

**STUDY OF THE INCIDENCE AND NATURE OF
CHRONIC POVERTY AND DEVELOPMENT POLICY IN SOUTH AFRICA: AN
OVERVIEW**

'The Government recognises that the current grant amounts are not sufficient to address large-scale poverty, deprivation and inequality in South Africa, but will continue to increase spending on social assistance as resource constraints allow....

'The department has been systematically undergoing a transformation process. We have changed the paradigm within which we operate from welfarism to social development as reflected in our change of name. We seek to promote services and programmes that enable people to move out of poverty.'

*Minister For Social Development, Dr Zola Skweyiya
Budget Vote Speech to the National Assembly
3rd April 2001*

1. Introduction and synopsis

As the paragraphs quoted above reveal, there are at least two distinct strands within the government's approach to addressing the country's massive poverty problem. On the one hand, there is a system of social grants emanating from the Department of Social Development that aim to prevent certain people from slipping into total destitution. On the other hand, there is an avowed intention by Social Development, as well as by other departments, to deliberately move away from "welfarism" and towards "development", by which people will be empowered to lift themselves out of poverty. While in principle these strands are fully complementary, in practice they compete over scarce resources, both financial and human. Striking the best possible balance between them is a difficult and subtle task. We submit that an understanding of chronic poverty - whereby some individuals or households remain stuck in poverty over time - may go some way towards helping strike this balance, as well as informing the over-arching anti-poverty strategy of government and civil society together.

This study marks the first stage of a multi-year research programme into chronic poverty in South Africa. The research programme is a joint effort between the Programme for Land and Agrarian Studies (PLAAS) of the School of Government, University of the Western Cape, and the Chronic Poverty Research Centre (CPRC) based at the University of Manchester. Similar research programmes are simultaneously under way in partnership with the CPRC in Uganda, India, and

Sri Lanka. Funding for the entire multi-country research framework is provided by the Department for International Development (DFID) of the United Kingdom.

The objective of this study is fourfold: first, to summarise the current state of knowledge about chronic poverty in South Africa; second, to describe the range of existing governmental and civil society initiatives which address poverty and, by extension, chronic poverty; third, to identify challenges to addressing chronic poverty in South Africa; and fourth, to identify themes for further research.

For the purposes of this study, a household or individual is understood to be in chronic poverty when the condition of poverty endures over a period of time. Different researchers propose alternative time periods as characteristic of chronic poverty (e.g. six months, ten years), usually taken to mean that the household or individual remains beneath the poverty line for all or virtually all of this period. Alternatively, and perhaps more meaningfully, chronic poverty can be understood as a household's or individual's inability, or lack of opportunity, to better its circumstances over time or to sustain itself through difficult periods. As such, chronic poverty can be a function of the individual's characteristics (e.g. elderly, disabled), or of the environment (e.g. sustained periods of high unemployment, landlessness), or very likely of both. Indeed, a common scenario in South Africa involves the coincidence of poor health, meagre education, and fractured families, on the one side, with skewed resource distribution, inadequate infrastructure, and scarce employment opportunities, on the other side. The combination is more than sufficient to trap many people in poverty, i.e. to make them chronically poor.

Chronic poverty is sometimes conceptualised as inter-generational poverty, meaning that children from poor households are likely to become poor adults, whose children will in turn risk remaining in poverty, and so on. In South Africa, the question of whether poverty tends to have an inter-generational dimension is complicated by the fact that until very recently the policy of apartheid cruelly limited the opportunities available to the majority black population (section 2). Almost all poverty was inter-generational, because colonialism and apartheid left little room for it to be otherwise. This is not to say that some amount of mobility in African, coloured, and Indian communities did not take place, but only under a system that was engineered to make this difficult. This system was of course eliminated in 1994. Too few years have elapsed in the meantime to know to what extent poverty is still an inheritable condition, but initial indications are that, for the majority, it is. Unravelling the multiple factors that contribute to both medium-term chronic poverty, and chronic poverty in an inter-generation sense, is the primary objective of the research programme of which this paper is but a modest first step.

Chronic poverty as a distinct manifestation of poverty has not, by and large, received much focused attention in South Africa. This may be due in part to the fact that there have been few longitudinal data sets collected in South Africa which would serve as a rigorous basis for distinguishing the chronically poor from the episodically poor. On the other hand, the lack of specific attention to chronic poverty may be due to the huge scale of South Africa's poverty and the severity of its inequality, engendering the perception that *most* of South Africa's poor are chronically poor. Be that as it may, there has been a recent upsurge in interest in chronic poverty in South Africa, and beyond this there exists a large and rich literature on poverty generally from which much can be extrapolated about chronic poverty specifically.

In South Africa there has been only one data set collected to date allowing an inter-temporal comparison among the same households (section 3). This is the KwaZulu-Natal Income Dynamics Study (KIDS), which as the name implies covers one of the provinces rather than the whole country. The data set comprises information on the same 1200 households for both 1993 and 1998, thus over a 5 year span. Because this data set and the analyses based upon it are unique, we discuss them at length. One of the important findings from the KIDS data is that 22% of the 1200 households that were surveyed, were poor in both periods. This represents about two thirds of all households that were poor in 1993, and one half of those that were poor in 1998, meaning that at least half of those households that are poor, are chronically poor. Another interesting finding is that 'ultra-poverty' is not synonymous with chronic poverty. In other words, a household that is just below the poverty line in one period is no more likely to move above the poverty line in the next period, as a household that started off much further below the poverty line.

Whereas the KIDS data set mainly helps us examine the incidence of chronic poverty in terms of income poverty, other dimensions of poverty - including subjective ones - are also important. If in the context of quantitative analyses chronic poverty is understood as the persistence of income-poverty or expenditure-poverty over time, then in the experiential approach, presumably we understand chronic poverty to be the persistence over time of the subjective state of poverty. However, there are at least two other ways in which chronic poverty can be illuminated by qualitative and particularly participatory studies. First, these studies can assist us understand whether and how people experience the idea of poverty traps, and how they conceptualise the barriers to escaping them. And second, studies such as these can enrich our understanding of the causes of chronic poverty, including the conventional measures of income-poverty. In this regard, drawing on the South African literature on poverty, we examine aspects of the experience of poverty such as vulnerability, social exclusion, gender oppression, lack of access to services, etc. The literature confirms that many poor people feel resigned to poverty - i.e. to being chronically poor - and also that many of the day-to-day experiences that contribute to the perception of being poor, are aspects of the economic or social environment over which the poor person perceives little or no control.

One of the goals of this overview study is to try to identify different categories of households or people that might be especially susceptible to being caught in chronic poverty. Drawing both on published analyses of the KIDS data, and on other contributions to the literature on poverty in South Africa, a number of vulnerable groups are identified, including rural households generally, women-headed households, the disabled, retrenched farm workers, the elderly, and so on. For each of these categories, it is important to understand why its members are prone to chronic poverty. Some of these reasons are fairly straightforward (e.g. the disabled have more difficulty finding employment), while others are less obvious and are rooted in the specific situation of South Africa (e.g. retrenched farm workers are forced to re-locate and thus sever their social support networks). In addition, very rough first approximations are provided as to how many chronically poor households or individuals there might be belonging to each of these categories. The purpose of this exercise is to provide some guidance for both policy and further research as to where the problem of chronic poverty is most severe. A sobering conclusion from this section is that over the next 10 years or so, AIDS orphans and households directly affected by AIDS, will

likely become the most numerous and second most numerous groups reduced to chronic poverty.

South Africa has many initiatives in place to address poverty, emanating both from government and civil society (section 4). Few of these can be said to be aimed specifically at chronic poverty, not least because chronic poverty is not an analytical category used by policy makers or corporate donors or NGOs, in the design of their programmes. Nonetheless, we can broadly distinguish two types of anti-poverty initiatives, firstly those that create a safety-net, and those with a developmental goal. We attempt to survey, albeit incompletely, the activities of government and civil society in both of these areas. One striking finding is that the lion's share of anti-poverty expenditure in South Africa is government spending on the array of social security grants and subsidised health care. In terms of expenditure that is directed towards the poor, this category of expenditure dwarfs all the others. Indeed, the social grant system has become less of a net devised to catch an unfortunate few in times of temporary distress, than a major commitment to help a large fraction of the population over sustained periods of time. The next largest category of expenditure is that of a safety-net character from the private sector, which is largely through work-related insurance (e.g. unemployment insurance), as well as some private sector support for charitable causes. Developmental initiatives from government and from the private sector tie for third. These include support to small, medium and micro-enterprises (SMMEs), as well as support for a variety of other kinds of community-based income generating projects.

One might be tempted to conclude that, given South Africa's developmental priorities, the spending is skewed too far towards safety-nets. While this may be the case, this is the system that works relatively well. By contrast, spending money on development has proven rather difficult, and spending that money effectively has proven even more difficult (section 5). Among the problems that inhibit anti-poverty initiatives is the lack of a coherent anti-poverty strategy. The process of developing such a strategy might be an opportunity to contemplate specific categories of poor people such as the categories of chronically poor people described above. Another problem is the bugbear of inter-departmental coordination, in which perhaps some progress is being made via the recently introduced Integrated Sustainable Rural Development Strategy. And a third serious problem is the fact that government employees do not appear well suited to giving entrepreneurs a kick-start. Government's and civil society's efforts in this area are complicated by the fact that the trend of declining formal sector employment that began in the early 1990s, has continued unabated through the second half of the 1990s. Meanwhile, it is not at all clear what the absorptive capacity of the SMME sector is. Rural areas are likely to have relatively low capacity in this regard. The solution that has been offered by way of the newly revised land redistribution programme, is likely promising more than it can deliver. Threatening all of government's and civil society's good intentions, is the prospect of the worsening AIDS epidemic. The magnitude of the epidemic will likely be devastating well beyond those unfortunate enough to be infected. How exactly the epidemic will alter the prospects for escaping poverty, and how it will force government and civil society to redirect their efforts, remain to be seen. Another major threat is looming cuts in the public service, which could increase the numbers of unemployed people much more quickly than new opportunities can be created through SMMEs.

While much is known already about chronic poverty in South Africa, there remains a great need

for further research (section 6). This is so not least because of the fluidity of the socio-economic environment, and of government policy. The paper concludes with a list of identified research priorities to help guide the future course of this research programme. A key challenge will be to conduct the research in such a manner as to derive tangible lessons for policy.