



Report of the Research Project for Sinamandla:
**Moving Towards Economic Independence for Social
Grant Recipients through the Self-help Approach**

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SUPPORTING MEANINGFUL CHANGE

Contents

1. Background and Context	1
2. Objective of the Research Project.....	3
3. Approach and Methodology.....	3
3.1. Planning Workshop.....	3
3.2. Instrument Design.....	4
3.3. Data Collection.....	5
3.4. Fieldwork and setting.....	6
3.5. Limitations	6
4. Literature Review	7
5. Responses to study questions	9
5.1 Length of involvement in SHG.....	9
5.2 Involvement in economic activities through the SHG.....	10
5.3 Receipt of social grants	11
5.4 Household composition	12
5.5 Dependents in the household	13
5.6 Financial challenges at home before joining the SHG.....	13
5.7 Ways in which financial situation has improved since joining SHG. How the SHG has helped members in improving their financial situation.....	15
5.8 Using money differently since joining the group.....	16
5.9 Spending social grant money differently.....	17
5.10 Scenario of non-membership spending implications	18
5.11 Ways in which SHG involvement has assisted members and their families	19
5.12 Observed differences between expenditure patterns of members versus non members	22
6. General Analysis.....	23
6.1 Socio-economic environment	23
6.2 Savings ability and habit	25
6.3 Food and groceries.....	25
6.4 Education priorities.....	26
6.5 Home building/home improvement	27
6.6 Prioritisation	27
6.7 Peace of mind	27

6.8	Banking and financial literature	28
6.9	Support and intra-group relations.....	29
6.10	Health Issues /HIV & AIDS	30
6.11	Gender issues	30
6.12	Social Grant access	32
6.13	Relations between SHG members and other community members and the Impact on broader community	33
6.14	Training	34
6.15	Leveraging of social grant funds.....	35
7.	<i>Further Research</i>	37
7.1	Need to identify broader retail outlets and marketing possibilities	37
7.2	Need for broader range of products.....	38
7.3	Economic development programmes/effect on the local economy	38
7.4	National replication	39
7.5	Formalised role of social grants in leverage and economic development	39
8.	<i>Conclusions</i>	40
	<i>Bibliography</i>	42
	<i>Appendix 1</i>	43

EXECUTIVE SUMMARY

This research examines if and how participation in Self-help Groups, part of a programme developed by Sinamandla and implemented locally by organisational partners, helps to move participants, all of whom are in receipt of State social grants, towards economic independence. Inter alia, the research examines how this self-help approach impacts on the way group members use their money, particularly their social grant money. It examines the extent to which socioeconomic transformation occurs for the members and their households as a result of their participation and determines which aspects of the programme have the most impact in terms of promoting such transformation and in terms of the use of social grants and other income. Conclusions are summarised at the end of report. Recommendations for further research are also identified.

Research Methods

The researcher began with a literature review of relevant material, most of it concerning the impact of social grants. The prime information gathering tool used in the research was a comprehensive questionnaire used in 20 field interviews with SHG members from four groups. However, other tools which were used primarily by an evaluation study (conducted concurrently with this research) were also used. The most important of these were interviews with key stakeholders both from Sinamandla and from partner organisations. Information was drawn from SHG meeting observations and, to a small extent, interviews with non-SHG members in the community.

Key Findings

The research found that participation in the Self-help Groups created or improved the ability of members to:

- Use their social grant money to better-meet the nutritional needs of their households (children in particular) thus substantially reducing or eliminating hunger;
- Use their social grant money to better-meet their children's school-related needs such as uniforms, educational materials and transport;
- Save money, including at least part of their social grant money;
- Utilise or further develop skills they already have towards income-generating activities;
- Develop extra income streams through micro-enterprise activity; and
- Break dependence on high-interest predatory lenders ("loan sharks").

The educational role of the SHGs had a major impact with members having learned:

- A range of household budgeting skills;
- How to prioritise spending and general financial skills (e.g. the importance of paying back one loan before taking out another); and
- A range of practical skills used directly or indirectly to boost income and develop financial independence.

The research found that the SHG programme had made substantial social and psychosocial impacts (in addition to micro-economic impacts) evidenced by:

- The development of social support networks resulting in more mutual assistance among members especially in times of personal crisis or economic shock;
- Higher levels of self esteem and substantially reduced social isolation among members;
- Improved relations among neighbours and more assistance-orientated civic activity; and
- Improved status for woman, both at home and in the community.

Finally, the study makes recommendations for further research to consolidate or improve the SHG programme itself or to impact on broader policy concerns. Such research would include a focus on:

- Identifying broader retail outlets for products and developing market strategies;
- Broadening the range of products and services provided by members;
- Examining the possibility of interface with government economic development initiatives;
- Replicating the programme nationally; and
- Considering the role social grants could formally play (in a policy sense) in economic development and in micro-enterprise development.

In broad sum, the study found that participation in the SHGs had resulted in substantial socioeconomic transformation for members (with positive secondary effects for the broader local community). These changes were brought about through the SHGs in providing access to low-income loans, providing psycho-social support, building skills, helping build stronger communities and broadening income generating possibilities beyond social grants.

1. Background and Context

This paper presents the findings of a research project focused on particular impacts of Sinamandla's Self-help Group (SHG) Programme. The object of the research assignment was to document the nature and extent of the relationship between being a member of a self-help group and the use of social grants and /or income from micro enterprise activities.

Sinamandla is a voluntary association formed in 2007. Among Sinamandla's chief objectives is to expand the Self-help Group (SHG) approach to socioeconomic development in South Africa. The Self-help Group approach aims to organize and build capacity of the poorest members of a community. With a focus on disempowered women, it aims to form groups of 12-20 members who are assisted to establish a savings and credit scheme and build competence through a series of training programmes and other activities. The economic focus of the SHG Programme is on assisting women to manage available household income more effectively, and to identify income-generating activities and potential markets, thereby growing their own group capital bolstered through securing loans from their group.

Widespread socioeconomic inequality and spatial patterns inherited from the apartheid era (which confined millions of Black Africans to areas with poor infrastructure and few job opportunities) continue to present a fundamental development challenge in South Africa. These conditions manifest in high levels of unemployment and poverty. The challenges are even greater in historically marginalised rural areas. With the aim of meeting the most basic needs of groups most vulnerable to socioeconomic deprivation (i.e. the elderly, disabled and children), the State's social security system aims to immediately alleviate poverty by means of distribution of social grants. While able-bodied, prime aged adults do not qualify for social grants for themselves (regardless of unemployment status or state of poverty) those caring for children may qualify for Child Support Grant (CSG). As of April, 2010 the value of CSG is R250 per child per month.

The expanded reach of the South African social security grant system in recent years is one of the most often quoted examples of successes in public sector delivery. As of mid-2010, approximately 14.35 million social grants were being paid by the South African Social Security Agency (SASSA) up from less than 11 million in FY 2005/2006 (SASSA, 2010). Most remarkable has been the expansion of Child Support Grant, made to poor and low-income care-givers of children (currently being expanded to carers of children aged 14 to 18 years).

Recent research funded by the Finmark Trust (2009) has identified specific economic benefits of social grants. These include improving ability of recipients to manage risk and insecurity, facilitating saving and investment and increasing the ability to engage in informal economic activity. In addition, the Finmark Report (2009) suggests that social grants allow people to enter into existing systems of social reciprocity on which the impoverished and vulnerable often depend for their survival, thus strengthening existing informal social protection systems and social networks. However, while social grants alleviate the most extreme aspects of poverty and destitution, it is doubtful whether this approach alone can fundamentally transform the socioeconomic situation of the many South Africans who are effectively excluded from participation in the economy.

The vast majority of Sinamandla's SHG members receive social grants in connection with caring for children (mainly Child Support Grant). There is a convergence between the impact of social grants noted by the Finmark Report (2009) and the goals of the SHG approach. This convergence lies primarily in the increased ability to access social networks and in the ability to save and to generate an income. This raises the question as to what extent these two interventions are interacting to improve women's socio-economic circumstances. In other words, what are the accrued benefits to women who simultaneously have social grants and other income and who are members of SHGs? How are these benefits being leveraged?

Although based in KwaZulu Natal (KZN), Sinamandla has a presence in four provinces and operates on a model of forming working partnerships with local organisations which function as programme implementers and managers. As of late 2010, there were 14 active partner organisations. It is through the operation of this model that more than 600 Self-help Groups (SHGs) have been formed since 2005. Over 8 000 women have participated in the SHGs and, in turn, more than 48 000 household members, including nearly 24 000 children, have also benefited.

2. Objective of the Research Project

The overall aim of the research project was to document the nature and extent of the relationship between being a member of a Self-help Group (SHG) and the use of social grants and/or income from small business activities.

The specific objectives of the enquiry were to identify:

- Perceptions of the extent to which being a member of a SHG impacts on the use of social grants and other income;
- Which aspects of SHGs are perceived to impact on the use of social grants and other income;
- Examples of how being a member of a SHG impacts on the use of social grants and other income; and
- The differences between use of social grants and other income before and after joining a SHG.

3. Approach and Methodology

3.1. Planning Workshop

A planning workshop was held on 3 August 2010. The meeting was attended by staff members of Sinamandla; representatives of two Sinamandla partners: Amangwe Village in Richards Bay and Vulamehlo Health Resource Organisation in Stanger; and by the project manager and field worker from Southern Hemisphere Consultants.

The outcomes of the workshop were as follows:

- 1 The approach and methodology for the study were agreed upon.
- 2 A sample for the study was identified.
- 3 Instruments were identified.
- 4 Key questions for respondents were identified.
- 5 A schedule for the fieldwork was agreed upon.
- 6 Criteria for selection of SHGs for the study were agreed upon.

- 7 Criteria for selection of interviewees were agreed upon.
- 8 Quantitative documentation from the SHGs was handed over to the project manager.

3.2. Instrument Design

The following qualitative instruments were designed for the study and approved by Sinamandla:

1. Self - Help Group observation schedule.
2. Self-Help Group member semi-structured interview schedule.
3. Non – Self Help Group member semi-structured interview schedule.
4. Key informant interview schedules.
5. Sinamandla interview schedule.

The instruments designed for Vulamehlo and Amangwe were different due to the fact that Vulamehlo is also participating in the Sinamandla evaluation which was conducted concurrently with this research. Therefore, instruments for Vulamehlo are longer and contain probes that cover both projects.

In designing the instruments and developing the methodology the researchers used a participatory approach which combined working closely with Sinamandla and identified stakeholders through the participatory planning workshop and utilising a feedback and recommendations workshop as the main tools.

The researchers used a mixed method research approach which, while primarily using qualitative interviews, also drew from quantitative data that Sinamandla collected. Using semi-structured interviews, the approach used was to obtain qualitative information regarding SHG member's perceptions and experiences of how the SHG helps them to make use of social grants and other income. Concrete examples of the interaction of benefits obtained from these interventions were documented.

3.3. Data Collection

The primary data collection method on which this study was based was qualitative interviews with 20 members of the SHGs from the two implementing partners. The total number of SHGs facilitated by these two partners is 67 with a total membership of 943.

These interviews were complemented by:

- A desktop review of research on the use and effectiveness of social grants in South Africa, particularly Finmark-funded research;
- Five interviews with non-SHG members (who are also in receipt of social grants);
- Review of quantitative data on SHGs provided by Sinamandla as of July, 2010;
- Five key informant interviews, both individual and group-based, with Sinamandla Project Staff, community partner facilitators and managers;
- Observations of SHG meetings at 2 Sinamandla implementing partners. Two meetings were attended per implementing partner.

The table below provides an overview of the sample that the study is based upon:

Table 1 Overview of Sample Method & target group	No.	Total
Observation of SHG meetings	2 per partner	4 meetings
Semi-structured interviews with SHG members	10 per partner	20 SHG members
Comparative interviews with those receiving social grants but not in self-help groups	3 per partner	5 non-SHG members

Semi-structured discussions with Sinamandla	3	3
Semi-structured discussion with partner project team	2 x partner	4

3.4. Fieldwork and setting

Two Sinamandla partner organisations participated in the research: Amangwe and Vulamehlo. Of the four SHGs selected for the study, two each were connected with these partners. The two SHGs connected to Amangwe were *Sakhisizwe*, located in Emakhwezini, and *Siyathuthuka* in Efuyeni. The two SHGs connected to Vulamehlo were *Thembimpilo*, located in Melville, and *Mpilweni* in Ntshawini-Groutville.

The fieldwork was conducted by bi-lingual (isiZulu-English) researchers Ms Gethwana Mahlase and Ms Sithembiso Mungwe.

The locations are all deep into rural KZN and access is made difficult by poorly maintained roads. The Amangwe groups are situated approximately an hour's drive from Richards Bay. Water and sanitation infrastructure is limited. Some sub-locations have a communal tap while in others people have to draw water from a river. There are few RDP houses in the area and many residents live in traditional rondavels and mud huts.

The Vulamehlo groups are located at least an hour's drive from Stanger. While services and infrastructure are not optimal, transport is somewhat more accessible than for the Amangwe groups. Many people live in State-constructed RDP houses in this area although a significant portion of these appear to be severely over-crowded. Some settlements are relatively close to retail services but unemployment and under-employment is very high.

3.5. Limitations

The researchers and Sinamandla had agreed that six non-SHG members from the community (people who also received social grants) should be interviewed for the purpose of comparing and contrasting with the members. In retrospect, a sample of six non-members was too small to be able to

meaningfully compare and contrast with the SHG member sample of 20. In the event, one field worker was only able to complete two non-member questionnaires (leaving a total of only five). Of the remaining five respondents, two had working spouses and were reasonably financially well-off compared to almost all of the SHG-members before they had joined. A third respondent was well beyond working age. The criteria for selection of these community members was thus problematic.

The non-member interviews did not, therefore, produce much useful information for the study. However, pieces of information from some of the questionnaires have been illustrative and these are incorporated into the study as appropriate. Furthermore, SHG-members are interacting with non-members on a daily basis and their observations, as well as some of those of key stakeholders, provide some information on which to base a “compare and contrast” assessment.

4. Literature Review

In undertaking a literature search, the researcher was not able to identify specific material pertaining to the impact of self help groups of the type developed by Sinamandla for people in receipt of social grants. In this sense the study is perhaps the first of its kind in the South African context.

However, there is a body of literature, if relatively small, pertaining to the impact of social grants. To the extent that some of the findings of studies such as these are relevant they are drawn on in the body of this report. Most relevant was a report produced by the Finmark Trust launched in September, 2009 entitled: *The use and effectiveness of social grants in South Africa*. This will be henceforth referred to as the *Finmark Report* (2009). The researcher also reviewed other studies and has drawn on them as appropriate (the full biography of reviewed publications is provided at the end of this report). Of particular assistance was: *Review of the Child Support Grant: Uses, Implementation and Obstacles* (2008) by the Community Agency for Social Enquiry (henceforth referred to as *CASE*).

In broad sum the literature generally attests to the positive investment effects, both in terms of poverty alleviation and broader secondary socioeconomic impacts, associated with income transfer programmes. This has been noted not only in the “industrialized north” but also in middle-income developing countries in addition to South Africa. Particularly notable are programmes in Latin America including Bolivia and Brazil (Grosh et al, 2008, quoted in Finmark, 2009).

The economic effects of public transfers are further magnified if they are used to multiply income, with Devereux (2001, quoted in Finmark, 2009:22) noting:

“At the individual level, even tiny consumption-smoothing public transfers can have ‘meanshifting’ outcomes, since the capital-constrained poor often invest some incremental income in farming or small-scale enterprises.”

The South African literature sources are almost unanimous in identifying the positive impact of social grant receipt in poor households. A study by the Economic Policy Research Institute, for example (EPRI, 2004), provides evidence that households receiving social grants have a higher success rate of its members finding employment and also have higher labour productivity. These findings are supported in a study by Posel et al (2006) which correlates household receipt of a social pension with the increased ability of prime-age household members (particularly women) to actively seek employment. The Finmark Report (2009:23) notes South African evidence which demonstrates how *“savings from the state pension allow people to buy consumer durables, improve housing and invest in productive assets.”*

However, it must be noted that many poor households receive Child Support Grant (CSG) only. The value of CSG is R250 per month per child as opposed to a full state pension of R1080. This was certainly the case for the majority of SHG members participating in the research. CASE (2008) highlights in their report on the review of the CSG, that this social grant was estimated to comprise an average of 40 percent of household income (39 percent in KZN).

The results for participants in the Sinamandla research, however, a somewhat different picture. Prior to joining, at least six participant’s households would experience months in which CSG effectively made up 100 percent of household income. If this definition is expanded to all social grants, 11 of the participants (55%) indicated that before joining the SHG social grants made up either 100 percent of the household income or at least well over 90 percent (although at least two of these would obtain minor extra income from time to time). Conversely, five households had an income source or sources which were greater in value than the social grant (usually through working spouses) although one of these received a mere R250 per month in her total social grant allocation.

Highly relevant to this study was the CASE (2008) report’s conclusion that cash transfers alone are not a sufficient intervention along to reduce poverty, and that this goal must be supplemented by a

range of other measures. Measures to facilitate access to income generating work must be a prime intervention to complement social grant receipt.

The Finmark Report (2009) found that 36 percent of CSG recipients of prime age (under 60) were engaged in remunerative work activities of some kind. Of those who were not undertaking paid work, 35 percent said that they had actively looked for work in the past four weeks, another 35 percent said they had been looking for work for less than six months while 30 percent had been looking for work for over 3 years. Of the total survey, eight percent said that they had taken action to start some form of business. The Finmark Report (2009) also notes the outcome of focus groups with CSG recipients showing a very strong desire of most of them to work. The report also summarises studies that show an increased rate of school attendance (small but significant) in poor households that receive CSG.

5. Responses to study questions

This section primarily summarises the responses of the 20 SHG-member questionnaires. Where appropriate, information gleaned from some of the other research tools are also documented although information from these other sources is drawn on more extensively in the Section 6.

5.1 Length of involvement in SHG

Members were asked how long they had been involved in their Self-help Group. Answers ranged from one month to four years. The mean average of time was just short of 18 months. With one or two exceptions, it was clear that there was a positive relationship between length of membership and the extent of benefits afforded through group participation. Having noted this, there were also examples of members obtaining at least some benefits (e.g. a small loan for essential items) within a short period after joining the group.

5.2 Involvement in economic activities through the SHG

Participants were asked what types of economic (income-generating) activities they had been involved in since becoming members of their SHG. Seventeen of the twenty respondents indicated that they had been involved in some form of activity of this type.

Of the three who had not undertaken income-generating activity through the SHG, one (who had joined six months prior) later seemed to indicate that the SHG had, in fact, helped facilitate her snack-selling business, while another had only joined a month prior but did have plans to learn sewing and baking for income. Another, who had been a member for two years, had taken out loans for non-income generation purposes and had plans to set up a business sewing uniforms and aprons.

Members have been involved in a wide range of income-generating activities, and some undertake different activities at the same time. One member, for example, grows vegetables, keeps chickens for eggs to sell and also bakes cakes. Four members in total reported that they were raising chickens either to sell and/or to sell eggs (although one was concerned with the lack of space to raise the animals). One of these also buys Vienna and Russian sausages and sells them as snacks. Four members bake cakes, bread or scones to sell and one has learned to bake and was about to launch a business selling baked goods.

At least two members purchase snack foods in bulk and sell them as individual items, while another prepares snacks at home to sell to the community. Five respondents indicated that they were growing vegetables and at least four of these were selling some of the produce. Two members reported that they buy cold drinks in bulk (one also buys beer) to sell at a profit. One of these indicated that she would like to expand this business into a shop where she would also sell groceries and vegetables.

Four respondents reported that they were undertaking beadwork and selling the products. Two of these specifically noted that they had learned these skills through training organised by the SHG partner organisation. Two members make and sell traditional grass mats while another has plans to do so. Another member reported that she made close to R2000 profit after her beadwork training. She had learned to make special beaded belts and these, along with beaded earrings and necklaces she also made, had sold very well during the World Cup period.

Members were also asked to estimate how much money they were making through their SHG economic activities. The answers to this question were varied and some gave vague estimates so these results must be viewed with caution. Five members either were not currently making money from SHG activities (including 2 who had only recently joined), did not disclose or wish to hazard an estimate of what they were making. It also appears that two members may have mixed their estimate up with stokvel withdrawals, so any attempt to calculate a mean average would be skewed. Another two noted that income was very irregular, inferring that they experience some good months and some non-productive months.

Having acknowledged these limitations, however, it is worth noting that of those who did estimate monthly income from SHG-activity gave a range of R200 to R1200. Most estimates fell within the R400 to R750 range. It is instructive to note that the member at the upper most limit reported having completed a beadwork course through her SHG and had launched her own business.

5.3 Receipt of social grants

All but two of the twenty respondents noted that they were in receipt of Child Support Grant (CSG) while the remaining two were in receipt of Foster Care Grant (FCG) as they were caring for their grandchildren. The current rate of Foster Care Grant is R750 per month. Six members received CSG for one child (R250), six received for two children (R500), four received for three children (R750), one received for four children (R1000) and one received for five children (R1250).

Three members were in receipt of Disability Grant of which the current value is R1080 per month and two received Older Person's Grant (also known as State Old Age Pension) which also has a current value of R1080.

Respondents were also asked which social grants other people in the household were receiving. Only three people gave answers to this question and at least two more seemed to suggest that that they were unsure of the income sources of others in the house. Of those three who answered, one said that her daughter received CSG for her own two children, one said both her parents who resided with her received Older Person's Grant and one respondent's mother also received Older Person's Grant.

Respondents were asked if they earned any money from any other activities or business ventures aside from those associated with the SHG and, if so what these were. Eleven indicated that they had

no other earned income at all. Four of the twenty described very small scale business activity but with at least two of these, answers to other questions suggested that some of these income generating activities may in fact be at least partially connected with the SHG. One respondent worked part-time as a community facilitator and earned R892 per month. Another respondent did some part-time work for an NGO to support people taking anti-retroviral medication while another worked a part-time caregiver and earned R1000 per month. Another respondent, without giving a source estimated that she earned R100 per month while another indicated that her husband works part-time and gives her R500 per month. (One respondent also said she receives irregular child maintenance payments of R250 from a former spouse).

5.4 Household composition

Respondents were asked who the members of their household were and where they (the respondent) fitted into the household structure.

Nine of the twenty respondents said that they had a husband or partner, although in two cases the respondents indicated that their husbands work and reside in Johannesburg. One member's husband was chronically ill (and received Disability Pension). The remaining eleven respondents indicated that they were single with three of these specifically stating that they were widowed.

Household composition varied considerably among respondents. Only six of the twenty appeared to be "nuclear" families (i.e. husband, wife and children of that marriage only) but even this number may be even lower as the interview did not probe the family dynamics beyond asking for an overall description. Six of the respondents had their own grandchildren (or step-grandchildren) residing with them. Four of these also had adult children in the house (who were not always the parents of the children) and two respondents had assumed sole responsibility for their grandchildren.

One household had members of four generations. At least three were blended families with children from other partnerships and in one of these cases a second wife also resided in the household. Five respondents had nephews and nieces residing with them. In two of these cases a sibling of the respondent (who is the parent of these children) also resided in the household but in the remaining three of these cases the respondent had assumed full responsibility for their nephews/nieces. Five respondents indicated that they had one or both parents (or parent/s-in-law) residing with them.

There were indications evident from this part of the interview, cross referencing with the information provided earlier on social grant receipt, that at least three members (and possibly more) were not receiving their full social grant entitlement.

5.5 Dependents in the household

Respondents were asked how many dependents resided in the household and who these dependents were in terms of the family structure. The range of the number of dependents was extremely wide with one respondent stating that she only had one (her daughter) and, at the other end of the scale, one respondent stating that she had seventeen dependents. In the latter case the member's five sisters resided with her all of whom were unemployed. She counted the sisters, and the sister's children, among the dependents.

To the extent that such a calculation is relevant, the mean average of dependents in the member households was a statistical six. Four respondents counted themselves as dependents.

5.6 Financial challenges at home before joining the SHG

Without exception all respondents reported that they had significant financial challenges at home prior to joining the SHG. The majority of them described a situation of ongoing financial crisis with not enough money to purchase necessities to last the whole month. Many noted that it was not possible to purchase sufficient food for this period with one respondent stating that social grant money (in this case CSG) only fully covered food costs until approximately the 20th of each month. Some respondents painted a picture of desperately waiting for social grant payment day. Typifying the general theme of responses, one member stated:

"I had nothing and I stayed in a shack. I had no money for school uniforms and school fees. I also didn't have enough money for food. Children were hungry. I had to worry the neighbours asking for food. Most of the time I did not get it."

One respondent noted that before joining the SHG she could not afford to purchase vegetable seedlings for her garden, effectively preventing her from growing her own food. She noted that this kept her dependent on purchased produce which was ultimately much more expensive. At least three respondents indicated that there had been times when the children went to bed hungry. One

respondent, however, said that she never allowed this to happen, suggesting that she would do whatever was necessary to obtain food for her children.

The lack of money to be able to initiate income-generating activity was noted by some. Three respondents said they had not been able to buy materials so that they could utilise their various craft skills (or other skills) to make products to sell before they joined the SHG.

A remarkable aspect of the responses to this question was that, entirely unprompted, eight of the twenty respondents mentioned loan sharks (i.e. high interest, often predatory, local lending operators). Six of these remarked to the effect that prior to their SHG membership they were forced to take out loans from such lenders to meet basic needs. Another two stated that while loan sharks provided the only possible access to funds, they could not utilise them given the enormous interest rates charged. One respondent volunteered that she had paid R25 for every R100 borrowed from a loan shark while another reported paying a staggering R60 per R100. Another respondent described herself as a “loan shark slave.”

While usually less problematic than borrowing from loan sharks, a few respondents stated that they used to have to “borrow from others” to make ends meet. Two respondents noted having had to ask neighbors for food. An inability to purchase enough electricity for the whole month was noted by two respondents. The impossibility of saving money and a lack of household budgeting skills were also noted.

Again unprompted, 11 of the 20 respondents noted the impossibility of meeting education-related costs before they joined their SHG. Most commonly, the women were not able to purchase school uniforms prior to their participation. An inability to purchase school materials such as school bags was also noted. One respondent explained that it was not possible for her children to complete matriculation as she could not afford the costs related to keeping them in school (Child Support Grant would have cut out at 14 years for them at that stage).

Several respondents indicated that they used to run out of money for their children’s school transport with one respondent saying that there were days when the children had to remain home for the lack of bus fare. One SHG member noted that she would sometimes not be able to travel to occasional seasonal work offers in the resort town of Ballito because she did not have the transport money.

The impossibility of building a home, because the cost of basic materials made them out of reach, was noted by at least two respondents. Some indicated that there had been severe overcrowding as they had to live with relatives. One respondent noted that it was impossible to buy basic household items such as crockery and cutlery on the social grant income alone. Two respondents volunteered that they did not have money to pay premiums on a funeral schemes. When the daughter of one respondent died her church had to take up a collection for the burial.

5.7 Ways in which financial situation has improved since joining SHG. How the SHG has helped members in improving their financial situation.

The overall theme in response to this question was very clear. Each group member interviewed had experienced at least some measure of improvement in their financial situation since joining their group. Most had experienced what could be described as a substantial improvement.

Of all issues, that of food was most commonly mentioned. Respondents stated that they were now able to afford sufficient food for themselves and their families. Some members stated that if they ran out of money for food they can now take a small loan from their SHG. One respondent noted that there had not been a single instance since joining the group that she or her family had gone to bed hungry. One respondent noted:

“My worries about food used to start around 3 (pm) when it was time to cook for supper and I did not know what I could cook. This is now a thing of the past”

As many as 13 of the 20 respondents volunteered that they are now able to meet school / education related expenses. The ability to buy uniforms was noted by most of these 13 while one respondent said she could now buy her children shoes for school while another said she could pay crèche fees. Another respondent expressed her relief at being able to provide for her grandchildren’s school needs and another said she is now able to help her daughter through agricultural college.

The formulation of a savings habit was strongly reflected in this set of answers. Several respondents simply stated that they are now “saving money”, some referring to the SHG’s credit scheme while two specifically mentioned saving in a private bank account and two using a “safe box.” Others were also involved in saving through stokvel groups. Some respondents reflected a sense of financial independence and some indicated that they appreciated the importance of household budgeting.

Two respondents had built a home while another three mentioned having made home improvements. Through a SHG loan, one member was able to purchase a kitchen table, something she had never had in her house. Another was able to save enough to purchase a refrigerator and tile the floors. Even those few respondents who had not begun to undertake income-generating activity through the SHG were benefiting through being able to take out small loans from time to time.

In sum, the ability to borrow money from the SHG has helped the members improve their financial situation in several ways. Prime among these was breaking the horrendous dependence on loan sharks and being able to take out loans at a manageable interest rate and in a much better set of circumstances. (One member noted the dignity she felt as having “our own bank”). Learning to manage finances was also cited as a prime reason why participation has helped transform the financial situation of the members’ households.

5.8 Using money differently since joining the group

The strongest theme to emerge from this piece of the study was that of the ability to save money, something noted by the vast majority of respondents. One member typified responses by noting that she had never been able to save before or put money aside for a specific purpose. One respondent’s ability to save was brought about by her being able to borrow from the group to buy seedlings. She now grows vegetables for her household’s consumption and saves some of the money she previously used to purchase vegetables. Another respondent noted that saving was impossible previously because, in addition to having to meet her family’s basic needs, there were always high-interest debts to pay off. The extent to which some members have engrained the savings habit is underlined by one respondent who said that her first priority is her savings contribution, with groceries coming second.

It is evident that many of the respondents have developed a sense of medium- to long-term financial planning. This is captured in the comments of a member who said:

“I now save my money and budget. Before, I would buy things without thinking of the future.”

Several respondents noted that had learned financial management skills at their groups and that consequently, they now budget and prioritise. One member specifically noted that she is “managing household finances better” something that could be strongly inferred from her other responses.

Three respondents specifically mentioned opening their own bank accounts and one of these said she is using the account to save for her children's education. However, one member indicated that although she saves with her SHG there is not yet enough money left to save in her own account. Other members mentioned using their money to join funeral schemes, purchasing electricity and one mentioned clinic fees. One member indicated that she was able to register for and successfully complete her matriculation.

5.9 Spending social grant money differently

Group members were asked to describe specifically how they used their *social grant* money differently since joining the group. It may have been difficult for some respondents to differentiate between general changes in spending patterns and specific changes to the use of social grant money. Indeed, the CASE CSG survey (2008) concluded that its own finding that only 51 percent of CSG recipients pooled these funds with other sources of income was probably a major under-estimation. Nevertheless, the question on how social grant money was spent differently did elicit some insightful responses among SHG members.

The majority of respondents appear to now prioritise their social grant money for use in buying groceries. One was more specific and said that she used these funds to buy food staples in bulk – including mielie-meal, cooking oil, flour and beans, to last the whole month. At least two respondents indicated that they now use at least part of their grant money to participate in stokvels. Ten of the twenty respondents volunteered that they now save at least part of their social grant money. Of these, three said that they were specifically saving for their children's education (and two of these clarified further by specifying *tertiary* education).

Education-related needs, some of which were previously unaffordable, appear to be a very high priority for many, with eleven respondents noting that their social grant money was now used to meet such expenses. First and foremost this meant purchasing school uniforms but respondents also noted expenditure for home-made school lunches, shoe polish, school fees and crèche fees as new uses for the social grant.

Three respondents said that they were now using the social grant money towards building a house and another is using some of her grant money to save for this purpose. Others noted using this income source to join a funeral scheme, to buy clothing and toiletries.

Interestingly, one respondent confessed that she sometimes used to spend her social grant money on what she considered to be “unnecessary items.” She felt that through participating in the group she had learned to be more responsible with money.

5.10 Scenario of non-membership spending implications

Members were asked to envisage how they would be spending their money differently if they were not earning money through their SHG-related activities. The responses were somewhat varied as people reflected different priorities and coping strategies. Some respondents struggled with this question in the sense that would be very difficult for them to give up anything or could not think of what they would forfeit.

Four members referred to education expenditure. One of these noted that had she not been a member of the SHG these last three years she would have not have been able to keep the children in school and her eldest would not be now attending college. Two indicated that if they were not currently generating income through their SHG activities that they would not be able to keep all their children (grandchildren in the case of one) in school given the expenses that their attendance requires. Another respondent stated that she would have to consider if it would be possible for her children to complete matriculation.

One member said she would have to be very selective in terms of which school requirements she would meet. For example, one child may have a jersey and another pair of shoes, but neither could have both. But one respondent was clear that the purchase of school uniforms was a priority and she would not give this up. Another respondent said that she would no longer be able to attend her computer training course.

Two respondents noted that they need to give up purchasing the necessary materials for income generation. One of these said she would need to stop buying snacks and cold drinks in bulk which she currently goes on to sell as individual items. Another said that she would have to give up buying materials for her craft work. Interestingly, one responded had exactly the opposite response in that she would refuse to give anything up but would use the money to buy goods to resell at a profit.

Four respondents volunteered that they would forgo purchasing electricity altogether with three of these indicating that they would use more candles and firewood as alternative lighting and fuel

sources. Three noted that they would not be able to purchase furniture or other items for the house, one saying that she could not have purchased her prized kitchen table.

Summing up a sentiment expressed by others, one respondent said that while she would be able to meet some basic costs such as groceries, she would not be able to save if she were not generating the funds she does through her SHG activities. Another noted that she would need to start using the services of loan sharks again.

Two respondents suggested they would have to give up building a house (one specifically saying that she would not be able to buy the building materials). But another was steadfast and stated that she would not give up this vision even if she were not making money through the SHG. Another two specifically noted that they would not give up funeral scheme payment, underlying the deep importance of such coverage for some.

5.11 Ways in which SHG involvement has assisted members and their families

The respondents were asked to explain in their own words how their involvement in the SHG had firstly helped them and their families, and secondly if and how others in their community had been affected. Not surprisingly (given the broad scope of the question), the responses were very diverse and quite personal. However, some trends and themes can be identified.

5.11.1 Self and family

A strong sense of many of the responses was that of having improved social and familial relationships as a result of SHG participation. One respondent spoke of how she has learned through her group how to have “good relationships” with other members and her neighbours. Another two reflected on having made new friends at her group and how they appreciate the function of members sharing their problems and giving each other advice.

Two members indicated that the group provided a space where they could “release stress” and at least three others alluded to the atmosphere at the groups which promoted sharing and laughter. Members clearly experience support from the group in several ways. One felt that her SHG had helped her spiritually. Another recalled that group members made contributions at her husband’s wake and that they have assisted each other in this way when one of them has had occasion to hold

a traditional feast. Participants draw different positive experiences from the group, both practical and emotional.

Some respondents indicated that their home environment had improved. One noted that her relationship with her husband had improved because he had come to realize that she can think for herself and do things for herself. Another two respondents said that had gained greater respect from their husbands. Another respondent, while not providing details, indicated that problems at home had been resolved. Some members noted that their husbands or other family members approve of their participation in the SHGs and, in some cases, even encourage them.

Some members suggested that they had gained a greater sense of pride in themselves in that they could now better provide for their families. Some also alluded to gaining a sense of self-reliance and being less of a burden to others, such as one member who did not need to ask for her mother's help as often. Another stated that her participation had helped her "feel at peace" with herself as a single woman. Some comments also strongly suggested an increased sense of pride of one's home. One respondent said she has been able to purchase furniture to make her home aesthetic and comfortable. Another said that she now had electricity "just like everyone else."

Two members had built homes and for one this relieved serious overcrowding at her mother's house, her previous abode. The other emphasised that she would not have been able to build her home had she not joined the group. Some respondents expressed a sense of security of being financially solvent and not having to worry so much about money. Others reflected on the skills they had learned through the SHG (such as financial management and income generating skills) which had helped facilitate their financial independence.

At least six members specifically expressed the sense that they felt financially independent and some alluded to the boost in self esteem that this brings. One said that people have asked her how she is coping so well.

5.11.2 Community

Respondents described a changed socio-economic environment in their communities characterized both by greater cooperation, better relations and more income-generating activity. One member noted:

“Nobody in my community ever thought of beadwork as a business. Now it is giving more people income. Even people from outside our community buy our product.”

Another noted:

“The community is growing and developing economically because woman can afford to do a lot of things for themselves and their families.”

One respondent described how group members in her area have developed a “culture of sisterhood” and have become like an extended family system to support each other “in good times and in bad.” She notes that group members, who were among the poorest people in the area, are now receiving the respect they deserve from community members. Another said that she had noticed that the status of woman has improved in her community and that women were more confident.

The change in communities seems to be becoming more evident as SHG members build or improve homes, obtain electricity and buy furniture. One respondent also noted how many have bought cutlery and crockery and that some have used these items to develop a small hire business. This respondent also noted that group members are now better able to respond to others in their community who experience a crisis such as the death of a family member.

A spirit of sharing and mutual support was evident from the varied responses with extension of support even to people in the community who are not currently SHG members. One respondent noted:

“SHG has created very loving people and neighbours who support each other.”

Importantly, this respondent noted that although her SHG was full, members often treat non-members in their community as if they were relatives and provide them with assistance when needed. Another respondent says she now helps those who have no food without asking for anything in return.

Some respondents reflected the sense that SHG members, in uplifting themselves and their households, have set examples for others in the communities and enabled them to assist others. One member says she has taught others about cleanliness in the home, another now spends time caring for sick people in her community, while another has become involved in another NGO where she feeds orphans once a week. Another respondent notes that most people no longer go hungry in her

community and another noted that there is much less hunger. Yet another member stated that “more families have food on the table.”

Several respondents noted that many women in the community who want to join the SHGs (but it seems that virtually all of the groups have maximum membership). One respondent observed that some people had initially been reluctant to join but soon saw the positive changes brought about in households who have a SHG member.

5.12 Observed differences between expenditure patterns of members versus non members

Respondents were asked if they had noticed any differences in the way they spend their social grant money, now that they are active in a SHG, compared with others in their communities who receive grants but are not members of a SHG.

The strongest observation was that non-members are not able to save as SHG members are and that non-members have to spend all their money to survive, mainly on food. One respondent added, however, that she has also observed non-members sometimes spending their grant money on non essential items. This links to broader theme in the responses to this question about learning financial management skills such as prioritisation.

At least seven respondents expressed the sense that they now manage their money well while non - members generally don't have this knowledge. At least five members spoke about their skills in prioritising household needs, financial planning and/or budgeting. Others noted how they had learned to use money “responsibly” or “wisely”, with one respondent specifically pointing out that this is not the case with most non-members. Sadly, one respondent noted that many non-members are still dependent on the services of loan sharks, and continue to pay a great deal more in interest rates than do SHG members.

One respondent noted that SHG members spent more on their children's needs than non-members are able to. She suggested that member's children have shoes for school, that they are kept cleaner and are better fed. Other members noted that they spent money on things such as building a home and funeral insurance policies, things that non-members can't afford.

One member indicated that there had had been cultural benefits for the community as a result of the SHG. Members helped to form youth group which is involved in Zulu dance and other games. The young people are also encouraged by the members to save. Another member noted that a stark difference between the way in which SHG-members and non-members use their money is that members use their money to make more money (i.e. invest in income-generating activities) while non-members generally cannot do this.

Ultimately, the ability to save with, and borrow from, the SHG was seen as the main factor accounting for the differences in the use of money. As noted by one member:

“Non-members cannot save. They use all their money in one go.”

Several respondents also noted that a situation has arisen in which non-members sometimes borrow from members realising that this source is far cheaper than borrowing from the loan sharks.

Some respondents painted a clear picture of how desperately some women in their communities now wish to join the SHG. One member noted:

“Some woman did not (originally) join because they thought ‘what will R2 do?’ They see the results now but they cannot join since the groups are full, (having) 20 members.”

6. General Analysis

6.1 Socio-economic environment

The results on the questions on income and, in particular, income generation outside of SHG activities, demonstrate how bereft these communities are of work opportunities in the formal sector. Of the nine respondents with partners, two lived and worked in Johannesburg while only one seemed to have local full-time work.

The Finmark Report (2009:24) notes that in South Africa, social grants are often received within “particular kinds of spatial poverty traps.” These include areas such as the former “homeland” areas, which continue to manifest the effects of apartheid-era planning. The report argues that this phenomenon, in turn, inhibits “the development of conventional settlement patterns and functioning local markets.” The areas in which the SHG members reside can certainly be said to be

“spatial poverty traps” with underdeveloped markets. Physical isolation, limited discount retail outlets, weak municipal government services, poor roads and transport all result from could be described as a part of a “historical pattern of deprivation.”

Drawing from Seekings and Nattrass (2005) the Finmark Report notes that:

Accumulated disadvantage has therefore created a large underclass adversely incorporated into the political economy of South Africa. Comprising about 40 percent of the population, they fall into the bottom income decile (Finmark, 2009:10)

Again, this analysis aptly applies to the virtually all the households of the SHG’s participants and to the local economy in which they must operate. The Finmark Report (2009) goes on to argue that social grants, in the context of the communities described “*inject liquidity and stimulate local trade in what are not only resource-poor zones, but also thin and underdeveloped markets.*” The report adds the “*receipt of social grants functions as a Keynesian stimulus to growth by increasing purchasing power in the most economically marginalised of areas*” (Finmark, 2010:24).

However, while this research (on the Self-help Groups) is in no way a scientific study of the local economies of the SHG areas, the researcher asserts that *the receipt of social grants by large numbers of people in these areas is simply not sufficient in and of itself to either increase the purchasing power of households or to stimulate local growth to the extent necessary to significantly transform the local economy.* This study strongly suggests that the receipt of Child Support Grant (CSG) enables the household to purchase basic consumable items, but very little else. In this sense the local retail market for food and basic household items could said to be stimulated, at least marginally, by social grant receipt.

The effect of the income-generating activities brought about by participation in the SHGs would most likely show (if such a study were undertaken) a broader impact on the local economy. Group members have bought more food and a wider range of food types. They have bought more clothing, particularly school uniforms and a range of school supplies. They have purchased a range of building materials for construction and renovation. Many have also bought furniture and other household items such as crockery and cutlery.

Many participants have also developed products for sale and thereby helping to expand the local market. This includes vegetables, chickens and eggs, an array or beaded products and jewelry, clothing items, prepared foods and baked goods. These products are sold locally and the money

remains in the community. Some also hire out kitchenware as a small business. However, the measurable effect on the local economy lies beyond the scope of this study.

6.2 Savings ability and habit

The Finmark report (2009) referred to evidence that receipt of a social grant increases the ability to save. While again acknowledging the lack of a statistically significant sample, this study found that very few, if any, participants were able to save money before joining the SHG, with the possible exception of stokvels. One of the reasons for the contrast with the Finmark findings on this issue could be that the conclusion was based on a study with a broad and international scope rather than one contextualised for the particular circumstances of rural South Africa.

Another conclusion concerning savings as articulated in the Finmark Report is also somewhat at odds with the Sinamandla findings:

By enabling impoverished households to better plan for the future and smooth consumption, public transfers not only facilitate savings on the part of beneficiaries, they allow them to access and leverage other resources and finance. (Finmark, 2006: 22)

This research suggests the process of learning to better plan for the future, to facilitate savings and to leverage other resources may simply not be possible in some poor, marginalised and rural communities solely through the receipt of social grants. This study found that such positive factors outlined in the Finmark study (2009) quote are indeed occurring but are only doing so as a result of the facilitation and capacity building by the SHGs.

The conclusion is clear. Receipt of social grants alone does not enable people to save in the communities where the research took place. It is only through the mechanisms provided by the SHGs (accessed through active membership of the SHGs) that enable people to save.

6.3 Food and groceries

Meeting the family's nutritional needs was clearly the leading priority for most respondents. This is consistent with the findings of the Finmark Report (2009) which found, that "consumptive" expenditure is the highest priority of the use of social grants. It is instructive to note that purchasing groceries was by far the most common response by SHG members to the question on how social

grant money is now spent. It would appear that most members consider the social grant money as the prime source to meet basic nutritional needs.

It was abundantly clear that the member's households had a significantly improved level of food security since joining the SHG. Interestingly, most members continued to prioritise their social grant money for the purchase of food and groceries even when making money from enterprises supported through the SHG.

While the value of social grant money had been sufficient for most respondents to purchase basic food staples (before joining the SHG), this did not mean that the family was receiving either a sufficient *amount* of food or that the food was of a sufficient quality, or that it would last throughout the month. One respondent had noted for example, that she was only able to purchase meat after she joined the SHG. In addition, some members previously struggled to make repayments to loan sharks and, in all likelihood, even money for basic foodstuffs would have sometimes been short because of this.

6.4 Education priorities

Quoting international evidence from an earlier study the Finmark Report (2009) notes that the direct costs of schooling, which include transport, school supplies, fees and uniforms, are frequently the second expenditure priority after food. This was strongly borne out in the member interviews. Many members still prioritised their social grant money for school related costs after groceries. Inter alia, this reflects a powerful awareness that a good school education, and particularly matriculation, provides the basis of their children's future life chances.

Members ensured that their children had uniforms (and least two also mentioned school shoes) as soon as they had sufficient funds to purchase them. Some noted the importance of school materials, while others alluded to now being able to afford transport money. There was a palpable sense of dignity for some in being able to send their children to school with a school bag instead of a packet, with lunch and in uniform.

One public policy concern here is that several members seemed to be paying school fees (although one noted that she had done so until the school was declared fee free). The CASE CSG Review Study (2008) found that a staggering two-thirds of CSG recipients were paying school fees at the time of the survey. Regulations promulgated in 2006 by the then National Department of Education

automatically exempt people in receipt of a social grant from having to pay school fees for children in their care. However, mechanisms for schools to receive reimbursement for each child exempted on this basis are not well utilised and the result is that many schools simply cannot afford to follow the exemption regulation. In any event, exemption from school fees for a social grant recipient is a right which is largely overlooked with the result that school fees present another education cost burden for struggling households.

6.5 Home building/home improvement

The Finmark Study (2009) notes that after spending on groceries (“consumptive expenditure”) and schooling, the third priority for major avenue of expenditure was the upgrading of accommodation and housing. This was partially reflected in this study where three respondents had either completed or were near to completing building a home while another two had undertaken home renovations. This had the effect of reducing unhealthy and/or overcrowding in some households. This may have helped create a better environment for children to do homework and more space for entrepreneurial activity. There is also the personal factor of the pride in building or improving one’s own home.

6.6 Prioritisation

The sense of members learning to prioritise their expenditure came through strongly on several questions in the research. People have come to understand and exercise priority decisions and different members make different choices. While, as noted in the sub-sections above, the most common leading expenditure priority is food followed by education-related costs, one member said her first priority was her savings contribution and the second was groceries. The important point is that the members understand the concept of priority and are actively making choices that they consider best for them and their families.

6.7 Peace of mind

The reduction of fear, worry and anxiety among respondents after joining the group is particularly remarkable. Many expressed the sense that prior to joining the group they would constantly worry about meeting basic expenses. Some described a sense of their life being dictated by a cycle in which

they were constantly waiting for social grant payment day. Others were often preoccupied with how they could meet so many needs with such a small amount of money. Debt was a major worry for some. To paraphrase one respondent:

“I now get a good night’s sleep before (social grant) collection day, unlike before when I would be thinking how I would divide the money, which was not sufficient. I would be fearing the loan shark. And I had other debts such as a dish of mealie-meal from one neighbour and a bucket of potatoes from another. It was torture.”

The recovery of basic dignity was a feature either directly stated or alluded to in some way by most respondents.

Some SHG members describe a new sense of responsibility, or perhaps more specifically, of feeling that they are *fulfilling* responsibilities. The ability to take out small loans (to be repaid at manageable interest rates) from the SHG credit scheme, in addition to the saving component, appears to have not only provided peace of mind but helped to instill a sense of meeting a responsibility.

As expressed by one member

“I have the responsibility to borrow and save and pay back every month”

6.8 Banking and financial literature

In the overwhelming number of cases the SHGs themselves do not open bank accounts. The interest rates on savings accounts would not compensate for the fees associated with withdrawals and deposits. However, the fact that three respondents (again unprompted) noted having opened bank accounts for themselves since joining their SHG is significant. The Finmark Report (2009) alludes to the fact that bank accounts are comparatively rare among impoverished research participants.

Exclusion from banking services is often a feature to economic marginalisation. The fact that SHG members are opening accounts, and using them as another mechanism to save, indicates an increased level of financial literacy and an important step towards economic inclusion. Having bank accounts, for example, will be very useful if the members are to expand their micro-enterprise activities. Two members, however, reported keeping their money in safeboxes at home (one strictly not opening the box for six months at a time). These members may miss out the benefits of banking (e.g. direct deposit of social grants) and are also more vulnerable to theft of their savings.

There was also substantial evidence that the members had learned a great deal about household finance management, borrowing and repayment, and general financial mechanisms. One member demonstrated an understanding not only of the need to make cautious financial decisions but also of how her interest payments to the SHG fund help increase the value of the fund, thus ultimately benefiting her and other members.

“They have taught me that I cannot borrow more money until I have finished paying my (previous) loan. This means I must think before spending. My loan is paid (back to the SHG) with interest to bring in more money.”

6.9 Support and intra-group relations

The study revealed that the SHGs play an important role in facilitating mutual emotional support among members, preventing social isolation and in building a sense of solidarity in addition to the financial security and anti-poverty function. In turn, many participants seem to feel more confident in their social and familial relationships.

The strong and unanimous sense of members and stakeholders alike was that the groups manifest a powerful dynamic of solidarity and mutual empathy among the participants. Some of the members felt that they had become like family unto each other, something also noted by the stakeholders. As one stakeholder observed, this had had the effect of improving interpersonal skills among members. It was clear from many of the member responses that the group dynamic has helped reduce emotional and social isolation and improved self esteem for many. One member stated that what had given her particular satisfaction was that:

“Life is a lot easier if the person is in a group because they can share the pain and emotions.”

Another member noted that:

“Even if the member is poor it is comforting to be in a group because it feels like there are sisters for support. We are all friends who help each other.”

The groups appear to fulfill the function of providing support, promoting personal growth and helping to improve relationships as well as any psychotherapy group formed specifically for purposes such as these. The members describe the group environment as a safe space in which trust, empathy and mutual respect predominate. The positive changes in the lives of the woman, and the effect on

their communities, is notable. As one example a non-member respondent observed that there was no gossip among SHG members.

6.10 Health Issues /HIV & AIDS

One of the programme managers stated that some group members were notably unwell when joining the group and she has witnessed them, and also their children, improving in terms of their health throughout the course of their participation. As one of many secondary functions the groups serve as a forum for discussion of women's health and children's health matters and it appears that many group members have benefited from informal health education and advice they have received in the meetings. Furthermore, it is likely, especially with regards to the members' children, that having ample and better quality food contributed to improved health.

Some members noted, as did some staff members, that participants can now afford to access medical treatment at a public clinic or hospital. In subsequent discussions it was further clarified that this referred to members and their families being able to afford public transport fares to the treatment facility. They could often not afford the fare before they joined the SHG even if a household member was ill. Stakeholders also confirmed that some SHG members have occasionally accessed private medical help using their additional income. The Sinamandla staff believed that the members had improved access to health care services and were more aware of disease and treatment.

At least one of the groups observed as part of the SHG evaluation study (undertaken concurrently with this research) functioned, at least in part, as an HIV/AIDS support group. The observer noted that the woman wanted to understand what was causing so many deaths. They then decided to cook once a week for children orphaned through AIDS and do so from their own pocket. While this is a highly notable and commendable response to a community crisis it may also demonstrate unmet need in the community.

6.11 Gender issues

Many of the factors identified in this section (six) could be seen as "gender issues" because they relate to empowerment of and greater independence for a population of poor women. The

experience of the group dynamic is, in and of itself, empowering and some members expressed how much they look forward to attending. However, there are some more specific issues worth considering under this heading.

The SHGs have clearly made an impact in terms of helping to change of gender dynamics both in the member's homes and in their communities. Participants have gained that respect of their husbands and other members of their families. One member expressed her sense of liberation at not having to ask her husband for money (or his "permission"). Another stated:

"I am planning to buy a kitchen cupboard and I will not consult with my husband."

This quote might suggest that the member's new found relative financial independence of her husband, while empowering and a source of pride for her, may also be a potential source of marital conflict. The evaluation study found that a few husbands did indeed feel a little uncomfortable with their wife's new status but such cases were outnumbered (as confirmed in this research) by husbands/partners and other family members who supported the member's SHG involvement.

Many members feel a greater sense of independence and self reliance and some have become aware of the greater possibilities of achievement in their lives. Importantly, as noted by both members and key stakeholders, some participants are less dependent on men. This improved status at home can also be reflected in the local communities. Both members and stakeholders expressed the sense (in different ways) that the status of woman had improved in some of the communities. The fact that, through this programme, women have both access to low-interest finance and an ability to earn extra money is, in itself, an important source of empowerment.

The Vulamehlo staff briefly raised the issue of the impact of the groups on sex work practice, (clearly very relevant as both gender and health-related issues). The staff noted that there were some younger group members who had, before joining, engaged in sex work simply to earn enough money to survive. Since joining, however, the Vulamehlo staff believe that most of them have stopped working in the sex industry. The staff members also noted that through the Youth Wing groups young people have been encouraged and supported to not engage in sex work and to refrain from having sex at all at young age. Sinamandla staff report that some groups have also addressed issues such as forced marriage for young girls.

The SHGs have helped facilitate a collective voice for women in some communities. In some areas this had manifested in terms of woman taking action of local social issues. Two examples provided

by Sinamandla staff were that of woman organising to ensure that speed humps were placed at strategic points and taking action against a tavern that was closing too late. Though gaining both a higher level of material security and a greater sense of personal and collective confidence, the women have empowered themselves to act to transform their communities.

It should be recognised that the expansion of Child Support Grant (CSG) coverage in recent years has been a positive thing for the independence and self-determination of poor woman with children. However, in some other developing countries this important notion is taken further. Lund et al (2008) note that women's empowerment is a specific goal of some Latin American income transfer programmes. As part of this goal, participation in woman's groups is, in some cases, given official policy sanction. In the absence of such a policy and resulting programme funding and rollout in South Africa, the Sinamandla Self-help Groups help to perform the function of empowering poor woman in marginalised areas.

6.12 Social Grant access

The widespread receipt of Child Support Grant (CSG) among SHG-members would confirm the conclusion of the literature (including but not limited to the Finmark Report, 2009) that CSG is indeed targeting the most vulnerable South African Households. However, several sources also note that many care-givers experience difficulties in producing the required documentation to claim social grants particularly if they are non-biological guardians. Two of the SHG-member respondents, neither of them biological parents of the children, seemed to have difficulty in claiming the correct benefit because of documentation problems (although one indicated that she was in the process of trying to obtain the documents).

If, for example, a grandparent has custody of the child or children, she or he should be able to apply for Foster Care Grant. Yet this can be a complex legal process. A social worker must usually provide a written assessment and a court order must be made. Applying for a late birth certificate at the Department of Home Affairs can be a complicated and time consuming. Social workers with in-depth knowledge of social grant processes are in short supply. Yet these are precisely the services these two respondents require as do, undoubtedly, many others in their communities.

One concern regarding social grants which was raised by at least two stakeholders was that of the possible disincentive to earn money for fear of losing entitlement due to application of the income

test. In 2010 the maximum level of earnings allowed for recipients of Child Support Grant (CSG) was increased to R2500 per month for a single caregiver and R5000 per month if married. This ensures that CSG continues to be targeted to lower income households but not only the very poor. (No assets test is applicable). Many households may then elevate from being very poor to being low income earners and still be eligible for CSG. The highest income that any respondent of this study reported earning through SHG activity was R1200 per month, well below the income limit.

6.13 Relations between SHG members and other community members and the Impact on broader community

The SHGs have clearly made an impact on the local communities in several ways. The HIV/AIDS support and information provided by the group detailed above, which also feeds children orphaned through AIDS, detailed above is a prime example. Member noted participating in various activities in support of their communities. The Sinamandla staff cite examples of some groups starting up crèches, soup kitchens, block making and assisting each other with building homes. Some members care for the sick in their communities. The increased socioeconomic activity brought about through participation in the groups can only be a positive thing for the local economy.

From another perspective it is clear that neighbour relations have improved in areas where groups are active. Sinamandla staff noted that prior to the SHG neighbours had no forum to address local community problems, share ideas or offer each other support. Some relations were characterized by suspicion or at least uncertainty. Interestingly, some stakeholders have suggested that this situation may in part have been a “hangover” effect from the late 1980s / early 1990s when political violence manifested in parts of KZN leaving in its wake an atmosphere of distrust. Members and stakeholders paint a picture of transformed neighbourhood relations in many areas characterized by more interaction, mutual support and a sense of social responsibility.

The Finmark Report (2009) notes that publicly-funded social protection programmes co-exist alongside two other broad varieties of social safety nets. One of these is formal private sector provision for retirement, disability or unemployment. For the working poor, however, and particularly those earning income through the “informal” sector, this level of coverage is usually denied (even public unemployment insurance). The other safety net identified by Finmark (2009) is that of informal community and household support systems, something that is very widespread.

Drawing from other studies, Finmark further notes that networks such as these often reflect communal social reciprocity and various systems of kinship.

It is these very kinship systems, and the inclination to social reciprocity, that the SHGs have helped rejuvenate, facilitate, normalise and strengthen. Such processes cannot function well when extreme poverty is widespread and when there is a certain level of social alienation. It is exactly these limiting factors that the SHGs have addressed to enable informal community support systems to flourish for the benefit of entire communities. Drawing from other studies, the Finmark Report (2009) notes that informal systems of social protection can be of crucial importance to the livelihoods of the African poor and further that systems such as these are underlined by “*complex patterns of inter and intra-household resource transfers*” (Finmark 2009: p6). Again, this research project demonstrates that one of the effects of the SHGs has been to support and give shape to resource transfer patterns such as these which, although culturally inherent in some ways, may have been compromised through extreme poverty, social upheaval, social isolation and under-developed social relationships.

The Finmark Report also discusses social protection in terms of a being preventative measure by “*averting deprivation and arresting the downward spiral of liquidating productive assets or spiraling ill health following a livelihood shock*” (Finmark, 2009: 10). The authors note that in this sense social grants help households manage risks and shocks “by avoiding irreversible losses and retaining productive assets”. The fact that SHG members are able to save money and that they have easy access to low cost loans through the SHG, adds an extra layer of protection for their member household in the event of a crisis or livelihood shock of some type.

As evidenced by the support given by members to each other and other members of the community in the event of a household livelihood shock, the impact of the SHGs magnify and deepen this dimension of protection. Through building skills and building the means for extra sources of income the SHG can also be seen as providing preventative measures to help avoid livelihood shock as well as mitigating its effects if and when it hits.

6.14 Training

Through its partners Sinamandla offers training to SHF members on financial management skills (including saving, budgeting and borrowing) as well as specific hand-on practical issues such as gardening, beadwork, baking and other skills. SHG participants have also been sent for training

provided by other NGOs. The issue of training is primarily addressed by the Sinamandla evaluation rather than this research. The Vulamehlo questionnaire, however, contained a question on this issue. Of the six who had undertaken training, all expressed satisfaction with their experience.

Yet, the respondent's broad satisfaction with the training they had received was plainly evident through their answers to a range of questions even though Amangwe's SHG members were not directly asked to comment on this issue. In particular, respondents noted the financial management they had learned:

"The SHG has taught me what to do with my money. I divide it so that I can divide it to take care of my needs such as food, uniforms and building a house."

"The SHG has taught me to spend money wisely and make good choices."

The evaluation found that most members believed that the experience of the training focus on saving, budgeting and borrowing for income generation will have a lasting impact in terms of money management and in achieving economic self-sufficiency.

Several members also positively referenced the practical skills training they had undertaken through the SHG. In noting that she aspires to open a baked goods business another member noted that the SHG had enabled her to learn to bake "without paying a cent."

There was a sense among some members, however, that training needs to be more formalised and a few specifically said that they would like to receive a certificate. Some stakeholders felt that there could be an expanded series of trainings on financial management and budgeting for members. At least three members also expressed the sense wanting more training on business skills, or as noted by one respondent "to take my business to another level."

6.15 Leveraging of social grant funds

One of the questions this study sought to address was whether SHG participants were leveraging their income by taking loans for specific projects. As documented in Section five, there were many examples of members doing exactly this.

The Finmark report (2009) also sees social protection measures as potentially promotive because such measures can enhance existing capacities and resources. The SHG has had the effect of enhancing and expanding the existing strengths of participants and this lead to a much greater

impact than social assistance measures alone could facilitate. Some of the woman in the group had skills (such as traditional skirt making, grass mat making, etc.) but did not have the money to purchase the base materials to produce, and therefore sell the products. The SHG has given them the means by which to utilise and (often improve) these skills and in doing so, earn some income.

The issue of the role of social grants in promoting transformation both at the household and macro level is also addressed by the Finmark study (2010:10):

“...social protection in the form of cash transfers is potentially transformative because it supports the efforts of marginalised or vulnerable social groups to attain equality. Social grants not only combat exclusion at a societal level, but also can positively shape inter-household and intra-household resource allocation and dynamics.”

Again, the effect of participation in the SHGs has been to magnify the effect of this phenomenon. Changes in household dynamics (discussed under Gender above) have been remarkable as have changes in social relations. Social marginalisation is being overcome in several ways, not least because the children of members have uniforms, shoes and materials and are less subject to stigmatisation. Exclusion from the market place is also being challenged as more women, through the SHG, start their own income-generating activities.

In the absence of substantial efforts to open or relocate large and numerous labour-intensive industries to historically marginalized rural communities, facilitating micro-enterprise efforts among the poor is one of the few measures which could (and does) have the effect of moving households and even entire communities out of abject poverty.

The Finmark Report (2009) references a 2005 study which found that in at least 10 out of a total of 42 grant-receiving households (24 percent), receipt of a social grant directly supported other economic activities functioning as seed capital or operating capital for small survivalist enterprises. Yet, the CASE CSG review report (2008) noted that only eight percent of those surveyed said they had taken action to start some form of business. Whichever of these figures is closer to reality it must be noted that of the twenty respondents in the SHG member questionnaire approximately 75 percent had invested in capital or other needs associated with a small business operation of this nature.

7. Further Research

7.1 Need to identify broader retail outlets and marketing possibilities

Although not part of the study, informal feedback from the senior field worker strongly suggested that the local markets, which are limited in any event, are almost saturated with the products produced by the SHG members. This was also hinted at by a small number of respondents with one of these noting that she needs help to source customers for the cakes she produces.

There needs to be an investigation into what possibilities there are for the products to be linked into broader markets. This research could address the questions of:

- Which retail outlets and sales mechanisms should be pursued? What role could large retailers play? Who are they and how should they be approached?
- Are there any advantages for retailers in selling the products? How can these be exploited?
- How can the critical commercial links be developed and maintained?
- What role should or could be played by government local economic development authorities (such as DTI, provincial authorities, etc)?
- What skills do the SHG members need to be able to interact with retailers beyond their immediate environment?

This research needs to investigate the full scope of marketing possibilities for the products. The research team would need to include an urban economist, a retail and marketing specialist and a developmental expert who fully understands the nature and practice of the Sinamandla Self-help Group model and practice. The members themselves must have input into the research process.

The challenges here are many. The micro nature of the members' enterprises, among many other factors, effectively exclude them from, say, selling eggs in the mainstream market or competing with a commercial cake manufacturer. But the research could at least identify what possibilities in terms of programmes, interventions, regulations or commercial agreements could reasonably be proposed.

7.2 Need for broader range of products

Not unrelated to the need to identify a broader market for the products is the need to identify a broader *range* of products for manufacture. This assessment would need to examine the full range of possible products, and also services, that the members could produce or provide which are likely to find a market, or which at least could be promoted. Such research would not only need to closely examine demand or potential demand, potential retailers, etc, but also the skills needed to develop the product.

A basic skills assessment may need to take place and a plan developed to afford the members with the correct training if this is deemed necessary. The SHG members themselves may have some sense of this and the research process should facilitate their input. One member, for example indicated in the interview that there may be some level of demand in décor and catering. Other members had expressed the desire for more in-depth training around running/expanding a micro-business.

This research would need to closely examine the issue of up-front costs and determine the general level of risk to conclude if particular ventures are suitable for the SHGs. It would need to draw on the skills of a micro-enterprise expert, a retail/marketing specialist and a skills developer. Again a developmental specialist with an in-depth understanding of the SHGs and the members would need to be central to this research effort and the members themselves must be made a part of it.

7.3 Economic development programmes/effect on the local economy

The SHG Programme has flourished without any formal government or public sector intervention (although it's worth noting that some ward councilors and municipal officials have voiced their support for the programme). Yet, it may well be worth determining what sort local economic development measures public agencies could take which would complement and boost the income-generating activities of the SHGs. If an outline of such an initiative were to be researched and designed, it would have to be cognisant of two points: Firstly, to determine what would be reasonable to undertake within the public sector's existing policy and programmatic framework (and capacity limitations), and secondly to ensure that any initiative is "owned" and controlled by the community and not by a remote government office.

One dimension of this study could include the impact of the SHGs themselves on the local economy (areas of intense SHG membership should be selected for this piece). This may help demonstrate that the SHGs help more people than the immediate membership. Such a study overall will need to be very carefully designed and controlled to ensure that all concerns are taken into account. The project manager would need to be highly aware of the SHG principles and practice and ensure that empowerment and local control are emphasised at every point. An expert in government economic development programmes would need to be engaged as would an urban economist.

7.4 National replication

This study reveals that Sinamandla's SHG Programme is successful to such an extent that it would seem remiss to not consider possible ways by which it could be replicated nationally. A study could be undertaken to investigate what options exist to expand the SHG model to many more locations. This study would have to be very specific in terms of the range of stakeholders who could sponsor such efforts as well as possible sources of funding.

7.5 Formalised role of social grants in leverage and economic development

In strict policy terms social grants in South Africa are aimed at relieving the effects of poverty rather than as a means to help bridge the gap to the labour market or aid households in participating in economic activity. There has been some policy discussion on a basic payment for unemployed persons to help them access education or training but, as of late 2010, this has not manifested in a solid proposal. Further research could take place as to how social grants could formally play a role in helping poor families access employment, participate in training or leverage funds for micro-enterprise initiatives. Overseas examples of such programmes could be examined in detail as long as these are contextualised for the South African socioeconomic and demographic situation.

8. Conclusions

If there is any central policy conclusion resulting from this study it is this: Many, if not most, of the positive socioeconomic impacts that the literature (and in particular the 2009 Finmark study) associates with the receipt of social grants are significantly magnified through participation in self-help groups of the type developed by Sinamandla.

In the final analysis it can be concluded that participation in the SHG enables the members to use social grants, and in particular the Child Support Grant (SCG), for the purposes that such income transfer programmes are intended but often don't make ample provision for. This is reflected by the finding that when SHG members begin to engage in income-generating activities they still tend to use their social grant money on the basics of groceries and education-related expenses. The difference is they can much more adequately meet such basic needs with the social grant money.

While receipt of social grants by poor households help to ensure that the children are able to attend school, SHG participation helps to generate the income to help ensure they have school uniforms and are suitably equipped with necessary education materials. While social grant receipt helps ensure that household members at least do not suffer from severe malnutrition, SHG participation enables the participant to purchase (and/or grow) both a wider range of food and a better quality to truly meet her family's nutritional needs.

Social grants can assist a household in maintaining basic shelter but many recipients are subject to overcrowding and poor conditions. Extra income generated through SHG participation broadens housing options in providing at least some funds towards new construction or renovation. In this sense, it could be said that while social grants provide the means for basic survival for the poorest South African households, participation in the SHG affords them the opportunity for some quality of life. While the literature suggests that social grant receipt helps facilitate savings, this study found that saving was impossible for virtually every participant interviewed before joining the CSG.

The literature also shows that receipt of social grants help provide some basis for members of poor households to pursue avenues to lift themselves out of poverty (e.g. higher risk job search). Summarising the sense of much of the literature the Finmark Report (2009:63) concludes:

“More specifically, the research points to the importance of social grants in supporting

improvements in consumption, investments in productive assets, human and physical capital, and favourable financial market behaviour.”

This (SHG) study, however, indicates that this level of socioeconomic advancement is much more difficult for social grant recipients to achieve when residing in very poor and marginalized rural settings where the labour market offers few opportunities. Furthermore, one Sinamandla partner referred to the “unusual disbursed patterns of settlement in rural KZN” which make all kinds of service provision more difficult to deliver from bulk physical infrastructure to health services.

In turn, this “unclustered” spatial pattern also seems to dampen the socioeconomic development potential of social grants. The results of this study suggest that, in localities such as these, social grants help relieve the worst aspects of poverty but rarely provide the means for socioeconomic upliftment. The legacy of historical deprivation, poor public services, limited and/or inadequate infrastructure, a local economy unaffected by national growth patterns and an extremely small job market all combine to sap the transformative potential of social grants. In other words, social grants alone cannot be transformative in an environment where so many other conditions are adverse.

This research affirms the critical effects that social grants have in the communities studied, including access to food, shelter, schooling and essential services. However, in these communities at least, social grants alone do not appear to help facilitate the development of micro-enterprise for the purposes of ensuring an extra income stream.

The CASE Review of the CSG (2008) concluded that cash transfers in and of themselves are not sufficient to reduce poverty and must be accompanied by other poverty alleviating initiatives if there is to be a noticeable impact. While that review alluded to an array of other necessary types of services and infrastructure necessary to address poverty in South Africa, the ultimate question that will determine the fate of a poor household is if its members will be able to participate in income generating activities. It is this opportunity that the SHGs provide.

This study addressed itself to the central question of whether the Self-help Group approach, as developed and implemented by Sinamandla and its partners, helps move participating social grant recipients towards economic independence. As outlined in this report, this question can be resoundingly answered in the affirmative. In a variety of ways, participation in the SHG clearly helps members to develop their capacity to undertake income generating activity and to rely less on social grants alone to meet their basic needs.

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Appendix 1

Summary of SHG financial data for Amangwe, Vulamehlo and
all of the currently active Sinamandla partners

Financial data on SHGs As at July 2010	Amangwe Village	Vulamehlo	In all active Sinamandla partners in 2010
Number of SHGs	14	53	341
Number of SHG members	272	671	4743
Total Amount of Savings of all SHGs	R15,981	R181,331	R661,172
Average total savings per SHG	R1,141	R3,421	R1,938
Total Amount of Loans of all SHGs	R66,304	R191,988	R1,184,018
Average total amount of loans per SHG	R4,736	R3,622	R3,472
Total number of loans given by all SHGS	597	3994	14849
Average total number of loans per SHG	43	75	44
Loan-Savings ratio for all SHGs	4.14-1.00	1.06-1.00	1.79-1.00
Average loan size for all SHGs	R111.00	R48.00	R80.00
Number of household members of all SHG members	1390	2318	22894
Number of children (0-18 years) of all SHG members	650	1006	9780
Number of social grants received within household by all SHG members	377	1124	8294