

The dynamics of child poverty in South Africa between 2008 and 2012

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Background

- Poverty rate decreasing in South Africa
- However, many households in chronic poverty – “poverty trap”
- Research consensus that best solution is for early intervention
- Child Gauge 2014:
 - 10 million children in poverty (55.7%) using General Household Survey data
- Not much research on child poverty over time

Background

- Research started out as project for UNICEF and South Africa Human Rights Commission
- Essentially ask three questions:
 - How many children in chronic poverty, i.e. poverty over time?
 - Of them, how many are in structural poverty, i.e. cannot escape poverty given their household's asset ownership?
 - Why? (or: how are they different from other children?)

Definitions

- **Children?** Between 0 and 18 years old, moving over time
- **Equivalence scales?** Streak, Yu and vd Berg (2009) versus Posel and Rogan (2014)
- **Income** versus **expenditure?**
- **Poverty line?** Use Özler (2007) – R322 per capita per month in 2000 prices. This translates to R575 for August 2010 prices
- **Unit of analysis?** Individual children, although identify children within the household

Definitions

- **Poverty definitions:**
 - **Chronic poverty:** Remain in poverty over time
 - **Transitory poverty:** Moving into and out of poverty over time
 - **Structural poverty:** Household does not have asset-ownership for income above poverty line
 - **Stochastic poverty:** Household does have asset-ownership for income above poverty line, however observed below poverty line (entitlement failure)

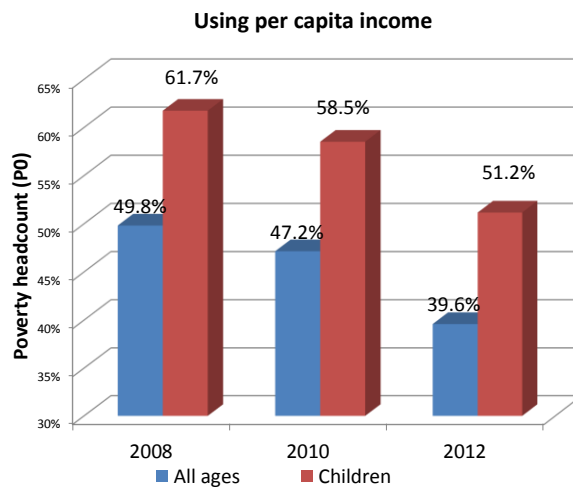
NIDS data

- Panel dataset 2008, 2010 and 2012
- Administered by SALDRU at UCT
- Approximately 18 000 individuals remaining in panel over three waves
- Data on income, expenditure, asset ownership, household characteristics and individual characteristics

NIDS - Mean per capita household income (balanced panel)

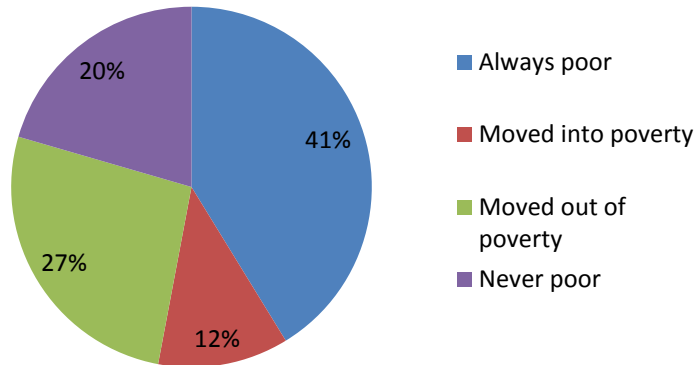
In Rand 2010 prices	All ages			Children (0-17 years in 2012)		
	2008	2010	2012	2008	2010	2012
Per capita monthly hh income	1650.9	1665.8	1942.1	962.4	1034.2	1195.2
Per capita monthly hh labour income	1081.5	1024.1	1221.3	601.4	623.8	719.7
Per capita monthly hh grant income	123.9	139.9	160.2	124.1	136.2	154.8

NIDS Poverty rates



NIDS Poverty dynamics for children

Using NIDS income data with 2010 poverty line of R575 per capita per month (2008-2012)



Theoretical Background

- Carter and May (2001) and May and Woolard (2007)
- Using Kwazulu-Natal Income Dynamics Study (forerunner to NIDS)
- Money-metric poverty: per capita household income less than or equal to R575 per month in 2010 Rands
- Asset poverty: assets below level required for reaching R575 poverty line
- Assets?

“conventional, privately held productive and financial wealth, as well as social, geographic and market access positions that confer economic advantage” (Carter & Barrett, 2006, p. 179).

Theoretical Background

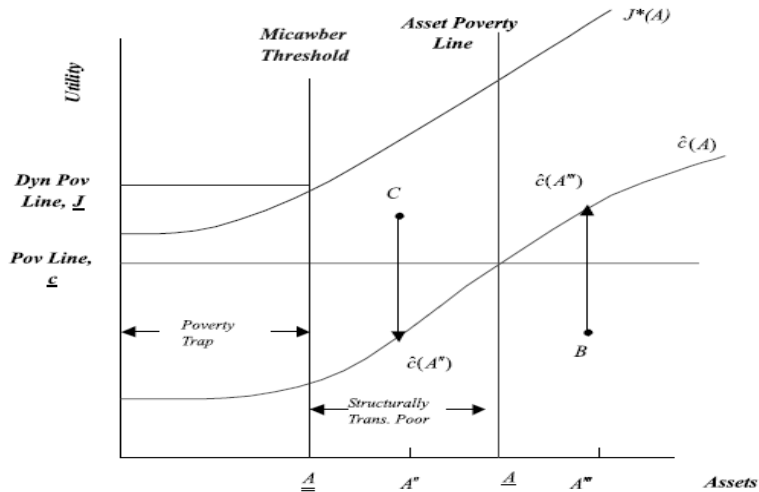


Figure 1. Dynamic income and asset poverty lines.

Structural and Stochastic Poverty (2008-2012)

		2012	
		Poor	Non-Poor
2008	Poor	38.96% structurally poor * 2.28% stochastically poor	15.15% structurally mobile (upward)* 5.34% stochastically mobile
	Non-Poor	5.62% structurally mobile (downward)* 6.11% stochastically mobile	24.83% structurally non-poor* 1.70% stochastically non-poor

Who are these children?

	Chronically poor (poor in 2008 and 2012)	Non-poor (non-poor in 2008 and 2012)	Fell behind (poor 2008 and non-poor 2012)	Got ahead (non-poor in 2008 and poor in 2012)
	Mean	Mean	Mean	Mean
HH per capita monthly income	290.44	1814.73	1062.86	339.74
Crowding in hh (>2 persons per room)	0.46	0.17	0.25	0.35
HH size	7.29	5.30	6.03	6.67
Proportion of hh children	0.48	0.38	0.41	0.43
Number of employed in hh	0.81	1.55	1.31	0.78
Mean years of education in hh	6.41	9.46	7.69	7.35
Female-headed hh	0.57	0.36	0.53	0.52
Rural hh	0.78	0.32	0.57	0.61
Poverty head-count in district	0.51	0.37	0.44	0.46
HH received grants==1 if yes	0.87	0.52	0.84	0.81
Mother's education	7.37	10.27	9.13	8.60
Child stunted ==1 if yes	0.16	0.10	0.12	0.14
Child hunger = 1 if often or always	0.34	0.09	0.19	0.24
Child repeated a grade=1 if yes	0.27	0.19	0.20	0.22
Change in number of pensioners in hh	0.01	0.01	-0.04	-0.02
Change in hh size 2008-2012	0.29	-0.01	0.02	-0.51
Observations	3 305	1 451	790	1 412

Who are these children? Modelling determinants of welfare change

- Klasen and Woolard (2005)
- 4 Hypotheses:
 - Convex returns to education in the household
 - Low levels of education – very low levels of return in labour market
 - A lack of productive assets
 - Access to finance
 - Access to the labour market
 - At least one employed individual in the household reduces chance of falling into poverty
 - Household formation
 - HH members attach to households with grant recipients

Conclusions

- We estimate a decreasing poverty rate from 2008 to 2010 for children using NIDS
- Of these children, 41% were in chronic poverty
- Approximately 39% of the children in our sample are estimated to be in a poverty trap (structurally, chronically poor)
- These children live in households that are extremely vulnerable with low levels of access to the labour market, low levels of education, low asset base and open to adverse household formation