ENDNOTES

1   This information is drawn from the South Africa Human Development Report 2000, South Africa Transformation for Human Development 2000, United Nations Development Programme, Pretoria

2   Whiteford and Van Seventer, 2000

3   The poverty rate is calculated as the proportion of people in a particular group or area falling below the poverty line, and measures the rate at which people fall below the line and therefore how widespread poverty is.

4   The poverty gap is usually calculated as the annual amount needed to uplift the poor to the poverty line by means of a perfectly-targeted transfer of money, and measures how deep or intense poverty is.

5   Poverty and Inequality Report, 1998

6   South Africa Human Development Report 2000, South Africa Transformation for Human Development 2000, United Nations Development Programme, Pretoria

7   UNDP [1998] : 5

8   Bundy [1992] : 25

9   Sangoco, CGE & SAHRC [1998] : 17.

10 In South Africa: Transformation for Human Development, Human Development Report 2000, UNDP, Pretoria.

11 Information obtained in an interview with Julia de Bruin, National Treasury, 2001.

12 World Bank, Poverty Reduction Sourcebook

13 The SALDRU survey takes its name from the University of Cape Town's South African Labour and Development Research Unit, which undertook a national household survey in 1993 in cooperation with the World Bank.

14 Bonti-Ankomah et al, December 2000 NIEP Johannesberg

15 For a more detailed discussion see Haarmann (2000) and Haarmann (1998).

16 Payment Extraction Report for Pay Period April 2001, SOCPEN system—Department of Social Development, 5 April 2001. The figure counts beneficiaries for the Child Support Grant as the actual number of grant recipients, not the number of children. In March 2001, there were 842,892 beneficiaries, receiving grants for 1,084,659 children.

17 Finance Minister Trevor Manual acknowledged the State Old Age Pension system as one of government's most important poverty alleviation programmes (Budget Speech 1997/98), a fact which is similarly recognised in the White Paper (1997): "The number of elderly South African beneficiaries has stabilised, with fairly good coverage (80%), but there are still particular pockets where many eligible people do not get a grant. The impact of a grant income on household income for people in poverty is dramatic. The majority of people in poverty who are not white live in three-generation households, and the grant is typically turned over for general family use. In 1993, there were 7,7 million people in households that received a state grant. For black South Africans, each pensioner's income helped five other people in the household." See also COSATU (1996), Ardington & Lund (1995), and Haarmann (2000).

18 Haarmann (2000) summarises the findings of the task team's report (Schneider & Marshall, 1998): "The task team recommends changing the test by moving from assessment of functional capacity only to evaluation of a range of needs and economic factors and hence developing a 'profile of needs' of the applicant. This profile should, besides the medical and financial indicators, also include indicators like the costs related to the specific disability, the support mechanisms, and a socio-economic profile of the area and possible vulnerability to discrimination. The rationale for this recommendation is the appreciation that each disability creates a range of needs. This is especially the case in the South African situation where other social security measures like accessible health care, re-training, vocational rehabilitation and transport are largely absent. The task team *inter alia* recommends the employment of 'evaluators' in each district for evaluating the needs of people with disabilities, an improvement in the administration and information system of the grant and a stronger inter-sectoral collaboration of the different departments. Strategies for people with disabilities that were already set out in the White Paper ranged from improvement of accessibility to the welfare system, to training opportunities, transport and the labour market.

19 Finance Minister Trevor Manuel, Budget Speech 2001.

20 For a comprehensive and detailed discussion of the assumptions and mechanics of the micro-simulation model employed for a similar analysis, see Haarmann (2000).

21 SALDRU (1994)

22 Haddad, Hoddinott, Alderman (1997)

23 Haarmann (2000)

24 World Bank (1995)

25 May (1998)

[26] For a discussion, see Haarmann (2000).

[27] Haarmann (2000)

[28] Micro-simulations of the SOAP and CSG are relatively robust because all of the information required for determining grant eligibility can be captured using household surveys.   This is not true, however, for the Disability Grant. As a result, somewhat arbitrary assumptions need to be made to model incomplete take-up when eligibility criteria—such as the results of medical tests—are not supported by data in household surveys. This study assumes a conservatively high take-up rate of 90%.

[29] Department of Welfare (1998)

[30] Fraser-Moleketi (1998)

[31] Fraser-Moleketi (1999). See also Kola et al (2000), which reports approximately 45,000 beneficiaries in March 1999.

[32] Department of Welfare (1999)

[33] See SALDRU (1994).

[34] The 75% take up rate is calculated on the basis of the SALDRU data, for more information see the thesis of Claudia Haarmann.

[35] Ardington and Lund (1995)

[36] Kola, et al. (2000)

[37] Lund Committee (1996). See also C. Haarmann Thesis, Chapter 6.

[38] Lund Committee (1996)

[39] Haarmann (2000)

[40] Haarmann (2000)

[41] These results were made public in June 1997.

[42] Department of Welfare (1998)

[43] Department of Welfare (1998)

[44] Department of Welfare (1998)

[45] Budlender (1993)

[46] Budlender (1993)

[47] Case and Deaton (1996)

[48] Lund Committee (1996)

[49] Berg, Amde, Budlender (1997)

[50] In the case of the Department of Welfare, for example, the Flagship programmes as one of the first developmental programmes reaches only ca. 1000 women nation wide. (Department of Finance, 1998)

[51] Case and Deaton (1996)

[52] Klasen (1996)

[53] Le Roux (2001), p.60.

[54] See Haarmann (2000).

[55] COSATU (1998); Hazelhurst (2000); Samson, Babson, Mac Quene, van Niekerk (2000)

[56] Haarmann and Haarmann (1998)

[57] Human Resource Development Strategy for South Africa (2001)

[58] Philip (2000)

[59] Henry and Ulijaszek (1996)

[60] Barker (1996)

[61] Chandra (1975), Miler (1982)

[62] Cameron (1996)

[63] Barker (1996)

[64] Lumey (1992)

[65] Mgijima (1999)

[66] Mgijima (1999)

[67] Young (1996)

68 Strauss and Thomas (1995). See also Bouis and Haddad (1992).

69 Ranis and Stewart (2000), Cornia and Stewart (1995), Strauss (1986), Immink and Viteri (1981), and Wolgemuth (1982)

70 Selowsky (1981)

71 Selowsky and Taylor (1973)

72 Alderman (1996), Behrman and Wolf (1987a,b), Birdsall (1985), Deolalikar (1993) and King and Lillard (1987)

73 Ranis and Stewart (2000)

74 Lucas (1988)

75 Louw and Shaw (1997)

76 Moser, Holland, and Adam (1996)

77 Louw and Shaw (1997)

78 Cashin (1995)

79 Subbarao, Bonnerjee, Braithwaite (1997)

80 Alesina and Rodrik (1994), Persson and Tabellini (1994)

81 Perotti (1992, 1994, 1996), Lipton (1995).

82 Standing, Sender, and Weeks (1996)

83 "Hochtief, the multi-national German construction company, may have broken off talks with Murray and Roberts, the engineering and construction group, earlier this year as a result of fears arising from the Zimbabwe crisis…. This is one of the first concrete examples of a large investment decision that was directly affected by the events in the neighbouring country." (Business Report, September 10, 2000, page 1.)

84 Piazolo and Wurth (1995)

85 A recent World Bank study finds "significant efficiency wage effects" using firm-level data from Mexico (Maloney and Ribeiro 1999). Another World Bank study using an endogenous growth framework for Guatemala found similar results (Sakellariou 1995). Likewise, a study of Zimbabwean firm level data is consistent with positive efficiency wage effects (Valenchik 1997). Similarly, a study of the cement industry in Turkey finds that higher wages improve productivity by increasing technical efficiency (Saygili 1998).

86 Jensen (1996)