HIV & AIDS and STI
National Strategic Plan
2007 - 2011

Children living in extreme poverty

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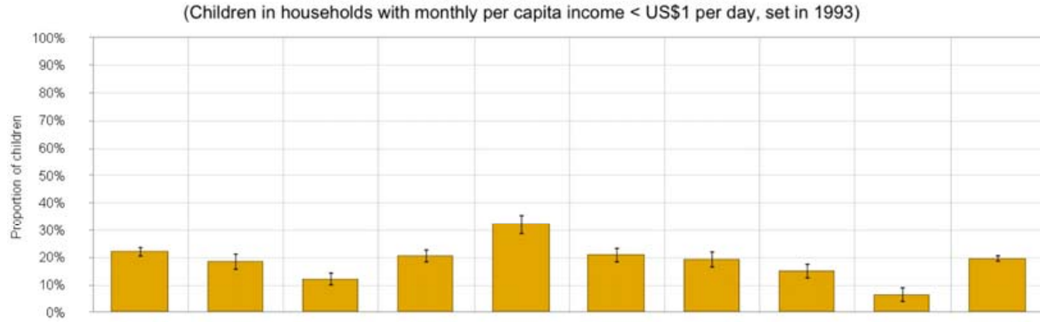
HIV & AIDS and STI National Strategic Plan 2007-2011

"Poverty operates through a variety of mechanisms as a risk factor for infection with HIV and AIDS. Its effect needs to be understood within a socio-epidemiological context. It works through a myriad of interrelations, including unequal income distribution, economic inequalities between men and women which promote transactional sex, relatively poor public health education and inadequate public health system." [p30]

Indicator
Children living in extreme poverty

Definition
The percentage of children living under a per capita poverty line of $1 a day.

Children living in extreme poverty, South Africa 2007
(Children in households with monthly per capita income < US$1 per day, set in 1993)



Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpuma-langa	North West	Northern Cape	Western Cape	SOUTH AFRICA
22.4%	18.6%	12.2%	20.7%	32.4%	21.2%	19.4%	15.2%	6.5%	19.7%
667,000	**214,000**	**355,000**	**831,000**	**812,000**	**311,000**	**250,000**	**66,000**	**102,000**	**3,608,000**

Source Statistics South Africa (2008) *General Household Survey 2007*. Pretoria, Cape Town: Statistics South Africa.
Analysis by Katharine Hall, Children's Institute, University of Cape Town.

Notes
1. Children are defined as persons aged 0 – 17 years.
2. Population numbers have been rounded off to the nearest thousand.
3. Poverty line is set at US$1 per person per day set in 1993, adjusting for PPP and inflated using CPIX for July of each year, as reported by Statistics South Africa. The equivalent monthly Rand value is R119 in 2007.
4. Income calculated as total reported income for household members over 15 years, plus value of all social grants received by household, with the total being divided equally among households members.
5. Sample surveys are always subject to error, and the proportions simply reflect the mid-point of a possible range. The confidence intervals (CIs) indicate the reliability of the estimate at the 95% level. This means that, if independent samples were repeatedly taken from the same population, we would expect the proportion to lie between upper and lower bounds of the CI 95% of the time. The wider the CI, the more uncertain the proportion. Where CIs overlap for different sub-populations or time periods we cannot be sure that there is a real difference in the proportion, even if the mid-points differ. CIs are represented in the above graph by the vertical lines at the top of each bar.

[1] Children's Institute, University of Cape Town

Commentary

An explicit objective of the NSP is to accelerate poverty reduction strategies and strengthen safety nets to mitigate the impact of poverty. This includes scaling up access to government poverty alleviation programmes, ensuring equitable provision of basic social services and introducing a sustainable income transfer system to poor families – other than the social grants already in place. The monitoring and evaluation framework specifies the use of the Millennium Development Goal (MDG) "dollar-a-day" poverty line. The MDGs specify this indicator in Target 1: to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

There are many possible poverty lines and it should be emphasized that the $1 poverty line is extremely low[1] – barely enough for survival. Yet a fifth of children(under 18 years) in South Africa were living at this level of ultra poverty in 2007, despite the disbursement of social grants for over 8 million children each month. By mid-2007, 7.9 million children were beneficiaries of child support grants, worth R200 per month – nearly double the $1 poverty line. In addition, 400,000 foster care grants worth R870 and 100,000 care dependency grants worth R620 were being disbursed to caregivers each month. The proportion of children living in extreme poverty would undoubtedly be much higher in the absence of social grants.

There is considerable provincial disparity, with Limpopo, KwaZulu-Natal and the Eastern Cape reporting the highest poverty rates both as proportions of children and in real numbers. Poverty rates are lowest in the Western Cape and Gauteng.

Method

The international "dollar-a-day" poverty line is set at 1993 prices, in US dollars. A number of calculations are needed in order to determine poverty levels in South Africa using this poverty line. First, the dollar must be converted to South African equivalent Rands in the same year (1993). This is done by determining the equivalent purchasing power, or "purchasing power parity" (PPP)[2]. In 1993, a dollar had the equivalent buying power of R1.67 in South Africa. Second, the daily income measure is converted to a monthly amount, to enable analysis using monthly income data. Because months are not equal length, we multiply by 365 days and divide by 12 months, giving a monthly poverty line of R50.80 in 1993 Rands. Third, this amount is adjusted for inflation in each subsequent year using the consumer price index (CPI) as reported by Statistics South Africa. CPI is reported monthly, and for this analysis we have used the July index, which correlates with the month in which fieldwork is conducted for the General Household Survey (our data source). The inflation-adjusted value of the original per capita "dollar-a-day" poverty line is R119 per month in 2007.

Per capita income is calculated by adding all reported income for household members over 15 years, then adding all income from social grants, and dividing the total household income by the number of household members.

Strengths and limitations of the data

The data are derived from the General Household Survey, an annual survey conducted by the national statistics body, Statistics South Africa. The sample is based on the enumeration areas established during the Census demarcation phase and therefore covers all parts of the country. The sample of 30,000 dwelling units ensures a representative sample when stratifying by province. The resulting estimates should be representative of the total population of South Africa. Person and household weights are provided by Statistics South Africa and are applied in *Children Count – Abantwana Babalulekile* analyses to give representative estimates at the provincial and national levels.

The GHS sample consists of households and does not cover other collective institutionalised living-quarters such as boarding schools, orphanages, students' hostels, old-age homes, hospitals, prisons, military barracks and workers' hostels. These exclusions should not have a noticeable impact on the findings in respect of children.

It should be noted that the General Household Survey is not the ideal data source for income analysis – a far better option would be the Income and Expenditure Survey (IES), or even the Labour Force Survey (LFS). However, the IES is not an annual survey and would not enable analyses for particular years, as required here, and the LFS now excludes children under 15 years from the household roster, making child-centred analyses impossible. Income is known to be under-reported generally, and particularly in the General Household Survey. Social grants are also severely under-reported in the General Household Survey. Child poverty is therefore likely to be over-estimated.

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[1] Woolard I & Leibbrandt M (2006). Towards a poverty line for South Africa: Background note. Pretoria: National Treasury

[2] Heston A, Summers R & Aten B (2006). Penn World Table Version 6.2, Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania. [link to: http://pwt.econ.upenn.edu/php_site/pwt62/pwt62_form.php]