

## Chapter 11: Poverty

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### 11.1: Introduction

Poverty is simplistically defined as a condition of unacceptable human deprivation. Complexity enters the definition when the concept of 'deprivation' has to be more fully described. The complexity is driven by the fact that different people and institutions view poverty in different ways. Poverty can also be defined at various different levels, from national poverty through to household or individual poverty, each level requiring its own unique intervention strategy (DBSA, 1998). A useful definition that describes the border of poverty is that of a 'competent' household (Eastern Cape Office of the Premier, 2003). This definition states that a 'competent' household is "a household which can command sufficient resources to supply its own needs for nutrition, shelter, health and education and have enough of a surplus to contribute to the welfare of the community at large". A household that cannot achieve this state is considered to be in poverty. This definition combines both the intangible and tangible aspects of poverty (Max-Neef *et al.*, 1989).

The historical causes of poverty in the Eastern Cape Province have been well documented (Eastern Cape Office of the Premier, 2003). A succession of legal enactments, particularly those from the apartheid era, served to create a dual economy in South Africa. This dual economy consisted of a poor and dispossessed rural population, a pool of migrant labour living in rural areas that was dependent on the core economy for its existence. The local economy all but disappeared, markets shrank and the cash multiplier reduced to derisory levels, close to 1.0 (Reynolds, 2003). This in turn gave rise to a transplanted poverty in the urban areas, caused by rural people migrating to urban areas in search of an improved livelihood. The apartheid government attempted to give substance to the economy through rural irrigation schemes and peri-urban industrial townships, where participants enjoyed substantial state-funded inducements to re-locate. These schemes had little impact, and the assets created for this purpose in the Eastern Cape Province are mostly moribund and vandalised today.

The dual economy did not disappear in 1994, although it was not officially recognised in government policy formation until early in 2003, when the President, in his opening of Parliament speech, mentioned it for the first time as an economic factor (Mbeki, 2003). In the intervening years the effects of the dual economy have been greatly exacerbated by the impact of globalisation and South Africa's position as a small, unregulated economy in the global environment.

In a qualitative participatory survey conducted in Intsika Yethu municipal area in the Eastern Cape Province, respondents reported that 50% of the households were 'poor'. This was defined as having only one all-purpose living space, whose structure was considered a health hazard. In terms of nutrition, the household does not know where the next meal is coming from and is dependent on hand-outs. They have no access to health services, the children are frequently sick and perform poorly at school. The category 'better off', constituting 20% of the population, enjoyed marginally better living conditions. In contrast, the 10% of 'very rich' households had secure and insured buildings and were targets of crime. They bought food in bulk and could afford domestic workers. In terms of health, they had access to specialist care in the big towns and could afford to keep stocks of liquor for themselves and their friends. In neighbouring Amahlati, the list was similar, but expanded to include suffering from diabetes, gout and high blood pressure (Eastern Cape Office of the Premier, 2003).

Within this broader framework, the Eastern Cape issues are probably common to all provinces. According to the Eastern Cape Office of the Premier (2003) there is a "sterile triangle"

suppressing economic development in the rural areas. At the one apex of the triangle are abundant human and natural resources which are being under-utilised as evidenced by skilled community members with no employment and major investment in irrigated agriculture which are not benefiting communities. At the second apex, there is institutional failure by government and private enterprises with symptoms such as gate-keeping and non-functional policies. At the third apex is the prevalent attitude of despondency and despair of the population due to failed projects and failed applications. These three factors have led to a situation where the wealth of resources in the Eastern Cape Province is not being used appropriately due to poor governance. This has thus led to despondency and dependency behaviour of the people.

## **11.2: Key Indicators**

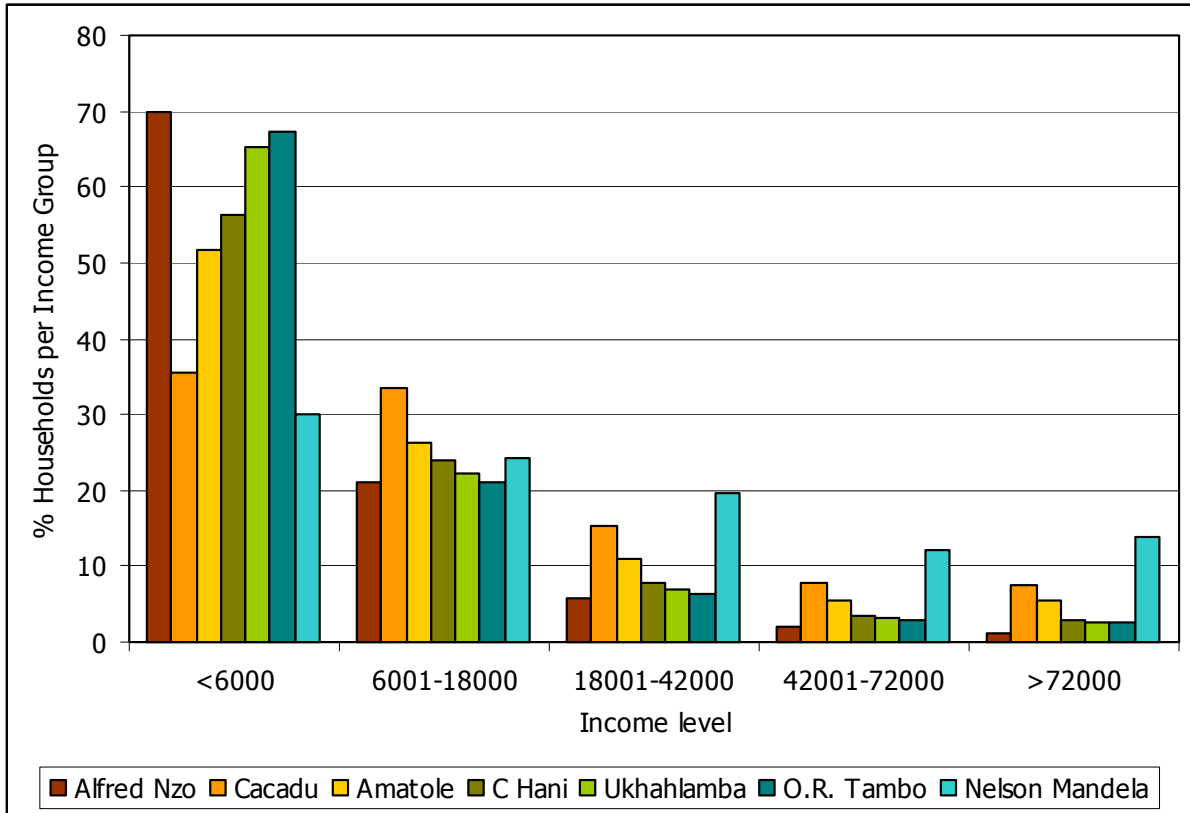
The indicators that follow have been selected to provide an indication of the current conditions within the Eastern Cape Province with regards to poverty. The indicators include:

- Household income;
- Unemployment;
- Notifiable diseases;
- HIV/AIDS prevalence;
- Population growth; and
- Budgetary allocation vs. expenditure for poverty alleviation.

The results of the indicators are provided in the following pages.

### **11.2.1: Household income**

Household income is one of the prime determinants of poverty, no matter what definition of poverty is used. Figure 11.1 shows the distribution of annual household income by District Municipality in the Eastern Cape Province. The variation in annual household income between District Municipalities is apparent. The more urbanised District Municipalities such as Nelson Mandela Metropolitan Municipality have a higher proportion of households with above average annual household incomes. The reverse applies in the largely rural Alfred Nzo, Ukhahlamba and O.R. Tambo District Municipalities, where most households have an annual income below R6 000 (70% for Alfred Nzo, 65% for Ukhahlamba and 67% for O.R. Tambo).



**Figure 11.1: Annual household income in the Eastern Cape Province (ECSECC, 2003)**

### 11.2.2: Unemployment

In addition to the low annual household income levels evident in the previous indicator, unemployment is as critical in understanding poverty in the Eastern Cape Province. Employment is a response for poverty alleviation and unemployment is thus a driver of poverty in the Province. The unemployment rate of the Eastern Cape Province is currently 32% (this figure excludes those individuals that are not economically active such as students, homemakers, the disabled, those too ill to work and anyone not seeking work) (Labour Force Survey, 2001 in Statistics South Africa, 2003). This statistic of unemployed people includes a category of household that “does not know where the next meal is coming from and is dependent on hand-outs” (Eastern Cape Office of the Premier, 2003). These people are most vulnerable to changes in their social, economic and biophysical environments as they have few resources at their disposal to cope with change. The 2001 provincial unemployment rate can be compared to the 2001 national unemployment rate of 29.5% and the 1996 provincial unemployment rate of 48.5% (based on an expanded definition of unemployment) (Statistics South Africa, 2000). It would thus appear that whilst unemployment has decreased since 1996 in the Eastern Cape Province, it is still above the national average.

### 11.2.3: Notifiable diseases

Disease is one outcome of inadequate and unsanitary living conditions, which in turn are an outcome of conditions of poverty. Both exposure to diseases, and an individual’s vulnerability to them, can be expected to increase as that individual’s socio-economic status declines. Of the 31 diseases that are listed as ‘notifiable’ diseases, pulmonary tuberculosis (TB) is by far the

greatest threat to health in the Eastern Cape Province. In addition, TB is often associated with the presence of the HI virus (Department of Health, 2000a). Table 11.1 provides data on notifications and deaths caused by various diseases for the Western region of the Province. Unfortunately, data for other regions of the Province were not available.

**Table 11.1: Notifiable diseases in the Eastern Cape Province (Western Region, 2001 and 2002) (Department of Health, Grahamstown District, 2003)**

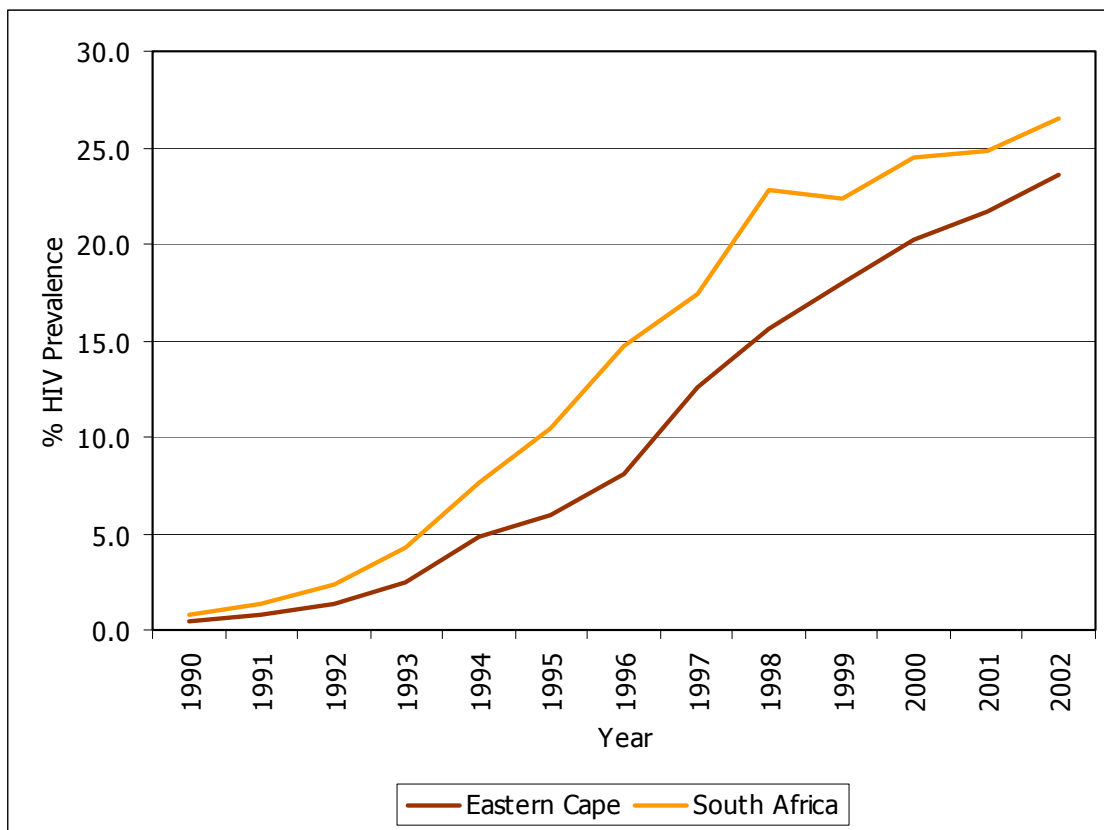
Disease	Total notifications		Deaths	
	2001	2002	2001	2002
Acute flaccid paralysis	2	0	0	0
Acute rheumatic fever	1	0	0	0
Congenital syphilis	134	22	0	0
Haemophilus influenza	0	1	0	0
Leprosy	0	1	0	1
Malaria	7	2	0	1
Measles	10	3	0	1
Menigococcal infection	23	14	3	3
Poisoning, food	11	0	0	0
Poisoning, other agricultural	2	0	1	0
Poisoning, pesticide	6	0	0	0
Shigellosis	8	1	0	0
TB bones and joints	27	19	4	0
TB genito-urinary system	8	3	0	0
TB intestines	14	17	0	2
TB meningitis, CNS	59	62	20	24
TB military	33	34	6	5
TB other organs	144	135	8	11
TB other respiratory	550	505	0	10
TB primary	1151	830	41	31
TB pulmonary	9662	8364	1488	1498
TB pulmonary relapse	1348	1508	0	0
TB peripheral lymph nodes	5	3	0	0
TB pleural effusion	18	8	0	2
TB total	13019	11488	1567	1583
Tetanus	0	2	0	2
Typhoid fever	0	2	0	0
Viral hepatitis A	1	4	0	0
Viral hepatitis B	16	8	5	2
Viral hepatitis non-A,B	3	1	1	0
Viral hepatitis unspecified	1	2	1	2
Whooping cough	1	1	0	1

Of the 31 notifiable diseases, only pulmonary TB resulted in a significant number of cases and deaths in the Province. Relative to the total population of 6.4 million people (Statistics South Africa, 2003), the notified cases amounted to 1.78 per thousand people and the deaths to 0.25 cases per thousand people. While TB remains the major cause of illness and death in the Province, the available data indicate a decline over the two year period. The association between HIV/AIDS and TB and the growing incidence of the former suggests that TB will become a growing problem in the future.

### 11.2.4: HIV/AIDS Prevalence

This indicator records the prevalence of HIV/AIDS among the different population and age groups within the Eastern Cape Province. As there is no cure or vaccine for HIV/AIDS at present, HIV/AIDS prevalence is closely linked with morbidity and mortality in the Province. Models developed by the Development Bank of South Africa (DBSA, 2002) suggest that the population of the Eastern Cape Province will plateau around 2012 – 2016, after which it will start to decline predominantly due to HIV/AIDS-related deaths.

The annual Department of Health (DOH) 'Survey on the Prevalence of HIV and Syphilis amongst Women Attending Public Health Sector Antenatal Clinics' is regarded as the official data source for HIV/AIDS statistics in South Africa. Dhlamini and Ntonto (2003), using data derived from the DOH Survey, show that the prevalence of HIV among pregnant women attending clinics in the Eastern Cape Province is 23.6%, below the national average of 26.5. It is also growing at a slower rate, as is indicated in Figure 11.2.

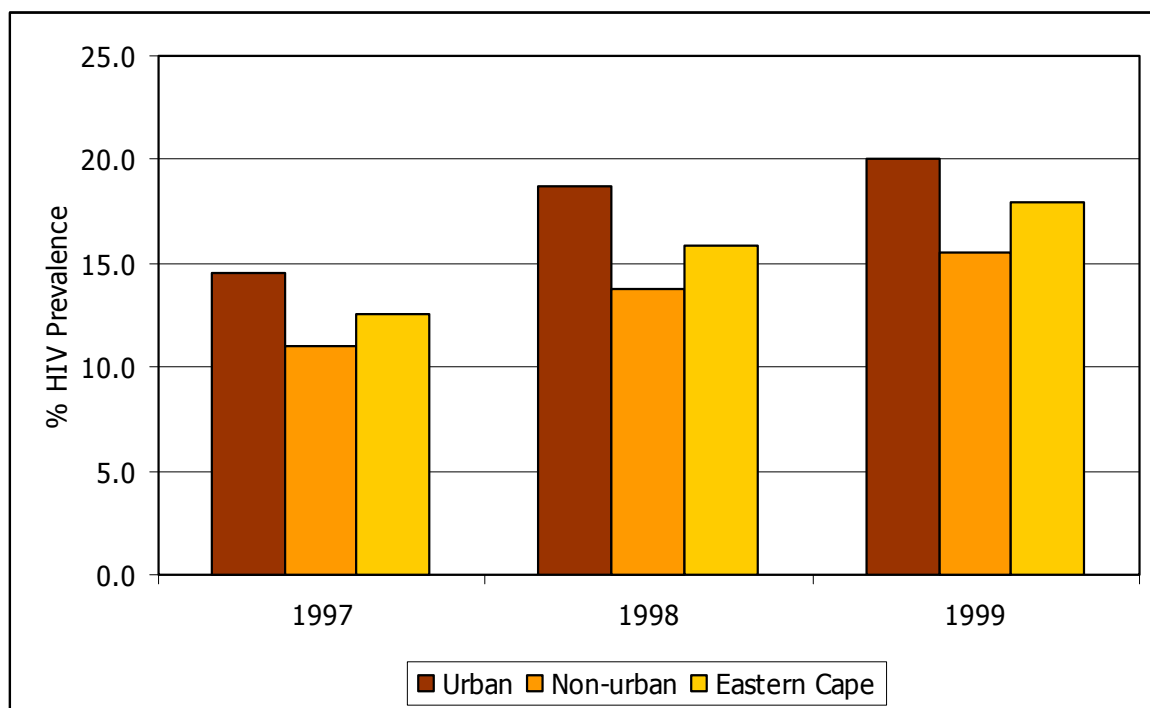


**Figure 11.2: Trend in HIV prevalence in South Africa and the Eastern Cape Province among antenatal clinic attendees (Dhlamini and Ntonto, 2003; National Department of Health, 2003)**

The Eastern Cape Province has one of the highest HIV growth rates in South Africa, increasing from 0.4% in 1990 to 23.6% in 2002 for antenatal clinic attendees, which indicates a doubling time of approximately 14 months (Dhlamini and Ntonto, 2003). As might be anticipated, the prevalence of the disease is slightly higher in the urban than in the rural areas, as is shown in Figure 11.3.

The Department of Health (2000) also notes that there is an inverse relationship between HIV prevalence and the number of pregnancies. The combination of increased mortality due to HIV/AIDS and decreased birth rates will lead to an overall population decline in the Eastern Cape Province.

In the National HIV/AIDS and Syphilis Antenatal sero-prevalence survey in South Africa 2002 (National Department of Health, 2003) the antenatal clinic data are extrapolated to provide a picture of HIV/AIDS prevalence in the general population. Unfortunately the data have not been extrapolated on a provincial basis, but the national extrapolation suggests a prevalence of approximately 12% in the South African population (Department of Health, 2003). This is comparable to the HSRC study which found a prevalence of 11.4% for HIV/AIDS in the South African population. It is thus likely that the HSRC statistics of 6.6% HIV prevalence in the population of the Eastern Cape Province is comparable to Department of Health statistics (HSRC, 2003).

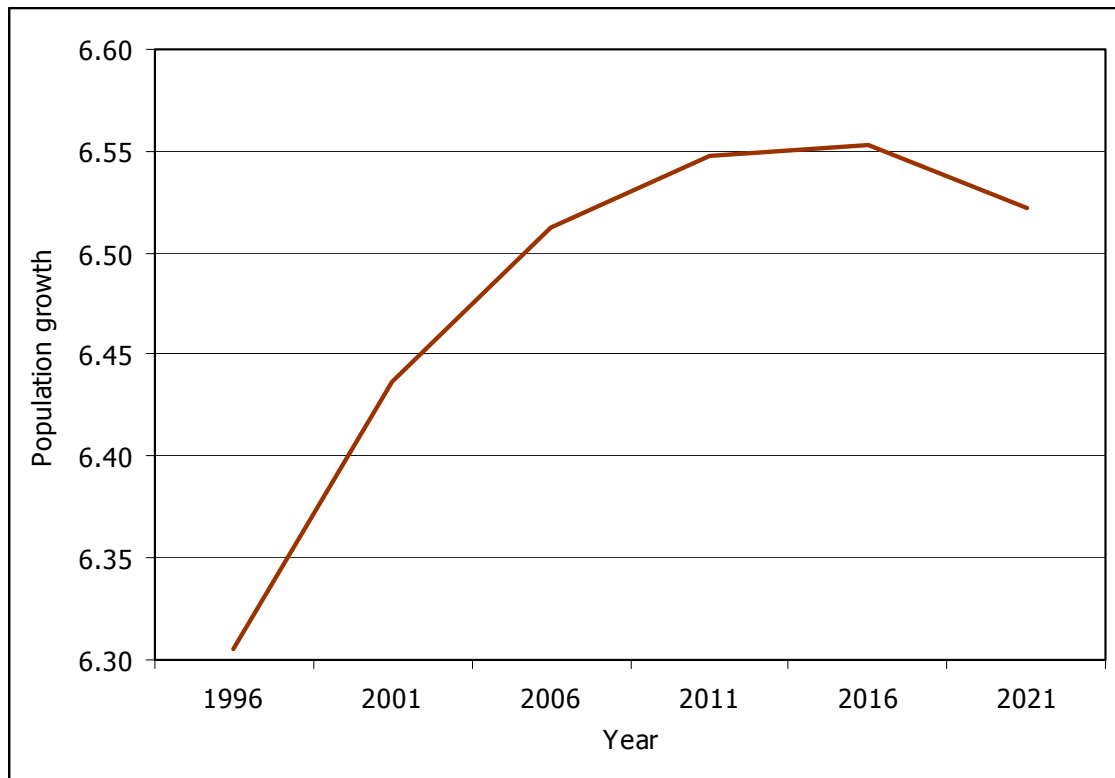


**Figure 11.3: Urban and non-urban growth in HIV prevalence among antenatal clinic attendees in the Eastern Cape Province (Department of Health, 2000b)**

Even accepting the best interpretation of the data, the picture that emerges is one of a population under an intense and growing threat from HIV/AIDS, with little in sight to change the picture for the better, until anti-retrovirals are widely and functionally available. The implications are that the Province will need to create support mechanisms for orphans and child-headed households at a much more effective level than exists at present. In time the equilibrium of employment will be affected and there is already anecdotal evidence that skilled artisans are being lost in the construction industry. Most pressing, however, is the issue of family welfare, as this is a problem that is already present and rapidly worsening.

### 11.2.5: Population growth

The rate of population growth is a key indicator for macro level economic planning. It affects the supply of both hard infrastructure such as communication, transport and services, as well as the social overhead such as education and health. Recent growth rates were found to be as low as 2.1% and predictions of declines to below 1.0% in the near future (Statistics South Africa, 2003; DBSA, 2002). Figure 11.4 shows the actual and predicted growth in the population for five year intervals from 1996 to 2021.



**Figure 11.4: Actual and predicted population in the Eastern Cape to 2021 (Statistics South Africa, 2003; DBSA, 2002)**

Figure 11.4 shows clearly the predicted decline in population growth from the year 2016. Much of this trend can be attributed to HIV/AIDS prevalence in the Province as people currently living with HIV die of AIDS in the next 5-10 years. A notable impact associated with HIV/AIDS mortality is that large numbers of the economically-active population will be affected resulting in a skewed population pyramid. The loss of that slice of the population traditionally bearing the responsibility of supporting the young and aged will have major implications for macro economic planning in the future. Present indications are that the predictions in Figure 11.4 could be taken as the worst case scenario and prudence suggests that this should be assumed for planning purposes until better information is on hand.

### 11.2.6: Budget allocations vs. expenditure for poverty alleviation

The sustainable solution to poverty in the Province is the effective implementation of policies put in place by the government to address the structural issues causing it. Some of these policies can be considered drivers or agents of change in the poverty arena. The existing level of

deprivation, however, necessitates short term palliative measures to improve the welfare state of the poorest sections of the community. Data provided in the previous sections indicate that a large proportion of the population require some sort of safety-net support.

While non-governmental organisations have been successful, the reality is that relative to the very large volume of funds available to the State for poverty relief, the funds available to NGOs are not significant. Only the State can make a meaningful impact on the depth and extent of poverty in the Eastern Cape Province. It follows therefore that there is a plethora of special programmes funded by the State, some visible and separately accounted for and some an integral part of departmental budgets which cannot practically be separated out.

The largest identifiable special poverty alleviation programmes are those run by the Department of Economic Affairs, Environment and Tourism (DEAET) and the Working for Water programme (WfW). The DEAET has 80 projects, mostly relating to labour based initiatives in its Isongololo Tourism Programme (DEAET, 2003a). They include:

- Promotion of crafts;
- Labour based road construction;
- Stabilisation of eroded areas;
- Community tourism accommodation and trails;
- Coastal cleanup initiatives;
- Recycling initiatives;
- Removal of invasive plants in biodiversity conservation areas; and
- Development of a nursery for indigenous plants.

The WfW programme is broad-based and includes the removal of invasive plants, community welfare initiatives such as crèches and capacity building within communities.

The Public Sector Accountability Monitor (Tetyana, *pers comm.* 2003) has provided data showing that the Department of Social Development (DOSD) is the lead department for poverty alleviation, with Agriculture, Health and Education sharing some of the responsibilities for individual programmes. The Department of Social Welfare portfolio included:

- Food security (18 projects);
- HIV/AIDS Home Based Care initiatives (10 projects);
- Women cooperatives (20 projects);
- Morale regeneration (20 projects); and
- Youth development (1 project).

The Department of Agriculture has food security initiatives, including the Massive Food Production Programme, focussing on food production in rural communities. The Departments of Health and Education share the responsibility for the Primary School Nutrition Programme (Tetyana, *pers comm.* 2003). Available data on budgets and expenditure for the years 2001 to 2004 are provided in Table 11.2.

**Table 11.2: Budget and expenditure on poverty alleviation in the Eastern Cape Province (DEAET, 2003b<sup>(1)</sup>; Marsh, *pers comm.*, 2003<sup>(2)</sup>; Tetyana, *pers comm.* 2003<sup>(3)</sup>)**

Programme	Year	Budget	Expenditure	Remarks
(1) DEAET	2001 to 2004	R133845 977	R83 808 220	Expenditure on track
(2) WFW	2003/2004	R61 072 200	R54 000 000	Expenditure on track
(3) DOSD Budget	2001/2002	R9 517 000	R8 481 000	Variance unexplained

Grant	2001/2002	R150 000	R150 000	2 women's projects
Allocation	2001/2002	R6 500 000	N/A	Poverty relief via IDT <sup>1</sup>
(3) DOSD Budget	2002/2003	R15 280 000	R15 227 000	99% expenditure on salaries
Grant	2002/2003	R14 600 000	N/A	Expenditure not identified
Food grants	2002/2003	N/A	R32 000 000	Food parcels for 36 513 households

The Department of Social Development 2003/2004 first quarter conditional grant for poverty amounted to R107 million. None of this money had been spent by the end of the quarter. The funds were intended for HIV/AIDS home care (R1.9 million); food parcels (R37 million) and child support grants (R68 million). The Department has a further R61 million available for food parcels for the 2003/2004 year (Tetyana, *pers comm.* 2003).

The performance of the departments appears to be patchy, particularly the lead department, Social Development. With the entire budget being spent on salaries in 2001/2002, it is not clear what programmes were put in place to access and use grant funding. This funding has apparently been carried over into the 2002/2003 year, as there had been no draw-down on the R107 million poverty alleviation grant. The reasons for this are not known, but it is likely to be due to structural inadequacies within the department.

### 11.3: The state of poverty in the Eastern Cape Province

The Eastern Cape Province is arguably the poorest province in South Africa, although the Limpopo and KwaZulu-Natal Provinces are held to compete strongly. Data available from Statistics South Africa show that more than two thirds of the Eastern Cape households are classed as suffering from poverty (Statistics South Africa, 2003) and 32% are unemployed (Labour Force Survey, 2001 in Statistics South Africa, 2003). Thus, although the Gross Geographic Product is R8 197 per annum per capita and average household income is R43 097 per annum (Statistics South Africa, 2003), only 5.4% of employed people earn more than R6 000 per month, with 53.7% of employed people earning less than R500 per month (ECSECC, 2001). A total of 68% of the people in the Province have a per capita expenditure of less than R250 per month (Hendricks, 2003, citing Statistics South Africa, 2000).

The Eastern Cape Province is thus faced with widespread poverty with rural areas being the worst affected. The lack of employment and income in many households means that these households are extremely vulnerable to many of the problems associated with poverty such as poor health care (leading to increased mortality due to notifiable diseases) and lack of access to basic resources for good quality of life. The situation in the Eastern Cape Province is further exacerbated by the increasing incidence of HIV/AIDS.

However there is potential to reduce poverty in the Eastern Cape Province. The Province has a wealth of human and natural resources that can be utilised in poverty alleviation programmes. These resources will however only be effectively deployed once the institutional environment is supportive of poverty alleviation in the Province.

<sup>1</sup> IDT: Independent Development Trust