

Poverty & Equity Brief

Africa Eastern & Southern

South Africa

October 2021

Although South Africa has made significant progress in reducing poverty since 1994, poverty reduction came to a halt in 2011, even eroding some of the hard-earned gains. The latest survey, conducted in 2014/2015, shows that about 55 percent of the population (30 million people) was living in poverty at the national upper poverty line (~ZAR 992), while 25 percent (almost 14 million people) was experiencing food poverty. Poverty measured at the poverty line for upper-middle income countries (\$5.50/person/day in 2011 PPP) affected 57 percent of the population and shows a similar evolution.

South Africa is one of the most unequal countries in the world. The Gini index, which measures inequality in consumption per capita, reached 63 in 2014/15, the highest among countries with available data. Inequality is high, persistent, and has increased since 1994. High levels of income polarization are underpinned by structurally high inequality of opportunity and is reflected in an income distribution with a few high-income earners, a relatively small middle-class, and a large low-earnings group.

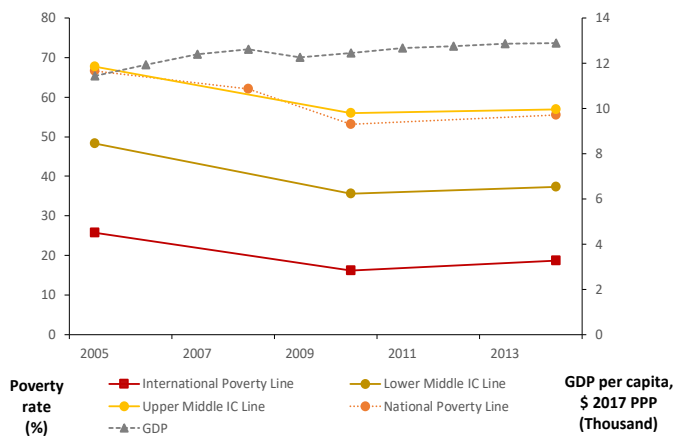
The lack of progress in poverty and inequality reduction is largely driven by a lack of economic growth, a poor business climate, and a non-performing labor market. Unemployment rates have hovered around 25-26 percent during the decade and have followed a moderate but increasing trend, reaching almost a third of the workforce by 2021. For the youth, labor market success represents a particularly steep challenge, with the 15-24 and the 25-44 age groups facing unemployment rates of 64 and 43 percent, respectively.

South Africa has been one of the most affected countries by the COVID-19 pandemic in Africa. After a 7.6 percent contraction last year, GDP per capita is expected to grow 3.4 percent in 2021, but will stagnate afterwards. Poverty is reaching levels not seen for more than a decade. It is estimated that 60 percent of the population is living below the upper-middle-income poverty line, increasing the number of poor by almost 2 million relative to pre-pandemic levels. Evidence from previous crises of smaller scale suggest that these negative effects could last across generations and further exacerbate South Africa's high inequality.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	30.3	55.5	2014
International Poverty Line 11.9 in South African rand (2014) or US\$1.90 (2011 PPP) per day per capita	10.2	18.7	2014
Lower Middle Income Class Poverty Line 20 in South African rand (2014) or US\$3.20 (2011 PPP) per day per capita	20.3	37.3	2014
Upper Middle Income Class Poverty Line 34.4 in South African rand (2014) or US\$5.50 (2011 PPP) per day per capita	31.0	56.9	2014
Multidimensional Poverty Measure		20.0	2014
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-1.34	2010-2014
INEQUALITY			
Gini Index		63.0	2014
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.11	2010-2014
GROWTH			
Annualized GDP per capita growth		0.86	2010-2014
Annualized Consumption Growth per capita from Household Survey		-1.23	2010-2014
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.92	2010-2014

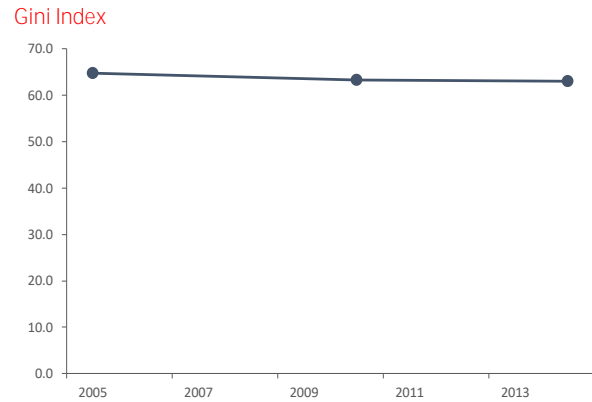
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2021, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2005-2014



Source: World Bank using LCS/SSAPOV/GMD

INEQUALITY TRENDS, 2005-2014



Source: World Bank using LCS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2014	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2014 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	58	42	25	75	Monetary poverty (Consumption)
Rural population	18	82	65	35	Daily consumption less than US\$1.90 per person
Males	45	55	38	62	
Females	41	59	42	58	Education
0 to 14 years old	31	69	51	49	At least one school-aged child is not enrolled in school
15 to 64 years old	48	52	35	65	No adult has completed primary education
65 and older	55	45	30	70	
Without education (16+)	19	81	62	38	Access to basic infrastructure
Primary education (16+)	25	75	55	45	No access to limited-standard drinking water
Secondary education (16+)	46	54	36	64	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	89	11	6	94	No access to electricity

Source: World Bank using LCS/SSAPOV/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Poverty monitoring in South Africa is possible through the comparable income and expenditure surveys collected by Statistics South Africa (StatsSA) in 2000, 2004/05, 2008/09, 2010/11, and 2014/15. The surveys are representative at the national and province levels. The new survey was expected to start in September 2020 but has been postponed to 2021/2022. In addition, StatsSA conducted the General Household Survey in 2017, which was focused on mainly categorical variables relevant for household welfare but did not collect income or expenditure levels.

StatsSA publishes poverty statistics using food and non-food criteria. The food poverty line is the level of consumption below which individuals are unable to purchase enough food to provide them with an adequate diet. The upper-poverty line is used to evaluate if households can afford both food and non-food needs. In 2018, in partnership with the World Bank, StatsSA published a comprehensive Poverty Assessment to document poverty and inequality trends and drivers at national and subnational levels.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.