



## ***Moving Towards Economic Independence for Social Grant Recipients through the Self-help Approach***

### Executive Summary

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Research funded by the FinMark Trust  
Research conducted by Southern Hemisphere

October 2010



Making financial markets work for the poor



# **EXECUTIVE SUMMARY**

## **Introduction**

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 women, 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.

\* **Sinamandla would like to thank their partners, Amangwe Village and Vulamehlo Health Resource Organisation, and the SHG members who participated in this research.**

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