

A Poverty Index and Poverty Lines



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Statistical Production System

Line Departments



Input



Process

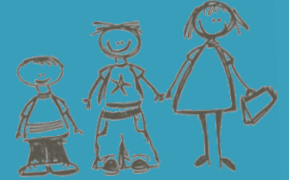
Official Statistics



Output



Outcome



Impact

Registers/Administrative records

Surveys &
Censuses

Policy
analysis

Research

Sector statistics

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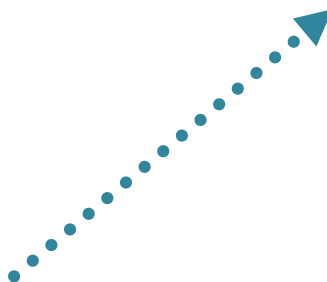
Determining Poverty Lines

Who are the poor and where do they reside?





Poverty



No single definition will ever be suitable to measure all facets and dimensions of poverty



Stats SA applies and measures various definitions

Poverty is a complex issue that manifests itself in economic, social and political ways



Money-metric (lack of income)



Multidimensional poverty (lack of basic services, education, etc.)



Subjective poverty (self-perceived)



Inequality (Gini coefficient, share of expenditure, etc.)

How the poverty lines were developed

Stats SA adopted the cost-of-basic-needs approach for the development of the lines which links welfare to the consumption of goods and services

First developed as pilot lines in 2008 using the IES 2000 as its primary input

**Pilot of Poverty Lines
2008**

1

In 2014, Stats SA published the first Poverty Trends Report

**1st PTR
2014**

3

In 2017, Stats SA published the second Poverty Trends Report

**2nd PTR
2017**

5

**2012
3 National Poverty Lines**

In 2012, Stats SA published the country's official three national poverty lines

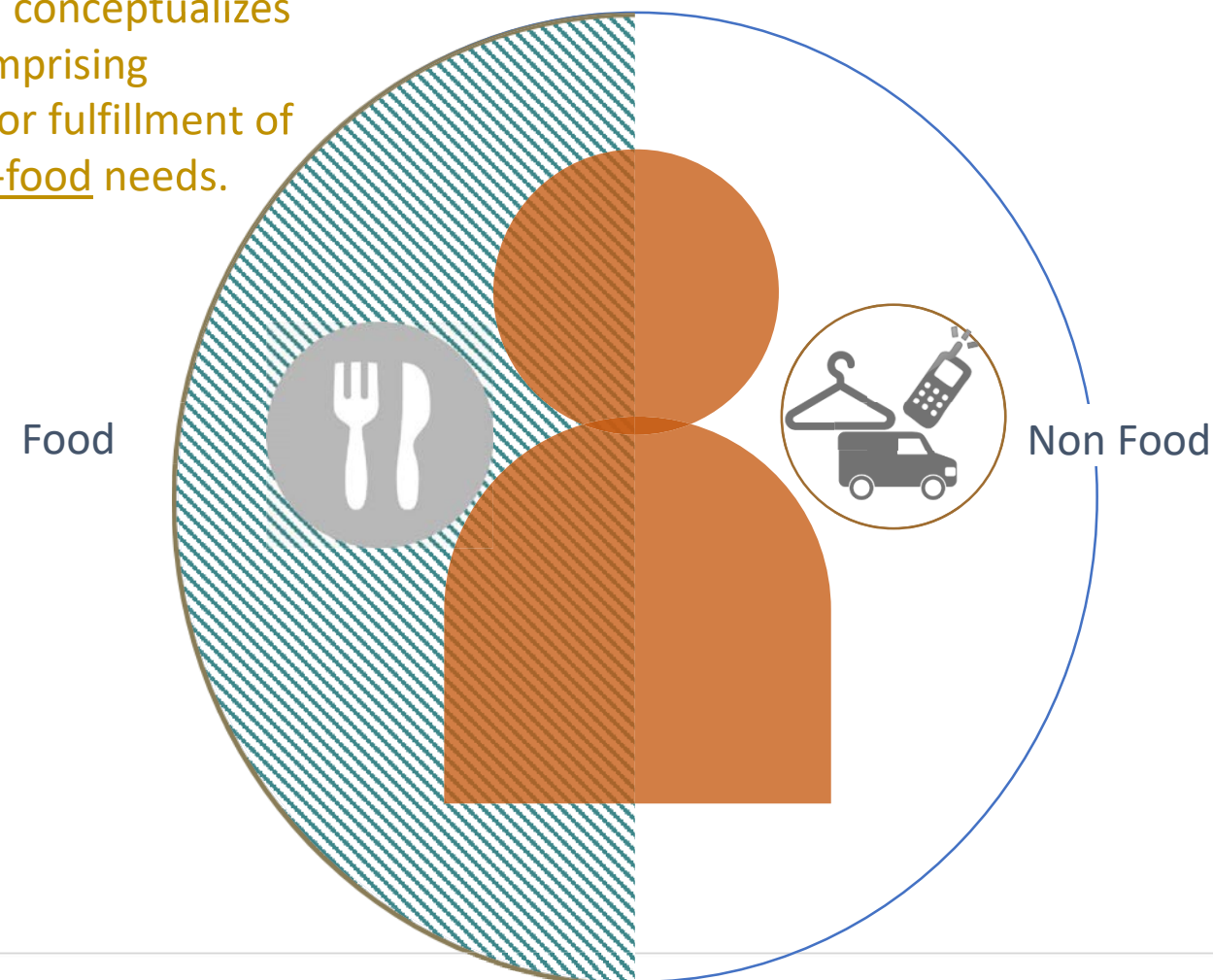
**2015
Rebased Poverty Lines**

Stats SA published rebased poverty lines in 2015 using the latest consumption and spending patterns measured in the IES 2010/11

Data and methods: Creating the Food Poverty Line (Money Metric)

Cost-of-basic-needs approach

This approach conceptualizes welfare as comprising consumption or fulfillment of food and non-food needs.



Data and methods: Steps in creating the Poverty Lines



Computation of the cost of **2 100 Kcal per person** (minimum daily energy requirement)

=

Food poverty line

Is the Rand value below which individuals are unable to purchase or consume enough food to supply them with minimum per-capita-per-day energy requirement for good health (about 2 100 calories).

unambiguous threshold of absolute deprivation

Data and methods: Steps in creating the Poverty Lines

1



Computation of the cost of **2 100 Kcal per person** (minimum daily energy requirement)

2



Adding to this cost an allowance for consumption of non-food basic necessities (e.g. clothing, shelter, transportation, education, etc) to determine the lower and upper-bound poverty lines.



Unlike food consumption, there are **no universal standards** for consumption of non-food basic needs.



National Planning Commission adopted *lower bound poverty line as tool for poverty eradication target*



National Poverty Lines based on April 2020 prices

Upper-Bound Poverty Line

R1268



Threshold of relative deprivation below which people cannot afford the minimum desired lifestyle by most South Africans

Lower-Bound Poverty Line

R840



Austere threshold below which one has to choose between food and important non-food items

Food Poverty Line

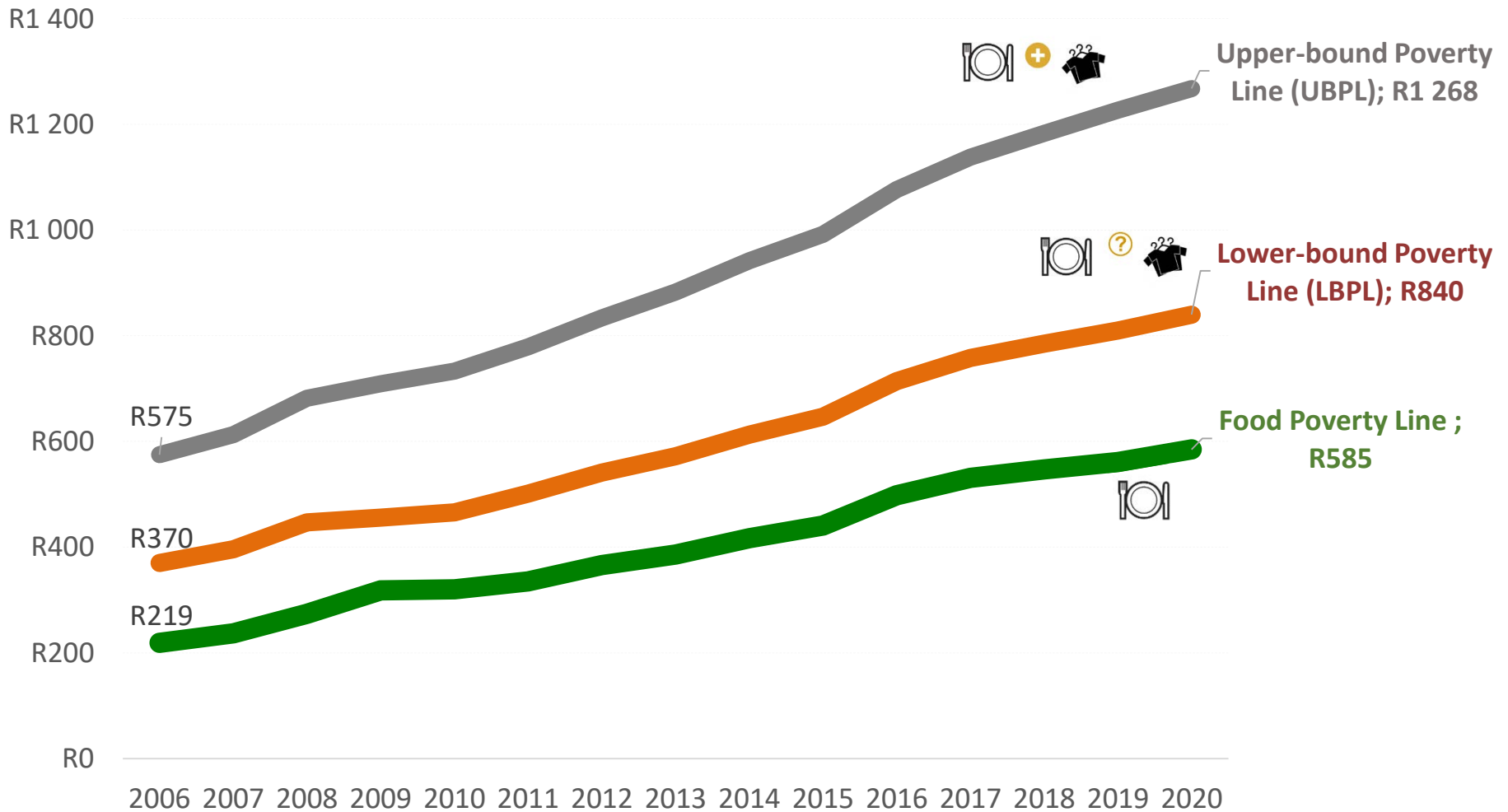
R585



Threshold of absolute deprivation. The amount of money required to purchase the minimum required daily energy intake

Source: National Poverty Lines

National Poverty Line Series from 2006 to 2020



Source: National Poverty Lines



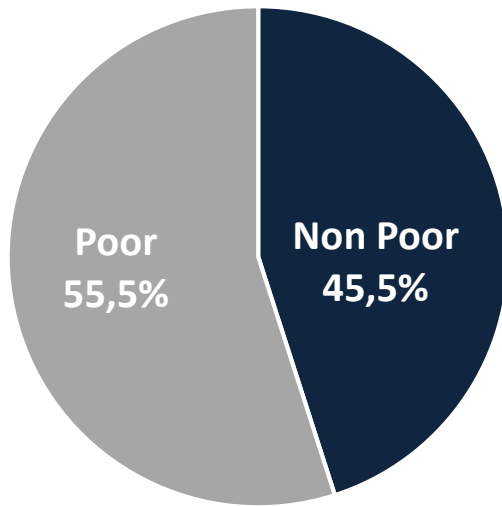
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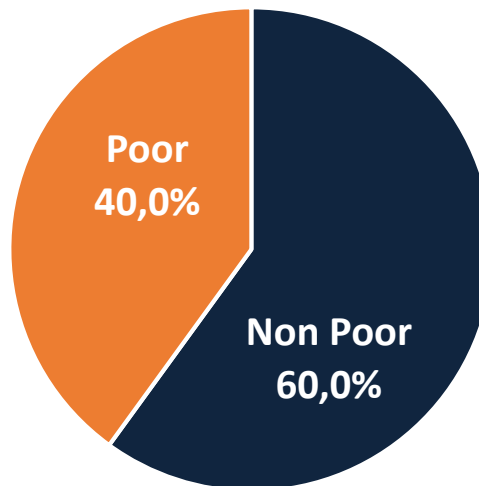
In 2015, more than **a quarter** of the population were living below the food poverty line

Money-metric Poverty headcounts in 2015



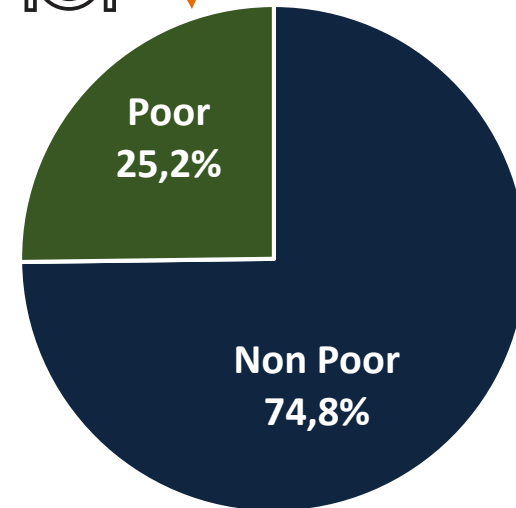
Upper-Bound Poverty Line

Provides an unambiguous threshold of relative deprivation below which people **cannot afford the minimum lifestyle desired by most South Africans**



Lower-Bound Poverty Line

Provides an austere threshold below which one has to **choose between food and important non-food items**



Food Poverty Line

Is the Rand value below which individuals are **unable to purchase or consume enough food** to supply them with minimum per-capita-per-day energy requirement for good health

Source: Living Conditions Survey



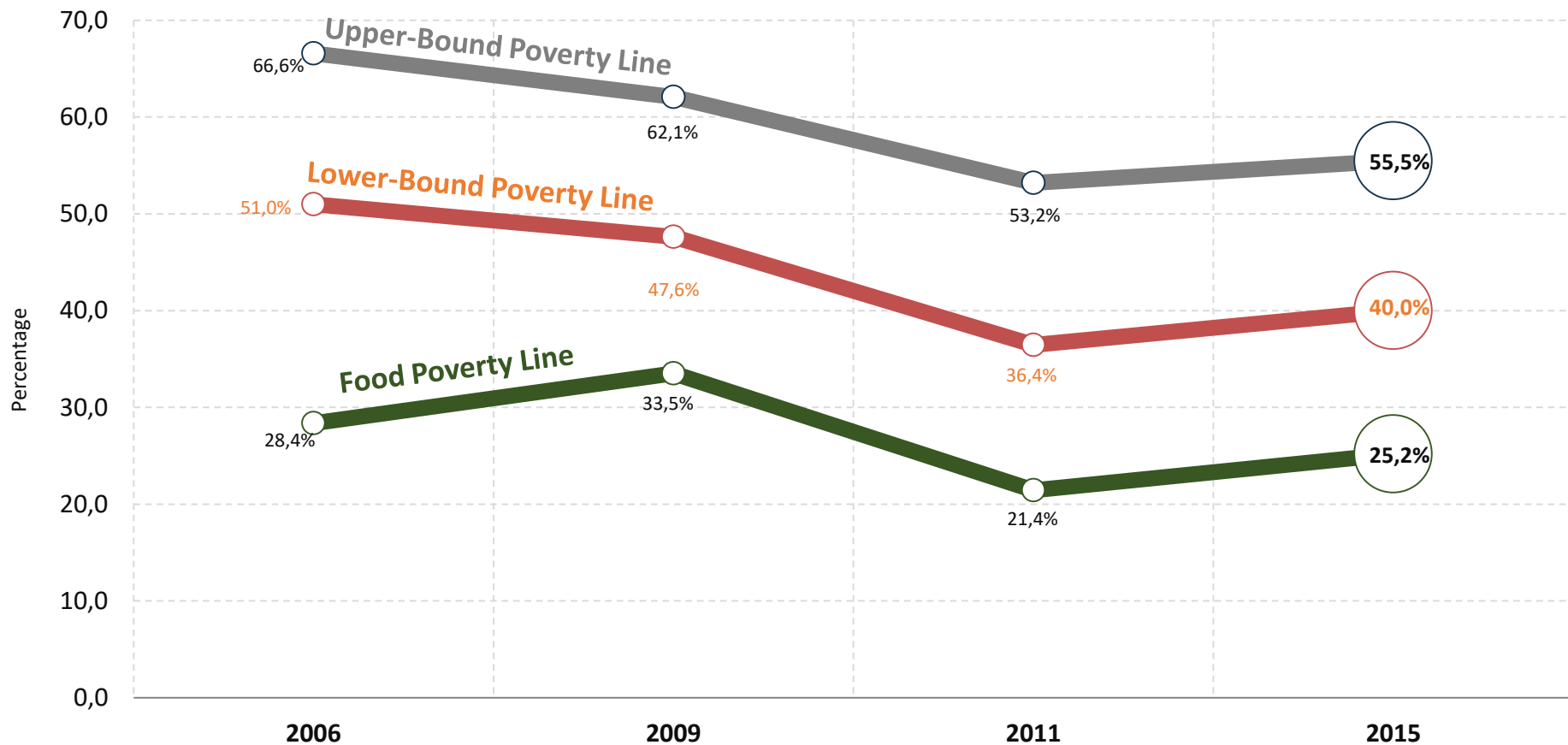
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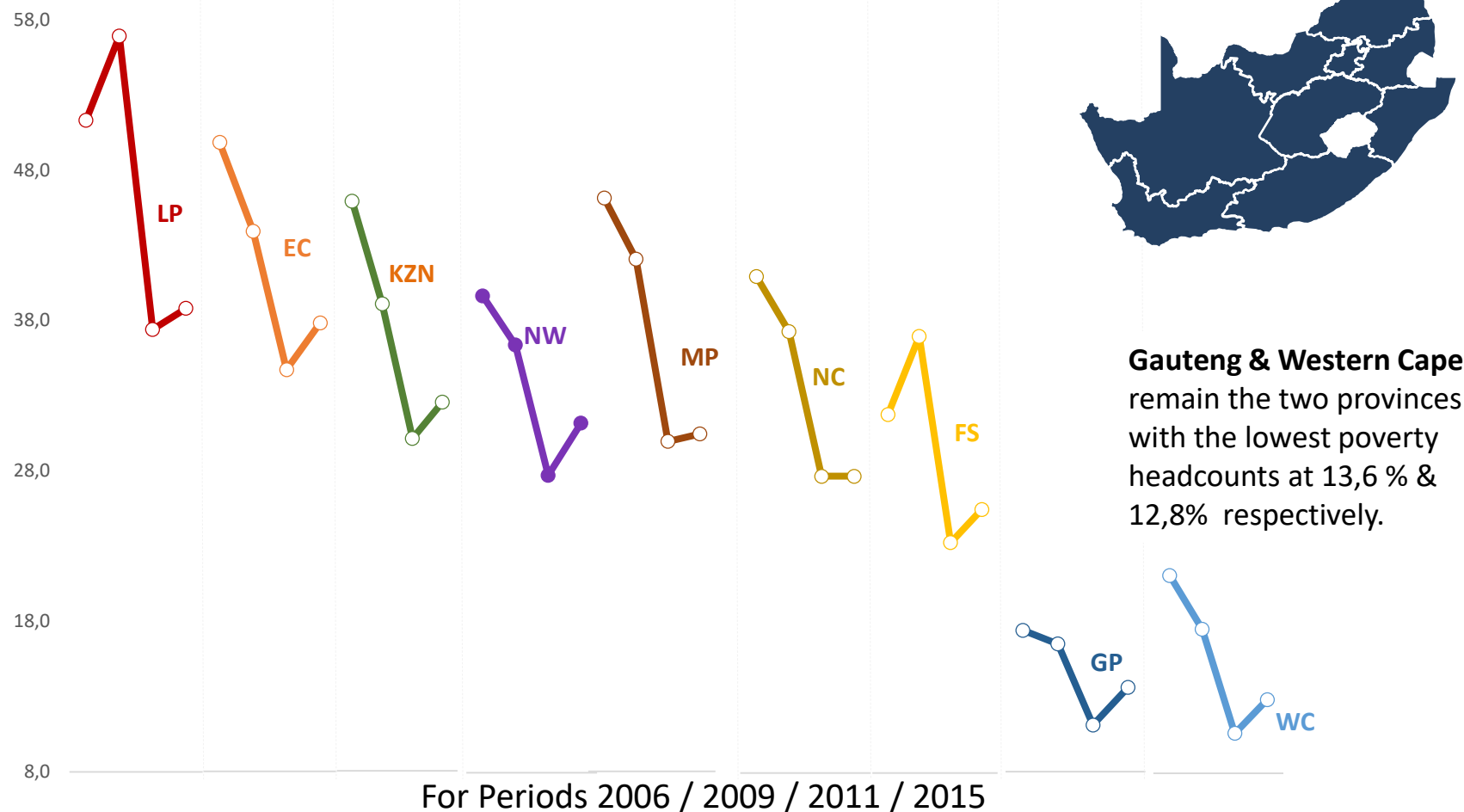
Approximately **13,8 million** South Africans were living below the FPL in 2015, down from a peak of 16,7 million in 2009.

Poverty headcounts based on the FPL, LBPL and UBPL



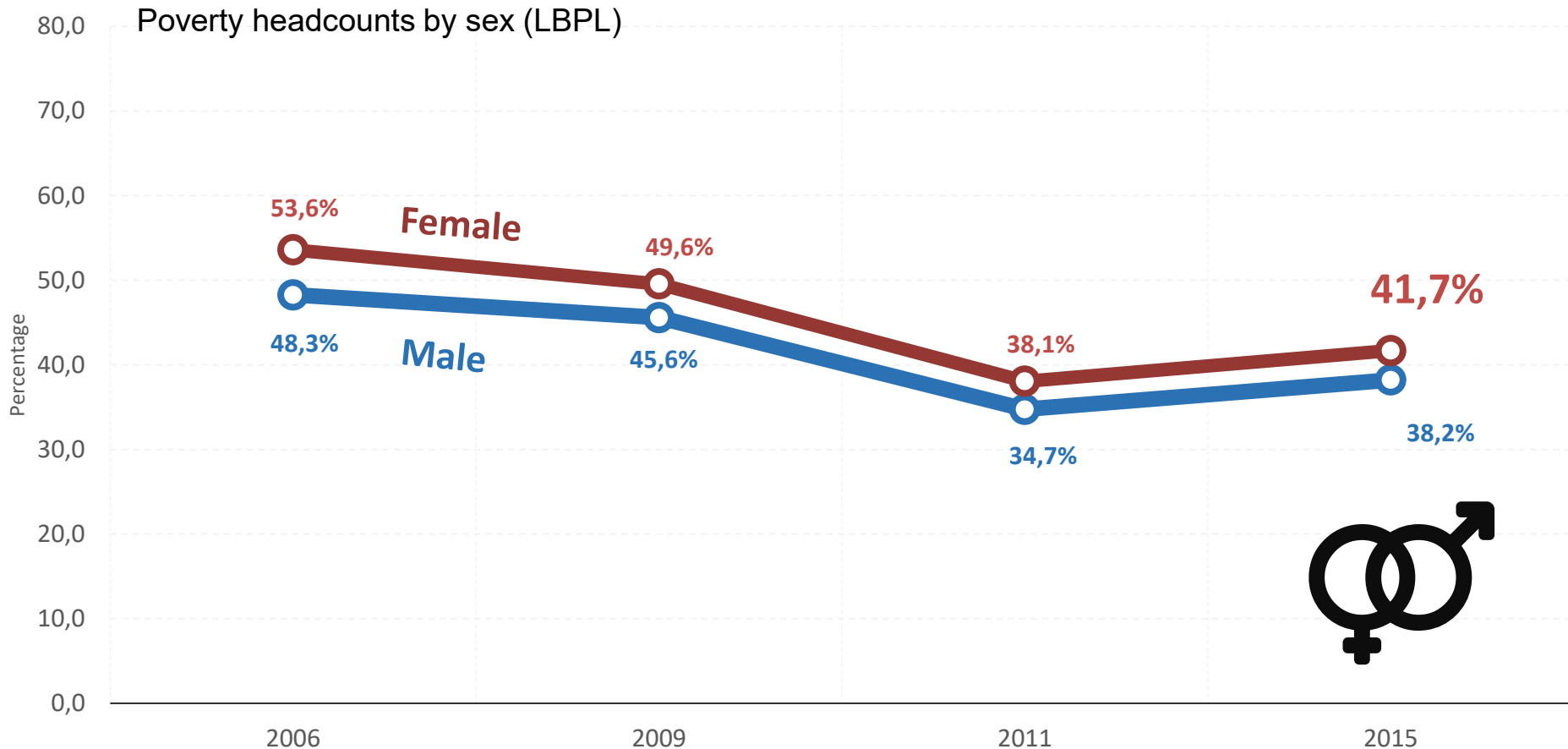
The poorest three provinces in the country have consistently been **Limpopo**, **Eastern Cape** & **KwaZulu-Natal**.

Poverty Measures of Households (LBPL)



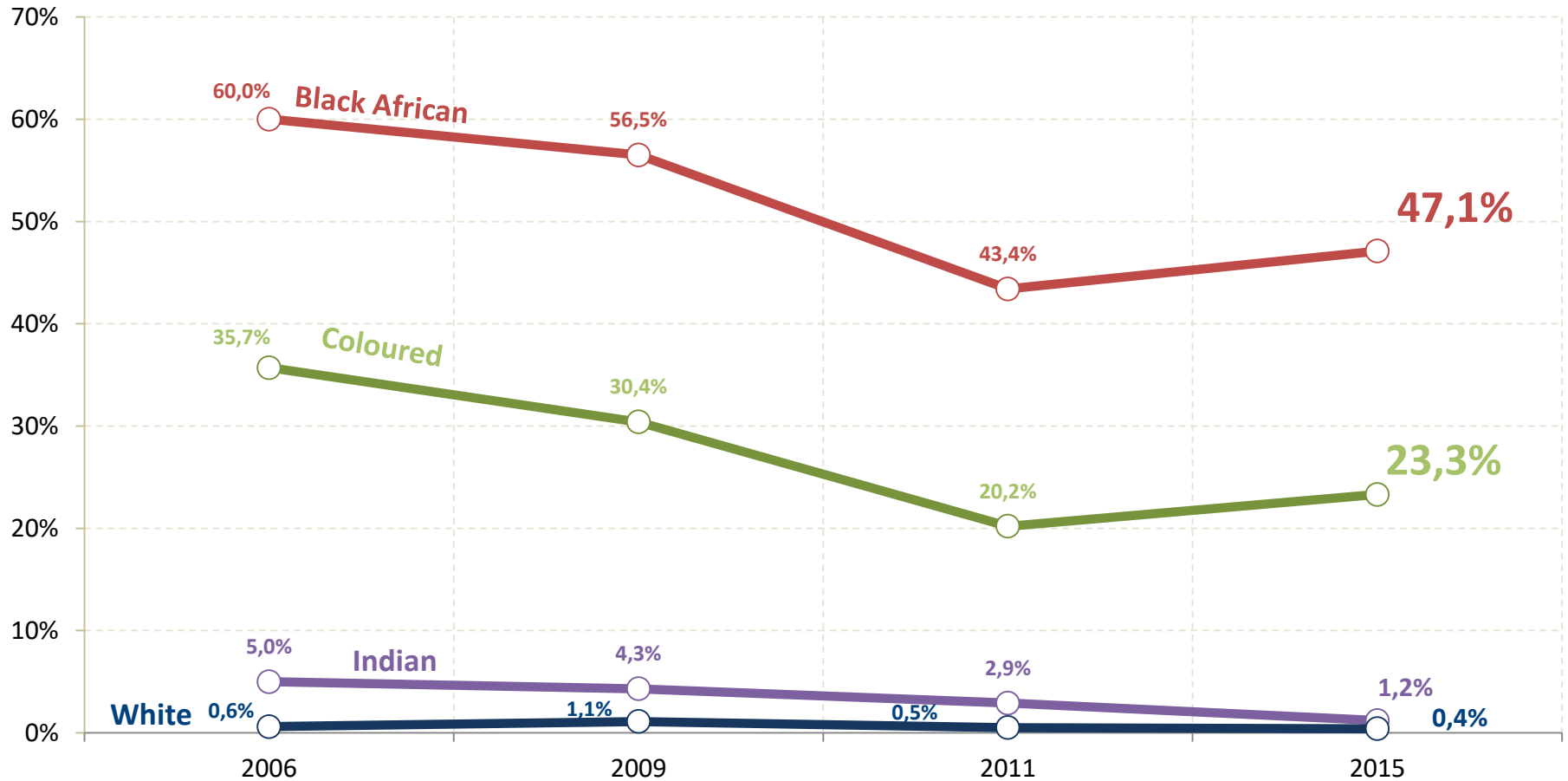
Source: Poverty Trends Report

Females remain more disadvantaged than males consistently recording a higher headcount, gap and severity measures at each point in time; however, the difference between the sexes is narrowing.

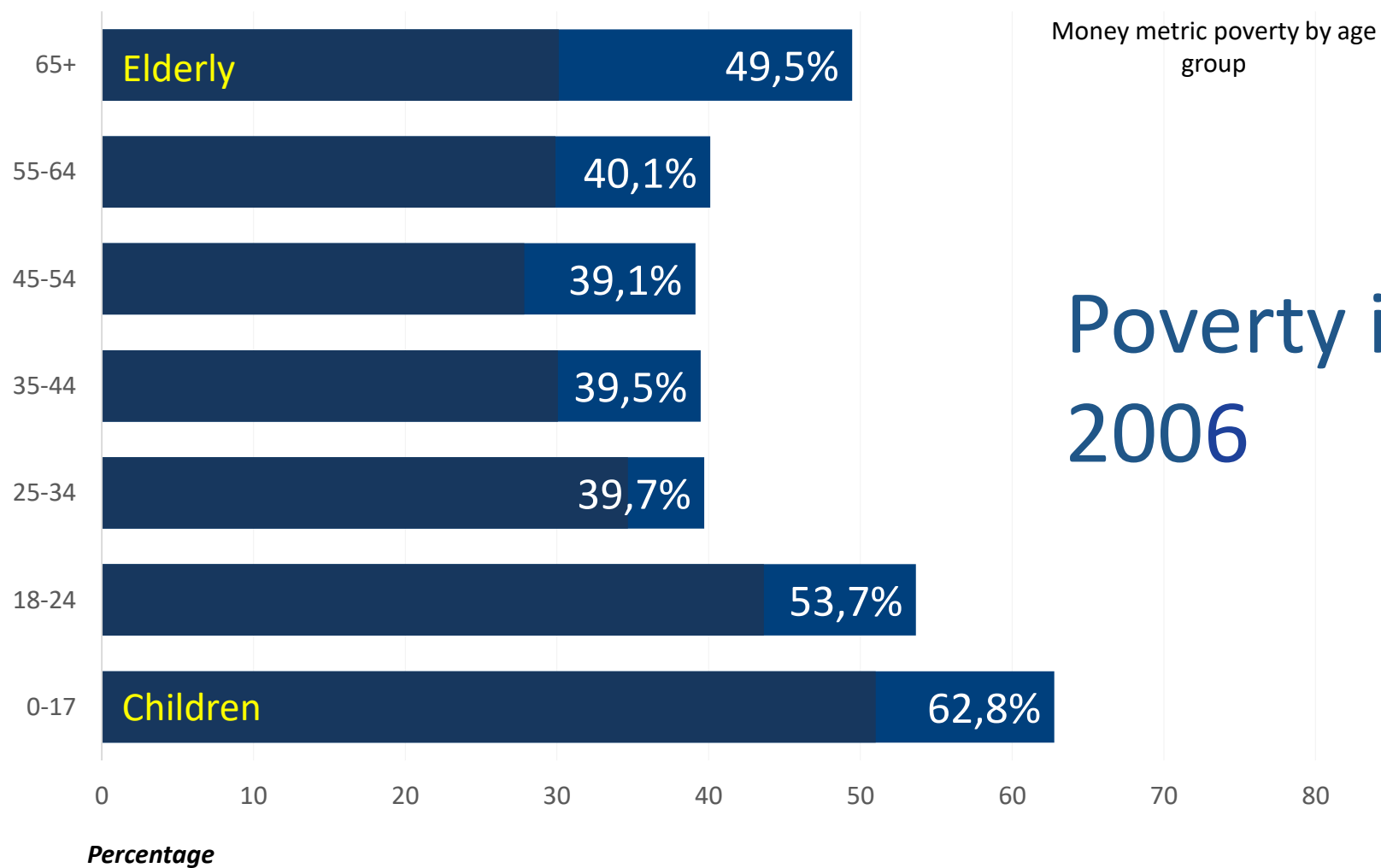


In 2015, nearly half of black Africans were poor

Poverty headcounts by population group (LBPL)



Money metric poverty in 2006 (LBPL)



Poverty in 2006

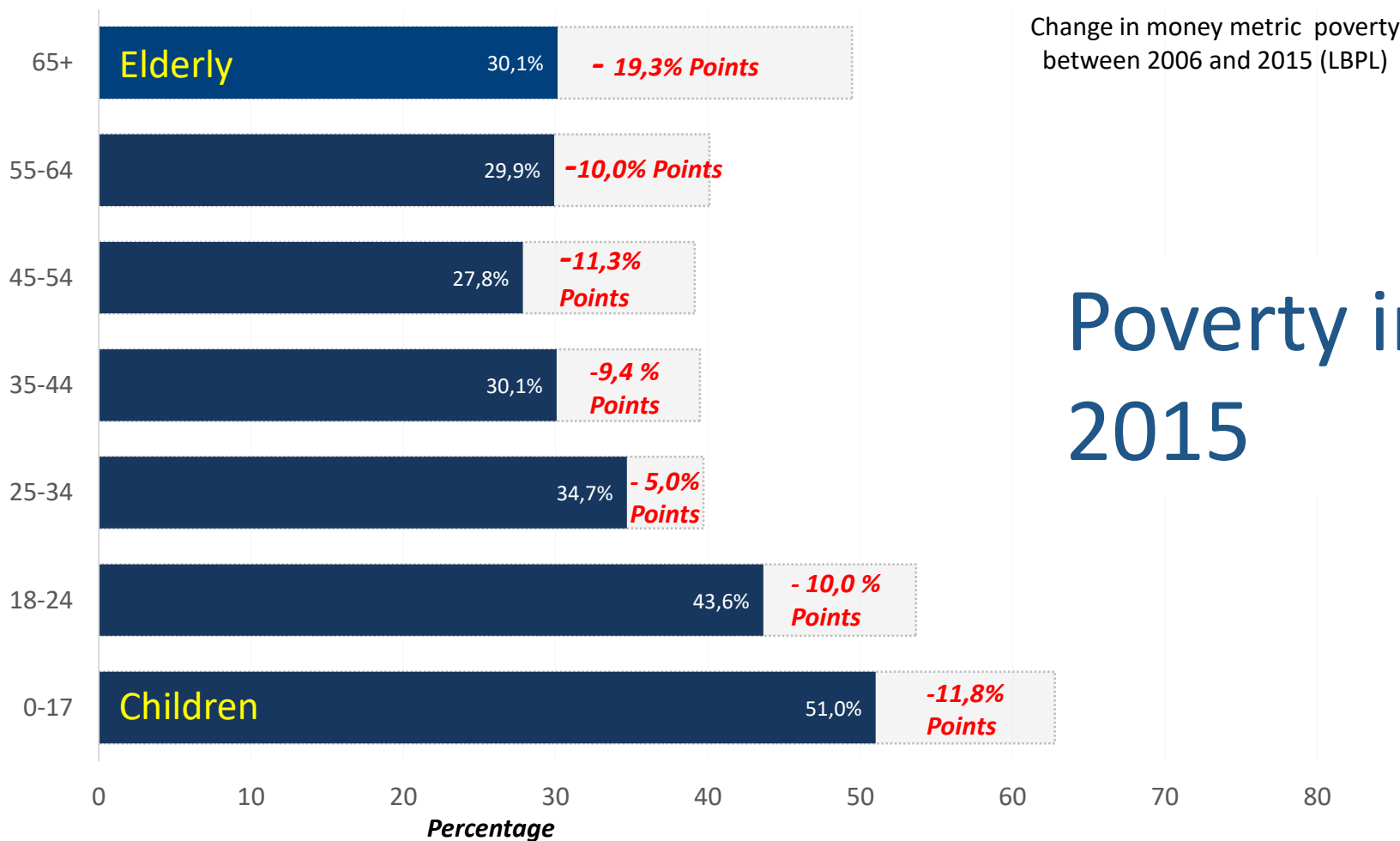


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Elderly saw the greatest reduction in money metric poverty



Poverty in 2015



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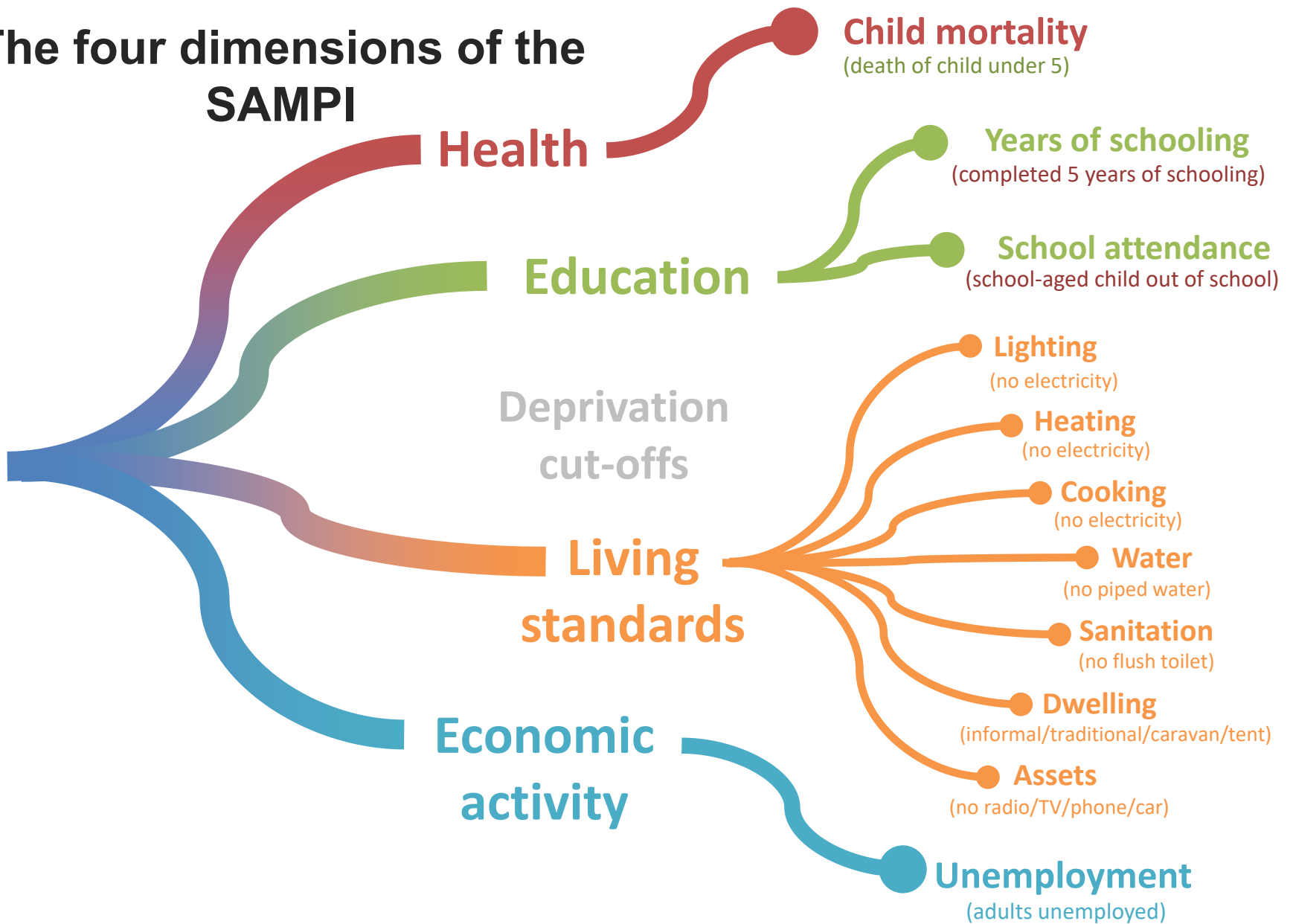
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The South African
Multidimensional
Poverty Index (SAMPI)
provides a more
holistic view of poverty

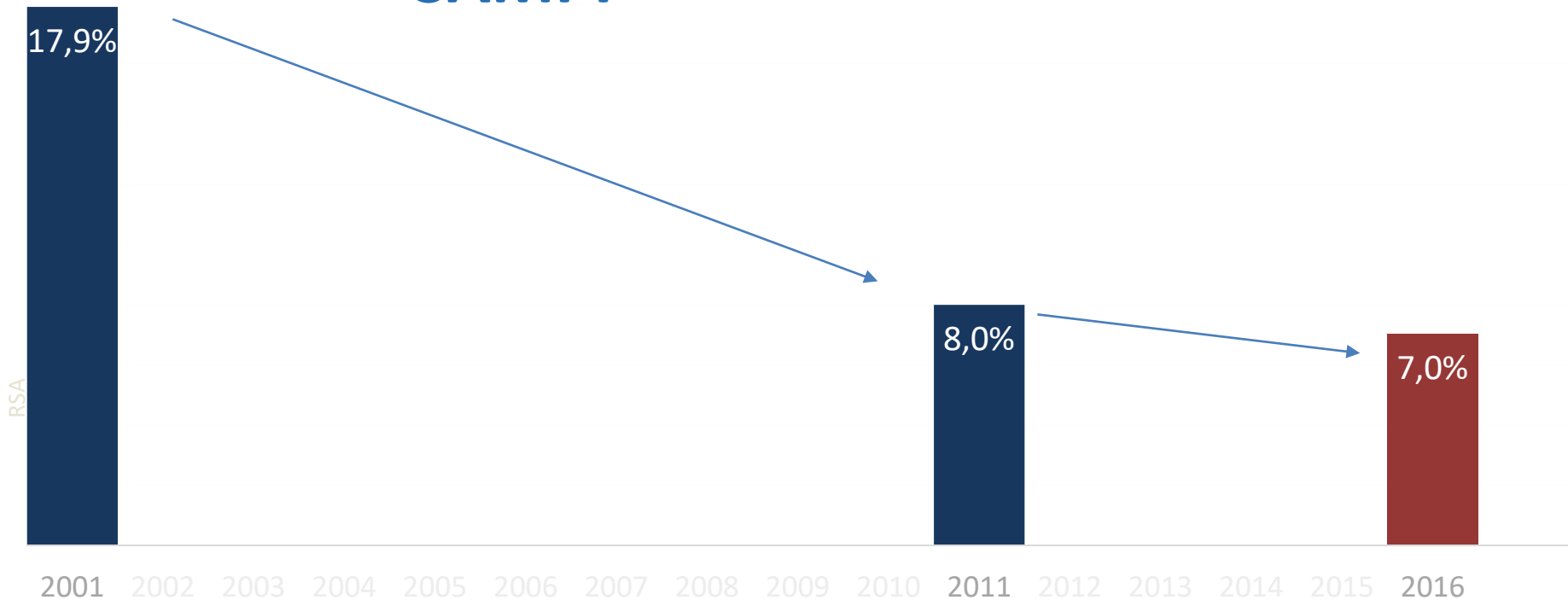
The four dimensions of the SAMPI



Headcount poverty decreased from 17,9% in 2001 to 7,0% in 2016

Multidimensional Poverty headcount by Geographic Various levels 2001-2016

SAMPI



Source: The South African MPI



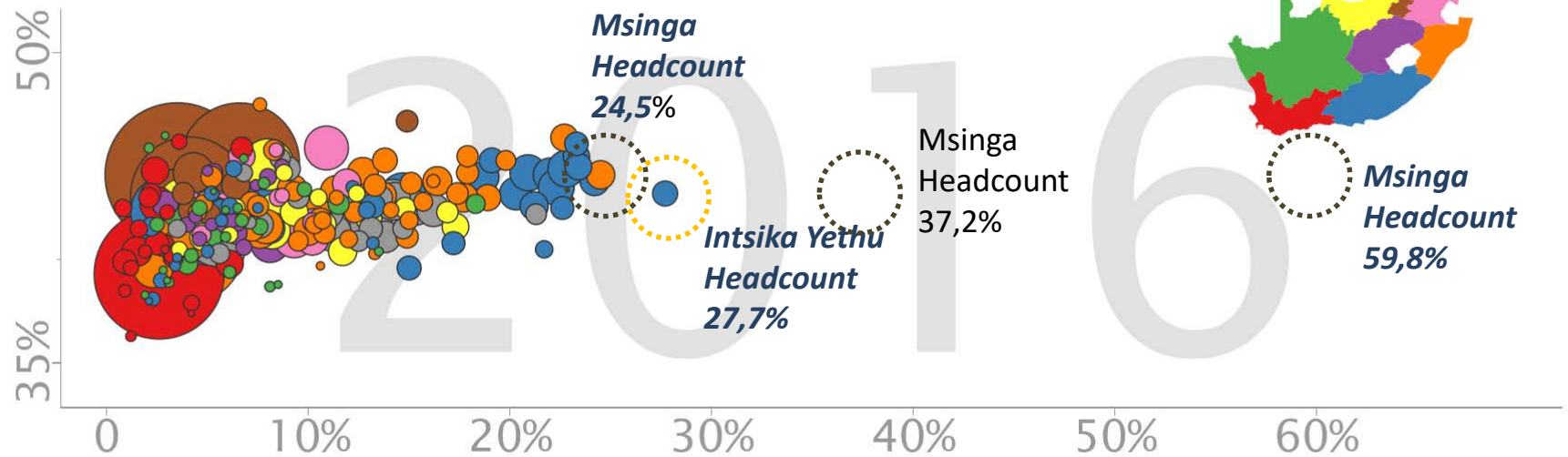
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Multidimensional Poverty by Municipalities 2001-2016

Poverty intensity

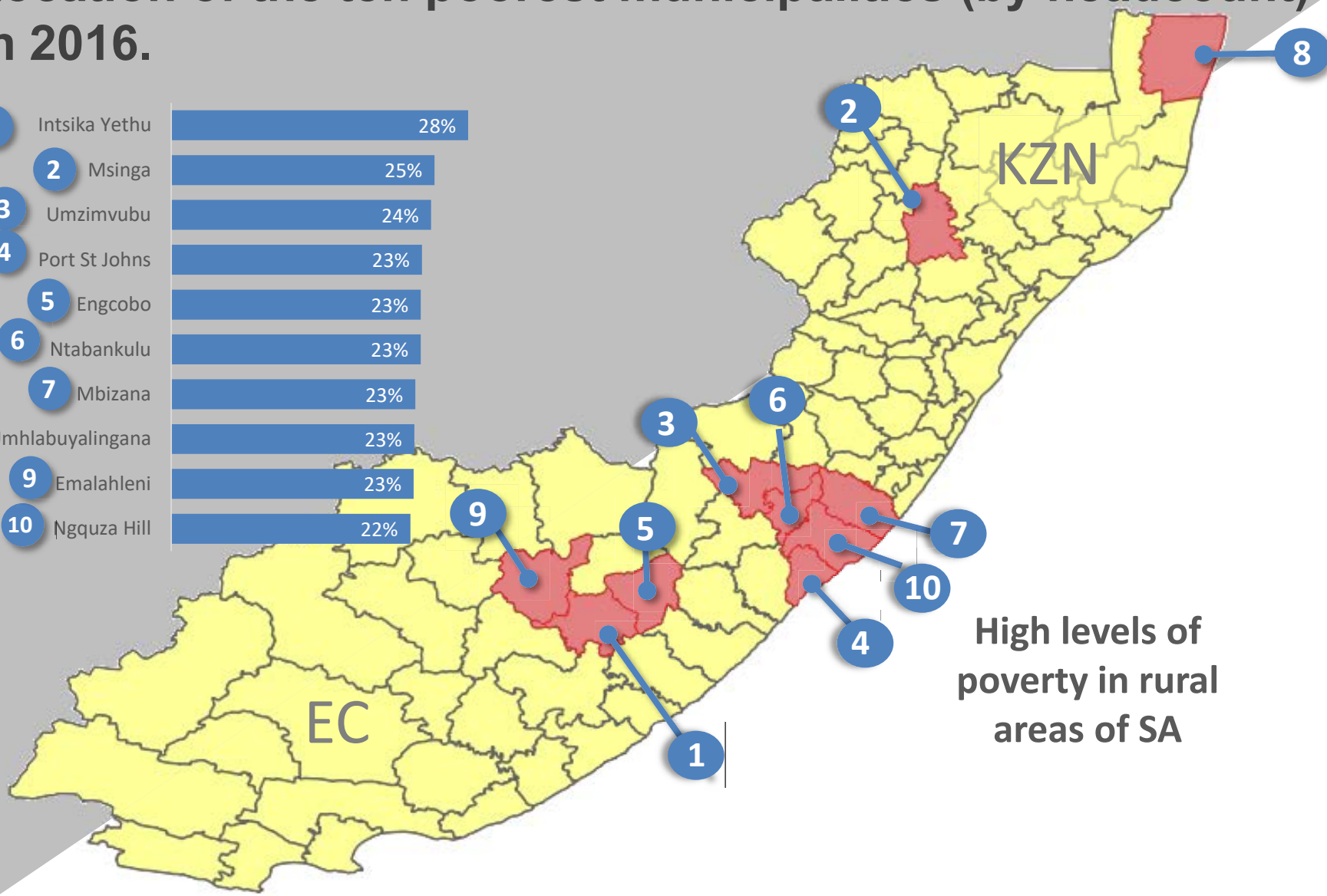
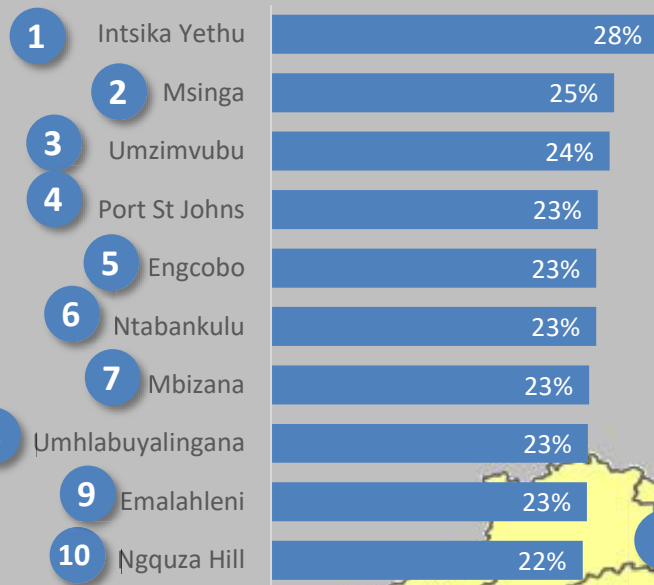


Poverty headcount

- In 2001 wide dispersion of Poverty **with Msinga having a poverty Headcount of around 60%**
- **Between 2001 and 2011 poverty generally declines for all municipalities**
- **However between 2011 and 2016 poverty trends diverge between municipalities**



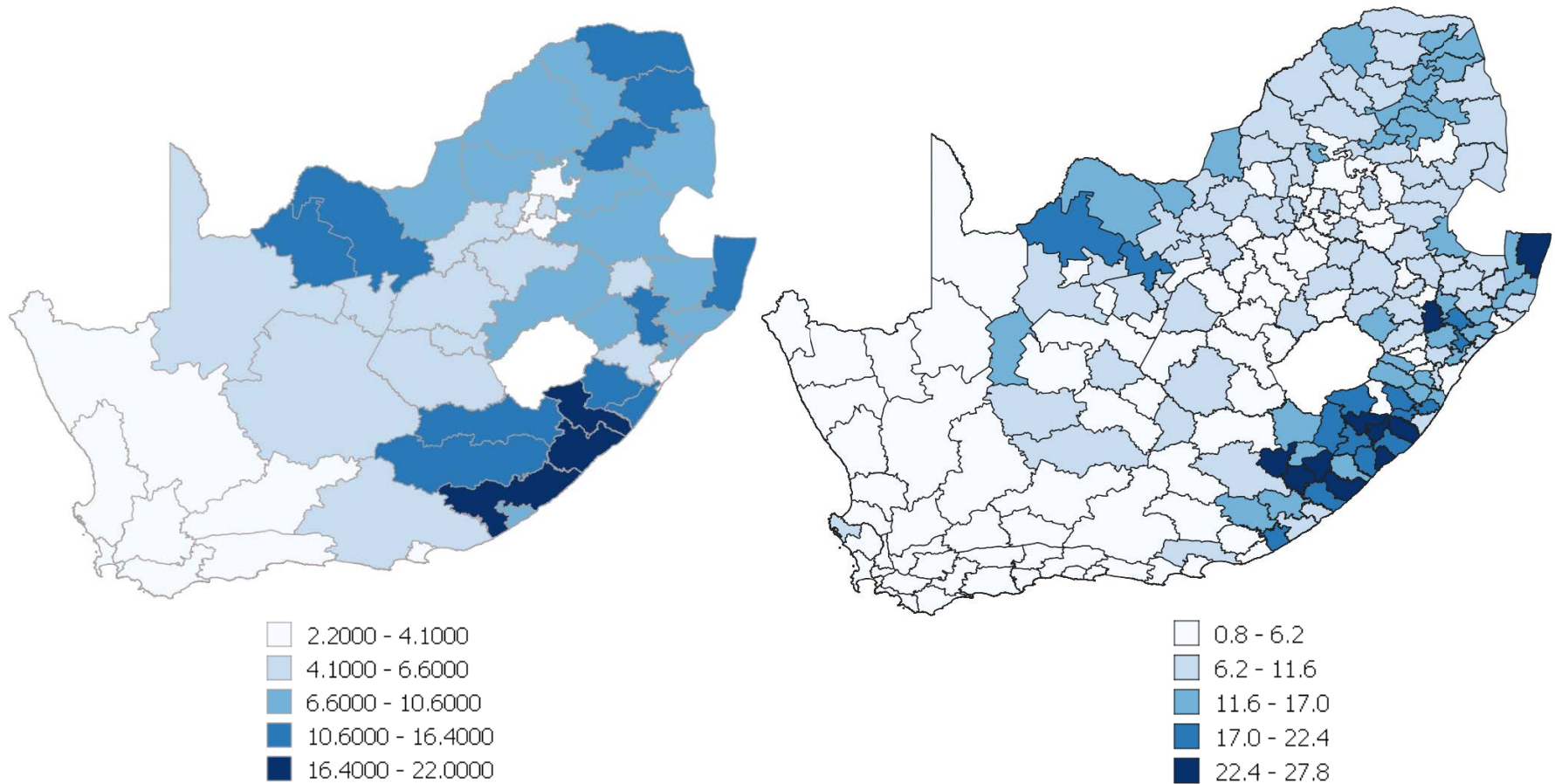
Location of the ten poorest municipalities (by headcount) in 2016.



High levels of poverty in rural areas of SA

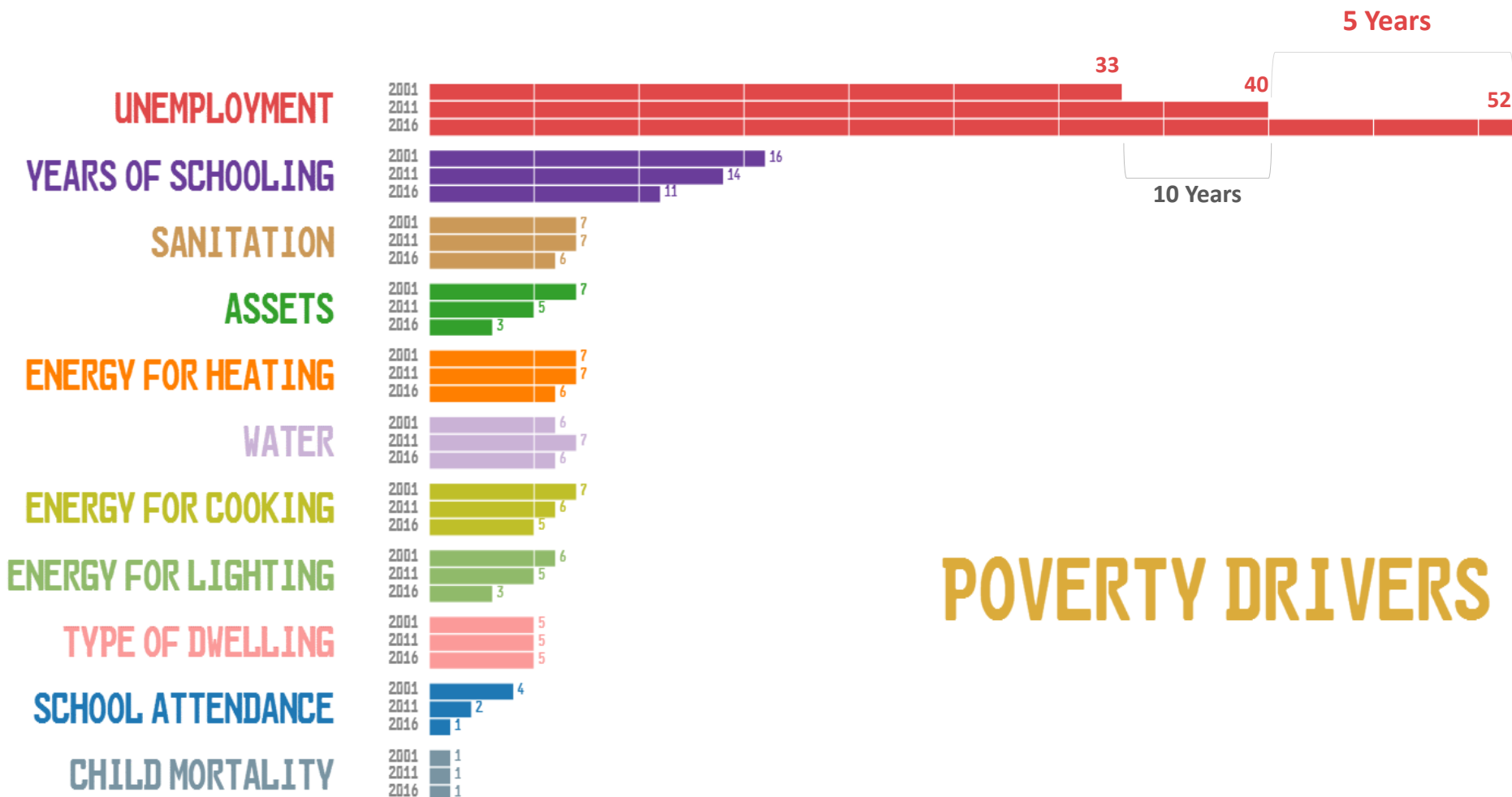
Source: The South African MPI

District and Municipal View of Poverty 2016



Source: The South African MPI

Multidimensional Poverty Drivers

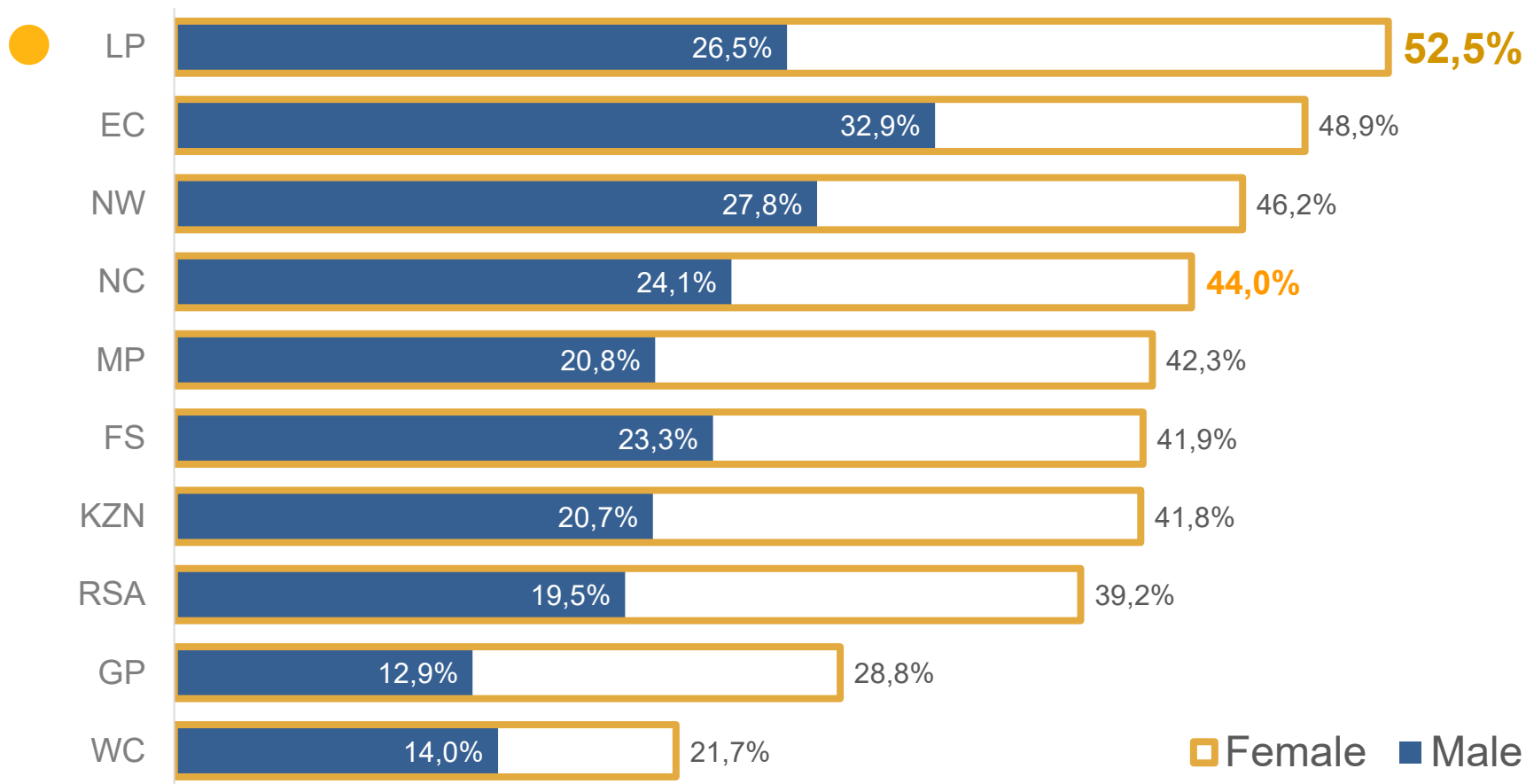


POVERTY DRIVERS

Census 2001, 2011 and CS 2016

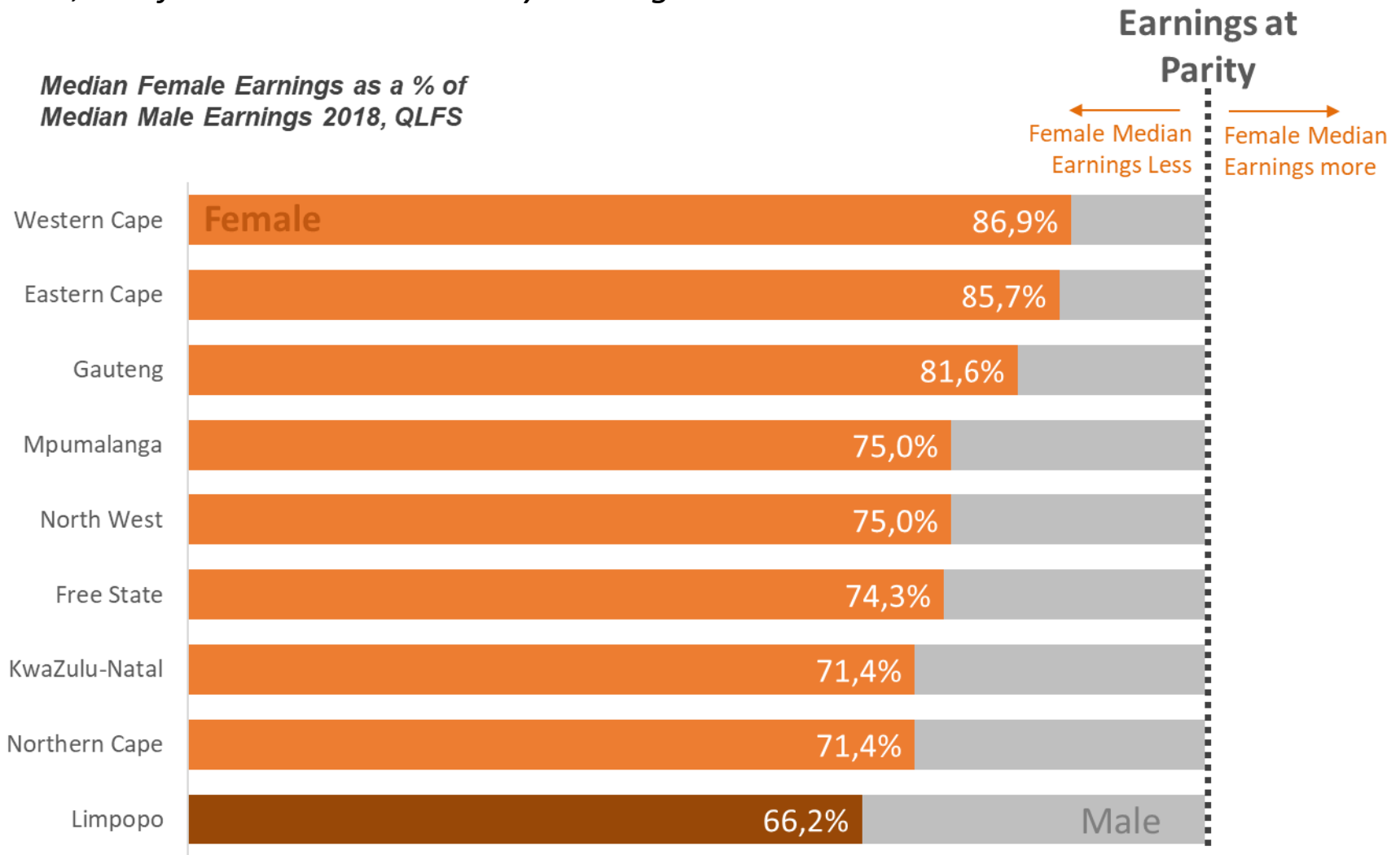
52,5% of Female headed households in LP do not have an employed household member

Households without and employed household member by sex of household head, 2018



2018 South African women's median monthly earnings were 76% of men's median monthly earnings *Limpopo has the highest gender pay gap - Females earned 66,2% of men's median monthly earnings in 2018*

Median Female Earnings as a % of Median Male Earnings 2018, QLFS



Source: QLFS 2018



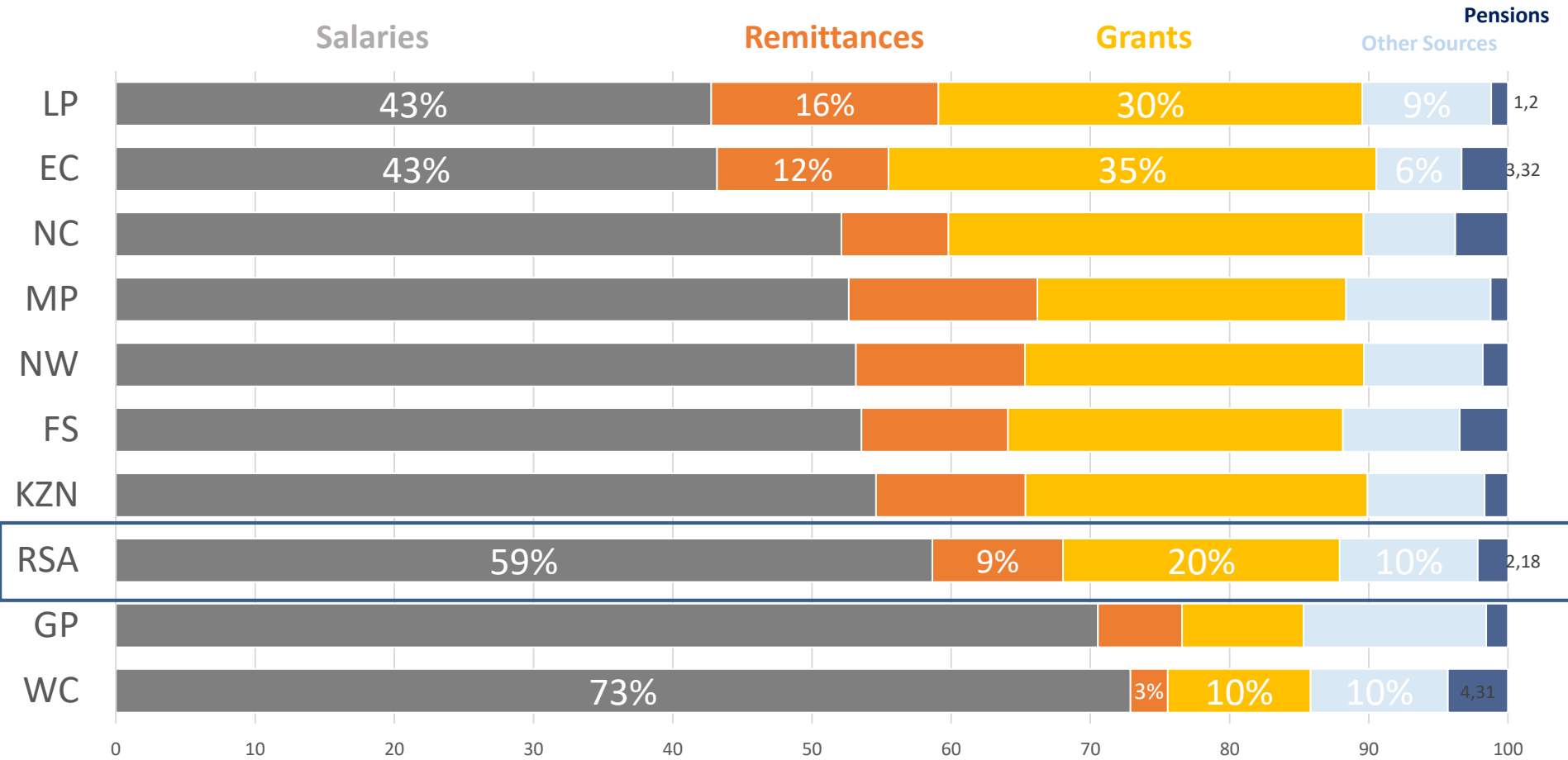
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Grants remain a significant source of income for SA households, particularly in rural areas

Percentage distribution of sources of household income by province, 2018



Source: GHS 2018



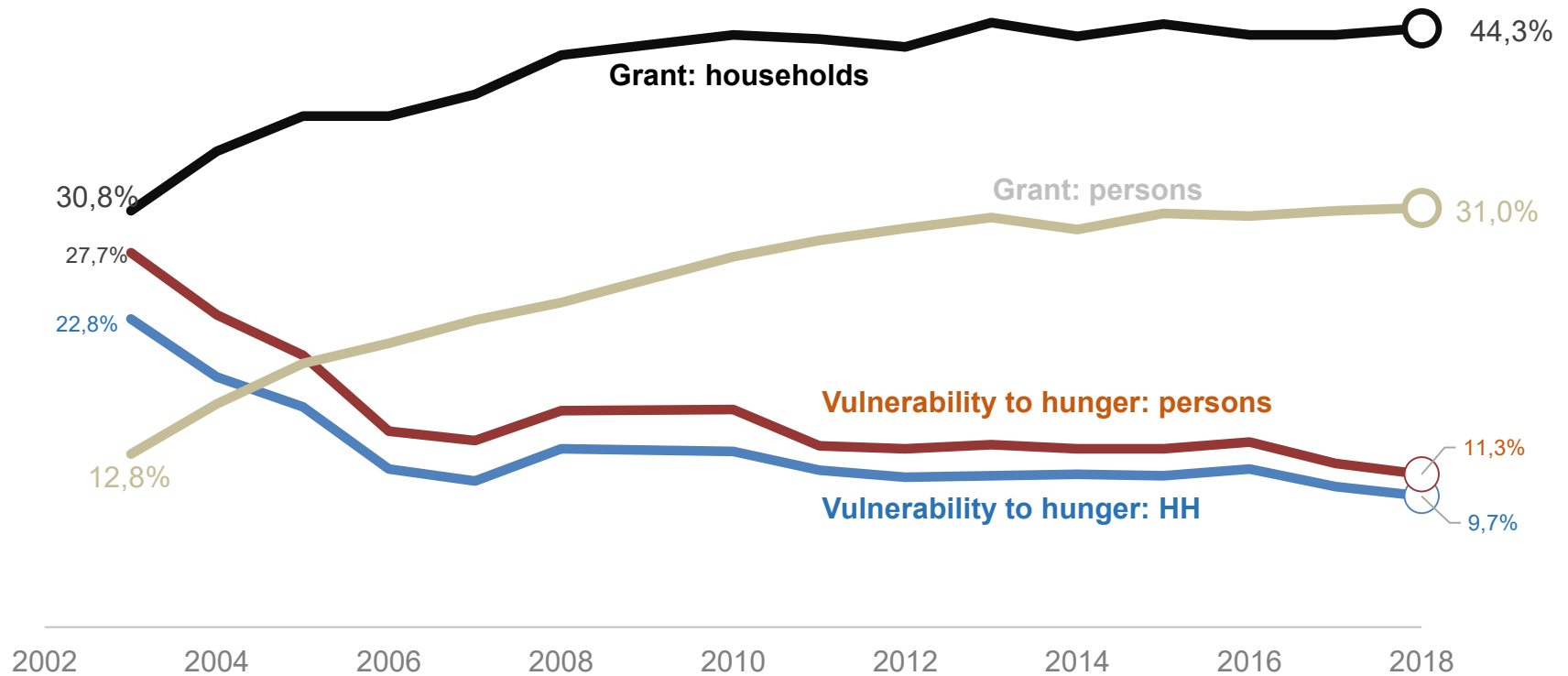
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Vulnerability to hunger at an individual and household level has been declining whilst access to grants has been increasing.

Grants and Vulnerability to hunger 2002 - 2018



Source: GHS 2018



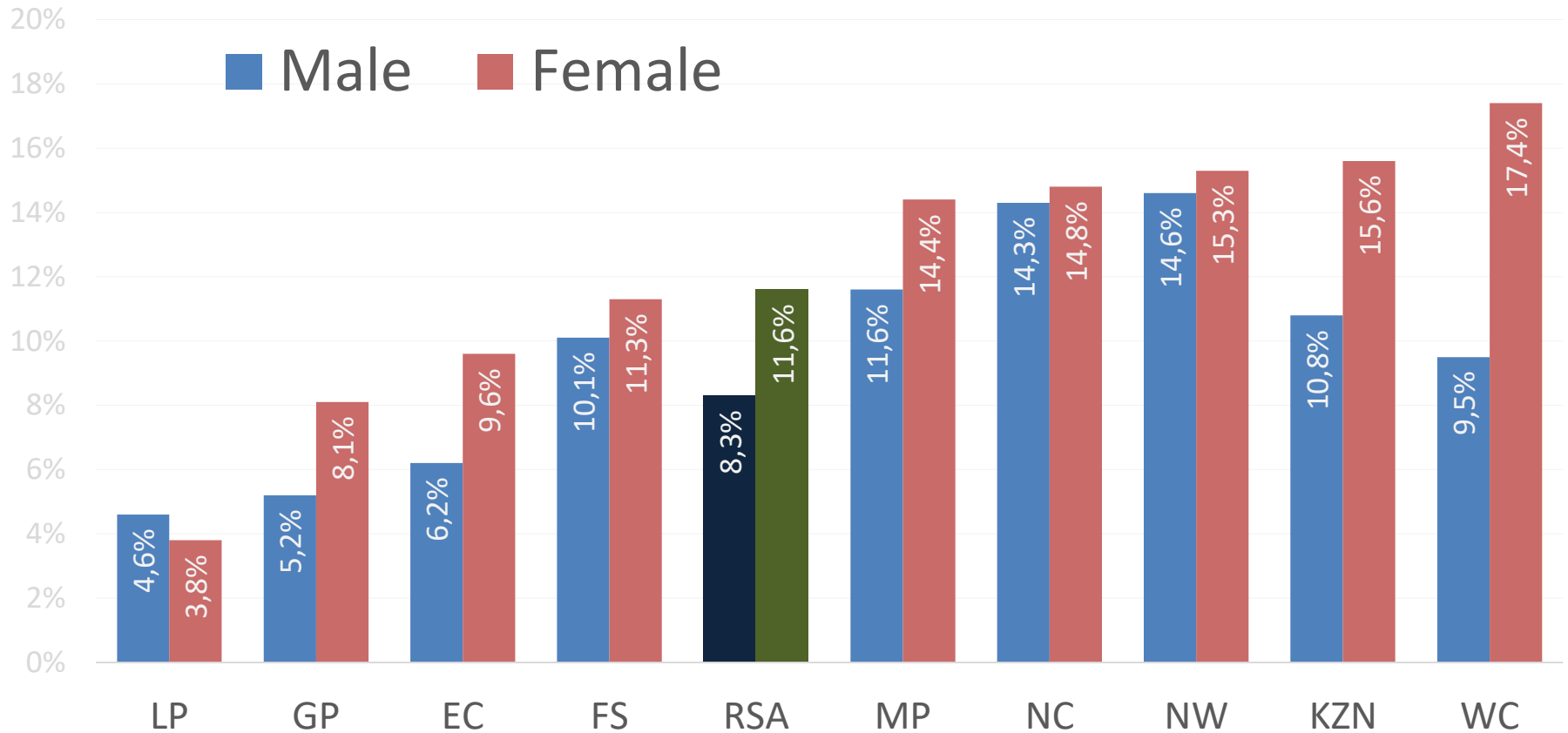
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Limpopo as a whole (4,2%) had the lowest percentage of households male or female that reported suffering from hunger

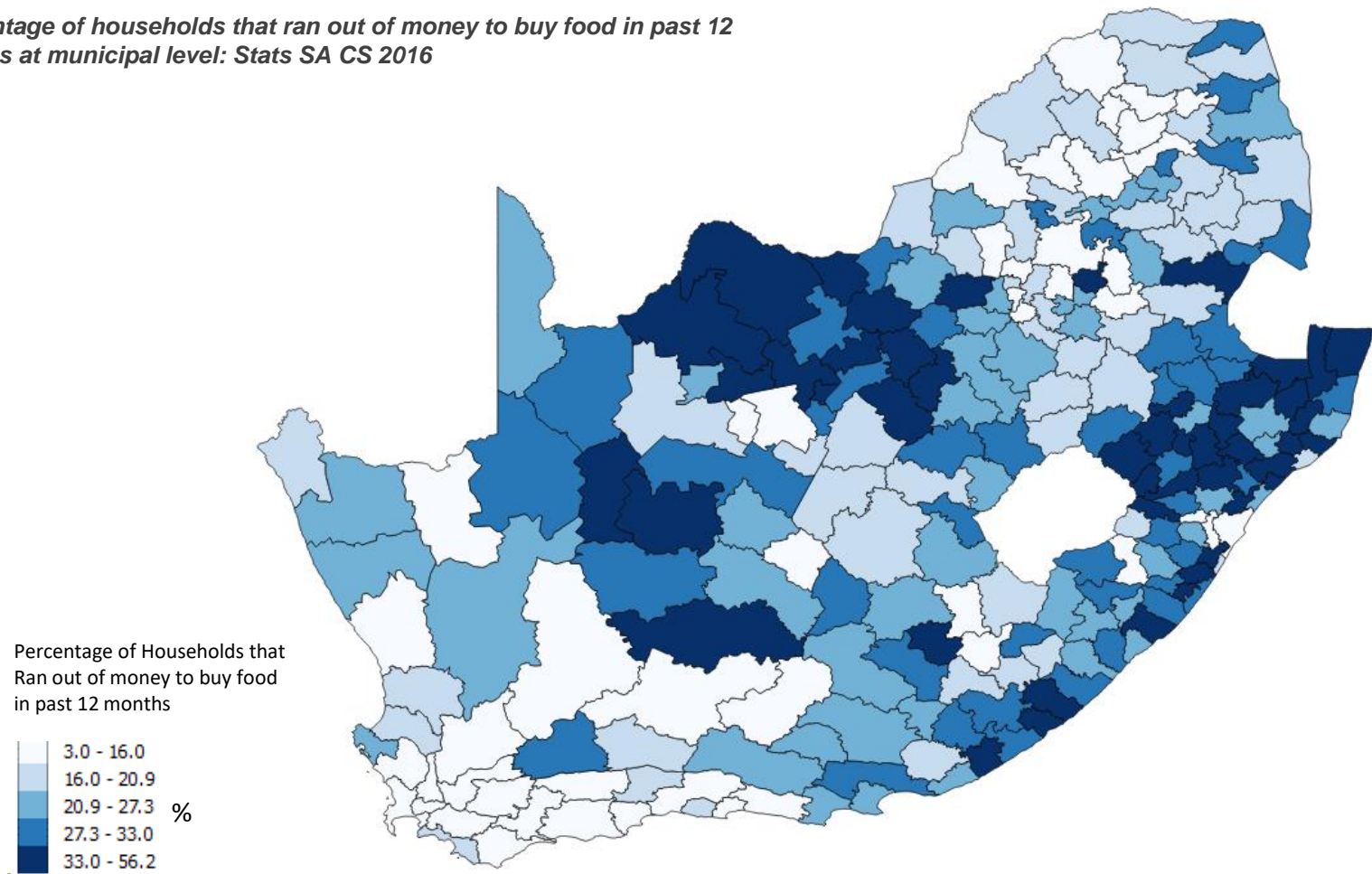
Households that reported hunger



Source: Marginal Groups Indicator Report 2018

Around **one-fifth (19,9%)** of households in the country reported that they had run out of money to buy food in the past 12 months.

Percentage of households that ran out of money to buy food in past 12 months at municipal level: Stats SA CS 2016



Data source: Stats SA CS2016

3,6 Million Indigent households identified by municipalities

Indigent households registered with municipalities: 2018	Indigent households identified by municipalities	Beneficiaries			
		Water	Electricity	Sewerage and sanitation	Solid waste management
Western Cape	370 639	360 571	365 839	357 619	357 016
Eastern Cape	797 103	516 972	337 832	274 686	221 946
Northern Cape	73 831	67 015	69 548	63 200	63 841
Free State	178 740	147 304	164 215	144 414	146 737
KwaZulu-Natal	769 258	643 560	296 034	347 792	465 588
North West	162 170	99 492	146 996	74 643	79 573
Gauteng	863 221	744 844	407 788	384 352	814 705
Mpumalanga	109 318	103 125	104 447	90 741	93 664
Limpopo	307 163	127 550	131 448	44 603	42 493
South Africa	3 631 443	2 810 433	2 024 147	1 782 050	2 285 563

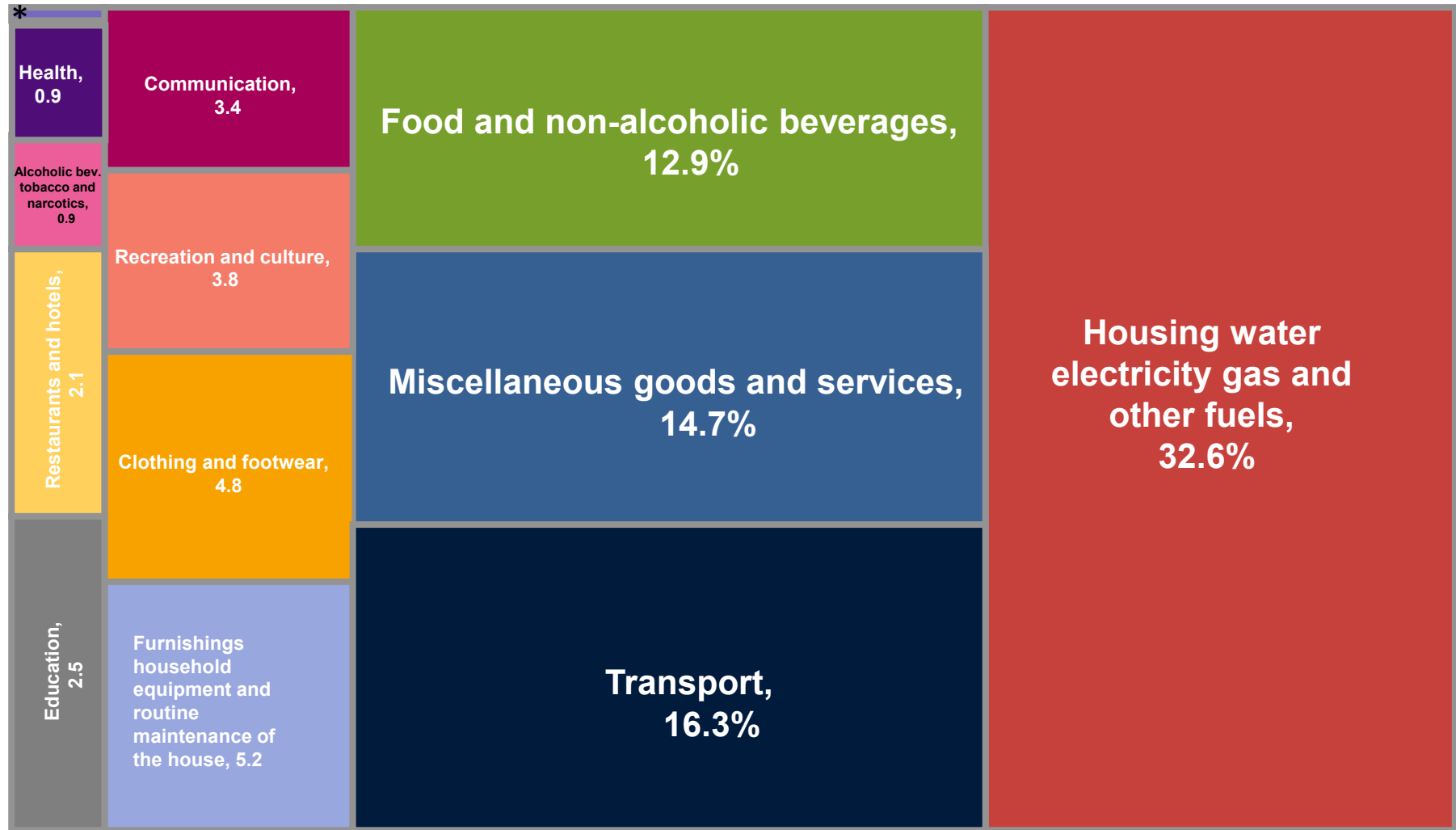
Poor households as determined by municipalities ; The basis on which a municipality determines if a household is indigent varies across municipalities, even within same province

Distribution of household consumption expenditure by expenditure groups



Food, Goods and Services and Transport accounted for more than 40% of household spend in 2015

Current Spending Patterns In South Africa:2015



*Other unclassified Expenses, 0.1



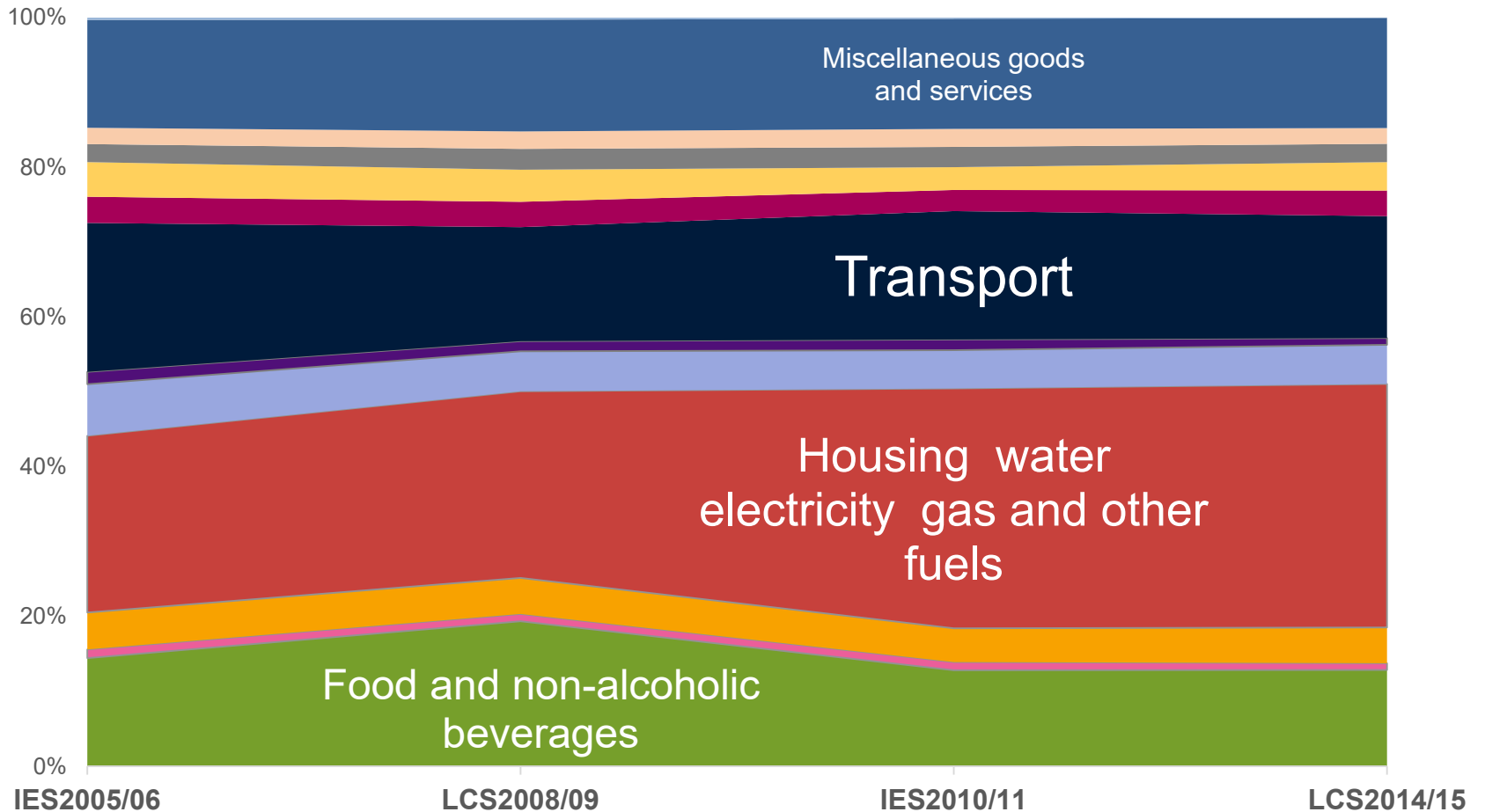
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Housing remained the largest contributor to household expenditure since 2009

Historical Spending Patterns In South Africa from 2006 to 2015



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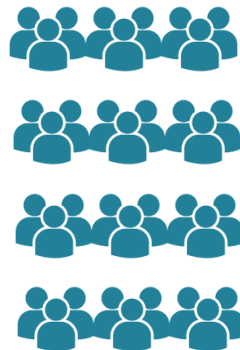
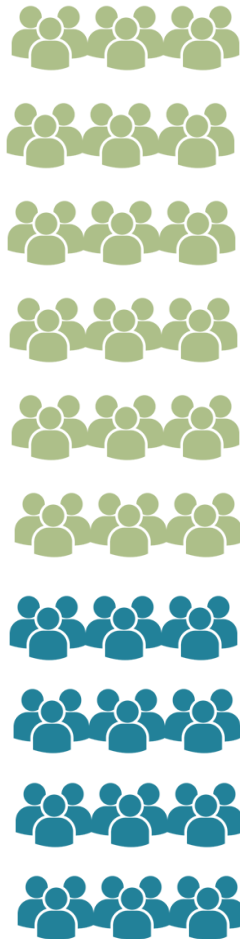
The share of the bottom 40% of household's income is 8,34%.

Household Income, LCS 2015

100%

40%

households



Share of bottom 40% of household's income = 8,34%

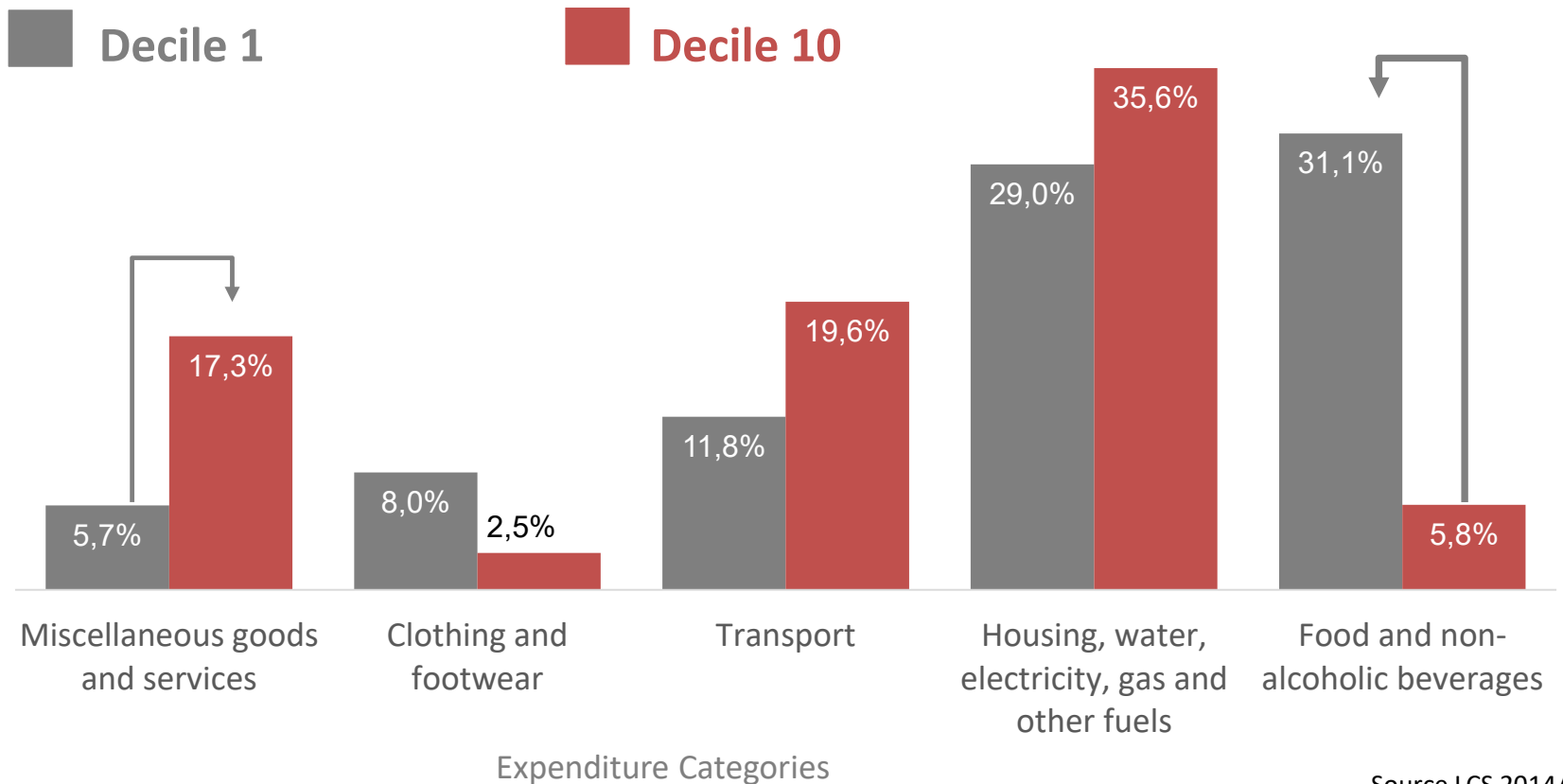


Income

0

Significant differences exist in proportions of certain categories between the lowest and highest expenditure deciles

Household expenditure by category- selected



Source LCS 2014/15



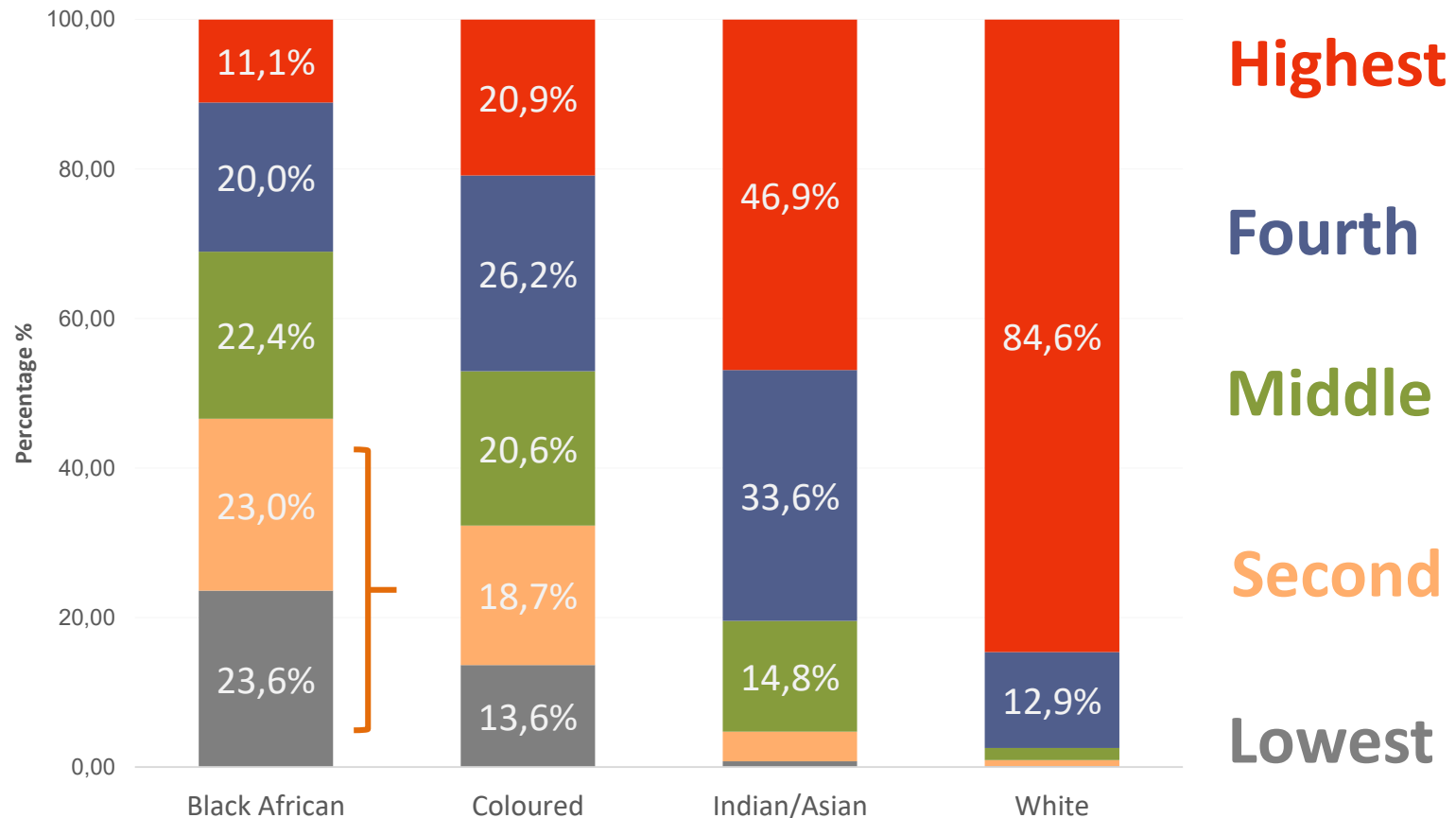
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Almost half of black African-headed households (46,58%) fell within the lowest two expenditure quintiles combined

Percentage distribution of households by expenditure per capita quintiles and population group of the household head



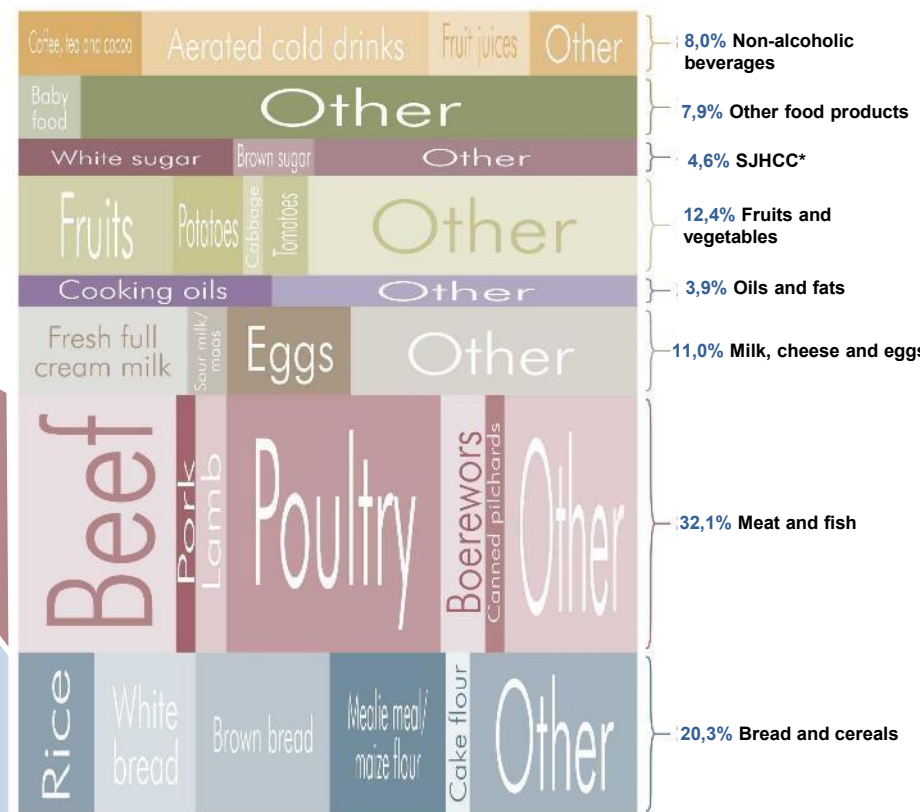
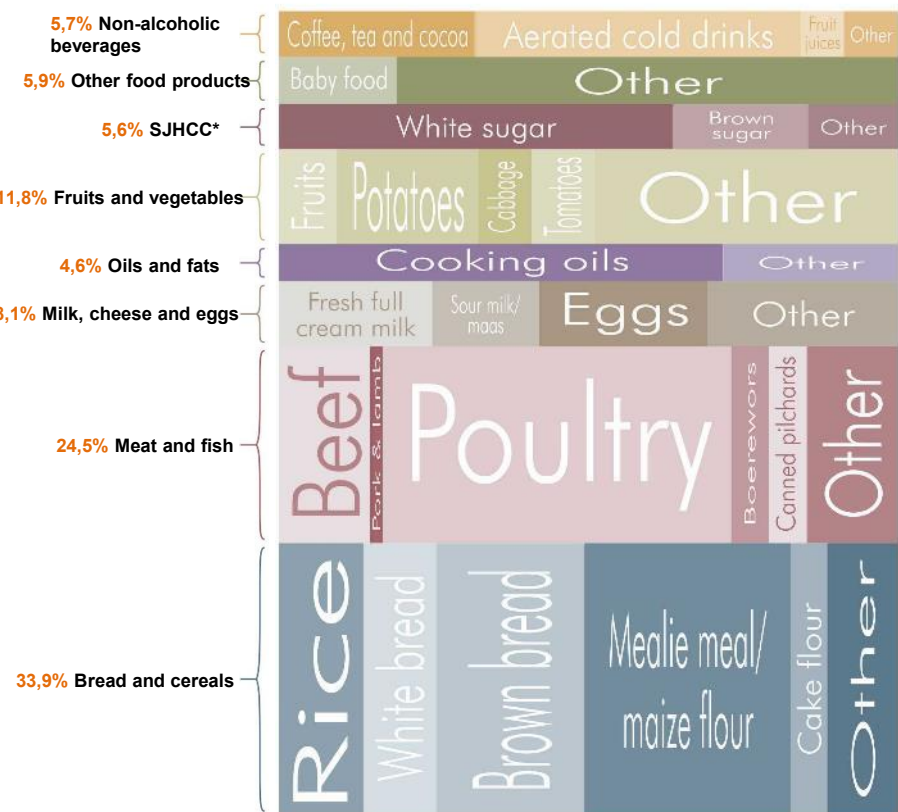
Source LCS 2014/15

Poor households spent a larger portion of food expenditure on bread and cereals, accounting for 33,9%. **Non-poor households** spent the most on the meat and fish category (32,1%) while bread and cereals came second at 20,3%.

Food expenditure patterns of poor vs non-poor households in main expenditure groups

Poor Households

Non-Poor Households



*Sugar, jam, honey, chocolate and confectionery

*Sugar, jam, honey, chocolate and confectionery

Ndzi hela kwala!



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