

Poverty and livelihoods in the City

Issue 4 – December 2016

What is poverty and how do we measure it?

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

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



HIGHLIGHTS

The City's poverty rate is at 37%



Group Strategy Policy
Coordination and
Relations

The challenge of poverty and people's associated livelihoods remains high on the International and National development agenda.

The Sustainable Development Goals and the National Development Plan, for example, aims to eliminate poverty by 2030. The City of Johannesburg has also committed itself to run a responsive and pro-poor government as per the City's 10 point plan.

Here we unpack the different measurements of poverty and the initial insights into dynamics of livelihoods and poverty in the city as reflected in the GCRO's 2015 Quality of Life (QoL) survey.

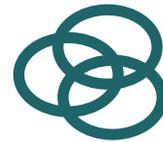
Measuring poverty

Poverty can be measured in various ways. Three definitions are used for this publications



Money-metric

- defines poverty according to the individuals (or lack of) income;



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

- defines poverty according to four dimensions (health, education, living standards and economic activity);



Subjective poverty (self-perceived)

- Defined by the individual in terms of whether the feel they are poor or not;

(1) Money Metric Approach



\$1.25 a day

- The **\$1.25** poverty line is an international poverty line that helps divide the population that is poor from the population that is not poor. The poverty line helps for international comparisons;
- The indicator is computed by dividing the population that lives below the \$1.25 by the total population to get a proportion of the population that lives below \$1.25;
- The indicator has since been updated to \$1.90;

National Poverty line

- South Africa has adopted three national poverty lines (UBPL – Upper Bound Poverty Line, LBPL- Lower Bound Poverty Line and FPL – Food poverty line) developed using the “cost-of-basic-needs” approach;
- The NDP has set the target of eliminating all poverty below the lower-bound poverty line (LBPL) by 2030
- In 2011, **37.0%** of the population in Country was below the LBPL (R501 *per person per month*);

Poverty in the City of Johannesburg

- In the City, the total number of *households currently* living below the poverty line (R2500 *per month*) is **37.3%**

What to note about poverty lines.....

- Tools for the statistical measurement of poverty
- To provide a consistent and constant benchmark against which progress on a money-metric/income-based dimension of deprivation can be monitored
- To improve our ability to target our policies, both towards specific groups and/or regions (through determining the profile)
- Knowledge production for policy development and reform

The lines are **NOT** designed for:

- Determining eligibility thresholds
- Setting the minimum wage
- No-fee paying schools
- Allocation of basic services
- Determining amount to be paid for social grants
- Determination of equitable share to provinces

(2) Multidimensional poverty

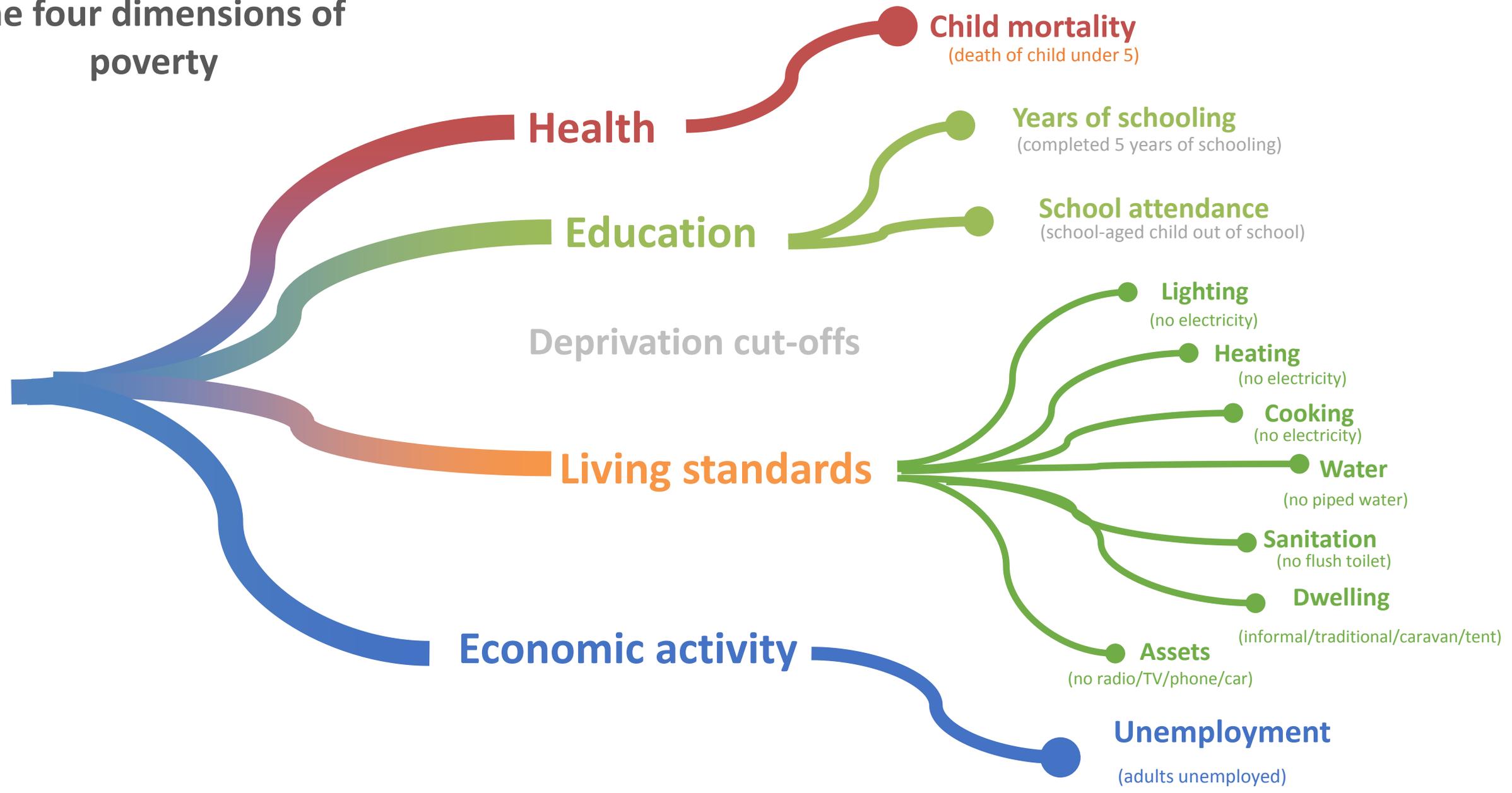
The South African Multidimensional Poverty Index (SAMPI) is made up of four dimensions (health, education, living standards and economic activity) and eleven indicators.

A nested weighting structure is used, meaning that the dimensions are weighted equally and all indicators within a dimension are also equally weighted.

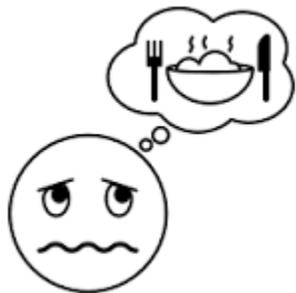
A poverty cut-off of 33.33% is used to distinguish between who is multidimensionally poor and who is not

- MPI is an international measure of acute poverty that captures severe deprivations (e.g. at person or household levels) with respect to **education, health and living standards**
- Global MPI has been adopted as one of the indicators that will be tracked for Sustainable Development Goals (SDG) reporting.

The four dimensions of poverty



**Insights into dynamics of livelihoods and poverty in the city as reflected in
the GCRO's 2015 Quality of Life (QoL) survey**



Do Joburg's residents frequently go hungry?

Food security (referring to economic and physical access to the food required to maintain a healthy lifestyle for all people) is an important indicator of relative poverty. It remains a challenge in the City.

In the 2013 QoL survey, 14% of respondents said they or another adult in the household had skipped a meal sometime in the last year because of a lack of money. 11% of households that had children in them said a child had skipped a meal sometime in the last year.

In 2015 the food security question was asked slightly differently. This time, 13% of respondents said that adults in their households 'always', 'often' or 'sometimes' skipped a meal. A further 6% said 'seldom', making up a total of 18% of households that were food insecure on this measure. In 2015 8% of households with children in them said that children 'always', 'often' or 'sometimes' skipped a meal. A further 4% said that children in the household 'seldom' went hungry, making up 12% who were food insecure on this measure.



Growing your own food

Food security can be increased by growing one's own food, although it does not need to be recognised that growing food itself takes financial and other resources, and is often a risky proposition.

Cultural and circumstantial factors – such as whether the household can access land – also intervene, which means the choice whether or not to grow food is not simply a matter of economically rational decision-making, and in turn the growing of food is not a neat indicator of poverty.

In the 2015 QoL survey 9% of respondents said they grow their own food, compared to 5% in 2013. People are more likely to grow their own food for eating rather than selling it to raise incomes (**Figure 1**). Only in a few municipalities in Gauteng, such as in Lesedi, do a larger proportion of respondents also grow food to sell, but even here they are in a minority.

People are more likely to grow their own food in areas like Sebokeng, Bronkhorstspuit and Soshanguve, compared to people in areas like central Johannesburg, Tembisa and Hammanskraal.

We find that in some areas, like Sebokeng, high proportions of respondents growing their own food coincide with high proportions of people who skip meals. However, this relationship is not consistent throughout the province and highlights again the complex interaction between food insecurity and households' own-production of food.



The impact of social grants

One of the most prominent government interventions aimed at alleviating poverty and inequality is social grants. 41% of respondents indicated that someone in their household receives a social grant. This is marginally up from 38% in the 2013 QoL survey. Despite their importance, it is clear that social grants do not yet provide comprehensive assurance that primary needs are met in all vulnerable households.

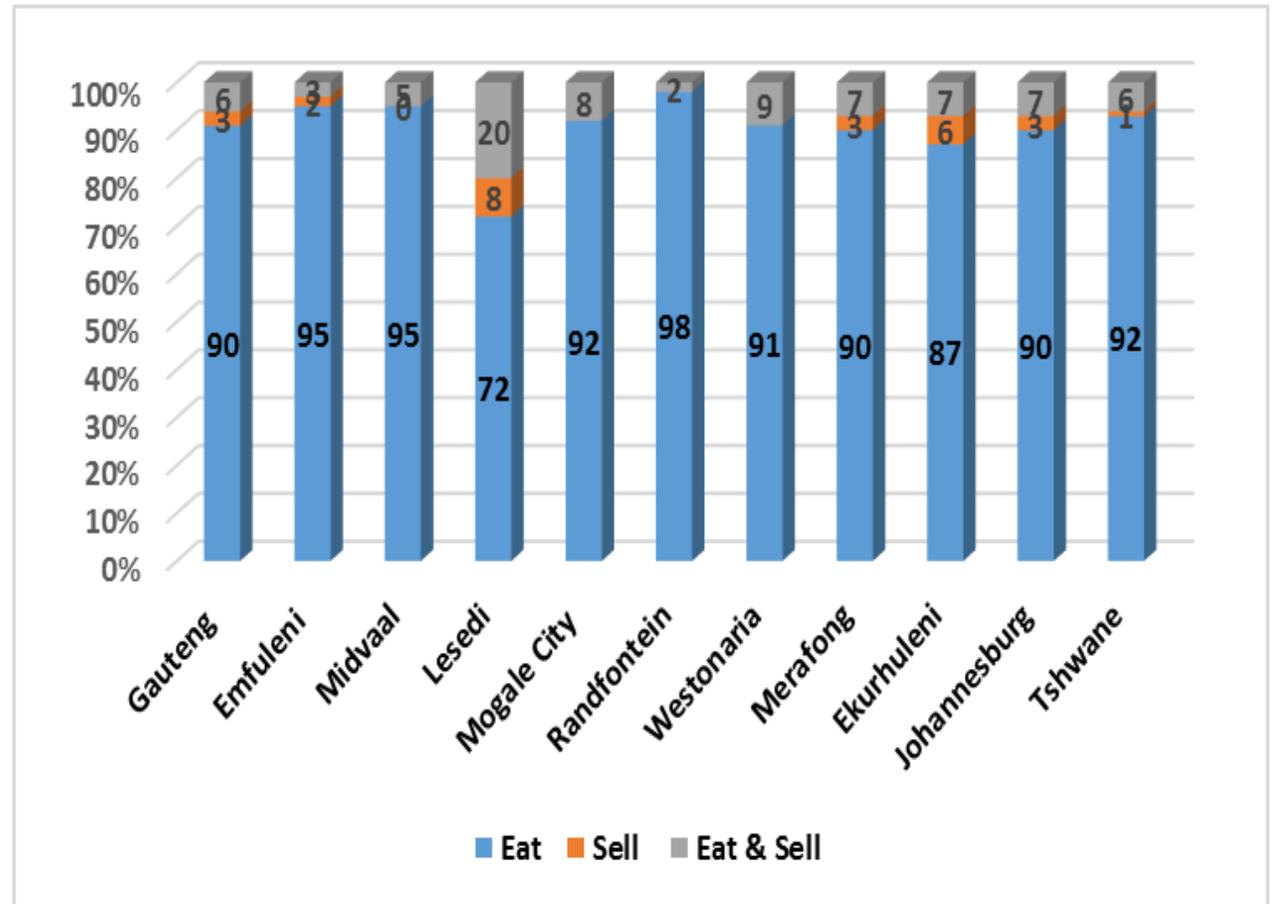


Figure 1: Households who grow their own fruit or vegetables. In Johannesburg 90% of the people who grow food do so for their own consumption. This holds for all other municipalities with the exception of Lesedi, where more than 20% of people who grow their own food also sell the food.

Various factors need to be considered in understanding people's choice and ability to grow their own food. One such factor worth noting is the significant impact of school feeding schemes, which according to the 2015 QoL results benefit over 2 million children in Gauteng (**Figure 2**). Coverage varies across municipalities, indicating the relative depth of poverty in different parts of the province. 26% of Johannesburg respondents say they have children benefitting from school feeding schemes. The percentage rises to 39% in Merafong and 40% in Randfontein.

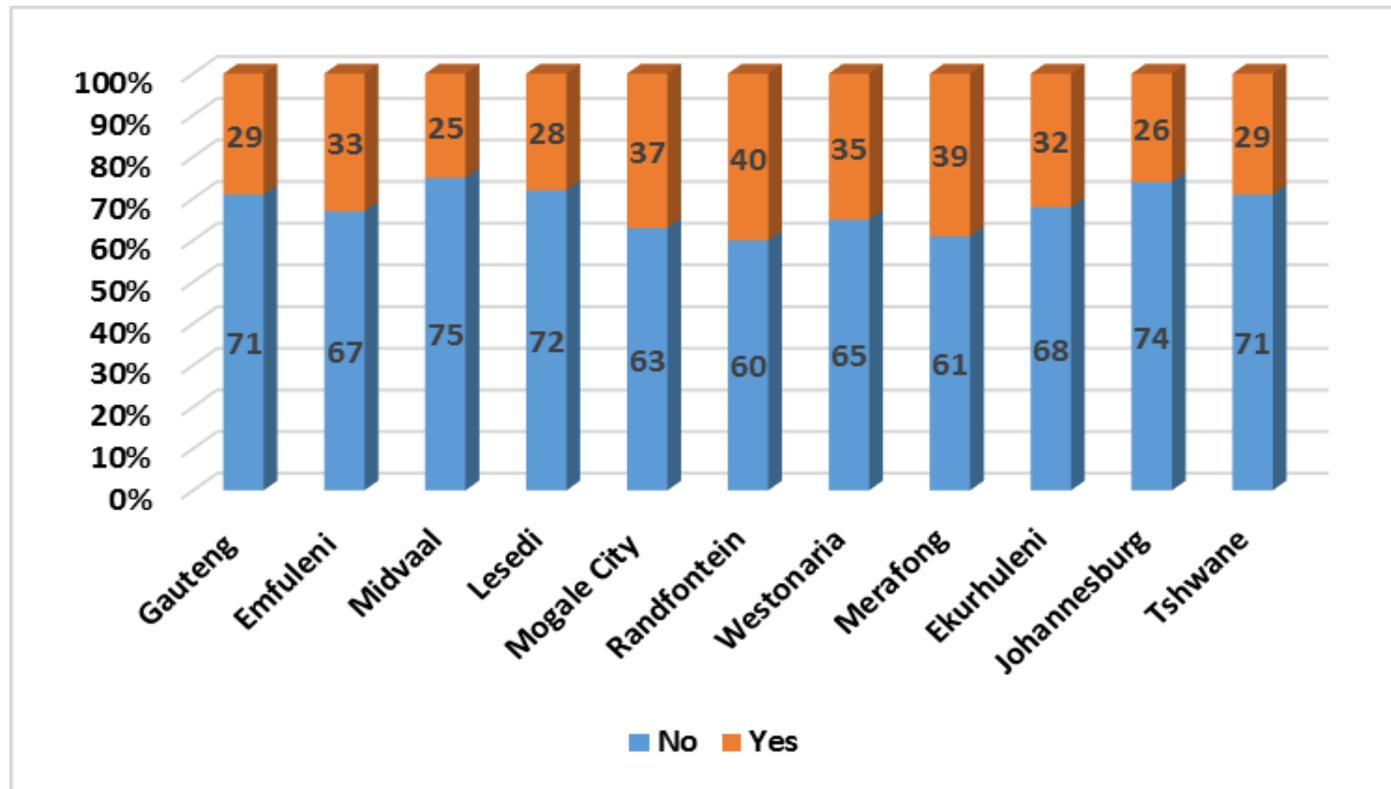


Figure 3: Children in this households benefit from a school a feeding scheme. 26% of children benefit from feeding schemes in Johannesburg. Randfontein (39%), Mogale City (37%) and Westonaria (35%) have the largest proportions of children who benefit from school feeding schemes. Only Johannesburg, Midvaal and Lesedi have smaller proportions of children who benefit from school feeding schemes, compared to the provincial average.



Debt, saving and asset ownership

About 40% of respondents have some form of debt against their names or households. This has significantly increased by 13%, since 2013. Households who earn more money are more likely to also be in debt, presumably due to asset investments, but more concerning is that the uptick in incidence of debt in 2015 over 2013 is most marked in lower income groups.

For the first time respondents in the 2015 QoL survey were asked whether they found it easy or difficult to save money (**Figure 3**). Results for the province show that only 23% said it was easy or very easy. 77% said it was difficult to impossible.

Asset ownership is an important indicator of relative levels of material sufficiency and deprivation. Furthermore the 2015 QoL survey shows positive improvements in access to telecommunication devices and infrastructure.

Some of the biggest increases were in ownership of a personal computer, laptop or tablet, from 29% in 2013 to 38% in 2015, and in an internet connection from 22% to 37%. Along with almost universal access to cell-phones, these gains suggest potentially enhanced access to opportunities available in the broader environment.

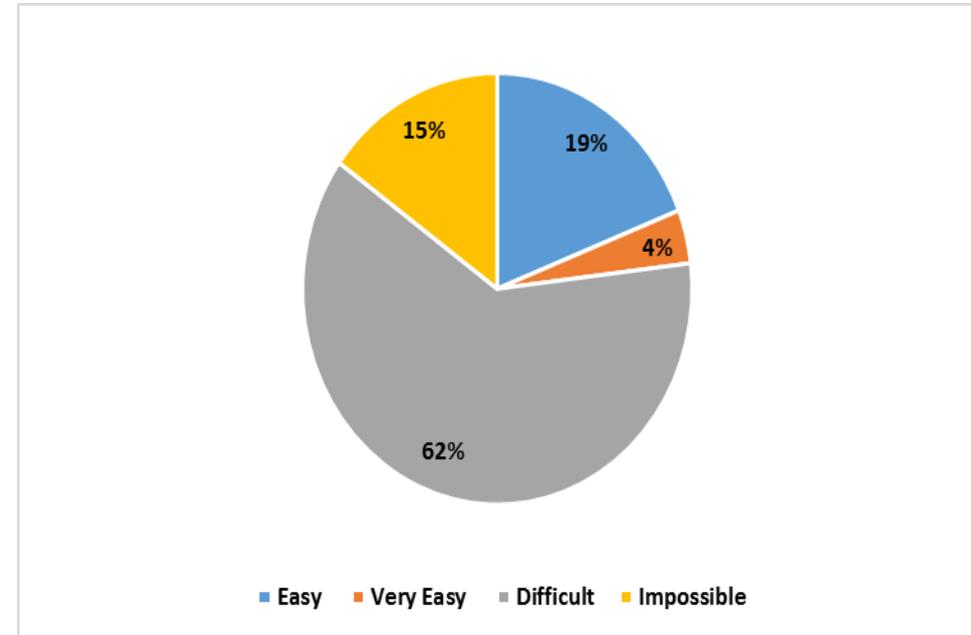


Figure 3 : The ease of saving money in Johannesburg. A majority (62%) of the citizens in Johannesburg find it difficult to save money whilst 15% find it impossible. 23% of the respondents found it either easy or very easy.