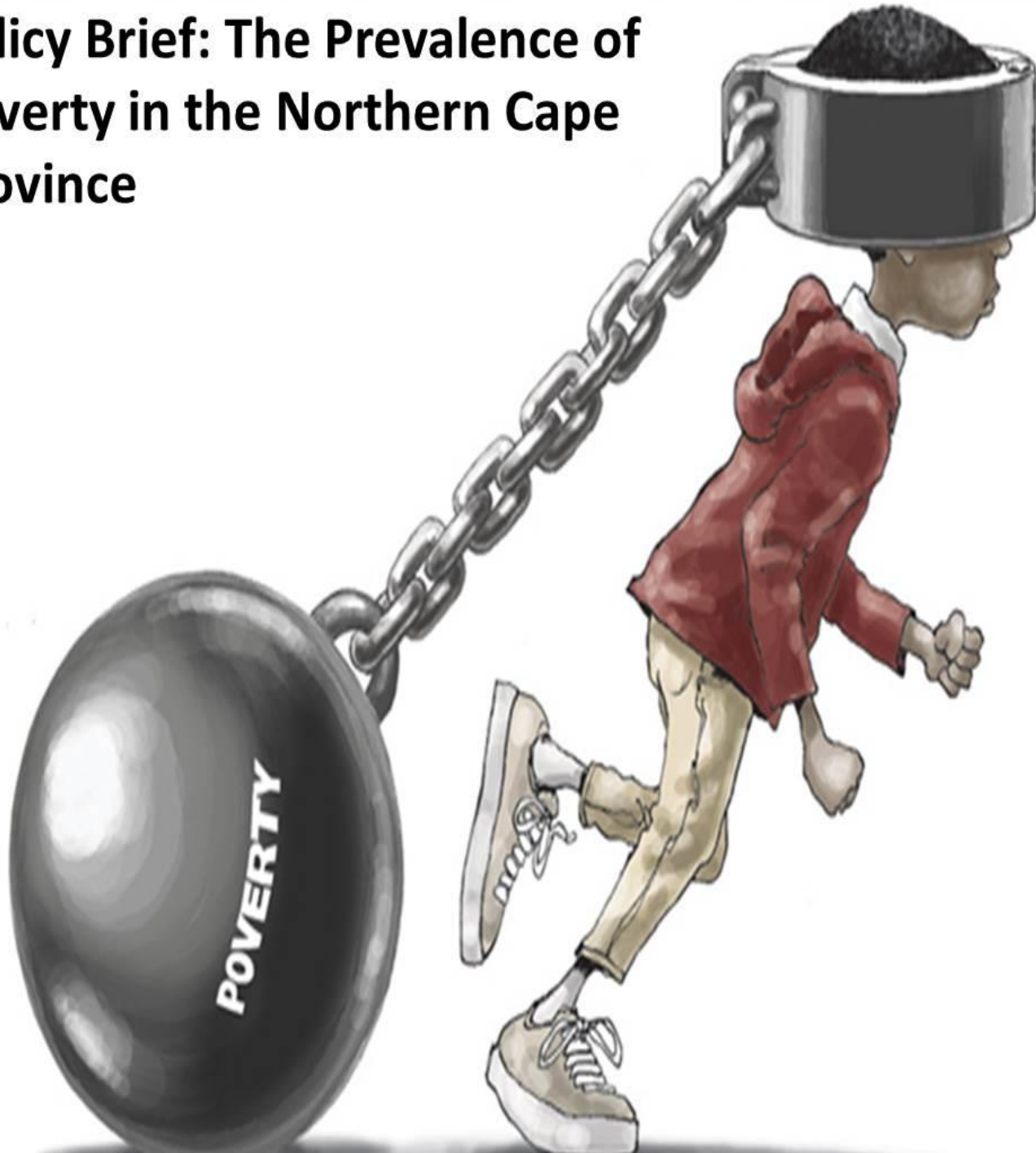




NCPT

NORTHERN CAPE PROVINCIAL TREASURY

Policy Brief: The Prevalence of Poverty in the Northern Cape Province



Issue No: 35/2017

Directorate: Economic Analysis

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December 2017

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1. Introduction

Poverty has remained a focal point in the global development policy environment, especially in developing countries. It is relevant to South Africa due to the history of the country and the depth of inequality in assets, income and opportunities. According to the United Nations (UN) (n.d.), poverty is more than the lack of income and resources to ensure a sustainable livelihood. Its manifestations include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision-making.

2. Background

Statistics South Africa (Stats SA) published the first national poverty lines in 2012 after extensive consultations with different stakeholders. The poverty line in this instance is defined as the line drawn at a particular level of income or consumption; where households/individuals whose incomes fall below a given level of the poverty level or whose consumption levels are valued at less than the value of the poverty line are classified as poor. The three poverty lines that Stats SA produced measure poverty at different levels. These are the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). The FPL is the rand value below which individuals are unable to purchase or consume enough food to supply them with the minimum per-capita-per-day energy requirement for adequate health. Individuals at the LBPL do not have command over enough resources to purchase or consume both adequate food and non-food items and are therefore forced to sacrifice food to obtain essential non-food items. Individuals at the UBPL can purchase both adequate levels of food and non-food items (Stats SA, 2017). The aim of this Policy Brief is to provide an analysis of poverty in the Northern Cape and also in South Africa.

3. Poverty Analysis

This section will provide in brief an analysis of poverty in the world, South Africa and the Northern Cape.

3.1 The Global Context

Many efforts have been made by the international community in eradicating poverty worldwide. This is evident from a number of policies and strategies that the world has developed towards eradicating poverty. Ending poverty in all its forms and in every part of

the world is the first of the seventeen Sustainable Development Goals (SDGs), which are an extension of the Millennium Development Goals (MDGs) which came to an end in 2015. According to the UN (n.d.), one in five people in developing regions still live on less than \$1.25 a day, and there are millions who make a little more than this amount on a daily basis. This is despite efforts to cut extreme poverty rates by more than half since 1990. The UN furthermore asserted that many people risk slipping back into poverty.

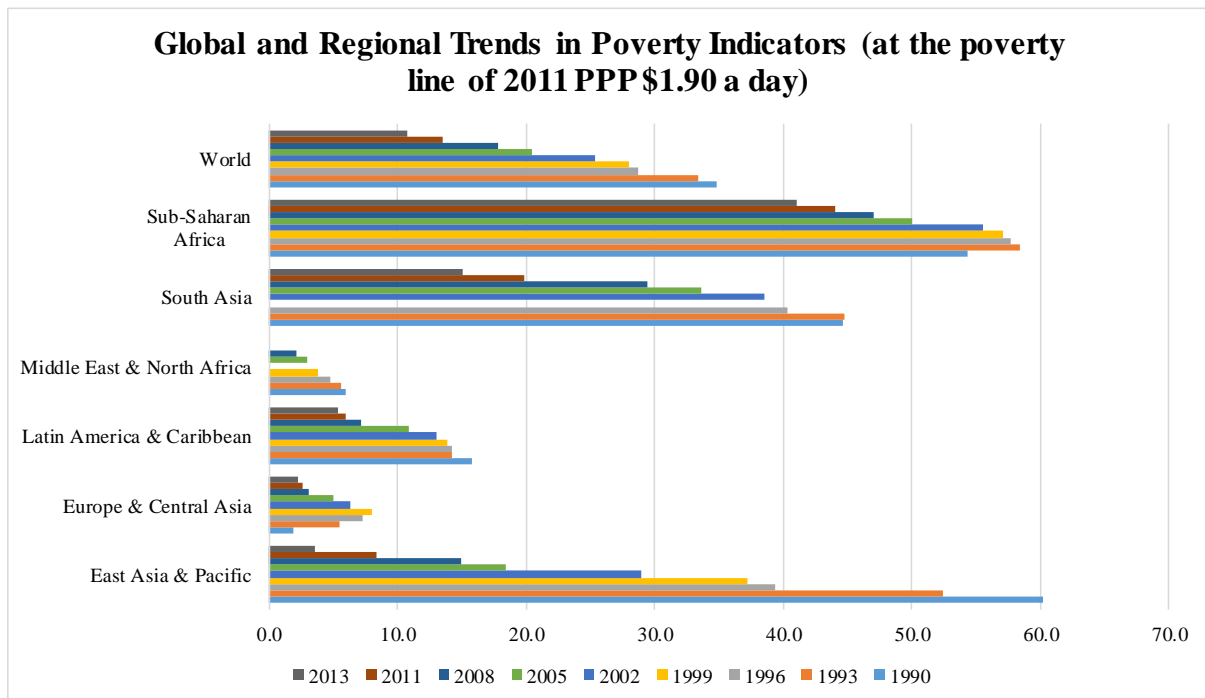
The first of the World Bank's goals (World Bank, 2015) aims to reduce the share of people worldwide living below the international poverty line (currently at \$1.90 per day per person in 2011 purchasing power parity terms) to below 3 percent by 2030. This is related to the SDG target (1.1) which is even more ambitious as it aims for all countries, regions, and groups within countries to achieve zero poverty at the same international poverty line. The table below gives an indication of the global and regional trends on the war on poverty.

Table 3.1.1: Global and Regional Trends in Poverty Indicators (at the poverty line of 2011 PPP \$1.90 a day)

Region	1990	1993	1996	1999	2002	2005	2008	2011	2013
East Asia & Pacific	60.2	52.4	39.4	37.2	29.0	18.4	14.9	8.4	3.5
Europe & Central Asia	1.9	5.5	7.3	8.0	6.3	5.0	3.1	2.6	2.2
Latin America & Caribbean	15.8	14.2	14.2	13.9	13.0	10.8	7.1	6.0	5.4
Middle East & North Africa	6.0	5.6	4.8	3.8	-	3.0	2.1	-	-
South Asia	44.6	44.8	40.3	-	38.5	33.6	29.4	19.9	15.1
Sub-Saharan Africa	54.3	58.4	57.7	57.1	55.6	50.0	47.0	44.1	41.0
World	34.8	33.4	28.7	28.0	25.3	20.5	17.8	13.5	10.7

Source: The World Bank, World Development Indicators, 2015

Figure: 3.1.1: Global and Regional Trends in Poverty Indicators (at the poverty line of 2011 PPP \$1.90 a day)



Source: The World Bank, World Development Indicators, 2015

It can be noted from table 3.1.1 and figure 3.1.1 that the share of people worldwide living on less than \$1.90 a day fell from 34.8 percent in 1990 to 10.7 percent in 2013. Half of the people in the world who live on less than \$1.90 a day (389 million) live in Sub-Saharan Africa. A drastic decline in poverty can be noted in the East Asia and Pacific Region from 60.2 percent in 1990 to 3.5 percent in 2013.

3.2 The South African Context

The South African government has taken numerous steps to reduce poverty since the transition to democracy took place in 1994. This has been evident by the introduction of various policies and strategies by the democratic government, with the first one being the Reconstruction and Development Programme (RDP). According to the RDP White Paper (1994), alleviating poverty, low wages and extreme inequalities in wages and wealth generated by the apartheid system to meet basic needs, and thus ensuring that every South African has a decent living standard and economic security was one of the objectives through which the democratic government intended to attain its central goal of reconstruction and development. The government is currently implementing the National Development Plan (NDP) which is the country's long-term plan to reducing income inequality and eliminating

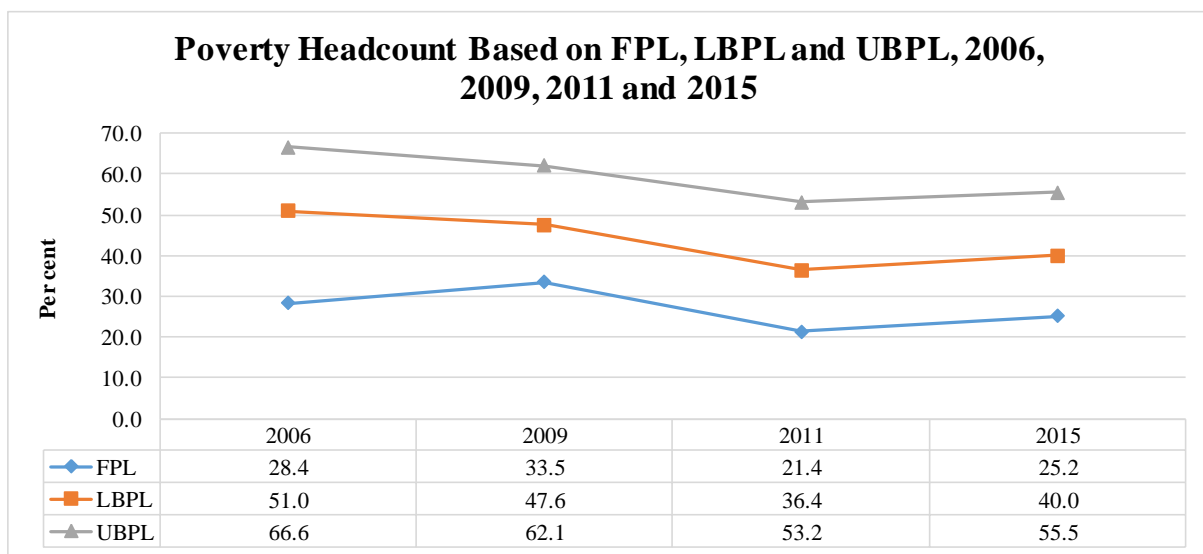
poverty, amongst others, by 2030. Regarding income poverty, the following are some of the targets that have been set in the NDP:

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

The Medium-Term Strategic Framework (MTSF) 2014-2019 has been launched as the first five-year implementation phase of the NDP.

Figure 3.2.1 below depicts the poverty headcount for South Africa for the 3 poverty lines for 2006, 2009, 2011 and 2015. The poverty headcount is defined by Stats SA (2017) as the share of the population whose income or consumption is below the poverty line; that is, the share of the population that cannot meet its basic needs.

Figure 3.2.1: Poverty Headcount Based on FPL, LBPL and UBPL, 2006, 2009, 2011 and 2015

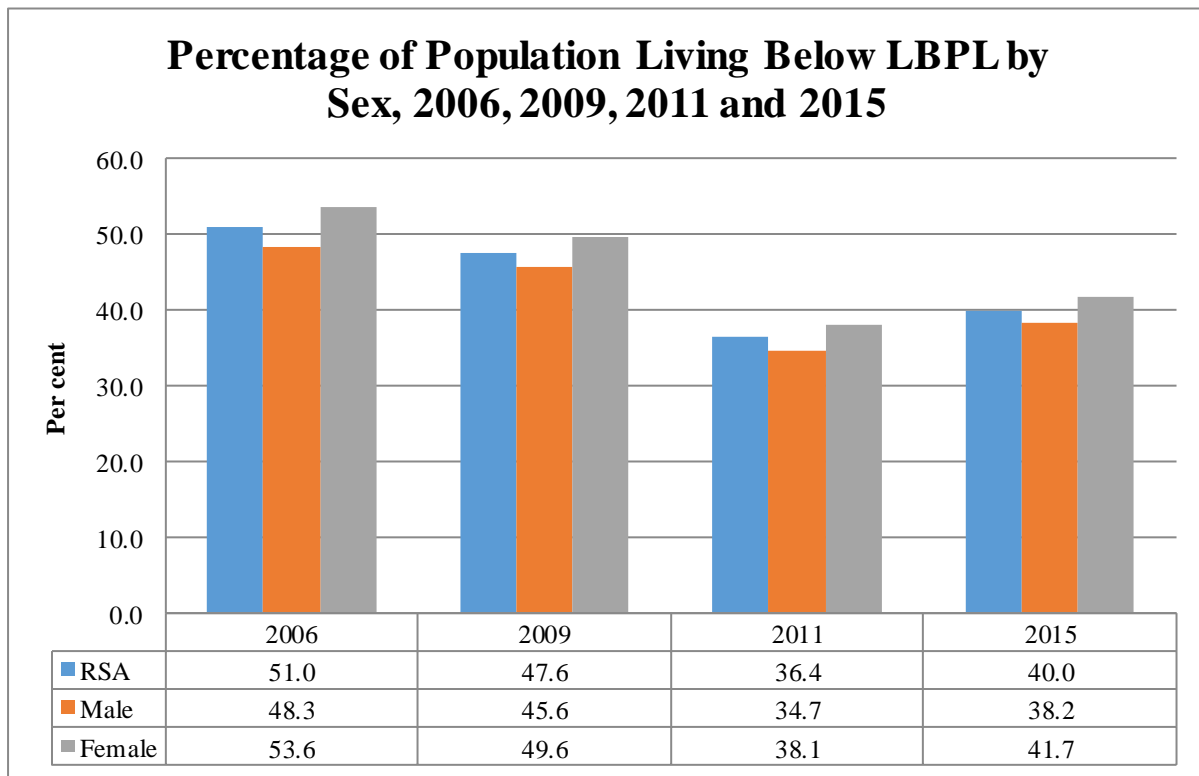


Source: Statistics South Africa, *Poverty Trends in South Africa, 2017*

All 3 poverty measures (FPL, LBPL and UBPL) show that poverty had decreased in South Africa between 2006 and 2015. There was a drop in the proportion of people living below the LBPL and the UBPL in 2009 and again in 2011 until going up in 2015, although the levels were lower than in 2006. The FPL measure fluctuated for the period under study. The highest percentage of people living below the FPL was recorded in 2009, and this could in part be attributed to the 2008/09 global financial crisis, of which the impact may have been less evident under the LBPL and UBPL measures.

According to Stats SA (2017) the LBPL is the preferred measure to measure poverty as it is being used for setting national poverty-reduction targets. Based on this, the sub-sections that follow will provide the characteristics of the poor in terms of the LBPL.

Figure 3.2.2: Percentage of Population Living Below LBPL by Sex, 2006, 2009, 2011 and 2015

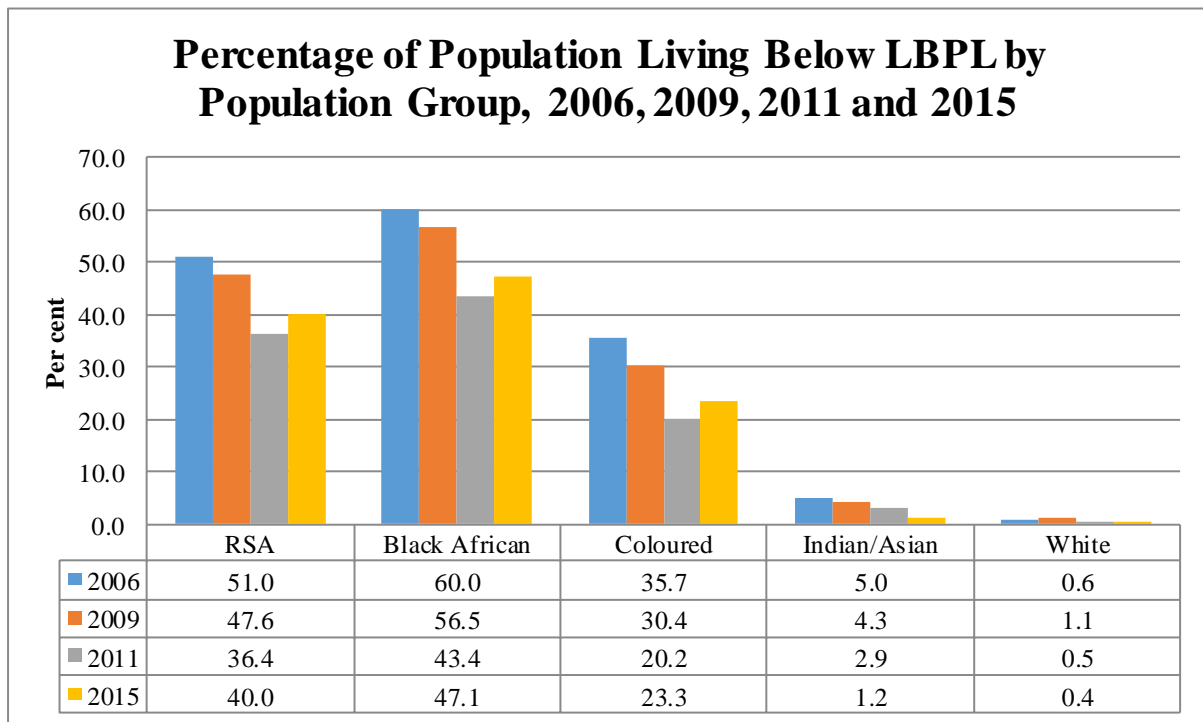


Source: Statistics South Africa, *Poverty Trends in South Africa, 2017*

Although South Africa’s efforts to reduce poverty were positive between 2006 and 2011, it changed in 2015 when it rose by 3.6 percentage points to 40.0 per cent. In terms of gender, females have been shown to be more affected by poverty in comparison to their male counterparts. 41.7 per cent of females were living below the LBPL in 2015 (an increase of 3.6 percentage points from 2011) whereas 38.2 per cent of males were below the LBPL, an increase of 3.5 percentage points.

In Figure 3.2.3 below, the proportion of the population who were living below the lower-bound poverty line is shown by population group for 2006, 2009, 2011 and 2015.

Figure 3.2.3: Percentage of Population Living Below LBPL by Population Group, 2006, 2009, 2011 and 2015



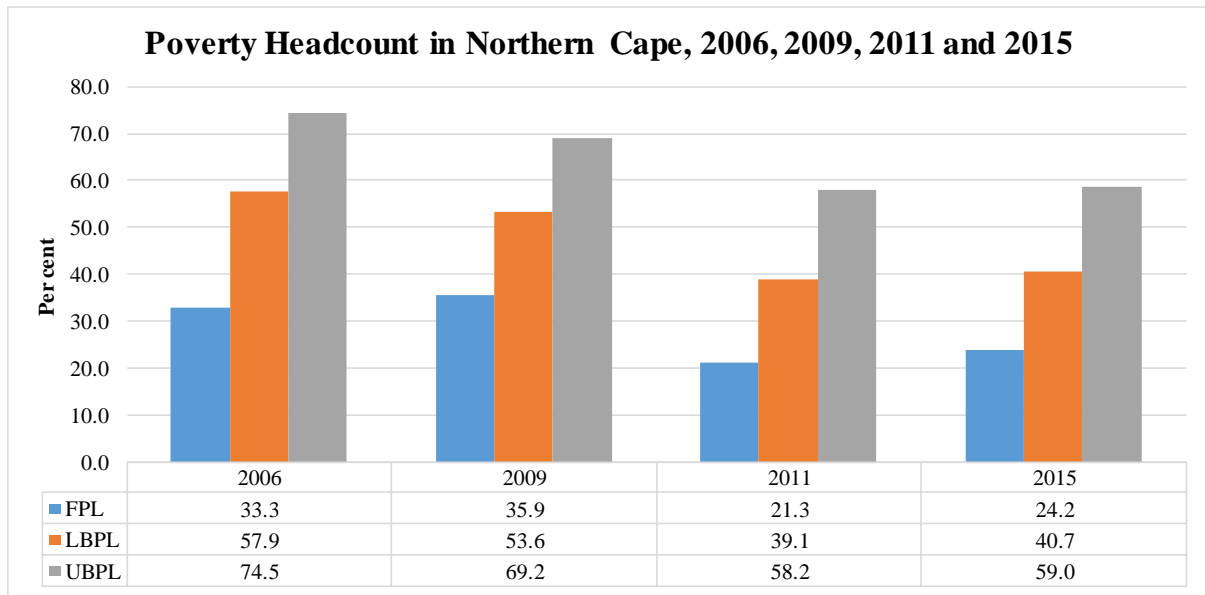
Source: Statistics South Africa, *Poverty Trends in South Africa, 2017*

Black Africans are the most affected by poverty, followed by Coloureds. Whites are the least affected by poverty. Indians/Asians are the only population group that experienced a constant decline in poverty from 2006. Africans and Coloureds followed the same pattern as South Africa's, whereby poverty fell in 2009 and 2011 and rose in 2015, but it is still at levels below 2006.

3.3 The Northern Cape Context

This section provides an overview of poverty in the Northern Cape and in some instances a comparison with other provinces is made. Figure 3.3.1 below depicts the poverty headcount of the province for 2006, 2009, 2011 and 2015 using all 3 poverty measures (FPL, LBPL and UBPL). The figures are based on individual poverty.

Figure 3.3.1: Poverty Headcount in Northern Cape, 2006, 2009, 2011 and 2015

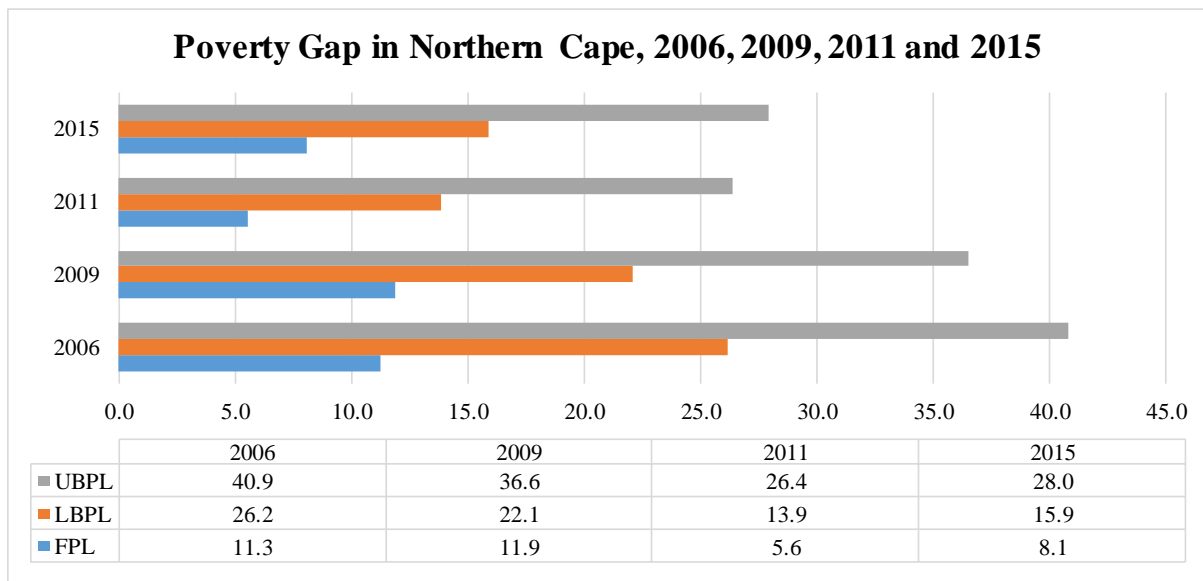


Source: Statistics South Africa, Poverty Trends in South Africa, 2017

The percentage of Northern Cape citizens living below the LBPL and the UBPL respectively declined between 2006 and 2009 and further in 2011, but rose slightly in 2015 although it was still at a lower level than it was in 2006. The FPL measure exhibited a fluctuating pattern. It increased between 2006 and 2009, decreased between 2009 and 2011 and increased between 2011 and 2015. In the Northern Cape there has been a significant reduction in the proportion of people living under each of the 3 poverty levels between 2006 and 2015.

In figure 3.3.2, the state of the provincial poverty is shown from the perspective of the average distance from the poverty line (termed the poverty gap).

Figure 3.3.2: Poverty Gap in Northern Cape, 2006, 2009, 2011 and 2015

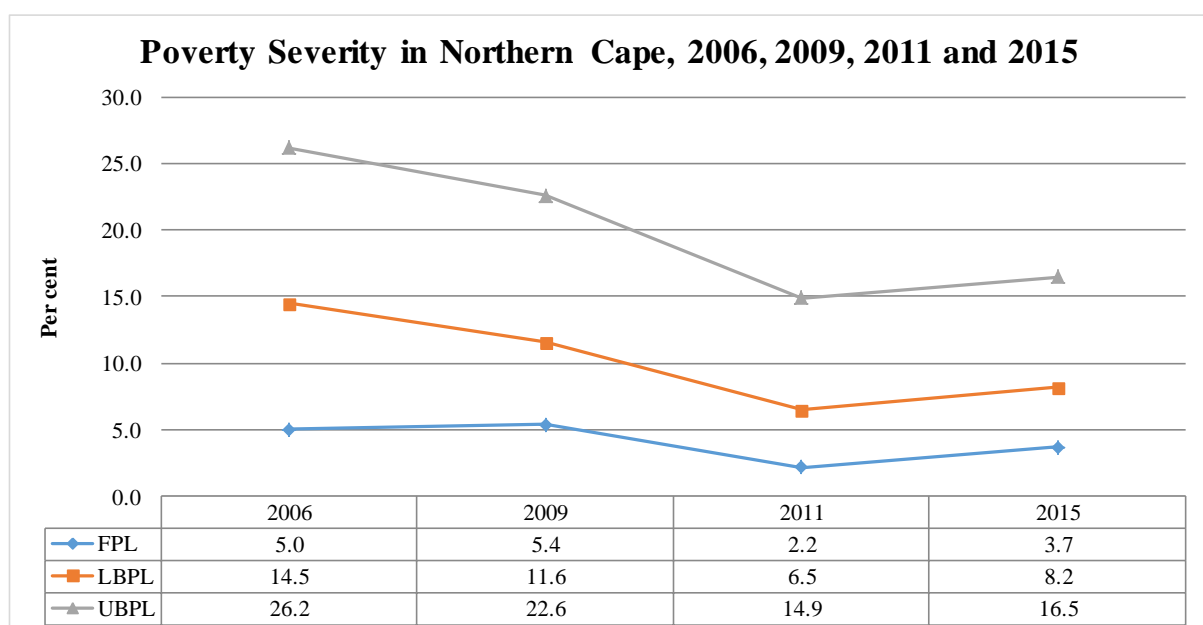


Source: Statistics South Africa, Poverty Trends in South Africa, 2017

The same pattern is observed here, as in the previous figure, where the provincial poverty gap was constantly decreasing from 2006 until 2011 under the LBPL and UBPL measures, but rose in 2015. Knowledge on how severe the poverty was in the province for the period under review is essential as it will provide insight into what actions need to be taken to lift people out of poverty.

Figure 3.3.3 represents the provincial poverty severity in the Northern Cape for 2006, 2009, 2011 and 2015.

Figure 3.3.3: Poverty Severity in Northern Cape, 2006, 2009, 2011 and 2015

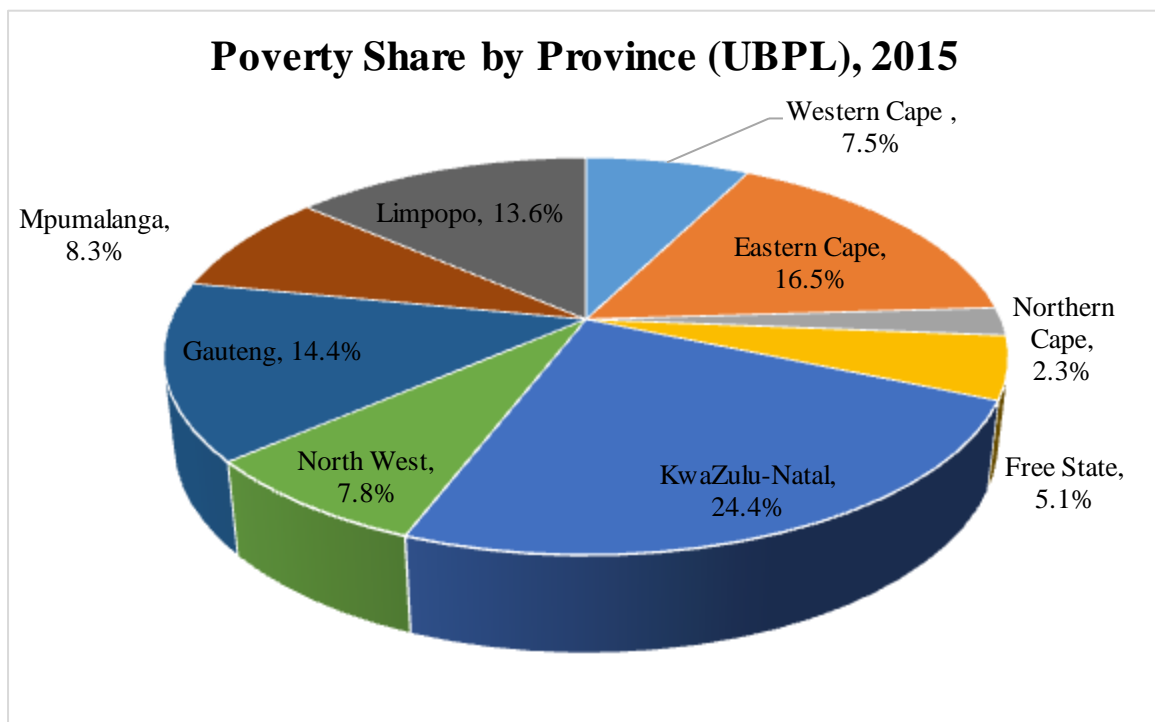


Source: Statistics South Africa, Poverty Trends in South Africa, 2017

Poverty severity not only takes into account the distance of the population from the poverty line, but also inequality among the poor (Stats SA, 2017). Regarding poverty severity, the LBPL and UBPL in the Northern Cape again had the same pattern where it declined in 2009 and 2011 but rose in 2015. A cause for concern is the increase in the FPL that was experienced in 2015.

Knowing how each province has been contributing to national poverty provides further insight. Figure 3.3.4 below displays the poverty share by province for 2015, as measured by the UBPL.

Figure 3.3.4: Poverty Share by Province (UBPL), 2015



Source: Statistics South Africa, Poverty Trends in South Africa, 2017

The Northern Cape contributed the least (2.3 per cent) to South Africa’s poverty in 2015. This is expected as the province has the smallest population which will have an impact on the poverty share. Gauteng and Limpopo had a similar share of poverty at about 14 per cent. The province that made the largest contribution to the country’s poverty was KwaZulu-Natal at 24.4 per cent and was followed by Eastern Cape at 16.5 per cent.

4. Effects of Poverty

Knowledge of the effects of poverty, whether economic or social, is imperative as they will allow the government together with other institutions to take the necessary and relevant

actions to eradicate poverty. The effects of poverty are so tightly intertwined with its roots that at times it is very difficult to determine if a poverty-related issue is a cause of it or caused by it. Using education as an example of this, people living in poverty have limited access (if any) to education at any level, which in turn makes it nearly impossible for them to find a job with a wage that allows them to gain access to education. These people continue to be poor and their children are born into poverty, with no hope of improving their lives. These causes-effects, or factors, that perpetuate poverty in a household are known as the cycle of poverty. Families who fall in this cycle tend to stay in it “for enough time that the family includes no surviving ancestors who possess and can transmit the intellectual, social, and cultural capital necessary to stay out of or change their impoverished condition” (Melio, 2015).

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 can have a lasting impact on them. This leads to stunted development, low levels of skills for life and work, limited future productivity as adults, and transmission of poverty down to future generations (UNICEF and World Bank Group, 2016).

Poverty does however not only affect children in the form of external factors. Children are often born underweight, which, according to the Center for the Future of Children, is “the key risk factor for infant mortality”. It also has the potential to “permanently retard physical growth, brain development and cognitive functioning” (Center for Hunger and Poverty, 1998). This, in addition to the parents’ low educational level, leads to children who enter school behind their peers and fail to level out throughout their academic career (if they finish it). Children who live in poverty are also at a greater risk of experiencing emotional and behavioural problems. Kim *et al.* (2013) say that “early experiences of poverty become embedded within the organism, setting individuals in life-long trajectories that portend morbidity”, in other words, the effects of poverty on the mental health of children are so lasting that those who grew up poor still experience said effects, even if they are no longer in a situation of poverty.

Higher levels of poverty can also have a negative impact on the occurrence of crime. People could be turning to crime as a means of survival. Access, quality and affordability of health care could also be a challenge to impoverished areas, although government is constantly improving efforts to provide free, quality health care to these communities. Women are also

more affected by poverty than men, although a lot has been done in South Africa to lift women out poverty and allowing them to access more employment opportunities.

5. Conclusion

Examining poverty in the Northern Cape so as to have an idea of its prevalence is crucial as it will assist government and the private sector to improve and intensify its efforts to eliminating poverty in the province. As statistics have shown, poverty has gone down in the Northern Cape and in South Africa between 2006 and 2015.

The implementation of national and provincial strategies and programmes aimed at ending poverty should be intensified. These include those aimed at growing the economy and creating jobs.

- The development of the Provincial Growth and Development Plan (PGDP) should be finalised, and this also calls for the review of other provincial strategies so as to ensure that they respond efficiently to the prevailing challenges.
- Efforts should be targeted firstly at achieving a zero per cent population living below the FPL, followed by LBPL and then the UBPL.
- More focus should be placed on labour intensive projects and employment should be aimed at unskilled people living in poverty. This should provide these people with the experience and income to better their quality of life. Programmes such as the Expanded Public Works Programme (EPWP) should thus continue to provide the impoverished people with skills and income.

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