

Poverty & Equity Brief

Africa Eastern & Southern

South Africa

April 2023

Although South Africa has made significant progress in reducing poverty since 1994, poverty reduction came to a halt in 2011. The latest survey, conducted in 2014/2015 shows that about 55 percent of the population (30 million people) was living below the national upper-bound poverty line (ZAR 992, in 2015 prices), while 25 percent (almost 14 million people) was experiencing food poverty, about 3.0 million more poor people compared to 2011. Poverty measured at the poverty line for upper-middle income countries (\$6.85/person/day in 2017 PPP) affected 61.6 percent of the population and shows an evolution similar to the poverty trend measured using national lines.

South Africa is one of the most unequal countries in the world. The Gini coefficient, which measures inequality in consumption per capita, at 0.63 in 2014/15, is high and persistent. High levels of income polarization are underpinned by structurally high inequality of opportunity and is reflected in an income distribution with few high-income earners, a relatively small middle-class, and a large low-earnings group.

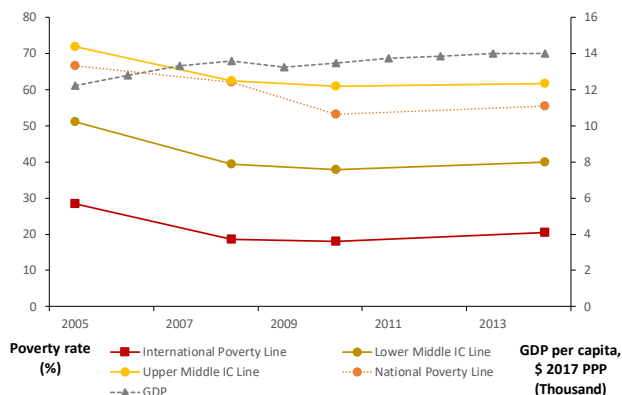
The lack of progress in poverty and inequality reduction is largely driven by sluggish economic growth, poor business climate, and lack of opportunities in the labor market. Unemployment rates have hovered around 25-29 percent during the past decade and worsened during the COVID-19 pandemic, by the fourth quarter of 2021 the unemployment rate reached its all-time high at 35.3%. Youth and women continue to be most vulnerable, with the 15-24 and the 25-34 age groups facing unemployment rates of 60 and 41 percent respectively, and women facing unemployment rate of 35.1 percent compared to men at 31.0 percent.

South Africa has been one of the most affected countries by the COVID-19 pandemic in Africa. After a 7.5 percent contraction in 2020, GDP per capita growth rebounded to 3.6 percent in 2021 and 1.5 percent in 2022 but expected to stagnate afterwards. The energy crises persist, and food prices continue to rise. It is estimated that almost 63 percent of the population is living below the upper-middle-income poverty line, around 1.8 million more poor people relative to the pre-pandemic period.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	30.3	55.5	2014
International Poverty Line 12.6 in South African rand (2014) or US\$2.15 (2017 PPP) per day per capita	11.2	20.5	2014
Lower Middle Income Class Poverty Line 21.4 in South African rand (2014) or US\$3.65 (2017 PPP) per day per capita	21.9	40.0	2014
Upper Middle Income Class Poverty Line 40.1 in South African rand (2014) or US\$6.85 (2017 PPP) per day per capita	33.7	61.6	2014
Multidimensional Poverty Measure		21.7	2014
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-1.36	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		0.96	2010-2014
Annualized Consumption Growth per capita from Household Survey		-1.25	2010-2014
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.94	2010-2014

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

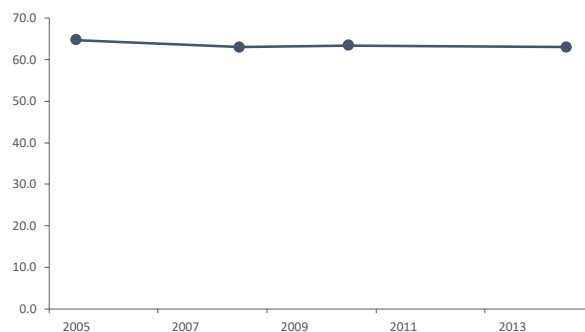
POVERTY HEADCOUNT RATE, 2005-2014



Source: World Bank using LCS/SSAPOV/GMD

INEQUALITY TRENDS, 2005-2014

Gini Index



Source: World Bank using LCS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2014	Upper Middle Income line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	52	48	25	75
Rural population	14	86	65	35
Males	40	60	38	62
Females	37	63	42	58
0 to 14 years old	27	73	51	49
15 to 64 years old	43	57	35	65
65 and older	50	50	30	70
Without education (16+)	15	85	62	38
Primary education (16+)	20	80	55	45
Secondary education (16+)	41	59	36	64
Tertiary/post-secondary education (16+)	86	14	6	94

Source: World Bank using LCS/SSAPOV/GMD

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

Multidimensional Poverty Measures: 2014 (% of population)

Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	20.5
Education	
At least one school-aged child is not enrolled in school	2.3
No adult has completed primary education	2.3
Access to basic infrastructure	
No access to limited-standard drinking water	10.4
No access to limited-standard sanitation	35.2
No access to electricity	4.1

Source: World Bank using LCS/SSAPOV/GMD

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 2005/06, 2008/09, 2010/11, and 2014/15. The surveys are representative at the national and province levels. The new survey, IES 2022/23 is currently underway, and data will be available in 2024. In addition, StatsSA conducts the General Household Survey annually, which focuses on mainly categorical variables relevant for household welfare but does not collect detailed income or expenditure information.

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 a minimum required food energy intake. 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.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.