MILLENNIUM DEVELOPMENT GOALS

Eradicate Extreme Poverty and Hunger

The South Africa I know, the Home I understand

MILLENNIUM DEVELOPMENT GOALS

Goal 1: Eradicate extreme poverty and hunger

October 2013

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ACRONYMS

AsgiSA	Accelerated and Shared Growth Initiative for South Africa
CSG	Child Support Grant
CWP	Community Works Programme
DHS	Demographic and Health Survey
EA	Enumerator Area
EDR	Economic Dependency Ratio
EPWP	Expanded Public Works Programme
FPL	Food Poverty Line
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
GHS	General Household Survey
HCS	Haemoglobin Colour Scale
HFIAS	Household Food Insecurity Access Scale
IES	Income and Expenditure Survey
LCS	Living Conditions Survey
LFS	Labour Force Survey
LPL	Lower Bound Poverty Line
MDG-1	Millennium Development Goal One
MTSF	Medium Term Strategic Framework
NDC	National Development Committee
NDP	National Development Plan
NIDS	National Income Dynamics Study
OAP	Old Age Pension
PDR	Population Dependency Ratio
PPP	Purchasing Power Parity
QLFS	Quarterly Labour Force Survey
RDP	Reconstruction and Development Programme
SASSA	South African Social Security Agency
Stats SA	Statistics South Africa
UIF	Unemployment Insurance Fund
UNDP	United National Development Programme
UNSTATS	United Nations Statistical Division
UPL	Upper Bound Poverty Line
WHO	World Health Organisation

STATUS AT A GLANCE

Goal 1: Eradicate Extreme Poverty and Hunger						
Indicators	**1994 baseline (or nearest year)**	**2010 Status (or nearest year)**	**Current status (2013 or nearest year)**	**2015 Target**	**Target achievability**	**Indicator type**
Target 1A: Halve between 1990 and 2015 the proportion of people whose income is less than one dollar a day						
Proportion of population below $1.00 (PPP) per day	11.3 (2000)	5.0 (2006)	4.0 (2011)	5.7	Achieved	MDG
Proportion of population below $1.25 (PPP) per day	17.0 (2000)	9.7 (2006)	7.4 (2011)	8.5	Achieved	MDG
Proportion of population below Lower-bound PL (R443 per month in 2011 prices)	42.2 (2006)	44.6 (2009)	32.2 (2011)	No target	NA	Domesticated
Proportion of population below Upper-bound PL (R620 per month in 2011 prices)	57.2 (2006)	56.8 (2009)	45.5 (2011)	No target	NA	Domesticated
Proportion of population below $2.00 (PPP) per day	33.5 (2000)	25.3 (2006)	20.8 (2011)	16.8	Likely	MDG
Proportion of population below $2.50 (PPP) per day	42.2 (2000)	34.8 (2006)	29.2 (2011)	21.1	Likely	Domesticated
Poverty gap ratio ($1.00 (PPP) per day)	3.2 (2000)	1.1 (2006)	1.0 (2011)	1.6	Achieved	MDG
Poverty gap ratio ($1.25 (PPP) per day)	5.4 (2000)	2.3 (2006)	1.9 (2011)	2.7	Achieved	MDG
Poverty gap ratio (Lower-bound PL R443 per month in 2011 prices)	16.4 (2006)	18.9 (2009)	11.8 (2011)	No target	NA	Domesticated
Poverty gap ratio (Upper-bound R577 per month in 2011 prices)	26.7 (2006)	27.9 (2009)	19.6 (2011)	No target	NA	Domesticated
Poverty gap ratio ($2.00 (PPP) per day)	13.0 (2000)	8.1 (2006)	6.5 (2011)	6.5	Achieved	MDG
Poverty gap ratio ($2.50 (PPP) per day)	18.0 (2000)	12.5 (2006)	10.3 (2011)	9.0	Likely	MDG
Share of the poorest quintile in national consumption	2.9 (2000)	2.8 (2006)	2.7 (2011)	5.8	Unlikely	MDG
Target 1B: Achieve full and productive employment and decent work for all, including women and young people						
Percentage growth rate of GDP per person employed	4.7 (2002)	1.9 (2009)	1.5 (2011)	6.0	Unlikely	MDG

Employment-to-population ratio	44.1[1] (2001)	42.5 (2009)	40.8 (2011)	50-70	**Unlikely**	MDG
% of employed people living below $1 (PPP) per day	5.2 (2000)	No data	3.9 (2009)	≈ 0	**Likely**	MDG
% of own-account and contributing family workers in total employment	11 .0 (2000)	9.9 (2010)	10.0 (2011)	5	**Unlikely**	MDG
Target 1C: Halve between 1990 and 2015, the proportion of people who suffer from hunger						
% of people who report experiencing hunger	29.9 (2002)	No data	12.9 (2011)	15	**Achieved**	Domesticated
Prevalence of underweight children under five years of age (%)	13.2[2] (1993)	10.2 (2005)	8.3 (2008)	4.7	**Likely**	MDG
Prevalence of stunting in children under five years of age (%)	30.3 (1993)	No data	23.9 (2008)	15	**Likely**	Domesticated
Gini coefficient (including salaries, wages and social grants)	0.70 (2000)	0.72 (2006)	0.69 (2011)	0.3	**Unlikely**	Domesticated
Number of beneficiaries of social grants (millions)	2.6 (1997)	14.1 (2010)	14.9 (2011	No target	NA	Domesticated
Proportion of households below Food Poverty (R305 per month in 2009 prices) with access to free basic services						
Water	No data	No data	56.0 (2009)	No target	NA	Domesticated
Electricity	No data	No data	65.0 (2009)	No target	NA	Domesticated
Sewerage and sanitation	No data	No data	23.3 (2009)	No target	NA	Domesticated
Solid waste management	No data	No data	28.3 (2009)	No target	NA	Domesticated
Percentage of indigent households receiving free basic services						
Water	61.8 (2004)	73.2 (2007)	71.6 (2011)	No target	NA	Domesticated
Electricity	29.3 (2004)	50.4 (2007)	59.5 (2011)	No target	NA	Domesticated
Sewerage and sanitation	38.5 (2004)	52.1 (2007)	57.9 (2011)	No target	NA	Domesticated
Solid waste management	38.7 (2004)	52.6 (2007)	54.1 (2011)	No target	NA	Domesticated

[1] Revised from 41.5 (2003)
[2] Revised from 9.3 (1994)

EXECUTIVE SUMMARY

While the progress of South Africa towards the achievement of the targets of the Millennium Development Goals (MDGs) is influenced by many factors, the specificity of the South Africa situation has to be acknowledged even after almost twenty years of democracy. Apartheid, and the legislation and institutions through which this ideology was implemented, operated to produce the poverty and extreme inequality that continues to slow progress towards the MDGs. In 1993, 68 per cent of black Africans were poor and black Africans made up 94 per cent of those categorised as being poor, almost 75 per cent of the poor were to be found in the rural areas of South Africa, and over 70 per cent of rural black African households existed in conditions which could be described as inadequate or intolerable in terms of their access to housing and essential services. In addition to history, the current profile of poverty and prospects for achieving MDG-1 in South Africa are also influenced by its population structure and dynamics. Census data reveals that there have been important changes in the spatial distribution of the population between South Africa's nine provinces. KwaZulu-Natal and the Eastern Cape are tending towards becoming migrant-sending regions, while Gauteng and the Western Cape have become migrant-receiving regions. Further, although an increasing share of the population are adult and are potentially economically active, a decreasing share is actually economic active. The consequence is that although consumption needs are increasing, the capacity to meet these needs is not. Finally, South Africa continues to experience rapid urbanisation with 53.7 per cent of the population living in urban areas in 1996 rising to 54.4 per cent in 2001 and 67.7 per cent in 2011. For the achievement of the MDGs, the implication is that poverty in South Africa is increasingly becoming an urban phenomenon, although is likely to remain most severe in rural areas.

Given the legacy of inequality and poverty, it is not surprising that the reduction of poverty and hunger, the delivery of essential services and the provision of decent work has been a consistent theme of successive South African governments since 1994. Government's overarching policy to address MDG-1 is through the provision of a 'social wage' package intended to reduce the cost of living of the poor. The social wage includes a social assistance system.

While the economic growth of a country is by no means the only, or even best measure of economic development, the reduction of poverty does depend upon the rate at which the economy grows in comparison to the growth rate of its population, and the manner in which the benefits of economic growth are distributed and transformed into social outcomes. The period under review covers two of the most serious global economic calamities since the Great Depression: the sharp escalation in food prices and the global financial crises of 2007/8. An estimated 1 million jobs were lost as a result of the crisis following the sharp decline in demand for South Africa's exports and the drop in commodity prices. The drop in GDP and the number employed is evident and as with most countries in the world, South Africa's attainment of MDG-1 will have been adversely affected during this period.

Despite this adverse impact of the financial crisis, South Africa has achieved the target of halving the share of the population below PPP$1 per person per day. This declined from 11.3 per cent in 2000 to 5 per cent in 2006, with a modest increase back to 5.9 per cent in 2009 before dropping to 4.0 per cent in 2011. Strong progress has also been made against all other international poverty lines. The poverty gap shows stronger declines in the depth of poverty whichever threshold is used, and confirms that South Africa's poverty reduction

strategy has tended to favour the most poor.

The national poverty lines also show a modest increase in the headcount for 2009, but then drop again in 2011. The percentage of individuals living in poor households is lowest in Gauteng and the Western Cape, at 22.9 and 24.7 per cent respectively compared to almost 63.8 per cent in Limpopo and 60.8 per cent in the Eastern Cape.

The share of the black African and white populations categorised as poor increased modestly between 2006 and 2009 while the share of the coloured and Indian populations declined. The differences between urban and rural areas is stark, with 70 per cent of households in rural areas being below the lower bound poverty line in 2009, an increase of 5 percentage points since 2006. Poverty in urban areas has also grown, but to a lesser extent. Despite this, the share of the population that report that they have experienced hunger has more than halved since 2002, falling from just below 30 per cent to 13 per cent, with only a slight increase in 2008. In addition there have been substantial improvements in child hunger during this 15 year period, with stunting falling from 30 per cent to 24 per cent, wasting from 8 per cent to 5 per cent and under-weight from 13 per cent to 9 per cent. However differences in poverty levels in South Africa according to both generation and gender persist. Child poverty continues to be wide spread despite the apparent success of the Child Support Grant in reducing malnourishment, while gendered poverty is significant despite the emphasis placed by government on reducing wage inequalities.

The target for all services provided to indigent households is full coverage and it is evident from the Figure that South Africa is making progress towards this. Delivery of all services has rapidly improved for all categories since 2004, most notably for electricity which has risen from just 29 per cent of households classified as indigent in 2004 to 60 per cent in 2011. The numbers receiving social grants have risen from 2.6 million in 1997 to just fewer than 16 million in 2012, almost one third of the total population. This has prompted concerns over the sustainability of the social assistance system. However, after a steep increase following the introduction of the Child Support Grant, the cost of the social grants as a percentage of GDP has remained stable since 2004. Almost all studies on the impact of the system conclude that poverty levels would be substantially higher without these payments and a range of other benefits have been identified including assisting with progression through school, positive trends in child malnutrition, and empowering women.

The Gini coefficient has remained at around 0.7 since 2000, a staggering high level which places South Africa as one of the most unequal economies for which such data are available. Much of the persistence of the Gini coefficient is linked to the widening gaps within race groups as better educated people in groups which were previously discriminated have been able to catch up. The poorest 20 per cent of the population consuming less than 3 per cent of total expenditure compared to the wealthiest 20 per cent who consume 65 per cent. There has been virtually no change since 2006, with the wealthiest group giving up a meagre 3 per cent of total consumption to the middle 60 per cent.

The employment-to-population ratio has remained at around 41-45 per cent of the working age population since 2001. Worryingly, employment has a gendered distribution. Women have far lower employment prospects than men at around 37 per cent of women of working age in employment compared 50 per cent of men. Youth (15-24 years) unemployment is persistently much higher than all of the older age groups, and reached an alarming 69 per cent using the expanded definition in 2003. While a modest decline in all age groups and in

both definitions was experienced prior to 2008, unemployment began to increase following the financial crisis. While about 50 per cent of the youngest group are unemployed in the narrow definition, about 14 per cent of the older group fall into this category. This continues into the next age group (25-35 years) with around 30 per cent being unemployed). The trend is also towards high youth unemployment is disturbing if the poverty reduction strategies of social protection and services adopted by South Africa are to be sustainable. Furthermore, a substantial share of employed South Africans fail to achieve incomes that place them above either of the international or national poverty lines. Around 24 per cent of the employed are living in households with incomes that are below the lower-bound poverty line although just 4 per cent are below the $PPP1.25 line.

The situation of South Africa is likely to be similar to many other emerging economies. Progress being made towards the achievement of MDG-1 has been disrupted by the global food price and financial crises. This disruption was not as severe as might have been expected given the scale of each crisis, and this is partly due to the poverty reduction strategies adopted by the South African government during the 1990's and early 2000's. Nonetheless, positive trends towards many of the international and domestic targets of MDG-1 have been slowed or reversed. Despite the increases in 2009, the country has achieved halving the share of the population living below the PPP$1 and PPP$1.25 per person per day lines, and has also successfully reduced the share of those experiencing hunger to half the baseline level, at least in terms of self-reported hunger. There are disturbing trends in terms of the differentiation of poverty outcomes according to generation and gender. Youth and women remain disproportionately vulnerable to all forms of poverty covered under MDG-1 and there is little to suggest that this position is improving.

INTRODUCTION

Despite more than a decade of transformation from a pariah state grounded on institutionalised discrimination, to the democratic host of international sporting events, as well as being one the 30 largest economies in the world in terms of Gross Domestic Product, poverty, hunger and unemployment remain critical issues in South Africa. Indeed, with a population of some 16 million poor people as reported by the United Nations Development Program (UNDP), South Africa is home to the 16th largest number of poor people in among the 67 countries for which comparative data are provided, and the fifth largest in sub-Saharan Africa (UNDP, 2009). This, coupled with the gloomy predictions for the achievement of the MDG-1 targets in this region provides the motivation for understanding poverty dynamics in South Africa.

In common with many countries, the progress of South Africa towards the achievement of the targets of the Millennium Development Goals (MDGs) is influenced by many factors. However, the specificity of the South Africa situation has to be acknowledged even after almost twenty years of democracy. The four decades of apartheid legislation built on a century of the earlier policies of the Colonial and Union governments directed at the extraction of cheap labour and racially based differentiation. To achieve this goal, and to contain mounting resistance to the apartheid government, a range of institutions and legislation were introduced, many of which regulated the livelihoods available to the African population. Wilson and Ramphele (1989:204, 230) conclude that such policies of deliberate impoverishment distinguished the experience and dynamics of poverty in South Africa and constituted an "assault upon the poor". As such, apartheid, and the legislation and institutions through which this ideology was implemented, operated to produce the poverty and extreme inequality that continues to slow progress towards the MDGs.

The concept that separate land areas should be set aside for black Africans in South Africa predates the founding of a modern economy in South Africa and continues to shape the geography of poverty in South Africa. This evolved from the policies followed by early white settler governments who set aside land initially known as 'native reserves' and later as Homelands. This was institutionally formalised by the Union Government in 1913 with the passing of the Land Act. At this time, it was never seriously envisaged that the black African population should remain limited to the land that had been set aside for their use. However, with the victory of the National Party in 1948, the segregationist views of this party were translated into the policy of apartheid and a wide range of legislation was introduced between 1949 and 1959 to balkanise South Africa into a number of ethnic based territories each with some measure of nominal political independence.

Existing over-crowding and deprivation in these areas was exacerbated by the policies which followed. Enforcing segregation meant that large numbers of people were forcibly removed from 'Black Spots' into the Homelands. An estimated 475 000 people were removed from Black Spots between 1960 and 1983 (Platzky and Walker, 1985). In addition to forced removals, the introduction of 'Betterment Planning' during the 1960s and 1970s resulted in many communities losing their access to land within the Homelands (Yawitch, 1981). Although Betterment Planning was put forward as strategy through which previously dispersed residential patterns would be consolidated into residential, arable and grazing land, land was often never reallocated after the consolidation process, housing stock was lost, restrictions were placed on livestock ownership and services were not delivered.

Restrictions on urbanisation and the implementation of polices that regarded black Africans as temporary residents of dormitory townships resulted in urban peripheries characterised by the lack of essential services, informal housing and frequent demolitions of shacks and the destruction of assets (Hindson, 1987). In both rural and urban areas, dispossession of land stripped those affected of the resources that they needed in order to generate livelihoods.

The social conditions in the former Homeland areas of South Africa that resulted from these policies are widely known and have been well documented. In one of the earliest studies, using sample surveys conducted in 1959, some 50 per cent to 75 per cent of the black African population of urban South Africa were thought to be unable to afford a diet and a life-style determined to be minimally adequate (de Gruchy, 1960). During the mid 1970's, it was estimated that between 68 per cent and 77 per cent of all black African families lay below a national poverty line suggesting a surge in poverty levels during the era of 'Grand Apartheid' (SPRO-CAS, 1972; McGrath and Whiteford, 1994). By the mid 1980's, estimates for the rural areas designated for African settlement lay at around 75 per cent and 43 per cent for the total population (Simkins, 1984; Nattrass and May, 1986). By 1993 at the end of the apartheid era, 68 per cent of black Africans were poor and black Africans made up 94 per cent of those categorised as being poor, almost 75 per cent of the poor were to be found in the rural areas of South Africa, and over 70 per cent of rural black African households existed in conditions which could be described as inadequate or intolerable in terms of their access to housing and essential services (May et al, 2000). The social and economic exclusion which has followed from these conditions has been identified by the National Planning Commission as the country's greatest challenge, with the creation of jobs and improvements in the quality of education especially for poor black South Africans seen as the most important solution (NPC, 2011a: 7). Progress towards MDG-1 continues to be shaped by this legacy both in terms of the pace of change and its uneven distribution according to race, gender and spatial location.

Does social policy matter beyond money-metric measure?

Goal 1 of the MDGs has a standard that does not deal sufficiently with non money based measures applied to intervene in poverty. In that regard the Gini coefficient does not cater for social policy interventions that are delivered through provision of basic and free basic services, subsidies as well as assets that aim to benefit the poor. The context of South Africa's development narrative attempts to address this limitation in the MDGs.

Nearly 20 years into democracy, South Africa is still battling with issues of poverty, inequality, unemployment and hunger. This is a situation not necessarily unique to South Africa however it has defining features that are driven by history and political economy that is unique to South Africa and as a result, shapes South Africa's response to this challenge. In response to this South Africa has developed a cocktail of policy interventions to ameliorate consequences of unemployment and inequality. Thus the overarching policy of government to address Millennium Development Goal 1 (MDG-1) is through the provision of a 'social wage' package intended to reduce the cost of living of the poor. The poverty narrative and how South Africa is addressing it would therefore not be complete without discussing the unique impact of a targeted social wage on the triple challenge of poverty, unemployment and inequality.

Social wages in South Africa are packaged in different targeted forms. In the list of these

are the following: free primary health care; no-fee paying schools; social grants, (such as old age pensions, and child support grants) and RDP housing; provision of basic and free basic services in the form of reticulated water; electricity; sanitation and sewerage as well as solid waste management to households and in particular those categorised as indigent. In this regard and since 2001 the indigent household are entitled to a monthly free six kilolitres of water, fifty kwh of electricity, R50 worth of sanitation, sewerage and refuse removal.

Across time the South African local governments progressively targeted the indigent households. Through the integrated development programmes driven at the local government level, targeted interventions have identified that 3.5 million households are indigent as shown in Figure 1 and are receiving special attention through social wage packages.

Figure 1: Indigent household by municipality

Number of indigent households identified by municipalities per province for 2012

Total for South Africa in 2012 = 3.5m

GP 331 127
LP 492 605
NW 169 361
MP 115 563
FS 143 688
KZN 880 623
NC 87 731
EC 867 969
WC 384 512

THE SOUTH AFRICA I KNOW, THE HOME I UNDERSTAND
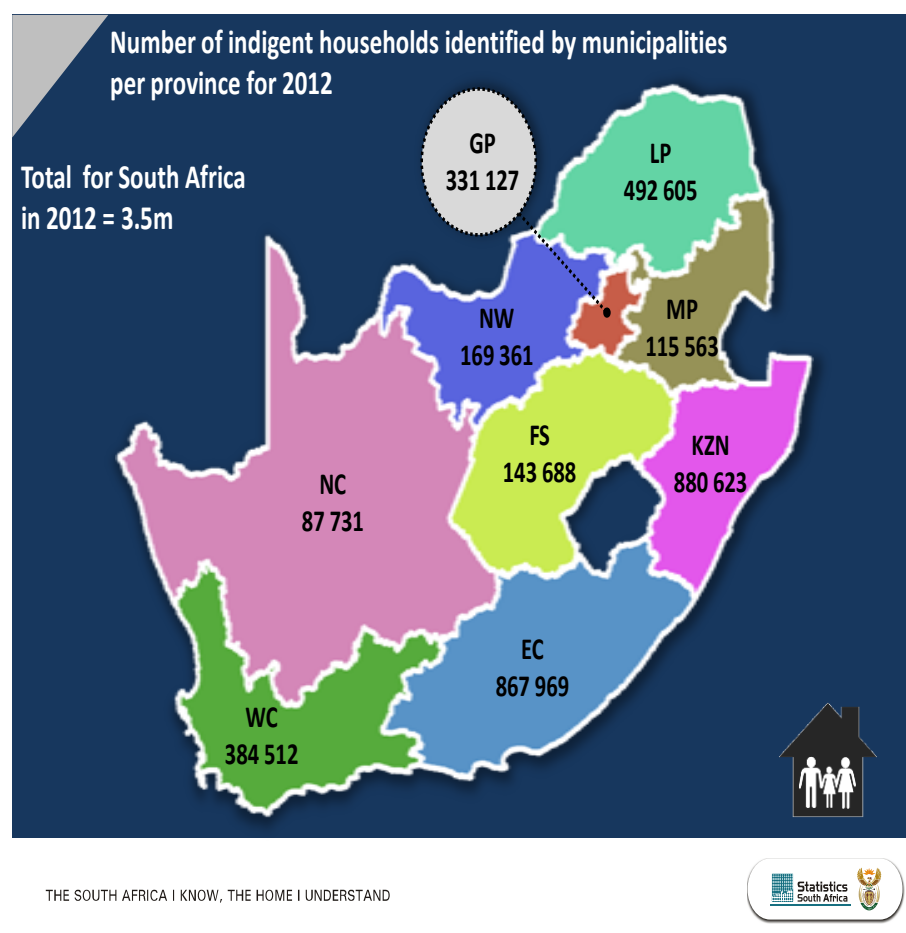
Source: Census 2011, Statistics South Africa

Figure 2: Indigent household support for water

Number and percentage of indigent households benefitting from indigent support for water

72% 💧

(2,5m) of indigent households in South Africa received indigent support for water

196 410
40%

99 822
59%

331 127
100%

103 051
89%

142 998
100%

79 893
91%

594 638
68%

372 793
97%

564 737
65%

THE SOUTH AFRICA I KNOW, THE HOME I UNDERSTAND
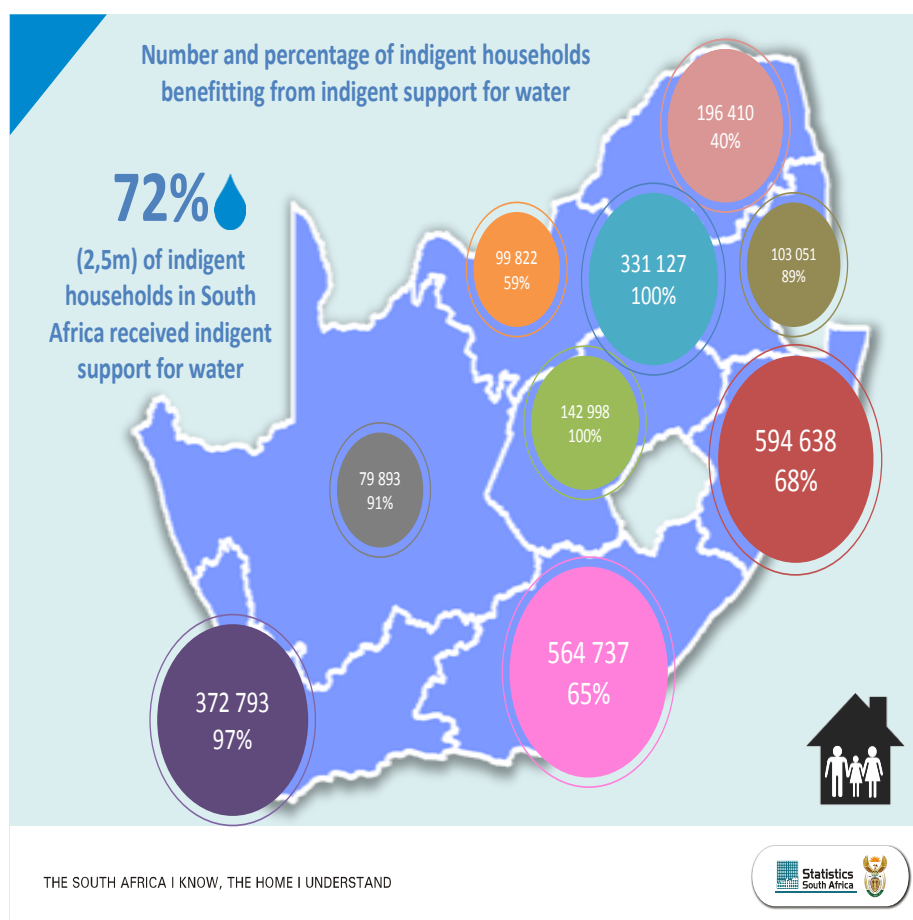
Source: Non Financial Census of municipalities 2012, Statistics South Africa

For instance, South Africa progressively delivered on the social wage through its battery of policy instruments and these instruments have been sharpened to focus on those in real need. In this regard a number of households that are not indigent have been weeded out of the social wage as we shall observe on delivery targets against performance.

In 2012, there were 4.4 million households that received free water as against 6.2 million households in 2009. However this decline in the number of beneficiaries who received free basic water occurred as a consequence of better targeting. Of the 4.4 million households that received free basic water, 2.5 million were indigent and this number constitutes 71% of the indigent households. As far as the provision of electricity is concerned, of the 3.5 million households identified as indigent, 1.8 million received free basic electricity. This constitutes coverage of 51% of the indigent households.

Figure 3: Indigent households benefitting from indigent support for electricity
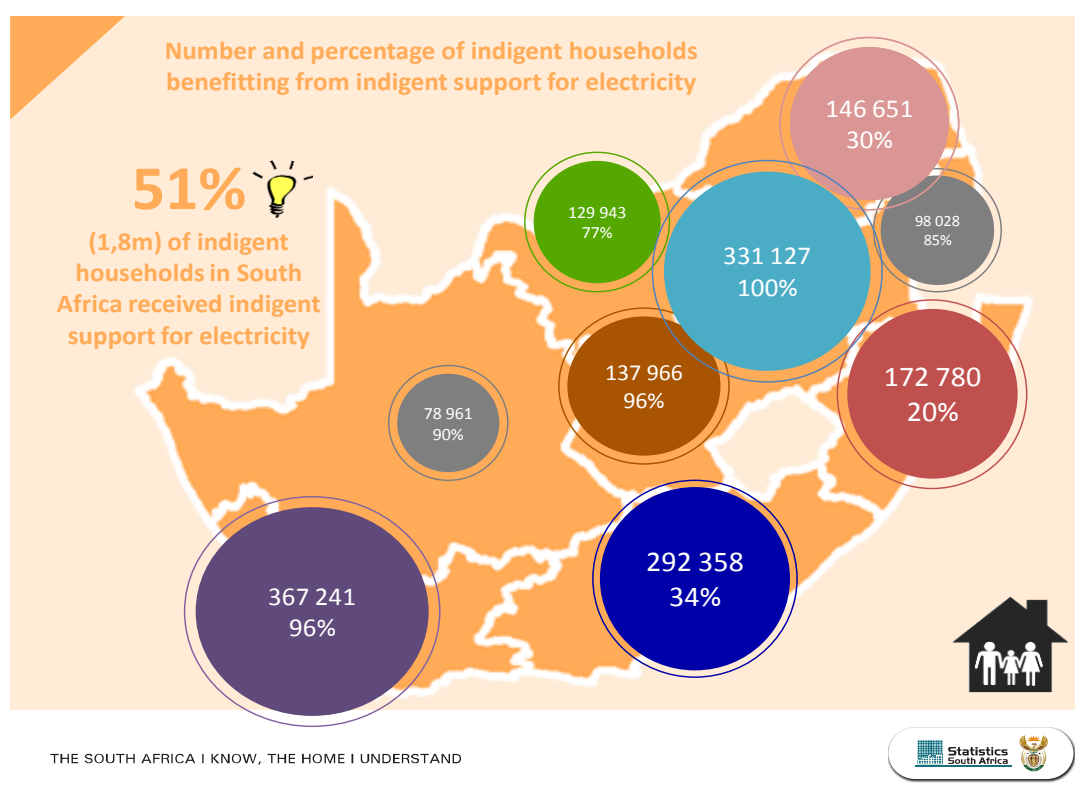
Number and percentage of indigent households benefitting from indigent support for electricity

51%
(1,8m) of indigent households in South Africa received indigent support for electricity

146 651 30%

129 943 77%

98 028 85%

331 127 100%

137 966 96%

172 780 20%

78 961 90%

367 241 96%

292 358 34%

THE SOUTH AFRICA I KNOW, THE HOME I UNDERSTAND

Statistics South Africa

Source: Non Financial Census of municipalities 2012, Statistics South Africa

South Africa's policy on skills development is to provide education to all its eligible citizens. In capturing the education challenge in South Africa Nelson Mandela in 1998 said that unlike amongst Whites in the case of Blacks, the conditions at home were totally different from those at schools. Black children are raised by parents some of whom have not seen the inside of a school, transport to school is non-existent and the home is crowded leaving very little room for meaningful after school study and support. In addressing this challenge today, the policy environment has introduced free education. As of 2013 about 7.2 million or 58% of learners as shown in Figure 4 are in no fee paying schools and the number of such schools are 15 389. The 2013 projections on expenditure suggest that these number will have risen by almost half a million to 7.6 million learners in no fee paying schools.

Figure 4: Number of no fee learners

NUMBER OF NO FEE LEARNERS: 2013

GP : 1,147,537

1,591,801

863,690

675,515

1,873,583

499,901

178,430

1,601,347

373,772

Total South Africa:
7,193,712
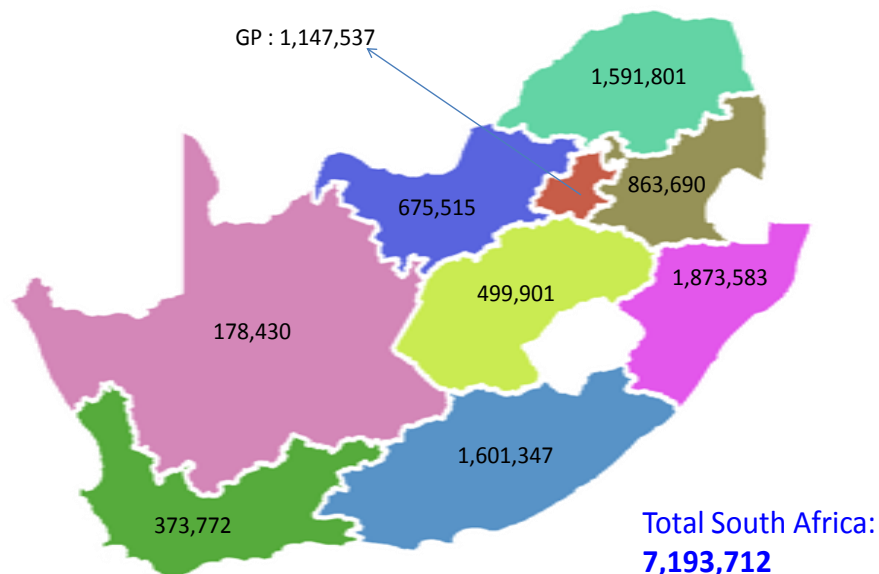
Source: Department of Basic Education 2013

Figure 5: Projections on no fee schools (R billion)

2013 PROJECTED on no fee schools (R billion)

South Africa:
A: **Expenditure on No Fee Learners = 7604**
B: Expenditure on fee paying Learners = 1053
C: **Total expenditure = 8656**

A:1159
B:350
C:1509

A:609
B:6
C:615

A: 872
B: 51
C: 924

A: 682
B: 57
C: 739

A: 505
B: 42
C: 547

A: 1746
B: 272
C: 2018

A: 170
B: 37
C: 207

A: 1483
B: 44
C: 1526

A: 378
B: 194
C: 571

Source: Department of Basic Education 2013

Policy instruments such as provision of basic services illustrate the extent to which the poor in South Africa access different types of services and have their living conditions cushioned against debilitating vicissitudes of poverty. The indicators relating to these areas of development are captured in Table 2 under domesticated indicators. Against this backdrop the money metric measures of the MDGs for the country are presented and hopefully they will be understood against this context.
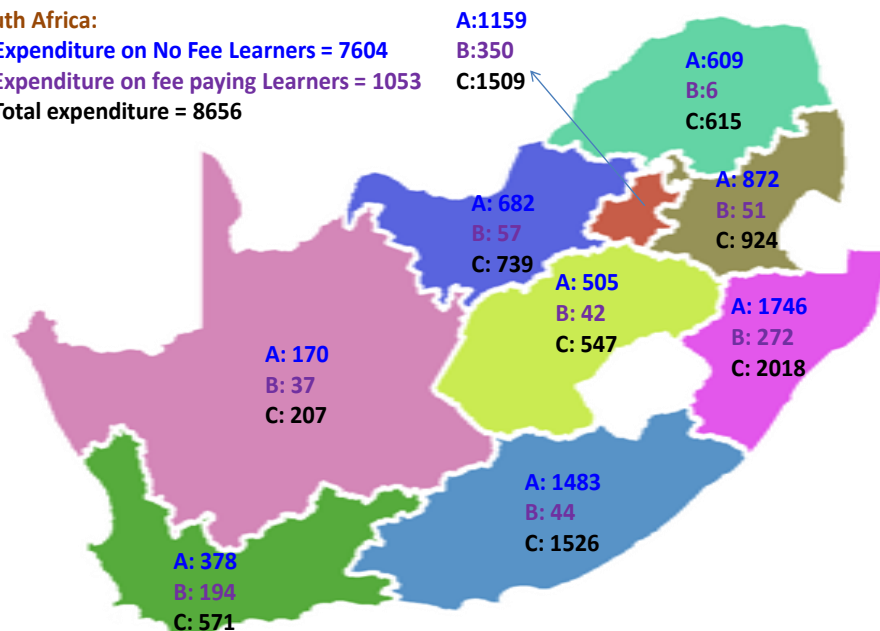
DATA SOURCES AND LIMITATIONS

The data used for this report are all derived from official statistics. These are statistics designated as official statistics by the Statistician-General in terms of section 14(7); (i) of the Statistics Act (Number 6 of 1999) of South Africa. The United Nations Statistical Division (UNSTATS) has developed ten Fundamental Principles of Official Statistics to guide member countries in the development of their official statistical system (UNSTATS, 2013). The first of these Principles recognises the importance of providing official statistics that meet the test of practical utility which are compiled and made available on an impartial basis by the official statistical agency to citizens (Principle 1). In doing this, "statistics agencies are expected to decide according to strictly professional considerations, including scientific principles and professional ethics", on the methods and procedures for all aspects of the collection, processing, storage and presentation of statistical data (Principle 2). Although data can be "drawn from all types of sources, be they statistical surveys or administrative records" (Principle 5), the use of international concepts, classifications and methods is promoted (Principle 9). This means that not all types and sources of data available for measuring the achievement of MDG-1 can be used for this purpose of this report. In order to analyse trends over time, definitions and methods of collection must be consistently applied, and in order to compare trends between population groups[3], by sex, provinces and spatial categories, data must be provided from sources which have sufficiently large sample sizes in order to produce results that are robust at these levels of disaggregation.

Although it is tempting to make use of narratives concerning poverty, hunger, work and unemployment which have been collected outside of the official statistics system, such qualitative data rarely can satisfy the rigid conditions expected of official statistics. In addition, there is always the risk that the experiences and dynamics experienced by an individual community or region may not reflect those more generally experienced in the country as a whole. There is also a risk that definitions may vary as well as the circumstances in which the data have been gathered and the manner in which they have been analysed and presented. Thus, while recognising the value of such information, the data used in this report are confined to those which have been designated as 'official', and at this stage, only quantitative data collected mostly by government agencies have been so designated.

Nonetheless, South Africa is fortunate in that a rich catalogue of official statistics that have been collected, and on-going improvements made in terms of coverage, definitions and timely collection ensure that such data are up-to-date and relevant to the reporting needs of the MDGs as well as the needs of the government (Stats SA, 2010). Extensive use has been made of the data provided by the Income and Expenditure Surveys (IES) of 2000,

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[3] This report makes use of the population group categories adopted by Stats SA.

2006 and 2011, and the Living Conditions Survey (LCS) of 2009. These data have the advantage in that they combine the detailed collection of the income and expenditure data required to generate the poverty statistics which form the core of this report, along with the socio-economic characteristics of individuals and households which allow for analysis to be disaggregated. These data are supplemented by the annual General Household Surveys (GHS) and the Labour Force Survey (LFS) which is now the Quarterly Labour Force Survey (QLFS). The large sample size household surveys apply consistent definitions both in the methodology of their collection and in the questions that are asked. Samples of about 30 000 are drawn from the South African Master Sample Frame and usually a multi-stage stratified sample is drawn using probability proportional to size principles. The master sample is drawn from the database of enumeration areas (EAs) established during the demarcation phase of each Census and is regularly updated. Census data and the National Accounts have also been used for population trends and for the measurement of Gross Domestic Product (GDP).

Several caveats apply to all reports that are produced using these data, including this document on the MDG-1. On the issue of comparability, the different methodologies used and how the questions were asked in different surveys must be considered. For example, comparing IES 2000, IES 2005/06, LCS 2008/09 and IES 2010/11 may be tricky because of the different methodologies of data collection used and the different ways in which some estimates were derived. The IES 2000 used a recall method when collecting information on household expenditure for all types of items, whereas IES 2005/06 used a diary method when collecting information on household expenditure for frequently acquired items such as food, beverages, personal care items, and so forth.

In addition, Stats SA revised the population model to produce mid-year population estimates during 2008 in the light of the findings of the Community Survey (2007) and new HIV/AIDS and mortality data. The data used in this report have been adjusted for the benchmarking of all previous datasets. Weighting and benchmarking have also been adjusted for the provincial boundaries that came into effect in December 2006. Further, as a result of new statistical programmes used for weighting, which discards records with unspecified values for the benchmarking variables, namely age, sex and population group, missing values have been imputed by Stats SA for these variables. As an example, a combination of logical and hot-deck imputation methods were used to impute the demographic variables of the GHS series from 2002–2010.

The data concerning unemployment must meet international definitions and standards, and thus can include concepts which may appear excessively stringent when classifying a person as a work-seeker, or generous when applied to those categorised as being employed (Stats SA, 2008). However as these definition are consistently applied, the trends are an accurate depiction of the South African labour market although levels are at times disputed.

The Non-Financial Census of Municipalities has been used as the data source for the provision of basic services to indigent households. It should be noted that only registered Indigent Households benefit from indigent support system. This means that it is the responsibility of households to go to their respective municipality to register as an indigent and they should provide proof that they are indeed indigent. The municipality will then capture them in their database or indigent register. This will entitle them to Free Basic Water which is at least 6kl per household per month, Free Basic Electricity which is at least 50khw per household per month and Free Basic Sewerage and Sanitation as well as Free Basic

Solid Waste Management. Indigent households are not required to pay the full economic price for their services and receive subsidy from their respective municipality.

Finally, an important and regrettable omission arises from the paucity of data on other vulnerable groups, specifically people with disabilities. According to Stats SA (2005) there are 2.25 million South Africans with disabilities although unofficial statistics suggest that this number might be closer to 4 million people. The South African government has recognised that the majority of people with disabilities continue to be exposed to restrictive environments and barriers that continue to marginalise and exclude them from mainstream society and its social and economic activities (DSD, 2009). However, it is not possible to reliably investigate the poverty, hunger and employment status of this group with the data collection instruments which are currently available. In part this is due to the sample size, and in part to the design of the questions which are not tailored to solicit the information required.

MDG-1 TARGETS AND PROGRESS

The Millennium Development Goal One (MDG-1) is perhaps the most prominent of the eight goals and most international reports suggest that despite the negative impact of the global financial and food crises of 2008, the global targets for this goal have been reached five years ahead of the initial schedule. Poverty rates have been halved between 1990 and 2010 with some 700 million fewer people lived in conditions of extreme poverty in 2010 than in 1990. However while the proportion of poor may have halved, the number of poor increased during this period, with the result that 1.2 billion people remain in extreme poverty (United Nations, 2013). Sub-Saharan Africa is the only region in which the number of people living in extreme poverty continues to rise, from 290 million people in 1990 to 414 million in 2010 and this region now accounts for more than one third of those living on less than PPP$1.254.

The Goal focuses on the reduction of poverty broadly, and the eradication of extreme poverty and hunger more specifically. The approach adopted by the major international development agencies recognises that a sustainable pathway from poverty requires a strong and expanding economy that produces decent jobs; a government that is able to provide properly functioning schools, hospitals, roads, and energy; and healthy and well-nourished children who represent the future human capital that fuels economic growth and will sustain future generations. In each case, for economic growth to be 'pro-poor', it is necessary that those in extreme poverty are able to access the jobs, schools, hospitals and so forth, and that the children of those in poverty are among those who experience improved nourishment. Indeed some argue that to be truly pro-poor, those in poverty should benefit from economic growth to a greater extent than those who are not (Kakwani et al, 2000).

In order to monitor progress, MDG-1 has several components for which international indicators have been developed. These are:

> Target 1(A): Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. The international indicators that are used are:

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[4] Although the original MDG-1 made use of $1 per day as its benchmark, the $1.25 a day poverty line measured in 2005 prices has replaced the $1.08 a day poverty line measured in 1993 prices. Often described as "$1 a day," $1.08 was widely accepted as the international standard for extreme poverty. These amounts are expressed in terms of Purchasing Power Parity Dollars (PPP$) which expresses prices adjusted for the cost of living in a benchmark currency, in this case the US dollar.

1.1 Proportion of population below $1.25 (PPP) per day;

1.2 Poverty gap ratio ($1.25 (PPP) per day);

1.3 Share of poorest quintile in national consumption.

Target 1 (B): Achieve full and productive employment and decent work for all, including women and young people. The international indicators that are used are:

1.4 Growth rate of GDP per person employed;

1.5 Employment-to-population ratio;

1.6 Proportion of employed people living below $1.25 (PPP) per day;

1.7 Proportion of own-account and contributing family workers in total employment.

Target 1 (C): Halve, between 1990 and 2015, the proportion of people who suffer from hunger. The international indicators that are used are:

1.8 Prevalence of underweight children under five years of age;

1.9 Proportion of population below minimum level of dietary energy consumption.

In addition to these international targets and indicators, South Africa has added a suite of domesticated indicators, some of which include targets that are to be achieved. Domestication takes account of the development endeavours that the government has committed to, most recently in South Africa's National Development Plan (NDP), and involves translating global goals, targets and indicators into targets, strategies and indicators relevant, applicable and attainable at the national, provincial and municipal level. It includes both the development of new indictors as well as the disaggregation of the global indicators in terms of race, sex, geographic location and region. The identification of the domesticated indicators has been a long-running consultative process which gained momentum during the preparation of the 2010 Country Report. The indicators used in this report are:

Target 1 (A):

Proportion of population below the lower-bound poverty line (R443 in 2011 prices) per month

Proportion of population below the upper-bound poverty line (R620 in 2011 prices) per month

Proportion of population below $2.50 (PPP) per day

Poverty gap ratio (lower-bound poverty line, R443 per month)

Poverty gap ratio (upper-bound poverty line, R620 per month)

Gini coefficient (including salaries, wages and social grants)

Proportion of poor households with access to free basic services

Water

Electricity

Sewerage and sanitation

Solid waste management

Percentage of indigent households receiving free basic services

Water

Electricity

Sewerage and sanitation

Solid waste management

Target 1 (B):

Number of beneficiaries of social grants (millions)

Target 1 (C):

Proportion of population who report experiencing hunger in a reference period
Prevalence of stunted children under five years of age (%)

Progress towards the achievement of the international and domesticated targets for MDG-1 is shown in Table 1 which provides a 'dashboard' of the selected indicators that includes an assessment of the likelihood of achieving the targets.

Table 1: MDG-1 Dashboard

MDG-1 Indicators	1994 baseline (or closest year)	Current status (2011 or nearest year)	2015 Target	Target achievability	Indicator type
Proportion of population below $1.25 (PPP) per day	17.0 (2000)	7.4 (2011)	8.0	Achieved	MDG
Proportion of population below lower-bound PL (R443 per mth 2011 prices)	42.2 (2006)	32.2 (2011)	No target	Not applicable	Domestic
Proportion of population below upper-bound PL (R620 per mth, 2011 prices)	57.2 (2006)	45.5 (2011)	No target	Not applicable	Domestic
Proportion of population below $2.50 (PPP) per day	42.2 (2000)	29.2 (2011)	21.1	Likely	Domestic
Poverty gap ratio ($1.25 PPP per day)	5.4 (2000)	1.9 (2011)	2.7	Achieved	MDG
Poverty gap ratio (Lower-bound PL R443 per month)	16.4 (2006)	11.8 (2011)	No target	Not applicable	Domestic
Poverty gap ratio (Upper-bound R620 per month)	26.7 (2006)	19.6 (2011)	No target	Not applicable	Domestic
Poverty gap ratio ($2.50 PPP per day)	18.0 (2000)	10.3 (2011)	9	Likely	MDG
Share of the poorest quintile in national consumption	2.9 (2000)	2.7 (2011)	5.8	Unlikely	MDG
Percentage growth rate of GDP per person employed	4.7 (2002)	1.5 (2011)	6	Unlikely	MDG
Employment-to-population ratio	44.1 (2001)	40.8 (2011)	50-70	Unlikely	MDG
% of employed people living below $1 (PPP) per day	5.2 (2000)	3.9 (2009)	0	Likely	MDG
% of own-account and contributing family workers in total employment	11 .0 (2000)	10.0 (2011)	5	Unlikely	MDG
% of people who report experiencing hunger	29.9 (2002)	12.9 (2011)	15	Achieved	Domestic
Prevalence of underweight children under five years of age (%)	13.2 (1993)	8.3 (2008)	6.5	Likely	MDG
Prevalence of stunting in children under 5 years of age (%)	30.3 (1993)	23.9 (2008)	15	Likely	Domestic
Gini coefficient (including salaries, wages and social grants)	0.70 (2000)	0.69 (2011)	0.3	Unlikely	Domestic
Proportion of households below Food Poverty (R305 per mth 2009 prices)					

with access to free basic services					
Water	No data	56.0 (2009)	No target	Not applicable	Domestic
Electricity	No data	65.0 (2009)	No target	Not applicable	Domestic
Sewerage and sanitation	No data	23.3 (2009)	No target	Not applicable	Domestic
Solid waste management	No data	28.3 (2009)	No target	Not applicable	Domestic
Percentage of indigent households receiving free basic services					
Water	61.8 (2004)	71.6 (2011)	No target	Not applicable	Domestic
Electricity	29.3 (2004)	59.5 (2011)	No target	Not applicable	Domestic
Sewerage and sanitation	38.5 (2004)	57.9 (2011)	No target	Not applicable	Domestic
Solid waste management	38.7 (2004)	54.1 (2011)	No target	Not applicable	Domestic
Number of beneficiaries of social grants (millions)	2.6 (1997)	14.9 (2011	No target	Not applicable	Domestic

While there has been mixed progress towards the achievement of both international and domestic targets, the status of MDG 1 indicators is fairly disappointing given the substantial resources which have been allocated towards the policies and strategies which have been introduced since South Africa's transition to democracy in 1994.   Critically, most of the national poverty targets are unlikely to be achieved, and none of the employment goals are likely to be achieved. On the positive side, although targets were not set for service delivery, there have been dramatic improvements in the provision of all essential services.

In terms of the MDG-1 targets, Table 2 summarises the assessment of South Africa's performance to date.

Table 2: MDG-1 Targets

Target	Performance Summary	Supportive environment
Target 1A: Halve between 1990 and 2015 the proportion of people whose income is less than $1,25 per day	Target set back by financial crisis but achieved	Good
Target 1B: Achieve full and productive employment and decent work for all, including women and young people	Target unlikely to be achieved	Unstable
Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Target likely to be achieved	Good

These trends will be analysed in detail in the subsequent sections of this report and point to the presence of persistent structural inefficiencies in the South African economy and polity which continue to disrupt the transfer of the county's wealth into improved socio-economic conditions and a meaningful path from poverty and hunger. While some of these can indeed

be attributed to the historical legacy discussed earlier, the slow progress towards the achievement of MDG-1 targets is also due to existing policies and the manner in which these are being implemented.

POLICIES FOR ACHIEVING MDG-1

Given South Africa's legacy of inequality and poverty, it is not surprising that the reduction of poverty and hunger, the delivery of essential services and the provision of decent work has been a consistent theme of successive governments since 1994. Indeed, the Reconstruction and Development Programme (RDP) prepared in 1993 as the in-coming democratic government's manifesto singles out the reduction of poverty in all its dimensions as the central concern for the post-apartheid era (ANC, 1994). However, the macroeconomic environment conditions the economic possibilities for achieving this and for the most part, this has been characterised by sluggish economic growth, the management of public debt and dealing with inflationary pressures. The South African government's response to periods of poor economic performance has thus been constrained both by international economic trends as well as by inherited fiscal realities. The apartheid government left a total public debt of R190 billion (1995 prices) of which foreign debt amounted to some R5 billion (SARB, 1996). Between 1993 and 1998, some 6.7 per cent of GDP, and 24 per cent of the budget, was annually absorbed by interest on this debt. In line with the fiscally cautious macroeconomic stance taken by the Growth, Employment and Redistribution Strategy (GEAR) introduced in 1996 to manage this situation, government contained growth in public expenditure and reduced its public-sector borrowing requirement from 9.3 per cent of GDP in 1993/4 to just 0.3 per cent in 2005/6, a modest surplus in 2006/7 and 2007/8. This ushered in a period of more relaxed fiscal management and the National Treasury reported a deficit of 5.3 per cent in 2011.

Despite these constraints, an array of strategies for poverty reduction has been introduced by government since 1994, some of which have been described in earlier MDG Country Reports. These include:

- National and provincial economic and development policy frameworks, specifically the Reconstruction and Development Programme in 1994 (RDP); provincial Growth and Development Strategy from 1998, the Growth, Employment and Redistribution strategy in 1996 (GEAR); the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in 2004, the New Growth Path in 2010, and most recently the National Development Plan (NDP) and Vision for 2030;

- The Medium Term Strategic Framework (MTSF) provides a statement of government intent for the electoral mandate period 2009-2014. It identifies the development challenges facing South Africa and outlines the medium-term strategy for improving living conditions of South Africans. The MTSF base document guides planning and resource allocation across all spheres of government. National, provincial and municipal departments are expected to develop their five-year strategic plans and budget requirements, taking into account these medium-term imperatives (The Presidency, 2009).

- Anti-poverty strategies, such as the Poverty Alleviation Fund in 2001, the Presidential

Urban and Rural Poverty Nodes in 2001 and the War on Poverty Campaign in 2009;

- The general move towards comprehensive social protection and developmental social welfare with the Child Support Grant (CSG) introduced in 1998 being the fastest growing form of assistance;

- Food security policies such as the promotion of food gardens and healthy diets, the Integrated Nutrition Programme and the Primary School Feeding Scheme which provides one meal a day to some 6 million primary school children in 18,000 schools, the promotion of breastfeeding, early detection of malnutrition, provision of nutritional supplements for children and fortifying staple foods;

- Public-works programmes aimed at promoting building assets, maintenance, environmental conservation and job-creation. These include the Expanded Public Works Programme (EPWP), the Working for Water Programme, the Land Care Programme and recently the Community Works Programme (CWP);

- Asset building programmes such as land reform and the National Housing Strategy.

- Major infrastructure programmes, with a focus on employment generation and the provision of basic services; and

- Second-generation integration strategies, namely the Rural Development Programme and the Urban Renewal Strategy.

The South African Government's objective since 1994, and especially since 2006 with the introduction of AsgiSA and in 2010 the New Growth Path and the vision outlined in the NDP for 2030, is an inclusive growth path. Several of the strategies which seek to achieve this are particularly pertinent for this reporting period. The MSTF explicitly identifies halving poverty and unemployment by 2014 as one of its objectives, along with ensuring a more equitable distribution of the benefits of economic growth and the reduction of poverty (The Presidency, 2009: 2). Ensuring universal access to basic services is another objective specified by the document. Of the Strategic Priorities established by the MTSF for this reporting period, four are directly relevant to the MDG-1 Progress Report:

- Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihood;

- Priority 2: A massive programme to build economic and social infrastructure;

- Priority 3: A comprehensive rural development strategy linked to land and agrarian reform and food security;

- Priority 10: Building a developmental state including improvement of public services and strengthening democratic institutions.

The MSTF sets a number of development indicators which are to be monitored, and the international and domesticated indicators discussed in this MDG-1 Progress Report are all included in this list. The MSTF also provides for the development of a long term vision for South Africa which has been given shape by the formation of the National Planning Commission (NPC) and the preparation of the National Development Plan (NDP). As a consequence, and as would be expected, the NDP Diagnostic Reports emphasise the importance of eliminating poverty; job-creating economic growth; reducing inequality, especially wage inequalities; improving the delivery of basic services to improve living

standards; and improving nutrition levels and addressing micro-nutrient deficiencies. Population dynamics are recognised as providing both challenges and opportunities, particularly through the possible realisation of a 'demographic dividend' as the potential labour force grows and successive cohorts of young people enter the labour market. However in all cases, coordination failures are noted as a factor creating inefficiencies in terms of how resources are allocated and used. Nine primary challenges are identified, of which four are relevant to this MDG-1 Progress Report:

- Too few people work;

- Infrastructure is poorly located, inadequate and under-maintained;

- Spatial divides hobble inclusive development;

- Public services are uneven and often of poor quality

While recognising that many issues need not necessitate policy changes, and instead require better co-ordination, better implementation, and holding those responsible for implementation accountable for the activities that they have been assigned, to respond to these challenges, the NDP outlines a number of strategies.

"Direct and immediate measures to attack poverty" is given prominence in the Plan (NPC, 2012: 28). Four of the eight components proposed by the Plan for this attack have directly relevance to this MDG-1 Progress Report:

- Introduce active labour market policies and incentives to grow employment, particularly for young people and in sectors employing relatively low-skilled people;

- Expand public employment programmes to 1 million participants by 2015 and 2 million by 2020;

- Expand welfare services and public employment schemes, enabling the state to service and support poor communities;

- Introduce a nutrition programme for pregnant women and young children and extend early childhood development services for children under five.

The Plan thus proposes eliminating income poverty by reducing the proportion of households with a monthly income of R416 per person (the lower-bound poverty line presented in the Report expressed in 2009 prices) from 39 per cent to zero. The Plan also sets the target of reducing inequality with the Gini coefficient expected to fall from 0.69 to 0.60. To achieve these goals, ten critical actions are provided, four of which are of direct relevance to this MDG-1 Progress Report:

- A social compact to reduce poverty and inequality, and raise employment and investment.

- A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.

- Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.

- New spatial norms and standards, including densifying cities, improving transport links, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.

Enabling milestones established by the Plan for these critical actions include:

- Increase employment from 13 million in 2010 to 24 million in 2030;

- Raise per capita income from R50 000 in 2010 to R120 000 by 2030;

- Increase the share of national income of the bottom 40 per cent from 6 per cent to 10 per cent;

- Ensure that all South Africans have access to clean running water in their homes;

- Realise a food trade surplus, with one-third produced by small-scale farmers or households;

- Ensure household food and nutrition security;

- Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.

As South Africa's mid-term MDG report for 2007 comments, an important aspect of government's overarching policy to address MDG-1 is through the provision of a 'social wage' package intended to reduce the cost of living of the poor (Government of South Africa, 2007). This is also acknowledged by the Diagnostic Report of the NPC (NPC, 2011: 08) and in the Plan itself (NPC, 2012: 359). This includes free clinic-based primary health care for women and children under six, compulsory education for all those aged seven to thirteen years, and subsidies on housing, electricity, water, sanitation, solid waste management, and transportation for those who are categorised as indigent and who thus qualify. The social wage includes a social assistance system that predates the democratic era and which has been significantly expanded. The key legislations governing this system include:

- The Constitution of the Republic of South Africa, (Act No 108 of 1996), provides for everyone to have the right to access to social security. This includes, if they are unable to support themselves and their dependants, appropriate social assistance and obliges the state to take reasonable legislative and other measures within its available resources to achieve the progressive realization of these rights;

- South African Social Security Agency Act, 2004 (Act No. 9 of 2004) gives legislative authority for the establishment of SASSA an agent for the administration and payment of social assistance to provide for the prospective administration and payment of social security by the Agency and the provision of services related thereto; and to provide for matters connected therewith;

- Social Assistance Act, 2004 (Act No. 13 of 2004) which gives legislative authority for the transfer of the social assistance function to SASSA. The Act provides for the rendering of social assistance to persons. It provides for the mechanism for the rendering of such assistance and the establishment of an inspectorate for social assistance and for matters connected therewith.

Close to 60 per cent of government spending is allocated to the social wage and expenditure on these services has more than doubled in real terms over the past decade. As a percentage of GDP, spending on the social wage rose from 13 per cent to 19 per cent (National Treasury, 2013: 83).There has been a doubling in per capita health spending over this period, the construction of 1.5 million free homes and the provision of free basic education to the poorest 60 per cent of learners. Although initially seen as a short-term measure to address poverty, social grants have increasingly become a source of livelihood

in South Africa. There has been a dramatic increase in the total number of beneficiaries in receipt of social grants from 2.6 million in 1994 to 14.9 million people by the end of 2011. Although the Old Age Pension (OAP) was established during the apartheid era, the introduction in 1998 of a Child Support Grant (CSG) for children younger than seven years is especially noteworthy. The coverage of this grant has successively been extended to children in older years (reaching those between the ages of 15 and 16 in 2010) and now reaches 9.1 million children. Grant payments have risen from 2.9 per cent of GDP and now amount 4.4 per cent, which is three times higher than the median spending of 1.4 per cent of GDP across developing and transition economies (Leibbrandt et al, 2010: 53).
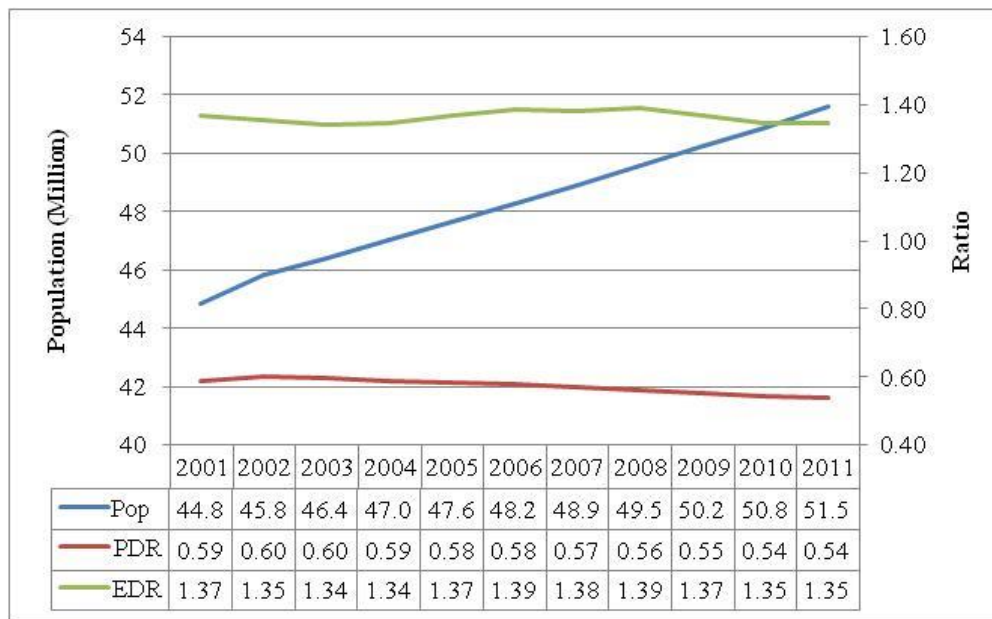
Another important component of the government's short-term response to poverty reduction and the delivery of decent work is through public works. The Expanded Public Works Programme (EPWP) and Community Works Programme were introduced in 2004 and 2008 respectively. Phase 1 of the EPWP (2004-2009) created about 1 to 1.4 million work opportunities and benefited 300 000 people equal to approximately 7 per cent of the unemployed and Phase 2 (2009-2014) is expected to create 4.5 million job opportunities. The CWP was initiated by the Second Economy Strategy Project reported to AsgiSA. The pilot phase of the CWP reached 55 582 participants and had created 7 613 full-time equivalent jobs by the end of March, 2010.

Finally, a number of other important policy changes and interventions should contribute towards progress in the achievement of MDG-1. These include the provision of free health-care for pregnant women and children aged less than six years, shifting the method of health care from a curative to a preventative approach as well legislation concerning health insurance and the termination of pregnancy. There has also been improvement in the provision of health care services and facilities in the country. Civil Society Organisations (CSO's) have also played an important role through the provision of services such as the distribution of food, providing social welfare services, programmes of awareness and empowerment and other charitable actions.

Despite these generally pro-poor policies, the NDP recognises that progress towards the reduction of poverty and hunger has so far been sluggish. In addition to the historical legacy of apartheid, a number of reasons for this can be advanced including the population structure and dynamics of South Africa, the impact of HIV/AIDS, and the structure of the economy and the labour market.

The current profile of poverty and prospects for achieving MDG-1 in South Africa are influenced by its population structure and dynamics. The population size of South Africa has increased from 44.8 million in 2001 to 51.8 million in 2011. This is shown in Figure 6 which provides the population size from the 2001 and 2011 Censuses and the mid-year population estimates for the intervening year. On the right axis, the Figure also provides the Population Dependency Ratio (PDR) which refers to those aged 0-14 years and those older than 64 years expressed as a ratio of those aged 15-64 years, and the Economic Dependency Ratio (EDR), which refers to those who are reported as being employed expressed as a ratio of those that are not.

Figure 6: Population size and composition

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Pop	44.8	45.8	46.4	47.0	47.6	48.2	48.9	49.5	50.2	50.8	51.5
PDR	0.59	0.60	0.60	0.59	0.58	0.58	0.57	0.56	0.55	0.54	0.54
EDR	1.37	1.35	1.34	1.34	1.37	1.39	1.38	1.39	1.37	1.35	1.35

Source: Census 2011, Mid-year population estimates 2013 and adjusted historical estimates, Statistics South Africa

The steady increase in the population is evident and while fertility rates have declined, the population growth rate has slowed only modestly from 1.99 per cent per annum for the period 1996-2001 to 1.44 for the period 2001-2011. This is despite the likely impact of the HIV/AIDS epidemic on adult mortality where the age standardised death rate for women increased from 601/100 000 to 1453/100 000 between 1997 and 2004, and that for men increased from 946/100 000 to 1671/100 000 (Stats SA, 2006).

Census data reveals that there have been important changes in the spatial distribution of the population between South Africa's nine provinces arising from internal migration between provinces and in-migration from other countries in Africa (Stats SA, 2012a). This is shown in Figure 7 which reports the results of the population censuses undertaken since 1996.

Figure 7: Population size by province

	LP	MP	GP	NW	KZN	FS	NC	EC	WC
2011	5.4	4.0	12.3	3.5	10.3	2.7	1.1	6.6	5.8
2001	5.0	3.4	9.2	3.2	9.6	2.7	1.0	6.3	4.5
1996	4.9	2.8	7.3	3.4	8.4	2.6	0.8	6.3	4.0
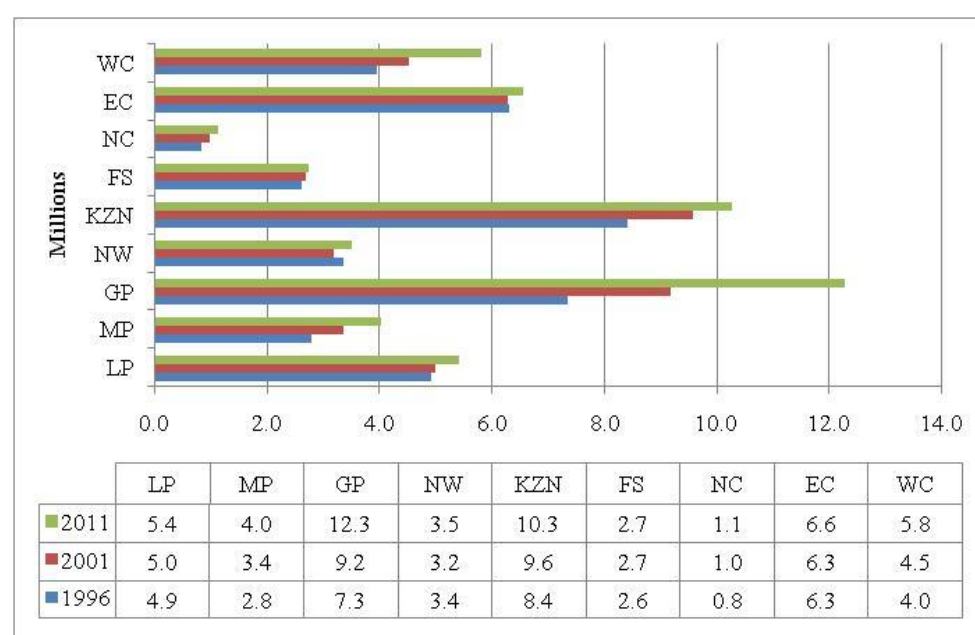
Source: Census 1996, 2001, 2011, Statistics South Africa

According to Census 2011, Gauteng is now the province that housed the largest percentage of the population, at 23.7 per cent of the population. The percentage of the population living in KwaZulu-Natal, the most populous province in 2001, has decreased slightly to 19.8 per cent in 2011 from 21.1 per cent in 1996. Even with this decrease in the population percentage, KwaZulu-Natal is still home to the second largest population percentage in the country. Amongst all the provinces, Northern Cape had the lowest and consistent population share of 2.5 per cent in 1996 that declined slightly to 2.2 per cent in 2011. Eastern Cape showed a marked decline in its population (from 15.1 per cent in 1996 to 12.7 per cent in 2011). The implication is that KwaZulu-Natal and the Eastern Cape are tending towards becoming migrant-sending regions, while Gauteng and the Western Cape have become migrant-receiving regions.

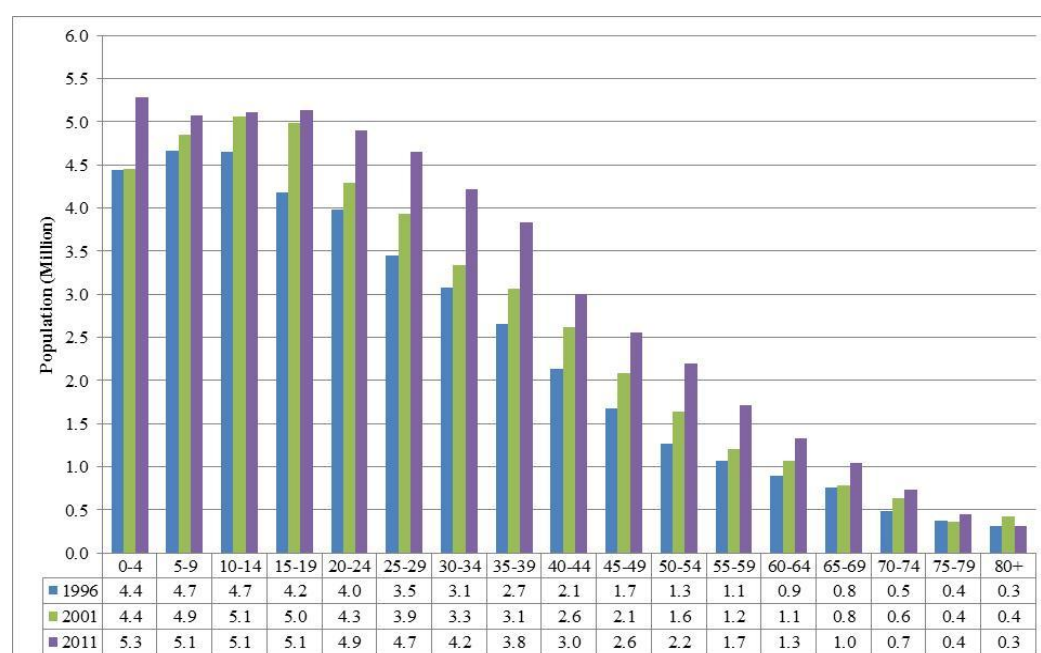There is a widely held perception that South Africa has also experienced substantial in-migration from other African countries which may have served to slow progress towards MDG-1. However available data suggests that this concern is unfounded. According to Stats SA's 2007 Community Survey, the total number of foreign-born residents is just over 1.2 million people or 2.8 per cent of the total population, an estimate that is supported by the UNDP (Landau and Segatti, 2009). It seems unlikely that this in-migration has significantly impacted on progress towards MDG-1 in either a positive or negative fashion.

The PDR and EDR demonstrate worrying trends. While the ratio between those in the economically inactive age groups compared to those in the economically active age group (15-64) has declined, with a smaller share of the population being dependent due to their age as children or elders, the EDR has remained consistent and recently declined. This means that although an increasing share of the population are adult and are potentially economically active, a decreasing share is actually economic active. The consequence is that although consumption needs are increasing, the capacity to meet these needs is not.

The changing age profile is thus relevant to the achievement of MDG-1 and is shown in Figure 8.

Figure 8: Age and population

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
1996	4.4	4.7	4.7	4.2	4.0	3.5	3.1	2.7	2.1	1.7	1.3	1.1	0.9	0.8	0.5	0.4	0.3
2001	4.4	4.9	5.1	5.0	4.3	3.9	3.3	3.1	2.6	2.1	1.6	1.2	1.1	0.8	0.6	0.4	0.4
2011	5.3	5.1	5.1	5.1	4.9	4.7	4.2	3.8	3.0	2.6	2.2	1.7	1.3	1.0	0.7	0.4	0.3

Source: Census 1996, 2001, 2011, Statistics South Africa

As with many other countries in Sub-Saharan Africa, the population of South Africa remains youthful, with 29.2 per cent younger than 15 years of age according to the Census 2011 although this is changing (Stats SA, 2012b). As already noted fertility rates have declined and this has been a consistent trend for three decades. South Africa's rates are currently the lowest in sub-Saharan Africa. Without an increase in the overall size of the population that would otherwise follow, achieving the MDGs is potentially made easier, although this may have been offset by a relative rise in dependency shown between 2001 and 2006 in Figure 6, some of which will have been due AIDS related mortality.

Declining household size is also a factor. This has been an unforeseen consequence of the ending of apartheid legislation as well as increasing income and spatial mobility. Laws limiting the movement and settlement opportunities of the black African population compelled household members to share dwellings. This maintained extended family structures longer than would have been the case given the level of development in South Africa. The removal of these laws, together with the large scale provision of housing, allowed households to fragment resulting in a rapid decline in household size and over-crowding. However, this has also limited the impact of policy on housing and essential services backlogs as average household size fell from 4.5 people in 1996 to 4.0 in 2001, and to 3.6 in 2011 (Stats SA 2012b:27). The number of households has increased by 29 per cent between 2001 and 2011 which has created significant fiscal challenges for provincial and municipal governments charged with addressing service and housing backlogs. Finally, South Africa continues to experience rapid urbanisation with 53.7 per cent of the population living in urban areas in 1996 rising to 54.4 per cent in 2001 and 67.7 per cent in 2011. For the achievement of the MDGs, the implication is that poverty in South Africa is increasingly becoming an urban phenomenon, although is likely to remain most severe in rural areas.

With an estimated 5.38 million people living with HIV in 2011 (Stats SA 2011), the epidemic

has significantly slowed progress towards the achievement of MDG-1. The epidemic has changed the structure of households with rapid movement between households as members attempt to cope with the impact of illness and death, and the growth of complex family structures with older household heads, missing generations and children living without their biological parents and child headed households.

The failure to generate sufficient jobs to absorb the large numbers of work-seekers is a final significant cause of persistent poverty to be considered. A rapidly declining proportion of South Africa households have access to income from employment. In 1997 an estimated 70.6 per cent of households relied on some income from workers by 2008 this had declined to 58.9 per cent (Meth, 2011). Given that this was before the economic recession and the loss of over a million jobs the picture since then is likely to be worse. Furthermore the number of labour market entrants exceeds the number of new jobs and exacerbates the increase in unskilled unemployment. According to Leibbrandt et al (2010) the share of households in South Africa with no link to the labour market has increased sharply from 30 per cent in 1997 to 42 per cent 2008.This growing unskilled unemployment has been found to be a significant contributor to increasing levels of poverty among the poorest (McCord 2004: 3).

Historically, the South African economy has seen many decades of the concentration of local and international capital spatially and in terms of race and class. As a result, the formal economy is dominated by large monopolistic companies and industries in which the concentrations of white and foreign ownership remain high. These remain located in the areas formally designated for the white population group and this continues to favour the sections of the population who enjoyed access to formal education and training. Moreover, according to du Toit (2005: 658) and others, the formal economy shows an escalating tendency towards capital intensity.

In general (although not exclusively) during the apartheid era black people occupied jobs as unskilled labourers who could easily be dispensed with and sent back to the rural areas designated as 'homelands' when their labour was no longer required. Long after the integration of the homelands into a unified South Africa, this legacy of unequal access to education and employment remains a haunting feature of the present day South African labour market. The result has been a persistence of poverty, low skills, few job opportunities and little economic activity in these areas. When movement from these areas has taken place, the result has most often been the rapid growth of existing and new densely settled but equally marginalised information settlements. This continued divergence led former President Mbeki to describe South Africa as comprising two economies: the First being prosperous areas of opportunity, the Second being at best marginalised, but also adversely included as providers of cheap labour and consumers of mass produced goods.

This inherited structure and the way labour markets operate in South Africa has not generated sufficient permanent jobs at the lower end of the labour market and shows no signs of doing so in the medium term. It seems quite likely this will apply to the long term as well. In most cases decent jobs, that is, jobs that are secure, protected, and offer wages that are sufficient to move households out of poverty, are generated for only a minority of workers at the skilled end of the labour market. The unskilled and semi-skilled jobs generated at the lower end of the labour market are often project bound and thus temporary, and are usually the first to be eliminated during times of recession. Although this form of unemployment constitutes cyclical unemployment, in times of sustained economic

contraction, or weak growth, such unemployment can become enduring and structural. This is important since structural employment is concerned with the inefficiencies that can be inherent in labour markets that arise from information asymmetries, location effects and the mismatch between the supply and demand for labour with the necessary skill sets. Thus while employment opportunities might exist, they may be located in different regions in a country from where labour exists, or do not offer employment for the skill sets that are appropriate to those of vulnerable or marginalized workers. This is differs from frictional unemployment in which the choices made by participants in the labour market determine whether they become employed or not (workers chose leisure over working for a low wage), or cyclical unemployment which results when aggregate demand in an economy is insufficient to provide jobs for everyone who wants to work. Further, as already noted the demographic structure of South Africa means that large numbers of young people are also entering this sluggish labour market with limited prospects of first employment. Finally, the high economic dependency ratios in working class communities means that many people are dependent on the income or wages of those lucky enough to be employed, and if not, on the social grants intended to support the elderly and children.

GROWTH IN GROSS DOMESTIC PRODUCT

While the economic growth of a country is by no means the only, or even best measure of economic development, the reduction of poverty does depend upon the rate at which the economy grows in comparison to the growth rate of its population, and the manner in which the benefits of economic growth are distributed and transformed into social outcomes. The period under review covers two of the most serious global economic calamities since the Great Depression: the sharp escalation in food prices and the global financial crises of 2007/8. Relative to some economies, South Africa escaped the worst effects of both crises although most of the country's major trading partners were severely affected. Nonetheless an estimated 1 million jobs were lost as a result of the crisis following the sharp decline in demand for South Africa's exports and the drop in commodity prices. The drop in GDP and the number employed is evident in Figure 9.

Figure 9: Employment and GDP in Constant 2005 Prices
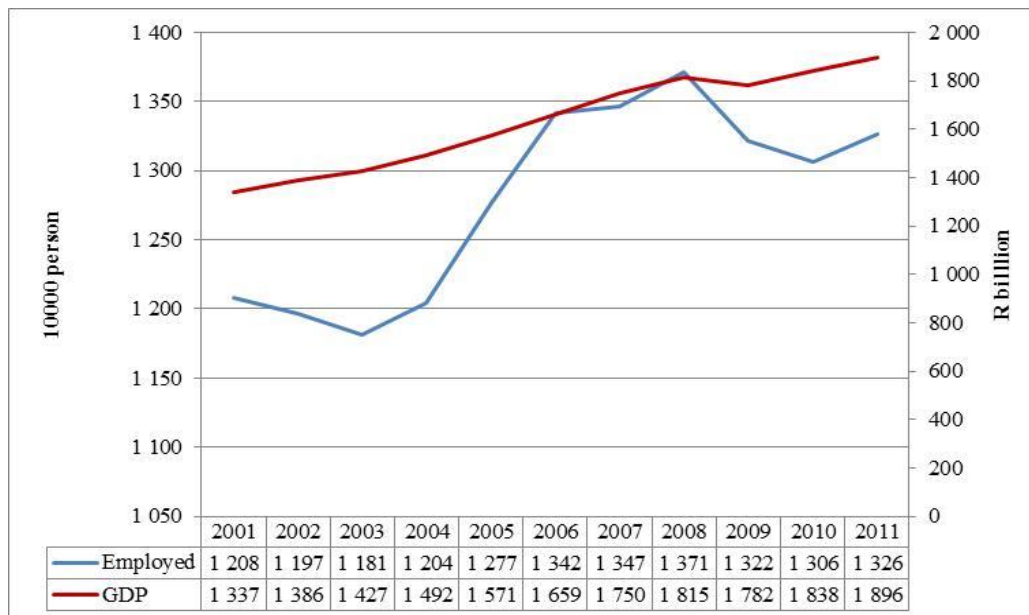
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employed	1 208	1 197	1 181	1 204	1 277	1 342	1 347	1 371	1 322	1 306	1 326
GDP	1 337	1 386	1 427	1 492	1 571	1 659	1 750	1 815	1 782	1 838	1 896

Source: LFS (2001 - 2007); QLFS (2008 - 2011) and Gross Domestic Product (GDP) 2001-2011, Statistics South Africa

The right hand axis shows GDP in billions of Rand, while the left axis shows the number of people in employment in 10 000's. The period of steady economic growth accompanied by a sluggish labour market is apparent from 2001until 2004, when the economy's ability to create new jobs improved. This was maintained until 2008 when both GDP and employment declined. Only in 2011 were there signs of this trend being reversed.

Figure 10 reveals the fluctuations of this period more clearly, and shows the growth rate between each period of GDP per person employed. The figure includes a fitted polynomial trend line to smooth out annual fluctuations in the data[5.]

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[5] Trend lines are used to connect data points and a polynomial trend line is a curved line used when data fluctuates.

Figure 10: Growth rate of GDP per person employed

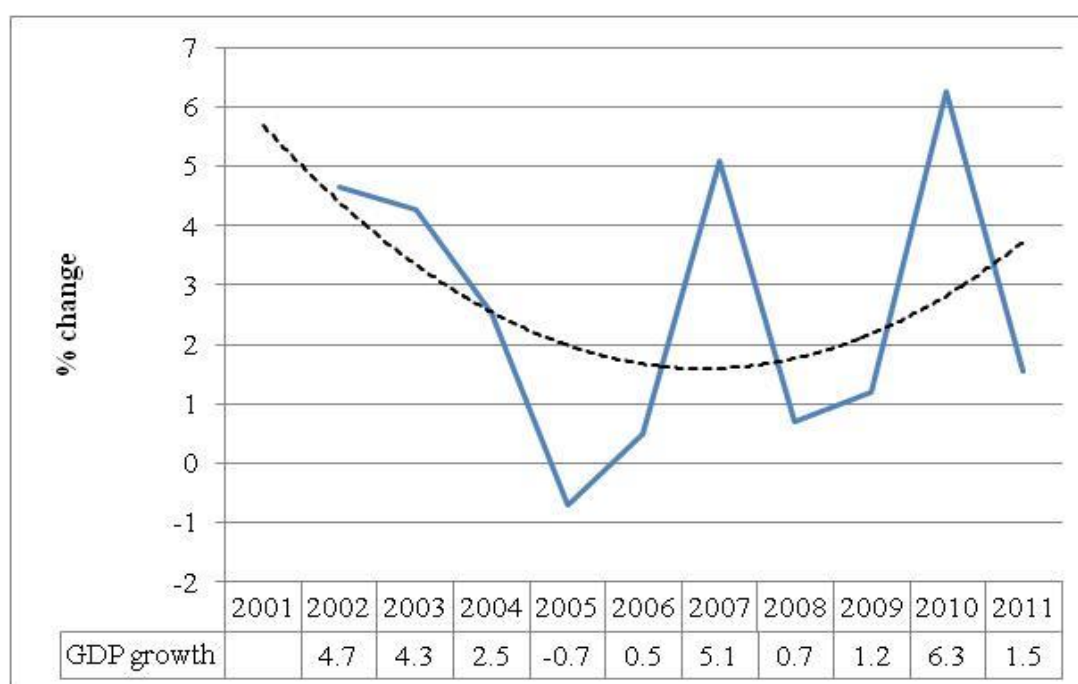|	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP growth		4.7	4.3	2.5	-0.7	0.5	5.1	0.7	1.2	6.3	1.5

Source: LFS (2001 - 2007); QLFS (2008 - 2011) and Gross Domestic Product (GDP) 2001-2011, Statistics South Africa

The growth rate of GDP per person employed or labour productivity is defined as the growth rate of output per unit of labour input. In this case, output is measured as "value added", which is the total production value minus the value of intermediate inputs, such as raw materials, semi-finished products, services purchased and energy inputs. The figure shows that South Africa has experienced three dips in the growth rate per person employed in 2005, 2008 and most recently in 2011. As a result the overall trend has been one of decline until 2008, and uneven recovery since this date. The impact of this trend would be adverse for all, but particularly for those dependent upon wage income that have lost jobs, and new entrants into the labour market who face limited prospects of obtaining employment. South Africa's social assistance system will have shielded the most vulnerable from the effects of the economic down turn however they will still have been exposed to rising food prices. The implication is that as with most countries in the world, South Africa's attainment of MDG-1 will have been adversely affected during the reporting period.

MONEY-METRIC POVERTY

Although deprivation is measured in many different ways, the use of an absolute measure that conceptualises poverty as lacking the income to purchase a minimum basket of food and non-food items has been adopted by MDG-1. Several international poverty thresholds have been adopted, with one dollar per person per day being the most extreme measure. These thresholds are expressed in terms of Purchasing Power Parity (PPP) which means that the amounts have been adjusted both by exchange rates and the relative cost of living in the country being investigated and expressed against a baseline currency, in this case the US dollar. South Africa has collected the data required for poverty since 2000 and the range

of international poverty lines is given in Figure 11 which reports the poverty headcount (the percentage of the total population below each poverty line). In addition to the line now used for MDG-1 reporting (PPP$1.25), the figure includes the original PPP$1 per day and the PPP$2 and PPP$2.50 lines which are more often used in the case of a middle income country such as South Africa.

Figure 11: International poverty lines (Headcount)

Poverty headcount

	$1	$1,25	$2	$2,50
■ 2000	11,3	17,0	33,5	42,2
■ 2006	5	9,71	25,3	34,8
■ 2009	5,9	10,7	27,2	36,4
■ 2011	4,0	7,4	20,8	29,2
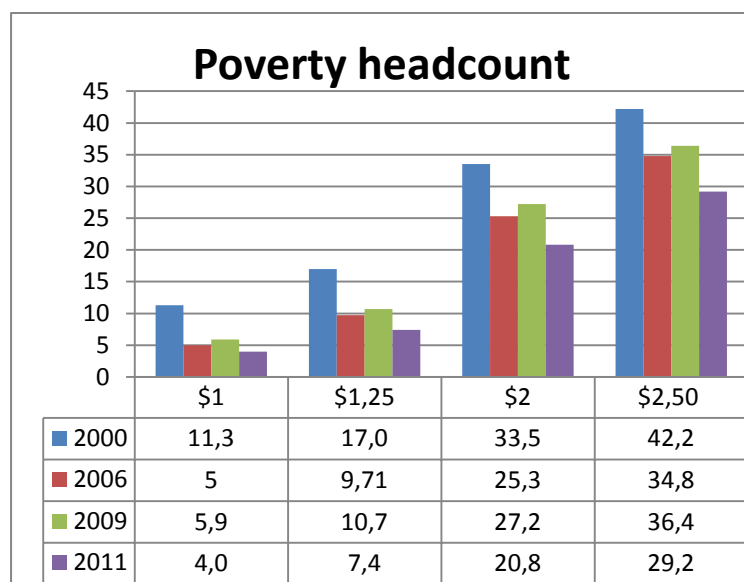
Source: IES, 2000, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The figure shows that despite the adverse impact of the financial crisis, South Africa has achieved the target of halving the share of the population below PPP$1.25 per person per day. This declined from 17.0 per cent in 2000 to 9.7 per cent in 2006, with a modest increase back to 10.7 per cent in 2009. In 2011, this dropped to 7.4 per cent. Progress has also been made against all other international poverty lines, although most modestly against the highest line of PPP$2.50 and it is unlikely that the target of halving the percentage of the population below this line will be achieved.

While poverty headcounts are intuitively easy measures of deprivation to understand and communicate, the approach implies that all those who are below the threshold are considered to be equally deprived. As a result changes in the depth of poverty (how far the deprived are from the threshold) are not depicted, and for those below the threshold, poverty could worsen or improve without any change in the indicator being observed. For this reason, the poverty gap is preferred as an indicator of the depth of poverty. The gap measures the average distance from the poverty line of those categorised as poor, and thus can be expressed as a percentage of the poverty line, as is done in Figure 12 for the full suite of international poverty lines.

Figure 12: International poverty lines (Gap)

Poverty Gap

	$1	$1,25	$2	$2,50
2000	3,2	5,4	13,0	18
2006	1,1	2,3	8,1	12,5
2009	1,4	2,8	8,9	13,5
2011	1,0	1,9	6,5	10,3
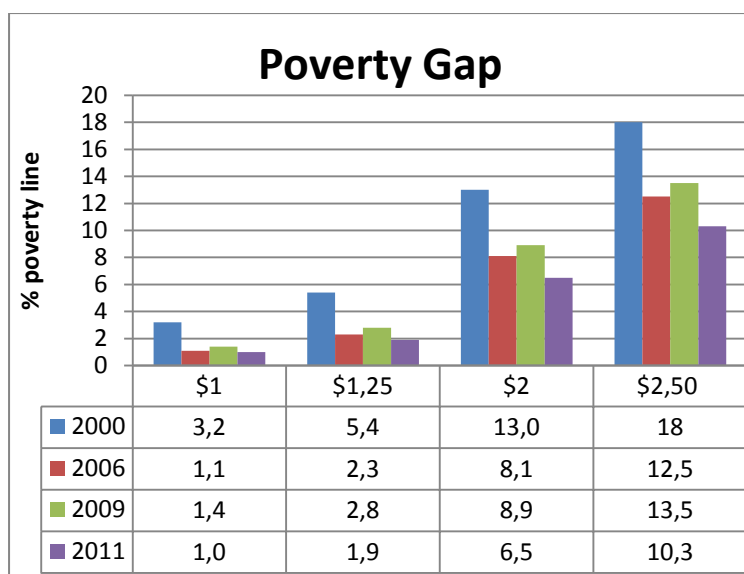
Source: IES, 2000, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

This measure shows stronger declines in the depth of poverty whichever threshold is used, and confirms that South Africa's poverty reduction strategy has tended to favour the most poor, and that the social assistance system largely buffered the most poor from the financial crisis. South Africa has achieved the goal of halving the poverty gap at the PPP$1.25 poverty line and substantial declines are observed even at the PPP$2.50 threshold.

International poverty lines are a useful means of comparative progress across countries. However, the international poverty lines are created from national poverty lines which in turn, are derived directly from national consumption patterns and preferences. In 2012, South Africa released a set of three national poverty lines which follow these international conventions. The food poverty line (FPL) is the level of consumption below which households are unable to purchase sufficient food to provide an adequate diet to their members. Those below this line are either consuming insufficient calories for their nourishment, or must change their consumption patterns from that preferred by low income households. The lower-bound poverty line (LPL) includes non-food items, but requires that households sacrifice food in order to obtain these, while households at the upper-bound poverty line (UPL) can purchase both adequate food and non-food items. In 2011 prices, these lines were R321, R443 and R620 respectively. Figure 13 reports the lower and upper bound lines for South Africa, and for the nine provinces.

Figure 13: National poverty lines (Headcount)

	LPL	UPL	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2006	42,2	57,2	36,9	69,5	63,8	53,2	69,1	60,2	32,4	66,3	74,4
2009	44,6	56,8	35,4	70,6	63,0	61,9	65,0	61,4	33,0	67,1	78,9
2011	32,3	45,5	24,7	60,6	47,6	41,2	56,8	50,7	23,4	54,9	62,5
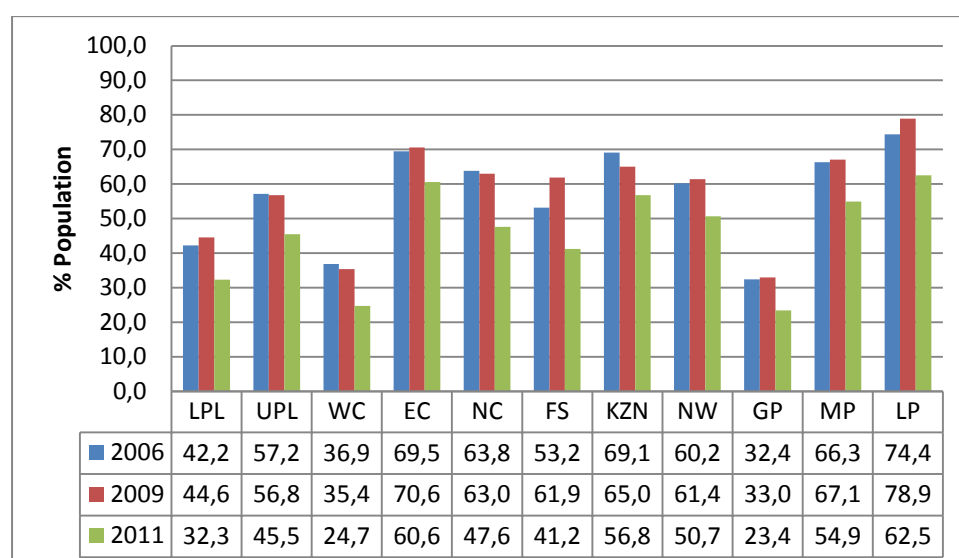
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The national poverty lines show a modest increase in the headcount for the lower bound line, and little change for the upper bound line between 2006 and 2009. In 2011, we see a notably drop for both lines. At a provincial level in 2011, the percentage of individuals living in poor households is lowest in Gauteng and the Western Cape, at 22.9 and 24.7 per cent respectively compared to almost 64 per cent in Limpopo and 61 per cent in the Eastern Cape. The poverty gap shown in Figure 14 suggests that there was an increase in the depth of poverty in 2009, but this dropped significantly in 2011. This shows a similar pattern as seen when observing the changes in the international poverty lines.

Figure 14: National poverty lines (Gap)

	LPL	UPL	WC	EC	NC	FS	KZN	NW	GP	MP	LP
2006	16,4	26,7	13,8	34,1	31,1	22,0	35,7	28,1	11,3	32,0	36,8
2009	18,9	27,9	13,8	36,7	29,9	28,4	33,4	29,3	13,1	34,1	44,4
2011	11,8	19,6	8,5	27,2	19,1	17,5	25,5	22,6	8,1	21,7	30,0
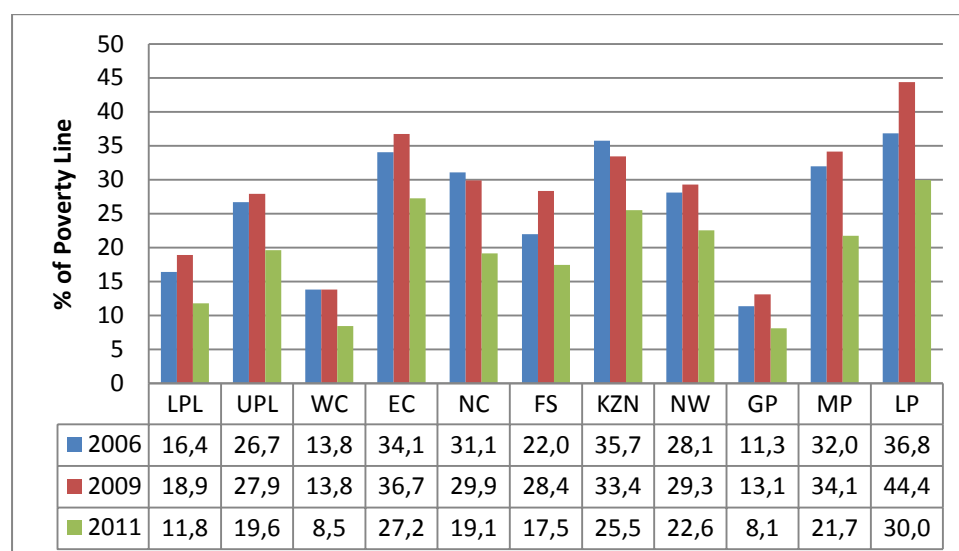
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The poverty gap for South Africa increases from 16.4 per cent of the lower-bound poverty line to 18.9 per cent between 2005 and 2008, with increases being most notable in the Free State, Limpopo and Eastern Cape. In 2011, the gap drops to 11.8 per cent, with the largest provincial drop occurring in Limpopo. As with the headcount, Gauteng and the Western

Cape have the lowest poverty gaps.

As would be expected given South Africa's history, there are also differences in the poverty headcount and gap according to race and location. Figure 15 shows the percentage of each of the major race groups in South Africa who are categorised as being below the UPL.

Figure 15: National Poverty Lines by Race (Headcount)

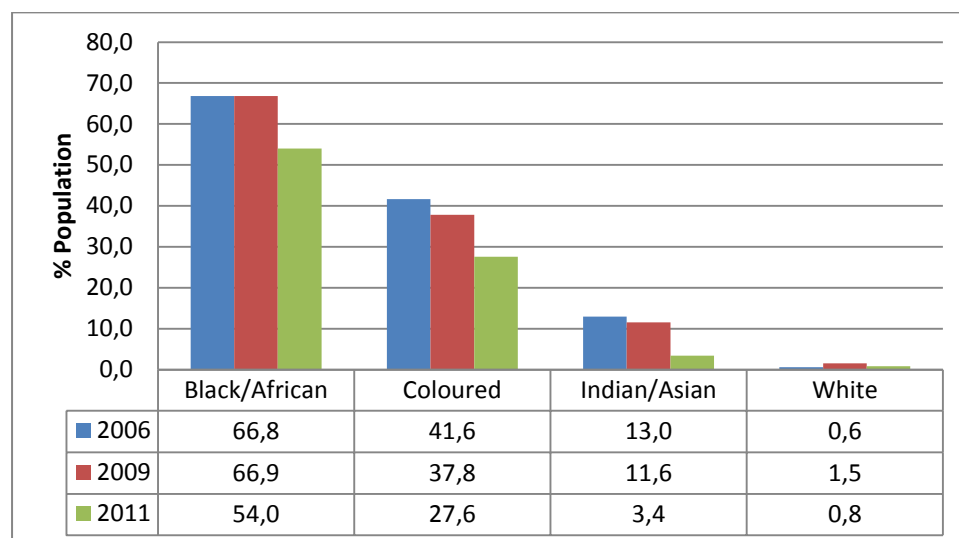|	Black/African	Coloured	Indian/Asian	White
2006	66,8	41,6	13,0	0,6
2009	66,9	37,8	11,6	1,5
2011	54,0	27,6	3,4	0,8

Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The headcounts have decreased for all population groups between 2006 and 2011; however, the black African population still has the highest rates compared to other groups. A similar picture emerges when examining the poverty gap shown in Figure 16 suggesting a narrowing of inequality among the poor (using the UPL) for all population groups, but especially for black Africans who saw a widening gap in 2009.

Figure 16: National poverty line by race (Gap)

	Black/African	Coloured	Indian/Asian	White
2006	31,6	17,0	3,3	0,2
2009	33,4	15,1	2,1	0,6
2011	23,6	9,6	1,0	0,3
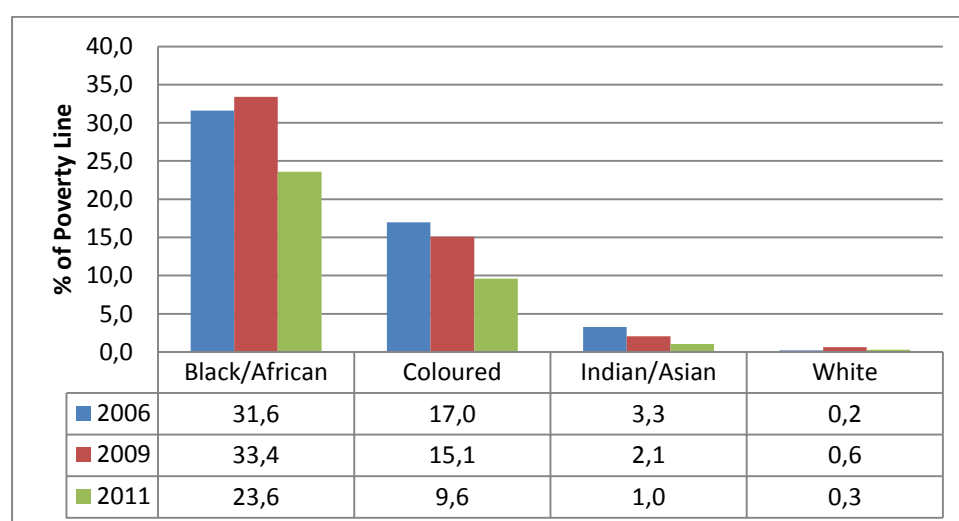
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

As mentioned earlier, the spatial patterns of deprivation in South Africa follow the legacy of apartheid era policy, with poverty being most acute in the former Homelands. The bulk of these areas are categorised as being rural despite their high population densities and a general absence of agrarian livelihoods. Figure 17 shows the LPL and UPL in 2006, 2009 and 2011 for rural and urban settlements, and reports both the poverty headcount and the poverty gap.

Figure 17: National poverty line by location (Headcount and Gap)

	LPL 2006	LPL 2009	LPL 2011	UPL 2006	UPL 2009	UPL 2011
Urban HC	26,0	29,0	19,8	40,7	41,0	30,9
Rural HC	65,4	70,5	52,2	80,8	83,0	68,8
Urban Gap	8,5	10,7	6,6	16,1	17,6	12,0
Rural Gap	27,8	32,3	20,1	41,9	45,0	31,8
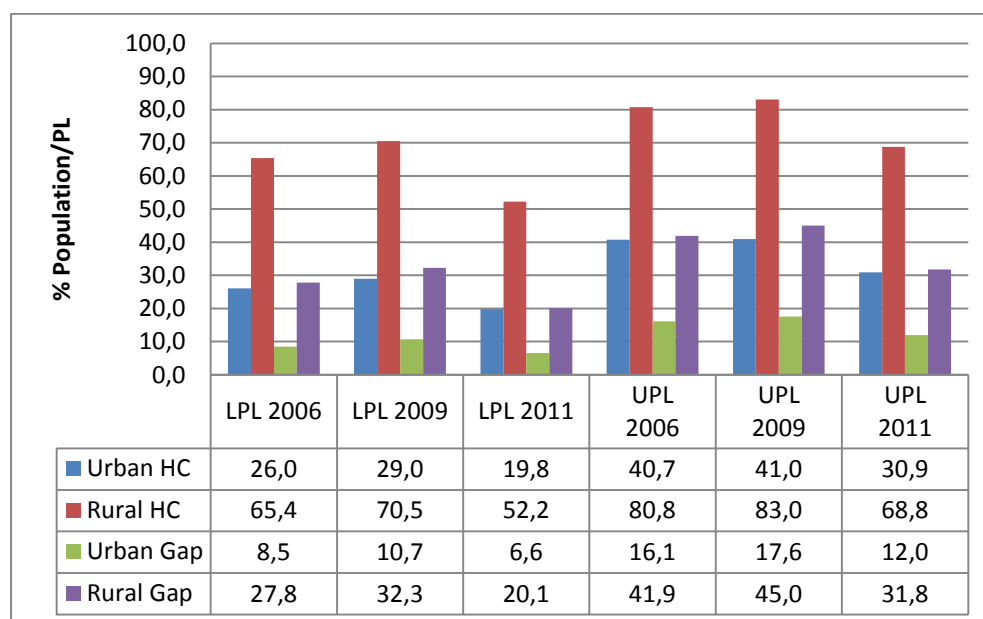
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The differences between urban and rural areas is stark; while all areas have seen improvements in the headcount and gap measures by 2011, rural areas remain significantly more impoverished than urban areas. The poverty gap in rural areas according to the UPL is over 30 per cent of the poverty line.

In summary, both the international and national poverty lines confirm the persistence of high levels of poverty in areas which have historically been among the poorest regions of the country. However, the situation has improved since the 2008/09 financial crisis and by 2011 poverty levels across the country were down. As with many other countries, the global financial crisis negatively impacted on South Africa's progress towards the target of halving the share of the population living on PPP$1.25 per day, however the social protection policies introduced by the government during the 1990's have provided the necessary protection for those furthest from the poverty line. By 2011, South Africa had successfully achieved halving the poverty headcount and gap for those living below PPP$1.25 per day (as well as the target for those living below $1 (PPP) per day). Progress in terms of the national poverty lines has been hindered somewhat more, partly because these thresholds are higher than those adopted internationally.

HUNGER AND MALNUTRITION

Measures of hunger provide direct indicators concerning extreme deprivation and form an important component of MDG-1. An objective way of depicting changes in hunger is directly derived from using anthropometric data gathered from children aged between 6 and 60 months of age (Cogill, 2003). Although such data are infrequently collected in South Africa, three surveys allow for a comparison between 1993, 1998 and 2008. Height and weights of children are available and have been converted to measures depicting under-weight children using the 2006 WHO standards. In addition to this MDG-1 indicator, the table also includes two domesticated target, the prevalence of children that are stunted and wasted. Stunting, or low height-for-age results from failure to grow at an adequate rate and is usually a sign of prolonged (chronic) under-nutrition and/or repeated disease or illness. This is generally considered to be a long term indicator of under-nutrition that reflects the cumulative effects of socio-economic, environmental, health and nutritional conditions. Wasting, or low weight-for-height is a short-term indicator that identifies children affected by current (acute) under-nutrition or recent illness, and is a strong predictor of child mortality. Low weight-for-age identifies children that are underweight for a specific age and reflects both chronic and/or acute under-nutrition. Although being underweight may reflect no more than a temporary setback, stunting and wasting are useful indicators of sub-optimal mental and physical child development and, as a result of this, factors that predispose children to poorer health, lower earnings, and higher mortality later in life, and contribute to the persistence of intergenerational poverty. These results are provided in Figure 18.

Figure 18: Child malnutrition

	Stunting	Wasting	Under-weight
1993	30.4	7.8	13.2
1998	28.2	6.5	12.6
2008	23.9	4.6	8.7
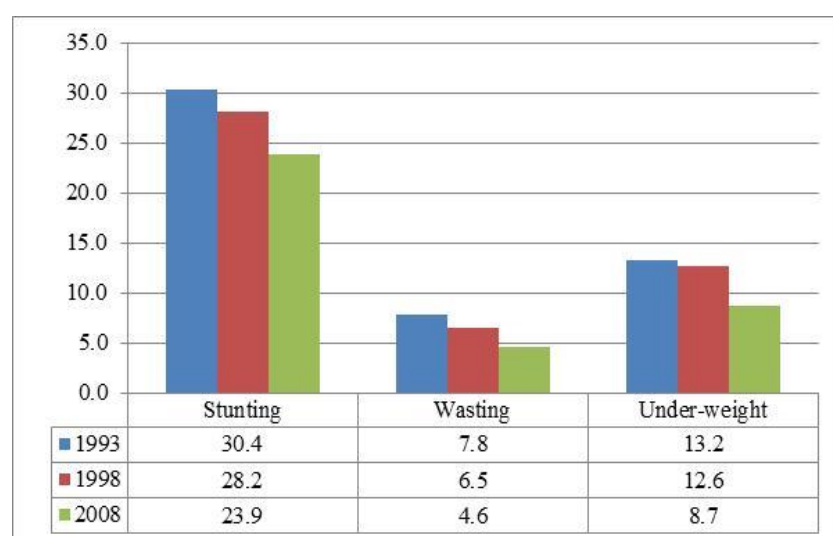
Source: PSLDS, 1993; DHS, 1998; NIDS 2008

All measures show substantial improvements in child hunger during this 15 year period, with stunting falling from 30 per cent to 24 per cent, wasting from 8 per cent to 5 per cent and under-weight from 13 per cent to 9 per cent. The results and trend are in line with other studies undertaken in South Africa (Letsiapeto et al, 2010: 205).

Unlike being under-weight or wasting, stunting is likely to be permanent and has been shown to have an impact on the physical and cognitive development of children, and to have a

significant impact on an individual's adult health and life prospects. In South Africa, the National Burden of Disease study notes that that underweight contributed to 12.3 per cent of deaths among children under five years of age (Nannan et al., 2000). Research in the KwaZulu-Natal province of South Africa has demonstrated that stunted children do less well in their first few years at school than children who are an appropriate height for their age (Yamauchi, 2008).

Several other domesticated measures are also possible using South African data including self-reported hunger and perceived food quality, the share of the population below the food poverty line, and child malnutrition. Figure 19 provides data from responses to questions posed to households concerning whether a child or adult has gone hungry in the year preceding the survey. Although a subjective measure based on perceptions rather than an objective measure, the responses to this question have been found to be highly correlated to other indicators of deprivation.

Figure 19: Percentage of individuals going hungry

	2002	2003	2004	2005	2006	2007	2008	2010	2011
South Africa	29.9	28.3	23.7	20.6	14.9	14.0	16.3	16.2	12.9
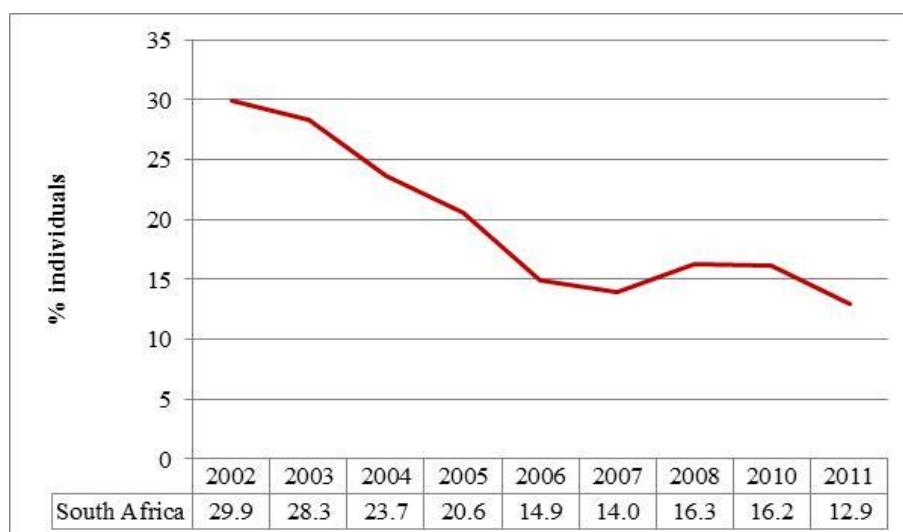
Source: GHS 2002-2011, Statistics South Africa (This question was not asked in 2009)

The data cover the period 2002 until 2011 and show a substantial reduction in self-reported hunger. This supports the earlier discussion relating to the lower poverty line and the extreme poverty measure of PPP$1 per day. The share of the population experiencing hunger has more than halved since 2002, falling from just below 30 per cent to 13 per cent, with only a slight increase in 2008. A range of policies are likely to have contributed to this in addition to social protection, including the school feeding scheme and interventions concerning primary health care. However, as with money-metric poverty, there are important differences between provinces as is shown in Table 3.

Table 3: Percentage of individuals experiencing hunger

Area	2002	2003	2004	2005	2006	2007	2008	2010	2011
WC	17.5	17.7	14.9	18.4	11.9	14.8	12.2	15.2	14.8
EC	48.2	41.7	38.0	31.2	19.8	22.4	20.9	23.3	18.4
NC	28.8	18.0	19.7	19.3	18.7	17.2	13.0	30.8	29.6
FS	28.7	27.2	22.3	21.2	17.5	10.3	12.8	13.5	14.7

KZN	33.6	34.2	26.9	19.9	16.9	14.0	21.1	21.9	13.4
NW	30.0	32.3	31.3	23.7	17.0	13.9	23.7	21.3	15.2
GP	16.9	18.5	13.7	13.1	10.8	10.7	11.0	9.3	9.7
MP	35.1	33.3	26.6	23.2	11.7	14.8	17.1	12.3	11.8
LP	31.9	24.7	20.7	20.9	13.7	9.1	12.3	8.3	4.4

Source: GHS 2002-2011, Statistics South Africa (This question was not asked in 2009)

All provinces have experienced a reduction in the percentage of households that have experienced hunger in the previous year, with declines being greatest in the Eastern Cape (from almost half of the population living in this province to 18 per cent), KwaZulu-Natal from 34 per cent to 13 per cent, and surprisingly, Limpopo from 32 per cent to just 4 per cent. Exceptions are the Northern Cape which has seen self-reported hunger virtually unchanged at about 30 per cent of the population, and the Western Cape with a modest decline from 17.5 per cent to 15 per cent.

The calculation of the food poverty line (FPL) is a necessary step in the preparation of national poverty lines. As already mentioned, this reflects the income at which households can afford only the food required to provide each member with the minimum calories for sustenance and thus shows the proportion of population below minimum level of dietary energy consumption. Figure 20 shows that alarmingly large share of the country's population find themselves in this precarious state of hunger.

Figure 20: Percentage population below food poverty line

	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
2006	10,5	34,8	31,9	18,1	38,9	28,1	8,1	31,5	39,7	26,6
2009	13,2	44,5	33,3	31,4	40,2	32,4	13,2	39,7	55,2	32,4
2011	6,5	28,9	19,0	17,9	28,1	22,8	7,2	21,9	32,0	20,2
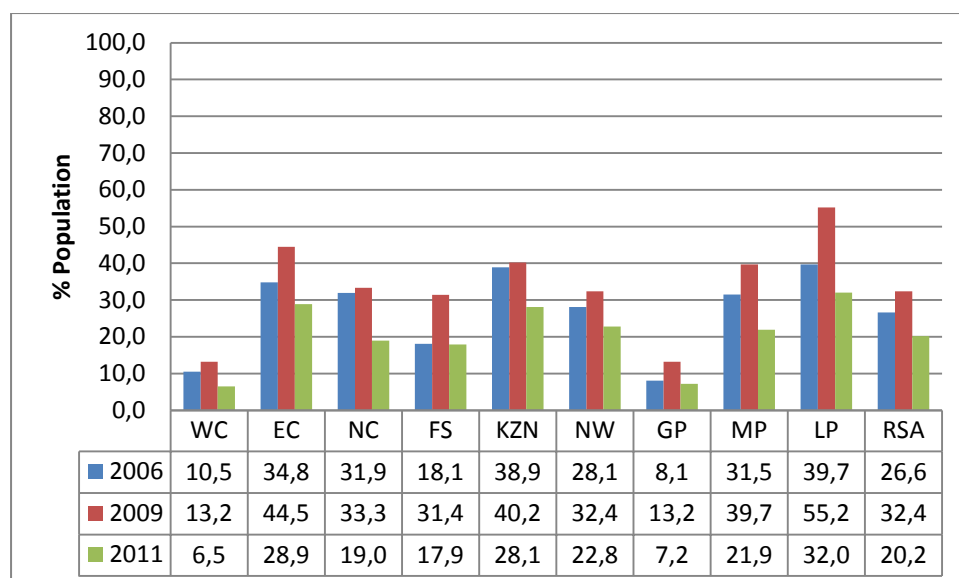
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

Food poverty increased between 2006 and 2009 from 27 per cent of the population to 32 per cent. In 2011, food poverty decreased to 20.2 per cent of the population. Experience is mixed between provinces, although all experienced a decrease between 2009 and 2011. Interestingly, Limpopo shows the highest rate of individuals living in households that have expenditures less than the food poverty line, an apparent contradiction to the results of Table 3 which refer to self-reported hunger. Possible explanations are that households in this province may be more likely to consume home produced food which has not been properly

accounted for in other provinces, or that there has been measurement error in the values reported for consumption in this province, perhaps arising from migration and remittances.

Adequate access to food is influenced by the means to access food and households find different ways to adjust to less food in the household without necessarily becoming hungry. A more nuanced approach to determining access to food may better depict hunger and Figure 21 shows self-reported perceived access to food.

Figure 21: Households with self-reported adequate access to food

	WC	EC	NC	FS	KZN	NW	GP	MP	LP	SA
2010	79.6	78.9	73.3	73.2	71.5	65.6	80.5	76.3	78.9	76.4
2011	76.6	75.0	70.3	77.4	82.9	67.1	81.5	73.9	86.8	78.9
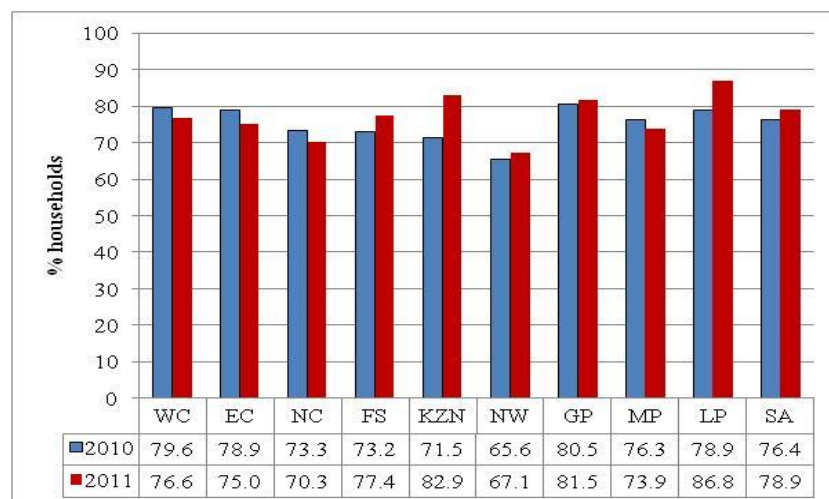
Source: GHS, 2010; 2011, Statistics South Africa

This percentage is computed as the total number of households in which respondents reported that adequate access to food had been experienced during the previous 12 months divided by the total population. The indicator is an abridged version of the Household Food Insecurity Access Scale (HFIAS)[6]. The result follows the pattern of Figure 19, and reinforces the contention that hunger has been reduced in South Africa. In 2010, 76 per cent of households reported that they had adequate access to food which increased to 79 per cent in 2011. Several provinces did not report improvements, including the Northern Cape, Eastern Cape, Western Cape and Mpumalanga.

Overall, the state of hunger in country looks to be improving. There has been a decrease in the percentage of individuals living in households consuming less than the threshold

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[6] The question consists of four incidence questions followed by four frequency questions. The battery of questions establishes the changes households have made in their diet or consumption of food as a result of limited resources to acquire food. Whereas the HFIAS contains questions related to three of the dimensions of food security, the questions used in the GHS focuses on access and utilisation. The adjusted tool measures the access to food during the previous year as self-reported by households. The following questions were asked: Did the household ran out of money to buy food during the past year; If yes, they were asked whether it happened more than 5 days during the past 30 days; Did the household have to cut the size of meals during the past year because there wasn't enough food in the household; if yes, they were asked whether it happened more than 5 days during the past 30 days; Did the household skipped any meals during the past year because there wasn't enough food in the household; if yes, they were asked whether it happened more than 5 days during the past 30 days; Did the household eat a smaller variety of foods during the past year than they would have liked to, because there was not enough food in the house; if yes, they were asked whether it happened more than 5 days during the past 30 days. The results are presented as categorical designations, namely: Adequate access to food (if one question was answered in the affirmative) inadequate access to food (if households answered yes to 2-5 questions) severely inadequate access to food (if households answered yes to 6-8 questions). These scores were developed specifically for this set of questions since no universally accepted approach exists to set cut-off points used to create the designations.
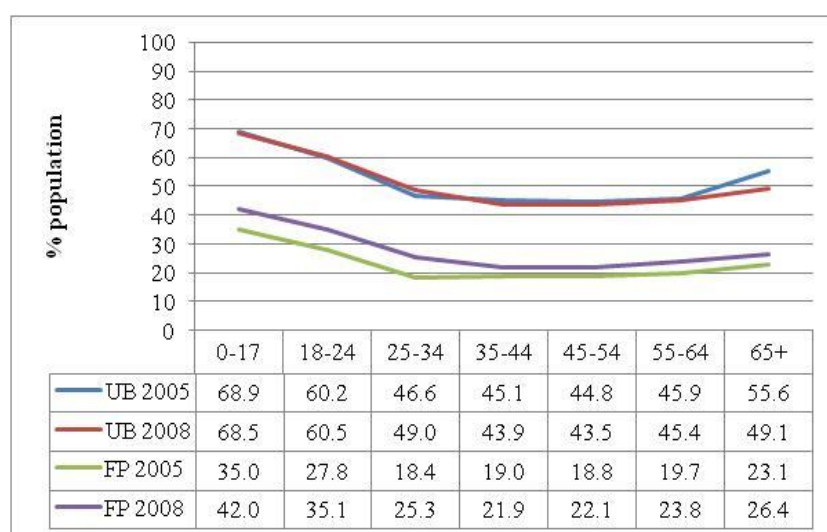
required to purchase sufficient calories for a healthy life, self-reported hunger has been reduced by more than half, and child malnutrition has dropped. One likely explanation for the situation of children is the CSG which was introduced in 1998. While a relatively modest amount, and subject to anecdotal criticism that the social grants are misused, it appears that children have experienced increased access to nourishment. The differences between provinces is concerning especially in the case of the Northern Cape and Free State, neither of which are provinces that have been identified by policies which include geographic targeting criteria. Although these provinces contain a relatively small proportion of South Africa's population, it is possible that undesirable forms of exclusion are emerging in these areas, along with the development of spatial poverty traps. These would hinder uniform progress towards MDG-1 if not addressed.

Finally, an emerging issue in South Africa relates to the increasing prevalence of non-communicable diseases such as diabetes and hypertension, some of which can be linked to life-style choices. Increasing obesity is also a concern and it is possible that although hunger has been reduced, South Africa may be in the midst of a nutrition transition that is not necessarily bringing about improved nutrition and health. In view of the alarming increase of obesity among children in South Africa reported by Ardington (2011), future progress towards this component of MDG-1 should include raising awareness of nutrition and the need for healthy lifestyles.

POVERTY, GENDER AND GENERATION

Differences in poverty in terms of location have already been discussed. These are important in view of South Africa's history of discrimination and dispossession. However, South Africa also exhibits patterns of differential deprivation found in many other developing countries which are grounded in generation and gender. The first of these is shown in Figure 22 which provides the headcount of poverty using the upper bound and food poverty lines.

Figure 22: National Poverty Lines and Age (Headcount)

|	0-17	18-24	25-34	35-44	45-54	55-64	65+
UB 2005	68.9	60.2	46.6	45.1	44.8	45.9	55.6
UB 2008	68.5	60.5	49.0	43.9	43.5	45.4	49.1
FP 2005	35.0	27.8	18.4	19.0	18.8	19.7	23.1
FP 2008	42.0	35.1	25.3	21.9	22.1	23.8	26.4

Source: IES, 2005/2006; LCS, 2008/2009, Statistics South Africa

The figure depicts the share of the population in different age bands which live in households that expend less than the threshold required to acquire adequate food, and the upper bound poverty line which includes food and non-food items. In both cases, those younger than 17 years of age are more likely to be categorised as being poor, and little change has occurred in the case of the upper-bound line, and an increase in poverty has occurred in the case of the food line. For the upper-bound line, those in the younger age group are 24 percentage points more likely to be poor than those aged 35 to 54 years of age. This is attributable to poor households being larger, and more likely to contain children than wealthier households and points to an alarming level of child poverty in South Africa[7]. While Figure 22 shows that this has not translated into an increase in adverse child nutritional outcomes, it must be observed that relative to South Africa's wealth in terms of economic output, all levels of child outcomes are high compared to similar countries. In addition, the adverse child poverty may well contribute to other dimensions of deprivation such as school drop-outs, and repeated grades.

Gendered poverty is another dimension of poverty which may limit the positive impact of government policy. Gendered poverty is difficult to measure as many aspects are poorly recorded by official statistics. Nonetheless, the self-reported sex of the head of household is a commonly used proxy which has given robust results in other studies. An alternative approach is the sex of the highest income earner in the household.   Both have been investigated for this report, and similar results are found. Figure 23 provides the headcount of the self-reported head of household and shows the share of households who are below the upper-bound poverty line in which the sex of the head is either male or female.

Figure 23: National Poverty Lines and sex of self-reported head of household (Headcount)

	UPL 2006	UPL 2009	UPL 2011
Male	33,6	34,8	25,7
Female	55,7	54,6	43,9
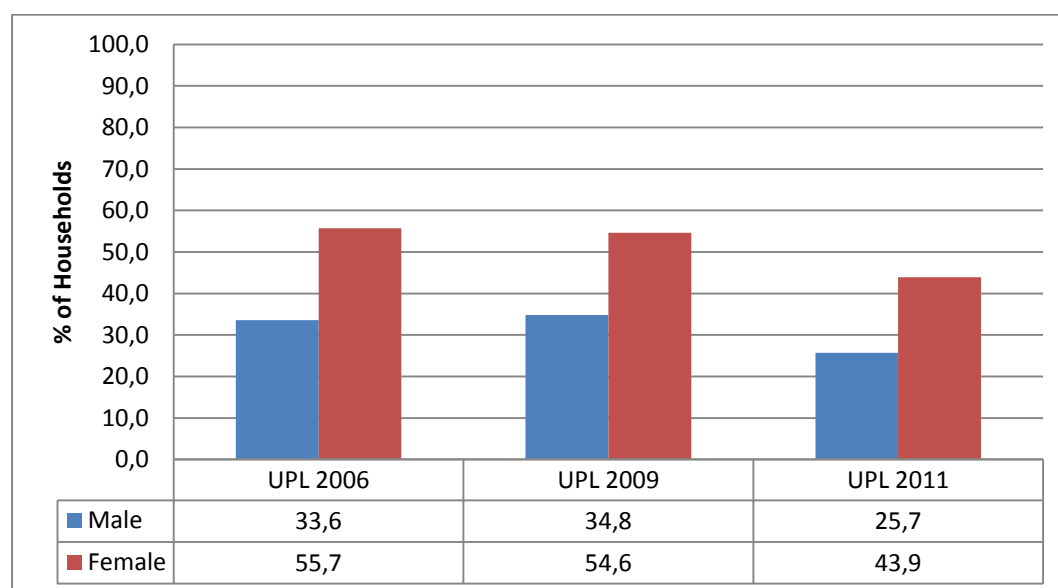
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

Whichever line is used, and whichever approach is adopted as a proxy for gendered poverty,

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[7] Poor households tend to be younger than non-poor, often contain multiple generations and as a result are more likely to contain children.
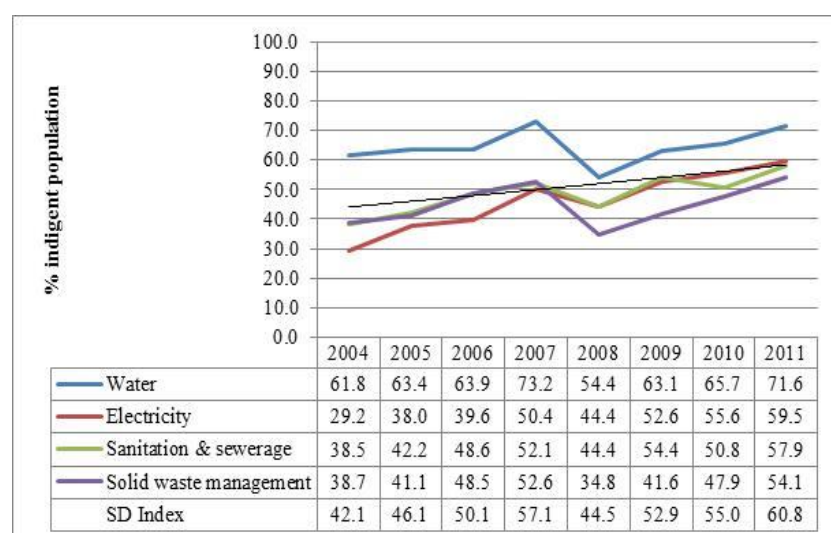
on average, female-headed households are poorer than male headed households. In 2011, about 44 per cent of households in which the head is reported to be a woman are below the upper-bound poverty line, compared to 25.7 per cent of male headed households. The causes of this are multiple, and include school drop-outs due to teenage pregnancies. However, wage differentials in the labour market are the most likely reason for the feminisation of poverty. It is thus, unsurprising that the same pattern emerges if the sex of the highest income user is used to differentiate households.

The data presented in this section show that there are differences in poverty levels in South Africa according to both generation and gender. Child poverty continues to be widespread despite the apparent success of the CSG in reducing malnourishment, while gendered poverty is significant despite the emphasis placed by government on reducing wage inequalities.

ACCESS TO FREE BASIC SERVICES

As discussed in Section One, the most important component of South Africa's poverty reduction strategy is through the provision of a 'social wage' to reduce the cost of living for poor households. While free primary health care, and no-fee schools are ways in which the social wage is operationalised, South Africa's policy of providing access to free basic services in the form of reticulated water, electricity and solid waste management for households that are categorised by municipalities as being indigent is especially relevant to the achievement of MDG-1. The proportion of indigent households which have access to these free basic services is provided in Figure 24 and is based on data provided by South Africa's municipalities. A polynomial trend line is fitted to a simple additive index of the four services for which data are available.

Figure 24: Access to Free Basic Services for Indigent Households

	2004	2005	2006	2007	2008	2009	2010	2011
Water	61.8	63.4	63.9	73.2	54.4	63.1	65.7	71.6
Electricity	29.2	38.0	39.6	50.4	44.4	52.6	55.6	59.5
Sanitation & sewerage	38.5	42.2	48.6	52.1	44.4	54.4	50.8	57.9
Solid waste management	38.7	41.1	48.5	52.6	34.8	41.6	47.9	54.1
SD Index	42.1	46.1	50.1	57.1	44.5	52.9	55.0	60.8

Source: Non-Financial Census of Municipalities, 2004-2011, Statistics South Africa

The target for all services provided to indigent households is full coverage and it is evident from Figure 24 that South Africa is making progress towards this. Delivery of all services has rapidly improved for all categories since 2004, most notably for electricity which has risen from just 29 per cent of households classified as indigent in 2004 to 60 per cent in 2011. Although promising, the data might overstate the levels of delivery as the reliability of the service provided is not indicated. Thus, it is possible that a connection is provided to water or electricity, or that sanitation and solid waste management are provided, but these could be of inadequate quality or frequently cut off. There are several reasons to suspect that service delivery to indigent households remains a concern, including widespread service delivery protests in most of South Africa's provinces and the continuing prospect of electricity delivery problems and price increases. Many protests are not necessarily linked to the allocation of free services as these will be provided to those who qualify as indigent according to the municipality. At issue are not being connected to the service in the first place, and the quality, reliability and maintenance of the service once the connection has been made. Nonetheless, the scale of improvement does suggest that this aspect of poverty reduction is proceeding successfully in South Africa.

Definitions of indigent vary across municipality, and there was a national change in the method of implementation in 2007/08 from broad based coverage to self-targeting of indigent households. It is thus worth also examining the access to services by province of households that are below the food poverty line, and who can thus objectively be regarded as indigent. This is shown in Table 4 for 2009.

Table 4: Access of poor households to essential services

Province	Water	Electricity	Sanitation & sewerage	Solid waste management
WC	87.4	77.2	66.6	68.0
EC	24.3	52.3	12.9	16.3
NC	74.8	73.4	46.4	56.2
FS	85.5	81.5	49.3	70.7
KZN	42.5	51.7	12.9	17.7
NW	69.7	77.2	26.3	37.9
GP	80.1	63.3	58.4	65.1
MP	54.4	76.0	16.3	19.4
LP	69.1	74.0	6.7	5.5
RSA	56.9	65.0	23.3	28.3

Source: LCS, 2008/2009, Statistics South Africa

SOCIAL ASSISTANCE

The social assistance system has been mentioned several times as an important component of South Africa's poverty reduction strategy. This has a long history back to the 1920's and already had been extended to the entire South African population during the apartheid era, albeit with differential payments paid according to race. These inequalities in the social assistance system have been eliminated and both coverage and the range of social grants

have been improved. In addition to the Old Age Pension and Disability Grants, social assistance now includes the Child Support Grant which will eventually cover all children to the age of 17 years that are eligible in terms of a means test. Figure 25 shows the uptake of social grants since 1997 and shows the dramatic increase arising from the CSG as well as measures to improve the uptake of those who are eligible. The number include persons who receive social assistance in terms of Sections 6-13 of the Social Assistance Act of 2004 (Act No 13 of 2004), and in terms of children, it refers to each child who qualifies and receives a social grant. On the right hand axis, this is shown as a percentage of those who are age eligible in terms of current policy (0-17 years, and 60 plus years)[8].

Figure 25: Coverage of social grants

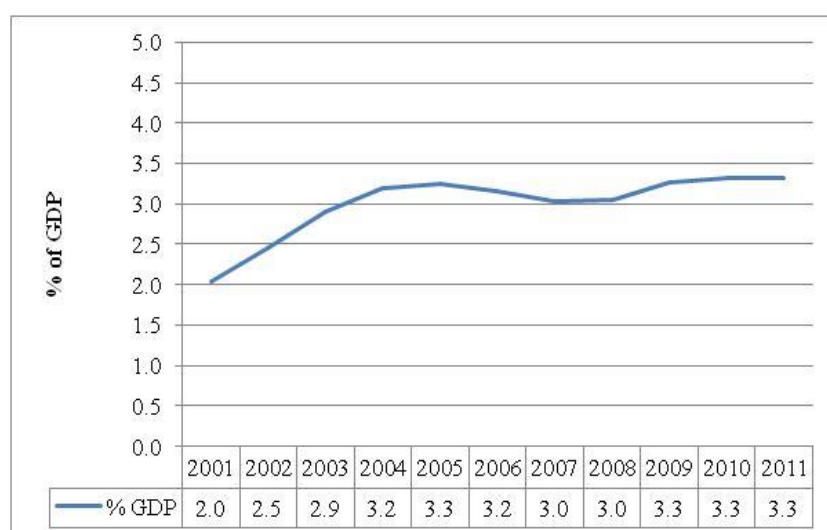|	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Grantholders	3.9	4.0	5.0	8.1	9.4	10.2	12.0	12.4	13.1	14.1	14.9
% target	19.7	19.2	23.5	37.9	43.7	47.0	54.9	56.4	58.9	63.0	66.5

Source: South African Social Security Agency SOCPEN, all years

The graph reveals one of the most dramatic transformations in South Africa from a country in which social protection was limited for the majority of the population despite the evident benefits of the system to one in which there is a broad based and well-functioning social assistance system. The numbers receiving social grants have risen from 2.6 million in 1997 to just fewer than 16 million in 2012, almost one third of the total population. This has prompted concerns over the sustainability of the social assistance system, especially in light of the country's weak labour market. However, after a steep increase following the introduction of the CSG, the cost of the social grants as a percentage of GDP has remained stable since 2004 as is shown in Figure 26.

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[8] The figure overstates coverage somewhat as it includes 1.2 million recipients of the Disability Grant. According to Stats SA (2005) there are 2.25 million South Africans with disabilities, of whom 1.02 million are included in the denominator used for Figure 25 as they are younger than 18 years or 60 years of age or older.

Figure 26: Expenditure on social grants as a percentage of GDP

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% GDP	2.0	2.5	2.9	3.2	3.3	3.2	3.0	3.0	3.3	3.3	3.3

*Source: Budget Review 2000/01-2010/2011, National Treasury*

In addition, almost all studies on the impact of the system conclude that poverty levels would be substantially higher without these payments. A range of other benefits have been identified including assisting with progression through school, the positive trend in child malnutrition noted earlier, and empowering women, a concern that is evident from the previous discussion.

These data point to the importance of poverty reduction in South Africa through the delivery of services and social grants. While caveats concerning quality and reliability must be taken into account, it is evident that an increasing share of the South African population has access to essential services and to social grants that target children, the disabled and elders. To the extent that this form of poverty reduction strategy is sustainable, continued progress will be made towards MDG-1.

INEQUALITY

Given the legacy of injustice in South Africa, it is to be expected that inequality will be an important aspect that must shape the attainment of MDG-1. This is not confined to South Africa and is a global concern. Although not explicitly a part of the MDG Declaration, inequality is increasingly recognised as a factor limiting economic growth, the distribution of the benefits of growth, and the poverty reducing contribution that is made by growth. In addition, high levels of inequality have been linked to social and political unrest, poor social outcomes and social exclusion. The Gini coefficient is a convenient index of inequality which ranges from 0 (perfect equality) to 1 (perfect inequality) and can be calculated using either income or expenditure from the IES. The results of the Gini coefficient using income data from the IES conducted since 2000 are shown in Figure 27.
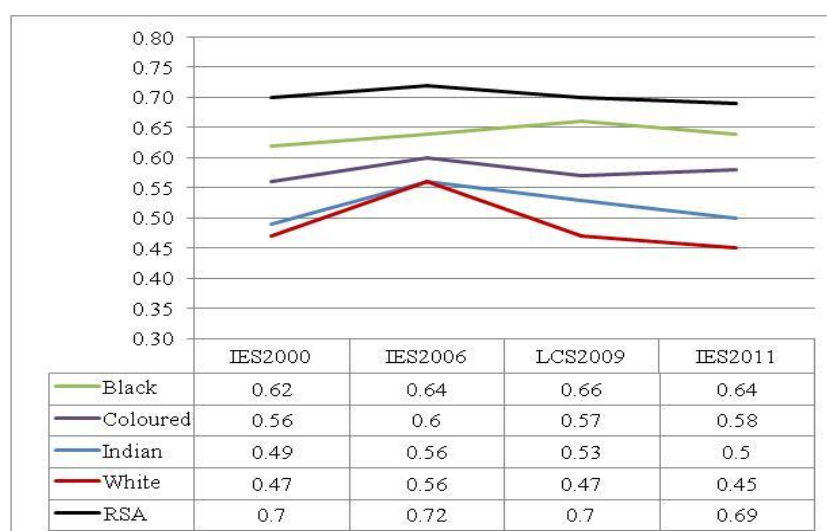
Figure 27: Gini coefficient

	IES2000	IES2006	LCS2009	IES2011
Gini Coefficient	0.70	0.72	0.70	0.69
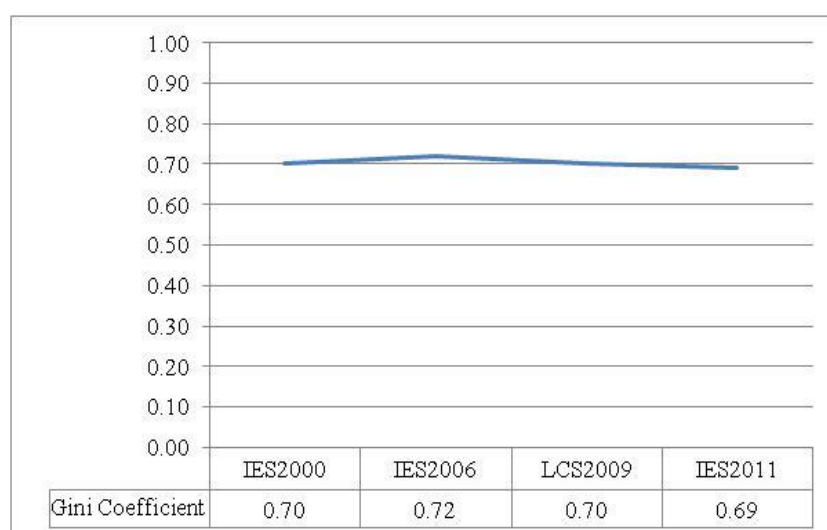
Source: IES, 2000, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

The Gini coefficient has remained at around 0.7 since 2000, a staggering high level which places South Africa as one of the most unequal economies for which such data are available. Much of the persistence of the Gini coefficient is linked to the widening gaps within race groups as better educated people in groups which were previously discriminated have been able to catch up. This is shown in Figure 28.

Figure 28: Gini coefficient by race

	IES2000	IES2006	LCS2009	IES2011
Black	0.62	0.64	0.66	0.64
Coloured	0.56	0.6	0.57	0.58
Indian	0.49	0.56	0.53	0.5
White	0.47	0.56	0.47	0.45
RSA	0.7	0.72	0.7	0.69

Source: IES, 2000, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

Inequalities within the white population have remained low at around 0.5 while those for the black African population have increased. The variation between South Africa's provinces is less stark as is reported in Table 5. High levels of inequality are reported for all of South Africa's provinces, with the provinces in which poverty is lowest (Western Cape and Gauteng) having the lowest levels of inequality. North West and the Eastern Cape emerge as being the provinces with the highest levels of inequality as measured by the Gini coefficient.

Table 5: Gini coefficient by province

Province	IES2000	IES2005	LCS2008	IES2011
WC	0.62	0.67	0.61	0.62
EC	0.70	0.69	0.70	0.70
NC	0.73	0.66	0.66	0.65
FS	0.72	0.69	0.69	0.67
KZN	0.70	0.73	0.69	0.68
NW	0.67	0.68	0.66	0.73
GP	0.65	0.69	0.66	0.64
MP	0.63	0.71	0.68	0.69
LP	0.65	0.67	0.66	0.68
RSA	**0.70**	**0.72**	**0.70**	**0.69**

Source: IES, 2000, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

While a convenient way of summarising inequality, the Gini coefficient does not easily given a sense of what is implied by the difference between those at the bottom and top of the income distribution. Figure 29 gives a better idea of this and compares the share of total consumption that is received by the lowest and highest quintiles in South Africa.

Figure 29: Share of total consumption

	IES2006	LCS2009	IES2011
Share of poorest quintile	2.8	2.9	2.7
Share of richest quintile	67.6	65.1	65.2
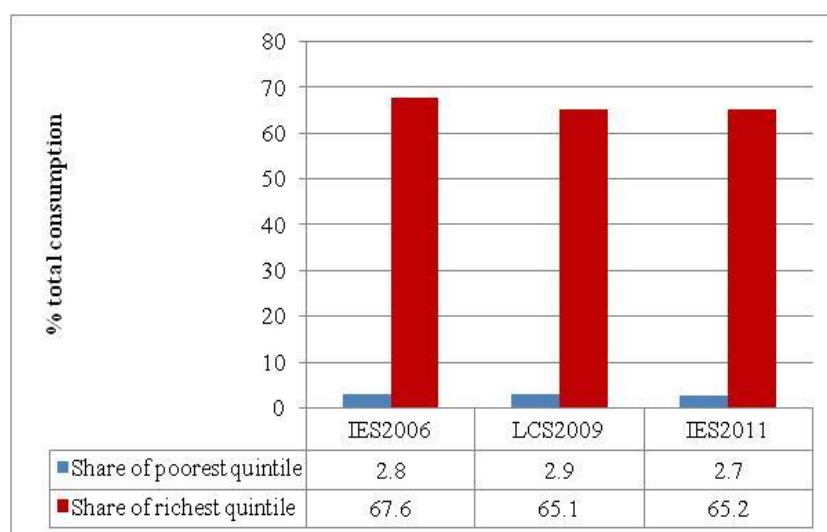
Source: IES, 2005/2006, 2010/2011; LCS, 2008/2009, Statistics South Africa

In addition to the scale of the difference, with the lowest 20 per cent of the population consuming less than 3 per cent of total expenditure compared to the highest 20 per cent who consume 65 per cent, there has been virtually no change since 2006, with the wealthiest group giving up a meagre 3 per cent of total consumption to the middle 60 per cent.

As commented earlier, poverty reduction results from a combination of increasing economic growth, slowing population growth and better distribution of the benefits of growth whereby the poor receive a relatively greater share. While benefits have accrued to South Africa's
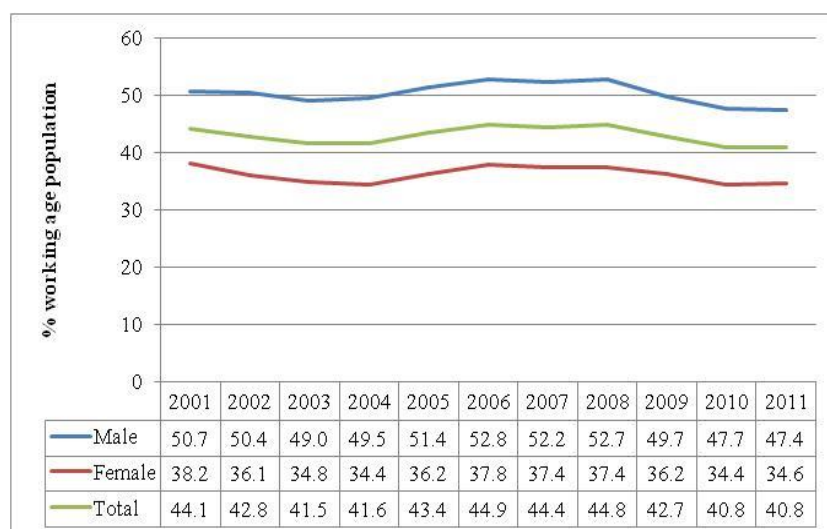
poor through income transfers and access to services, inequalities in terms of consumption have persisted, and perhaps grown. It is likely that these have slowed progress towards the attainment of the targets of MDG-1, and quite possibly, other of the MDG goals that are affected by the distribution of resources.

LABOUR MARKET

In an economy such as South Africa in which relatively few economic opportunities are generated outside of the formal economy, the creation of employment opportunities is critical for poverty reduction.   As with several other targets for MDG-1, job creation receives little attention despite its importance for countries similar to South Africa in which opportunities for agriculture and other subsistence activities are limited. Unemployment is perhaps the single largest challenge facing South Africa for both poverty reduction and political stability.

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 per cent of the working-age population is considered to be high, whereas a ratio below 50 per cent is considered to be low. The situation for South Africa is not promising as is depicted in Figure 30.

Figure 30: Employment-to-population ratio

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Male	50.7	50.4	49.0	49.5	51.4	52.8	52.2	52.7	49.7	47.7	47.4
Female	38.2	36.1	34.8	34.4	36.2	37.8	37.4	37.4	36.2	34.4	34.6
Total	44.1	42.8	41.5	41.6	43.4	44.9	44.4	44.8	42.7	40.8	40.8

Source: LFS (2001 - 2007); QLFS (2008 - 2011), Statistics South Africa

The ratio is calculated as the proportion of a country's working-age population that is employed. Employment is defined as persons aged 15-64 years of age who performed any work at all for at least one hour, in the reference period, for pay or profit (or pay in kind), or were temporarily absent from a job for such reasons as illness, maternity or parental leave, holiday, training or industrial dispute. The employment-to-population ratio for South Africa is calculated by expressing the number of persons in employment as a percentage of the

population, 15-64 years of age, for the corresponding sex, and in the geographic unit being reported on.

The employment to population ratio has remained at around 41-45 per cent of the working age population since 2001. Worryingly, and as was commented in the discussion below Figure 30, employment has a gendered distribution. Women have far lower employment prospects than men at around 37 per cent of women of working age in employment compared 50 per cent of men. This supports the contention made earlier that inequalities in the labour market persist in terms of gender. It is also apparent that the employment to population ratio differs between South Africa's provinces as is shown in Table 6.

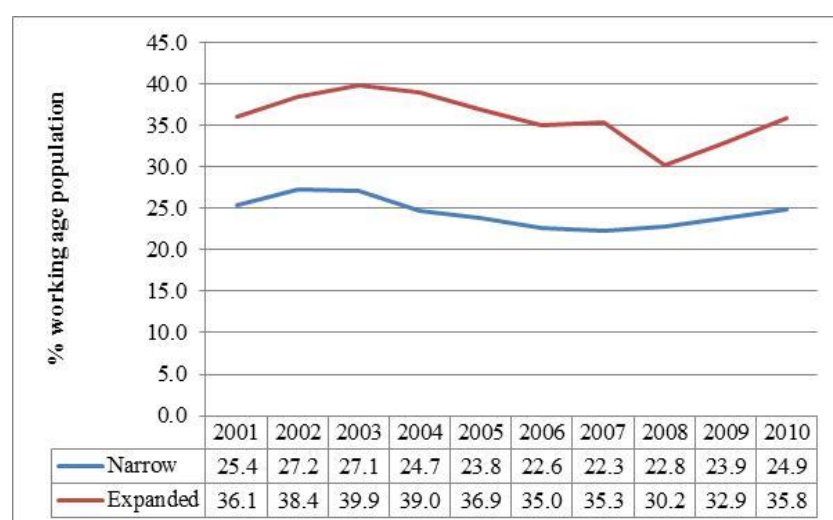*Table 6: Employment-to-population ratio by province*

	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
WC	53.4	52.7	53.5	52.9	52.9	55.5	55.1	55.3	54.8	52.9	52.6
EC	33.0	35.4	30.1	28.8	34.0	37.0	33.1	33.8	32.4	31.4	31.5
NC	48.7	48.2	46.5	44.9	41.6	45.0	44.3	44.2	39.6	38.1	38.0
FS	49.1	47.0	46.8	45.6	44.5	44.0	45.2	45.3	42.4	41.7	41.8
KZN	42.1	39.7	38.6	38.0	39.1	41.9	40.6	41.3	38.6	36.7	37.0
NW	38.8	37.7	35.9	37.1	40.1	39.4	39.9	41.5	38.3	35.9	34.2
GP	52.8	51.4	50.7	51.9	55.7	56.6	56.8	57.3	54.2	51.4	51.4
MP	44.3	41.3	41.0	41.0	41.1	42.5	43.0	42.3	41.1	38.7	38.6
LP	31.4	29.0	27.4	29.2	28.5	28.0	29.9	28.9	29.2	28.2	29.0

Source: LFS (2001 - 2007); QLFS (2008 - 2011), Statistics South Africa

Although low levels of employment are reported in all provinces, the figures for Limpopo (around 30 per cent of those the working age group being employed) and the Eastern Cape are striking. Those provinces with the lowest rates of poverty and inequality (Western Cape and Gauteng) have the highest employment to population ratios.

Two definitions of unemployment are used in South Africa. The official 'narrow definition' regards unemployed persons as those (aged 15-64 years) who were not employed in the reference week; and actively looked for work or tried to start a business in the four weeks preceding the survey interview and; available for work, i.e. would have been able to start work or a business in the reference week or; had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and were available. The expanded definition is defined as persons of working age (15-64 years) who are without work, are available to start work in the reference. The job search as a requirement to classify people as unemployed is relaxed. However measured, unemployment rates in South Africa are stubbornly high as is shown in Figure 31.

Figure 31: Narrow and expanded unemployment rates

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Narrow	25.4	27.2	27.1	24.7	23.8	22.6	22.3	22.8	23.9	24.9
Expanded	36.1	38.4	39.9	39.0	36.9	35.0	35.3	30.2	32.9	35.8

Source: LFS (2001 - 2007); QLFS (2008 - 2011), Statistics South Africa

The slow progress being made from 2004 is shown to reverse in 2008 for both definitions of unemployment. To place this in context, these unemployment figures mean that to achieve the NPC's goal of halving unemployment through the EPWP and CWP only would require that the state employs 3.4 million of South Africa's current 6.8 million unemployed. As with poverty, these unemployment rates also vary by age which is shown in Table 7.

Table 7: Unemployment by age group

| Definition	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
15-24 narrow	49.6	52.4	54.8	51.0	48.3	46.7	46.5	45.5	48.1	50.5	49.8
15-24 expanded	63.2	65.5	69.3	67.8	64.5	62.1	62.6	55.6	60.3	64.9	65.1
25-34 narrow	30.0	31.3	31.1	28.6	28.1	26.0	26.0	26.0	27.9	28.9	29.6
25-34 expanded	40.0	41.9	43.2	42.7	40.7	38.2	38.4	32.9	36.3	38.9	40.0
35-44 narrow	15.3	16.7	16.4	15.3	14.7	14.7	13.5	15.7	16.2	17.4	17.7
35-44 expanded	23.0	24.8	25.6	26.2	24.7	24.4	23.5	21.1	23.0	25.5	26.1
45-54 narrow	11.4	13.3	12.5	10.7	10.6	10.0	10.4	9.9	10.8	12.0	12.1
45-54 expanded	18.9	21.2	21.3	19.9	19.0	18.0	19.6	15.1	16.9	19.7	19.7
55-64 narrow	8.4	9.2	8.4	6.4	6.9	5.2	5.6	6.8	6.3	7.4	6.0
55-64 expanded	14.6	17.3	16.5	14.6	14.1	12.1	13.8	11.8	12.2	14.7	12.9

Source: LFS (2001 - 2007); QLFS (2008 - 2011), Statistics South Africa

Youth (15-24 years) unemployment is persistently much higher than all of the older age groups, and reached an alarming 69 per cent using the expanded definition in 2003. While a modest decline in all age groups and in both definitions was experienced prior to 2008, unemployment began to increase following the financial crisis. While about 50 per cent of the youngest group are unemployed in the narrow definition, about 14 per cent of the older group fall into this category. This continues into the next age group (25-35 years) with around 30 per cent being unemployed). This means that more than two-thirds of the able

bodied unemployed people are between the ages of 15 and 34 years. Unlike other vulnerable groups such as children, people with disabilities and pensioners who receive some support from government in the form of child or disability grants and state provided pensions the able bodied unemployed only have access to the Unemployment Insurance Fund (UIF), and this only once they have succeed in gaining employment. The trend towards high youth unemployment is disturbing if the poverty reduction strategies of social protection and services adopted by South Africa are to be sustainable.

An additional consideration when considering the labour markets and other livelihoods relates to the percentage of the working age population who are nonetheless below the poverty lines mentioned above. This information is shown in Figure 32. The proportion of employed persons living below the international and national poverty lines, or working poor, is the share of individuals who are employed, but nonetheless live in a household whose members are estimated to be living below the poverty lines.

Figure 32: Working Poor

|	2000	2009
$1.25	7.8	3.9
$2.50	23.4	21.6
Food R305	14.4	14.6
Lower R416	24.4	23.7
Upper R577	36.7	34.8
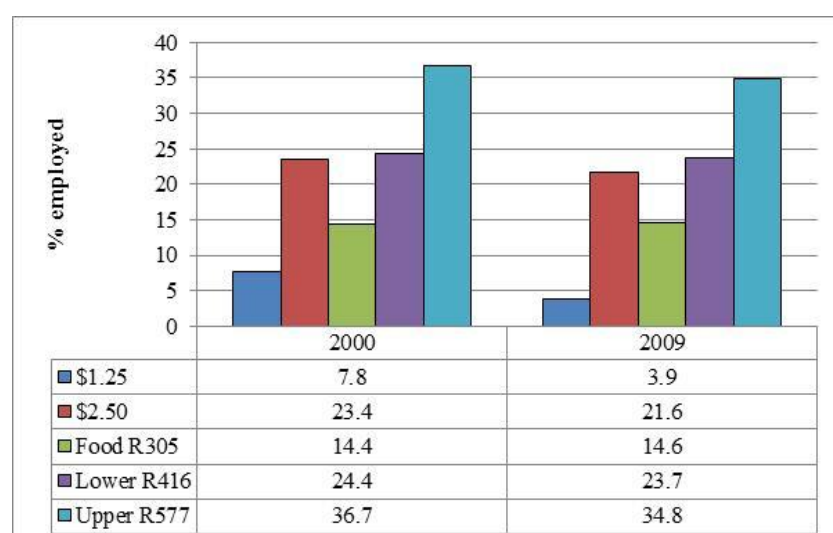
Source: IES, 2000; LCS, 2008/2009, Statistics South Africa

The share of those employed who are nonetheless living in households below any of the poverty lines is alarming. As seen in Figure 32, a substantial share of employed South Africans fail to achieve incomes that place them above either of the international or national poverty lines.

Labour unrest has become a significant feature of the last few years and the time loss ratio shows a numerator which refers to the work days lost computed as number of employees involved in strikes times the duration of the strike.

Figure 33: Time loss ratio

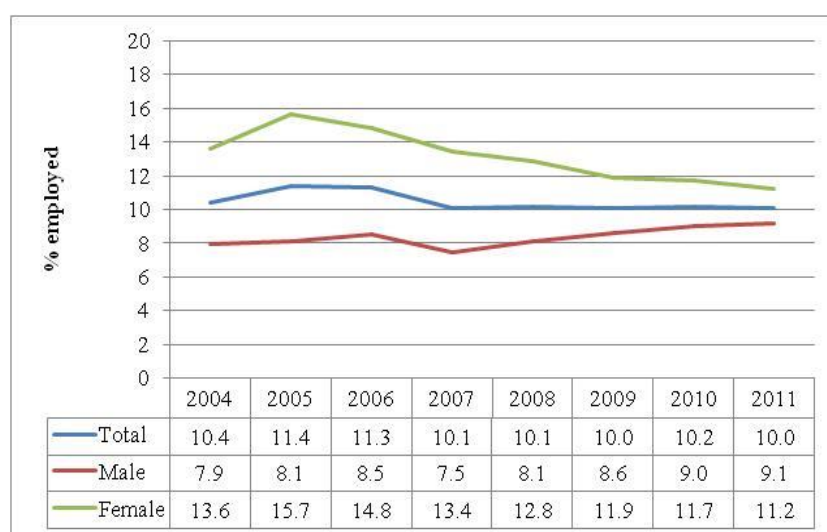|	2003	2004	2005	2006	2007	2008	2009	2010	2011
Time Loss Ratio	79	107	221	334	753	36	119	1593	208
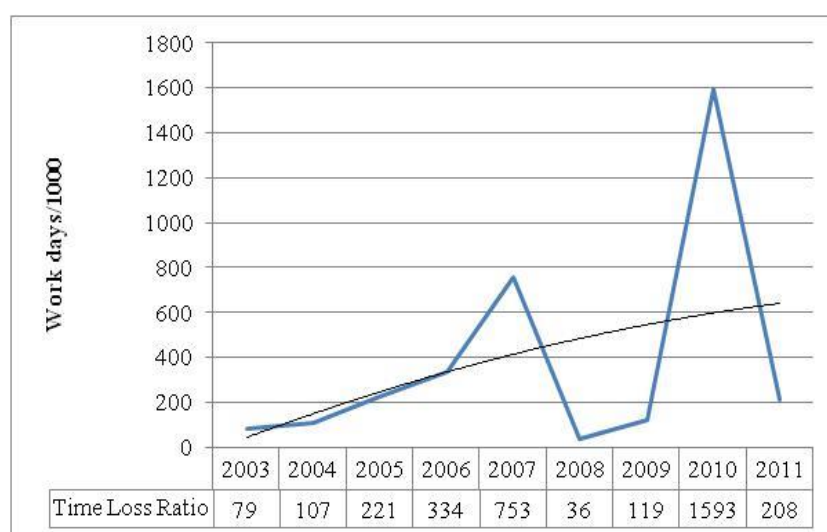
Source: Annual Industrial Action Report, Department of Labour; LFS (2003-2007), QLFS (2008-11), Statistics South Africa

A polynomial trend shows the increasing trend with peaks in 2007 and 2010, the latter involving the loss of more than 20 million work days. These were years in which in additional to industrial action in the mining and manufacturing sectors, there were also strikes involving the public sector with more than 1 million state employees engaging in industrial action in August and September of 2010, the largest public sector strike in South Africa's history. The troughs that follow are the result of multi-year wage agreements and thus, are periods of relative stability.

Another way of identifying trends for vulnerable working relates to the share of own account workings. Own-account workers are those workers who, working on their own account or with one or more partners, hold the type of jobs defined as a self-employment jobs (i.e. remuneration is directly dependent upon the profits derived from the goods and services produced), and have not engaged on a continuous basis any employees to work for them during the reference period. The share of vulnerable employment is calculated as the sum of contributing family workers and own-account workers as a percentage of total employment. This is shown in Figure 34 for the total population as well as for men and women.

Employment in subsistence agriculture and the urban informal economy is relatively low in South Africa at around 10 per cent of the total employed. The trend has been largely unchanged since 2004, although there are differences between men and women with a greater share of the later engaged in work for their own account. A promising feature of this Figure is thus the convergence between men and women which could suggest a reduction in the share of women who are in vulnerable employment. However it should also be acknowledged that this could refer to a reduction of women in economic activity of any kind.

Figure 34: Own account work

	2004	2005	2006	2007	2008	2009	2010	2011
Total	10.4	11.4	11.3	10.1	10.1	10.0	10.2	10.0
Male	7.9	8.1	8.5	7.5	8.1	8.6	9.0	9.1
Female	13.6	15.7	14.8	13.4	12.8	11.9	11.7	11.2

Source: LFS (2003-2007), QLFS (2008-11), Statistics South Africa

CONCLUSION AND RECOMMENDATIONS

The situation of South Africa is likely to be similar to many other emerging economies. Progress being made towards the achievement of MDG-1 has been disrupted by the global food price and financial crises. This disruption was not as severe as might have been expected given the scale of each crisis, and this is partly due to the poverty reduction strategies adopted by the South African government during the 1990's and early 2000's. According to 2011 estimates, South Africa has achieved its poverty targets around the $1.25 (PPP) per day line, as well as its target relating to the poverty gap. The country has also acheivedtheist target of halving the share of those experiencing hunger, at least in terms of self-reported hunger. There are disturbing trends in terms of the differentiation of poverty outcomes according to generation and gender. Youth and women remain disproportionately vulnerable to all forms of poverty covered under MDG-1 and there is little to suggest that this position is improving.

Although the limited number of MDG-1 international indicators has been significantly strengthened by the inclusion of a range of domesticated indicators, the final dashboard showing achievement towards the elimination of poverty and hunger remains unbalanced. A number of additions are proposed:

- The reduction of poverty is largely conceptualised by conventional MDG-1 reporting as a static occurrence in which households cross a threshold from be 'poor' to 'non-poor'. However research shows that many of those who exit poverty in one period may later re-enter poverty due to life course events (pregnancy, death of a spouse, retirement) as well as due to unanticipated negative events (illness, theft, natural and man-made disasters). Such repeated episodes of poverty refers to an important concept in current poverty analysis which notes that some people may caught below the poverty threshold and are unable to experience the economic mobility required to

ever place them above this threshold, while others experience a churning around the poverty threshold. This may be due to a number of factors including market failures, the impact of economic and demographic shocks including AIDS related deaths or structural poverty arising from the assets that they have and the livelihoods which can be generated from these assets. The result of poverty traps is commonly referred to as chronic poverty and usually requires the collection of panel survey data in order to demonstrate that households are repeatedly observed below the poverty line. Measuring chronic poverty is complex, partly due to the difficulty of defining and identifying the existence of traps, and partly due to the churning of households below the poverty line whereby transitory exits from poverty may occur even while poverty traps persist. The availability of panel data in South Africa in the form of the National Income Dynamics Study (NIDS) allows for the measurement of chronic poverty through poverty transition matrices and by calculating the percentage of households that are repeatedly below the poverty line.

- In terms of food security, the current approach emphases only the purchase of calories, under-nourishment of children, self-reported hunger, and a number of self-reported access questions. Three additions are recommended. The consumption of a diverse diet is widely regarded as a measure of food security and improvements donate both a reduction in hunger and a healthier diet. Measurement can range from simple counts of the range of food items consumed to measures that try to value a diet in terms of the consumption of a range of health food items. Given the data requirements of the latter, it is recommended that a Dietary Diversity Score be used. This sums the number of food groups consumed daily: dairy, meat, grain, fruits, and vegetables. The maximum score is 5 and 1 point is counted for each group consumed. The index can be recalculated every regularly using the IES and LCS.

- Anaemia and marginal vitamin A status are widespread micronutrient deficiencies, affecting between 20 and 30 per cent of young children in South Africa, and should be included as child focused food insecurity indicators. The first requires the measurement of haemoglobin concentrations among the target population. A variety of methods are available for this which range from the Haemoglobin Colour Scale (HCS) in which the colour of a finger prick blood sample, soaked into chromatography paper, is compared to a reference sample to the direct cyanmethaemoglobin method. While the latter would be preferred, this approach requires the transportation of the sample and laboratory testing, whereas HCS can be conducted in the field in resource poor communities. Monitoring vitamin A deficiency also requires laboratory testing to measure levels of retinol (pure vitamin A) in the blood. As with anaemia, low cost options have been developed for resource poor regions. These measures can be combined to form a Child Food Insecurity Indicator which would provide an indication of the success/failure of South Africa in providing food security measures to its most vulnerable population. It is recommended that a mix of methods be used including data gathered using an instrument such as the Demographic and Health Survey (DHS), while Department of Health records can be used for on-going monitoring. Specific sentinel sites could be used to monitor communities deemed to be especially vulnerable and could make use of more accurate methods where this is deemed important.

- Increasing evidence is showing high and rapidly increasing rates of diet-related non-

communicable disease in South Africa related to consumption of highly processed diets which are energy-rich but nutrient-poor. These trends are linked to increasing per capita intakes of fat, protein, and total calories and in turn is associated with a shift in dietary patterns away from a high-carbohydrate low-fat diet to a one characterized by greater consumption of red meat, processed and packaged foods, refined cereals, foods with added fat and sugar and carbonated drinks (Igumbor et al 2012). These dietary shifts and their associated burden of disease are a new area of concern for future development goals and it is proposed that indices of Child and Adult Obesity be reported. These indices can be calculated using the same instrument as child under-nourishment and could also be collected though the DHS and would have to be calculated separately for adult men and women (Cogill, 2003).

- Although inequality is taken into account with the current suite of international and domesticated measures, the Gini coefficient is sensitive the methodology used to collect data, and thus will vary according to whether data are collected for income or expenditure, as well as whether detailed records are obtained rather than a one-shot question. The Gini also does not measure social inequality, only economic inequality and thus may under or over-state the degree of cohesiveness in a society. Moreover, given the highly unequal nature of South African society, the size of the Gini is largely driven by the incomes received by the richest 5 per cent of the population and is thus potentially insensitive to changes that narrow gaps within the bottom 95 per cent of the population. The share of income going to the middle 60 per cent of the population is proposed as a better indirect measure. This is calculated as:

$$Exp_{60\%} = \frac{\sum_{i=1}^{m} y_i}{\sum_{i=1}^{n} y_i}$$

Where n is the total population, *m* is the number of individuals in the bottom 60 per cent, and *yi* is the expenditure of each household in the group being summed. The NDP provides a target of reducing the national Gini coefficient from 0.7 to 0.6, as well as a target of increasing the share of income received by the poorest 40 per cent from 6 per cent to 10 per cent. If the bottom 60 per cent is used as an alternative, this suggests a target of increasing the share of this group from its current level of 14 per cent of total income to a target of 23 per cent.

- Among the reasons for the persistence of poverty in South Africa is the very high demographic dependency ratio. Usually this refers to the proportion of those under the age of 16 and those over the age of 64 (the economically dependent) to the population aged 16 – 64 (the economically productive). However, high dependency ratios can in fact result in a long term economic dividend if the dependent enter the labour market at a time when they can be employed and contribute towards a growing economy. The 'baby boomers' are a well-known example of such a dividend, and this has been the experience of some of the Asian tigers. Instead, it is recommended that the Economic Dependency Ratio (also known as the Real or Effective Dependency Ratio, EDR) be used. This takes into account that the negative impact of a high demographic dependency ratio can be ameliorated through policies already in place in South Africa such as the state OAP and the CSG. The economic dependency ratio recognises both the role of state provided social grants

and the effects of high unemployment, and also has a useful characteristic of including ill adults into the denominator rather than the numerator, and of excluding those that have retired from the labour market irrespective of whether they are in receipt of an OAP or a private pension.

More specifically, the EDR defines people aged 16-64 who are students, people in receipt of social grants and who are not working, those who are long term unemployed (given up looking for work), people who are unable to work, and those who are mothers or fathers looking after children at home, as being economically inactive. The unemployed are counted as economically active if they are actively seeking work. This ratio is calculated as the ratio of the number of economically inactive people to the number of economically active people and can be readily estimated from the QLFS as well as other surveys that collect data on employment using comparable definitions and indicators. The NDP does not explicitly address the EDR, but does propose increasing the proportion of adults that are working from 29 per cent to 40 per cent. Assuming the current demographic dependency ratio remains unchanged, this suggests a target of reducing the EDR from 4 dependents per economically active person to 2.8, or a reduction of about 25 per cent.

- Although people with disabilities are recognised as constituting a vulnerable group whose progress in achieving MDG-1 is a priority concern, the current instruments available for monitoring their progress are not sufficiently detailed to permit analysis of the situation of this group. Consideration should be given either to the development of a tailored instrument to be used to monitor MDG-1 progress of people with disabilities, increasing the sample size and introducing appropriate questions into existing instruments and/or improving the coverage and regularity of reporting from administrative sources.

Turning the implications of the progress reported in this document, and their implications for a post-2015 agenda, it seems that the already high levels of poverty found in the 1960's peaked in the 1990's, and may have declined in the first part the 2000's. These have risen during the economic crisis and rapid food price increases of 2008/9. Despite this global downturn, South Africa may now be on a long-term pathway of gradual asset accumulation for poor households which will bring about a reduction in chronic poverty. However, the data discussed in this paper give rise to two concerns.

The first is that there may be deep pockets of poverty in many parts of South Africa that are not being adequately reached by government policy. The data from local studies which do not meet the stringent criteria of the official statistics reporter her show that there are areas in South Africa with extraordinarily high levels of poverty in terms of all measures of deprivation, and that within these areas there may be severely deprived groups who have little chance of benefiting from the country's wealth or the redistributive policies of its government.

The second concern is that the economy of South African remains inefficient in terms of its ability to translate economic growth into the prosperity of the continents population. A useful tool here is known as the poverty elasticity of growth which shows what decrease in poverty results from economic growth. Historically, South Africa has performed badly in terms of this, well below that of countries in Asia and South America (Heltberg, 2002). The reasons for this, including the possible influence of inequality, need to be better understood if the

pace of poverty reduction is to be increased beyond its current sluggish rate.

Although the progress report for MDG-1 cannot substitute for the detailed diagnostics and policy development of a process such as that undertaken for the NDP, a number of recommendations made in previous reports remain pertinent and the trends described above suggest further areas for policy development and the manner in which policy is implemented.

- The NDP offers a coherent approach and strategy for the long term development of South Africa. While there may be aspects of the Plan that require strengthening or revision, it should be regarded as a living document which adjusts to the changing needs of South Africans. As such, the NDP should be cascaded down to more specific sectoral and spatial plans, including national, provincial and municipal financial, asset and human resource planning. The temptation to return to the drawing board in order to accommodate new concerns should be avoided in the interests of maintaining a long term vision that prioritises poverty reduction, employment creation and the delivery of essential services.

- The coverage and efficiency of current food security interventions should be expanded and improved. This includes the social grants system, emergency relief, the promotion of food gardens and healthy diets, the Integrated Nutrition Programme and the Primary School Feeding Scheme, the promotion of breastfeeding, early detection of malnutrition, provision of nutritional supplements for children and fortifying staple foods. In particular, the monitoring of food prices and mal-practice in food production and distribution should be prioritised. Collusion and price fixing in the food sector should be explicitly targeted for eradication;

- Further steps are required to address household level poverty, with particular emphasis placed on addressing child poverty. This should include better service delivery to those areas in which children are living, the creation of economic opportunities for the adults with whom children are living, as well as the delivery of other forms of social protection to children including developmental social welfare.

- Municipalities should tailor their Local Economic Development (LEDs) initiatives to meet the targets and approach of the NDP. In addition, the financial and human resources required for municipalities to meet their MDG-1 mandates need to be assessed, and where shortfalls occur, additional resources will be required. This is especially relevant for the provision of free essential services to indigent households;

- The coverage and efficiency of the Expanded Public Works Programme and Community Works Programme should be expanded and improved. In particular, the scaling up of the CWP should be prioritised and carefully monitored to ensure that the momentum gained in its pilot phase is maintained;

- Previous commitment to land and agrarian reform should be re-affirmed, and the coverage and efficiency of policies and programmes which provide social and economic assets to rural communities, existing and emerging farmers and small towns should be expanded and improved;

- Current initiatives to improve the collection of official statistics relevant to the international and domesticated indicators used to monitor MDG-1 should be expanded and improved. This includes the current Living Conditions Survey, the Income and Expenditure Survey and the General Household Survey. In addition, the

quality and frequency of the Demographic and Health Survey should receive attention with the aim of bringing this data source into the National Statistical System.

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