



Northern Cape Provincial Treasury

Policy Brief: Analysis of Poverty Levels in the Northern Cape

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1. Introduction

One of the priorities of government is to eradicate poverty and to ensure a better life for the people of South Africa. This Policy brief provides an analysis of poverty levels for the Northern Cape Province. Section 2 shows why it is important for government to intervene in poverty alleviation by discussing some of the effects of poverty. The commitment of South African government to this matter is clearly shown in section 3 where some of the policies and programmes of government related to addressing poverty are provided. Section 4 gives an analysis of the poverty levels in the country, the Northern Cape as well as its districts, where three definitions of poverty are considered. This is followed by the conclusion and recommendations in section 5.

2. Effects of Poverty

Poverty does not only impact individuals and households, but also the nation as a whole. There are various ways through which poverty affects individuals as well as households. Some of these are outlined in this section.

- **Poverty, Unemployment and Inequality**

Poverty, unemployment and inequality, the so-called triple challenges, are interconnected and government has been struggling with the eradication of these challenges, although progress has been made. Poverty can impact on employment as people who are poor are often not in a position to afford higher education or training, which in turn affects their qualifications and skills necessary to get employed.

South Africa is known to have a highly skewed distribution of income. Statistics South Africa (Stats SA, 2018) revealed that labour market incomes are the largest contributor to inequality in South Africa, contributing more than 90 per cent to the overall Gini Coefficient between 2006 and 2015.

- **Education**

Poverty can also have a negative impact on education. Education unlocks many opportunities, including employment. Accessing education, especially higher education, is a challenge for a lot of people living in poverty. However, government's efforts to reverse this situation do not go unnoticed, especially since 1994. The study by Nortje (2017)

indicated that there is a clear link between poverty levels and education in South Africa. Taking other factors into consideration, Boyes *et al.* (2017) revealed that higher levels of poverty have been associated with school dropouts in South Africa, and girls were found to be at a higher risk in comparison to boys.

- **Health**

According to WHO (2005), the poorest people are more at risk of developing chronic diseases and dying prematurely from them in almost all countries. There are several reasons why poor people are more vulnerable, which includes greater exposure to risks as well as decreased access to health services. Chronic diseases may also push some people and their families into poverty, or lead to a deepening of their poverty and damage the family's long-term economic prospects.

In many instances, those who can afford healthcare often opt for private healthcare, while the poor are mostly dependent on government, putting additional strain on limited government resources.

- **Children in Poverty**

Beside other people who may be affected by poverty, in particular adults, the effects of poverty have been found to be greater amongst children. Children below the age of 15 experience persistent high levels of poverty and are vulnerable to stay in poverty for a long time (Stat SA, 2018). According to the World Bank Group and UNICEF (2016) children growing up in extreme poverty should be given special attention as it affects them differently than adults. The consequences of inadequate nutrition, a lack of early stimulation and learning, and exposure to stress lasts a lifetime. It leads to stunted development, low levels of skills needed for life and work, limited future productivity as adults, and transmission of poverty down to further generations (UNICEF and World Bank Group, 2016).

- **Poverty and Gender (The feminization of poverty)**

Stats SA (2018) has confirmed that poverty is more pronounced among females in comparison to males. Acknowledgement has been made, however, that poverty is not significantly different for these two groups in lower ages but remains higher for women as their age increase as compared to men. Furthermore, Stats SA (2018) indicated that female-

headed households are up to 10 per cent more likely to slip into poverty and 2 per cent less likely to escape it when compared to members of male-headed households.

- **Crime and Stability**

Poverty has also been found to go hand in hand with crime, however distinction should be made when this type of conclusion is made. According to Papaioannou (2017), literature distinguishes between absolute poverty (which is a lack of minimal material necessities for survival) and relative poverty (which is extreme income inequality). A great deal of previous research has demonstrated that absolute poverty is associated with higher property crime rates, while relative poverty has been linked with a surge of aggression and violent crimes. Higher levels of crime have also been found to be undermining economic stability, investment and productivity (Papaioannou, 2017). Cheteni *et al.* (2018) found a strong link between poverty and crime (drug-related) in South Africa both in the short- and long-run.

3. Legislative and Policy Framework

Some of the earlier policies that were aimed at addressing the socio-economic challenges facing South Africa are the Reconstruction and Development Programme (RDP) of 1994, Growth, Employment and Redistribution (GEAR) of 1996 as well as the Accelerated, Shared Growth Initiative for South Africa (ASGISA) of 2006. One of the objectives of these policies was aimed at addressing poverty amongst other issues. Some of the other government strategies, policies and programmes that are aimed at addressing poverty are discussed below.

- **Constitution of the Republic of South Africa, Act No. 108 of 1996**

The Constitution of the Republic of South Africa (The Constitution) is one of the legislative documents responding to poverty.

According to Chapter 2, The Bill of Rights, Section 27:

- Everyone has the right to have access to –
 - (a) health care services, including reproductive health care;
 - (b) sufficient food and water; and
 - (c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance. Furthermore,
- The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.

The Constitution also makes provision for children in as much as access to social services is concerned. Section 28 of Chapter 2 states that every child has a right to basic nutrition, shelter, basic healthcare services and social services.

- **National Development Plan (NDP), 2012**

The NDP is the long-term plan for South Africa that was adopted in 2012. This plan has been designed to respond to the country's major socio-economic challenges including eradicating poverty and reducing inequality by 2030.

With regard to poverty eradication, the following are some of the targets that have been set by the NDP for income poverty:

- Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39 per cent to zero.
- Bring the poverty-induced hunger to 0 per cent by 2030.

Chapter 11 of the NDP covers social protection and security issues. The NDP asserts that South Africa should have a comprehensive social protection system by 2030 that includes social security grants, mandatory retirement savings, risk benefits (such as unemployment, death and disability benefits) and voluntary retirement savings. Furthermore, the NDP has set five functions of social protection which are protective, preventive, promotive, transformative as well as developmental and generative. These functions have been set to respond to issues of chronic poverty including unemployment, risk and vulnerability.

- **Medium-Term Strategic Framework (MTSF), 2014-2019**

The MTSF 2014-2019 was launched as the first five-year implementation plan of the NDP. This MTSF was developed around two overarching themes: radical economic transformation and improving service delivery. The key targets that the MTSF 2014-2019 seeks to achieve include having universal access (at least 95 per cent of eligible people) to social assistance benefits by 2019, notably the child support grant, disability grant and old age pension.

- **White Paper on Social Welfare, August 1997**

The White Paper on Social Welfare of 1997 served as the foundation for social welfare in the democratic era. It was developed with the mission of serving and building a self-reliant nation in partnership with all stakeholders through an integrated social welfare system

which maximizes its existing potential, and which is equitable, sustainable, accessible, people-centred and developmental.

- **Social Assistance Act, Act No 13 of 2004**

The Social Assistance Act of 2004 aims to provide for the rendering of social assistance to persons.

The Act has four objectives:

1. Provide for the administration of social assistance and payment of social grants;
2. Make provision for social assistance and to determine the qualification requirements in respect thereof;
3. Ensure that minimum norms and standards are prescribed for the delivery of social assistance; and
4. Provide for the establishment of an inspectorate for social assistance.

The Act obliges government to make money available for all types of grants including a grant-in-aid. It provides guidelines as to who should receive social grants, the application process, and what should be done in case of abuse and false representations, amongst others.

- **South African Social Security Agency (SASSA) Act, Act No 9 of 2004**

The SASSA Act provides for the establishment and functioning of the South African Social Security Agency as one of the Schedule 3A public entities in terms of the Public Finance Management Act (PFMA). The Act defines the primary goals of the Agency as, amongst others, to act as the sole agent ensuring efficient and effective management, administration and payment of social assistance and rendering services relating to such payments.

4. Analysis of Poverty

Section 4 provides an analysis of the poverty levels of the various provinces within the country as well as the districts that make up the Northern Cape.

The three definitions of poverty that are considered in this policy brief are:

1. Food Poverty Line (FPL): The food poverty line is defined by Stats SA as the level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet. Those below this line are either consuming insufficient

calories for their nourishment, or must change their consumption patterns from those preferred by low income households (IHS Markit, 2020).

2. Lower-Bound Poverty Line (LBPL): The lower poverty line is defined by Stats SA as the level of consumption that includes both food and essential non-food items, but requires that individuals sacrifice some food items in order to obtain the non-food items (IHS Markit, 2020).
3. Upper-Bound Poverty Line (UBPL): The upper poverty line is defined by Stats SA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other (IHS Markit, 2020).

4.1 National Context

In this sub-section, the Northern Cape’s poverty levels are brought into context with that of the remaining eight provinces in the country. Table 1 presents the share of people who were below the food poverty line (FPL) for all the provinces for 2010 and 2019.

Table 1: Percentage of People below the FPL per Province, 2010 and 2019

Province	2010	2019
Northern Cape	19.9%	24.4%
Western Cape	13.9%	19.0%
Eastern Cape	34.2%	37.8%
Free State	25.0%	28.3%
KwaZulu-Natal	32.4%	37.9%
North-West	26.1%	29.4%
Gauteng	17.4%	20.5%
Mpumalanga	29.2%	31.7%
Limpopo	34.8%	36.2%
South Africa	26.1%	29.4%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

The share of people who were living below the FPL had increased in all provinces in 2019 as compared to 2010. Limpopo, followed by Eastern Cape and KwaZulu-Natal had the largest respective shares in 2010. These three provinces were also the top three in terms of the percentage of people below the FPL in 2019, with KwaZulu-Natal having the largest, followed by Eastern Cape. Western Cape, Gauteng and Northern Cape remained the provinces with the smallest percentages of people living below the FPL in 2019.

Table 2 shows the share of people below the lower-bound poverty line (LBPL) for all the provinces for 2010 and 2019.

Table 2: Percentage of People below the LBPL per Province, 2010 and 2019

Province	2010	2019
Northern Cape	34.6%	38.8%
Western Cape	25.3%	31.7%
Eastern Cape	51.4%	54.3%
Free State	40.8%	43.9%
KwaZulu-Natal	48.3%	53.5%
North-West	41.6%	44.8%
Gauteng	28.7%	32.8%
Mpumalanga	44.9%	47.3%
Limpopo	52.7%	53.4%
South Africa	40.7%	44.0%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

In 2019, the three provinces with the largest percentages of people living below the LBPL was Eastern Cape, KwaZulu-Natal and Limpopo. The respective share of people in these provinces was above 50 per cent. Although not in the same order, these are the same provinces with the largest percentages of people living below the FPL. Western Cape, Gauteng and Northern Cape again had the smallest percentages in comparison to the other provinces. All provinces recorded a rise in the share of people living below the LBPL between 2010 and 2019.

The percentage of people in the nine provinces below the upper-bound poverty line (UBPL) is given in Table 3 below.

Table 3: Percentage of People below the UBPL per Province, 2010 and 2019

Province	2010	2019
Northern Cape	52.7%	55.5%
Western Cape	40.8%	47.3%
Eastern Cape	69.1%	69.8%
Free State	59.4%	60.2%
KwaZulu-Natal	65.1%	68.0%
North-West	60.0%	60.7%
Gauteng	44.1%	46.9%
Mpumalanga	62.7%	62.7%
Limpopo	71.4%	70.0%
South Africa	57.7%	59.2%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

It is concerning to observe an increase in the percentage of people below the UBPL for seven provinces in 2019 when compared to 2010. Northern Cape's share rose by 2.8 percentage points from 52.7 per cent in 2010 to 55.5 per cent in 2019. Limpopo was the only province that recorded a decline, while it remained unchanged in Mpumalanga. It is also concerning to note

that this rate ranged between a low of 47.3 per cent (in Western Cape) and a high of 70.0 per cent (in Limpopo) in 2019.

4.2 Provincial Context

This sub-section provides context to the poverty prevalence in the various districts within the Northern Cape. This shows where more intensive interventions are required or where more success is achieved with current interventions. The table below shows the share of people below the FPL per district for 2010 and 2019.

Table 4: Percentage of People below the FPL per District, 2010 and 2019

District	2010	2019
Namakwa	9.1%	10.8%
Pixley ka Seme	17.0%	20.8%
ZF Mgcawu	14.6%	18.1%
Frances Baard	23.5%	30.9%
John Taolo Gaetsewe	28.8%	30.6%
Northern Cape	19.9%	24.4%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

The share of people living below the FPL increased in all the districts between 2010 and 2019. John Taolo Gaetsewe had the largest share in 2010 at 28.8 per cent and Namakwa the smallest at 9.1 per cent. In 2019 however, Frances Baard had the largest share at 30.9 per cent and the smallest was again in Namakwa at 10.8 per cent.

Table 5 below shows the share of people below the LBPL per district for 2010 and 2019.

Table 5: Percentage of People below the LBPL per District, 2010 and 2019

District	2010	2019
Namakwa	21.1%	22.1%
Pixley ka Seme	32.7%	35.3%
ZF Mgcawu	29.1%	31.7%
Frances Baard	38.6%	46.3%
John Taolo Gaetsewe	44.1%	45.8%
Northern Cape	34.6%	38.8%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

The people living below the LBPL increased in all the districts between 2010 and 2019. Frances Baard also had the largest share of people under the LBPL in 2019 at 46.3 per cent, followed by John Taolo Gaetsewe at 45.8 per cent, while Namakwa had the smallest at 22.1 per cent.

The share of people below the UBPL per district for 2010 and 2019 is shown in Table 6 below.

Table 6: Percentage of People below the UBPL per District, 2010 and 2019

District	2010	2019
	Share of People below UBPL	Share of People below UBPL
Namakwa	38.7%	39.9%
Pixley ka Seme	52.3%	53.2%
ZF Mgcawu	47.9%	49.0%
Frances Baard	56.1%	62.4%
John Taolo Gaetsewe	61.2%	61.2%
Northern Cape	52.7%	55.5%

Source: IHS Markit, 2020 [Regional eXplorer, Version 1923 (2.6i)]

In 2019, Frances Baard followed by John Taolo Gaetsewe had the largest share of people below the UBPL, while Namakwa continued to have the smallest share. With the exception of John Taolo Gaetsewe, all of the districts saw an increase in the share of people below the UBPL between 2010 and 2019. The largest increase was in Frances Baard where it increased from 56.1 per cent to 62.4 per cent.

5. Conclusion and Recommendations

The primary aim of this Policy Brief was to analyse poverty in the Northern Cape in order to have an indication of its prevalence and where attention should be focused. Regardless of the measure used, the analysis above shows that there are still high levels of poverty in the province, as more than 50 per cent of the people in the Northern Cape were living below the UBPL in 2019. There are still people in the province that are living in extreme poverty when observing the share of those living below the food poverty line. The current health and economic crisis is expected to further negatively affect poverty levels. Based on these findings, the Policy Brief recommends that:

- Government should intensify the implementation of current policies and strategies aimed at poverty eradication, amongst others. Where necessary, the review of these policies and strategies should be undertaken to ensure that they respond effectively and efficiently to prevailing challenges.
- Efforts to cover more beneficiaries for social assistance and protection should be intensified.
- Government should also find new and innovative ways of using limited public resources more efficiently in the fight against poverty.

- Government should continue to form and strengthen relations with the private sector and other stakeholders in order to respond to the country's socio-economic challenges.

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