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Multi-dimensional inequality in South Africa

Understanding inequality in South Africa

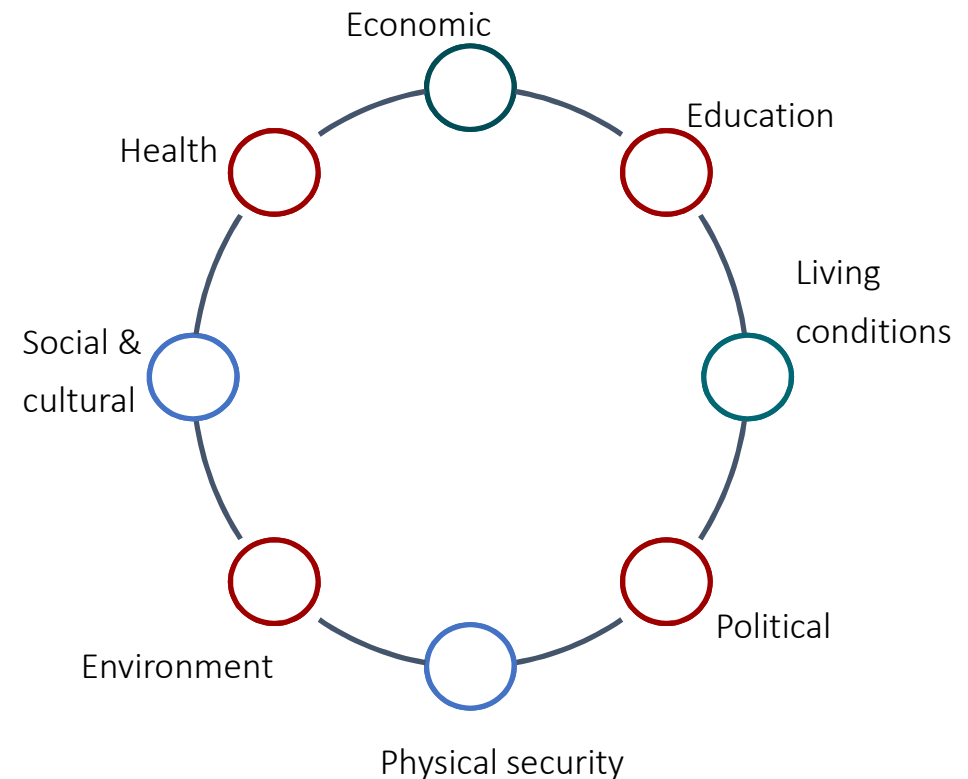


1. Context and Conceptual Framework
2. Continuity and Change in South African Inequality
3. Youth inequality
4. Gender inequality



Context and Conceptual Framework

- South Africa has the highest income inequality in the world (Gini of 0.63 in 2021, consistently high post-apartheid).
- Solely income-focused view of progress post-1994 risks missing out on dimensions of inequality that could become levers of change if properly understood.
- A **multidimensional framing** of poverty and inequality in South Africa lends itself to a more comprehensive description of what has, and has not, been achieved.
- Interested in interactions between **capabilities** (i.e. *access* to health, education, economic participation), **functionalities** (i.e. health, education, wealth *outcomes*) and **conversion factors** - i.e. personal and contextual factors that shape both access and outcomes).





South Africa is widely regarded as the most unequal country on earth.

By January 2020, the top 20% of the population earned over 68% of income; while the bottom 40% of the population earned just 7% of income.

The country's inequality is multidimensional, transcending income and wealth to include matters of land, capital, and access to quality public services.

This multidimensional inequality also intersects with gender, race, and geography in ways that entrench historical fault lines.

Continuity and change



- Economic inequality is driven by high **unemployment** and starkly unequal **wage** distribution.
- Aggregate Gini coefficient has **not changed** significantly over time.
- Within-group racial inequality has **increased**.



Economic Inequality

- Through a capability lens, **income and wealth are not ends in themselves** but serve as means to achieve welfare and freedom.
- Income includes: **labour** income (wages and salaries), **capital** income (capital gains and interest), income from **entrepreneurship** (profit), **land** (rent) and **social security** (social grants). All of these underpinned by social structures. The structural dynamics that shape these dimensions of income means that **income inequality is sticky**.
- Excluding the top 1% of earners from income inequality calculations only marginally reduces South Africa's overall inequality.
- South African inequality is driven in large part by labour market outcomes – i.e. employment and earnings.



Household Income

a picture from two national surveys

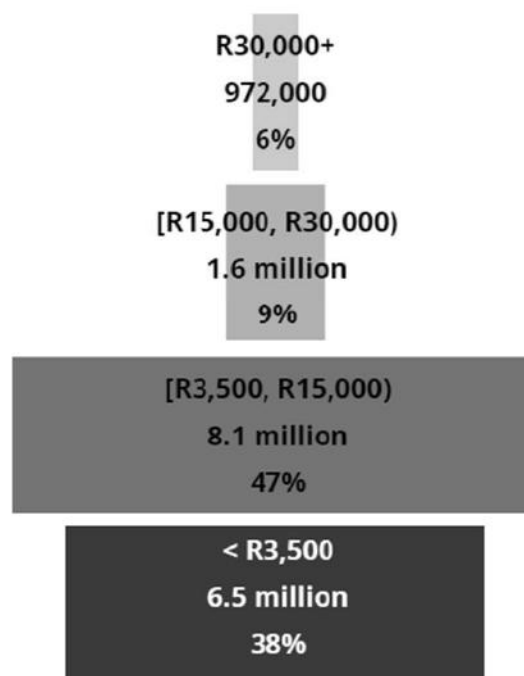
39% of households include extended family/non-related members

Extended family/non-related households and single-parent families (often female-headed) are most vulnerable.

These households often share limited resources among many members, and **typically don't have good labour market links.**

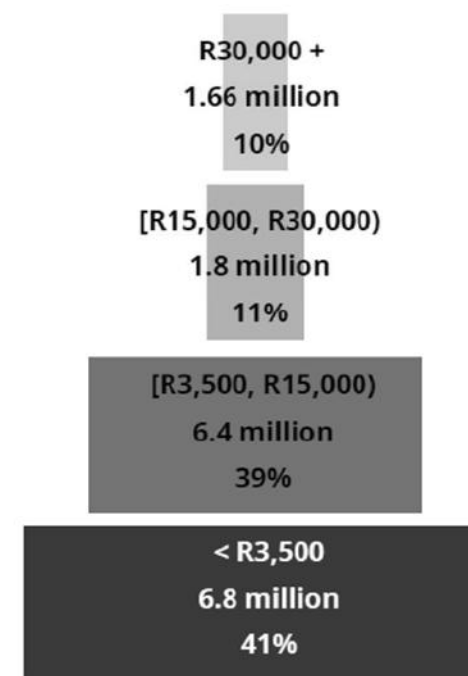
HOUSEHOLDS IN SOUTH AFRICA: 2014/15

NIDS 2014/2015



TOTAL HH: 17 102 408

LCS 2014/15



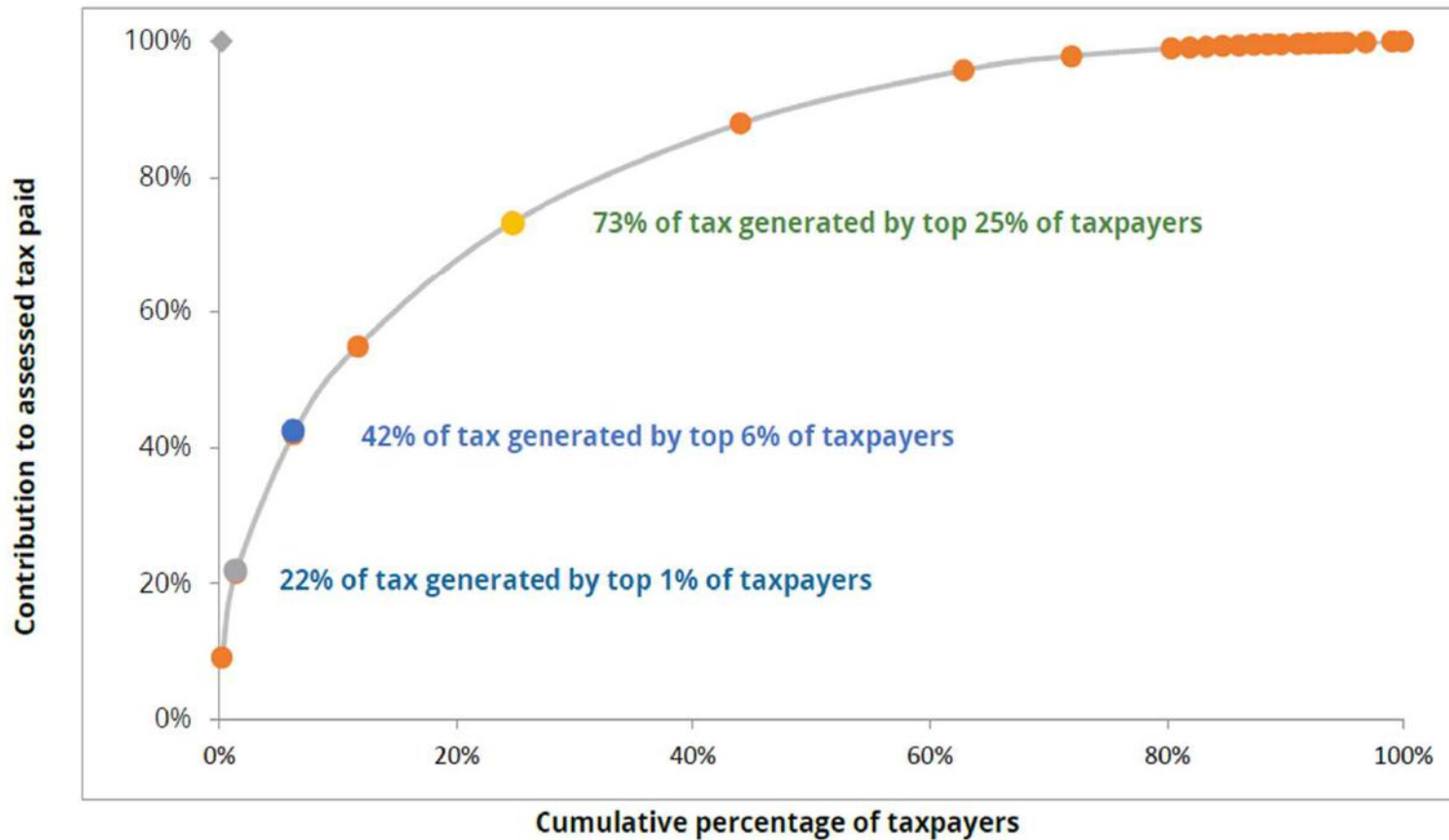
TOTAL HH: 16 618 692

Personal income tax contribution

SARS 2018



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Stark racial inequalities persist despite a progressive tax regime and substantial redistribution efforts.

Education



- Access to education has improved at all levels.

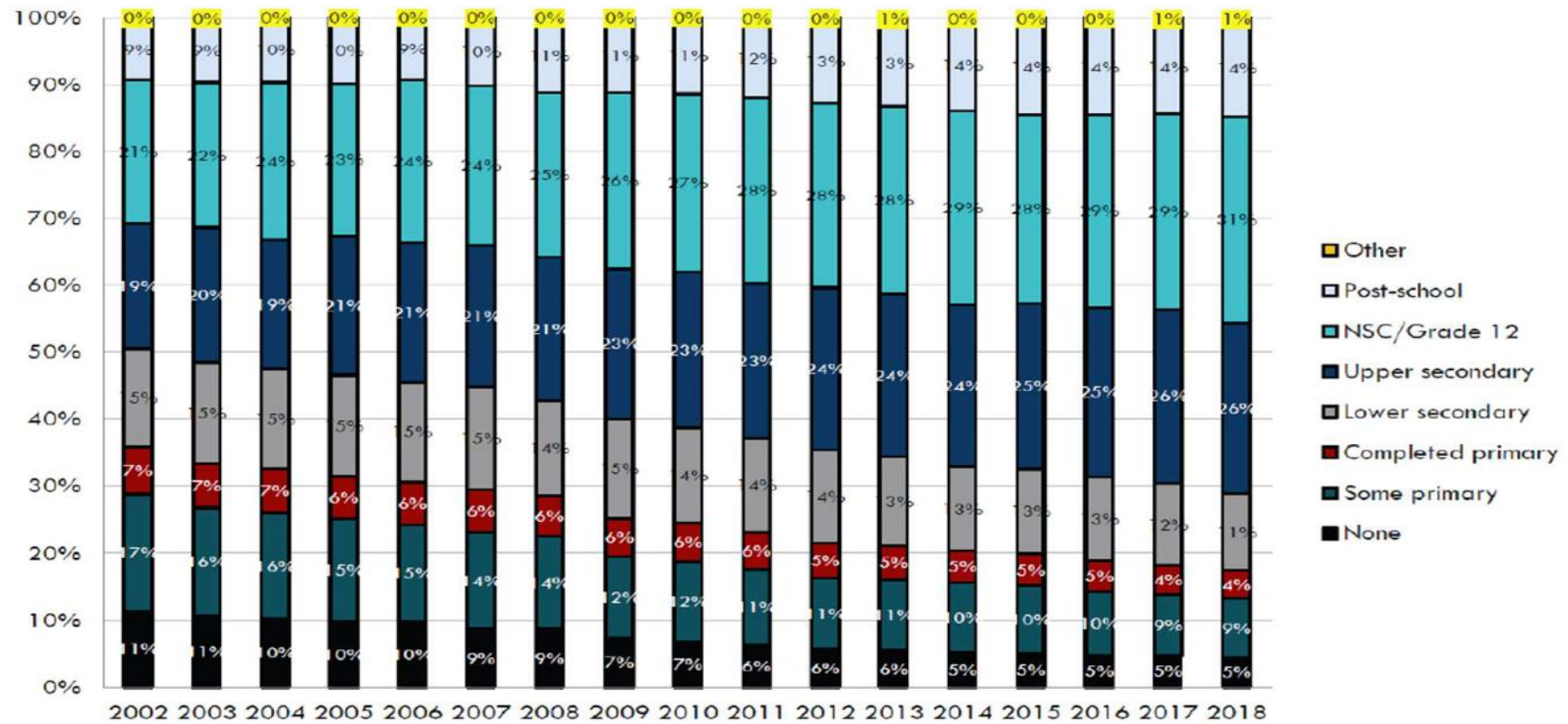
BUT

- Less than half of Grade 1s complete matric.
- Poor-quality public-sector education means that improved *access* is not necessarily translating into improved *outcomes*.

Access over time



Source: GHS 2018²¹



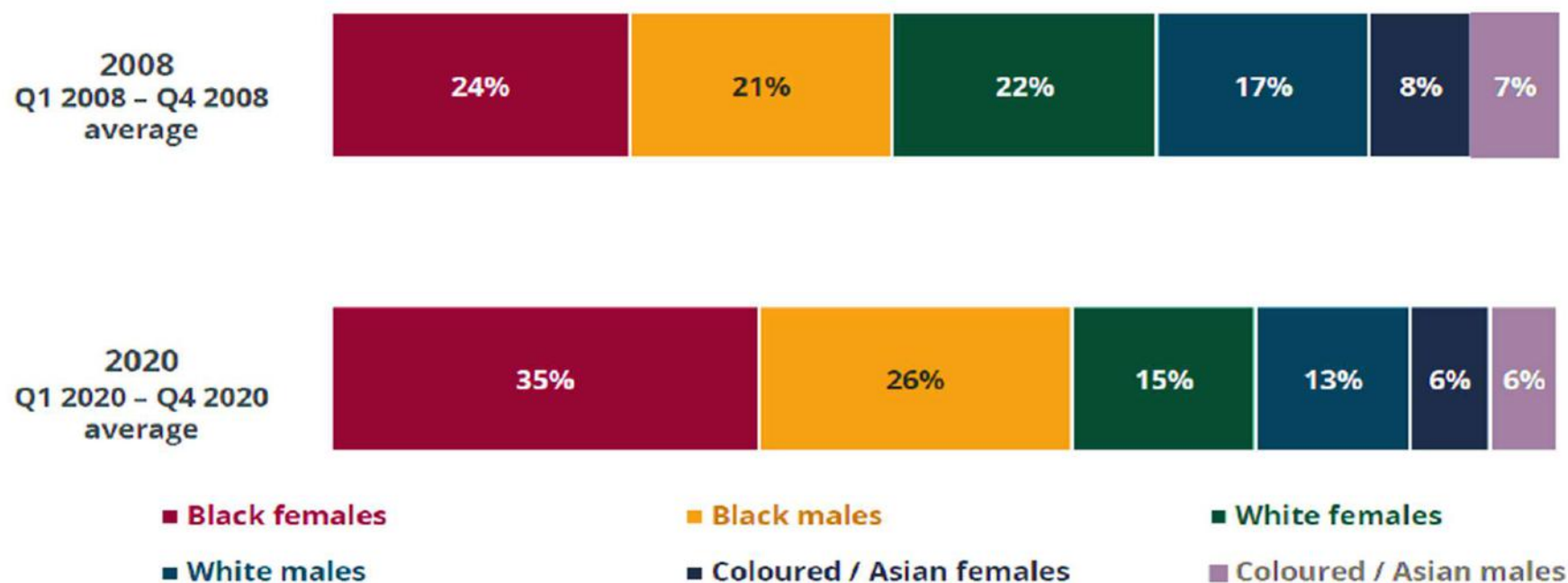


Improved access to education

Changing demographics of South African graduates

Higher education and enrolment have improved in the post-apartheid period

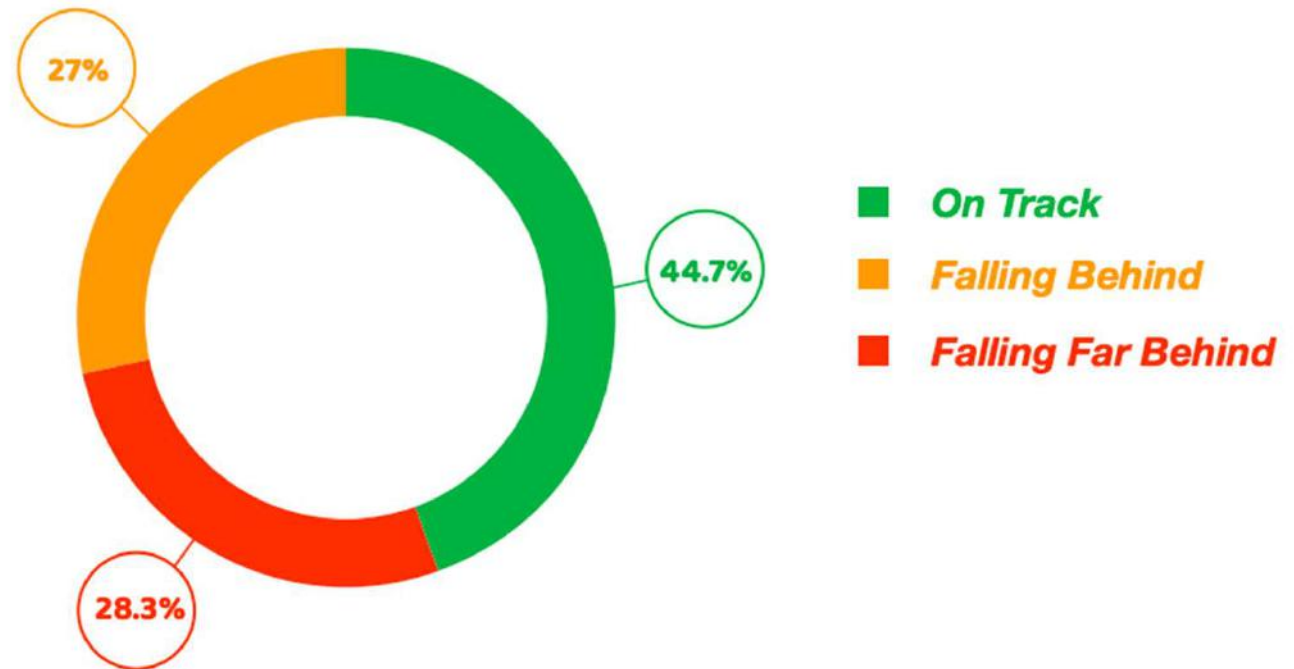
Source: QLFS 2008 Q1-Q4 and 2020 Q1-Q4²⁷ (data averaged within each year)





But significant challenges remain

More than half of 4-5-year-old children enrolled in ELPs in South Africa are not able to do the tasks expected of children their age



Source: 2022 *Thrive by Five Index*

Parent fees are a major barrier to accessing early learning programmes.

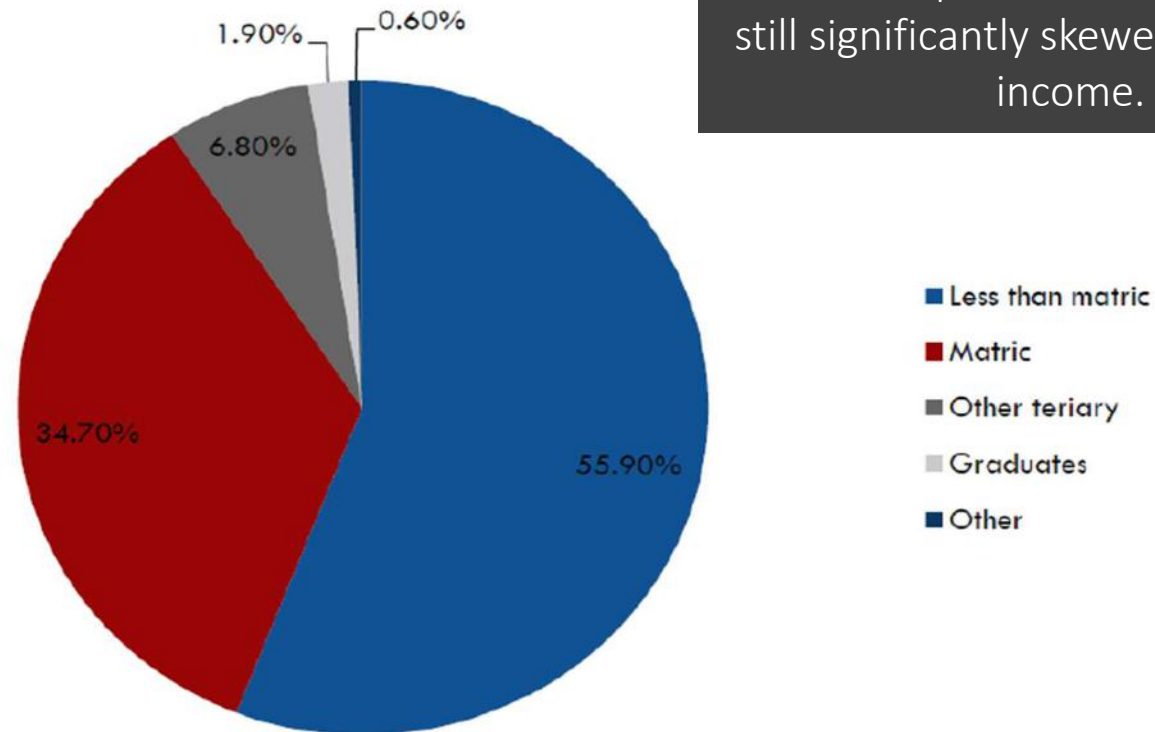
Less than half of children who start school pass matric.

Public schools still lack basic infrastructure.



Education and Employment

Figure 20: Proportion of the unemployed by education level
Source: QLFS Q4, 2019²⁷



A tertiary education has the greatest leverage in the labour market. But access to post-school education is still significantly skewed by race and income.

- Less than matric
- Matric
- Other tertiary
- Graduates
- Other

Health



- Public access has increased over time, but access gaps remain and the quality of service is sub-par. As a result, poor health outcomes persist, especially among the most vulnerable.
- Health inequality (like education) follows social and economic lines.



Gains and shortfalls in public healthcare

GAINS

1995

Spending on public hospitals was pro-rich and only weakly redistributive for public clinics.

2008

Government healthcare spending on the poorest 20% of the population had increased by 10%

Healthcare facility network was expanded, and user fees abolished.

SHORTFALL

- There is a **geographic bias** in travel time and travel costs for those accessing public healthcare.
- Despite improved access, **quality of care** in the public sector remains poor. Only 54.9% met Ideal Clinic benchmarks in 2019.
- Health inequalities, and particularly **access to private medical cover**, remain divided along socio-economic and racial lines.

Living conditions & environment



- Access to housing has increased over time; but many do not have adequate housing.
- Among the 6.4 million households who earn less than R3,500 per month, the vast majority have inadequate housing.
- Poorer people are significantly more exposed to pollution.



Access to housing has improved

Figure 28: Number of households living in different types of housing, 2001-2019

Sources: Census 2001, CS 2007, Census 2011, CS 2016, GHS 2019²¹⁻²³

The percentage of South Africans living in a 'formal dwelling' has improved from 69% in 2001 to 82% in 2019.

The number of households living in *formal* housing increased by 6.3 million between 2001 and 2019 and is estimated to be around 14 million



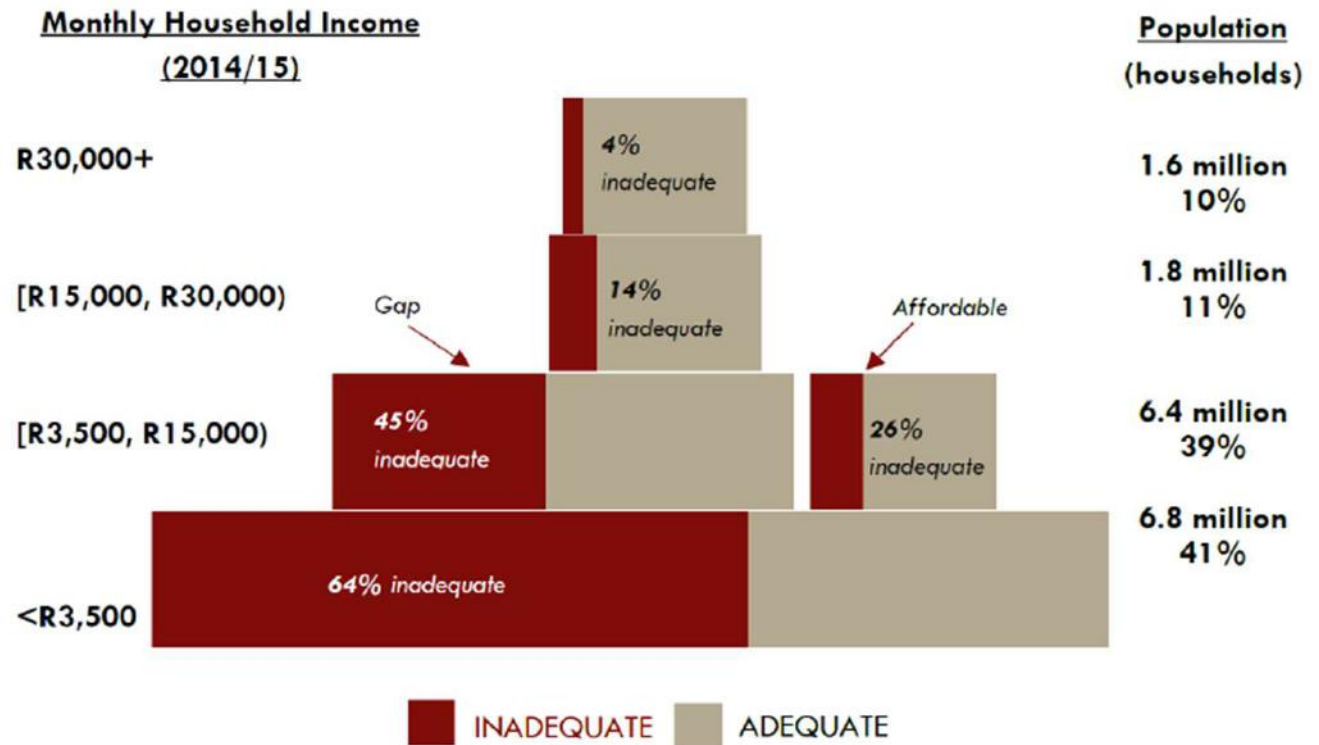
Shortfall

“Inadequate” housing is defined as informal and traditional housing, as well as households with no flush toilets, or those with more than two people per room. This suggests that despite formal housing increasing over time, many still have housing that is lacking.



Figure 29: Number of households living in different types of housing, 2014/2015

Source: LCS 2014/2015





The central challenge

Pervasive and deeply entrenched inequality.

Most of overall inequality related to labour market.

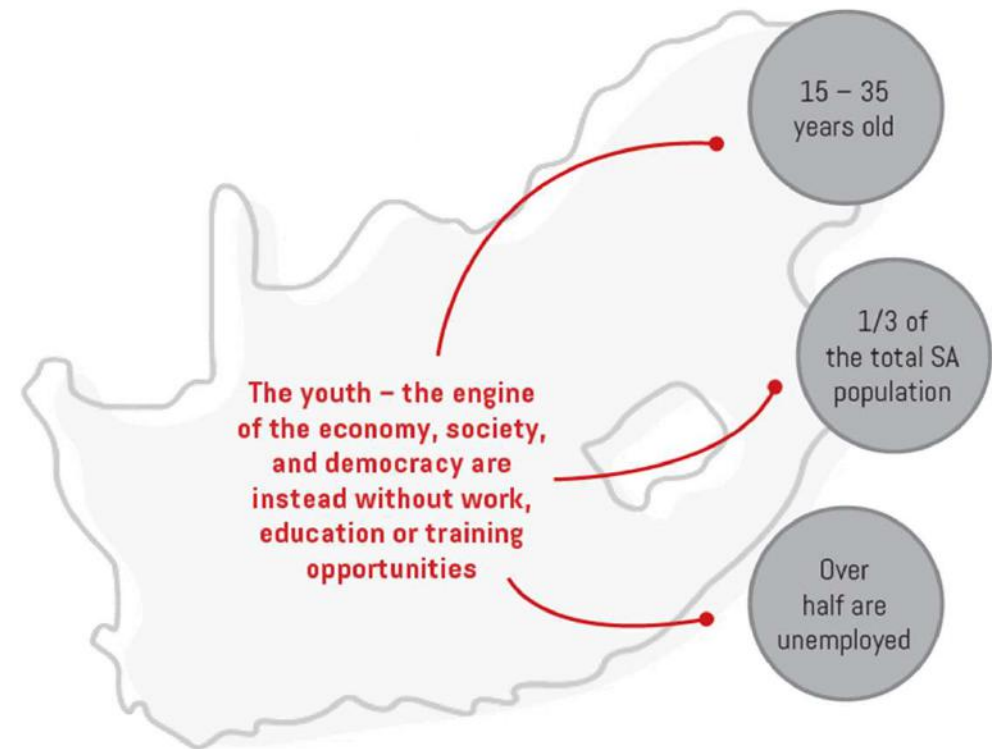
Access to water, sanitation, healthcare, housing, education has not translated to meaningful outcomes.

We need **joint, concerted** and **patient effort** to assist with the iterative process of working towards a more equitable society that enables all to **optimise their capabilities** and functioning.

Youth inequality



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Nation's Story



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Nation's mother:

Will almost certainly access antenatal care.

Nearly 3 in 10 chance of experiencing antenatal depression

She will be **45% less likely** than other women her age to **earn an income**

Might be one of 6 in 10 to benefit from **child support** grant in their **first year**.

3 in 5 chance of growing up in **poverty**

2 in 5 chance of living below the **food poverty line**

Around **1 in 5** chance of being **stunted**

Might be among **3 in 10** to **attend an ELP**

Has a **less than 50%** chance of being ready for school

Almost 100% chance of starting school

But, by Grade 4, only half of Nation's class is on track academically

Nation has only a **4 in 10** chance of reaching and **passing matric**.

1 in 10 chance of being eligible for **university**

Only 5% of Nation's Grade 1 class will compete an **undergraduate qualification** in 6 years.

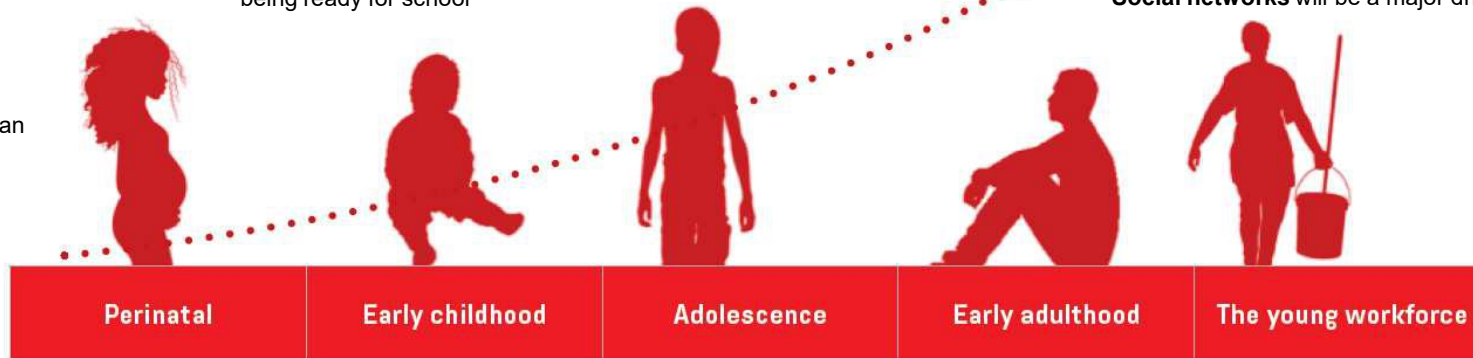
With a tertiary education, Nation is **20% more likely** than other matriculating peers to **find a job**.

But **1 in 2** of Nation's peers will be **jobless**

If Nation finds a job, there is a 6 in 10 chance it will be in the **service industry**.

Social networks will be a major driver of success

YOUTH INEQUALITY

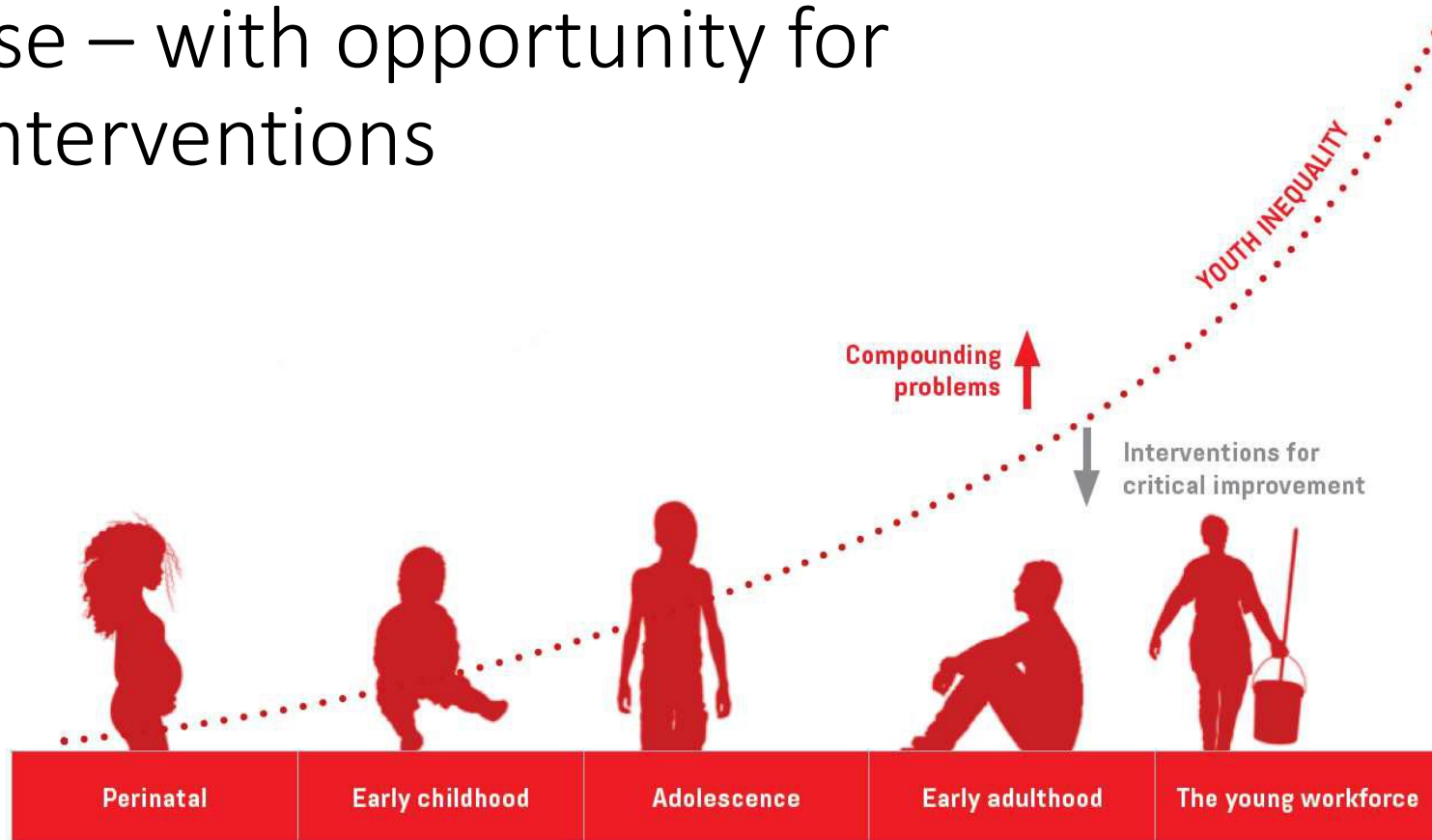


Youth inequality compounding over life course – with opportunity for critical interventions



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A life course approach draws attention to the important relationship between early influences and later outcomes in young people's lives



Compounding problems

	Perinatal	Early childhood	Adolescence	Early adulthood	The young workforce
Compounding problems	<p>Pregnant women's unemployment and under-employment</p> <p>Nutritional stunting - more likely to drop out of school, struggle to find work, and live in poverty</p> <p><i>Just over a quarter (27%) of South Africa's children under five are believed to be nutritionally stunted</i></p> <p>Low uptake of the Child Support Grant (CSG) among caregivers with 0-2 year olds</p>	<p>Children from poor backgrounds enter school on significantly unequal footing</p> <p>Relationship between income levels, access to quality early learning programmes, and child outcomes, as a key driver of South African inequality</p> <p>ECD spending <i>Currently, only about 1.5% of the country's GDP is spent on ECD, most of which goes to child support grants. A mere 6.5% of this budget is allocated for early learning, nutrition support and supportive parenting programmes</i></p>	<p><i>In South Africa, 60% of young people are left without any kind of recognised educational qualification. Yet higher levels of education lead to higher levels of labour absorption and it is tertiary qualification that exponentially increases the chances of being employed</i></p> <p>Dropout</p> <p>Poor early support</p> <p>Teenage pregnancy impacting schooling</p>	<p><i>8% of 15-24-year olds attend a university or college, and even fewer complete their qualifications</i></p> <p>The rising number of discouraged job-seekers</p> <p>The experience trap - that young people are frequently denied jobs or interviews on the basis of their 'lack of experience'</p> <p>Gender discrimination in the labour market</p> <p>The cost of job-seeking</p> <p>Lack of social ties to people already in the labour market, which is critical to gaining entry</p>	<p>Change in labour market toward the services sector as agriculture, mining, and manufacturing have contracted significantly</p> <p>South African social protection - reserved for those presumed unable to work (children, the elderly, and the disabled), while there is no direct support for the young and unemployed</p> <p>Formal employment contraction</p> <p><i>Among young people, informal employment increased 4% over Q1 2017 - Q2 2022: young people without jobs are routinely creating new strategies to navigate changing labour markets</i></p>
Interventions for critical improvement	<p>Advance the Maternal Support Grant</p> <p>Schools must implement national policy by supporting pregnant learners and young mothers to stay in school</p>	<p>Government must invest in the ECD workforce and quality ECD services</p>	<p>Adolescence: basic education:</p> <ul style="list-style-type: none"> - Early warning systems - Psychosocial support <p>Adolescence: post-school education:</p> <ul style="list-style-type: none"> - Support alternative pathways to a matric qualification - TVET education must be improved in terms of access and quality 	<p>Employer readiness</p> <p>Matching</p> <p>Social protection</p>	<p>Enabling environments</p> <p>Public employment</p> <p>Youth participation should be increased</p>





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Gender
inequality

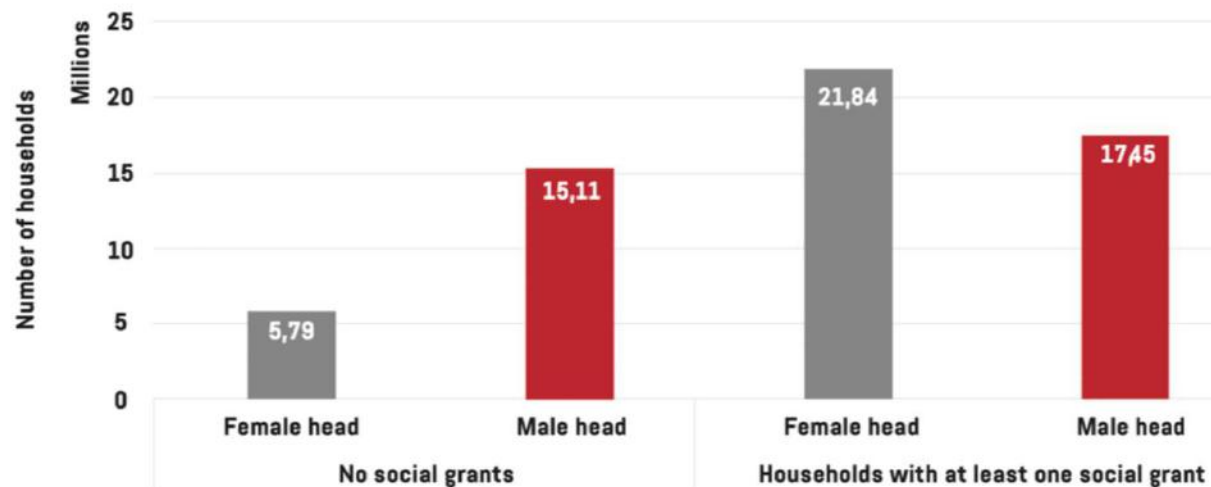


The making of South African gender relations

- History of **migrant labour** and **women's under-employment**
- Stubborn and escalating **unemployment**
- Declining **marriage rates**
- Expansive **social welfare system**, operating under a particular conceptions of work and gender (CSG and pension)
- Dearth of men in spaces associated with care



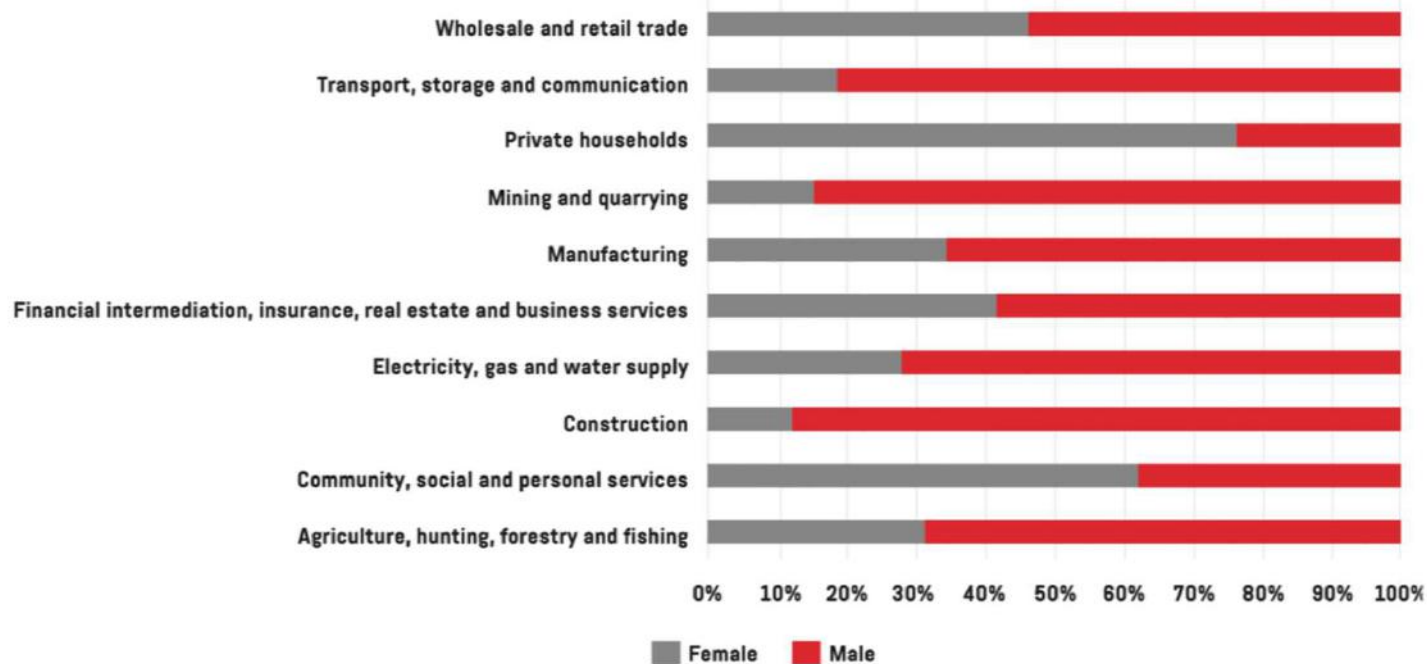
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Source: Own analysis of StatsSA General Household Survey 2021 data



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Source: Own analysis of StatsSA General Household Survey 2021 data

Women represent **half of the South African population**

40% of homes are headed by women.

Women's participation in labour has expanded since 1994.

Still, women continue to fair poorer than men in employment, earnings, and job security.

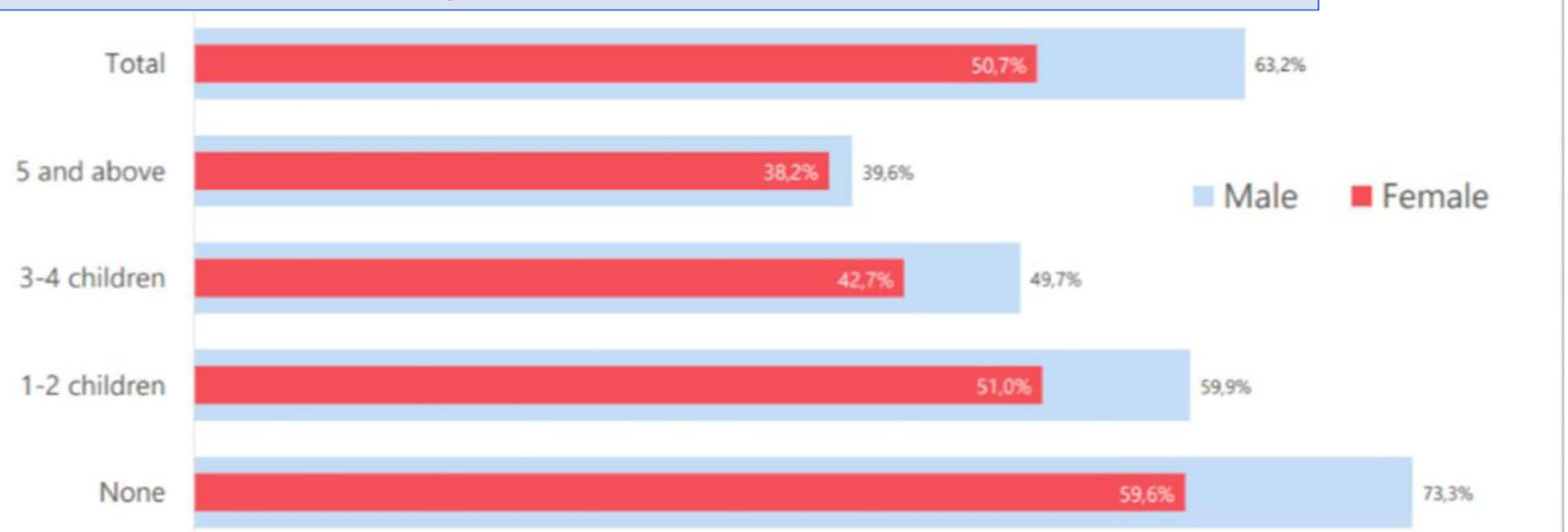
In 2022, women were **18% less likely to participate in the labour market.**

Care (as) work

Women represent most of the workforce in only two industries
private households and **community and social services**



Labour force participation rate by sex and presence of children 2022



Source: Statistics South Africa (2022)

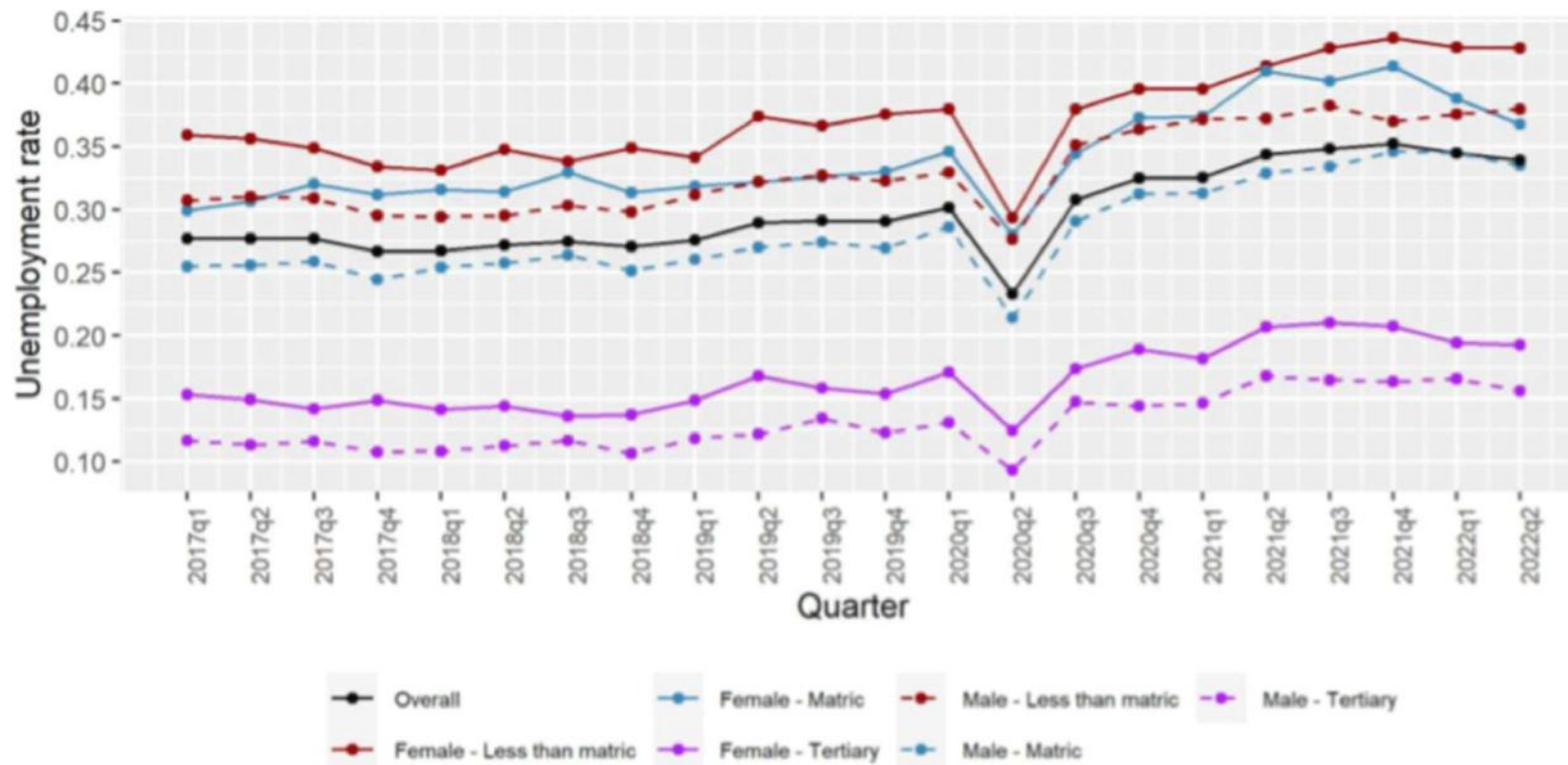
South African women spend **eight times the amount of time** on unpaid domestic and care work than men.

Stubborn labour discrimination



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Unemployment rate by gender and education status, 2017-2022



Conclusion

- Entrenched inequality requires targeted intervention.
- Quality health coverage together with education, starting with universal access to early learning programmes, are foundational equality tools to lever.
- Women and the youth are key populations at which to target interventions.



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Thank you!