

### **3. South Africa's chronically poor - a quantitative and qualitative picture**

#### **3.1 Introduction**

This section seeks to provide an up-to-date, critical survey of what is known about the incidence of chronic poverty in South Africa. However, because of the paucity of direct information about the incidence of chronic poverty, much of what we know is deduced from work pertaining to poverty generally.

A key aspect of the section is to seek to identify and enumerate specific categories of the chronically poor - for example the disabled, those living in deep rural poverty, AIDS orphans, etc.

In doing so, the section elaborates upon the factors that have contributed to these people's chronic poverty, including both factors relating to their personal characteristics, and those relating to the economic environment and resource distribution.

The section is organised as follows. Section 3.2 summarises direct quantitative evidence on the incidence of chronic poverty in South Africa. Much of this emanates from the one South African panel data set that has thus far been collected, namely the KwaZulu-Natal Income Dynamics Study. Given the critical link between employment and poverty, employment patterns and trends are discussed in their own right. Some of this discussion also relates to the KwaZulu-Natal data, but some does not. Then, section 3.3 surveys the South African literature on the qualitative and subjective aspects of the experience of poverty, and tries to relate this (not always successfully), to the specific theme of chronic poverty. Finally, section 3.4 surveys different categories of chronically poor people, or people at risk of falling into chronic poverty, and ventures some estimates as to how many households and individuals are included in these categories and in total.

#### **3.2 Recent quantitative research on chronic poverty in South Africa**

We examine two varieties of quantitative evidence on chronic poverty, the one dealing broadly with income dynamics as revealed by panel data, and the other focusing more particularly on *employment* dynamics and the changing pattern of employment over time. Obviously the two are closely related to one another, and moreover, some of the notable research into employment dynamics relies on the same panel data set from KwaZulu-Natal as the research into income dynamics. The distinction is made for sake of convenience of presentation.

The distinction between quantitative and qualitative treatments of chronic poverty is of course not always rigidly observed (though often it is). We mention in this respect what is probably the first panel study of poverty in South Africa, namely that of Ardington (1988, 1995), who studied the 70 KwaZulu households in 1982 and again in 1985 and 1993. While Ardington does not use her panel explicitly to gauge the extent of chronic poverty, she paints a vivid picture of the factors that often combine to keep households poor, in part by gauging the change in household incomes over the intervening period, and in part by relating the case histories of the households in her sample. What emerges is a portrait of extremely vulnerable households that fail to emerge from

poverty due to harsh environmental conditions, a fickle labour market, changing household composition.

### 3.2.1 The KwaZulu-Natal Income Dynamics Study (KIDS)

In 1998, a research consortium consisting of the University of Natal, the University of Wisconsin, and IFPRI, undertook a re-survey of some 1200 KwaZulu-Natal households that had five years earlier been interviewed as part of the 1993 SALDRU survey.<sup>1</sup> This re-survey comprises the KwaZulu-Natal Income Dynamics Study (KIDS), which, as the name suggests, aims to provide an empirical basis for understanding how households' fortunes change over time. Since this is the only large-scale panel study of income dynamics in South Africa to date, it is discussed at some length.

Thus far, the findings from KIDS have been summarised in three reports, by May *et al.* (1999), Roberts (2000), and Carter and May (1999a). Roberts presents a succinct overview of the data collection process for KIDS, as well as of basic findings. Of note is the fact that only African households from the original SALDRU sample were re-visited, but 15% of these were not possible to track down, while 41 additional 'split-off' household units were incorporated.<sup>2</sup> A household is defined as "poor" in a particular year, if its monthly per adult equivalent expenditure in that year is less than R237 (in constant 1993 Rand).<sup>3</sup>

Based on the roughly 1200 households included in the panel, the incidence of poverty in the two years is as follows:

Table 3-1: Proportion of sample that were ultra-poor and poor in 1993 and 1998

	Expenditure classes, 1998	
Expenditure classes, 1993	<i>below poverty line</i>	<i>above poverty line</i>
<i>below poverty line</i>	chronically poor - 22.3%	transitorily poor - 11.4%
<i>above poverty line</i>	transitorily poor - 19.3%	never poor - 47.0%

Source: adapted from Roberts, 2000, p.16.

<sup>1</sup> The 'SALDRU survey' stands for the household survey undertaken in 1993 under the auspices of the South African Labour and Development Research Unit, of the University of Cape Town. Part of the significance of the SALDRU survey was that it was the first national scale, all-race household survey undertaken in South Africa.

<sup>2</sup> The reasons for the attrition appear to be various, and are the subject of further inquiry by the project team. A 'split-off' household in 1998 is a separate household formed by one or more core members from one of the households interviewed in 1993.

<sup>3</sup> A household's adult equivalents is defined as  $ADEQ = (A + 0.5 \times C)^{0.9}$ , where A is the number of adults, C children less than 15, and the exponent provides for modest size economies. This value is derived from the 'household subsistence level' established by the Institute for Planning Research of the University of Port Elizabeth. In 1993, R237 was worth about £48 or \$72 US.

The table shows that 22% of the sampled households qualified as poor in both periods, and thus can be categorised as chronically poor.

As Roberts points out, the shares of households ascribed to these different categories is rather sensitive to definitions, for instance of the poverty line, of adult equivalents, and even when one accepts that a household has made the transition from one state to the other. For instance, McCulloch and Baulch (1999) propose a different definition of chronically poor, whereby a household's average adult equivalent expenditure between the two years must itself be below the poverty threshold, and where the difference between the adult equivalent expenditure figures for the two periods must be greater than 10% for it to be judged to have truly crossed the threshold. According to this definition, some 33% of the households are chronically poor (Roberts, 2000).

In addition, Roberts presents a 'transition matrix' showing households' inter-period mobility between four different expenditure ranges, from the 'ultra-poor' on up. A household is defined as ultra-poor if its monthly adult equivalent expenditure is less than half the poverty line as defined above.

Table 3-2: Transition matrix for KIDS data

Expenditure classes, 1993	Expenditure classes, 1998				Row sum
	<i>0 to 1/2 PL</i>	<i>1/2 PL to PL</i>	<i>PL to 2 x PL</i>	<i>&gt; 2 x PL</i>	
<i>0 to 1/2 PL</i>	<b>17.7%</b>	50.0%	25.8%	6.5%	100.0
<i>1/2 PL to PL</i>	17.2%	<b>48.6%</b>	25.4%	8.8%	100.0
<i>PL to 2 x PL</i>	8.0%	32.4%	<b>36.8%</b>	22.8%	100.0
<i>&gt; 2 x PL</i>	1.8%	11.9%	27.5%	<b>58.7%</b>	100.0

Source: Roberts, 2000, p.15.

The diagonal elements, marked in bold, represent those households that were in the same category in 1998 as in 1993.<sup>4</sup> For example, 48.6% of those households that were classified as poor but not ultra poor in 1993, were still such in 1998. More interestingly, of those that were classified as ultra-poor in 1993, only 17.7% remained such in 1998. While the majority of the rest moved up only one expenditure class, and thus remain poor and so qualify as chronically poor, one wonders whether their upward movement from 1993 to 1998 may in fact be part of a trajectory that extended beyond 1998. In other words, are they chronically poor, or just slow to

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<sup>4</sup> What may have happened in the intervening years is of course not known, which is one limitation of this particular panel. Other panels, such as the US' Panel Study of Income Dynamics and indeed a number of panels conducted in developing countries, are over a period of five or more years but with data collected on an annual basis.

make the transition to non-poor?

Another thing that can be seen in this table is the relationship between ultra-poverty and chronic poverty. One might suppose that the ultra-poor and the chronically poor are more or less the same people, because the poorer one is, surely the more difficult it is to escape poverty. Indeed, it is true that of those who were ultra-poor in 1993, 67% were still poor in 1998, and thus are designated as chronically poor. However, from a slightly different perspective, there is evidence to contradict this supposition. Note that a household that was ultra-poor in 1993 evidently had a 32% chance of finding itself above the poverty line in 1998, whereas for a household that in 1993 was poor but *not* ultra-poor, the probability was 35%. This is not a striking difference, and suggests that, in respect of the chances of remaining in or escaping poverty, the ultra-poor are not dissimilar to the less poor. Moreover, with a little manipulation, one can determine that of the total number of households that are designated as chronically poor by virtue of being below the poverty expenditure line in both periods, only around 20% were ultra-poor in either period.

Roberts proceeds to compare the different categories of households (chronically poor, transitorily poor, and never poor), in terms of rural versus urban residence, demographic characteristics, as well as a "suite" of other household characteristics. Among the various findings that distinguish the chronically poor are the following:

- 86.9% of all chronically poor households in KwaZulu-Natal are from rural areas, while 30% of rural African households are chronically poor;
- chronically poor households tend to have more members, are more likely to be female-headed, and on average have older household heads;
- adult members of chronically poor households are less educated and have a lower level of literacy than their counterparts from other categories of households (though between 1993 and 1998 enormous strides were evidently made even within the category of the chronically poor);
- chronically poor households have access to less arable land per capita;
- chronically poor households spend considerably less money on food per adult equivalent than other households from the other categories;
- chronically poor households are more likely to receive pensions.

It is not possible to say to what extent the results of the KIDS panel can be generalised to the rest of the country. KwaZulu-Natal has about 18% of all African households in the country, and ranks among the poorer provinces in terms of the prevalence as revealed by headcount measures. Most likely, the patterns described above obtain elsewhere, though the percentages would probably differ.

Carter and May (1999a) delve more deeply into the KIDS data to examine the nature of different categories of poverty. They do this in two distinct ways. First, they build on their earlier work involving the development of a 'class typology' (Carter and May, 1999b), which classifies people according to their "entitlement bases", and the extent to which these may or may not serve to help them rise out of poverty. They determine that those classes that are most likely to be

characterised by chronic poverty are "marginalised households", whose primary asset is unskilled labour; "remittance-dependant households", who rely on cash transfers from non-resident family members; and thirdly, those households which depend upon the secondary labour market, meaning for example casual workers and those involved in less remunerative informal self-employment.

The other interesting tack pursued by the paper is to try to understand how "entitlement shocks" (e.g. loss of productive assets) and "entitlement losses" (e.g. severance of relationships upon which one relies for assistance) affect households, and how this can help us understand the composition of the various categories of poor households. They produce a more nuanced view of the chronically poor, as well as of the transitorily poor and non-poor.

Table 3-3: Decomposing categories of the inter-period income

	1998	
1993	<i>poor</i>	<i>non-poor</i>
<i>poor</i>	chronically poor - 22.3%, of whom: <ul style="list-style-type: none"> <li>· 14% in dual entitlement failures</li> <li>· 86% in poverty trap</li> </ul>	got ahead - 11.4%, of whom: <ul style="list-style-type: none"> <li>· 46% stochastically poor in 1993</li> <li>· 54% structurally poor in 1993</li> </ul>
<i>non-poor</i>	fell behind – 19.3%, of whom: <ul style="list-style-type: none"> <li>· 30% chronic poor, but fortunate in 1993</li> <li>· 45% stochastically poor in 1998</li> <li>· 9% new structurally poor</li> </ul>	never poor - 47.0%, of whom: <ul style="list-style-type: none"> <li>· 19% dual positive shocks and vulnerable</li> <li>· 81% structurally non-poor</li> </ul>

Source: Carter and May, 1999a, p.29.

Notwithstanding the fact that the sophisticated statistical methodology is difficult to grasp, the findings are quite intuitive. The chronically poor are not a homogeneous group, but rather can be divided into two distinct types: there are those households that are truly in a "poverty trap", and then those households that happened to be poor in both 1993 and 1998 due to adverse shocks in or just before both years. In a sense, then, their use of the term "poverty trap" is akin to what we have generally meant by "chronic poverty". By their reckoning, the true proportion of African households in KwaZulu-Natal that are chronically poor (in our less precise sense) is not 22%, but rather 19%. Thus, while the distinction may be interesting, the difference it makes to our order-of-magnitude estimates of the number of people stuck in poverty traps, is fairly slight.

### 3.2.2 The dynamics of unemployment and employment in relation to poverty states

The importance of employment to household income and welfare is well-established (e.g. Cichello *et al.*, 2000), and thus merits specific focus in any overview treatment of chronic poverty. After presenting an overview of the employment situation in South Africa, we extract three themes from the sizeable South African literature: first, the dynamics of employment, as revealed in the KIDS data set; second, the changing nature of employment in the formal sector; and third, the nature of employment in the informal sector.

### 3.2.2.1 A picture of unemployment and employment in South Africa

Unemployment is high and rising in South Africa. Between 1994 and 1998, the aggregate unemployment rate has risen from 20% to 26%, according to the "narrow definition" used by Stats SA, whereby a person is unemployed if he or she has actively sought work in the past four weeks. According to the "broad definition" of unemployment, whereby one wishes to be employed but has not necessarily sought work in recent weeks, the change between 1994 and 1998 was from 31% to 39%. As Kingdon and Knight (2000a) point out, the gap between the narrow and broad definition figures suggests that a large fraction of the work force is 'discouraged', that is, have ceased actively searching for employment out of frustration, or for lack of resources, or both.

Table 3-4 shows that the incidence of unemployment is considerably greater for Africans and coloureds than for whites. It also disaggregates employment by 'sector', by which we mean here informal and formal, and employment versus self-employment. Overall, Africans and coloureds are more likely to be employed or self-employed in the informal sector, and in absolute terms whites comprise a relatively tiny share of activity in the informal sector.

Table 3-4: Incidence of employment and unemployment, by race and sector, 1999

	African and Coloured		White	
	millions	percent	millions	percent
unemployed	6.7	45.5%	0.2	8.5%
employee, formal sector	5.4	36.9%	1.5	69.4%
employee, informal sector*	1.4	9.6%	0.1	2.4%
self-employed, formal sector	0.1	1.0%	0.3	14.3%
self-employed, informal sector	1.0	7.0%	0.1	5.4%
total	14.7	100.0%	2.2	100.0%

Source: calculated from OHS 1999.

\* Note: includes domestic workers.

Not surprisingly, the incidence of unemployment is strongly differentiated according to race, gender, place of residence, and so forth. In 1999, the incidence employment and unemployment is as follows, where unemployment is understood according to the broad definition<sup>5</sup>:

Table 3-5a: Incidence of employment and unemployment, by race and gender, 1999

	African	Coloured	White
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<sup>5</sup> Concerns have been expressed by readers of earlier drafts that the unemployment rates for rural Africans and coloureds are too low. Stats SA notes that its new labour survey methodology may soon provide a more accurate picture, particularly for rural areas. It is important to note that these figures are inclusive of informal sector employment, which is readily captured in the October Household Survey. Also note that in general figures for 'Indians/Asians' are not reported in this section, as they comprise a very small fraction of the workforce participants captured in the Survey.

	women	men	women	men	women	men
full-time	18.8%	32.0%	32.9%	50.5%	42.0%	62.1%
part-time	3.4%	4.2%	3.3%	3.3%	5.2%	3.0%
casual	2.5%	3.2%	6.1%	5.6%	1.3%	1.1%
unemployed	75.3%	60.5%	57.8%	40.5%	51.6%	33.7%

Source: calculated from OHS 1999.

Table 3-5b: Incidence of employment and unemployment, by race and location, 1999

	African		Coloured		White	
	urban	rural	urban	rural	urban	rural
full-time	45.6%	37.5%	57.3%	71.1%	82.8%	84.1%
part-time	6.9%	5.7%	5.0%	3.8%	6.7%	5.5%
casual	4.2%	5.5%	8.6%	8.1%	1.9%	3.0%
unemployed	43.3%	51.4%	29.1%	17.0%	8.6%	7.4%

Source: calculated from OHS 1999.

Unemployment is clearly more severe among women than among men, and among Africans is considerably more severe in rural areas than in urban areas. The fact that unemployment among Africans is higher in rural than in urban areas, is something of an international anomaly, and probably in large measure is due to the insufficiency of African's access to agricultural land. Part-time and casual employment make up relatively small shares of employment, though it must be noted that the survey picks up those who have been casually employed within the previous week, as opposed to those who may have had casual work within, say, the year.

In addition to the static picture presented above, we note the following salient facts (following Kingdon and Knight, 2000b), based again upon data from the 1999 October Household Survey:

- Seventy percent of those who are presently unemployed have never had a job. The figure for women is 73%; for Africans 73%; for rural dwellers 76%; and for rural African women 79%.
- Around 69% of those who are presently unemployed have been unemployed for more than one year, while 41% have been unemployed for more than three years; among the African unemployed, the figures are 72% and 44%, respectively.
- Quality of life is considerably worse for those who are employed or self-employed in the informal sector than for those in the formal sector, and still worse for the unemployed; for example, of African and coloured households whose head is employed (or self-employed) in the formal sector and having children younger than 7 years, 16% reported insufficient money to feed those children at some point in the previous year, whereas for those in the informal sector, the figure was 27%, and for those whose household head is unemployed, the figure was 40%.<sup>6</sup>

<sup>6</sup> Direct comparisons in terms of income are rendered difficult with the October Household Survey, because income from

In light of these figures, it is reasonable to suppose that the protracted nature of unemployment is a major factor maintaining chronic poverty. This supposition is explored systematically in the next section.

### 3.2.2.2 Panel studies of employment

Thus far, there have been at least two labour-oriented studies based upon the same KIDS data set described in the previous section. These offer additional insights into the dynamics of livelihoods over time. We briefly review each of them in turn.

First, Keswell (2000) attempts to relate the incidence of transitions between different employment states and types, to demographic factors and personal characteristics. In Table 3-6 below, the 1993-1998 transition frequencies are shown, after the same manner of the expenditure class transition frequencies reported above:

Table 3-6: Transition matrix of employment states, based on KIDS data

1993	1998				Row sum
	<i>out of labour force</i>	<i>unemployed</i>	<i>self-employed</i>	<i>employed</i>	
<i>out of labour force</i>	<b>46.9%</b>	31.7%	2.7%	18.6%	100.0%
<i>unemployed</i>	7.7%	<b>52.1%</b>	5.1%	35.0%	100.0%
<i>self-employed</i>	30.8%	19.5%	<b>21.9%</b>	27.8%	100.0%
<i>employed</i>	10.3%	16.7%	2.8%	<b>70.2%</b>	100.0%

Source: adapted from Keswell, 2000, p.14.

What is revealed is that, among those out of the labour force or unemployed in 1993, transition into self-employment is less likely than remaining in one's present state. A person who was unemployed in 1993, however, had a 35% chance of gaining employment, which is not trivial, but also not hugely encouraging in light of the 5 year time lapse. Interestingly, the probability of an unemployed person entering self-employment - meaning informal sector self-employment - is much smaller, at only 5.1%. This raises the question about the extent to which unemployment is truly involuntary, in the sense that unemployed people seem either unable or unwilling to engage in self-employment when efforts to find (formal sector) employment fail. However, as can also be seen in the table, the status of self-employment is somewhat precarious: half of those who in 1993 were engaged in self-employment, ended up either unemployed or out of the labour force

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employment is reported pre-tax, while income from self-employment is reported both pre-tax and without taking costs into account.



by 1998.<sup>7</sup> We return to the issue of self-employment below.

Keswell relates the incidence of these transitions to individuals' age, education, place of residence, and so on.<sup>8</sup> He infers, *inter alia*, that: women are especially apt to go from employment to unemployment; membership in a savings club (e.g. *stokvel*) decreases one's probability of going from employment to unemployment; greater age and being female both heighten the chances of one's leaving the labour force from self-employment; and education is critical in boosting the chances of those not in the labour force to get employment, but is not so important for those that are presently employed. Some of the results pertaining to the transition out of self-employment, might imply that many of those who are self-employed are women whose ability to pursue self-employment is apt to be interrupted by other obligations.

Cichello *et al.* (2000) also make use of the KIDS data, but draw a somewhat different (which is not to say inconsistent) set of conclusions to Keswell's. What is particularly useful in Cichello *et al.*'s approach is that they seek to make an explicit link between employment states and household income, by means of determining the 'earnings line' that corresponds to the same poverty used by Roberts and by Carter and May above. The table that follows therefore indicates the probability of making various transitions, as a function of employment changes between 1993 and 1998.

Table 3-7: Transitions between earnings thresholds, 1993 and 1998, based on KIDS data

1993	1998	
	<i>below</i>	<i>above</i>
<i>below</i>	59.9% (80%)	14.9% (20%)
<i>above</i>	9.0% (36%)	16.3% (64%)

Source: adapted from Cichello *et al.*, 2000, p.7.

The two off-diagonal values have particular interpretations. The probability of being a household which was above the earnings line in 1993 but below it in 1998, is 9%, which is dubbed the "risk rate", i.e. the chance of falling into poverty by virtue of a change in employment status. The figure may seem low, but is in fact high relative to the total number of households that were above the earnings line in 1993, as shown by the row percentage of 36% in brackets. Contrariwise, the probability of being below the earnings line in 1993, but above it in 1998, is dubbed the "escape rate", and is 15%, or 20% amongst all those that started out in 1993 below the

<sup>7</sup> Keswell's use of the term 'out of the labour force' is somewhat mysterious; it is not altogether clear that these people should in many instances not be counted among the unemployed.

<sup>8</sup> Keswell also makes inferences about race, which is difficult to understand as the panel only consists of African households and individuals.

earning line.

In addition to demonstrating that earnings are extremely volatile and account for a large degree of movement between states of poverty and non-poverty, Cichello *et al.* attempt to identify factors that contribute to risk and escape, and conclude that: "ceteris paribus, males and urban residents are more likely to move out of poverty and less likely to fall into poverty, heads of household are more likely to move out of poverty, and unionised workers and KwaZulu residents [as opposed to Natal residents] are less likely to fall into poverty" (p.20). In addition, the authors reject the 'cumulative advantage hypothesis', whereby the fortunate become more so, while the less fortunate remain so. Rather, the job market has the tendency to equalise the fortunate and the unfortunate over time, which may be merely another way of saying that, given the volatile nature of earnings, there tends to be regression towards the mean.

### 3.2.2.3 The changing nature of employment in the formal sector

The overall pattern of formal sector employment in South Africa over the past several years, is that fewer people have employment but those that do, have enjoyed real increases in remuneration. However, there is also a broadening grey area involving more employment through the so-called secondary labour market, whereby tasks that had previously been performed by permanent, regular workers, are increasingly being performed by temporary, casual, and part-time workers, or what are sometimes euphemistically called "independent contractors". The evidence of this trend mainly comes to us through industry-specific micro-studies. For example, the pattern of 'flexibilisation' has been documented for retailing (Valodia, 1991; Kenny and Webster, 1999; Clarke, 2000), shipping (Hemson, 1996), clothing (Altman, 1995; Kesper, 1999; Netshitomboni, 1998), electronics (Ray, 1997), and agriculture (Simbi and Aliber, 2000). Valodia (2000) notes three important characteristics of the growth of the secondary labour market: first, the reliance upon labour brokers and sub-contractual relationships; second, the increase in home-based work (especially in the clothing industry); and third, the increasing prevalence of women in such work. Broadly speaking, flexibilisation most strongly affects unskilled and semi-skilled types of work. Thus, at the margin, many low-income earners who are able to remain employed, find themselves more vulnerable.

While this trend is not dissimilar to that which prevails elsewhere in the developed and developing world, it comes at a time in South Africa when there are diminishing employment opportunities, and within an environment where governmental and non-governmental institutions set up to protect workers' rights are weak. In some sectors, for instance textiles, the pressure on industry to cut direct wage and overhead costs is extreme due to the rapid lowering of tariff barriers. However, in other instances the move to flexibilisation is driven by employers' disinclination to honour new comprehensive labour legislation, whether these impose actual costs or rather reduce employers' manoeuvrability (Clarke, 2000). In the commercial agricultural sector, however, Simbi and Aliber show that many farmers feel compelled to casualise their work force as a means of reducing the perceived danger of various types of land claims, and moreover are willing to incur the cost of mechanising in order to do so. The decline and flexibilisation of employment in this sector is especially damaging for rural livelihoods, because commercial agriculture represented almost one third of formal sector employment in rural areas in 1998, and

yet the total amount of regular employment on farms has declined by about 20% over the past decade.

There are no clear, comprehensive measures of the extent of the secondary labour market. The table below attempts to give some idea of the relative incidence of non-permanent work at one point in time.

Table 3-8: Forms of employment, 1999

	African	Coloured	White
permanent	75.1%	75.9%	89.1%
fixed contract	2.4%	3.7%	2.5%
temporary	12.1%	5.3%	4.6%
casual	7.3%	10.4%	3.3%
seasonal	1.3%	3.6%	0.04%
don't know	1.9%	1.1%	0.5%

Source: calculated from OHS 1999.

Ostensibly, three quarters of all employment among Africans and coloureds is permanent, while the balance is of a more temporary or insecure nature. One thing that is worrying, however, is that a large fraction of those who describe their positions as permanent, have either no written contract, or do not know whether they have such a contract. This suggests that up to 45% of African and coloured workers who deem their work to be permanent, may be more insecure than they realise.

Table 3-9: Frequency of written contracts among 'permanent' employees, 1999

	African	Coloured	White
written contract	55.5%	52.7%	76.7%
no written contract	37.5%	39.5%	19.3%
don't know	7.0%	7.8%	4.0%

Source: calculated from OHS 1999.

Among African and coloured women employees describing theirs as permanent work, only 48% have written contracts.

Finally, one other measure of the 'secondariness' of one's employment, is the extent to which one receives non-wage remuneration such as pension and medical aid contributions. Table 3-10 below shows that among African and coloured employees, fewer than half receive a pension contribution from their employer, and around one quarter to one third receive contributions towards medical aid.

Table 3-10: Pension and medical contributions to employees

	African		Coloured		White	
	pension	medical	pension	medical	pension	medical
employer contributes	44.1%	23.2%	43.3%	29.5%	69.1%	65.2%
does not contribute	49.0%	72.9%	50.2%	66.8%	27.0%	32.9%
don't know	6.8%	3.9%	6.5%	3.7%	3.9%	1.9%

Source: calculated from OHS 1999.

The picture that emerges is that an undefined but large share of people employed in the formal sector, occupy a marginal status that affords them neither security nor significant non-cash benefits.

### 3.2.2.4 Employment and self-employment in the informal sector

Stats SA's reported employment trends based on consecutive October Household Surveys from 1996 and 1998, purported to show that employment levels had stabilised, but mainly because formal sector job losses were roughly off-set by increases in informal sector employment and self-employment. While the fact that these consecutive surveys do not comprise a panel does not allow us to know for certain, it seems likely that many of those entering self-employment in 1998 were those who lost formal sector employment in 1996 and 1997, a process which COSATU calls - not without reason - "disguised unemployment" (COSATU, in *Business Day*, 1 June 2000).

Still, notwithstanding the fact that informal sector employment is inferior to formal sector employment, from both an individual and societal point of view it is preferable to unemployment.

Kingdon and Knight (2000b) marvel at the fact that the share of informal sector employment in South Africa's economically active population is so low, despite such high levels of unemployment. Drawing again on Table 3-4, we see that among Africans and coloureds in 1999, there were 6.7 million unemployed people versus 2.4 million employed in the informal sector, of whom one third were domestic workers. By contrast, 90% of India's workforce are employed in the informal sector. Indeed, Keswell's transition matrix shown above (Table 3-6) reveals that, at least for the KwaZulu-Natal sample, a person who was unemployed in 1993 was 10 times more likely to still be unemployed in 1998 than self-employed.<sup>9</sup>

Kingdon and Knight therefore ask the question why the unemployed do not enter informal sector employment and self-employment in larger numbers, and conclude that, in so far as the unemployed are much worse off than the informally employed across a range of indicators, then there must be barriers to entry. Among these barriers to entry are possibly lack of capital, lack of entrepreneurial skills, and inability to penetrate informal community networks that may control opportunities, e.g. by controlling access to street space or taxi routes.

Informal sector self-employment in particular can also be quite risky. In a survey of different

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<sup>9</sup> The likelihood of such a person ending up in 1998 as employed in the *informal sector*, however, cannot be discerned from Keswell's table. Excluding domestic workers, about one third of all informal sector employment among Africans and coloureds involves working for someone else, while two thirds is self-employment. Of the share that involves working for someone else, a large but unknown share involves unpaid work for family members.

types of SMMEs operating in Winterveldt and Gazankulu, Aliber (2001) found that most SMMEs encounter serious risks on a daily basis. Taxi owners risk being killed by rival taxi owners, public telephone huts and hair salons risk theft of equipment, automobile mechanics risk theft of clients' cars, tavern owners risk having patrons stabbing and shooting one another; and since SMMEs operate almost entirely on a cash basis, they all face a constant risk of robbery. Moreover, it would appear that the more lucrative enterprises require the most start-up capital, and face the most serious risks, which in the absence of widely available micro-finance and micro-insurance, puts them beyond the reach of the average unemployed person. To these we might add lack of a market.

Opportunities for starting remunerative SMMEs may be most limited in rural areas, and, as Ardington (1988) shows, income-earning opportunities from self-employment tend to diminish when formal sector ("core economy") employment falls, since lower remittances to rural areas means less disposable income fuelling the informal economy there.

### **3.3 Quality of life and experiential aspects of chronic poverty**

One of the short-comings of the panel study approach to the study of poverty dynamics is the focus on money metric measures of poverty. Even where the incidence of chronic poverty is explicitly related to qualitative aspects of people's lives or environments, as illustrated in Carter and May's paper, the focus is nonetheless on explaining or interpreting the bottom-line measure, e.g. expenditure per adult equivalent, which is typically not the only important dimension to people's experience of poverty. Indeed, over the course of the past two decades, there has been increasing attention to the fact that poor people's experience of poverty involves a great deal more than inadequate income or consumption (Chambers, 1994; Kanbur and Squire, 1999). This has been forcefully illustrated in South Africa by means of a number of qualitative research initiatives, of which perhaps the most ambitious is the excellent South African Participatory Poverty Assessment, or "SA-PPA" (1998).<sup>10</sup>

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

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<sup>10</sup> The SA-PPA consisted of 14 individual studies undertaken in different communities around the country, with somewhat different emphases, and all using participatory appraisal techniques. The individual studies were conducted in 1995, and a final synthesis report was assembled by May *et al.* in 1998 under the title, *Experience and Perceptions of Poverty in South Africa*. Apart from the SA-PPA, South Africa has a tradition of 'personal histories' of relatively poor people which reveal much about their economic circumstances and strategies, including, to name a few, Bozzoli, 1991, *Women of Phokeng*, Keegan, 1988, *Facing the Storm*, and van Onselen, 1996, *The Seed is Mine*. In addition, in 1998 the South African NGO Coalition (SANGOCO) and other organisations sponsored the Speak Out on Poverty Hearings, the proceedings of which are available in two volumes, namely *The People's Voice* and *Poverty and Human Rights*.

whether and how people experience the idea of poverty traps, and how they conceptualise the barriers to escaping them.<sup>11</sup> And second, studies such as these can enrich our understanding of the causes of chronic poverty, including the conventional measures of income-poverty. These latter two dimensions are of course characteristic of the philosophy of participatory appraisal methodologies, wherein the 'subjects' of the study are esteemed for their analytical input as well as or more than providers of data (Chambers, 1994).

The strategy of this sub-section is simple. Using SA-PPA and other qualitative and participatory studies, we describe key facts of life that appear to figure prominently in South Africans' perceptions of poverty, and then seek to embellish these where appropriate with information from other sources. In doing so, we attempt to understand whether this 'fact of life' may be of a 'chronic' (enduring) nature, and/or how this factor contributes to other dimensions of chronic poverty.

### 3.3.1 Vulnerability and resignation

Poor people are vulnerable to a number of harmful and potentially devastating threats, which they may not have the resources or power to avert. Among such threats are fire (e.g. shack fires, which destroy one's home and possessions); floods (because poorer people often end up erecting their shelters in flood-prone areas); job loss; crime (theft of money and possessions, and bodily harm); poor agricultural conditions (e.g. for those who rely in part on food production for sustenance); and illness and death in the family (often with no resources to seek medical care).

While on one level this notion of 'vulnerability' has its correlate in the quantitative treatments of poverty dynamics discussed above (e.g. 'risk rates', 'stochastic poverty', 'entitlement shocks', etc.), on a deeper level the experience of vulnerability is an aspect of poverty in and of itself, that is, a palpable disturbance to one's 'peace of mind'. In the SA-PPA, this sense of vulnerability was articulated in a number of different ways. For example, many participants expressed concern for their ability to cope with unpredictable crises. Bedford (1995, cited in May *et al.*, 1997) notes the extreme stress and anxiety suffered by street children, who are exposed to constant threats of violence and sexual abuse. Chopra and Ross (1995, cited in May *et al.*, 1997) indicate that African women in northern KwaZulu-Natal were particularly aware of the threat of children falling ill during certain times of year. Among the homeless, there is a constant sense of threat about being the victim of crime or of being harassed by the police (van der Merwe *et al.*, 2001).

For many people in South Africa, the experience of vulnerability is long-term, since the underlying threats are themselves long-term, and some (e.g. HIV/AIDS) are clearly becoming worse. Also, as is well known, the sense of vulnerability has an effect on people's ability to escape poverty. For example, people mitigate income risk by means of having a multiple livelihood strategy (Ellis, 1998), which although being adaptive and rational, may inhibit the individual from concentrating on a single, potentially more lucrative enterprise. On the positive

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<sup>11</sup> In fact, the synthesis report has a chapter entitled, "The Poverty Trap: The Context for the Future". Arguably, however, the chapter collects observations of the researchers as to what hinders escape from the poverty trap. Even so, discussion elsewhere in the report speaks vividly of people's perceptions of the poverty trap.

side, some of these risks can be attenuated through government and non-governmental interventions, even where income-poverty is not itself improved.

Closely related to the experience of vulnerability is the state of being resigned to always remaining poor. Resignation is perhaps the most succinct subjective correlate to the notion of chronic poverty, i.e. that the poverty will endure. Such resignation may be a person's honest and sober assessment of the low probability of ever escaping poverty, but it may also have the practical effect of discouraging people from taking steps to increase their chances of living a more rewarding life, or of escaping their present state. Job seekers who remain unemployed for year after year, households that repeatedly lose what little they have been able to accumulate by dint of family illness, crime, or natural disasters, can readily account for pessimism that things will not improve. Participants in the SA-PPA expressed resignation in a number of ways, for example by expressing the sentiment that life's difficulties are endless and must simply be accepted (May *et al.*, 1997, p.54).

### 3.3.2 The migrant labour system, female-headed households, and gender roles

South Africa's migrant labour system developed in distinctive ways owing to a combination of the singular importance of employment on mines (a 'male job'), influx controls which limited the mobility of non-employed family members, and inadequate land resources left to black people on account of the inequitable land distribution. We focus here on one particular consequence of this system, namely a large number of effectively female-headed households.

In its 'ideal' form, the migrant labour system means that husbands earn an income in relatively lucrative jobs outside of the labour reserves (homelands), which they remit to their families back home and/or save. While this may often happen as planned, it frequently does not. First, migrant workers may lose their work, and thus have nothing to remit. Some of these industries, especially mining, are highly dangerous, and over the years many workers have sustained disabling injuries, succumbed to occupation-related illnesses,<sup>12</sup> or been killed. Second, migrant workers may find other uses of their earnings, and may send remittances intermittently and insufficiently. From OHS 1999, we find that 21% of all households have one or more family members who are considered migrant workers, of whom 19% send remittances back to the household no more than once per year.

The SA-PPA relates the experience of many disillusioned women whose male partners failed to send remittances according to plan (May *et al.*, 1997, p.37). Bank's study of a community in the Eastern Cape as part of the SA-PPA, revealed that: "In Duncan Village, we discovered that the classic formula for chronic impoverishment for female-headed households seemed to be the absence of a reliable male breadwinner in two consecutive generations" (1995, p.69; cited in May *et al.*, 1997). Many of these women have the worst of both worlds. On the one hand, they receive inadequate or unreliable support, while on the other hand, by virtue of cultural norms, they often lack rights (e.g. in land), independence (e.g. to make own economic decisions), and voice (see below).

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<sup>12</sup> South Africa's Chief Inspector of Mines recently stated to the media that some 196 000 former mineworkers suffer from occupation-related diseases (SAPA, 19 September 2000).

The history of absent partners and fathers has perhaps served to emphasise and exaggerate the role of women as care-givers and providers. This is so to such an extent that, even when men are not absent, women are often expected to bear financial responsibility for most things to do with the household, including paying for food, paying school fees, and coping with health emergencies (May *et al.*, 1997, p.55). Intra-household financial decisions are in these instances rife with conflict. Many women participants in the SA-PPA studies evoked the image of male partners who "pose an economic and physical threat to women and children" (*ibid.*, p.18), in part by dissipating scarce financial resources on alcohol, drugs, and tobacco. Moreover, male idleness is juxtaposed to women's 'time poverty' (*ibid.*, p.106). Such circumstances limit households' potential for improving their circumstances.

There are other dimensions to South Africa's migrancy patterns that can have negative consequences for households. One of these dimensions is that children are often left in the care of their grandparents, and in particular grandmothers, on rural homesteads. This reflects the increased participation of women in the formal sector, town-based workforce, and the need to have someone look after their children while they do so. While this arrangement may benefit the household economically as a whole, it may also put undue pressure on elderly people, whose old age grants end up being used effectively to support whole households rather than just themselves.

Ironically, however, the most deprived areas are those from which out-migration is relatively subdued. O'Donovan (2000) suggests that areas that are especially remote and poor send out relatively few migrant workers, and thus fail to take advantage of more lucrative opportunities elsewhere. Thus while the incidence of out-migration can in some cases lead to specific kinds of impoverishment of those households left behind, the absence of out-migration can be even worse, because it means that households lack remittances, and that the pool of remittances circulating within the local economy is very limited. This suggests a particular kind of poverty trap.

Finally, it is important to note that migratory patterns do not necessarily conform to the rural-to-urban (or rural-to-mine) picture of job-seeking described above. Cross *et al.* (1998) show that, at least for KwaZulu-Natal, a large and growing share of internal migration involves whole households engaged in rural-to-rural movements (e.g. from former homeland areas to areas around rural towns), and is inspired at least as much by the desire to gain better access services and resources (e.g. water) and to flee violence (i.e. "crisis moves"), as to look for employment. Cross *et al.* point out that one consequence of this greater mobility is a disruption of social networks that hitherto had served as critical safety-nets.

### 3.3.3 Access to infrastructure, services, and amenities

Improved access to infrastructure, services, and amenities, is of course a major challenge of the post-apartheid government. The cholera epidemic currently rampaging through KwaZulu-Natal is a vivid example of the human costs of the infrastructure backlog.

A formidable amount of information is available on the extent of people's access, including disaggregations by race and place of residence (e.g. Stats-SA, 2000a; May *et al.*, 1995); on improvements since 1994 in this access (Khosa, 2000); on the problems with maintenance that



have been discovered in respect of new infrastructure, e.g. water pumps (Department of Housing, 2000); on the capital costs associated with remedying the delivery backlogs (e.g. Jackson and Hlahla, 1999); and on the institutional mechanisms that must be put in place in order to accelerate delivery and ensure sustainability (e.g. Stavrou, 2000; Jackson and Hlahla, 1999). The number of different kinds of infrastructure and services is of course large, including electricity, water (for home use and production), communications, education, the judicial system, health care, sanitation, housing, refuse removal, financial services, and so on.

Our purpose here is not to review or summarise this wealth of information, but rather to emphasise that, even when services are present, lack of access to them is still experienced by the most marginalised members of communities. The SA-PPA shows how some community members' ability to access services is hampered by a range of factors, some of which have to do with the design of the services themselves, and others of which relate to the extremity of people's poverty. For example, even where a health clinic does exist in the vicinity, and where it may offer free basic care, travelling costs may still be prohibitive, and people may find it difficult to be at the clinic during the times when it is open (May *et al.*, 1997, p.61). Employees such as farm workers may hesitate to miss work in order to visit a clinic, for fear of being retrenched (Simbi and Aliber, 2000). Foreign workers who are undocumented migrants may be denied access to health services by xenophobic clinic staff (*Mail & Guardian*, 25 September 2000).

#### 3.3.4 Crime and violence

Crime and violence contribute to the experience of poverty at two levels. On one level, the exposure to crime and violence directly detracts from the quality of life of its victims and those fearful of being victimised. On another level, the high incidence of crime and violence which forms a salient feature of everyday life in South Africa, are symptomatic of a profound social malaise, wherein the cycle of poverty and the cycle of violence are indistinguishable.

Crimes such as burglary and robbery can result in poor people losing what little assets they have (May *et al.*, p.18), while the prevalence of violence adds to people's sense of vulnerability and oppression. While state-sponsored violence ended with apartheid and political violence has greatly subsided, violence among people who know one another in poor communities is rife, and is often linked to substance abuse. A 1996 study of homicide in the Eastern Cape found that 93% of all cases were linked to alcohol and drugs, while in Northern Cape, research had similar findings, and found as well that most cases were related to family disputes (CIAC, 1997, cited in Hamber and Lewis, 1997).

Violence and crime are increasing in rural areas (Hamber and Lewis, 1997), and in fact homicide rates are higher in South Africa's rural areas than in its urban centres (Hamber, 1999). That poor people are more likely to be victims of violent crime is borne out by the statistics, which show that a poor person is 80 times more likely to be injured or killed through violent crime than a wealthy person (Steinberg, 1999, cited in Hamber, 1999).

Women and children are especially likely to be victims of violence. Women face abuse by partners, while women and girls are subjected to a high risk of being raped. The incidence of rape is already high according to official police statistics (119 per 100 000; SAPS, 1999), but women's

rights groups estimate that only 1 in 20 to 1 to 35 rapes are reported (People Opposing Women Abuse, 1995, cited in Hamber and Lewis, 1997). The highest incidence of rape is in rural areas (CIAC, 1997, cited in Hamber and Lewis, 1997).

Some studies suggest that the growing incidence of rape over the past 15 years or so, and particularly of gang rape, are aspects of a broader 'culture of violence', which in turn is a function of the protracted marginalisation experienced by many young men (Vogelman and Lewis, 1993). Arguably, the fact that economic opportunities accessible to many young men have not improved since 1994 despite the political watershed of that year, has served only to exacerbate the experience of marginalisation (*ibid.*). It is noteworthy that, of all South African men between the ages of 18 and 40, approximately 2-3% are presently in prison.

Little hard information exists about the extent of child abuse in South Africa. Research conducted in 1995 showed that, of child abuse cases reported to the Child Protection Unit, two thirds involved sexual abuse, and 85% of the time the perpetrator was known to the victim (HSRC, 1995, cited in Hamber and Lewis, 1997). As with rape, however, it is commonly supposed that the majority of child abuse incidents go unreported.

A study of perceptions of crime in Alexandra township in Gauteng (Stavrou, 1993), stressed residents' view that unemployed youth in search of an identity and status (e.g. through gang allegiance) are the most apt to commit violent and other crime, and that this was aggravated by the rapid influx of residents in the township. Residents' quality of life was seriously affected by the prevalence of crime, not least because its perceived randomness means that it is difficult to take precautions to avoid it.<sup>13</sup> In addition, the personal vulnerability engendered by exposure to violent crime is aggravated by enduring and widespread distrust of the police and the criminal justice system (Hamber, 1999).

On a community or social level, the incidence in South Africa of child abuse, broken homes, violent crime, and poverty, contribute to an inter-generational cycle of deprivation and social malaise that is not dissimilar to that evident in deprived communities in developed countries and elsewhere<sup>14</sup> (Godsi, 1998). The fact of declining employment opportunities, especially for youth, serves only to reinforce this cycle.

### 3.3.5 Lack of voice and social exclusion

One other aspect of the experience of poverty as revealed in the SA-PPA, is that of lack of 'voice', which is a growing area of attention internationally (e.g. Das Gupta, 1999; Kanbur and Squire, 1999). Broadly, a person 'has voice' when she feels she has an opportunity to somehow participate in decisions that may affect her life, as well as having avenues to lodge grievances with relevant authorities and institutions if she so wishes. Lack of voice was of course an acute aspect of many people's experience under apartheid, and was reversed in a significant way with the first

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<sup>13</sup> "Fear of crime and violence is widespread and people panic easily. Responses indicated that all of the respondents have high levels of anxiety about the prospect of personal victimisation" (Stavrou, 1993).

<sup>14</sup> A recent survey of young male prisoners revealed that a high proportion of inmates experienced traumatic loss, emotional deprivation and/or abuse as young children (Dissel, 1999).

all-inclusive democratic elections in 1994. The importance attached in the new dispensation to local government is a further reflection of the new government's earnestness to allow people these means of expression.<sup>15</sup>

However, much of the experience of voicelessness in South Africa, particularly among the poor, is not at the formal political level, but at the level of communities and households. In their study of trends in public participation, Roefs and Liebenberg (2000) note that the majority of South Africans have little understanding of the role of local councils and parliament (80% and 73%, respectively), and only a minority of poor people specifically participate in any way in local councils or public hearings (23% and 22% respectively). However, 46% of poor respondents surveyed reported that they participate in some sort of community activity or organisation, and 30% of respondents indicate that community organisations are the most appropriate venue for addressing "problems in the community". While these figures are encouragingly high, they underline the fact that more marginal members of these same poor communities are apt to have an acute sense of social exclusion and voicelessness in their communities. This comes through vividly in the studies conducted as part of the SA-PPA. Chopra and Ross (1995, cited in May *et al.*, 1997), for example, led their community participants in an exercise to identify the distinguishing characteristics of the poorest homes in their village in northern KwaZulu-Natal. Amongst the five characteristics identified, low income was not included, but not being part of community gardens or crèches was.

Social exclusion is experienced in distinct ways by different sub-groups. For the elderly, for example, the experience of social exclusion can be the result of fraught or absent family relationships. Maphorogo and Eager's study in Northern Province (1995, cited in May *et al.*, 1997) identified that "a 'bad' or 'rude' daughter-in-law is a main cause of unhappiness of older people", as was living without one's spouse. Poor support generally from one's children or partner is thus considered emblematic of poverty. Apart from the fact that loneliness diminishes one's sense of well-being, the absence of supportive family members can attenuate one's links to the community, and render more difficult tasks such as collecting one's pension on pension day, etc. A recent report by the Ministerial Committee on Abuse, Neglect and Ill-Treatment of Older Persons (Department of Social Development, 2001a), draws a frightening picture of the insensitive and/or exploitative treatment to which some elderly people are subjected. In addition to the abuse directed at some elderly people by their own family members, the report highlights poor conditions in residential homes, pension pay-out points, and clinics.

For women in abusive relationships, the sense of having voice may be critically damaged, as for example the woman in Teixeira and Chambers' (1995) study in the Eastern Cape (cited in May *et al.*, 1997), who felt she could not insist that the father of her children provide support for fear of being beaten.

For homeless people, an almost defining characteristic is severed relationships with family members, on whom they might otherwise rely for moral and material support. In addition, a

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<sup>15</sup> In the words of the RDP policy framework document of 1994, "Local authority administrations should be structured in such a way as to ensure maximum participation of civil society and communities in decision-making and developmental initiatives of local authorities."

strikingly large number of homeless people cite as a major problem the loss of their identity documents. On a practical level, this puts homeless people altogether beyond the reach of the formal economy; on a figurative level, the absence of identity documents reflects the extreme nature of their marginal status relative to society (van der Merwe *et al.*, 2001).

Cross-border migrants are also prone to being socially excluded. In a recent survey of 403 cross-border migrants in Gauteng, three quarters of the respondents signalled discrimination and xenophobia as a major reason for disliking South Africa (CASE, 1998). Respondents indicated that the single largest source of harassment is the police, with the second largest source being neighbours.<sup>16</sup>

Finally, people with disabilities face forms of social exclusion which contribute directly to their likelihood of missing out on economic opportunities. This social exclusion operates independently of the actual physical or mental challenges that disabled people may face. As such, 'disabilities' are in large measure a social construct which has the effect of excluding certain individuals (Yeo, 2000).

### **3.4 Categories of chronically poor people**

We now turn our attention from aspects of the experience of poverty, to focus on specific groups that are especially prone to chronic poverty. The emphasis is on measures of income poverty, though qualitative aspects obviously play an important role as well. For the most part, we try to gauge numbers of households that are prone to chronic poverty, rather than individuals. The reasoning is that being a particular kind of person (e.g. disabled) is likely to contribute to chronic poverty in a particular household context. That is, if the disabled and the elderly are to be singled out as particular categories of people vulnerable to chronic poverty, then are we searching for the number of disabled and elderly that are members of chronically poor households, or are we seeking something more specific, i.e. households that are apt to remain in poverty because the main (would-be) bread-winner is disabled or is old? The argument in favour of the latter focus is that it may provide more useful information as to why the household is stuck in chronic poverty (i.e. due to the nature of the individual in conjunction with the composition of the household). However, there is also an argument in favour of the other approach, in that the policy intervention may or may not focus on the breadwinner, and can rather focus on individuals within the household who for whatever reason are particularly well suited to being recipients of assistance.<sup>17</sup>

#### **3.4.1 The rural poor**

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<sup>16</sup> Interestingly, the CASE study also found that cross-border migrants often do have functional social networks within South Africa, as almost 70% of respondents indicated that they found their present positions through family or friends.

<sup>17</sup> For example, old age pensions effectively function as social welfare grants for poor households, but the virtue of targeting the older household member is that this person may be more likely to share the grant in the best interests of the household, i.e. more so than other possible family member recipients.

That poverty is especially prevalent in rural areas, and particularly among Africans and coloureds, is already clear from earlier sections. The national data on poverty and unemployment, together with some of the statistics derived from the KIDS data, indicate that as a group, rural blacks have a high chance of being poor.

The particular factors that contribute to chronic poverty in rural areas are worth drawing attention to. First, according to the Rural Survey (Stats SA, 1997), there are some 900 000 African households living in former homelands that have no access to arable land, 1.4 million that have no livestock (other than chickens), and 770 000 households that have neither. Notwithstanding the fact that most arable plots and most herds are quite small (on average 0.2 hectares and 2 large stock units), they make a critical contribution to the well-being of those households that have access to them, and especially so for the poorest households. Based on the 1993 SALDRU data, it is estimated that among the poorest 20% of households in former homeland areas having access to arable land, agricultural production contributed 35% of total (actual and imputed) income (LAPC, 1996). Moreover, as Ardington has shown (1988), poor households in particular rely on selling livestock to offset financial crises.

To a large extent, lack of land and livestock is a function of the overcrowded conditions that obtain in the former homelands, which in turn are the result of the land conquest practised by the colonial and apartheid governments. Shackleton, Shackleton, and Cousins (1999), have shown that beyond 'conventional' land-based products such as grains, vegetables, meat and milk, are many other valuable products that can be harvested or derived from the land, and which people who may not have their 'own' land may nevertheless access on the commons. However, given the great number of people that depend on the commons, land resources are typically insufficient to mitigate widespread poverty.

Second, formal sector employment opportunities are scarce in many rural areas. Mention was made above of the rapid decline of farm employment, which accounts for almost one third of all rural employment opportunities. Many mine workers retrenched in the past five years are also remaining in or returning to rural areas. Other conditions that exacerbate poverty - and thus the experience of persistent poverty - in rural areas, is the lack of infrastructure and poor quality of services, the relatively low levels of education, the high number of single-parent households, and relatively poor opportunities to engage in non-agricultural self-employment.

As a very crude first approximation to the amount of chronic poverty in rural areas across the country, we can take Roberts' (2000) figure that 30% of rural African households are chronically poor, together with the fact that there are roughly 3.3 million rural African households country-wide, to say that approximately 950 000 African households are chronically poor. If we add in coloured households, and make a reasonable adjustment in light of the fact that coloured households are less apt to be poor by a factor of 40%, then the total figure comes to about one million households.

### 3.4.2 Female-headed households

From OHS 1999, 42% of all African households, i.e. 2.7 million, are female-headed. By and large, these can be considered single-parent households, though they may occasionally receive

remittances from absent males. In 35% of these households, the household head is the only adult (18 years and older) in the households. Around 17% are so-called 'granny households', i.e. the female household head is the grandmother rather than the mother of the children in their care.

The reasons for which female-headed households have a high probability of being stuck in chronic poverty are numerous. The most obvious reason is that many female-headed households rely only on the income of the mother, meaning, *ceteris paribus*, that adult equivalent expenditure is likely to be low. This presumes the female household head has an income, which she may not. She may rely mainly on child support grants from government, or on intermittent remittances from relatives or gifts from benefactors. As likely, the household head does have some form of employment, but there is a good chance that it will be self-employment or employment in the secondary labour market, meaning a low level of remuneration. Many heads of female-headed households find it difficult to pursue better employment opportunities because they must look after their children, because they do not have access to a crèche, cannot afford one, and do not have a family member (e.g. mother) who can oblige.

From the data provided by Roberts (2000) on the share of chronically poor households that are female headed, we can deduce that, among Africans, roughly 28% of all female-headed households are chronically poor. Using the same sort of province-by-province adjustments used for rural households as mentioned above, this brings us to a very approximate national figure of 767 000 African female-headed households that live in chronic poverty. Obviously, many of these households are the same as those indicated above as chronically poor rural households. Moreover, this does not tell us anything about the incidence of chronic poverty among white and coloured single-parent households. A very rough estimate is that around 250 000 female-headed households of all races are in chronic poverty in addition to those that are among the rural poor.

### 3.4.3 People with disabilities

According to the 1996 census, 2.7 million people in South Africa have disabilities, of whom about 41% are sight disabled, 21% are physically disabled, and 14% are hearing disabled (Stats SA, 2000a).<sup>18</sup> Of these 2.7 million people, 1.6 million are adults between the ages 20 and 65.

Disabilities can vastly reduce one's chances of obtaining a job, can impede one's pursuit of self-employment in the informal sector, and can also impose medical and other costs that one would not otherwise have to bear. Of course, being disabled does not imply that there are not other household members who earn decent incomes.

Surprisingly, data from the 1996 census show that there is not such a strong link between disabilities and unemployment. The unemployment rate for Africans with disabilities, for

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<sup>18</sup> As Stats SA points out, the term "disability" can mean different things to different people as well as to different governmental statistics agencies, as clearly shown by the fact that official statistics for Australia indicate that 23% of all Australians have disabilities. For the purposes of the 1996 census respondents were asked whether any household member had a "serious sight, hearing, physical, or mental disability". One problem noted is that the census did not cover residents of institutions, including those that exist specifically to serve people with disabilities (Stats SA, 2000a, p.73).

example, is 45.3%, which is only marginally above the unemployment rate (broad definition) for Africans for that year of 42.5%. Likewise, for coloured people with disabilities, the unemployment rate is 26.7%, versus 20.9% for all coloured people. Moreover, the occupational profiles of the disabled are not very different from those for the general population. If we focus on the roughly 3% of disabled Africans and 6% of disabled coloured people that might have been employed in the absence of their disabilities, then this implies around 38 000 people who one might surmise are 'structurally' unemployable.

The plausibility of this figure can be assessed by examining the issue from a slightly different perspective. From OHS 1999, we can discern that around 4.6% of all households are headed by disabled people. If we compare, say, the incidence of self-reported household hunger between these households and all other households, it is clear that households where the head is a disabled person tend to be more deprived. First, of those households having a child that is 6 years or younger (about 40% of both categories of households qualify), one third of the households headed by a disabled person lacked sufficient money to feed that child in the previous year, while this was true of one fifth of the households headed by non-disabled people. Similarly, households headed by disabled people have experienced hunger (i.e. for any household member) 27% of the time, versus 16% of the time for other households. A crude inference is that about 11% of disabled-headed households face hunger at least in part due to the status of the household head. This works out, remarkably enough, to 38 000 households. We speculate furthermore that these households are chronically poor in the sense that the circumstances that maintain them in poverty are not easily changed, be they the personal attributes of the household head, or the social forces that limit the opportunities available to disabled people generally.

This figure of 38 000 households might appear remarkably small relative to some of the other figures mentioned above. The reason may be that, because the incidence of joblessness and poverty are so extremely high, being disabled is in a sense superfluous, though it may well make one's poverty worse. In other words, this is an attempt, however crude, to place a figure on the number of households that are chronically poor *because* of the disability of the household head, which is not at all the same thing as a figure purporting to show how many chronically poor households are headed by a disabled person. In addition, it should be borne in mind that our figure does not capture households that may be mired in poverty due to the high costs (in time or money) of providing care or support, say, to a disabled family member other than the household head.

#### 3.4.4 The elderly

Elderly people are a specific concern in terms of poverty especially if, like the disabled, they must fend entirely for themselves and for dependants. Many elderly people who do not have others on whom to rely for support, do receive old age grants, but it is clear from Roberts (2000) that these grants are in no way sufficient to keep a household out of poverty. In other words, the widespread allocation of old age grants is not an indication that there are no chronically poor households effectively headed by elderly people.

The problem with the concept of chronic poverty when considering the elderly is that one does not expect the elderly to improve their circumstances by means of finding gainful employment.

Thus to the extent a poor elderly person manages to escape his or her state of poverty, it would generally be because her household circumstances have changed, for instance a daughter or son has found a good job, or some kind of financial burden has been removed.

As with the disabled, we cannot look to the papers based on the KIDS data for guidance as to what share of the elderly might be in chronic poverty.<sup>19</sup> We therefore attempt a similar exercise to that used for the disabled above, i.e. we look at households where the head of household is elderly (arbitrarily defined as 65 years or older). Extrapolating from OHS 1999, some 4.2% of households might belong to the category of being poor by virtue of being dependent on a low-earning or non-earning elderly person, or 378 000. Of course, many of these will be included amongst the other categories already considered, such as female-headed and rural households.

### 3.4.5 Retrenched farm workers

As mentioned above, one of the critical factors contributing to households' vulnerability and lack of opportunity, is social exclusion. Bekker *et al.* (1992) argue that one group particularly susceptible to social exclusion is former farm workers. The reason is that, having been retrenched, farm workers are usually evicted from the farms where they have resided. Many retrenched farm workers were in fact born and raised on the farm from which they are eventually ejected; thus they have no 'roots' elsewhere to which to return. (In principle these types of evictions should have ended with the Extension of Security of Tenure Act Bill of 1997, but in practice this has often not been the case.) Retrenched farm workers are thus severed from their existing social network - e.g. other farm workers in the immediate area - and forced to settle, typically with little or no savings or other capital, in townships, squatter settlements, or in communal areas. Some attempt to switch to seasonal agricultural employment, as other employment prospects may be even poorer, given the non-transferability of farm workers' skills.

Agricultural employment peaked around 1968-1970 at over 1.6 million, of whom 99% were African, coloured, or Indian (Department of Agriculture, 1995). It is not possible to say how many of these were regular, and how many were seasonal or casual workers. Very likely around 8%-15% were casual or seasonal, and the rest regular. For 2000, the total number of regular farm workers was around 580 000, implying a decline over the past three decades of some 860 000. It is impossible to say how many of these would have been retrenched, as opposed to retired, died, or left farm employment voluntarily. Also, the fact that there are around 860 000 fewer regular agricultural jobs does not necessarily imply that as many fewer families are employed in agriculture, as some of those retrenched or leaving through some other means, may have been male and female partners. As a conservative guess, we might conjecture that over this period, some 300 000 to 600 000 households lost employment and their residences through the process of farm retrenchments.

### 3.4.6 AIDS orphans and households with AIDS sufferers

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<sup>19</sup> Roberts (2000) reports the mean age of household head by poverty category, but this is not sufficient for our purposes.



AIDS orphans are defined by UNAIDS as children under the age of 15 who have lost their mother or both parents to AIDS. The number of AIDS orphans is set to rise as South Africa's high HIV prevalence rate among adults translates into a higher prevalence of AIDS and then AIDS deaths. UNAIDS estimates that as of the end of 1999, there were around 371 000 living AIDS orphans in South Africa (UNAIDS/WHO, 2000, p.3), while 50 000 AIDS orphans have already died (presumably from AIDS but also other causes, as HIV negative AIDS orphans have a higher-mortality rate than non-orphans). The Metropolitan Life model estimates that by 2005 there will be 920 000 AIDS orphans in South Africa, and by 2010 there will be roughly two million (reported in Whiteside and Sunter, 2000).

By contrast, according to the 1996 census, the total number of motherless orphans 14 years and younger in the country was about 400 000. This figure is presumably inclusive of AIDS orphans of that time, but at any rate the number of AIDS orphans will soon account for a very large increase in the total number of orphans in the country.

Left untreated, adults who become infected with HIV develop symptoms of AIDS within 6 to 8 years, and most die within 10 years. Treating HIV to delay the onset of AIDS and opportunistic infections, will mean a longer life, but in the absence of government support, this will generally be affordable only to those who are relatively well off. For everyone else, the economic effects of the infection will mainly occur when one develops AIDS, after which one might live another 3 or 4 years, on average. During this period, the economic effects on the AIDS sufferer and his or her family, can be devastating. Notwithstanding the fact that many people living with AIDS will not survive beyond the 5-year timeframe used (by default) in this paper to define chronic poverty, a fair number will, and their chances of emerging out of poverty under such circumstance are remote. A study of urban households in Côte d'Ivoire, for example, showed that the average decline in household income when a household member becomes ill with AIDS is 52% to 67%. Household health expenditure quadruples, and food consumption declines by 41% (UNAIDS, 1999a). Moreover, households with one or more members suffering from AIDS may endure the impoverishing effects of the disease well beyond the deaths of those members, not least because they may have divested themselves of all of their assets in order to pay for health care.

Presently, there are an estimated 200 000 adults in South Africa living with AIDS, and it is estimated that in 2005 and 2010 there will be 500 000 and 850 000 South Africans with AIDS, respectively (Health Systems Trust, 2000)<sup>20</sup>. Assuming very crudely that on average half of those households with an AIDS sufferer have two members infected rather than one, there might be 375 000 and 640 000 different households directly affected in these two years, respectively. Because of the well-noted link between poverty and the incidence of AIDS, it is likely that the vast majority of those households affected by AIDS will be further impoverished by it. Some share of these households, however, would presumably have counted among the chronically poor even in the absence of the illness.

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<sup>20</sup> The Health Systems Trust reports projects AIDS cases under best and worst infection scenarios. For 2005, these are, respectively, 497 000 and 535 000, for 2010 they are, respectively, 805 000 and 932 000. For our purposes, we use intermediate figures from each range.

### 3.4.7 Cross-border migrants

Refugees, asylum seekers, and undocumented migrants face particular kinds of exclusion and deprivation in South Africa. The vast majority of these people are from the immediately neighbouring African states seeking economic opportunities, though asylum seekers are more likely to come from other countries as well. Some migrants indeed manage to improve their circumstances significantly over what they left in their country of origin, particularly those with entrepreneurial skills (CASE, 1998).

The number of undocumented migrants is by definition difficult to gauge. Estimates range from 250 000 to 8 million (National Population Unit, 2000; CASE, 1998). If the trend observed among visa-overstayers is any indication, of whom there were an estimated 800 000 as of 2000, then 70% to 80% have probably arrived in South Africa since 1994.

Undocumented migrants tend to be vulnerable because they are poor in the first place, but also because of their undocumented status, which makes them ripe for exploitation of various kinds. The Refugee Research Programme (RRP) of Wits University has studied undocumented migrant farm workers in Northern Province and Mpumalanga, and found that relative to their South African counterparts, they are likely to be paid less (many work only for food) and have frequently interrupted employment spells. Stories abound of immigrant workers who on the day before they are to receive their monthly wages, are suddenly discovered by the police and deported (CASE, 1998). The use of child immigrants as farm labourers is also widespread, and includes both children of immigrant farm workers, and children who have come to South Africa alone in search of work, often because they are themselves AIDS orphans (RRP, 2000). The Department of Labour's own research (2000) corroborates that commercial farmers often prefer migrant workers over local people mainly because they perceive migrant workers to be more "obedient". The study found that of 13 519 farm workers on commercial farms north of the Zoutpansberg in Northern Province, 70% are undocumented migrants.

That these individuals and families can be described as chronically poor is in little doubt. However, it is impossible to venture an intelligent guess as to how many of the alleged 2 to 8 million undocumented migrant workers generally, are in similar circumstances to those that work on farms.

### 3.4.8 The 'street homeless'

'The homeless' is an amorphous category. This is particularly so in South Africa due to the fact that there exist hundreds of thousands of people living in informal squatter settlements who do have homes, but whose homes are obviously very unsatisfactory. More than 100 000 of these are members of the Homeless People's Federation. Many are former farm workers, as discussed above. Many are wage earners in urban areas who cannot afford decent housing there, and for whom the costs of commuting into and out of the city are a significant burden. Their solution may be to pay rent in overcrowded flats in urban slums (Lund, 2001).

Those homeless living 'on the street' would appear to be a somewhat different category, though there may not be a clear line separating the two. These people, who are often referred to as the 'street homeless', are typically lone individuals or children rather than family units, and have

severed or lost ties with social networks they may once have had (van der Merwe *et al.*, 2001). The street homeless frequently ascribe their situation to some sort of personal tragedy, such as being put in prison for a petty crime, suffering post-traumatic stress disorder due to army service, losing a loved one, or being subjected to sexual or physical abuse. The precipitating event is then often compounded by use of alcohol and drugs, and/or rejection by parents and other family members. Unlike those living in squatter camps, the street homeless are racially diverse, and are not infrequently from middle class or lower middle class families. Many of the street homeless shun missions and homeless shelters, because they do not wish to, or are not able to, conform to their rules.

The October Household Survey does not pick up the street homeless by virtue of the fact that they do not have identifiable households. However, Olufemi (2000) estimates that there are some 3 million homeless people in the country, versus 8 million shack dwellers. However, Olufemi also states that there are around 7 500 street homeless in the Johannesburg inner city (of whom 1100 are children), and 900 in Cape Town. That these figures are so low relative to the national figure of 3 million, may suggest that the latter figure is too high. In her survey of street homeless women, Olufemi finds that 8% are migrants, presumably mostly undocumented.

As for other categories of people that may sometimes be called homeless (e.g. shack dwellers), these are not considered here to be a distinct category of poor people for the purposes of this report, though many belong to one of the other categories identified, e.g. retrenched farm workers.

#### 3.4.9 Putting the picture together

As a final step, we assemble the numerical estimates generated above, and attempt to arrive at a national total figure for chronically poor households and individuals. The purpose is not to promote an invidious debate as to which is the most deprived group, but rather to provide some sense of the overall scope and composition of chronic poverty in the country. It must be stressed that this exercise purports to provide no more than rough order-of-magnitude estimates, and is subject to a number of pitfalls. First, the category-specific estimates upon which it relies are themselves tenuous. Second, we move away from a rigorous definition of chronic poverty as was used by Roberts and by Carter and May, to a relatively fuzzy notion of vulnerability or susceptibility to being chronically poor. And third, the categories are obviously over-lapping, and yet the degree of this over-lap is not easy to establish. The degree of over-lap is ascertainable among some of the categories on the basis of survey information (i.e. rural, elderly, and female-headed), but not all and not with a great degree of accuracy.

Bearing these caveats in mind, the table below ventures estimates for individual categories as well as in aggregate, where the latter attempts to adjust for overlaps among the other categories. The two columns on the right-hand side include projections about individuals and households affected by AIDS, for the purpose of adding some perspective as to the growing relative significance of AIDS in the future. No projections are ventured for other categories of people or households susceptible to chronic poverty, which is not to say that there are not any.

Table 3-11: Preliminary estimates of numbers of chronically poor households and individuals, with base year = 2000

<i>Category</i>	<i>Households</i>	<i>Individuals</i>	<i>2005</i>	<i>2010</i>
Rural poor	1 000 000			
Female-headed	767 000			
Disabled	38 000			
Elderly	378 000			
AIDS orphans		371 000	1 000 000	1 900 000
AIDS families	60 000		320 000	540 000
Fmr. farm workers	300 000 - 600 000			
Migrants		250 000 - 500 000		
Street homeless		20 000 - 100 000		
Total	1.6 - 2.1 million	641 000 - 971 000		

According to this reckoning, at least 18% to 24% of all households are presently living in chronic poverty or are highly susceptible to chronic poverty. In addition, by 2010, AIDS may contribute to the chronic impoverishment of 26%-33% additional households, i.e. bringing the total share of chronically poor households to a minimum of 24% to 30%. This does not seek to take into account the indirect effects of AIDS on communities, such as diverted health care resources and the burden of caring for AIDS orphans.

### 3.5 Summary

This section had four main goals. First, it sought to review the recent work on chronic poverty based on the KwaZulu-Natal Income Dynamics Study (KIDS) data set. This work established that around 19% to 22% of African households in KwaZulu-Natal are chronically poor, in the sense that their per adult equivalent expenditures were below the poverty line in both 1993 and 1998. Second, the section attempted to highlight the singularly important role of employment and unemployment, in part in relation to the KIDS data, but additionally in respect of longer term trends in formal sector employment, the relative growth of the secondary labour market, and informal sector employment and self-employment. One finding from the literature is that transitions into and out of poverty are closely related to changes in employment states. Third, the section surveyed the South African literature on the non-income and experiential aspects of poverty, on the premise that these may also persist over time, and/or contribute to the persistence of income poverty, even in terms of inter-generational poverty. These aspects included vulnerability, migration patterns and gender roles, crime and violence, and lack of voice and social exclusion. And fourth, the section sought to single out different categories of people especially susceptible to chronic poverty, and to venture rough estimates as to how many such people there are in each category as well as in aggregate. One important observation resulting from this

exercise is that chronic poverty is not dominated by people who are hindered from gainful employment by old age or disability. Rather, the majority of the chronically poor could be described as people who are able and willing to work, but for whom there are insufficient appropriate opportunities.