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and hunger
2015**



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LIST OF 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
SAMPI	South African Multidimensional Poverty Index
SASSA	South African Social Security Agency
Stats SA	Statistics South Africa
SASQAF	South African Statistical Quality Assessment Framework
UIF	Unemployment Insurance Fund
UNDP	United National Development Programme
UNSTATS	United Nations Statistical Division
UPL	Upper Bound Poverty Line
WHO	World Health Organization

STATUS AT A GLANCE

Indicators	1994 baseline (or nearest year)	2010 status (or nearest year)	2013 status (or nearest year) 2015	Current status (2014 or nearest year) 2015	2015 target	Target achievability	Indicator type
Target 1.A: 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)	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)	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)	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)	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)	20.8 (2011)	16.8	Not achieved	MDG
Proportion of population below \$2.50 (PPP) per day	42.4 (2000)	34.8 (2006)	29.2 (2011)	29.2 (2011)	21.1	Not achieved	Domesticated
Poverty gap ratio (\$1.00 (PPP) per day)	3.2 (2000)	1.1 (2006)	1.0 (2011)	1.0 (2011)	1.6	Achieved	MDG
Poverty gap ratio (\$1.25 (PPP) per day)	5.4 (2000)	2.3 (2006)	1.9 (2011)	1.9 (2011)	2.7	Achieved	MDG
Poverty gap ratio (Lower bound PL R443 per day)	16.4 (2006)	18.9 (2009)	11.8 (2011)	11.8 (2011)	No target	NA	Domesticated
Poverty gap ratio (Upper bound R620 per day)	26.7 (2006)	27.9 (2009)	19.6 (2011)	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 (2011)	6.5	Achieved	MDG
Poverty gap ratio (\$2.50 (PPP) per day)	18.0 (2000)	12.5 (2006)	10.3 (2011)	10.3 (2011)	9	Not achieved	MDG
Share of the poorest quintile in national consumption	2.9 (2000)	2.8 (2006)	2.7 (2011)	2.7 (2011)	5.8	Not achieved	MDG
Target 1.B: 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)	-1.1 (2013)	6	Not achieved	MDG
Employment-to-population ratio	44.1 (2001)	42.5 (2009)	40.8 (2011)	42.7 (2013)	50-70	Not achieved	MDG
% of employed people living below \$1 (PPP) per day	5.2 (2000)	No data	3.9 (2009)	3.9 (2009)	~ 0	Not achieved	MDG

Indicators	1994 baseline (or nearest year)	2010 status (or nearest year)	2013 status (or nearest year) 2015	Current status (2014 or nearest year) 2015	2015 target	Target achievability	Indicator type
% of own-account and contributing family workers in total employment	11.0 (2000)	9.9 (2010)	10.0 (2011)	9.3 (2013)	5	Not achieved	MDG
Time loss ratio	79 (2003)	1593 (2010)	131 (2013)	131 (2013)	No target	NA	DOM
Target 1.C: 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)	12.9 (2011)	15	Achieved	Domesticated
Prevalence of underweight children under five years of age (%)	13.2 (1993)	10.2 (2005)	8.3 (2008)	8.3 (2008)	4.7	Not achieved	MDG
Prevalence of stunting in children under five years of age (%)	30.3 (1993)	No data	23.9 (2008)	23.9 (2008)	15	Not achieved	Domesticated
Gini coefficient (including salaries, wages and social grants)	0.70 (2000)	0.73 (2006)	0.69 (2011)	0.69 (2011)	0.3	Not achieved	Domesticated
Number of beneficiaries of social grants (millions)	2.6 (1997)	14.1 (2010)	14.9 (2011)	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 new data	No target	NA	Domesticated
Electricity	No data	No data	65.0 (2009)	No new data	No target	NA	Domesticated
Sewerage and sanitation	No data	No data	23.3 (2009)	No new data	No target	NA	Domesticated
Solid waste management	No data	No data	28.3 (2009)	No new data	No target	NA	Domesticated
Percentage of indigent households receiving free basic services							
Water	61.8 (2004)	73.2 (2007)	71.6 (2011)	73.4 (2013)	No target	NA	Domesticated
Electricity	29.3 (2004)	50.4 (2007)	59.5 (2011)	51.0 (2013)	No target	NA	Domesticated
Sewerage and sanitation	38.5 (2004)	52.1 (2007)	57.9 (2011)	59.3 (2013)	No target	NA	Domesticated
Solid waste management	38.7 (2004)	52.6 (2007)	54.1 (2011)	62.3 (2013)	No target	NA	Domesticated

EXECUTIVE SUMMARY

Over the past 15 years South Africa's complement of development policies has had the primary objective of addressing the triple challenges of poverty, unemployment and inequality. MDG Goal 1 also tracks the same socio-economic issues and as such progress made towards goal targets can be used to measure the effectiveness of these policies. Overall, in terms of aggregate poverty, the results show that significant progress has been made towards the eradication of extreme poverty as defined by the international MDG poverty lines. The impact of South Africa's policies is acknowledged in government's 20-Year Review which highlights the pro-poor focus of the country's post-apartheid policy environment. In particular, the review notes that there was a shift in the programmes of the state towards the elimination of poverty and the need to provide access to housing, water, electricity, sanitation, education, health and social protection (The Presidency, 2014). The provision of free basic services has had an impact on poverty, as highlighted by the new domesticated South African Multidimensional Poverty Index (SAMPI) indicator.

Although challenges still exist, South Africa's efforts towards attempts to address the triple challenges have also been lauded by The World Bank (2014). In its report which focuses on the role of fiscal policy in addressing the challenges of poverty and inequality, the Bank acknowledges the context under which South Africa is trying to address the socio-economic challenges it faces. Specifically, the report notes that significant progress has been made since 1994, through the use of the tax system, as part of its development programme in the fight against poverty and inequality. This has been achieved through the expansion of social assistance and public outlays towards health and education, and the increase in access to free basic services.

- ***Target 1.A: Halve between 1990 and 2015 the proportion of people whose income is less than one dollar a day***

These efforts towards poverty reduction have meant that of the three international Target 1.A indicators, South Africa has made progress with respect to two of the international poverty lines. The \$1-a-day target was achieved in 2009, whilst the \$1.25-a-day target was achieved in 2011. This means that, strictly speaking and within the framework of the MDGs, it can be argued that to some extent South Africa has achieved the goal of halving extreme poverty (i.e. halving the proportion of people whose income is less than \$1.25 a day) – albeit missing one target. South Africa has already begun the process of tracking the \$2.50 target, and although progress has been made with respect to this target, it had not managed to achieve this target by 2011; as such, this should form the starting point for the post-2015 agenda.

Of the Target 1.A indicators, South Africa failed to reach the target set for *the share of the poorest quintiles in national consumption*. As of 2011 the share of the poorest had actually decreased since 2000, from 2.9 to 2.7; this is relatively insignificant and is still below the target of 5.8%. Challenges around achieving this target are related to the persistence of unemployment. This has implications on the number of households that rely on wage employment, and by default, the attainment of this target.

The current MDG indicators around poverty are largely based on money metric indicators which, whilst giving an indication of who is income poor, do not tell us how they are poor. One of the

notable trends with respect to the measurement of poverty in recent years, and more so one that is being proposed in the post-2015 MDG agenda, has been a tendency towards multidimensional measures. To this end, in 2014 South Africa developed a multidimensional poverty index (MPI) using census data. The South African Multidimensional Poverty Index (SAMPI) is a measure of acute poverty that complements traditional income and expenditure-based poverty measures. It does this by capturing severe deprivations that each person or household faces with respect to four dimensions of poverty. These dimensions are health, education, a standard of living and economic activity dimension, and each contributes equally to the SAMPI. Like the global MPI, the SAMPI is a nested equal weighted index. Three SAMPI-based indicators have thus been introduced as domesticated indicators which will carry over into the proposed SDGs.

The SAMPI shows that between the 10 years (2001 to 2011), the proportion of households who are multidimensionally poor fell from 17.9% to 8.0%; however, the intensity of SAMPI poor only witnessed a 1.6% decline. All in all, the SAMPI index score saw a 62.5% decrease over the 10 years. Based on the trend in the headcount and the average poverty intensity, this overall decrease was driven largely by changes in the former and not the latter. The results highlight the fact that unemployment continues to be a challenge in terms of poverty alleviation, with its contribution to the SAMPI increasing from 34% in 2001 to 40% in 2011. Another significant contributor to poverty over the 10 years is related to education as measured by years of schooling and school attendance. These contributed a combined 19% to poverty in 2001, with a decrease of 3% to 16%.

It should be noted that some of these trends, specifically progress on the international money metric indicators, hide a number of challenges that still remain with respect to poverty eradication in South Africa. To this end the report, through the use of relative risk ratios, identifies areas for prioritisation in the post-2015 MDG period. Furthermore, this approach is consistent with the drive arising from the '*no one left behind*' proposals related to the poverty SDG goal.

Using data from Census 2011, a fully decomposable dataset, it is noted that female-headed rural households remain susceptible to poverty relative to male-headed households (both rural and urban). The relative risk of a rural female-headed household being below the poverty line is 2.7 times higher compared to urban male-headed households; and these results are statistically significant at the 1% level. These results point to the spatial nature of poverty and the need for a post-2015 agenda that begins to identify targeted interventions towards women in rural areas.

With respect to race, the results confirm the conclusions from the 2013 MDG report with respect to the racial nature of poverty. The relative risk of being below the poverty line is 3.4 times higher for black Africans and 1.85 times higher for coloureds relative to their white counterparts. These results are also statistically significant at the 1% level and find expression in the exclusionary history of the country.

The results of this analysis also highlight one of the areas where South Africa continues to struggle with respect to the employment-related MDG targets. The odds of being below the poverty line are almost 5.6 times higher for both the unemployed and discouraged workers. These two groups have the highest level of relative risk with respect to being in poverty. This underscores the seriousness of the unemployment problem within the South African context. The persistence of unemployment explains in part some of the reasons why all of the indicators under Target 1.B were missed. At the

same time, the relative risk ratios of being in poverty highlight the magnitude of the problem. This means that for the post-2015 MDGs agenda there will be a need to understand the nature of the relationship between employment and poverty and, more importantly, there will also be the need to develop new indicators that allow for better tracking of employment from a deprivation perspective at the household level.

The relative risk ratios for level of education with matric as the reference group show that education is an important predictor of one's position above or below the poverty line, with the odds of being in poverty falling as the level of education increases. On average, those with lower levels of education have higher odds of being below the poverty line, relative to those with matric; and the opposite is true for those with higher levels of education when compared to those with matric.

- ***Target 1.B: Achieve full and productive employment and decent work for all, including women and young people***

The focus on employment in the MDG framework arises from the fact that it was identified as one of the cornerstones to eliminating poverty. This identification led to its inclusion in 2008 as a sub-target. Specifically, Target 1.B is related to the achievement of full and productive employment and decent work for all, including women and young people. As mentioned above, South Africa has had difficulty in meeting these targets, essentially missing all four MDG goals with targets. Specifically, with respect to the four MDG goals, including the domesticated time loss ratio:

- The *percentage growth rate of GDP per person* has fluctuated, at times reaching the target of six per cent but mostly falling below over the time period measured;
- The *employment to population* ratio has fallen short of the 50%–70% target, reaching only 42.8% in 2014, meaning that there is an accompanying high unemployment rate;
- The latest data *on the proportion of employed people living under a dollar a day* was compiled in 2009 shows that South Africa, at 3.9% – down from 5.2% in 2000 – was on route to achieving the goal of 0%. However, given the setbacks in the economy, it is unlikely that this goal has been achieved;
- *The share of own-account and contributing family workers in total employment* has fallen from 11% in 2000 to 9.3% in 2013, it has failed to reach the target of 5%; and
- The *time loss ratio* is a domesticated indicator that measures labour unrest. It has fluctuated in recent years, peaking in 2010.

The failure to meet these targets has been the result of a complex interplay of: a post-apartheid labour force which is largely ill-equipped to participate in the skill-intensive services sector; structural challenges that have complicated the country's diversification agenda; and the protracted global economic crisis. The inability to meet these targets has occurred in a context where employment is at the core of a number of South Africa's various policy documents, the latest being the New Growth Path (NGP). The National Development Plan (NDP) was introduced in 2013 as South Africa's long term development plan. South African labour policy has been premised on the desire to balance the post-apartheid move away from low wage, exploitative labour practices through the creation of a capital-intensive economy requiring highly skilled, well-remunerated individuals; and the need to transition the economy towards further industrialisation through the private sector. The latest Medium Term Strategic Framework (MTSF), which reflects government's strategic plan for the 2014–2019 electoral term, further reiterates government's commitment to fostering a competitive

economy that creates jobs by encouraging investment by the private sector through building investor confidence.

- ***Target 1.C: Halve between 1990 and 2015, the proportion of people who suffer from hunger***

Global incidents of food deprivation are intrinsically linked to poverty and, in South Africa, the context of pervasively high unemployment, poverty and inequality levels and the reliance on income has become a major determinant of household food insecurity. To understand the challenge of addressing food and nutrition security at household level requires an understanding of the links between poverty, unemployment and household food security. It is within this context that the inclusion of a hunger indicator in the MDG 1 at an international level – and its relevance at a local level – must be understood.

The NDP Vision 2030 aims to give effect to the progressive realisation of the MDG Target 1.C by lowering the cost of living for the poor, and with targeting of interventions specifically towards women and young children. Although it is too early to assess the extent to which these interventions will bear fruit, these policies continue to add to the country's battery of policies meant to address the challenges that arise in the context of poverty and inequality.

In terms of the MDG indicator of reducing hunger, South Africa is largely on track to realising this goal. With respect to the attainment of MDG goals, South Africa has almost achieved its target of the percentage of people who report experiencing hunger. The target was 15% of the population and South Africa – as at 2015 self-reported levels of hunger for adults – was 17% and for children was 18%.

In respect of the other indicators (namely per cent of underweight children under five years and the prevalence of stunting in children under five years) the absence of current update to data makes it difficult to assess if this target has been achieved. However, the trends appear to suggest that while the reduction of the prevalence of underweight children could be attainable, this cannot be said for the per cent of stunting in the child population.

Since 2000 the number of social grant beneficiaries has increased more than five times, from three million in 2000 to about 16.5 million in 2015, largely due to an expansion of the child support grant (CSG). The number of grant recipients in South Africa is a domesticated indicator that has no target set for it in terms of the Millennium Development Goals. The aim was to reach three million children within five years; and 15 years later the CSG has expanded rapidly with over 11.5 million beneficiaries. This makes it the largest social assistance programme in South Africa, and one of the most effective instruments in addressing child poverty. There is compelling evidence that South Africa's social assistance programme, the largest social protection programme in South Africa, has contributed to lowering poverty reduction in South Africa.

- ***Percentage of indigent households receiving free basic services***

Access to free basic services for poor and vulnerable households has been a cornerstone of the post-apartheid social protection package responding to the multi-dimensional nature of poverty. The recognition that the poor are excluded from redistributive mechanisms of the state has been the key driver for the implementation of a National Indigent Policy. Its adoption corresponded to

government's commitment to the realisation of the Millennium Development Goals, in particular *MDG 1: Eradicating Extreme Poverty and Hunger*. There are two domesticated indicators under Target 1c:

- I. Percentage of indigent households receiving free basic services; and
- II. Proportion of households below food poverty (R305 per month in 2009 prices) with access to free basic services (%).

While not stated, the implicit target for provision of free basic services to indigent households is 100% coverage. However, it has been suggested that although there has been an increase in access, this pattern hides some very critical challenges experienced particularly in identifying and counting the number of indigent households in South Africa, and how these relate to assessing the deficits in access to free basic services, namely:

- Municipalities remain challenged in how to decide which targeting methods should be used for the provision of different FBS, particularly due to the lack of clarity on how to define who is poor;
- The difficulties experienced by municipalities in defining what a household is. Here the concern is that the target for free basic services is consumption based per household, which ignores the reality of varying household sizes. More importantly, municipalities have struggled to access non-account holders who comprise a large percentage of indigent households;
- Concern about the general lack of community awareness of the indigent policy and qualification criteria and hence the levels of self-targeting; and
- Analysis of service delivery protests between 2012 and 2014 revealed the main reasons for protests as being lack of access to water (38%) and lack of electricity (37%). More importantly, the provinces with the highest number of protests were Western Cape followed by Gauteng. It reflects the very complex nature of the levels of dissatisfaction with service delivery particularly as it relates to Western Cape, where the performance of the indigent policy appears to be exemplary. It suggests that unhappiness with access to free basic services must be understood more broadly, beyond the lack of services, to issues relating to the quality and consistency of the services received as well as to a sense of relative deprivation experienced by those living in urban informal areas.

- ***MDG 2015 Close Out Assessment***

Under MDG Goal One, South Africa, is tracking 45 indicators which comprise a suite of nine international and 34 domesticated indicators. Based on the foregoing, Table 1 shows that South Africa has only managed to achieve three of the official indicators. For the reasons mentioned above, all Target 1.B international indicators were not achieved; given the contribution of unemployment to poverty, this report proposes the adoption of two employment indicators that introduce the notion of employment deprivation as a better proxy for the severity of unemployment at the household level.

Table 1: Official list of MDG Goal 1 indicators for South Africa

<i>Indicators</i>	<i>Target achievement status</i>	<i>Indicator type</i>	<i>No.</i>
Target 1.A: Halve between 1990 and 2015 the proportion of people whose income is less than one dollar a day			
1.1 Proportion of population below \$1.25 (PPP) per day	Achieved	MDG	<input checked="" type="checkbox"/>
1.2 Poverty gap ratio (\$1.25 (PPP) per day)	Achieved	MDG	<input checked="" type="checkbox"/>
1.3 Share of the poorest quintile in national consumption	Not achieved	MDG	<input type="checkbox"/>
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people			
1.4 Percentage growth rate of GDP per person employed	Not achieved	MDG	<input type="checkbox"/>
1.5 Employment-to-population ratio	Not achieved	MDG	<input type="checkbox"/>
1.6 % of employed people living below \$1 (PPP) per day	Not achieved	MDG	<input type="checkbox"/>
1.7 % of own-account and contributing family workers in total employment	Not achieved	MDG	<input type="checkbox"/>
Target 1.C: Halve between 1990 and 2015, the proportion of people who suffer from hunger			
1.8 Prevalence of underweight children under five years of age (%)	Not achieved	MDG	<input type="checkbox"/>
1.9 % of people who report experiencing hunger	Achieved	DOM*	<input checked="" type="checkbox"/>
			3/9

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

Finally, the unemployment challenge remains one of the biggest threats to South Africa fully realising universal poverty reduction. This holds true bearing in mind that the odds of being below the poverty line are almost 5.6 times higher for both the unemployed and discouraged workers. These two groups have the highest level of relative risk with respect to being poor. This underscores the seriousness of the unemployment problem within the South African context. Although the Expanded Public Works Programme (EPWP), the only direct form of state support for able-bodied unemployed adults, offers some form of social protection, the programme has not had a great enough impact on the unemployment rate. The reason for this is largely because the employment created is mostly short term, low paid and with no additional benefits, e.g. retirement benefits. Failure to address the issues related to unemployment has far-reaching implications for South Africa within the context of the post-MDG 2015 agenda, since the *'no one left behind principle'* is increasingly gaining momentum as one of the core principles that will guide the SDG poverty eradication framework. For South Africa, the challenge will be to broaden its poverty interventions beyond the provision of basic services that have had a tremendous impact on poverty as highlighted by the SAMPI. There will be a need to strengthen policies around an industrial development path that can create employment opportunities for its people.

1 DATA SOURCES AND LIMITATIONS

One of the objectives of this report is to update, in a consistent manner, the indicators in the 2013 MDG report; as such, the data limitations highlighted in the latter still hold. Briefly, these limitations are related to differences in methodology and the way in which questions were asked from survey to survey; changes in the population model; adjustments in weighting and benchmarking; the treatment of unspecified values; and the imputation of missing values for demographic variables.

From 1995 to 1999, the annual October Household Survey (OHS) was utilised in order to collect labour force data. From 2000 to 2007, the biannual Labour Force Survey was utilised. After much consultation with the IMF, in 2008 the Quarterly Labour Force Survey (QLFS) was adopted. Of most concern for the evaluation of progress during the time period 2000–2015, therefore, is the transition from the LFS to the QLFS. Yu (2009) notes that there were changes between the two surveys and as such the evaluation of long term trends needs to be done carefully. The two main concerns of importance include (Yu, 2009):

- The broad definition of unemployment: While the computation of the strict definition of employment in the two surveys provides a continuous trend line, the trend line for the broad definition leads to a sudden decline which points to an incompatibility in computation.
- Formal/Informal sector: There are differences in the determination of whether a business is informal or formal. A self-employed person is considered as having an informal business if their business is not registered for VAT and income tax purposes, whereas the question on VAT was only posed to the employees to determine their status in the QLFS. Furthermore, there is a distinction between how one determines the number of workers in the business. In the QLFS this is posed as number of employees, whereas the LFS just asked about the workers in the business, which could also include the self-employed owner.

The MDG reporting methodology is a desktop exercise that relies on data provided by Statistics South Africa. Qualifying data is gathered by the Sector Working Group (SWG) that validates the data to ensure that it meets the standards required of official data. These standards are outlined in the South African Statistical Quality Assessment Framework (SASQAF). The process of data collection and verification is largely consultative and involves the relevant government departments and civil society organisations. Beyond the data collected by the SWG there is scope for the use of additional data sources as long as it meets the SASQAF guidelines. To this end, all additional data presentations in this report have used official data sources and when this is not the case, this has been highlighted in the report. For example, the section on hunger cites the Southern Africa Labour and Development Research Unit's (SALDRU) *National Income Dynamics Study* (NIDS) and the Human Sciences Research Council's (HSRC) *South African National Health and Nutrition Examination Survey* (SANHANES). This is largely because of the state of hunger indicators in existing official datasets. This challenge is acknowledged by the South African Multidimensional Poverty Index (SAMPI) as one of the limitations that prevented South Africa from including a matching health indicator in the SAMPI multidimensional index.

Data to analyse the food insecurity status in South Africa came from the General Household Survey (2002 to 2013) and South African National Health and Nutrition Examination Survey (SANHANES).

Similar questions were asked in this dataset; however, the results varied largely because of the methodologies applied in conducting the surveys. The GHS survey was largely used in these sections because it is representative. Data related to the intensity of food insecurity were available from 2009 to 2013; this is because Statistics South Africa (Stats SA) introduced the Household Food Insecurity Access Scale (HFIAS) from 2009. Data on anthropometric indicators was sourced from NIDS 2008.

Data on free basic services, which covers the domesticated indicators under Target 1.C, came from two data sources of Stats SA; these are the Non-financial Census of Municipalities undertaken on an annual basis from 2002, and the Living Conditions Survey (LCS) of 2009. The method of collecting the former data involved personal visits and electronic communications. According to the indigent policies, it is the responsibility of individual households to visit municipal offices to complete and lodge applications for subsidy/consideration. The respective municipality through its ward councillors and Community Development Works (CWS) assess the applications to determine whether households which applied meet the criteria set by their municipality to qualify for indigent status. The drawback of these processes is that municipalities employ different methods to determine indigent households and thus there is no indigent registration form to guide the municipalities. Data on the indicator of the proportion of households living in food poverty (R305 per month in 2009 prices) with access to free basic services was only in LCS 2009, and as such these indicators cannot be updated in this report.

Consistent with previous MDG reports, the classification of outcomes will be based on a trend analysis that is supported by reference to the policy context under which progress has been made. Relevant empirical literature is also cited to inform both the recommendations and classification of the final outcome. Unlike the interim reports from previous years, this close out goal report drops the 'likely', 'possibly' or 'unlikely' classifications and uses the 'achieved' and 'unachieved' classification.

2 MDG 1 TARGETS AND PROGRESS

2.1 POVERTY AND INEQUALITY

This section of the report focuses on Target 1.A of the MDGs which sought to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

2.1.1 Policy overview – Poverty and Inequality

According to the South African government's 20-Year Review, one of the focus areas of the post-apartheid policy agenda was to concentrate on the poor and the marginalised (The Presidency, 2014). This focus saw a number of policy frameworks which evolved over the 20-year period. In particular, the review notes that there was a shift in the programmes of the state towards the elimination of poverty and the need to provide access to housing, water, electricity, sanitation, education, health and social protection.

Although challenges still exist, South Africa's efforts toward attempts to address the triple challenges have been lauded by The World Bank (2014). In its report which focuses on the role of fiscal policy in addressing the challenges of poverty and inequality, the Bank acknowledges the context under which

South Africa is trying to address the socio-economic challenges, the report notes that significant progress has been made since 1994, through the use of the tax system, as part of its development programme in the fight against poverty and inequality. This has been achieved through the expansion of social assistance and public outlays towards health and education, and the increase in access to free basic services.

Although the report finds that South Africa has achieved a sizable reduction in poverty through the fiscus, challenges around income equality persisted. Inequality as measured by the Gini coefficient on disposable income increased from about 0.67 in 1993 to around 0.69 in 2011. In between this period the Gini coefficient for South Africa rose to 0.70 in 2000, peaking at 0.73 and then settling at 0.69 in 2011 (see

Figure 1). As such, there is general consensus that more still needs to be done to satisfactorily address these challenges (The Presidency, 2014; The World Bank, 2014; UNDP, 2014).

The 2013 MDG report outlined in detail the historical context that led to and continues to influence both the evolution of poverty and inequality and the magnitude of these challenges. The depth of the structural constraints on transformation and the policy response that is required can be understood within the context of South Africa's past legacy¹. The development of the South African economy around its mineral wealth engendered a structure of the economy that continues to impact on inequality in three main ways, as follows²:

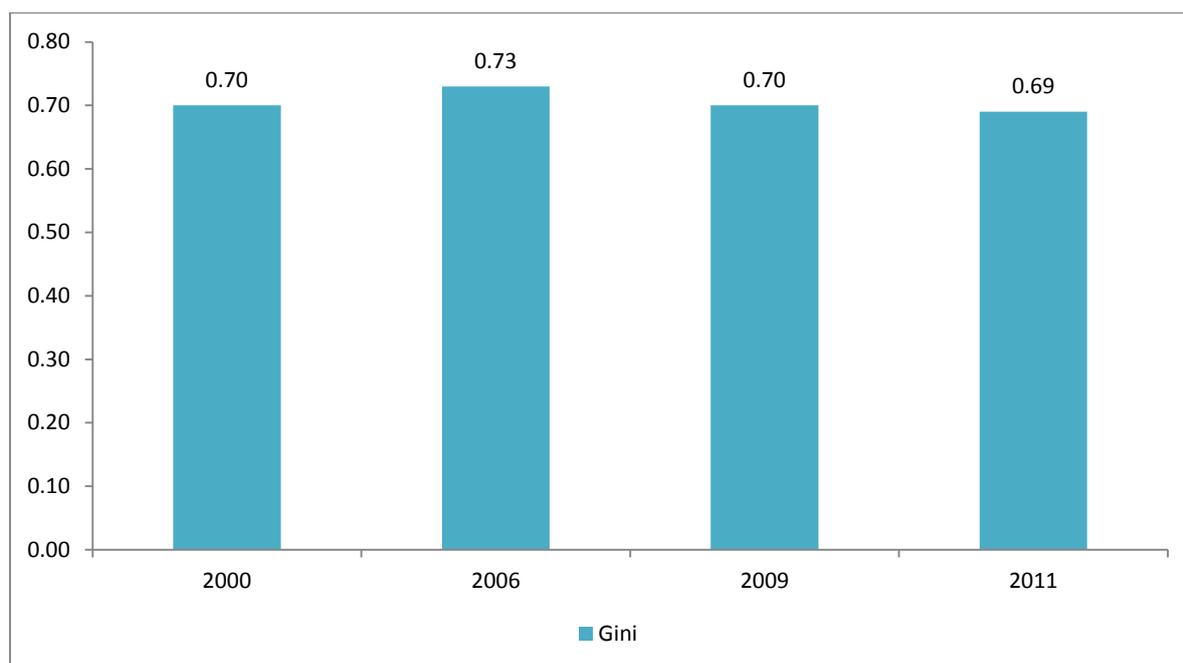
- 1 Through highly unequal ownership structures, asset inequality and the way in which capital is invested.
- 2 The disproportionate gains to capital relative to labour which have a huge impact on the distribution of wealth.
- 3 The sectoral composition of the economy and the labour absorption patterns and skills demand it creates that have a bearing on income inequality.

The first two have a bearing on challenges around broad-based transformation whilst the third is related to challenges around the employment indicators under Target 1B and this will be discussed in Section 2.2.

¹ UNDP (2014)

² Ibid

Figure 1: Gini coefficient of income inequality



Source: Income and Expenditure Survey 2000, 2005/2006 and 2010/2011; Living Conditions Survey 2008/2009, Statistics South Africa.

2.1.2 Progress on MDG and Domesticated Indicators

Target 1.A set out to 'halve between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day', which is the definition of extreme poverty. Under this target, there are three international MDG indicators, as follows:

- 1 Proportion of population below \$1.25 (PPP) per day
- 2 Poverty gap ratio (\$1.25 (PPP) per day)
- 3 Share of poorest quintile in national consumption

The framework, however, allows for countries to use national poverty lines for monitoring country trends, where these are available. To this end, South Africa has added several domesticated indicators which are meant to track the country's specific development context. As such, on top of the above three, South Africa tracks 13 additional indicators – with three of these having been introduced in the current reporting period. This adds to the complement of the country's indicators that it tracks under Target 1.A. specifically, the remaining indicators are as follows:

- 1 Proportion of population below \$1.00 (PPP) per day
- 2 Proportion of population below Lower-bound Poverty Line (R443 per month in 2011 prices)
- 3 Proportion of population below Upper-bound Poverty Line (R620 per month in 2011 prices)
- 4 Proportion of population below \$2.00 (PPP) per day
- 5 Proportion of population below \$2.50 (PPP) per day
- 6 Poverty gap ratio (\$1.00 (PPP) per day)
- 7 Poverty gap ratio (Lower-bound PL R443 per day)
- 8 Poverty gap ratio (Upper-bound R620 per day)
- 9 Poverty gap ratio (\$2.00 (PPP) per day)
- 10 Poverty gap ratio (\$2.50 (PPP) per day)
- 11 Proportion of households SAMPI poor (new indicator)

12 Intensity of SAMPI poor (new indicator)

13 SAMPI index score (new indicator)

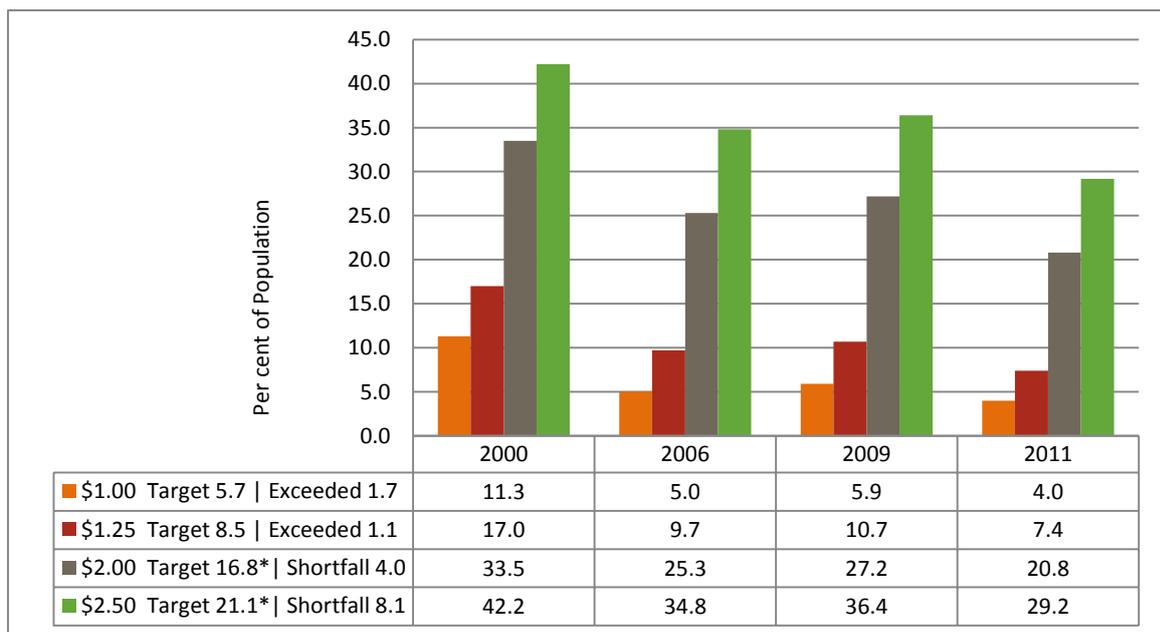
With the exception of the three new indicators, most of the data that feed into Target 1.A of the MDGs rely on the Income and Expenditure Survey (IES) and the Living Conditions Survey (LCS). The latest data available from the IES is for 2010/2011 and 2009 for the LCS; to this end, the majority of these indicators remain largely unchanged from the 2013 report. The status at a glance table shows that of the 16 indicators that South Africa tracks, only nine have targets; and that the country had achieved five of these by 2011. Specifically, the following targets had been achieved:

- Proportion of population below \$1.00 (PPP) per day
- Proportion of population below \$1.25 (PPP) per day
- Poverty gap ratio (\$1.00 (PPP) per day)
- Poverty gap ratio (\$1.25 (PPP) per day)
- Poverty gap ratio (\$2.00 (PPP) per day)

International poverty lines

Of the three international MDG targets, South Africa has achieved two. Figure 2 shows the four international poverty lines that are typically reported in MDG reports, and these show that South Africa has made progress with respect to two of the international poverty lines. The \$1-a-day target was achieved in 2009 whilst the \$1.25-a-day target was achieved in 2011. This means that to some extent, South Africa has achieved the goal of halving extreme poverty (halving the proportion of people whose income is less than \$1.25 a day). South Africa had already begun the process of tracking progress towards the \$2.50 line, and although progress has been made with respect to this line, it had not managed to achieve the set target by 2011. As such, this should form the starting point for the post-2015 agenda. Figure 2 also shows the respective short falls for the \$2 and the \$2.50 poverty lines, and highlights that whilst the target associated with the \$2 line is within reach, more will need to be done to achieve the 21.1% target associated with the \$2.50 line.

Figure 2: International Poverty Lines



Source: IES, (2000, 2005/2006, 2010/2011); LCS (2008/2009), Statistics South Africa, *Domesticated.

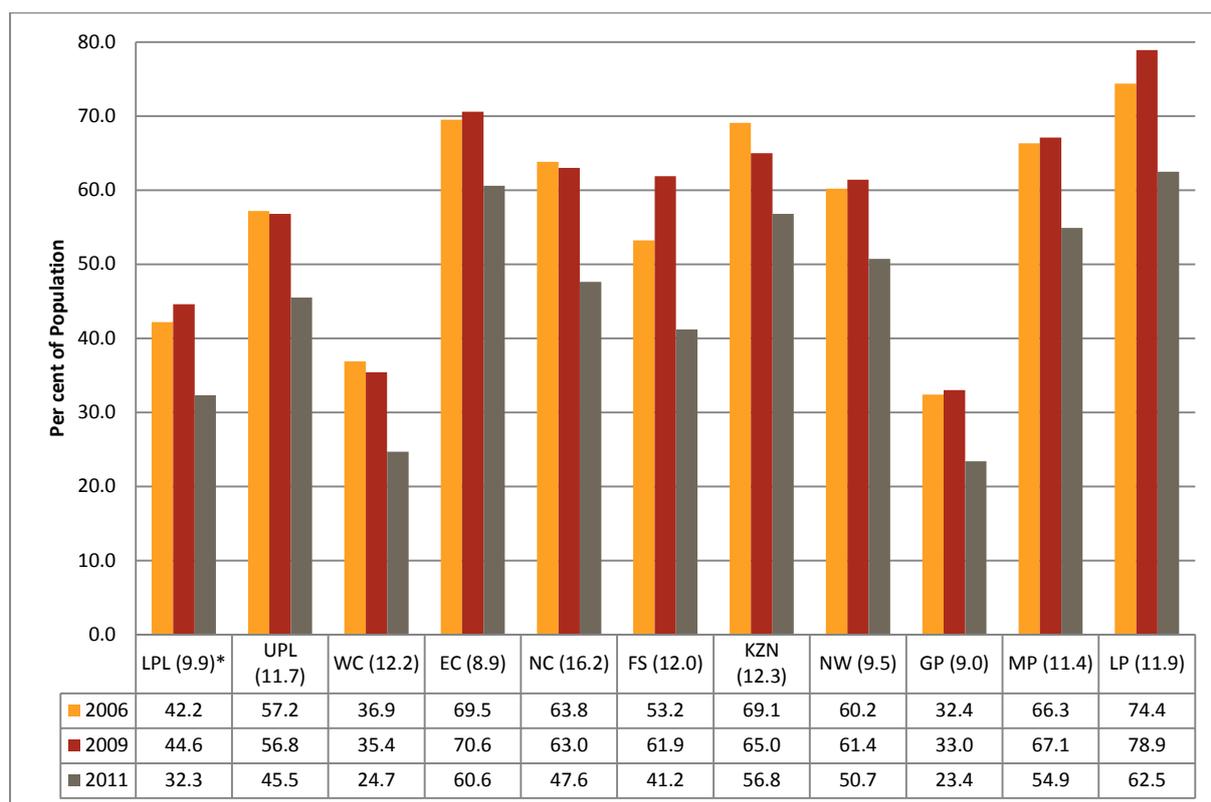
National Poverty Lines

Above and beyond the international poverty lines, South Africa also tracks the headcount and poverty gap based on nationally domesticated poverty lines which were first introduced in 2012. These poverty lines are derived from the *food poverty line* which is defined as the level of consumption below which households are unable to purchase sufficient food to provide an adequate diet to household members. Those above the line are consuming enough calories relative to those below. Figure 3 shows the headcount and highlights that in 2006, the lower-bound national headcount poverty was 42.2%, rising in 2009 to 44.6% in the wake of the global financial crisis, and eventually falling to 32.3% in 2011.

The figure also highlights the distribution of poverty across provinces using the upper-bound national poverty line, and it shows that Limpopo had the highest percentage of people living below the poverty line at 74.4% in 2006; this was followed by Eastern Cape at 69.5% and KwaZulu-Natal at 69.1%. On average, most provinces witnessed relatively marginal increases in the proportion of households living in poverty in 2009. However, three provinces, Western Cape, Northern Cape and KwaZulu-Natal experienced a decrease in poverty throughout the period under review. The responses of each province to the crisis can be seen as a proxy of their vulnerability to economic shocks. In this regard, the provinces that were the worst affected by the global economic crisis were Free State, experiencing an increase of those living below the poverty line by 8.7 percentage points, followed by Limpopo with an increase of 4.5 percentage points. In terms of recovery it is also interesting to note that these two provinces experienced the largest decreases in the number of people living below the poverty line by 2011. Overall, from 2006 to 2011 Northern Cape and KwaZulu-Natal saw the largest drops in poverty with decreases of 16.2 and 12.3 percentage points.

These regional differences in the way in which provinces respond to economic shocks can be used to inform the prioritisation of policy interventions in times of economic crisis. Furthermore, these regional differences can be explained by differences in terms of the provinces' openness to international influences. Provinces with a relatively large primary base like Free State and Limpopo will be more susceptible to factors that affect the global demand for natural resources.

Figure 3: National poverty headcount

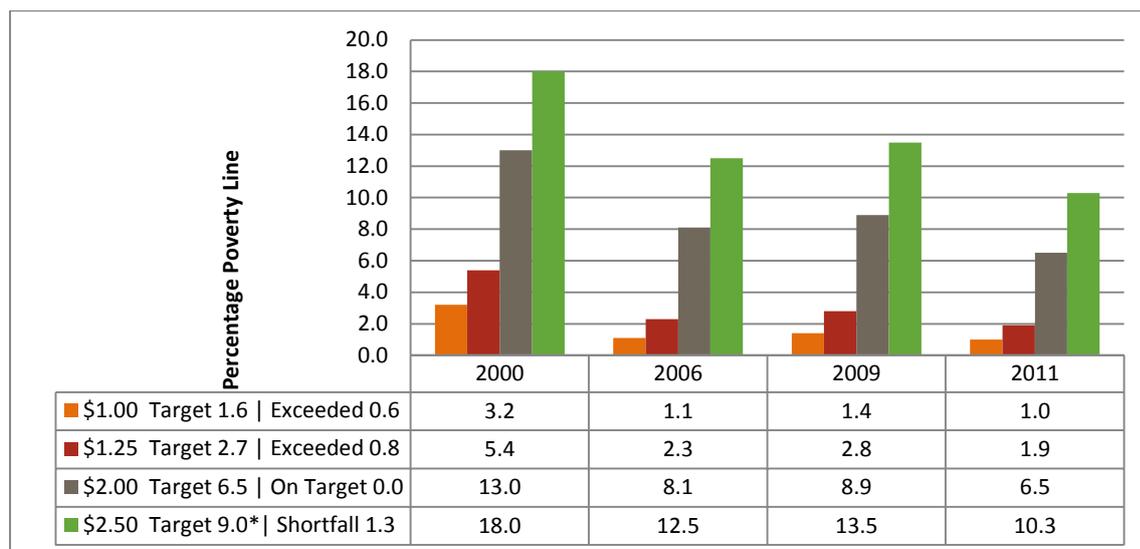


Source: IES, (2000, 2005/2006, 2010/2011); LCS (2008/2009), Statistics South Africa; *Change from 2006
LPL – Lower-bound poverty line; UPL – Upper-bound poverty line.

International Poverty Lines

One of the criticisms of the headcount poverty measure is that it gives the impression that all of the people below the poverty line are equally poor. To resolve this problem, the poverty gap is used to assess the depth of poverty and measures the average distance the poor are from the poverty line. Figure 4 shows the four poverty gaps based on the international poverty lines, and shows that South Africa has managed to reduce the depth of poverty across the four poverty gaps. The poverty gap at the \$1.25 line was achieved whilst the one at the \$2 line was just met by 2011. Although South Africa just barely missed the \$2.50 target, overall the trends show that the country made significant progress towards reducing the depth of poverty. As highlighted above, this is linked to the country's policies and the use of the tax system as part of South Africa's development efforts in its fight against poverty and inequality (World Bank, 2014).

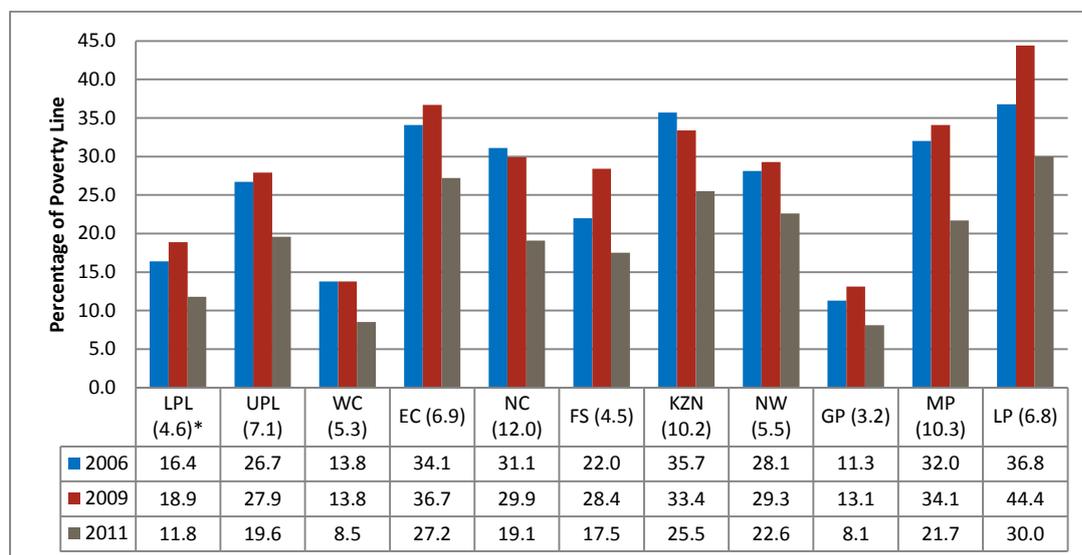
Figure 4: Poverty gaps based on international poverty lines



Source: IES, (2000, 2005/2006, 2010/2011); LCS (2008/2009), Statistics South Africa; *Target not achieved.

Error! Not a valid bookmark self-reference. shows the poverty gap across provinces using the national food poverty lines and highlights that using the lower-bound line, at a national level, the poverty gap was 16.4 % in 2006, increasing to 18.9% in 2009, and then dropping to 11.8 % by 2011. Consistent with the headcount measure, Limpopo and KwaZulu-Natal had the largest poverty gaps of 36.8% and 35.7% in 2006 respectively. The largest drop in the poverty gap over the five-year period was in Mpumalanga, which experienced a drop of 10.3 percentage points; this was followed by KwaZulu-Natal and Eastern Cape with a drop of 10.2 and 6.9 percentage points respectively.

Figure 5: Poverty gap based on national poverty lines



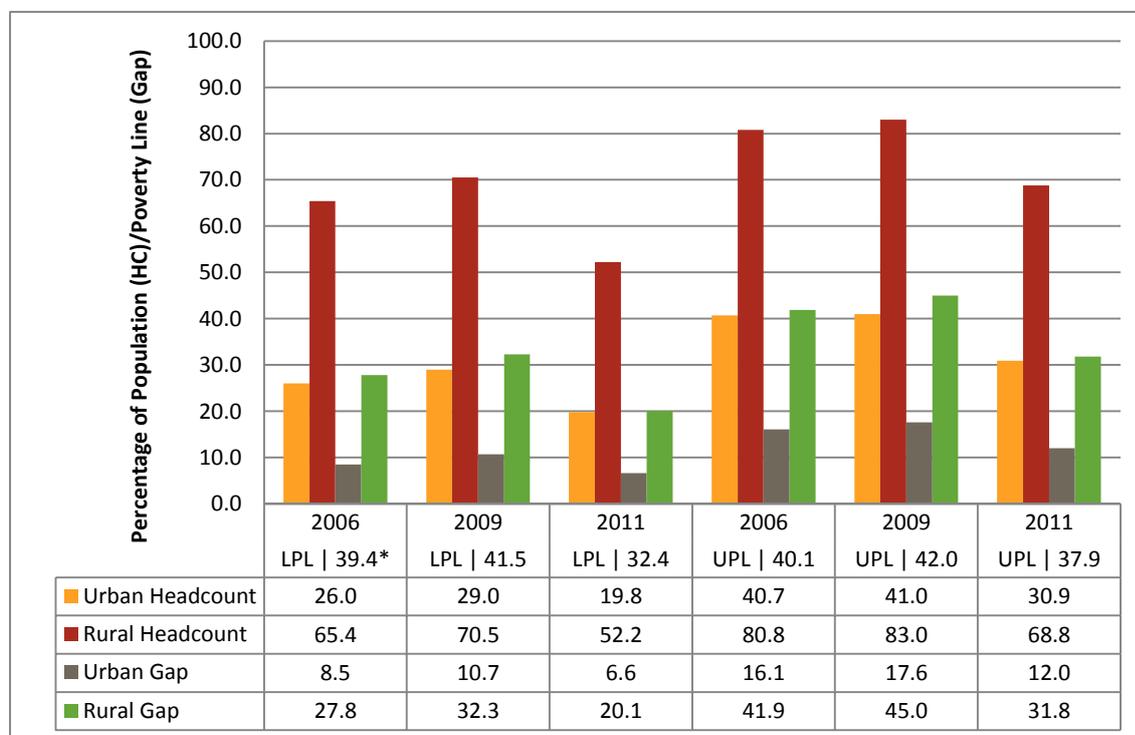
Source: IES, (2000, 2005/2006, 2010/2011); LCS (2008/2009), Statistics South Africa; *Change from 2006
LPL – Lower-bound poverty line; UPL – Upper-bound poverty line.

Urban and rural poverty

The differences in rural and urban poverty in South Africa find expression in the exclusionary history of the country that had a strong influence in determining the spatial distribution of economic activities. These large differences in poverty between the two locations have persisted in post-

apartheid South Africa and remain a policy challenge that should take centre stage in the post-2015 MDG period. Most of the differences in poverty levels at the provincial level can be explained by the concentration of economic activities in a few provinces such as Western Cape and Gauteng, which in turn explains the low levels of poverty in the latter.

Figure 6: National poverty lines (headcount and gap) by urban rural location



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

*Difference between urban and rural headcount poverty.

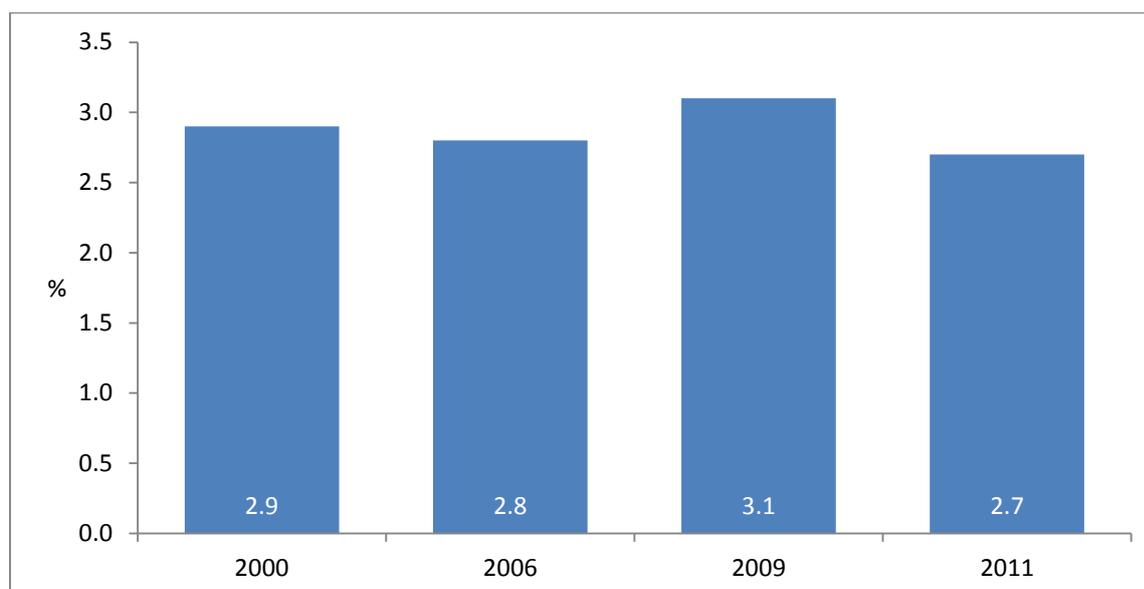
LPL – Lower-bound poverty line; UPL – Upper-bound poverty

Figure 6 shows how large these differences are with respect to the poverty gap and headcount poverty. With respect to the former and using the lower-bound poverty line, this difference was 39.4% in 2006, rising to 41.5% in 2009 and eventually settling at 32.4% by 2011. What is also important to highlight is the fact that the prevalence of poverty in rural areas has remained 2.5 times higher relative to urban LPL areas across the period under review.

Share of the poorest quintiles in national consumption

As indicated above, of the Target 1.A indicators, South Africa managed to achieve two of these whilst failing to reach the target set for *the share of the poorest quintiles in national consumption*. The latter is defined as the income versus consumption that accrues to the poorest fifth of the population. Figure 7 shows that the share of the poorest has actually decreased since 2000, from 2.9 to 2.7; although this is relatively insignificant, it is still below the target of 5.8%. As will be seen in the section on the new multidimensional poverty indicators, and the section on progress around Target 1.B, challenges around achieving this target are related to the persistence of the unemployment problem. This has implications on the number of households that rely on wage employment and, by default, the attainment of this target.

Figure 7: Share of the poorest quintile in national consumption, target 5.8%



Source: Income and Expenditure Survey 2000, 2005/2006 and 2010/2011; Living Conditions Survey 2008/2009, Statistics South Africa.

Table 2: Target 1.A: Halve between 1990 and 2015 the proportion of people whose income is less than one dollar a day

Indicators	1994 baseline (or nearest year)	2006 Status (or nearest year)	2009 Status (or nearest year)	2013 Status (or nearest year) 2015	Current status (2014 or nearest year) 2015	2015 Target	Target achievability	Indicator type
Target 1.A: 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)	5.9 (2009)	4.0 (2011)	4.0 (2011)	5.7	Achieved	MDG
*1.1 Proportion of population below \$1.25 (PPP) per day	17.0 (2000)	9.7 (2006)	10.7 (2009)	7.4 (2011)	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)	32.2 (2011)	No target	NA	Domesticated
Proportion of population below Upper-bound PL (R620 per month in 2011 prices) R620 (2011)	57.2 (2006)		56.8 (2009)	45.5 (2011)	45.5 (2011)	No target	NA	Domesticated
Proportion of population below \$2.00 (PPP) per day	33.5 (2000)	25.3 (2006)	27.2 (2009)	20.8 (2011)	20.8 (2011)	16.8	Not achieved	MDG
Proportion of population below \$2.50 (PPP) per day	42.42 (2000)	34.8 (2006)	36.4 (2009)	29.2 (2011)	29.2 (2011)	21.1	Not achieved	Domesticated
Poverty gap ratio (\$1.00 (PPP) per day)	3.2 (2000)	1.1 (2006)	1.4 (2009)	1.0 (2011)	1.0 (2011)	1.6	Achieved	MDG
*1.2 Poverty gap ratio (\$1.25 (PPP) per day)	5.4 (2000)	2.3 (2006)	2.8 (2009)	1.9 (2011)	1.9 (2011)	2.7	Achieved	MDG

Indicators	1994 baseline (or nearest year)	2006 Status (or nearest year)	2009 Status (or nearest year)	2013 Status (or nearest year) 2015	Current status (2014 or nearest year) 2015	2015 Target	Target achievability	Indicator type
Poverty gap ratio (Lower bound PL R443 per month)	16.4 (2006)		18.9 (2009)	11.8 (2011)	11.8 (2011)	No target	NA	Domesticated
Poverty gap ratio (Upper bound R620 per month)	26.7 (2006)		27.9 (2009)	19.6 (2011)	19.6 (2011)	No target	NA	Domesticated
Poverty gap ratio (\$2.00 (PPP) per day)	13.0 (2000)	8.1 (2006)	8.9 (2009)	6.5 (2011)	6.5 (2011)	6.5	Achieved	MDG
Poverty gap ratio (\$2.50 (PPP) per day)	18.0 (2000)	12.5 (2006)	13.5 (2009)	10.3 (2011)	10.3 (2011)	9	Not achieved	MDG
*1.3 Share of the poorest quintile in national consumption	2.9 (2000)	2.8 (2006)	3.1 (2009)	2.7 (2011)	2.7 (2011)	5.8	Not achieved	MDG
Gini coefficient (including salaries, wages and social grants)	0.70 (2000)	0.73 (2006)		0.69 (2011)	0.69 (2011)	0.3	Not achieved	Domesticated
Proportion of households SAMPI poor	17,9 (2001)	-	-	8,0 (2011)	8,0 (2011)	No target	Not achieved	Domesticated
Intensity of SAMPI poor	43,9 (2001)	-	-	42,3 (2011)	42,3 (2011)	No target	Not achieved	Domesticated
SAMPI index score	0,08 (2001)	-	-	0,03 (2011)	0,03 (2011)	No target	Not achieved	Domesticated

2.1.3 Multidimensional poverty

The current MDG indicators around poverty are largely based on money metric indicators which, whilst giving us an indication of who is income poor, do not tell us how they are poor. To this end, one of the notable trends with respect to the measurement of poverty in recent years has been a tendency towards multidimensional measures (Alkire & Foster, 2011; Alkire, 2009; Bourguignon & Chakravarty, 2003). According to Alkire et al (2015) there are several reasons for focusing on multidimensional poverty (MP) measurement and analysis. These reasons can be divided into normative, empirical and policy motivations as follows:

- Normative reasons have to do with the need to allow for the creation of effective measures that reflect the experiences of poor people.
- Empirically there is the realisation that income-poor households are not well matched to households carrying other basic deprivations and the trends of income, non-income deprivations are also not matched, and more importantly, growth does not always translate to a reduction in deprivations.
- Policy-wise, typical methods of representing poverty, such as the MDG dashboard, do not factor in the interconnections between deprivations as experienced by the poor that poverty reduction policy seek to address.

In 2014, South Africa developed a multidimensional poverty index (MPI) using census data based on the Alkire and Foster approach, which was developed together with the United Nations

Development Programme and has since replaced the Human Poverty Index³. The South African Multidimensional Poverty Index (SAMPI) is a measure of acute poverty that complements traditional income and expenditure-based poverty measures. It does this by capturing severe deprivations that each person or household faces with respect to four dimensions of poverty. These dimensions are health, education, standard of living and economic activity; and each contributes equally to the SAMPI. Like the global MPI, the SAMPI is a nested equal weighted index and the components of each dimension are as seen in Table 3 – to give a total of 11 indicators, with the unemployment indicator being a domesticated indicator.

Table 3: The dimensions, indicators and deprivation cut-offs for SAMPI

Dimension	Indicator	Deprivation cut-off
Health	Child Mortality	If any child under the age of 5 has died in the past 12 months
Education	Years of Schooling	If no household member aged 15 or older has completed 5 years of schooling
	School Attendance	If any school-aged child (aged 7 to 15) is out of school
Living standards	Fuel for lighting	If household is using paraffin/candles/nothing/other
	Fuel for heating	If household is using paraffin/wood/coal/dung/other/none
	Fuel for cooking	If household is using paraffin/wood/coal/dung/other/none
	Water access	If no piped water in dwelling or on stand
	Sanitation type	If not a flush toilet
	Dwelling type	If an informal shack/traditional dwelling/caravan/tent/other
	Asset ownership	If household does not own more than one of radio, television, telephone or refrigerator and does not own a car
Economic activity	Unemployment	If all adults (aged 15 to 64) in the household are unemployed

Source: Statistics South Africa (2014).

The SAMPI was motivated by a number of factors; according to Stats SA there was a need to develop a new product that was fully decomposable by demographic and geographic variables. At the same time, the post-MDG 2015 reporting agenda is set to adopt a multidimensional indicator as the current MDGs are mapped onto the Sustainable Development Goals (SDG) (Stats SA, 2014; Alkire & Sumner, 2013). The development of the SAMPI means that South Africa will be ready with a multidimensional indicator that will complement the money/expenditure-based measures of poverty under the SDGs. The need for a comprehensive measure of poverty is further underscored by the fact that direct multidimensional measures are underpinned by the understanding that poverty is a complex phenomenon that is defined across a set of basic needs, rights, and endowments.

Other reasons for adopting a multidimensional measure of poverty are as follows (Statistics South Africa, 2014):

1. The complexity of poverty as mediated by economic, social and political channels;
2. The limitation of income-based measures to capture quality of life;
3. The disconnect between the multidimensional way in which poor people experience poverty;

³ Human Development Reports, FAQs - MPI: Why is the MPI better than the Human Poverty Index (HPI) which was previously used in the Human Development Reports? <http://hdr.undp.org/en/faq-page/multidimensional-poverty-index-mpi#t295n138>

4. The richer information content of a multidimensional measure and its ability to fully inform policy; and
5. The multiple roles of multidimensional measures for additional purposes such as targeting.

The global MPI and the SAMPI are able to compute both the headcount and the intensity of poverty. If an individual or household is deprived in a third or more of the 11 indicators, the SAMPI classifies them as being poor. The intensity of their poverty is measured by the proportion of deprivations they are experiencing. The SAMPI score is computed by multiplying the headcount and the intensity of the poverty experienced is measured by the average proportion of indicators in which poor households are deprived.

As mentioned earlier, three new indicators were added to the MDG Goal 1 complement of domesticated indicators:

1. Proportion of households SAMPI poor
2. Intensity of SAMPI poor
3. SAMPI index score

2.1.3.1 Deprivation headcounts for South Africa

Although there are no SAMPI-specific MDG targets in this current reporting round, the indicators were computed for 2001 and 2011. Table 2 shows that between the 10 years, the proportion of households who are multidimensionally poor fell from 17.9% to 8.0%. However, the intensity of SAMPI poor only witnessed a 1.6% decline. All in all, the SAMPI index score saw a 62.5% decrease over the 10 years. Based on the trend in the headcount SAMPI and the average poverty intensity, this overall decrease was driven largely by changes in the former and not the latter. Table 4 shows that 14% of households in 2001 did not have any employed household member; this in contrast to 2011 where this figure dropped to 11%. Generally, most of the living condition dimensions were high in 2001; whilst significant gains have been made with respect to asset ownership which dropped from 40% in 2001 to 15% in 2011. However, although modest gains were made with sanitation from 47% to 40%, this still represents low levels of access to proper sanitation.

Table 4: National deprivation headcount on each of the SAMPI indicators

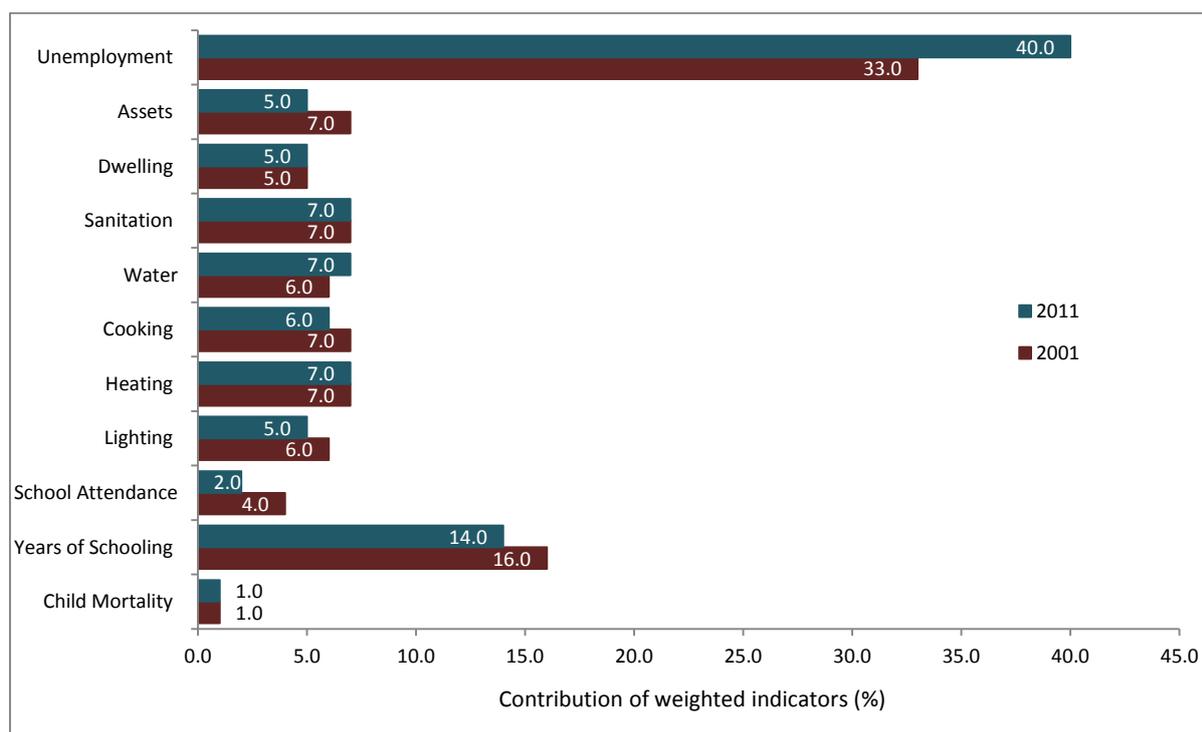
Dimension	Indicator	Headcount 2001	Headcount 2011
Health	Child Mortality	< 1.0	< 1.0
Education	Years of Schooling	19.0	11.0
	School Attendance	4.0	2.0
Living standards	Fuel for lighting	29.0	15.0
	Fuel for heating	49.0	38.0
	Fuel for cooking	45.0	22.0
	Water access	38.0	27.0
	Sanitation type	47.0	40.0
	Dwelling type	30.0	22.0
	Asset ownership	40.0	15.0
Economic activity	Unemployment (all adults)	14.0	11.0

Source: Statistics South Africa (2014).

2.1.3.2 Drivers of poverty: SAMPI

With respect to the drivers of poverty, the MPI approach allows us to track the individual indicators that are contributing to poverty. Figure 8 shows the weighted contribution of each indicator to the SAMPI for 2001 and 2011 at the national level. These two figures highlight the fact that unemployment continues to be a challenge in terms of poverty alleviation, with its contribution to the SAMPI increasing from 34% in 2001 to 40% in 2011. Another significant contributor to poverty over the 10 years is related to education as measured by years of schooling and school attendance. These contributed a combined 19% to poverty in 2001, with a decrease of 3% to 16%. One of the notable trends that is revealed by the SAMPI is the significance of the standard of living dimension which in 2001 contributed almost 45.9% to the SAMPI, and only dropping to 42.6% in 2011. The factors that have contributed to challenges around improving the quality of life for the poor in South Africa were discussed in full in the 2013 MDG report and these include the forced reallocation of the large black population into homelands with poor to no services delivery. The policy effort of the day remained dispassionate to the plight of the relocated populations who lost access to their land and homes. This situation was further exacerbated by restrictions that were placed on the ownership of stock, and other restrictions on urbanisation. The latter had the impact of confining the black population to the urban periphery – into ‘temporary residents of dormitory townships’ – with a resultant pattern of informal housing and the dearth of basic services (Hindson, 1987).

Figure 8: Contribution of weighted indicators to SAMPI 2001 at national level



Source: Census, 2001 and 2011, Statistics South Africa, 2014

2.1.3.3 SAMPI measures of poverty at provincial level

Table 5 shows the three SAMPI poverty measures by province in descending order, starting with the province with the highest headcount poverty. The table shows that both in 2001 and 2011 Eastern Cape (30.2%), KwaZulu-Natal (22.3%) and Limpopo (21.8%) had the highest poverty headcounts. KwaZulu-Natal had the highest poverty intensity both in 2001 and 2011, whilst Eastern Cape had the

highest SAMPI score in both years. Western Cape had the lowest headcount poverty and SAMPI scores in both 2001 and 2011.

As mentioned earlier, one of the advantages of the MPI approach is that it allows for decomposition by region. To this end, the SAMPI report highlights differences in the main contributions to poverty for Eastern Cape relative to the national trends highlighted above. In Eastern Cape, the main contributor to poverty was the standard of living dimension, contributing 47%, and this was followed by the economic dimension which was lower than the national at 33%.

Table 5: SAMPI poverty measures at provincial level

<i>Province</i>	<i>Headcount (H) % 2001</i>	<i>Headcount (H) % 2011</i>	<i>Intensity (A) % 2001</i>	<i>Intensity (A) % 2011</i>	<i>SAMPI (HxA) 2001</i>	<i>SAMPI (HxA) 2011</i>
Eastern Cape	30.2	14.4	43.7	41.9	0.13	0.06
KwaZulu-Natal	22.3	10.9	43.9	42.0	0.10	0.05
Limpopo	21.8	10.1	43.5	41.6	0.09	0.04
North West	19.5	9.2	43.4	42.0	0.08	0.04
Mpumalanga	18.8	7.9	43.2	41.8	0.08	0.03
Northern Cape	11.3	7.1	42.3	42.1	0.05	0.03
Free State	17.4	5.5	44.3	42.2	0.08	0.02
Gauteng	10.5	4.8	45.0	43.8	0.05	0.02
Western Cape	6.7	3.6	44.9	42.6	0.03	0.02
South Africa	17.9	8.0	43.9	42.3	0.08	0.03

Source: Statistics South Africa (2014).

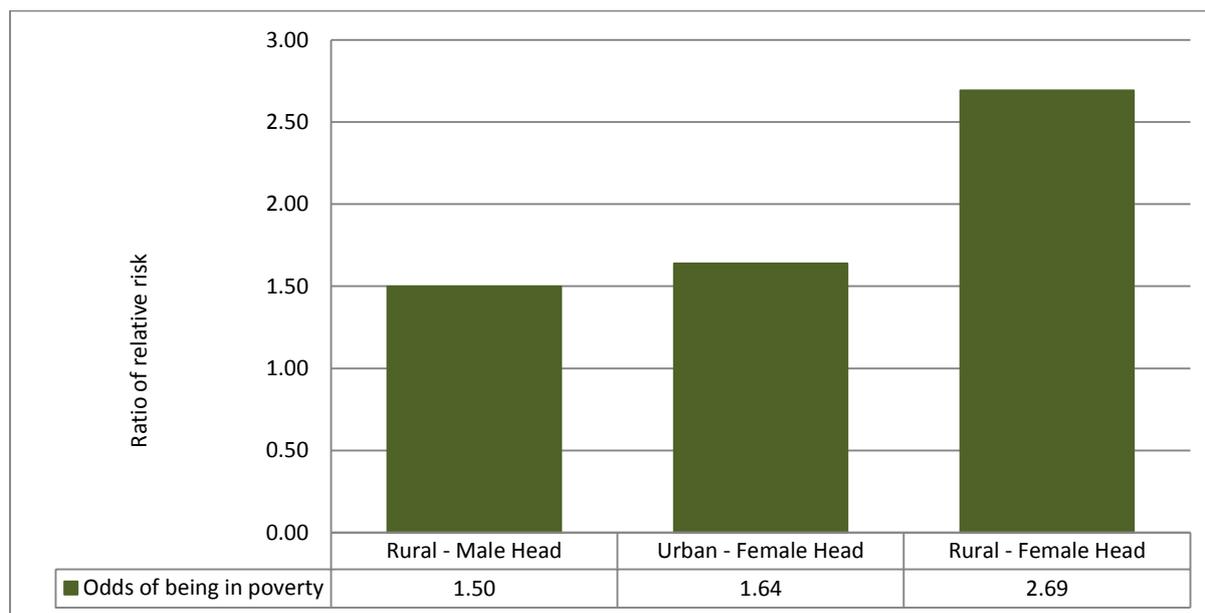
Overall, although there are differences from province to province, consistent with the national picture both the economic dimension and the standard of living dimension seem to be the most significant contributors to poverty in all provinces.

2.1.4 Assessing the likelihood of being poor

Although the trends show that South Africa has made progress towards the two international Target 1.A indicators, the poverty situation in the country still remains a challenge. Whilst most of the progress shows in national trends, vulnerabilities still exist amongst certain population groups. In order to identify the characteristics of those who are likely to be in poverty, findings from Census 2011 are presented by reporting on the likelihood of someone being in poverty using the lower-bound R443 poverty line.

Starting with geographical location by gender of head of household, Figure 9 shows that relative to *urban male-headed households*, all other households are more likely to be below the poverty line. The relative risk of a rural female-headed household being below the poverty line is 2.69 times higher relative to urban male-headed households. These results point to the spatial nature of poverty and the need for a post-2015 agenda that begins to identify targeted interventions towards women in rural areas. The importance of this cannot be over stated; as Section 2.3 on hunger will show, rural female-headed households also appear to have a higher degree of susceptibility to experiences of hunger.

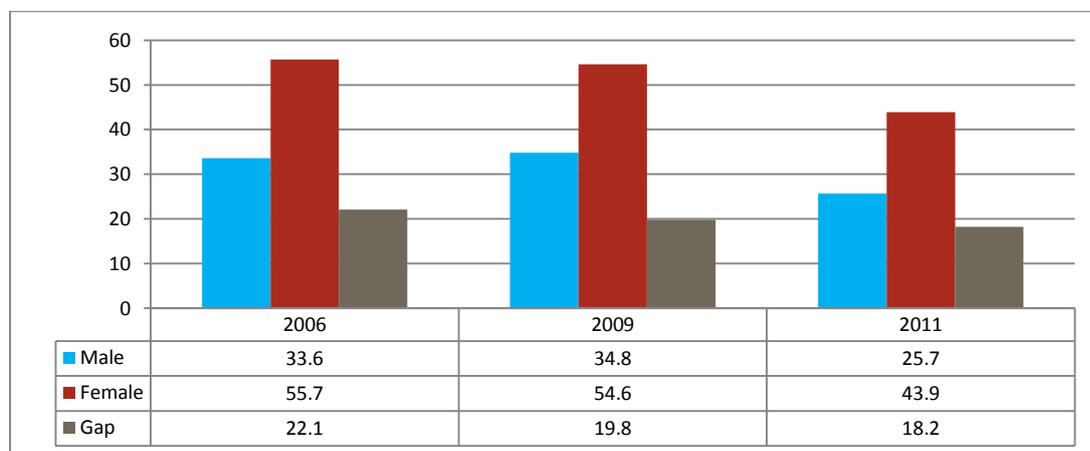
Figure 9: Likelihood of being poor: location by gender of head of household (reference is urban – male head)



Source: Authors using Census 2011.

On average, gender-based differences in poverty have generally persisted. Using the upper-bound poverty line, Figure 10⁴ shows that female-headed households are generally poorer than male-headed households.

Figure 10: Upper-bound poverty line by self-reported head of household (headcount)



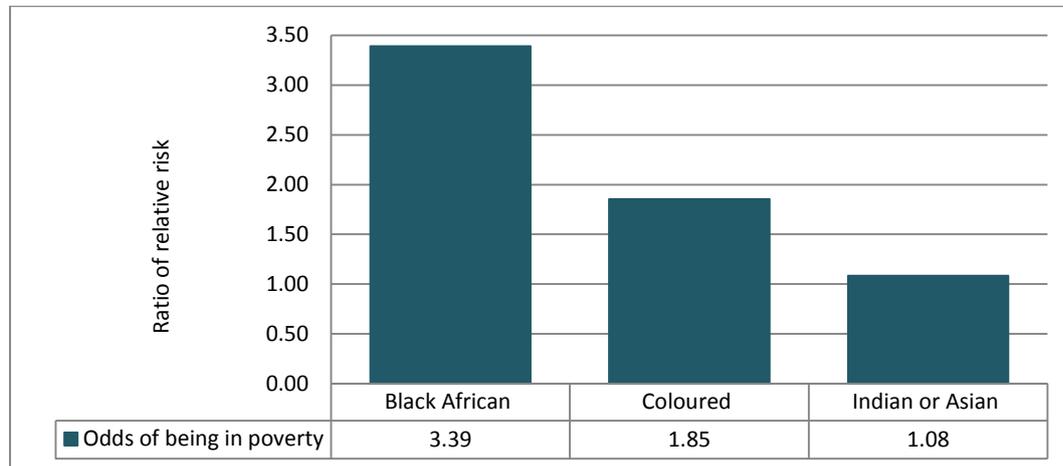
Source: IES, 2005/2006, 2010/2011; LCS, 008/2009, MDG report 2013, Statistics South Africa.

Although the gap between the two decreased between 2006 and 2011, the trend shows that these gender differences are likely to continue in the foreseeable future. Section 2.2 will highlight that some of the possible reasons for these differences could be linked to gender wage differentials and the disproportionate levels of labour force participation between men and women.

⁴ Statistics South Africa (2013)

With respect to race, the analysis confirms the conclusions from the 2013 MDG report with respect to the racial nature of poverty in South Africa. Figure 11 shows that the likelihood of being below the poverty line is 3.39 times higher for black Africans and 1.85 times higher for coloureds relative to their white counterparts. The racial nature of poverty finds expression in the exclusionary history of the country.

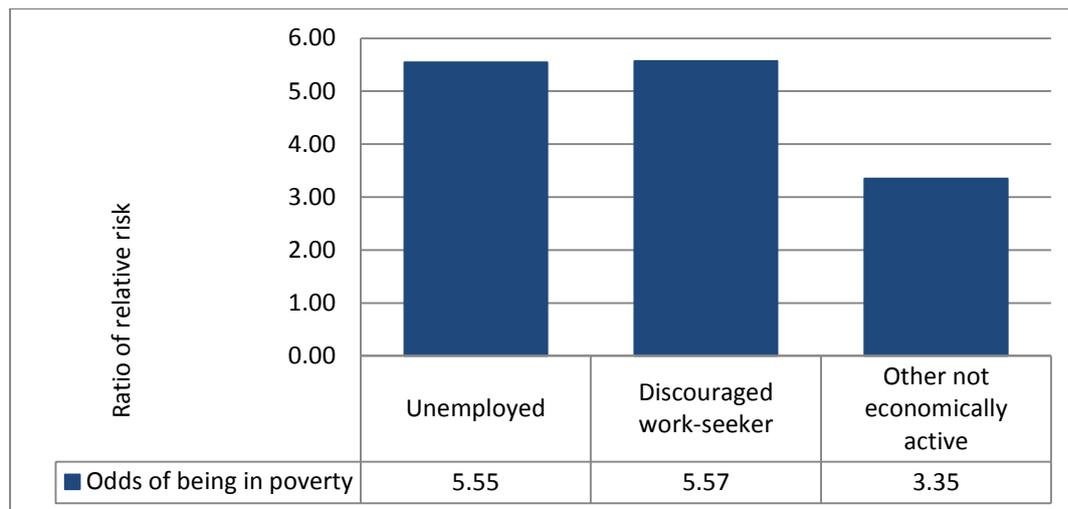
Figure 11: Likelihood of being poor: by population group (reference is white population group)



Source: Authors using Census 2011.

The previous section showed the significance of employment as a key contributor to poverty. Figure 8 highlighted the fact that in South Africa the contribution of employment to poverty has actually increased. Figure 12 shows that the likelihood of being below the poverty line are almost 5.6 times higher for both the unemployed and discouraged workers. This group of people has the highest level of relative risk with respect to being poor. Given that this analysis is based on an income metric measure of poverty, it highlights the importance of waged income in defining a household's poverty status and underscores the serious implications of the unemployment problem within the South African context. At the same time, the likelihood of being in poverty highlights the magnitude of the problem. This means that for the post-2015 SDG agenda there will be a need to understand the nature of the relationship between employment and poverty and more importantly, as will be discussed in the next section, there will also be the need to develop new indicators that allow for the comprehensive tracking of employment from a deprivation perspective.

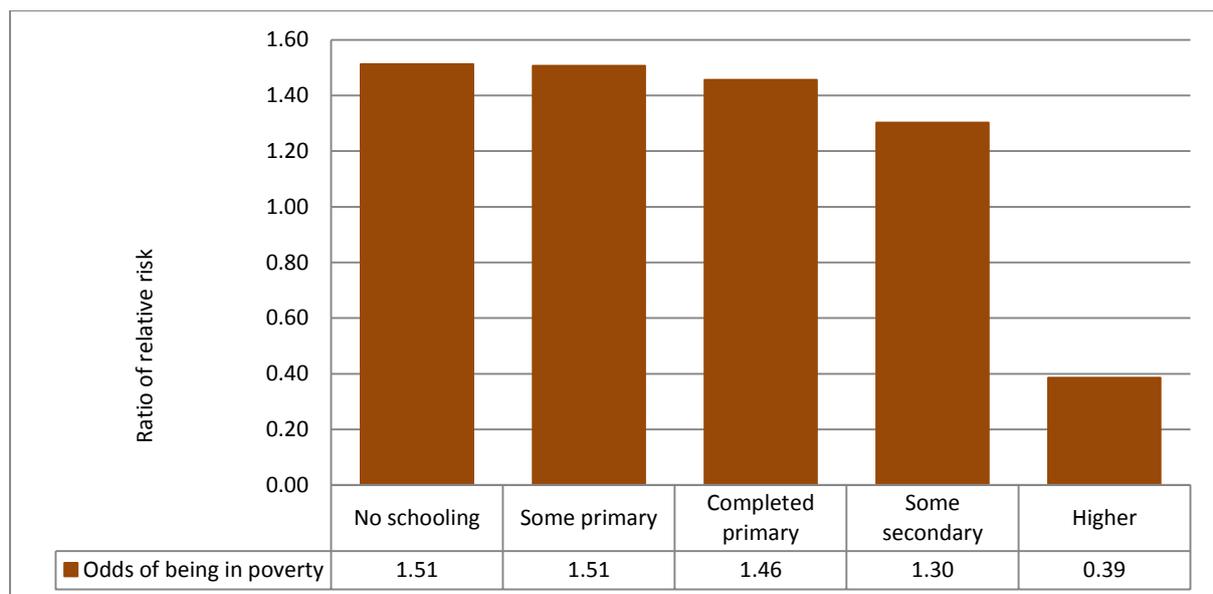
Figure 12: Likelihood of being poor: employment status (reference is employed)



Source: Authors using Census 2011.

Figure 13 shows the relative risk ratios for level of education with matric as the reference group. These show that education is an important predictor of one’s position above or below the poverty line, with the odds of being in poverty falling as the level of education increases. On average, those with lower levels of education have higher odds of being below the poverty line, relative to those with matric; and the opposite is true for those with higher levels of education. Section 2.2.7 will highlight that the association of employment status and field of education clearly shows that there are differences between the field of education profiles of the employed, unemployed and discouraged work-seekers. The latter begins to suggest that interventions with respect to education need to be framed within the context of an understanding of field of education employment rates. Untargeted interventions that might succeed in increasing higher educational level attainment might fail to resolve the unemployment problem.

Figure 13: Likelihood of being poor: educational level (reference is matric)



Source: Authors using Census 2011.

2.1.5 Conclusion

Overall, South Africa managed to achieve two of the international MDG Goal 1.A targets, whilst missing the target on halving the share of the poorest quintile in national consumption. Challenges around the latter indicator can be explained within the context of South Africa's unemployment problem, which according to the SAMPI has persisted over the past 15 years, with its contribution to poverty increasing from 33% in 2001 to 40% in 2011. The unemployment challenge, which is explored further in the following section, remains one of the biggest threats to South Africa fully realising universal poverty reduction. This holds true bearing in mind that the odds of being below the poverty line are almost 5.6 times higher for both the unemployed and discouraged workers. These two groups have the highest level of relative risk with respect to being poor. This underscores the seriousness of the unemployment problem within the South African context. Failure to address this issue has far-reaching implications for South Africa within the context of the post-MDG 2015 agenda, since the '*no one left behind principle*' is increasingly gaining momentum as one of the core principles that will guide the SDG poverty eradication framework. The goal of eliminating poverty is also found in the National Development Plan which aims to reduce the proportion of people living below the Stats SA food poverty line from 39% of the population to zero by 2030. For South Africa, the challenge will be to broaden its poverty interventions beyond the provision of basic services that have had a tremendous impact on poverty as highlighted by the SAMPI. There will be a need to strengthen policies around an industrial development path that can create employment opportunities for its people. Given the high rates of poverty in rural areas, it is going to be imperative for policies to focus on interventions that attempt to shift the current status quo to one where both the prevalence and the depth of poverty in rural areas is drastically reduced.

2.2 EMPLOYMENT

This section of the report focuses on Target 1.B, which is related to the achievement of full and productive employment and decent work for all, including for women and young people. The focus on employment in the MDG framework arises from the fact that it was identified as one of the cornerstones to eliminating poverty. This identification led to its inclusion in 2008 as a sub-target. As can be seen from Table 6, South Africa has had difficulty in meeting these targets. This section provides an analysis of the dynamics impacting the labour market, with a view to putting South Africa's failure to meet its goals with regard to labour into perspective.

2.2.1 Policy overview – Employment

South African labour policy has been premised on two things. First is the post-apartheid drive to move away from low wage, exploitative labour practices through the creation of a capital-intensive economy requiring highly skilled individuals. It is felt that a capital-intensive economy would result in citizens who are well remunerated, hence improving the welfare of the population. Economic growth is seen as central to creating such an economy. In reality, the government recognises that the economy shall not be transformed overnight and that there will be a transitional period of industrialisation driven by the private sector. The government further recognises that labour costs are cited as a key concern by the private sector for economic growth.

The government, therefore, finds itself balancing the need to protect the workers and creating a conducive environment for private sector growth. The balance between the two goals can be seen

firstly in the Basic Conditions of Employment and Labour Relations Acts, passed after 1994, which set out to protect workers' rights. This includes setting a minimum wage and making it more difficult for employers to fire employees. On the other hand, more recent policy discussions have centred around loosening restrictions in order to allow the private sector room to grow, and creating policies that would ensure an adequate supply of labour. The government also recognises that it has a large unskilled labour force. Therefore, in more recent policy documents, concession has been made to focus on creating labour-intensive jobs to absorb these jobseekers in the meantime as the economy up-skills individuals and transitions them to the capital-intensive economy.

Table 6: MDG Target 1.B. goals and achievement

Target 1.B: Achieve full and productive employment and decent work for all, including women and young people							
Indicators	1994 baseline (or nearest year)	2010 Status (or nearest year)	2013 Status (or nearest year) 2015	Current status (2014 or nearest year) 2015	2015 Target	Target achievability	Indicator type
*1.4 Percentage growth rate of GDP per person employed	4.7 (2002)	6.1 (2010)	-0.8 (2013)	-0.4 (2014)	6	Not achieved	MDG
*1.5 Employment-to-population ratio	44.1 (2001)	41.8 (2010)	42.7 (2013)	42.8 (2014)	50-70	Not achieved	MDG
*1.6% of employed people living below \$1 (PPP) per day	5.2 (2000)	No data	3.9 (2009)	3.9 (2009)	~ 0	Not achieved	MDG
*1.7% of own-account and contributing family workers in total employment	11.0 (2000)	10.1 (2010)	9.3 (2013)	8.6 (2014)	5	Not achieved	MDG
Time loss ratio	79 (2003)	1593 (2010)	131 (2013)	131 (2013)	No target	N/A	Domesticated

*International indicators for monitoring progress.

Employment is at the core of a number of South Africa's various policy documents, the latest being the National Development Plan. Historically, in 1994, the Reconstruction and Development Programme (RDP) began the push away from low wage 'exploitative' labour towards skilled employment that would result in a living wage. What followed was the Growth, Employment and Redistribution (GEAR) strategy in 1996 which sought to provide investor confidence by emphasising the need to work with the private sector. This sentiment was further followed up in 2004 by the Accelerated and Shared Growth initiative of South Africa (ASGISA) which emphasised skills and infrastructure development, and set out to address the challenge of halving poverty by 2014. This resulted in policies such as the Industrial Policy Framework and its implementation plans, and the Industrial Policy Action Plan (IPAP) to help with South Africa's industrial diversification strategy.

The New Growth Path (NGP) was introduced in 2010 in the 'State of the Nation Address'. In part it was a response to the 2008 global economic downturn caused by the global financial crisis; the plan was also meant to accelerate the slow rate of job growth in the 2000s. Specifically, the NGP prioritised job creation with the aim of creating 5 million new jobs by 2020. This was to be achieved through key job drivers and by focusing on a number of priority sectors. Given the impact that the crisis had on the country's growth trajectory, the plan assumed the resumption of strong and sustained inclusive economic growth. Infrastructure development and the rebuilding of the productive base were seen as the foundation for rural development and employment creation. An

important component of the NGP was its emphasis on a multi-stakeholder approach that called for joint commitments by all South Africans – investors and workers, government and civil society – to fulfil the country’s economic mandate.

The National Development Plan (NDP) was introduced in 2013 as South Africa’s long term development strategy. In terms of strategies to increase employment, it makes concession that some of the legal statutes passed post-1994 may have to be relaxed in order to accommodate employment creation in the private sector. The latest Medium Term Strategic Framework (MTSF), which reflects government’s strategic plan for the 2014–2019 electoral term, further reiterates government’s commitment to fostering a competitive economy that creates jobs by encouraging investment by the private sector through building investor confidence.

2.2.2 Progress report on MDG and domesticated indicators

This section will now report on progress towards the five MDG indicators; these include four international MDG indicators and one domesticated indicator. Overall, South Africa has struggled to meet all its Target 1.B indicators related to achievement of full productive employment and decent work for all. As mentioned earlier in the report, this has been the result of a complex interplay of a number of factors: a post-apartheid labour force which is largely ill-equipped to participate in the skill-intensive services sector; structural challenges that have complicated the country's diversification agenda; and the protracted global economic recovery.

Specifically, with respect to the five MDG goals:

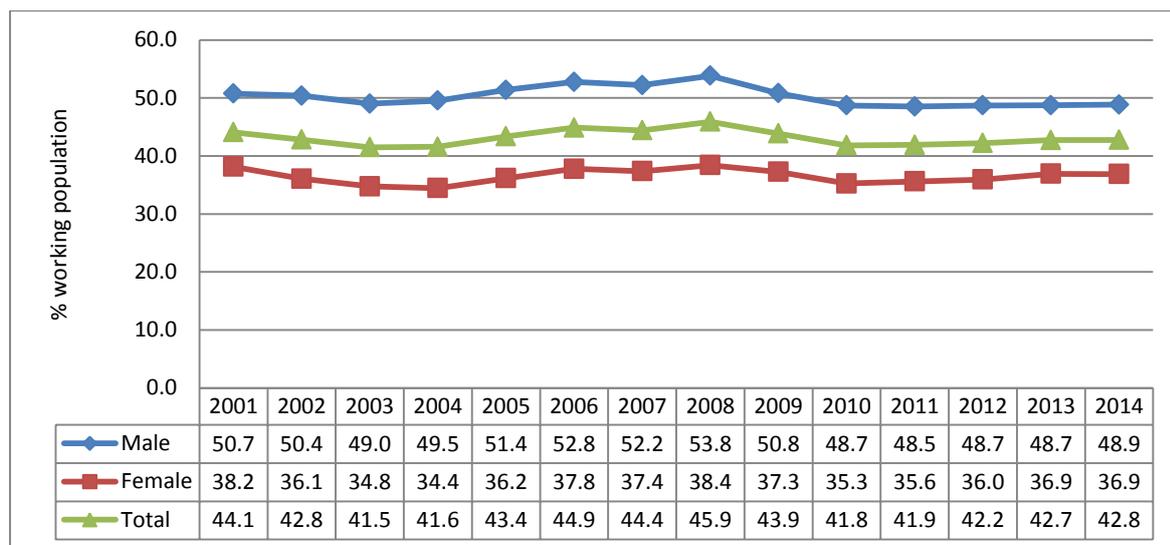
- *Percentage growth rate of GDP per person* has fluctuated, at times reaching the target of 6% but mostly falling below over the time period measured;
- The *employment to population* ratio has fallen short of the 50%–70% target reaching only 42.8%, meaning that there is an accompanying high unemployment rate;
- The latest data *on the proportion of employed people living on under a dollar a day* was compiled in 2009 and shows that South Africa, at 3.9% down from 5.2% in 2000, was on route to achieving the goal of 0%. However, given the setbacks in the economy, it is unlikely that this goal has been achieved;
- While the percentage of own-account and contributing family workers in total employment has fallen to 8.6%, it has failed to achieve the goal of 5%; and
- The *time loss ratio* is a domesticated indicator that measures labour unrest. It has fluctuated in recent years, peaking in 2010.

The following sections will discuss the dynamics around each indicator in turn.

2.2.2.1 Employment to population ratio

The employment to population ratio is a measure of the economy’s ability to create jobs for those willing to work. The employment to population ratio fell short of its goal of 50%–70% and the proportion achieved by 2014 was 42.8%. A closely associated variable that gives a similar picture in terms of job creation is the unemployment rate. The official unemployment rate was a quarter of the population, standing at 24.7% in 2013 and 35.3% based on the expanded definition of unemployment, which includes those who are unemployed but have not engaged in work-seeking activity possibly due to discouragement.

Figure 14: Employment to population ratio



Source: LFS (2001–2007); QLFS (2008–2014), Statistics South Africa.

Provincially, there is a disparity in employment to population ratio. As can be seen from Table 7, the provinces with the highest poverty are also the ones with the lowest employment to population ratio. Limpopo recorded the lowest ratio at 31.4% while Eastern Cape followed with 33.0%.

The provinces with the largest economic hubs, namely Gauteng and Western Cape, recorded higher rates at 52.8 and 53.4%, respectively. In fact, these two provinces achieved the target for this sub-indicator. However, as with every other province, once the data is disaggregated by gender, none of them achieve the target for the female population in the province. Furthermore, there is an almost 20% difference in labour force participation between males and females in several provinces. This has an important bearing on Target 1.B given its emphasis on women as a constituency of interest.

Table 7: Employment to population ratio by gender and province

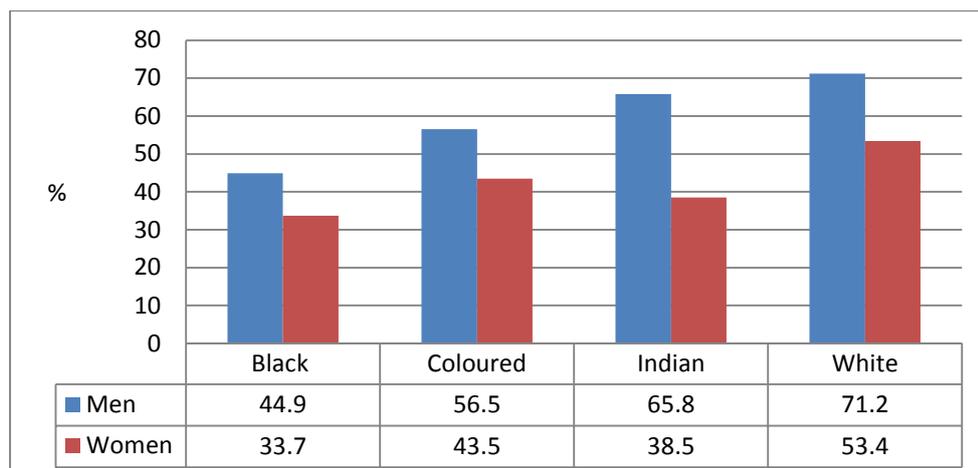
Province	Sex	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Western Cape	Male	60.6	61.6	61.2	60.8	60.6	62.7	62.1	64.3	61.8	59.1	57.8	58.1	58.8	59.1
	Female	47.1	44.5	46.4	45.6	45.9	49.0	48.7	46.8	47.8	46.8	47.6	46.7	46.2	46.1
Eastern Cape	Male	35.8	38.5	34.0	32.5	38.2	41.6	37.3	39.6	37.4	36.2	36.4	35.4	35.2	35.3
	Female	30.7	33.1	27.0	25.8	30.5	33.1	29.5	30.4	29.6	28.8	28.6	27.6	29.1	31.1
Northern Cape	Male	58.9	60.5	57.4	55.5	50.4	53.8	55.3	56.0	49.2	47.1	48.5	47.4	49.1	47.6
	Female	39.3	36.3	36.3	35.2	33.3	36.8	34.0	34.7	32.5	32.4	29.7	33.6	34.5	33.9
Free State	Male	57.5	55.7	56.8	54.4	53.2	53.0	54.6	55.1	51.4	49.8	51.2	46.3	46.4	46.0
	Female	41.1	39.1	37.5	37.4	36.8	36.1	36.9	38.1	35.9	35.5	34.3	33.4	35.1	34.7
KwaZulu-Natal	Male	46.9	45.7	45.3	44.3	45.3	47.1	46.0	48.9	45.6	43.2	43.6	43.3	42.9	42.8
	Female	38.1	34.5	33.0	32.7	33.8	37.4	35.9	36.4	34.6	32.6	33.0	32.6	33.9	32.8
North West	Male	48.3	48.3	45.8	47.7	50.8	50.4	50.4	52.6	49.0	45.5	43.9	44.2	44.5	44.9
	Female	29.9	27.3	26.6	27.3	30.5	29.2	30.2	32.0	28.9	27.6	25.8	27.4	28.2	31.1
Gauteng	Male	60.2	58.9	58.3	60.7	64.6	65.8	65.9	65.2	61.1	59.3	58.6	59.4	58.7	58.8
	Female	44.9	43.4	42.5	42.5	46.1	46.9	47.1	49.4	47.2	42.9	44.3	45.4	45.8	44.3
Mpumalanga	Male	52.1	50.7	48.2	50.6	51.1	52.3	52.6	51.3	48.3	46.1	46.5	47.5	50.3	48.7
	Female	37.6	33.4	34.8	32.6	32.3	33.9	34.6	35.0	35.4	32.6	32.1	33.2	34.6	35.1
Limpopo	Male	34.4	33.6	31.0	34.0	34.0	33.7	34.8	35.6	36.0	35.0	35.4	38.6	38.0	40.2
	Female	29.1	25.6	24.8	25.7	24.5	23.7	26.3	25.3	25.8	24.5	25.5	26.2	28.1	28.6
South Africa	Male	50.7	50.4	49.0	49.5	51.4	52.8	52.2	53.8	50.8	48.7	48.5	48.7	48.7	48.9
	Female	38.2	36.1	34.8	34.4	36.2	37.8	37.4	38.4	37.3	35.3	35.6	36.0	36.9	36.9
	Total	44.1	42.8	41.5	41.6	43.4	44.9	44.4	45.9	43.9	41.8	41.9	42.2	42.7	42.8

Source: LFS (2001–2007); QLFS (2008–2014), Statistics South Africa.

Regional dynamics show that South Africa – and some of the countries it has strong economic and historical ties with within Southern Africa (Namibia, Lesotho and Swaziland) – have some of the highest unemployment rates in the world (top ten highest unemployment rates in the world) (ILO, 2014). This is a persistent legacy of the apartheid regime. After 1994, South Africa experienced a rapid increase in labour force participation. This was due to the rapid entry into the labour force of unskilled black labour, particularly of women hitherto obstructed from full participation in the labour market or relegated to menial employment. Added to this was the inability of labour demand to keep up with this supply (Leibbrandt, Woolard, McEwen, & Koep, 2010).

In the period that South Africa faced booms in the economy, e.g. 2000–2008 which witnessed some of the highest growth rates in the post-apartheid regime, employment also rose (See Figure 14). As can be seen from Figure 15, there is still a huge disparity in labour force participation along racial lines. The rate of absorption into the workforce is higher for males than females, and by race it is higher for the white population than the black African, coloured and Indian groups. Labour absorption for white males is 71%, and on the other end of the scale, it is 34% for black African females. Furthermore, Borat (2012) tested for the impact of race, gender, education and union membership on individual earnings between the years 1995–2007 and found that although the African–White wage gap was in decline from 78% to 60%, it still persisted and the gender wage gap remained in the region of 20%.

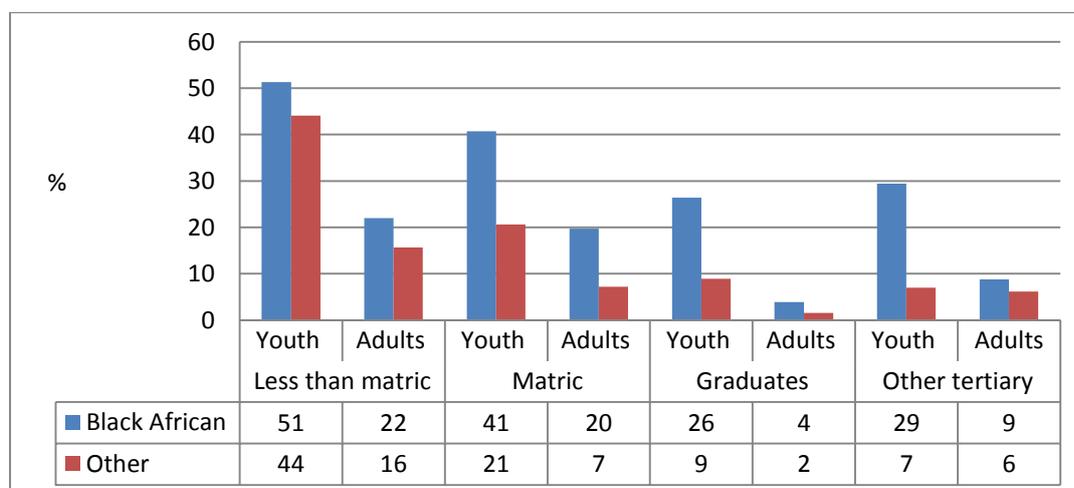
Figure 15: Absorption rate by race and gender, 2014



Source: QLFS (2014), Statistics South Africa.

As can be seen in Figure 16, it is noted that part of the cause of a difference in employment rates is due to educational differences, that is, white males have on average higher educational attainment than males and females of other racial groups. Furthermore, even when the educational level is the same, the unemployment rates differ and the unemployment rate for black graduates is higher than that for graduates of other race groups.

Figure 16: Unemployment by race and education status, 2014



Source: QLFS (2014), Statistics South Africa.

Given the unequal participation in the labour force and persistent income inequality based on racial lines, the government instituted the Employment Equity Act and an affirmative action policy called the Broad-based Black Economic Empowerment Act (BBBEE) as well as the Employment Equity Act. This begins with policies to increase black asset ownership and provision of quotas in hiring practices given that the legacy of apartheid is biased towards hiring white labour over black labour (legislatively, the term black here refers to the black, coloured and Indian race groups).

The NDP notes that although capital-intensive productivity growth is the main aim in the long term, in the short term there are quick wins to be had by supporting growth in labour-intensive

employment sectors. This is because there is a long time frame needed to produce the highly skilled labour force needed for a capital-intensive economy. To this end, several departments have created public work programmes. These include the Working for Water Programme introduced by the Department of Environmental Affairs; the Land Care Programme implemented by the Department of Agriculture; the Community Works Programme (CWP), overseen by the Department of Cooperative Governance and Traditional Affairs; all of which help achieve the targets of the Expanded Public Works Programme (EPWP) run by the Department of Public Works.

These public works programmes mostly employ unskilled labour on a short to medium term basis. The NDP notes that public employment programmes should employ one million full-time equivalent workers by 2015 and two million by 2020. However, as reported in the last MDG report, although the programmes are set to reach their targets, these programmes have not had a great enough impact on the unemployment rate. The reason for this is largely because the employment created is mostly short term, low paid and with no additional benefits, e.g. retirement benefits.

Another employment creation tool the government is using is enacting policies to encourage small to medium enterprises in order to encourage the absorption of low skilled labour. These include the development of the Cooperatives Act and the National Small Business Act. As stated in the MTSF, the Ministry of Small Business Development has also been established recently to further provide support for cooperatives (before, these services were housed under the Department of Trade and Industry [DTI]). This includes the provision of training and incentive schemes that include a funding component.

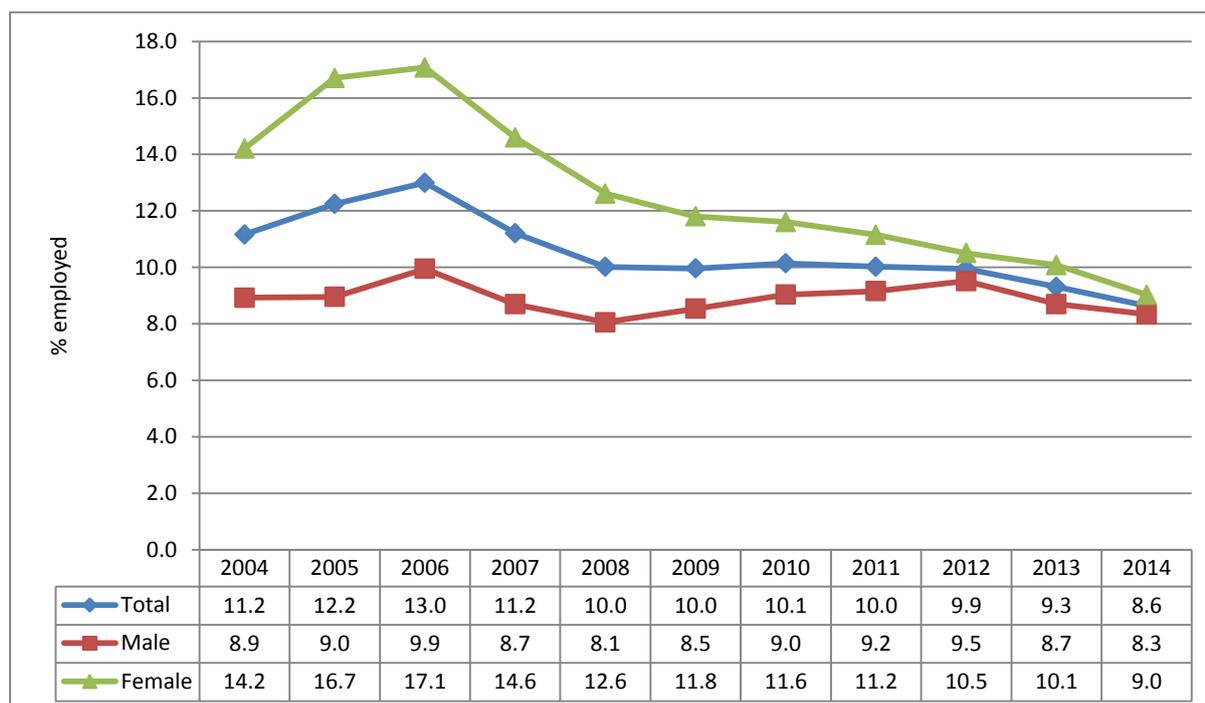
Most SMEs do not survive beyond their second year of business (DTI, 2014), and cooperatives have a survival rate of 12% as per the last baseline study on cooperatives in South Africa (DTI, 2009). Part of the solution to this is that the government plans to increase exports by 6% per year up to 2030, with the growth in non-conventional export sectors – in which government is encouraging and supporting the establishment of small black-owned enterprises. Furthermore, the MTSF notes that government intends to increase its procurement from local producers to 75% to further encourage and support the survival of small enterprises.

Lastly, there is an emphasis on rural development. Unemployment is still rife in the rural areas. This is part of the legacy of apartheid which left low economic development opportunities particularly in the established 'homelands'. Nattrass (2014) notes that South Africa has one of the lowest levels of subsistence farming in the world. This is another indicator of the historical neglect and underdevelopment of these areas. Historically, they were seen as sources of cheap labour for urban industrial activities. It was, therefore, not necessary to encourage economic development within them. The effects of this legacy persist and still need to be addressed. Therefore, the government recognises the need for investment in rural economies including in infrastructure and the development of special economic zones. Further, the NDP notes that by 2030 rural employment should increase from 29% (at the inception of the NDP) to 40%. Whether these interventions will have an impact on employment still remains to be seen, but current trends seem to suggest that in order to address the perennial challenges of rural unemployment a better understanding of the situation is needed.

2.2.2.2 Proportion of own-account and contributing household members in total employment

The share of own-account workers and contributing household members in total employment measures what is considered as vulnerable forms of employment. Own-account employment is a measure of self-employment. Contributing household members refer to those contributing to the family business in the household. These are seen as vulnerable forms of employment as the benefits that accrue to those in formal employment are at times not present amongst these forms of employment. At the same time, they lack the institutional protection of employment, income and unemployment benefits that are needed during economic down turns.

Figure 17: Proportion of own-account and contributing household workers in total employment



Source: LFS (2001–2007); QLFS (2008–2014), Statistics South Africa.

As can be seen from Figure 17, the convergence between gender-based own-account employment that was noted in the 2013 MDG report appears to have continued into 2014. Male own-account employment witnessed a small decrease of just under 1%, whilst that for women saw a rate of decline twice as large at 2.2%. Under normal circumstances this trend would have had positive implications for women as it points to a reduction in their exposure to vulnerable employment. However, it has been noted that the global crises has had an impact on the informal economy and, therefore, both male and female participation has been reduced drastically as a result. Vulnerable employment is, therefore, not decreasing because of an increase in formal employment; it is not being replaced, something that has negative implications for a country like South Africa with a high rate of unemployment. The overall proportion of own-account employment has been in decline over the period under review (see Figure 17). However, there was a slight increase in the years following the global crisis of 2008. By 2013, this stood at 9%, which falls short of the goal of 5%, as set for the MDG goal, but is much lower than the global figure of 48% (ILO, 2014).

It is noted that for developing countries, it may be premature to overlook the importance of this sector for welfare and employment (ILO, 2014). Some have raised the importance of growing the

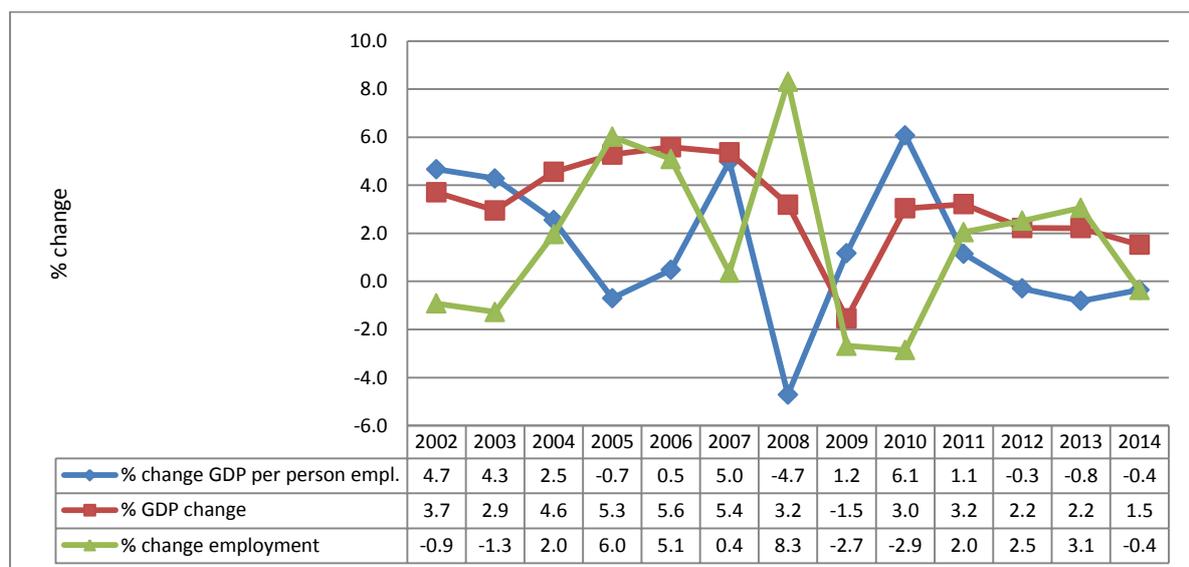
informal sector particularly as the formal sector in South Africa seems reluctant to create jobs given the current economic uncertainty (Leibbrandt, Woolard, McEwen, & Koep, 2010). Crime is also seen as a deterrent to further investment by SMEs, for example (Cant & Wiid, 2013; Olawale & Garwe, 2010), which further reduces available sources of employment. Therefore, the importance of an informal sector that absorbs labour during the economic transition is critical. Furthermore, in South Africa, self-employment is recognised in the NDP as key for welfare and job creation – with government noting that it is necessary to provide mechanisms to protect against the risks associated with such employment. Policies have been created and directed at assisting survivalists and micro-enterprises through SMME development, for example.

2.2.2.3 Growth rate of GDP per person employed

Productivity growth is seen as a measure of poverty reduction but only when it goes hand in hand with employment growth. It is assumed that greater labour productivity leads to higher wages, which translates into better labour conditions and decent remuneration. However, the opposite impact on welfare could happen. As Natrass (2014) points out, post-1994 labour productivity in South Africa increased due to the substitution of machinery for unskilled labour (after embargoes on importation of heavy machinery imposed by the apartheid regime were removed). Whilst this had a positive impact on firm profits, it led to an increase in the number of the unemployed and, therefore, reduced welfare for workers. As a result, improved labour productivity may not be a good measure of improved worker welfare but of labour reduction and increased profit gain for the private sector.

In South Africa, the fluctuation in employment has had a great impact on the labour productivity measure. As can be seen from Figure 18, there is a significant negative correlation between changes in GDP per person employed and the change in employment; which makes it difficult to ascribe the change to changes in labour productivity versus employment. It therefore does not seem a fair measure of worker welfare. Rather, it shows the precariousness of employment, given the strong link to economic performance.

Figure 18: Percentage change in GDP, employment and GDP per person employed



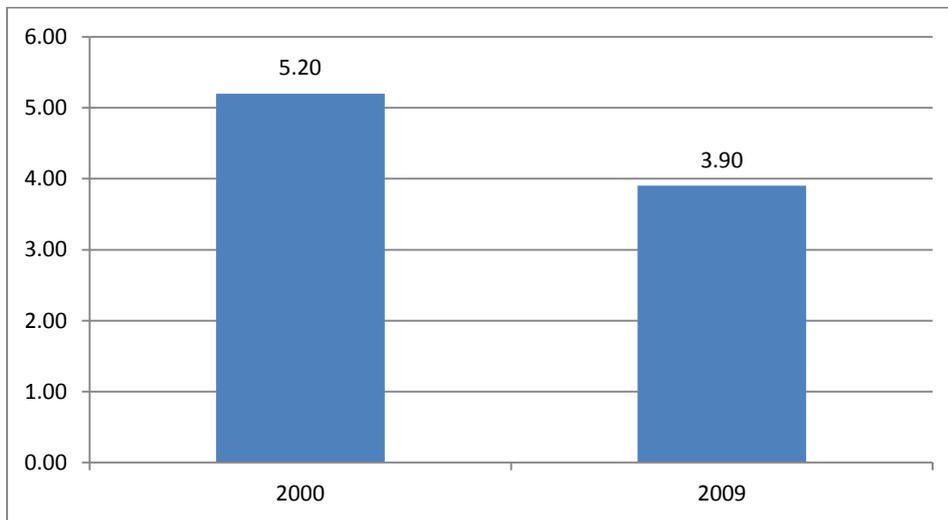
Source: LFS (2001–2007); QLFS (2008–2014); Gross Domestic Product (GDP), Statistics South Africa.

There has already been several critiques of this labour productivity calculation, with some noting that it should not just be a quotient of GDP change per employed but rather, since other units of production are involved, it should be amended to GDP per person per unit of capital. Measuring income variables such as the percentage of employed people living under a dollar a day may give better insight into employee welfare trends.

2.2.2.4 Percentage of employed people living under a \$1 per day

An alternative way to measure welfare of workers in terms of remuneration would be to look at the percentage of employed people living below the poverty line. As can be seen from the graph below, South Africa has made positive strides towards achieving this target with a reduction from 5.2% in 2000 to 3.9% in 2009. However, this has not been sufficient to achieve the goal of 0%. This is also seen at a global level where it is noted that the proportion of working poor is decreasing but not fast enough (ILO, 2014).

Figure 19: Percentage of employed people living below \$1 (PPP) per day



Source: IES (2000) (2009), LFS (2000), QLFS (2009); Statistics South Africa.

The Basic Conditions of Employment Act makes provision for the minister of labour to set sectoral minimum wages and, at present, these are found in 11 sectors including the domestic work, taxis, agriculture, security, contract cleaning and hospitality industries. Although this is meant to guarantee a minimum level of decent wages, much debate has been made about the effect of a minimum wage (Seekings & Nattrass, 2015). On the one hand, it is noted that a minimum wage is a deterrent to job creation due to the resultant higher labour costs. As such, this makes the private sector reluctant to hire more people and, therefore, there is a reduction in the rate of job creation in the country. An alternative view is that minimum wages are justified given the history of South Africa and the legacy of exploitative wages inherited post-1994. With time and due to desperation to see the economy grow and create more employment, the government is looking to engage the private sector in order to review certain perceived restrictive legislation (National Planning Commission, 2012). However, this should be counter-balanced by the call for a reasonable 'living wage' by workers across various sectors in the country.

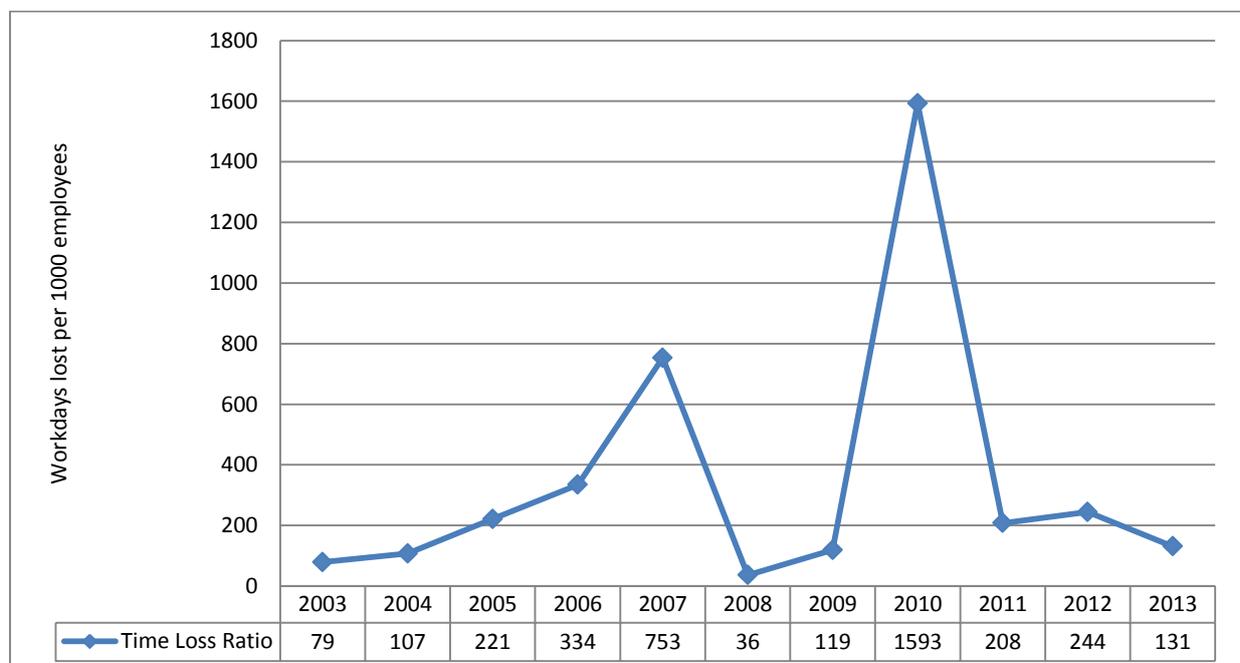
2.2.2.5 Time loss ratio

The time loss ratio is a domesticated indicator produced by the Department of Labour (DoL) in order to show the amount of workdays lost due to strike action per thousand employees. This indicator is motivated by the fact that labour unrest has become a stylised characteristic of the South African economy. Workers, mainly in the mining, transport and manufacturing industries have been demanding a 'living wage' stating that in light of the rising cost of living, their low wages are not sufficient to meet their basic needs.

As can be seen from Figure 20, 2010 saw a peak in the time loss ratio following the tragedy at Marikana in August of 2010. Platinum mine workers proceeded to carry out one of the longest strikes in the history of the mining industry, until an agreement was reached. At the root of the strikes in the mining industry is the historical legacy of migrant labour and its associated ills. This system has not changed much besides the many efforts by government, unions and mining firms. The policies enacted by each, while well intentioned, have not been adequate and focused enough on the particular plight of mineworkers to ease the pressure faced by their situation. This has resulted in families being separated without enough development of a system to ameliorate some of the plights associated with migrant labour.

The Mining Charter, while touted as substantial in its prescriptions (e.g. prescribing the provision of adequate housing, encouraging community share ownership, etc.) does not spell out enforcement procedures in case of lack of compliance. This 'lack of teeth' in the policy is held as partially to blame for the Mining Charter's lack of effectiveness (ANC, 2012). Government is aware of the importance of providing certainty, particularly of mining rights, for economic stability and growth; and this has been noted in the NDP.

Figure 20: Time loss ratio



Source: DoL Annual Industrial Action Report; LFS (2003–2007); QLFS (2008–2013), Statistics South Africa.

The decrease in the time loss ratio from 2012 to 2013, however, is not necessarily indicative of a decrease in the level of tension caused by the perceived inequality, particularly in other industries such as manufacturing and transport. There is still tension between employers and employees as evidenced by the recent increase in strike action and wage disputes. As is noted in the MTSF, it is up to government, labour and the private sector to come up with ways to bring about rapid transformation to settle labour disputes.

2.2.3 Economic growth and employment

The relationship between economic growth and employment is the basis of many of the policies in South Africa. The assumption is that economic growth leads to increased employment. The NGP aims to create 5 million jobs by 2020 in order to halve unemployment by the strict definition from 25% to 15%. The key to doing this includes fostering economic growth and, also, fostering employment intensive growth. The required growth rate for this is identified as 5%.

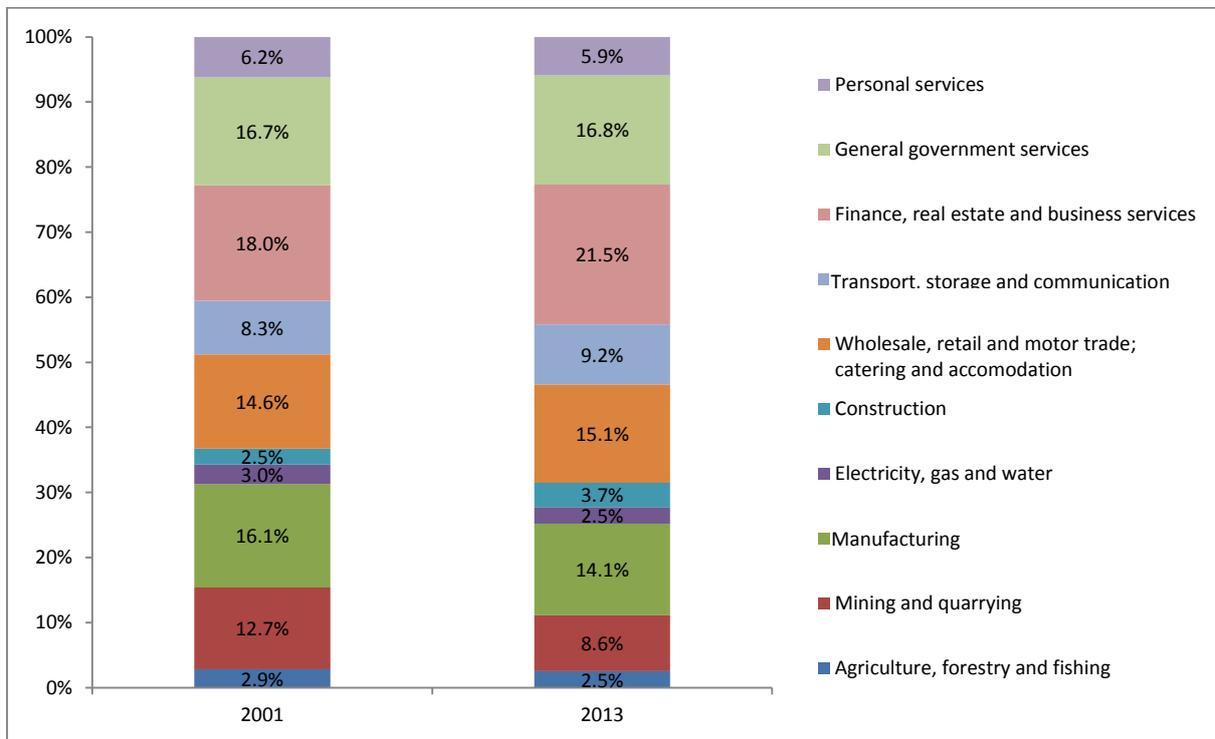
Economic growth has been affected by global trends, for example, there was a global commodities price boom from 2000 to 2008 which fuelled the economy and then post-2008, the global financial crisis. As noted in the MSTF, the profound effect of the global crisis on South Africa is due to the fact that Europe is South Africa's biggest trading partner. Demand for raw commodities from the once booming economies of India and China has also slowed down, further making the recovery of the economy and attainment of the 5% goal difficult. The NGP notes that South Africa may need to change its trade and investment pattern in order to render it less vulnerable to impact when there is a crisis or slowing in growth among its trading partners. The NGP identifies South Africa as a commodity-based economy that does not fully leverage commodity-based revenue and, therefore, creative solutions have to be found in order to foster diversity in the economy and growth.

Employment is premised on economic growth and to this end, it is interesting to note the trends by sector employment and identify whether new opportunities are arising in order to substitute old ones. Kanbur, Borat, Hirsch, & Ncube (2014) note that in terms of industries, historically, mining and agriculture were the backbone of the South African economy but both have been in decline of late in terms of their share contribution to GDP (see Figure 21 below) and also the number of jobs in these industries (Figure 22 below). Both of these tables compare changes in GDP and employment in 2001 and 2013. The share of GDP contribution declined from 2.9% to 2.5% for agriculture and from 12.7% to 8.6% for mining, and employment also decreased in these industries by 19% and 7%, respectively. Manufacturing, which is seen as the backbone of many a developing country's economic policy, also registered a decrease in terms of GDP contribution from 16.1% to 14.1% albeit registering a minor increase in employment of 1%.

Industries that have grown in terms of their contribution to GDP and employment include finance, real estate and business services, which grew its GDP contribution from 18% to 21.5%; transport, storage and communication, which increased from 8.3 to 9.2; construction which increased its contribution from 2.5% to 3.7%; and wholesale, retail, motor sales, catering and accommodation (trade) which increased from 14.6% to 15.1%. Government services only slightly increased its GDP contribution from 16.7% to 16.8%; however, its contribution to employment was substantial. In terms of industries that saw a marked change in employment, construction and finance saw a 77% increase in their employment statistics. Government/community and social services and the utilities

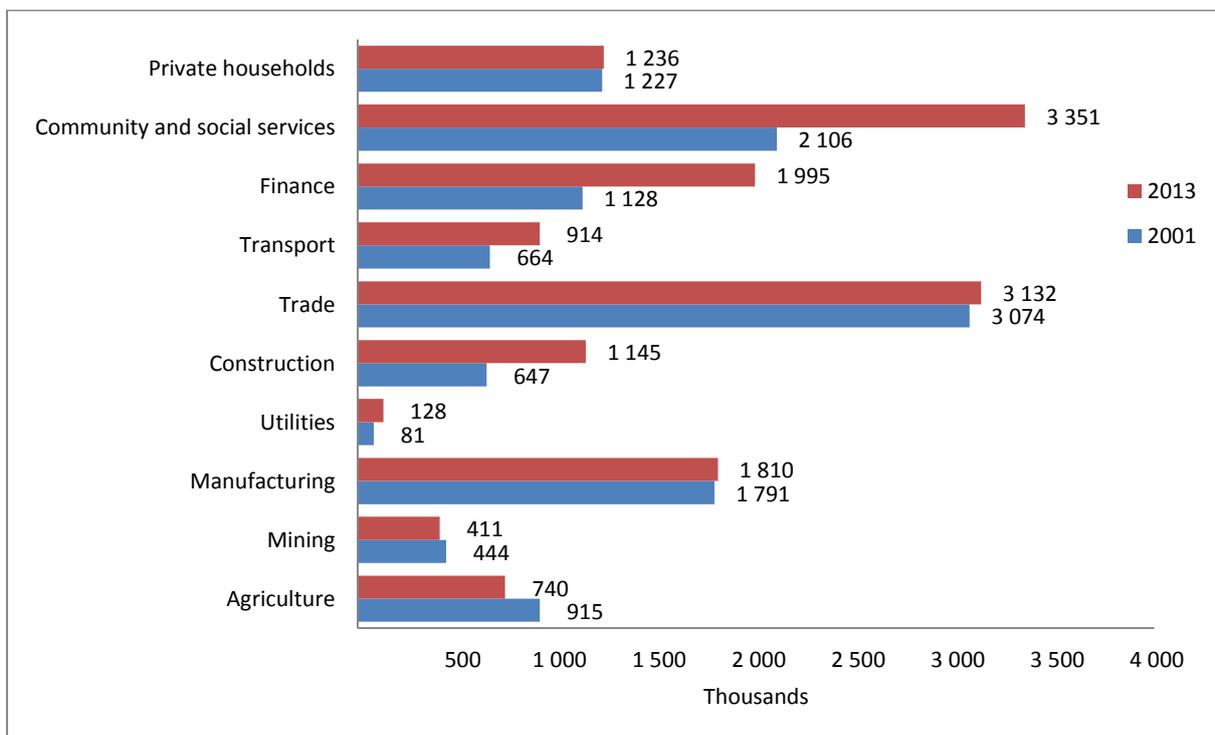
industry both recorded an increase in employment figures of 59% and the transport industry saw an increase of 38%.

Figure 21: GDP by sector, 2001 and 2013



Source: Gross Domestic Product (GDP), Statistics South Africa.

Figure 22: Employment by sector, 2001 and 2013



Source: LFS (2001–2007); QLFS (2008–2013), Statistics South Africa.

The drive to strengthen the agricultural and mining sectors which are still seen as key sectors in the economy is captured in the MTSF. The plan for the mining sector is to develop the beneficiation industries within the country. In terms of other sectors of the economy earmarked for development, the NGP notes that new opportunities in the green economy need to be explored with the manufacturing sector, tourism and high level services being developed further.

2.2.4 Youth employment

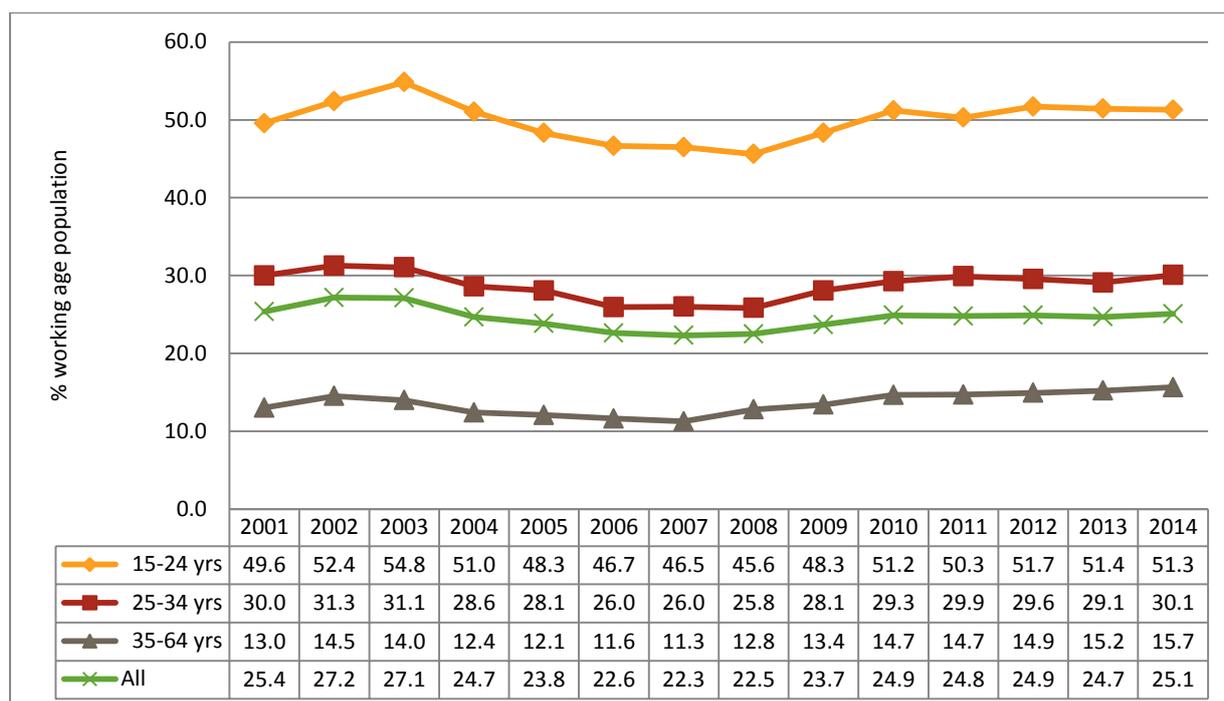
Target 1.B identifies youth as an important target group; this is particularly motivated by the fact that social challenges like youth unemployment have become a global challenge (ILO, 2014). In terms of youth development strategies, the 20-Year Review 'South Africa 1994–2014' (The Presidency RSA (2014b)) notes that: 'Youth development issues found expression in the RDP, which emphasised education and social development to fundamentally address the dire social conditions that impacted on youth development during apartheid.' More recently, youth lie at the centre of many development policies and programmes. For example, it is mandatory that youth make up 20% of participants in the EPWP public employment scheme.

The government has also set up the National Youth Development Agency (NYDA), composed of what was originally the National Youth Commission (NYC) and Umsobomvu Youth Fund (UYF), which were tasked with coordinating youth development issues across government departments, etc.; with the latter focusing on small business development of young people, including skills development for job creation.

Another recently enacted policy that encourages the employment of unskilled youth is the youth wage subsidy. It provides employers a subsidy of a portion of income up to R45 000 per annum for any youth they employ who produces the requisite voucher for the subsidy. The critic of this policy have pointed out that it muscled out older workers and creates a 'rush to the bottom' in terms of encouraging employers to pay below a certain amount to benefit from the subsidy. Furthermore, uptake is mixed given that many firms find it onerous to include the admin of collecting the subsidy in their system. However, Levinsohn, Rankin, Roberts & Schöer (2014) find that for those youth that do take it up it improves their future employment prospects due to the work experience gained.

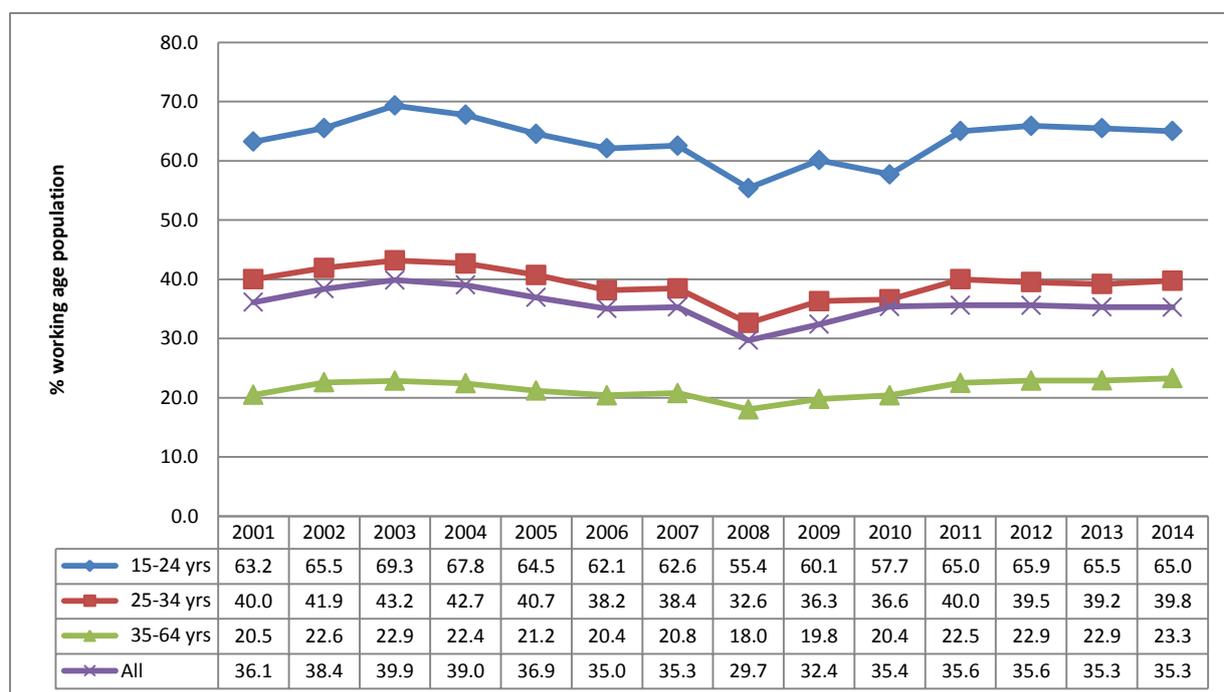
It has been noted that the youth have been most impacted by the global economic downturn. Youth unemployment globally stands at 13.1%, which is three times the global adult unemployment rate (ILO, 2014). Following global trends, youth unemployment is of particular concern in South Africa as it is higher than the overall unemployment national average. As can be seen from Figure 23 and Figure 24, in 2014 the unemployment rates among the age groups 15–24 years and 25–34 years were 51.3% and 30.1% by the official unemployment definition and 65.0 and 39.8% respectively by the expanded definition. This is much higher than for the age groups 35–65 years, which is 15.7% by the official definition and 23.3% by the expanded definition.

Figure 23: Official unemployment rate by age group



Source: LFS (2001–2007); QLFS (2008–2014), Statistics South Africa.

Figure 24: Unemployment rate (expanded definition) by age



Source: LFS (2001–2007); QLFS (2008–2014), Statistics South Africa.

Youth unemployment is particularly worrying given the transitional dynamics associated with it. It has been shown that it is important for youth in the age group 20–24 years to gain employment in order to increase their employment prospects in the future, given that future employment is premised on work experience (Levinsohn et al, 2014). Therefore, if the youth do not access employment opportunities at an early stage, it hampers their employment prospects in future. The

probability of finding a job is improved with a higher education level. However, since the global crisis, this benefit has decreased slightly, which points to an increase in graduate unemployment (Yu, 2013).

In analysing all the studies conducted regarding youth unemployment to date, Yu (2013) highlights the following as some of the reasons contributing specifically to the phenomenon in South Africa:

- Insufficient networks to inform them of the job opportunities available
- Lack of financial resources and mobility to relocate to areas where there are employment opportunities
- Unrealistic expectations about employment likelihood and expected pay, particularly among youth from well-resourced families and, therefore, these youth spend a long time shopping around
- Lack of soft skills among young employees, e.g. communication, personal presentation and maturity
- Lack of adequate education whether in terms of having dropped out due to poverty or being unable to cope with one's studies or just not receiving a good quality education for those who remain
- Perceived risks attached to hiring inexperienced youth, in large part due to the stigma of having come out of an inadequate education system. In fact, many employers do not respect qualifications from institutions they do not recognise
- Skills mismatch – as the economy evolves and becomes more technologically advanced, the labour market requires more skilled individuals and a high school education is not enough
- Furthermore, the labour market is more geared towards accommodating graduates from the sciences and hence graduates with humanities degrees are less likely to gain employment; however, there is a decreasing number of students enrolling in maths and science at high school level

With regards to some of the major themes, Bhorat (2012) found that employers were more likely to hire people with a post-matric qualification, and possessing a degree increased earning potential by 18%. Therefore, post-secondary school qualifications have a major impact on the probability of employment. In South Africa, the phenomenon is slightly nuanced as aspects of it are informed by the apartheid legacy that saw black, Indian and coloured students denied access to adequate education and skilled employment opportunities. This means that the quality of education at schools where these students make up the majority still needs to be addressed and raised. One finds, therefore, that white youth are more likely to have a tertiary qualification than black youth and are in a better position to gain employment, as evidenced by the high absorption rate for whites versus blacks in Figure 18.

Another big concern is spatial dynamics with regard to youth unemployment. Again, one of the legacies of apartheid is that groups from previously disadvantaged race groups live in areas far from where the jobs are. Transport and lack of funds to finance transport, therefore, becomes a major contributing factor for unemployment among the youth. Provision of a transport subsidy is, therefore, advanced as a possible solution to this (Bhorat, 2012; Leibbrandt et al, 2010).

Lastly, as Levinsohn et al (2014) note, chances of employment are higher for students who come from a background where members in that household have wage employment, partly because this allows them time to continue to search for adequately skilled and remunerative employment.

Steps to address some of these concerns are discussed in the NDP. They include:

- *Improving basic education* – this would be by providing full funding assistance to children from poor households; improving the school system, including bolstering teacher training in order to increase the number of students achieving more than 50% in literacy and mathematics; and finding measures to increase learner retention to 90%.
- *Improving post-school experience* – this would include expanding the number of FET colleges in order to increase the participation rate to 25%, and increasing the graduation rate of FET colleges to 75%. This would also include expanding learnerships and making training vouchers directly available to job-seekers; expanding the role of state-owned enterprises in training artisans and technical professionals, and providing a formalised graduate recruitment scheme for the public service to attract highly skilled people.
- *Leveraging the community* – this entails establishing community safety centres for crime prevention and strengthening youth service programmes and introducing new programmes offering young people the opportunity to participate in community development programmes to get life-skills and entrepreneurship training.
- *Providing a tax incentive to employers* – a manifestation of this has already been introduced in the form of the youth wage subsidy. It functions by providing a subsidy for the hiring of a young labour-market entrant hence reducing the cost for the employer. Uptake is mixed due to administrative hurdles, as has already been discussed above in this section.

2.2.5 Gender and employment

Enhancing female participation in the labour force is important for a number of reasons: it can contribute to supplementing household incomes and more importantly, there is compelling evidence that incomes accruing to females have a higher positive correlation on child wellbeing outcomes than for income allocated to men (UNICEF, 2011).

In terms of addressing gender-related issues in the workplace, it has been pointed out in the literature (Chitiga-Mabugu & Karuaihe, 2012; Moletsane et al, 2010) that there is a perception that the country's macro-economic policies – i.e. RDP, GEAR, ASGISA – did not do much to address the specific challenges to female employment. This is regardless of the fact that programmes such as the EPWP make a concerted effort to include females, calling for a 60% female quota. However, as Moletsane et al (2010) note:

‘There is a lack of an overarching contextual framework from which the Anti-Poverty Strategy is embedded, mainly from a gendered perspective ... Departments are far from equal and their approaches to poverty reduction are even more unequal. Such degrees of difference occur between the National, Provincial and District Levels.’

It must be noted that the beneficiaries of public employment schemes are usually rural older women with low education and literacy levels. Poverty in the rural areas is further compounded by the lack of access to basic services experienced on a greater level than in urban areas (Kehler, 2001). Public employment programmes are, therefore, usually aimed at providing them with supplementary

income to increase their welfare versus up-skilling them for a drastically altered future. They allow them to afford the basic necessities they would not be able to otherwise afford (Antonopoulos & Kim, 2008). However, policies directed at young females should be aimed at up-skilling them for sustained higher wage employment in the future.

Furthermore, there is a persistent and growing wage gap of around 20% since 1994 (Bhorat, 2012). Women dominate only in low wage, low skilled wage sectors. For example, as can be seen from Table 8, women are more susceptible to being employed in vulnerable employment than men. Further, the only industry in which their participation exceeds that of men is in the domestic work space and private household employment. This is partly rooted in the educational paths women embark on. As can be seen from Table 8, women dominate in the arts and social studies fields, when South African economic growth policy is geared to industries and technology that need science-based qualifications.

Table 8: Field of study of employed population by gender, 2011

Field of study	Male (000's)		Female (000's)	
Social studies/health sciences	169	32.9	343	67.1
Arts/education/hospitality	184	31.4	402	68.6
Economic and management sciences (EMS)	399	46.1	466	53.9
Physical/mathematical sciences/engineering	470	71.3	189	28.7
Agriculture/Other	186	49.1	193	50.9
Total	1407	46.9	1594	53.1

Source: Census 2011, Statistics South Africa.

De Braine (2011) discusses the structural dynamics associated with women taking up more science-based subjects and notes that many a time, academic institutions and parents create barriers for female students to enter more male-dominated fields of study. Women, therefore, establish negative self-fulfilling prophecies that follow them and impact their work identities. Chitiga-Mabugu & Karuaihe (2012) further highlight the following as having a major impact on female unemployment in general:

- *Patriarchy* – this manifests itself in the sense that women lack the decision-making power to decide their own fates. As Moletsane et al (2010) further note, this lack of voice and power means that women do not have a say in how resources are distributed in the household. Further, on the other end of the scale, this bias often means that women do not move up the ranks to managerial level as their abilities are often undermined (Grundling & Bosch, 2011).
- *Domestic violence* – as also noted in the last MDG goal report, this impacts women's ability to escape from poverty. This further impact on the well-being of women and their children and their performance.
- *Work-family balance* – women are more prone to be stuck trying to balance the work and the home front. This leaves them with less time to fulfil their potential and invest in meaningful economic activities. A possible measure of this is by comparing work hours and here men, on average, work more hours than women.

Women's participation in the labour force, particularly those with young children, was also contingent on access to child care with 46% of women reporting having access to some form of child

care (Stats SA, 2014). Higher labour force participation rates were reported for women where the child was in a formal child care facility in a formal urban area (56.8%).

It is agreed that women in South Africa predominately join the labour market due to 'push' factors and not 'pull' factors (Casale & Posel, 2002; Moletsane et al, 2010). For example, if there is another household member within the household who is earning an income, there is a lower probability of a woman joining the workforce (Moletsane et al, 2010; Ntuli & Wittenberg, 2013). The apartheid legacy reduced the options women had of employment and channelled them into menial employment. This fostered a legacy of high dependence on male income (Ntuli & Wittenberg, 2013). Further, there is the cultural expectation that women are the ones who will stay home and provide unpaid care work in the household (Moletsane et al, 2010). However, the participation of women in the labour force is critical to raise household income and ensure the improved welfare of households in general. More, therefore, needs to be done to tackle the social and structural barriers preventing women from participating in the workplace.

2.2.6 Age and employment: reasons for not working

This report investigated the reasons for not working using Census 2011, and allows us to explore some of the self-reported reasons why people are not working by age. The main reason for not working for those between the ages of 15–19 was related to education. The results of this analysis show that as people enter their early 20s, pregnancy and tertiary education attainment are closely associated with the 20–24-year-old cohort. However, the ages of 25–45 seem to strongly correlate with labour market-related reasons, such as the inability to find work, the lack of jobs, and lack of money for transportation for job search. What is also worrying is the strong association between the reason 'lost hope in finding a job' with both the younger and older cohorts. Reasons related to the inability to find jobs and not enough jobs available confirm the structural nature of unemployment in South Africa; which suggests that part of the unemployment problem is related to an economy that cannot produce enough jobs to absorb the economically active.

2.2.7 Disability and employment

South Africa's Constitution (RSA, 2006) enshrines a commitment to the principles of equality, particularly recognising the rights of persons living with disability who experience high levels of exclusion and discrimination in society. The constitution provided the framework for reconceptualising a response to disability beyond a focus on health and welfare needs of this distinct group of people. In respect of employment of persons with disability, South Africa's legislative and policy responses have been informed by the United Nations Standard Rules for the Equalisation of Opportunities for Persons with Disability (UN, 1994). The promulgation of the Employment Equity Act (Act 55 of 1998), the Skills Development Act (Act 97 of 1998) and the Promotion of Equality and Prevention of Discrimination Act (PEPUDA) (Act 4 of 2000) among others provide a framework for addressing the employment rights of people living with disabilities. These measures have been aimed at giving realisation to the legislative imperatives; the South African government established a target in 2000 of 2% for all government departments to employ people with disability. It also, importantly, recognised that entry into the labour market requires a relevant skills base and to this end the Skills Development Act makes provision for enhancing access to learnership programmes for people with disabilities as well as in providing workplace support to employers to ensure that they

accommodate disabled people. Another important legislative measure taken has been the adoption of The Compensation for Occupational Injuries and Diseases Amendment Act (Act 61 of 1997) which addresses workplace-related disabilities with a strong focus on compensation rather than re-employment.

Across all spheres of government the 2% employment target has not been met, although as the table below indicates the percentage of disabled people employed has seen marginal increases over the years.

Table 9: Percentage of disabled people employment by government

<i>Year</i>	<i>Percentage of disabled people employed in government</i>
2005	0.16%
2010/11	0.32%
2011/12	0.36%

Source: The Presidency, 20-Year Review: Background Paper: Disability.

In respect of skills development it was reported that out of a total of 9 541 learners who participated in Sector Education and Training Authority (SETA) learning programmes, 5 133 (54%) of enrolled learners successfully completed their learnerships between 2008 and 2011 and that, importantly, 45% of these learners secured employment (The Presidency, 2014).

2.2.8 Education and employment status

This section complements Section 2.1 in two ways: first, evidence from the SAMPI highlighted the importance of education as a contributor to poverty in South Africa. The relative risk ratios then allowed us to see how the specific level of education was related with the status of being above or below the poverty line. This section will highlight that it is not just the acquisition of a higher degree that's important, rather the field of education also plays an important role in determining the employment status of an individual. In order to explore the relationship between employment status and education, an analysis was also conducted using the field of education variable and the official definition of unemployment using Census 2011 data. The data shows an interesting pattern where there is a clear disassociation between the three categories of employment status. This suggests that the three employment statuses have relatively different fields of education profiles. This might suggest that on top of the reasons given in the previous section, unemployment might be related to the chosen field of education. The results from Census 2011 show that, overall, there is a weak association with virtually all fields of education with the discouraged work status. Furthermore, investigation of the data revealed that this group reported the highest number of 'unspecified' responses, and it is not clear whether this is because they do not have any qualifications. It is also interesting to note that fields of education such as Information Technology have relatively high rates of unemployment; relative to, for example, a field of education like Engineering.

The significance of this analysis is the understanding that, at some level, the graduate unemployment problem could be alleviated through better skills matching. This would need some form of labour market intelligence forecasting that allows institutions of learning to determine their field-specific intakes based on fields of education that exhibit relatively high employment rates, a proxy for demand. To this end, it is encouraging that the Department of Higher Education and the Human Sciences Research Council are working on such a project with the intention of better

understanding labour market trends. Such interventions will undoubtedly assist in positively influencing the employment trends highlighted in this section, and as such contribute to the attainment of the forthcoming SDG targets.

2.3 TARGET 1.C: HALVE BETWEEN 1990 AND 2015, THE PROPORTION OF PEOPLE WHO SUFFER FROM HUNGER

2.3.1 Introduction

Global incidents of food deprivation are intrinsically linked to poverty, and in South Africa the context of pervasively high unemployment, poverty and inequality levels and the reliance on income has become a major determinant of household food insecurity. To understand the challenge of addressing food and nutrition security at household level requires an understanding of the links between poverty, unemployment and household food security. It is within this context that the inclusion of a hunger indicator in the MDG 1 at a domestic level, and its relevance at a local level, must be understood.

Freedom from hunger remains a fundamental human right enshrined in international law and in South Africa's post-democracy constitution (RSA, 1996). While this right is recognised in South Africa, it has lacked either the legislative framework or appropriate policies to ensure its progressive realisation. Food and nutrition are foundational goals which provide the basic building blocks for human development and participation. Importantly, they impact the ability to enjoy other rights enshrined in our constitution.

The National Development Plan 2030 (NPC, 2012) notes that despite South Africa's middle income country status it is confronted by unprecedented levels of poverty, unemployment and inequality. At a national level, South Africa is food secure, being able to produce sufficient staple cereals and is a net importer of many other food items in order to keep the population appropriately nourished. Importantly, the NDP recognises that the same cannot be said for household food sufficiency, wherein the challenge lies with significant numbers of adults and children not being able to afford nutritious food.

Unlike other developing country contexts, South Africans rely on income as the main means of accessing food and are thus highly dependent on paid employment to access food (Jacobs et al, 2009). The scale of subsistence farming in South Africa is considerably lower than compared to other developing contexts and where implemented, has largely served as a supplementary coping strategy for accessing food, rather than as a main source of food. This has its origins in the historical lack of support for and encouragement in enabling subsistence farming by households for own consumption, under the apartheid past.

2.3.2 Policy overview

The Food and Agriculture Organisation (FAO) defines food security as existing 'when every household individual at all times have enough nutritious food for an active, healthy and productive life' (FAO, 1996). This definition of food security goes beyond ensuring food availability to include food accessibility, affordability of a basket of safe and nutritious food and to ensuring adequacy.

In 2002, the state adopted the national *Integrated Food and Nutrition Strategy (IFNS)* with the aim of coordinating and harmonising various food security interventions being implemented in South Africa. Under the IFNS banner a range of interventions were implemented, including:

- The Primary School Nutrition Programme (PSNP);
- The National Nutrition Security Development Programme (NNSDP);
- A range of food fortification interventions;
- Vitamin enrichment programmes;
- A breastfeeding promotion campaign;
- A national food supplementation programme in respect of micro-nutrients; and
- A rollout of subsistence food gardening and small scale agricultural programmes to boost food production.

Despite the noble intentions of the IFNS and the plethora of interventions implemented, the scourge of food insecurity has persisted. In response, during 2011 a review of the IFNS was undertaken arising from which was the development of a draft Food Security Policy for South Africa, currently under consultation. The overarching goal of this policy is to ensure availability, accessibility and affordability of safe and nutritious food at national and household levels aligned to the NDP Vision 2030. It cites five pillars underlying the strategy to be pursued, including

- nutrition education;
- development of nutritional safety nets;
- improved investments in agricultural production;
- food security risk management; and
- enhanced participation of emerging farmers in markets.

The NDP Vision 2030 aims to give effect to the progressive realisation of the MDG Target 1.C by lowering the cost of living for the poor and by targeting interventions specifically towards women and young children. Although it is too early to assess the extent to which these interventions will bear fruit, these policies continue to add to the country's battery of policies meant to address the challenges that arise in the context of poverty and inequality.

2.3.3 Food security challenges for South Africa

It is important to understand the key challenges that have impacted efforts to address food and nutrition security in South Africa, as outlined below:

- Fragmented and inadequate safety nets available for those who cannot meet their food needs or the ability to mitigate shocks and disasters;
- Historical lack of support for encouraging household and communal food production;
- Lack of understanding of nutrition and how to make strong choices in selection of foods to be consumed;
- Lack of appropriate institutional support for encouraging agricultural production;
- Insufficient understanding of the food value chains and how these impact on poor households' ability to purchase nutritious food; and
- Most importantly, the lack of nuanced information on the nature and depth of household food insecurity in South Africa. This significantly affects planning as the lack of understanding of the problem results in inappropriate interventions being designed and implemented.

2.3.4 Progress report on MDG and domesticated indicators

In this section we report on the attainment of the three indicators for measuring attainment of the MDG (Target 1.C: Halve Between 1990 and 2015 the proportion of people who suffer from hunger) and domesticated goals, as follows:

- Percentage of people who report experiencing hunger – Domesticated.
- Prevalence of underweight children under five years of age – MDG.
- Prevalence of stunting in children under five years of age (%) – Domesticated.

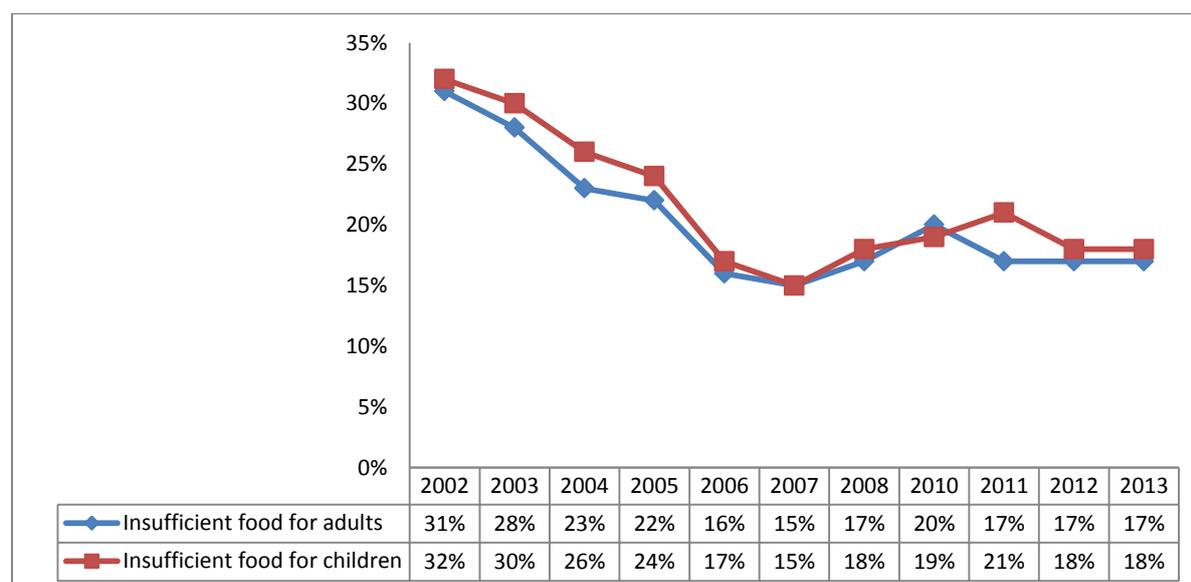
Table 10: Target 1.C: Halve between 1990 and 2015, the proportion of people who suffer from hunger

Indicators	1994 baseline (or nearest year)	2010 Status (or nearest year)	Current status (2013 or nearest year) 2015	Current status (2014 or nearest year) 2015	Target	Target achievability	Indicator type
Percentage of people who report experiencing hunger	29.9 (2002)	No data	12.9 (2011)	12.9 (2011)	15	Achieved	Domesticated
Prevalence of underweight children under five years of age (%)	13.2 ⁴ (1993)	10.2 (2005)	8.3 (2008)	8.3 (2008)	4.7	Not achieved	MDG
Prevalence of stunting in children under five years of age (%)	30.3 (1993)	No data	23.9 (2008)	23.9 (2008)	15	Not achieved	Domesticated

a) Reported experience of hunger by adults and children

An overarching finding confirmed from evidence generated from GHS in Figure 25 is that, progressively, since 2002 South Africans at household level are more food secure, as reflected in self-reported hunger and perceptions of the food quality. The findings suggest that less than 20% of adults and children are food insecure.

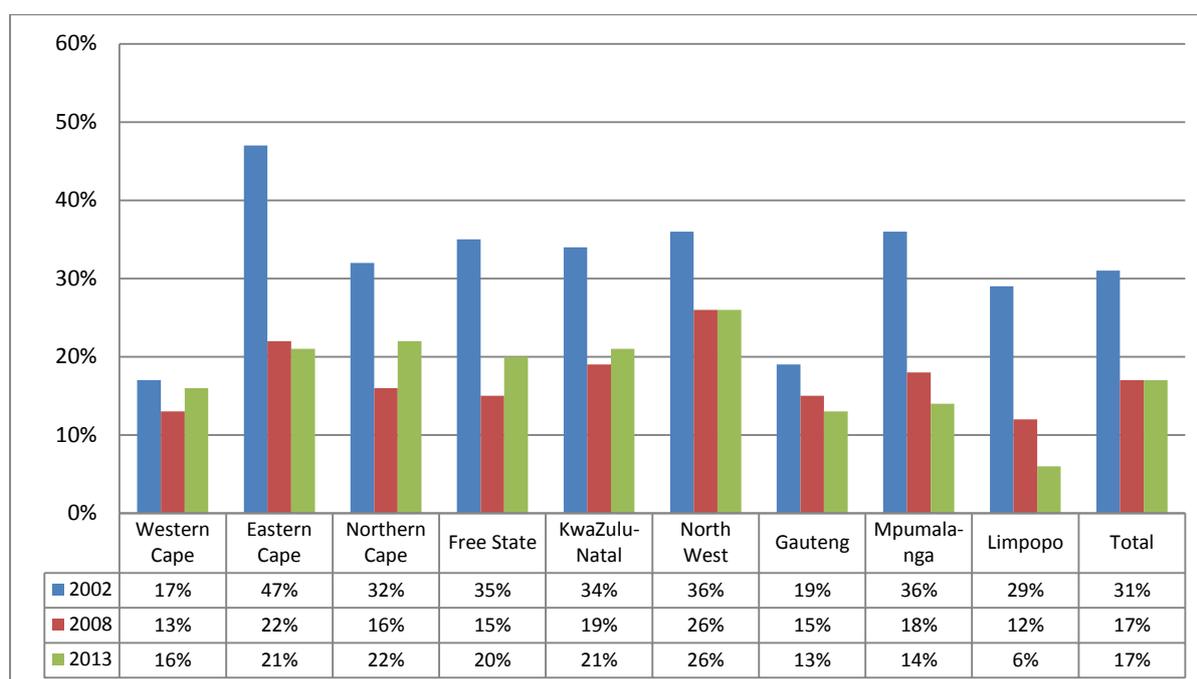
Figure 25: Self-reported insufficient food for adults and children from 2002 to 2013



Source: General Household Survey from 2002–2013, Statistics South Africa.

The progressive improvements are also reflected at a provincial level, although there are important regional variations with hunger prevalence highest in Northern Cape followed by KwaZulu-Natal (KZN), as illustrated in Figure 26 below. Burden of disease (BoD) is a time-based measure that uses evidence of years of life lost due to premature mortality and years of life lost due to disability. The key measure of estimating BoD is the DALY – *disability adjusted life years*. It is effectively a measure of the health of a population. Across a range of studies (SANHANES, 2012, NIDS, 2008; and Stats SA Mid-year estimates, 2011), KZN reflects a high burden of disease, particularly arising from the high prevalence of HIV and AIDS. It is unclear what drives the trend in Northern Cape. The most dramatic changes in reported experience of hunger is evident in Limpopo, which dropped from 29% in 2002 to 6% in 2013. The decrease in 2008 is well explained by the impact of the global economic crisis.

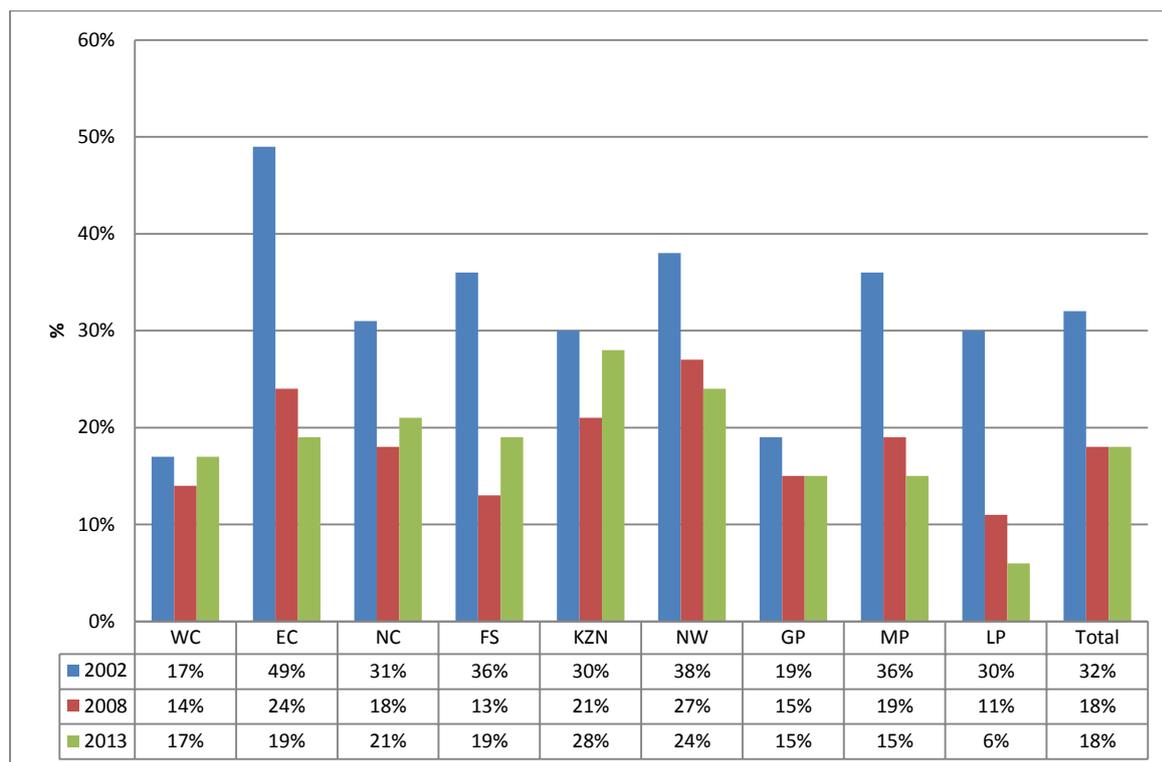
Figure 26: Self-reported insufficient food for adults by province



Source: General Household Survey from 2002–2013, Statistics South Africa.

The pattern in relation to children is similar nationally and across provinces with the exception of KZN, where 28% of children reported experiencing hunger compared with 21% of adults as reflected in Figure 27. Almost all provinces, bar Western Cape, have reflected changes in experience of hunger among children from 2002 to 2013. However, the changes are not as wide as those reflected for adults; for example KZN, which has experienced a 2% drop between 2002 and 2013, or Gauteng which reported a 4% change on self-reported experience of hunger by children during the same period. The most dramatic changes in self-reported experience of hunger are reflected in Eastern Cape, where perceptions of hunger dropped from 49% in 2002 to 19% in 2013.

Figure 27: Self-reported insufficient food for children by province



Source: General Household Survey from 2002–2013, Statistics South Africa.

b) Reported experiences of hunger by household composition

The findings from the GHS (2010/11) suggest that extended households with more than 5 members are likely to be more food insecure than smaller households. This also relates to the economic activity of the adults in these households. The evidence also points to households with larger numbers of children experiencing greater food insecurity. Households where the head is an elderly person were less likely to be food insecure, which is likely to be a function of the access to the old age grant, which is paid at a substantially higher level than the CSG.

c) Reported experience of hunger by adults by sex of head of household

We would expect to find spatial differences by sex of head of household in the experience of hunger, with female-headed households in rural areas being more susceptible to hunger (Ngandu et al, 2010). Table 11 below shows the distribution of households experiencing hunger by sex of head of household and whether the household is located in an urban or rural area, for 2012. Although 81.9% of households (11 996 395) reported never having insufficient food, this distribution hides spatial differences in the experience of hunger.

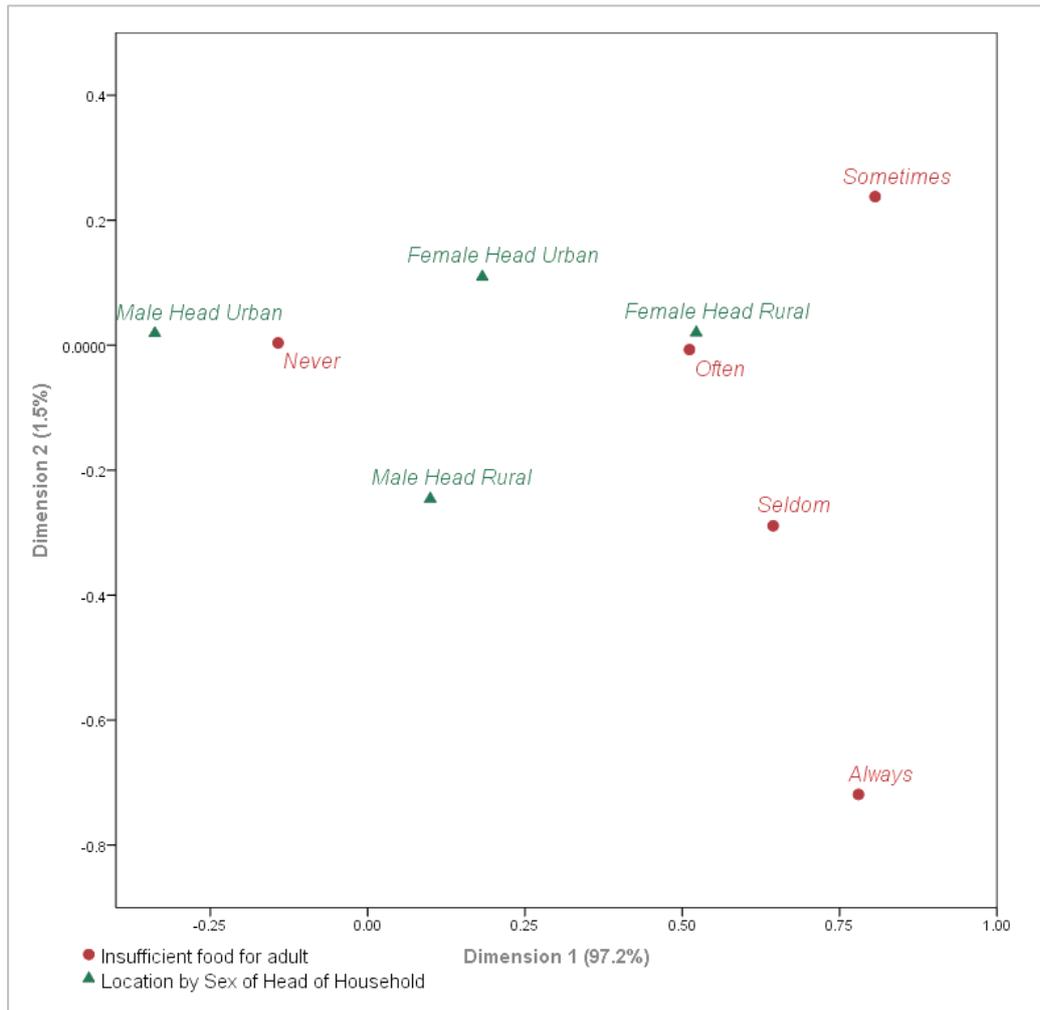
Table 11: Self-reported insufficient food for adults by sex of head of household and location

	<i>Male Head Urban</i>	<i>Male Head Rural</i>	<i>Female Head Urban</i>	<i>Female Head Rural</i>	<i>Total</i>
Never	5 407 050 45.1	1 874 347 15.6	2 930 426 24.4	1 784 572 14.9	11 996 395 100.0
Seldom	286 384 33.6	152 862 17.9	229 819 26.9	184 384 21.6	853 449 100.0
Sometimes	361 487 31.6	184 307 16.1	333 226 29.1	264 194 23.1	1 143 214 100.0
Often	108 371 34.2	55 685 17.5	94 872 29.9	58 398 18.4	317 326 100.0
Always	29 313 31.1	18 735 19.9	25 059 26.6	21 139 22.4	94 246 100.0
N/A (No adults in household)	56 408 44.8	21 783 17.3	31 262 24.9	16 338 13.0	125 791 100.0
Unspecified	43 067 42.8	10 330 10.3	30 973 30.8	16 307 16.2	100 677 100.0
Total	6 292 080 43.0	2 318 049 15.8	3 675 637 25.1	2 345 332 16.0	14 631 098 100.0

Source: General Household Survey from 2012, Statistics South Africa.

Figure 28 allows us to assess the association between self-reported food status and type of household. Two features stand out: the first is the strong association between female-headed rural households and the adequacy food status '*often experience insufficient food for adults*'. The second is the association of male-headed urban households with the 'never insufficient' food status. This analysis highlights the fact that although there have been decreases in the overall experience of hunger in South Africa, female-headed households remain a vulnerable and marginalised group that is still affected by food insufficiency. This means that with respect to hunger, the post-2015 agenda needs to go beyond the tracking of overall changes in the experience of hunger and that policy intervention should begin to target female-headed rural households as a priority group.

Figure 28: Association of self-reported insufficient food for adults by sex of head of household and location



Source: Authors using General Household Survey from 2012, Statistics South Africa.

- *Household ability to acquire food*

While the data paints a positive picture in relation to access to food, a slightly different pattern emerges in relation to the question of ability to acquire food – with a higher percentage reporting inability to acquire food nationally at 23%. Importantly, there are distinct regional variations, with 41% of households in North West reporting running out of money to buy food, followed by Eastern Cape (31%), Free State (27%) and KwaZulu-Natal (24%).

Table 12: Percentage of households that ran out of money to buy food during the past 12 months

	2009	2010	2011	2012	2013
Western Cape	16%	21%	24%	22%	21%
Eastern Cape	24%	24%	27%	30%	31%
Northern Cape	22%	31%	33%	27%	26%
Free State	37%	28%	27%	23%	27%
KwaZulu-Natal	25%	29%	20%	21%	24%
North West	20%	38%	36%	37%	41%
Gauteng	20%	21%	19%	18%	14%
Mpumalanga	24%	21%	25%	25%	26%
Limpopo	12%	21%	13%	10%	9%
Total	22%	25%	24%	23%	23%

Source: General Household Survey from 2009–2013, Statistics South Africa.

When this question was probed in relation to whether this had happened in the last 30 days, we found that in Western Cape, for example, just under half (43%) of the 21% who reported running out of money had experienced this in the recent past (Table 12 and Table 13).

Table 13: Has it happened in the past 30 days?

	2009	2010	2011	2012	2013
Western Cape	36%	35%	36%	39%	43%
Eastern Cape	43%	41%	34%	44%	37%
Northern Cape	40%	39%	42%	51%	38%
Free State	48%	30%	35%	30%	29%
KwaZulu-Natal	46%	46%	27%	34%	21%
North West	49%	26%	30%	35%	37%
Gauteng	26%	24%	34%	28%	28%
Mpumalanga	38%	35%	36%	40%	35%
Limpopo	27%	27%	42%	35%	30%
Total	40%	34%	34%	37%	33%

Source: General Household Survey from 2009–2013, Statistics South Africa.

2.3.5 Dietary diversity

Dietary diversity is an important indicator of nutrition security for individuals. It is associated with nutritional intake and improved outcomes for adults and children in terms of reduced risk of cardiovascular diseases and cancer. For children it has been shown to enhance anthropometric measures of weight and height. Evidence suggests that on average South Africans consume less than four of the nine food groups, with the understanding that for good nutrition they need to be consuming at least six food groups. The results show that in 2013, of the 29% in Mpumalanga who reported eating a smaller variety of food in the last 12 months, 62% had experienced this in the last month. Households in income quintile 5 were more likely to consume all 9 food groups compared with households in income quintile 1. Inversely, 28.5% of households in income quintile consumed between 1–6 food groups compared with households in income quintile 5, where 5.2% consumed less than 6 food groups (Stats SA, 2012). The National Food Policy for South Africa (2013) estimates that a daily intake of 2 230 calories by the average South African would fulfil basic nutritional needs

and the appropriate energy needs. This would have to be adjusted for age, gender, location and for pregnant and lactating women.

In 2008, Stats SA used the cost-of-basic-needs approach to construct three poverty lines: the food poverty line (FPL), the lower-bound poverty line and the upper-bound poverty line (Statistics South Africa, 2008). According to Statistics South Africa (2015), "the FPL is the rand value below which individuals are unable to purchase or consume enough food to supply them with minimum per-capita-per-day energy requirement for good health (which is about 2 100 kilocalories)." Stats SA (2015) uses a reference food basket to compute the energy requirements based on relatively diverse food groups from IES 2010/11 data. Using IES 2010/11, the Stats SA estimated food poverty line was R335 per capita, per month; hence spending less than this per capita amount would mean that each household member is not achieving the required minimum energy intake.

Table 14: Smaller variety of food consumed

	<i>Variety of foods</i>	<i>Has it happened in the past 30 days?</i>	<i>Variety of foods</i>	<i>Has it happened in the past 30 days?</i>	<i>Variety of foods</i>	<i>Has it happened in the past 30 days?</i>	<i>Variety of foods</i>	<i>Has it happened in the past 30 days?</i>	<i>Variety of foods</i>	<i>Has it happened in the past 30 days?</i>
	2009		2010		2011		2012		2013	
WC	16%	42%	21%	41%	23%	41%	20%	45%	19%	46%
EC	21%	42%	20%	54%	23%	41%	24%	48%	25%	43%
NC	21%	41%	27%	49%	31%	47%	30%	45%	29%	43%
FS	37%	43%	27%	38%	22%	38%	22%	34%	21%	28%
KN	28%	45%	26%	50%	15%	33%	17%	35%	23%	23%
NW	22%	50%	34%	34%	34%	39%	36%	47%	39%	48%
GP	16%	27%	21%	40%	19%	45%	19%	49%	16%	42%
MP	23%	40%	25%	48%	28%	59%	27%	64%	29%	62%
LP	9%	30%	20%	31%	13%	46%	8%	33%	6%	27%
Total	21%	41%	24%	43%	22%	43%	21%	46%	22%	41%

Source: General Household Survey from 2009–2013, Statistics South Africa.

- **Contribution of agricultural production to food security**

Evidence suggests that food security is enhanced through agricultural production. However, in South Africa less than a quarter of South African households are engaged in agricultural production with most South Africans being net consumers of food rather than food producers. This includes involvement in agriculture as a hobby. Where they are engaged in agricultural production, only 2% are engaged in small holder production and 18.4% (2.7 million) are engaged in subsistence farming. Importantly, 61% of those involved in agricultural production are women (GHS, Food Security and Agriculture, 2011). The data points to an interesting relationship in those poor households without access to grants were less likely to be engaged in agricultural production. This suggests another important contribution of the CSG to catalysing food production.

A question in the LFS probes the main reason why households engage in food production work and the majority of households reported that this was to provide an extra source of food for the household. It has been generally found to be difficult to quantify the monetary value of home production as the IES instrument is not well suited to making these calculations. It would require

information about market prices for food items and also have to take into account regional variations in price due to distance travelled, local demand etc.

An important finding is that households without access to basic services such as water and sanitation were less likely to engage in agricultural activity, which emphasises the vicious cycle of poverty.

Nutrition security in South Africa in relation to children

While the results demonstrate extremely positive changes in the experience of self-reported hunger in South Africa, it masks the more serious problem of nutrition insecurity in the country. The 2013 MDG Goal 1 Report acknowledged that the domesticated targets provide more objective approaches to measuring deprivation and impacts of hunger, particularly among children. Here the measures of stunting and wasting in children are of importance; anthropometric assessments provide objective measures in respect of children in terms of height for age and weight for height. Stunting and wasting indicators are key for understanding the long term implications for child development and for long term educational and employment prospects; and for persistence of inter-generational poverty.

A challenge that the study faced was in sourcing reliable and current data in respect of prevalence of stunting, wasting and underweight children in the population. Data on stunting (low height for weight measures) are a clear indicator of chronic under-nutrition, while wasting (low weight for height) is a short term measure of under-nutrition in children.

In relation to tracking progress on the two indicators below we have found challenges in accessing national data sources. These are reported on in this section below.

- Prevalence of underweight children under five years of age – MDG.
- Prevalence of stunting in children under five years of age (%) – Domesticated.

Table 15: Prevalence of stunting, wasting, underweight and poverty among children 6–59 months from 1993–2008

Year	Stunting	Wasting	Underweight	Poverty Headcount
1993	30.8	9.2	15.6	69.6
2008	24.6	4.8	8.8	73.4

Source: PSLDS, 1993; NIDS Wave 1 2008.

From Table 15, it can be observed that anthropometric defect occurrences were less common in 2008 in comparison to 1993, with children experiencing one or more forms of failure declining by 7% over this period. Furthermore, the height of children within this age group increased slightly between 1993–2008, however, they were still found to be below average height. In addition, a dramatic decline was observed in the inequality of stunting and to a less extent wasting in 2008 (May and Timaeus, 2014).

A survey was conducted by the National Income Dynamics Study (NIDS) in 2008 to assess the levels of malnutrition amongst children under 5 years of age by economic status. The study focused its investigations on the conditions of 80% of children living in the poorest households and found that

only 27% were classified as being stunted, wasting had declined by 4.5% and underweight had dropped by 7% in 2008 in comparison to 1993 (May and Timaeus, 2014).

Comparing these results to a study conducted by Zere and McIntyre in 2003, it can be deduced that children's heights and weights have increased since 1993 and occurrences of stunting and underweight has become less common amongst the poorest households. Hence, it can be concluded that there has been an overall improvement in child welfare, health care and education of women.

The 2008 National Income Dynamics Study (NIDS) was used to assess the magnitude of inequalities in under-five children malnutrition that can be associated to economic status. It compared a 2003 study by Zere and McIntyre (2003) which used household income as proxies for per capita household expenditure. It found that children's heights and weights have increased since 1993 and being stunted or underweight has become less common. This implies that there has been an improvement in child welfare, health care and education of women.

The rate of malnutrition translates to poor child outcomes. Children that are underweight account for 12.3% of deaths amongst children younger than five years. A study conducted in KwaZulu-Natal found that stunted children do less well in school than children who attain the average height for their age. It was also revealed that child grants have improved nutrition amongst children and assisted in improving their productivity. Regardless of this improvement, Hall (2012) found that 73% of children between the ages of 6–59 months live in poor households.

2.3.6 Conclusion

Concluding observations in the 2013 MDG goal report were that South Africa needed to be able to measure and report on the extent to which dietary diversity, micro nutrient deficiencies and lifestyle-related non-communicable diseases impact on the household food security challenges that South Africa faces.

- Although South Africa lacks reliable data to comprehensively assess these measures, evidence from a range of studies points to the following trends: While the general perception is that food security is largely a rural phenomenon, emerging evidence suggests that extreme levels of hunger can be found in urban contexts, particularly among the poor living in informal dwellings.
- While hunger and undernutrition persist in both rural and urban areas, the prevalence of overweight and obesity, and diet-related chronic diseases is also increasing. Obesity rose from 6.4% to 8.7% for men and from 27.6% to 32% for women.

In terms of the MDG indicator of reducing hunger, South Africa is largely on track to realise this goal. However, in relation to the domesticated indicators a mixed picture emerges which is hindering the ability to make further progress in the attainment of MDG 1.

With respect to the attainment of MDG goals, South Africa has almost achieved its target of percentage of people who report experiencing hunger. The target was 15% of the population and South Africa as at 2015 a self-reported level of hunger for adults was 17% and for children was 18%.

In respect of the other indicators, namely percentage of underweight children under five years and the prevalence of stunting in children under five years, the absence of current updates to data makes it difficult to assess if this target has been achieved. However, the trends appear to suggest that while the prevalence of underweight children could likely be attained, this cannot be said for the percentage of stunting in the child population.

2.3.6.1 Recommendations

A number of recommendations are submitted which are likely to support South Africa in the measurement and attainment of this MDG target:

1. The need to improve food and nutrition security measurement tools and methods at household level is urgently recommended;
2. Introduce policy and programme measures which prioritise the needs to those without adequate food and nutrition. This requires an understanding of the intra- and individual household food and nutrition needs and dynamics in order to respond to the issues appropriately; and
3. Undertake further research to understand how food access relates to dietary diversity and coping strategies.

2.4 SOCIAL PROTECTION AND SOCIAL WAGE

2.4.1 Social assistance grants

Patterns of state expenditure in South Africa since democracy have demonstrated the pro-poor and progressive nature of its fiscal policy. One of the key social policy instruments utilised by South Africa has been its cash transfer to the elderly and children. South Africa's Social Assistance Programme has grown incrementally with the number of beneficiaries receiving social grants having doubled from almost 8 million in 2003–2004 to 16.5 million in 2015 (SASSA, 2015). Spending on social assistance represented 3.3% of GDP in 2010/11 (World Bank, 2014) and has been recognised as the 'single most effective anti-poverty tool deployed since 1994' (ILO, 2014, p11). It is thus unsurprising that social grants have been included as one of a suite of domestic indicators upon which to measure progress towards the attainment of MDG 1 – Target 1.B.

This section provides an overview of the policy context for the implementation of this important social protection instrument, and provides an overview of the scale of reach of grants in South Africa. Importantly, in the context of widespread perceptions of the 'wasteful and dependency inducing' nature of social assistance, it provides compelling evidence of the impact of the grant system on reducing poverty in South Africa.

2.4.2 Policy overview

A number of international, African and national instruments inform the right to social protection in an effort to address poverty and inequality, namely:

1. The Constitution of the Republic of South Africa (Act 108 of 1996);
2. The Universal Declaration of Human Rights adopted in 1948 by United Nations General Assembly;
3. The United Nations Convention on the Rights of the Child (United Nations Convention on the Rights of the Child, 1990);

4. The African Charter on the Rights and Welfare of the Child (African Union, 199); and
5. The United Nations Millennium Development Declaration (UN General Assembly, 2000).

South Africa’s much acclaimed Constitution of the Republic of South Africa Act 108 of 1996 provides that everyone has the right to have access to social security, including appropriate social assistance for those who are unable to support themselves and their dependants. The constitution emphasises the need for progressive realisation, by the state, of this right through efficient legal, administrative, operational and financial structures.

The constitutional commitment has been translated into legislation, namely the Social Assistance Act 13 of 2004, aimed to *‘provide for the rendering of social assistance to persons; to provide for the mechanism for the rendering of such assistance; to provide for the establishment of an inspectorate for social assistance; and to provide for matters connected therewith’*. Social assistance in this Act is defined as a social grant, including social relief of distress where social grant encompasses a child support grant, a care dependency grant, a foster child grant, a disability grant, an older person’s grant, a war veteran’s grant and a grant-in-aid.

The term ‘progress realisation of the right’ taken from international law, acknowledges that some rights cannot be realised immediately but that the state must take steps to achieve this goal. It means that accessibility should be progressively facilitated: legal, administrative, operational and financial hurdles should be examined and, where possible, lowered over time.

The National Development Plan recognises that social protection programmes in South Africa have made a significant contribution to addressing inequality and in reducing poverty, and has envisioned a broader social protection agenda in which, by 2030, there is a defined social floor which guarantees that vulnerable groups should receive full assistance and cash grants to ensure an income above the poverty line.

2.4.3 Progress report on MDG and domesticated indicators

The number of social grant beneficiaries is a domesticated indicator under Target 1.C which is aimed at halving the proportion of people, between 1990 and 2015, who suffer from hunger. South Africa’s grant system is means tested and caters for the elderly (over 60 years), children up to the age of 18 years and those with special needs including adults and children living with disabilities.

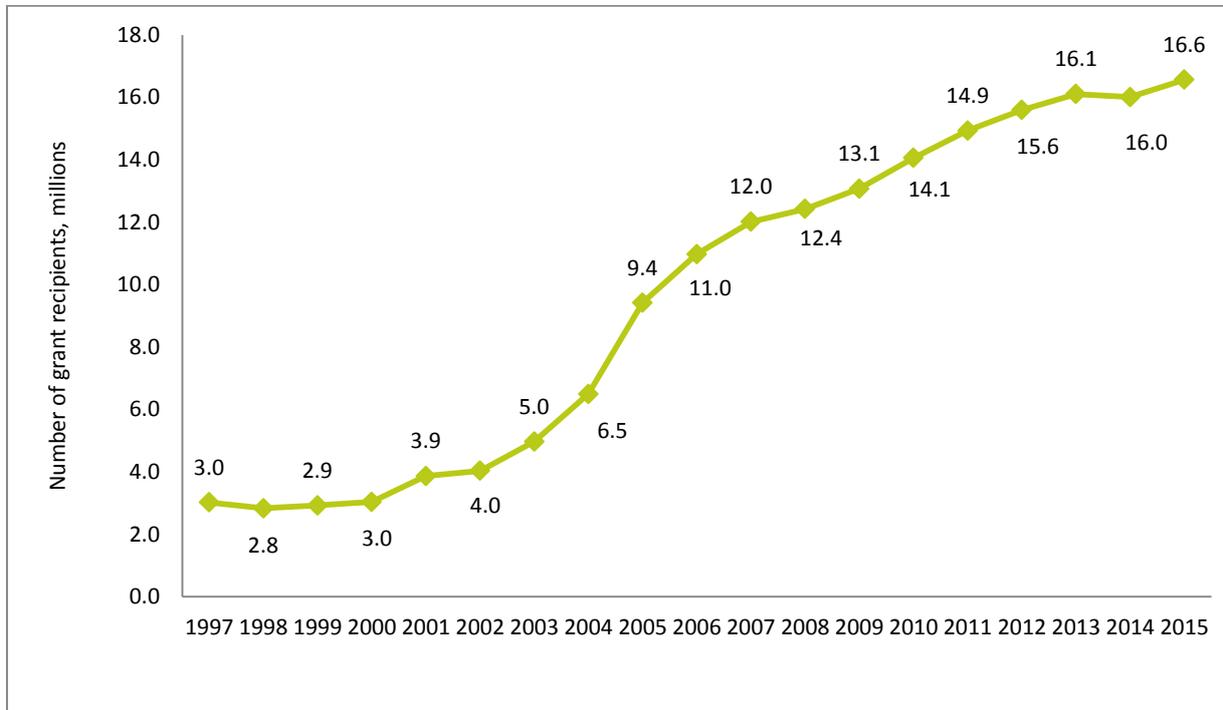
Table 16: Target 1.C: Halve between 1990 and 2015, the proportion of people who suffer from hunger

Indicator	1994 baseline (or nearest year)	2010 Status (or nearest year)	Current status (2013 or nearest year) 2015	Current status (2014 or nearest year) 2015	Target	Target achievability	Indicator type
Number of beneficiaries of social grants (millions)	2.6 (1997)	14.1 (2010)	14.9 (2011)	16.6 (2015)	No target	NA	Domesticated

Figure 29 below illustrates the substantial growth in the number of grant recipients between 1997 and 2015 across South Africa, including approximately 16.6 million beneficiaries in 2015 (February),

covering almost a third of the population of South Africa, with the largest single area of growth being the child support grant.

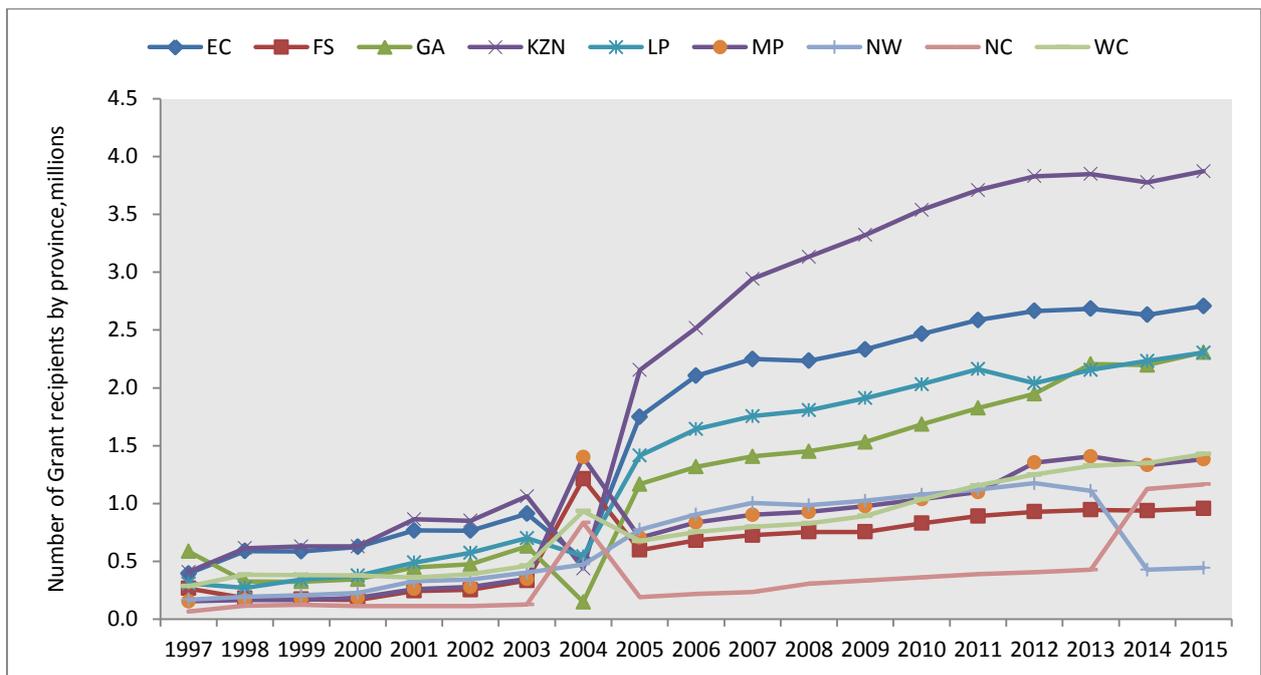
Figure 29: Number of grant recipients (1997–2015)



Source: SASSA (2015).

Error! Not a valid bookmark self-reference. below provides a distribution of the grant beneficiaries by province since 1997. Not surprisingly, the numbers of grant recipients have increased in each of the nine provinces of South Africa over this period, with the largest number of beneficiaries being from KwaZulu-Natal (3.9 million beneficiaries in February 2015); followed by Eastern Cape with about 2.7 million grant receivers over the same period. These provinces are largely rural and incorporate a substantial share of the former homelands. Gauteng, which is the economic hub of the country, was the home of more than 2 million recipients of social grants in 2015. An upward surge in the number of grant recipients is again observed between 2004 and 2005, with the exceptions of Free State, Mpumalanga, Northern Cape and Western Cape provinces whose numbers of grant recipients fell sharply between 2004 and 2005, but after which the numbers rose again to 2015.

Figure 30: Number of grant recipients by province (1997–2015)

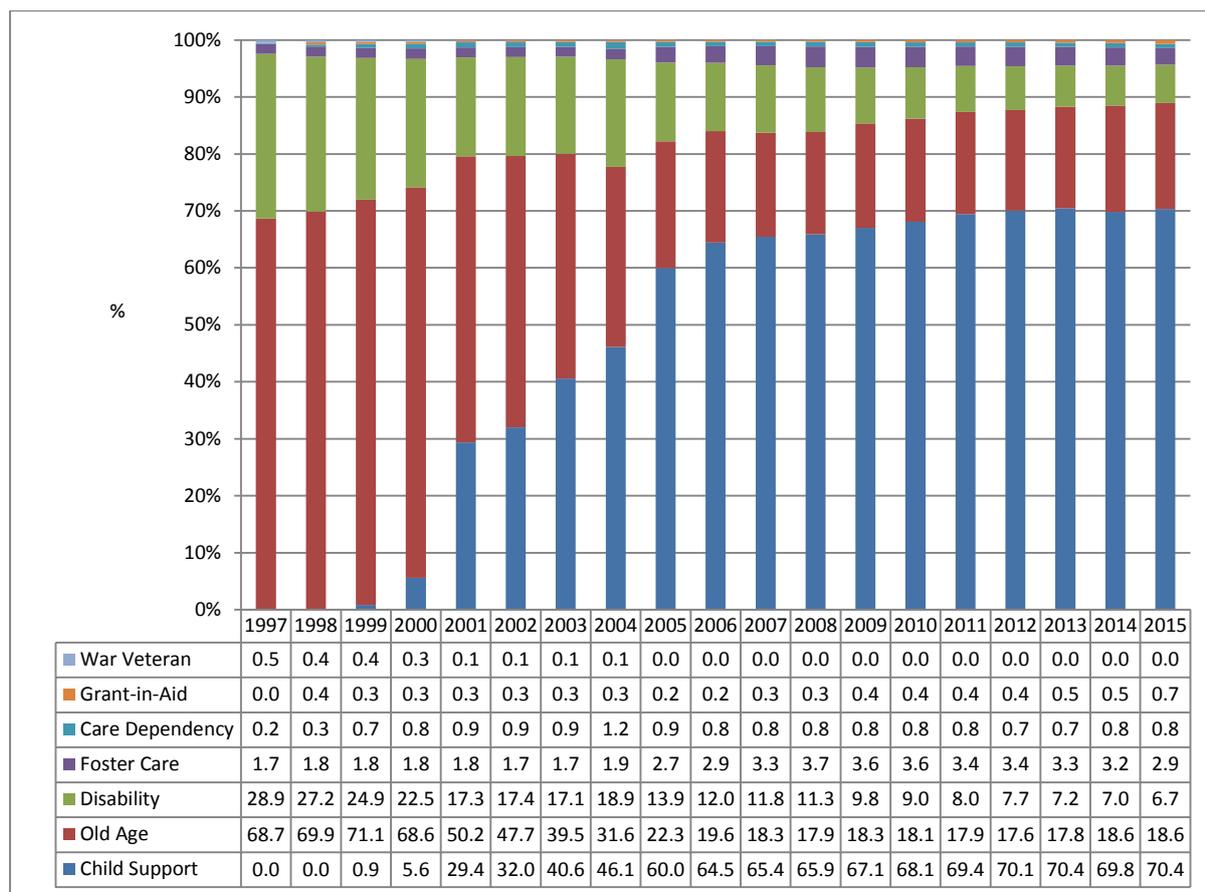


Source: SASSA (2015).

Access to grants by type

Figure 31 illustrates the trends in the numbers of grant recipients by type of grant from 1997 to 2015. Evidence suggests that targeting of the grants has been fairly good with a high proportion of the age eligible children and eligible adults in the poorer deciles.

Figure 31: Trends in the share of grant recipients (by type of grant from 1997 to 2015)



Source: SASSA (March, 2015).

Child Support Grant (CSG): The majority of social grant receivers were child support grant recipients comprising of 70.4% of the total number of grant recipients as of 2015. In relation to the total number of children under the age of 18 being 18.6 million in South Africa as reported by Stats SA Census (2011), this proportion translates to approximately 11.7 million children accessing the child support grant in 2015.

Old Age Grant (OAG): The next largest category of grant recipients are the 3 075 520 elderly who access the old age grant and who constitute just under a fifth of all grant beneficiaries (18.6%). The OAG is a means tested grant applicable to persons who are over 60 years of age and citizens who reside in the country. This grant was previously applicable to men aged 65 and above, whilst it was accessible to women aged 60 years and above. However, this was equalised for men and women in 2008 and as a result, the number of old age grant recipients increased slightly from 2008 onwards. As Figure 31 above illustrates, since the advent of the child support grant in 1998, the share of the total number of grant recipients that are old age grant beneficiaries has followed a decreasing trend from about 69% in 1997 to about 19% in 2015.

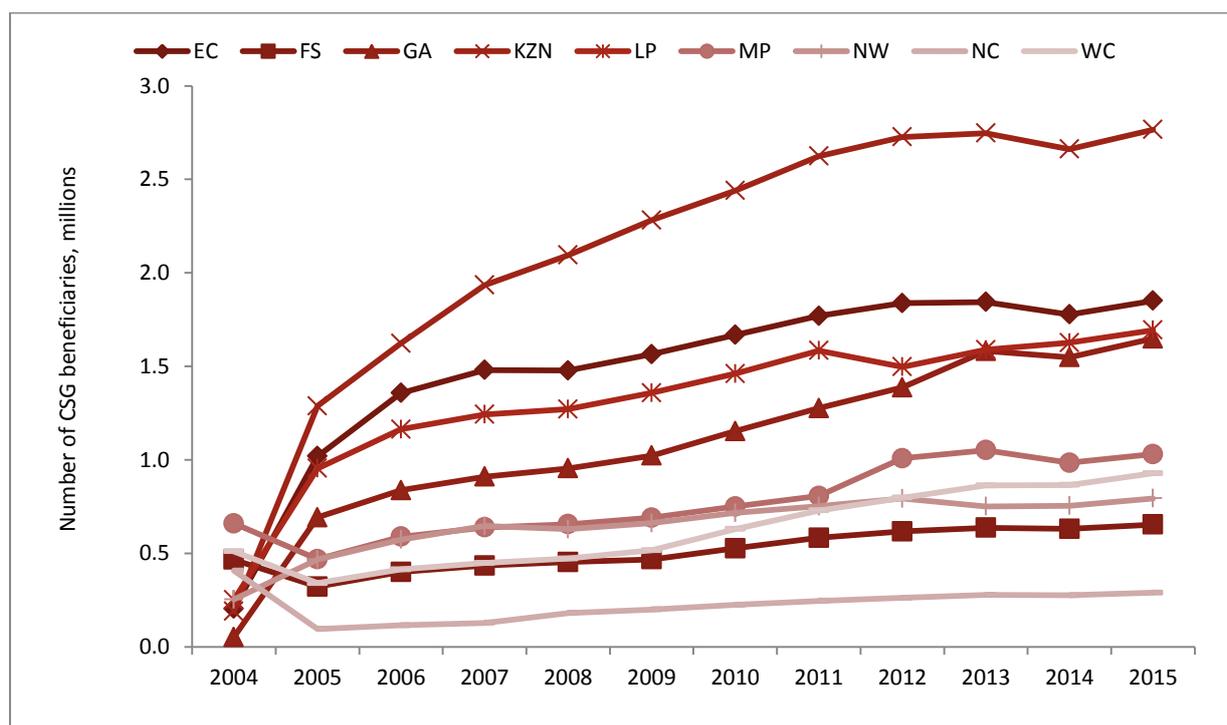
Disability Grant (DG): This grant is received by an adult (over 18 years), who according to the Social Assistance Act (Act 13, 2004), has a moderate to severe limitation in ability to function as a result of an impairment which makes it impossible for the person to provide for his or her own wellbeing. It is reported that there are approximately 1 110 675 disability grant beneficiaries which represents 6.7% of all grant recipients.

Care Dependency Grant (CDG): This is a grant payable to caregivers of children with severe disabilities who require permanent care but not in a state-run institution. The number of children receiving the care dependency grant (CDG) as at March 2015 was 126 777. The number of children accessing the CDG reflects a systematic increase in access to the grants since 2005 when 85 698 children were in receipt of the grant. However, an analysis of the take-up rates of this grant is not possible due to lack of sufficient data on the number of children with disabilities who require permanent care.

Foster Child Grant (FCG): This grant is available to foster parents who have a child placed in their care by an order of the court. In March 2015 there were 499 774 children who were accessing the foster care grant. The majority of these beneficiaries were located in the KwaZulu-Natal (118 505) and Eastern Cape (115 849) provinces.

From a provincial perspective, Figure 32 shows that KwaZulu-Natal had the highest number of children receiving the CSG between 2004 and 2013, reaching about 2.7 million. This is followed by Eastern Cape whose number of grant recipients reached about 1.8 million in 2013. The number of grant recipients in Limpopo peaked at about 1.6 million in 2011, but fell to 1.5 million in 2012 before increasing again to about 1.6 million in 2013.

Figure 32: Number of child support grant recipients by province, 2004–2015



Source: SASSA (2015).

Table 17 reports on the proportion of CSG recipients in millions and self-reported insufficient food for children by province between 2004–2013. As tabulated, the number of recipients of the CSG increased greatly from 205 000 in 2004 to about 1.8 million in 2013 in Eastern Cape. This was complemented by a reduction in the self-reported experience of hunger by children from 39% in 2004 to 19% in 2013 in that province. A similar pattern prevails for Limpopo in that the number of children accessing the child support grant increased from 252 000 in 2004 to about 1.6 million in

2013 and that self-reported hunger incidences in children dropped by 14 percentage point from 20% in 2004 to 6% in 2013. There appears to therefore be a correlation between reduced hunger cases and increases in the number of children accessing the child support grant.

However, this pattern is not replicated in all provinces. Although KwaZulu-Natal had a large increase in the number of CSG recipients between 2004 and 2013, there was a very small decline in the number of reported hunger incidences. This could be attributed to the fact that KwaZulu-Natal is one of the provinces with the highest incidence of poverty therefore hunger, malnutrition and food insecurity are significant challenges facing children in communities in that province.

Table 17: Proportion of CSG recipients in millions and self-reported insufficient food for children by province (2004–2013)

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Eastern Cape	CSG	205	1 019	1 358	1 480	1 478	1 565	1 668	1 770	1 838	1 844
	H	39%	30%	19%	22%	24%	20%	26%	21%	23%	19%
Free State	CSG	466	322	400	435	454	468	527	584	617	637
	H	26%	25%	17%	13%	13%	33%	22%	24%	18%	19%
Gauteng	CSG	52	692	838	910	955	1 023	1 153	1 276	1 387	1 582
	H	17%	17%	16%	12%	15%	13%	16%	16%	18%	15%
KwaZulu-Natal	CSG	189	1 288	1 623	1 934	2 095	2 282	2 440	2 624	2 727	2 747
	H	29%	26%	21%	18%	21%	23%	25%	19%	25%	28%
Limpopo	CSG	252	955	1 163	1 243	1 271	1 358	1 460	1 585	1 497	1 588
	H	20%	21%	12%	9%	11%	8%	11%	5%	6%	6%
Mpumalanga	CSG	660	469	589	638	656	691	751	807	1 008	1 052
	H	29%	28%	12%	15%	19%	21%	13%	12%	14%	15%
North West	CSG	254	467	574	647	630	662	716	752	793	751
	H	35%	30%	22%	19%	27%	21%	27%	20%	22%	24%
Northern Cape	CSG	407	96	116	128	181	200	224	246	262	278
	H	22%	21%	18%	17%	18%	18%	33%	34%	21%	21%
Western Cape	CSG	511	341	414	449	472	516	630	729	798	863
	H	14%	13%	8%	8%	14%	14%	18%	17%	17%	17%

Source: SASSA (2015) and General Household Survey from 2002–2013, Statistics South Africa.

CSG is the number of child support grant recipients in millions and H is the proportion of children who reported experiencing hunger.

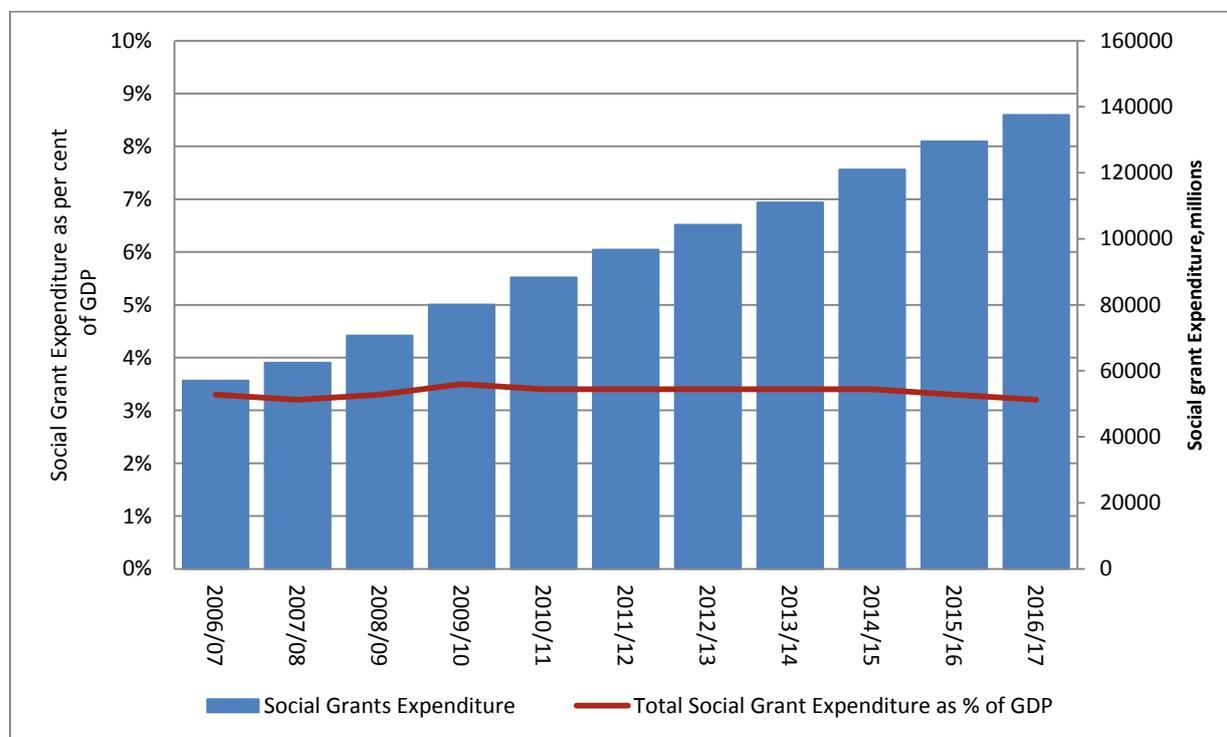
2.4.4 Expenditure on grants

Figure 33 gives a graphical presentation of the trends in social grant expenditure from 2006–2007 projecting to 2016–2017. The figure shows an increasing trend in the expenditure on grants from about R57 billion excluding administration costs in 2006–2007 to about R120 billion in 2014–2015. Government's spending on the social grant system is projected to rise to over R138 billion by 2016–2017 (Budget Review, 2014). The growth in social grant spending is attributed to changes to the grant values and the number of people receiving the grants. Social grant expenditure has on average been 3.4% of GDP between 2006 and 2015, rising sharply between 2007–2008 and 2009–2010 following the global financial crisis. According to the World Bank (2014), typically in developing countries expenditure on social assistance programmes represents between 1%–2% of GDP. South

Africa’s social assistance spending is on par with the average welfare spending in advanced countries.

However, the projections for 2015–2016 and 2016–2017 show a drop in the social grant expenditure as a percentage of GDP to 3.3% and 3.2%, respectively. This may be due to the fact that during 2012 and 2013, all social grant beneficiaries were required to re-register with the SASSA in order to eliminate fraud and corruption in the social grant system and clean up the beneficiary database. As such, in August 2013, 340 000 old age and disability grants were cancelled because beneficiaries failed to re-register; whilst 300 000 children were removed from the child support grant system because primary care givers failed to physically present to SASSA the children on whose behalf they were claiming the grant, a verification requirement of SASSA. The budget review also points out that there has been a substantial reduction in the cost of paying grants over the past five years, from an average of R32 per beneficiary per month to a fixed rate of R16.40 per beneficiary per month.

Figure 33: Social grant expenditure as % of GDP (2006–2016)



Source: Budget Review, National Treasury (2014).

2.4.5 Gap analysis

A body of evidence exists that point to particular segments of the population in South Africa living in poverty and are not accessing social assistance (Woolard, 2010, UNICEF and SASSA, 2013, Presidency, BP Disability, 2014).

The SASSA and DSD commissioned study (UNICEF and SASSA, 2013) estimated that as at 2011, 23.7% of children (2.35 million) were excluded from access to CSG for a variety of reasons. The study identified the following categories of children at greater risk of exclusion (ibid, p6):

- Children who have dropped out of school;

- Children of teenage mothers and those living only with their father;
- Orphans, particularly double orphans;
- Infants aged 0–1 years;
- Adolescents between the ages of 14–17 years;
- Children whose mothers had no schooling;
- Children living in urban formal areas, followed by rural formal and metro areas; and
- Children with limited mobility or if their caregivers had limited mobility (this includes children living on the streets and children of refugees).

Interesting, the study also found that the highest exclusion rates were to be found in Gauteng, KwaZulu-Natal, Western Cape, Eastern Cape and Limpopo. Gauteng and Western Cape were also the provinces with the lowest proportion of CSG-eligible child populations.

In respect of orphans' access to the CSG, data from the National Income Dynamics Study (NIDS, 2008) show that there are more paternal orphans (children under 15 years of age whose father has died) who receive the CSG than maternal orphans (children under 15 years of age whose mother has died). In addition, although orphans who have lost both parents are the most likely to be receiving the foster care grant (FCG), most orphans do not have access to the FCG.

2.4.6 Factors enabling access to social assistance

The Department of Social Development (DSD) and South African Social Security Agency (SASSA) have over the past two decades put in place a number of initiatives which have contributed to extending access to CSGs. The policy measures, which incrementally extended the age of eligibility of children to the CSG from 7 years to children up to the age of 18, is probably the most significant factor in the targeting of children, given the disproportionate share of poverty on children. Measures to remove documentation barriers have included promulgation of Regulation 11 which allows for the use of alternate forms of identification and birth registration service points at public hospitals and clinics. Another important development was the rollout of an integrated outreach programme which has brought one stop service points too hard to reach/underserved communities involving the Department of Home Affairs, DSD and SASSA. These measures have been accompanied by an extensive multi-media communication and information dissemination drive.

2.4.7 Barriers to accessing social assistance

Some of the main reasons cited for exclusion were (UNICEF and SASSA, 2013):

- Misunderstandings about the means test criteria and income thresholds;
- Lack of prescribed documentation such as birth certificates, identity documents and death certificates;
- Lack of time to apply and/or lack of motivation especially amongst new mothers of infants, working caregivers, and caregivers of children with additional and onerous health needs;
- Long distances and costs involved in travel between homes and service points;

- Prejudice, discrimination and fear which inhibits teenage mothers and refugees from applying;
- Policy exclusions which limit a teenage mother, who herself is entitled to apply for the CSG to apply for the CSG for her child; this similarly applies to child-headed household heads; and
- Complex and time-consuming administrative processes associated with provincial migration of caregivers.

Exclusion and inclusions errors pertain also in respect of the disability and the care dependency grant. The key exclusion problem in relation to the disability grant is that the criteria for eligibility is not well defined or consistently applied across provinces. The exclusion errors in respect of the care dependency grant arise from legislative gaps in the definition of disability, with children living with other forms of disability such as autism, albinism, cancer, and muscular dystrophy not receiving the CDG. In addition to the legislative gaps, the instruments utilised for the assessment of the CDG does not accurately assess the care needs and functioning of such children. Inclusion errors relate to the fact that the absence of review processes often result in children with temporary disabilities receiving CDG until they are 18 years old.

2.4.7. Impact of grant access on poverty and wellbeing

Direct cash transfers as a whole are progressive in absolute terms. In South Africa, the child support grant is considered the most progressive cash transfer, followed by the old age grant in that the four poorest deciles receive 69% of all cash transfers. This partly reflects that the share of households with school-age children and the elderly is higher at the bottom of the distribution than at the top. Evidence suggests (World Bank, 2014; UNICEF & FFC, 2010) that 66% of the poorest decile households have children under 18 years of age, compared with 37% in the richest decile whilst about 28% of households in the poorest decile have a pension-age adult in it, compared with 22% in the richest decile. Thus direct cash transfers from government in monetary terms boost the market incomes of those in the poorest decile.

Studies have highlighted the effectiveness of social grants in reducing the harshest effects of poverty in South Africa. Neves (2010) provides evidence of improvements in the receiver's welfare in terms of food, clothing, fuel, transport, housing, health services and education. In addition, and importantly, the study concluded that grants have helped to strengthen already existing systems of mutual support amongst impoverished South Africans. He submitted evidence highlighting how access to grants has influenced financial activities such as borrowing and lending through informal mechanisms such as stokvels and savings clubs.

The child support grant is recognised as a key instrument for combating child poverty in South Africa, particularly important in the context of the disproportionate share of children (65.5%) experiencing poverty compared with adults (45.2%).

Evidence from a SASSA, DSD and UNICEF commissioned study (2012) found substantial positive developmental impacts on children arising from access to the CSG:

- Children who were 10 years old at the time of the study enhanced their schooling outcomes in respect of mathematical, reading and vocabulary tests;
- Children who accessed CSG at birth were likely to complete more years of schooling than those who accessed CSG at 6 years of age;
- The CSG played an important role in compensating for children whose mothers had low levels of education, by narrowing the schooling gap between children with better educated mothers and those whose mothers' education level was low;
- When children accessed the CSG early (in the first two years) their growth was more likely to be monitored, in itself important in providing evidence of the CSG's role in investing in human capabilities being strengthened;
- Access to the CSG had a direct positive bearing on the extent to which ten-year-old children spent time on studying, working outside of the household or undertaking household chores, with few children working outside the home;
- A very interesting finding was that CSG access in a household reduced adolescents absences from school even when the CSG was not specifically for that adolescent; and
- There was a statistically significant positive association between access to the CSG and reduced risky behaviour being engaged in by adolescents such as reduced sexual activity, reduced number of sexual partners, reduced pregnancies and reduced alcohol consumption, which was more pronounced for females.

Another study (Aguero et al, 2007) in KwaZulu-Natal documented the impact that access to the CSG had on improving the nutritional status of young children in poor families. The study concluded that access to the CSG in the early years had a significant positive impact on child height, which resulted in a potential return on the CSG of between 160% and 230%.

2.4.8 Conclusion

Since 2000 the number of social-grant beneficiaries has increased more than five times from three million in 2000 to about 16.5 million in 2015, largely due to an expansion of the child support grant. The number of grant recipients in South Africa is a domesticated indicator that has no target set for it in terms of the Millennium Development Goals. However, according to SASSA (2011) when the child support grant was initially introduced the aim was for it to reach three million children within five years, and 15 years later the CSG has expanded rapidly with over 11.5 million beneficiaries. This makes it the largest social assistance programme in South Africa, and one of the most effective instruments in addressing child poverty. There is compelling evidence that South Africa's social assistance programme, the largest social protection programme in South Africa, has contributed to lowering the Gini coefficient and to overall poverty reduction in South Africa.

Despite the wide reach of the social grant system and the effective targeting of the grants to beneficiaries in the lower deciles, there remain some critical exclusion errors in targeting as highlighted earlier. Barriers to accessing the child support grant have been identified as largely administrative in terms of compliance with the need to provide vital registration documents, while for children living with disabilities the barriers relate to issues around definitions of disability.

It can thus be concluded that cash transfers have directly contributed to poverty reduction and thus to reducing inequality, particularly among historically marginalised groups, and they are also contributing to building human capital.

2.4.8.1 Recommendations

At a policy level, there is a need for policy makers to acknowledge the crucial developmental impact of social grants and the role they play in systems of mutual assistance on which millions of South Africans depend. There is also a critical need to revisit the targeting instruments to ensure that vulnerable groups such as rural children, young children and those who are orphans, particularly maternal orphans, benefit from the grants.

2.4.9 Accessing free basic services

2.4.9.1 Introduction

Access to free basic services for poor and vulnerable households has been a cornerstone of the post-apartheid social protection package responding to the multi-dimensional nature of poverty. Its roots can be traced back to the Reconstruction and Development Programme (RDP, 1994) aimed at redressing inequalities arising from our apartheid history through providing affordable, appropriate and effective basic services. The recognition that the poor are excluded from redistributive mechanisms of the state has been the key driver for the implementation of a National Indigent Policy (DPLG, 2005). Its adoption corresponded to government's commitment to the realisation of the Millennium Development Goals, in particular MDG 1: *Eradicating Extreme Poverty and Hunger*.

While not stated, the implicit target for provision of free basic services to indigent households is 100% coverage. This section of the report provides an overview of the policy imperatives driving the delivery of indigent policy framework, and provides evidence of the progress made in the realisation of the two domesticated indicators with a focus on access to water, electricity, sewerage and sanitation and solid waste removal. There is compelling evidence that South Africa has made major strides in improving access of poor households to basic services. The analysis of the patterns emerging attempts to unmask this largely positive trend through identifying factors which mitigate against the reduction of this form of poverty.

2.4.9.2 Policy overview: Indigent policies

The right to free basic services is enshrined in Section 27 (1) (b) of the Constitution of South Africa which states that '*everyone has the right to have access to sufficient water*'. Taken together with other constitutional provisions (Section 152 and 153) and other legislation there is an implicit commitment to the '*right to free basic services*' for which the state is expected to take reasonable measures to realise, progressively.

To fulfil this commitment, South Africa has progressively introduced legislative and policy measures to enhance socio-economic outcomes for the poor in South Africa through reducing the cost of living for the poor by expanding the *social wage package* provided. The package sets the floor below which no person should live, of which improving access to basic services such as reticulated water, electricity, sanitation and sewerage and solid waste management to indigent households forms a core component relevant to the achievement of this MDG target. In addition to international

indicators on MDG 1, South Africa adopted the provision of *free basic services* as one of the domestic indicators.

Responsibility for delivery of these basic services is assigned to local government in terms of the Municipal Systems Act 32 of 2000 (Section 73(1)) which states that a municipality must give effect to these provisions and *'ensure that all members of the local community have access to at least the minimum level of basic municipal services.'* Basic municipal services are defined in the Act as *'a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.'*

According to the *National Framework for Municipal Indigent Policies (CoGTA, 2010)*, the term indigent broadly refers to households and citizens who 'lack the necessities of life', due to inability to access or pay for basic services.

Defining who is an indigent. There are different criteria used by municipalities to determine who is an indigent. What identifies an indigent household is not only its income or consumption levels but a combination of criteria makes up the definition of an indigent household that is eligible for FBS, e.g. it can be the combined monthly household income, beneficiaries of state grants, child-headed households etc.

The free basic services provided by local government as mentioned earlier specifically focus on water, sewerage and sanitation, refuse removal, electricity and alternate energy sources – details of which are outlined in Table 18.

Table 18: Minimum standards for free basic services

<i>Services provided by municipalities</i>	
Water	25 litres per person per day or 6 kilolitres (kl) per household per month within 200 m of a household
Sanitation	Safe, clean, hygienic and reliable toilet facility, e.g. a ventilated improved pit (VIP) latrine or waterborne sanitation. If a household is connected to the sewer then 3 to 4 kl extra FBW per month should be provided for flushing
Electricity	50 kWh per household per month for grid connected households and up to 80% subsidy on the monthly operating fee for non-grid systems, e.g. home systems
Refuse Removal	Most appropriate level of waste removal service based on the site specific circumstances

Source: Tissington et al (2013).

2.4.9.3 Progress report on MDG and domesticated indicators

The two domesticated indicators under Target 1.C are:

- i. Percentage of indigent households receiving free basic services.
- ii. Proportion of households below food poverty (R305 per month in 2009 prices) with access to free basic services (%).

The Status at a Glance table below illustrates the progress South Africa has made in respect of the realisation of these targets. This assessment is made against a self-targeting mechanism whereby responsibility lies with individual households to lodge an application for being accorded indigent status to qualify for the subsidies.

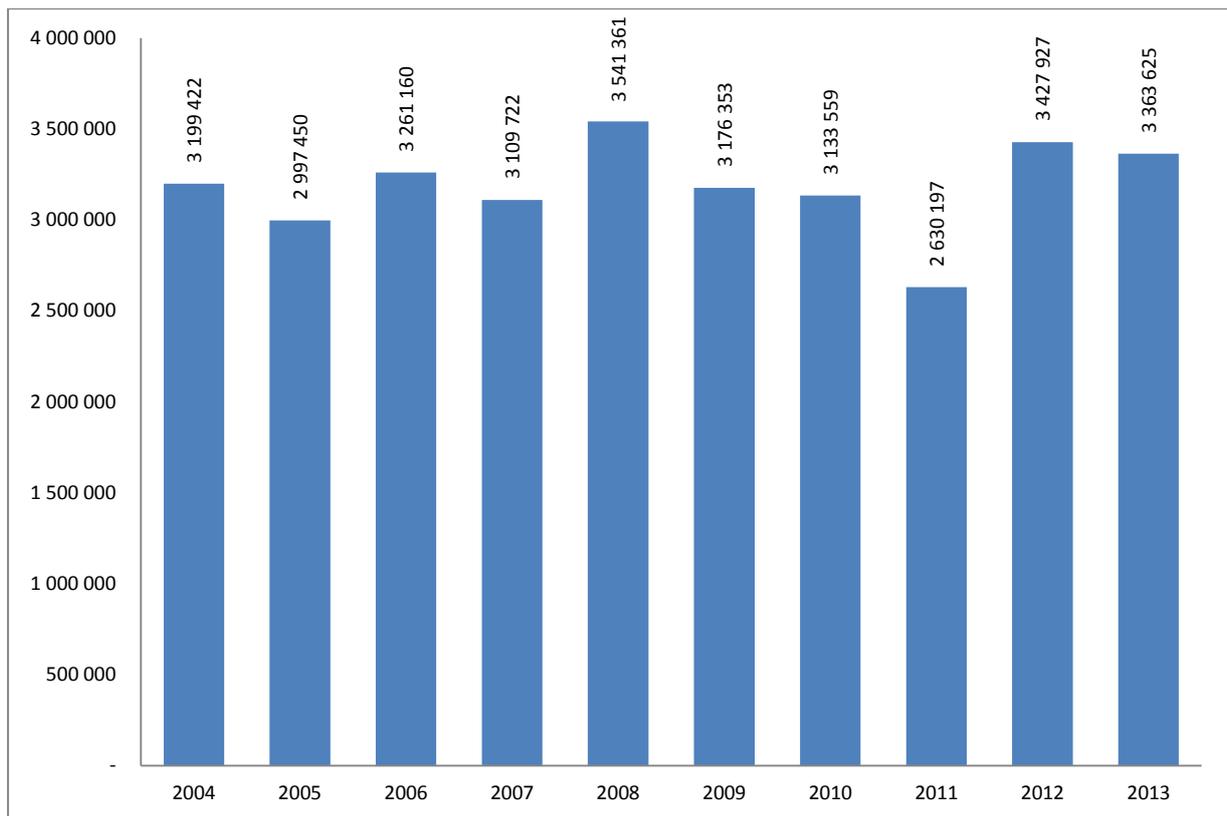
Table 19: Status at a Glance: Free basic services

Indicators	1994 baseline (or nearest year)	2010 Status (or nearest year)	Current status (2013 or nearest year) 2015	Current status (2014 or nearest year) 2015	Target	Target achievability	Indicator type
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)	56.0 (2009)	No target	NA	Domesticated
Electricity	No data	No data	65.0 (2009)	65.0 (2009)	No target	NA	Domesticated
Sewerage and sanitation	No data	No data	23.3 (2009)	23.3 (2009)	No target	NA	Domesticated
Solid waste management	No data	No data	28.3 (2009)	28.3 (2009)	No target	NA	Domesticated
Percentage of indigent households receiving free basic services							
Water	61.8 (2004)	72.3 (2007)	79.2 (2011)	73.4 (2013)	No target	NA	Domesticated
Electricity	29.2 (2004)	50.4 (2007)	66.1 (2011)	51.0 (2013)	No target	NA	Domesticated
Sewerage and sanitation	38.5 (2004)	50.7 (2007)	62.4 (2011)	59.3 (2013)	No target	NA	Domesticated
Solid waste management	38.7 (2004)	51.3 (2007)	60.2 (2011)	62.3 (2013)	No target	NA	Domesticated

Sources: Stats SA (2013) Non-financial census of municipalities from 2004 to 2013, Statistics South Africa and Stats SA (2011) Living Conditions Survey 2008/09.

According to Figure 34 below, for the period 2004 to 2013 indigent households identified by local government were ranging between 2.6 million and 3.5 million; with the highest number recorded in 2008 and the lowest recorded in 2011.

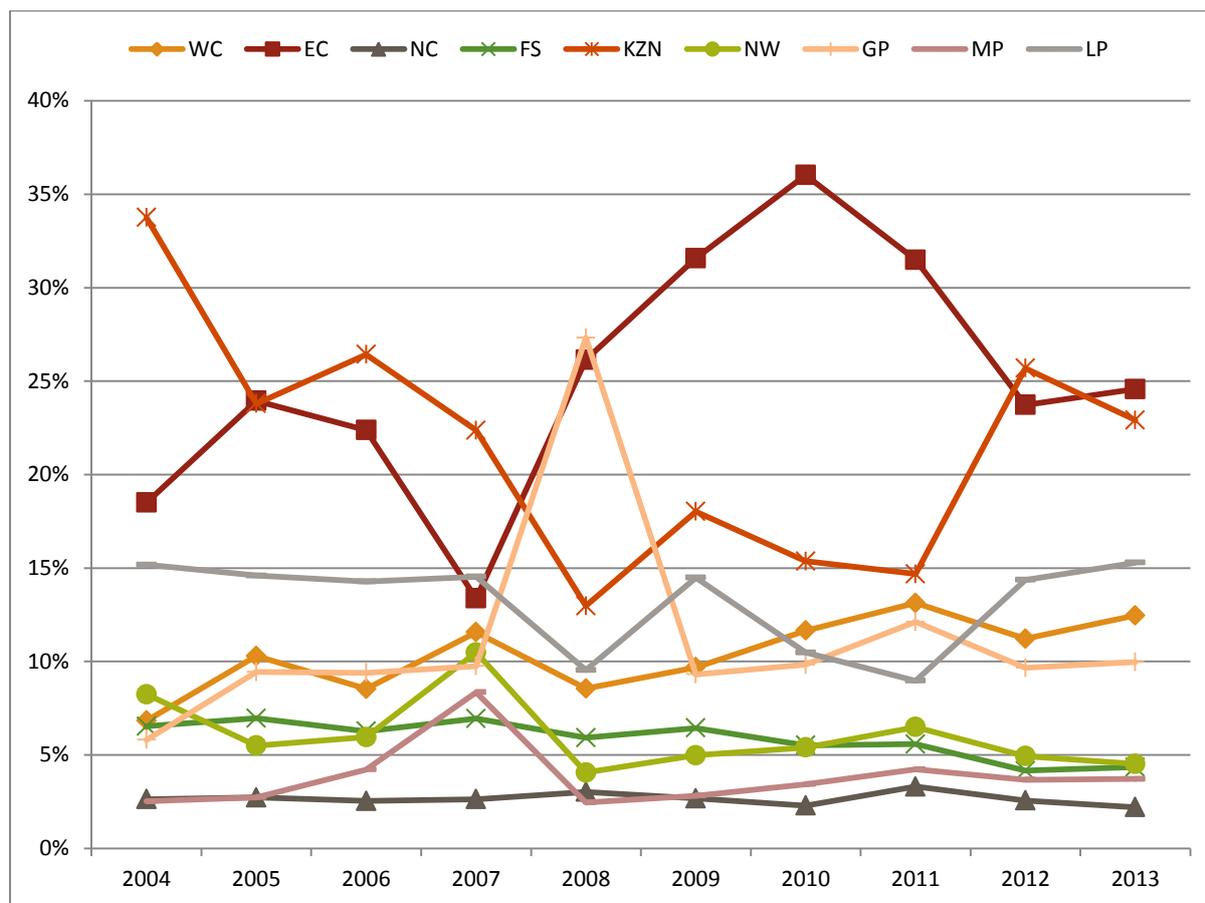
Figure 34: Number of indigent households identified by municipalities from 2004 to 2013



Source: *Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa, 2013.*

Figure 35 below provides a provincial distribution of indigent households identified by municipalities from 2004 to 2013. The figure shows that Eastern Cape and KwaZulu-Natal seem to contribute the largest shares, with significant variations from 2004 to 2013. The latter trend is consistent with the poverty status of these provinces; what is not immediately clear is why Limpopo – one of the poorest provinces in the country – has consistently registered the lowest number of indigent households over the reported period. In 2008 all provinces registered a drop in the number of indigent households with the exception of Gauteng which recorded the highest proportion of indigent households, a change that could in all probability be explained by the impact of the global economic crisis on household socio-economic status.

Figure 35: Share of indigent households identified by municipalities from 2004 to 2013 by province



Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

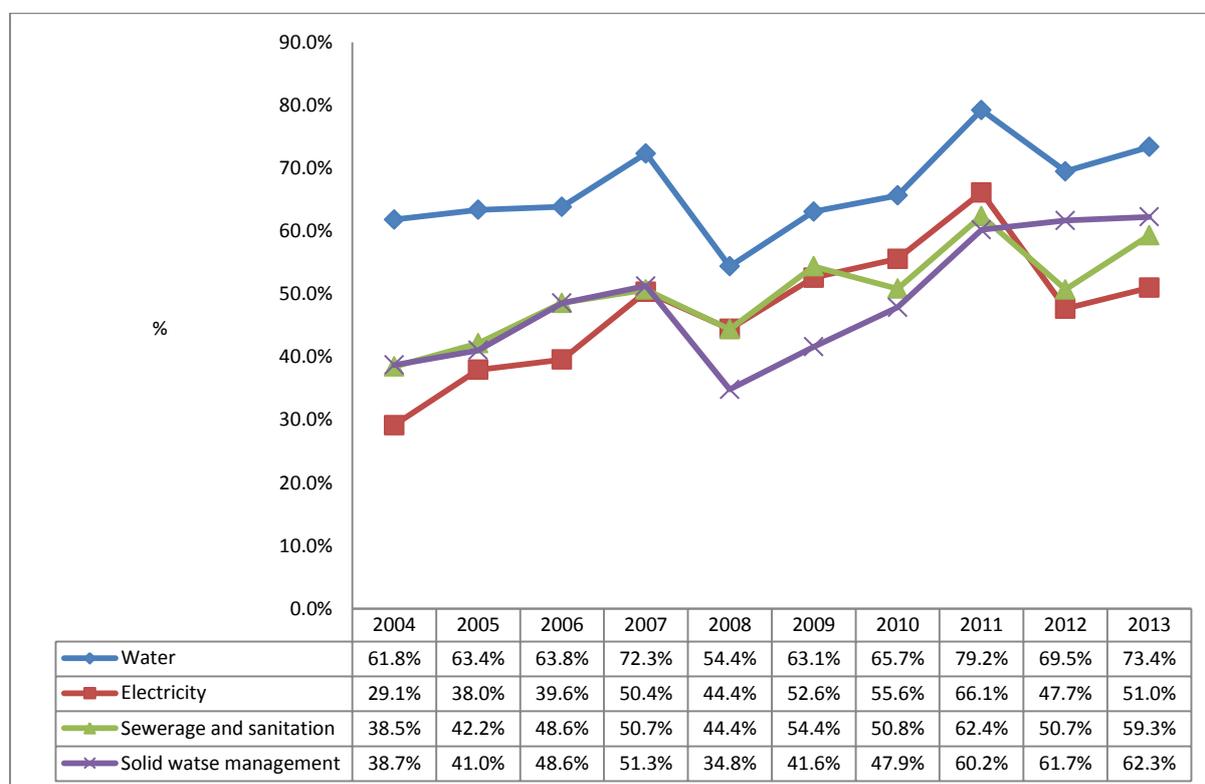
2.4.9.4 Access to indigent services

Across all indigent services there has been a gradual increase in the number of indigent households accessing free basic services. This has been tempered by periodic drops and increases between 2004 and 2013, as illustrated in Figure 36 below. What is interesting to note is that the fluctuations appear to align with employment trends over a 10-year period from 2003 to 2013, which noted two distinct patterns (Stats SA, 2013). The first was the impact of the global economic recession in 2008 and the second an upward trend which surpassed the 2007 peak in 2011. The dip in 2008 is counter intuitive in the sense that with job losses of just over 1 million, one would have expected to see an upswing in the number of households falling into indigents and registering for free basic services. Apart from the global economic recession it is not immediately clear as to what drives the year-to-year changes in indigent households. One plausible explanation could be that the annual changes are related to some households failing to register each year and as a result are automatically disqualified.

- Free basic electricity access rose from 29.1% to 51.0%;
- Free basic sewerage and sanitation access rose from 38.5% to 59.3%;
- Free basic solid waste management access rose from 38.7% to 62.3%; and
- An increases were noted in respect of access to water which rose from 61.8% in 2004 to 73.4% in 2013.

These gains, made between 2004 and 2007, were reversed in 2008 when provision of these services to indigent households dropped, coinciding with the global economic recession, with the most dramatic drop being reflected in the access to free basic water provision from 72.3% in 2007 to 54.4% in 2008. A second pattern of decline was evidenced in 2012, but this trend was reversed in 2013 as illustrated below.

Figure 36: Proportion of households in South Africa benefiting from indigent support systems



Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

Access to free basic water services

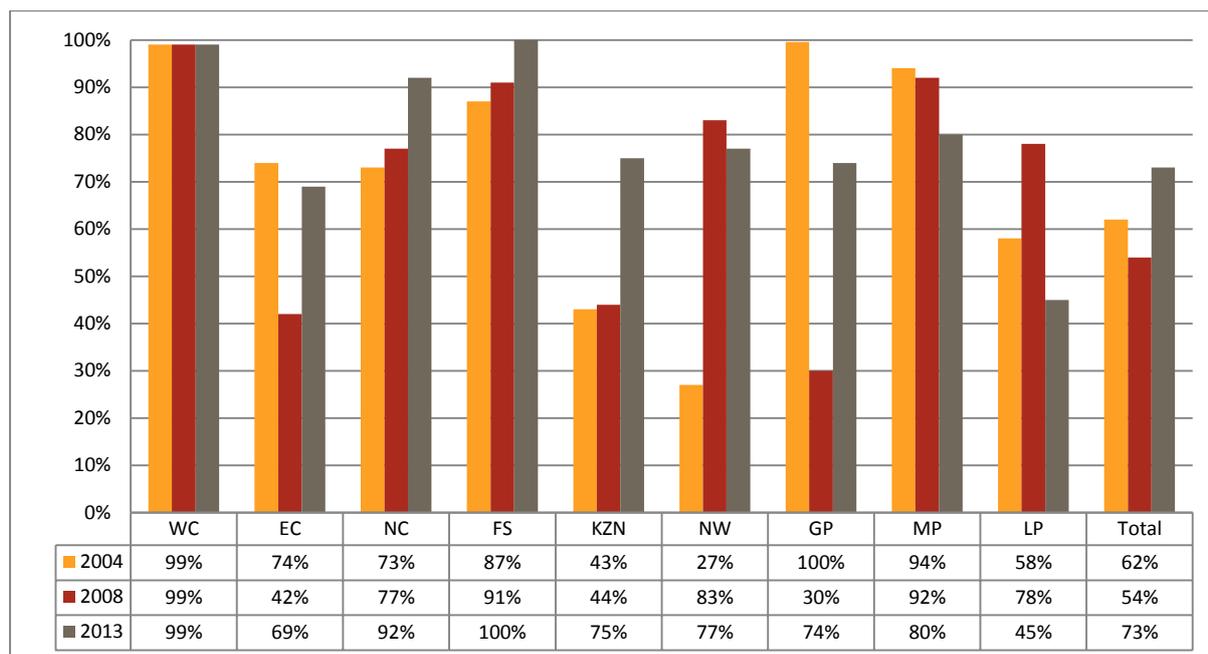
There have been important regional variations in provisioning to indigent households – with Western Cape achieving very high levels of attainment (99%). It should, however, be noted that analysing trends in access to free basic services over the years as reflected in Figure 36 above is complicated by the fact that the number of registered indigent households or households benefiting fluctuates substantially from year to year and hence a simply percentage wise comparison over the years would be misleading. Table 20 below illustrates this complexity in that between 2004 and 2013, whilst the number of households who benefited from free basic water increased, if comparison is made between the number of registered indigent households in Eastern Cape for each of those two years against the number of households who accessed free basic water over that period, we find a 5 percentage points drop.

Table 20: Trends in access to free basic water 2004 to 2013 (EC)

Year	Number of registered indigent households in EC	Number of households accessing free basic water	%
2004	591 996	439 340	74%
2013	826 566	566 387	69%

Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

Figure 37: Proportion of indigent households benefiting from free basic water



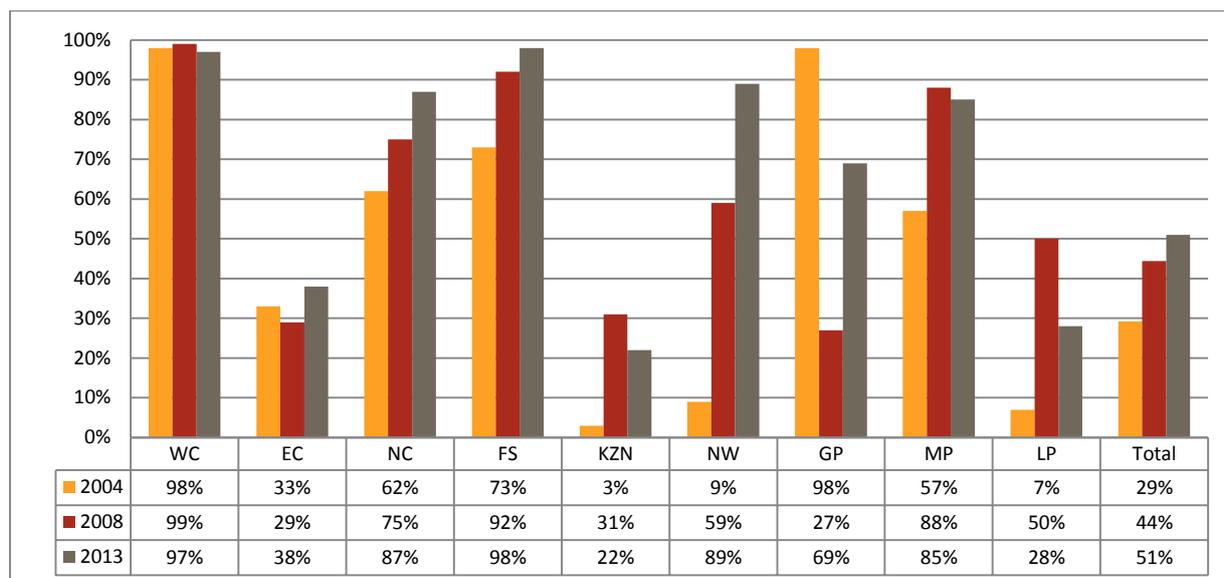
Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

Access to free basic energy and free basic alternative energy

In terms of access to free basic electricity, Western Cape sustained high levels of access as compared to other provinces. Gauteng recorded a huge drop on the proportion of indigent households benefiting from free basic electricity, dropping from 98% in 2004 to 27% in 2008. Three provinces which recorded very low access to free basic electricity were Eastern Cape, KwaZulu-Natal and Limpopo.

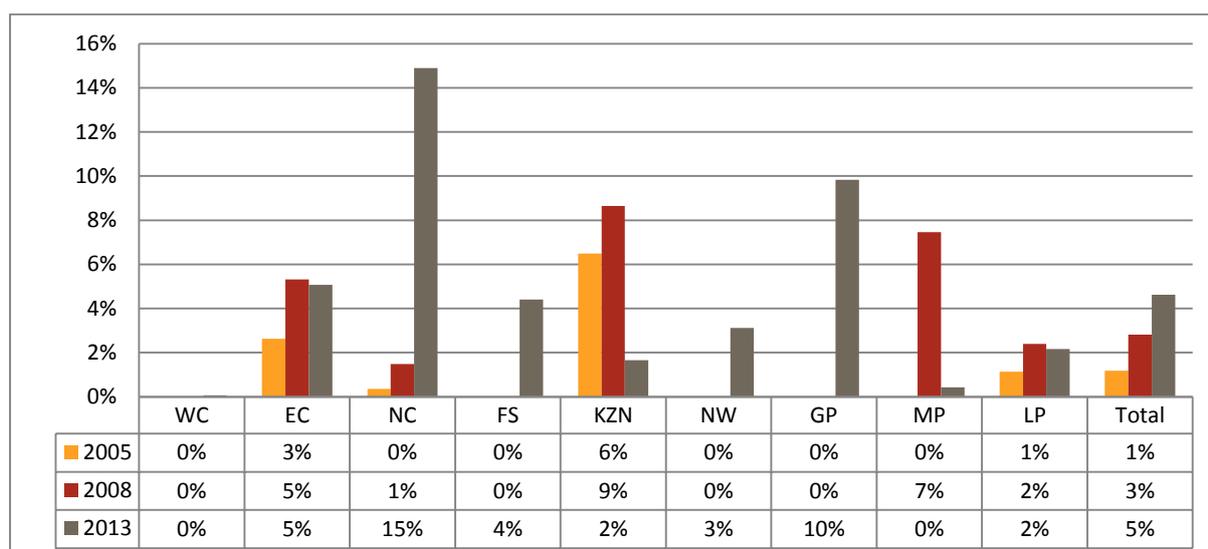
Free basic alternative energy support has also been introduced as part of the free basic service package in recognition that not all poor households have access to grid or non-grid electricity. Alternate energy sources include petroleum products such as paraffin and liquefied petroleum gas and renewal energy such as candles, firewood, coal, biogas and solar heating. It is noted that access to free basic alternative energy is inversely related to access to free basic electricity, with provinces which are recording high access to free basic electricity having very low access to free basic alternative energy sources. Thus Limpopo, Eastern Cape and KwaZulu-Natal are the three major provinces where indigent households access free basic alternative energy.

Figure 38: Proportion of indigent households benefiting from free basic electricity



Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

Figure 39: Proportion of indigent households benefiting from free basic alternative energy

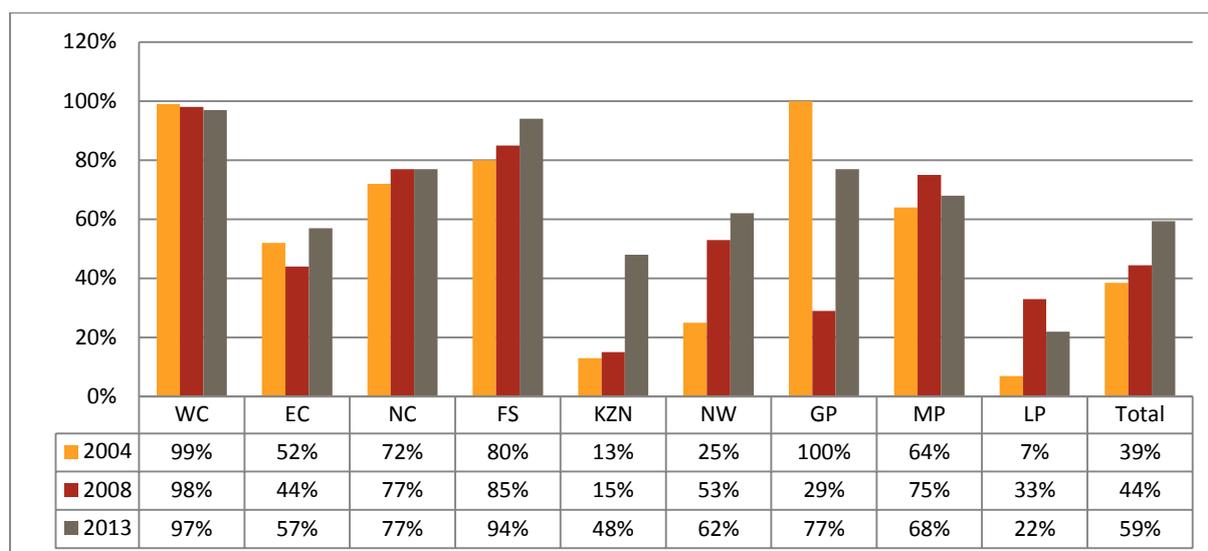


Source: Non-financial census of municipalities from 2004 to 2013, Statistics South Africa.

Access to free basic sewerage and sanitation, and solid waste management

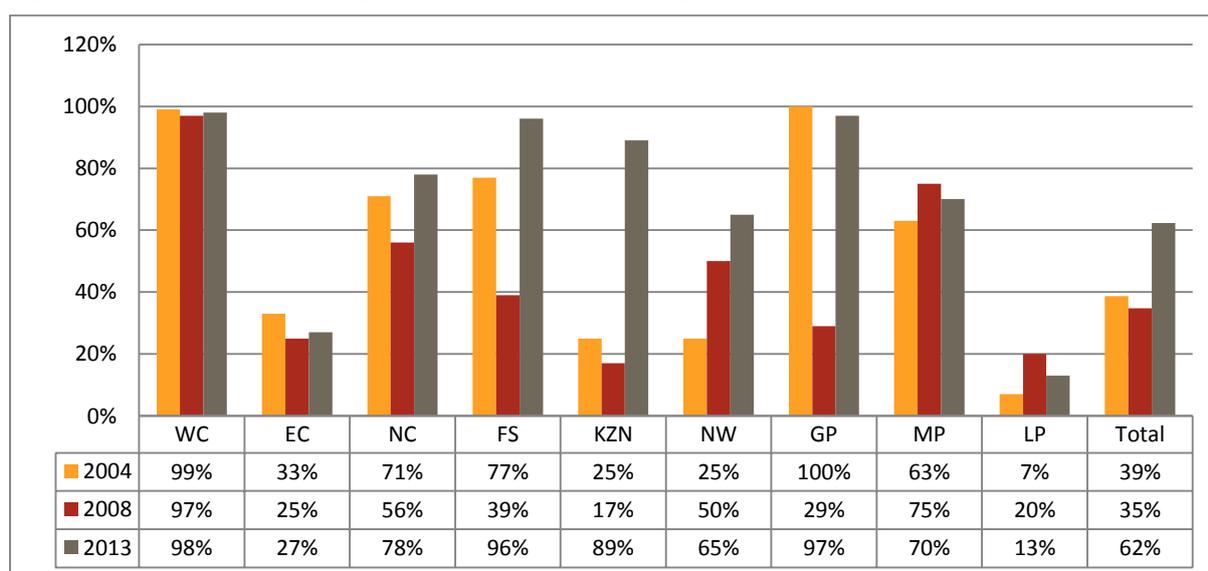
In terms of the National Framework for Municipal Indigent Policies, the provision of adequate sewerage and sanitation is important in improving the livelihood of indigent households. Limpopo illustrates the least progress with sewerage and sanitation provision, from 7% of indigent households in 2004 accessing this service to a mere 22% in 2013. The highest performing provinces in extending access to sewerage, sanitation and solid waste removal are Western Cape and Free State as indicated in Figures 40 and 41 below.

Figure 40: Proportion of indigent households benefiting from free basic sewerage



Source: Non-financial census of municipalities from 2004 to 2013, Statistics South Africa.

Figure 41: Proportion of indigent households benefiting from free basic solid waste removal



Source: Non-financial Census of Municipalities from 2004 to 2013, Statistics South Africa.

Proportion of households below the food poverty line (R305 per month in 2009 prices)

Table 21 measures access to free basic services for households below the food poverty line, which is deemed as a more objective measure of indigence compared with the self-targeting of indigent households reported above. The findings reflect that while coverage for electricity and water in 2009 was above 50%, the coverage for sewerage, sanitation and solid waste management remains low between 23% and 28%.

Table 21: Proportion of households below food poverty line (R305 per month in 2009 prices) with access to free basic services (%)

<i>Domesticated Indicators</i>	<i>1994 baseline (or nearest year)</i>	<i>2010 Status (or nearest year)</i>	<i>2013 Status (or nearest year) 2015</i>
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)
Electricity	No data	No data	65.0 (2009)
Sewerage and sanitation	No data	No data	23.3 (2009)
Solid waste management	No data	No data	28.3 (2009)

2.4.9.5 *Analysing the effective roll out of the Indigent Policy: drivers and impediments to progress*

According to National Treasury (2013), the national budget through the equitable share formula contributes a subsidy for every household with a monthly income of less than R2 300 for the provision of free basic services. In 2013 this subsidy was valued at R275 and was aimed at targeting 59% of all households.

Factors which have contributed to the rollout of the Indigent Policy is the dedicated funding allocation to service authorities through intergovernmental transfers for the provision of services.

Although the results indicate that steady progress made in increasing access of poor households to free basic services, it has fallen short of the targeted 59% of indigent households.

This is even more pronounced if the scale of reach and targeting of free basic services is compared with that of the reach of South Africa's social assistance programme. Bhorat et al (2012), in comparing the income threshold used in the means test for determining eligibility for social grants (old age pension and the child support grant) and free basic services as at 2008, concluded that the social grant thresholds were considerably higher than the FBS poverty line (generally calculated at R1 500 per month) by 1.4 times to three times the FBS poverty line in 2008. The overarching conclusion to be drawn is that if the social grants means test was to be applied in estimating the demand for FBS, then many more households are likely to be considered indigent.

Bhorat et al (2012) attempted to estimate the proportion of households eligible to receive free basic services (FBS), assuming different values of poverty lines which some municipalities use to define indigent households. The different poverty line values included:

- The FBS poverty line of R1 500 a month as well as two variations of this line, namely 50% of the FBS line (R750 a month) and double the value of the line (R3 000 a month).
- An income level equal to two old age pensions (OAP) which some municipalities used as a threshold for indigent support. In 2008 this amounted to R1 920 a month or 1.28 times the FBS poverty line.
- The income threshold used to test for eligibility of urban households for the child support grant (CSG). In 2008 this threshold was R2 200 a month (or about one and a half times the FBS line).
- Finally, the income threshold used to evaluate eligibility for an OAP was utilised as a fifth potential poverty line. In this case the threshold for a household consisting of a married couple (R4 488 a month) was used, which amounted to almost three times the FBS poverty line.

Table 22: Number and proportion of households eligible for FBS using different criteria

	R750/mth		R1500/mth		2X OAP (R1920)		CSG Threshold (R2200)		R3000/mth		OAP Threshold (R4488)	
	No of Hhlds	%	No of Hhlds	%	No of Hhlds	%	No of Hhlds	%	No of Hhlds	%	No of Hhlds	%
South Africa	998 302	8	3 612 222	29	4 980 183	40	5 726 041	46	7 250 063	58	8 710 547	70
Urban	433 228	5	1 678 120	21	2 423 702	30	2 847 914	35	3 809 989	47	4 842 302	60
Rural	565 074	13	1 934 102	45	2 556 480	59	2 878 127	66	3 440 074	79	3 868 245	89
Western Cape	34 386	3	201 007	16	288 862	23	349 607	28	488 122	38	623 985	49
Eastern Cape	21 386	13	674 379	39	863 934	50	971 233	56	11 170 740	68	1 343 068	78
Northern Cape	26 069	9	9 801	33	133 992	46	15 199	52	191 145	65	223 363	76
Free State	64 845	7	275 149	31	373 974	42	419 844	47	531 019	59	651 526	72
KwaZulu-Natal	171 393	8	689 934	31	953 316	43	1 092 057	4	1 397 136	63	1 665 313	75
North West	93 649	10	298 861	33	42 189	46	471 136	52	572 362	63	676 019	75
Gauteng	147 549	5	544 542	18	829 213	28	993 377	33	1 337 669	45	1 735 644	58
Mpumalanga	104 843	12	305 333	35	418 243	48	473 239	54	583 955	66	682 399	78
Limpopo	139 204	11	525 008	40	696 758	54	803 557	62	977 916	75	1 109 231	85

Source: Borat et al (2012).

In exploring these various permutations as outlined in Table 22 above, Borat et al (2012, p.9) arrived at a few important conclusions:

- That the share of households that are poor is relatively larger in rural areas compared with urban areas;
- That doubling the poverty line threshold, from R1 500 per month to R3 000, is likely to suggest an increase of over 3.6 million more households who could be deemed indigent and thus qualify for free basic services;
- By reducing the poverty line threshold from R1 500 per month to R750 per month it will exclude approximately 2.6 million households who are currently eligible.

Impediments to the effective roll out of the Indigency Policy

It has been suggested (National Treasury, 2013; Tissington et al, 2013; DCoGTA, 2014) that the emerging pattern hides some very critical challenges experienced, particularly in identifying and counting the number of indigent households in South Africa and how these relate to assessing the deficits in access to free basic services:

- Municipalities remain challenged in how to decide which targeting methods should be used for the provision of different FBS, particularly due to the lack of clarity on how to define who is poor and should qualify as indigent;
- The difficulties experienced by municipalities in defining what a household is. Here the concern is that the target for free basic services is consumption based per household, which ignores the reality of varying household sizes and many families in one household. More importantly, municipalities have struggled to access non-account holders who comprise a large percentage of indigent households;
- Concern about the general lack of community awareness of the indigent policy and qualification criteria and hence the levels of self-targeting;
- Serious lapses in the identification, verification and management of indigent databases in municipalities;

- The practice of disconnecting households from their free basic electricity monthly entitlement if they have defaulted on the payment of other services as a credit control measure being used by municipalities and Eskom;
- Municipalities are expected to allocate additional funds from their own budgets for FBS to cover all indigent households. With the resource challenges that many local municipalities face, this is clearly an obstacle;
- In respect of FBE, the collection of tokens by customers stands at 76% with wide provincial variations. In some provinces the collection rate is as low as 58% due to the collection points being inaccessible; and
- At municipal level there appears to be confusion as to which department is responsible for the rollout of the FBS, with some municipalities locating this function in the office of the Chief Financial Officer while in others it resides in a technical department; lack of capacity at local government level remains a key obstacle.

Analysis of service delivery protests between 2012 and 2014 revealed the main reasons for protests as being lack of access to water (38%) and lack of electricity (37%). More importantly, the provinces with the highest number of protests were Western Cape followed by Gauteng. It reflects the very complex nature of the levels of dissatisfaction with service delivery, particularly as it relates to Western Cape where the performance of the indigent policy appears to be exemplary. It suggests that unhappiness with access to free basic services must be understood more broadly beyond the lack of service to issues relating to the quality and consistency of the services received as well as to a sense of relative deprivation experienced by those living in urban informal areas.

2.4.9.6 Recommendation

To address the challenges associated with the provision of these services at the municipal level, it is urged that the responsible departments work together to develop a framework to guide the municipalities on defining what a 'household' is; as well as on urgently establishing a standard poverty line or income threshold for identifying households eligible for free basic services.

3 TOWARDS THE SDGS – FRAMING THE IMPERATIVES

This section will map the existing and emerging goals and targets to the SDGs as outlined in the Sustainable Development Solutions Network (SDSN) (2014) framework document. This will include SDG specific (those that might be carried over from the MDGs) and the domesticated ones for South Africa.

Proposed SDG Goals

- **Goal 1. End poverty in all its forms everywhere**

As noted above, one of the major proposals for the SDGs is to have the current poverty goal as *Goal 1: End poverty in all its forms everywhere*. Under this goal it is proposed that they be a de-emphasis of money/expenditure metric poverty measures. The proposal that has already been adopted by the United Nations will see the introduction of new indicators that will allow for the

tracking of multidimensional poverty. To this end, South Africa has already made the adjustment with the 2014 SAMPI index which is being introduced in this close out report as a domesticated indicator. However, there are still a few challenges that have to be overcome to make the SAMPI globally comparable. These challenges are related to the data limitations, and this is particularly true with respect to the health dimension of the index. Furthermore, with respect to SDG reporting, there are other challenges that the SAMPI will have to overcome for it to become a meaningful SDG indicator. These challenges are related to data frequency, since the 2001 and 2011 censuses were used for the first SAMPI. Although the reasons for choosing the census make sense within the context of Statistics South Africa's objective of coming up with a product that is fully decomposable, for the SDGs another survey such as the GHS will have to be considered to ensure the frequent updating of the SDG MPI. Although this will not meet the objectives of being fully decomposable by demographics and geography, the idea is to have interim SAMPIs based on the GHS between the censuses to allow for, at the very least, a provincial tracking of multidimensional poverty that can feed into the SDG reporting framework.

To this end, the multidimensional poverty SDG indicators will then be complemented by poverty line indicators that update the existing targets.

- ***Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all***

The targets under this goal for employment align with the policies already set out in the NDP, MTSF and various other policy documents of the government as discussed above. To begin with, Target 8.1 calls for sustained economic growth as per a nation's circumstance or 7% for least developed countries. South Africa has set itself a growth rate of 5% in order to achieve its goals for development, including employment creation. South Africa has already begun exploring the potential of diversification and moving away from an over-reliance on primary industries such as mining and agriculture, but further assisting these labour-absorbing industries in order that they may grow and create more employment. This aligns to Goal 8.2, which calls for growth in high value adding industries as well as labour-intensive industries.

Tourism is seen as one of the big potential drivers of economic growth in South Africa, having been growing steadily over the past 20 years; and schemes such as the Tourist Incentives Programme (TIP) are being introduced to further encourage this industry as called for in Goal 8.9. Financial inclusion for all as envisioned in Goal 8.10 has been encouraged through the further broadening of services through the Post Office and the establishment of development financial institutes such as the Development Bank of South Africa (DBSA) and the Industrial Development Corporation (IDC) that finances development projects.

Another alignment can be seen in Goal 8.3 in the call for the development of policies that encourage job creation, entrepreneurship, innovation, etc. According to the goal, this would include the creation of jobs through the formalisation of small to medium enterprises. The Department of Public Works' Community Works Programmes have already been cited as a job creation project undertaken by the government; but there is also the legislative formalisation of cooperatives through the Cooperatives Act and the National Small Business Act. South Africa has already started creating policies to fulfil Goal 8.6 dealing with the reduction of youth

unemployment and lack of training. These include the youth wage subsidy that is paid to employers and encourages them to hire youth. The only misalignment in terms of the country goals is that the NDP envisages unemployment falling to 6% in 2030, while SDG 8.5 calls for decent work for all by this time. The latter may not be realistic given that South Africa already struggled to meet its goals as per Target 1.B. dealing with employment.

Given the disturbing history of exploitative labour practices in the country which include an over-reliance on cheap migrant labour from within and without South Africa, the government has enacted several laws aligned to Goal 8.8 which deals with the promotion of protection of labour rights. It enacted the Basic Conditions of Employment Act as one of the first measures to safeguard the rights of workers. The Mining Charter, which governs the sector with the gravest history in the country with regard to migrant labour, calls for mining companies to ensure decent living conditions for the miners; but also the assistance to ensure the improvement of economic conditions in their areas of origin for their families as these are among the poorest and least developed areas of the country. With regards to migrant labour, the NDP encourages the changing of migration policy to allow the influx of highly skilled labour into the country to help it meet the demands of the advanced-industry growth the country is hoping would aid economic growth.

It has been noted by the ILO (2012) that South Africa has already established good macro-level policies and legislative measures in order to help combat child labour as per SDG Goal 8.7. The Constitution is a rights-based framework from which the Child Labour Programmes of Action (CLPA) was derived. After adoption in 2003, the second phase of CLPA covered the five-year period from 2008–2012 and the third phase from 2013 to 2017. Section 13 of the Constitution states that: ‘No one may be subjected to slavery, servitude or forced labour’; but even more specifically to the rights of children, Section 28 notes that no child should be subject to exploitative labour practices, work that is inappropriate for a child of that child’s age or work that places at risk a child’s ‘wellbeing, education, physical or mental health or spiritual, moral or social development.’

In terms of economic growth, the SDG goal deals with infrastructure development for economic development. In South Africa, infrastructure growth is already seen as key to fostering economic growth. For example, the NGP notes that ‘the second Integrated Resource Plan for electricity (IRP2) foresees a near-doubling of electricity capacity by 2030, with 33% of new generation coming from renewable sources and 25% from nuclear power. It is also a key part of the plan to improve economic efficiency and to reduce emissions.’ And in a ‘water-constrained’ country, investment in water infrastructure will be key to further developing agriculture and agro-processing.

3.1.1 Towards better employment indicators: the Post-2015 Agenda

The notion of unemployment deprivation is anchored in the severity of unemployment at the household level. This is marked by the exclusion of household members from the labour market. According to Gradín & Ríó (2011) the estimate of the number of workless households can be regarded as a more accurate proxy of the severity of unemployment on the population than the individual unemployment rate itself. With the attention on the severity of unemployment arising

from the global financial crisis, tracking this indicator has strong implications for the SDGs. It points to the limitations of individual rates of unemployment to give an accurate sense of the depth and severity of unemployment. This understanding has given rise to the need for better indicators that track exclusions from the labour market.

The welfare aspects of tracking unemployment deprivation resonate within the context of a global perspective that is moving towards the need to capture wellbeing (Stiglitz, Sen, & Fitoussi, 2009). In a similar vein, the notion of the multidimensional poverty indicator as encapsulated in the SAMPI finds expression in this as it tries to capture the multiple deprivations that contribute to poverty. In this regard, the emphasis of employment indicators that capture the nature of this phenomena at the household level introduces a household dimension to the tracking of unemployment; an integration that is consistent with a broader welfare framework; a framework that arises from the understanding that the exclusion of household members from the labour market has implications that extend beyond the individual as it potentially reduces the resources available to the entire household (Gradín & Río, 2011, p.3). Furthermore, there is a well-established empirical body of evidence that highlights the negative impact of long term unemployment on work-seekers (Dew, 1991; Nickell, 2004; Pedersen, Holstein, & Köhler, 2005; Sen, 1997). The foregoing, therefore, makes a strong case and lays down the foundation for the inclusion of employment deprivation indicators in the post-2015 agenda. To this end, the Europe 2020 strategy (European Commission, 2010) made official the use of two indicators of exclusion from the labour market, as follows:

- the share of persons (children aged 0–17 years and persons aged 18–59 years) who are living in jobless households.
- the share of population (aged below 60 years) living in households with very low work intensity (i.e. households where the working age members work less than 20 % of their total work potential) (Gardin & Rio, 2011, p. 2).

Given the challenges that South Africa has faced with respect to unemployment, its persistence and its strong association with poverty, it goes without saying that the post-2015 agenda should consider the inclusion of better indicators for tracking employment, along the lines proposed by Gardin & Rio (2011).

4 CONCLUSION AND RECOMMENDATIONS

Over the past 15 years South Africa's complement of development policies has had the primary objective of addressing the triple challenges of poverty, unemployment and inequality. Overall, in terms of aggregate poverty, the results show that significant progress has been made towards the eradication of extreme poverty as defined by the international MDG poverty lines. Although challenges still exist, South Africa's efforts towards attempts to address the triple challenges have also been lauded by the World Bank (2014). It should be noted that some of these trends, specifically progress on the international money metric indicators, hide a number of challenges that still remain with respect to poverty eradication in South Africa. To this end the report, through the use of relative risk ratios, identifies areas for prioritisation in the post-2015 MDG period. Furthermore, this approach is consistent with the drive arising from the '*no one left behind*' proposals related to the poverty SDG goal.

Recommendation 1: The '*no one left behind*' post-2015 principle suggests that South Africa will need to address poverty by targeting vulnerable groups, particularly female-headed households in rural areas. With respect to addressing aggregate poverty, the challenge will be to broaden its poverty interventions beyond the provision of basic services that have had a tremendous impact on poverty. Given the contribution of unemployment to poverty, there will be a need to strengthen policies around an industrial development path that can create employment opportunities for the people of South Africa.

Recommendation 2: As the post-2015 agenda shifts to a multidimensional paradigm of measuring poverty, South Africa's early development and introduction of the SAMPI in the MDG reporting framework is commendable. However, in order for the SAMPI to become a more meaningful SDG indicator, it is recommended that two SAMPI indices be developed – a fully decomposable SAMPI that will give a picture of poverty and its drivers all the way down to the ward level, based on census data. In order to facilitate the interim reporting around the MDGs a second SAMPI based on a dataset with a greater frequency than the census, the GHS, is recommended.

Recommendation 3: Given the challenges around South Africa meeting its MDG employment targets, there is a need to better understand the nature of unemployment in a way that allows a more comprehensive tracking of the problem. To this end, there is need for the introduction of indicators that will complement the current set of indicators that introduce the notion of unemployment deprivation. The welfare aspects of tracking unemployment deprivation resonate within the context of a global perspective that is moving towards the need to capture wellbeing. In this regard, the emphasis on employment indicators that capture the nature of this phenomena at the household level introduces a household dimension to the tracking of unemployment; an integration that is consistent with a broader welfare framework – a framework that arises from the understanding that the exclusion of household members from the labour market has implications that extend beyond the individual, as it potentially reduces the resources available to the entire household.

Recommendation 4: South Africa has already made great strides in enacting policy to deal with unemployment, particularly with regard to youth, women and people with disabilities. Questions have been raised about the use of the labour productivity variable (GDP growth per person

employed) so a rethink of this variable may be in order, or finding another variable that can be domesticated to show the job creating potential of economic growth. Seeing whether this leads to better working conditions is currently done in tandem with looking at whether the proportion of the employed living under \$1 a day is decreasing.

Recommendation 5: The government strategy to contribute to employment creation through the support of small and medium enterprises is yet to have the impact intended on unemployment. Most SMEs do not survive beyond the second year in South Africa. Cooperatives, for example, have a survival rate of 12%, which means that a review of processes needs to be undertaken in order to improve employment creation potential, particularly as it has been found that youth and women make up the bulk of population groups seeking income-generating activities through these structures. An adequate review of these policies has not been done in the past five years to take stock of what has been done to the benefits and tools to improve the sustainability of these. Such a review is, therefore, recommended as it will go a long way in addressing the challenges faced by both SMEs and cooperatives as potential sources of employment.

Recommendation 6: Spatial dynamics still play a large role in employment; from the impact on education in terms of children having difficulty attending school because of lack of transport money, to young people from previously disadvantaged backgrounds not being able to afford the transport costs in order to explore and access employment opportunities which are usually further afield. It has been suggested that the provision of a transport subsidy would help in this regard. Lastly, the provision of safe transportation is key for improvement of female labour force participation.

Recommendation 7: Addressing uncertainty is key to increasing investment both internally and from external sources. As has been noted above, one of the impediments to SMEs investing more in their growth is a fear of crime impacting their businesses. Clarity and efficiency also need to be improved in the execution of Commission for Conciliation, Mediation and Arbitration (CCMA) cases. The CCMA mediates in cases as per the Labour Relations Act. Inefficiency is seen as a hindrance to employment as the costs associated impact on firm productivity and therefore, their hiring practices. Further, internationally, South Africa needs to send a clear signal about its policy direction in order that investors can be assured of a stable policy environment, which is important for investment.

Recommendation 8: With respect to hunger and malnutrition, a number of recommendations are submitted which are likely to support South Africa in the measurement and attainment of the equivalent SDG targets.

1. The need to improve food and nutrition security measurement tools and methods at household level is urgently recommended.
2. Introduce policy and programme measures which prioritise those without adequate food and nutrition. This requires an understanding of the intra- and individual household food and nutrition needs and dynamics in order to respond to the issues appropriately.
3. Undertake further research to understand how food access relates to dietary diversity and coping strategies.
4. For Target 1.C: Halve the proportion of people who suffer from hunger, to use the proportion of the population below the Stats SA food poverty line as a domesticated indicator for the current 1.9 indicator, halve the proportion of population below minimum level of dietary energy consumption.

Recommendation 9: At a policy level, there is need for policy makers to acknowledge the crucial developmental impact of social grants and the role they play in systems of mutual assistance on which millions of South Africans depend. There is also a critical need to revisit the targeting instruments to ensure that vulnerable groups such as rural children, young children and those who are orphans, particularly maternal orphans, access these benefits.

Recommendation 10: To address challenges associated with the provision of free basic services at the municipal level, it is urged that the responsible departments work together to develop a framework to guide the municipalities on defining 'household', and on urgency in establishing a standard poverty line or income threshold for identifying households eligible for free basic services.

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