The Changing Dynamics of Child Grants in the Context of High Adult Mortality in South Africa: a simulation to 2015[1]

Hayley McEwen and Ingrid Woolard, SALDRU, University of Cape Town

Abstract

This paper investigates the expected costs of the system of cash transfers to children in South Africa up to 2015. In 2008, the Child Support Grant (CSG) already reached about 60% of children and future increases in beneficiary numbers are driven by easily modelled changes in eligibility criteria. The child population is not expected to grow between 2008 and 2015 and thus the fiscal cost of the CSG is expected to stabilize in the near future. The other major child grant, the Foster Care Grant (FCG), is far less predictable. Three-quarters of FCG beneficiaries are orphans. If the FCG were to become a de facto orphan grant, the costs of the FCG would escalate rapidly. The nature of the HIV/AIDS pandemic is such that the number of dual orphans is expected to double between 2008 and 2015, reaching 1.3 million in 2015. The overall number of maternal, paternal and dual orphans is expected to reach 4.8 million by 2015. We emphasise the need for the government to clarify whether the FCG is the appropriate instrument for addressing the needs of orphans. If it is, then the cost implications are substantial. In the interim, there is an urgent need to establish why many maternal orphans are not receiving any form of child grant.

1. Introduction

South Africa currently possesses one of the largest and most ambitious social assistance programmes in the developing world. Government spending on social development has increased markedly post-apartheid and currently stands at 4.8% of GDP. Cash transfers alone amounted to just over R80 billion in the 2009/2010 financial year, or 3.3% of GDP (National Treasury Budget Review, 2010). We estimate that around 60% of all children under the age of 15 and over 70% of elderly men and women received a grant in 2008. A large literature exists demonstrating that the grants are well-targeted and have a significant impact on breaking the intergenerational transmission of poverty (for a review see Woolard and Leibbrandt, 2010). A question that has received less attention is the fiscal impact of this rapidly expanding system. This paper will examine this question with specific reference to child grants, namely the Child Support Grant and the Foster Care Grant. In particular we focus on the fiscal implications for the child grants of high AIDS-related mortality of prime age adults. This increased mortality translates into increased orphanhood and altered living arrangements of children which in turn has implications for the system of cash transfers to children.

[1] We gratefully acknowledge support from the UK Economic and Social Research Council (RES-167-25-0076).

In this paper we use recent data from the base wave of the National Income Dynamics Study (NIDS) to investigate the profile of child grant beneficiaries and to model the possible evolution of the system up to 2015. We take the key demographic trends from the Actuarial Society of South Africa (ASSA) 2003 model. The costs of various simulated "orphan grants" are considered and juxtaposed with increasing take-up of the Child Support Grant among maternal orphans who currently seem to be struggling to access the existing system.

1.1 The history of child grants in South Africa

State assistance to children has changed markedly post-apartheid. Prior to 1998, the only direct support to children was the State Maintenance Grant. Only a child's natural parent was eligible to receive this grant, and only if they could prove the other parent was deceased or attempts to gain child maintenance had proven unsuccessful. These stringent conditions resulted in very poor coverage and targeting of the grant with 0.2% of African children, 1.5% of White children, 4% of Indian children and 4.8% of Coloured children receiving the grant in 1990 (Kruger, 1998).

In April 1998 the State Maintenance Grant was abolished and the Child Support Grant was established. The purpose of this new grant was to provide support to more children: the poorest 30% were targeted at a lower grant value. To this end, eligibility was dependent on a household's income falling below a certain threshold. Take-up rates were initially very low and the eligibility rules were changed in 1999. From this time, caregiver and spousal income was used for the means test instead of household income. The threshold level was set at R800 per month for urban formal areas and R1100 per month for rural areas and informal settlements. This level remained unchanged from 1998 up until 2008, meaning that children had to be progressively poorer in real terms each year in order to qualify for the grant.

The original age limit for eligibility was set at children under 7 years of age. In 2003 this limit was increased to children under 9 years old, and a year later it was increased again to children under 11 years old. In 2005 the age limit was raised to children under 14 years old. In 2009 it was raised again to children under 15 years old, and in 2010 it was raised to children under 16 years old. Legislation has been put in place to ensure that the age limit increases to include 16 year olds in 2011 and 17 year olds in 2012, ending many years of lobbying by child advocacy groups to have the grant extended to all children under 18 years old, in line with the constitution. The grant amount was established as R100 per month in 1998 and has increased almost annually. In 2008 it was set at R230 and is currently sitting at R250 in 2010. Since the establishment of the Child Support Grant in 1998, its coverage has grown remarkably, as can be seen in figure 1 below.

[Insert Figure 1 about here]

The Foster Care Grant existed prior to 1994 and was designed to provide financial

support for “at risk” children that had been placed in the custody of foster parents in terms of the Child Care Act. Examples of “at risk” children would be children not being cared for by their parents who are in danger of falling into homelessness, poverty, malnutrition, truancy or even crime. In terms of the Act, the child’s parents need not be deceased, but if living they must be unwilling or unable to care adequately for their children. The grant amount is almost three times the size of the Child Support Grant at R710 per month at the time of writing. In order to qualify for the grant, the child must have been placed by a court in the care of the foster parents. This is a time-consuming and relatively complex process.

In spite of these hurdles, the take up of the Foster Care Grant has been growing rapidly over time. Increased adult mortality and illness associated with the spread of the HIV/AIDS pandemic has left great numbers of children in need of care and this has fuelled this growth (see figure 2 below). The number of recipients increased particularly rapidly between 2002 until 2006 and has continued to grow, albeit at a decreasing rate, since then. As with the Child Support Grant, recipients often claim for more than one child and in the case of the Foster Care Grant this ratio of children to recipients has been decreasing over time.

[Insert Figure 2 about here]

2. Changing dynamics of the Child Support Grant

2.1. Characteristics of Beneficiaries

The Child Support Grant is reaching a substantial proportion of children. According to the South African Social Security Agency (SASSA), around 8.9 million children received some form of cash transfer in 2008. This equates to almost 60% of all children under the age of 14. Nearly all of these children were in receipt of the Child Support Grant, with only 5% receiving the Foster Care Grant and far fewer receiving the Care Dependency Grant (which goes to the caregivers of severely disabled children). The majority of the children benefiting from child grants live in provinces which include former homelands: in 2008 more than a quarter of child beneficiaries were residing in KwaZulu-Natal, another 18% in the Eastern Cape and 15% in Limpopo (SASSA, personal communication, 11 September 2009).

Using NIDS, we are able to attain much more detailed information on children and their adult grant recipients than the SASSA data possesses. The NIDS survey asks the caregivers of children under 15 a range of questions regarding grants. According to the weighted NIDS data around 8.5 million children reported receiving a government grant in 2008 with 7.8 million children reporting receipt of the Child Support Grant. These figures are very close to the true figures obtained from This compare well with the SASSA figures.

According to the NIDS data, the vast majority of child grants are received by the child’s parents (82%) while 12% are received by grandparents and 3% by an aunt or uncle. It is important to note that these relationships are determined through

subjective self-reporting and are not necessarily biologically accurate. For instance a recipient listed as a child's mother may in reality be the child's grandmother but is viewed in the household as a mother figure. Almost all grant recipients are women. Around a third of all recipients are in their 30's, with substantial shares also in their 20's and 40's. Only about 2% of recipients are teen mothers.

2.2. New Means Test

The original means test for the Child Support Grant was problematic in many ways. Firstly, the threshold remained unchanged in nominal terms for 10 years, demanding an increasing level of real poverty to qualify. Secondly, married couples had to declare their combined income but were still subject to the same threshold as single caregivers, making it harder for married couples to qualify. Thirdly, different thresholds were applied in terms of whether an area was considered rural or urban, with the urban poor being discriminated against. In August 2008 the means test for the Child Support Grant was finally updated and is now set equal to ten times the current grant amount. In this way, the threshold automatically keeps pace with inflation (provided that the grant amount is increased in line with increases in the cost of living). The geographic differentiation was abolished and the threshold for married couples is now double the regular threshold.

These changes have meant that an increased number of children are now eligible for the grant. According to our simulations on the NIDS data, under the old regulations, 7.8 million children would have been eligible, while 9.5 million children are estimated as eligible under the new regulations.[2] According to administrative Social Pension System (SOCPEN) data 8,326,522 children were receiving the CSG in September 2008 (prior to the threshold changes) and 8,434,027 were receiving it in December 2008. This suggests a slow initial take-up after the change in the regulations.

2.3. Simulating Eligibility

In order to simulate whether or not a child is eligible for a Child Support Grant under the means test a series of conditions are used to assign caregivers to children, a caregiver being the person most likely to apply for a grant on behalf of the child. The criteria used for this were as follows:

If the child is reported in the survey data as receiving a grant, the named recipient is taken as given;

If not, and the child's mother is resident, then the recipient is assumed to be the child's mother;

If not, then the recipient is assumed to be the person listed as the child's caregiver in the survey;

If not, then the caregiver is assumed to be the oldest female resident;

If no adult females are resident in the household, then the caregiver is

[2] Eligibility is determined by an algorithm that establishes who each child's 'caregiver' is, that is the person who would be most likely to be taking care of the child and liable to claim a grant on the child's behalf. Please see below for the algorithm.

assumed to be the household head.

All children with simulated caregivers under 16 years old were reassigned to older household members on the basis that one requires an identity document in order to apply.

Figure 3 below illustrates the difference between the NIDS and South African Social Security Agency (SASSA) Child Support Grant beneficiaries by age. While greater noise by individual age is expected in NIDS due to the sample size, the overall trend is roughly similar and the 6% deficit in NIDS appears to emerge largely from the 0-4 age group. Population surveys consistently suffer from an underestimate of very young children, in particular infants, so this result is to be expected. This age category also exhibits a slightly higher rate of non-response on grant receipt.

[Insert Figure 3 about here]

Table 1 below shows how simulated eligibility correlates with receipt of different types of child grants. Receipt of the Foster Care Grant and the Care Dependency Grant is not means tested but it is useful to establish whether or not the Department of Social Development would consider children in receipt of these grants to be 'in need'. Only around 2% of all Child Support Grant and Care Dependency Grant recipients do not meet the requirements of means testing, while the figure for Foster Care Grant recipients is 12%. It is important to note that these figures only include children up to the age of 14, while the Foster Care and Care Dependency Grants are in reality also available to children who are older.

What is of concern is that the majority of children not receiving any form of social assistance are in fact simulated as eligible for the Child Support Grant, accounting for more than 2.5 million children. Much of this can be accounted for by the fact that the table simulates eligibility under the new means test, whereas many households were interviewed prior to October 2008 when the new means test was implemented. Regardless, this result suggests that even though the size and coverage of the Child Support Grant is substantial, there is still more room to increase take-up of the grant by eligible children.

[Insert Table 1 about here]

2.4. Eligible but not receiving the grant

Those who are simulated as eligible but not in receipt of a grant provide many reasons in the survey as to why they had not applied. Over half a million caregivers (20% of those eligible and not receiving a grant) cited a lack of the correct documents as the reason they haven't applied for a grant. This does not necessarily mean that these respondents are impeded in reality by a lack of documents, as they have admitted that they haven't attempted to apply. This response is merely a perception on the part of the respondent. The Department of Social Development, in

conjunction with the Department of Home Affairs, have gone to great lengths to limit the lack of documents as a barrier to grant receipt. Therefore there appears to be scope for government to increase awareness around eligibility and application procedures for the Child Support Grant.

Another 11% of the eligible but not in receipt stated they "haven't gotten round to it yet". This procrastination is mostly present among caregivers with very young children: 47% of these are caregivers of children under 2 years old and two thirds are caregivers of children under 5 years old. As the early years of childhood strongly influence long-term health and education outcomes (Aguero, Carter & Woolard, 2009; Budlender & Woolard, 2006), it is important to increase attempts to get these children into the grants system. An unexpected 8% of the eligible but not receiving stated that they 'couldn't be bothered to apply'. Startlingly, these caregivers are typically very poor, with an average mean income of R582 per month. It is not clear why they do not perceive the value of the Child Support Grant, which is almost half the size of their average income, to be worth the effort of applying.

Sadly, most caregivers who are eligible but not receiving a grant come from the poorest households, as 40% exhibit household income per adult of less than R500 per month. These are likely to be rural households who have greater difficulty accessing documents such as birth certificates or government departments such as the Department of Social Development. In fact, a much higher percentage of poor households (28%), in relation to all households, cite lack of documents as the reason they have not applied for a grant. Unfortunately for many households the reasons for their lack of a grant remain a mystery, as 1 in every 4 respondents eligible but not receiving a grant did not state why they had not applied.

2.5. Poverty in Relation to Grant Receipt

The purpose of the Child Support Grant at its inception was to address the income needs of the poorest 30% of the population. Means testing criteria ensures that relatively better off caregivers are excluded but does not go further in ensuring that the poorest of the poor are in receipt. Household income is not taken into account, only personal or marital income, which may or may not reflect household poverty accurately.

In order to assess the poverty of those deemed eligible for the Child Support Grant through the means test, we evaluate whether the eligible population is also captured through other conventional measures of poverty. Table 2 below shows the percentage of eligible caregivers who are placed above or below a selection of traditional poverty lines. The vast majority of caregivers appear to fall below these lines, particularly the poverty lines derived for South Africa by Hoogeveen and Ozler (2006). Poverty gaps also appear to be extremely large, at 85% for the R949 line and 89% for the R515 line. This is a result of the high number of caregivers with zero income values. Since caregiver income is derived from a limited number of income

sources there are 43% of caregivers with no income within these categories.[3] Another 15% of caregivers are not living in the household and thus we are unable to measure their income.

[Insert Table 2 about here]

With coverage of 60% of all age-eligible children in 2008, the grant is remarkably extensive. Many previous issues with eligibility were resolved in August 2008, including biases surrounding married couples, urban dwellers and a lack of inflationary adjustment. The targeting of the grant has been remarkably successful. Only 2% of those receiving the grant are deemed ineligible (under the new means test) by the simulation and the vast majority of these ineligible caregivers still fall under other poverty lines.

3. Projecting the population to 2015

3.1. Mortality Trends

South Africa's mortality landscape has been greatly affected by the growth of the HIV/AIDS pandemic. According to the ASSA 2003 model, incidence peaked in 1998, prevalence is expected to plateau in 2010 Incidence, prevalence and mortality all impact on different age categories and peak at different times.

Mortality is expected to increase in the 25 to 40 age range, particularly for women, between 2008 and 2015. This increase will impact on births as these are prime childbearing years, as well as increasing maternal orphanhood. Johnson and Dorrington (2006) state that any decrease in mortality of mothers due to treatment programmes (such as expanding access to ARV's) is likely to be accompanied by a decrease in the mortality of children of infected women through lower mother-to-child transmission rates. Therefore the projected increase in maternal orphans is likely to hold in a variety of different policy scenarios.

Infant mortality rates are expected to decrease between 2008 and 2015 but all other ages up to 17 almost exclusively suffer an increase in mortality. Those between the ages of 10 and 15 show particularly high increases, approximately doubling over the period (see figure 4 below). This dynamic results from a projected decrease in mother-to-child transmission, bringing down infant HIV/AIDS prevalence and mortality in 2015. Mortality estimates of those aged above 10 in 2015 are affected by mother-to-child transmission prior to 2005, when the incidence of this was much higher.

[Insert Figure 4 about here]

[3] These income sources comprise of any labour income, private pensions, interest and rental income. Other income that would be more sporadic or once off lump sums are excluded due to their transient nature.

3.2. Fertility Trends

Fertility in South Africa has been slowly declining over the last four decades (Moultrie & Timaeus, 2002, 2003; Moultrie, 2002; Moultrie & Dorrington, 2004). The average interval between births has also doubled during this period from 30 months to 60 months (Moultrie, 2002; Timaeus and Moultrie 2008). There is however, some divergence in the estimates obtained from different sources. The 1998 DHS suggests that the total fertility rate (TFR) was 2.9 children per woman nationally while the 1996 South African Census suggests a figure of 3.2 (Moultrie and Timaeus 2003). Moultrie and Dorrington (2004) derive estimates for TFR of 2.8 children per woman nationally using the South African 2001 Census.

[Insert Figure 5 about here]

3.3. Age Distribution Trends

South Africa's age distribution (see Figure 6) exhibits the typical shape of a transitional population in which fertility has been falling for several decades. South Africa's population appears to be aging between 2008 and 2015, with a decreasing proportion of young people and an increasing proportion of the elderly. An analysis of the youth population reveals a decrease of those aged 5 and under and an increase of those aged 12 to 17 between 2008 and 2015.

[Insert Figure 6 about here]

3.4. Methodology

In order to analyse eligibility and project fiscal costs forward to the year 2015 we constructed new weights for the NIDS data-set. The NIDS sample was re-weighted to resemble the population projections of the ASSA 2003 model for the years 2008 and 2015 based on province and age-race-sex cells. This was done using a STATA program written by Martin Wittenberg (Wittenberg, 2009).

This provides a static simulation is which only the demographic structure of the population is altered. Other variables such as employment propensities and household structure are presumed to remain unchanged. This is clearly unrealistic, but gives us insights into the impact of demographic change on fiscal costs. This methodology is commonly applied in the microsimulation literature (Orcutt, 1986).

3.5. Projecting the Child Support Grant to 2015

Examining Child Support Grant beneficiaries by age between 2008 and 2015, assuming that nothing changes regarding the eligibility rules for the grant, highlights that the child population is not expected to change much over the next few years. This is a very important result as it emphasises that fiscal pressure will not be coming from a growing child population.

Future growth in the Child Support Grant will therefore only come from changes to

the eligibility criteria. On 31 December 2009 the government published amendments to the Social Assistance Act which will progressively increase the age at which children are eligible for the Child Support Grant over the next few years. From 1 January 2010 15 year olds are eligible, from 1 January 2011 16 year olds will be eligible and from 1 January 2012 17 year olds will be eligible. This will bring eligibility in line with the constitution and the internationally accepted definition of a child. As a result of this, the number of children eligible for the grant is projected to increase substantially by 2015 due to this inclusion of older children.

[Insert Figure 7 here]

3.6. Child Grant Cost Projections

Government has estimated the cost of the age extension of the Child Support Grant up until the 2012/13 financial year in the Medium Term Budget Estimates. A useful exercise however, is to extend this estimate to 2015 using the ASSA 2003 model projections. This provides a good alternative measure with which to compare government estimates.

We assume that the value of the grant is increased by 8% inflation per annum, which is rounded off to R370 in 2015. The figure of 8% is used as it is the average yearly inflation in the Child Support Grant over the last 10 years. The predicted cost of the Child Support Grant in 2015 is shown in Figure 8. While we cannot simulate the cost of the Foster Care Grant (as the conditions for eligibility are much more complex than can be captured through a survey) the historical costs of the Foster Care Grant are also included for comparability.

[Insert Figure 8 about here]

As can be seen in Figure 8, the total cost of the Child Support Grant is expected to continue increasing up to 2015. Child Support Grant transfers are estimated to have grown by 22% by 2009, largely due to the inclusion of 14 year olds. Government estimates that growth in transfer costs will slow over the next 3 years to between 13% and 10% per annum. The cost for the Child Support Grant in 2015 is estimated at just over R40 billion per year.

Thus the Child Support Grant has grown to represent a substantial portion of government spending. Nevertheless, this system is highly predictable and will soon reach steady-state. We now turn to an analysis of the Foster Care Grant, which is much less predictable and presents a greater fiscal risk.

4. The Foster Care Grant

4.1. Characteristics of Beneficiaries

Unfortunately NIDS does not provide a comprehensive source of data for analysing Foster Care Grant beneficiaries, as it only includes information on child grants for children under the age of fifteen whereas SASSA figures indicate that 44% of all

Foster Care Grants go to children aged fifteen and over. Nevertheless, the profile of younger beneficiaries does provide useful insights.

The Foster Care Grant (FCG) is not intended as a poverty alleviation grant and is therefore not means tested (except insofar as children with substantial independent incomes are excluded). Despite this lack of a caregiver means test, the NIDS data indicates that 88% of FCG beneficiaries live in households that would meet the means test requirements of the CSG.

While historically the FCG only went to foster parents, it is interesting to note that in the NIDS data only 28% of FCG recipients are reported to be foster parents. The most frequently reported recipient is the child's grandparent at 36%, and another 12% report an aunt or uncle as the recipient.

4.2. Orphanhood and the Foster Care Grant

Almost three-quarters of FCG beneficiaries in the NIDS data are orphans. We find that for Foster Care Grant beneficiaries under 15 years of age, 10% are paternal orphans, 22% are maternal orphans and 42% are dual orphans. The ASSA 2003 model estimates that there were 4.3 million orphans in 2008 and predicts 4.8 million orphans by 2015. This orphan growth is fuelled by increases in maternal mortality. Paternal orphanhood is predicted to remain stable, while maternal orphanhood increases by 8% and dual orphanhood will increase by a massive 79% from 628,000 to 1,1 million.[4] Many of these new dual orphans would previously have been paternal orphans who have now become dual orphans due to increased female mortality over this time period.

Importantly, despite the high probability of a Foster Care Grant beneficiary being an orphan, there is very low take-up of the Foster Care Grant amongst orphans. In fact orphans are more likely to receive a Child Support Grant than a Foster Care Grant. Figure 9 below shows the proportion of orphans under 15 receiving certain grants to be quite variable across different orphanhood status. It appears that the absence of the child's mother hinders Child Support Grant receipt while the presence of the mother vastly decreases the likelihood of a Foster Care Grant.

[Insert Figure 9 about here]

Maternal orphans appear significantly less likely to receive any form of grant in comparison to other types of orphans or non-orphans. Why this would be the case is difficult to identify. Around 12% of maternal orphans under 15 cite a lack of documents as the reason they haven't applied for a grant but unfortunately the majority (69%) don't provide an answer to the question. The main area where maternal orphans appear to encounter significant difficulties is with regards to accessing the Child Support Grant. Even dual orphans appear twice as likely to

[4] Each orphanhood status is mutually exclusive.

receive a Child Support Grant as maternal orphans. This result highlights increasing inclusion of maternal orphans into the Child Support Grant as a potentially important policy intervention.

Evidence from NIDS suggests that all categories of orphan are significantly worse off than children whose parents are still alive. Average caregiver income for orphans is astonishingly low at R792 for paternal orphans, R774 for maternal orphans and R297 for dual orphans. In comparison, the average caregiver income for children with parents still living is R1935. If we instead look at household income the figures are much higher but still exhibit the same trend, with the average income per adult in the household at R1010 for paternal orphans, R1191 for maternal orphans and R553 for dual orphans. The corresponding figure for children with both parents still living is R2230, still significantly higher.

4.3. Simulations for Adjusting the Foster Care Grant to Include Orphans

The FCG has become a de facto orphan grant, albeit one that is hard to access. Thus, while most recipients of the FCG are orphans, most orphans are not receiving the FCG. We therefore ask the question: what would be the fiscal cost if the system were equalised and all orphans were able to access the FCG? Currently the FCG application system requires the child's caregiver to go through the court system to become an official foster parent. A much simpler administrative system would be to accept a death certificate proving the child's orphanhood status. For children whose parents are still alive but not able to provide adequate care the court system would still be an available option, but the administrative process would be drastically reduced for the majority of beneficiaries.

Making the Foster Care Grant available to all (maternal, paternal and dual) orphans in 2008 would have added an additional 4.1 million children to the FCG system. Therefore, at the value of the grant in 2008 of R630, the additional cost would have been R31 billion per year, 50% more than was spent on Child Support Grants in total that year. Even adjusting for orphans who would have been receiving the Child Support Grant at the time, the figure is a massive R27.7 billion for that year.

Since providing the Foster Care Grant to all orphans may well be fiscally unfeasible let us consider the scenario where the Foster Care Grant was made available only to dual orphans. The NIDS data suggests that dual orphans find themselves significantly poorer than any other children, and thus make good candidates for grant income. The burden of proof would be higher, particularly since it is difficult to establish whether or not the child's father is deceased if his whereabouts are unknown. Including these orphans would have doubled the number of Foster Care Grant beneficiaries in 2008 to 1 million children. It would have increased the cost from R3.7 billion to R7.2 billion per annum (after taking account of the removal of these children from the CSG system).

[Insert Table 3 here]

We are not arguing that this is the appropriate policy response. It is unclear that the FCG is the right policy prescription for orphans. We are simply seeking to clarify the fiscal costs of equalising the current system in which the FCG is being used as an orphan grant for a minority of orphans.

4.4. Projection Incorporating Maternal Orphans

The analysis above highlighted the low grant take-up rate of maternal orphans, both in terms of the Foster Care Grant and the Child Support Grant. The reasons for this remain unknown, although there is reason to believe that most of this lack of take-up is due to the difficulties involved in proving who the child's caregiver is when the mother is deceased. Other possibilities include children being less likely to be in possession of their birth certificate without their mother, or father's attaching some form of stigma to applying for a grant which is typically paid to women. There is also the problem of misinformation, as caregivers may believe that certain documents are required, or that only a child's mother can apply for the Child Support Grant. An important area for future research and policy making involves better understanding of why these maternal orphans are so much less likely to be grant recipients.

Assuming that government intervention in this area would be successful and that all barriers to grant receipt for maternal orphans were removed, what impact would that intervention have on the cost of the Child Support Grant? In 2008 there were an estimated half a million maternal orphans not receiving any form of grant who were simulated in our data as being eligible. If all of these orphans were to have become grant recipients in 2008 the cost of the CSG would have increased by a mere R1.4 billion which would have gone to some of the most vulnerable children in South Africa. Formulating a strategy to get these children into payment is a matter of urgency.

6. Conclusion

In this paper we have demonstrated that the key drivers of the increasing cost of the CSG have been the recent changes to the means test and the age eligibility criteria. The change to the means test in October 2008 resulted in an additional 1.7 million children becoming eligible for the grant, while the changes to age eligibility will increase the number of beneficiaries by an additional 2.5 million children between 2008 and 2015. Demographic projections suggest that the child population will not grow over this period, however, so there will not be additional fiscal pressure on the CSG emanating from population growth.

The Foster Care Grant represents a much greater fiscal risk. We find that three-quarters of FCG beneficiaries are orphans, suggesting that the FCG is becoming an unofficial "orphan grant". At the same time, most orphans are not getting the FCG, at least in part because of the burdensome process required to apply for the grant and the lack of social workers to cope with the case loads. This "rationing" of FCGs is surely inequitable.

In the context of high adult mortality, the number of orphans is growing rapidly. This amplifies the urgency for government to clarify whether it intends to increase capacity and extend the FCG to far greater numbers of orphans. This would have substantial cost implications which need to be confronted.

In the short-term, we have highlighted the pressing need for maternal orphans to be brought into the child grant system. Many of these children are entitled to the CSG yet do not appear to be receiving it. We have speculated that part of the reason for this might be the perception that the CSG is a grant for mothers. Certainly the fact that 99% of CSG beneficiaries are women suggests that men either think that they cannot or should not access the CSG. This perception can only be altered through an extensive media campaign.

References

Actuarial Society of South Africa, 2005. ASSA 2003 AIDS and demographic model. http://www.assa.org.za (accessed 19 November 2009).

Aguero, J, Carter, M & Woolard, I, 2009. The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant. IPC Working Paper 39. International Poverty Centre, Brasilia.

Bradshaw, D & Dorrington, R, 2007. Child Mortality in South Africa: We Have Lost Touch. South African Medical Journal 97(8): 582-583.

Budlender, D & Woolard, I, 2006. The Impact of the South African Child Support and Old Age Grants on Children's Schooling and Work. Study prepared for the International Programme on the Elimination of Child Labour. International Labour Organisation, Geneva.

Hoogeveen, J & Ozler, B, 2006. Poverty and Inequality in Post-Apartheid South Africa: 1995-2000 in Bhorat, H & Kanbur, R, Poverty and Policy in Post-Apartheid South Africa. HSRC Press, Cape Town.

Johnson, L, & Dorrington, R, 2006. Modelling the Demographic Impact of HIV/AIDS in South Africa and the Likely Impact of Interventions. Demographic Research 14(22), 541-574. Max Planck Institute for Demographic Research, Rostock.

Moultrie, T, 2002. Apartheid's Children: Social Institutions and Birth Intervals During the South African Fertility Decline, 1960-1998. PhD thesis, University of London.

Moultrie, T & Timaeus, I, 2002. Trends in South African Fertility between 1970 and 1998: An Analysis of the 1996 Census and the 1998 Demographic and Health Survey. Cape Town: Medical Research Council. http://www.mrc.ac.za/bod/trends.pdf (accessed 1 September 2010).

Moultrie, T & Timaeus, I, 2003. The South African Fertility Decline: Evidence from Two Censuses and a Demographic and Health Survey. Population Studies, 57(3), 265-283.

Moultrie, T & Dorrington, R. 2004. Estimation of Fertility from the 2001 South African Census Data. CARe Monograph no.12. Centre for Actuarial Research, Cape Town.

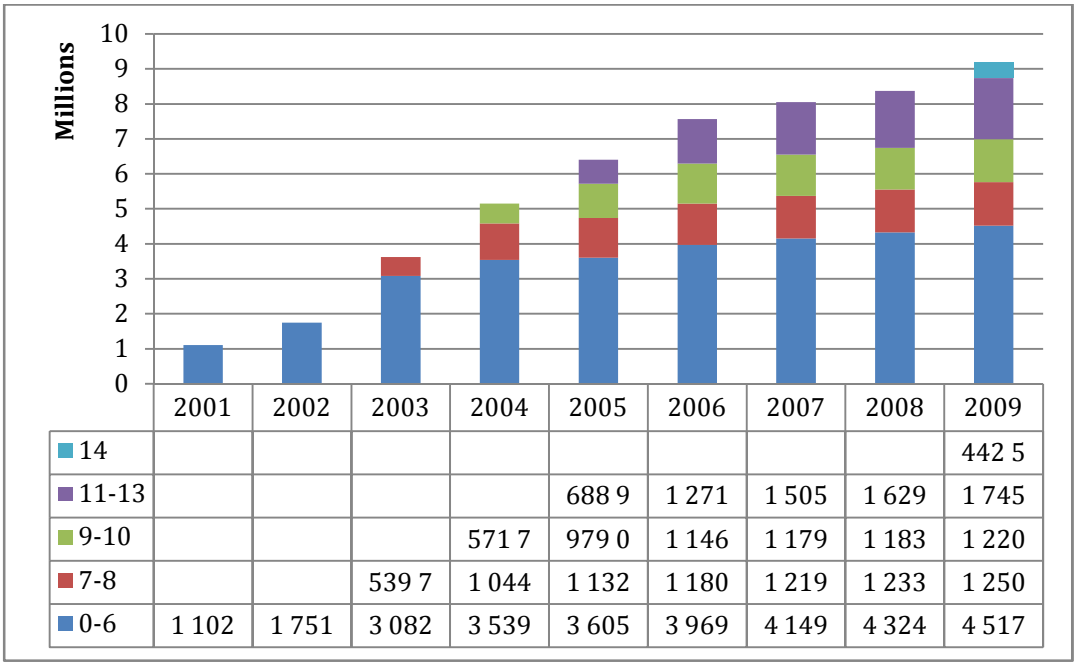
Orcutt, G, 1986. Views on microanalytic simulation modelling, in: Orcutt, G, Merz, J and Quinke, H (eds.) Microanalytic Simulation Models to Support Social and Financial Policy. North-Holland, Amsterdam.

Wittenberg, M. 2009. “Sample Survey Calibration: An Information-theoretic perspective”. Unpublished mimeograph, SALDRU, University of Cape Town, Cape Town.

Woolard, I & Leibbrandt, M, 2010. The Evolution and Impact of Unconditional Cash Transfers in South Africa. SALDRU Working Paper 51. University of Cape Town, Cape Town.

TABLES

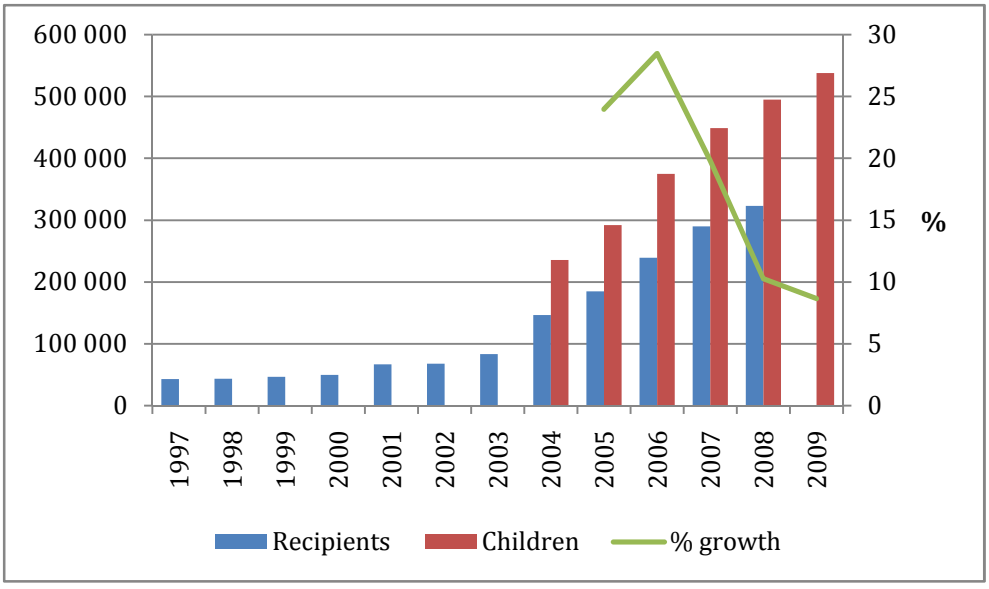
Figure 1: Child Support Grant take-up by age[5]



	2001	2002	2003	2004	2005	2006	2007	2008	2009
14									442 5
11-13					688 9	1 271	1 505	1 629	1 745
9-10				571 7	979 0	1 146	1 179	1 183	1 220
7-8			539 7	1 044	1 132	1 180	1 219	1 233	1 250
0-6	1 102	1 751	3 082	3 539	3 605	3 969	4 149	4 324	4 517

Source: SASSA, special request

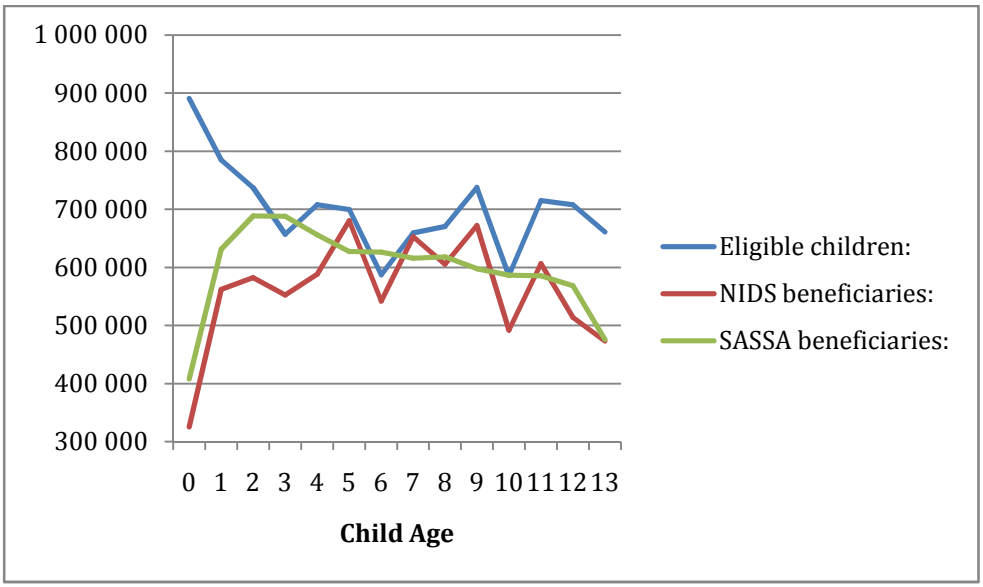
Figure 2: Beneficiaries and recipients of the Foster Care Grant over time



Source: SASSA, special request.

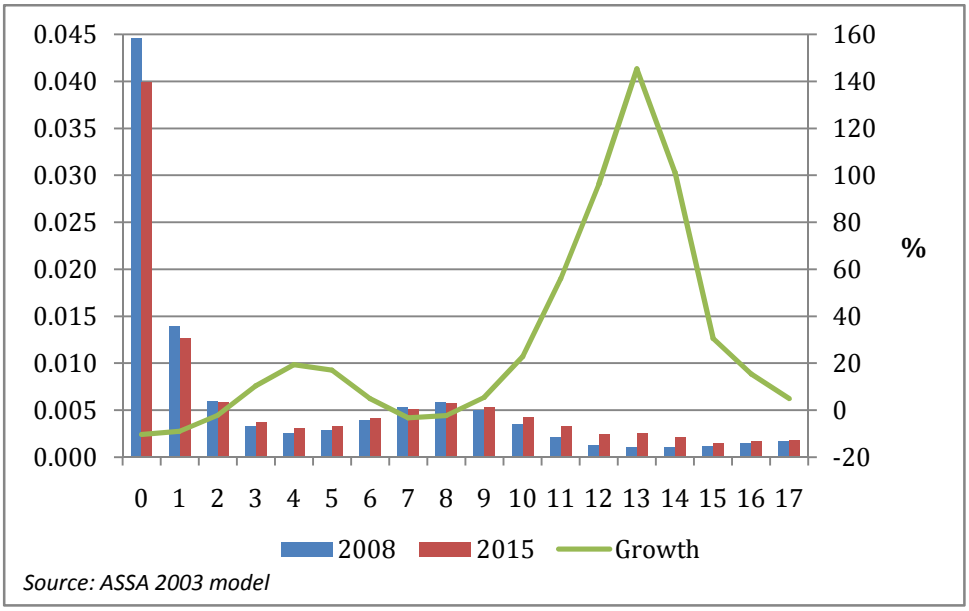
[5] The figures for 2001, 2002 and 2003 are for April, and since the age limit was only increased to those under 9 in April 2003 there is no value for the 7-8 age group for this year. From 2004 onwards all other figures are for September and thus encompass any changes that took place during that year.

Figure 3: Child Support Grant beneficiaries and eligibles, October 2008



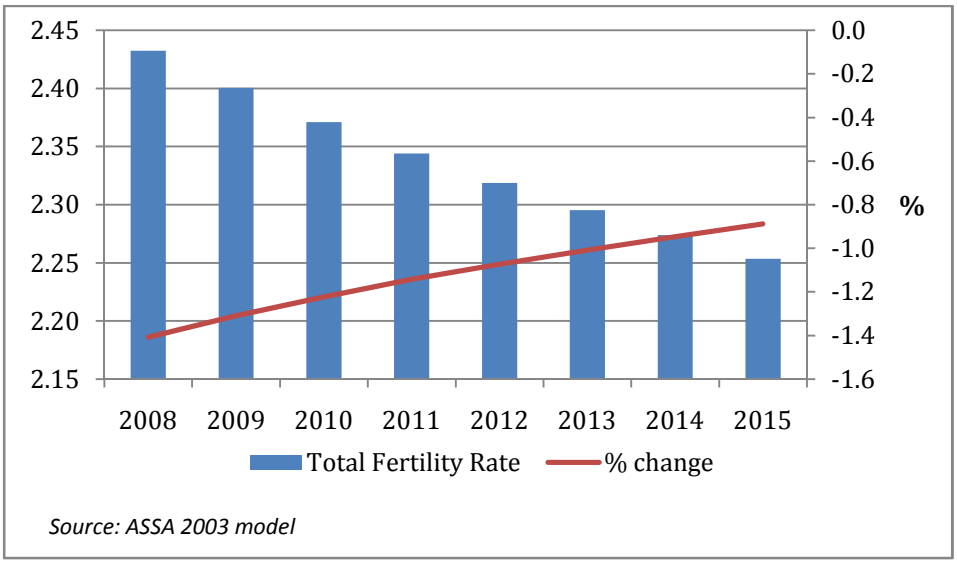
Source: National Income Dynamics Study, 2008 & SASSA

Figure 4: Mortality rates and growth by age between 2008 and 2015



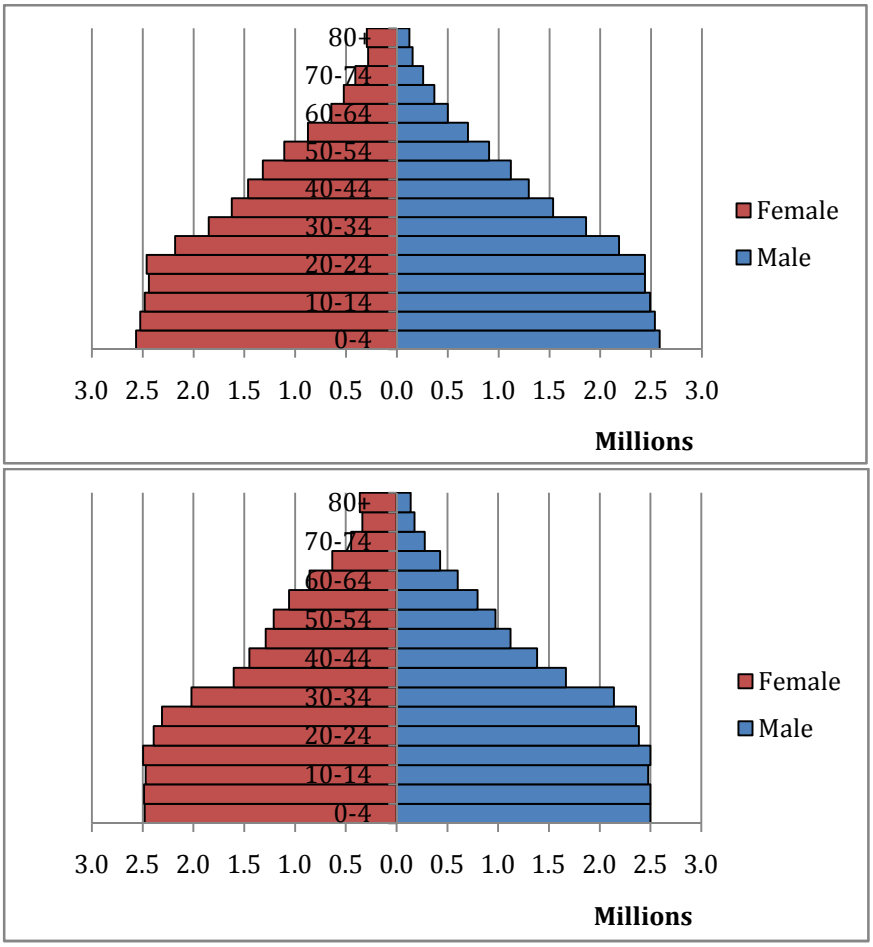
Source: ASSA 2003 HIV/AIDS model (full)

Figure 5: National Total Fertility Rate and decline over time



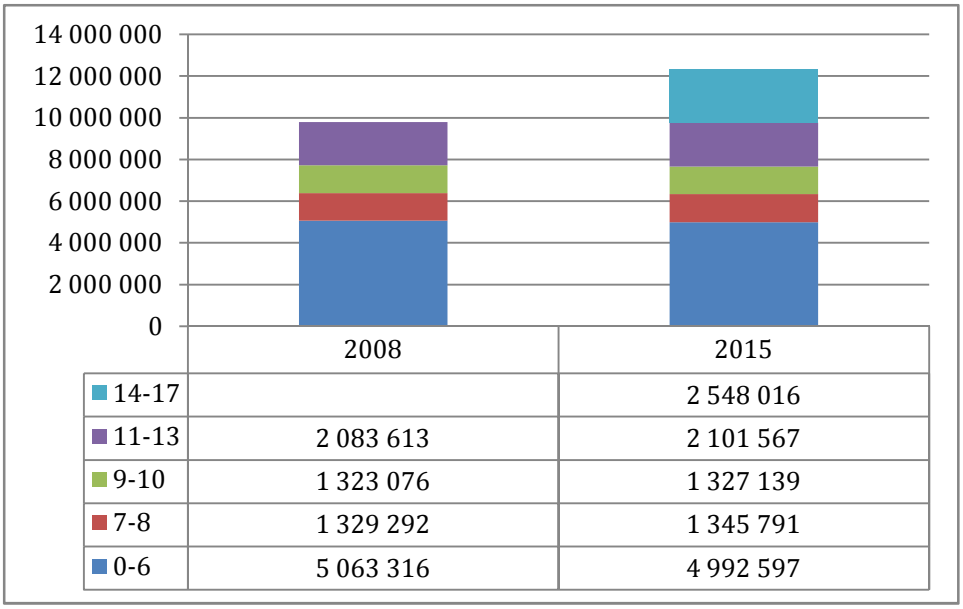
Source: ASSA 2003 HIV/AIDS model (full)

Figure 6: Population pyramids for 2008 and 2015 respectively



Source: ASSA 2003 HIV/AIDS model (full)

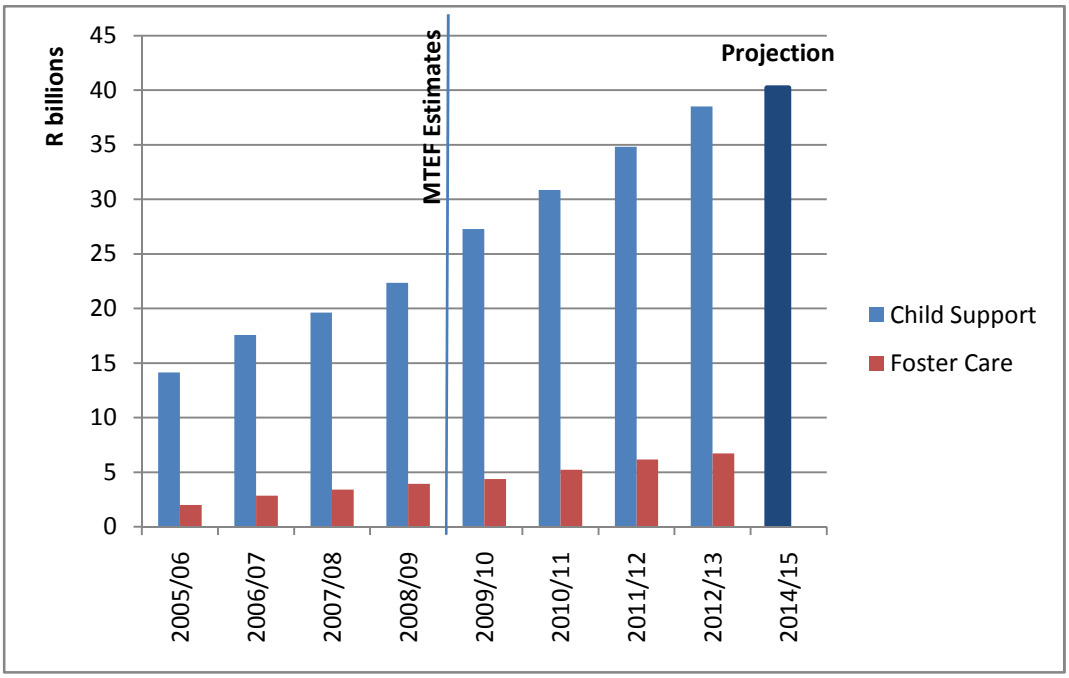
Figure 7: Simulated eligibility for the Child Support Grant by age for 2008 & 201



	2008	2015
14-17		2 548 016
11-13	2 083 613	2 101 567
9-10	1 323 076	1 327 139
7-8	1 329 292	1 345 791
0-6	5 063 316	4 992 597

Source: National Income Dynamics Study, 2008, own calculations.

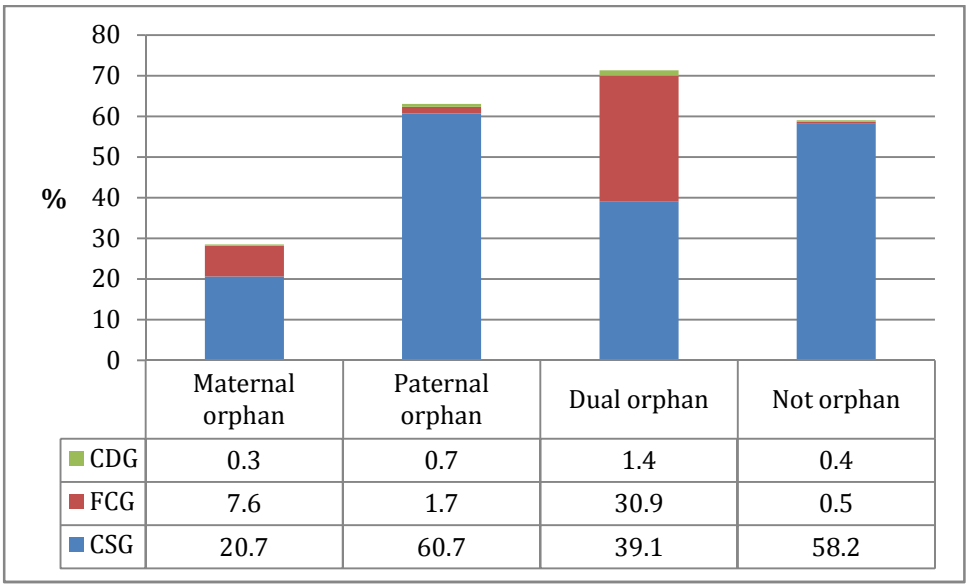
Figure 8: Cost of child grant transfers, including estimates and a projection[6]



Source: 2007-2010 South African Budget Review, chapter 6/7.

[6] Please note that these figures are for cash transfers only and do not include administrative and other costs.

Figure 9: Proportion of orphans under 14 who are receiving a grant[7]



	Maternal orphan	Paternal orphan	Dual orphan	Not orphan
CDG	0.3	0.7	1.4	0.4
FCG	7.6	1.7	30.9	0.5
CSG	20.7	60.7	39.1	58.2

[7] Orphanhood status of grant beneficiaries is derived from NIDS and total orphans under 14 is taken from the ASSA 2003 model.

Table 1: Simulated eligibility under the new means test by grant type in 2008[8]

Eligible for CSG (simulation)	CSG	FCG	CDG	No grant	Total
Yes	6,532,853	200,428	49,937	2,642,871	9,799,297
No	142,454	31,264	861	1,722,665	2,052,699
Total	7,844,776	256,692	57,677	4,961,040	13,751,948

Source: National Income Dynamics Study, 2008, own calculations

Table 2: Poverty headcounts of caregivers eligible for the Child Support Grant

	R949	R515	$1.25 p.d.	$2 p.d.	40% median	50% median
% below	86.3	75.1	64.2	67.3	64.6	66.3
% above	13.7	24.9	35.8	32.7	35.4	33.7

Source: National Income Dynamics Study, 2008, own calculations

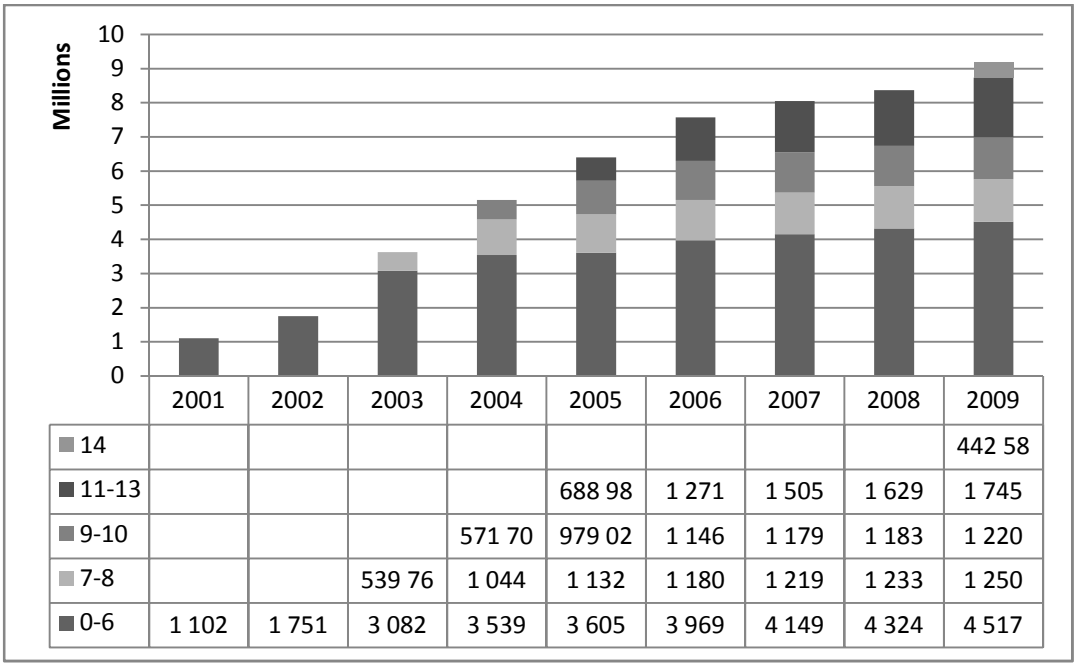
[8] Rows and columns do not add up to the totals since missing values are included in the totals but are not displayed. 13% of those with grant info are missing income data and 5% of those with income info are missing grant data.

Table 3: Simulated cost of the Foster Care Grant in various scenarios during 2008

	Children	Cost per annum (R millions)	Additional cost (R million)
Current Foster Care Grant	494,992	3,742	-
Including all orphans	4,592,612	34,720	30,978
Including dual orphans	1,002,399	7,578	3,836

Black and White versions of the graphs

Figure 1: Child Support Grant take-up by age[9]

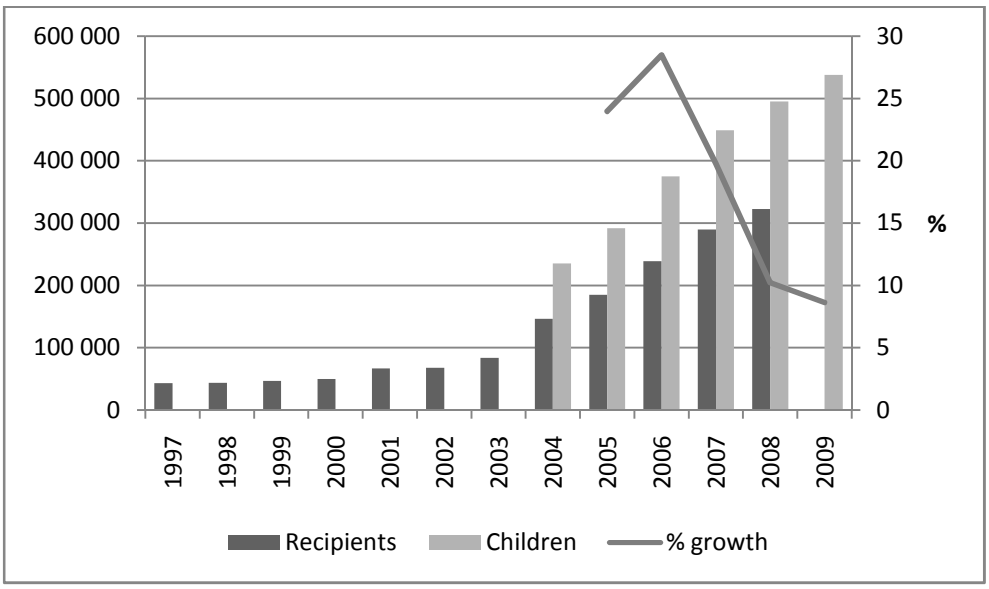


	2001	2002	2003	2004	2005	2006	2007	2008	2009
14									442 58
11-13					688 98	1 271	1 505	1 629	1 745
9-10				571 70	979 02	1 146	1 179	1 183	1 220
7-8			539 76	1 044	1 132	1 180	1 219	1 233	1 250
0-6	1 102	1 751	3 082	3 539	3 605	3 969	4 149	4 324	4 517

Source: SASSA, special request

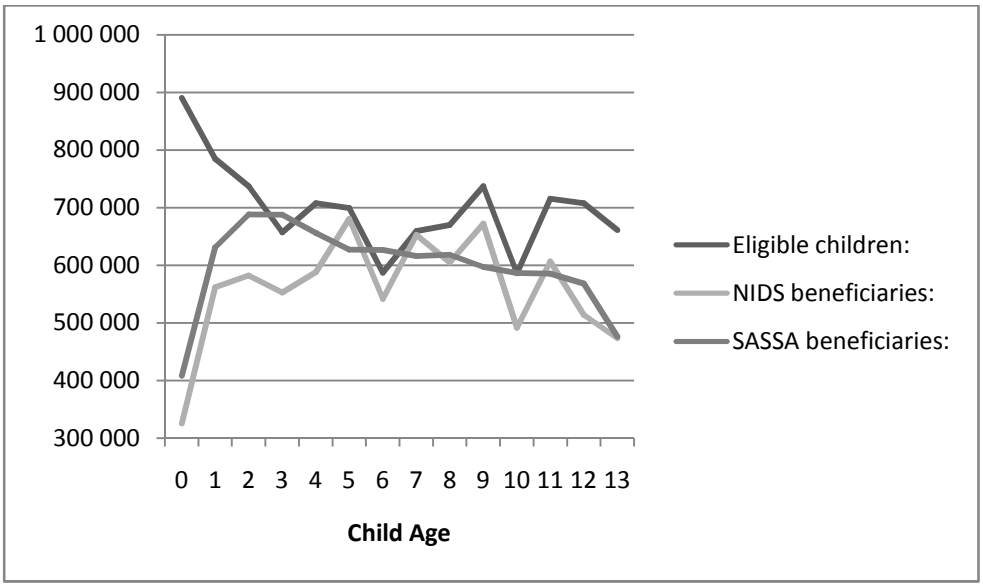
Figure 2: Beneficiaries and recipients of the Foster Care Grant over time

[9] The figures for 2001, 2002 and 2003 are for April, and since the age limit was only increased to those under 9 in April 2003 there is no value for the 7-8 age group for this year. From 2004 onwards all other figures are for September and thus encompass any changes that took place during that year.



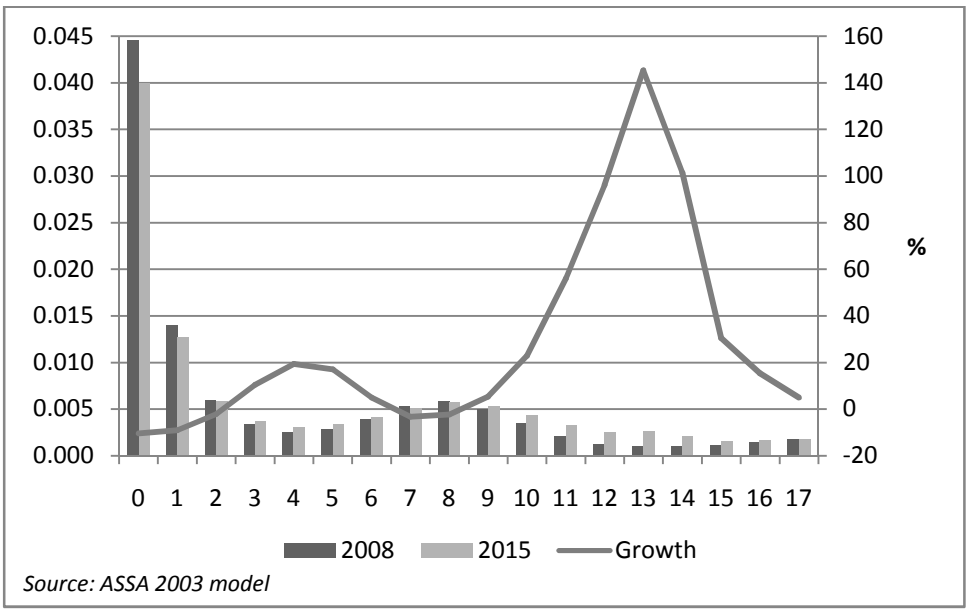
Source: SASSA, special request.

Figure 3: Child Support Grant beneficiaries and eligibles, October 2008



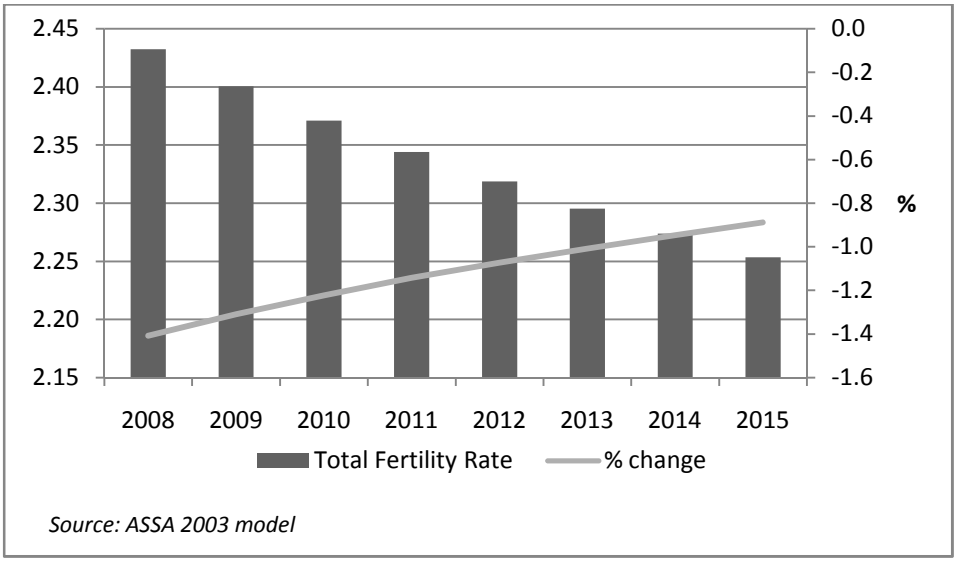
Source: National Income Dynamics Study, 2008 & SASSA

Figure 4: Mortality rates and growth by age between 2008 and 2015



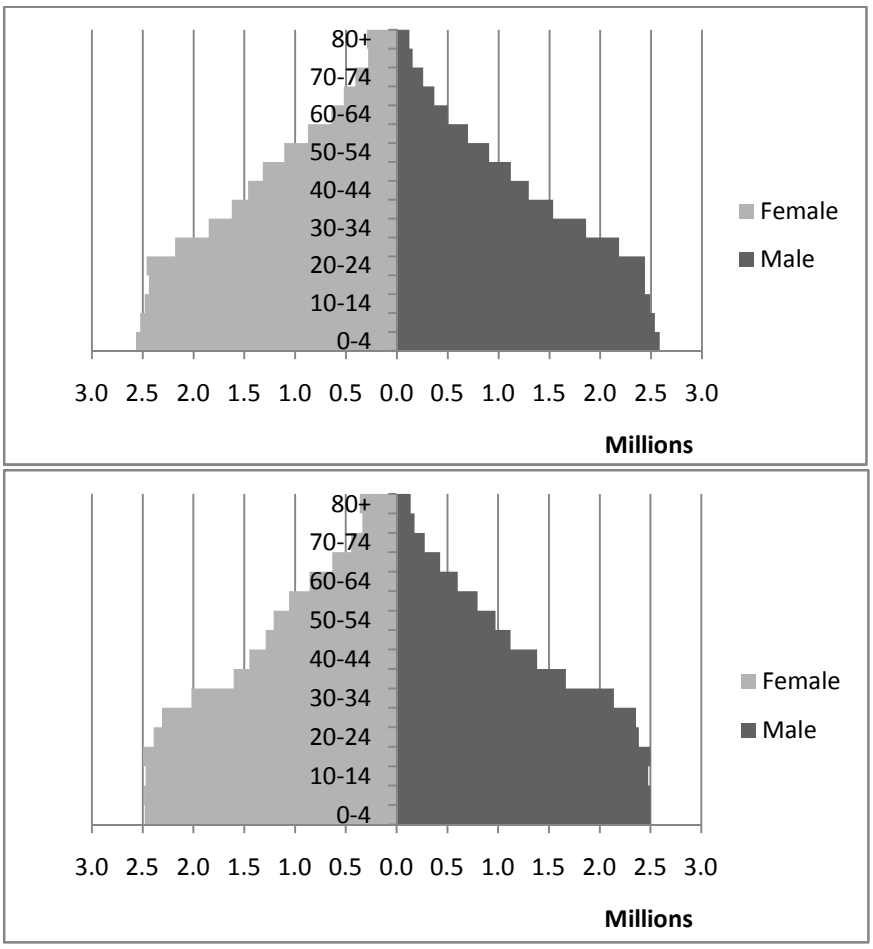
Source: ASSA 2003 HIV/AIDS model (full)

Figure 5: National Total Fertility Rate and decline over time



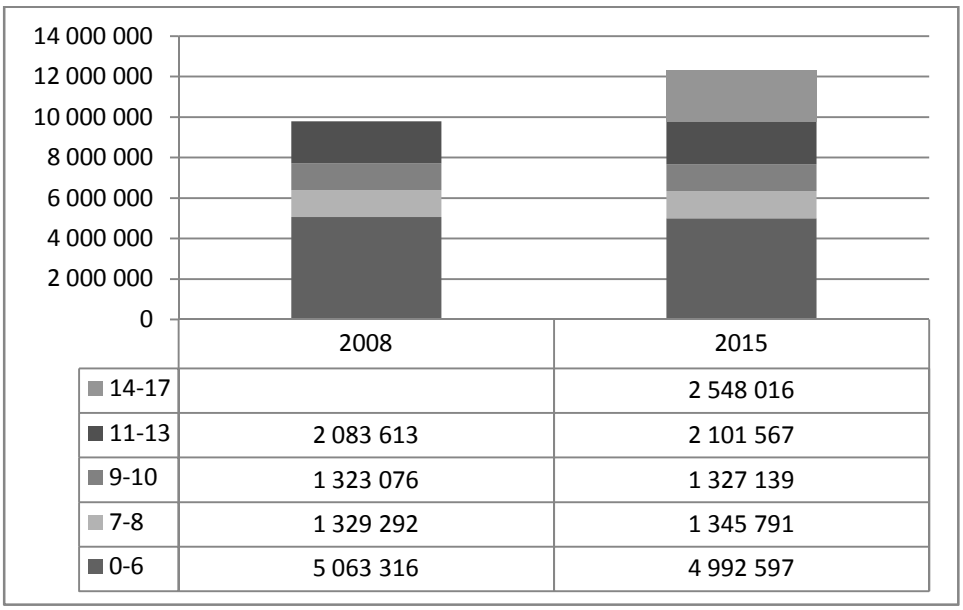
Source: ASSA 2003 HIV/AIDS model (full)

Figure 6: Population pyramids for 2008 and 2015 respectively



Source: ASSA 2003 HIV/AIDS model (full)

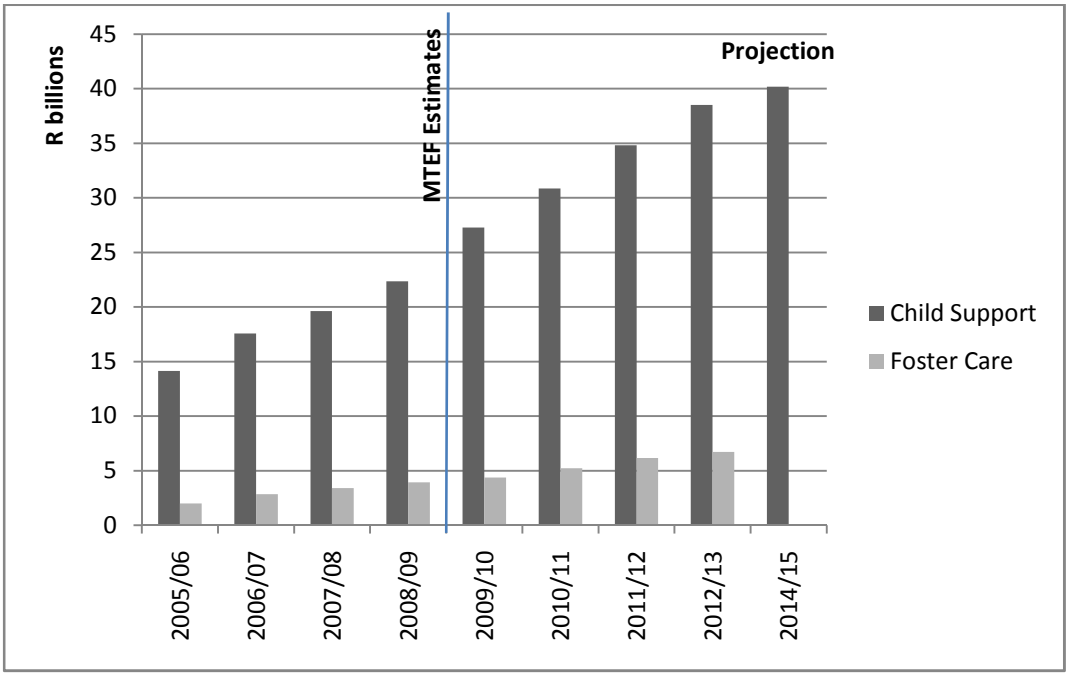
Figure 7: Simulated eligibility for the Child Support Grant by age for 2008 & 201



	2008	2015
14-17		2 548 016
11-13	2 083 613	2 101 567
9-10	1 323 076	1 327 139
7-8	1 329 292	1 345 791
0-6	5 063 316	4 992 597

Source: National Income Dynamics Study, 2008, own calculations.

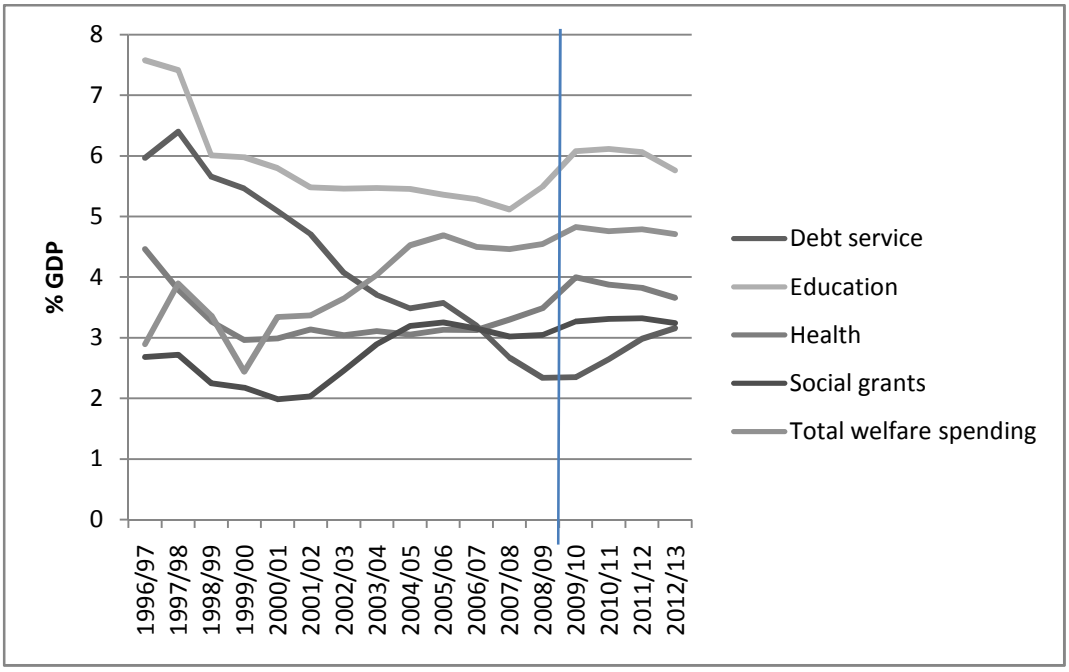
Figure 8: Cost of child grant transfers, including estimates and a projection[10]



Source: 2007-2010 South African Budget Review, chapter 6/7.

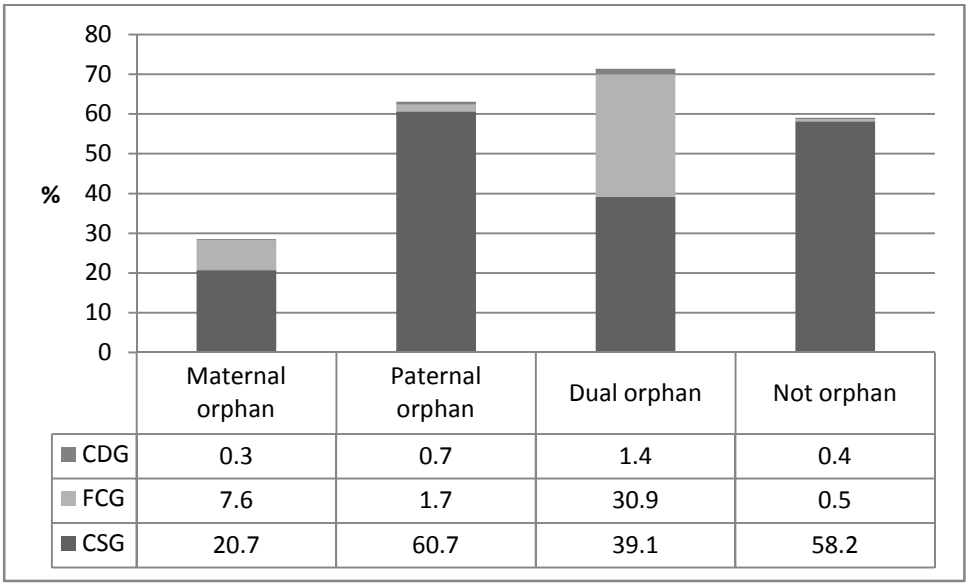
[10] Please note that these figures are for cash transfers only and do not include administrative and other costs.

Figure 9: Actual and estimated government spending as a percentage of GDP



Source: 1999-2010 South African Budget Review.

Figure 10: Proportion of orphans under 14 who are receiving a grant[11]



	Maternal orphan	Paternal orphan	Dual orphan	Not orphan
CDG	0.3	0.7	1.4	0.4
FCG	7.6	1.7	30.9	0.5
CSG	20.7	60.7	39.1	58.2

[11] Orphanhood status of grant beneficiaries is derived from NIDS and total orphans under 14 is taken from the ASSA 2003 model.