THE SOCIO-ECONOMIC IMPACT OF THE GLOBAL DOWNTURN ON SOUTH AFRICA:
RESPONSES AND POLICY IMPLICATIONS

Stewart Ngandu
Miriam Altman
Catherine Cross
Peter Jacobs
Tim Hart
Innocent Matshe

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Produced by: Stewart Ngandu, Miriam Altman, Catherine Cross, Peter Jacobs, Tim Hart, Innocent Matshe,

Contact: Dr. Miriam Altman
Executive Director, EPD

E-mail: maltman@hsrc.ac.za

Tel: +27 12 302 2402
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Executive Summary

By the end of 2008, the South African economy had begun to experience the impact of the world recession caused by the international financial crisis. At that time, the scope and scale of the impacts were uncertain, making it difficult to mount official responses. With an important multi-country study of the impact and responses of the crisis in the process of being conducted by Oxfam, an agreement was reached for the Centre for Poverty, Employment and Growth at the Human Sciences Research Council to carry out a review of impacts in South Africa.

Although the South African study is mainly conceived as desktop work, a short qualitative study was also mounted to give some entry into the effects of and perceptions around the crisis at household level. The larger Oxfam study focused on the impacts of the global recession through the lens of its impacts on women, and specifically poor women. The brief to the HSRC was to review the range of people’s experiences and government responses. This involved an assessment of the impacts on the South African economy, and in turn on the lives of South Africans, and the extent of vulnerability caused. Government responses were meant to be evaluated in relation to their relevance and adequacy, especially in the context of existing social protection programmes. There was also a request to review civil society responses.

This report focuses on the human and social dimensions of the crisis, two areas that are usually drowned by research that centres on the macroeconomic impact and progression of the crisis. By commissioning this work, Oxfam is trying to respond to a research and monitoring gap that has been created by the dominant focus on national or macro-economic aspects of the crisis.

For many developing countries the global economic crisis comes at a time when they have barely recovered from the food and oil price hikes of 2007/08. As such they are facing what has been described as a compound crisis which has the direct result of worsening the plight of those who were already living in conditions of deprivation and those living on the margins. Although the macroeconomic impact of the crisis in South Africa is not as severe as that seen in the West, there are other human and social impacts that cannot be ignored. A million jobs were lost from the beginning of the downturn in South Africa to the first quarter of 2010, further exacerbating the already high unemployment rate.

How the global crisis causes a downturn in South Africa

The report starts with a discussion of the channels through which the global economic crisis (GEC) was transmitted to South Africa. Unlike other emerging economies where the impact was largely transmitted via decreases in traded manufactures and remittances, the impact in South Africa was mostly experienced through decreases in private capital inflows, commodity exports, and reductions in trade revenues. More recently, some of these have already reversed. For example, the recent appreciation of the rand has been attributed to an increase in private capital flows in search of higher returns outside of the US and Europe context of loose monetary policies. However, and perhaps partly as a result of this appreciation, employment was continued to fall in 2010 albeit at a slower pace. Section 2 of the report then looks at the economic impact of the crisis in South Africa and highlights that before the crisis South Africa had enjoyed a period of relatively high growth, which saw real Gross Domestic Product (GDP) averaging 5.5% between 2005 and 2007. By the end of 2008 the economy went into recession for the first time in 17 years with real GDP falling by 0.7% in the fourth quarter. There was no respite in 2009 as GDP fell by 7.4% and 2.8% in the first half of the year. Since South Africa’s growth over the past few years has been fuelled, amongst other things, by the commodity ‘super’ cycle, growth prospects in the near future will remain weak as uncertainty continues to plague the global economic recovery. Though this places a greater burden on government expenditure to stimulate economic activity, it also raises serious questions about the sustainability of such a
fiscal stimulus more so in the face of falling employment and company closures which may have an important impact on tax revenue going forward.

**Economic and Employment Impacts**

South Africa’s employment situation still looks bleak. Employment continued to fall in 2010, even if more slowly. The number of discouraged unemployed has increased sharply. The youth are overwhelmingly bearing the burden of the job losses. For South Africa, the crisis comes in a context of existing high structural unemployment which is compounded by a number of social challenges that where engendered by the apartheid regime. With over 1.1 million jobs being lost between the fourth quarter of 2008 and the first quarter of 2010, as a result of the recession, efforts to address these challenges will remain important for some time to come. The gains made since 1994 have been slow and hard-won and the job losses that are happening as a result of the GEC only serve to deepen an already existing problem. South Africa has one of the highest unemployment rates in a peaceful country. Until the GEC substantial inroads had been made since the mid-1990s. Between 1997 and 2008, the labour force expanded by 6.1 million people, alongside the creation of about 4.5 million new employment opportunities, and the unemployment rate fell from 28% in 2004 to 23% in 2008. It is in this context that the 1.1 million jobs lost in just over a year represent a significant setback for South Africa since the rate of job creation over the 11 year period represents an annual average increase of 409 000 jobs.

The report also highlights important dynamics of the South African labour market as it relates to gender. Both men and women experienced jobs losses across all sectors during the crisis period. In the early stages of the crisis, from the first quarter of 2009 to the third quarter of 2009, there were more men who lost their jobs than women. In 2010, the situation reversed as the rate of job losses for men decelerated from the fourth quarter of 2009 to the second quarter of 2010. This has occurred in a context where the rate of unemployment is substantially higher for women than for men and the rate of labour force participation is also perennially lower for women. This means women start with a greater pre-existing challenge of higher unemployment, lower pay and more vulnerable work conditions.

The global concerns of a youth employment crisis resonate in South Africa. Young workers are more vulnerable to job losses due to a number of factors, including their lack of experience. Their vulnerability during times of crisis is also worsened as they are generally employed in some of the most volatile sectors of the economy, such as in retail. It is therefore not surprising that the majority of jobs lost since the downturn where experienced by those under the age of 35, and with less than a matric education. The report finds that 213 000 youths (defined as people in the age group 15–24 years) lost their jobs in 2009. This represents a 13.8% decrease in youth employment, which is the biggest drop of all age groups. Amidst the aforementioned job losses South Africa’s unemployment rate did not rise initially at the onset of the crisis. The evidence from the QLFS shows that the majority of those who lost their jobs, or who would have otherwise been searching, have simply dropped out of the labour market and become discouraged. About 6% of the youth left the job market and are now considered to be ‘discouraged work seekers’.

Ultimately, recovery and employment expansion will depend on the ability of SA to diversify its base of production and services. The emerging pattern of export demand may pose challenges for South Africa’s efforts to diversify its industrial base. Demand for non-traditional exports in services and manufactures has not revived, partly due to weak global market rebounds, but also due to the Rand appreciation as portfolio flows have piled into the SA market. However, demand for commodities has rebounded, driven by demand from China and India. This pattern of recovery may entrench “resource curse” elements in the economy, and make export diversification more difficult. These sectors have been at the forefront of productivity gains and
positive real wage growth which is a key ingredient in boosting the welfare of workers. Much depends on the extent that African markets, which have been important destinations for SA non-traditional exports, rebound on the back of their own commodity sales. If the export demand remains biased toward commodities then the balance of employment will follow. A minerals economy bias will see small employment gains in resources and capital intensive industries, but the majority of jobs created in domestic oriented services such as retail.

Portfolio flows into South Africa reversed from early 2009. A key issue for the availability of finance generally in the economy is whether this trend continues as is, strengthens further, or is reversed. In 2008, as holders of capital stopped lending, liquidity in the global financial system dried up and net private flows to emerging economies fell dramatically (IIF 2009). This fall in private capital flows and its implications on the current account deficit represented one of the most significant and worrying impacts of the GEC on South Africa. South Africa is heavily reliant, at least in the short run, on private capital flows to finance its current account deficit. Instead, SA experienced a reversal, with portfolio flows piling in as a response to loose monetary policy and low interest rates in developed markets. $16.3 billion flowed out of SA in 2008, but forecasts suggest an inflow of the same amount in 2010. The IMF expects this to consistently rise to $25.8 billion by 2015 (IMF 2010a). Therefore, the fear of an unsustainable current account deficit, which rose to a high of 7.4% of GDP in 2008, has not materialised. By September 2010, the current account deficit had fallen to 3% of GDP (SARB 2010a). The rise in capital inflows has contributed forcefully to a Rand appreciation, falling to below R7 to the dollar in 2010. While stabilising SA macro finances, this appreciation is having a negative effect on the competitiveness of SA exports, and is encouraging of imports.

Could government’s employment targets be met in the context of the global economic recession?

Section 3 revises the HSRC Employment Scenarios from 2007 to take into account the possible impact of the global economic crisis (GEC) on employment and poverty (Altman 2009). These scenarios show how unemployment might be halved between 2004 and 2014 onwards to full employment by 2024. Substantial progress towards these targets was experienced until the onset of the global economic crisis, however the jobs losses have posed a serious set-back and require a re-think about how they might be achieved. Section 3.1 briefly explores the possible wild cards dealt by the GEC including:

- How far employment and growth rates might fall?
- The pattern of recovery over the coming five years, whether it will be “V”, “U”, “W” or “L” shaped.
- The extent that policy can influence demand and growth over this period.
- The extent that special interventions to mitigate the GEC impacts can be meaningfully implemented without taking the economy off course to a longer term structural trajectory.

This section of the report emphasises South Africa’s problem of unemployment where poverty and exclusion are not caused by the global downturn. There was already an effort in place to make sense of how to move onto a higher structural path that would be more labour absorbing and inclusive. The social impact of the GEC will be very different by income class. A large part of the population is so marginalised, that their main immediate concern is to ensure that social grants and a minimum social floor are available.

The key issues that might cause most concern include:
Existing workers who lose their jobs will be badly affected. The majority of low income households have only one worker, with an average of 4 to 6 who depend on that wage. If one million net jobs were lost, this could affect at least 4 million people in the short run.

The emerging working and middle classes could be undermined where houses are lost and pensions devalued.

Young school leavers, especially between the ages of 18 and 24, will be worst affected. Prior to the downturn, there was less than a 50/50 chance of finding employment and is likely to deteriorate dramatically over the coming years. This poses a very serious social and economic challenge. This situation leaves the majority of young people long-term unemployed and alienated.

Long term objectives might be affected by:

- The potential loss of capacity in dynamic industries, thereby undermining future growth and decent work opportunities. Considerable numbers of manufacturing jobs have been lost as a result of the global downturn, and then by other factors such as the Rand appreciation.
- Potential difficulties in raising funds through tax or debt to meet major commitments in social and economic infrastructure or social spending. In addition, the likely increase in public debt could constrain social expenditure in future.

Three employment outcomes are presented to take into account the potential effect of the global economic crisis. These projected economic growth rates averaging 2.5% (“L-shaped recovery), 3.3% (“U”-shaped recovery) and 4.5% (“V” shaped recovery) between 2004 and 2014. All three scenarios assume the existing policy environment, albeit with different levels of success in implementation. They all show a very large shortfall in meeting the objective of halving unemployment, unless massive public works programmes are put in place. For example, in Scenario 2, with an average of 3.3% growth, approximately half of all new jobs over the decade (2.4 m) would be created by public works at a cost of approximately R 58 billion in 2014. This is unlikely to transpire, as it is a very large portion of the budget, taken away from other critical commitments such as social infrastructure, grants, service delivery and economic infrastructure.

The section concludes with a review of possible scenarios for meeting government’s target of halving unemployment between 2004 and 2014. This target requires that 5 million jobs be created, and prior to the downturn that meant that an average of 500,000 net new jobs were needed on average each year. After the downturn, an average of 700,000 new jobs will be needed to reach the goal. It does not appear that the target could be met within pre-existing policy conditions. However, they could be met with meaningful additional interventions in respect of expanding post-school learning, special employment programmes, government employment and specific market interventions. Respective contributions of these policies are considered. Most of these policies are ones that have been committed to, now they must be implemented at sufficient agreed scale.

**Food Insecurity and Rapid Food Price Inflation**

*Section 4* of the report reviews how the most recent food price crisis and global economic downturn might have affected the food security status of low-income households. It concentrates on female-headed households because official statistics reveal that they are more vulnerable and at risk due to their lower socio-economic status. The combined impacts of two intersecting livelihood shocks – rapid food price inflation and the economic downturn – affected virtually all South Africans in 2008. Soaring food price inflation persisted throughout 2008 and only started slowing or flattening out towards the middle of 2009. South Africans did not benefit from the fall in global food commodity prices in 2008.
By looking at two major waves of rapid food price inflation in the last decade, the report shows that the first wave did not lead to a general increase in food insecure households, perhaps because it took place in a context of accelerating economic and employment growth. However, the second wave coincided with the economic downturn and there we do see a rise in food insecure households. The most sustained and relatively higher than average price increases were concentrated around staple grains (especially wheat products) and vegetables.

Female-headed households in traditional huts and informal backyard shacks were most severely affected. Female-headed households, comprising less than 40% of South African households, experienced a disproportionately greater impact of the two interacting crises. Five per cent more female headed households than male headed ones experienced adult hunger in 2008. Female-headed households living in traditional huts in predominantly rural provinces of Eastern Cape and KwaZulu-Natal experienced the sharpest rise in hunger.

It is not surprising that this study shows how important income is in ensuring household food security. Social grants played an important role in mitigating some of the impacts of food price inflation, showing the importance of this safety net during a crisis. This is instructive to government to scale up grant expenditures in times of crisis. Income enables a household to buy food which naturally gives it a critical role in determining quantity (volume) and quality (diverse types, nutrition and calories) of foods purchased and consumed. The levels of household income have a direct bearing on household food security status. However, income sources – particularly salaries and wages, remittances and social grants – also matter because this underpins the stability and sustainability of types of incomes flowing into the household. The available data for 2006–2008 suggest that all three major sources of primary household income have cushioned household level impacts of the intersecting crises. These certainly helped to pull some female-headed households out of serious hunger. Focusing on 2007–2008, however, whilst remittances and social grants accounted for falls among households reporting moderate hunger, a higher proportion of households dependent on salaries and wages reported increasing experiences of moderate hunger.

Migration

Section 5 of the report looks at migration in the context of the GEC. There are three types of migration considered: skilled emigrants, skilled and low skilled African immigrants, and internal migration. Skilled emigration seems to have slowed as plans have been postponed. There are clear opportunities to attract skilled South Africans and other nationalities to meet skills gaps, but also to encourage South Africans to stay at home.

Internal migration had already slowed prior to the downturn, but fell considerably since the economic downturn. The majority of rural-urban migrants move to shack settlements on the periphery of urban and peri-urban areas. This means they are far from quality public services and employment opportunities. This is a special challenge for female headed households with children: it constrains the ability of women to improve their economic situation as well as the development of their children.

Far more women are now migrating both internally and internationally, so shocks that affect migrants adversely affect more women than was previously the case. Migrants’ spend a much higher percentage of their income on food, and female-headed migrant households fare far worse than their male-headed counterparts.

Efforts to protect foreign migrants and allow them access to services as provided for in the Constitution, and policy and regulations benefit women to a larger extent (because there are more of them than before). However, not much has been done to curb the upward creep of food prices and these will continue to hurt female-headed households in particular and constrain
their economic activity. Caution has to be exercised when distinguishing government responses to the GEC from policy enacted outside the framework of a response to the crisis. It is clear that government responses specifically targeting migrants that coincided with the GEC has been the change in the immigration law affecting Zimbabwean immigrants, increased spending on public infrastructure and the implementation of changes in the law on social grants, which coincided with the period when the effects were being felt in South Africa. The major result has been a strong rise in the number of people receiving the child support grant. This should help mitigate the impact of the GEC on migrant children born in South Africa, although will add pressure on public spending.

Some insights from responses by households

To deepen our understanding of the impact of the crisis at the household level a small qualitative survey of 30 households was conducted in two poor communities (Section 6), namely ‘the rural community ‘Bergpoort’ a remote migration sending area and the shack area, and ‘Swedenville’, an outlying shack settlement in the Johannesburg/ Pretoria city region. The survey begins to unpack some salient aspects about how poor communities respond and perceive large economic shocks. The study highlights that it is not easy to demonstrate a close connection between the international crisis and household situation in either the urban or the rural study area. South Africa’s high unemployment – and the government response in terms of social welfare transfers and large-scale anti-poverty programmes – pre-date the onset of the world recession. The effects of the crisis in heightening economic hardship blur into the hard times that came before them, and did not necessarily appear to households on the ground as an abrupt disintegration of their livelihood strategies.

Perceptions of the international crisis: Perhaps the most interesting finding from the survey is in respect of how the two poor communities perceived the crisis (Section 6.4.2). Though most households were aware of rising prices for food, transport and medical costs, they seemed to think that these were ordinary and usual. Those who were aware of the crisis saw it as something that affected the supply of jobs at a national level, rather than something that could have an impact at household level. The inability to link the crisis to the situation on the ground was also seen in those who were still working. They felt unaffected by the crisis even though they were aware of rising food prices. One would have expected that households which had lost jobs to be able to make the connection but this was not the case; it seems as if they were likely to attribute the loss to strikes or similar local factors, and not to the impact of the international crisis. From a community level, the crisis appears to have occurred as a gradual constriction in household options for making ends meet, rather than as a sudden catastrophic impact disrupting livelihoods and creating far-reaching changes in respondents’ lives.

Although much has been written about the disproportionate impact that economic shocks of this nature have on women the results from this study highlight a perplexing problem. Women respondents in the sample – most of whom did not work outside the home – were less likely to have heard of the crisis and no women respondents identified its effects on the household as being separate from their awareness of general unemployment and rising price trends. This reality emphasises the need to create an awareness of how economic shocks are transferred to households. Such efforts will undoubtedly help to inform households of the need to adopt alternative coping mechanisms to defend their livelihoods in the face of falling incomes and job losses.

The household economy and the job market: Sections 6.4.4 and 6.4.6 of the report show that low income households in SA do not rely on home production or informal economic activity as fall-back opportunities in times of crisis, in the way that is seen in many other developing economies. The study found that the household economy for the urban and rural samples was wage-based, with
important backup support from social grants and much less important inter-household transfers in the form of remittances. Furthermore, households saw jobs as the key to support, while food and livestock production hardly featured. This result is perplexing in as far as it shows that even in the midst of a large shock households where not adopting alternative coping mechanisms to make ends meet. Nearly all the households reported that they bought all their food, and there was no sign of poor households using livestock as a mechanism for household savings. In contrast to other emerging economies where the informal sector plays an important role for those falling out of employment the situation in these communities did not suggest that this would be the case. While information was fragmentary, there were no signs that the informal sector would be expanding to close the income gap. Instead, nearly all the shack households reported receiving wage income, against four-fifths of the rural households. Women-headed households with no one employed sometimes survived on a combination of grants and remittances. The lack of wage income relegated them to serious poverty.

Food security and food availability: The situation regarding food security and availability in the two communities raises a number of concerns (Section 6.4.5). Those that earned R 2 000 or less per month experienced worry over food access, not being able to eat preferred foods, and eating less than three meals per day. Most households in the study reported being worried about the food supply for the whole of the month. More than half of the shack households, and more than a quarter of the rural households recorded eating less than three meals per day. Obtaining a wage income of R2 000 per month in turn depended closely on the household’s recent gains and losses in employment, underlining the direct link between perceived food security and access to wage employment. The study finds the existence of ‘wage-dependent’ households who appeared very vulnerable at a time of high unemployment.

Women working: Section 6.4.6.b, highlights the existence of perverse gender dynamics in the two communities. The study finds that the fragile wage-based economy at household level puts serious pressure on women who cannot access the same range of jobs as men. One would expect that as households try and cope with rising food prices a household would be better off with two incomes. However, evidence from the survey shows that women could also be kept out of the job market entirely, either by the demands of child care, or by husbands being opposed to their wives becoming more independent with their own incomes. Furthermore, women who wanted to work, but whose husbands objected, tended to accept the situation, perhaps in fear of being left alone as a female head in a more precarious household. Several women respondents who had previously worked gave up their jobs and reported being left alone at home, supported by their husbands but skipping meals, when, by implication, their potential wage earning in a two-income family could put the household on a more stable financial foundation. Nonetheless it seems as if later on in the household’s developmental trajectory the husband may withdraw his reservations and allow his wife to work. However, the chances for a less-qualified older woman without a work history to find a decent-quality job would have declined seriously.

Remittances and the social wage: The low level of remittances and high level of grants in the rural sample illustrates how far poor households in South Africa have become more isolated and autarkic as they migrate away from home networks to meet the needs of the industrial or post-industrial labour economy (Section, 6.4.4). In this position, they are increasingly at the mercy of their employment situation, with government grants as their only important fallback option. Few of the rural sample households still received remittances, though most of the urban shack households were sending money home. Neither home food production nor informal business activity appears to be at a level that could provide a significant livelihood contribution.

The results also highlight a disturbing development with respect to social networks and their ability to act as safety nets in the face of shocks. Communities as social entities appear to have
The social impact of the global economic crisis

become less likely to show solidarity, and less able to help member households facing reverses. Social networks are often badly eroded, so that communal capacity to diffuse shocks is not necessarily being maintained. Government has had serious concern about declining social cohesion (see GCIS 2007; DSD 2004), and this situation has become more risky in the face of the international crisis and the stress it puts on formal employment provision. This situation of advancing autarky increases individual household reliance on social protection and the social wage.

Results of the government response: The inability of households to link the crisis to the reality they face on the ground is also evident when looking at how households perceive and understand the role of welfare transfers during times of crisis. Section 6.4.3 finds that respondents were inclined to give government little credit for mounting a response to the crisis, or to what they saw as recent economic hardship. In spite of the direct role of welfare transfers in partly supporting the majority of households in the sample, respondents tended to discount these measures as long-term entitlements unconnected to their recent situation. None were aware of any recent government initiatives aimed at the situation within the last two years, and most argued that government had done nothing to help them.

However, government social protection and the social wage have become increasingly important as highly precarious wage employment has come to stand alone as the household’s main support. From the government side, anti-poverty interventions include the long-standing programme of social welfare transfers – which is largely palliative, intended to hold back further descent into severe destitution – and the massive initiative to deliver free subsidised, serviced housing, which is intended to catalyse household capital formation and provide a key family asset as the first rung on the ladder out of poverty.

For the outlying rural and urban communities in the sample, only the social grant transfers had reached the respondent households effectively, going largely to women with children and to the elderly. Free subsidy housing had not effectively reached these communities, so that government’s housing-based accumulation strategy had not yet begun to operate outside of the household’s own accumulation and investment activity. Therefore, respondent households attempting to climb out of poverty were having to rely on their own resources in achieving accumulation, assisted by social-wage income support which went to consumption in the majority of cases. In the relatively secure rural community sample, valuable owner-built housing assets were common, though the same was not true in the urban shack settlement.

Employment, accumulation and upward mobility: The study found that for most of the rural poor households, and for nearly all respondents in urban shacks, the perception was one of a chronically worsening long-term economic climate of rising food prices, poor job availability, increasing household marginality, and little help. Respondents wanted the government to create jobs, and to supply their communities with housing and services. These are long-standing South African community demands unrelated to the crisis. Women-headed households, particularly those of older rural widows living on social grants and remittances, were consistently at the bottom of the sample in terms of income distribution.

Both the shack population sample and the rural sample appeared to have potential for upward mobility, along the lines that government has attempted to encourage. In the shack settlement, more respondents reported rising living levels than recorded falling levels, mostly related to having recently obtained wage jobs. For the rural sample, rising and falling levels occurred equally, as did job gains and losses. Results suggest that recent rural in-migrants coming into the highly competitive metro job market may now be better educated and better able to access public job search information and therefore less reliant on the ad hoc outcomes of personal network inquiries. Public-information job search strategies may hold implications for equalising
the exclusionary disadvantage in access to employment and income which marginalises South Africa’s rural population, and specifically disadvantages the rural-origin in-migrant population of the shack settlements.

If this is true, then, while social protection measures attempt to hold the line against increasing poverty, household employment strategies and household housing investment may offer at least some poor households a way up to climb out of poverty. Such a route, however, appears much less open to women-headed households than to those with working male heads.

Possible policy measures include job search support, transport subsidies, support to survivalist microenterprise, savings promotion and mobilisation, attention to the costs of services, and expansion of wage jobs in public works.

**Responses to the Crisis**

How has the South African government responded to the global economic crisis? What role has fiscal and monetary policy played in the face of challenges posed by the global downturn? What kind of support has South Africa received from civil society organisations and other multilateral agencies? All these questions form the subject matter of Section 7 of the report which focuses on responses to the crisis. The section begins by giving a brief context on the situation that South Africa faced before the crisis and how it will influence government’s responses toward the recession. It then proceeds by reviewing fiscal policy responses, the state of social protection, the role played by monetary policy in the crisis and it concludes by looking at specific interventions by a few government departments and responses from multilateral agencies and civil society. The GEC comes at a time when government had already committed itself to spending more on social services, infrastructure and special employment programmes. The present democratic administration has a standing commitment to redress the accumulated consequences of the nation’s history by undertaking anti-poverty programmes primarily aimed at redressing the economic position of those who suffered discrimination and injustice under apartheid, largely the poor who speak African languages. This commitment to fight and overcome poverty has become the national project, marshalling all political effort across the spectrum of contending interests under the headline of ‘delivery’, and absorbing a massive share of the national budget. Because of South Africa’s unique circumstances, social and economic policy measures that would have been the probable government response to the international crisis were already to a large extent in place and operational from 1994, long before the onset of the world recession, but have been scaled up.

Overall the policy response of the South African government has been to re-affirm its commitment to spending in a way that underpins social protection and stimulates through infrastructure development, despite falling state revenues. To avoid falling off its development path the focus has been to try and implement investments that will contribute to more rapid poverty reduction and a more balanced distribution of income and opportunity. In addition, there have been some interventions to specifically protect firms and workers from vulnerability caused by the downturn, in a way that supports sustainable economic participation, which are discussed in Section 0.

Briefly, the government’s response to the crisis has involved a continued commitment to:

- A counter-cyclical fiscal and monetary policy stance
- Public infrastructure investment
- Re-skilling of workers, and
- Support for industries in distress or undergoing restructuring
Continued support for social grants and social protection measures

Intensified support for public works and special employment programmes

There is much stakeholder contention about the merits and demerits of the fiscal prudence in the 1990s, and the wisdom of running fiscal surpluses in good years in the context of countercyclical policy. To some extent, these surpluses arose as a result of strong revenue collection and not merely constrained spending. Either way, the South African government was put in a stronger position to deal with the crisis. This protected SA from the need to rely on external financial support from the IMF. Although the current account deficit rose to dangerous levels at the onset of the crisis, it is now under control, and SA did not need balance of payment support. Furthermore, strong financial regulation also protected SA from much of the contagion and sheltered is financial sector from developments in western markets.

A review of fiscal policy shows that the budget has scaled up significantly. Expenditure on social protection is up and a significant portion of the current budget has been earmarked for infrastructure spending. Although expenditure increased partly in response to the crisis the decrease in income tax is of great concern. Income tax from companies fell due to lower earnings; VAT receipts are expected to be lower because of reduced consumption, whilst customs and excise duties will also take a knock because of the decline in imports. Because government expenditure is expected to rise to almost 35% of GDP, this has had a significant impact on government’s borrowing requirement, raising fears about the sustainability of current efforts to continue with a countercyclical fiscal stance.

A significant number of people were already being assisted by the social protection system before the crisis. The increase in the number of people claiming UIF and social grants is evidence that South Africa’s social protection system is playing an important role in cushioning a lot of people by protecting their incomes.

The limitations of South Africa’s social protection system are also noted. For example, UIF reaches a small proportion of those who are recently unemployed. UIF does not extend to those individuals who have not made any contributions to the scheme; as such many people cannot use this fund as a coping mechanism. This is particularly true for those in the informal sector, and for vulnerable formal sector workers for whom contributions might not have been made. Moreover, the UIF aims to assist recently unemployed, and there is currently no assistance to long term unemployed. Furthermore, many South Africans cannot afford voluntary contributions either to medical schemes or retirement funds, with the result that coverage is incomplete, especially for lower-income workers. Together with those who find themselves without protection in retirement it means that the majority of working people will end up depending on the public health system and the grants system in the form of the state old age pension. Unless something is done this situation creates an ongoing sustainability problem which is worsened by the economic crisis.

Regarding monetary policy, after the effects of the GEC had hit South Africa at the end of 2008 the South African Reserve Bank (SARB) responded by adopting a more accommodating monetary policy which saw the repurchase rate being lowered by 500 basis points to 7% in December 2008. The easing up of monetary policy meant that the SARB would have to tolerate a rate of inflation that was outside the targeted band so as to allow the economy to recover from successive cycles of interest rate hikes. This policy stance reflected the seriousness of the GEC and the implications of a protracted recession. As South Africa’s economic outlook remains uncertain recent rate changes seem to suggest that the SARB is still trying to stimulate the economy via further cuts in interest rates. The rate cuts in 2010 mean that the repo rate is at its lowest in over a decade.
Finally, the report reviews responses to the crisis by drawing on documentation provided by government and complemented by interviews from various multilateral and bilateral aid agencies and financial institutions as well as interviews with senior government officials. Two civil society organisations operating in the area of food security were contacted to get an impression of their interpretation of government responses.
1. Introduction

The financial crisis that hit the United States at the end of 2008 precipitated into a severe global economic recession. It had far-reaching consequences on the developing world such as the decrease in the demand for manufactured exports, falling employment and a decline in remittances. The crisis came at a time when Africa was making economic progress over the past decade. Average growth on the continent had been a steady 5% and inflation had been on the decline. Furthermore, the crisis could not have come at a worse time as it is happening after a period of high food and oil prices. This threatens to reverse the economic gains that the continent has made thus far. What might be difficult for most poor people in the developing world to understand is how the developments in the West affected them. To the many mining and factory workers in South Africa and East Asia who have lost jobs, the linkages between what was happening in the US and the subsequent collapse in the demand for commodities and manufactured exports might be difficult to understand. The globalisation of financial markets has created a situation where sudden shocks in one part of the world are transmitted rapidly to ‘non-offending’ markets, with an impact on livelihoods in those countries.

During 2009, South Africa began to feel the impacts of the world recession that followed from the international financial crisis. The scope and scale of the impacts was uncertain, making it difficult to mount official responses. With an important multi-country study of the effects of the crisis in the process of being conducted by Oxfam, an agreement was reached for the Centre for Policy, Employment and Growth at South Africa’s Human Sciences Research Council to carry out a local study which would contribute to the larger Oxfam comparative study.

This research focuses on the human and social dimensions of the crisis which are too often drowned by research that centres on the macroeconomic progression of the crisis. By commissioning this work, Oxfam is responding to a research and monitoring gap that has been created by the dominate focus on national or macro-economic impacts of the crisis. Few are examining the micro contextual reality of how this crisis is affecting peoples’ lives. For many developing countries the global economic crisis (GEC) and subsequent downturn came at a time when they had barely recovered from the food and oil price hikes of 2007/08. As such they are facing what has been described as a compound crisis which has the direct result of worsening the plight of those who were already living in conditions of deprivation and those who were sitting on the margins.

This report looks at the socio-economic impact of the global recession and the responses of the South African government and multilateral agencies. South Africa started out with severe unemployment, poverty and inequality. The period from the late 1990s to the onset of the downturn was South Africa’s first period of positive economic and employment growth, with its associated impacts on poverty reduction. The downturn therefore exacerbated very deep rooted pre-existing problems, and must be understood in that context.

The problem can be broken into several components.

1. What are the dimensions of the global crisis?
2. What are the channels through which these affect South Africa?
3. What are their implications for employment and poverty?
4. What impact does a GEC have on households that are recovering from a period of high food and oil prices?
5. What impact will the crisis have on migration patterns in South Africa?
Scope and Methodology

The objective of the research is to assess the human impacts of the global economic crisis and to analyse whether responses by government, civil society and multilateral agencies will serve the interests of poor people. The study was largely a desktop study, which relied on secondary data from various official data sources in South Africa such as the Labour Force Survey, Quarterly Labour Force Survey and the General Household Survey. To get a sense of how households were affected by the crisis a small sample of household interviews was conducted. The qualitative survey consisted of 30 households in two poor communities. The rural community ‘Bergpoort’ was chosen because of its location in a remote migration sending area. The other study area is an informal settlement called ‘Swedenville’, an outlying shack settlement in the Johannesburg/ Pretoria city region, which is one of the poorest parts of the region and cheapest to live in. To assess the responses to the crisis, interviews were conducted with key informants in government departments and international agencies. The analysis was carried out around the framework proposed by Oxfam and was structured around three thematic areas which are crucial to the poor and vulnerable in South Africa: employment and economic impact, food security and migration.

Structure of the Report

This report is structured as follows: Section 1 gives a brief description of the research scope and methodology. The transmission channels, or the route through which the GEC comes to be felt in South Africa, are discussed in Section 2. To assess the human impact of the crisis, Section 2 will look at how the crisis had an impact on the economy in general, but also on employment and unemployment. Given the compound nature of the current crisis, Section 4, analyses how female-headed households were affected by the food price increases which preceded the GEC. Section 5 reports on migration in the context of the downturn. Section 6 discusses the results of a small qualitative survey of how households in two poor communities have been affected by the crisis. In conclusion, Section 7 discusses the responses of government and multilateral agencies to the GEC.
2. Economic and Employment Impact

Although the focus of this report is on the human impacts of the global downturn, this section will discuss the macroeconomic context of the crisis. This helps us to identify vulnerable sectors and as a result the workers that will be most affected by the crisis. The economic impact of the crisis on South Africa was contained by the limited exposure of its banking and financial sector to international financial instruments and the United States subprime mortgage market that precipitated the crisis. On top of this, it is generally argued that sound macroeconomic policy management and prudent regulation of foreign exposure also bolstered resilience to the crisis. However, this was not enough to avoid some of the impacts of the crisis engendered by the globalisation of global markets through trade and movements in financial capital flows. Like most developing countries, the economic downturn in SA was therefore not caused by a banking crisis or by unsustainable state finances. Instead, it was caused by contagion effects from developments in international markets.

2.1. How the global downturn was transmitted onto the South African economy

Unlike other emerging economies where the impact was largely transmitted via decreases in traded manufactures and remittances, the impact in South Africa was mostly experienced through decreases in private capital inflows and the collapse of commodity prices.

2.1.1. Trade: Falling exports

The initial impact of the global economic crisis was felt through changes in international trade volumes and prices for commodity exports as demand fell in the West. In regions like Asia (China, India and South Korea) the impact was felt through falling demand for manufactured exports. For South Africa (and many other African countries) the initial impact was felt through commodity price shocks and the subsequent fall in demand. Countries with a high export content in their trade baskets were significantly affected although the export shocks differed from country to country (ODI, 2009).

- Commodity price shocks were significant in Nigeria, Bolivia, Benin, Zambia and, to a lesser extent, Uganda, Ghana, Kenya and South Africa
- Manufacturing shocks (garments) affected a number of countries in Asia such as Bangladesh
- Tourism receipt shocks were more prevalent in countries like Kenya, Cambodia and Zambia
- Other countries such as Indonesia experienced multiple shocks of declining commodity prices and lower demand for simple manufactured goods.

Regardless of the export shock, the decreases in export receipts without an offsetting decrease in imports, resulted in the widening of the current account deficit. At the time, South Africa was faced with two options of financing the deficit. Either imports had to fall or the country had to find external funding for the widening deficit. With the global credit crunch, the second option seemed implausible and, as such, the bulk of the adjustment had to happen via a fall in imports. This adjustment was already underway throughout the greater part of 2009 and by February 2010 exports and imports had declined by about 20% in volume terms, reflecting the sharp downturn in world trade. A recovery of 4% is expected in 2010, accelerating moderately in subsequent years (SARB, 2010). However, a recovery might not be enough to close the gap on the current account due to the substantial import requirements for proposed transport and electricity
generation projects. This will put further strain on the current account deficit, which ended 2009 at 5% of GDP, and fell to 3% by the third quarter of 2010 (SARB, 2010 and 2010a). Capital flows from abroad have helped offset the deficit but these have had the impact of causing the rand exchange rate to appreciate, much to the detriment of exports. In response to this, the Reserve Bank has been accumulating foreign currency to try to weaken the rand.

The mining and the manufacturing sectors where hardest hit by the changes in trade that were induced by the global downturn. Manufacturing sales peaked in April 2008, 45.8 per cent higher than they were in 2000. By April 2010, manufacturing sales were only 14 per cent higher than in 2005 still stagnating by September 2010. The volume of manufacturing production in 2010 was at levels last experienced in 2005.

The emerging pattern of export demand may pose challenges for South Africa’s efforts to diversify its industrial base. Demand for non-traditional exports in services and manufactures has not revived, partly due to weak global market rebounds, but also due to the Rand appreciation as portfolio flows have piled into the SA market (see 2.1.2 below). However, demand for commodities has rebounded, driven by demand from China and India. This pattern of recovery may entrench “resource curse” elements in the economy, and make export diversification more difficult. These sectors have been at the forefront of productivity gains and positive real wage growth which is a key ingredient in boosting the welfare of workers. Much depends on the extent that African markets, which have been important destinations for SA non-traditional exports, rebound on the back of their own commodity sales. If the export demand remains biased toward commodities then the balance of employment will follow. A minerals economy bias will see small employment gains in resources and capital intensive industries, but the majority of jobs created in domestic oriented services such as retail. Some of this result depends on the extent that SA can physically respond to growing global demand for commodities. For example, by September 2010, SA gold and non-gold mining production was respectively 38.5 per cent and 2.2 per cent below 2000 levels. Much can be put to domestic explanations, and not only the global contraction. Output has been affected by industrial action, electricity shortages, maintenance on the smelters, and costly deep level gold mining.

### 2.1.2. Finance: Risk and lower capital inflows

The historic composition of South Africa’s capital flows provides an additional insight into the possible scale and consequences of the contraction to come. In this regard, South Africa is fortunate that it has not historically relied upon volatile bank to bank flows which are prone to sudden withdrawals that are damaging to the currency and place a strain on the domestic banking system. Portfolio flows (flows into our bond and share markets) have been the largest contributor to South Africa’s capital inflows, accounting for 42% of these inflows over the last five years (SARB 2009). These flows are less volatile than bank flows since the prices of the assets that compose these flows fall once foreign holders sell, deterring sudden outflows and thus providing some measure of stability. Nevertheless, there was a sharp outflow of foreign portfolio capital in the fourth quarter of 2008, driving down the accumulated portfolio inflows to early 2007 levels.

Portfolio flows into South Africa reversed from early 2009. A key issue for the availability of finance generally in the economy is whether this trend continues as is, strengthens further, or is reversed. In 2008, as holders of capital stopped lending, liquidity in the global financial system dried up and net private flows to emerging economies fell to $466 billion in 2008. The net inflow forecast for 2009 was $165 billion – a fall of 71% from the levels of 2006 (IIF 2009). This fall in private capital flows and its implications on the current account deficit represented one of the most significant and worrying impacts of the GEC on South Africa. South Africa is heavily reliant, at least in the short run, on private capital flows to finance its current account deficit.
Instead, SA experienced a reversal, with portfolio flows piling in as a response to loose monetary policy and low interest rates in developed markets. $16.3 billion flowed out of SA in 2008, but forecasts suggest an inflow of the same amount in 2010. The IMF expects this to consistently rise to $25.8 billion by 2015 (IMF 2010a). Therefore, the fear of an unsustainable current account deficit, which rose to a high of 7.4% of GDP in 2008, has not materialized. By September 2010, the current account deficit had fallen to 3% of GDP (SARB 2010a). The rise in capital inflows has contributed forcefully to a Rand appreciation, falling to below R7 to the dollar in 2010. While stabilising SA macro finances, this appreciation is having a negative effect on the competitiveness of SA exports, and is encouraging of imports.

2.1.3. Remittances and Foreign Aid

The observed decrease in private capital flows also includes a slowdown in workers’ remittances since most of these emanate from the developed world. Given that migrants usually have very weak job protection, they are often the first to lose their jobs during downturns. In South Africa, research on remittances is very limited. At the time of writing this report, the HSRC was engaged in a multi-country African project to review regional remittance flows. Yet to date, very little is known about external remittances; more so from migrant South Africans working abroad. Section 5 of the report will look in more detail at migration and section 5.2 will discuss the issue of remittances in the context of a downturn. Unlike other developing countries, South Africa receives very little foreign aid at a scale that will have an impact on the country if it were stopped. Section 7.3 will look at the response of international aid institutions and why they have played a limited role in the current crisis.

2.2. Evidence of Economic Impacts on South Africa

2.2.1. Growth

Before the crisis, South Africa enjoyed a period of relatively high growth which saw real GDP averaging 5.5% between 2005 and 2007. This turned in 2009/10. Technically an economy goes into recession after two consecutive contractions in the growth rate of GDP. SA did experience two quarters contraction, with a fall in two quarters contraction, with a fall in GDP by 0.7% in the fourth quarter of 2008, and then by 7.4% in the first quarter of 2009. This put SA in a recession for the first time in 17 years (see, Figure 1, below). The volume of production in the first half of 2009 fell by 2% and by 2010 the economy had shrunk by an estimated 1.8%. Mining output fell by about 7%, manufacturing by over 12%. Consumption and private investment also contracted leading to a real growth rate of 1.9% for 2009, which was 1.9% lower than in 2008. Although a growth rate of 1.5% was projected for 2010 this has been revised upward to 2.3%, rising to 2.7% in 2011 and 3.6% by 2012. In the first quarter of 2010 the economy started showing signs of recovery in growth. Quarter on quarter seasonally adjusted annualized growth rose to 4.6%, its highest level in seven quarters, from 3.2% in the last quarter of 2009 and a low point of -7.4% in the first quarter of 2009. On a year-on-year basis, growth in GDP rose 1.4% in the first quarter, from -1.6% in the fourth quarter of 2009 representing the first positive year on year growth rate in five quarters.

Table 1 shows GDP by industry and it can be seen that by 2008 most sectors had already started experiencing decreases in output with some being more affected than others. By 2009 agriculture forestry and fishing, mining, manufacturing and retail trade all registered negative growth in output. It follows that these sectors are the ones that would contribute to the job losses that followed.

In 2008 global growth projections were adjusted downwards and it was clear that contagion from the credit crunch would lead to significant contractions in real gross domestic product in the US, euro area and some other developed economies. As output contracted so too did the outlook on

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1 Budget Speech 2010
the global demand for commodities. A rapid deterioration ensued and commodity prices tumbled; the price of crude oil declined from a peak of more than US$146 per barrel in mid-2008 to US$50 per barrel by the end of 2008. The contraction that saw the economy slip into a recession was largely attributed to the drop in exports which had a significant impact on mining and manufacturing output.

Figure 1: Growth in GDP, quarter-on-quarter seasonally adjusted and annualized (Q/Q)

Table 1: Gross Domestic Product by industry at constant 2005 prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<td>9.4</td>
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<td>8.7</td>
<td>22.0</td>
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<td>4.9</td>
<td>4.7</td>
<td>3.9</td>
<td>3.1</td>
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<tr>
<td>Transport, storage and communication</td>
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<td>6.3</td>
<td>6.9</td>
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</table>

Source: Statistics S.A., May 2010 (Stats S.A. 2010b)

* The percentage change is the growth rate from the previous year.
+ The annualised percentage change is the growth rate for a given quarter from the previous quarter and compounded to an annual rate.

The social impact of the global economic crisis

The fall in exports, initially in manufactures and mining, can thus be seen as one of the most important transmitters of the GEC to South Africa. Some of the first signs of the recession in South Africa were felt in the third quarter of 2008 when the country recorded its lowest growth rate in ten years. First to fall was the mining sector which experienced a significant contraction in real value added as the international demand for commodities fell. Manufacturing followed suit registering a significant decline in real output. Agriculture seemed to have been spared due to a bumper harvest of maize and this saw some relief in terms of its growth. The impact on growth was initially felt by non-performing export oriented sectors, particularly the resource-based exporters.

One of the strong implications of the GEC has been a tightening of credit and, the longer the crisis lasts, the longer the delays in fixed investment will be. This will further compound the growth problem as firms respond by cutting back on investments. This has serious implications with respect to South Africa’s productive capacity in the long run and its ability to generate new jobs. The pattern of growth in South Africa prior to the crisis also indicates an area of vulnerability. Growth was largely driven by external demand for commodities. The prices of metals, gold and platinum collapsed for a short period in 2008, but have rebounded (as see in Figure 2) mostly due to growth in Asia.
According to Minister of Finance Pravin Gordhan, South Africa’s recovery lags behind global trends mainly because households carry a substantial overhang of debt, which holds back more robust consumption expenditure. Even the expenditure on gross fixed capital formation and the continued emphasis on public sector infrastructure spending might not be enough to lead the recovery in the country’s growth prospects. Of course, it should be emphasised that growth is not the only focus of policy, since improvements in this indicator might create the impression that all is well to the exclusion of the deep-rooted social challenges that existed in South Africa before the crisis and have been worsened by it. Economic growth will be an essential although not sufficient ingredient to addressing South Africa’s challenges of unemployment, inequality and poverty.

South Africa’s growth over the past few years has been partly fuelled by the commodity ‘super’ cycle. Demand for South Africa’s commodities have more recently been helped by demand from China and India.

In a small open economy like South Africa’s, the appropriate role of a fiscal stimulus is uncertain. The SA government continued its commitment to infrastructure spending and generally to a stimulatory budget. There is however global debate concerning the concrete impact a fiscal stimulus to consumers or to industries can have, and the extent that a meaningful impact is felt or alternatively to which this action simply fuels a debt burden.

One of the biggest concerns with the latest growth rebound is whether it can be maintained. Demand from India and China have revived, and yet the SA response is inconsistent and not achieving potential. Slow mining output growth may be a feature at least until 2016, with uncertain energy supplies, an appreciated currency and concerns about security of minerals rights. According to the SARB (2010) export volumes remained lacklustre in the second quarter of 2010, partly due to setbacks to mining output, whilst import volumes increased. Though services have the potential to offset the deterioration in the terms of trade as seen during FIFA
World Cup, where net service receipts were boosted by foreign visitors attending the football tournament to the extent of having a positive impact on the terms of trade. Their ability to do so after the tournament remains doubtful as it hinges on the resumption in global travel and the improvement in local consumer spending. With all major sectors finding it difficult to find their footing it can only mean that the recovery might not be as robust as we had thought. This presents a worrying outlook with respect to employment and hence the ability of households to meet their livelihoods.

2.2.2. Inflation

The fuel and food price inflation that preceded the collapse of financial markets in the developed world is indeed linked to the global crisis. It would be incorrect to treat these as two separate events. The rise in food prices can be linked to the impact of speculation in financial markets on the world trade food. The conditions for speculation where created by excess liquidity originating in the US and the failure of the US Treasury to circumvent the subsequent housing bubble. More importantly it was the deregulation that allowed speculation in commodity futures markets that spur increases in food prices with the shift to crop based fuels in the face of rising fuel prices. According to Chhibber et al, (2009) the impact of financial speculation in causing very rapid and extreme movements in the prices of certain essential commodities such as food and fuel must be noted, because developing countries are forced to deal with the effects of these movements on real economic variables and living conditions. All of this is important because while there was relatively high pass-through of rising prices into domestic food prices for many countries, the subsequent decline in global prices has not been reflected in declining domestic prices of food.

To understand how households were affected by inflation during the recession, we would have to look at the evolution of prices run up to the crisis. Section 4 gives a more detailed analysis of how rapid food price inflation has had an impact on female-headed households. Figure 3 presents commodity food and beverage price indices globally between 2006 and 2010. Some believe that the food price shocks ended in 2008. However, prices are rising again, and retail prices did not fall in line with commodity prices.

The importance of inflation in this analysis is linked to the impact it has on the household’s cost of living. Figure 4 shows that year-on-year inflation accelerated from 6.7% in August 2007 to 13.7% in August 2008 due to large increases in food and petrol prices; with the price of the latter rising from R7.33 per litre in January 2008 to a high of R10.50 per litre in July. To add to the plight of households, the price of electricity increased in 2008 by more than 30.6%.
Inflation, as measured by the CPIX [consumer price inflation excluding mortgage bonds] rose until mid 2008, as presented in Figure 4. In the second quarter of 2010 global inflationary pressures have been driven by global fundamentals such as weak private consumption expenditure, excess capacity and continued high unemployment in a number of advanced economies. According to the SARB (2010) in South Africa producer price inflation accelerated...
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during the first seven months of 2010 due to base effects and global price developments. By contrast, the targeted consumer price measure of inflation decelerated to below the 6 per cent mark from February and remained within the inflation target band in the six months to July 2010. The moderation of inflation has been driven by the appreciation of the rand and low food price inflation which partially offset high administered price inflation. This is a positive development as it relieves households who had been subjected to significant food price inflation in 2008.

a. Administered prices

Figure 5: Administered Prices

![Administered Prices Graph](image)

Source: Statistics S.A, 2010

b. Cost of transport

As with most goods and services the biggest price increases for transport (see Figure 6) were seen in 2008 when it reached its peak in July. These price increases were fuelled by increases in oil prices. However, transport price increases started easing as the price of Brent crude oil fell in line with other commodities. Price changes switched from an annual average rate of increase of 9.2% in 2008 to a rate of decrease of 0.4% in 2009.
c. Household consumption by purpose

To get an understanding of how households are affected by inflation, it is necessary to look at the classification of individual consumption by purpose (COICOP) categories (see Figure 7). The COICOP classifies and analyses individual consumption expenditures incurred by households, non-profit institutions and general government according to their purpose. It allows us to see to which categories of consumption expenditures have contributed the most to headline inflation.

In 2008 and 2009, eight of the twelve categories were in excess of the upper limit of the inflation target. In 2009, five categories out of eight registered inflation increases above 10%, whilst two categories transport and communication recorded increases below the target range. To the relief of households, there was a deceleration in the price inflation of food and non-alcoholic beverages from 15.3% to 9.7%. There were also moderations in the price inflation of clothing and footwear, housing and utilities and household content and maintenance and equipment. Perhaps the biggest shocks where the acceleration in the prices of health and education in 2009, with health costs rising by 5.5% in 2008, 10.8% in 2009 and education costs rising by 6.6% in 2008 and 9.9% in 2009.

By the time the global economic crisis begun at the end of 2008 inflationary pressures had already started easing. It is therefore easy to draw the incorrect conclusion that the moderation of inflation in 2009 did not affect households during the crisis period. A look at the headline inflation in COICOP categories shows that whilst the inflation in 2008 was driven largely by three categories of consumer expenditure (food, clothing and footwear and housing and utilities) in 2009 double digit inflation increases where registered in five categories. This means households entered the crisis period facing high prices at a time when some of them were losing jobs. Furthermore, inflation only measures the rate at which prices are raising and not actual price levels. Prices do not always fall with the cost of inputs, and so price hikes may still be felt, even after the price acceleration has tapered.
2.3. Employment Impacts

According to Chhibber et al, (2009) the social impacts of the crisis tend to be more dramatic in developing countries, particularly Least Developed Countries (LDCs), not only because of the lower average incomes but because they typically have weak social safety nets. These provide insufficient protection in case of unemployment and only cover a small fraction of the labour force in the formal sector, while a large proportion of workers are employed informally. Formal statutory social protection programmes such as old age and disability benefits, pension systems, etc. tend to be limited in their coverage and do not include the self-employed, the part-time employed, daily labourers in urban centres who come from rural areas, laid off workers in SMEs, agricultural labourers, domestic workers, migrant workers and those working in the informal sector.

Given the impact of the GEC on international economic activity it is not surprising to see that the recession has created a global employment crisis. Companies all over the world have stopped hiring and many are laying off workers. According to the International Labour Organization (ILO 2009), the global unemployment rate rose from 5.7 per cent to 6.0 per cent over the course
of 2008. Experience shows that the longer people stay out of work, the more their ‘employability’ deteriorates, making it progressively harder to get back into work. Youth are especially affected, as they tend to be “last in, first out”. Moreover, many developing countries have large youth populations and young labour market entrants will find it very difficult to find work in a downturn (see, Figure 8). These first years of inactivity could trap large numbers of young people into a lifetime of weak attachment to the labour market alternating between low paid insecure work and outright unemployment. In many developing countries, well over half of the workforce is employed in conditions that fall short of decent work, and breaking out of such situations is at the core of the global development challenge set out in the Millennium Declaration and its poverty-reducing goals.

As the global economy starts to show signs of recovery from the crisis the ILO’s (2010) ‘World of Work Report 2010: From one crisis to the next?’ has warned that countries might be entering a labour market recession. According to the ILO, the gains that have been made in Asia and Latin America are being overshadowed by a worsening of the employment outlook. In many countries in which employment growth was positive at the end of 2009, more recent trends suggest a weakening of the job recovery or even a “double dip”. The report estimates that in advanced economies, employment is expected to return to pre-crisis levels by 2015, instead of 2013 as expected in last year’s World of Work Report. Though the report paints a more favourable picture for emerging and developing countries predicting that employment will reach pre-crisis levels already this year – as predicted in last year’s report this prediction is driven by emerging Asia. The report notes that in the 35 countries for which data exist, nearly 40 per cent of jobseekers have been without work for more than one year. An undesirable outcome of poorly performing labour markets is that, many unemployed people end up getting discouraged and leave the labour market altogether. It is estimated that close to 4 million jobseekers had stopped looking for work by the end of 2009 in the countries for which information is available. As will be discussed below the latter trend is consistent with the situation in South Africa where the number of discouraged workers has also increased. Furthermore, the evidence from the latest Quarterly Labour Force Survey indicators that for South Africa the employment situation still looks blink.

According to the 2010 Budget Review, South Africa’s distorted pattern of unemployment has its roots in the historical patterns of social and economic development that was engendered by the apartheid system and is also being influenced by the present structure of the economy and labour market.

- Unemployment in South Africa is highest among Africans, the young, the less educated, women and those from more rural areas and especially former homelands.
- Less than one third of those with less than a matric qualification are in employment.
- Only 29% of working-age adults in Limpopo and 31% in the Eastern Cape have jobs.
- Those younger than 35 years account for 73% of the unemployed.

With these features of the South African labour market, it is not difficult to see how the economic downturn has the potential of reversing the gains made during the previous growth episode. Below, a more detailed picture of employment trends over the period of the downturn is presented.
2.3.1. Changes in employment levels

The introduction of the Quarterly Labour Force Survey (QLFS) in 2008 could not have come at a better time for South Africa as it happened before the GEC allowing us to track changes in employment before the beginning and during the crisis. According to the QLFS employment remained stable in the first three quarters of 2008 peaking at 13.84 million in the fourth quarter (see Figure 9). Job losses linked to the GEC were only seen in the first quarter of 2009. These losses were a lagged response to the drop in GDP. Figure 9 shows that the majority of job losses happened in 2009 with employment falling to 12.9 million in the third quarter. Although there was an increase in the fourth quarter of 2009, linked to the seasonal increase in employment associated with the Christmas holidays job losses continued in first and second quarters of 2010. In total, from the peak in the fourth quarter of 2008 to the second quarter of 2010, South Africa shed 1.1 million jobs as a result of the recession. Over the same period 739 000 people fell out of the labour market as they became too discouraged to look for work in a context of high structural unemployment. The gains since 1997 had been slow and hard-won; the job losses caused by the GEC only serve to deepen an already existing problem. South Africa has one of the highest unemployment rates in a peaceful country. Until the GEC substantial inroads had been made since the mid-1990s. Between 1997 and 2008, the labour force expanded by 6.1 million people, alongside the creation of about 4.5 million new employment opportunities, and the unemployment rate fell from 28% in 2004 to 23% in 2008. It is in this context that the 1.1 million jobs lost in just over a year represent a significant setback for South Africa since the rate of job creation over the 11 year period represents an average annual increase of 409 000 jobs.
Although the unemployment rate has not increased significantly, this hides high levels of discouragement where people especially women and the youth are dropping out or simply not entering the labour market (see, Table 2). This explains why the rate of unemployment remained relatively stable at the beginning of the crisis. Table 2 shows that the level of discouragement had remained relatively low over the years. It should be noted that the number of discouraged workers appear to have fallen substantially by year end 2008Q3, but this was due to a change in statistical methodology on the part of Statistics South Africa.

Table 2: Discouraged work-seekers year on year change 2001Q3 to 2010Q2*

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<td>2 572</td>
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<td>2 603</td>
<td>3 072</td>
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<td>17.4%</td>
<td>-58.8%</td>
<td>52.2%</td>
<td>16.9%</td>
</tr>
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</table>


*N.B. Second quarter 2010

2.3.2. Changes in industry employment

Table 3, shows that different sectors responded to the crisis at different times. The agricultural sector lost significant numbers of jobs in 2009. Most sectors lost jobs in the first quarter of 2009 with the exception mining, utilities, finance, and private households. These latter sectors began to respond to the crisis later. Between the first quarter of 2009 and 2010, there was a net loss of 833 000 jobs across all industries. Most of the job losses were in trade (196 000), followed by manufacturing (173 000) and construction (105 000). Job gains were observed in transport (10 000), private households (34 000) and community and social services (29 000). The year-on-year comparisons show that job losses were experienced in all industries except transport and community and social services where 16 000 jobs were created within the two industries.
The social impact of the global economic crisis

Table 3: Employment by industry – total and quarter on quarter percentage changes

<table>
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<td>774</td>
<td>769</td>
<td>774</td>
<td>757</td>
<td>727</td>
<td>737</td>
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<td>766</td>
<td>734</td>
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<td>-2.2%</td>
<td>-4.0%</td>
<td>1.4%</td>
<td>0.3%</td>
<td>3.7%</td>
<td>-4.2%</td>
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<tr>
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<td>1 687</td>
<td>1 633</td>
<td>1 635</td>
<td>1 724</td>
<td>1 710</td>
<td>1 683</td>
<td>1 759</td>
<td>1 633</td>
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<td>5.4%</td>
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<td>4.5%</td>
<td>-7.2%</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Community and social services</td>
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<td>2 635</td>
<td>2 603</td>
<td>2 661</td>
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<td>2.2%</td>
<td>-0.4%</td>
<td>0.5%</td>
<td>-1.4%</td>
<td>0.0%</td>
<td>1.1%</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Private households</td>
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<td>1 184</td>
<td>1 273</td>
<td>1 298</td>
<td>1 299</td>
<td>1 194</td>
<td>1 166</td>
<td>1 135</td>
<td>1 169</td>
<td>1 154</td>
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<tr>
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<td>1.8%</td>
<td>7.5%</td>
<td>2.0%</td>
<td>0.1%</td>
<td>-8.1%</td>
<td>-2.3%</td>
<td>-2.7%</td>
<td>3.0%</td>
<td>-1.3%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-25.0%</td>
<td>100.0%</td>
<td>-60.0%</td>
<td>250.0%</td>
<td>-57.1%</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


*CSS - Community and social services

Although it would be useful to identify the most vulnerable workers, it seems as if no industry has been spared, with the exception of transport and community services. Industry employment fell across the board, with most sectors shrinking their workforce by between 5 and 10 per cent as seen in Figure 8. However, some sectors are larger than others, so the largest numbers of jobs were lost in retail trade, manufacturing, domestic work and construction. These sectors are badly affected by the fall in consumer spending.
2.3.3. Changes in Formal and Informal Employment by Industry

During times of crisis, informal economic activity can act as a cushion for those who are losing their jobs in the formal sector. Insofar as this happens, earnings in the informal sector shrink as competition intensifies. However, the evidence shows that informal employment has been stagnant through this period and has not been acting as a safety net.

Source: Statistics S.A., various

Figure 11: Formal and Informal Employment by sector and industry, Year on Year Change [2009Q1 - 2010Q1]
The social impact of the global economic crisis

Figure 11 shows changes in year-on-year formal and informal employment for the first quarter of 2009 and 2010. Almost all industries shed informal sector jobs except finance which expanded by 8,000 workers. This number probably reflects an increase in informal sector money lenders providing loans to people who lost their jobs. The share of the informal sector in total employment fell from 17% in the second quarter of 2008 to 15.5% in the third quarter of 2009. Although informal sector employment rose by 116,000 in the last quarter of 2009 compared to 41,000 in the formal sector, the agricultural sector and private households continued to shed jobs.

2.3.4. Changes in Employment by Province

At the national level, the rate of unemployment increased from 23.5% to 25.2% between the first quarter of 2009 and the first quarter of 2010 (see Table 4). Seven of the nine provinces experienced an increase in the rate of unemployment. Between the third quarter of 2008 and the first quarter of 2010, the unemployment rate rose the most in Gauteng (from 21.8% to 27.1%), in the Free State, the Northern Cape and Mpumalanga, as shown in Table 2. Gauteng registered 327,000 job losses; North West, 108,000, and KwaZulu-Natal accounted for 96,000 of the 833,000 job losses (see Figure 12).

Figure 12: Employment by province, Year on Year Change [2009Q1 - 2010Q1]

![Figure 12: Employment by province, Year on Year Change [2009Q1 - 2010Q1]](image)

Source: Statistics SA, Quarterly Labour Force Survey, May 2010 (Stats SA 2010b)

Table 4: Unemployment rate by province - quarterly

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Cape</td>
<td>19.7%</td>
<td>16.9%</td>
<td>18.4%</td>
<td>20.5%</td>
<td>22.5%</td>
<td>21.5%</td>
<td>20.3%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>27.4%</td>
<td>25.2%</td>
<td>28.4%</td>
<td>27.9%</td>
<td>26.8%</td>
<td>27.0%</td>
<td>29.8%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>22.6%</td>
<td>21.6%</td>
<td>27.4%</td>
<td>26.5%</td>
<td>29.9%</td>
<td>24.9%</td>
<td>27.8%</td>
<td>30.1%</td>
</tr>
<tr>
<td>Free State</td>
<td>22.9%</td>
<td>22.6%</td>
<td>25.4%</td>
<td>26.9%</td>
<td>28.6%</td>
<td>25.3%</td>
<td>27.2%</td>
<td>28.0%</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>22.0%</td>
<td>20.8%</td>
<td>22.6%</td>
<td>19.3%</td>
<td>18.7%</td>
<td>19.2%</td>
<td>19.3%</td>
<td>20.8%</td>
</tr>
<tr>
<td>North West</td>
<td>26.8%</td>
<td>25.7%</td>
<td>26.9%</td>
<td>27.7%</td>
<td>27.9%</td>
<td>27.0%</td>
<td>26.3%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>21.8%</td>
<td>20.7%</td>
<td>21.7%</td>
<td>23.1%</td>
<td>25.8%</td>
<td>25.7%</td>
<td>27.1%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>23.2%</td>
<td>23.1%</td>
<td>24.7%</td>
<td>26.5%</td>
<td>25.7%</td>
<td>26.6%</td>
<td>29.3%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>29.5%</td>
<td>28.9%</td>
<td>28.1%</td>
<td>24.9%</td>
<td>25.5%</td>
<td>26.9%</td>
<td>26.8%</td>
<td>22.6%</td>
</tr>
<tr>
<td>South Africa</td>
<td>23.2%</td>
<td>21.9%</td>
<td>23.5%</td>
<td>23.6%</td>
<td>24.5%</td>
<td>24.3%</td>
<td>25.2%</td>
<td>25.3%</td>
</tr>
</tbody>
</table>
2.3.5. Gender and Changes in Employment

According to King and Sweetman (2010) the plight of women during a crisis is exacerbated by pre-existing inequalities, which include under-representation of women at all levels of economic decision making and their over-representation in informal, vulnerable, and casual employment. Furthermore, these factors are often more significant than gender inequalities arising specifically from the crisis. In the case of South Africa, Table 7 shows that both men and women experienced job losses across all sectors during the crisis period. Whereas in the early stages of the crisis, 2009Q1 to 2009Q3, there were more men who lost their jobs than their female counterparts, in 2010 the situation reversed as the rate of job losses for men decelerated (2009Q4 and 2010Q2). The rate of unemployment has always been higher for women than for men (see Table 5) and that the participation rate has also been perennially lower for women as shown in Table 6. As such, women start with a greater pre-existing challenge of higher unemployment, lower pay and more vulnerable work conditions. Furthermore, in the year ending 2009Q3, more women lost their jobs in the informal sector (10.1%, 100 000) than their male counterparts (3.5%, 41 000).

Table 5: Unemployment Rate by Sex

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>20.4%</td>
<td>23.3%</td>
<td>22.6%</td>
<td>21.7%</td>
<td>19.9%</td>
<td>19.7%</td>
<td>17.8%</td>
<td>18.2%</td>
<td>22.0%</td>
<td>22.9%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Female</td>
<td>26.5%</td>
<td>29.4%</td>
<td>31.1%</td>
<td>28.4%</td>
<td>26.6%</td>
<td>27.8%</td>
<td>27.0%</td>
<td>24.3%</td>
<td>24.6%</td>
<td>26.5%</td>
<td>27.6%</td>
</tr>
</tbody>
</table>


*N.B. Second quarter 2010

Table 6: Labour Force Participation Rate by Sex

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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Male</td>
<td>64.6%</td>
<td>65.2%</td>
<td>63.3%</td>
<td>62.8%</td>
<td>64.7%</td>
<td>65.0%</td>
<td>64.2%</td>
<td>50.7%</td>
<td>61.9%</td>
<td>61.7%</td>
</tr>
<tr>
<td>Female</td>
<td>50.9%</td>
<td>51.5%</td>
<td>48.8%</td>
<td>47.5%</td>
<td>51.2%</td>
<td>52.1%</td>
<td>49.8%</td>
<td>65.4%</td>
<td>48.3%</td>
<td>47.6%</td>
</tr>
</tbody>
</table>


*N.B. Second quarter 2010
The social impact of the global economic crisis

Table 7: Employment by Industry and Sex, quarter to quarter change

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<thead>
<tr>
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</tr>
<tr>
<td>Male</td>
<td>-5.1%</td>
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<tr>
<td>Female</td>
<td>-12.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Mining</td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>-2.9%</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Female</td>
<td>-2.5%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>-1.5%</td>
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</tr>
<tr>
<td>Female</td>
<td>-0.2%</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>-5.5%</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Female</td>
<td>9.1%</td>
<td>20.8%</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Male</td>
<td>-2.6%</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Female</td>
<td>12.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
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</tr>
<tr>
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<td>-1.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Female</td>
<td>-1.7%</td>
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</tr>
<tr>
<td>Transport</td>
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<tr>
<td>Male</td>
<td>0.7%</td>
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<td>Female</td>
<td>15.4%</td>
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<tr>
<td>Finance</td>
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<tr>
<td>Male</td>
<td>-3.8%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Female</td>
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<td>Community and social services</td>
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<tr>
<td>Male</td>
<td>-5.2%</td>
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<tr>
<td>Female</td>
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<tr>
<td>Private households</td>
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<tr>
<td>Male</td>
<td>-3.9%</td>
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</tr>
<tr>
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<td>8.4%</td>
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<td>Other</td>
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<tr>
<td>Male</td>
<td>-50.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Female</td>
<td>-100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total Male</td>
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</tr>
<tr>
<td>Total Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total All</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistics S.A, Quarterly Labour Force Survey (QLFS), March 2009, May 2009 and July 2010

★ = positive change; ▲ = negative change (0 to 10%) and ♦ = negative change (more than 10%)

Most of the job losses were in craft and related trade (233 000) plant and machine operator (169 000), domestic worker (143 000) and elementary occupations (128 000). Women tend to predominate in the latter two occupations. Some job gains were observed in the clerical (40 000) and sales and services (28 000) occupations. Figure 13 shows that year-on-year, there were job losses across all occupations with proportionately more women losing their jobs in more occupations than men.
2.3.6. Youth Employment

Youth unemployment is a severe challenge in South Africa. According to Altman (2010), there is a large youth population, with about 500 000 entering the labour market each year. Approximately two-thirds of those aged 15–24 are neither studying nor working. They leave school without the minimum capabilities needed to participate in the economy. This refers not only to mathematics and literacy skills, but also to search skills, personal presentation, articulation, networks, and job readiness. All this was before the global economic downturn. Of those who lost their jobs in the downturn, about 75% were under the age of 34, and almost none had completed their Senior Certificate (or achieved ‘matric graduation’). In fact, the vast majority of discouraged unemployed do not have a Senior Certificate or ‘matric’.

The youth form a part of the labour force that is more vulnerable to job losses due to a number of factors such as lack of experience and recent entry to a workplace. Their vulnerability during times of crisis is exacerbated by generally being employed in some of the most volatile sectors of the economy. Table 31 in the appendix shows 213 000 youths (defined as those in the age group 15–24 years) lost their jobs in 2009. This represents a 13.8% decrease in youth employment, which is the biggest drop in any age group. According to Altman (2010) in South Africa, youth are more than twice as likely as older age groups to be unemployed and by 2009, 60% of 15–19 year olds and 47% of those aged 20–24 were unemployed in terms of the official definition. By comparison, only 20% of those aged 25–65 were unemployed. The proportion of 24–35-year-old labour force participants who were working rose from about 65% to 71% between 2001 and 2009. For 15–24-year-olds, only 46% to 52% of those active in the labour force were working during the same period. The proportion of 24–35-year-old labour force participants who were working rose from about 65% to 71% between 2001 and 2009. For 15–24-year-olds, only 46% to 52% of those active in the labour force were working during the same period. What is

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Altman (2010)
interesting is that the number of unemployed youth also decreased by 5.8% over the same period. A look at the number of youth who are not economically active provides a clue as to why this might be so. It seems as if 6% of the youth left the job market and joined the ranks of ‘discouraged jobseekers’. Figure 14 shows both youth employment and unemployment falling steadily over the two-year period whilst the number of youth who are not economically active has increased sharply. This is a worrying trend and points to the need to address the problem with a combination of policies that try to create jobs targeted at the youth. This concern is also shared by Altman (2010) who asserts that South Africa is creating a new generation of long-term unemployed. The longer one is unemployed or under-employed, the harder it is to reverse the effects of this on self-esteem and other behavioural characteristics. In 2005, a quarter of the unemployed had been searching for a job for one to three years. More than one-third had been looking for three or more years. The average duration of unemployment in South Africa amongst those that are searching is about two years. In addition, there are those who have given up looking for a job, and are defined as ‘discouraged’. There is also a high chance of long-term unemployment amongst youth, who have weaker searching skills and resources.

Some of the reasons for the high unemployment include (Altman 2010);

- The economy is not growing fast enough. This can be a special problem in a downturn, as youth tend to be ‘last in, first out’. When there is a downturn or a company needs to lay off, youth are the first to go.
- They lack skills that underpin employability – these might include foundation skills such as mathematics and English, or other capabilities such as communication skills or personal presentation and work readiness.
- They lack job experience.
- They lack mobility and resources to look for a job. They therefore stay close to home, where jobs may not be that readily available. They lack job search capabilities and networks that are relevant to the labour market.
- They are ‘shopping around’ for a job that meets their expectations. This argument might be most relevant for young people coming from well resourced families.
Though government interventions can be instrumental in creating employment opportunities during this time it goes without saying that industrial development can also play an important role. This holds true, bearing in mind that there is some evidence showing that in a crisis youth employment follows a different trajectory from adult employment. One of the most prominent features identified in past crises is that youth employment has taken longer to recover and this problem is more severe when the source of the economic crisis is financial (Verick, 2009). In some cases, it took several years for unemployment to fall to its pre-crisis levels. This evidence points to the inevitable shortcomings of relying exclusively on government interventions as a way of resolving a potentially protracted youth unemployment crisis since there are serious questions of sustainability that arise. Some of the focus should therefore shift to strategies that are aimed at creating new labour-intensive industries since these usually afford young people better opportunities for employment. Altman (2010) provides a list of other possible employment options for young people which include;

- Taking youth out of the labour market and channeling them into structured learning opportunities.
- Generating learning and work opportunities linked to the public service
- Activating publicly funded work opportunities in community care services
- Supporting small-scale agriculture as a vent for creating work opportunities for the youth.
- Employment incentives aimed at improving labour market matching

Though the impact of these programmes is generally unmeasured, achieving scale and sustainability is a challenge in most programmes, and has certainly been experienced in many interventions in South Africa.
2.3.7. **Changes in Non-Market Activities**

Non-market production activities are work done for the benefit of the household and which are not remunerated. Examples of such activities include subsistence farming, fetching water or collecting wood/dung, producing other goods for household use, construction, or repairs to own house, and hunting or fishing for household use or care services. These activities can give an indication of how some households are coping with the crisis. One would generally expect to see an increase in the amount of non-market activities during times of economic crisis. For example, in order to cope with high food prices, households might supplement purchased food with extra work in home gardens. Though there is no consistent pattern across provinces, Figure 15 shows that, between the first quarter of 2009 and of 2010, there has been a significant increase in the number of households producing “other goods” and hunting or fishing for household use for in both the Eastern Cape and Limpopo. No discernable pattern could be seen, but it was surprising that household food production did not increase and in some cases even decreased. This might be explained where home plots rely on inputs paid for by wage earners. These figures do show very weak fall-back strategies in households across South Africa.

**Figure 15: Involvement in non-market activities, (% change from Q1 2009 to Q1 2010)**

![Graph showing percentage change in non-market activities across provinces]


*No figures are available for the Western Cape*

Summary of Findings: The global economic crisis and recession has caused a slowdown in South Africa due to the impact that it has had on overall economic performance as measured by changes in growth, the current account deficit and employment. By the first quarter of 2010, just over a million jobs were lost over the economic downturn. The majority of these losses were experienced in the second, third and forth quarters of 2009. It appears, and it is hoped, that employment has stabilised and might turn a corner in the near future. Jobs were lost across the economy, but some sectors such as retail trade, manufacturing, domestic work and construction were especially hit. The informal sector did not act as a cushion during this period.

More men lost jobs than did women. However, proportionately more women lost their jobs across the economy. This is because the absolute number of male workers is larger. So more men, and their households are affected. However, women workers face a larger pre-existing challenge, with higher unemployment rates, lower pay and more vulnerable work conditions.
The unemployment challenge is essentially one experienced by those under the age of 35, accounting for about three-quarters of all unemployed people. More than 75% of those who lost their jobs were under the age of 34, and had not obtained a matric certificate.

The turning point of employment is difficult to forecast. As growth resumes, the demand for goods and services will increase. However, this demand will initially be filled using excess production capacity that arose during the recession. The fall in GDP was followed by a fall in employment. Similarly, employment recovery generally lags behind an economic recovery. As the economy recovers workers in the trade sector can expect some form of relief as consumer confidence starts to improve.
3. Could government’s employment targets be met in the context of the global economic recession?

3.1. Potential impact of the global slowdown

The SA government committed to halving unemployment between 2004 and 2014. To achieve this target, five million net new jobs would have to be created over this period.

There are many unknowns in SA’s economic and social future. The HSRC produced employment scenarios in 2007. These were updated in 2009 to take into account the global downturn. This section offers an overview of these findings.

There are the “wild cards” dealt by the global economic crisis, of which five come to mind:

- The length and depth of the global economic crisis and the expected period of recovery, especially in SA’s main trading partners
- The extent that the SA economy will be affected by the GEC
- How SA employment might respond to these changes in demand conditions.
- The extent that policy can influence demand and growth over this period.
- The extent that special interventions to mitigate the GEC impacts can be meaningfully implemented without taking the economy off course to a longer term structural trajectory.

The length of the global downturn is uncertain, and will likely affect countries in different ways, depending on their proximity to the banking crisis epi-centre, their financial exposure, and their dependence on trade. Reinhart and Rogoff (2009) review all banking crises in developed and developing countries since the late 1880s. They calculate the time and loss of value from the onset of the banking crises to the trough. They do not look at recovery, nor at the experience of the countries affected by these crises (i.e. they look only at the countries that had the banking crisis). They find that the period from crisis to trough is remarkably similar across time and countries. GDP per capita is the quickest to recover – where the average time from crisis to trough is 1.9 years, and the country with the banking crisis experiencing a decline of 9.3%. Real housing prices required 6 years to reach bottom, with a loss of 35% in value, while equity prices reached the trough after 3.4 years, losing 55% of its value. The average cumulative increase in public debt was 86%, in the 3 years following the onset of a banking crisis. The experience of unemployment is the only variable that differs dramatically across countries experiencing banking crises. The average period from crisis to trough was 4.8 years, with an average 7% rise in unemployment. The experience of rising unemployment was especially pronounced in developed economies and in Latin America, and not felt much in Asia. The evidence therefore shows that the length of time from crisis to inflection can be 3 to 5 years, and therefore full recovery can take up to a decade. As noted, this reviews countries at the centre of the crisis, not those who merely experience reverberations. It is difficult to say precisely how the current crisis will play out. Reinhart and Rogoff (2008) may simply be pointing to the time required for markets to respond to the downturn and then to the stimulus promoting an upturn.

The views on the period of recovery can be characterised into four camps:

- Those who believe there will be a “V-shaped” recovery. This is the most common way that markets bounce back in usual times, and some financial analysts look for “green
shooting” to show this. It is also the most common way of thinking about the recovery. As an example, Barclays (2009) argue that there are signs that demand is exceeding production, and assuming that working capital becomes more readily available, production will begin to rise again.

- Those who believe there will be a “U-shaped” recovery, where there will be a gradual but meaningful return, albeit over a lengthy process. This is the evidence shown by Reinhart and Rogoff, which shows that the market takes a specified amount of time to respond to banking crises.

- Those who believe there will be an “L-shaped” recovery, with the dramatic loss in asset value, output and employment, a bottoming out, and a very slow progression from there. This is a view put forward by Roubini, with the aftermath of Japan’s banking crisis as the best (or only) historical example.

- Those who believe there will be a “W” shaped recovery. This is a quietly emerging view which sees a bumpy recovery. The response to excess demand of the “V” shaped believers might be experienced for a period, making people believe a recovery is on its way. However, Moola (2009) argues that “there is a risk that such relief proves temporary, as the second-round effects of tumbling profits and rising unemployment squeeze investment and consumer spending”.

It is important to remember that South Africa’s problem of unemployment; poverty and exclusion are not caused by the GEC. There was already an effort in place to make sense of how to move onto a higher structural path that would be more labour absorbing and inclusive. This is a long term agenda, and it is critical that policy makers keep their eye on that ultimate prize.

The social impact of the GEC will have a very different impact by income class. A large part of the population is so marginalised, that their main immediate concern would simply be to ensure social grants are available. The key issues that might cause most concern include:

- Existing workers who lose their jobs will be badly affected. The majority of households have only one worker. If one million net jobs were lost, this could affect 3 to 4 million people in the short run.

- The emerging working and middle classes could be undermined where houses are lost and pensions devalued.

- Young school leavers, especially between the ages of 18 and 24, will be worst affected. Prior to the downturn, there was less than a 50/50 chance of finding employment and is likely to deteriorate dramatically over the coming years. This poses a very serious social and economic challenge. This situation leaves the majority of young people long-term unemployed and alienated.

- Long term objectives might be affected by:

- The potential loss of capacity in dynamic industries, thereby undermining future growth and decent work opportunities.

- Potential difficulties in raising funds through tax or debt to meet major commitments in social and economic infrastructure or social spending. In addition, the likely increase in public debt could constrain social expenditure in future.
3.2. Revised employment scenarios

The employment scenarios developed in 2007 have been revised in the context of the global economic crisis. It is still assumed that halving unemployment is a top objective. The scenarios presented are not at all unrealistic. The period to 2004 to 2014 is treated differently to 2015 – 2024, as much depends on SA’s response to the GEC.

Employment and industry in South Africa is highly diversified, so changes over a 10-year period do not look so dramatic. Changes in employment are more likely to happen progressively across a large number of sectors. The real impact of any particular path is seen in the 20 year scenario. These scenarios compare 3 trajectories between 2004 – 2014 and then onwards to 2024.

Three growth paths are presented in Table 8. In scenario 1, the growth process is derailed – with negative growth in 2009 and 2010, and then rising to 2% by 2013/4. The average annual growth rate between 2004 and 2014 is 2.5%, and then rises to an average of 3% pa in 2014 – 2024. This is the “L-shaped” recovery. In scenario 2, the growth rate slows to 0% in 2009 and 1% in 2010, but then returns to 3% by 2012. The average GDP growth rate would be 3.3% over the first decade, rising to an annual average of 4.5% in the second decade. This represents a “U-shaped” recovery, and brings SA back to its minerals-based path. Scenario 3 has GDP growth dipping to 1.2% in 2009, returning to 3% in 2010 and rising past 4% from 2011. The average annual GDP growth rate between 2004 and 2014 would be 4.5% and this would rise to an average of 6% between 2015 and 2024. In this scenario, the economy experiences a “V-shaped” recovery, and moves onto a higher structural path.

### Table 8: Average GDP growth in 3 scenarios - to 2014 & 2024

<table>
<thead>
<tr>
<th>2004 - 2014</th>
<th>Scenario 1 Growth derailed</th>
<th>Scenario 2 Slow recovery</th>
<th>Scenario 3 Bounce back</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg GDP growth</td>
<td>2.5%</td>
<td>3.3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2015 - 2024</td>
<td>Return to primary commodity path as now: Resource-linked exports &amp; high domestic orientation in employment</td>
<td></td>
<td>Move to manufactures &amp; services trade path: more employment from traded sectors</td>
</tr>
<tr>
<td>Avg GDP growth</td>
<td>3.0%</td>
<td>4.5%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

3 The average growth rate in Scenario 3 is essentially the forecast proposed by National Treasury’s February 2009 Budget.
Table 9: Employment Scenarios to 2014

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Employment in 2004</th>
<th>Scenario 1 - Swept Away</th>
<th>Scenario 2 - Slow Recovery</th>
<th>Scenario 3 - Bounce Back</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>650,000</td>
<td>650,000</td>
<td>650,000</td>
<td>650,000</td>
</tr>
<tr>
<td>Mining</td>
<td>425,000</td>
<td>404,323</td>
<td>493,230</td>
<td>544,036</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>1,656,933</td>
<td>1,740,811</td>
</tr>
<tr>
<td>Leader &amp; high paid services (eg finance, transport)</td>
<td>1,563,000</td>
<td>1,813,925</td>
<td>1,905,288</td>
<td>2,204,766</td>
</tr>
<tr>
<td>Follower services (e.g. retail, personal services)</td>
<td>1,915,000</td>
<td>2,701,297</td>
<td>2,701,297</td>
<td>2,834,668</td>
</tr>
<tr>
<td>Construction &amp; utilities</td>
<td>620,000</td>
<td>1,009,915</td>
<td>1,110,326</td>
<td>1,219,634</td>
</tr>
<tr>
<td>Informal sector &amp; domestic work &amp; subsis agric; less EPWP</td>
<td>2,815,000</td>
<td>3,348,286</td>
<td>3,465,260</td>
<td>3,592,905</td>
</tr>
<tr>
<td>Public sector, private social services &amp; parastats</td>
<td>1,800,000</td>
<td>2,207,857</td>
<td>2,264,838</td>
<td>2,396,808</td>
</tr>
<tr>
<td>EPWP-type jobs - construction</td>
<td>220,000</td>
<td>370,000</td>
<td>370,000</td>
<td>220,000</td>
</tr>
<tr>
<td>EPWP-type jobs - community care</td>
<td>120,000</td>
<td>2,582,549</td>
<td>1,970,981</td>
<td>1,184,524</td>
</tr>
<tr>
<td>Total</td>
<td>11,628,000</td>
<td>16,588,152</td>
<td>16,588,152</td>
<td>16,588,152</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>25.6%</td>
<td>13.0%</td>
<td>13.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Unemployment rate, without EPWP</td>
<td>27.8%</td>
<td>28.5%</td>
<td>25.3%</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

To halve unemployment, about 5 million net new jobs would be created between 2004 and 2014. This is an average employment growth of about 4.3% p.a. If the aim were to quarter unemployment to 6.5% by 2024, about 9.3 million net new jobs will be needed over the 20 year period. Remembering that the aim is to halve or quarter both unemployment and poverty, the scenarios need to consider not only the number of jobs created, but also their quality. Because poverty is the target, wages or remuneration will be used as the measure of job quality (and not enjoyment, personal fulfilment, safety, standards and so forth).
In the period from 2004 – 2014 it is assumed that there is a very strong commitment to hiring in the public service that is particularly realised in the second half of the decade. When the average GDP growth rate is 2.5%, 3.3% and 4.5% pa, it is assumed that budgets for public employment rise by 4.25%, 4.95% and 6% respectively. Thereafter, expenditure on public personnel expands at the same rate as GDP growth. The relationship to GDP is important since the cost of expanding public employment weighs more heavily as tax revenue falls. We assume that Government maintains a commitment to expanding service delivery and in bolstering employment through the economic downturn.

The essence of the three scenarios is as follows:

In Scenario 1, there is an “L-shaped” recovery, with the growth path of the early 2000s derailed. The average economic growth rate for 2004 to 2014 is 2.5% pa. The efforts to implement infrastructure improvements are slow to contribute to the need industrial productivity, which in turn slow down potential employment growth. Slow implementation of infrastructure programmes dampens potential growth and construction employment falls. Mining and agriculture infrastructure needs, especially in water and roads, do not materialise, thereby causing job losses. The expansion in the public service is implemented without concomitant productivity improvements, thereby also weighing down on potential growth and employment creation, as well as not meeting delivery targets. Working poverty becomes an even larger problem than it is today. The vast majority of market related jobs are found in low paid domestically oriented services. More than half of all jobs needed to halve unemployment are found in EPWP. This becomes unsustainable, with 2.9 million people working in EPWP opportunities equivalent to 17% of working people, at a cost of R59 billion per annum. Without EPWP, unemployment would sit at 28.5% in 2014.

At the other extreme, Scenario 3, presents a “V-shaped” recovery, with an average economic growth rate of 4.5% pa between 2004 and 2014. There is considerably more success in moving towards world class network infrastructure in transport, water, telecommunications and energy, through carefully implemented infrastructure and organisational improvements. Home Affairs enables the importation of high skilled personnel where needed. The Dept of Foreign Affairs, IMC and the dti join hands effectively to raise South Africa’s commercial presence in key markets – our trading partners and potential sources of investment. Dynamic industries are thereby stimulated. While SA slows for a period, its global stance improves considerably relative to many other emerging markets and becomes a more choice investment destination than previously. The ground is laid to promote global service industry hubs for civil construction and for financial services. A growing number of jobs are created in traded sectors, and the productivity growth experienced there enables higher wages to be paid. While working poverty is not yet reduced, there is a benefit that many more people are working. To ensure that unemployment is halved by 2014, government finds it must still invest heavily in EPWP. Approximately 1.3 million people work in EPWP in 2014 at a cost of R27 bn. If they had not been given this opportunity, the unemployment rate would have been 20.4%.

3.3. Achieving employment targets with special interventions – a re-look at the Scenario 2

The scenarios put forward thus far mostly vary in relation to the fate of global markets, and implementation of Government’s long term plans especially in respect of infrastructure and industrial change. They assume no new special interventions to intensify employment specifically, other than those to raise the general rate of growth. The low or high scenarios depend substantially on whether these intentions are realised. EPWP was treated as a ‘fall back’:
any shortfall in meeting unemployment targets would be the responsibility of the EPWP and related programmes.

As a result of the global economic crisis and other domestic factors, “all things being equal” will not sufficiently address the unemployment problem. Even in the best scenario, unemployment would stand at 20.4% unless 1.4 m EPWP jobs were created annually. In Scenario 2, unemployment would be 25.3%, higher than it is today, unless 2.4 m EPWP opportunities were created. These EPWP figures reach absurd proportions, which would be fiscally and practically unsustainable. It would mean that half of all net job creation over a decade was found in EPWP.

EPWP was treated as a rather crude fall-back position in the HSRC’s 2007 scenarios. Below, alternative ways of intensifying low skill employment are proposed, in ways that could be more sustainable. The potential impact on employment to 2014 is explored and presented in Figure 2 and Table 3. For simplicity, only the impact on the Scenario 2 is considered.

The special interventions focus on reducing avoidable job losses, increasing potential job creation and slowing labour market entry. The proposals are mostly linked to longer term intentions. The impact of these programmes will be greater, the more they are linked to market-related interventions, improvements in public service delivery, water and environmental improvements and human resource development.

The opportunities proposed in Table 3 are additional to those that would have happened anyway, had the economy grown at an average 3.3% and had government’s existing programmes been implemented as before.

Private sector employment

The most important programmes would be implemented in the private sector. The short-term employment impact is only half of what can be done in the public sector. However, the private sector interventions are more sustainable. Most opportunities in the public sector need to be funded in every year. Without funding, they disappear. Private sector opportunities do not need funding support every year, and multiply over the years.

The scenarios look at the impact of the following programmes on the employment outcomes in Scenario 2:

- Slowing avoidable retrenchments: programmes to avoid retrenchment in companies that are experiencing short term challenges due to the global economic crisis could include support from the UIF for short time, workplace challenge type programmes, setting up retrenched workers as suppliers to replace imports, etc. We estimate this could impact on 40,000 jobs being saved.

- Special funds for distressed firms: companies experiencing temporary set backs due to the global economic crisis can be helped with bridging finance. The Industrial Development Corporation has established a programme to support these companies if they can prove they were not already in distress, and if they can show a plan to re-orient their business to ensure future success. We estimate this could impact on saving approximately 20,000 jobs.

- Local procurement: here the weighting for local procurement is higher in the BEE codes. We estimate this could generate approximately 15,000 new jobs annually.

- 30 day payments: the proposals by government to commit to paying suppliers within 30 days are implemented. This could be a joint commitment by large corporations, parastatals and government. Potentially, this could contribute an additional 15,000 jobs annually.
Small scale agricultural production: approximately 2.5 million households are involved in household agricultural production, ¾ of which is found in Limpopo, Eastern Cape and Kwa-Zulu Natal. In fact, a large proportion of these households are found in only a few municipalities. With more support (extension, seeds, land access, water, implements, market access), at least some of these producers could expand to produce a surplus. Given the current concentration of households, programmes could target these few areas to achieve most of the target. We propose this programme could initially reach 50,000 producers, rising to 350,000 by 2014.

Many of the public sector job creation opportunities could focus on the approximately 500,000 school leavers. This would have an extremely important impact on their future economic participation, and on social cohesion. The public sector programmes could include:

- **Channelling school leavers into further education and training opportunities**

  The first approach involves pulling 80,000 rising to 600,000 young people out of the labour market, into further education and training (FET) and other full time skills development programmes. This reduces the need for job creation in any one year, while improving employability of youth. This has the impact of reducing the employment target prior to 2014. This is shown through a comparison of Figure 2 and Figure 3. This is absolutely critical, since it is very likely that the unemployment rate of school leavers could ratchet up to 70 or 80% without special interventions due to the economic slowdown. The figures presented in Table 3 are approximately 60% of the targets proposed by the Department of Education in its December 2008 National Plan for FET Colleges. This is not intended to call into question the DOE plan. It is simply to envisage a ‘conservative estimate’ of what might be possible given the major challenges that might be faced in rolling out its plan. In fact, the DOE objective is to ensure that more than one-million people are in FET colleges by 2014, as compared to the current 400,000 enrolled. The DOE shows that FET enrolments as a percentage of the population are about one-fifth of that found in developed countries and are about half what they should be in relation to the 16 – 29 age cohort. The plans, recapitalisation programmes, quality assurance and budgeting processes are all well underway.

- **Public Employment Programmes**

  In a context of such deep structural misalignments, and then the addition of a global slowdown, Government will necessarily be the most important contributor to special employment programmes. The drawback to public employment is that it is not sustainable without annual commitments. It does not grow on itself in the way that market interventions can. However, if done well, it can contribute to service delivery and human capital development. It is also much more certain: the result of market interventions is always uncertain, whereas public employment is administrative choice. While there are a number of programmes and departments that could contribute to public employment schemes, they can essentially be summarised into four main areas, as described below. As before, we are only considering additions to job creation that might not otherwise have happened in the context of a 3.3% GDP growth rate and policies as implemented to date.

- **Semi skill employment in the public sector**: employment in the public sector has tended towards higher skill occupations. The planned expansions will continue in this vein, albeit focused on personnel at the coal face such as nurses, police, teachers and social workers. Alternative divisions of labour that break down functions that could be done by non-degreed staff could generate more employment for similar expenditure, whilst potentially improving service delivery. The Department of Social Development is training auxiliary social workers, as an example. Other examples could include: clerks
who register births, do stocktaking, and prepare dockets; community based care-givers, etc. We estimate this could generate an additional 25,000, rising to 50,000 opportunities annually.

**Youth transitional jobs:** the public sector is an important source of first employment for school leavers in many countries. This used to be the case in SA, but is no longer. A youth transitional jobs programme would offer young people a first work opportunity for 12 months. We estimate this could generate 25,000 rising to 75,000 opportunities annually.

**State and NPO employment incentive:** under the rubric of EPWP phase 2, an ambitious employment incentive has been approved and budgeted for over the MTEF. This incentive is meant to pay R 50 per day to applicants to work on projects led by provinces, municipalities or non-profit organisations. This will decentralise decision making and it is hoped will expand people reached through the EPWP more rapidly. The NPO incentive is currently a smaller part of the programme and still needs to be designed. However, it should ultimately make a large employment contribution as non-profit organisations tend to be under-funded and generally need more capacity. The budget for the employment incentive (excluding provision for administrative costs) in 2009/10 is R434 million, rising to R2.2 billion in 2011/12. It is possible that in future, the employment incentive could become the biggest EPWP budget items. We estimate this could generate 30,000 rising to 270,000 opportunities annually.

**Expanded public works and other special employment programmes:** if the opportunities listed above were implemented, the pressure to expand EPWP would be less. Instead of needing more than 2 m opportunities as in the original Scenario 2, the requirement could fall to an additional 512,000 opportunities by 2014.

EPWP (including the incentive) might cost about R 15.8 billion by 2013/14, instead of R45bn as envisaged without special interventions. This is shown in Table 10. This would be about 2.7% of non-interest spending by government in that year. It is still a substantial bill, but begins to move into a more realistic range.

The current proposals by the Department of Public Works could come closer to achieving these targets than previous commitments. However, more will be needed. For example, the DPW EPWP job creation targets for 2013/14 are 684,783 full time equivalents. There were about 120,000 to 150,000 FTEs (but over 300,000 EPWP participants) in 2007/8. Above this, we estimate that an additional 215,000 FTEs (335,000 FTEs in total) opportunities should be created, rising to an additional 782,000 (810,000 FTEs in total) by 2013/4.
Figure 17: Scenario 2, compared to employment target

Figure 18: Scenario 2, with special interventions
Table 10: Opportunities created by special interventions

<table>
<thead>
<tr>
<th>Options</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reducing pressure on the labour market (’000s)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Govt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanding FET opportunities, esp for 17 – 24 year olds</td>
<td>80</td>
<td>176</td>
<td>291</td>
<td>330</td>
<td>600</td>
</tr>
<tr>
<td><strong>Jobs available, additional to ones that would have otherwise existed (’000s)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Govt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-skill public sector</td>
<td>25</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Transitional jobs</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>State &amp; NPO employment incentive</td>
<td>30</td>
<td>75</td>
<td>138</td>
<td>193</td>
<td>270</td>
</tr>
<tr>
<td>EPWP</td>
<td>185</td>
<td>370</td>
<td>555</td>
<td>663</td>
<td>512</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>265</td>
<td>545</td>
<td>818</td>
<td>981</td>
<td>907</td>
</tr>
<tr>
<td>Market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slowing avoidable retrenchment</td>
<td>25</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Special funds for distressed firm re-alignment (IDC, etc)</td>
<td>5</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Small scale agric prod’n</td>
<td>50</td>
<td>125</td>
<td>200</td>
<td>275</td>
<td>350</td>
</tr>
<tr>
<td>Local procurement</td>
<td>15</td>
<td>25</td>
<td>35</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>30 day payment</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>110</td>
<td>225</td>
<td>315</td>
<td>405</td>
<td>495</td>
</tr>
<tr>
<td>Total additional due to special interventions</td>
<td>375</td>
<td>770</td>
<td>1,133</td>
<td>1,386</td>
<td>1,402</td>
</tr>
</tbody>
</table>

Notes:
- Public sector opportunities are not additive, while market based ones are.
- FET and skills opportunities pull people out of the labour market. To be conservative in the scenario building, the figures above are 60% of the DoE targets put forward in the 2008 National Plan for FET Colleges in SA.

3.4. Summary findings

These scenarios were revised from the 2007 version to take into account the possible impact of the global economic crisis (GEC) on employment and poverty. They suggest feasible story lines along which the economy could move from 2004 to 2014 and onward to 2024.

There are many wild-cards dealt by the GEC. These include:

- How far employment and growth rates might fall
- The pattern of recovery over the coming five years, whether it will be “V”, “U”, “W” or “L” shaped.
- The extent that policy can influence demand and growth over this period.
- The extent that special interventions to mitigate the GEC impacts can be meaningfully implemented without taking the economy off course to a longer term structural trajectory.

There is no correct answer to these unknowns. We specifically cannot say how employment and incomes might be affected. It is nevertheless important to plan around these uncertainties to mitigate the worst impacts.

It is important to remember that South Africa’s problem of unemployment; poverty and exclusion are not caused by the GEC. There was already an effort in place to make sense of how to move onto a higher structural path that would be more labour absorbing and inclusive. This is a long term agenda, and it is critical that policy makers keep their eye on that ultimate objective.
The social impact of the GEC will have a very different impact by income class. A large part of the population is so marginalised, that their main immediate concern would simply be to ensure social grants are available. The key issues that might cause most concern include:

- **Existing workers who lose their jobs will be badly affected.** The majority of households have only one worker. If one million net jobs were lost, this could affect at least 1 million people in the short run.
- **The emerging working and middle classes could be undermined where houses are lost and pensions devalued.**
- **Young school leavers, especially between the ages of 18 and 24, will be worst affected.** Prior to the downturn, there was less than a 50/50 chance of finding employment and is likely to deteriorate dramatically over the coming years. This poses a very serious social and economic challenge. This situation leaves the majority of young people long-term unemployed and alienated.
- **Long term objectives might be affected by:**
  - The potential loss of capacity in dynamic industries, thereby undermining future growth and decent work opportunities.
  - Potential difficulties in raising funds through tax or debt to meet major commitments in social and economic infrastructure or social spending. In addition, the likely increase in public debt could constrain social expenditure in future.

Three employment outcomes were presented to take into account the potential effect of the global economic crisis. These projected economic growth rates averaging 2.5% (“L-shaped recovery), 3.3% (“U”-shaped recovery) and 4.5% (“V” shaped recovery) between 2004 and 2014. They all assume the existing policy environment, albeit with different levels of success in implementation. All of these scenarios show a very large shortfall in meeting the objective of halving unemployment, unless massive public works programmes are put in place. For example, in Scenario 2, with an average of 3.3% growth, approximately half of all new jobs over the decade (2.4 m) would be created by public works at a cost of approximately R 58 bn in 2014. This is unlikely to transpire, as it is a very large portion of the budget, taken away from other critical commitments such as social infrastructure, grants, service delivery and economic infrastructure.

Therefore, we re-evaluated Scenario 2 to see how special interventions might still enable the achievement of the all-important unemployment target. The interventions are all being discussed, and require either the implementation of a programme that is on the drawing board, or an expansion in an existing one. These interventions focus on creating or saving jobs in the market, stimulating jobs in the non-profit sector, creating jobs in the public sector, expanding public special employment programmes, and in providing much larger numbers of full-time learning opportunities for qualifying school leavers. If the package proposed in this set of interventions were implemented, approximately 782,000 public works jobs would be needed at a cost of R16.8bn in 2014, or about 2.3% of the budget in that year. This is considerably larger than the current programme, but significantly less than without special interventions. All these proposals are in the planning, budgeting and/or implementation phase. They require urgent evaluation, and if practical, urgent implementation. It should become clear that even at a lower rate of growth, halving unemployment by 2014 is still achievable.
4. Household Food Insecurity and Rapid Food Price Inflation

4.1. Introduction

The combined impacts of two intersecting livelihood shocks – rapid food price inflation and the economic downturn – affected virtually all South Africans in 2008. Evidence of sharply rising food prices – particularly retail prices of staple grains and cereals, most vegetables and meats – had become visible already towards the end of 2007. More recent statistics highlight that soaring food price inflation persisted throughout 2008 and only started slowing or flattening out towards the middle of 2009. What this means is that, although farm-gate and producer prices for most agro-foods might have moderated or even fallen, retail prices that consumers (particularly the poor) had to pay steadily climbed upwards. It became increasingly difficult for low-income households to afford the combinations of food consumed before the downturn. South African policy makers and regulatory agencies responded to the domestic food price crisis through several interventions. The Competition Commission, for instance, launched a series of investigations into what it perceived to be the driving forces behind the growing gap between primary producer (farm-level) prices and retail prices of basic foods (such bread and milk). Moreover, at the time when poor families were battling to counter further slides in their living standards flowing from the food price crisis, the global economic downturn dealt an added blow to their livelihoods, especially through job losses.

The purpose of this section is to offer a high-level overview of how the most recent food price increases and global economic downturn might have affected the food security status of low-income households. It concentrates on female-headed households because official statistics reveal that they are more vulnerable due to their lower socio-economic status. While adult women constitute around 55% of South Africa’s adult population, women reportedly head roughly two in every five of the country’s households. In fact, the average female-headed household tends to be larger than its male-headed counterpart; is more likely to be caring for one or more children; and it is likely to be dependent on social assistance and remittance incomes. Three main determinants of household food security status are investigated:

- location (geography and dwelling type);
- main household income sources; and
- adult equivalent expenditure patterns (including food spending).

Section 4.2 begins with the context of the crises, drawing on official data to gain insight into the severity of food price inflation and the depth and duration of the economic downturn. It gives a sense of the start and end dates of each crisis by plotting relevant indicators on the same time axis. It then summarises recent evidence on household food insecurity and household hunger. Keeping the time intervals of the crises firmly in view, the following sections concentrate on the food security status of female-headed households, tracking annual changes of key variables from 2006 to 2008 – location, main household income source and average household expenditure.

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4 The effects on food-insecure and vulnerable families all over the world proved to be devastating as manifested in the alarming expansion in the numbers of hungry people and large-scale food riots mainly, but not exclusively, in developing countries.
4.2. Food Inflation and the Economic Downturn

For a considerable period between late 2007 and mid-2009, high food prices overlapped with the severe contraction in economic growth rates both induced by external economic events. Figure 19 shows movements in these indicators over the same time intervals. It brings together information about trends in the economy-wide prices and food prices from January 2001 to December 2009. The food price indices in the figure below refer to average retail prices in primary (major metropolitan cities) and secondary urban areas. Statistics South Africa no longer releases separate food price indices for rural locations and income/expenditure quintiles in urban and rural locations. The rural consumer price index (CPI) in the new series does not distinguish between goods and services with and without food prices. The revised CPI series follows a new methodology to collect prices and reweighed (rebased) different consumer items in the CPI basket. Measured along the vertical axis on the right is the growth rate in the value-added gross domestic product for each quarter. It covers every quarter from March 2001 to December 2009, all measured at constant 2005 prices.

South Africa experienced two major waves of rapid food price inflation in the last decade, according to the information in Figure 19. The first wave occurred in 2002–2003 whilst the second wave, the focus of the present study, started towards the end of 2007 and persisted until mid-2009. A detailed examination of the first wave falls outside the scope of this report and we highlight insightful comments from research at that time. Firstly, during the first wave the steep rise in food costs evidently occurred over a shorter time interval (See also Figure 34 in the appendix for a picture of the same trend lines based on the previous CPI methodology and 2005 base-year). Secondly, this food price inflationary wave did not overlap with a sharp and deep economic downturn as shown by the quarterly macro-economic growth rate over this period (based on the standard definition that a recession refers to two consecutive quarters of negative economic growth). These two salient features probably help to explain why we do not observe, at least at a national level, a rise in the numbers and shares of food insecure households similar to the second wave. Notwithstanding this ‘unobserved impact’, food price rises were significant enough to prompt government to establish the food price monitoring commission, a function which now forms a core responsibility of the National Agricultural Marketing Council (NAMC).

The evidence based on monthly CPI trends in Figure 19 is general, but paints a fairly compelling picture that food price inflation was accelerating much faster than the general inflation rate from late 2007 onwards. However, it does not isolate food items or groups behind the food price index movements. One alternative way to shed light on this underlying/ subtile storyline in Figure 19 might be to examine price movements of individual food items or food groups. Table 11 summaries the percentage changes in average retail prices of major food groups for 2007 and 2008- measured over a calendar year as well as the last six months of each year (July–December) to detect any variation in the speed of price changes. Aside from fruits in 2008, the average retail prices for all other food groups increased over each full calendar year.

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5 The consumer price index is based on two categories of information: prices of goods and services as well as the respective weights of these items in a representative consumption basket. Statistics South Africa collects monthly retail prices for a basket of goods and services purchased by average urban South Africans, and it derives the weights to measure the shares of different groups of items in the basket from the five-yearly Income and Expenditure Survey (IES). The most recent IES was conducted in 2005/06 and the findings for the 2010/11 survey are only expected to be released in early 2011.
Average fruit prices at the retail level started moderating towards the latter part of 2007, were sharply lower in 2008, but then increased over the last six months of the period, perhaps due to the seasonal nature of fruit farming. The percentage increases in average fresh meat prices at the retail level have been slower. However, what is clear is that the most sustained and relatively higher average food group price increases were concentrated around staple grains (especially wheat products) and vegetables. (In the appendix, prices of commonly consumed items across rural and urban areas are compared, based on NAMC data. On average, retail prices for the selected food items in rural areas were not only higher than in urban areas, but increased slightly faster than in 2008.)

Table 11: Percentage change in average retail prices for selected food groups, 2007–2008

<table>
<thead>
<tr>
<th>Food product group</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July-Dec</td>
<td>Jan-Dec</td>
</tr>
<tr>
<td>Wheat</td>
<td>9.19</td>
<td>21.95</td>
</tr>
<tr>
<td>Maize</td>
<td>-1.13</td>
<td>23.87</td>
</tr>
<tr>
<td>Fresh vegetables</td>
<td>9.61</td>
<td>26.17</td>
</tr>
<tr>
<td>Processed vegetables</td>
<td>2.03</td>
<td>2.03</td>
</tr>
<tr>
<td>Fresh meat</td>
<td>8.53</td>
<td>12.5</td>
</tr>
<tr>
<td>Processed meat</td>
<td>-2.14</td>
<td>7.47</td>
</tr>
</tbody>
</table>

4.3. Recent Evidence on Household Food Security and Hunger

South Africa ranks among the countries with the highest rate of income inequality in the world. Compared to other middle-income countries, it has extremely high levels of absolute poverty. The South African government has committed to halving poverty between 2004 and 2014. Achieving household food security is a critical component of meeting this objective. Access to food and water is perhaps unlike other areas of delivery, since they are essential to well-being and human development.

The link between poverty, incomes and household food security is not at all clear. While South Africa may be food-secure as a country, large numbers of households within the country are food-insecure. South Africa is nationally food-secure in terms of staple cereal production but is a net importer of many other foods, especially processed foods. The National Agricultural Marketing Council’s Annual Food Cost Reviews of 2007 and 2008 indicate that the country could become a net food importer in all foods, partly due to climate change, soil degradation and the expansion of biofuel feedstock cultivation (NAMC & DAFF 2008; 2009). To understand household food security status in this country, it is necessary to investigate how the workings of the food distribution system and resources of a household determine access to food.

In South Africa, most households depend increasingly on wages and income to access food, that is, they acquire food through the marketplace. Income security is an essential ingredient to address food insecurity. Employment has expanded substantially since the mid-1990s, but not enough to meaningfully address income poverty. As reported in the previous section of this report, with the onset of the global economic crisis, employment fell by around a million, or 6%, between the fourth quarter of 2008 and the third quarter of 2009. Half of all job losses, and most of those in the formal sector, occurred in the third quarter of 2009. In the last quarter of 2009, employment increased by 89 000, or 0.7% (StatsSA 2009, Makgetla, forthcoming). This probably reflected the return to economic growth. However, these figures were not seasonally adjusted and it must be noted that employment typically increases between November and February in any case. Therefore this increase might not indicate a strong recovery in employment.

Some households may derive income in the form of various social grants, such as old age pensions, child support grants, disability grants, etc. The evidence shows that social grants have played an important role in improving household food security since 2001, but that improvements in employment status are also important (see Aliber 2009; Van der Berg 2006). In the context of large-scale poverty and unemployment, as well as the present economic downturn, it is probable that reliance on grants will continue, if not increase. The International Monetary Fund’s most recent Regional Economic Outlook for Sub-Saharan Africa (IMF 2010) reports that cash transfer programmes have been an important part of the crisis response for some developing countries. These provide a minimum income for vulnerable households and protect their access to the basic consumption and food baskets in the short term. Their relatively effective targeting mechanisms offer high impact at low cost. The same report notes that South Africa has the continent’s oldest, largest and most established cash transfer programme which, with an annual cost of about 5 per cent of Gross Domestic Product, has had a measurable impact on poverty reduction in the country. South Africa increased appropriations in nominal terms for its cash transfers in 2009 and again in 2010 (ibid.). Cash transfers have increased from 4.5% of GDP in 2006 to 5.1% of GDP in 2008. Social pensions, also known as poverty-related transfers, account for more than 2 per cent of GDP (an increase from 0.8% of GDP in 2006) and are expected to account for 7 per cent of government expenditures.

In South Africa the poor spend a greater proportion of their income on food than wealthier residents. Aliber (2009:10) used the Income and Expenditure Survey (IES) of 2005/2006 to
show that, for the poorest decile (Decile 1), the average share of total expenditure devoted to food is about 37%, while for the decile with the highest household expenditure (Decile 10) the share is only 7%. However, he notes that food expenditure is still larger in absolute terms for well-off households than for poor households, as measured by total food expenditure per ‘adult equivalent’.

The food expenditure share for the poorest decile, of 37%, is high, but generally not as high as that for other countries in the region.

However, any negative changes in access to income and also increases in food prices are likely to affect those in the poorest deciles most adversely.

Table 12 considers experience of the intensity of hunger amongst children and adults using the General Household Survey (GHS) over the period 2002 to 2008. In 2002, 24 per cent of children and adults stated that they experienced hunger sometimes, often or always. This fell dramatically, to 12.2 per cent of children and 10.6 per cent of adults by 2007. This substantial improvement might be attributed to the roll-out of the social grants over this period. However, there was a reversal in 2008, where 14.2 per cent and 13.4 per cent of children and adults respectively now reported hunger. This deterioration occurred despite the annual increase in social grants and raising of the maximum qualifying age of beneficiaries. While it is not clear what has caused this change in 2008, it could be a result of the food price hikes experienced during the period when this survey was conducted. We do not report on the 2009 GHS figures on hunger in comparison as the measures have changed. However, there is evidence of further deterioration and deepening of hunger.

Table 12: Trends in experiences of the intensities of hunger from 2002-2008

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>never/seldom</td>
<td>76.3%</td>
<td>75.4%</td>
<td>79.0%</td>
<td>81.6%</td>
<td>86.9%</td>
<td>87.8%</td>
<td>85.8%</td>
</tr>
<tr>
<td>sometimes/often/always</td>
<td>23.7%</td>
<td>24.6%</td>
<td>21.0%</td>
<td>18.4%</td>
<td>13.1%</td>
<td>12.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Adults</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>never/seldom</td>
<td>76.0%</td>
<td>77.4%</td>
<td>80.9%</td>
<td>83.6%</td>
<td>88.2%</td>
<td>89.4%</td>
<td>86.6%</td>
</tr>
<tr>
<td>sometimes/often/always</td>
<td>24.0%</td>
<td>22.6%</td>
<td>19.1%</td>
<td>16.4%</td>
<td>11.8%</td>
<td>10.6%</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

Source: Michael Aliber, calculated from Statistics South Africa General Household Surveys 2002 - 2008

Aliber’s study (2009) reveals that serious hunger is quite widespread, and occurs in both rural district and metropolitan areas. The two districts with the highest percentage of households experiencing hunger ‘often’ or ‘always’ in 2007 are Umzinyathi in KwaZulu-Natal (6.5%) and OR Tambo in Eastern Cape (6.8%). However, determination of the worst districts depends in part on which year’s data one considers. Using the 2005 and 2006 GHS data, it is found that the worst districts in terms of hunger have been Zululand in KwaZulu-Natal and Bophirima in North West. Aliber notes that the pattern does not change dramatically from year to year, except for the general improvement observed over the past several years.

Figure 20 shows that, despite many districts having relatively high proportions of households experiencing hunger, a large share of all the country’s hungry households are concentrated in a
few districts, namely those that have high overall populations. Thus only four districts collectively accounted for 36% of all seriously hungry households in the country, namely Cape Town, Ekurhuleni, Johannesburg and OR Tambo. The first three are considered to be metropolitan areas.

Figure 20: Share of all households experiencing hunger ‘often’ or ‘always’ located in each district municipality

![Map of South Africa showing hunger distribution.](source)

Source: Aliber (2009:27)

Around 20% (2.5 million) of South Africa’s black households engage in agricultural production primarily as a supplementary means of providing for household food requirements (Aliber & Hart 2009). Figure 21 makes use of the Labour Force Survey (LFS) data from March 2001 to March 2007 to illustrate the trend in households engaging in agriculture in terms of their main reason for doing so. The figure emphasises the trend away from producing as a ‘main source’ of food in favour of producing as an ‘extra source’ of food. Moreover, there is a clear levelling of this trend around 2004.

\[\text{With the introduction of the quarterly LFS in March 2008, this particular question on the reasons for engaging in agricultural production was removed from the survey and thus changes for 2008 and 2009 cannot be determined.}\]
Aliber (2009) suggests, but does not attempt to prove, that the period up to 2004 roughly coincides with the successful push of the government to enrol all eligible people for social grants. The implication is that particularly vulnerable households were able to reduce their dependence on own production (ibid.).

South African women are often the ones responsible for feeding their families and a lack of food is therefore their problem to solve. Agricultural production, as an extra source of food, is an activity largely conducted by female household members in household food gardens. Therefore, the role of women is particularly important to ensuring household access to food. This is clearly indicated in Figure 22, using the LFS of March 2007, which indicates that while women make up almost 61% of those involved in farming, they exceed men by 65% when the main reason for engagement is production as an extra source of food.

Figure 22: Gender of black farmers in South Africa
Food security in South Africa cannot be understood in isolation from other developmental questions such as social protection, sources of income, rural and urban development, changing household structures, health, access to land, water and inputs, retail markets, or education and nutritional knowledge. Livelihood patterns and sustainable asset accumulation along with structural dynamics are increasingly important determinants. The multiple factors that influence access to food are not well understood, are often predetermined socially and genderised, and this impacts negatively on the ability to identify appropriate policies to improve individual and household access.

These knowledge gaps restrict the ability of policy makers to address food insecurity because they are unable to design interventions appropriate to different situations and needs. There are also deep institutional barriers to successfully translating policy into implementable programmes. This is exacerbated by weak links between government, the private sector and civil society organisations.

The problem of household food insecurity in South Africa is further exacerbated by a range of additional factors that have recently come into play and drive up the cost of food. Domestic electricity supply constraints and rising oil prices are examples of important factors in this regard. The price of electricity is set to rise by at least 100% between 2008 and 2011. Even if the oil price declines for a period, the advent of ‘peak oil’\(^{10}\) is expected to cause a long term rise in prices. This will affect the supply of fertiliser because petroleum is an input for chemical fertiliser, and agro-food transport costs. Other factors that are increasingly affecting food prices are bio-fuel production (redirecting agricultural resources and outputs to the supply of fuel feedstock rather than food), speculation in commodity markets, and the power of agents within the agro-food chain, namely supermarkets, processors and distributors.

Rising food prices in 2007 and 2008, particularly of maize and wheat which are the staple diet of the poor in South Africa, pose serious problems for the urban and rural poor as most are net buyers of food (not producers). Recent information from the Food and Agricultural Organisation (FAO 2009) supported by independent sources (Heady & Fan 2008) suggest that food prices will increase steadily over the next decade even if there are some fluctuations and the occasional drop in prices (Evans 2009). Given increasingly strong linkages between the local level and national and international commodity chains and economic networks, even remote rural households in South Africa are affected by changes in these networks. Unless there are new policy directions, poor households will increasingly be forced to allocate a greater proportion of their expenditure to food, with the result that diets will become less diverse, of lower quality, and energy intake (calories consumed) will drop as people reduce consumption try to cope with the situation. Most severely affected will be the chronically urban and rural poor, the landless, and female-headed households (FAO 2009).

A recent study by the HSRC’s Centre for Poverty, Employment and Growth (Altman et al. 2009) identified a number of areas of concern regarding household food security in South Africa. With regard to the meaning and measurement of food security in South Africa it was reported that:

- There is little certainty about household food security status in South Africa.
- There has been a dramatic fall in the experience of hunger since 2002. (However, the analysis in Table 12 above suggests a slight negative change.)

\(^{10}\) The point at which the world’s oil extraction reaches its maximum, after which it enters into a terminal decline.
While the experience of hunger has fallen, under-nutrition remains a serious problem and South Africa is in the top 20 countries in the world with the highest burden of under-nutrition.

Food insecurity can be chronic or transitory, and both can be experienced at a great intensity. Food insecurity is not static and can change seasonally or annually, while some households show evidence of moving out of food-insecure situations, other households move from food-secure situations to situations of food insecurity.

Rural households spend more on food but less per person than their urban counterparts. Lower expenditure per person is not easily explained and could relate to the contribution of own production of food.

Policies that focus on poverty nodes and rural areas will not necessarily reach the largest number of food-insecure people because a large proportion of hungry people live in the metropolitan areas.

About half of households who are often or always hungry are eligible for, but do not receive grants. (This may have changed since 2009 as the government has increased the upper age limit for eligibility for Child Support Grant recipients, which will ultimately rise to 18 years, and has said that it is also attempting to reach those who are eligible but do not yet benefit.)

The second focus of the research was to consider the possible role that smallholder production might play in addressing household food insecurity in South Africa and illustrates the following dynamics relating to small scale production:

- Home production does not necessarily imply improved food security. There are very different outcomes across the country. We need to learn why.
- Increasingly, small household producers do so for extra food.
- Policy focuses primarily on commercially-oriented production, but there are millions of active households that could benefit from appropriate support.
- The neglect of existing small-scale farmers and household producers has a serious gender bias.
- The majority of small-scale farmers are in fact young people.
- Most small black farmers are concentrated in a few areas located in former homelands.

The third theme explored as part of the study was the impact of contextual features such as gender and HIV and AIDS on food security in South Africa.

- There is a gap in knowledge about the gendered dimensions of food security which limits our household level understanding of gender relations and their impact on food security.
- Women are playing key roles in achieving household food security along with numerous other roles and responsibilities.
- Food security policy interventions are often generic rather than gender-aware, reducing their focus and impact.
- HIV/AIDS interacts in a negative way with food security, and poor food security exacerbates the HIV/AIDS situation.

The research concluded with some ideas for the way forward with regard to future research and policy interventions.
Given the seeming depth of household food insecurity, it is urgent that a food security target be identified within the overall objective of reducing poverty, with clear policy directions in support. Similarly, an affordable and regular national system needs to be established to monitor food security status. No such system exists at present. The most efficient immediate approach would involve the inclusion of a special food security module in the Statistics South Africa General Household Survey.

Small-scale and subsistence agriculture might be one option to contribute to incomes and/or savings, as well as to encourage food diversification. While household production of food is prevalent, opportunities and threats need to be better understood and appropriate interventions developed to support household-level production.

An improved system of social protection that stabilises food consumption is needed. Some aspects of a social protection system could involve ensuring receipt of social grants where households qualify, strategies to reduce and/or stabilise food prices, education for poor families to better plan their food purchases, and food gardens and ‘soup kitchens’ for the most destitute. Extending social grants to eligible households is likely to considerably improve the food security status of hungry adults and children. The present context of economic recession and uncertainty about the future may reduce the potential impact of market-based solutions to improve food security.

Lowering the cost of food and better consumer education should enable households to consume more diverse and nutritionally adequate foods. This requires a clearer understanding of food value chains and other structural constraints is required in order to formulate appropriate interventions.

Gender needs to feature more centrally in the policy framework and more targeted programmes focusing on female-headed households require attention.

At a household level, South Africa’s food security strategy must consider the bidirectional and negative interactions between food security and HIV and AIDS.

### 4.4. Household Hunger and Crises

The GHS asks the following two household level questions to find out about experiences of hunger among adults and children, respectively, in a sampled household.

“In the past 12 months, did any adult (18 years and older) in this household go hungry because there wasn’t enough food?”

“In the past 12 months, did any child (17 years or younger) in this household go hungry because there wasn’t enough food”

The questions are subjective in the sense that they ask the respondent to rank perceptions of hunger within the household according to the following scale: Never, Seldom, Sometimes, Often and Always. These frequency scales vaguely measure how many times in the past year any adult or child members of the household went hungry. This set of questions has been repeated in every GHS from 2002 until 2008, thus allowing for some continuity in the analysis at least across these annual surveys.11 A household without a child, naturally, did not answer the ‘child hunger’ question. In 2008, for instance, the GHS reported that roughly 34% of households had no child

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11 Over the following two survey years, in 2009 and 2010, this part of the survey questionnaire was completely revised in an effort to better understand household food security status. The revised section now directly couples the lack of access to enough food in the household to insufficient income to purchase food. Furthermore, the revisions included an expanded hunger scale question, but dropped any explicit distinctions of food security experiences of adults from children in the same household.
Hunger is commonly associated with extreme cases of food shortages – a lengthy period of insufficient or zero food intake that often results in reduced activity levels or severe illness. As a consequence, respondents are likely to differ in how they interpret these questions and both questions remain susceptible to unpredictable levels of under- and over-reporting of individual or household food insecurity status – an outcome which hinges on the perceptions of one respondent. To give a more balanced account of this phenomenon, we need detailed anthropometric and activity level information for each household member – as documented in the 2005 National Food Consumption Survey (Labadarios et al., 2005). The concern here is that it might be relatively easier to distinguish a non-hungry person from a hungry person than it might be to meaningfully derive the severity or depth of hunger exclusively from a single 5-scale frequency question. What, for instance, does it mean to be “always hungry in 12 months”? How realistic and informative is such a question? There is only a very slim chance that a respondent would accurately categorise the ‘degrees of hunger’ for each household member and the guidelines to fieldworkers do not explain what type of assistance respondents received during the interview to improve the precision of their responses. One is therefore tempted to compare ‘never hungry’ to those respondents who answered ‘seldom-to-always’, an approach which suppresses any nuanced trends in order to gain a more meaningful storyline. Another informative way to group the responses and reduce the loss of richness in information might be to use the following three categories: ‘never’, ‘seldom/sometimes’, and ‘often/always’.

The two hunger-scale questions capture perceptions in a responding household (or some of its members) through one respondent rather than for each household member. What this means is that information about hunger refers to the share or proportion of households who report a perceived experience of hunger rather than numbers of hungry children or adults. In this section, we use information from 2002 through 2008 to illustrate patterns in household hunger based on the two hunger-scale questions.

### 4.4.1. More Hungry Households After Intersecting Crises

Figure 23 and Figure 24 below display information for households reporting experiences of hunger among children and adults for the period 2002–2008, with an adjusted scale on the left-hand axis to improve readability of the observed patterns. What both figures illustrate is that up to 2007, there has been a sustained rise in the proportion of households who ‘never’ experienced hunger in the reference year. For example, whereas in 2004, around 74% of the households reported that children ‘never’ went hungry in the household, by 2007 this share of households had climbed to 85%. The expanding shaded area in the bottom part of Figure 23 and Figure 24 display this remarkable improvement in household food security status based on the GHS hunger scales. During the same period, the grouped category, ‘seldom-to-always’ hungry, shows an overall fall with only 15% of households reporting children experiencing some form of hunger around 2007 – down from 25% in 2004. Upon closer inspection of the severity of hunger bands, households with hungry children have evidently shifted either into lower levels of severity (or moderate hunger) or into the ‘never hungry’ category. It is not possible to clearly explain this mobility into and out of distinct hunger bands based on available data.\(^{12}\) In Figure 24, which shows information for households reporting hunger among adults, a similar pattern is observed.

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\(^{12}\) Aliber (2009) exploited the small rotating panel of households sampled in the GHS every year to give some sense of movements into and out of the reported experiences of hunger.
as in the case of children experiencing hunger in a household. Tables in the appendix provide a detailed breakdown of hunger in households for the years 2002 to 2008.

Our main interest is to present a snapshot of year-on-year shifts in reported household hunger centred on 2007 to gain some insights into how the food price crisis and global economic downturn might have influenced experiences of hunger. From 2002 until 2007, as mentioned above, we see almost perfectly overlapping patterns between households that reported experiences of hunger among adults and children, respectively. What if any changes occurred in household hunger after 2007? By 2008, the proportion of households in which adults or children never went hungry had begun to decline. At the national level, this amounted to a fall of 2–3 percentage points, with a much larger drop expected for lower-income households. Figure 23 and Figure 24 point toward an increasing share of households falling into ‘seldom/ sometimes’ hungry but slight reductions for those trapped in the extreme ‘often/ always’ categories. The implication is that the shocks probably pushed households into moderate rather than serious hunger.

**Figure 23: Share of household reporting hunger among children, 2002-2008**

Source: StatsSA, 2002-2008, GHS
Uneven Provincial Spread of Household Hunger

Where people live is closely associated with their food security status. Numerous studies have demonstrated that location affects the food security status of households (NAMC 2009; Aliber 2009; Jacobs 2009; Oldewage-Theron et al. 2006). There is great unevenness in the patterns of household hunger across space and time, but locations with fewer economic opportunities, weak social protection, and (solidarity) networks have higher degrees of food insecurity. The NAMC (2009), for instance, reports evidence to show that on average food prices in rural areas are higher than in urban areas, thus raising the relative and absolute cost of living in rural areas (see tables in the appendix). Findings from studies by Aliber (2009) and Jacobs (2009) that compare which rural and urban households might be able to afford similar food baskets found household food insecurity to be higher in rural areas primarily because it costs substantially more to access food in rural localities. Aliber (2009) went further by examining the spatial distribution of hunger across urban and rural municipal districts, including chief metropolitan hubs. He found substantial evidence of hunger in urban informal settlements over the years when official data allowed for this level of disaggregated spatial analysis.

Given the important role location plays in determining household food security status, it is worth looking at variations in reported incidents of hunger based on available spatial information. Figure 25 and Figure 26 compare the proportions of ‘never hungry’ households across various provinces – still keeping households reporting hungry children and adults apart. With few exceptions, at the provincial level, it can be observed that a constantly rising share of households with children and adults never go hungry until 2007. Over this period, in both figures, Western Cape and Gauteng are the exceptional provinces where the shares of households without hungry children or adults are consistently above 80%.
Figure 25: Share of households reporting that children never went hungry in past 12 months, by province 2002–2008


Figure 26: Share of households reporting that adults never went hungry in past 12 months, by province 2002-2008

Both figures are particularly revealing about the changing patterns of hunger when we focus on the two waves of food price crises. During the first wave (2002–2003), this provincial picture of the data suggest that in almost all provinces, the shares of households with adults never hungry did not decline, whilst slight falls could be observed for hungry children in four of the nine provinces. Furthermore, the sizes by which these household shares fell were unevenly spread across the respective provinces: KwaZulu-Natal (~4 percentage points), Western Cape (~2 percentage points), while both North West and Gauteng by (~1 percentage point). In sharp contrast, during the second wave food price crisis, the ‘never hungry’ household shares fell in both the child and adult hungry graphs across at least seven provinces (with falls in Eastern Cape dating back to 2006).

4.5. **Female-Headed Households and Hunger**

To contextualise our analysis of experiences of hunger in female-headed households in the wake of the recent food inflation crisis and the economic downturn, we compare in Table 13 experiences of adult hunger reported by male- and female-headed households – comprising 61% and 39% of slightly more than 13 million households respectively. We first describe the distribution of households across the three provinces hosting the majority of households by the gender of the household head. In 2008, the top three provinces with the largest numbers of female-headed households were: KwaZulu-Natal (~1 million households), Gauteng (~900 000) and Eastern Cape (~800 000). We calculated a similar ranking for male-headed households: Gauteng (~2.3 million), KwaZulu-Natal (~1.4 million) and Western Cape (~990 000). Overall, there are fewer female-headed households and it is therefore expected that estimates based on headcounts might not be very informative in terms of the severity or depth of hunger. To steer clear of the potential misrepresentation as a result of this under-representation of women as household heads, we place stronger emphasis on the proportion or share of households reporting experiences of hunger.
Table 13: Numbers and shares of male and female headed households reporting adults hungry by province, 2008

<table>
<thead>
<tr>
<th>Province</th>
<th>N Households</th>
<th>Never Hungry</th>
<th>Seldom/Sometimes Hungry</th>
<th>Often/Always Hungry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (row)</td>
<td>Male head</td>
<td>Female head</td>
<td>Male head</td>
</tr>
<tr>
<td>WC</td>
<td>N</td>
<td>885,187</td>
<td>398,627</td>
<td>87,508</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>89.06</td>
<td>84.87</td>
<td>8.8</td>
</tr>
<tr>
<td>EC</td>
<td>N</td>
<td>721,405</td>
<td>601,956</td>
<td>154,854</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>80.31</td>
<td>74.65</td>
<td>17.24</td>
</tr>
<tr>
<td>NC</td>
<td>N</td>
<td>159,570</td>
<td>89,200</td>
<td>22,459</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>85.69</td>
<td>82.77</td>
<td>12.06</td>
</tr>
<tr>
<td>FS</td>
<td>N</td>
<td>422,311</td>
<td>285,630</td>
<td>50,246</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>87.72</td>
<td>83.28</td>
<td>10.43</td>
</tr>
<tr>
<td>KZN</td>
<td>N</td>
<td>1,139,706</td>
<td>839,133</td>
<td>184,597</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>84.24</td>
<td>76.65</td>
<td>13.64</td>
</tr>
<tr>
<td>NW</td>
<td>N</td>
<td>503,150</td>
<td>231,385</td>
<td>115,603</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>78.27</td>
<td>69.9</td>
<td>17.99</td>
</tr>
<tr>
<td>GAU</td>
<td>N</td>
<td>2,021,476</td>
<td>768,765</td>
<td>216,391</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>88.79</td>
<td>83.15</td>
<td>9.51</td>
</tr>
<tr>
<td>MPU</td>
<td>N</td>
<td>432,484</td>
<td>309,250</td>
<td>80,247</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>82.6</td>
<td>80.55</td>
<td>15.33</td>
</tr>
<tr>
<td>LIM</td>
<td>N</td>
<td>543,604</td>
<td>598,520</td>
<td>66,944</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>87.87</td>
<td>88.05</td>
<td>10.82</td>
</tr>
<tr>
<td>Total</td>
<td>N</td>
<td>6,828,893</td>
<td>4,122,466</td>
<td>978,849</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>85.63</td>
<td>80.19</td>
<td>12.28</td>
</tr>
</tbody>
</table>


Reported experiences of hunger, based on the gender of household heads, display considerable variation according to Table 13. On average, female-headed households are less likely than male-headed households to ‘never’ experience adult hunger: 80% of female-headed households reported that no adult went hungry in the year prior to the survey compared to 85% of male-headed households. A coarse interpretation of this finding suggests that roughly 20% of female-headed households reported that adults in the family experienced hunger in the last year compared to 15% for male-headed households – if we ignore the severity of hunger. Provinces with the highest shares of female-headed households without adult hunger were Limpopo (88%) followed by Western Cape (85%); whilst for male-headed households, Western Cape and Gauteng dominated with about 89%. Limpopo, a largely rural province, is similar to predominantly urbanised provinces in respect of comparatively lower levels of hungry adult households underscores the need to investigate why some female-headed rural households might be food-secure while others are not. It is interesting to note that substantial shares of female-headed households in Western Cape and Gauteng reported moderate and serious hunger among adults, albeit not as severe as in mainly rural provinces. Turning to experiences of moderately and seriously hungry adults in various provinces, there appears to be marginal differences between male and female-headed households across the following provinces: North West, Eastern Cape, and KwaZulu-Natal.
The uneven spatial distribution of household food insecurity is well known. However, the 2008 GHS does not allow us to distinguish rural from urban food-insecure households or the extent of hunger in metros from non-metros. One variable which partially helps to gain a more nuanced view about the distribution of household hunger across provinces is the ‘dwelling type’ variable. It isolates at least four major dwelling types: formal brick structures (mainly in urban metros), traditional huts (mainly in rural areas), informal backyard shacks (urban metros) and informal settlement shacks (mainly urban metros). In 2008, according to data reported in Table 39 in the appendix, at least three out of every four households lived in formal brick structures, with the largest numbers of households living in this dwelling type concentrated in Gauteng, KwaZulu-Natal and Western Cape. Eastern Cape and KwaZulu-Natal accounted for the largest numbers and shares of households living in traditional huts, whilst Gauteng stands far above other provinces in terms of the numbers of shack-dwelling households.

The information reported in Table 14 aims to track changes in the numbers and proportion of female-headed households in which adults never experienced hunger. In line with the time intervals reported above, we concentrate on changes from 2006 to 2008 to detect the likely impacts of the two intersecting crises on household hunger by dwelling type. The overall share of female-household without hungry adults increased from 2006 to 2007. But for the 2007–2008 period, this overall share declined by approximately 3 percentage points – with falls in proportions reported across all dwelling types and largely reversing the gains of the year before the crises. Worse affected were female-headed households in traditional huts and informal backyard shacks, reporting increased shares of 5% and 7% respectively, yet their numbers remained relatively small compared to persistent incidents of adult hunger reported in informal settlement shacks.

Table 14: Female-headed households reporting adults never hungry by dwelling, 2006-2008

<table>
<thead>
<tr>
<th>Major Dwelling Type</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>%Δ 2006-2007</th>
<th>%Δ 2007-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal brick structures</td>
<td>2,643,121</td>
<td>2,766,871</td>
<td>2,977,695</td>
<td>123,750</td>
<td>210,824</td>
</tr>
<tr>
<td>%</td>
<td>84.2</td>
<td>86.02</td>
<td>83.29</td>
<td>1.82</td>
<td>-2.73</td>
</tr>
<tr>
<td>Traditional huts</td>
<td>566,390</td>
<td>542,208</td>
<td>524,571</td>
<td>-24,182</td>
<td>-17,637</td>
</tr>
<tr>
<td>%</td>
<td>76.93</td>
<td>74.47</td>
<td>69.05</td>
<td>-2.46</td>
<td>-5.42</td>
</tr>
<tr>
<td>Informal backyard shacks</td>
<td>135,283</td>
<td>142,322</td>
<td>134,356</td>
<td>7,039</td>
<td>-7,966</td>
</tr>
<tr>
<td>%</td>
<td>71.15</td>
<td>80.94</td>
<td>74.17</td>
<td>9.79</td>
<td>-6.77</td>
</tr>
<tr>
<td>Informal squatter camps</td>
<td>266,857</td>
<td>273,759</td>
<td>246,289</td>
<td>6,902</td>
<td>-27,470</td>
</tr>
<tr>
<td>%</td>
<td>72.86</td>
<td>69.43</td>
<td>68.59</td>
<td>-3.43</td>
<td>-0.84</td>
</tr>
<tr>
<td>Total</td>
<td>3,611,651</td>
<td>3,725,160</td>
<td>3,882,911</td>
<td>113,509</td>
<td>157,751</td>
</tr>
<tr>
<td>%</td>
<td>81.5</td>
<td>82.51</td>
<td>79.65</td>
<td>1.01</td>
<td>-2.86</td>
</tr>
</tbody>
</table>


4.5.1. Income Sources Matter

Although the GHS does not provide detailed information about the amount of household income, it does identify the main source of household income. To contextualise the change in the proportion of female-headed households which reported experiences of adult hunger from 2006 to 2008, we first present the general picture in 2008 for all households in Table 13.
Table 13: Numbers and shares of male and female headed households reporting adults hungry by province, 2008

As to be expected, hunger tends be concentrated in households without income (or who reported zero income during the month prior to the survey). These households actually reported the lowest proportion of ‘never hungry’ (66%) and the largest share (~10%) of seriously hungry households. Households primarily dependent on salaries and wages, or labour market participation, reported the highest share of ‘never’ hungry adults (88%). A higher proportion of households dependent on remittances experienced no adult hunger (77%), compared to a slightly lower proportion of those dependent on social grants (75%). However, there appears to be marginal differences in households mainly dependent on these two forms of income reporting moderately and seriously hungry adults.

Against the backdrop of the information on experiences of adult hunger for all households in 2008, the next two tables reflect on changes in moderate (seldom/ sometimes) and serious (often/ always) hunger among adults for female-headed households based on the principal source of household income. Due to small and therefore less meaningful information for zero-income households and those primarily dependent on farm and other non-farm incomes, Table 16 and Table 17 report on the three dominant forms of main household income: salaries and wages, remittances and social grants (See Table 39 in the appendix for a detailed overview of female and male-headed households reporting that adults never went hungry over the period 2006–2008.) The year before the GEC, meaning 2006–2007, the numbers and proportion of female-headed households with adults reporting moderately hungry adults continued to fall across all major income sources. At the start of the crisis, however, a substantial rise in adult hunger among female-headed households took place, with large increases among both female-headed households mainly relying on labour market incomes and those dependent on social grant transfers.

Table 15: Households reporting experiences of hunger among adults by household income source, GHS 2008

<table>
<thead>
<tr>
<th>Household main income source</th>
<th>Never hungry</th>
<th>Seldom hungry</th>
<th>Sometimes hungry</th>
<th>Often hungry</th>
<th>Always hungry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero/No Income</td>
<td>66.33</td>
<td>3.91</td>
<td>19.93</td>
<td>6.09</td>
<td>3.73</td>
</tr>
<tr>
<td>Salaries wages</td>
<td>88.28</td>
<td>2.78</td>
<td>7.64</td>
<td>0.98</td>
<td>0.32</td>
</tr>
<tr>
<td>Remittances</td>
<td>77.22</td>
<td>3.22</td>
<td>15.75</td>
<td>1.87</td>
<td>1.95</td>
</tr>
<tr>
<td>Pensions &amp; Social Grants</td>
<td>75.35</td>
<td>4.4</td>
<td>16.13</td>
<td>2.52</td>
<td>1.61</td>
</tr>
<tr>
<td>Farm Income</td>
<td>78.98</td>
<td>1.13</td>
<td>18.2</td>
<td>0</td>
<td>1.7</td>
</tr>
<tr>
<td>Other Non-Farm Income</td>
<td>81.58</td>
<td>2.22</td>
<td>13.78</td>
<td>1.41</td>
<td>1.01</td>
</tr>
<tr>
<td>Total</td>
<td>83.51</td>
<td>3.21</td>
<td>10.87</td>
<td>1.54</td>
<td>0.87</td>
</tr>
</tbody>
</table>

Table 16: Female-headed households reporting adults seldom/sometimes hungry by main household income source, 2006-2008

<table>
<thead>
<tr>
<th>Main income source</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>%Δ 2006-2007</th>
<th>%Δ 2007-2008</th>
<th>N (Households)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; wages</td>
<td>208,380</td>
<td>191,205</td>
<td>310,283</td>
<td>-17,175</td>
<td>119,078</td>
<td>10.42</td>
</tr>
<tr>
<td>%</td>
<td>10.42</td>
<td>8.74</td>
<td>13.02</td>
<td>-1.68</td>
<td>4.28</td>
<td></td>
</tr>
<tr>
<td>Remittances</td>
<td>123,885</td>
<td>123,539</td>
<td>122,747</td>
<td>-346</td>
<td>-792</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>16.79</td>
<td>16.86</td>
<td>16.97</td>
<td>0.07</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>Pensions &amp; Social Grants</td>
<td>337,547</td>
<td>330,910</td>
<td>382,167</td>
<td>-6,637</td>
<td>51,257</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>19.29</td>
<td>19.86</td>
<td>21.34</td>
<td>0.57</td>
<td>1.48</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>714,408</td>
<td>698,185</td>
<td>868,827</td>
<td>-16,223</td>
<td>170,642</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>15.01</td>
<td>14.36</td>
<td>16.94</td>
<td>-0.65</td>
<td>2.58</td>
<td></td>
</tr>
</tbody>
</table>


Table 17: Female-headed households reporting adults always/often hungry by main household income source, 2006-2008

<table>
<thead>
<tr>
<th>Main income source</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>%Δ 2006-2007</th>
<th>%Δ 2007-2008</th>
<th>N (households)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries wages</td>
<td>25,635</td>
<td>28,372</td>
<td>35,755</td>
<td>2,737</td>
<td>7,383</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>1.28</td>
<td>1.3</td>
<td>1.5</td>
<td>0.02</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Remittances</td>
<td>27,711</td>
<td>28,764</td>
<td>25,441</td>
<td>1,053</td>
<td>-3,323</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>3.76</td>
<td>3.92</td>
<td>3.51</td>
<td>0.16</td>
<td>-0.41</td>
<td></td>
</tr>
<tr>
<td>Pensions &amp; Social Grants</td>
<td>84,725</td>
<td>61,035</td>
<td>74,751</td>
<td>-23,690</td>
<td>13,716</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>4.85</td>
<td>3.67</td>
<td>4.17</td>
<td>-1.18</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>154,973</td>
<td>128,406</td>
<td>148,022</td>
<td>-26,567</td>
<td>19,616</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>3.26</td>
<td>2.64</td>
<td>2.89</td>
<td>-0.62</td>
<td>0.25</td>
<td></td>
</tr>
</tbody>
</table>


4.5.2. Household food expenditure shares

The relationship between hunger and expenditure on food is a topic of ongoing research interest and a major policy concern. Expenditure information provides some insights into household well-being and coping strategies when they are faced with livelihood shocks. In the context of the food price crisis and the global economic downturn, it is reasonable to expect a household would adjust its expenditure patterns, including the volumes and varieties of foods consumed. Continuing with our focus on adult hunger in female-headed households, we now explore how this experience is related to movements in household expenditures – bearing in mind that female-headed households, on average, have more members, especially children.

Given the general-purpose nature of the GHS, it does not ask in-depth questions about expenditure on each food item in the same way as the less frequently conducted Income and Expenditure Surveys (IES). Instead, the GHS asks households for information about the total expenditure on broadly defined groups of goods and services in the month before the survey. Table 18 presents this information for all households in 2008. The average monthly food spending per household in 2008 (weighed by adult equivalent scales) was in the order of R374 and this amounted to 50% of total household spending.
Table 18: Average ADEQ expenditure per month for all households reporting adults hungry, 2008

<table>
<thead>
<tr>
<th></th>
<th>Never hungry</th>
<th>Seldom hungry</th>
<th>Sometimes hungry</th>
<th>Often hungry</th>
<th>Always hungry</th>
<th>Average/HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food spending per ADEQ</td>
<td>410.83</td>
<td>216.47</td>
<td>183.77</td>
<td>167.99</td>
<td>136.18</td>
<td>373.57</td>
</tr>
<tr>
<td>Household spending per ADEQ</td>
<td>1224.14</td>
<td>492.83</td>
<td>377.66</td>
<td>363.89</td>
<td>222.46</td>
<td>1086.67</td>
</tr>
<tr>
<td>Average household spending</td>
<td>2749.97</td>
<td>1250.49</td>
<td>1020.34</td>
<td>922.56</td>
<td>693.13</td>
<td>2467.74</td>
</tr>
<tr>
<td>Average household food spending</td>
<td>952.87</td>
<td>569.95</td>
<td>499.57</td>
<td>441.97</td>
<td>417.13</td>
<td>878.35</td>
</tr>
<tr>
<td>Food expenditure share (%)</td>
<td>48.8%</td>
<td>57.1%</td>
<td>60.1%</td>
<td>58.4%</td>
<td>67.2%</td>
<td>50.6%</td>
</tr>
</tbody>
</table>


These averages hide uneven food spending levels and shares across the reported experiences of adult hunger per household. Whilst seriously hungry household reported the lowest absolute amount of monthly spending on food per adult equivalent (R136), these households also reported the highest share of food spending (67%) in the overall household spending basket. The evidence reported in Food expenditure in Table 18 clearly conforms to the typical Engel curve phenomenon.

During the year preceding the crises, spending on food increased across female-headed households reporting never, moderately and seriously hungry adults. However, the expenditure shares were falling, and this is usually perceived as a sign of rising levels of household welfare. Focusing on the first year of the crises, opposite diametrically oppose picture emerges: female-headed households substantially raised the amount of money spend on food. At the same time, the share of food expenditure in their total spending basket dramatically increased. This suggests that households were switching larger portions of their total household spending towards food – signalling a coping strategy to counter a severe livelihood shock.
Table 19: Female-headed household total and food spending information (ADEQ) based on reported adult hunger, 2006-2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults never hungry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food spending per ADEQ</td>
<td>234.22</td>
<td>256.80</td>
<td>330.36</td>
<td>22.58</td>
<td>73.56</td>
</tr>
<tr>
<td>Household spending per ADEQ</td>
<td>619.99</td>
<td>711.22</td>
<td>900.86</td>
<td>91.23</td>
<td>189.65</td>
</tr>
<tr>
<td>Average household spending</td>
<td>1274.64</td>
<td>1503.83</td>
<td>1892.27</td>
<td>229.20</td>
<td>388.43</td>
</tr>
<tr>
<td>Average household food spending</td>
<td>514.93</td>
<td>581.83</td>
<td>736.42</td>
<td>66.90</td>
<td>154.59</td>
</tr>
<tr>
<td>Food expenditure share (%)</td>
<td>53.7%</td>
<td>50.3%</td>
<td>53.2%</td>
<td>-3.3%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Adults seldom/sometimes hungry (moderately)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food spending per ADEQ</td>
<td>138.07</td>
<td>152.30</td>
<td>177.28</td>
<td>14.23</td>
<td>24.98</td>
</tr>
<tr>
<td>Household spending per ADEQ</td>
<td>282.18</td>
<td>345.98</td>
<td>342.39</td>
<td>63.80</td>
<td>-3.59</td>
</tr>
<tr>
<td>Average household spending</td>
<td>724.65</td>
<td>870.64</td>
<td>973.24</td>
<td>146.00</td>
<td>102.60</td>
</tr>
<tr>
<td>Average household food spending</td>
<td>360.33</td>
<td>395.73</td>
<td>506.12</td>
<td>35.40</td>
<td>110.39</td>
</tr>
<tr>
<td>Food expenditure share (%)</td>
<td>58.9%</td>
<td>57.0%</td>
<td>61.0%</td>
<td>-1.9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Adults often/always hungry (seriously)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food spending per ADEQ</td>
<td>105.10</td>
<td>102.94</td>
<td>131.41</td>
<td>-2.16</td>
<td>28.47</td>
</tr>
<tr>
<td>Household spending per ADEQ</td>
<td>183.60</td>
<td>201.00</td>
<td>252.71</td>
<td>17.40</td>
<td>51.71</td>
</tr>
<tr>
<td>Average household spending</td>
<td>533.34</td>
<td>622.13</td>
<td>756.74</td>
<td>88.79</td>
<td>134.61</td>
</tr>
<tr>
<td>Average household food spending</td>
<td>296.41</td>
<td>312.01</td>
<td>408.52</td>
<td>15.60</td>
<td>96.51</td>
</tr>
<tr>
<td>Food expenditure share (%)</td>
<td>64.0%</td>
<td>61.4%</td>
<td>61.8%</td>
<td>-2.6%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>


4.6. Summary of Findings

In the last decade, South Africans experienced two waves of rapid food price inflation. However, each shock varied in terms of its duration and the knock-on effects on household hunger evidently differed. Official data suggest that during the first wave, 2002–2003, despite the sharp rises in food prices, households did not report any substantial expansion in child and adult hunger. On the contrary, the proportion of households without hungry children and adults constantly expanded until 2007, roughly the start of the second wave. This variation in the household level experiences of hunger is confirmed by a provincial level of analysis of survey data: during the first wave (2002–2003), the shares of households with adults never hungry did not decline, whilst slight falls could be observed for hungry children in four of the nine provinces. In sharp contrast, during the second wave food price crisis, the proportion of households in which adults and children experienced hunger increased in at least seven provinces (with falls in Eastern Cape dating back to 2006).

This section has demonstrated that the knock-on effects of the global food price crisis and the economic downturn contributed to a slight rise in the proportion of hungry South African households between 2007 and 2008. Within a year, capturing the early onset of the crisis, the share of hungry families had risen by 2-3 percentage points. However, a larger share of households evidently reported moderate hunger (measured through the share of households...
reporting seldom/sometimes hungry) compared to those reporting serious hunger (often/always).

Despite being less than 40% of South African households, female-headed households experienced a disproportionately greater impact of the two interacting crises. The gap between male- and female-headed households that never experienced adult hunger in 2008 is 5 percentage points, which suggests that female-headed households are more likely than male-headed households to experience hunger. In fact, the chances of female-headed households falling into moderate (~4 percentage points gap) and serious hunger (less than 1 percentage point gap) are also higher on average.

In terms of location, female-headed households living in traditional huts in the predominantly rural provinces of Eastern Cape and KwaZulu-Natal experienced the sharpest rise in hunger. Furthermore, female-headed households in informal settlements in Gauteng and backyard shacks in Western Cape also reported more hungry adults and children. Limpopo, a largely rural province, is similar to predominantly urbanised provinces insofar as having comparatively lower levels of hungry adult households. This underscores the need to investigate why some female-headed rural households might be food-secure while others are not. It is interesting to note that substantial shares of female-headed households in Western Cape and Gauteng reported moderate and serious hunger among adults, albeit not as severe as in mainly rural provinces. Using dwelling type as a proxy for location, the gains against hunger in two years before the crises are largely reversed. Worst affected were female-headed households in traditional huts and informal backyard shacks, reporting increased shares of 5% and 7% respectively, yet their numbers remained relatively small compared to persistent incidents of adult hunger reported in informal settlement shacks.

Income enables a household to buy food which naturally gives it a critical role in determining quantity (volume) and quality (diverse types, nutrition and calories) of foods purchased and consumed. The levels of household income have a direct bearing on household food security status. However, income sources – particularly salaries and wages, remittances and social grants – also matter because this reveals information about the stability and sustainability of types of incomes flowing into the household. The available data for 2006–2008 suggest that all three major sources of primary household income have cushioned household level impacts of the intersecting crises. These certainly helped to pull some female-headed households out of serious hunger. Focusing on 2007–2008, however, whilst remittances and social grants accounted for falls among households reporting moderate hunger, a higher proportion of households dependent on salaries and wages reported increasing experiences of moderate hunger.

Whilst the GHS provides only high-level information about total and food expenditure for every household, the analysis of this limited information confirms the basic inverse relationship between household wealth and food spending shares (Engel curve hypothesis). Seriously hungry households, invariably the poorest, reported the lowest absolute amount of monthly spending on food per adult equivalent (R136), as well as the highest share of food spending (67%) in the overall household spending basket. Female-headed households consistently spent less than the average household on food and total household expenditure (per adult equivalent). During the first year of the crisis, female-headed households substantially raised the amount of money spent on food. At the same time, the share of food expenditure in their total spending basket dramatically increased. This suggests that households were switching larger portions of their total household spending towards food – signalling a coping strategy to counter a severe livelihood shock.
5. Migration and the Global Economic Crisis

5.1. Introduction

South Africa receives and sends migrants, and also experiences internal migration. Most of this migration is linked to employment, whether taking up an opportunity or searching for one; therefore, it is expected that the global and local downturn would impact on migration flows and on the status of migrants.

International migration has been affected by the global economic crisis as migrants have either lost their jobs and been forced to return to their home countries, or worsening economic conditions have forced people to seek jobs elsewhere. In Sub-Saharan Africa, very little is known about who is moving and what impact that has on service delivery, economic growth, unemployment, poverty reduction and human development partly because reliable data is scarce (Page & Plaza 2006; World Bank 2006a). However, South Africa more than most countries in Africa has been a recipient of migrants from different parts of the continent. Part of the reason why data is scarce is that some unknown proportion of regional migration is illegal. This makes migrants vulnerable to social ills that expose their livelihoods to real threats. In addition, international migrants also move into the same stressed areas as do the locals and internal migrants, heightening competition for jobs and resources. Hence, migrants become susceptible to being victims of socio-economic shocks such as the GEC. This has implications for integration and social cohesion.

For close to a century, male labour migrants were the most dominant migrant category moving within southern Africa and more pronounced between South Africa and its neighbours (Wentzel & Tlabela 2006). Refugees and asylum seekers gained prominence after the rise of African nationalism and the subsequent prosecution of wars of liberation. Other migrant categories such as cross-border traders, women traders and job seekers, youths seeking education, documented and undocumented migrants, began to rise in the 1970s in other parts of Sub-Saharan Africa and in late 1980s in South Africa (Adepoju 2006). Research has established that most people migrate for economic reasons and that relative to all types of migration women now constitute a significant proportion (in terms of numbers) of all migrants. In particular for South Africa, research by Posel (2004) highlights a trend of increasing female labour migration as increasing numbers of women enter the labour market in an environment of changing work conditions and social roles (Collinson et al. 2006). Therefore, migrants and in particular female migrants are a group that would be negatively affected by a socio-economic shock such as the GEC.

This section looks at the effect of the GEC on migration in South Africa broadly. It then considers the different elements on which the crisis has had some impact and the policy responses that have been implemented. It needs to be stressed that comparisons in this report in most cases are based on proportions and not figures themselves due to different data sets being used since no one data set includes migration questions consistently across the whole period being analysed.

5.2. Migration and the global economic crisis

The recession has affected emigration plans of South Africans, according to the latest emigration survey by market research company Synovate in 2009. There has been a decline in the number of South Africans who are definitely planning on emigrating or seriously considering it. In 2008, 20% of South Africans were inclined to leave the country, whereas in 2009, this figure has dropped to 18%. When considering the motivations for emigration, the primary factor pushing South Africans to leave is violence, crime, and corruption (82%), a substantial increase from...
2008 figures (55%). Other push factors cited were the volatile economy (31%), government problems (31%), discrimination (7%) and infrastructural concerns (3%). When asked if they knew anyone who had emigrated in the last five years, 31% of South Africans confirmed that they did. Despite the reasons given as push factors by those who are currently looking to move, 51% of those that have already emigrated did so for work-related purposes.

Of those South Africans who indicate that they are definitely going to emigrate or are seriously considering emigration, 56% say that plans have been delayed until the global economy is more stable.

South Africa remains an attractive destination for migrants from the region. As South Africa opened up only recently, the known proportion of international migrants is still small, estimated at about 3 per cent of the population. It is possible that the incidence is higher, especially in light of the influx of large numbers of Zimbabweans over the 2000s. While the incidence is small, this is partly explained by small populations in other Southern African countries, and so continued employment losses in South Africa could be devastating to other countries in the region.

In most of Southern Africa, the colonial legacy resulted in circular internal migration (of mostly males), but after independence these migrations have changed to include women, children and/or whole families (Ginsburg et al. 2009). In South Africa, these movements, which were mostly circular (from rural areas into urban areas and back to rural areas), have changed somewhat over the past five to 10 years to include urban settlements of whole families and increased international immigration. International immigration has become a huge policy area as first, the Mozambique economy collapsed following years of civil war in the 1980s and second, Zimbabwe’s economy collapsed in late 1999. Mozambique is perhaps sending proportionately fewer migrants at present, as its economy grows, and SA slows down. Migrants from Zimbabwe remain the largest group among African immigrants in the country.

While it might be expected that regional migrants would have returned home during the economic downturn, this does not appear to be the case. This is consistent with trends worldwide, where just a small proportion of migrants have actually returned to countries of origin; even in those countries in the North worst affected by the global downturn.\(^{13}\)

It appears the internal migration has slowed significantly and may even have reversed during the economic slowdown. The majority of internal movement occurs from rural to urban areas (NIDS 2008). These represented 30% of total migration in 2008 and 36% in 2009. Table 20 presents estimates on the proportion of migrant households in different national household surveys. It appears that until the recession, about 15.7 per cent to 17.3 per cent of households were migrants. The National Income Dynamics Survey (NIDS) of 2008 and the survey implemented by the HSRC for the World Bank in 2009 show that this may have fallen quite substantially to about 11 percent of households.

When considering all households with family heads not born in the province or city of current residence, the picture is much more dramatic. A total of 69.7% of household heads in both 2008 and in 2009 were living outside their provinces and cities of birth. Since populations are growing it means that in fact less people have moved since 2008. This is also true for children, amongst which only a third in Gauteng was found not to have migrated in 2009 (Richter et al. 2009)

\(^{13}\) Ratha (2010) discussed various reasons why this happened and draws implication for development.
Table 20: Labour migration among households, 1993-2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Migrant Households</td>
<td>18.8</td>
<td>17.3</td>
<td>16.2</td>
<td>15.7</td>
<td>10.9</td>
<td>11.6*</td>
</tr>
<tr>
<td>Number of Households</td>
<td>1 780 779</td>
<td>2 059 737</td>
<td>2 033 005</td>
<td>1 993 015</td>
<td>1 536 534</td>
<td></td>
</tr>
</tbody>
</table>


Note: * Unweighted proportion

Migrants are aged 15 years and older

Most national household surveys in South Africa do not collect information on all non-resident household members; some surveys have included a separate module on migrant workers specifically. Migrant workers typically are identified in these surveys as individuals who are regarded as members of the household but who are away for at least a month of the year to work or to look for work. Using the same reasoning in the household roster questionnaire, migrant workers can be defined in the National Income Dynamics Survey (NIDS), as individuals who are members of the household but who are absent for a month or more in the year for employment reasons plus those workers who were not born in South Africa.

Although caution should be exercised in interpreting these proportions (since definitions vary in the different datasets), it is clear that there was a large reduction in households who are moving.

In comparison to migrants in 2004, individuals identified as migrants in 2008 are more educated, more likely to be female and less likely to be married than in 2004. In 2008, the proportion of African (black) migrants to total population was 73% of which 57% were women (Table 21). As the effects of the GEC started being felt in 2009, these proportions increased to 79% and 60% respectively, indicating an increase in the number of black women who have become migrant workers.

Table 21: Characteristics of adult migrants and non-migrants

<table>
<thead>
<tr>
<th>LFS 2004</th>
<th>NIDS 2008</th>
<th>LFS 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrants</td>
<td>Non-Migrants</td>
<td>Migrants</td>
</tr>
<tr>
<td>Female</td>
<td>0.53</td>
<td>0.55</td>
</tr>
<tr>
<td>African population</td>
<td>0.70</td>
<td>0.77</td>
</tr>
<tr>
<td>Married</td>
<td>0.48</td>
<td>0.37</td>
</tr>
<tr>
<td>Matric graduate</td>
<td>0.25</td>
<td>0.16</td>
</tr>
</tbody>
</table>


In 2004, the provinces with the largest (un-weighted) share of adults who were identified as migrants were the Western Cape, Gauteng and Mpumalanga, where approximately 20% of adults living in each of these provinces reported that they had moved over the previous five years. In 2008, migration rates increased particularly in Gauteng, where approximately 28% of all adults (rising to 30% in 2009) reported moving into their current place within the last five years, and to a far smaller extent in Limpopo.

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For Limpopo, the reason for the increase in the proportion of adults who are migrants might be the continued socio-political crisis in Zimbabwe. Thus, adult migration instead of diminishing continued to increase although at a slower pace than before the GEC. At the same time, the number of non-South African claiming social benefits rose by 9.5% between February 2009 and January 2010, but the lowest proportionate increase was in the provinces with the largest number of migrants (i.e. Gauteng, Mpumalanga and Limpopo), with most of the social grants being old age pensions and child support grants. There is a clear upswing in the number of people claiming these social grants between February 2008 and February 2009. The SA government began implementing the Social Benefits Act fully, which meant including all children born in South Africa as beneficiaries: this followed a legal challenge of the way the Act had been implemented originally (that excluded foreign nationals). The increase accelerated in 2009, but slowed in 2010.

5.3. Global Experiences of Migration during Economic Crises

The effects of economic downturns on migration are complex and hard to predict. It is probably mistaken to believe that migrants will serve as a safety valve for developed economies, by providing labour in times of expansion and going away in times of recession. There is no evidence from the past or the present to suggest this may happen. Moreover, migrants are not just economic actors who follow income maximisation motives. They are social beings, who put down roots and form relationships in new countries. During times of recession, the motivation to migrate may be higher than before, whilst remittances may prove a resilient form of international transfer, because of migrants’ obligations to their families. Some examples from global experience include:

- The world economic crisis of the 1930s led to a massive decline of international labour migration, and to a return (sometimes compulsory) of many migrants from countries like the USA and France (see Chapters 4 and 12 of Castles & Miller, 2009). However, many migrants did not return home in the 1930s, but settled and became members of the permanent population of receiving countries.

- The recession following the ‘Oil Crisis’ of 1973 (when the Organization of Petroleum-Exporting Countries [OPEC] rapidly increased oil prices) had enormous consequences for migration, but hardly anyone predicted them. ‘Guest worker migration’ ended in Europe, and processes of family reunion and permanent settlement started, leading to
the formation of new long-term ethnic minorities. Large corporations developed strategies of capital export and a ‘new international division of labour’. Generally, the 1973 crisis was a major turning point in global migration.

- The effects of the 1997–99 Asian financial crisis resulted in some countries introducing policies of national labour preference that also the expulsion of migrants. In some cases, migrants were scapegoats for unemployment and other social ills – like epidemics and criminality. However, employers (for instance in the Malaysian plantation industry) quickly discovered that many nationals were unwilling to take on ‘migrant jobs’, even in a recession. In any case, the interruption to economic growth in Asia was only short-lived – after 1999 migration grew again and reached new heights.

5.4. Migrants and Employment

The decline in employment and incomes was felt more acutely by poor migrant households, who report a 19% higher expectation of losing an income source than do their better-off counterparts in the National Income Dynamics Survey (NIDS 2008). According to NIDS (2008), 54% of migrants were unemployed.\(^{15}\) Although this recorded level of unemployment is more than double the unemployment rate of this country, other evidence suggest that migrants have not suffered as high a negative impact from the shock as have locals since the unemployment rate has not changed much at 53.2%.\(^{16}\) The time that migrants expect it would take to get a job increased from 6 months in 2008 in the NIDS to as much as 24 months in 2009 according to the Quarterly Labour Force Survey (Stats SA 2010b).

Year-on-year changes in the second quarter of 2009 shows a contraction in employment of 360 000 jobs, largely because of a loss of 231 000 jobs in non-agricultural informal sector employment. Since a high proportion of working migrants (excluding cross-border traders) is employed in the informal sector (43%), this could suggest that a high proportion of these workers must have switched employment in the period since the global economic crisis effects started to be felt in South Africa. The uncertainties and anxieties associated with losing a job and searching for one in an economy that was losing jobs more than it was creating them and given the lack of the usual family support infrastructures that migrants generally lack has significant negative impacts on migrant communities in general and on female migrant workers in particular. Female migrants lost far fewer jobs as compared to their male counterparts between the first quarter of 2008 and the first quarter of 2010 (Stats SA 2010b). This might be because the household and social services sector, where a large number of female migrant labour is employed, lost proportionately fewer jobs than other sections of the job market. However when the low earning capacity of female migrant workers is taken into consideration, and who allocate between 20% and 62% of their income to food, it becomes clear that women were more adversely affected by the crisis.

Nine per cent more women migrants indicate that they are likely to enter the job market earlier than their male counterparts, and 5% more migrant women are engaged in vulnerable jobs (NIDS 2008).

More migrant workers were found in elementary occupations in the first quarter of 2010 than in 2008. This indicates a worsening of conditions for migrants and provides part of the explanation of why migrants’ unemployment did not increase in line with the general increase in

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\(^{15}\) Such a high percentage could be due to measurement problem associated with the way migrants may view what ‘employment’ means.

\(^{16}\) NIDS 2008 and World Bank Migration Survey 2010.
unemployment as the GEC took hold. Migrants losing jobs quickly switch employment and are more willing than locals in similar circumstances to take lower paying jobs.

5.5. Food Expenditure Amongst Migrants

In 2008, food expenditure accounted for 19% of total expenditure, but food expenditure for migrants was 38% of total expenditure, whilst that of female-headed migrant households was 47% of total expenditure. This proportion of spending on food is similar to that of the poorest households in SA, and reflects the low income status of the majority of migrants. Rising food prices may therefore be having a disproportionate effect on female migrants and their households.

Table 23: Expenditure on food in 2008

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std Error</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black African</td>
<td>R 710.91</td>
<td>19.51</td>
<td>36.45</td>
<td>0.00</td>
</tr>
<tr>
<td>Migrant</td>
<td>R 386.67</td>
<td>26.75</td>
<td>14.45</td>
<td>0.00</td>
</tr>
<tr>
<td>Female migrant</td>
<td>R 339.19</td>
<td>43.06</td>
<td>7.88</td>
<td>0.00</td>
</tr>
<tr>
<td>Coloured</td>
<td>R 1483.85</td>
<td>127.76</td>
<td>11.61</td>
<td>0.00</td>
</tr>
<tr>
<td>Indian</td>
<td>R 2435.25</td>
<td>249.99</td>
<td>9.74</td>
<td>0.00</td>
</tr>
<tr>
<td>White</td>
<td>R 2024.84</td>
<td>96.38</td>
<td>21.01</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Food Expenditure as % of Total Household Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African</td>
<td>38 %</td>
<td>0.01</td>
<td>51.16</td>
<td>0.00</td>
</tr>
<tr>
<td>Migrant</td>
<td>39 %</td>
<td>0.03</td>
<td>13</td>
<td>0.00</td>
</tr>
<tr>
<td>Female migrant</td>
<td>47 %</td>
<td>0.02</td>
<td>23.5</td>
<td>0.00</td>
</tr>
<tr>
<td>Coloured</td>
<td>35 %</td>
<td>0.02</td>
<td>20.05</td>
<td>0.00</td>
</tr>
<tr>
<td>Indian</td>
<td>23 %</td>
<td>0.03</td>
<td>7.17</td>
<td>0.00</td>
</tr>
<tr>
<td>White</td>
<td>17 %</td>
<td>0.01</td>
<td>14.49</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*Source: Author’s calculations*

There is also a distinct difference in the expenditure shares for different racial groups, with whites spending a far lower proportion of their income on food than any other racial group. When the expenditure shares are adjusted by race, the shares for black migrant households are actually much higher than initially suggested. For female heads of household, the large share is crippling as it implies that there will be limited scope for investment and self-improvement. Children in these households might find it difficult to acquire the requisite resources for general household improvement between generations. In comparison, expenditure aggregates indicate that male-headed households spend 34% of income on food. Implications for poor households are not obvious. It is however possible that a loss or reduction in household income may result in a change in health status through a change in the diet towards less nutritious food, causing a permanent erosion in the cognitive ability of a child that predisposes an individual to a debilitating illness, or result in an early death.  

Households may, after an initial period of being

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17 In terms of human capital, such long term losses might be seen either as a permanent depreciation of the existing capital stock that subsequent investments cannot make up (e.g. through an illness that goes untreated); or a permanently lost opportunity at investment (e.g. in the case of child who is deprived of essential nutrients at a critical stage of development). The consequences are then of two kinds: a long term drop in the *current* level of human capital, and a long term drop in the *potential* maximum level
able to maintain consumption by drawing upon their reserves, be compelled to defer seeking health care; or re-assess their decisions to invest in education, again with potentially long-term consequences.

5.6. **Remittances**

Many households in South Africa and in countries that have significant migrant populations rely not only on income generated by resident household members, but also on inter-household transfers of income. An important type of transfer is remittance income, sent by migrant workers to their household of origin or to households whose members are relatives.

Table 24 provides measures of households which report positive values for income (cash or in-kind) transfers received from individuals who are not resident household members, and the average monthly household value of these contributions in 1993 and 2008. There is a large fall in the proportion of all households receiving income transfers in 2008. Although poorly comparative (that is why the figures are not presented here), the 2007 Labour Force Survey suggests a proportion of 20% in 1993. Approximately 24% (unweighted) of all households reported positive income transfers from ‘absent members of the household or from any other person’. In 2008, this had fallen to 16% indicating a huge shock given that this occurs over a single year. In the PSLSD and the NIDS these proportions refer mostly to internal transfers, however it is important to note that South Africa is also a recipient of transfers from countries outside Africa. In 2008 these transfers amounted to US$160 million, a 36% decline from the previous year. Unfortunately, it is not clear what impact this could have had at household levels since no dataset specifically captures these transfers adequately; these are indirectly manifested in macro-level data.

| Table 24: Income transfers received among migrant households, 1993 and 2008 |
|---|---|---|---|
| | PSLSD 1993 | NIDS 2008 |
| Unweighted | | |
| Number of households receiving contributions | 2 115 | 1 186 |
| Proportion of households receiving transfers | 24 % | 16 % |
| Average household monthly nominal value of transfers (Rand) | 255.05 | 552.32 |

In most surveys where it is possible to identify migrant workers, information is also collected on the value of remittances received from these migrants. However, there are fundamental differences across the surveys in how questions on remittance transfers are included in the instrument. In the Statistics South Africa October Household Surveys and the Labour Force Surveys, questions on remittance receipts are tied to questions on migrant workers. Only those households with migrant workers can report on income transfers received. In NIDS and the PSLSD, in contrast, questions on remittances, and inter-household transfers more generally, are asked in a different part of the questionnaire.

In the World Bank survey of African migrant remittances conducted by the HSRC, unweighted data shows that in 2009, the proportion of households receiving remittances dipped slightly to just under 15.9%. This might indicate that the effect of the GEC shock might be over and that further changes are probably going to be very small. However, the long-term effect is not clear.

for the future. Income losses could also affect intra-household consumption allocations in different ways, accentuating long held patterns of inequality by geography, ethnicity, gender or age.
5.7. Informal Settlement and Services

There is insufficient evidence to show how internal migrants and immigrants might be affected relative to non-migrants in South Africa. In SA, there is already considerable pressure on service delivery in receiving areas. For internal migrants, settlement is often into shack areas on the periphery of the cities and towns, with poor access to services ranging from sanitation and housing to education and health. In 2009, for example, 11% more migrant households were living in shacks and other less permanent structure compared to 2008 (Stats SA 2008). This is especially a concern for women who move with children, where additional child-care services are needed. For foreign migrants, access to public services may be limited to emergency services, but children born in SA do have access to social grants and this would provide some social floor. There have been improvements in the transportability of social insurance payments when migrants return home, but more evidence is needed to confirm to what extent this is happening.

5.8. Migration: some policy responses

It appears that the SA and regional economies will begin growing faster than the developed countries where many South Africans go. SA now has an opportunity to draw skilled citizens back from overseas, and to encourage those considering emigration to stay and contribute at home.

Zimbabwe is currently the largest source of foreign immigrants. In 2008, it was recognised that Zimbabwean economic immigrants were clogging-up the asylum application process causing difficulties for genuine asylum seekers. The SA government decided to adopt a permit system specifically for Zimbabwean immigrants. The adoption of a three-month permit for Zimbabwean migrants, which allows Zimbabweans the right to enter SA without a visa and work for three months, altered the character of migration from that country. Whilst migrants who would have come to work in South Africa would find it hard to return, this permit has made it easier for them to move between the two countries without having to permanently stay in the country. This should increase temporary and/or circular migration. The main advantage is that the policy substantially increases the number of legal migrants, which should make it easier for government to plan and prevents the exploitation of migrants when they are illegal.

A critical contributor to immigrant families will be the approval by the SA government that children born in SA to non-South African parents can be eligible for the Child Support grant. This may have significant implications for the SA fiscus, and may attract more families into the country. However, it does speak to supporting the human rights and development of children no matter their nationality.

The continued commitment by the SA government to infrastructure will likely have a bias toward foreign migrants. It appears that a large proportion of migrants are engaged in the construction industry. This is likely an unintended consequence of this spending, since the stated goal is to stimulate the economy and create jobs for South Africans. It is not known to what extent immigrants access the opportunities created in the Expanded Public Works Programmes.

Services aimed at rural-urban migrants are currently weak, especially as the majority move to informal settlements. The need for more focused attention, especially on migrants who move with children, is quite urgent. The HSRC and CSIR are currently developing the capability to support local authorities to plan in respect of population movements, with the support of the Department of Science and Technology.
5.9. Summary of Findings

There are three main types of migration affecting South Africa. This is the emigration of skilled people, the in-migration of skilled and low skilled from other African countries, and internal migration.

The effects of the economic downturn on migration are complex and hard to predict. Internal migration trends seem to have continued their downward trend. There is no evidence to suggest that international migration volumes have changed but it is clear that the characteristics of the migrant have changed. Many more women are now migrating both internally and internationally and shocks that affect migrants would adversely impact more women than previously. Migrants’ expenditure on food represent a much higher percentage of their income and female-headed migrant households fare far worse in this respect than their male-headed counterparts. Efforts to protect migrants and allow them access to services as provided for in the Constitution, and policy and regulations women to a large extent (because there are more of them than before).

However, not much has been done to curb the upward creep of food prices and these will continue to hurt female headed households and constrain their economic activity. Caution has to be exercised when distinguishing government responses to the GEC from policy enacted outside the framework of a response to the crisis. It is clear that government responses specifically targeting migrants that coincided with the GEC has been the change in the immigration law affecting Zimbabwean immigrants, increased spending on public infrastructure and the implementation of changes in the law on social grants, which coincided with the period when the effects were being felt in South Africa. The major result has been a strong rise in the number of people receiving the child support grant. This should help mitigate the impact of the downturn on migrant children born in South Africa.

Remittances (both national and international) continued to flow but internal transfers are more significantly reduced. Remittances to South Africa also show a reduction. Since remittances are generally small proportions of the income of workers, only slight changes are discernable in the data. Changes in individual and community coping mechanisms are often the only way in which households may be able to withstand the adverse impacts of an economic shock. Such mechanisms, while working in the short term, might expose households to longer-term human development losses either in the source country/place or in the destination country/place.

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18 The rise in the number of people receiving social grants was primarily affected by the expansion in the programme, with a rise in the applicable age of beneficiary, as well as an increase in the means level. The numbers on the programme can also be expanded as a result of an increase in the number of people affected by job losses.
6. Preliminary Insights into Impacts and Responses at the Household Level

6.1. Introduction

Oxfam’s brief to HSRC identified a specific key gap, as follows:

*Most organisations conducting monitoring or research are focused on the national or macro-economic context. Few are examining the micro-contextual reality of how this crisis is affecting peoples’ lives…*

Oxfam therefore urged the organisations carrying out the study to consider how best to

…propose pro-poor policies based on this kind of evidence.

Against this background, the HSRC research team developed a small qualitative field sample representing some of the experiences of 30 individual low income households in the urban and rural areas of South Africa.

South Africa is a middle-income country with deep and widespread poverty. Structural and persistent poverty derives from the systematic disadvantage inflicted on the black majority under apartheid. The present democratic administration has a stated and long term commitment to redress the accumulated poverty consequences of the nation’s history by undertaking anti-poverty programmes and promoting conditions under which households can prosper.

This commitment to fight and overcome poverty has become the national project, marshalling all political effort across the spectrum of contending interests under the headline of ‘delivery’, and absorbing a massive share of the national budget. Free subsidy housing delivery, subsidised education, health, transport, service infrastructure and massive welfare transfers have been put within reach of the poor. Because of South Africa’s unique circumstances, social and economic policy measures that would have been the probable government response to the international crisis were already to a large extent in place and operational from 1994, long before the onset of the world recession. While the private sector contributes to delivery through negotiations with government, partnerships on projects, signing on to development-related charters and other ancillary activities, both voluntarily and for reasons of compliance with legislation, the lead responsibility for promoting levels of development that will bring the poor into the national economy as full participants continues to rest with government.

At the same time, it has proven difficult to reach poor households with measures that can open the way for national economic growth and for their economic advancement. Prior to the downturn, there was evidence that the status of the poorest households had improved, largely due to the expansion of social grants and free services. However, poverty remains pervasive, and it is probable that there has been some reversal since the downturn, and especially over the course of 2009. Frustration with service delivery led to numerous street protests, and has continued to smoulder sporadically, flaring up across the country through to the present day.

6.1.1. Background to the study: Households, Livelihoods, Migration and Settlement

Relative to developed economies, many African households still rely on home production for some of their food needs. This leads policy makers to sometimes address food security through African smallholder farming. (see Bryceson 1994). However, there is also evidence that food is increasingly sourced through market transactions in Africa, especially with the rapid process of urbanisation now underway. In South Africa, as a middle income country with extensive commercial agriculture, a very small peasant farming community, and deeply reaching retail
sector, food is largely purchased through the market. The following points are relevant to food security and the impacts of the international crisis.

1) **Home farming and food production:** Unlike many African nations, South Africa is not a well-endowed agricultural country. Soils are relatively poor and rainfall is highly unreliable, while the early competitive success of indigenous agriculture was systematically strangled by colonial and apartheid policies favouring the larger commercial farms, which provided white voters with livelihoods and the country with exports (van Onselen 1996). Small holder agriculture has not received substantial support or attention, and operates on the margins.

Meanwhile, land reform has not succeeded in gathering speed or in having significant impact to the benefit of the excluded poor, either in respect of establishing small-scale commercial farming or in reviving classical household farming at family level. With organised marketing channels for poor households almost non-existent and extension services greatly reduced, household farming is in severe decline, almost non-existent in most areas, and with some local exceptions is doubtfully sustainable in many others.

In poor communities today housing plots are primarily residential, and the community land right often no longer effectively includes a right to arable and grazing land. Livestock production has been undermined by endemic stock theft in communities now often too weakly structured to be easily able to control thieves. At the same time, the cost of seeds and inputs has become prohibitively risky as farming has collapsed inward onto family residential plots without access to manure fertiliser from stock. However, these residential plots tend to be too small to support substantial farming as densities increase in areas with locational advantage, so that input costs for cultivation are not usually an important consideration for food security today.

What remains tends to be very small-scale ancillary food gardening occurring sporadically on some household residential plots, and particularly among the very poor, while most families do no farming or gardening at all: a few elite families keep livestock and carry out some crop production as a sideline funded by other activities (see Joel D’s household history). In effect, South Africa no longer offers a path to for poor African families to economic success and social prominence through entrepreneurial farming success, and probably has not done so since the 19th Century. As in the present sample, most households now buy all or nearly all their food.

2) **Wage income and household sustainability:** The African poor in rural areas made an early transition to migrant labour in combination with mixed farming livelihoods to become almost entirely reliant on wage income.

Outside of domestic service positions, employment success now depends heavily on education through high school and into advanced qualifications (Wittenberg 1999). As in most other developed economies, in the last 15–20 years South Africa’s economy has shifted significantly away from primary production and into financial services, other white-collar activities, and the service sector more broadly, while manufacturing has retreated. These changes have sharply undercut the number and share of jobs available to unskilled and less-skilled work-seekers. As a result, South Africa’s severe unemployment problem – which can reach 60–80 per cent in the most disadvantaged rural districts – is concentrated among the large number of unemployed work-seekers and school leavers, primarily rural-born, who are obliged to compete for the shrinking share of unskilled jobs which have survived the decline of mining and the near-collapse of commercial farming.

With the national education system in serious difficulties (see GCIS 2008), obtaining the skills needed to run an advanced economy on an internationally competitive basis has become one of the main objectives of government policy, alongside the urgent need to provide economic support to the large numbers of the unemployed who are being left behind without jobs by the changing economy.
In the general search for reliable wage employment, women face a particular disadvantage; well-qualified women are often very well-paid in excellent quality jobs, but women without post-high school educational qualifications often have few options other than badly-paid, insecure and sometimes exploitative domestic work, where there are many more candidates than there are available positions. The range of job options available to less educated men still far outreaches that available to less educated women.

At the same time, a university educational qualification, without specific skills and experience relevant to the job market, is not a guarantee of employment. Consequently – as unemployed youth usually remain with the parent household until they find work, and even as mature adults – many well-off families are still supporting numbers of unemployed graduates, both young men and young women, who have not been able to enter the job market and who may be left behind without future prospects. Whether well-off or poor, young people who are not able to find jobs are normally unable to leave home to marry and establish their own households, and may remain at home indefinitely as dependent adults, often attempting to support children of their own on government grants. Otherwise, youth without organised prospects may leave home communities to live on their own, surviving on their wits in the urban shadow economy with some becoming involved in petty theft or prostitution.

3) Migration and social cohesion

In a post-industrial economy dominated by wage work, migration levels have increased as households move to position themselves favourably in relation to the job market. The South African population appears to be nucleating around its zones of highest economic activity, with urbanisation shifting large numbers of people out of the former apartheid homelands, off farms and out of the countryside generally. The migration and settlement process now tends to deliver individuals and households into areas with access to transport – and therefore with access to the urban employment market – rather than into areas with access to land. This process implies an inevitable tightening of the physical space available to the individual household, as well as taking the household away from its social networks which are based in the home community. Together with the trend for high rates of individual and household economic migration which tend to separate households in much the same way as the migrant labour regime which prevailed under apartheid, the effects of social grants in limiting mutual responsibility is likely to be operating to weaken social networks and to undermine social capital and social cohesion in both rural and urban poor communities (see GCIS 2007).

The most intense access-related densification occurs in the urban shack settlements, where densities of up to 15 000 per square kilometre have been recorded in mature settlements. In social and economic terms, the metro shacks therefore effectively represent the main urban branch, or perhaps the innermost margin, of the rural sector, rather than an extension of developed urban settlement. The metropolitan shack areas in Gauteng and Western Cape represent the geographically innermost settlement zone of the rural economy, the closest point at which less-educated rural people looking for entry to the cash economy can locate themselves so as to be in contact with the metro urban labour market.

In contrast, the established townships built under apartheid to accommodate the African urban population still house most of the more educated grouping, urban citizens whose network contacts help to integrate them into urban job markets. However, the metro townships are also extremely overcrowded, and therefore are unable to provide housing to any significant share of the urbanisation inflow from the rural sector. Significant numbers of township-born youth may still be flowing into the shacks as a result of housing shortages in their parents’ communities, and it is not clear how far government’s subsidy housing programme has been able to make up the shortfall in urban housing for the established city population by developing new areas of subsidy housing, usually called RDP [Reconstruction and Development Programme] housing. With new
families from both rural and urban sectors often unable to find either subsidy housing or township accommodation, the shack settlements continue to grow.

These shack areas are selected by in-migrants because of their specific combination of close access to the city’s jobs, markets and amenities, and extremely cheap living costs. Although the metro local governments attempt to deliver low-cost infrastructural services to new shack areas soon after they are established, and then to promote shack upgrading by supplying subsidy housing, the metro authorities characteristically maintain an ambivalent attitude to the shack populations: the people of the metro shacks are most commonly rural-born in-migrants, who require expensive services and grant support although many may not succeed in finding work and contributing to the city’s economic base. Many shack areas, like Swedenville in the present study, remain extremely cheap because they do not have delivered services or housing.

Johannesburg’s planning vision report *Joburg 2030* (COJ 2002) proposed an approach to shack settlements and rural in-migration which involved offering very limited accommodation to migrants in peripheral areas, while delaying services and other benefits for many years. The intention was to direct city revenues to economic infrastructure which was seen as vital to economic growth, but also as imperilled by the high cost to local government of continuing in-migration flows.

However, delivering development of a kind that can assist the population of the shack settlements is a major national priority under anti-poverty planning. With the release of Johannesburg’s social vision planning report (COJ 2004) two years later, a more supportive approach to migration was laid out, meeting national government priorities for delivery of housing and services to the expanding urban poverty population. However, metro planning attitudes toward rural in-migration flows often tend to remain cool, and sometimes fairly hostile. Although services and housing are subsidised from the national level, national government departments do not cover all the costs to municipalities of assisting and servicing shack areas and of providing social and welfare support to their populations, sometimes requiring the reluctant cities to make up shortfalls without allocated resources.

### 6.2. Methodology of Qualitative Study

For the purposes of this report, we implemented a small field study limited to two communities. Three field days were spent per area. These are areas that were included in a recent HSRC household survey on migration, so the purpose of this particular study was to gain deeper insights into these areas.

The rural community ‘Bergpoort’ was chosen because of its location in a remote migration sending area, connected by the demographic migration route along the Maloto highway and rail corridor into Gauteng and its receiving shack settlements. The shack area, ‘Swedenville’, is one of the outlying shack settlements in the Johannesburg/ Pretoria city region of Gauteng, and is also one of the poorest and one of the cheapest to live in. Although ‘Swedenville’ receives some of its in-migrants from the general region of ‘Bergpoort’, there is not a direct connection, or any known cases of specific individuals moving from one to the other.

Methods adopted for the three days of fieldwork were sociological, centred on key informant interviews and a qualitative household survey. Key informants included interviews with local community leaderships during the previous field trips, and interviews with local shopkeepers to investigate price trends.

The qualitative survey used an interview schedule with open-ended questions to encourage the respondent to enlarge on the household’s story. Thirty interviews were obtained on a quota sample basis, one of which was not used. Swedenville is therefore represented by 15 respondents, and Bergpoort by 14.
6.2.1. **Limitations of Study**

Limitations of the study therefore include the short time available in the field, the small size of the qualitative sample, the limit of the sample to two field areas, and the absence of in-depth methods and of statistical results. Focus groups and participatory rapid appraisal (PRA) techniques have not been possible due to the time and budget restrictions.

The results are qualitative only, broadly indicative rather than statistical. Thirty cases is an adequate number for a qualitative study, but serves illustrative purposes only. Due to small numbers and non-equal-probability selection of cases, these 29 cases do not sustain any significance testing or statistical interpretation. The summary tables are provided in order to present the situation of the respondent households in a simple way; tabulated results are limited to descriptive application, and only pertain to the two study areas themselves. Generalisation from local, qualitative results can be attempted only with great care and with major reservations. For instance, other communities may well report greater involvement in government delivery and assistance programmes outside of social grant transfers.

Research in communities where the team has worked before has provided some knowledge of the communities’ local circumstances, though not as much as a longer study would have allowed. The study did not attempt to capture household budgets or to make a detailed study of price changes.

The specific shortfall of this study is very limited information on informal micro-enterprise. Because of the short time period available and the extreme difficulties of obtaining highly private information on the household’s small business activity, the study did not prioritise this support option, although it is frequently important in cases where other types of cash income are not available or not adequate. In South African communities, residents are very reluctant to report this kind of economic activity outside the household because of remaining doubts of its legality, and many respondents also tend to view survivalist enterprises as too small and insignificant to be worth reporting on.

Consequently, it is not feasible to obtain reasonable results for informal economic activity with a single interview, and exploring informal sector activity normally requires dedicated studies. The several businesses noted in this report will not exhaust the number of informal enterprises in the study communities, and the role of informal business in household support remains incompletely explored for these areas.

6.2.2. **Confidentiality & Ethics**

In order to comply with the applicable regulations for respondent confidentiality, all names have been recorded as first name and last initial only on the original interview schedules. Further in terms of ethics restrictions, in the text of the report, all names have been changed to fictitious substitutes.

Under the requirements of the HSRC’s Ethics Committee, it is important to note that specific geographic areas cannot be identified in reports in order to protect identities of respondents. Not only the names of the communities themselves cannot be reported, but also the names of towns and other features that would locate the study communities and perhaps allow respondents to be identified by anyone with knowledge of the area. Names of nearby towns have been changed accordingly. Should it be desired, further study would be possible by arrangement with the study team.
6.3. Areas of Study

The Oxfam field study has been carried out in two sample areas, one in a recently established Gauteng shack settlement – ‘Swedenville’ – and the other in an outlying farming area in a former apartheid homeland district in eastern Mpumalanga province – ‘Bergpoort’. These areas were selected in order to explore the effects of the international crisis on poor communities in both the rural and the urban sector, making use of field connections developed in the previous Integrated Planning Development and Modelling (IPDM) study (Cross 2008).

The area descriptions are based on key informant interviews, as well as on prior knowledge of the areas based on the earlier field studies. The field interview team was supervised by Jonathan Mafukidze, an HSRC staff researcher, who was assisted by Joseph Sello Makola and Thabo Raserope. The field team unanimously reports that no major challenges were encountered in either field area during this brief study. Summary indicators for the two qualitative samples are given in Table 41 and Table 43.

6.3.1. ‘Swedenville’, Johannesburg/ Pretoria Conurbation, Gauteng

The Swedenville settlement represents an outlying fairly recent shack area with informally owned accommodation, run by a local area committee on unused municipal land within the main Gauteng conurbation. It is a relatively new settlement, with occupancy dating from 2006 or 2007. The community is still beyond delivered services but offers relatively good transport connections to the metro urban main centres. The resident households for the most part claim informal ownership of their shack structures, having built their own shacks on sites or lots bought in an orderly process from the area’s administrative committee. There is little if any renting of shacks and no formal service charges, so the area is very cheap to live in for recent rural migrants.

**Services:** The Swedenville settlement does not yet have full services in respect of electricity, clinic and health services and administrative offices. Water taps are communal, and reportedly cater for at least 20 families per tap. There is no formal electricity, but one household has installed solar electricity, and some of the houses are reported to have informal, extra-legal electricity connections run in to the community from nearby formal settlements. The area does not have sewerage infrastructure, and all households have toilets located in the yard. At the time of interview in late May 2010 there were no schools or clinics and no hospital, police station, post office, state grant collection point or major shop located within a range of 2km of the settlement’s borders.

There was no taxi, train or bus service directly into Swedenville at the time of the interviews in late May 2010. The nearest commuting train station was then 60 minutes away, and the furthest point of the settlement was situated about 25 minutes from the taxi passenger collection point. There was no bus service. One household in the sample reported owning a car, with all others using public transport.

**Administration:** The area’s informal governing committee or ‘street committee’ has been established by the residents. It is run by the local-area African National Congress party leadership and oversees security, postal delivery, land acquisition and land transfer, and all the issues linked to the local community’s struggles to achieve legal status. The identification of the committee’s party affiliation with South Africa’s ruling party gives the local committee some legitimate institutional standing and administrative connectivity even though the Swedenville shack settlement is not legally recognised or formally serviced.

**Migration:** The area is still drawing fairly high in-migration from younger work-seekers as the available living space fills up, but the rate of inflow is reported to be declining. Aurelia J – deeply
dissatisfied with her lack of work and her standard of living – commented ‘No people like this place, they are not moving in’, but most other Swedenville respondents disagreed and indicated that people were continuing to move in. The community appears to be stabilising, and out-migration is reported as very low. At the same time, people living in shack housing are sometimes reported to move out due to the lack of delivered services, though residents who have bought their shacks or obtained RDP houses are described as unlikely to move away. However, following a minor violent outbreak during the service protests, a train service to the settlement has been cut off, with the result that commuting has become more expensive and difficult for low-income households. If the committee does not resolve the situation, more residents may be motivated to move away.

The Swedenville in-migrant population is mainly of rural origin, but the 15-case qualitative sample includes one household representing demographic overflow from the Gauteng townships.

Population: The sample comprises working poor households, relatively young and often upwardly mobile but still very precarious, simultaneously verging on chronic poverty and striving to start their upward climb to secure middle-class status. The average age of household head for the 15-case qualitative sample was 32.7 years. Reported education levels averaged 11.0 years, relatively high compared to what would have been encountered in a shack settlement in the 1990s, but in-migrant work-seekers from outlying rural areas still tend to lack the local social capital network connections that assist metro township residents to find work. Most households were very small, averaging 2.7 household members, who usually comprised a male worker or work-seeker, a female wife or partner and sometimes one or two small children; the largest household in the sample had 4 members. Many were split households with other members still residing in the community of origin, where children were often sent to reside with grandparents.

Economy: In itself the Swedenville settlement is a relatively poor community, though it is located in the country’s main metro city region and 11 out of the 15 sample households were sending remittances to close relatives in the households’ communities of origin. Dependence on the cash economy was all but total, and the informal sector appears relatively weak in the area: nearly all the sample households had found some kind of wage work, though in some cases they could obtain only insecure or temporary employment. It is also possible that some local households which lost jobs or could not find work may have been forced to move on or return to the rural sector, removing them from the study population without leaving traces and leaving only the more successful work-seeking households to make up the qualitative sample.

Average household income was estimated at R2 200 per month, with seven recording an estimated wage income of less than R2 000 per month. Only one household in our small sample reported having no wage income. This household was in an extremely precarious position, and would have returned to the rural sector if the head had been able to afford the cost of another move.

Most of the households in the sample were supporting themselves with very little income. The top wage income was estimated at R4 500 per month, and two households were living on estimated incomes of R1 000 or below. None of the employed workers in the Swedenville sample held professional-level jobs. Instead, security work and domestic work, which are low-paid and have low skills and education demands, were common and often served as entry-level jobs for newly arrived rural migrants. Several of the more qualified and experienced workers in the sample reported that they were unable to find permanent work, and were surviving on part-time work and short-term contracts, sometimes temporarily assisted by unemployment benefits.

Food production: Three households in the Swedenville settlement reported having vegetable or maize gardens, but these tended to be very small, with the largest at 20 square metres. Two of
these households reported that they bought all their food, with the household with the largest
garden noting that they bought most but not quite all their food. No one in the settlement kept
any livestock, including fowls.

**Housing:** Densities so far are still too low to make renting profitable, so that all the households in
the sample count as informal home-owners. Consequently, the Swedenville in-migrant
population tends to represent young rural households or individuals wanting urban access but
not able/ not willing to pay rent as is usual in higher-density serviced areas, where all land is
already owned or claimed on the informal system and shacks are rented with services costed into
the rent. Instead, organising shelter in Swedenville is mainly a greenfields undertaking, without
additional costs for services.

For arriving households, the basic in-migration plan appears to start with negotiating entry with
the area committee, buying a residential plot for approximately R600 – R800 depending on the
going rate at the time, and then settling by building the family’s own shack on their residential
stand, in anticipation that formal service delivery will arrive within a reasonable time frame,
bringing either RDP houses or the opportunity for decent self-build housing. Construction is
corrugated iron with wood frames and sheet-iron roofing in nearly all cases. Shacks vary in size
and quality from one to three rooms, some with outbuildings, and the replacement value varies
between R600 and R5 500, with an average of about R2 500. Although shack areas are normally
very crowded, some of the Swedenville residential plots – particularly those obtained by the early
arrivers – are large enough to allow for a small kitchen garden. The tenure document is a slip of
paper issued by the committee, which is probably enforceable in court but is not legally
formalised or registered.

Alternatively, the local committee occasionally sells existing shack units, which have been
abandoned by people who move out of the area without arranging with the committee to retain
their claim to their shack. There is also an RDP-type subsidy housing development located near
the shack community, which offers formal tenure to Swedenville residents who are high enough
on the housing list.

There appears to be tension and perhaps some past conflict or violence in the community
relating to the illegal status of the settlement which, according to respondent George L, has been
addressed by the locality’s street committee. After a reported violent incident against security
staff from the train line, train service to the community’s rail station is said to have been
suspended, making commutation into Johannesburg more difficult and more expensive for
workers in the area. Apparently partly as a consequence, there is some perceived risk that the
shack community’s informal occupants will be expelled by the municipality.

A small number of Swedenville residents are reported to be moving out to Extensions 6 and 18
of the nearby formal township in order to gain better access to services. If so, these families are
likely to have come from among the shack settlement’s better-off households, those now well
enough situated in the cash economy to able to take on payment of regular service charges and
the subsidiary running costs of a formal house, which in itself implies a socially-determined
higher standard of consumption. The presence of an upwardly-mobile exit migration stream
suggests successful engagement of the urban cash economy on the part of such Swedenville in-
migrants, who are dispersing into higher-priced housing opportunities.

### 6.3.2. ‘Bergpoort’, Amatshe Former Homeland District, Mpumalanga

The Bergpoort settlement is a poor rural African community located inside a former apartheid
‘homeland’ area, in a commercial farming region of Mpumalanga which produces horticultural
crops. On the north side it borders several commercial farms. The settlement was originally
established as result of a forced removal, in which a number of farm workers and their families
were expelled from a commercial farm in the vicinity in 1990, in the late days of apartheid. A
new settlement named after the farm was established inside the designated homeland area to
accommodate the displaced families, and the new settlement then began to draw in other
households. The local name of the north end of the settlement is after a prominent politician, as
with many South African informal communities, and residents are proud of their identity as
citizens of their community and their province.

Administration: The land for the Bergpoort settlement was originally allocated by the local
traditional leader (or tribal chief) as head of the Tribal Authority which has formal jurisdiction
over the land inside the homeland boundary. However, the community itself operates as an
enclave run by a local committee, which attempts to address water and services shortfalls, as well
as security matters and the community’s relations with the local municipality.

Services: Infrastructural services are supplied by the local municipality, rather than through the
Tribal Authority administration. The area has full electricity service but only a low level of water
provision, either through yard taps or through communal taps. Households largely depend on
outside toilets due to the water problems prevalent in the area. The water shortage in the area is
chronic, and sometimes hits household budgets. The older southern settlement zone is low-lying
and has better water service, with most households having water on site. The higher-lying
northern zone is dry, without local water service, so that residents there use communal taps
located along the streets of the lower zone which may be more than a kilometre away.

The supply of water is not always reliable, and all the taps for the settlement sometimes run dry
for 3–5 days at a time. A more extended water stoppage in early 2010 was reported as an income
shock by four households in the Bergpoort sample, who indicated that they had to make use of
pickup trucks travelling the significant distance to the nearest available water point to bring back
large containers, from which the residents were able to buy water either by the load or by the
litre.

There is no taxi, bus or train service direct to Bergpoort. The furthest point of the settlement is
30 minutes from the taxi and bus access point. The train station is approximately 60 minutes
away by taxi, located on the homeland border by the local game park, and therefore is too
expensive and slow for daily use. Several members of the Bergpoort community who hold
professional jobs are able to commute by private car on a weekly basis to jobs in larger towns on
the Mpumalanga fringe of the Johannesburg/ Pretoria city region.

Migration: At the time of the founding removal event, the area experienced relatively high in-
migration, which slowed as the affected population was accommodated and available space filled
up. Rural-to-rural migration is characteristically high in South Africa, allowing new communities
to accumulate population fairly quickly. The Bergpoort area is now described as stable, with low
in-migration and very low out-migration, and has become over time what one respondent
described as, ‘a nice place’.

New residents continue to settle on the northern part of the settlement, bordering on the local
commercial farms. The section first settled was at the southern tip of the designated Bergpoort
area where water services were provided, but this area is now full, and as the settlement
expanded the occupation of the dry northern area began around 1998.

The present population of Bergpoort appears to be entirely in-migrant, with no respondent
reporting having been born in the Bergpoort settlement itself, and all households indicating that
their original home was elsewhere. The settlement population is largely of rural origin, and
originates almost entirely from inside the local region, within 10-20km of the Bergpoort
settlement itself: one woman head of household reported that she was born in the
Johannesburg/ Pretoria city region, and two heads were cross-border migrants, from Swaziland
and from Mozambique.
Only one household in the sample still represents the original removed grouping of farmworker households which founded the settlement. Few of the respondents’ recorded migration tracks included stays in the metro urban sector, and the majority of households reported that they had moved once only, directly from their community of origin into the Bergpoort settlement, having received information about Bergpoort by word of mouth.

Population: Households in the Bergpoort sample were significantly older and larger, as well as better off, than the relatively young Swedenville population. The average household head in the 14-case Bergpoort sample was middle-aged, at a mean age of 47.6 years, and the head’s average education was 9.4 years. The average household size was 5.1, indicating larger two-generation households, but not many with three generations. Few appeared to be split households; three indicated that they received remittances from family members working elsewhere who had established households of their own.

Economy: Households on average were significantly better off for their total income than Swedenville residents in the metro city, and the range of income levels reflected in the small qualitative sample was wider than in the sample for the metro shacks. However, unemployment was very high and available work was largely located outside the immediate area, making commutation an important expense for many.

Five Bergpoort households reported wage income over R4 000 per month, compared to one in Swedenville. The top household wage income was roughly R8 000 for two professional jobs, rising to R15 000 if the earnings from the family’s business enterprise is counted as wages to the enterprise’s employees. At the same time, five Bergpoort households had estimated wage incomes of R1 000 or below, with the lowest wage income at R800 for a woman farmworker. Three households had no wage income at all, and survived instead on grants and/or remittances. In Swedenville by comparison, only two households were living on estimated incomes of R1 000 or below and only one had no regular wage income.

Perhaps not surprisingly, all of the three households in the Bergpoort qualitative sample which had no wage income were headed by older women, as was also the case for the Swedenville household without wage income. That is, all the male-headed households in the qualitative samples obtained wage work, while half of the eight women-headed households did not.

Average household wage income in the 14-case Bergpoort qualitative sample was R3 400, though the Bergpoort households were also larger than the households in the shacks, and the rural qualitative sample may somewhat over-represent elite households with professional incomes. At the same time, living in rural areas is generally understood to be less expensive than living in the urban informal settlements.

However, involvement in remittances was less common in Bergpoort than in the Swedenville shacks. Compared to the 11 households at Swedenville which sent remittances to their original home communities, only two Bergpoort households sent remittances to close family members not counted as members of the senders’ own households, and one cross-border labour migrant sent remittances to his wife and children in Swaziland. This remittance profile is not surprising, as rural households are generally expected to receive remittances rather than send them; however, receiving remittances was not the rule in Bergpoort. Two very poor female heads of household each reported receiving remittance support from a married son who was not considered a member of the Bergpoort household, and one better-off household received some intermittent support from a sister in Gauteng. The other sample households drew their support on a relatively autarkic basis from wages and social welfare transfers.

Food production: Three households in the Bergpoort qualitative sample reported that they had gardens for maize or vegetables: one was a substantial garden, estimated at 120 square metres, of which the respondent cultivated 20 square meters. The other two gardens were estimated at 10
and 2 square metres, and a fourth respondent had access to usable garden land but had never planted it.

Two of the sample households had kept chickens as their only livestock; in one case all the chickens had died and had not been replaced, while in the other case there were three chickens. The only household with large stock as well as chickens was the elite family of Joel D, which ran a profitable business enterprise, had two professional incomes, and appeared to keep cattle as a sideline savings operation. Of the three households with gardens, only Joel D’s high-income family noted making use of their own vegetables from their 10 square metre garden. The other two garden households indicated that they bought all their food.

Housing: Nearly all Bergpoort housing was reported as family-owned and self-built, of a modern rather than traditional type. Bergpoort households were on average more mature, further along on the developmental household earning track where wages rise with age and length of service, and the area is also one with secure tenure rights, although these are not formally registered with the national Deeds Registry. Accordingly, the replacement value of the housing at Bergpoort was far above that found in the younger and less secure households at Swedenville.

Housing is normally brick-built and permanent, with from two to six or more rooms, often with outbuildings. Most self-build units had corrugated iron roofing, as do most RDP subsidy units. Average cost for the household to build a similar new dwelling in the Bergpoort settlement as estimated by respondents came to R31 500 per household, as against R2 570 in the shack settlements; however, the high average figure here includes two households with elite professional incomes and one with a semi-professional income, as well as three households with no wage income at all. One RDP-type subsidy house was recorded, and one rental unit, with the rest of the sample occupying self-build family dwellings. In that livestock is no longer an important savings vehicle in this or most rural areas in South Africa, this owner-built housing therefore may represent the settlement’s most important form of capital formation or accumulation at household level; however, the study did not record data on bank savings or on informal savings vehicles because of the sensitivity of the topic, and these were an important savings mechanism for at least some households.

6.3.3. Comparing poverty indicators

The most significant poverty indicators for rural and urban South African households today are probably the number of meals eaten per day and children in the household out of school, together with access to government social welfare grants, access to regular wage income, access to remittances, and the size and value of the house. The Oxfam brief also refers to additional indicators pertaining to food affordability and food security; in addition to awareness of the crisis, these include:

- worry over food for the month;
- being able to eat preferred foods;
- going to bed hungry;
- going a whole day without food;
- noticing food price changes;
- noticing changes in household living standard;
- changes in access to employment; and
- impacts of the crisis identified by the respondent.
Table 40 and Table 42 list responses from Swedenville and Bergpoort for these indicators. Results have been ordered in terms of relative access to wage income for each area, and no attempt has been made to calculate dependency ratios in view of the difficulties in estimating dependency for split households sending and receiving remittance support. In that the qualitative samples are small in size and have not been selected on equal probability criteria, no statistical interpretation is warranted.

It can be seen that most of the factors associated with food availability and food security scale closely with access to wage income. In both settlements, worry over household food for the entire month occurs primarily in households earning less than an estimated R2 000 per month, seemingly without regard to relative household size and without any immediately obvious relation to whether or not the household receives social grants. Although social pensions and grants are vital to the survival of local households, neither social welfare transfers nor household size nor perceptions of changed food prices appear to be closely related to wage income in these small samples; however, social grants are somewhat more common at the low end of the wage distribution in the rural sample, where overall wages are higher.

The same clear relation to wage level holds for eating less than three meals per day and being able to eat preferred foods. These three indicators – worry over food availability, eating less than three meals a day and eating the household’s preferred foods – therefore appear to relate closely to the South African household food situation during the crisis as reflected in this small grouping of poor urban and rural households. Households entirely without wage income appear as particularly badly off, at the bottom of the list for food anxiety and food shortfalls; women heads of household in the sample also appear to face a very high risk of low wage income or none, as well as of food availability problems.

Changes perceived in living level and changes in employment also appear to fall out along either side of the same line. Households receiving more than an estimated R2 000 in wages tend to indicate level or rising standard of living along with frequent success in obtaining work. Households below the R2 000 wage level may report falling living standards, plus layoffs at work or lost jobs.

In addition to the clear interaction between the event of obtaining wage work and the household’s immediately reaching an income level likely to be seen locally as acceptable – and the opposite in cases of job loss – social perceptions of what constitutes a decent income and a decent living level may be involved, creating a perceptual relative deprivation factor that may relate to what is seen as a satisfactory wage income.

This may be so particularly since the standard of housing – reflected in the replacement value of the household’s dwelling unit – is not obviously a close factor of wage levels reported at the time of the interview in the Swedenville shack settlement, limiting the scope for housing standard in itself to anchor current perceptions of living standards and household food security.

The qualitative material appears to suggest that the households in the shack area can be highly subject to rising and falling wage income levels related to gaining or losing jobs in a turbulent urban labour market under pressure from the international economic crisis; if so, then present earnings may be somewhat unstable and therefore show a limited relation to the level of resources the household put into their urban housing when they arrived in the settlement and built their dwelling. In the more stable rural Bergpoort community, value of housing was more a factor of income and accumulation over the long term, and appears to show rather more relation to estimated wage income than is the case in Swedenville.
6.3.4. Population description

Three households at Swedenville are female-headed, as against five at Bergpoort. The estimated average age of household head was about 33 years in the shack settlement, compared to 48 in the older Bergpoort community. Accordingly, the Bergpoort families are older as a whole than the very small households of the shack community.

Average household size for the shack settlement at Swedenville was 2.7, which seems small even for a shack area, with a range from one to four members; however, as is common in informal settlements, these households represented predominantly split families. Older children and sometimes grandparents live in the rural community of origin, while young working parents stay in the metro shack sector to be able to access earning opportunities. In Bergpoort, households were older and more established as stable community members not likely to move on. Even with some families having members living away in urban areas, average household size reached 5.1, with a range of one to eleven members.

Some idea of the prevailing education levels of the two settlements can be obtained through the education levels of the household heads. The Swedenville heads averaged Grade 11, with 7 of the household heads having graduated high school. None had further education qualifications. For Bergpoort, where the quota sample perhaps includes more of the local elite households than would be strictly representational, the average education level for heads in the sample fell between Grade 9 and Grade 10. There were seven high school graduates, two of whom had also earned a diploma or certificate for further education qualifications. The Swedenville sample included two heads of household with education levels below Grade 11, while at Bergpoort four older heads had not qualified as far as Grade 11.

The wage income distribution for Swedenville extended from zero to R4 300, with 14 of the 15 households receiving wage earning. For Bergpoort, the range was zero to R15 000, with 11 out of 14 households having access to wage income. In each community sample, eight households were receiving social welfare grants; however, in Bergpoort, the majority received more than one, while in Swedenville only two households received more than one.

6.4. Results

The central results focus on the experience of respondents and their households of declining formal earning and tightening opportunities to construct livelihoods. Experiences varied, but showed certain commonalities in respect of how poor people in these communities – in both these cases representing a population entirely made up of migrants who had left their home communities to settle in a new area – engage with the cash economy both in the rural areas and in urban informal settlements. Women’s continuing marginality to the employment, despite the influence of gains in education and in access to government support, was particularly striking.

6.4.1. Population Origins and Migration

Overall, both settlements are characterised by migration inflows from the eastern and northern migration corridors, originating mainly along the east to west flow of the Maputo Corridor transport routes linking Gauteng to the Swaziland border and the Kruger Park, and also along the N1 highway coming south from Polokwane. Neither settlement recorded any locally-born residents; instead, the entire population in both qualitative samples had migrated in from other areas, and the two populations are not closely connected in their geographic origins. Both are fairly recent communities, with Bergpoort established in about 1990 and Swedenville in 2006 or 2007.

Swedenville is a new metro shack area which gives residents access to the Gauteng city region but is still relatively remotely placed within the Gauteng conurbation. The entire sample
grouping in our study had migrated in since 2007, with more than half the respondents having arrived in 2009. Most had made two or more migration stops on their travels by the time they reached the settlement, and some had made more. The average number of migration stops was 2.1. Fast and cheap access to jobs and also to education are likely to represent the main priority for migrants arriving in the inner metro shack areas.

For this shack settlement in metro Gauteng, the main sending areas for the qualitative sample grouping were in the Moutse area of western Mpumalanga, which historically represents a displaced urban population located in the old Kangwane ‘homeland’ or Bantustan reserve, roughly 100km from Johannesburg/ Pretoria. The Moutse area is part of the mobilised metro periphery. It has had very close linkages to the metro zone sustained by heavily subsidised transport, and in effect functioned as a suburb of the Gauteng conurbation. Moutse and the rest of Mpumalanga account for about 47% of the Swedenville sample respondents, with word passing around the area of residential opportunities in a very inexpensive new shack area.

In addition, a further 40% came from further away Limpopo, mostly from the vicinity of Polokwane, the main population centre of the province about 200km from Johannesburg/ Pretoria. Polokwane acts as an attractor to concentrate a large share of the population flowing south from Limpopo into Gauteng along the N1. The two respondents unaccounted for, Lena K and Samantha M, came to Swedenville from closer by, from Free State and from Pretoria.

In Bergpoort, an established but still recent settlement in a farming district, in-migration has been intensely local by comparison. The sample grouping had trickled in gradually from the immediate surrounding communities since the settlement was established in the late 1980s, with in-migration gradually tailing off. The earliest to arrive was Sophie N, who came with the original removals victims in 1990. The last to arrive was Hellen R, who came in 2007. All but three were from within Mpumalanga. More than half had made only one move of less than 30km, directly from their community of origin into Bergpoort after receiving their information on their destination by word of mouth. The average number of migration stops was 1.8, and most of this grouping seems to have moved in search of better housing and services rather than because of employment needs.

In addition to the 79% of the Bergpoort respondent sample who came from within Mpumalanga, Alson D and Khethiwe I arrived as cross-border migrants, from Swaziland and Mozambique respectively. Lastly, Renette Y reports that she was born in Johannesburg itself, and only found herself in remote rural Bergpoort after making four migration stops.

It appears that even relatively remote communities in South Africa today can experience very high, city-like levels of migration, bringing together residential communities of people who are unrelated to each other and who do not, at least initially, share social capital linkages.

6.4.2. Awareness of the Global Economic Crisis

Awareness of the international crisis in the sample communities appeared to depend mainly on two factors: first, engagement with the outside world through outside wage work, and second, access to mass media, and particularly to television news coverage. Of these, television may be the more important. Awareness of the crisis was reported by half the respondents in remote rural Bergpoort, but only by a third of the sample for Swedenville in the metro zone, though nearly all the Swedenville households had someone working in the outside economy. Almost 80% of the older and better-off households in Bergpoort – including some very poor households – reported that they had television access, but for the younger and poorer shack residents only two households said they had television, and four had radios.

Drawing their information from these sources, many respondents saw some of the important dynamics, but most respondents tended to think the crisis was affecting the availability of jobs in
the country as a whole more than at the household or community level. If individual respondents or their partners still had their jobs, many tended to assume that they were not being affected. For those who had faced job losses, most tended to blame other factors closer to home, and many expressed anger at the government.

Nkosinathi V, a former petrol station worker from Bergpoort, who has experienced serious food shortages since losing his job, was aware of an economic crisis but uncertain of the details:

Yes, I know of it, it’s when poor people cannot have enough money to live above the breadline. I am not sure what the causes are, but it results in company closures and retrenchments, as seen on TV recently.

In Swedenville, Jedediah F – also a petrol station worker – related the crisis to the petrol situation and identified the implications of changes in transport pricing:

I’m aware of it – it’s caused by petrol prices going up and down. When the petrol price goes up, food prices also go up.

Zodwa L, a tourism worker from Bergpoort, now on enforced leave and reduced to two meals a day, related the crisis to popular anger over perceived government malfeasance:

Municipalities use money from government to do their own thing, instead of what the government wants. The real problem is one of corruption. The government should just give families food every month, or otherwise give them R500 a month, or create jobs for the unemployed. It should also fight corruption. But this crisis is not affecting my household, and has not impacted the way we live.

Some more complete accounts were put forward by respondents who were more closely integrated into the developed economy. Vivian A, a marketing student and shack resident in Swedenville, focused on government policy:

Yes, I’m aware there is a crisis in South Africa – it happens when monetary policy becomes contractionary, so there is less money, less food, and a high petrol price. Jobs are cut and people are laid off in such difficult times… the government is doing nothing.

Joel D, a municipal professional of 28 from Bergpoort whose large elite family also runs a profitable store, saw the crisis as having been imported from abroad, with little effect on his own circumstances:

I’ve heard about it – poor economic performance that began in the U.S.A. It isn’t affecting me directly – if I have a serious problem I have brothers I can turn to. I don’t need help from anyone outside.

Fundisani W, who works in the office of an international mining firm, perceived the impact of the crisis through rapid increases in transport costs for his road commutation to work from Bergpoort, but also noted the link to inflation and wages:

I know of the international crisis – it’s a matter of the increase in petrol prices and the cost of transport. It has something to do with food prices as well. It does impact my personal income, because when I want to come back home by car from Witbank where I work, I find the petrol price has gone up again. It’s become difficult for others, because the price of food is going up and people’s income is staying low. There’s a discrepancy between inflation and CPI [consumer price index], and salary adjustments.

Of all the respondents who were aware of the crisis, only Fundisani W clearly identified the relation between food price inflation, wage rates, and a fall in living standards affecting most people.

6.4.3. Perception and Experience of Government Responses

Government’s response to the GEC of lost jobs and falling economic activity was largely in place before the onset of the world recession, having been enacted to address pre-existing
poverty and unemployment, whether to alleviate poverty or to promote livelihoods and economic growth.

The extensive programme of social grants, especially aimed at children, the aged and disabled is the largest contribution to poverty alleviation. These social welfare programmes are understood to be well-targeted and do reach the poor in very large numbers, resulting in major positive impacts on household welfare in the poverty bands (Bhorat 2010). Other programmes cover free basic services, free subsidy housing, education and health services, amongst others. The Expanded Public Works Programme is aimed at creating work opportunities, although its reach is still limited to relatively small numbers as compared to the scale of unemployment. An evaluation by the HSRC of EPWP phase 1 showed that about 4 per cent to 7 percent of the unemployed were reached. There is now a commitment to dramatically expanding the scale of the EPWP.

Housing delivery has had a major national impact and survey data suggests that it accounts for some 10 per cent of all occupied dwelling units in the Gauteng-Sekhukhune-Mpumalanga corridor (Cross, 2008). These are established programmes; the majority of community members interviewed understand them as social wage entitlements, not as government support in the face of an oncoming crisis. Outside the social welfare grants and the subsidy housing delivery programme, uptake on other programmes has been variable but is often below the horizon in any given locality. In this light, even programmes put in place on an enormous scale may not be seen as helping significantly on the ground in specific communities.

Respondents in better-off households were perhaps somewhat more willing to give the government credit for providing social transfers and substantial benefits than poorer households and women fearful of food unaffordability. Fundisani W, a relatively well-off young white collar worker with no children and no grants, responded to the question as to what governments might do in respect of the international crisis by remarking,

*The government in South Africa does help – they are already trying to provide us with health services and subsidised electricity, and they are also dealing with the issue of water shortage here in Bergpoort. Most of all, they are supporting education by providing free government schools.*

Against this kind of appraisal from respondents with secure livelihoods, the majority of respondents in both communities had the perception that the government was doing nothing to help them.

*a. Social protection and the social wage*

For the households interviewed in this study, social welfare grants had had an enormous impact. Government transfers represent a very large segment of the average household income in both Swedenville and Bergpoort, though this fraction tends to shrink as the wage level being earned increases. Only a minority of households did not receive either child support grants or old age pension grants, and some received both. The impact in terms of saving poor and marginal households from a descent into destitution is very large.

In Swedenville, among small urban households made up predominantly of young adults, 53% of households reported receiving some kind of social grant. For Bergpoort, among older and larger households, the percentage receiving social welfare transfers rose slightly to 57%. However, in Bergpoort half the recipient households were receiving more than one grant, and several had four or more. In Swedenville, a quarter of recipients were receiving more than one grant, and none had more than two. For all these households, the grants were a major structural component of household income and livelihoods, and had a major effect in buffering poverty and vulnerability.
Delivery of the welfare transfers is often effective and seamless, but elite capture of grant resources is sometimes an unintended consequence, and problems are sometimes encountered in obtaining and then maintaining grant eligibility status. Because of the massive scale of the social transfers which government undertakes in South Africa, there is concern in the government departments about welfare cheating, and campaigns are sometimes conducted aimed at removing welfare cheats – unqualified beneficiaries who are receiving grants they are not entitled to – from the welfare rolls. There is anecdotal evidence that in some cases the households removed may not be the non-legitimate beneficiaries who are the intended targets, but rather genuinely poor households who may have difficulty making their voices heard if they are removed from the rolls by accident or without legitimate reason. The case of Renette Y at Bergpoort – a 68-year-old widow looking after her late daughter’s four children without any wage income in the household – may possibly fall into this category:

In March this year our present income shortage began – all four of the foster care grants which I had been receiving for taking care of my daughter’s children were cut off. Our household is left with my old age pension only, together with some food support from the social workers. The last month when we had a good budget was February 2010. Since then, things have changed for the worst. Before 2005 I had been working full time at a domestic help job in Komatipoort, but I had to retire due to old age and my arthritis. I came here to join my working daughter’s family, and after she passed away and left us the house, I obtained the foster grants to care for the children. They are aged from 8 to 15 now. I don’t know why the social workers cancelled the foster grants – there has to be an assessment in the home before they can cancel such grants. This was not done.

She outlines the consequences for her household and her grandchildren:

It has all put a strain on me, because where will I get enough money to live up to the increasing rate of inflation? Taxi fare to the nearest town has gone up from R14 to R15 since last year, and I can’t walk any more, if I need to go there I have to take the taxi. School fees have increased from R140 to R160, and the price of maize meal has gone from R170 for a sack to R195. We are still eating three meals a day because the social workers are now supplying us with food parcels, but there is no fresh food. We don’t always have bread in the morning – just maize meal. I would have liked to eat the maize meal with meat, or beans, or vegetables – some kind of variety. I would like to eat rice sometimes. Instead I am using my own pension now to cover the cash costs of supporting the children and to save something for my grandchildren’s future. Out of the R1 010 that I get from my old age pension, R400 is saved through a stop order every month. I have opened four savings accounts at the bank for my four grandchildren, and R100 is deposited every month for each of them. With what’s left I pay for electricity and one or two food items.

However, the one household in Swedenville which most needed welfare transfers, the deeply destitute three-person household of Martjie O, a jobless former farmworker stranded in the urban shacks, has been unable to obtain a child support grant. The apparent reasons were lack of identity documents and lack of knowledge of how to identify and approach the relevant government offices. She remarks that she has had no success with any of the government poverty programmes which are a substantial help to most of the Swedenville respondents:

I never obtained unemployment benefits when I lost my job, and I don’t know anything about government projects that offer work to poor people – I haven’t been able to apply for a child support grant because I don’t have the necessary documents. I have a two-room shack that cost R600, but I still owe the street committee the R300 for the stand. I don’t receive any remittances, since nearly all my relatives are poor, and I don’t send money to anyone. The rising prices are impacting my family very seriously, because it’s hard to find even temporary jobs, and we have one meal a day most days. We are now surviving by begging from our neighbours – they usually give us food when they have any money, but last month was very bad for us because even the neighbours were refusing to give us a little food as they usually do. The government really needs to create jobs for us who are poor.
For the other government welfare programmes, recorded levels of delivery were much lower. One household in Swedenville had obtained an RDP-type subsidy house, while all others in the sample lived in their own shacks. At Bergpoort, there had not yet been any housing delivery and all but one household lived in self-built housing, with one single man renting a shack. In this respect, the dynamic aspect of government social transfers had yet to affect the Swedenville and Bergpoort communities, so that effectiveness of the asset accumulation strategy cannot be judged in these instances.

Delivery levels were also low in the qualitative sample households for public works employment and government training. One person in each of the sample communities had obtained government job training, and one person in each community has had temporary job contracts with a public works project which had also supplied his training.

Eldon P, the husband of Callista P, is in his early 40s and has been formally unemployed for several years after losing an earlier job. He then attended government skills training in the nearby small town of KwaMdinwa, and over the past twelve months he obtained several short-term contracts as a fork-lift driver, working on government projects to renovate schools in the area. However, in each of these cases the construction company which was employing him was a small African-owned start-up of the kind which the government is trying to foster; not yet registered, these young firms faced serious obstacles to establishing themselves during an economic downturn even with preferential government support. Callista P explains that in each of these three cases the company holding her husband’s contract was obliged to close down, leaving him without a job again and with no clear prospects.

As an unregistered worker, he received no UIF unemployment benefits. The family of seven is now again supported only by government child support grants, by their food garden, and by Callista P’s tiny informal business selling children’s sweets for a few cents each.

Eldon P remains the only person in the respondent sample for Bergpoort who reported making use of work-related government training or being hired for government public works projects aimed at providing employment in the rural sector. His case illustrates the difficulty of providing entry into regular work for the unemployed, even with very significant government investments in training and public projects to assist candidates to gain work experience.

Unemployment benefits, under the Unemployment Insurance Fund can be accessed by employed workers who lose their jobs. Several respondents in the qualitative sample who had lost jobs reported obtaining some kind of subsequent payment which they classed as UIF, but in other cases it appeared that the newly unemployed were unsuccessful in obtaining unemployment benefits from the fund. Although numbers are very small and the case material is not detailed enough to be conclusive, it appears possible that women may be unequally disadvantaged in respect of obtaining unemployment benefits; prior qualitative studies in KwaZulu-Natal appear to show a very clear and systematic disadvantage for women who attempt to obtain death benefits or access to private company pensions after their husbands die (see Cross 1999).

Overall, most respondents did not identify the wide array of South African social wage transfers as a government contribution or response which related to the crisis; instead, some discounted the social wage as an established entitlement dating back years, which did not solve their current problems with jobs, wages, housing, services, or food. Likewise, most respondents appeared to think that government was making no interventions outside the regular poverty entitlements benefits, and demanded faster delivery of housing and infrastructural services.
b. Anti-poverty impacts of housing delivery

Housing delivery programmes are amongst the most important anti-poverty interventions, since they should have the impact of creating a key household asset. A key element of the housing strategy is upgrading all shack settlements, in part to promote formal ownership of good quality housing so as to provide the foundations for a working housing market on which housing beneficiaries can trade their assets. Government efforts to eliminate shack areas entirely by upgrading with subsidy housing are still far from success as new areas continue to establish themselves to accommodate continuing in-migration flows from the rural sector.

Simultaneously, the government housing programme is having indirect impact in these communities as elsewhere in the urban and rural areas, through sparking off self-build housing investment in response to the delivery of brick-built government subsidy housing into poor communities on a significant scale, raising the community horizons for standard of housing ownership and motivating household investment (Cross 2008).

Good self-build investment-quality housing is visible in Bergpoort where the settlement is older and the households are more mature and have had time to invest. In spite of her present earning shortfall while she remains on enforced leave at half pay, Zodwa L’s good-quality owner-built house in Bergpoort represents a major investment asset for her young family. It is the most valuable house reported at Bergpoort, and a large step away from poverty:

_I am not renting. The house is mine, my brother helped me to buy it. It’s built of bricks, and is of very good quality – I paid R80 000, and I have the title deeds. I can sell on the market if I want to, but I don’t intend to do that._

Housing investment is not typical in Swedenville, where a younger, poorer and less settled population is living in temporary types of housing not conducive to investment. At the same time, the understood standards for shack housing are now clearly differentiating, separating one-room shacks from three- and four-roomed shacks – these conditions present market differentiation in pricing, and allow for shack areas to become more commoditised and commercialised in respect of their internal housing market. This differentiation into classes of shack structure also connects the shack settlements more firmly onto the bottom of the national housing ladder as it is usually understood, and opens space for these areas to self-upgrade to investment-standard self-build housing.

Participation in the formal housing market is perhaps government’s most important chosen indicator for validating its anti-poverty housing strategy. However, people in these outlying communities are not yet seeing a working formal housing market able to allow households as home owners to trade their capital accumulation with registered deeds and bank finance. Instead, Bergpoort respondents in particular report buying and selling their houses on the informal market. This form of trading assets generally works well in practice and is liquid, not encumbered with complicated and time-consuming paperwork. However, the informal market does not easily sustain prices above R50,000 or allow formal financing, and is not what government envisions in its anti-poverty policy planning.

6.4.4. Social Protection and Social Networks

Social networks – encapsulating the inter-personal social capital reservoirs of individuals and households – represent the community answer to the need for social protection. However, maintaining this kind of social connectivity implies a satisfactory level of social cohesion, with dense connections among social actors. In South Africa today, with its widespread urban-like migration and settlement characteristics, the level of social cohesion is often thought to have declined precipitously: more and more citizens find themselves in new communities like Swedenville and Bergpoort, living alongside people who are strangers to them at the start.
Networks that offer poor households support against reverses can be based on kinship or local connections: local linkages address day-to-day shortfalls and reverses, while in the contemporary mobile society a respondent’s relatives, who are most likely to offer support in greater depth for major emergencies, often live some distance away. Social capital takes time to build up subsequent to migration and settlement in a new area, so that new communities require time to develop social connectivity and social cohesion. In a society with high migration levels the difference is mainly one between local networks of neighbours who are available to help each other in emergencies, whether small or serious, and spatially more extended networks of close relatives who may offer long-term help but may be less able to respond immediately.

For Swedenville, a new shack area inhabited by the in-migrant poor, two-thirds of the respondents said they had either no one in the immediate area who could help them in an emergency, or only one household probably able to help; only two respondents could identify more than four nearby households they could depend on. For the somewhat older Bergpoort community, where social capital ties have had more than 15 years to rebuild since the area was settled, the share of respondents with no one or only one connection declined to just over a third. More than 40% could identify four or more reliably helpful neighbours.

Networks of kin connections tended to be located relatively close by and had limited geographic spread in the cases of the Bergpoort households, most of which had moved into the Bergpoort community from close by in the immediate vicinity of Nkanana, the largest local-area town. However, in Swedenville respondents reported more widely distributed kinship networks, generally centring on a rural home community but sometimes including other relatives who had migrated from their rural origin point into Gauteng or other destination areas.

Compared to Swedenville, Bergpoort respondents – longer-established in an older community drawing its population from broadly the same home area – had significant local networks among their neighbours. Callista P, whose husband is unemployed and who is struggling to support a family of seven on child support grants alone, reported that she has seven neighbours whom she can ask for help if she is faced with an unexpected shortfall.

In contrast, a number of households in the Swedenville sample reported no local network connections at all, and referred only to relatives living elsewhere. This situation can leave low-income households which are marginal at all times in a highly vulnerable position when emergencies arise. Being entirely without local network connections is a risk in this new shack settlement where most of the respondent population had arrived during 2009, and had therefore had little time to build up enduring and reliable social connections.

Vivian A says she has no local network at all, and remarks that ‘everyone is egocentric’ – that is, that local shack households appear relatively independent and autarkic compared to the traditional mutualist social ideal of rural-born in-migrants. Vivian A’s husband has family in his community of origin in Limpopo, while Vivian herself says her reliable network connections are located in Benoni. This kind of out-of-area network is an artefact of high migration levels characteristic of shack settlements: it may deal effectively with a major crisis if the onset is not very sudden, but will provide little day to day backup assistance in respect of cash and food shortfalls, and may leave low-income households stripped of emergency connections in the face of tightening economic conditions.

Sudden household disasters can then present serious problems. During Julia N’s acute asthma attack, her husband was obliged to borrow from the local spaza shop operator in order to obtain taxi fare to the nearest hospital: this household also reports having no ordinary local network connections to turn to with a sudden serious dilemma. At the same time, this role for informal shopkeepers as lenders of last resort in emergencies appears to be fairly common; it may reflect some trend for institutional positions to take the place of personal positions in the support
networks of highly mobile populations as South African communities become less kin-based and more universalistic.

Chronic, long-term income insufficiency, which affected several women-headed households in the qualitative sample, is the most difficult situation to address through networks, since such poverty generally ensures that any assistance gained cannot ever be repaid. Migration has played a role here in eroding social capital. In earlier times social networks may have often helped to sustain households that were permanently trapped in poverty as part of the general obligation to help those who were helpless in the community, but at present the depth of social capital attachments among relative strangers who have moved into the same community is often too shallow to allow significant help on an indefinite basis. In general, only lineal relatives are often willing to contribute income support which continues in the medium to long term.

Sophie N, a 70-year-old Bergpoort woman and a survivor of the community’s original forced removal, is living in a one-roomed house and two partly completed outside rooms on her old age pension. Using mainly her pension money and some subsidiary network support, she seems to have succeeded in keeping all four of her jobless adult children in high school repeating their last failed year since they became unemployed. She remarks,

I have five grown-up children who have no work, and therefore they are all still at school and are relying on my pension. I worry very much about affording food, because my pension money can’t feed us all. We have no wage income, I lost my son who was working in 1996. There are several households in this area that can help us a little if I ask them, but not for a long time. I am sometimes helped by my brother, and my brother’s son assists me sometimes, but we are down to two meals per day now, or one. Our access to food is becoming worse, because all the children are being fed and need to eat enough. Our food can’t last the whole month, but I can’t cultivate because my yard is too rocky. Prices for food are changing daily because we have so many Indian or foreign shops who are cheaper than our own people. No one is giving remittances to this family, and I can’t send remittances to anyone else – I can’t even afford my own family. Before our situation got worse I was helped by my late son, but now before we eat we must struggle.

Her experience underlines the limitations of the scope of network-based social protection for the very poor. Households which are not in a position to reciprocate on mutual support exchanges can gradually come to find themselves in a position where their available supportive connections have eroded, due to heavy use with one-sided flows and to network members dying or leaving. Although Sophie N is a founding citizen of the Bergpoort community, it appears that her support network built up over years has gradually attenuated as she has grown older and needier. Government social protection is now barely filling the gap.

It is doubtful how long she can continue to keep all her adult children in school, and her food security situation appears precarious in spite of her community standing. What will happen to her five unemployed children when she dies and the family loses formal social protection in the form of her pension money is not clear, but this situation has become a common dilemma for poor families in South Africa.

### 6.4.5. Access to Food and Food Security

South Africa produces most of its food internally in its large-scale commercial farming sector, distributing it largely through the formal market system based on supermarkets. During the international crisis there has not been any significant disruption of food supplies available for purchase, so that food has continued to be available in both sample communities throughout the crisis period. However, access to food depended very closely on income security, and particularly on secure access to wage earnings. Nearly all households in the sample buy all or virtually all their food, and food production and food exchanges appeared as minor sources for the
households in both sample communities. Uncertain access to food was the result among poorer households in both communities.

The key indicators for households with unsatisfactory access to food appear to be concern over obtaining food for the entire month, being unable to eat preferred foods, and not being able to eat three meals per day. Only one household – that of Martjie O, the former farmworker – appeared to be so severely destitute that they faced whole days without food, going to bed hungry, and children out of school: this severely dislocated household had neither wage income nor social grant income.

However, the majority of the other households reported risks and uncertainties around their food access amounting to a status of food insecurity. These indicators related to marginal poverty or a state of vulnerability, including being worried about the food supply for the whole month and being unable to eat preferred foods. Sixty per cent of the shack households, and 36% of the rural households, said they were worried about not having enough to eat for the month. More than half of the shacks households then recorded routinely eating less than three meals per day, alongside 29% of the rural households. The average number of meals reported fell at 2.5 and 2.7 meals per day respectively.

At the same time, just under half of the shack households said they could not eat preferred foods, compared to 36% in the rural community. In practice, this often meant substituting maize meal for bread at breakfast, or giving up meat and vegetables in favour of more refined starches in the diet over the medium to long term. It would appear that many respondents would rather skip a meal than give up preferred foods on a regular basis.

However, worry over food access, not being able to eat preferred foods, and eating less than three meals per day all scaled very closely in this small sample with estimated household wage income of R2 000 per month or less. This apparent relation seems to occur without a clear link to household size or dependency, and seems to occur in both the urban and rural samples. Obtaining a wage income of R2 000 per month in turn seemed to depend closely on the household’s recent gains and losses in the employment market, and appears to underline the direct link between perceived food security and wage employment.

Price changes were widely noted, though not usually clearly related to the crisis. Eighty per cent of the Swedenville respondents and 64% at Bergpoort said they were aware of overall prices changing; several respondents also remarked that this was normal and usual, and therefore they did not attribute causes or pay particular attention. Respondents were much more likely to take note of food price changes than of changes in transport costs, school fees or medical costs.

Perceived changes in living levels were also noted widely, usually linked to household workers gaining or losing jobs, without reference to trends in the wideeconomy. Some 53% of the Swedenville respondents reported changes in living levels in the past year, against 50% in Bergpoort. Of these, five households in Swedenville indicated that their living level was rising, while three reported a decline and seven cited no change. For the Bergpoort community, three thought their living level had gone up, four said it had fallen, and seven noticed no change. For Bergpoort especially, the changes reported corresponded directly to lost or gained jobs, and carried through to anxiety or satisfaction over the question of food security.

Vivian A, a Swedenville married woman aged 27 who is still furthering her education, reported ongoing concern over food availability to her household relating to low wage earning and relatively high household costs:

Yes, I see food as a worry every month – we pay for lawyers, insurance, transport, our burial society savings club, and my tuition fees, and these take up most of the family income. We only have my husband’s salary as a security guard and our child support grant. We would like to eat delicacies, like
Kentucky Fried Chicken and mineral drinks, or to eat out at a restaurant now and then, but our income is not enough. I have skipped breakfast before when we had no money to buy tea and bread. We eat two meals a day because that is all we can manage on our budget, and the situation is stagnant. Yesterday I ate only bread with hot sauce for breakfast, and then maize meal with cabbage at night – there is no chicken or meat. There has never been a change in the number or quality of meals since we came here, and there has been no improvement.

She notes that in June 2009 her husband was ‘on leave’ from his work as a security guard – apparently a partial layoff with reduced wages – and his earning dropped accordingly, causing a major income shortage for the household.

Vivian A adds that the situation in Swedenville is still better than that in her home community in Limpopo, due to the lack of employment and the lack of higher education opportunities in her area of origin. In all, she estimates that her household would need some R4 000 per month to live decently and make ends meet; their present income is only about R2 000 monthly and clearly subject to contingencies.

As reflected in the interviews, food security for the poor in South Africa is effectively the same as reliable access to a cash income. Nearly every family in Swedenville reports that they buy all their food, and household gardening is rare and relatively marginal in its contribution to food security. Dansinah N comments,

I do worry about not having enough food – my husband has to provide, we buy all our food, and I send money home to my children in Dennilton. As a result, the money is not enough. My husband is a domestic worker who makes less than R1 500 per month – I used to work myself as a domestic helper, but my employer moved away. I have not yet received any retrenchment payment or UIF, I am no longer earning a salary and we only have my husband’s wages. We don’t grow any food ourselves, and we don’t keep livestock or chickens.

There is no sign in her interview that she has looked for a replacement job. Perhaps with a little bitterness, she adds,

When I was young, my parents could give me quality food, but now I cannot afford the same quality. So I only eat what I can afford, not what I would want. That is two meals a day, skipping lunch – my meals have always been bad since we came to Swedenville in 2009, and this has not changed. It is true that prices are rising and making food unaffordable, especially since August 2009.

Several other women in the sample who were not working made similar remarks, regretting the drop in their consumption standards and living level since they left their parental household and became dependent on the earnings of husbands and partners.

For this family, as for other food-insecure households at Swedenville, any unexpected expenditure or emergency would divert spending and hit food consumption hard. However, if the wife were to resume working, the household financial situation would stabilise at an income of about R3 000 per month and would become relatively sustainable, better positioned to emerge from poverty.

At Bergpoort, Hellen H saw her household’s general financial position and their food accessibility as having improved over the past year. Her family income, based on her husband’s salary and two child support grants, is reported at over R5 000 per month in 2010. She remarks,

Our situation has gotten better in the last year, because now we are able to save money in the bank. At my original place where I grew up the food was never enough – I was staying with my grandmother and she was struggling to support us with her pension money. But here with my husband we have saved up enough money to allow us three meals a day, and we are continuing to save. The quality of food has also changed, because last year we were buying food for R800 a month, and this year we are spending more than R880 every month on groceries, but we are getting good food. We have tea, bread, eggs and
cornflakes for breakfast, maize meal and fish for lunch, and chicken and rice for dinner at night. This is quite nice food, and we also grow a few vegetables.

She adds that household dependency has increased in the past year, but without any immediate adverse financial consequences:

I noticed that food prices went up in September last year, and then I had my second child in November. But we had no serious financial problems with the arrival of the baby – we just used her child support grant to cushion the impact.

Although Hellen H does not go into detail, it would appear that her family held back from increasing the quantity and quality of the food they consume until after they had saved enough from the husband’s work to provide an emergency reserve for the household. With their reserve already in the bank and being added to monthly, they have seen themselves as able to lift their consumption standard. Her husband gives her money for food buying, while it appears that she manages the child support grants herself.

Unexpected employment and income shocks which immediately affect food security are visible in several of the interviews. In Bergpoort, Zodwa L, a 28-year-old single mother who was living independently with her children apart from her partner, owns her house and had been doing increasingly well up until April 2010: in that month the game lodge where she works put her on what appears to be an enforced leave from work, an effective layoff at half salary. Earning R1 000 per month plus one child support grant instead of R2 000 and a grant has represented an economic shock, and has put a severe strain on her household finances and her ability to provide for her three young children. She buys all her food, and is now concerned about household food security if her money runs out during the month. Although she has her own wage income and she continues to receive outside support from the father of her younger children, who works at the Kruger National Park, she reports that she is now only able to eat two meals a day, and that the quality and variety of food choices for her household has been seriously constrained by the sudden and unexpected drop in income.

In that this family derives its wage income from the tourism industry, it looks probable that the impact of the international crisis on South Africa’s tourism numbers is directly or indirectly responsible for the recent shock drop in Zodwa L’s household income.

The situation for food access and food security in South Africa often appears precarious and unsatisfactory to the South Africans in the qualitative sample: however, for Alson D, a migrant worker from Swaziland who works at a building materials store in a nearby town and rents a shack alone, his situation in the South African labour market is entirely acceptable. He comments:

I was struggling to get food when I was still home in Swaziland, but here food is like water to me. I buy all my food from my wage income, I have not noticed any food price changes, and I always eat enough meals, three times a day. By keeping about R1 700 per month for myself, for my rented room at R150, and for food and transport and personal needs, I am able to send some R800 home to Swaziland to my family every month. To obtain this job, I was phoned in Manzini by my friend who works in this area of KwaMdinwa, to advise me to apply for the job. That was in 2004, and I was successful. However, my bus fare cost has now increased from R205 to R280 per month, and I have not yet had a proper increase. So I am still earning peanuts, not enough to uplift my family in Swaziland.

Another cross-border migrant household, represented by Khethiwe I as the respondent, crossed from Mozambique to South Africa in 1996, and arrived in Bergpoort in 2001. As a family they appear more integrated into the community than Alson D. They also see the food situation as satisfactory and steady, and they do not identify any changes taking place in food prices. Khethiwe I observes,
It has been the same all the time since we came here. My husband gives the money for groceries, and we buy all our food. The money we are spending here is the same money we spent when we were staying in the Nelspruit area, more than ten years ago.

In view of South Africa’s high rate of food inflation during this ten-year period, Khethiwe I’s viewpoint perhaps underlines the extent to which even keen observers of living costs are inclined to factor in a continual food price increase as part of the normal background noise of household financial life.

In respect of food access, roughly half of the households in the sample are already in a compromised position, skipping meals or giving up better-quality foods and at risk of nutritional inadequacies. It is extremely probable that the international crisis has had an important effect on the climate in the employment market which has led to the serious turbulence and widespread retrenchments. However, any drop-off in living standards is not clear or consistent from the household standpoint in the sample communities, and not many respondents were able to point to these effects. Most tended instead to see their food position as due to local factors, aligning with the understood trend to rising prices. Rather than attributing blame for job losses to the private sector or to the international community, they tended to see the responsible party as the South African government, which is routinely attributed responsibility as the party of last resort for creating jobs or providing equivalent social safety net measures in respect of public employment programmes.

a. Food production

Food production is not rare at either Swedenville or Bergpoort, but appears to take place on a very small scale. Of the 15 households at Swedenville, one in five reported some kind of food production, about the same representation as at Bergpoort. The largest working gardens were reported to be about 10 metres square, though some households had larger plots of cultivable land that they could potentially have put into production. These small kitchen gardens are located mainly on the household’s residential plot. These production enterprises make a nutritional contribution to the household but are not reported to yield enough to affect household food spending significantly, and no selling of crops was reported by the sample households.

The land rights in shack areas do not include access to cultivation land, and the same is increasingly true in many rural areas where both substantial arable fields and access to communal grazing land have historically been packaged with the residential site as part of the right to settle and build. However, Swedenville, as an outlying shack area and also a new settlement, has more access to potential production land than well-established shack areas, which tend to be more crowded. Increasing occupation density means residential plots become smaller, and are rented rather than bought as all the available area is already claimed. In this densified situation, empty space for casual cultivation fills up and is allocated for residential use.

Swedenville has only just started down this trajectory toward high density: if the area receives services it will fill up and densify, so that current unserviced, lower-density conditions are close to optimal at present for urban home production or casual cultivation.

In Bergpoort, located in a productive irrigated-farming region, water shortages for un-irrigated home farming are a barrier to crop production, and the in-migration pressure on residential land has already excluded most cultivation options. Livestock production is doubtfully sustainable in rural communities with limited land resources for rough pasture, as also in those which do not have the strength of institutions to address the problem of stock theft.

Vivian A’s is one of the shack households that has experimented with food production. In the shack settlement Vivian A has access to a small open plot of potential garden land, and she
reports that she used to grow maize and pumpkins, but ran out of money for seed before she was able to plant the whole area in 2009. Vivian A was the only respondent in the Swedenville sample who was aware of increases in food production input costs over 2009/10. She did not sell any of her crop, and does not report any plans to plant again in 2010. She has not tried to keep livestock or chickens, and it does not appear that her cultivation returns made an important contribution to the overall household budget, though they may well have made some impact on the family’s nutritional standing at the time.

Probably the largest household contribution from urban home farming takes place at the household of Busisiwe Q in Swedenville. She reports that she maintains a small food garden at her home plot.

*I have a maize garden that is capable of sustaining us for a month, but at the moment it is winter and we have no produce coming in. The garden is inside our yard, and it's very small – about 2.5 by 3 metres square. It can be cultivated with a hoe in half a day. I grow maize and spinach, but last year the whole garden was planted to maize. That was when I hadn't moved in here as yet, I was just coming to hoe the garden by my partner's shack. I never sold any of the crop for income — there is no marketplace here for selling. We only grow food, and we don’t keep any chickens or livestock.*

For her small, well-off family at Bergpoort, Hellen H keeps a very tiny garden planted which she uses to grow preferred types of vegetables. Beetroot and spinach are in demand as minor day to day luxuries that are comparatively expensive to buy:

*The garden is inside our yard – it's 1 x 2 meters square, and we do keep it dedicated to garden use. But it produces a fairly small amount of produce, because it's such a small patch. I grow beetroot, onions and spinach, but really I cultivated and harvested too little last year because it's such a small bit of land. I don't sell anything from my garden, and I don't keep any chickens or livestock.*

However, in a poorer household in the same area, Renette Y reports that she has a plot of cultivable land but does not plant it:

*I don't produce any food of my own – I have a piece of land in my yard that I can use as a garden, but water is too scarce here. The land is 7 x 3 metres, but I currently don’t cultivate it. I have never planted it since I came here to my late daughter’s family in Bergpoort — it’s been five years. I do have three chickens still left still alive – the rest died from unknown diseases. We ate the ones that fell sick and died.*

For a family on a limited budget, planting a garden that would require input costs for some 20 square metres may represent an excessive financial risk in view of the high possibility of crop failure. However, given the potential availability of children’s labour time and grey water from the household for hand irrigation, it may be that this family — like many others — is reluctant to commit the necessary resources for various other reasons.

### 6.4.6. Access to Employment

Given the tight linkage between wage income and food security, the enabling factors needed for poor households to place workers in the job market are critical concerns. Perhaps the key enabling factors are level of education for workers coming from an impoverished background, together with access to information about opportunities for which poor workers may qualify (see Wittenberg 1999). The results of the study underline changes taking place in how workers from poor communities engage with the labour market.

Ninety-three (93%) per cent of the impoverished shack households in the Swedenville sample had access to wage work, as did nearly 80% of the households in the excluded rural Bergpoort sample. Results from the present study help to show how poor households and poor
communities are responding to the demands of the labour market, and draw particular attention to the position of poor women in the household workforce in relation to food security.

Entering the labour market in search of a decent-quality job now probably requires at least high school graduation as a qualification: Wittenberg (1999) has observed that workers with lower educational qualifications increasingly find difficulty in obtaining work. As the results of the our study suggest, levels of education for rural work-seekers today are not necessarily lower than those of the township-born work-seeking population.

The average education level of the heads of household in Swedenville who were nearly all working in the urban job market was Grade 11, indicating that half the heads held Grade 12 or better, and that the rest were close. This is a well-educated shack population in terms of formal qualifications. By comparison, in Bergpoort, among older rural households working locally, the average was Grade 9. The Bergpoort sample contains several elderly female heads with education between Grade 3 and Grade 8, lowering the average. Neither sample includes any heads with no education at all.

Seen in relation to the high level of remittance-sending in the Swedenville grouping, the implication would appear to be that the rural-born shack settlement population represents the most qualified workers that the rural parent households can select to send to the metro urban employment market: also, that the parents have exerted themselves to ensure that their children remained in school to graduation so that they would be equipped for employment.

At the same time, the average level of education for adults now found even in this outlying rural settlement is well above what it would have been even 15 years ago. It is widely believed that rural workers’ formal education qualifications have now largely caught up with those of the urban township residents, reducing the exclusionary education disadvantage that has helped to impoverish the rural sector and hold rural workers out of the urban employment market. The present results seem to confirm this proposition.

However, Wittenberg has also argued that rural workers are simultaneously excluded from the urban labour market by lack of information access: rural workers tend to obtain job search information through word of mouth routed through their social networks, which are poorly connected and carry little job information compared to the social network resources of township-born urban residents.

Results in the present small study confirm how limited the local networks of the Swedenville shack sample are in terms of number of reliable contacts (see above, Government responses). Present results indicate that job search behaviour for the rural-born poor may be shifting toward making regular use of public media, which is likely to make a fundamental difference to rural workers’ chances of success.

All the shack households in our study that are not trapped in the lower income bands are male-headed, and supported by working men. It appears that rural-born women may be held out of the urban labour market by gender-bound household factors that introduce a different kind of barrier to women working, and perhaps also obstruct women in supporting their households in their attempt to climb out of poverty.

a. Men’s employment

Harold T, a part-time truck driver with a Grade 12 education, had held at least two jobs since coming to Swedenville, having left one in an unsatisfactory location for one nearer to Swedenville. The implications of his work history may be significant. He explained:

*I am a stand-by driver for First Foods in Johannesburg, I’m staying here in Swedenville with my wife, and I’ve been working for First Foods for six months. I got this job through a recruitment agency – I submitted my CV to this agency in Rosedale, and I was called for the interview and obtained the...*
Harold T’s experience implies some capacity for a semi-skilled worker living in a shack settlement to move around the job market at will, creating an option to change jobs rather than to make a residential move to another area, and also indicates enough discrimination and scope for choice to avoid becoming tied down to whatever position first becomes available. This level of command and confidence in navigating the job market has probably not been typical of rural-born workers in South Africa until recently.

Harold T’s use of an employment agency to solve his problem with badly located work also highlights what may be a growing trend for work-seekers in the poverty income bands: to respond to an increasingly sophisticated job market by finding work through the advertising and media search channels used by the educated sector, rather than relying almost exclusively on direct interpersonal network contacts and word of mouth from friends and contacts, as has been the general practice for rural areas and less educated workers in the past.

Other Swedenville residents appear to have made use of media searches to find work. Jedediah F, an unmarried 24-year-old working at a petrol station, was born in Limpopo and first employed as a security guard. These entry-level positions involve difficult hours at very low pay in addition to physical risk, but require little in the way of qualifications. Several work histories in the qualitative sample reflect security positions as the worker’s entry route to the urban job market:

When I came here from Germiston, I got my first job as a security worker in Pretoria. But the pay was low and I was getting paid inconsistently, so I looked for another job listing. I identified this one with an international petrol company, and sent in my CV. I was called for the interview, and hired full time, and then I moved here to Swedenville so my transport cost is lower. Sometimes I still don’t get paid exactly on the last day of the month – actually, sometimes I go for a week after the end of the month with no pay. But things are still better, because my salary has been increased from R10 per hour to R13 per hour. That’s an improvement, but still not enough: I buy all our food except for what I can grow in my little shack garden, and I am paying tuition for my further education study – and also because my brother is staying with me now in Swedenville while he looks for work, and I need to send my mother at home in Limpopo R500 every month. So I drew up a serious budget, and now I’m able to save to buy food.

The same approach also appears in the rural qualitative sample. Fundisani W, who works in a white collar job at a well-known gold mining concern in Witbank and has a Grade 12 qualification, reports that he earns some R4 000 per month at the age of 27. Like Harold T, he obtained his position – his first – by finding a vacancy advertised in the newspaper and applying successfully.

If this possible trend turns out to be widespread, it may be of real significance for employment access. The ability to use impersonal media and organisational channels that are available all across the general public is likely to introduce a new equality in the workplace between urban-born township residents and in-migrant rural-born workseekers: to the extent that people born in the rural sector have historically lacked the kinds of urban-based personal networks that could help to bring them information on job availability in the vital metro urban sector, they have been excluded and disadvantaged in relation to obtaining well-paid and more-skilled work. This information exclusion has helped to perpetuate the prevailing economic exclusion of the rural population as it breaks free of the old land economy and attempts to enter the developed sector.

For rural people in low-income shack settlements, accessing good quality jobs through non-personal means will be pivotal in increasingly enabling more effective competition with urban and township based counterparts.
b. Women’s employment

Jobs appear to be more difficult to find for women; in addition, some who have no children in
the household and would in principle be free to work do not appear to be trying to find
employment. Only two women in the Swedenville sample were working for wages, both from
households in the top quarter of the sample’s income distribution. In Bergpoort, in a sample of
older households, four women were working, including three from the top half of the income
distribution: the fourth was holding a badly-paid farm job to support their unemployed husband
and their children.

Having completed an employment contract at Unisa – South Africa’s distance learning university
– Vivian A is one of the several Swedenville women who has work experience but is no longer
employed. While studying marketing she heard about a job at Unisa, and was able to work full-
time for eight months in 2009. However, the contract was not renewed, and she has not found
further work. She reports that she received one lump sum on termination as her UIF benefit.
Prior to that she undertook job-related training, having obtained a government learnership for
marketing management in the Ga-Masemola township in her home area in Limpopo, but had
not received the certificate by the time of interview in May 2010.

It is not clear whether or not Vivian A has looked for another job since finishing her Unisa
contract. She is continuing her studies in an effort to break out of poverty, but is now fully
dependent on her husband’s earning as a security guard, and deeply feels the household’s income
shortfall as it impacts on their food consumption and food security.

Aurelia J had a different experience. Like several other Swedenville women in marriage or
partnerships, she started working in a formal job, as a security guard, but gave up the job
voluntarily – in Aurelia J’s case, reportedly because the income, at R2 800 per month, was too
low, although her husband’s earnings from his economic activity appear to be only slightly
higher. She now comments,

I worked in the city centre as a security guard, having obtained the training. I worked for a year full-time,
and then I left it because the salary was too little. Neither my husband nor I have obtained a regular job
since then. I am now supported by my husband’s self-employment – he obtains temporary contracts to
build sun shelters in people’s gardens. The economic crisis has not really affected my job opportunities – I
have no job. But we were doing well until the end of April, when my husband had an episode of mental
confusion, which was cured by an old woman from the area. Now he is soon to start work again. I do
worry about having enough food, but only for a few days now and then, when we adjust the amount that
we eat.

Perhaps meaningfully, she adds,

Women have more ways of making money when unemployed as compared to men – women have families,
and when they do not have jobs, they may decide to sell their bodies.

In this case, as in several of the others, it is difficult to discern clearly the internal household
power dynamics which may have contributed to Aurelia J’s decision to leave her job, which
effectively cut the household’s income in half and removed the more reliable part of it.

Lena K had also worked before giving up her job in favour of her partner’s barely adequate
support – she recounts having worked a domestic service job in her home area in Free State until
her employer emigrated, and then later trained as a security worker. However, although she has
no children with her at Swedenville, she appears not to have looked for a job in the security field
after setting up her household with her husband. She remarks,

We buy all our food from my husband’s salary, and we always have enough. However, we only have two
meals per day, breakfast and dinner, we skip lunch. I own our shack, and I send money to my
grandmother for my child, who stays with her. We don’t have enough money to move, and we don’t
produce any crops or keep livestock. The only way I can think of that the economic crisis has affected our lives is that my husband is complaining that he cannot drink as much as he wants to, and as a result he is always moody. Yes, women are affected more than men — men need money for beer, while women look after children.

Although the women respondents in these cases refrain from criticising their male partners, it may be the case that older rural attitudes — which expect married women to remain at home at all times unless they have the husband’s permission to be outside the homestead — may affect men’s willingness to allow wives or female partners to bring a second income into the household. Younger men in particular may be inclined to protect their authority in the household and minimise the chance of extra-marital affairs by opposing their wives’ going out to work.

However, not all young women in partnership households are held back from entering the labour market. Adele R, aged 26, who lives with her fiancé in Swedenville, recently obtained a wage job; this took place at the point when her partner, a fork-lift driver who lost a steady job at a mine, had run out of UIF benefits, so that their household was surviving on a series of temporary jobs. Adele R’s job is low-paid and carries exploitative conditions; however, their two-person household has no other regular income:

We have access to enough food now, because I am employed now, and there are only two of us in this household. Last year was worse, because we were both unemployed and living on my fiancé’s unemployment benefits. But the situation has changed since I started working. Since March 2009 I’m employed at the Ndizandiza factory shop in Vierwagens, not far from here. We are still living at Swedenville, though — my family at home is very poor and living on grants, so there is no going back. We don’t intend to move, because we found Swedenville is a good place for people with low-income jobs. We bought our stand from the street committee for R300, and we built our one-and-a-half room shack for R850. Our household income is now up to about R2 000 per month, though it sometimes fluctuates since my fiancé is only working at temporary jobs. My working conditions are also much better, since previously I was working for 68 hours per week, and now I’m able to work a 48-hour week.

She adds that the household economy is now more satisfactory than when they were living on unemployment benefits and temporary jobs, hand to mouth:

I can budget now. We are able to eat what we’ve been eating at home, the only difference is that we now have access to more different varieties of meat. It’s just that normally we have just two meals, because we need to save our paraffin since we don’t have electricity. I am relying on my own income to make ends meet, I manage to send money now and then to my two children, and my fiancé is also very supportive financially.’

The story of Martjie O’s household is more disturbing. Having come from a farm to the urban sector without urban job qualifications, this middle-aged woman and her household have become trapped in severe destitution in the Swedenville shacks, over a period which approximately coincides with the unfolding of the international financial crisis. Martjie O explains that neither she, an older woman with Grade 5, nor her adult son with Grade 6 have been able to gain a foothold in the urban labour market:

I came to Swedenville with two children in 2009 — my sister’s daughter lives in this area. Before that I was working on the white owned farms in the Nelstroom area, but I left my work as a farmworker because I wanted to come here. I was involved in a tractor accident on the farm and I was badly injured, and that meant I lost the job. There was no retrenchment payment — the boss said I was not registered, but the farmer gave me R5 000 for compensation for the injuries, so that was taken care of. When my shack back home burned down, we decided to come to Gauteng. I was looking for employment, but there are no farms here, so poor people can’t survive.
We have been here for six months now, and we can’t think of moving now – our money is gone. Maybe in the future, but I don’t know this area to see where we could go. We are just doing casual labour – I am currently surviving by doing washing from time to time for some black women in Mahala Township, I make R80 each time. And my son Sipho sometimes finds temporary jobs and gives me money, maybe several hundred rand. But coming from the farm be only has Grade 6, so he can’t qualify for any training to get a permanent job, and he is 26 now. I haven’t been able to keep my children in school because I can’t pay the transport costs – all the children here who attend school need transport, they don’t walk. My daughter is 14 and should be schooling, but she had to stop school in November last year.

This household occupies a level of destitution significantly below that of any of the other respondents in the urban and rural samples: no other household reported children out of school, days with no food, or family members going to bed hungry, all indicators of acute poverty.

While the international crisis is likely to be exacerbating the conditions excluding her from employment, the very unfavourable way that Martjie O has become inserted into the urban economy is structurally part of the history of farm labour in South Africa. Though urban residence is legal for all now under the Constitution, farmworkers probably remain the most isolated and least reliably educated constituency in South Africa due to the endemic isolation of farm work itself and the haphazard distribution and poor performance of farm schools, which are also frequently understaffed and under-resourced. Given the weakness of her social network, in her present situation perhaps only her access to her own shack separates her and her children from falling out of society permanently and descending into street homelessness.

Martjie O’s point about her son’s lack of the necessary education to qualify for training schemes is significant here. Without contacts and without an understanding of how to navigate the urban system, it is difficult to see how Martjie O’s family will find the kind of foothold in the urban environment and in the system of government social benefits that better-educated rural-origin households like those of Adele R and Vivian H are now succeeding in obtaining.

**c. Informal earning**

While informal sector earnings are not recorded in depth in the sample, respondents have reported individual cases. Nkosinathi V at Bergpoort, who lost his job at a nearby petrol station in 2009 and found his household relying on child grants and his wife’s earning from a low-paid farm job, started a small informal photography business to try to replace some of the lost income. He indicates that he earns between R500 and R750 per month as a photographer, less than his wife earns from farm work, and he identifies May 2010, the month of the interview, as a time of serious cash shortfall and food insufficiency in his household:

> This month I am going through a rough time. My business is not profitable, as people are broke – they are not paying for their photos and I still have them in my possession. I have to wait until month end or until they have money. I can say we are being affected by the failure of this family business, but it’s difficult to get a wage job because many companies are retrenching.

The brother of Khethiwe I’s husband, who like the house-holding couple is a migrant from Mozambique, is a tuberculosis sufferer and unable to work at a formal job: he conducts a small informal business to contribute to the household and to his own living costs. He earns perhaps R300 per month, but no details are supplied. When he had to go to hospital in 2009, his expenses were covered by Khethiwe I’s husband with help from their sister living in Johannesburg.

In other cases, women respondents like Callista N, who are staying at home with children, also operate very small micro-enterprises selling sweets. These micro-businesses are considered insignificant by the operators themselves, and are said to earn only enough money to buy bread.
Business activity in general is intensely private in South African poor communities, so little is recorded about the family business run by Joel D and his brother, which is reported to return an income of about R8,000 monthly to the family. However, it appears likely that this enterprise is a store in the formal sector, although it is possible that it is actually a large informal spaza-type business.

Likewise, Aurelia J’s husband operates an informal construction enterprise from Swedenville, taking on temporary contracts to build thatched sun shelters in the gardens of homes whose owners can afford this expenditure. Although not much is reported about this business, his income appears to be about R3,000 per month, but is subject to unpredictable fluctuations.

Given that not all the informal businesses actually being operated by respondent households have been recorded in the qualitative interviews, the general impression of the informal sector which emerges from the sample’s fragmentary evidence is mainly one of very small and marginal home-based businesses run by individuals within the household rather than by the household as a collective whole, mainly in the rural community due to its higher income levels, and which probably yield less than R1,000 per month in most or all cases. In addition, there may also be a small share of more substantial businesses whose earnings approach the level of formal employment, perhaps above R2,500 per month.

Based on direct study of home-based informal sector earning activity, it appears evident that informal businesses do not usually compensate poor households in poor communities effectively for loss of formal-sector wages in economic slowdowns (Cross 2000). As Nkosinatsho V’s experience suggests, informal enterprises earn best when the formal economy supplies households in the community with levels of disposable income capable of sustaining local economic activity; when the formal economy contracts, informal economic activity tends to track its downward path and informal businesses struggle to survive. However, some counterweight to declining employment levels is now being supplied by the high levels of government grants, which do not commonly appear to go directly into business activity, but which do help to steady community levels of disposable income in the face of falling formal employment.

Very poor settlements usually appear to support only some 4-5 lines of enterprise, such as cooked food, alcoholic drinks, and retail vegetables and fruit, that are all directly and closely related to basic needs, while it is the better-off township populations that are able to sustain a highly differentiated and more profitable range of aspirational informal enterprises which can include options such as cosmetics, aerobics, marquee hire, and photography. In this light, it is not surprising that the informal sector has not been able to expand to fill the income gaps being experienced by many of the sample households in Swedenville and Bergpoort, and apparently remains at a fairly low level in these communities as the effects of the international crisis play out.

6.5. Gender Impacts

In a cash economy without real support alternatives to wage earning, most replies to the question about the impact of the crisis on women revolved closely around the question of gaining a reliable, adequate income to bring up children, and therefore around women’s access – or lack of it – to employment, and alternatively around women’s access to the wage earnings of the men who work. The perceived alternative seems to be one of accepting a position of dependence on the income of the husband, perhaps to avoid the risk of breaking up the household and becoming an unemployed single mother.

Comments from all sides highlighted the critical importance of job access for women with families, in the light of male partners’ uncertain attitudes and unpredictable access to waged work. The general drift of expressed feelings from several men as well as from women implied
that unemployed women are inherently in a compromised position, that even if they are living in an established family with wage income their position remains precarious in that male partners may lose jobs or default on support responsibilities. No respondent argued that government child support grants alone could enable a woman with children to provide for them at a decent level.

Busisiwe Q, who lives in the Swedenville shacks with her partner and children and is not working, took a commonly held view of women’s default role in supporting children and the critical importance of employment when she remarked,

_The economic situation affects us women because we have to make sure children go to bed well fed. So if you are unemployed, you can’t do this. We are more affected than men because men do not care about child-rearing and household responsibilities – instead, the burden is on us._

From the Swedenville shacks, Aurelia J observed drily that women characteristically have options for obtaining money from employed men if they cannot work themselves:

_Women have families – when they do not have jobs, they may decide to sell their bodies… women have more ways of making money than men._

Bongiwe Z, a 17-year-old unmarried woman from a well-off family in Bergpoort, tied women’s situation for food affordability directly to their chances of employment:

_Being able to afford food is a problem for women who are not working. Otherwise the hard times affect men and women similarly, because a job is important to everyone, male or female._

Lawrence C is another Bergpoort youth, who at 23 has completed his schooling with Grade 12 and still lives at home supported by his well-off parents. He homes in on the issue of women’s dependency:

_Women are badly affected by hard times because they will have to buy food for the family and give money to the school-going children. It will make her dependent on her husband._

Joel D’s opinion was perhaps more conservatively male-centred:

_In times of hardship women may become desperate and fail to feed their children. Men have responsibility over families, so they have to provide for them. Women are also affected by unemployment, but they can be supported by husbands._

Harold T, a 38-year-old married truck driver from Swedenville, took a similar approach in attributing women’s disadvantage at times of hardship directly to their exclusion from wage work:

_Women have a serious problem because the majority are unemployed, and women are worse off than men because most jobs require men’s labour._

He adds, perhaps significantly, that women ‘are under pressure to defend their partners….’ In addition to women being less able than men to enter the labour market and find work, Harold T appears to imply that women are less likely to work than men because their partners are reluctant to maintain a relationship with women who work, and may actively discourage their women partners taking steps to obtain an independent income and lessen their dependence on – and perhaps obedience to – the employed male head. Authority within the household is traditionally tied to men’s role as sole providers of the household’s income, and younger men in new households may be particularly likely to behave in ways that tend to cut women off from independent earning. Julia N, Aurelia J and Lena K may have reflected some resentment when explaining why they were no longer working for wages in households with income shortfalls, though, as Harold T implies, they did not directly criticise their partners.
Fundisani W, who is not married and has no children himself at age 27, was sympathetic to the situation of women in respect of men who do not meet support obligations. He highlighted the poverty risk factor for women with children to support:

> It’s difficult for women to nourish and sustain their children now – women are more affected by the crisis, for this same reason, that men often leave their women with the children and run away from the burden of their responsibilities.

Women respondents themselves were not in doubt of where they stood:

> ‘I am depending on my husband’s financial support – I am staying in my husband’s house’ – Khethiwe I, Bergpoort
> ‘My husband provides for me.’ – Lena K, Swedenville
> ‘I am depending on my husband’s salary’ – Aurelia J, Swedenville
> ‘My husband supports me, though as I am not working the money is not enough. Right now I am broke, I have no money. I do own the house – it cost R5 000, and my brother gave it to me’ – Samantha M, Swedenville

Against these comments can be put Adele R’s assessment, coming from a two-income household from where she has now obtained a low-paid but vital job:

> Women are affected because they can’t find employment – employers need experienced and qualified people. But [now that I am working] I am relying on my own income to make ends meet, I am sending money now and then to our two kids, and my fiancé is very supportive financially. No, we don’t intend to move back home – they have nothing there, they are living on grants, and we have found that Swedenville is a good place for low-income households.

### 6.5.1. Women in the labour market

One open question is whether any of the Swedenville women who formerly worked and now are emphatic about suffering food affordability problems are simply unable to find work, or are actually angry with their husbands for denying them access to employment that could nearly double the household’s total income, and would be enough to ease the food problem and put the household on a more stable financial basis. As noted (see above, Access to employment), the sample from Swedenville especially includes several women who were employed before marrying or forming a stable partnership relation, but who were no longer working at the time of interview; not all had young children in the household that would require full-time child care. From the interview material recorded it is different to be sure of the dynamics of these cases, but the women’s comments sometimes hint at strain in the household.

Julia N, who reported that she left her domestic service job in Mahala Township because of the long hours it required, appears to have given up this position at about the same time that her husband finally found part-time employment. She commented,

> I was working for some time with a full time job in Mahala, and I left that job because it was long hours. Only for that, and I didn’t receive any UIF or retrenchment package. The only one who obtained a new job was my husband, who heard about a job opening from a friend of his, and went there to make himself available for this part-time government job in construction. So I get money from my husband’s part-time job and from the child support grant, but it is not enough and I am not coping.

There is no indication in her interview that she has looked for another job with better hours. She notes that the bad economic situation affects men and women equally, and then adds,

> We women wish to be employed one day, but our dreams are not fulfilled. We are always loitering at home like flies. There’s no way out. We can’t even afford to buy furniture.
Julia N is no longer young, and her remark may reflect continuing exclusion from the labour market and its implications for her hopes of a well-furnished home. If women are prevented from labour force participation in the young adult years, even if their husbands relent later in life and agree to allow wives to work to supplement the family income, this reassessment may effectively come too late: the women will lack the experience, job resume and skills qualifications needed to allow entry to a better paid job. Instead, she is likely to be relegated to low-paid domestic work as the main default job category for low-skilled and less educated women.

When women in the sample stress their dependence on their husbands’ support, they may already be signalling that they have taken on the bargain of accepting dependency on their male partner in order to secure the family’s share of his greater earning power. If so, the most compelling reason would be that the worst-case alternative of losing their husbands’ support entirely and having to rely on their own earning capacity alone would undercut their children’s welfare and mean deeper poverty, leaving them in the same position as other women-headed households at the bottom of the community income distribution. The end result could be a serious loss of food and income security, unless the women were able to obtain better paying jobs than is likely for the rural-born in-migrant poor.

The role of household head – that of the person who lays down policies within the family and decides the allocation of resources – is deeply valued and serves as a major reason for young men to marry and take on the difficult obligations of supporting a woman and children. The social standing which the role of head conveys is particularly valuable to young men who want to mark their transition to adult status and who are looking for respect: for older men, now comfortable in their social situation but anxious about covering the increasing needs of a family with teenage children, the idea of a middle-aged wife working and contributing has frequently become less threatening. However, the role tends of head tends to gravitate to the person who is supporting the household. If young men find themselves losing their grasp on this authority role as wives’ wage earning dilutes their role-validating contribution as men, then their perceptions of respect and their commitment to the married family may slip.

If so, family breakups can become more likely. The large-scale impact on societal cohesion and household viability of more women in poor settlements entering the job market could then turn negative. For most of the women respondents in the low-income Swedenville and Bergpoort settlements, the risk of becoming solely responsible for the support of their children has already led them to make the choice of a marginal married income and some risk of hunger, over the chance of single motherhood, lower total income, and substantially greater food insecurity.

6.6. Summary of Findings

In our study of two communities, we found that it is not so easy to identify the specific impact of the international economic crisis and household welfare. South Africa’s high unemployment – and the government response in terms of social welfare transfers and large-scale anti-poverty programmes – pre-date the onset of the world recession. The effects of the crisis in heightening economic hardship blur into the hard times that came before them, and did not necessarily appear to households on the ground as an abrupt disintegration of their support strategies. Most people interviewed could not associate their economic condition with the global crisis, even in cases where it appears that they were affected. Instead, they interpreted their situation in terms of their local conditions.

Perceptions of the international crisis

Most respondents in the rural and urban samples were aware of rising prices for food, and some identified rises in transport or medical costs, but nearly all tended to understand the price rises as
ordinary and usual. Women – who did not often work outside the home – were less likely to have heard of the crisis, and no women respondents identified the effects for the household separate from overall unemployment and rising price trends. No respondent reported either sending or receiving remittances because of the crisis; remittance activity was seen instead as an ordinary response to poverty at home. Only one well-educated elite respondent out of the 30 who furnished interviews identified the gap between rapidly rising price inflation and the slower increase in wage levels as a process leading inevitably to a fall in living standards and a greater risk of households going under. From community level, the crisis appears to have occurred as a gradual constriction in household options for making ends meet, rather than as a sudden catastrophic impact disrupting livelihoods and creating far-reaching changes in their lives.

While one or two were aware of the influence of the world economy in rising oil and transport prices in South Africa, most who knew of it saw the crisis as something that affected the supply of jobs at national level, rather than something that could hit at household level. For respondents who knew about the crisis, those who were still working felt unaffected even though they were aware of rising food prices, while those who had lost jobs in their households were likely to attribute the loss to strikes or similar local factors, and not to the impact of the crisis. No one spontaneously drew a connection between labour disruptions as a response to job losses and the influence of the crisis or the world economy on South Africa.

The household economy and access to employment

The situation around the job market is critical, since the household economy for the urban and rural samples – and more generally in South Africa – was centrally wage-based, with important support from social grants and much less important inter-household transfers in the form of remittances. Households saw jobs as the key to support, and food or livestock production hardly figured: virtually all the households asserted that they bought all their food, and there was no sign of non-elite households continuing the migrant-labour strategy of using livestock as a vehicle of household savings. Nearly all the shack households reported receiving wage income, against four-fifths of the rural households.

Food security and food availability

In the samples, there was only one household found to be severely destitute, including children out of school, whole days without food, and going to bed hungry: this severely dislocated household had neither wage income nor social grant income. However, most of the other households were found to be in ‘marginal poverty’, including being worried about the food supply for the whole month and being unable to eat preferred foods. More than half the shack households, and more than a quarter of the rural households, recorded eating fewer than three meals per day. The urban shack households, which averaged significantly younger and were not securely settled, were smaller and also had significantly lower wage incomes than the older rural sample households.

South Africa produces most of its food domestically; distributing it largely through the formal market system based on supermarkets. The international crisis has not caused any significant disruptions of food supplies. Food has continued to be available in both sample communities throughout the crisis period. However, worry over food access, not being able to eat preferred foods, and eating less than three meals per day all scaled very closely in this small sample with estimated household wage income of R2 000 per month or less. This apparent relation seems to occur without a clear link to household size or dependency, and seems to occur in both the urban and rural samples. Obtaining a wage income of R2 000 per month in turn seemed to depend closely on the household’s recent gains and losses in the employment market, and appears to underline the direct link between perceived food security and wage employment.
Women working

This wage-dominated household economy appears very brittle at a time of high unemployment and closures of firms, increasing reliance on social protection and the social wage, and putting serious pressure on women, who – as respondents pointed out – cannot access the same range of jobs as men. Women were often restricted to low-wage jobs, and could be held out of the job market either by the demands of child care, or by husbands’ objections to more independent wives with their own incomes.

Accordingly, women who wanted to work but whose husbands objected tended to accept the situation, perhaps in fear of being left alone as a female head in a more precarious household. Several women respondents who had previously worked gave up their jobs and reported being left alone at home supported by their husbands but skipping meals, when, by implication, their potential wage earning in a two-income family could put the household on a stable financial basis. While later on in the household's developmental trajectory the husband may withdraw his reservations and allow his wife to work, the chances for a less-qualified poor woman without a work history to find a decent-quality job will by then have declined seriously, leaving the woman permanently stranded in low-paid domestic work.

Remittances and the social wage

As the individual household manoeuvres to gain maximum spatial access to the urban job markets in the aftermath of the earlier migrant labour economy, a trend to increasing household autarky in the face of the cash economy can be discerned gaining speed, propelled by high mobility and migration levels, and by unravelling social networks. Few of the rural sample households still received remittances, though most of the urban shack households were still sending money home. The prevalence of remittances in the shack area sample probably suggests that these respondents represent a self-selected population from the deep poverty sector, younger people from the more desperate rural households in their home communities, who have moved to the city’s lowest-cost settlements to help support their parents’ homes until they have established their own families.

By comparison, the low level of remittances and high level of grants in the rural sample – all of them migrants into a relatively recent settlement – illustrates how far poor households in South Africa have become more isolated and autarky as they migrate away from home networks to meet the needs of the industrial or post-industrial labour economy. In this position, they are increasingly at the mercy of their employment situation, with government grants as their only important fallback option. Communities as social entities appear to have become less likely to show solidarity, and less able to help member households facing reverses. Social networks are often badly eroded, so that communal capacity to absorb shocks is not necessarily being maintained. For several years, the government’s serious concern about declining social cohesion has been reflected in government reports and documents (see GCIS 2007; DSD 2004), and this situation has become more risky in the face of the international crisis and the stress it puts on employment provision.

Perceptions of the government response

Respondents were inclined to give government little credit for mounting a response to the crisis, or to what they saw as recent economic hardship. In spite of the massive scale of South African government assistance to poor households – and in spite of the direct role of welfare transfers in partly supporting the majority of households in the sample – respondents tended to discount these measures as long-term entitlements unconnected to their recent situation. None were aware of any recent government initiatives aimed at the situation within the last two years, and most argued that government had done nothing to help them. Only two elite rural respondents
who did not need government help and who saw the poverty crisis as observers – and one rural
cross-border migrant who could make comparisons with her home country – argued strongly
that government in South Africa was playing a powerful positive role in fighting the advance of
poverty.

However, government social protection and the social wage have become increasingly important
as highly precarious wage employment has the household’s main pillar of support. From the
government side, anti-poverty interventions include the long-standing programme of social
welfare transfers – which is largely palliative, intended to hold back further descent into severe
destitution – and the massive initiative to deliver free subsidised, serviced housing, which is
intended to catalyse household capital formation and provide a key family asset as the first rung
on the ladder out of poverty.

For the outlying rural and urban communities in the qualitative sample, only the social grant
transfers had reached the respondent households effectively. A social grant component has been
structurally incorporated into the household support strategy in most households, going largely
to women with children. However, the housing-based accumulation strategy had not yet begun
to operate outside of the household’s own accumulation and investment activity. From the 30-
case sample, only one urban respondent had received a government-subsidised house, so that for
these households the more dynamic intervention from the larger government anti-poverty
programme had not yet arrived. Therefore, respondent households attempting to climb out of
poverty were largely relying on their own resources in achieving accumulation, stayed and
supported by very substantial government social grant income support which largely went to
consumption in the majority of cases.

Accumulation and upward mobility

For most of the rural poor households, and for nearly all in the urban shacks, the perception was
one of a chronically worsening long-term economic climate of rising food prices, poor job
availability, household marginality, and little help. Respondents wanted the government to create
jobs, and to supply their communities with housing and services – standard community demands
unrelated to the crisis. In this context, women-headed households – and especially those headed
by older rural widows living on social grants and remittances – tended to find themselves
consistently at the bottom of the sample income distribution.

However, capital formation through housing investment could be clearly identified taking place
in the rural sample, where households were older, better off, more stable and further into their
investment stages. At the same time, housing investment was not taking place to any significant
extent in the urban shack community, where a relatively young and mobile population in a
relatively insecure community was thought to be risking eviction. The estimated replacement
value of housing in the rural community sample was 12 times that of the shack respondents,
while estimated household wage income was only 1.5 times as great. The housing of women-
headed households in the rural sector was estimated to be slightly more valuable than the
average, while in the shacks the value was almost equal to the average; it appears that women
heads of household who have fallen on hard times have sometimes retained decent-quality
housing built during better times for the household as a successful investment. Nevertheless, in
each area there was at least one case of an in-migrant woman head in the lowest poverty category
whose housing was of extremely low value, and offered no buffer against the risks of poverty.

At the same time, both the shack population sample and the rural sample appeared to have
potential for upward mobility, along the lines that government has attempted to encourage. In
the shack area, more households reported rising living levels than recorded falling levels, mostly
related to having recently obtained wage jobs: for the rural sample, rising and falling levels
occurred equally, as did job gains and losses. There are also possible indications that recent rural
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in-migrants coming into the highly competitive metro job market may be better prepared in terms of education levels, as well as in accessing and using public job search information, and therefore less reliant on the ad hoc outcomes of personal network inquiries. A more impersonal, less network-based job search strategy may hold implications for equalising the exclusionary disadvantage in access to employment and income which marginalises South Africa’s rural population, and specifically disadvantages the rural-origin in-migrant population of the shack settlements.

If so, then while social protection measures attempt to hold the line against increasing poverty, household employment strategies and household housing investment may offer at least some poor households a way up to climb out of poverty. Such a route, however, appears much less open to women-headed households than to those with working male heads.
7. Responses by Government, Multilateral Agencies and Civil Society

7.1. The South African Government’s Response to the Downturn

Government’s response to the global economic crisis is critical to a nation’s social outcomes. Its role in economic outcomes is less clear. In this section of the report, a brief context on the situation that South Africa faced before the crisis is offered, with reflection on how it will influence government’s responses toward the recession. It then reviews fiscal policy, the state of social protection, the role played by monetary policy in the crisis and concludes by looking at specific interventions by a few government departments and responses from multilateral agencies and civil society.

The GEC comes at a time when government had already committed to spending more on social services, infrastructure and special employment programmes. South Africa faced great socio-economic challenges of extremely high unemployment, underemployment and poverty prior to the downturn. An attempt to address these challenges has been the main priority of the current government and represents an ongoing national project which has been responsible for a number of anti-poverty programmes. Its policies were already focused on promoting structural change, inclusive growth and poverty reduction. Because of South Africa’s unique circumstances, and the legacies of apartheid, social and economic policy measures that would have been the probable government response to the international crisis were already to a large extent in place, long before the onset of the world recession.

South Africa’s scope for industrial intervention in the face of a global downturn is partly constrained by its status as a small open economy. SA does not have global market power and so its overall influence is small. Therefore industrial interventions in the context of a global downturn might be oriented to stimulating domestic markets or strengthening firms’ competitive positioning. The socio-economic returns to protecting firms in this context are uncertain, since it is unclear when demand for their products might bounce back.

While merits and demerits exist for the protection of industries and the kind of stimulus they will need, there is almost a global consensus that the protection of poor households is critical. This places emphasis on a country’s social protection system in terms of the width and breath of its cover and its scalability in times of crisis. The latter cannot be overemphasised for it is the very crucible by which the success of a country’s social protection system will be judged. For a country like South Africa which already had much of its systems in place the focus was on trying to scale up expenditures and extending cover to those who were previously not covered.

There is much stakeholder contention about the merits and demerits of the fiscal prudence in the 1990s, and the wisdom of running fiscal surpluses in good years in the context of counter-cyclical policy. To some extent, these surpluses arose as a result of strong revenue collection and not merely constrained spending. Either way, the South African government was put in a stronger position to deal with the crisis. This protected SA from the need to rely on external financial support from the IMF. Although the current account deficit rose to dangerous heights at the onset of the crisis, it is now under control, and SA did not need balance of payment support. Furthermore, strong financial regulation also protected SA from much of the contagion and sheltered its financial sector from developments in western markets. There is another side to
this, where SA’s financial sector may be seen as overly conservative, especially in respect of venture and small business capital provision, hindering growth and employment creation.

Overall the policy response of the South African government has been to stay the course in its commitments to creating jobs, stimulating spending and poverty reduction, even in a context of falling state revenues. In addition, there have been some interventions to specifically protect firms and workers from vulnerability caused by the downturn, in a way that supports sustainable economic participation, some of these will be discussed in Section 0.

Briefly, the government’s response to the crisis has involved:

- A counter-cyclical fiscal policy and a monetary policy stance supporting price stability
- Continued public infrastructure investment and support for investments in industrial capacity and competitiveness
- Re-skilling of workers, and
- Support for industries in distress or undergoing restructuring.

7.1.1. Fiscal Response

According to the Budget Review (2010), as South Africa emerges from the recession, the policy focus is shifting from stabilising the economy to longer-term considerations. Government plans to continue supporting the recovery albeit in a tight fiscal environment. The review also notes that over the past two years expenditure growth has been strong, with government’s share of GDP rising from 28.5% in 2007/08 to 34.1% in 2009/10. This increase is partly a countercyclical response to the downturn, which is meant to stimulate economic growth and maintain spending on public services at a time when businesses and households require fiscal support the most. In earlier years, favourable economic conditions enabled increases in government expenditure, which were supported by above-average tax collections. However, as the country entered into a recession, there was a marked decrease in revenue. By February 2010 the National Treasury had predicted a budget shortfall of R178 billion in the 2009/2010 financial year. In his speech on the response to the crisis in October 2009, Minister of Finance Pravin Gordhan noted that the consolidated budget revenue would be lower than expected coming in at R658 billion, a figure that was considerably lower than the February 2009 estimate. Income tax paid by companies was R21 billion less than anticipated in the February budget, because of lower earnings. VAT receipts where R31 billion lower because of reduced consumption and customs and excise duties were expected to fall by R9 billion, due to the decline in imports. In total, tax revenue was expected to be R68.9 billion less than the February budget projection. At that time the Minister had reiterated that South Africa was prepared to adapt to the new circumstances by reinforcing the sound aspects of existing policy and changing those that are not working.

Internationally there is great concern that social expenditure on health, education and other services could be reduced as countries in contexts where budget deficits had to be contained. However, in South Africa, the fiscal approach has made space for bad times, with surpluses run in good. This enables a continued commitment to sustained social policies (Gordhan, 2009).

The 2010 budget framework balances the short-term need for economic stimulus with the long-term imperative of fiscal sustainability. In light of this, the government has reiterated that it remains committed to job creation, rural development, social services, and local infrastructure (ibid.). There is however scepticism regarding the extent to which governments proposed infrastructure programme will actually create jobs. Looking at Table 27, it can be seen that a large percentage of the expenditure is going to capital intensive projects, especially in the energy sector.
Economic Performance and Development

Table 25: Government fiscal framework, 2006/07 - 2012/13

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R 541,224</td>
<td>R 627,669</td>
<td>R 689,672</td>
<td>R 657,552</td>
<td>R 738,404</td>
<td>R 827,742</td>
<td>R 922,278</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>29.5%</td>
<td>30.2%</td>
<td>29.7%</td>
<td>26.8%</td>
<td>27.3%</td>
<td>27.9%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>R 518,447</td>
<td>R 593,269</td>
<td>R 713,890</td>
<td>R 835,324</td>
<td>R 906,964</td>
<td>R 977,361</td>
<td>R 1,058,622</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>28.3%</td>
<td>28.5%</td>
<td>30.8%</td>
<td>34.1%</td>
<td>33.6%</td>
<td>32.9%</td>
<td>32.1%</td>
</tr>
<tr>
<td>Budget Balance</td>
<td>R 22,777</td>
<td>R 34,400</td>
<td>-R 24,218</td>
<td>-R 177,772</td>
<td>-R 168,560</td>
<td>-R 149,619</td>
<td>-R 136,344</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>1.2%</td>
<td>1.7%</td>
<td>-1.0%</td>
<td>-7.3%</td>
<td>-6.2%</td>
<td>-5.0%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Public sector borrowing requirement</td>
<td>-R 9,380</td>
<td>-R 5,969</td>
<td>R 93,401</td>
<td>R 288,394</td>
<td>R 299,671</td>
<td>R 260,129</td>
<td>R 232,376</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>-0.5%</td>
<td>-0.3%</td>
<td>4.0%</td>
<td>11.8%</td>
<td>11.1%</td>
<td>8.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Gross domestic product</td>
<td>R 1,833,191</td>
<td>R 2,081,626</td>
<td>R 2,320,117</td>
<td>R 2,449,858</td>
<td>R 2,699,888</td>
<td>R 2,967,560</td>
<td>R 3,295,749</td>
</tr>
</tbody>
</table>

Source: 2010 Budget Review (National Treasury 2010)

Table 26: Public sector infrastructure expenditure and estimates, 2006/7 – 2012/13

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National departments</td>
<td>4,631</td>
<td>5,712</td>
<td>6,318</td>
<td>6,382</td>
<td>6,847</td>
<td>7,758</td>
<td>10,703</td>
</tr>
<tr>
<td>Provincial departments</td>
<td>27,112</td>
<td>29,395</td>
<td>36,094</td>
<td>41,185</td>
<td>45,623</td>
<td>49,971</td>
<td>50,786</td>
</tr>
<tr>
<td>Municipalities</td>
<td>21,084</td>
<td>30,736</td>
<td>39,577</td>
<td>37,480</td>
<td>41,305</td>
<td>50,449</td>
<td>56,028</td>
</tr>
<tr>
<td>Extra-budgetary institutions</td>
<td>3,699</td>
<td>3,726</td>
<td>6,194</td>
<td>10,859</td>
<td>11,175</td>
<td>15,083</td>
<td>18,821</td>
</tr>
<tr>
<td>Public-private partnerships</td>
<td>1,343</td>
<td>3,857</td>
<td>4,942</td>
<td>13,751</td>
<td>9,939</td>
<td>11,389</td>
<td>6,109</td>
</tr>
<tr>
<td>Non-financial public enterprises</td>
<td>25,736</td>
<td>56,765</td>
<td>103,322</td>
<td>125,504</td>
<td>147,025</td>
<td>148,665</td>
<td>157,970</td>
</tr>
<tr>
<td>Total</td>
<td>83,605</td>
<td>130,191</td>
<td>196,447</td>
<td>235,161</td>
<td>261,914</td>
<td>283,315</td>
<td>300,417</td>
</tr>
<tr>
<td>Percentage of GDP</td>
<td>4.6%</td>
<td>6.3%</td>
<td>8.5%</td>
<td>9.6%</td>
<td>9.7%</td>
<td>9.5%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Gross domestic product</td>
<td>1,833,191</td>
<td>2,081,626</td>
<td>2,320,117</td>
<td>2,449,858</td>
<td>2,699,888</td>
<td>2,967,560</td>
<td>3,295,749</td>
</tr>
</tbody>
</table>

Source: National Budget Review 2010

The growing borrowing requirement

Because government expenditure is expected to rise to almost 35% of GDP, this has had a significant impact on government’s borrowing requirement, raising fears about the sustainability of current efforts to continue with a countercyclical fiscal stance. The public sector borrowing requirement rose sharply from -0.3% in 2007/08 to 11.8% of GDP in 2009/10 and is expected to fall to 7.1% by 2012. In the last financial year expenditure increased by R127 billion, while revenue declined by R34 billion. The borrowing requirement increased to R184 billion, accounting for 7.6% of GDP. Ongoing pressures on the state and on the economy continue, particularly the need to finance Eskom, state-owned enterprises and municipalities, leading to an increase in the overall public sector borrowing requirement to R288 billion, which is 11.8% of GDP (see Table 25). Government debt is expected to increase to 41% by March 2013 and the corresponding interest will increase from R54 billion in 2008 to around R100 billion in 2010/13. According to Minister Gordhan (2009) the increase in South Africa’s budget deficit is in line with international trends and represents one of the largest fiscal responses to the crisis and he goes on to say:
Table 27: Major infrastructure projects

<table>
<thead>
<tr>
<th>Project name</th>
<th>Total project cost R billion</th>
<th>Implementation agent</th>
<th>Project objective and completion target date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kusile power station</td>
<td>140.7</td>
<td>Eskom</td>
<td>Construction of a 4 800 MW coal-fired power station (to be completed in 2018).</td>
</tr>
<tr>
<td>Medupi power station</td>
<td>125.7</td>
<td>Eskom</td>
<td>Construction of 4 764 MW coal-fired power station - first unit (2012), last unit (2015).</td>
</tr>
<tr>
<td>Ingula pumped-storage scheme</td>
<td>16.6</td>
<td>Eskom</td>
<td>Construction of 1 368 MW hydroelectric power station (2013).</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New multipurpose pipeline phase 1</td>
<td>12.6</td>
<td>Transnet</td>
<td>8.7 billion litres per year pipeline (2011). Based on demand, expansion to 12.2 billion litres (2019) and 26.2 billion litres (2031).</td>
</tr>
<tr>
<td>Iron-ore line</td>
<td>11.6</td>
<td>Transnet</td>
<td>Upgrade of the iron-ore line to 60 million tons per year (2013), expansion to 105 million tons per year (2015).</td>
</tr>
<tr>
<td>Ngqura container terminal</td>
<td>7.9</td>
<td>Transnet</td>
<td>Improving port capacity by an additional 800 00020-foot equivalent units (2013).</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mokolo-Crocodile water augmentation project</td>
<td>14.7</td>
<td>Trans-Caledon Tunnel Authority and the Trans-Caledon Tunnel Authority</td>
<td>Phase 1 of project to deliver water (2012), phase 2 (2015).</td>
</tr>
<tr>
<td>Olifants River water resource development project - phase 2</td>
<td>13.7</td>
<td>Department of Water Affairs and the Trans-Caledon Tunnel Authority</td>
<td>Construction of dam (2013) and bulk distribution system (2016).</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comubia housing development</td>
<td>5.1</td>
<td>The Housing Development Agency and eThekwini Metropolitan Municipality</td>
<td>19313 mixed-income, mixed-density houses (2011).</td>
</tr>
<tr>
<td>N2 gateway</td>
<td>2.3</td>
<td>The Housing Development Agency and Western Cape Department of Housing</td>
<td>22000 low-income houses (2013).</td>
</tr>
<tr>
<td><strong>Hospitals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frere Hospital</td>
<td>2.5</td>
<td>Eastern Cape Department of Health</td>
<td>Upgrade and rehabilitation of a 550-bed regional hospital (2013).</td>
</tr>
<tr>
<td>Limpopo Academic Hospital</td>
<td>1.5</td>
<td>Limpopo Department of Health</td>
<td>A new 600-bed hospital. Construction to start April 2011.</td>
</tr>
<tr>
<td>Cecilia Makiwane Hospital - phase 1</td>
<td>1.4</td>
<td>Eastern Cape Department of Health</td>
<td>Upgrade and rehabilitation of 650-bed regional hospital. Phase 1 (2013).</td>
</tr>
<tr>
<td>Natalspuit Hospital</td>
<td>1.7</td>
<td>Gauteng Department Health</td>
<td>Replacement of an existing hospital (2011).</td>
</tr>
</tbody>
</table>

405.2

Source: National Budget Review 2010

*Whereas in other parts of the world spending is being cut and projects cancelled, we are able to continue our investment plans, because we entered the economic downturn with a budget surplus and a healthy fiscal position. And whereas the response in other countries has been dominated by financial transfers to banks and other businesses, our spending growth is strongly driven by real physical investment - road and rail construction, new power stations, housing, water, and sanitation systems.*

The SA government plans to raise R640 billion in debt over four years to sustain investment in job creation, in education, health care, rural development and crime fighting. The implications of this are obvious – higher national debt and debt service costs – but the plan is to bring the
borrowing requirement down in the years ahead as economic growth picks up. The consolidated budget deficit is expected to reach 6.2% this year, 5% in 2011/12, and is expected to decline to about 4.1% by 2012/13 (see Table 25).

7.1.2. **Additional Spending in 2010/11**

The 2010/11 national budget made provision for spending to support the economic recovery over the next three budget cycle. A look at the additional spending shows that some of the budget increases are directed toward health and education. Specifically, some of the relevant additions to the budget include:

- Social grants increased by R12.2 billion; this amount caters for the extension of the child support grant which will ultimately be extended to 18 years of age.
- R2.7 billion was allocated to provide literacy and numeracy workbooks in all 11 official languages for learners from grades R to 9, and R1 billion to increase subsidies for higher education institutions.
- R15.1 billion for occupation-specific dispensations in education, health and correctional services.
- An amount of R8.4 billion was set aside for the provision of antiretroviral therapy.
- R2.5 billion to increase labour intensity in public works.
- Two sectors were earmarked for support: R1.8 billion for clothing and textile production incentives and R1.8 billion for the automotive production development programme.
- The amount of spending on infrastructure was increased with R2.8 billion being allocated for public transport, roads and rail infrastructure whilst R2.5 billion will go to municipal infrastructure which is meant to support universal access targets for water and sanitation, and R6.7 billion to municipalities to cover the increased cost of providing free basic electricity. Table 26 presents total infrastructure spending, as presented by Treasury in its last budget.
- Rural development received an additional R1 billion, more money (R1.2 billion) going toward water and sanitation for rural households and R1.5 billion for the Land Bank to support rural development.
- The old age pension is increased by R70 a month to R1 080 and the child support grant increased by R10 a month.

Relative to 2009/10, the 2010/11 budget increased by 8.6% which represents a significant fiscal stimulus (see Figure 27) with the bulk of this going to social services which receive the lion’s share of the budget at 54% (see Figure 29) an increase of 9.3% relative to 2009/10 estimated outcome.
To offset the pressures on borrowing, the 2010/11 budget focused on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. As such, it was proposed that wasteful expenditures in departments would be cut such as in curtailing spending on unnecessary travel and entertainment and unfocused consultant contracts. This is aimed at facilitating the reprioritisation of ineffective or over-priced activities in provincial departments to finance core education, health, and infrastructure requirements. Whether these savings materialise remains to be seen. Some of the strategies to offset the lower tax revenue involve broadening the tax base through policy measures and continuous improvements in the law.

### 7.1.3. Social Protection

The economic slowdown will have an impact on the poor in the short-run because of second round effects and in the long run through the deepening of existing deprivation and marginalisation. According to Davies and McGregor (2009), this crisis is different from previous ones that have impacted on developing countries over recent years for two reasons. It comes after a period of high global food and fuel prices that acted as a negative shock for developing countries. It is also a crisis amidst a global recession which limits the extent to which the global economy can act as a source of demand that can draw developing countries out of their crisis. It is difficult to predict the path of a compound crisis such as this, imposing a greater burden on these countries to design social protection responses that effectively identify and target those most affected. There is a danger of restricting social protection to the singular task of making cash payments to easily identifiable groups of people. Adato and Hoddinott (2008) offer a very comprehensive definition of social protection, which sees it as a set of policies and programmes that:
- protect people against risk and vulnerability
- mitigate the impacts of shocks
- support people who suffer from chronic incapacities to secure basic livelihoods, and
- reduce both short-term and intergenerational transmission of poverty by building assets.

This has three interrelated components:

- social insurance which is concerned with health, life, and asset insurance, which may involve contributions from employers and/or beneficiaries
- social assistance which mainly comes in the form of cash, food, vouchers, or subsidies, and
- social services such as maternal and child health and nutrition programmes which are critical in safeguarding the future developmental needs of vulnerable children.

Finally social protection can also be extended to interventions that provide training and credit for income-generating activities.

Coming into the crisis, South Africa already had a social security system in place. Much of the response has therefore involved scaling up spending on social assistance and insurance. The social protection system as defined within the fiscal framework has two separate but interrelated entities one that deals with social assistance and another with social insurance (see Figure 28).

- Social assistance is represented by the grants system, through which the state provides basic minimum protection to relieve poverty.

**Figure 28: South Africa’s social security architecture**

Social insurance refers to mandatory employee contribution schemes. Government is responsible for three primary social insurance mechanisms: the Unemployment Insurance Fund, the Compensation Funds and the Road Accident Fund (Budget Review, 2010).

According to the 2010 Budget Review ‘the past year has provided the social security system with its sternest test yet’. The loss of close to a million jobs has seen the number of unemployment claims almost double. On top of this there has been an increase in the number of people claiming social grants by 6.8% (see Table 28). Table 28 shows that in South Africa a significant
number of people where already being captured by the social protection system before the crisis. Furthermore, the increase in the number of people claiming UIF and social grants is evidence that South Africa’s social protection system played an important role in cushioning a lot of people by protecting their incomes.

Table 28: Social security beneficiaries, 2006/07 – 2009/10

<table>
<thead>
<tr>
<th>Grants and Funds</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social grants Recipients</td>
<td>11,983,141</td>
<td>12,374,770</td>
<td>13,066,118</td>
<td>13,958,894</td>
</tr>
<tr>
<td>Percentage change</td>
<td>3.3%</td>
<td>5.6%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>Unemployment Insurance Fund Recipients per month</td>
<td>154,546</td>
<td>140,086</td>
<td>164,301</td>
<td>207,967</td>
</tr>
<tr>
<td>Percentage change</td>
<td>-9.4%</td>
<td>17.3%</td>
<td>26.6%</td>
<td></td>
</tr>
<tr>
<td>Compensation Fund Claims registered</td>
<td>213,246</td>
<td>209,830</td>
<td>203,711</td>
<td>234,266</td>
</tr>
<tr>
<td>Percentage change</td>
<td>-1.6%</td>
<td>-2.9%</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>Road Accident Fund Claims registered</td>
<td>170,418</td>
<td>267,133</td>
<td>294,771</td>
<td>196,405</td>
</tr>
<tr>
<td>Percentage change</td>
<td>56.8%</td>
<td>10.3%</td>
<td>-33.4%</td>
<td></td>
</tr>
<tr>
<td>Expanded public works programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time equivalent jobs</td>
<td>85,702</td>
<td>146,359</td>
<td>184,642</td>
<td>-</td>
</tr>
<tr>
<td>Percentage change</td>
<td>70.8%</td>
<td>26.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work opportunities</td>
<td>316,814</td>
<td>440,266</td>
<td>570,815</td>
<td>-</td>
</tr>
<tr>
<td>Percentage change</td>
<td>39.0%</td>
<td>29.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td>2,985,350</td>
<td>3,233,490</td>
<td>3,388,582</td>
<td>3,463,642</td>
</tr>
<tr>
<td>Percentage change</td>
<td>8.3%</td>
<td>4.8%</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Dependents</td>
<td>4,141,993</td>
<td>4,371,746</td>
<td>4,486,244</td>
<td>4,636,935</td>
</tr>
<tr>
<td>Percentage change</td>
<td>5.5%</td>
<td>2.6%</td>
<td>3.4%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Budget Review, 2010

- Data not available

It should be noted however that the UIF reaches a small proportion of those who are recently unemployed. UIF does not extend to those individuals who have not made any contributions to the scheme; as such many people cannot use this fund as a coping mechanism. This is particularly true for those in the informal sector, and for vulnerable formal sector workers for whom contributions might not have been made. Furthermore, many South Africans cannot afford voluntary contributions either to medical schemes or retirement funds, with the result that coverage is incomplete, especially for lower-income workers. Together with those who find themselves without protection in retirement, it means that the majority of working people will end up depending on the public health system and the grants system in the form of the state old age pension.

The breakdown of the budgeted amount for social services is shown in Figure 29; all services received expanded allocations from the previous year. Social protection constitutes 26% of the spending on social services. Social protection is further disaggregated into old age grants, child support grants, social security fund benefits, disability grant, and provincial welfare services. Both old age grants and child support received the biggest increases of 13.8% and 13.2% respectively (see Figure 30).
Overall, the budget allocations have increased and that these increases have been targeted at those functions that have the greatest impact on the ability of the poor to cope with the crisis. The only concern that arises is the sustainability of this counter-cyclical fiscal stimulus. The growing government debt represents an area of vulnerability, one which will be exacerbated if the recession turns out to be a long process.

Figure 29: Government Expenditure on Social Services in R Billion, Budget 2010/11

![Pie chart showing government expenditure on social services in R Billion, Budget 2010/11. The largest expenditures are for Education (33%), Housing and Community Amenities (19%), and Health (21%).]

Source: National Treasury, 2010

NB. Figures in brackets represent percentages that reflect growth relative to 2009/10

Figure 30: Disaggregated Government Social Protection Expenditure in R Billion, Budget 2010/11

![Pie chart showing disaggregated government social protection expenditure in R Billion, Budget 2010/11. The largest expenditures are for Old Age Grants (27%), Child Support Grant (24%), and Provincial Welfare services (8%).]

Source: National Treasury, 2010

NB. Figures in brackets represent percentages that reflect growth relative to 2009/10
7.1.4. Monetary Policy Response

The approach to monetary policy in South Africa is defined by the constitutional mandate of the Reserve Bank: Section 224 (1) of the Constitution, states that the primary objective of the South African Reserve Bank (SARB) is ‘to protect the value of the currency in the interest of balanced and sustainable economic growth in the Republic’. As the crisis deepened in 2009 the SARB was forced to consider the impact of the GEC on growth and employment\textsuperscript{19}. Going into the crisis, the Reserve Bank had been addressing a rate of inflation that had exceeded the target range of 3% to 6% from the middle of 2007. To arrest inflation, the central bank went through successive rounds of interest rate hikes. The repo rate (repurchase rate) is the interest rate at which commercial banks can borrow money from the Reserve Bank: to contain inflation the central bank may implement a rise in the repo rate and it may do the opposite to stimulate economic activity. Figure 31 shows that in line with its inflation-targeting framework, the SARB had been increasing the repo rate in the period preceding the onset of the crisis. The effects of the GEC soon hit South Africa and by the end of 2008 the South African economy went into recession for the first time in 17 years. The SARB responded by adopting a more accommodating monetary policy and the repurchase rate was lowered by 500 basis points to 7% in December 2008.

By November 2010, the repurchase rate was lowered to 5.5% and the prime rate to 9.0 per cent. This might have seemed to be a signal that the SARB was going to tolerate inflation rates outside of the targeted band. While the consumer price index rose to 7.1 per cent in 2009, it fell well within the targeted band, at 4.3 per cent in 2010. From the Monetary Policy Committee statements it appears that the SARB is keeping closely to its mandate of ensuring price stability. The rate cuts in 2010 mean that the prime rate is at its lowest in 30 years, but this is within a context where the threat of inflation is low.

Due to the low exposure to the pernicious financial instruments in the US, South Africa did not have to use unconventional monetary strategies in which central banks use their balance sheets to influence broader economic and financial conditions during the crisis. This has protected the SA economy and kept financial risk lower than it might otherwise have been.

\textsuperscript{19} Mminele, Deputy Governor SARB (2010)
7.1.5. **Framework for South Africa’s Response to the International Economic Crisis**

The South African government has put in place specific interventions to reduce the impact of the recession. The following section outlines these policies, drawing on documentation provided by government and researchers and is complemented by interviews from various multilateral and bilateral aid agencies and financial institutions as well as interviews with senior government officials. Two civil society organisations operating in the area of food security were contacted to get an impression of their interpretation of government responses. While the linkages between social protection, employment and food security are not always clear, it must be noted that most South Africans depend on income to access food (they buy it rather than produce it), it is therefore important to consider government’s strategies with regard to employment and social protection, particularly social grants and food aid, as well as activities to reduce anti-competitive practices along the food supply chain.

There was a lag in the impact of recession triggered by the GEC on South Africa with respect to employment, production and economic performance. Early signs were evident in late 2008, prompting the government, organised labour, business and community organisations to establish the **Framework for South Africa’s Response to the International Economic Crisis** (NEDLAC 2009) by February 2009. Internationally, the GEC rapidly became a crisis in the productive sector (manufacturing, mining, agriculture and services), gradually having an impact on developing and middle-income economies. In August 2009 the Minister for Economic Development and Chairperson of the Framework Leadership Team Ebrahim Patel, reported to Parliament that South Africa had recently experienced its worst quarterly economic performance in 25 years and that the crisis was threatening South Africa’s industrial base (PMG 2009). During the interviews
conducted as part of this study some officials noted that there had been an abnormal upswing in claims from the Unemployment Insurance Fund. DPRU (2009b) noted that between April and August 2009 there were 275,586 new unemployment benefit claims submitted to the UIF of which 39% were the result of contract expiration and 28% the result of retrenchments. Of course, these figures do not consider informal employees for whom UIF is not available. Similarly more males than females registered new claims, probably because males are more likely to be employed in the formal sector than females. DPRU (2009b) argues that failure to renew contracts is one way of downsizing and could be a result of cost strains and profit margin pressures encountered during the economic recession.

South Africa was affected the most by faltering consumer demand and hesitation in business spending, but industrial production began to recover around September 2009 (IMF 2010:9). Also currency depreciations quickly reversed or stabilised around this time and the rand rebounded strongly, while interest rates continued to decline. The Rand:US dollar exchange rate at the end of 2009 stood at about ZAR7.5:USD1, compared to ZAR10:USD1 at the beginning of 2009 (op cit.:10).

The NEDLAC Framework was based on a number of principles to govern actions required to mitigate the impact of the crisis on South Africa’s economy and people, but also recognised that investment is required in order to strengthen the economy and people so that the economy is in a position to take advantage of the next upturn. The Framework focuses both on the present and the future by prioritising 12 areas of work:

1. A training layoff scheme for workers at risk of retrenchment;
2. Combating customs fraud;
3. Support for distressed sectors;
4. Social assistance, including child support grants and old age pensions;
5. Competition in the food supply chain;
6. Food relief;
7. Assistance by the Industrial Development Corporation and refocusing its mandate;
8. Availability and flow of credit;
9. Expanded Public Works Programme;
10. Leveraging jobs from public procurement;
11. Expanding public sector employment in areas of critical need; and
12. Public grant conditionalities to ensure that state support achieves the desired results.

By August 2009 the Leadership Team had concluded agreements in seven of these areas and a number of activities were being implemented.

*A training layoff scheme for workers at risk of retrenchment:* To meet the challenge of companies retrenching workers as a result of recession-related loss of orders, a National Jobs Fund was established to finance a training layoff scheme for qualifying companies. Workers earning up to R180,000 per annum were to be enrolled on training programmes for a period of up to three months as an alternative to retrenchment. During this period the employment relationship with the company is retained, a training allowance is paid to workers on the scheme of 50% of basic wages up to R6,239 per month and participating employers carry the cost of a basic social package to ensure that death, disability and funeral benefits are not suspended during this period. The principle behind the scheme is to use the period of industrial slack to train and re-skill workers. The type of training is left to the industries and companies to define although the Task
Team has provided three guidelines: the training should be of value to the company concerned; it can address generic and adult literacy and numeracy needs; and it is an opportunity to roll out and disseminate information and communication technology skills to employees. R2.4 billion is to be placed in the Fund, drawn from resources in National Skills Fund (NSF) and the Unemployment Insurance Fund. The following state entities are involved:

- NSF and the UIF are responsible for funding the training allowances.
- SETAs [sector education and training authorities] have been asked to set aside resources for the financing of the training courses and to identify appropriate, short, focused training courses.
- The Commission for Conciliation, Mediation and Arbitration (CCMA) will help companies and unions to conclude their training layoff agreements. The CCMA has now trained about 250 staff members, mainly Commissioners, on the training layoff scheme and its implementation. It has a toll-free number and has published a guide to the training layoff scheme on its website.
- The Department of Labour is responsible for co-ordinating and finalising the drafting of an implementation guide in collaboration with the CCMA and the UIF and all social partners.
- The Department of Trade and Industry is responsible for ensuring that distressed sector support is co-ordinated with the training layoff scheme.
- The Economic Development Department (EDD) is responsible for assessing the economic and developmental impact of the training layoff scheme.

**Combating customs fraud:** To address high levels of illegal imports and customs fraud that has led to many thousands of job losses, the capacity of the South African Revenue Service (SARS) to address customs fraud has been strengthened. The Minister of Finance has facilitated a renewed focus by SARS on measures to improve its impact.

**Support for distressed sectors:** To address the huge job losses in certain sectors of the economy, the Task Team facilitated discussions at sector level between business and labour, and measures to address immediate problems were identified. These include support for distressed companies in the automotive sector, a rescue package for the clothing and textiles industry, increased incentives for the manufacture of capital equipment, transport equipment and fabricated metal products linked to South Africa’s infrastructure development programme, and payments by government to small, medium and micro enterprises and other businesses within 30 days. In the automotive sector, business and labour have formulated a commitment that provides that companies receiving crisis-related assistance ‘must commit to a moratorium on retrenchments for the duration of the assistance period’ with a provision for variation to this commitment in cases where it is necessary for a firm’s survival, with requirements for independent verification of financial and other relevant information.

**Assistance by the Industrial Development Corporation and refocusing its mandate:** To address problems of access to credit and working capital, the Industrial Development Corporation (IDC) has made R6 billion available over the next two years to respond directly to the crisis. By August 2009 the IDC had 49 funding applications in the pipeline, 23 of which (worth R1.2 billion) were from existing IDC clients while the remaining 26 (worth about R2.1 billion) were from new or potential IDC clients. Between April and August 2009 the IDC had approved 11 financing applications from distressed companies worth a total of R743 million.

**Competition in the food supply chain:** To address food price pressures on consumers compounded by the food price hikes of 2007 and 2008 and at a time of falling family incomes due to recession-
related unemployment and retrenchment, the Competition Commission investigated and prosecuted a number of companies in the food supply chain alleged to have engaged in various forms of prohibited anti-competitive behaviour. These have been stepped up and several parts of the food-supply chain are now the subject of attention: bread, maize milling, dairy, fertilizer, fats and oils, and supermarkets.

*Availability and flow of credit:* To address the growing debt faced by many consumers and households, the National Debt Mediation Association, a business initiative to assist indebted consumers, has been established to provide rules, standards and processes to address debt restructuring.

**Expanded Public Works Programme (EPWP) and public employment:**

There has been a commitment of expanding the public service since 2006 with an expansion of about 40,000 to 50,000 employees per annum as shown in Figure 32 (see Khalil Hassen and Altman, 2010). There is growing commitment to filling front line service posts such as nurses, teachers and police.

**Figure 32: Number of public service workers (1995-2008)**

![Figure 32: Number of public service workers (1995-2008)](image)

*Source: PERSAL Database, various years*

There had already been a commitment to expanding public works employment opportunities to 1.5 million per annum by 2014. Substantial and growing resources have been applied to these programmes. In addition, innovations have been introduced to expand the scale and scope. Central changes have included the introduction of the Community Works Programme and the EPWP Employment Incentive. These enable municipalities, non-profit organisations and communities to design and implement projects within the EPWP programme.

Following the relative success of the first phase of the EPWP which created 1.6 million short-term opportunities over five years, government now sees the second phase as vehicle that can be used to provide large-scale employment for low skilled workers. The second phase will try and avoid the oft-cited weakness of the programme of creating jobs of a short duration by increasing both the duration and labour intensity of the projects. The EPWP programme is basically seen as a short-term measure that not only helps people to mitigate poverty but also affords those who have never worked with the opportunity to do so in a way that enhances the probability of finding a job after the programme. The second phase is expected to create 4.5 million
opportunities that last a period of just over three months with an expected budget of R52 billion over the next three years.

Although both the increases in expenditure and the public sector initiatives are commendable, one concern that has been observed internationally has been the disproportionate expenditure on infrastructure projects whose employees tend to be men. Though some of the increased expenditure has been targeted at rural development, it remains unclear how this money will be spent in light of women in rural areas tending to be isolated and face levels of marginalisation that are more severe than their urban counterparts. The design of specific interventions should take this into account to promote the access of marginalised communities to these programmes.

In summary, from mid-2008, the South African government responded to the GEC and local recession using a combination of counter-cyclical fiscal decisions (IMF 2010) and efforts to support companies and retrenched workers in collaboration with its social partners. The counter-cyclical strategy is in contrast to the strategy adopted during the last severe downturn in the late 1990s. Despite a drop of 9% in revenues during the 2009 financial year, government decided to maintain its growth in expenditure and consequently the deficit reached almost 8% of GDP (National Treasury 2009). In order to reduce the budget deficit to 4% by 2012, the government has planned to increase its expenditure by only 1% per annum in real terms until the end of 2012. As Makgetla (forthcoming) emphasises, this contrasts significantly with the average nominal growth in spending of 9% per annum from 2006 to 2009. The lack of fiscal space after 2010 could limit the ability of government to accelerate the recovery or address any new slowdown.

Essentially most of the current responses were aimed at protecting formal manufacturing and mining employment. Relatively little has been done to assist those in the more marginal sectors. Also much of the NEDLAC Framework appears to be a consolidation of existing activities and strategy rather than exclusively a focus on addressing the economic downturn. Its designers note that it is a response as well as an attempt to strengthen the economy to ensure longer-term growth (NEDLAC 2009). According to Makgetla (forthcoming), the macro-economic measures were effective in ameliorating the impact of the crisis, while the micro-economic measures were implemented after long delays and on a very small scale, preventing them from addressing the unemployment crisis directly. Similarly, she has argued that the government did not deal effectively with the rapid appreciation of the rand from the beginning of 2009, and suggests that this may significantly slow the pace of economic recovery. According to the IMF (2010:55) the South African government allowed relatively significant upward movements in exchange rates before the crisis, while simultaneously accumulating foreign reserves. As a response to the appreciation of the rand, Treasury relaxed some exchange controls in late 2009 in order to promote an outflow of capital to offset inflows from the rest of the world. Makgetla has suggested that this strategy has not visibly affected the strength of the rand and that the process of:

trading national resources for short-term, unreliable foreign inflows into stocks and bonds would make it more difficult in the future to mobilise national savings to support development investments.

During interviews it emerged that most of the 12 areas of work of the NEDLAC Framework by and large arise from plans developed at the African National Congress’s national conference in Polokwane in December 2007. It was particularly noted that only the ‘training lay-off scheme for retrenched workers’ and ‘the increased assistance by the IDC and the refocusing of its mandate’ could be considered reactions by the government to the economic recession. Rather the Framework consolidated many of the decisions taken at the Polokwane conference aimed at South Africa’s long-term development.
7.1.6. **Progress toward the implementation of the Framework**

This section gives a brief summary of the specific milestones from some of the 2009 agreements that were outlined in the previous section. They represent the progress that has been made up to August 2010, as communicated by Minister Ebrahim Patel (Patel 2010):

*a. A training layoff scheme for workers at risk of retrenchment*

- R2.4 billion has been allocated for the training allowances and R500 million has been ring-fenced by the SETAs for training costs.
- 200 CCMA commissioners were briefed and 37 were trained to facilitate training layoff applications.
- In order to increase uptake of the scheme targeted workshops were held with the clothing sector in Cape Town on 12 May; in Johannesburg on 1 June; in Durban on 8 June and with the motor/ automotive components and metals sector in Port Elizabeth on 12 May 2010.
- A total of 6,083 workers were placed on training layoffs instead of being retrenched (see, Figure 33).

**Figure 33: Implementation of Training Layoff Scheme**

*b. Combating customs fraud*

- SARS set up dedicated units for vulnerable sectors (starting with the clothing sector) and was allocated an additional R20 million to give effect to the Framework.
- The focus resulted in significant action against illegal imports: 750 tons of clothing items were confiscated in the second half of 2009.
The intervention has since resulted in numerous successful raids. For example;  
- From 16 – 20 February 2010 raids were conducted on 21 warehouses and 30 shops in Gauteng as well as agents.
- SARS has now reported significant progress in respect of investigations and the confiscation of goods. A number of companies are currently under investigation for smuggling, round-tripping, abusing customs clearance duties (DCC abuse), quota fraud, rebate item abuse and under declaration of value. In the clothing and textiles sector, some companies are already being investigated for various infringements.

c. **Support for distressed sectors**

- The IDC has approved funding to 50 companies in South Africa this has resulted in the saving/creation of 14 926 jobs across a range of sectors including metals, chemicals, mining, clothing and textiles, tourism, catering, agriculture, forestry, sawmilling, automotive and auto parts and accessories.
- The total amount approved to date is R1,8 billion this has led to an average cost per job saved or created of R119 000.
- By August 2010 applications from 14 distressed companies seeking funding of R1.314 billion had been received and where being considered.

**Sector interventions**

- A number of packages have been developed to support sector interventions, such as the automotive component sector. A sector package is being developed in the capital equipment, transport equipment and metal fabrication sectors. Auto, metals, capital equipment and transport equipment; and clothing and textiles were included in IPAP2
- A support package has been developed for clothing & textiles
- Clothing and Textiles Competitiveness Programme (CTCP) has been established – managed by the IDC
  - The programme has 2 components – the Clothing & Textile Competitiveness Improvement Programme (CTCIP) and the Production Incentive Programme (PI)
  - To date proposals to the value of R61m have been approved to assist 47 companies under the CTCIP
- 71 applications to the value of R287 million have been received for the Production Incentive Programme.

**Support for SMMEs**

- Government committed to ensuring payment to SMMEs within 30 days of invoice
- Since the launch of the Public Sector SMME Payment Assistance Hotline on 21 September 2009 it facilitated R182 938 408 worth of SMME payments for the period till 31 July 2010
Impact of the Global Economic Crisis

d. Social assistance, including child support grants and old age pensions

e. Competition in the food supply chain

- The Competition Commission is investigating ten parts of the food supply chain. These include staple foods such as bread, mealie-meal, wheat flour, dairy, poultry and cooking oil. There are also investigations into key inputs, namely fertilizer, grain silos and tinplate, and into supermarkets.

- The investigations have yielded a number of positive results including:
  
  - On 20 May 2009 the Competition Tribunal confirmed a settlement in the fertilizer industry in which a company agreed to pay a fine of R250 million
  
  - On 3 February 2010 the Competition Tribunal imposed a R195 million fine on a company for its role in the bread cartel
  
  - In March 2010 the Competition Commission referred a number of companies to the Competition Tribunal after its investigation in the wheat milling market
  
  - In July 2010, the Tribunal confirmed a settlement that will result in the divestiture (breaking up) of a company in a part of the fertilizer industry
  
  - On 4 August 2010 the Competition Commission entered into a consent agreement with a company in settlement of the phosphoric acid excessive pricing complaint. These commitments are expected to lead to lower input costs in the production of field crops such as maize

f. Workplace challenge

- R3 million extra funding was made available to the Social Plan.

- Additional resources have been made available to Productivity South Africa to scale up the Workplace Challenge

g. Leveraging jobs from public procurement

- In order to support SMMEs work is being undertaken on increasing local content with other departments including:

  - Aligning BBBEE Codes and local procurement

- There has been an agreement on the continued infrastructure programmes with positive ongoing work in government on procurement and infrastructure, e.g. energy IRP that will set out energy infrastructure programme and fleet procurement concept.

- Government’s infrastructure program in energy, transport and social infrastructure has contributed positively to employment and has been a significant stimulus in localities. The target is to spending R268 billion this year.

h. Expanding public sector employment in areas of critical need (Green jobs)

- In order to expand employment in critical sectors a workshop on green jobs was held. In order to fast track the development of these green jobs government is developing a green jobs strategy.
The rest of the section considers the roles of selected multilateral and bilateral aid agencies and financial institutions as well as various government departments and civil society organisations.

### 7.1.7. Housing and services

Delivery of government subsidy housing to promote household-level accumulation and an asset cushion, could enable households to make an exit from poverty that will be sustainable (see Hirsch 2006). There is mixed experience and there is some evidence to show a growing significance of owner-built housing in low income communities.

One important aspect of this policy thinking is government delivery of subsidised infrastructural services with low pricing into impoverished communities, including electricity and drinking water, roads, transport, sanitation and refuse removal. However, a second major policy commitment is the undertaking to eliminate all of South Africa’s shack settlements – by upgrading them with subsidy housing within a relatively short timeframe – which has become a national undertaking (see Department of Housing 2004).

Increasingly households are becoming autonomous, living on its own cash resources together with substantial government assistance. Social networks appear to be attenuating due to population mobility and rising wage-based household autarky, as a response to a situation in which the household needs spatial mobility to respond to the employment market.

The trend toward more mobile households also represents population snapping back into place after the end of apartheid’s spatial exclusion practices. In this light, household mobility is patching enforced spatial mismatches, and re-aligning people previously relegated to outlying rural areas with the dynamics of the contemporary space economy. Centring on South Africa’s four major metros with Gauteng as the primate city region, the trend to population leaving the exhausted rural land economy and urbanising continues in line with the international trend to urbanisation and shack formation.

With government delivery lagging in many areas, popular street protests continue to smoulder, at a rate of hundreds per year, in areas angry about slow delivery of housing and services. The shack areas – relatively deprived settlements located within the rich urban zone – are the major protest focus.

### 7.1.8. Food and Nutrition Programmes

In 2002, the South African government introduced the Integrated Food Security Strategy (IFSS). The Integrated Food Security and Nutrition Programme Task Team (IFSNP-TT), provided oversight and was the platform for integration between different state organs and civil society (see Hart 2009). The Department of Agriculture, Forestry and Fisheries (DAFF) was the convenor of the IFSNP-TT and provided the secretariat. The coordination of good security, and especially that of households, has now been shifted to the Department of Rural Development and Land Reform (DRDLR).

The purpose of the strategy was to develop an integrated approach to addressing South Africa’s food security needs (DoA 2002). There was special attention to this issue as a result of rapid food price inflation, and what appeared to be global shortages in some staples. Despite being a well conceptualised strategy, the integration, capability and potential of South Africa’s Integrated Food Security Strategy to reduce food insecurity in a targeted and integrated fashion has not achieved potential and impact has been limited thus far to specific interventions. The IFSNP-TT essentially drew together the government departments and parastatals responsible for food security, but did not draw in the private sector or civil society. The constraints inherent in the IFSS largely stem from the apparent lack of high level involvement by ministers and directors-general, and the lack of resources and co-ordination within the IFSNP. While much has been
said about this at national level, and in particular about the functioning of the IFSNP-TT, there
is evidence to suggest that a similar situation prevails at all levels, as some of the proposed task
teams and forums at different levels have not been established and are thus not yet functioning,
eight years after the inception of the programme. The lack of centralised funds and the current
system of financing food security activities and interventions make it difficult to ensure that
collaborative projects are developed. This also makes it difficult to monitor budget spending and
programme activities. No standardised systems exist at present to monitor programme activities
and to monitor the food security progress. Furthermore, there is no national system to monitor
food insecurity and vulnerability in South Africa, despite some initiatives by the predecessor
department of DAFF to pilot test Food Insecurity and Vulnerability Information Mapping
System (FIVIMS) in 2006 and investigative workshops with the Food and Agriculture
Organization of the United Nations (FAO) in 2009 around the potential of using the Integrated
Food Security Phase Classification (IPC). The Department of Health has the responsibility of
establishing a Nutrition Surveillance service, but its resources to do so are still very limited. The
government has recently adopted outcome targets in respect of household food and nutrition
security, under the coordination of the Department of Rural Development and Land Reform.
Again, these measures are meant to address long term under-nutrition and hunger.

Specific Food and Nutrition Programmes

a. Department of Basic Education National Schools Nutrition Programme (NSNP)

The Department of Basic Education (DBE, formerly the Department of Education) is
responsible for the National Schools Nutrition Programme (NSNP), which is aimed at
enhancing learning capacity via good nutrition and the strengthening of food production
initiatives in schools. A conditional ring-fenced grant is given by Treasury to the DBE, which
then allocates these to the provinces according to needs and numbers of schools. Schools are
prioritised based on poverty status, and only those schools in the poorest quintile qualify. At
present, KwaZulu-Natal and the Eastern Cape receive the largest allocations of this conditional
grant. A concern of the Department is that many poor children who should, based on their
individual circumstances, receive school feeding, but attend schools which are classified in higher
quintiles and therefore miss out. The DBE is currently unable to address this situation. It was
noted that when applications are requested there is a time lag and this can delay interventions
and allocations at the local level. It was felt that the time lag had not increased as a result of the
recent food price hikes and the economic downturn. According to the DBE respondent, ideally
school feeding should be rolled out to all schools in all areas but this is not foreseen in the
immediate future. During 2008/2009 an allocation of R1.5 billion was made to the NSNP, and
approximately 6 041 primary school learners in 17 899 schools were fed daily via this programme
(DOE 2009), usually between 10 and 11 am. In Gauteng a breakfast meal (around 7am) was
introduced at the beginning of 2009, as it was considered a priority to feed children before
school as well as during school time. At the time of this study it was reported that more than 7
million children were being fed one meal every school-day, across South Africa. All schools that
participated in the NSNP were encouraged to plant vegetable gardens and 6 226 vegetable
gardens were being tended during 2008/2009.

Under the NSNP learners receive 1 meal a day during the school year. The number of learners
fed a meal each school day per year was 6 million when the programme started in 2006/07,
reaching 7.4 million learners in 2009/10.

In the current financial period (2010/11), the NSNP is set to reach 9.5 million students.

Until early last year, the programme targeted learners in quintile 1 to 3 primary schools. From
April 2009 it was extended to approximately 800,000 learners in quintile 1 secondary schools.
The programme will be extended to learners in quintile 2 in 2010 and 3 secondary schools in 2011.

Table 29: Expenditure on school nutrition programme

<table>
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<th>Audited Outcome</th>
<th>Adjusted appropriation</th>
<th>Budget &amp; MTEF Estimates</th>
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<td>6.2</td>
<td>7.8</td>
</tr>
<tr>
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<td>1927.1</td>
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<tr>
<td>Total</td>
<td>1105.7</td>
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<td>2405.6</td>
</tr>
</tbody>
</table>

The programme is broad and goes beyond school feeding to focus on a variety of areas that are important to child development and education. This include promotion of nutrition education, skills development, revival of indigenous knowledge and values, the provision of additional nourishing fresh produce, as well as at encouraging parental participation in school activities and generating economic activities. Where financing is available mobile and permanent kitchens and equipment are provided.

In October 2008 the budget was increased from R1.5 billion to R1.9 billion with R93.7 million allocated to ensure that the NSNP was extended to the poorest secondary schools (Quintile 1) by April 2009. In the wake of the high food prices in 2008 the National Treasury responded by increasing the NSNP budget with an inflation adjustment, providing for a slight increase in meal costs in the same year. The adjusted allocation made provision for the increase in the daily cost per meal per learner from R1.50 to R1.75. In terms of the 2009–2012 Medium Term Expenditure Framework (MTEF) cycle, additional funding was also provided to extend the programme to Quintile 1 secondary schools during 2009, and there was an intention to phase in the programme in all Quintile 2 and 3 secondary schools in 2010 and 2011 respectively. The 2008/2009 additional increase, which was essentially done to support service providers procuring and preparing food for school children as they were struggling with high food prices and transport costs, had a longer term effect. In this regard the 2008 / 2009 increase was continued as part of the NSNP MTEF annual allocation to 2012. On the negative side it was reported that this constrains the NSNP from trying to get more increases in their allocation from National Treasury.

During 2008, as part of the Food and Agricultural Organisations/ Department of Education Technical Cooperation Programme, FAO was in the process of finalising the appointment of consultants to conduct a baseline study and develop manuals on nutrition education and food production. Currently this activity is strengthening the awareness of teachers and gardeners about the nutritional needs of children to ensure that highly nutritional food is procured or produced and prepared for schoolchildren. Money was provided by the FAO to the DBE to ensure this is achieved. While the national Department of Agriculture, Forestry and Fisheries is a partner in this programme, the services are provided by provincial departments of agriculture.

During discussions it was noted that despite the constraints arising from the food price hikes and the economic downturn the DBE was receiving far fewer complaints (‘almost abated’) during the previous 12 months about the services provided by the NSNP. It was pointed out that this probably resulted from the effective expansion of the programme in the preceding 18 months which was reaching more children and providing technical assistance and advice to more teachers and people engaged in feeding school children. During this period the DBE has also got teachers, parents and service providers involved in assessing the performance of the NSNP at the local level. To bolster the impact of the NSNP, the DBE is now working with the World Health Organisation (WHO) and the United Nations Children’s Education Fund (UNICEF) in
an attempt to introduce a national deworming programme at schools. Much of the value of nutrition obtained through the NSNP is being lost as a result of internal parasites in many recipient children. The Department of Health is unable to financially support such a programme at present.

**b. Department of Health: Maternal Child and Women’s Health and Nutrition**

The Department of Health contributes to nutrition security mainly through its “Maternal Child and Women’s Health and Nutrition” programme. Through this programme, mothers and children can access nutritional supplements- persons with debilitation conditions. In the 2008/09 financial period it targeted 500,000 eligible persons, but actually reached more than 730,000 people. There is special emphasis on achieving universal immunisation, and in improving the quality of community based care.

**Table 30: Department of Health Budget (R’mn)**

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<tr>
<td>Total</td>
<td>11338</td>
<td>12762.7</td>
<td>15464.5</td>
<td>18423.5</td>
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<td>Budget &amp; MTEF</td>
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<td>3096.3</td>
<td>4129.5</td>
<td>5688.3</td>
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<td>Transfers &amp; Sub</td>
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<td>16417.5</td>
<td>19852.8</td>
<td>21971.8</td>
<td>24030.4</td>
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While some of the increased activities cannot be directly related to the GEC and food price hikes as they are part of a longer-term strategy, there was an increased budgetary allocation for the NSNP by National Treasury in direct response to the food price hikes in 2008, which will remain in place for three years.

**7.1.9. Social Grants**

The particular area of interest for the purposes of this study was the Comprehensive Social Security Programme, because this is the area of activity that would deal specifically with people severely affected by the economic downturn. The specific purpose of this programme is to alleviate and reduce poverty, vulnerability, social exclusion and inequality through a comprehensive social protection system which:

- prevents vulnerability and destitution as a result of the loss of income through social assistance;
- contributes to poverty reduction and mitigates the impact of vulnerability through social insurance;
- strategically facilitates effective and efficient implementation of social policies and procedures and ensuring compliance through regular appraisals and reviews of implementation options.

This is often achieved through the payment of cash transfers. The primary grants are:

- Old Age Grant
- Disability Grant
- Foster Care Grant
Following media reports and internal projections relating to the impact of the economic recession and the recently experienced food price hike the Department of Social Development (DSD) applied in October 2008 for more money for the existing Social Relief of Distress (SRD) Programme. Apparently it was the only department to submit a proposal and received R500 million which it began distributing at the beginning of 2008. The SRD is intended to provide immediate temporary assistance for a short period to people who do not have sufficient means to provide for themselves and/or their dependants. It is not a grant. It can be given in the form of vouchers, food parcels or money – and is provided for only three to six months (while a grant is awarded for a longer period of time). Where money is given, there is no set amount for a SRD award and the value ultimately depends on the applicant’s circumstances and the discretion of the relevant South African Social Security Agency (SASSA) official.

During discussions it was reported that there was no abnormal upswing in the application for social grants. An upswing in the SRD is more difficult for the national office to determine as it is administered locally and is not a regular award like a social grant. The decision to increase the value and scope of the various social grants over the past two years was not a result of the economic recession. In 2007 an internal review of the means test used to determine grant eligibility had recommended changing the ceilings of the various grants and extending the eligibility criteria and therefore the reach of the various grants.

In light of the food price hikes of 2007/2008 the Comprehensive Social Security Programme has been investigating the ‘Food Bank’ concept that was initiated by the network Food Bank South Africa. This resulted in a support agreement between Food Bank South Africa and the Department of Social Development and the Department of Agriculture, Forestry and Fisheries in April 2009. However, this should not be considered a response to the downturn but rather as a long-term strategy as is outlined below during discussions with Food Bank South Africa.

7.2. Service delivery in communities – feedback from our study of two communities

Our brief study of two communities reveals the demands for government delivery in housing, jobs and services. Delivery here will help to boost household income by making the household more secure and more able to accumulate capital, but these demands do not specifically target the consequences of the international crisis coming into wage-dependent post-industrial communities where social capital is at risk of breaking down.

In this light, it will be important to look for other strategies or interventions as well, and specifically for strategies that target women in the labour market. At the same time, all interventions carry downside risks and possible unintended consequences, and it is important to devise strategies that will not do as much to promote negative trends as to expand the earning horizons of poor families. Strategies to underpin a social floor are essential, especially in a precarious job market.

Housing-based strategies are central, and essential, but may also carry some risks which need to be kept in view. Formal housing has running costs which are risky for the marginal poor, and also carries powerful social lifestyle expectations which raise the effective cost of living in a subsidy house. Though subsidised, service delivery also carries service charges that the
Swedenville and Bergpoort respondent households are not paying now, and which many especially in Swedenville probably could not sustain; these households have migrated into the cheapest kind of shack area in order to avoid such charges, while still putting themselves into contact with the urban job market.

If housing delivery were to come before these very poor but upwardly mobile households have stabilised their unreliable wage incomes, then obtaining what they want in housing and services could be risky for marginal households already struggling to cover basic needs. The risk of beneficiary households being displaced from subsidy housing is known, but not yet well studied. This dilemma draws attention to the need to consider sequencing of delivery, but also calls for additional strategies to reduce the cost of living and working under the real conditions of these communities, and also for increasing effective access to wage income.

Repeated statements came from women in these marginal households to the effect that they are dependent on their husbands’ or partners’ incomes; results indicate that women working are able to almost double these marginal households’ total income, but also seem to reflect that in these communities most women who could work are not in the employment market. At the same time, food security appears as largely dependent on income security.

These factors put the problem as one of assisting trapped women out of their communities into the wider labour market arena. This option would be to promote two-income households as a partial solution to crisis of income security and food security while job availability remains restricted. However, results also flag economic and social risks for this course of action, which must caution the policy process against simple assumptions.

In the current job market, there may not be enough less-skilled jobs to go around if more young women in poor settlements begin to try for employment: wages for domestic workers could drop if large numbers of women come into that market. Likewise, within the household, women once semi-independent with wage incomes may risk being afflicted with complete independence indefinitely. Once partly out from under the authority of their husband or partner as head of household due to obtaining their own incomes, the risk of household breakup probably increases as the men come to feel disempowered and lose self-esteem. If more households split apart, it may well lead not to larger numbers of strongly capacitated two-parent families, but to a potential increase in very weak households belonging to single mothers, women-headed households with even lower incomes.

It is important that any measures adopted to increase the mobility of women should also help men, and that the share of broken households and single-parent households and the associated household income levels should be monitored. However, if women do face their households breaking up or their partners abandoning the family, it is vital that they are able to look for work to support the new smaller household.

Therefore, interventions additional to housing and services can best target what households do when they are unable to find wage work and face declining income: these options include job search, informal economic activity and savings options. From there, it is important to review the limit factors, which hold back success with these options.

Such a review needs to home in on the high transport costs affecting both job search and informal business; it is worth noting that one woman respondent asked for roads to her settlement, to improve personal mobility. Childcare is equally critical for women to access both work and training opportunities, and job information flow is a vital limit on job access.

Education levels are probably now close to adequate, though education quality is still weak, and the poor in shacks and low-cost housing now appear to be poised to move into the metro job
market on a more competitive basis, using standard public information sources for job searches. Policy interventions are needed to help them succeed in generating and accumulating income.

**Job search information:** Job information by area should be available by cellphone at a nominal, subsidised charge; as work seekers start to use normal media job listings, it is vital to support them through arrangements with the public and private media to disseminate job listings to places where women rarely see newspapers, and to subsidise the access cost in order to level the playing field.

**Transport costs:** Transport subsidies and services are currently directed to the working poor, and therefore unavailable to women work-seekers, to women doing informal business, and to unemployed male youth as well. With large-scale planning for bus rapid transit (BRT) services in progress in all the major metros, a pro-poor review of BRT plans is important to ensure subsidised feeder lines are made available to outlying communities and to make BRT as an anti-congestion programme more poverty-responsive. Specific consideration should go to helping women to transport small quantities of goods for informal resale in communities.

**Survivalist informal microenterprise:** The grants introduce important micro-purchasing power into isolated rural communities. Relevant government departments do not sufficiently regard small scale and micro activity as significant or important in spite of its vital support role in jobless households. To respond to the international crisis, policy should consider microenterprise more deeply, and comprehend its specific dynamics well enough to mount support measures available to women who cannot readily travel away from home, with more target support, training and short term microcredit.

**Savings promotion and mobilisation:** Activities of banks and financial institutions under the Financial Charter could make savings easier and more accessible for the poor could be reviewed. Identify additional cellphone-based mobile options to bring formal individual savings opportunities closer to the ground in communities and assist investment in decent housing. A large amount of work has been done on savings mobilisation to capitalise small business, but few of the measures in place reach the household level in outlying communities.

**Service delivery:** Concerns were raised about the affordability of service charges for water and electricity delivered to very poor communities in the light of the crisis: people born in rural districts are sometimes convinced that water should be entirely free of charge as part of the community settlement right, and can underestimate the impact on household earnings of obtaining free serviced housing or community water and electricity delivery.

**Public works and special employment programmes:** The benefits of expanding community care in marginalised areas for the purpose of service delivery and also employment creation was underlined in our interviews. In particular, some women appear to be held back from participating in the wider labour market by their partners and husbands. Women in outlying poor households require reliable long-term salaries for work they can arrange and carry out inside their home communities, and there is simultaneously a need for subsidised crèche care to allow other women to seek work or to run informal enterprises. In addition, there is a continuing need to bring more disposable income into outlying communities so as to support the unfolding of local enterprises that women can operate from home.

### 7.3. Multilateral Agencies and Civil Society

#### 7.3.1. The World Bank

The World Bank has had virtually no involvement with the South African government with regards to responding to the impacts of the economic recession in South Africa. The South African government has not approached the World Bank to borrow money to address felt or
expected negative impacts of the recession, nor has requested any advice. No formal multilateral forum exists between the two institutions. The World Bank’s loan to Eskom earlier this year is developmental and long-term focused and not linked in any way to the impact of the recession. According to the World Bank office in Pretoria, South Africa entered the economic downturn from a position of relative strength allowing it to weather initial shocks. Negative effects might be felt in terms of bad debts and a decline in revenues within the next three years if South Africa’s debtors are unable to pay.

The World Bank has a specific loan instrument called the Poverty Reduction Support Credit (PRSC). According to the respondent interviewed, the requesting country government can do what it likes with the loan, but a policy framework is usually agreed upon by the country’s government and the World Bank. This instrument is linked to the Bank’s Poverty Reduction Strategy Papers (PSRP) and thus only really focuses on very poor countries. In southern Africa, Lesotho has borrowed around US $25 million and, in March 2010, requested a larger sum to assist with mitigating the impacts of the economic recession experienced during 2009. This may have been a result of the job losses in South Africa described above, since a key pillar of Lesotho’s economy is remittances from waged migrant labourers working in its larger neighbour. During the discussions with the World Bank it was reported that Southern African governments are generally reluctant to borrow from the World Bank and the International Monetary Fund and, no other government in the region requested an increase in the size of their existing loans as a result of the economic recession. The World Bank representative indicated that this could change, especially if countries experienced a second economic downturn.

7.3.2. **The International Monetary Fund**

The South African government has not requested any IMF loans to respond to the impacts of the recession. However, unlike the World Bank case, an existing dialogue channel is in place which could facilitate the discussion of an IMF loan. South Africa currently has no IMF loans. As one of the 186 members of the IMF, South Africa is a recipient of Special Drawing Rights (SDRs) – a mutual credit line with a current value of US$1 868.50 million. No conditionalities are attached to the use of this facility. During the recent economic recession the IMF introduced the Flexible Credit Line (FCL) as a means of facilitating short-term funding to weather crises like the current one and reassure financial markets and investors. It is designed to meet the increased demand for crisis-prevention and crisis-mitigation lending from countries with robust policy frameworks and strong track records in economic performance. To date, three countries – Poland, Mexico and Colombia – have applied for and been granted access to the FCL. However, all three countries have so far not drawn FCL resources. Unlike the SDR, conditionalities are attached to the FCL.

Angola is the only southern African country that approached the IMF for a loan as a result of the economic recession. The Angolan government requested and received a loan of over US$1

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20 SDRs are an international reserve asset, created by the IMF in 1969 to supplement its member countries’ official reserves. Its value is based on a basket of four key international currencies, and SDRs can be exchanged for freely usable currencies. With a general SDR allocation that took effect on August 28 and a special allocation on 9 September 2009, the amount of SDRs increased from SDR21.4 billion to SDR204.1 billion (equivalent to about US$321 billion). However, in the 1970s the Bretton Woods system collapsed and the major currencies shifted to a floating exchange rate regime. In addition, the growth in international capital markets facilitated borrowing by creditworthy governments. Both of these developments lessened the needs of member countries for SDRs. SDRs are neither a currency, nor a claim on the IMF. Rather, they represent a potential claim on the freely usable currencies of IMF members. Holders of SDRs can obtain these currencies in exchange for their SDRs in two ways: first, through the arrangement of voluntary exchanges between members; and second, by the IMF designating members with strong external positions to purchase SDRs from members with weak external positions. In addition to its role as a supplementary reserve asset, the SDR serves as the unit of account of the IMF and some other international organisations.
billion from the IMF in 2009. Only member countries of the IMF with an existing dialogue are eligible for loans and, in line with the Constitution of the IMF, every member is subjected to an annual peer review. A key determinant for whether a country is eligible to receive an IMF loan, and under what terms and conditions, is that country’s levels of debt.

The IMF’s dialogue with the South African government primarily involves providing policy advice and enhancing capacity and analysis capabilities of the National Treasury. Advice is provided with regard to establishing and maintaining Bureau Standards and Codes for Regulating Financial Systems in three core areas:

- Supporting compliance with international banking standards;
- Supporting implementation of the International Organisation of Securities Commission (IOSCO) objectives, principles and standards. IOSCO is an association of organisations that regulate the world’s securities and futures markets. Members are typically the securities commission or the main financial regulator for each country. IOSCO, with members from over 100 different countries, regulates more than 90 per cent of the world’s securities markets. The organisation’s role is to assist its members to promote high standards of regulation and act as a forum for national regulators to co-operate with each other and other international organisations.
- Supporting the regulation of ProShares UltraShort Financials ETF (SKF) standards in local securities markets.

At the request of South Africa’s Financial Services Board (FSB), a joint World Bank-IMF team is in South Africa to complete a desktop review of South Africa’s progress in this regard.

Enhancing local capacity and analysis capabilities in the National Treasury focuses on improving the modelling abilities of treasury forecasts. While the National Treasury makes good financial and economic forecasts, it wants skill enhancement and technology (software). The IMF is to provide the software and the training in its use. During the discussion it was reported that this has an indirect link to the recession in that enhanced forecasting ability will improve future economic projections and thus allow the Treasury to inform the government about the necessary steps required to make positive adjustments.

The IMF reported that, since the introduction of Growth, Employment and Redistribution (GEAR) in June 1996, the South African government is not keen on exposing the country to significant debt, and especially not external debt. This fact and given that South Africa generally has sufficient reserves it is unlikely to approach the IMF or other international financial institutions (e.g. World Bank and the African Development Bank) for financial support.

### 7.3.3. The African Development Bank

The African Development Bank (AfDB) does not have a regional office in South Africa at present, in spite of an agreement with the South African government entered into late in 2008. A number of requests for a discussion and information were sent to the Director of Operations for the Southern African Region, located in Tunisia, but no response was received. The discussion below on some of the work in South Africa in which the AfDB is engaged is therefore compiled from the AfDB website.

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21 The report on South Africa will be available in July 2010.
The AfDB’s Country Strategy Paper (CSP) for South Africa was developed in collaboration with the National Treasury, the Bank’s principal counterpart in South Africa, and through consultations with other country stakeholders. It focuses on three main pillars: private sector development; regional integration; and capacity development. AfDB lending has included a Credit Risk Sharing Line to the Nedcor banking group of R1 billion (about US$170 million) to promote the development of small and medium enterprises (SMEs), natural resources, black economic empowerment (BEE) and infrastructure projects. The AfDB also provided a US$100 million non-sovereign regional line of credit to the Development Bank of Southern Africa to finance competitive infrastructure development, expansion, and rehabilitation projects in the Southern African Development Community (SADC) sub-region. In 2004, the AfDB approved a R45 million programme to develop SMEs through franchising.

More recently, the AfDB has also approved a US$500 million loan to Eskom Holding Limited, South Africa’s electric power utility and has invested R1 billion in Nedbank’s 10 year Domestic Medium Term Note Programme to facilitate the expansion of its community development activities. The AfDB has disbursed its contribution and reporting on the use of the money is said to be on track.

The AfDB’s operations in South Africa will continue to face some major challenges. Of note is that South Africa has made limited use of development assistance and donor resources because it has ample internal resources and is also able to easily access international capital markets at relatively competitive prices. The South African government has thus requested the AfDB to focus its lending operations on SMEs and the private sector. Other factors that have constrained the AfDB’s operations in South Africa include competition from other donors, especially those offering concessionary resources, such as grants or loans at very low interest rates, and the lack of a local presence in the country.

Based on a review of the information published on the website it appears that no loans or grants have been specifically issued as a result of the impact of the economic recession in South Africa.

### 7.3.4. The European Investment Bank

The European Investment Bank (EIB) has an office in South Africa. However, our requests for information about the EIB’s provision of support to the South African government to mitigate the impact of the recession were referred to a representative in Brussels and all the information was provided electronically, often with links to specific web pages providing publicly available information. The EIB’s lending outside the European Union (EU) is governed by a series of mandates from the European Union in support of EU development and co-operation policies in partner countries. The African, Caribbean and Pacific (ACP) countries, of which South Africa is one, have established a special relationship with the European Union through successive agreements. The latest agreement, the Cotonou Partnership Agreement, was signed in 2000. South Africa became an associate member of the EU-ACP conventions in 1998. However, EIB financing in South Africa is provided under a separate mandate.

For reasons of operational efficiency, the EIB only deals directly with relatively large-scale projects, from about €10 million upwards in ACP countries (except for South Africa where the minimum is €25 million). No special formalities (or application forms) are attached to the submission of applications to the EIB for these loans. Project promoters are required simply to provide the EIB’s Operations Directorate with a detailed description of their capital investment together with the proposed financing arrangements. The EIB also finances small and medium-sized ventures indirectly through its intermediated loans, which are lines of credit or indirect loans designed to permit the financing of projects with a total investment cost of less than €10 million in ACP countries (but €25 million in the case of South Africa). Credit lines are granted to intermediary banks and financing institutions in the country in which the project is based.
Promoters are requested to apply directly to one of the intermediary banks and financing institutions. Lending decisions under these schemes remain with the financial intermediaries. In South Africa these intermediaries include Standard Bank, Nedbank, First National Bank, the DBSA, the IDC and INCA (Infrastructure Finance Corporation). With regard to both of these financing facilities, the EIB only finances up to a maximum of 50% of the total investment cost. The EIB’s contribution is to co-finance priority infrastructure and private sector projects which: promote equitable and sustainable economic growth; contribute to employment creation, innovation and capacity development; support the sustainable provision of and equitable access to basic infrastructure and services; contribute to the modernisation of the economy; and support the integration of South Africa into the world economy.

Loans and lines of credit provided to South African government institutions, departments and local banks since mid-2008 appear, like the loans from other international financing institutions, to be developmental investments and do not directly address impacts of the global recession, such as unemployment. In fact they have not arisen as a response to the economic recession, but rather as a response to long-term development requirements. Some, like the €60 million loan to the Industrial Development Corporation in May 2008, focus on the promotion and establishment of small and medium enterprises, which could in the medium term create more formal employment in South Africa. Many focus on infrastructural development such as toll roads and housing. EIB loans to South African intermediaries during 2008 and 2009 amounted to €483 million. The EIB is currently considering financing three water, sanitation and sewerage removal projects in KwaZulu-Natal.

### 7.3.5. The United Kingdom’s Department for International Development

The United Kingdom’s Department for International Development’s Southern Africa Office (DFID-SA) has a range of programmes which supports partners in promoting economic growth and creating jobs in South Africa. These programmes, while not explicitly designed in response to the global economic crisis, have incorporated elements of support which provide the South African government with the flexibility to respond to particular needs and priorities. One such programme is the Support to South Africa’s Growth Strategy. DFID, together with the European Union, is providing £18 million and €100 million respectively to support the South African government’s work on growth and employment creation through its three priority clusters – economic, employment, and infrastructure. These two grants were launched on 11 September 2009.

The purpose is to stimulate innovative ways of accelerating growth and creating more jobs. Through the Employment Creation Fund (managed by a secretariat at the Department of Trade and Industry), the programme provides government departments in the economic, employment and infrastructure sectors with access to additional funds for promoting skills development and initiatives to expand productive capacity. The fund is also expected to stimulate joint planning, implementation and co-ordination across government departments and with civil society and the private sector.

Funds can be used flexibly to support individual projects agreed upon by the Economic Cluster of the South African Cabinet as well as staffing and capacity-building. Support to the Economic Cluster enables DFID-SA to work closely with the other South African line departments to prepare innovative polices, programmes and pilots that unblock constraints to growth and create jobs.

One component of a bigger DFID-SA programme has focused on designing and piloting a creative job creation scheme. The DFID-supported Community Work Programme has helped create over 50 000 jobs for unemployed youth since the pilot began. Now with additional
funding – and mainstreamed into government – the Programme is being expanded and rolled out across other areas of the country through the Department of Co-operative Governance and Traditional Affairs. This scheme is helping to support unemployed South Africans, and would include those affected by the global economic crisis.

In addition, through its ongoing Employment Promotion Programme, DFID-SA is assisting social partners to improve knowledge and information on the effects of the global economic crisis on South Africa’s labour market. One of these partners is the Development Policy Research Unit (DPRU), University of Cape Town project ‘The Impact of the Economic Recession on the South African Labour Market’. By November 2009 DPRU (2009b:4) reported that two key factors were emerging with respect to the impact of the recession on unemployment. Firstly, young African males with some form of secondary schooling appear to be the most negatively affected by the recession. Secondly, there is evidence that companies are either retrenching these younger and less experienced workers first or are not hiring new job seekers (with no or limited experience) during this downturn. It should be noted that this information is derived from data available in June 2009 and thus would not reflect any of the changes that might have occurred since this date, specifically those stemming from the NEDLAC Framework.

With regard to food security, DFID-SA considers household and individual access to food as being of primary importance. Its support in this area largely takes the form of analytical and assessment work around social policy in order to develop technical skills and capacity which will ultimately ensure that poverty and inequality in South Africa are reduced. Over the past seven years DFID–SA has established a relationship with the Department of Social Development and between August 2004 and the end of 2009 funded the Strengthening Analytical Capacity and Evidence-based Decision Making (SACED) project with the University of KwaZulu-Natal and Oxford University as key partners. DFID-SA is also providing support to three programmes directed through the Department of Social Development, National Treasury and Statistics South Africa. The programmes provide technical skills and capacity to key partners in government and elsewhere while supporting the institutional capacity for the long term upgrading of those skills. It involves the data collection phase of the KwaZulu-Natal Income Dynamics Survey (KIDS), an evaluation of the Child Support Grant and research into the impact and implications of HIV/AIDS for social policy. Within the Southern African Development Community, DFID-SA also supports the Regional Hunger and Vulnerability Programme (RHVP). This programme also involves strengthening analytical and assessment capacity, livelihood and poverty mapping and modelling work. Although it does not provide the South African government with funds to directly support food security in terms of food aid or cash transfers or even subsidised agricultural inputs (as in Malawi), DFID-SA says that the use of the money is flexible. DFID-SA supplies more ground-level support such as food aid and cash transfers to countries such as Lesotho and Swaziland, like other aid agencies, it believes that South Africa does not require this type of aid because it has enough of its own resources. In addition, the South African government has not asked DFID-SA for this type of aid. DFID-SA has not stepped up any of its programmes with the government in reaction to the economic recession but believes that what South Africa requires is better forecasting capabilities and systems that enable it to monitor and analyse changes and thus proactively address negative changes and their impacts.

**7.3.6. Food Bank South Africa**

Food Bank South Africa (FBSA) is a network of various civil society organisations and the public and private sector, and is the local chapter of a global organisation. Established in March 2009 following the merger of three existing organisations, it redistributes recovered and donated food to various agencies located around the country and reaches the vulnerable and food-insecure by establishing food banks in urban areas and impoverished rural areas. It also engages in advocacy
efforts to ensure South Africa becomes a food-secure nation. Its primary purpose is to consolidate, strengthen and increase the efficiency of the existing food redistribution activities conducted by a range of role players. The private sector largely supplies food (perishables and non-perishables) which is then distributed to warehouses where approximately 1 000 agencies (usually civil society organisations) distribute food to the food-insecure.

Initial financial support provided by DSD and DAFF was largely used to conduct research on existing activities, to work developmentally, to ensure sustainability, and to ensure the participation of numerous organisations and individuals. Recently FBSA sent a document to Cabinet via its Social Cluster of portfolios to muster government support. Initial research found that an improved procurement process was required to ensure nutritional quality and food diversity. Improved procurement has the potential to provide opportunities for small-holder agriculture and simultaneously address the needs of food-insecure people in rural areas. The proposed Agri-Food Bank, which is still in the development stage, is intended to provide skills, technology and other input support as well as preferential procurement agreements. DAFF and various private sector organisations have shown in interest in funding such a project.

The South African government has established a framework to respond to the downturn in the economy but there are questions about how effective this has been in terms of food security. The Competition Commission’s work is commendable, but it is uncertain how this is experienced by consumers, especially the poor consumers and food-insecure people. While some companies have been prosecuted and fined, it is unclear whether this has any immediate benefit for vulnerable people. Food retail prices have not declined to any significant extent.

FBSA representatives have noted that government and particularly the Department of Social Development has been trying for some years to reduce dependency on its services and become more developmental in terms of its approach. It has been suggested that the medium- to long-term orientation of government is unlikely to respond to pressures like the recession and the food price hikes. It was thought more likely government would gradually strengthen the emergency and relief areas of its services to respond at times of shocks/crises more effectively. Government was seen as a large bureaucratic entity which is unlikely to be able to change course during mid-stride. The observed government response to safeguarding food security during the food price hikes and the recession was not seen to be rapid enough due to insufficient capacity and a lack of emergency monitoring and reaction systems.

7.3.7. Joint Aid Management International

Joint Aid Management International (JAM) is an international civil society organisation. The South African office has food security activities in the form of nutrition feeding in South Africa, Mozambique, Angola and Southern Sudan. In Angola and Mozambique, JAM feeds 280 000 and 250 000 school children per day respectively. At present this food consists of an instant corn soy blend (CSB), which provides about 75% of children’s recommended daily nutrition needs depending on age, and is manufactured in factories in both countries. Through an agreement with the United States Department of Agriculture, the feedstock from which CSB is produced must be supplied by United States farmers. Prior to and following the conclusion of this agreement all JAM food ingredients are locally procured, either in the host countries or from within the region. UNICEF has an agreement with JAM and the Mozambican government for fortified food paste (plumpynut) to be manufactured in Mozambique for severely undernourished children. In Southern Sudan JAM reaches 29 000 children per day using food procured through the World Food Programme. It is currently not engaged in local production activities for food supplies but is considering supporting farmers with production for market as well as to supply JAM activities in Mozambique and Angola.
In South Africa, JAM reaches 15,500 children per day at 310 crèches/day-care centres in Gauteng. A sorghum-based porridge is provided to children at breakfast time and provides between 50% and 70% of their recommended daily nutrition needs, depending on the age and needs of the child. Ingredients are locally procured. Between 2005 and March 2009 JAM was involved in school feeding at primary and a few secondary schools in the province. Prior to March 2009 the Gauteng Department of Education had been providing a mid-morning meal to children and had started to roll out interventions at secondary schools in late 2008. A maize-based porridge was also being introduced to children early in the morning. In light of these interventions it was agreed that JAM would focus on the more needy early childhood centres that were not being reached by government departments. Part of the outreach programme is to target children between 1 and 6 years at these centres. Other food security activities in South Africa include supporting home/backyard food gardens, school and community gardens.

The recent food price and oil hikes and the economic downturn have generally resulted in higher food prices in all African countries in which JAM is operating, but in South Africa the organisation was able to continue at pre-2007 levels of operation and, in some instances, it was able to expand programmes. The main increased cost was for transport, a result of the fuel price hikes. The bulk of JAM funding in South Africa comes from individuals (both local and foreign). Only a small portion of the overall budget is received from South African provincial departments of education, agriculture and social development, so their budgetary cuts and constraints did not directly affect the organisation’s bottom line and service delivery capabilities. During 2008 and 2009 government officials spoke to JAM about budgetary cuts and freezes on the use of discretionary funds, a phenomenon which had not been encountered prior to 2008. JAM reported a similar response to its requests for support from the Angolan and Mozambican governments. JAM also receives some funding from corporations, but this is multi-year funding that was already leveraged before the recession really took effect. It was reported that one corporate donor turned down a request for an increase in support to JAM projects from 2008 to 2009, suggesting that the corporation itself may itself have been affected by the recession.

Generally, the South African government has not stepped up many of its services to the food-insecure in reaction to the recession. Poverty and food insecurity are prevalent in South Africa anyway, stepping up programmes during a shock might not be sustainable, and the focus is on a long-term strategy of improvement.

However, there are increasing moves to enhance the approach to household food and nutrition security in South Africa. The Department of Health is working with the SA Bureau of Standards to review standards associated with the fortification programmes. The Global Alliance for Improved Nutrition (GAIN), which is a Geneva based NGO, has drawn together a number of forums and is experimenting with private and public agencies to improve the nutrition programmes, with a special emphasis on fortification.

8. Conclusion

The global economic crisis, and its aftermath have had significant economic and social impacts in South Africa. Before the crisis, South Africa had enjoyed a period of accelerating growth, with real GDP growth averaging 5.5% between 2005 and 2007. However, by the end of 2008 the economy went into recession for the first time in 17 years. GDP fell in 2009, with a slow recovery in 2010. Between 1997 and 2008, employment had grown closely in line with the expansion in the economy. Over a million jobs have been lost since the peak in 2008, and they continue to be lost into 2010 although at a slower pace. This has occurred in a context of high structural unemployment.
Against this backdrop, Oxfam approached the HSRC to evaluate the human and social aspects of the economic downturn, as part of a larger global study.

Ultimately, recovery and employment expansion will depend on the ability of SA to diversify its base of production and services. The emerging pattern of export demand may pose challenges for South Africa’s efforts to diversify its industrial base. Demand for non-traditional exports in services and manufactures has not revived, partly due to weak global market rebounds, but also due to the Rand appreciation as portfolio flows have piled into the SA market. However, demand for commodities has rebounded, driven by demand from China and India. This pattern of recovery may entrench “resource curse” elements in the economy, and make export diversification more difficult. These sectors have been at the forefront of productivity gains and positive real wage growth which is a key ingredient in boosting the welfare of workers. Much depends on the extent that African markets, which have been important destinations for SA non-traditional exports, rebound on the back of their own commodity sales. If the export demand remains biased toward commodities then the balance of employment will follow. A minerals economy bias will see small employment gains in resources and capital intensive industries, but the majority of jobs created in domestic oriented services such as retail.

Portfolio flows into South Africa reversed from early 2009. A key issue for the availability of finance generally in the economy is whether this trend continues as is, strengthens further, or is reversed. In 2008, as holders of capital stopped lending, liquidity in the global financial system dried up and net private flows to emerging economies fell dramatically (IIF 2009). This fall in private capital flows and its implications on the current account deficit represented one of the most significant and worrying impacts of the GEC on South Africa. South Africa is heavily reliant, at least in the short run, on private capital flows to finance its current account deficit. Instead, SA experienced a reversal, with portfolio flows piling in as a response to loose monetary policy and low interest rates in developed markets. $16.3 billion flowed out of SA in 2008, but forecasts suggest an inflow of the same amount in 2010. The IMF expects this to consistently rise to $25.8 billion by 2015 (IMF 2010a). Therefore, the fear of an unsustainable current account deficit, which rose to a high of 7.4% of GDP in 2008, has not materialised. By September 2010, the current account deficit had fallen to 3% of GDP (SARB 2010a). The rise in capital inflows has contributed forcefully to a Rand appreciation, falling to below R7 to the dollar in 2010. While stabilising SA macro finances, this appreciation is having a negative effect on the competitiveness of SA exports, and is encouraging of imports.

Relative to other countries, South Africa should have fared better on employment outcomes since it only experienced the trade and not the financial impact of the crisis. It is crucial that policy become more forceful in improving the trade-employment linkage. Specific concerns arise as it is unclear that sufficient action is being taken to improve SA’s trading position.

The employment and poverty reduction gains made since 1994 have been slow and hard-won and the job losses that are happening as a result of the GEC only serve to deepen an already existing complex problem. South Africa has one of the highest unemployment rates in a peaceful country. Between 1997 and 2008, the labour force expanded by 6.1 million people, alongside the creation of about 4.5 million new employment opportunities, and the unemployment rate fell from 28% in 2004 to 23% in 2008. It is in this context that the 1.1 million jobs lost in just over a year represent a significant setback for South Africa since the rate of job creation over the 11 year period represents an annual average increase of 409 000 jobs.

There are important gender dynamics in the South African labour market. Both men and women experienced jobs losses across all sectors during the crisis period. In the early stages of the crisis, from 2009Q1 to 2009Q3, more men who lost their jobs than did women. In 2010, the situation reversed as the rate of job losses for men decelerated (2009Q4 and 2010Q2). The unemployment rate has always been higher for women than for men and the rate of labour force participation
has also been perennially lower for women. This means women start with a greater pre-existing challenge of higher unemployment, lower pay and more vulnerable work conditions.

Global concerns of a youth employment crisis resonate in South Africa. Young workers are more vulnerable to job losses due to a number of factors such as their lack of experience. Their vulnerability during times of crisis is also worsened as they are generally employed in some of the most volatile sectors of the economy, such as retail trade. It is therefore not surprising that the majority of jobs lost since the downturn where experienced by those under the age of 35, and with less than a matric (high school certificate) education. The report found that 213 000 youths (defined as people in the age group 15–24 years) lost their jobs in 2009, which is the biggest drop of all age groups. Amidst the aforementioned job losses, South Africa’s unemployment rate did not rise at the onset of the crisis. The evidence from the QLFS showed that the majority of those who lost their jobs, or who would have otherwise been searching, have simply dropped out of the labour market and become discouraged. About 6% of the youth left the job market and are now considered to be ‘discouraged unemployed’.

The most recent food price crisis and global economic downturn affected the food security status of low-income households. It concentrated on female-headed households because official statistics reveal that they are more vulnerable and at risk due to their lower socio-economic status. The report compares two major waves of rapid food price inflation in the last decade. In the first wave, the number and share of food insecure households did not expand that much, partly because it took place in the context of economic and employment growth, as well as the introduction of social grants. However, the second wave of food price increases coincided with the economic downturn, and did result in an expansion of food insecure households. The combined impacts of two intersecting livelihood shocks – rapid food price inflation and the economic downturn – affected virtually all South Africans in 2008. Soaring food price inflation persisted throughout 2008 and only started slowing or flattening out towards the middle of 2009. The most sustained and relatively higher than average price increases were concentrated around staple grains (especially wheat products) and vegetables. The worst affected were female-headed households in traditional huts and informal backyard shacks. Female-headed households, comprising less than 40% of South African households, experienced a disproportionately greater impact of the two interacting crises. In 2008, female headed households are 5% more likely to experience adult hunger than ones led by men. Female-headed households living in traditional huts in predominantly rural provinces of Eastern Cape and KwaZulu-Natal experienced the sharpest rise in hunger. From a policy perspective this study showed the importance of income in ensuring household food security. Social grants played an important role in mitigating some of the impacts of the food price inflation, showing the importance of this safety net during a crisis and should be instructive to government to scale up grant expenditures in times of severe economic shocks.

The effects of the economic downturn on migration in South Africa are complex and hard to predict. Internal migration seems to have fallen in the context of the downturn, with reduced incentives to move towards centres where jobs might be found. There is no evidence to suggest that international migration volumes have changed, but it is clear that the characteristics of migrant population have altered over time. Far more women are now migrating both internally and internationally, so shocks that affect migrants adversely affect more women than was previously the case. Migrants’ spend a much higher percentage of their income on food, and female-headed migrant households fare far worse than their male-headed counterparts. Efforts to protect migrants and allow them access to services as provided for in the Constitution, and policy and regulations benefit women to a larger extent. Caution has to be exercised when distinguishing government responses to the GEC from policy enacted outside the framework of a response to the crisis.
The available data on migration and remittances is quite thin, and so it is difficult to make any conclusive remarks about their trends. Preliminary information shows that they continued to flow albeit at reduced levels. It should however be noted that domestic remittances have become a smaller share of household income. Some believe this is caused by the introduction of social grants and reduced commitment by migrants in sending funds back to rural areas. The report found that changes in individual and community coping mechanisms were often the only way in which households were able to withstand the adverse impacts of an economic shock.

The HSRC employment scenarios (Altman 2009) that were updated to take into account the impact of the recession found that government’s target of halving unemployment between 2004 and 2014 requires that 5 million jobs be created, and prior to the downturn that meant that an average of 500,000 net new jobs were needed on average each year. After the downturn, an average of 700,000 new jobs will be needed to reach the goal. More importantly the scenarios show that it does not appear that the target could be met within pre-existing policy as being implemented at the moment. New meaningful additional interventions in respect of expanding post-school learning, special employment programmes, government employment and specific market interventions will be needed. Respective contributions of these policies were considered. Most of these policies are the ones that have been committed to already, now they must be implemented at sufficient agreed scale.

The small qualitative survey of 30 households conducted in two poor communities revealed insights about how poor communities respond and perceive large economic shocks. Those interviewed could not draw a close connection between the international crisis and their household situation in either the urban or the rural study area. This is partly explained by pre-existing challenges faced such as high unemployment and rising food prices, but also that social grants are playing a role in offering a minimum protection against extreme poverty. The effects of the crisis in heightening economic hardship blurred into the hard times that came before them, and did not necessarily appear to households on the ground as an abrupt disintegration of their livelihood strategies. The following is a brief expression of the key findings from the study;

Perceptions of the international crisis:

Perhaps the most interesting finding from the survey is in respect of how the two poor communities perceived the crisis. Though most households were aware of rising prices for food, transport and medical costs, they seemed to think that these were ordinary and usual. Those who were aware of the crisis saw it as something that affected the supply of jobs at a national level, rather than something that could have an impact at household level. The inability to link the crisis to the situation on the ground was also seen in those who were still working. They felt unaffected by the crisis even though they were aware of rising food prices. One would have expected that households which had lost jobs to be able to make the connection but this was not the case; it seems as if they were likely to attribute the loss to strikes or similar local factors, and not to the impact of the international crisis. From a community level, the crisis appears to have occurred as a gradual constriction in household options for making ends meet, rather than as a sudden catastrophic impact disrupting livelihoods and creating far-reaching changes in respondents’ lives.

Although much has been written about the disproportionate impact that economic shocks of this nature have on women the results from this study highlight a perplexing problem. Women respondents in the sample – most of whom did not work outside the home – were less likely to have heard of the crisis and no women respondents identified its effects on the household as being separate from their awareness of general unemployment and rising price trends. This reality emphasises the need to create an awareness of how economic shocks are transferred to households. Such efforts will undoubtedly help to inform households of alternative coping mechanisms to defend their livelihoods in the face of falling incomes and job losses.
The household economy and the job market: Low income households in SA do not rely on home production or informal economic activity as fall-back opportunities in times of crisis, in the way that is seen in many other developing economies. The study found that households in the urban and rural samples were wage-based, with important backup support from social grants and much less important inter-household transfers in the form of remittances. Furthermore, households saw jobs as the key to support, while food and livestock production hardly featured. This result is perplexing in as far as it shows that even in the midst of a large shock households where not adopting alternative coping mechanisms to make ends meet. Nearly all the households reported that they bought all their food, and there was no sign of poor households using livestock as a mechanism for household savings. In contrast to other emerging economies where the informal sector plays an important role for those falling out of employment the situation in these communities did not suggested that this would be the case. While data was fragmentary, there were no signs that the informal sector would be expanding to close the income gap. Instead, nearly all the shack households reported receiving wage income, against four-fifths of the rural households. Women-headed households with no one employed sometimes survived on a combination of grants and remittances. The lack of wage income relegated them to serious poverty.

Food security and food availability: With respect to food security and availability the study highlighted the existence of ‘wage-dependent’ households who appeared very vulnerable at a time of high unemployment. It is in this context that the research underlines an unsurprising but important precarious direct link between perceived food security and access to wage employment. The survey found that worry over food access, not being able to eat preferred foods, and eating less than three meals per day all scaled very closely with estimated household wage income of R2 000 per month or less. To make matters worse the study also found that most households reported being worried about food supply for the whole of the month. More than half of the shack households, and more than a quarter of the rural households, recorded eating less than three meals per day.

Women working: The report revealed the existence of perverse gender dynamics in the two communities. The study found that the fragile wage-based economy at household level puts serious pressure on women who cannot access the same range of jobs as men. One would expect that as households try and cope with rising food prices a household would be better off with two incomes. However, evidence from the survey shows that women could be kept out of the job market, either by the demands of child care, or by husbands being opposed to their wives becoming more independent with their own incomes.

Remittances and the social wage: Regarding the low level of remittances and high level of grants in the rural sample the study illustrates how far poor households in South Africa have become more isolated and autarkic as they migrate away from home networks to meet the needs of the industrial or post-industrial labour economy. In this position, they are increasingly dependent on the availability of wage employment, with government grants as their only important fallback option. Few of the rural sample households still received remittances, though most of the urban shack households were sending money home. Neither home food production nor informal business activity appears to be at a level that could provide a significant livelihood contribution. The results of the study also highlighted a disturbing development with respect to social networks and they ability to act as safety nets in the face of shocks. Communities as social entities appear to have become less likely to show solidarity, and less able to help member households facing reverses. Social networks are often badly eroded, so that communal capacity to diffuse shocks is not necessarily being maintained. The study notes that declining social cohesion has become more risky in the face of the international crisis and the stress it puts on formal employment provision. This situation of advancing autarky increases individual household reliance on social protection and the social wage.
Results of the government response: The inability of households to link the crisis to the reality they faced on the ground was also evident when looking at how households perceive and understand the role of welfare transfers during times of crisis. The report found that respondents were inclined to give government little credit for mounting a response to the crisis, or to what they saw as recent economic hardship. In spite of the direct role of welfare transfers in partly supporting the majority of households in the sample, respondents tended to discount these measures as long-term entitlements unconnected to their recent situation. None were aware of any recent government initiatives aimed at the situation within the last two years, and most argued that government had done nothing to help them.

Employment, accumulation and upward mobility: Another area of great concern that emerged from the study is the view that most respondents had about their current circumstances and the ability to elevate their present circumstances. The study found that for most of the rural poor households, and for nearly all respondents in urban shacks, the perception was one of a chronically worsening long-term economic climate of rising food prices, poor job availability, increasing household marginality, and little help. Respondents wanted the government to create jobs, and to supply their communities with housing and services. These are long-standing South African community demands unrelated to the crisis. Women-headed households, particularly those of older rural widows living on social grants and remittances, were generally in the lowest income groups.

The last section of the report considers policy responses to the crisis. How had the South African government responded to the global economic crisis? What role did fiscal and monetary policy play in the face of challenges posed by the global downturn? What kind of support had South Africa received from civil society organisations and other multilateral agencies? The GEC came at a time when government had already committed itself to spending more on social services, infrastructure and special employment programmes. Economic and social policy have the stated overarching intention of dramatically reducing unemployment, poverty and inequality. Because of South Africa’s unique circumstances, social and economic policy measures that would have been the probable government response to the international crisis were already to a large extent in place and operational before the onset of the world recession, but have since been scaled up.

In the context of the crisis, the SA government reaffirmed its commitments to creating jobs, stimulating spending and poverty reduction, even in a context of falling state revenues. To avoid falling off its development path the focus has been to try and implement investments that will contribute to more rapid poverty reduction and a more balanced distribution of income and opportunity. In addition, there have been some interventions to specifically protect firms and workers from vulnerability caused by the downturn, in a way that supports sustainable economic participation.

Briefly, the government’s response to the crisis has involved:
- A counter-cyclical fiscal policy and monetary policy stance focused on price stability
- Continued public infrastructure investment and support for investments in industrial capacity and competitiveness
- Re-skilling of workers, and
- Support for industries in distress or undergoing restructuring.

There is much stakeholder contention about the merits and demerits of the fiscal prudence in the 1990s, and the wisdom of running fiscal surpluses in good years in the context of counter-cyclical policy. To some extent, these surpluses arose as a result of strong revenue collection and not merely constrained spending. Either way, the South African government was put in a
stronger position to deal with the crisis. This protected SA from the need to rely on external financial support from the IMF. Furthermore, strong financial regulation also protected SA from much of the contagion and sheltered its financial sector from developments in western markets. However, the finance sector has also been criticised for conservatism in its expansion of credit to small and distressed firms.

There was continued and growing commitment in the national budget to social protection, public works employment and infrastructure spending. In a context of slow growth in global markets for value added goods and services, it may be that government will have to step in to more actively stimulate domestic markets and to improve market penetration in markets that are expanding.

Government expenditure is expected to rise to almost 35% of GDP. This has had a significant impact on government’s borrowing requirement. This is to be expected in a counter cyclical fiscal policy, with the aim of stimulating in a downturn. The sustainability of this approach will be tested in the coming years.
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Appendix: Background Tables
### Table 31: Socio-demographic characteristics – South Africa

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<td>1,616</td>
<td>1,671</td>
<td>1,724</td>
<td>1,738</td>
<td>1,762</td>
<td>24</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Source: Statistic SA, QLFS Various
Figure 34: Trends in quarterly economic growth rates and selected price indices - 2000 to 2008 (using old CPI series)

Source: StatsSA (2009), online electronic database
Table 32: Urban and rural food prices, 2007

<table>
<thead>
<tr>
<th>Food items</th>
<th>Size</th>
<th>Urban food price (Rand)</th>
<th>Rural food price (Rand)</th>
<th>Price difference (price/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Jan-07</td>
<td>Jul-07</td>
<td>Dec-07</td>
</tr>
<tr>
<td>Loaf of Brown bread</td>
<td>700g</td>
<td>4.59</td>
<td>4.96</td>
<td>5.27</td>
</tr>
<tr>
<td>Loaf of White bread</td>
<td>700g</td>
<td>4.98</td>
<td>5.43</td>
<td>5.85</td>
</tr>
<tr>
<td>Maize meal</td>
<td>5kg</td>
<td>17.39</td>
<td>20.68</td>
<td>20.47</td>
</tr>
<tr>
<td>Margarine</td>
<td>500g</td>
<td>7.69</td>
<td>8.15</td>
<td>9.03</td>
</tr>
<tr>
<td>Sunflower oil</td>
<td>750ml</td>
<td>7.65</td>
<td>8.21</td>
<td>11.32</td>
</tr>
<tr>
<td>Full cream long life milk</td>
<td>1L</td>
<td>6.51</td>
<td>7.54</td>
<td>8.21</td>
</tr>
<tr>
<td>Pilchards in tomato sauce</td>
<td>425g</td>
<td>7.62</td>
<td>8.31</td>
<td>8.42</td>
</tr>
<tr>
<td>White sugar</td>
<td>2.5kg</td>
<td>14.38</td>
<td>14.3</td>
<td>14.8</td>
</tr>
<tr>
<td>Peanut butter</td>
<td>410g</td>
<td>10.19</td>
<td>11.1</td>
<td>11.87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>9.77</td>
<td>9.55</td>
<td>10.64</td>
</tr>
</tbody>
</table>

*Source: NAMC (2008)*
### Table 33: Urban and rural food prices, 2008

<table>
<thead>
<tr>
<th>Food items</th>
<th>Size</th>
<th>Urban food price (Rand)</th>
<th>Rural food price (Rand)</th>
<th>Price difference (price/unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Jan-08</td>
<td>Jul-08</td>
<td>Dec-08</td>
</tr>
<tr>
<td>Full cream long life milk</td>
<td>1L</td>
<td>9.41</td>
<td>9.62</td>
<td>9.39</td>
</tr>
<tr>
<td>Instant Coffee</td>
<td>250g</td>
<td>15.61</td>
<td>17.82</td>
<td>21.33</td>
</tr>
<tr>
<td>Loaf of Brown bread</td>
<td>700g</td>
<td>5.38</td>
<td>6.46</td>
<td>6.86</td>
</tr>
<tr>
<td>Loaf of White bread</td>
<td>700g</td>
<td>6.05</td>
<td>7.45</td>
<td>7.61</td>
</tr>
<tr>
<td>Maize meal</td>
<td>5kg</td>
<td>24.83</td>
<td>26.03</td>
<td>28.27</td>
</tr>
<tr>
<td>Margarine</td>
<td>500g</td>
<td>9.12</td>
<td>11.95</td>
<td>13.56</td>
</tr>
<tr>
<td>Peanut butter</td>
<td>410g</td>
<td>12.65</td>
<td>14.26</td>
<td>15.35</td>
</tr>
<tr>
<td>Rice</td>
<td>2kg</td>
<td>15.85</td>
<td>21.49</td>
<td>28.14</td>
</tr>
<tr>
<td>Sunflower oil</td>
<td>750ml</td>
<td>11.26</td>
<td>16.29</td>
<td>16.17</td>
</tr>
<tr>
<td>White sugar</td>
<td>2.5kg</td>
<td>17.48</td>
<td>17.85</td>
<td>19.28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>12.9</td>
<td>11.91</td>
<td>15.68</td>
</tr>
</tbody>
</table>

*Source: NAMC (2009)*
Table 34: Share of households reporting hunger among children, 2002-2008

<table>
<thead>
<tr>
<th>Hunger scale</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never hungry</td>
<td>69.2</td>
<td>70.24</td>
<td>73.9</td>
<td>76.85</td>
<td>82.3</td>
<td>85.02</td>
<td>82.57</td>
</tr>
<tr>
<td>Seldom hungry</td>
<td>7.12</td>
<td>5.19</td>
<td>5.13</td>
<td>4.75</td>
<td>2.99</td>
<td>2.75</td>
<td>3.32</td>
</tr>
<tr>
<td>Sometimes hungry</td>
<td>16.98</td>
<td>17.54</td>
<td>15.81</td>
<td>13.71</td>
<td>12.06</td>
<td>10.21</td>
<td>11.64</td>
</tr>
<tr>
<td>Often hungry</td>
<td>4.47</td>
<td>4.3</td>
<td>3.14</td>
<td>2.56</td>
<td>1.6</td>
<td>1.24</td>
<td>1.5</td>
</tr>
<tr>
<td>Always hungry</td>
<td>2.24</td>
<td>2.74</td>
<td>2.02</td>
<td>2.13</td>
<td>1.05</td>
<td>0.78</td>
<td>0.97</td>
</tr>
</tbody>
</table>

Source: StatsSA, GHS, 2002-2008

Table 35: Share of households reporting hunger among adults, 2002-2008

<table>
<thead>
<tr>
<th>Hunger scale</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never hungry</td>
<td>69.25</td>
<td>72.24</td>
<td>76.39</td>
<td>79.2</td>
<td>82.91</td>
<td>86.48</td>
<td>83.52</td>
</tr>
<tr>
<td>Seldom hungry</td>
<td>6.75</td>
<td>5.13</td>
<td>4.48</td>
<td>4.36</td>
<td>3.22</td>
<td>2.93</td>
<td>3.22</td>
</tr>
<tr>
<td>Sometimes hungry</td>
<td>17.07</td>
<td>16.55</td>
<td>13.67</td>
<td>12.16</td>
<td>11.12</td>
<td>8.61</td>
<td>10.85</td>
</tr>
<tr>
<td>Often hungry</td>
<td>4.54</td>
<td>3.75</td>
<td>2.99</td>
<td>2.42</td>
<td>1.7</td>
<td>1.24</td>
<td>1.54</td>
</tr>
<tr>
<td>Always hungry</td>
<td>2.38</td>
<td>2.32</td>
<td>2.47</td>
<td>1.86</td>
<td>1.06</td>
<td>0.74</td>
<td>0.87</td>
</tr>
</tbody>
</table>

Source: StatsSA, GHS, 2002-2008
### Economic Performance and Development

#### HSRC

<table>
<thead>
<tr>
<th>Province</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC</td>
<td>82.83</td>
<td>79.7</td>
<td>85.52</td>
<td>78.29</td>
<td>85.41</td>
<td>83.4</td>
<td>86.77</td>
</tr>
<tr>
<td>EC</td>
<td>50.33</td>
<td>57.7</td>
<td>58.7</td>
<td>68.82</td>
<td>78.54</td>
<td>76.99</td>
<td>75.36</td>
</tr>
<tr>
<td>NC</td>
<td>70.78</td>
<td>78.71</td>
<td>80.02</td>
<td>78.91</td>
<td>81.57</td>
<td>87.83</td>
<td>83.39</td>
</tr>
<tr>
<td>FS</td>
<td>64.54</td>
<td>71.36</td>
<td>74.72</td>
<td>74.88</td>
<td>79.94</td>
<td>85.83</td>
<td>86.62</td>
</tr>
<tr>
<td>KZN</td>
<td>70.21</td>
<td>65.38</td>
<td>71.83</td>
<td>78.96</td>
<td>80.7</td>
<td>85.21</td>
<td>78.43</td>
</tr>
<tr>
<td>NW</td>
<td>62.28</td>
<td>61.07</td>
<td>66.11</td>
<td>69.78</td>
<td>78.34</td>
<td>80.63</td>
<td>73.65</td>
</tr>
<tr>
<td>GAU</td>
<td>81.15</td>
<td>79.63</td>
<td>83.44</td>
<td>84.32</td>
<td>84.04</td>
<td>88.7</td>
<td>87.19</td>
</tr>
<tr>
<td>MPU</td>
<td>63.44</td>
<td>64.04</td>
<td>69.84</td>
<td>71.14</td>
<td>83.13</td>
<td>85.16</td>
<td>81.24</td>
</tr>
<tr>
<td>LIM</td>
<td>68.22</td>
<td>77.36</td>
<td>78.82</td>
<td>79.29</td>
<td>87.91</td>
<td>91.58</td>
<td>88.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>69.2</strong></td>
<td><strong>70.24</strong></td>
<td><strong>73.9</strong></td>
<td><strong>76.85</strong></td>
<td><strong>82.3</strong></td>
<td><strong>85.02</strong></td>
<td><strong>82.57</strong></td>
</tr>
</tbody>
</table>

*Source: StatsSA, GHS, 2002-2008*

Table 36: Share of households reported children never went hungry in past 12 months, by province, 2002-2008

<table>
<thead>
<tr>
<th>Province</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC</td>
<td>83.05</td>
<td>83.28</td>
<td>88.18</td>
<td>80.84</td>
<td>85.86</td>
<td>85.26</td>
<td>87.86</td>
</tr>
<tr>
<td>EC</td>
<td>51.37</td>
<td>58.84</td>
<td>60.24</td>
<td>69.51</td>
<td>78.78</td>
<td>78.77</td>
<td>77.6</td>
</tr>
<tr>
<td>NC</td>
<td>70.15</td>
<td>79.72</td>
<td>80.75</td>
<td>80</td>
<td>81.26</td>
<td>88.87</td>
<td>84.65</td>
</tr>
<tr>
<td>FS</td>
<td>65.64</td>
<td>70.86</td>
<td>76.84</td>
<td>76.38</td>
<td>79.7</td>
<td>86.32</td>
<td>85.9</td>
</tr>
<tr>
<td>KZN</td>
<td>66.05</td>
<td>67.85</td>
<td>74.15</td>
<td>82.08</td>
<td>81.19</td>
<td>87.96</td>
<td>80.78</td>
</tr>
<tr>
<td>NW</td>
<td>64</td>
<td>65.3</td>
<td>71.12</td>
<td>71.6</td>
<td>78.38</td>
<td>82.65</td>
<td>75.48</td>
</tr>
<tr>
<td>GAU</td>
<td>81.02</td>
<td>79.35</td>
<td>84.39</td>
<td>86.03</td>
<td>85.75</td>
<td>89.04</td>
<td>87.2</td>
</tr>
<tr>
<td>MPU</td>
<td>63.52</td>
<td>68.02</td>
<td>71.05</td>
<td>71.77</td>
<td>84.38</td>
<td>85.6</td>
<td>81.66</td>
</tr>
<tr>
<td>LIM</td>
<td>68.96</td>
<td>77.42</td>
<td>79.33</td>
<td>81.83</td>
<td>88.12</td>
<td>92.3</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>69.25</strong></td>
<td><strong>72.24</strong></td>
<td><strong>76.39</strong></td>
<td><strong>79.2</strong></td>
<td><strong>82.91</strong></td>
<td><strong>86.48</strong></td>
<td><strong>83.52</strong></td>
</tr>
</tbody>
</table>

*Source: StatsSA, GHS, 2002-2008*
Table 38: Female and male headed households reporting adults never hungry by main income source, 2006 - 2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No income</td>
<td>N</td>
<td>65,421</td>
<td>55,075</td>
<td>69,664</td>
<td>14,589</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>71.9</td>
<td>66.2</td>
<td>64.94</td>
<td>-10,346</td>
</tr>
<tr>
<td>Salaries wages</td>
<td>N</td>
<td>1,766,071</td>
<td>1,969,269</td>
<td>2,036,747</td>
<td>203,198</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>88.3</td>
<td>89.97</td>
<td>85.48</td>
<td>1.67</td>
</tr>
<tr>
<td>Remittances</td>
<td>N</td>
<td>586,172</td>
<td>580,609</td>
<td>575,171</td>
<td>-5,563</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>79.45</td>
<td>79.22</td>
<td>79.51</td>
<td>0.23</td>
</tr>
<tr>
<td>Pensions &amp; social grants</td>
<td>N</td>
<td>1,327,179</td>
<td>1,274,299</td>
<td>1,333,718</td>
<td>-52,880</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>75.86</td>
<td>76.48</td>
<td>74.48</td>
<td>0.62</td>
</tr>
<tr>
<td>Farm Income</td>
<td>N</td>
<td>35,152</td>
<td>28,909</td>
<td>22,664</td>
<td>-6,243</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>67.64</td>
<td>64.75</td>
<td>71.53</td>
<td>-2.89</td>
</tr>
<tr>
<td>Oth non-farm inc</td>
<td>N</td>
<td>112,407</td>
<td>129,008</td>
<td>74,808</td>
<td>16,601</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>85.47</td>
<td>87.21</td>
<td>79.69</td>
<td>1.74</td>
</tr>
<tr>
<td>Total</td>
<td>N</td>
<td>3,892,402</td>
<td>4,037,169</td>
<td>4,112,772</td>
<td>144,767</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>81.74</td>
<td>83.01</td>
<td>80.18</td>
<td>1.27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No income</td>
<td>N</td>
<td>115,354</td>
<td>148,105</td>
<td>110,691</td>
<td>32751</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>66.28</td>
<td>72.69</td>
<td>67.07</td>
<td>6.41</td>
</tr>
<tr>
<td>Salaries wages</td>
<td>N</td>
<td>487,2125</td>
<td>525,591</td>
<td>512,257</td>
<td>383266</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>91.07</td>
<td>92.27</td>
<td>89.43</td>
<td>1.2</td>
</tr>
<tr>
<td>Remittances</td>
<td>N</td>
<td>45,7553</td>
<td>39,1642</td>
<td>370,844</td>
<td>-65911</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>74.59</td>
<td>74.67</td>
<td>73.93</td>
<td>0.08</td>
</tr>
<tr>
<td>Pensions &amp; social grants</td>
<td>N</td>
<td>107,1382</td>
<td>101,1854</td>
<td>102,0150</td>
<td>-59528</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>81.72</td>
<td>80.94</td>
<td>76.52</td>
<td>-0.78</td>
</tr>
<tr>
<td>Farm Income</td>
<td>N</td>
<td>90,020</td>
<td>84,966</td>
<td>52,030</td>
<td>-5054</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>82.2</td>
<td>92.04</td>
<td>81.71</td>
<td>9.84</td>
</tr>
<tr>
<td>Oth non-farm inc</td>
<td>N</td>
<td>219,886</td>
<td>195,181</td>
<td>132,090</td>
<td>-24705</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>85.85</td>
<td>84.28</td>
<td>82.51</td>
<td>-1.57</td>
</tr>
<tr>
<td>Total</td>
<td>N</td>
<td>682,6320</td>
<td>708,7139</td>
<td>680,8372</td>
<td>260,819</td>
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<tr>
<td></td>
<td>%</td>
<td>87.36</td>
<td>88.61</td>
<td>85.62</td>
<td>1.25</td>
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</table>

Source: StatsSA(various years) GHS
Table 39: Distribution of four major dwelling types for households, by province, 2006 and 2008

<table>
<thead>
<tr>
<th>Province</th>
<th>Formal brick structures</th>
<th>Traditional huts</th>
<th>Backyard shacks</th>
<th>Shacks in squatter camps</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC</td>
<td>967,300</td>
<td>1,162,991</td>
<td>126</td>
<td>3,447</td>
<td>104,517</td>
<td>138,576</td>
</tr>
<tr>
<td>%</td>
<td>79.29</td>
<td>81.91</td>
<td>0.01</td>
<td>0.24</td>
<td>8.57</td>
<td>9.76</td>
</tr>
<tr>
<td>EC</td>
<td>940,597</td>
<td>1,018,092</td>
<td>550,787</td>
<td>526,706</td>
<td>23,359</td>
<td>100,000</td>
</tr>
<tr>
<td>%</td>
<td>58.1</td>
<td>60.96</td>
<td>34.02</td>
<td>31.54</td>
<td>1.44</td>
<td>5.99</td>
</tr>
<tr>
<td>NC</td>
<td>198,957</td>
<td>245,507</td>
<td>3,851</td>
<td>17,252</td>
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Table 40: Crisis Awareness and Poverty in Swedenville

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# Table 41: Household Structures and Demographics in Swedenville Sample

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<th>Age of head</th>
<th>Education of head</th>
<th>No of women employed</th>
<th>Gov't grants</th>
<th>Value of housing</th>
<th>Year of arrival</th>
<th>Province of origin</th>
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1 f head  
X age 32.7  
X 11.0  
X = 13%  
X = 53%  
X 2573  
2008.1
## Table 42: Crisis Awareness and Poverty in Bergpoort

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*Source: Author*
Table 43: Household Structure and Demographics in Bergpoort

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|                | 72             | 667            | 113           | 4             | 7                | 378,650            |
|                | 72             | 667            | 113           | 4             | 7                | 378,650            |

Source: Author