Poverty Eradication: The South African Experience

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1 Introduction

At PPP$11,710 per annum South Africa's per capita Gross National Income (GNI) corrected for purchasing power parity in 2006 means that it one of the 50 wealthiest nations and among the 35 largest economies in the world (World 2008). However, with a population of some 16 million people living on less than PPP$2, South Africa is also the 16th largest out of the 67 countries for which poverty measurements are reported and the fifth largest in sub-Saharan Africa (UNDP 2009). South Africa is also one of a handful of countries that has experienced a decline in its Human Development Index (HDI) over the past decade and ranked 125th of 175 countries in 2008, down from its placement as 93rd in 1992. This is largely the result of high levels of adult mortality whereby South Africans face life expectancies at birth that are among the 30 worst in the world. This conundrum of "poverty amidst plenty" provides the motivation for understanding poverty dynamics and poverty reduction policy in South Africa.

This paper comprises four sections. In the first, long term poverty trends are discussed with emphasis placed on the poverty dynamics of the 15 years of democratic government. The second section highlights some of the likely causes of persistent poverty in the South African context. This will be followed by an overview of key government policies intended to reduce poverty and a review of the results that have been achieved. The final section will be lessons for the international debate on the eradication of poverty.

2 Poverty Trends

Although the measurement of poverty in South African has a long history, as with most other aspects of the country, the data and measures reflect the legacy of 40 years of segregation and discrimination and been inconsistent, incomplete, and often conceal the extent of deprivation. In one of the earliest studies, surveys conducted in 1959 show that over 50 percent of the African population of urban South Africa were unable to afford a diet and a life-style determined to be minimally adequate (de Gruchy 1960)[2]. During the mid 1970's, it was estimated that between 68 and 77 percent of all African families lay below a national poverty line suggesting a surge in poverty levels during the era of 'Grand Apartheid' (Spro-Cas 1972; McGrath and Whiteford 1994). By the mid 1980's, estimates for Africans in rural areas lay at around 75 percent while 43 percent for the total population were categorised as poor, most of whom were African (Simkins 1984; Nattrass and May 1986). Data collected from the first nationally representative sample survey undertaken in 1993 just prior to the democratic election that ushered in the government of Nelson Mandela revealed that just over half (52 percent) of all African households in rural areas were poor (Carter and May 1999). Using a national poverty line of R(2000) 322 per person per month around 58 percent of South Africa's population were categorised as being poor in 1995, a situation that had not changed by 2000, although there was a marginal decline on the poverty incidence of Africans, from

[2]/ It is difficult to discuss poverty in South African with making use of the racial categorisations adopted by the Apartheid governments that continue to be used by most studies and official statistics. 'African' in this context refers to black South Africans who are descended from the indigenous inhabitants of the region. South Africans of European, Indian and Malay/mixed descent are referred to as white, Asian and coloured.

68 percent in 1995 to 67 percent. (Ozler 2007)[3]. In terms of the p-alpha class of poverty measures, both the poverty gap index and the severity measure of poverty increased (0.11 to 0.13, and 0.05 to 0.07 respectively), while the headcount index increased slightly from 0.32 in 1995 to 0.34 in 2000 using the PPP$2 per day poverty line.

Data for the period between 2000 and 2008 are limited, but some findings suggest that the poverty rate may be on the decline. Van den Berg *et al* (2005) show a substantial decline in rate, depth and severity of money-metric poverty during the period 1995 to 2004. Although critical of their analysis, Meth (2006) concedes that it is likely that there has been a decline in the headcount poverty index, albeit one that is more modest than what is suggested by the market research data. Both findings are supported by panel data collected in KwaZulu-Natal, with Agüero *et al* (2007) reporting an improvement in all measures of poverty for households surveyed in 1998 and again in 2004.

In the most comprehensive review of poverty trends to date, Leibbrandt, Woolard et al. (2010) show that there has been a modest improvement in the poverty gap, with the average gap declining from 32 percent of the poverty line to 28 percent between 1993 and 2008, while the severity of poverty declined between 1993 and 2000, but remains unchanged in 2008. The implication is that there has been some improvement in the welfare of those below poverty line, but that this does not appear to have reached the groups often termed ‘the poorest of the poor’(Leibbrandt, Woolard et al. 2010). An important point lost during debates over South African poverty trends is that whatever line, data or approach is used, the actual number of poor people increased in the immediate post-apartheid era. While the incidence of poverty modestly declined between from 56 percent in 1993 to 54 percent in 2008, the population increased by an estimated 8.5 million people and as a result the number living below the poverty threshold increased by 3.8 million, just a less than the populations of Namibia and Lesotho combined (Leibbrandt, Woolard et al. 2010). The changing nature of South African poverty is also evident from their analysis, with the urban population increasing by 9.5 million, swelling the numbers of urban poor by 4.7 million, while the number of rural poor declined by 770 000. Leibbrandt, Woolard et al (2010) suggest that the rise in urban poverty may be due to migration by the poor from rural to urban areas. This has implications both for those who do not migrate, and for those who did who now face different livelihood opportunities, costs, social conditions and potential for political voice.

Turning from these money-metric measures to other forms of poverty, although available data are not comparable, it is apparent that little progress has been made towards reducing food scarcity in South Africa, especially among children. A survey conducted by the South African Vitamin A Consultative Group (SAVACG) in 1994 reported that that 9 percent of children aged 6 – 71 months were underweight for age, while in 1999, the National Food Consumption Survey reported that 11 percent of children aged 12 – 71 months were in this position (Labadarios, Steyn et al. 2005). Using data from the National Food Consumption Survey – Fortification Baseline conducted in 2005, the Health Systems Trust (2008: 132) reports the national prevalence of stunting,

[3]/ Although there have been fluctuations, the South African rand has been worth approximately US$0.14 for most of the period since 1994.

underweight, and wasting to be 18 percent, 9.3 percent and 4.5 percent respectively, only marginally lower than in 1994 and 1999).

Infant, under-five and maternal mortality estimates are unreliable and remain marred by poor data collection. As a result, the trends reported are ambiguous, with the most recent results for infant mortality ranging from 36/1000 to 59/1000, and under-five mortality ranging from 52/1000 to 106/1000 (Office of the President 2007) 33). The Health Systems Trust (2008: 64) provides a range of estimates of infant mortality using the data that are available, all of which suggest that South Africa will not achieve the targets set by the Millennium Development Goals (MDGs). This is supported by the Countdown Coverage Working Group (2008) who list South Africa as among 10 of 68 countries that have made least progress towards the attainment of MDG Four (reduce child mortality) (Countdown Coverage Working Group 2008:1255). Much of the reason for this is to be found in South Africa's high levels of HIV infection, and the consequent impact that this has had for the health and care of children.

Maternal mortality is another area in which South Africa is making inadequate progress. According to the information available, the Maternal Mortality Rate (MMR) increased from 80.69/100,000 live births in 1997 to 165.5/100,000 in 2003 (Office of the President, 2007: 37). Part of the explanation may lie with a higher incidence of child birth taking place at hospitals, and is thus a result of better record keeping. However, as with the IMR, it is likely that AIDS related illness is the most important reason for the lack of progress, with the largest cause of maternal deaths described as "non-pregnancy related infections, mainly AIDS related, tuberculosis, and pneumonia". These were responsible for 38 percent of all maternal deaths (UNDP 2003; Health Systems Trust 2008: 118; 321).

Finally, in the context of South Africa, it is not possible to discuss poverty without reference to the country's extreme inequality. Using comparable data, Liebbrandt, Woolard et al (2010: 33) report that South Africa's Gini coefficient rose from 0.66 in 1993 to 0.68 in 2000 and to 0.70 in 2008, with the Gini coefficient for the African population rising most sharply. The decile dispersion ratio is a powerful way to convey the message of this. Here the income accruing to each decile is measured as multiples of the poorest decile. Thus the incomes of second poorest decile are around twice those of the poorest decile, the middle decile (5^{th}) around 6 times the poorest, while the income of the wealthiest group is 88 times greater than that of the poorest decile. These trends in inequality have been sustained over a long period. From 1970 through to 2001 inequality as measured by the Gini coefficient was very high by international standards at around 0.68 (Whiteford and Van Seventer 2000; Leibbrandt, Poswell et al. 2006).

3 Causes of persistent poverty

I would now like to discuss some of the reasons for the persistence of poverty in South Africa. This is often referred to as structural, chronic or investment poverty and has largely been conceptualized as an extension of financial poverty in which single-period income or expenditure is distinguished from stocks of assets and the long-term expected stream of well-being or income that can be generated from these assets (Reardon and Vosti 1995; Carter and May 2001; Carter and Barrett 2006). Panel data in which the same households are re-interviewed over time recognises that while some may have benefited from economic growth or redistributive policies, others have fallen back either as a result of economic or political change, or arising from broader economic and demographic trends. Moreover, the life-course of households and individuals is itself a dynamic that brings about movement into and out of poverty as people age, have children and in time, may be able to accumulate skills and capital, but may also be exposed to shocks and negative events that strip assets and erode their ability to earn.

The p-alpha suite of poverty measures can be used to show the extent of this persistent poverty using expenditure data of a panel survey of households interviewed in one of South Africa's nine provinces in 1993, 1998 and again in 2004. This survey is known as the KwaZulu-Natal Income Dynamics Study (KIDS) (Agüero, Carter et al. 2007). According to these panel data, the headcount index of poverty (P^0) increased from 0.51 in 1993 to 0.57 in 1998, before falling to 0.47 per cent in 2004. The poverty gap index (P^1) increased from 0.20 to 0.26 and then declined to 0.22 while the poverty severity index (P^2) increased from 0.09 to 0.14 before recovering slightly to 0.12. By comparing poverty status in each of the years as shown in Table 1, it is possible to show which households are chronically or persistently poor (poor in all periods), which are moving out of poverty and which are 'churning' around the poverty line.

Table 1: Poverty Spells for KIDS Households

Poverty Status* '93-'98-'04	%
P-P-P (Chronically Poor)	26.6
P-P-N (Upwardly mobile?)	5.0
P-N-P (Transitorily Poor)	6.6
P-N-N (Upwardly mobile?)	10.3
N-P-P (Downwardly mobile?)	6.9
N-P-N (Transitorily Poor)	4.3
N-N-P (Downwardly mobile?)	12.5
N-N-N (Never Poor)	27.9
n=847	

* P indicates Poor; N indicates Not-Poor

Around one quarter of all households surveyed are chronically poor, compared to just 16 percent who can be described as being on a pathway to escape poverty. This is off-set by the almost 19 percent who appear to be falling behind. The implication is that structural poverty may be relatively wide-spread in South Africa and that up to 12 million people could be caught in poverty traps and unable to escape poverty.

In summary, it appears that the already high levels of poverty found in South Africa during the 1960's peaked some time in the early 1980's at around 75 percent in the most deprived areas, declined slowly until the late 1990's, and appear to have declined more rapidly in the first part of this century. Access to, and returns from assets especially education, appears to have been a major determinant of these trends, with about one quarter of the population caught in a poverty trap. While the violent actions of the apartheid state had much to do the increase in poverty in the 25 year period from 1960 to the mid 1980's, and continues to shape the prospects for poverty eradication in South Africa, the response in the 15 year post-apartheid period must increasingly be held accountable for the persistence of high poverty rates.

4 Government Response

The reduction of poverty has been a consistent theme of successive South African governments since 1994. Indeed, the Reconstruction and Development Program (RDP) prepared in 1993 as the in-coming government's manifesto singles out the reduction of poverty in all its dimensions as the central concern for the post-apartheid era. However the macroeconomic environment has obviously conditioned the economic possibilities for achieving this. During the 1960s the South African economy grew at some six percent per annum, while total employment grew by nearly three percent per annum, in line with population growth. By the late 1980s the real economy was shrinking, as was formal sector employment. This trend was briefly reversed after the country's first democratic elections, with sustained growth throughout 1995. By the middle of 1998, economic growth fell to less than 0.5 percent per annum. The subsequent period sees a more favourable trend, with positive, if at times weak per capita growth peaking to 4.5 percent in 2004 due to both the rate of expansion of the economy and slowing population growth.

The South African government's response to these periods of poor economic performance was constrained both by international economic trends as well as by inherited fiscal realities. The apartheid government left a total public debt of R190 billion of which foreign debt amounted to some R5 billion (SARB 1996). Between 1993 and 1998, some 6.7 percent of GDP, and 24 percent of the budget, was annually absorbed by interest on this debt. Further, in line with the conservative macroeconomic stance taken by the GEAR, government contained growth in public expenditure and reduced its public-sector borrowing requirement from 9.3 percent of GDP in 1993/4 to just 0.3 percent in 2005/6 and a modest surplus in 2006/7 and 2007/8.

Weak economic growth resulted in declining formal employment which fell by 12 percent, or some 642,000 jobs, between 1993 and mid 1998 (CSS 1994; Stats SA 1999). Job losses were highest in those sectors that employ unskilled labour, with the manufacturing sector suffering a 6 percent loss in jobs between 1993 and 1998, compared to 21 percent in construction and 27 percent in mining (CSS 1994; Stats SA 1999; Stats SA 2001). This was followed by a period of job creation, with the number of formally employed increasing by almost 2.5 million between 1998 and 2004, half of which took place in the formal non-agricultural sector ((Stats SA 2005; May and Meth 2007). Nonetheless unemployment has increased for much of the post-apartheid period. According to a narrow definition of unemployment, 20.0 percent of the economically active population were unemployed in 1994 climbing to 25.2 percent in 1998 before peaking at 30.4 percent in 2002 and eventually falling to 24.4 percent in 2008 (May and Meth 2007; Leibbrandt, Woolard et al. 2010).[4]

Responding to these challenges during the period that followed the first democratic elections in South Africa, the South African government's orientation toward addressing the problems of poverty and inequality underwent some marked shifts, in language and

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[4]/ South Africa's national statistics agency uses a narrow and an expanded definition of unemployment, both of which are internationally recognised. The narrow 'official' definition considers people within the economically active population as being unemployed if a) they did not work during the seven days prior to the interview; b) want to work and are available to start work within a week of the interview; and, c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.

emphases, if not in substance. The 1996 closure of the Office of the Reconstruction and Development Programme signalled to some at least symbolic reduction in the priority given to improving the access of the majority of South Africans to adequate shelter, sanitation and education. While programmes to provide such social services continue to reside within relevant ministries, in this period the dominant acronym in South African public policy debate shifted from the RDP to the GEAR (Growth, Employment and Redistribution), the label attached to the government's macroeconomic stabilisation and structural adjustment framework. Justifying the fiscally conservative stance adopted by GEAR, the South African government pointed to the need for economic adjustment, improved revenue collection and the maintenance of investor confidence. The Minister of Finance has since lauded this decision, arguing that recent stronger growth in GDP now allows for greater spending by all spheres of government, and as a result from 2004 to 2006, the government embarked on relatively expansionary phase, unveiling the Accelerated and Shared Growth Initiative – South Africa (AsgiSA) (Office of the President 2004). As a result the amount allocated in the national budget has also increased steadily between 2003/4 and 2008/9, although the fiscally cautious approach of the government to borrowing has remained whereby budgeted expenditure increased at an average of 14.8 percent per annum compared to national revenue which increased by 18.7 percent per annum. Overall, the revenue available for the total budget has grown from R112.3 billion in 1994/5 to R559.8 billion in current prices, with a decrease in the budget share allocated to military expenditures, and the share being allocated to social services increasing from 54 percent in 1994 to 59.2 percent by 2003/4 (Ajam and Aron 2007: 773). As such, expenditure on social services has grown strongly at 6.7 percent in real terms since 2002/3 (National Treasury 2008: 115; 120-122). Of this allocation, education has received the largest share followed by health, social security and housing (Hunter, Hyman et al. 2003).

Decentralisation has been implicit in many of the policies and strategies adopted for poverty reduction (May 2009). The South African Constitution adopted in 1996 introduced an elaborate system of cooperative governance and replaced the previously centralised national government with three separate, interdependent and interrelated 'spheres' of governments: a national government, nine provincial governments and 284 municipal governments who are expected to work within a system of 'co-operative governance'. The devolution of authority adopted in South Africa after 1994 can be distinguished from other forms of decentralisation in which some of the activities of national government are simply delegated to lower tiers of government, to be revoked should the central authority deem otherwise. Instead, there is a vertical division of authority, assigning each sphere its own powers, functions and responsibilities while limiting the extent to which each can intervene in the decisions of other spheres (Pimstone 1998). However since responsibility for revenue generation is unequally distributed with national government having access to a much wider variety of tax instruments compared to other spheres, on average, between 2001 and 2004, 89 percent of national revenue accrued to the national government, while the share of provincial and municipal governments was 5 percent and 6 percent respectively (Yemek 2005: 9).

Compared to the provincial governments, municipalities have greater powers to raise their own revenues through property and business taxes and to impose fees for services such as electricity, water, and sewerage. As a result, municipalities obtain on average about 86 percent of their income from their own revenue sources, with just 14 percent of municipal budgets being derived from national and provincial transfers. To adjust for inequalities between municipalities and provinces in terms of their ability to generate revenue, the Division of Revenue Act (DoRA) provides for the annual allocation of national revenues to each of the three spheres of government. Through this mechanism, there has been a steady growth in transfers from the national government to provincial and municipalities, which increased by 10 percent to provinces and 13 percent to municipalities between 2005 and 2007 (National Treasury 2005:143). In 2008/9, just over 50 percent of the consolidated budget was allocated to the national departments, 42 percent to the provinces and 7.7 percent to municipal (National Treasury 2008).

This system of decentralised government is important since the South Africa MDG report for 2007 comments that government's overarching policy to address MDG One (Eradicate extreme poverty and hunger) is through the provision of a 'social wage' package. This includes free clinic-based primary health care (PHC) for all, compulsory education for all those aged seven to thirteen years, and subsidies on housing, electricity, water, sanitation, refuse removal, transportation and so forth for those who qualify. Most of these programs through which the social wage is expected to be delivered fall within the mandate of the sub-national spheres of government.

This value of the social wage was estimated to be R88 billion in 2003 and it is evident that South Africa has achieved considerable success in terms of improvements to household access to most services (Republic of South Africa 2007:13) In the case of piped water, some 15 million previously un-serviced people have been connected to a formal water supply since 1994 with Census data and the GHS showing that 84.5 percent of household reported access in 2001 rising to 88.6 percent by 2006 (Stats SA 2003; SAICE 2006; National Treasury 2008: 98). According to the UNDP (2009) in 2006 just 7 percent of the population now live without access to an improved water source while 15 percent still have a water supply that is less than the government's target provision (Office of the President, 2007: 28). Progress has also been made with the provision of sanitation, with the proportion of household without adequate services declining from 50 percent in 1994 to 71 percent in 2006 (Office of the President, 2007: 29). Using official survey data Bhorat et al (2006) show improvements in housing, access to water, access to electricity and to toilets between 1993 and 2004, with access to electricity for lighting increasing from 52 percent of households to 80 percent, and access to piped water increasing from 59 to 68 percent of households.

Although this result is confirmed by the relatively positive position of South Africa in a report released in 2010 by the Oxford Poverty & Human Development Initiative on multi-dimensional poverty, considerable backlogs still exist for most of these services in terms of the un-serviced population, carrying a substantial burden in terms of the cost of delivery (Alkire and Santos 2010). In addition to keeping up with population growth, migration into urban areas and further household fragmentation, an additional R110 billion will need to be found if the remaining backlogs in basic service delivery are to be eliminated.

As a short-term measure to address poverty, social grants payments are especially important in South Africa where there has been an increase in the number of beneficiaries in receipt of grants from 2.9 million in 1994 to 13.4 million people in April 2009 (Manuel

2004; Schoer and Leibbrandt 2006; Leibbrandt, Woolard et al. 2010). Although the Old Age Pension (OAP) was established during the apartheid era, the introduction in 1998 of a Child Support Grant (CSG) for children younger than seven years is especially noteworthy. The coverage of this grant has now been expanded to older children in later years and now reaches 9.1 million children. Grant payments have risen from 2.9 percent of GDP and now amount 4.4 per cent, which is three times higher than the median spending of 1.4 per cent of GDP across developing and transition economies (Leibbrandt et al, 2010: 53; World Bank 2009)

Another important component of the government's short-term response to poverty reduction has been through the 'Extended Public Works Program (EPWP) which was introduced in 2004. BY 2008, the EPWP had provided more than 1 million work opportunities with a wage bill of just less than R1 billion. The National Treasury (2008) believes that more can be done by local government, and has recommended that municipalities opt for more labour intensive approaches to the delivery of services.

Education is an important long term strategy for poverty eradication and despite the inequities of the apartheid era in terms of education, primary school enrolment has been consistently high. The South African Schools Act (1996) made educational attendance compulsory for all children aged seven to 15, placing this responsibility on both parents and the state. Further, the 2005 Education Amendment introduced a School Fee Exemption policy in 2007 that exempts parents from paying fees according to a means test while a no-fee policy establishes schools without fees. The Primary School Feeding Scheme Program provides one meal a day to some 6 million primary school children in 18,000 schools.

The mid-term MDG report shows an improvement on the already favourable position of 2004 in which 95 percent of children aged 7 to 13 years were in school. Enrolment is shown to be increasing for secondary schooling, while functional literacy is also improving. As a result, less than 1.5 percent of youth aged 15-24 years have never attended school (Republic of South Africa 2007: 19). Furthermore, the teacher/learner ratio is below the government target of 40:1 in primary schools (Office of the President, 2007: 41). Indeed, South Africa has a relatively high adult literacy rate of 87.6 percent of adults above the age of 15 years, and combined primary, secondary and tertiary gross enrolment ratio of 76.8 percent of eligible children (UNDP 2008). These statistics conceal the relatively poor performance of many children once enrolled in school.

A number of important policy changes have taken place in the post-apartheid period which should result in improved provision of health care and the reduction of child and maternal mortality and of some infectious diseases. These include the provision pf free health-care for pregnant women and children aged less than six years, shifting the method of health care from a curative to a preventative approach as well legislation concerning health insurance and the termination of pregnancy (Poggenpoel and Claasen 2004: 3). There has also been improvement in the provision of health services and facilities.

Despite these promising advances in the provision of health care, South Africa's controversial position on HIV/AIDS during the later 1990's and early 2000's has earned the country some notoriety. By the middle of 2006, 5.4 million people were estimated to be living with HIV in South Africa, the largest number of persons living with HIV infection in the world (UNAIDS 2008). While this is partly due to the country's overall population size, HIV prevalence is extremely high. Prevalence among women attending ante-natal care increased from 7.6 percent in 1994 to 30.2 percent in 2005, while that for the population as a whole has increased from 8.5 percent in 2001 to 11.1 percent by 2007 (Office of the President, 2007: 38). Among adults aged 15–49 years, the HIV prevalence rate is estimated to have reached 21.5 percent. There are signals that prevalence may be reducing, with the Heath Systems Trust (2008: 91) reporting a decline in prevalence among women attending ante-natal care to 29 percent in 2006 and 28 percent in 2007. However, premature adult mortality continues to increase with an estimated 345,000 South Africans dying of AIDS in 2006, making the disease the leading cause of death in almost all South African provinces (Dorrington, Johnson et al. 2006).

Recent events confirm better prospects, a less controversial stance on this issue and greater responsiveness to needs. The Comprehensive HIV and AIDS Program provides support to approved prevention, treatment, care and support interventions including implementation of the Operational Plan for Comprehensive HIV and AIDS Care, Management and Treatment for South Africa (Streak 2005). By 2007, this program had 264,423 patients, almost double the number of patients treated one year earlier, but still accounting for only 5 percent of those living with AIDS (National Treasury, 2007: 33; UNAIDS, 2008). HIV and AIDS thus remains an area of deep concern in terms of South African's prospects for poverty eradication, especially in terms of meeting health related targets. For example, with 55 percent of cases being co-infected with HIV, the incidence of reported TB cases has also increased, increasing by over 250 percent since 1996 to reach 0.3 million cases by 2006 (Office of the President 2007: 39). The implication is that the incidence of TB has increased from 269/100,000 to 720/100,000, and is one of the highest in the world (DOH 2007).

Finally, international experience shows that land reform, an intervention which transfers assets into the hands of poor households, is potentially a long term way of reducing the level and depth of poverty. This has been long recognised by the South African government and, after social grants and housing grants, land reform is an important element of the country's policies for targeted transfers. Compared to land reform programs in other countries, which are focused more on productive development, the South African land reform program has a strong emphasis on equality and the redress of historical inequities including those associated with gender. In the formulation of policy, particular attention has been paid to the interests of the rural poor and the interests of rural women (van den Brink, Thomas et al. 2007). The initial land reform target for the redistribution program was massive: to transfer 30 percent of South Africa's 99 million hectares of farmland, or 30 million hectares, between 1994 and 1999. After three years of operation, about 200 000 hectares of land had been transferred to about 20 000 households, representing just 0.6 percent of the target, and 0.2 percent of the households demanding land. The slow delivery provoked claims that land reform was not working and several reviews of the original policies have resulted in more flexible strategies. Subsequent to 2002, the pace of delivery has slowed although it remains well above the levels achieved during the 1990's. The estimated number of land redistribution and land tenure projects in early 2005 was 2,025, with an estimated total of 100,000 beneficiaries and some 11,000 beneficiaries received land in 2004. Impact evaluations of progress that has been made conclude that South Africa's land reform was initially well targeted towards less resourced beneficiaries and that once received, land does make a significant impact in terms of income (Deininger and May 2000; Kesswell, Carter et al. 2009; Keswell, Carter et al. 2009). However the high failure rate of project casts doubt of the sustainability of these projects without further support from the public and private sectors (May, Bjåstad et al. 2010). This is especially so in the case of projects in which large groups must be formed in order to access grants (Hall 2009).

5 Lessons

Despite its relative wealth when compared to other countries in Africa, and its adherence to much of the mantra of the 'Washington Consensus' (fiscal discipline, macroeconomic stability, openness to trade and the protection of property rights), South Africa's experience does not offer simple solutions to the problem of poverty eradication. Instead its economy has proven to be inefficient in terms of its ability to translate what economic growth has taken place into the prosperity of its population. According to Heltberg (2002) the poverty elasticity of growth, a measure that shows what decrease in poverty results from economic growth, has been well below that of countries in Asia and South America and little better than countries in sub-Saharan Africa that have far less developed economies. Nonetheless there are a number of important lessons that can be derived.

Firstly, although this has not yet been empirically demonstrated, it seems possible that high and growing inequality is a concern for poverty reduction in South Africa. Internationally, inequality, especially in terms of wealth, has been shown to slow economic growth, and economic growth has been shown to reduce poverty (Deininger and Olinto 2000; Dollar and Kraay 2000). Although the emergence of a non-racial middle class may have assisted in short-term political stability, recent divisions within the ruling party and its allies suggests growing dissatisfaction among those who have not yet benefited from the fruits of democracy (Bond 2000; May, Carter et al. 2004).

Secondly it is evident that substantial delivery of services and infrastructure has taken place through South Africa's decentralised system of local government. These form an important component of South Africa's strategy for poverty reduction and it is apparent that a substantial proportion of the population has benefited from this delivery. It is also apparent that a much greater contribution would be possible if a number of efficiency concerns were addressed. These relate to under-spending, skills constraints at the local level, poor coordination between spheres and line functions and inadequate attention directed towards maintenance (May, 2009). The South African experience also shows the extent of the policies and acts required to achieve effective decentralisation and the need for on-going policy reform as circumstances change. Indeed, many of the short-comings that have been identified relate to slow or incomplete implementation of existing policies rather than to policy gaps. Finally, the steady surge in service delivery protests suggest that the services which have been delivered may not be affordable for the beneficiaries, or are not of the quality or consistency that they expect.

Thirdly, to the extent that they can be afforded, social grants make an important and direct contribution towards the reduction of poverty. Further such grants have been found to benefit both the recipients and other members of their households. The Child Support Grant has been shown to produce substantial reductions in stunting of young children and this is likely to produce, in turn, substantial increases in those children's productivity and wages once they grow up (Agüero, Carter et al. 2009). There are also likely indirect benefits. Case, Hosegood et al. (2005) find that the CSG also results in an increase in school enrolment among 6-year olds and suggest several possible reasons for this, including that the Grant may improve children's health and nutrition, and thus school-readiness, as well as allow the household to afford fees, uniform and other school-related expenses. Samson et al. (2001) argue that receipt of pension income also can increase school enrolments while Boler and Timæus (2006) find that the CSG contributes towards lessening the negative educational impact of orphanhood on older children.

Fourthly, failure to attend to health care needs, especially those arising from HIV/AIDS constrains prospects of achieving a reduction in poverty. As Steinberg (2002) notes, two thirds of respondents survey in South Africa reported a fall in household income as a result of their actions to cope with the impact of HIV-related illness including the direct loss of earners. Households reported increased expenditure on health, diverting income away from other requirements, potentially with significant opportunity costs. Timæus and May (2009) examine adults deaths in the KIDS data already discussed and find that on average, young adult deaths have an adverse impact on the growth expenditure per head of households in KwaZulu-Natal. In the later period (1998-2004) young adult deaths have a particularly negative impact on households who receive above the median income. This was because the young adults who died in these households did not have lower earnings than survivors as was the case in poorer households. However the economic impact of adult deaths varies by the age of the person dying, and over time, and depends on the economic characteristics of the affected household. The implication is that while the deaths of young adults (largely from AIDS) do not usually appear to be catastrophic for poor households at least in economic terms, no simple generalisations concerning the impact of adult mortality can be identified, and it does appear that illness and death hinders prospects of escaping poverty.

Finally redistributive actions that transfer assets to poor households do appear to increase their incomes and their prospects of escaping poverty. However in the case of land, and perhaps other forms of asset transfers, success in targeting does not necessarily translate into sustainable projects. Further support is required including access to information, markets and social networks. Programs involving the formation of large groups appear to be especially vulnerable whereas programs involving partnerships between better and less resourced beneficiaries appear more likely to succeed.

6 References

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