

Sustaining effective anti-poverty programmes beyond transformation: Challenges and way forward

Julian May¹

1 Introduction

In January 1961, the United Nations declared its first ‘decade of development’ focusing on increasing the growth rate of aggregate national income in developing countries while recognising the need to benefit the poorer sections of the population. Commenting on the poor record of this first decade of development in 1970, Robert McNamara, then president of the World Bank Group, argued for a “...whole generation of development that will carry us to the end of the century” (cited in Meier, 1970:4). At the start of the fifth decade yet another World Bank President, James Wolfensohn, emphasised the need to “...create an environment in which you can ... give opportunity and empowerment and recognition to people in poverty” (Wolfensohn, 2000). Lending support to these statements, numerous international declarations have been made since the General Assembly’s resolution 1710 (XVI) of 1996 committing most countries in the World to a range of laudable goals, all of which are appropriate if poverty is to be eliminated. Following a jointly produced report “A Better World For All” published by the IMF, OECD, United Nations, and World Bank, on 08 September, 2000, 189 countries committed themselves to a set of measurable goals and targets in the Millennium Declaration and the Millennium Development Goals (MDGs) proposed for 2015. The MDGs and the policies and approaches that were adopted in the period leading up to the Declaration have been described as a ‘new poverty agenda’ with which to transform the world’s poverty profile with the MDGs as the vanguard (Maxwell, 2003:5).

Despite these sentiments, at the beginning of the 21st century high levels of poverty have persisted in almost all regions of the world and especially in sub-Saharan Africa (SSA). Despite debate over how best to measure global poverty, at best while the share of the global population categorised as being poor may have declined during the 1990s, the actual number of poor people continued to rise, and had approached 1.2 billion by 2001, the most recent baseline available. Although Global Economic Prospects Report of 2006 remains sanguine about achieving the MDG goal of halving world poverty, the prospects for sub-Saharan Africa are not promising. The Report predicts that this region is expected to contain 55 percent of the world’s poor by 2030 representing an 80 percent increase on its share in 2000 (IMF/World Bank, 2007:78). Moreover, in 2003, and in contrast to the findings of other international agencies, the United Nations Population Fund (UNFPA) reported an unrelenting increase in the numbers of those that are poor in the world. From this it is clear, that however defined and measured, the concern for poverty, and poverty itself, has persisted for more than four decades while reasons for this intransigence remain poorly articulated and largely unresolved.

The persistence of poverty is especially startling in the context of South Africa. On the eve of South Africa’s transition to democracy, the country was described by international development agencies as an upper-middle-income country with a per capita income in 1991 similar to that of Botswana, Brazil, Malaysia or Mauritius (World Bank, 2001a; UNDP, 2000). However, it was estimated that over half of South Africans were poor, with almost 2.5 million people thought to

¹ School of Development Studies, University of KwaZulu-Natal

be suffering from malnutrition (ANC, 1994:14). The South African Participatory Poverty Assessment (SA-PPA) conducted in 1996 concluded that the experience of the majority of South African households remained one of outright poverty, or of continued vulnerability to becoming poor (May et al, 1997:1).

Worryingly, despite the priority given to reducing poverty and inequality in 1994 by the incoming government, most studies have revealed that levels of poverty continued to increase in South Africa between 1993 and 2000 (Hoogeveen and Özler, 2004; Leibbrandt et al., 2001:26-27; Leibbrandt et al., 2005: 13; Stats SA, 2002; van der Berg and Louw, 2003). The result has been an increase in the number of people categorised as poor between 1995 and 2000 by some 2 million irrespective of whether the poverty line used is the well known \$1- or \$2-per-day corrected for Purchasing Power Parity (PPP), or any of the various national poverty lines that have been proposed. Despite more than a decade of transformation from a pariah state grounded on institutionalised discrimination, to the democratic host of international sporting events, as well as being one the 30 largest economies in the world in terms of Gross Domestic Product (GDP), poverty remains a critical issue in South Africa. Indeed, with a population of some 16 million poor people as reported by the United Nations Development Program (UNDP), South Africa is home to the 16th largest number of poor people in among the 67 countries for which comparative data are provided, and the fifth largest in SSA (UNDP, 2006). This, coupled with the gloomy predictions for poverty reduction in this region provides the motivation for understanding poverty dynamics in South Africa as an example of the problems facing any society in sustaining poverty reduction after political transformation and economic reforms.

In this paper, I will first consider issues that need to be taken into account when conceptualising what sustainable poverty might mean. I will then consider the scale of the 'poverty problem' in South African and discuss some of the key reforms introduced by the South African government over the past 15 years following South Africa's transition to democratic government. Finally I will reflect on the lessons learnt and how these might be applicable elsewhere.

2 Conceptualising poverty reduction that is sustainable

Designing anti-poverty programmes in any context involves deciding upon an appropriate conceptualisation of poverty itself, deciding upon indicators believed to adequately reflect this vision of deprivation, the collection of data believed to represent these indicators, analysis and interpretation of the data and the identification of actions thought to bring about an improvement in these indicators. Although there is broad agreement as how to each of these steps is to be done, differences continue to arise when poverty reduction moves from theory to praxis.

Poverty can be thought of as being the lack of resources with which to attain a socially acceptable quality of life. This places emphasis on indicators that vary according to the standards of the society being measured, and which may also take account of distributional issues. In their debate over absolutist and relativist approaches to defining poverty, both Townsend (1985) and Sen (1985) place emphasis on the social determination of deprivation. Thus Townsend (1985: 659) stresses that the necessities of life vary over time and space, and that they adapt as changes occur in society and in the products of society. The commodities required by people are thus relative in the sense that changes in institutions, technology and social structure are all influences upon the relationship between needs and resources. This means that poverty lines should not simply be updated by price changes, but also in terms of what is included in the bundle of goods that make up the minimum threshold. This is because what

constitutes well-being in one time period, or in a country, may not be sufficient in another context. Such a social construction of need suggests that norms and values determine what goods and services constitute essential needs while simultaneously, recognising that social structures determine the allocation of the resources through which these needs are met.

Poverty is also widely recognised as being multi-dimensional. For example, Chambers (1983) proposes five key dimensions: poverty proper, physical weakness, isolation, vulnerability and powerlessness. Australian philosopher, John Finnis proposes a more comprehensive list of the dimensions of well being including: life encompassing survival, health, and reproduction; knowledge including understanding, education, and also aesthetic experience; meaningful work and play; friendship and other valued kinds of human relationships; self-integration (inner peace); authentic self-direction (participation, self-determination, practical reason); and transcendence meaning 'peace with god, or the gods, or some non-theistic but more-than-human source (Finnis, 1980). While much more could be said on this topic, the point is that a sustainable design of poverty reduction programmes must recognise the limitations of the approach adopted; and take into account that poverty is both complex and multi-dimensional.

So given that there is a good deal of agreement on many of elements of the conceptualisation of poverty, why is there apparently so much disagreement when programmes are being designed taken? In answering this question, Kanbur (2001) presents an informative list of differences in the development discourse. He lists disagreements on the pace and sequencing of fiscal adjustment, monetary and interest rate policy, exchange rate regimes, trade and openness, internal and external financial liberalization including deregulation of capital flows, the scale and methods of large scale privatization of state owned enterprises.

He attributes these disagreements to different perspectives regarding aggregation, time horizon and market structure. By this, he means that some analysts operate in a paradigm characterised by a high level of aggregation (global, regional or national), in which with appropriate reforms, competitive markets will function efficiently over the medium term to produce a sustainable reduction in poverty. Others are concerned with lower levels of aggregation (urban/rural, men/women, marginalised areas), and see markets as inherently inefficient at least for the poor, and thus unable to deliver improvements to the deprivation felt by those who are poor at critical points in their life course. From this perspective, market structure is as least as important as the role of government. As would be expected, these groups have different priorities and expectations when trying to assess the impact of policy and broad social-economic trends and in the context of South Africa, could be caricatured as 'Treasury Types' and 'Social Development Types'. This does not necessarily mean that these perspectives cannot be reconciled. Kanbur believes that this is possible but that this requires that both groups recognize and take account of the underlying reasons for their disagreements.

3 Assessing the scale of deprivation in post-apartheid South Africa

Although attempts to assess the scale of poverty in South African has a long history, as with most other aspects of the country, the data and measures used are inconsistent and often incomplete and reflect a legacy of 40 years of segregation and dispossession. In one of the earliest studies, using sample surveys conducted in 1959, some 50% to 75% of the African population of urban South Africa were thought to be unable to afford a diet and a life-style determined to be minimally adequate (de Gruchy, 1960). During the mid 1970's, it was estimated that between 68% and 77% of all African families lay below a national poverty line

(the MLL) suggesting a surge in poverty levels during the era of 'Grand Apartheid' (SPRO-CAS, 1972; McGrath and Whiteford, 1994). By the mid 1980's, estimates for the rural areas designated for African settlement lay at around 75% and 43% for the total population (Simkins, 1984; Nattrass and May, 1986). Data collected from the first nationally representative sample survey undertaken in 1993 revealed that just over half (52%) of all African households in rural areas were poor in that their scaled per-capita expenditure fell below a commonly used poverty line derived from the HSL (Carter and May, 1999).

Using the Southern African Labour and Development Research Unit (SALDRU) data and an updated HSL, May et al (1995) reported that 68% of Africans in the rural KwaZulu-Natal could be categorised as poor suggesting that some progress had been made in this region during the 1980's, but that poverty levels in the Eastern Cape had soared to 80% (May et al., 1995). Noteworthy in all of these studies is that the inequality of South African society was always included in the analysis, including high levels of inequality in terms of income and wealth in the former townships and homelands.

Despite the availability of both data and expertise to develop a survey based poverty line for at least a decade, at the time of writing South Africa remains without an official threshold. Fortunately poverty analysts in South Africa mostly seem to agree that an appropriate threshold for absolute poverty in South Africa lies somewhere between R260 and R515 in 2000 prices, or between PPP\$2 and PPP\$4. Using a poverty line of R(2000) 322 per person per month Ozler (2007) reports that around 58% of South Africa's population can be categorised as being poor in 1995, a situation that had not changed by 2000, although there had been a marginal decline in the poverty incidence of Africans, from 68% in 1995 to 67%. Ozler's estimates for poverty in KwaZulu-Natal were similar to previous studies 63% in 1995 increasing to 68% in 2000 with the Eastern Cape again being the poorest province in South Africa.

Despite their absence of official endorsement, these lines have been used in series of hotly debated reports which contest whether there has been change in the percentage of those categorised as poor after 2000 (Van der Berg et al., 2005; Meth, 2006). An important point lost during this debate is that whatever line, data or approach is used, the actual number of poor people increased in the immediate post-apartheid era. This is illustrated by a recent OECD report on poverty trends in the post-apartheid era (Leibbrandt et al., 2010). While the incidence of poverty modestly declined between from 56% in 1993 to 54% in 2008, the population increased by an estimated 8.5 million people, and as a result the number living below the poverty threshold increased by 3.8 million. It is not surprising that in 2007, the UNDP ranked South Africa as being the 14th most populous in terms of the numbers of people living on less than PPP\$2 out of 99 countries for which poverty measurements are reported. This is despite the country ranking 10th among these countries in terms of its GDP per capita (UNDP, 2009).

The changing nature of South African poverty is also evident from the OECD report with the urban population increasing by 9.5 million, swelling the numbers of urban poor by 4.7 million, while the number of rural poor declined by 770 000. Leibbrandt et al (2010) suggest that the rise in urban poverty may be a result of migration by the poor from rural to urban areas. Kanbur's point about aggregation is worth recalling at this point. For those concerned with the provision of housing, health care or grants, these figures mean that there has been an increase in their target group, and thus a visible increase in poverty. For those concerned with a broader view of South African society, there has been a reduction in the share of its growing population who are categorised as poor, and thus vindication of long term policies to promote economic growth.

Following Foster, Greer and Thorbecke (1984) most studies now report what have become known as the p-alpha poverty measures. This suite of measures allows for the measurement of three important magnitudes relating to any dimension of poverty: its incidence, depth and severity. The application of the p-alpha suite of measures can be seen in Leibbrandt et al's (2010) meticulous analysis. Taking their lower poverty line, there has been an improvement in the Poverty Gap, with the average gap declining from 32% of the poverty line to 28%, while the severity of poverty declined between 1993 and 2000, but remains unchanged in 2008. The implication is that there has been some improvement in the welfare of those below poverty line, but that this does not appear to have reached the groups often termed 'the poorest of the poor' (Leibbrandt et al., 2010). These may be people who are unable to access various forms of pro-poor interventions such as the social grants or subsidies on services.

Although the Headcount (P^0) and the Poverty Gap (P^1) can be readily translated into policy discourse, severity (P^2) requires that some subjective value be placed on how the severity of the poorest is to be weighted. This lies at the heart of how to integrate distributional issues in the analysis of poverty and directs our attention towards inequality. There are many ways of measuring inequality and rather than repeat measures such as the Gini Coefficient contained in Leibbrandt et al (2010), some of the less well known are offered. The Decile Dispersion Ratio is a powerful way to convey the extent of inequality in South Africa. The wealth of each decile is measured as multiples of the poorest decile showing that the incomes of second poorest decile are around twice those of the poorest decile, the middle decile (5th) around 6 times the poorest, while the income of the wealthiest group is 88 times greater than that of the poorest decile.

Although the discussion thus far has focused on money-metric poverty, poverty reduction programmes must take account of other forms of deprivation. Physical poverty reflects inadequate access to essential services and is largely derived from a basic needs approach to development. This recognises that changes in the quality and availability of services are not captured by changes that measure income alone (May and Nzimande, 2009; De Vos, 2005). Using large sample surveys for South Africa, Bhorat et al (2006) report improvements in housing, access to water, access to electricity and to toilets between 1993 and 2004, with access to electricity for lighting increasing from 52% of households to 80%, and access to piped water increasing from 59% to 68% of households, a result that is confirmed by the relatively positive position of South Africa in a report released in 2010 by the Oxford Poverty & Human Development Initiative on multi-dimensional poverty (Alkire and Santos, 2010). However, in addition to keeping up with population growth, migration into urban areas and further household fragmentation, an estimated R110 billion will need to be found to eliminate the remaining backlogs in basic service delivery (National Treasury, 2008: 143). Again to recall Kanbur's comment on differing time horizons, despite the impressive delivery of essential services, and the reduction in physical poverty that this may have brought, population dynamics of growth, relocation and composition result in a frustrated citizenry and a moving target in which backlogs persist and may even grow.

In summary then, although South Africa does not yet have an official poverty line, the poverty profile of the country is comparatively well established. The highest incidence of absolute poverty is to be found in South Africa's rural communities, especially in the former 'homelands' in which poor infrastructure, a weak asset base, repeated shocks and limited economic opportunities create poverty traps from which it is difficult to escape. This in turn leads to the migration by those who can to the urban centres of South Africa, and to a steady increase in the

numbers of poor in these areas. Urban poverty is thus emerging an important dimension of the poverty problem in South Africa, while rural communities fall further behind. At the same time, South Africa is characterized by other forms of poverty include the exclusion of a substantial portion of the population from the economic mainstream. This is particularly noteworthy among young school-leavers who find it difficult to obtain employment in the face of the very high levels of unemployment in South Africa and the limited prospects for a substantial expansion in the formal labour market which could absorb the numbers of young people who enter the market each year. Even among those who are already employed, poor work conditions and informality result in low wages, insecurity and poor working conditions.

Relative poverty is also an important aspect of South Africa's poverty profile. The dramatic and increasing level of inequality has several negative consequences in this regard. Firstly, international research has shown that countries characterized by extreme inequality perform badly in terms of their efforts to reduce poverty. This is partly because of the concentration of resources and power into the hands of an elite who are able to redirect these towards projects which disproportionately benefit the wealthy and partly because this wealth tends also to 'crystallize', meaning that upward mobility becomes possible only to those who are already wealthy, while the bulk of the population tend to face stagnation or downward mobility. Further, high levels of inequality are also associated with high level of relative poverty in which those with few resources aspire to a lifestyle that is enjoyed only by the elite. Lastly, high levels of inequality also tend result in limited economic opportunities for the poor.

A final component of the South African poverty profile that warrants comment relates to the quality of life that many of the poor face. Poor health is one aspect of this relating to the numbers of people living with HIV/AIDS as well arising from poor nourishment, crowded and unsanitary conditions in urban slums and lifestyle diseases such as diabetes, heart diseases, depression and obesity. Other issues relate to the different aspects of child poverty, the situation of older people who are often expected to resume caring for children and ill people, and to prejudice and discrimination, including xenophobia.

4 Anti-Poverty Strategy in post Apartheid South Africa

The analysis just presented means that the South Africa poverty profile is complex, as are the causes and outcomes of deprivation. To be successful, policies will have to be similarly nuanced, with clear target groups in mind and appropriately inserted into the equally complex legacy of apartheid, as well as the complex system of government that South Africa has adopted. Anti poverty strategies have been a consistent theme of successive South African governments since 1994. Indeed, the Reconstruction and Development Program (RDP) prepared in 1993 as the incoming government's manifesto singles out the reduction of poverty in all its dimensions as the central concern for the post-apartheid era. However the macroeconomic environment has obviously conditioned the economic possibilities for achieving this. During the 1960s the South African economy grew at some six percent per annum, while total employment grew by nearly three percent per annum, in line with population growth. By the late 1980s the real economy was shrinking, as was formal sector employment. This trend was briefly reversed after the country's first democratic elections, with sustained growth throughout 1995. By the middle of 1998, economic growth fell to less than 0.5 percent per annum. The subsequent period sees a more favourable trend, with positive, if at times weak per capita growth peaking to 4.5 percent in 2004 due to both the rate of expansion of the economy and slowing population growth.

The South African government's response to these periods of poor economic performance was constrained both by international economic trends as well as by inherited fiscal realities. The apartheid government left a total public debt of R190 billion of which foreign debt amounted to some R5 billion (SARB 1996). Between 1993 and 1998, some 6.7 percent of GDP, and 24 percent of the budget, was annually absorbed by interest on this debt. Further, in line with the conservative macroeconomic stance taken by the GEAR, government contained growth in public expenditure and reduced its public-sector borrowing requirement from 9.3 percent of GDP in 1993/4 to just 0.3 percent in 2005/6 and a modest surplus in 2006/7 and 2007/8.

Weak economic growth resulted in declining formal employment which fell by 12 percent, or some 642,000 jobs, between 1993 and mid 1998 (CSS 1994; Stats SA 1999). Job losses were highest in those sectors that employ unskilled labour, with the manufacturing sector suffering a 6 percent loss in jobs between 1993 and 1998, compared to 21 percent in construction and 27 percent in mining (CSS 1994; Stats SA 1999; Stats SA 2001). This was followed by a period of job creation, with the number of formally employed increasing by almost 2.5 million between 1998 and 2004, half of which took place in the formal non-agricultural sector ((Stats SA 2005; May and Meth 2007). Nonetheless unemployment has increased for much of the post-apartheid period. According to a narrow definition of unemployment, 20.0 percent of the economically active population were unemployed in 1994 climbing to 25.2 percent in 1998 before peaking at 30.4 percent in 2002 and eventually falling to 24.4 percent in 2008 (May and Meth 2007; Leibbrandt, Woolard et al. 2010).²

Responding to these challenges during the period that followed the first democratic elections in South Africa, the South African government's orientation toward addressing the problems of poverty and inequality underwent some marked shifts, in language and emphases, if not in substance. The 1996 closure of the Office of the Reconstruction and Development Programme signalled to some at least symbolic reduction in the priority given to improving the access of the majority of South Africans to adequate shelter, sanitation and education. While programmes to provide such social services continue to reside within relevant ministries, in this period the dominant acronym in South African public policy debate shifted from the RDP to the GEAR (Growth, Employment and Redistribution), the label attached to the government's macroeconomic stabilisation and structural adjustment framework. Justifying the fiscally conservative stance adopted by GEAR, the South African government pointed to the need for economic adjustment, improved revenue collection and the maintenance of investor confidence. The Minister of Finance has since lauded this decision, arguing that recent stronger growth in GDP now allows for greater spending by all spheres of government, and as a result from 2004 to 2006, the government embarked on relatively expansionary phase, unveiling the Accelerated and Shared Growth Initiative – South Africa (AsgiSA) (Office of the President 2004). As a result the amount allocated in the national budget has also increased steadily between 2003/4 and 2008/9, although the fiscally cautious approach of the government to borrowing has remained whereby budgeted expenditure increased at an average of 14.8 percent per annum compared to national revenue which increased by 18.7 percent per annum. Overall, the revenue available for the total

²/ South Africa's national statistics agency uses a narrow and an expanded definition of unemployment, both of which are internationally recognised. The narrow 'official' definition considers people within the economically active population as being unemployed if a) they did not work during the seven days prior to the interview; b) want to work and are available to start work within a week of the interview; and, c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.

budget has grown from R112.3 billion in 1994/5 to R559.8 billion in current prices, with a decrease in the budget share allocated to military expenditures, and the share being allocated to social services increasing from 54 percent in 1994 to 59.2 percent by 2003/4 (Ajam and Aron 2007: 773). As such, expenditure on social services has grown strongly at 6.7 percent in real terms since 2002/3 (National Treasury 2008: 115; 120-122). Of this allocation, education has received the largest share followed by health, social security and housing (Hunter, Hyman et al. 2003).

Decentralisation has been implicit in many of the policies and strategies adopted for poverty reduction (May 2009). The South African Constitution adopted in 1996 introduced an elaborate system of cooperative governance and replaced the previously centralised national government with three separate, interdependent and interrelated 'spheres' of governments: a national government, nine provincial governments and 284 municipal governments who are expected to work within a system of 'co-operative governance'. The devolution of authority adopted in South Africa after 1994 can be distinguished from other forms of decentralisation in which some of the activities of national government are simply delegated to lower tiers of government, to be revoked should the central authority deem otherwise. Instead, there is a vertical division of authority, assigning each sphere its own powers, functions and responsibilities while limiting the extent to which each can intervene in the decisions of other spheres (Pimstone 1998). However since responsibility for revenue generation is unequally distributed with national government having access to a much wider variety of tax instruments compared to other spheres, on average, between 2001 and 2004, 89 percent of national revenue accrued to the national government, while the share of provincial and municipal governments was 5 percent and 6 percent respectively (Yemek 2005: 9).

Compared to the provincial governments, municipalities have greater powers to raise their own revenues through property and business taxes and to impose fees for services such as electricity, water, and sewerage. As a result, municipalities obtain on average about 86 percent of their income from their own revenue sources, with just 14 percent of municipal budgets being derived from national and provincial transfers. To adjust for inequalities between municipalities and provinces in terms of their ability to generate revenue, the Division of Revenue Act (DoRA) provides for the annual allocation of national revenues to each of the three spheres of government. Through this mechanism, there has been a steady growth in transfers from the national government to provincial and municipalities, which increased by 10 percent to provinces and 13 percent to municipalities between 2005 and 2007 (National Treasury 2005:143). In 2008/9, just over 50 percent of the consolidated budget was allocated to the national departments, 42 percent to the provinces and 7.7 percent to municipal (National Treasury 2008).

This system of decentralised government is important since the South Africa MDG report for 2007 comments that government's overarching policy to address MDG One (Eradicate extreme poverty and hunger) is through the provision of a 'social wage' package. This includes free clinic-based primary health care (PHC) for all, compulsory education for all those aged seven to thirteen years, and subsidies on housing, electricity, water, sanitation, refuse removal, transportation and so forth for those who qualify. Most of these programs through which the social wage is expected to be delivered fall within the mandate of the sub-national spheres of government.

This value of the social wage was estimated to be R88 billion in 2003 and it is evident that South Africa has achieved considerable success in terms of improvements to household access to most services (Republic of South Africa 2007:13). In the case of piped water, some 15 million previously un-serviced people have been connected to a formal water supply since 1994 with Census data and the GHS showing that 84.5 percent of household reported access in 2001 rising to 88.6 percent by 2006 (Stats SA 2003; SAICE 2006; National Treasury 2008: 98). According to the UNDP (2009) in 2006 just 7 percent of the population now live without access to an improved water source while 15 percent still have a water supply that is less than the government's target provision (Office of the President, 2007: 28). Progress has also been made with the provision of sanitation, with the proportion of household without adequate services declining from 50 percent in 1994 to 71 percent in 2006 (Office of the President, 2007: 29). Using official survey data Bhorat et al (2006) show improvements in housing, access to water, access to electricity and to toilets between 1993 and 2004, with access to electricity for lighting increasing from 52 percent of households to 80 percent, and access to piped water increasing from 59 to 68 percent of households.

Although this result is confirmed by the relatively positive position of South Africa in a report released in 2010 by the Oxford Poverty & Human Development Initiative on multi-dimensional poverty, considerable backlogs still exist for most of these services in terms of the un-serviced population, carrying a substantial burden in terms of the cost of delivery (Alkire and Santos 2010). In addition to keeping up with population growth, migration into urban areas and further household fragmentation, an additional R110 billion will need to be found if the remaining backlogs in basic service delivery are to be eliminated.

As a short-term measure to address poverty, social grants payments are especially important in South Africa where there has been an increase in the number of beneficiaries in receipt of grants from 2.9 million in 1994 to 13.4 million people in April 2009 (Manuel 2004; Schoer and Leibbrandt 2006; Leibbrandt, Woolard et al. 2010). Although the Old Age Pension (OAP) was established during the apartheid era, the introduction in 1998 of a Child Support Grant (CSG) for children younger than seven years is especially noteworthy. The coverage of this grant has now been expanded to older children in later years and now reaches 9.1 million children. Grant payments have risen from 2.9 percent of GDP and now amount 4.4 per cent, which is three times higher than the median spending of 1.4 per cent of GDP across developing and transition economies (Leibbrandt et al, 2010: 53; World Bank 2009).

Another important component of the government's short-term response to poverty reduction has been through the 'Extended Public Works Program (EPWP) which was introduced in 2004. BY 2008, the EPWP had provided more than 1 million work opportunities with a wage bill of just less than R1 billion. The National Treasury (2008) believes that more can be done by local government, and has recommended that municipalities opt for more labour intensive approaches to the delivery of services.

Education is an important long term strategy for poverty eradication and despite the inequities of the apartheid era in terms of education, primary school enrolment has been consistently high. The South African Schools Act (1996) made educational attendance compulsory for all children aged seven to 15, placing this responsibility on both parents and the state. Further, the 2005 Education Amendment introduced a School Fee Exemption policy in 2007 that exempts parents from paying fees according to a means test while a no-fee policy establishes schools without

fees. The Primary School Feeding Scheme Program provides one meal a day to some 6 million primary school children in 18,000 schools.

The mid-term MDG report shows an improvement on the already favourable position of 2004 in which 95 percent of children aged 7 to 13 years were in school. Enrolment is shown to be increasing for secondary schooling, while functional literacy is also improving. As a result, less than 1.5 percent of youth aged 15-24 years have never attended school (Republic of South Africa 2007: 19). Furthermore, the teacher/learner ratio is below the government target of 40:1 in primary schools (Office of the President, 2007: 41). Indeed, South Africa has a relatively high adult literacy rate of 87.6 percent of adults above the age of 15 years, and combined primary, secondary and tertiary gross enrolment ratio of 76.8 percent of eligible children (UNDP 2008). These statistics conceal the relatively poor performance of many children once enrolled in school.

A number of important policy changes have taken place in the post-apartheid period which should result in improved provision of health care and the reduction of child and maternal mortality and of some infectious diseases. These include the provision of free health-care for pregnant women and children aged less than six years, shifting the method of health care from a curative to a preventative approach as well legislation concerning health insurance and the termination of pregnancy (Poggenpoel and Claasen 2004: 3). There has also been improvement in the provision of health services and facilities.

Despite these promising advances in the provision of health care, South Africa's controversial position on HIV/AIDS during the later 1990's and early 2000's has earned the country some notoriety. By the middle of 2006, 5.4 million people were estimated to be living with HIV in South Africa, the largest number of persons living with HIV infection in the world (UNAIDS 2008). While this is partly due to the country's overall population size, HIV prevalence is extremely high. Prevalence among women attending ante-natal care increased from 7.6 percent in 1994 to 30.2 percent in 2005, while that for the population as a whole has increased from 8.5 percent in 2001 to 11.1 percent by 2007 (Office of the President, 2007: 38). Among adults aged 15-49 years, the HIV prevalence rate is estimated to have reached 21.5 percent. There are signals that prevalence may be reducing, with the Health Systems Trust (2008: 91) reporting a decline in prevalence among women attending ante-natal care to 29 percent in 2006 and 28 percent in 2007. However, premature adult mortality continues to increase with an estimated 345,000 South Africans dying of AIDS in 2006, making the disease the leading cause of death in almost all South African provinces (Dorrington, Johnson et al. 2006).

Recent events confirm better prospects, a less controversial stance on this issue and greater responsiveness to needs. The Comprehensive HIV and AIDS Program provides support to approved prevention, treatment, care and support interventions including implementation of the Operational Plan for Comprehensive HIV and AIDS Care, Management and Treatment for South Africa (Streak 2005). By 2007, this program had 264,423 patients, almost double the number of patients treated one year earlier, but still accounting for only 5 percent of those living with AIDS (National Treasury, 2007: 33; UNAIDS, 2008). HIV and AIDS thus remains an area of deep concern in terms of South African's prospects for poverty eradication, especially in terms of meeting health related targets. For example, with 55 percent of cases being co-infected with HIV, the incidence of reported TB cases has also increased, increasing by over 250 percent since 1996 to reach 0.3 million cases by 2006 (Office of the President 2007: 39). The implication is

that the incidence of TB has increased from 269/100,000 to 720/100,000, and is one of the highest in the world (DOH 2007).

Finally, international experience shows that land reform, an intervention which transfers assets into the hands of poor households, is potentially a long term way of reducing the level and depth of poverty. This has been long recognised by the South African government and, after social grants and housing grants, land reform is an important element of the country's policies for targeted transfers. Compared to land reform programs in other countries, which are focused more on productive development, the South African land reform program has a strong emphasis on equality and the redress of historical inequities including those associated with gender. In the formulation of policy, particular attention has been paid to the interests of the rural poor and the interests of rural women (van den Brink, Thomas et al. 2007). The initial land reform target for the redistribution program was massive: to transfer 30 percent of South Africa's 99 million hectares of farmland, or 30 million hectares, between 1994 and 1999. After three years of operation, about 200 000 hectares of land had been transferred to about 20 000 households, representing just 0.6 percent of the target, and 0.2 percent of the households demanding land. The slow delivery provoked claims that land reform was not working and several reviews of the original policies have resulted in more flexible strategies. Subsequent to 2002, the pace of delivery has slowed although it remains well above the levels achieved during the 1990's. The estimated number of land redistribution and land tenure projects in early 2005 was 2,025, with an estimated total of 100,000 beneficiaries and some 11,000 beneficiaries received land in 2004. Impact evaluations of progress that has been made conclude that South Africa's land reform was initially well targeted towards less resourced beneficiaries and that once received, land does make a significant impact in terms of income (Deininger and May 2000; Kesswell, Carter et al. 2009; Keswell, Carter et al. 2009). However the high failure rate of project casts doubt of the sustainability of these projects without further support from the public and private sectors (May, Bjåstad et al. 2010). This is especially so in the case of projects in which large groups must be formed in order to access grants (Hall 2009).

5 Lessons

Despite its relative wealth when compared to other countries in Africa, and its adherence to much of the mantra of the 'Washington Consensus' (fiscal discipline, macroeconomic stability, openness to trade and the protection of property rights), South Africa's experience does not offer simple solutions to the problem of poverty eradication. Instead its economy has proven to be inefficient in terms of its ability to translate what economic growth has taken place into the prosperity of its population. According to Heltberg (2002) the poverty elasticity of growth, a measure that shows what decrease in poverty results from economic growth, has been well below that of countries in Asia and South America and little better than countries in sub-Saharan Africa that have far less developed economies. Nonetheless there are a number of important lessons that can be derived.

Firstly, although this has not yet been empirically demonstrated, it seems possible that high and growing inequality is a concern for poverty reduction in South Africa. Internationally, inequality, especially in terms of wealth, has been shown to slow economic growth, and economic growth has been shown to reduce poverty (Deininger and Olinto 2000; Dollar and Kraay 2000). Although the emergence of a non-racial middle class may have assisted in short-term political stability, recent divisions within the ruling party and its allies suggests growing dissatisfaction

among those who have not yet benefited from the fruits of democracy (Bond 2000; May, Carter et al. 2004).

Secondly it is evident that substantial delivery of services and infrastructure has taken place through South Africa's decentralised system of local government. These form an important component of South Africa's strategy for poverty reduction and it is apparent that a substantial proportion of the population has benefited from this delivery. It is also apparent that a much greater contribution would be possible if a number of efficiency concerns were addressed. These relate to under-spending, skills constraints at the local level, poor coordination between spheres and line functions and inadequate attention directed towards maintenance (May, 2009). The South African experience also shows the extent of the policies and acts required to achieve effective decentralisation and the need for on-going policy reform as circumstances change. Indeed, many of the short-comings that have been identified relate to slow or incomplete implementation of existing policies rather than to policy gaps. Finally, the steady surge in service delivery protests suggest that the services which have been delivered may not be affordable for the beneficiaries, or are not of the quality or consistency that they expect.

Thirdly, to the extent that they can be afforded, social grants make an important and direct contribution towards the reduction of poverty. Further such grants have been found to benefit both the recipients and other members of their households. The Child Support Grant has been shown to produce substantial reductions in stunting of young children and this is likely to produce, in turn, substantial increases in those children's productivity and wages once they grow up (Agüero, Carter et al. 2009). There are also likely indirect benefits. Case, Hosegood et al. (2005) find that the CSG also results in an increase in school enrolment among 6-year olds and suggest several possible reasons for this, including that the Grant may improve children's health and nutrition, and thus school-readiness, as well as allow the household to afford fees, uniform and other school-related expenses. Samson et al. (2001) argue that receipt of pension income also can increase school enrolments while Boler and Timæus (2006) find that the CSG contributes towards lessening the negative educational impact of orphanhood on older children.

Fourthly, failure to attend to health care needs, especially those arising from HIV/AIDS constrains prospects of achieving a reduction in poverty. As Steinberg (2002) notes, two thirds of respondents survey in South Africa reported a fall in household income as a result of their actions to cope with the impact of HIV-related illness including the direct loss of earners. Households reported increased expenditure on health, diverting income away from other requirements, potentially with significant opportunity costs. Timæus and May (2009) examine adults deaths in the KIDS data already discussed and find that on average, young adult deaths have an adverse impact on the growth expenditure per head of households in KwaZulu-Natal. In the later period (1998-2004) young adult deaths have a particularly negative impact on households who receive above the median income. This was because the young adults who died in these households did not have lower earnings than survivors as was the case in poorer households. However the economic impact of adult deaths varies by the age of the person dying, and over time, and depends on the economic characteristics of the affected household. The implication is that while the deaths of young adults (largely from AIDS) do not usually appear to be catastrophic for poor households at least in economic terms, no simple generalisations concerning the impact of adult mortality can be identified, and it does appear that illness and death hinders prospects of escaping poverty.

Finally redistributive actions that transfer assets to poor households do appear to increase their incomes and their prospects of escaping poverty. However in the case of land, and perhaps other forms of asset transfers, success in targeting does not necessarily translate into sustainable projects. Further support is required including access to information, markets and social networks. Programs involving the formation of large groups appear to be especially vulnerable whereas programs involving partnerships between better and less resourced beneficiaries appear more likely to succeed.

6 Conclusion

Anti-poverty strategies are associated with contentious political choices such as the nature and level of support provided by public policy, how minimum wages are determined or as an administrative threshold beyond which eligibility for public funds is withdrawn. Issues of distribution, the concentration of economic power and its relationship to political, social and cultural power are central when determining which pathways from poverty are possible and which are optimal. However while it may be accepted that inequalities of opportunity based on race or gender are unjust, the implications of high inequality for poverty reduction have yet to be demonstrated. This is an important task since internationally, inequalities especially in terms of wealth, have been shown to slow economic growth, and, economic growth is generally recognised as one of the most powerful ways to reducing poverty (Deininger and Olinto, 2000; Rodrik, 2008). There are many points of contention here since the way in which growth is achieved can also produce poverty (Øyen, 2002).

In the second decade of the 21st Century we have a reasonable sense of poverty trends in many developing countries in Africa. It seems that the already high levels of poverty found in the 1960's peaked in the 1990's, and may have declined in the first part of this century, but are likely to have risen during the economic crisis and rapid food price increases of 2008/9. If the results from recent analyses are correct, despite global downturn, Africa may now be on a long-term pathway of gradual asset accumulation for poor households which sees a reduction in structural poverty. However the data discussed in this paper give rise to two concerns.

The first is that there may be deep pockets of poverty in many parts of Africa that are not being adequately reached by government policy. Measures of poverty suggest a reduction of poverty for those close to the poverty line (shown in the poverty Gap) but not for those well below this line (shown in the poverty severity). The data from some regions show that there are areas in Africa with extraordinarily high levels of poverty in terms of all measures, and that within these areas there may be severely deprived groups who have little chance of benefiting from Africa's wealth or the redistributive policies of government.

The second concern is that the economies of African economies remain inefficient in terms of its ability to translate economic growth into the prosperity of the continents population. A useful tool here is known as the poverty elasticity of growth which shows what decrease in poverty results from economic growth. Most African countries perform badly in terms of this, well below that of countries in Asia and South America (Heltberg, 2002). The reasons for this, including the possible influence of inequality, need to be better understood if the pace of poverty reduction is to be increased beyond its current sluggish rate.

7 References

- Agüero, J., M. R. Carter, et al. (2007). "Poverty and inequality in the first decade of South Africa's democracy: Evidence from KwaZulu-Natal." Journal of African Economies **16**(5): 782-812.
- Ajam, T. and J. Aron (2007). "Fiscal renaissance in a democratic South Africa." Journal of African Economies **16**(5): 745-781.
- Alkire, S. and M. E. Santos (2010). Acute Multidimensional Poverty: A New Index for Developing Countries. OPHI Working Paper. Oxford, Oxford Poverty & Human Development Initiative **38**.
- Bhorat, H., P. Naidoo, et al. (2006). Shifts in Non-income Welfare in South Africa, 1993-2004". DPRU Conference Paper. Johannesburg.
- Bond, P. (2000). Elite Transition: From Apartheid to Neoliberalism in South Africa. Johannesburg, Wits University Press.
- Carter, M. R. and J. D. May (1999). "Poverty, livelihood and class in rural South Africa." World Development(1): 1-20.
- Carter, M. R. and J. D. May (2001). "One kind of freedom: Poverty dynamics in post-apartheid South Africa." World Development **29**(12): 1998-2006.
- Case, A., V. Hosegood, et al. (2005). "The reach and impact of child support grants: Evidence from KwaZulu-Natal." Development Studies Southern Africa **22**(4): 467-482.
- Chambers, R., (1983). Rural Development: Putting the Last First. London, Prentice Hall.
- CSS (1994). South African Labour Statistics 1993. Pretoria, Central Statistical Service.
- de Gruchy, J. (1960). The cost of living for urban Africans. Johannesburg, South African Institute of Race Relations.
- De Vos, S., (2005). Indicating Socioeconomic Status among Elderly People in Developing Societies: An Example from Brazil. Social Indicators Research **73**(1): 87-108.
- Deininger, K. and J. May (2000). Is there scope for growth with equity: The case of land reform in South Africa , World Bank, . Policy Research Working Paper. Washington, DC, World Bank. **2451**.
- Deininger, K. and P. Olinto (2000). Asset distribution, inequality and growth. Washington DC, World Bank.
- DOH (2007). Draft Tuberculosis Strategic Plan for South Africa, 2007-2011. Department of Health. Pretoria.
- Dollar, D. and A. Kraay (2000). Growth is good for the poor. Washington DC, Development Research Group, World Bank.
- Dorrington, R., L. Johnson, et al. (2006). Demographic Impact of HIV/AIDS in South Africa: National and Provincial Indicators for 2006. Centre for Actuarial Research Paper. Cape Town, University of Cape Town.
- Finnis, J., (1980). Natural Law and Natural Rights. Oxford, Oxford University Press.
- Foster, J., Greer, J. & Thorbecke, E., (1984). A class of decomposable poverty measures. Econometrica **52**: 761-765.
- Hall, R., Ed. (2009). Another countryside: Policy options for land and agrarian reform in South Africa. Cape Town, PLAAS, University of the Western Cape.
- Health Systems Trust (2008). South African Health Review 2008. Durban, Health Systems Trust.

- Heltberg, R. (2002). The Poverty Elasticity of Growth. WIDER Discussion Paper. Helsinki, UNU-WIDER **2002/21**
- Hunter, N., I. Hyman, et al. (2003). Draft South African Social Protection and Expenditure Review. Durban, University of Natal, Durban & Rand Afrikaans University.
- Kanbur, R., (2001). Economic Policy, Distribution and Poverty: The Nature of Disagreements. Ithaca, Cornell University.
- Kesswell, M., M. R. Carter, et al. (2009). Impact evaluation of the LRAD program in South Africa. Cape Town, University of Cape Town.
- Leibbrandt, M., Woolard, I., Finn, A. and Argent, J., (2010). Trends in South African Income Distribution and Poverty since the Fall of Apartheid, OECD Social, Employment and Migration Working Papers, No. 101.
- Manuel, T. (2004). Budget Speech 2004.
- May, J. (2009). The role of sub-national jurisdictions in achieving the MDGs: The experience of South Africa, . Report prepared for the United Nations' Economic Commission for Africa (UNECA) under consultancy contract No. 7511. Addis Ababa, UNECA.
- May, J. and C. Meth (2007). "Dualism and data: What does a Quantitative assessment of poverty, inequality and employment reveal?" Development Southern Africa **24**(2): 271-288.
- May, J. and Nzimande, N., (2007). Poverty Profile of the Eastern Cape. Research Report. Durban, School of Development Studies.
- May, J., E. Bjåstad, et al. (2010). The lucky few? The socio-economic characteristics of South Africa's land reform beneficiaries, University of KwaZulu-Natal and Norwegian Institute for Urban and Regional Studies Research Report, Durban, University of KwaZulu-Natal.
- May, J., M. R. Carter, et al. (2004). "Is poverty and inequality leading to poor growth?" South African Labour Bulletin **28**(2): 18-20.
- McGrath, M. and A. Whiteford (1994). Inequality in the size distribution of income in South Africa. Stellenbosch Economic Project Occasional Paper. Stellenbosch, University of Stellenbosch. **10**.
- Meth, C. (2006). What was the poverty headcount in 2004? A critique of the latest offering from van der Berg et al, Research Report, School of Development Studies, University of KwaZulu-Natal. Miller, H., 1965. Characteristics of AFDC Families, The Social Service Review, 39(4): 399-409.
- Muller, ND., (1987). Rural and urban poverty and the measurement of development performance in the Transkei, Development Studies Unit Working Paper No. 9, University of Natal.
- National Treasury (2005). Budget Review. National Treasury. Pretoria.
- National Treasury (2008a). Local Government Budgets and Expenditure Review. National Treasury. Pretoria.
- National Treasury (2008b). Medium Term Budget Policy Statement 2008.
- Nattrass, J. and J. D. May (1986). "Migration and Dependency: Sources and Levels of Income in KwaZulu." Development Southern Africa **3**: 583-599.
- Office of the President (2004). Accelerated and Shared Growth in South Africa – A Summary.
- Office of the President (2007). Development Indicators Mid-term Review. Pretoria.

- Øyen, E., (2002). Poverty production: a different approach to poverty understanding.
[http://www.croporg/publications/files/report/Poverty_productionpdf%](http://www.croporg/publications/files/report/Poverty_productionpdf%\) , accessed 12/04/04
- Ozler, B. (2007). "Not Separate, Not Equal: Poverty and Inequality in Post-apartheid South Africa." Economic Development and Cultural Change **55**(3): 487-529.
- Pimstone, G. (1998). Local government: Constitutional foundations. Regionalism in the New South Africa. M. Khosa and Y. Muthien. Aldershot, Ashgate Publishing.
- Poggenpoel, S. and M. Claasen (2004). Provincial comparative health budget brief 2004. Idasa Budget Brief. IDASA. Cape Town. **150**.
- Ravallion, M., (1995). Poverty Comparisons. Chur, Harwood.
- Republic of South Africa (2007). South Africa: Millennium Development Goals, Mid-Term Country Report. Pretoria, Office of the President.
- Rodrik, D., (2008). One Economics, Many Recipes: Globalization, Institutions, and Economic Growth, Princeton, Princeton University Press.
- SAICE (2006). The SAICE Infrastructure Report Card for South Africa, 2006. Johannesburg, South Africa Institute of Civil Engineering.
- Samson, M. (2001). The Impact of Social Security on School Enrolment in South Africa. Research Paper. Cape Town, Economic Policy Research Institute. **25**.
- SARB (1996). Quarterly Bulletin, December 1996, No. 202. S. A. R. Bank. Pretoria.
- Schoer, V. and M. Leibbrandt (2006). "Determinants of job search strategies: evidence from the Khayelitsha/Mitchell's Plain Survey " South African Journal of Economics **74**(4): 702-724.
- Sen, AK., (1985). Commodities and Capabilities. Amsterdam, North Holland.
- Simkins, C. (1984). "What has happened to income distribution and poverty in the homelands." Development Southern Africa **1**(2): 19-42.
- Spro-cas (1972). Power, privilege and poverty. Johannesburg, South African Council of Churches and Christian Institute of Southern Africa.
- Stats SA (2003). South African Population Census 2001. Pretoria, Statistics South Africa.
- Stats SA (2005). Labour Force Survey September, 2004, , Pretoria, . Statistics South Africa. Pretoria.
- StatsSA (1999). Labour Force Survey September, 1998, Statistics South Africa. Pretoria.
- StatsSA (2001). South Africa in Transition: Selected findings from the October household survey of 1999 and changes that have occurred between 1995 and 1999, Statistics South Africa. Pretoria.
- Steinberg, M. (2002). Hitting Home: How Households Cope with the Impact of the HIV/AIDS Epidemic: a Survey of Households Affected by HIV/AIDS in South Africa. Durban, Henry J. Kaiser Family Foundation/Health Systems Trust.
- Streak, J. (2005). Provincial budgets for developmental social welfare services over MTEF 2005/06: A vulnerable child perspective. IDASA Budget Brief. Cape Town, IDASA. **158**.
- Townsend, P., (1985). A sociological approach to the measurement of poverty – A rejoinder to Professor Amartya Sen. Oxford Economic Papers **31**: 659-668.
- UNAIDS (2008). AIDS epidemic update 2008. Regional Summary Sub-Saharan Africa. Joint United Nations Programme on HIV/AIDS. Geneva, UNAIDS.
- UNAIDS, (1999). Global HIV Epidemic. Geneva, UNAIDS.

- UNDP (2003). Millennium Development Indicators for South Africa, Pretoria, United Nations Development Programme.
- UNDP (2009). Statistics of the Human Development Report, New York, United National Development Programme.
- UNDP, (2009). Human Development Report 1997: New York, Oxford University Press.
- Van den Brink, R., G. Thomas, et al. (2007). Consensus, confusion and controversy: Selected land reform issues in sub-Saharan Africa World Bank Working Paper. Washington, DC, World Bank.
- Van der Berg, S., Burger, R., Louw, M. & Yu D., (2005). Trends in poverty and inequality since the political transition. Stellenbosch Economic Working Papers,. Stellenbosch, University of Stellenbosch. 1/2005, accessed from http://www.ber.sun.ac.za/downloads/2005/working_papers/WP-01-2005.pdf on 14 July, 2009.
- World Bank (2009). Levels and Patterns of Safety Net Spending in Developing and Transition Countries, Safety Net Primer. Washington DC., The World Bank.
- Yemek, E. (2005). Understanding fiscal decentralisation in South Africa. Africa Budget Project Occasional Paper. I.-B. I. Service. Cape Town, IDASA.