

Poverty and inequality status and drivers in South Africa

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BACKGROUND

South Africa is the most advanced, diversified, and productive economy in Africa. It is the second biggest economy in Africa after Nigeria (measured by gross domestic product). Nevertheless, it remains the most industrialized, technologically advanced, and diversified economy in Africa. The country is classified as an upper-middle-income economy, one of only eight African countries. Despite these positive attributes, South Africa is a dual economy with one of the highest and most obstinate inequality rates in the world, with a consumption expenditure Gini coefficient of 0.63 in 2023. This is a legacy of racial discrimination that characterised the colonial and apartheid eras. Today, high poverty and inequality are perpetuated by a legacy of exclusion and the nature of economic growth, which is not generating sufficient jobs. Inequality in wealth is even higher, and intergenerational mobility is low, meaning poverty and inequalities are passed down from generation to generation with little change over time.

THE CONCEPT AND DEFINITION OF POVERTY

To attempt to summarize the definition of poverty, Englama and Bamidele (1997) stated that poverty, both relative and absolute, refers to a situation where a person is unable to adequately meet his or her needs or fundamental human requirements, such as clothing and decent housing, food, the fulfillment of social and economic obligations, lack of access to productive employment, lack of skills, resources, and confidence; and access to roads, drinking water, sanitary facilities, and health care are a few of them.

POVERTY MEASURES IN SOUTH AFRICA

In South Africa, poverty is typically assessed using income thresholds. Typically, centralized organizations such as Stats SA gather and update data that reflects income against various family sizes and household types. In South Africa, poverty is defined in three categories: the food poverty line, the lower-bound poverty line, and the upper-bound poverty line, as shown in table 1.

Table 1: South Africa's National Poverty Lines (NPL)

Poverty line	2022- Poverty line values (rands)
Food poverty line (FPL)	663
Lower-bound poverty line (LBPL)	945
Upper-bound poverty line (UBPL)	1,417

POVERTY INDICATORS IN SOUTH AFRICA

Table 2 shows the summary stats of the indicators used to measure poverty in South Africa in comparison to Sub-Saharan Africa. Unemployment was the highest among the other indicators, with 29.8% in South Africa which was four times higher than the total percentages of Sub-Saharan Africa (6.7%)

Table 2: Poverty Indicators in South Africa

Indicator	Year	South Africa (%)	Sub-Saharan Africa (%)
Health (Child mortality)	2021	33	73
Education (Share of youth not in education, employment, or training, total (% of the youth population))	2022	32.9	-
Living standards (Mortality rate due to unsafe water, unsafe sanitation, and lack of hygiene per 100 000 population)	2016	13.7	47.2
Economic activities (Unemployment)	2022	29.8	6.7

Source: World Bank (2023).

MAPPING POVERTY IN SOUTH AFRICA

One of the most notable characteristics of the poor in most developing nations is that they are disproportionately concentrated in rural areas. With a limited urban pull, this trend is likely to persist in the near and medium future (Ravallion, 2002). For instance, according to Stats SA (2017), around 81.3% of the target poverty groups reside in rural areas in South Africa compared to urban areas hovering at 40.7%. This is noted on the South African geographical poverty distribution map in Figure 1, highlighting most of the rural areas affected by poverty.

Figure 1: Provinces in the Food poverty line

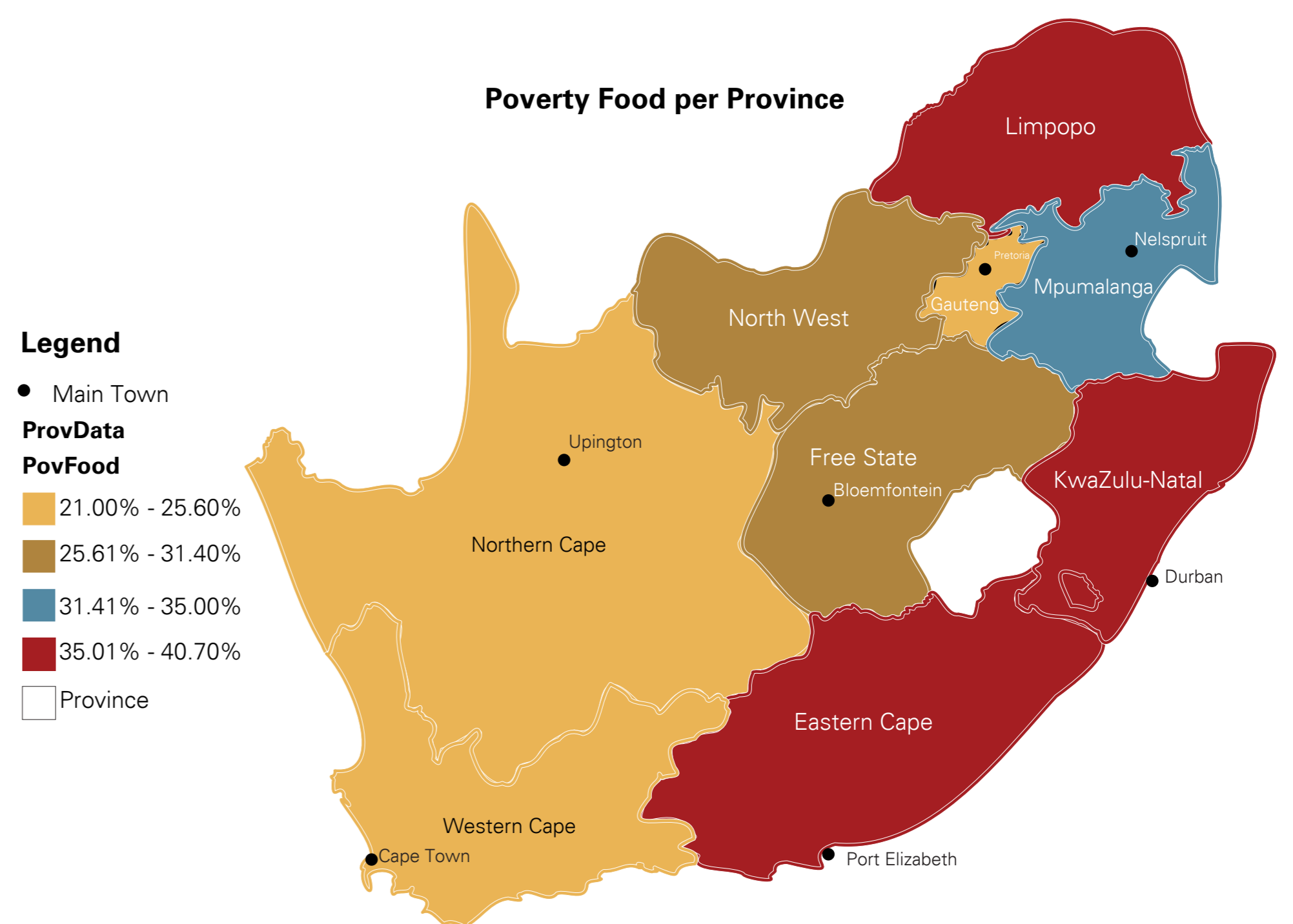


Figure 1 presents the spatial distribution of poverty node provinces in South Africa. The results suggest that subjective poverty is relatively high in provinces such as the Eastern Cape, KwaZulu-Natal, and Limpopo, varying from 35.1 percent to 40.70 percent. On the other hand, Western Cape and Gauteng also appear to have lower levels of poverty, with poverty ranging from 21 percent to 25.6 percent, respectively, consistent with the objective poverty measures.

CAUSES OF POVERTY IN SOUTH AFRICA

South Africa's poverty results from several factors, including the history of racial discrimination, corruption, and bad governance. Rural poverty is more prevalent than urban poverty for several reasons, some of which are worth mentioning: lack of resources and technology; urban bias; economic and political inequality, susceptibility to natural disasters; and lack of access to essential services.

CONCLUSION AND RECOMMENDATION

Apartheid and colonialism in South African history have had and continue to play a role in the country's contemporary trends and dynamics of poverty. There is no denying that Black and African communities are suffering from poverty more than those of other racial groupings. Against a backdrop of the history of South Africa, it is recommended that three complementary components be included in any strategy seeking to reduce poverty: - (i) the creation of economic opportunities for the poor, (ii) good governance or prudent macroeconomic management that fosters macroeconomic stability, and (iii) social programs that are directed toward the poor.