to increased child inequality, deprivation, malnutrition and stunting. Increases in these child centric indicators will be viewed by international treaty bodies and South African courts as evidence that the state is not achieving progress in realising children's right to social assistance and is unjustifiably violating the basic nutrition rights of over seven million children. Continuing with the status quo trajectory is therefore a risk for the state in both the international and constitutional law environment.
- **If the decision is to increase the CSG to the FPL:** Child food poverty rates will decrease by 7,5 percentage points and upper bound child poverty will decrease by 2 percentage points. This in turn will reduce the rates of child hunger, malnutrition and stunting.
- **If the decision is to increase the CSG to the LBPL:** Child food poverty rates and numbers will be more than halved and child hunger, malnutrition and stunting will be significantly reduced.
- **If the decision is to increase the CSG to the UBPL:** Child food poverty will be

virtually eliminated, with comparably high reduction impacts on child malnutrition and stunting.

For any of the increase options (to align the CSG value with the food, lower or upper bound poverty line), international treaty bodies would commend the state for heeding their recommendations and making a decision that will reduce child food poverty.

In relation to the FPL and LBPL options, international treaty bodies would encourage the state to continue to do more to reach the goal of eliminating child food poverty. These options would not pose a litigation risk to the state because the evidence on both a budget and child indicator level would demonstrate progressive realisation of children's social assistance rights and immediate realisation of children's basic nutrition rights.

- **If the decision is to phase in one of the options, starting with the youngest children:** the poverty reduction impact of each scenario will be somewhat reduced due to the time delay.

This limitation can be mitigated by targeting the youngest children first and ensuring the final phase is reached within three to five years.

A phased approach to implementing the increase could be challenged on the basis that older children are disadvantaged if they are excluded from the first three phases. If the state can demonstrate a commitment to reach all poor children under 18 years of age within a clear and short timeframe, such a challenge is not likely to succeed. Furthermore, there are many legal arguments to be made as to why children under six should be prioritised for the first phase, in particular their stage of development, their risk of stunting and the lack of other state nutrition programmes reaching this age cohort at scale.

## Take-away message

Child poverty rates have not decreased since 2013 when the age threshold extension to 18 for the CSG reached its end. A third of children are food insecure (below the food poverty line). This high prevalence of poverty is also reflected in the persistently high stunting rate. Child poverty rates increased in 2021, and the below-food-inflation increases to the CSG over the past three years are likely to lead to a further increase in child food poverty.

The scenarios show that by increasing the CSG amount, it is possible to reduce the high child poverty rates significantly, alongside even greater impacts on the depth and severity of child poverty.

However, a sudden and substantial increase is likely to be regarded as a shock to the economy and unaffordable. A phased approach, in which CSG top-ups are provided for children in age cohorts, starting with the youngest (pre-school) group, does not shock the national budget and substantially reduces child poverty within five years.

Reducing child poverty will yield positive impacts on many other areas of child well-being including nutrition, health, and education. Increases to the CSG would also empower women economically.

The CSG is well-targeted and widely accessed, with proven and wide-ranging impacts for children and their caregivers. Given its efficiency and the administrative ease with which an increase can be implemented, an increase to the CSG can be regarded as a key mechanism to reduce child poverty, advance the realisation of children's rights and contribute to longer-term human development outcomes and economic growth.

- 1994** ... as soon as possible, and certainly within three years, every person in South African can get their basic nutritional requirement each day, and... no longer live in fear of going hungry. – *RDP Policy Framework*
- 1996** The Committee is firm in its belief that this cash benefit [the CSG] will be a more reliable form of support than the alternatives it considered. In a society of such extreme inequalities, social spending of this sort is an important contributor to household income... It should be seen as a minimal basis from which incremental growth can take place. – *Report of the Lund Committee*
- 2016** The Committee welcomes the substantial expansion in social security coverage for children in the State party, which has resulting in an overall decline in child poverty. Nevertheless, the Committee is concerned that:
- The poverty rate in the 1-17 years age group is the highest of all age groups
  - The amount of the Child Support Grant falls below the actual cost of meeting the needs of a child living in poverty.
- *UN Committee on the Rights of the Child*
- 2019** The Committee commends the Government for the creation and provision of social grants to those in need. However, the Committee also takes note of the fact that the amount of money offered through the child support grant is insufficient to address the issue of poverty and inequality as it remains an amount below the food poverty line.
- *African Committee on the Rights and Welfare of the Child*
- 2020** The morality of a society is gauged by how it treats its children. Interpreting the Bill of Rights as promoting human dignity, equality and freedom can never allow for the hunger of a child. – *Gauteng High Court judgment in the NSNP case*
- 2021** Social protection and employment creation are not either/or choices... Social protection has a particular role in addressing extreme poverty. As an upper-middle-income country, South Africa has the resources to come close to eliminating extreme poverty within a relatively short period of time.
- *Presidential Economic Advisory Council*
- 2022** South Africa's child support grant, the programme with the largest impact on poverty, also has the widest coverage of the poor. But coverage is not a sufficient condition for reducing inequality.
- *World Bank report on Inequality in Southern Africa*





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