



REPUBLIC OF SOUTH AFRICA

# MILLENNIUM DEVELOPMENT GOALS

## Goal 1 Eradicate extreme poverty and hunger



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## 1.1 Targets and indicators

<b>Target 1A:</b> Halve between 1990 and 2015 the proportion of people whose income is less than \$1,25 per day	<b>Performance summary:</b> Target can possibly be achieved  <b>State of supportive environment:</b> Good
<b>Target 1B:</b> Achieve full and productive employment and decent work for all, including women and young people	<b>Performance summary:</b> Target unlikely to be achieved  <b>State of supportive environment:</b> Good
<b>Target 1C:</b> Halve, between 1990 and 2015, the proportion of people who suffer from hunger	<b>Performance summary:</b> Target can possibly be achieved  <b>State of supportive environment:</b> Strong
<b>Standard MDG indicators</b>	1.Proportion of population below \$1; \$1,25; \$2; \$2,50 (PPP) per day 2.Poverty gap ratio (\$1; \$1,25; \$2; \$2,50 (PPP) per day) 3.Share of poorest quantile in national consumption 4.Percentage growth rate of GDP per person employed 5.Employment-to-population ratio 6.Proportion of employed people living below \$1 (PPP) per day 7.Proportion of own-account and contributing family workers in total employment 8. Prevalence of underweight children under-five years of age (as a percentage) 9.Percentage of population <sup>1</sup> below minimum level of dietary energy consumption
<b>Additional indicators</b>	1.Incidence of severe malnutrition in children under 5 years of age (rate per 1000) 2.Gini coefficient 3.Proportion of households with access to free basic services: water, electricity, sewerage and sanitation, solid waste 4.Percentage of indigent households receiving free basic services: water, electricity, sewerage and sanitation, solid waste 5.Number of beneficiaries of income support

<sup>1</sup> Population replaced by children due to lack of appropriate data

## 1.2 Facts and Figures

ERADICATE EXTREME POVERTY AND HUNGER					
Goal 1 Indicators	1994 baseline (or closest year)	Current status 2010 (or nearest year)	2015 target	Target achievability	Indicator type
Proportion of population below \$1 (PPP) per day	11,3 (2000)	5,0 (2006)	5,7	Achieved	MDG
Proportion of population below \$1,25 (PPP) per day	17,0 (2000)	9,7 (2006)	8,5	Likely	Domestic
Proportion of population below \$2 (PPP) per day	33,5 (2000)	25,3 (2006)	16,8	Possible	Domestic
Proportion of population below \$2,50 (PPP) per day	42,2 (2000)	34,8 (2006)	21,1	Unlikely	Domestic
Poverty gap ratio (\$1 (PPP) per day)	3,2 (2000)	1,1 (2006)	1,6	Achieved	MDG
Poverty gap ratio (\$1,25 (PPP) per day)	5,4 (2000)	2,3 (2006)	2,7	Achieved	Domestic
Poverty gap ratio (\$2 (PPP) per day)	13,0 (2000)	8,1 (2006)	6,5	Possible	Domestic
Poverty gap ratio (\$2,5 (PPP) per day)	18,0 (2000)	12,5 (2006)	9,0	Possible	Domestic
Share of poorest quintile in national consumption	2,9 (2000)	2,8 (2006)	5,8	Unlikely	MDG
Percentage growth rate of GDP per person employed	4,7 (2002)	1,9 (2009)	6,0	Possible	MDG
Employment-to-population ratio	41,5 (2003)	42,5 (2009)	50 - 70	Unlikely	MDG
Proportion of employed people living below \$1 (PPP) per day	5,2 (2000)	No data	≈ 0	Unlikely	MDG
Proportion of own-account and contributing family workers in total employment	11 (2001)	9,9 (2010)	≈ 5	Possible	MDG
Prevalence of underweight children under-five years of age (as a percentage)	9,3 (1994)	10,2 (2005)	4,7	Unlikely	MDG
Incidence of severe malnutrition in children under 5 years of age (rate per 1,000)	1,4 (1994)	1,0 (2005)	0,7	Possible	Domestic
Percentage children below minimum level of dietary energy consumption	46,3 (1999)	No data (2005)	23		Domestic
Gini Coefficient (including salaries, wages and social	0,70 (2000)	0,73 (2006)	0,3	Unlikely	Domestic



ERADICATE EXTREME POVERTY AND HUNGER					
Goal 1 Indicators	1994 baseline (or closest year)	Current status 2010 (or nearest year)	2015 target	Target achievability	Indicator type
grants)					
Gini Coefficient (total income including free services)	0,69 (2000)	0,71 (2006)			
Gini Coefficient (excluding social grants)	0,70 (2000)	0,74 (2006)			
Gini coefficient (per capita expenditure including taxes)	0,67 (2000)	0,69 (2006)			
Gini coefficient (per capita expenditure excluding taxes)	0,65 (2000)	0,67 (2006)			
Proportion of households with access to free basic services:	66,0 (2002)	60,6 (2008)			
• Water	41,0 (2002)	34,8 (2008)			
• Electricity	31,2 (2002)	32,7 (2008)			
• Sewerage and Sanitation	18,4 (2002)	21,8 (2008)			
• Solid waste					
Percentage of indigent households receiving free basic services	61,8 (2004)	73,2 (2007)			Domestic
• Water	29,2 (2004)	50,4 (2007)			Domestic
• Electricity	38,5 (2004)	52,1 (2007)			Domestic
• Sewerage and Sanitation	38,7 (2004)	52,6 (2007)			Domestic
• Solid waste					
Number of beneficiaries of social grants (millions)	2,6 (1997)	14,1 (2010)			Domestic

### 1.3 Introduction

National data indicates strong GDP growth up to 2006. However, per capita GDP started to decline strongly from 2007. Most likely, the decline would negatively affect the poor more than the rich. Access to basic free services peaked in the middle of the decade but is generally on the decline. The proportion of the population living below the poverty line of \$1(ppp) has declined. The indicators of poverty however, show mixed results which may be linked to the global economic crisis working against the government sponsored poverty reduction strategies. Income inequality, as estimated by the Gini-coefficient, appears to have increased over the decade. With regard to target 1C, progress is measured using “severe malnutrition amongst children under-5 years of age”. The report observes that there have been variable trends in the different provinces. Lessons learnt from the decade’s poverty reduction programmes need to be replicated in order to edge the nation closer to achieving the MDG goal and targets.

The particular configuration of poverty in South Africa is a direct outcome of colonial and apartheid engineering characterised by large-scale land dispossession, the establishment of increasingly overcrowded and poorly resourced homelands for the majority black population, and the migratory labour system that formed the backbone of the country’s mining and industrial sectors. The current geographical, racial, and gender dimensions of poverty are largely the legacy of this historical experience.<sup>2</sup>

By most measures, the poorest provinces are those encompassing the most populous former homeland areas, namely KwaZulu- Natal, Northern Province, and Eastern Cape, while the wealthiest provinces are the Western Cape and Gauteng. The post apartheid government has immediately tried to address this huge problem through various poverty reduction initiatives including:

- National economic and development policy frameworks, specifically the Reconstruction and Development Programme (RDP);
- the National Growth and Development Strategy (NGDS), and the Growth, Employment and Redistribution strategy (GEAR);
- Anti-poverty strategies, namely the Poverty Alleviation Fund and the general move towards developmental welfare;
- Public-works programmes aimed at promoting environmental conservation and job-creation, namely the Working for Water Programme and the LandCare Programme;
- Major infrastructure programmes, with a focus on the national housing programme; and
- Second-generation grand integration strategies, namely the Rural Development Programme and the Urban Renewal Strategy.

Government’s approach to eradicating extreme poverty and hunger has been a comprehensive one combining:

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<sup>2</sup> Aliber M, 2002, Poverty-eradication and Sustainable Development, HSRC press

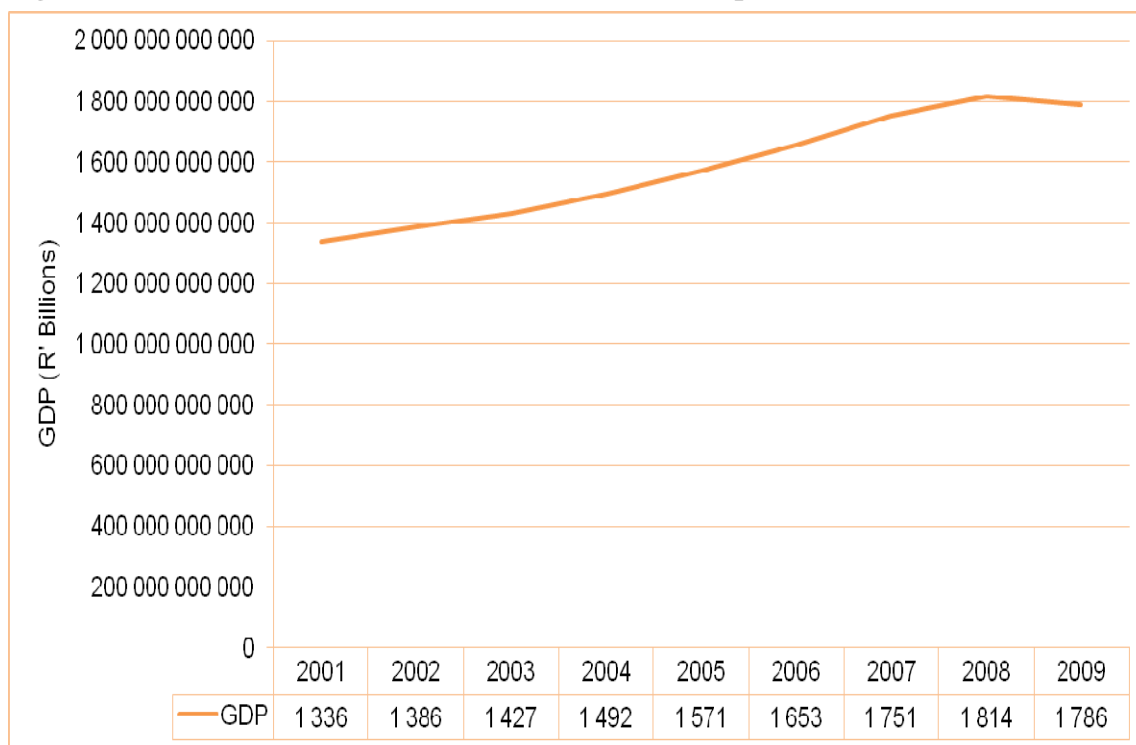
- Cash transfers with social wage packages including clinic-based free primary health care (PHC) for all,
- Compulsory education for all those aged seven to fifteen years, and
- To those that qualify subsidised housing, electricity, water, sanitation, refuse removal, transportation, etc.

## 1.4 Growth in the Gross National Product

**Indicator: Percentage growth rate of GDP per person employed**

Figure 1.1 shows strong Gross Domestic Product (GDP) growth for the reference period up to the year 2007. Figure 1.1 and Table 1.1 shows that GDP growth was strong and positive until 2008 peaking at 5,6 percent in 2006 but falling dramatically to -1,8 percent in 2009. Average GDP growth rate was 3,7 percent between 2002 and 2009. GDP growth in 2009 was negative, reflecting, among other things, the negative impact of the global economic crisis.

**Figure 1.1: Gross Domestic Product (at constant 2005 prices) 2001-2010**



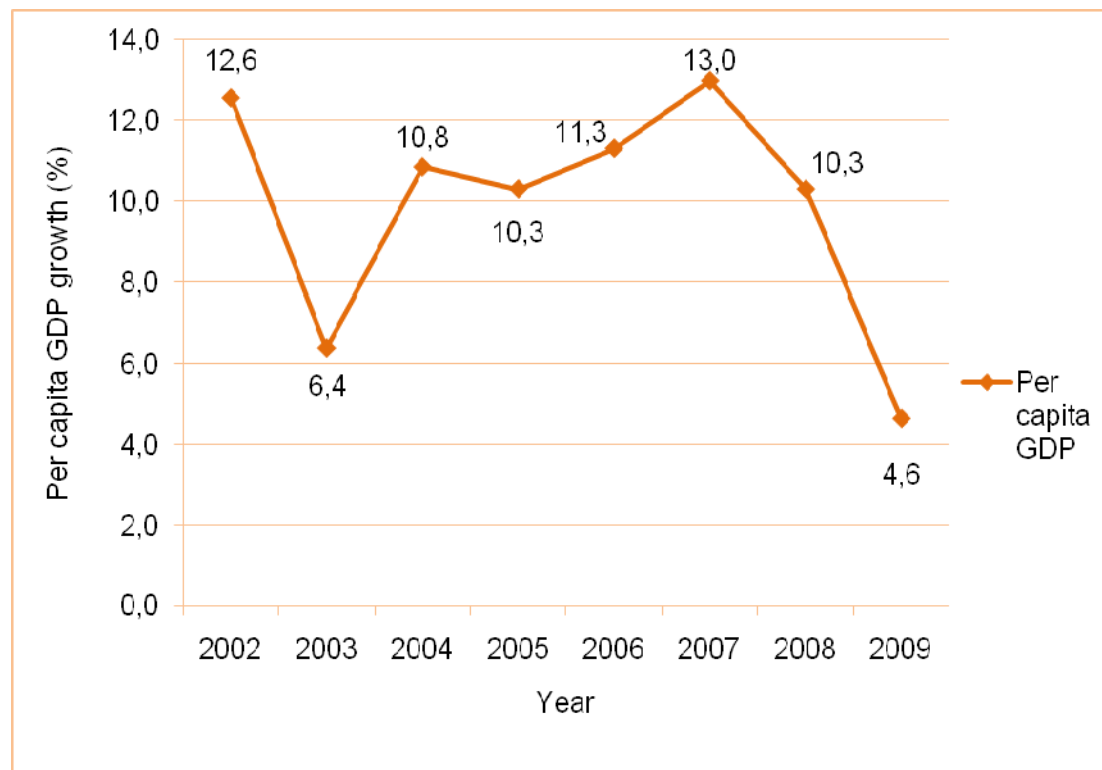
Source: *Gross Domestic Product 2001-2010*, Statistics South Africa

**Table 1.1: Percentage Gross Domestic Product annual growth 2001 to 2009**

Years							
2001-2	2002-3	2003-4	2004-5	2005-6	2006-7	2007-8	2008-9
3,7	2,9	4,6	5,3	5,6	5,5	3,7	-1,8

Source: *Gross Domestic Product 2001-2009*, Statistics South Africa

Figure 1.2 shows the per capita GDP growth rate for the period 2002 to 2009. Per capita GDP grew strongly from 2003 peaking at 13,0 percent in 2007. Since then per capita GDP has declined rapidly to 4,6% in 2009. The decline for this period is partly attributable to the population growth rate which averaged 1,18 percent over the period 2001 to 2009 but it is also a result of the deteriorating economic conditions caused by the global economic crisis. A small decline in per capita income for the poor erodes their ability to survive in a disproportionate way compared to the rich. Ideally, this decline should be disaggregated between the upper rich and the lower poor in order to reflect its impact on the poor.

**Figure 1.2: South Africa per capita GDP growth 2002 to 2009 (%)**

Source: *Gross Domestic Product 2002-2009*, Statistics South Africa



## 1.5 Poverty Rates

**Indicator: Proportion of population below \$1; \$1,25; \$2; \$2,50 (PPP) per day**

Although GDP is a very good measure of economic development, it does not show how the income is distributed within the population. Poverty lines are one indicator used to analyse the extent of poverty in a country. Data provided by Statistics South Africa (Stats SA) on the food poverty lines of R148 (\$1,7(ppp))<sup>3</sup> in 2000 and R209 (\$1,9(ppp))<sup>4</sup> in 2006 and the poverty lines of \$1,00 (ppp), \$1,25 (ppp), \$2,00 and \$2,50 (ppp) were used for this analysis. The data comes from Stats SA's Income and Expenditure Surveys (IES) for 2000 and 2005/6. While the 2000 survey adopted the traditional payment approach, the 2005/6 IES adopted the acquisition approach which is completely different<sup>5</sup> and which tends to overestimate per capita expenditure and underestimate poverty. Table 1.2 shows the results of the poverty lines and poverty gap analysis. It also shows the average daily income of those below a specific poverty line.

Table 1.2 shows that by the \$1(ppp) poverty line, 5,0, percent of the population are living below the poverty line by head count in 2006 compared to 11,3 percent in 2000. The poverty lines of \$1,25 (ppp), \$2,00 (ppp) and \$2,50(ppp) also show significant declines in those below the poverty lines in 2006 compared to 2000. The reduction in the poverty gap for all the poverty lines also confirms these declines in poverty.

**Table 1.2: Percent living below poverty lines and poverty gap; 2000 and 2006\***

Poverty line	Percent below poverty line		Poverty Gap	
	2000	2006	2000	2006
Food poverty line	R148 28,5	R209 24,8	R148 10,4	R209 7,9
\$1,00 (ppp)	11,3 (0,72)	5,0 (0,77)	3,2	1,1
\$1,25 (ppp)	17,0 (0,85)	9,7 (0,95)	5,4	2,3
\$2,00 (ppp)	33,5 (1,23)	25,3 (1,36)	13,0	8,1
\$2,50 (ppp)	42,2 (1,44)	34,8 (1,60)	18,0	12,5

\*Parentheses show the average income of those below the specific poverty line in \$(ppp)

Source: *Income and Expenditure survey 2000 and 2005/6*, Statistics South Africa,

<sup>3</sup> Monthly Food Poverty Line of R148 is equivalent to \$53 which translates to \$1.7 a day

<sup>4</sup> Monthly Food Poverty Line of R209 is equivalent to \$60 which translates to \$1.9 a day

<sup>5</sup> With the acquisition approach, if a new car is bought, the full cost price is stated as opposed to stating how much is paid as a deposit and for instalments. This approach overestimates per capita expenditure per day and hence gives unrealistically low figures for the population living under the poverty line

In the year 2000 the average per capita income of those below the \$1,00 (ppp) and \$2 (ppp) were \$0,72 and \$1,23 respectively. In 2006 they were \$0,77 and \$ 1,36 respectively. While these figures reflect the really low income base of the poor, they also provide clear evidence of movement towards the poverty lines and thus highlight poverty reduction, albeit from a very low income base.

The declines in poverty shown in the data must be taken with some reserve because as stated above, the 2005/6 IES adopted a different approach which underestimates poverty. This questions the reliability of the observed poverty decline.

Another problem with interpretation is the change of the food poverty line between 2000 and 2006. If the food poverty line in 2006 had remained at \$1,7 (ppp), as in 2000, the reduction in poverty based on the food poverty line would have been easier to estimate. However, since there was an increase in the poverty line in 2006 it is difficult to estimate the reduction in food poverty between 2000 and 2006 based on the food poverty line.

### Indicator: Share of poorest quantile in the national consumption

While the poverty lines show that there is reduction in poverty, it is important to understand the distribution of the wealth that is used in addressing poverty. Table 1.3 shows mean real income growth (excluding imputed rent) by deciles at constant 2000 prices based on the 2005/2006 Income and Expenditure Survey (IES) of Statistics South Africa (Stats SA). It also compares the IES of 2000 to the IES of 2005/2006. Table 1.3 shows that the per capita income of the poorest ten percent grew by the largest percentage at 79 percent between 2000 and 2006. In the same period the income of the highest per capita income decile grew by 37 percent while total per capita income growth averaged 33 percent.

**Table 1.3: Income growth by deciles, 2000 compared to 2006**

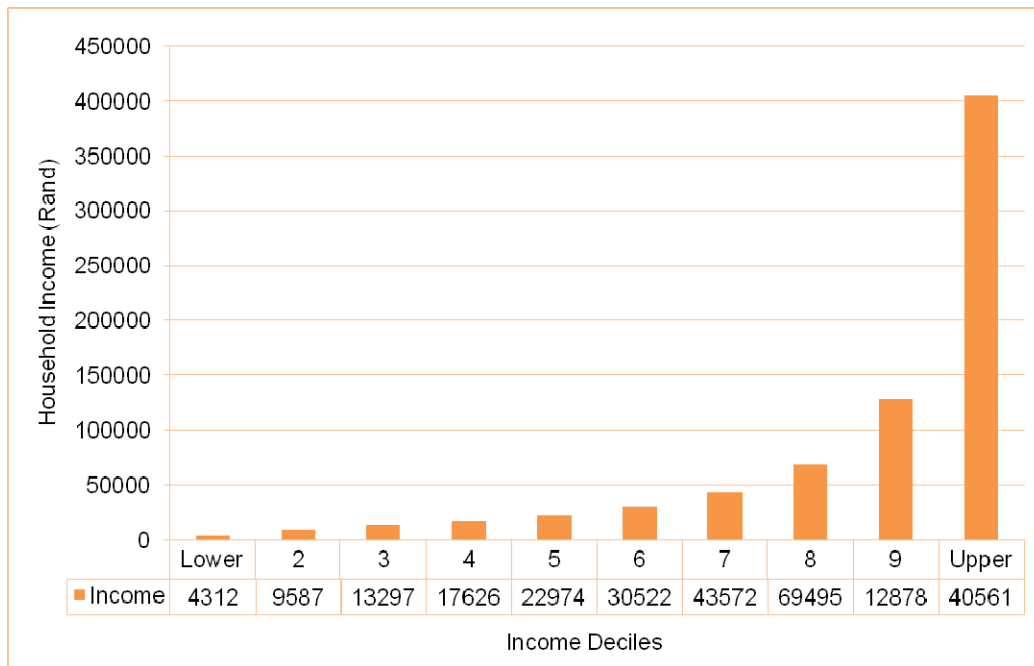
Decile	1	2	3	4	5	6	7	8	9	10	Total
Change (%)	79	41	36	31	29	26	28	25	26	37	33

Source: *Income and Expenditure Survey 2000 and 2005/6*, Statistics South Africa

The results above suggests that the per capita base income of the poorest ten percent is so small that a percentage growth of 79 percent represents a very small change in absolute terms whereas the reverse is true for the richest per capita income decile. The conclusion from this is that although efforts to grow the income of the poor are succeeding, there is need to redouble these efforts in order to reduce income disparity. If income inequality reduction can be achieved without slowing down the overall growth of the economy, this would be a desirable outcome.

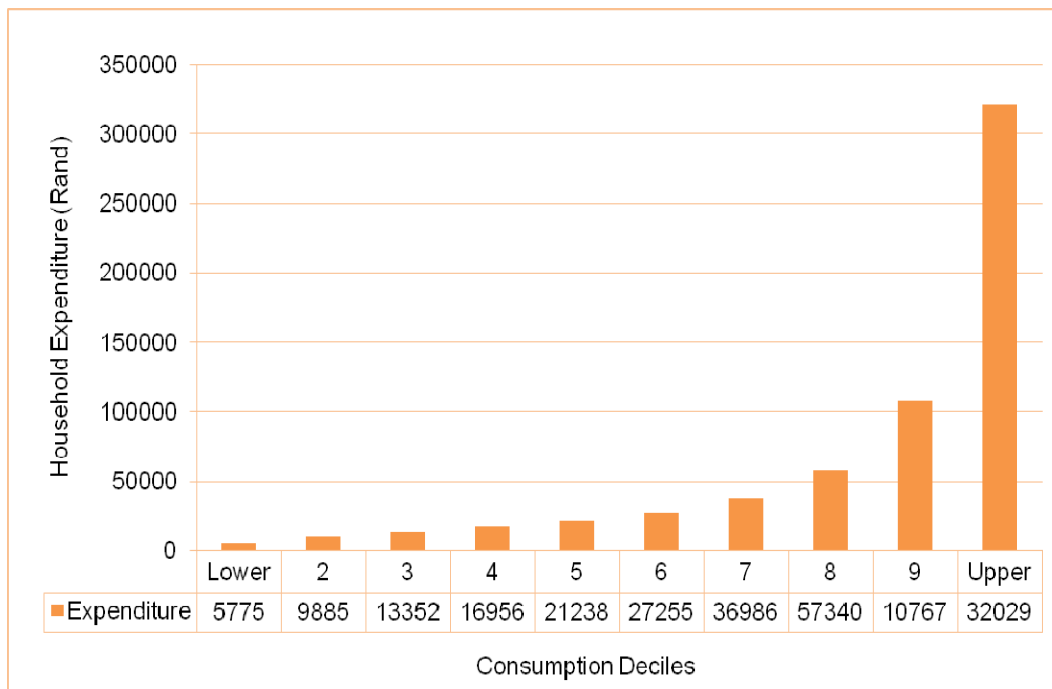
Figures 1.3 and 1.4 show the 2006 distribution of per capita income and per capita expenditure based on the 2006 Income and Expenditure Survey of Stats SA.

**Figure 1.3: Distribution of household income by deciles**



Source: *Income and Expenditure Survey 2005/6*, Statistics South Africa

**Figure 1.4: Distribution of household expenditure by deciles**



Source: *Income and Expenditure Survey 2005/6*, Statistics South Africa

The two figures clearly demonstrate how both income and expenditure are heavily skewed towards the rich. The per capita mean income and per capita mean expenditure of the poorest

decile are only 1,1 and 1,8 percent of that of the richest decile. The slightly higher percentage obtained for per capita expenditure may be a result of many factors including social transfers. This may also point towards the positive but relatively small impact of the programs directed towards poverty reduction.

Table 1.4 is a good indicator of the racial distribution of poverty in South Africa. It shows that the Black African population which constituted 79,4 percent of the population and 76,8% of households in 2006 earned 41,2 percent of the 747,6 billion Rands of income whereas, 45,3 percent of that income was made by the Whites who constituted only 9,2 percent of the population. Within the deciles, we can see that 93,2 percent of the lowest decile's income of 1,1 billion Rands was made by the Black African population and by only 3 percent of the white population, indicating grinding poverty levels among the Black African population and confirming the low income base for the poorest of the poor. Furthermore, only 17 percent of the highest income decile was made by Black Africans whereas 72,7 percent of that income was made by whites. A look at the columns of the table and the trend from the lowest to the highest decile confirms the high level of inequality in the country, even within the Black and the White populations looked at separately.

**Table 1.4: Percentage distribution of household income within per capita income deciles by population group, 2006**

<b>Decile</b>	<b>Black African</b>	<b>Coloured</b>	<b>Indian/Asian</b>	<b>White</b>	<b>Total income (R Billion)</b>
1	93,2	3,2	0,5	3,0	1,1
2	94,2	4,0	0,8	1,0	9,0
3	93,0	5,4	0,4	1,1	16,2
4	90,3	7,9	0,8	1,0	21,5
5	83,6	12,0	2,6	1,7	26,2
6	78,7	16,0	2,7	2,6	35,4
7	78,7	13,6	2,4	5,0	47,6
8	63,7	12,9	7,0	16,1	76,7
9	47,8	11,4	6,8	33,8	133,0
10	17,0	5,5	4,7	72,7	381,0
Total income (R Billions)	41,2	8,6	4,8	45,3	747,6
% of total Population	79,4	8,8	2,5	9,2	100 (n= 47,4 million)
% of Households	76,8	7,8	2,5	12,8	100 (n=12,5 million)

Source: *Income and Expenditure Survey 2005/6*, Statistics South Africa

The high national average of 41,2 % for Black Africans is mainly accounted for by the income in the last three deciles and implies that the incomes of the Black African middle income population are growing faster than those of the poorest Black Africans. The same applies to the White population in a more extreme sense with more concentration in the last income decile. This strongly suggests that poverty reduction strategies should continue to be directed mostly towards the poor Black African population as a matter of priority.

### Indicator: Gini coefficient

The Gini Coefficient is a statistical measure of dispersion which, among others, is frequently used to measure income inequality. Gini coefficients were computed for South Africa based on the Income and Expenditure Surveys of 2000 and 2005/6. The Gini coefficient, when computed based on total household income per capita before deductions, was 0,70 in 2000 and 0,73 in 2006 and when based on expenditure it was 0,65 in 2000 and 0,67 in 2006. By both measures distribution deteriorated in the reference period. This suggests that the beneficial impact of those programmes that are meant to have a direct impact on the incomes of the poor have not done enough to reduce income inequality, confirming our earlier result on income distribution.

Table 1.5 shows that income distribution deteriorated among both females and males, but slightly more so in males than females. In 2000 the Gini coefficient for males and females were comparable but the national Gini coefficient is higher than both groups.

**Table 1.5: Gini coefficients by male and female for 2000 and 2006**

Year	2000	2006
Sex	Gini Coefficient	
Male	0,62	0,66
Female	0,61	0,63
Total	0,63	0,67

Source: *Income and Expenditure Survey 2000 and 2005/6*, Statistics South Africa

This result actually suggests that the income for one of the groups varies at a higher average income than the other. If income could be disaggregated by male and female, all the statistics reviewed so far would support the hypothesis that it is the male income that would vary at a higher mean. When one considers that the average male income is much higher than that of the female, high variation within male income is to be expected.

The data for income inequality clearly shows how programmes that aim to reduce inequality could be targeted. One important question is whether inequality should be reduced by redistributing existing wealth, a strategy which would most likely lead to a slowing down of the overall growth of the economy, or whether it should be addressed by redistributing new wealth from economic growth, a strategy that is likely to prolong the inequality. Of course this is an oversimplification of a very complex problem. The real problem is the strategy of changing the distribution of new wealth to address inequality at the very low income base of the poor. It will of course take a very long time to address such inequality as exists in South Africa. Probably a balance between the two can be found.

**Indicator: Number of beneficiaries of Income Support (millions)**

As part of its poverty alleviation scheme, the government operates several social grant programs including old age, child support, disability, foster care, care dependency and grant in aid. While the impact of these programs on the livelihoods of the beneficiaries still needs to be properly analysed in terms of cause and effect, they are hereby assessed only in terms of beneficiaries. This analysis gives an idea of the reach of the programmes but not the impact of the programmes on the incomes and expenditures of the beneficiaries. Table 1.6 shows that there was an increase in beneficiaries as of 1997 up to 2010 leading to more than 14 million beneficiaries of grant programs in 2010 compared to 2,6 million in 1997.

**Table 1.6: Grant beneficiaries by province; 1997 to 2010 (millions)**

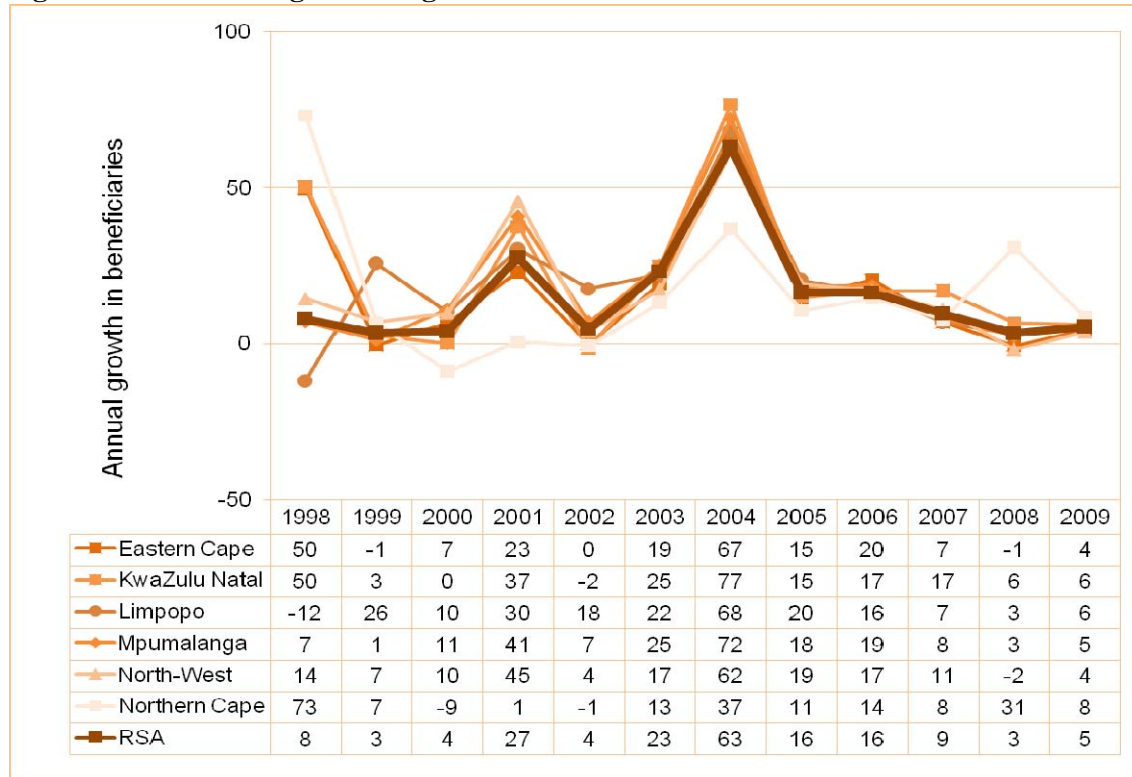
Province	1997	2010	Annual average
Western Cape	0,3	1,0	0,6
Eastern Cape	0,4	2,5	1,4
Nothern Cape	0,1	0,4	0,2
Free State	0,3	0,8	0,5
KwaZuluNatal	0,4	3,4	1,7
North West	0,2	1,1	0,6
Gauteng	0,6	1,7	0,9
Mpumalanga	0,2	1,0	0,5
Limpopo	0,3	2,0	1,1
Total	2,6	14,1	7,5

Source: South African Social Security Agency

Figure 1.6 and 1.7 shows year on year growth in beneficiaries. Figure 1.6 shows the growth in beneficiaries for provinces whose average growth in beneficiaries is above the national average



**Figure 1.5: Annual growth in grant beneficiaries 1998 to 2009**



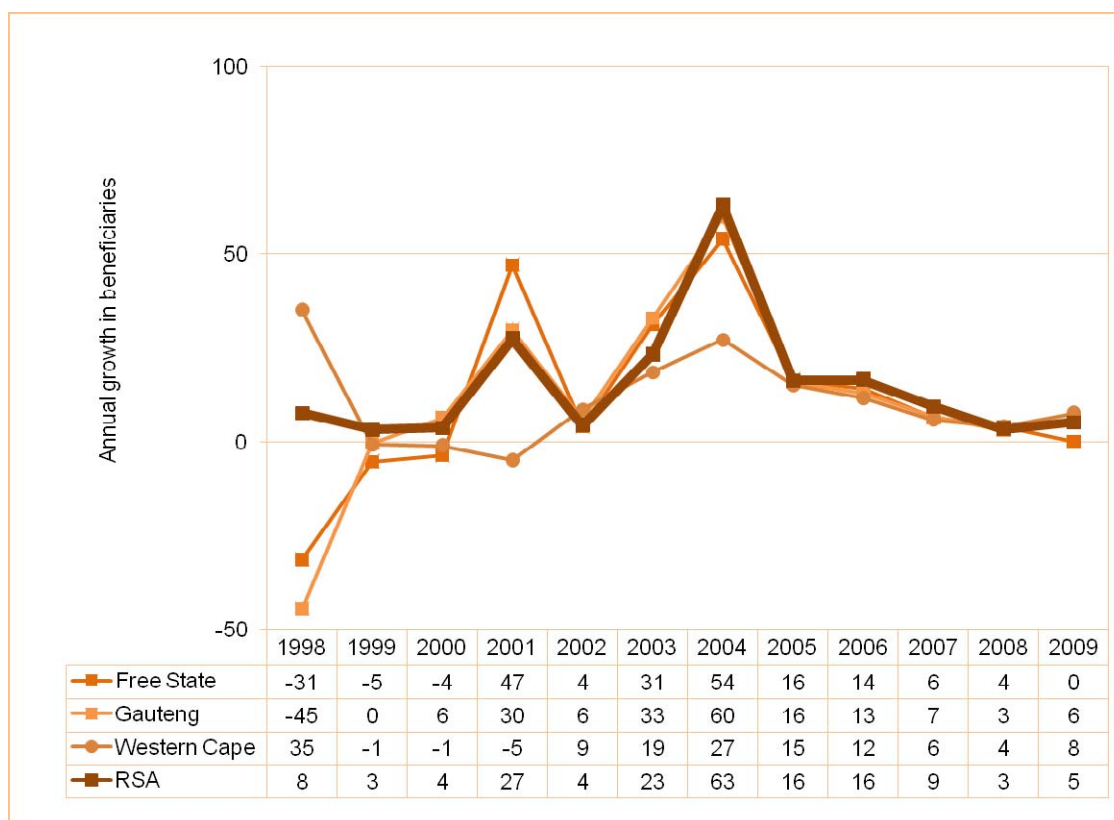
Source: *SOCPEN*, South African Social Security Agency

Figure 1.7 shows the growth in beneficiaries for provinces whose average is below the national average for the period of 1998 to 2010

Almost all of the provinces showed volatile growth during the early part of the decade perhaps depicting the exponential learning period. However, from the middle of the decade all provinces show a steady decline in the year on year growth in the number of beneficiaries. This suggests that the programs have good reach to the intended beneficiaries. If the reach is efficient, the year on year growth in beneficiaries should reflect new entries as the marginal change in beneficiaries.

It has been clearly demonstrated that the income of the poor grew the fastest in relative terms. However, income inequality has increased, partially as a result of the very low base income for the poor. A more aggressive approach to the grants program could be used to address the problematic inequality while being precautionary about not building the infamous dependency syndrome.

**Figure 1.6: Annual growth in grant beneficiaries 1998 to 2009**



Source: *SOCPEN*, South African Social Security Agency

## 1.6 Malnutrition

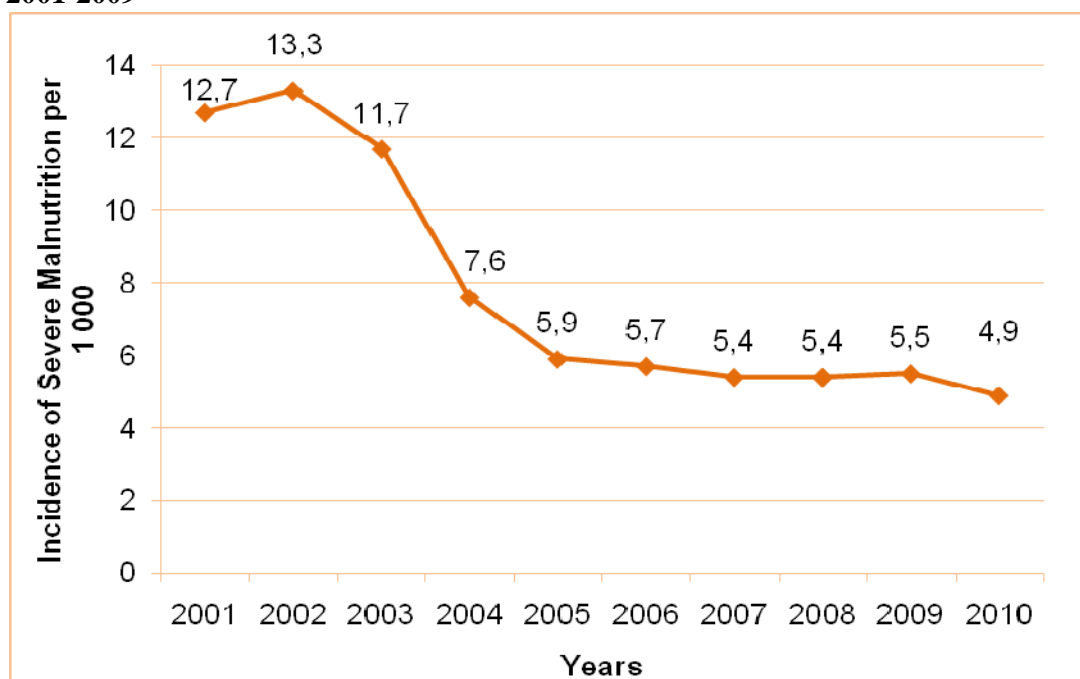
Nutrition is one of the five direct determinants of child survival. The other direct determinants of child survival are maternal factors, environmental contamination, injury and personal illness control (Mosley & Chen 1984). According to Mosley and Chen (1984) specific diseases and nutrient deficiencies observed in surviving children (and population) may be viewed as biological indicators of the operations of the direct determinants of child survival.

**Indicator: Incidence of severe malnutrition in children under 5 years of age (rate per 1000)**

One of the indicators of nutritional status of children in a population is malnutrition. One of the indicators of malnutrition in children is severe malnutrition under five years. Severe malnutrition incidence is the number of children who weigh below 60 % expected weight for age (new cases that month) per 1,000 children in the target population. The group includes

marasmus, kwashiorkor and similar cases of clinical malnutrition. These children are at higher risk of morbidity and mortality. As observed from Figure 1.8, the incidence of severe malnutrition in South Africa decreased from 12.7 % in 2001 to 4.9 % in 2010.

**Figure 1.7: Incidence of Severe Malnutrition among Children Under Five Years 2001-2009**



Source: *District Health Information Health System (DHIS)*, Department of Health

The data in Table 1.7 suggest that whereas there were large provincial disparities in the past in the incidence of severe malnutrition, since 2006 there is more convergence in the observed provincial disparities in the incidence of severe malnutrition in South Africa. The data in Table 1.7 further illustrates that all the provinces in South Africa are currently below the national target of incidence rates of 1 % or 10 per 1,000 children under 5 years of age. All provinces show a rapid decline in the incidence of severe malnutrition with the national average dropping from 12,7 in 2001 to 4,9 children per 1 000 in 2010. This shows good potential for achieving the national target of 1 percent or 10/1000. Both at 3 percent in 2010, Mpumalanga and Free State are the closest to the target. Mpumalanga is quite surprising as it was at 1,8 percent in 2001, experiencing rapid increases in the incidence of severe malnutrition and then rapid decreases towards 2010. Also Gauteng (2.3 percent) and Limpopo (2.7 per cent) are very close to the target, in fact closer than either Mpumalanga or Free State.

**Table 1.7: Incidence of Severe Malnutrition among Children Under Five Years by Province, 2001-2009**

Province	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Eastern Cape	15	12,8	11,2	8	7,1	5,9	5,3	4,7	4,9	6,5
Free State	8,2	6,2	5,0	5,5	4,3	4	3,9	4,3	6,1	3
Gauteng	15,6	13,8	8,2	3,1	2,9	3,2	3,8	3,6	3,3	2,3
KwaZulu-Natal	20,2	25,8	23,4	13,4	9,7	9,7	7,9	7,2	7,7	8,3
Limpopo	6,7	6,1	5,6	4,8	3,6	3,7	3	3,6	3,8	2,7
Mpumalanga	1,8	5,4	10,3	8,4	6,8	4,4	4,7	4,3	5,3	3
North West	15	11	11,2	8,5	6,1	7	10	11,6	8	5,4
Northern Cape	10,8	18,4	13,5	15,8	9,6	8,5	6,2	5,5	5,5	4,6
Western Cape	4,9	3,7	3,5	2,8	2,5	3,0	3,8	4,3	5,6	4,2

Source: *District Health Information Health System (DHIS)*, Department of Health

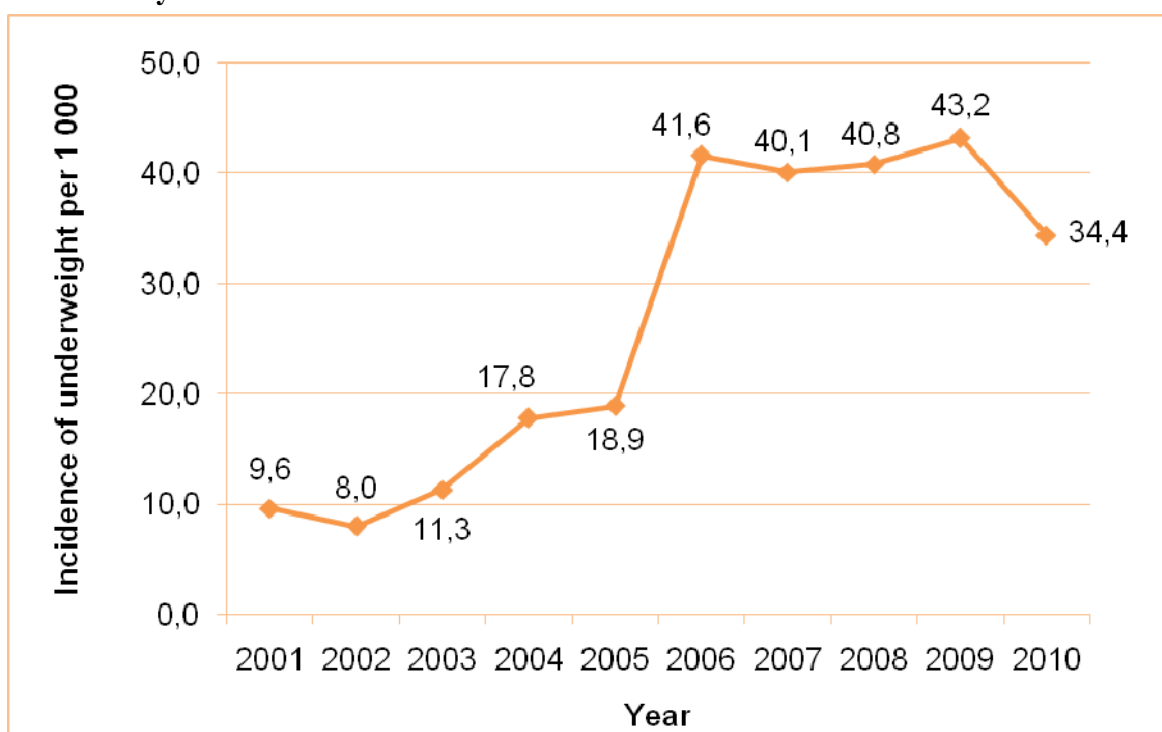
The health sector has been making significant contributions to the decline in malnutrition amongst children. National nutrition promotion programmes, including the Integrated Nutrition Programme and the Primary School Feeding Scheme are some of the successful nutritional interventions that have been made. Improvement of child health has also focused on the promotion of breastfeeding, early detection of malnutrition, providing nutritional supplements for children and fortifying staple foods. Since October 7, 2003, the regulations for the mandatory fortification of all maize meal and white and brown bread flour, with six vitamins and two minerals, (i.e. Vitamin A, thiamine, riboflavin, niacin, pyridoxine, folic acid, iron and zinc) came into effect. Through a highly effective public-private partnership arrangement, the provision of Vitamin A supplementation to children and mothers has exceeded set targets. By the end of March 2007, 96,4 percent of children aged six to eleven months (who were seen at health facilities) had received these supplements<sup>6</sup>.

**Indicator: Prevalence of underweight children under-five years of age (as a percentage)**

The data on incidence of underweight for children aged under 5 years in South Africa is depicted in Figure 1.9 and Table 1.8. The underweight for age incidence is all children that are underweight for age per 1,000 children in the target population. A child is underweight for age if the weight is below the third centile but equal to or over 60 % of estimated weight for age on the Road-to-Health chart (below 60 % is severe malnutrition). According to the National Department of Health in South Africa, the underweight for age rate should be higher than the severe malnutrition rate to indicate that the “early warning strategy” for nutrition problems is working. The underweight for age rates shown in Figure 1.9 and Table 1.8 are generally higher than the severe malnutrition rates presented in Figure 1.8 and Table 1.7.

<sup>6</sup>Department of Health, Annual Report, 2007

**Figure 1.8: Incidence (per 1 000 children) of underweight for age among children under-five years 2001-2010**



Source: *District Health Information Health System (DHIS)*, Department of Health

**Table 1.8: Incidence of underweight for age among children under-five years by province, 2001-2010 (per 1 000 children)**

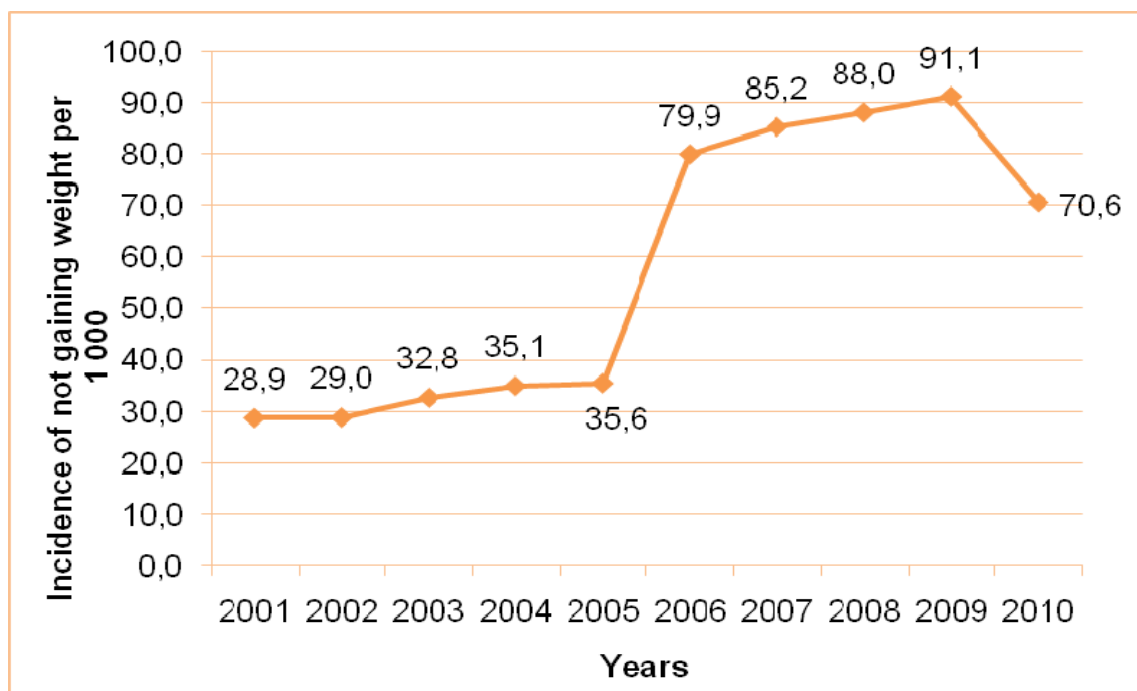
Province	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Eastern Cape	3,6	3,1	4,5	5,9	6,7	18,1	21,6	32	31,9	35,3
Free State	30,5	30,7	28,4	28,2	31,5	58,3	58,4	57	51	31,5
Gauteng	0,8	0,4	5,5	17	18,5	48,9	42,6	39,7	46,8	32,7
KwaZulu-Natal	2,9	3,2	10,2	23,2	21,5	44,9	41,5	37,8	44,8	46,1
Limpopo	1,8	2,5	6,8	16,2	16,7	33,8	30,5	32,9	28,5	15,8
Mpumalanga	24,4	18,9	24,7	25,7	24,2	37,1	38,7	35,7	34,3	25,5
North West	5,2	3,8	3,4	13,8	23,3	55,7	51,7	58,8	54,4	39,1
Northern Cape	42,4	4,9	0	2,4	23,8	66,1	69,1	66,2	72,1	50,7
Western Cape	31,1	28,4	26,7	19,9	17,7	41	45	47,4	53,8	32,4

Source: *District Health Information Health System (DHIS)*, Department of Health

The data on incidence of not gaining weight for children aged under 5 years in South Africa is illustrated in Figure 1.10 and Table 1.9. The not gaining weight incidence is the number of children weighed who had an episode of growth faltering/ failure during a specific period per 1,000 children in the target population. The indicator is used to plan, evaluate and monitor

nutrition programmes. Monitoring growth faltering/ failure is conducted in the hope of 'catching' under-nourished children before they become underweight or seriously malnourished, take corrective action such as putting them on protein–energy malnutrition (PEM) supplementation and thereby avoiding long term negative effects (e.g. stunting). Not gaining weight is also an important indicator to identify “failure to thrive” children because a child that is consistently not gaining weight might have an undiagnosed underlying disease such as HIV, Tuberculosis or anaemia. According to the National Department of Health, if this indicator (not gaining weight) is significantly higher than the indicators measuring underweight or severely malnourished children, it points to this 'early warning' strategy working. If the percentages are more or less equal, it indicates that corrective action is not being taken in time. As illustrated in Figure 1.11 and Table 1.10, the not gaining weight incidence is higher than the indicators measuring underweight or severely malnourished children in South Africa since 2004. This is a good indication that growth monitoring in South Africa is being effectively implemented and that the 'early warning' health strategy is working.

**Figure 1.9: Incidence of not gaining weight among children under-five years, 2001-2010**



Source: *District Health Information Health System (DHIS)*, Department of Health



**Table 1.9: Incidence of not gaining weight among children under-five years by province, 2001-2010**

Province	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Eastern Cape	72	59,1	58	42,5	37,3	66,7	68,1	60,4	57,4	53,7
Free State	89,3	115,9	99,3	78,7	79,4	190,3	180,9	183,4	151,8	98,8
Gauteng	0,6	0,5	4,6	13,5	16,7	41	40,3	37,5	35,5	30,6
KwaZulu-Natal	6,1	3,6	14,3	31,6	33,6	81,6	88,5	79	83,5	87,7
Limpopo	37,6	38,1	38,4	36,3	36,7	84,1	76,8	87,1	106,8	48,4
Mpumalanga	38,6	44,7	50,1	51,3	44,6	80,8	79,3	74,5	78	52,8
North West	25	21,3	22,8	29,8	39,9	82,5	79,7	93,2	90,1	58,4
Northern Cape	5,4	43,3	82,5	89,8	82,7	169,5	167,6	252,7	188,5	225,2
Western Cape	19,6	20,5	24,2	21,7	22,8	69,3	126,4	155,1	197,1	126,9

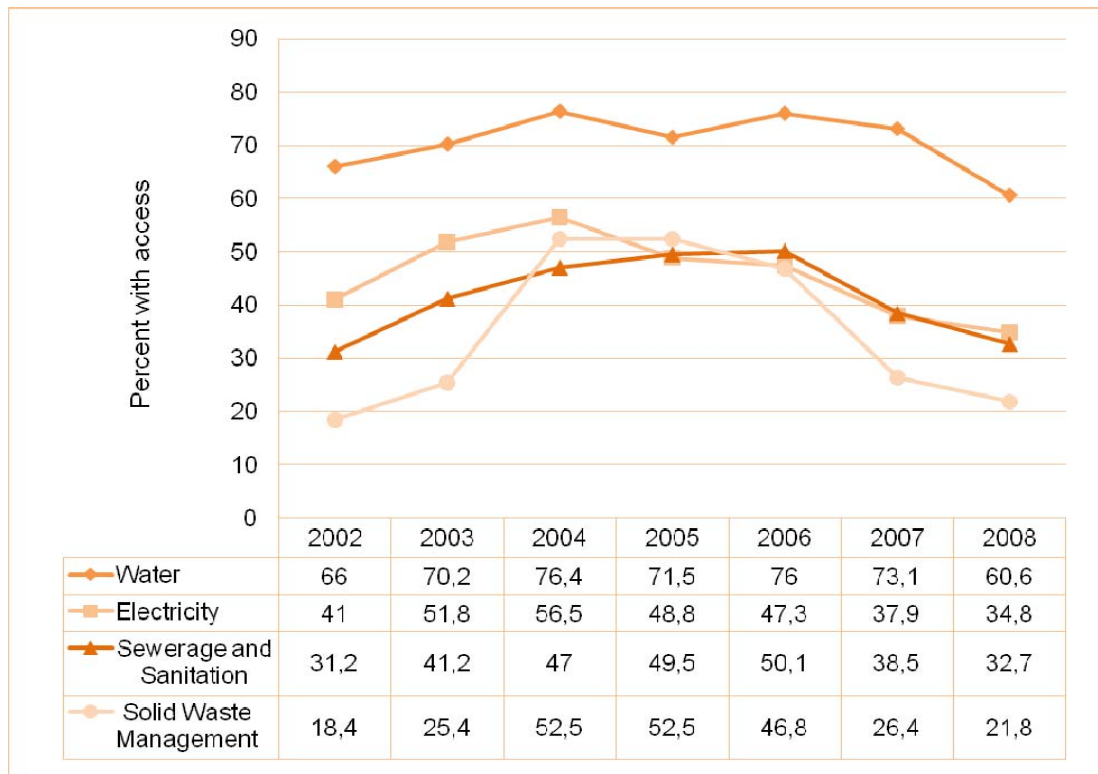
Source: *District Health Information Health System (DHIS)*, Department of Health

## 1.7 Access to Free Basic Services

**Indicator: Proportion of households with access to free basic services: water, electricity, sewerage, and sanitation, solid waste**

South Africa introduced a broad-based approach in terms of distributing free basic services to individual consumers. Each consumer unit receives free basic services on the current billing system of the municipality. Based on the Non Financial Census of Municipalities, Figure 1.11 shows the proportion of the population with access to free basic services. In 2007, 73.1 percent of the households had access to water. Approximately 38 percent had access to electricity, 38.5 percent has access to sewerage and sanitation and 26.4 percent has access to solid waste management.

**Figure 1.10: Proportion of households with access to free basic services 2002 to 2008**



Source: *Non-financial Census of Municipalities for the year ended 30 June 2008*, Statistics South Africa

The disturbing trend in the access to all these free basic services is that access peaked between 2004 and 2006 and has declined since then. This trend is unlikely to improve with the recent approved increases in municipal rates for 2010.

Table 1.10 shows access to free basic services of 2002 in comparison with 2008. Access to free basic services in 2002 is highest in Gauteng with water (96,3%), electricity (86.2%), sewerage and sanitation (61.3%), but the Western Cape being the highest for solid waste management (29.1%). In 2008 access to free basic services was highest in Western Cape with water (82.7%), Sewerage and Sanitation (71.2%), Solid Waste Management (42.7%), but the Free State being the highest for Electricity (61.9%). The basic free service that has the highest access overall in all provinces is water with the least being solid waste management. Access to free basic services is at a similar level for Limpopo and KwaZulu-Natal, however KwaZulu-Natal has a very low access to electricity on average (8%). Generally, access to free basic services is low in the former populous homelands for example Limpopo and KwaZulu Natal as compared with the Western Cape and Gauteng.

**Table 1.10: Household access to free basic services, 2002, 2008 (%)**

Province	Basic services							
	Water		Electricity		Sewerage and sanitation		Solid waste management	
	2002	2008	2002	2008	2002	2008	2002	2008
Western Cape	48,5	82,7	37,4	47,8	25,1	71,2	29,1	42,7
Eastern Cape	28	57,3	7,7	34,8	10,3	51,7	6,2	35,2
Northern Cape	67,9	48,0	19,9	40,7	26,1	39,9	28,6	34,5
Free State	64,5	62,4	63,3	61,9	13,5	28	10	31,3
KwaZulu-Natal	71,9	55,3	0,3	11,2	8,5	24,4	0,7	10,4
North West	82,1	49,9	6,1	19,8	45,1	16,4	33,9	23,5
Gauteng	96,3	70,7	86,2	41,6	61,3	23	26,9	10,6
Mpumalanga	63,1	43,8	38,7	40,4	27,8	28,6	8,5	41,4
Limpopo	32,2	53,2	25,1	28,3	14	24	13,8	20,3
RSA	66,0	60,6	41	34,8	31,2	32,7	18,4	21,8

Source: *Non-financial Census of Municipalities for the year ended 30 June 2008*

The data for access to free basic services sometimes shows large variations in access across years. For instance, in Gauteng access to solid waste management in 2005 was 95,2 percent but was only 14,4 percent in 2007. Access to electricity in Limpopo was 46,3 percent in 2003 but was just 15,7 percent the following year. In Western Cape solid waste management peaked at 80,7 percent in 2004 but was 38,3 percent in 2006. Over the years government decided to reduce access to free basic services to those who can actually afford to pay for it and rather increase the amount received by those who can't afford to pay for it (e.g. indigent households). For electricity the free services has been set at 50 kWh per month per household; for water the amount has been set to 6 kl per month per household. These amounts are deemed enough to meet the basic needs of the households.

The total number of indigent households in South Africa was 3,54 million in 2008, which constitutes about 26 percent of the total households in South Africa. The definition of an indigent household varies by municipality, making it difficult to directly compare the figures. Access to basic services by indigent households shows an increasing trend across all four categories of access (water, electricity, sewerage and sanitation and solid waste management). As can be seen in Table 1.11 below, access to water has increased from 61.8% in 2004 to 73.2% in 2007. Access to electricity increased from 29.2% in 2004 to 50.4% in 2007.

**Table 1.11: Indigent households with access to free basic services 2002-2007**

	Year	Water	Electricity	Sewerage and Sanitation	Solid waste management
Percentage of indigent households receiving free basic services	2004	61,8	29,2	38,5	38,7
	2005	63,4	38	42,2	41,1
	2006	63,9	39,6	48,6	48,5
	2007	73,2	50,4	52,1	52,6

Source: *Non-financial Census of Municipalities for the year ended 30 June 2008*

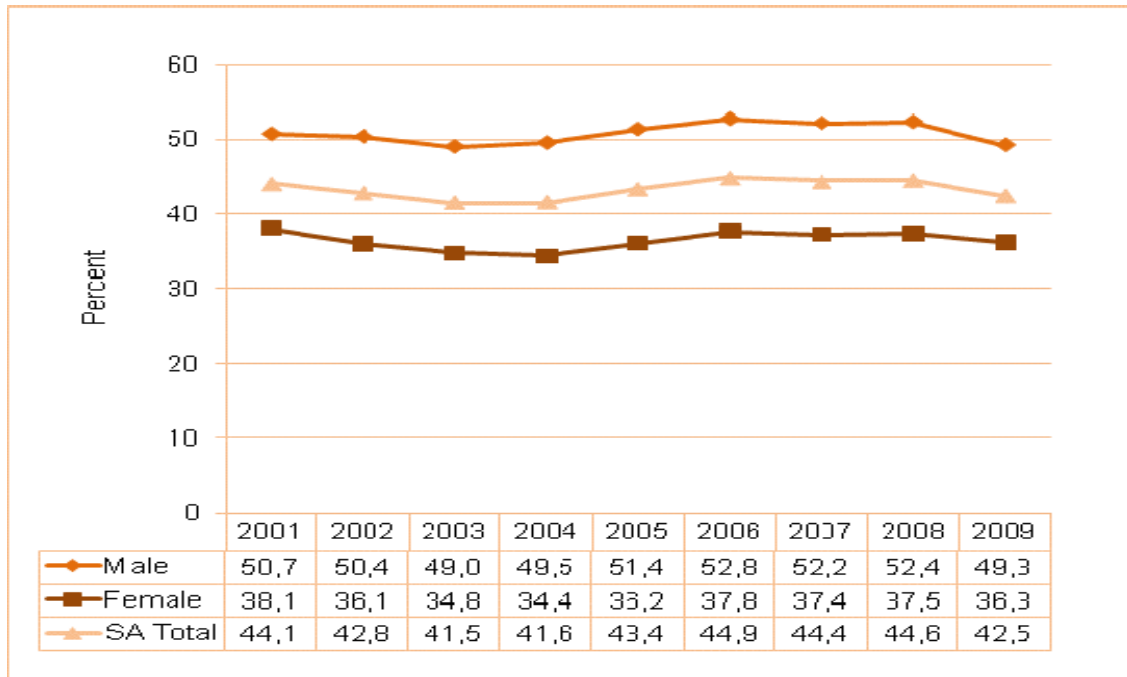
One way to determine the impact of the various programmes on indigent household would be to estimate their income, to determine how far below the poverty lines the average income is and then assess how this has changed over time. The data to achieve this is not yet available.

## 1.8 Labour Market

### Indicator: Employment to population ratio

The Employment-to-population ratio is a statistical ratio which measures the proportion of the country's working-age population that is employed. The ratio is used to evaluate the ability of the economy to create jobs and therefore is used in conjunction with the unemployment rate. In general, a ratio above 70 percent of the working-age population is considered to be high, whereas a ratio below 50 percent is considered to be low. Figure 1.12 shows the employment to population ratio as estimated by the South African Labour Force Survey.

**Figure 1.11: Employment-to-population ratio as estimated by the SA Labour Force Survey**

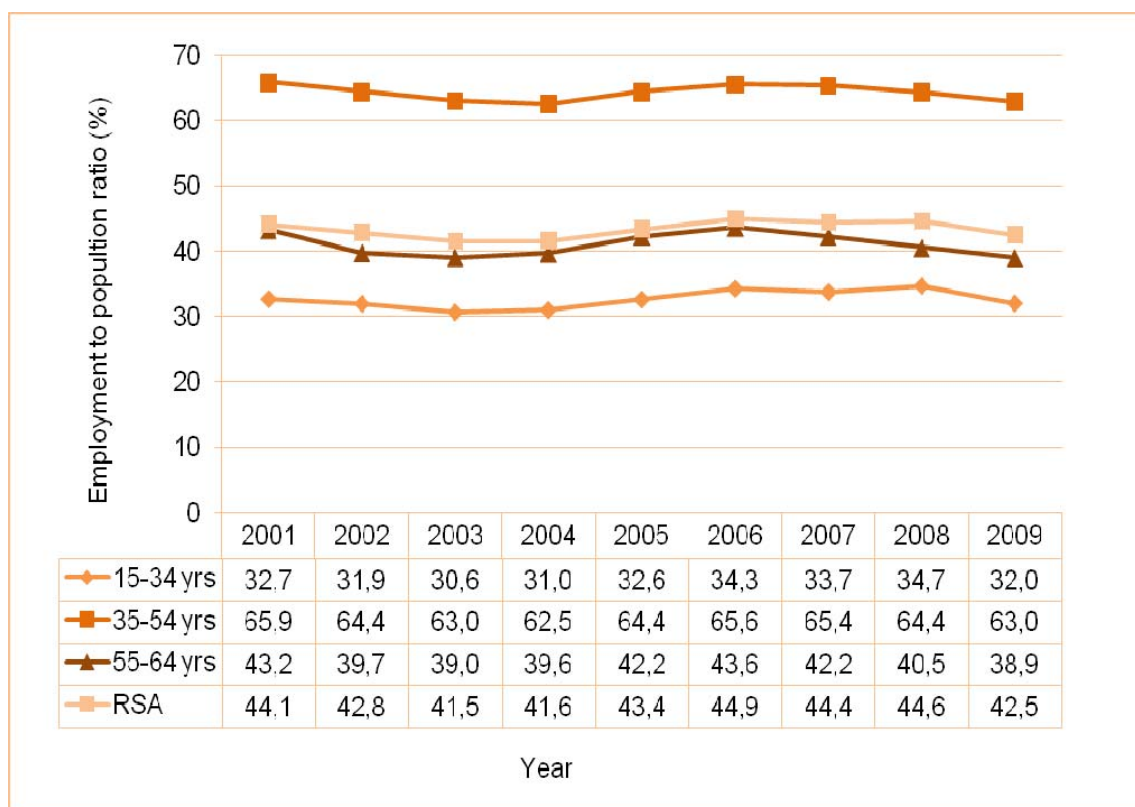


Source: *Labour Force Survey 2000 - 2008, Quarterly Labour Force Survey 2009*, Statistics South Africa

The employment-to-population ratio in South Africa since 2001 is low, averaging 44 percent. The ratio suggests a high level of unemployment in South Africa. A comparison by gender shows that there are still higher levels of unemployment for females compared to males in South Africa with ratios of 51 and 38 percent for males and females respectively.

Figure 1.13 shows the employment-to-population ratio by age group. The highest employment to population ratio is for the age group 35-54 years and lowest for the age group 15-34 years showing a high level of youth unemployment.

**Figure 1.12: Employment to population ratio by age group**



Source: *Labour Force Survey 2000 - 2008, Quarterly Labour Force Survey 2009*, Statistics South Africa

For those who are employed, 94,8 percent live above the \$1.00 (ppp) and only 5,2 percent live below it.

### Indicator: Level of unemployment

The Quarterly Labour Force Survey (QLFS) produced by Statistics South Africa reported increased unemployment rate, with the total number of unemployed at 4,3-million for the first quarter of 2010. Employment declined by 171 000 between the fourth quarter of 2009 and the first quarter of 2010, with the formal sector losing 140 000 jobs and the informal sector shedding an estimated 100 000. Agricultural employment is showing faint signs of recovery after seven successive quarters of job losses. The survey showed that the number of people in the labour force decreased by 25 000 between the fourth quarter of 2009 and the first quarter of 2010. The number of unemployed people rose by 145 000, and the number of discouraged work seekers increased by 153 000. According to the QLFS, unemployment was highest among those aged 15 to 24 and lowest among those aged 55 to 64. The youth unemployment rate and the unemployment rate for women are higher than the national average. According to the survey, there was an annual decrease of 6,1% or 833 000 in employment in the first quarter of 2010 compared with the same quarter in 2009.



### Indicator: Own account workers and unpaid family members

Table 1.12 shows the proportion of own account workers (people who work for themselves) and unpaid contributing family workers who are not registered for income or value added tax. This is one component of the informal sector, the other being employees not registered for income tax and who work on establishments of less than 5 people.

On average, own account workers and unpaid contributing family members are highest in Limpopo at 20,9 percent and lowest in Northern Cape at 4,2 percent. There is higher variation in own account workers and unpaid contributing family members between provinces than within a province across years.

**Table 1.12: Own account workers and unpaid contributing family members by province and year**

Province	Year								
	2002	2003	2004	2005	2006	2007	2008	2009	Average
Western Cape	6,9	6,4	5,0	5,5	6,7	6,7	5,5	5,6	6,0
Eastern Cape	15,2	12,6	12,8	14,5	14,0	14,0	12,0	12,6	13,5
Northern Cape	2,7	3,0	3,8	6,5	5,0	5,0	4,2	3,5	4,2
Free State	9,3	9,3	10,5	10,9	10,6	10,6	9,7	10,2	10,1
KwaZulu Natal	12,5	10,4	9,8	12,1	11,9	11,9	11,5	11,0	11,4
North West	10,1	9,8	9,8	11,8	9,8	9,8	8,7	8,7	9,8
Gauteng	9,1	8,6	8,6	9,3	9,9	9,9	8,9	8,9	9,1
Mpumalanga	18,1	18,0	19,2	16,4	15,2	15,2	15,6	13,5	16,4
Limpopo	22,1	23,4	21,6	23,0	21,5	21,5	16,9	17,6	20,9
RSA	11,5	10,6	10,4	11,4	11,3	11,3	10,1	10,0	10,8

Source: *Labour Force Survey 2000 – 2008, Quarterly Labour Force Survey 2008 – 2009*, Statistics South Africa

Table 1.13 shows the proportion of own-account and contributing family workers in total employment by province and sex. On average the proportion of own-account and contributing family workers in total employment is much higher for females at 13,9 percent than for males at 8,1 percent. This pattern holds for all the provinces. The highest difference is in Limpopo at 15,7 percentage points followed by Mpumalanga at 14,8 percentage points. It would be desirable to find out what the proportion of own-account and contributing family workers in total employment are below the poverty lines by sex and province because this would begin to give some idea of the distribution of informal sector income.

**Table 1.13: Proportion of own-account and contributing family workers in total employment by province and sex (%)**

Province	Year									Average
	Gender	2002	2003	2004	2005	2006	2007	2008	2009	
Western Cape	Male	6,5	6,5	5,0	5,0	5,9	4,6	5,5	6,0	5,6
	Female	7,3	6,3	5,0	6,0	7,5	8,9	5,4	5,0	6,4
Eastern Cape	Male	10,2	8,1	7,2	8,8	9,3	7,3	8,6	10,3	8,7
	Female	20,1	17,2	18,5	20,5	19,3	16,4	15,8	15,1	17,9
Free State	Male	7,2	6,1	7,0	8,2	8,5	6,6	7,7	8,4	7,5
	Female	11,9	13,8	15,2	14,5	13,1	11,8	12,2	12,4	13,1
KwaZulu Natal	Male	10,1	8,3	7,7	8,7	8,8	7,0	8,5	9,1	8,5
	Female	15,3	12,8	12,1	16,0	15,4	13,4	15,0	13,2	14,1
North West	Male	7,4	7,1	7,0	7,4	6,4	8,2	6,5	7,1	7,1
	Female	14,7	14,1	14,4	18,5	15,4	13,1	12,1	11,2	14,2
Gauteng	Male	8,2	7,5	8,3	7,8	9,2	8,7	8,2	8,6	8,3
	Female	10,4	10,2	9,0	11,5	10,9	10,0	9,9	9,3	10,2
Mpumalanga	Male	10,7	9,3	12,9	9,6	9,1	7,4	10,3	8,6	9,7
	Female	27,6	28,6	27,7	25,9	23,4	21,4	22,3	19,4	24,5
Limpopo	Male	15,1	14,4	12,6	13,4	11,7	10,9	11,4	12,8	12,8
	Female	29,0	31,5	30,5	33,2	31,8	26,5	22,7	22,7	28,5
RSA	Male	8,7	7,7	7,9	8,1	8,5	7,5	8,0	8,5	8,1
	Female	14,9	14,1	13,6	15,7	14,8	13,4	12,8	11,9	13,9

Source: *Labour Force Survey 2000 – 2008, Quarterly Labour Force Survey 2008 – 2009*, Statistics South Africa

## 1.9 Conclusion

The three targets of the first Millennium Development Goal (MDG) are income, employment and hunger. Target 1 aims by 2015 to halve the proportion of people whose income is less than one dollar a day (however, the current Target 1A uses the \$1.25 poverty line); achieve full and productive employment and decent work for all, including women and young people and to halve the proportion of people who suffer from hunger. National data indicates strong GDP growth up to 2006. However, per capita GDP started to decline strongly from 2007 partly due to the global financial crisis. The GDP per capita decline would most likely negatively affect the poor more than the rich. The proportion of the population living below the poverty line of \$1 (ppp) and \$2(ppp) has declined. The overall indicators of poverty show that the government programmes targeted at the poor are reaching them and achieving considerable poverty reduction. However, this is at a very low **realised** income base resulting in low absolute impact as measured by income growth. Some of these results may be attributed to the global economic crisis working against the government sponsored poverty reduction strategies. Ceteris paribus, the poverty reduction goal is achievable. However, despite various efforts to mitigate poverty, South Africa still has one of the most unequal income distributions in the world. Income inequality, as estimated by the Gini-coefficient, appears to have increased over the decade. Thus, a more meaningful target for South Africa

would be one which adds a target for inequality reduction in combination with poverty reduction, thus reflecting more of the local reality of income inequality.

The employment-to-population ratio is low. Unemployment is high among the youths and females. Generally the employment to population ratios declined towards the end of the decade suggesting that there may be challenges in achieving this goal.

With regard to target 1C whose progress is measured using severe malnutrition amongst children under-5 years of age, the report observes that there have been overall declines but with variable trends in the provinces. The health sector has been making significant contributions to the decline in malnutrition amongst children. National nutrition promotion programmes, including the Integrated Nutrition Programme and the Primary School Feeding Scheme are some of the successful nutritional interventions that have been made. Lessons need to be learnt from the successes, and replicated in applicable poverty reduction programmes in order to edge the nation closer to achieving this First Millennium Development Goal.

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