

SOUTH AFRICA

Understanding the dynamics of the earnings distribution in South Africa



Despite a democratic governance, well-established judicial, financial and human rights institutions and a positive policy framework, poverty and inequality are still largely cast along historical lines and in racial dimensions in contemporary South Africa. It remains highly unequal in its distribution of wealth, living standards, employment opportunities and household incomes. There is widespread discontent with the actual implementation of policy and the quality of delivered public services.

CONTEXT

The inauguration of President Ramaphosa in February 2018 has offered the country an opportunity to put the South African project of Nelson Mandela back on track. But this will require confronting, head-on, the lack of progress towards a more balanced distribution of opportunities and incomes and the difficult political and economic questions that this raises. Will the benefits of political change be limited to a narrow elite or is more broad-based equitable development possible? What kinds of social, economic or institutional change might contribute to more rapid transformation of opportunities for the bottom half of the household income distribution? What kinds of constraints on power and privilege might contribute to fairer outcomes at the top tail of the distribution?

These difficult questions are of interest both in South Africa and internationally, and they are economic and institutional questions of considerable complexity. It is not just that a continued widening of inequality is unacceptable morally, it seems likely also that it threatens growth, social order and sustainability. Inequality reduction is under the spotlight in many countries and much work has been done internationally and in South Africa on understanding inequality.

This project is part of the European Facility for a research program on Inequalities in Developing and Emerging Countries, which is coordinated by the AFD. Financed by the Development Cooperation Instrument of the European Union, this facility enables to implement 20 research projects over the 2017-2020 period, in partnership with donors and research centers from the South to the North.

GOALS

This project will draw on and consolidate this evidence-base and then fill some important, policy-relevant gaps that remain. By design, the research programme outlined below seeks to address distributional issues in both the bottom half and the top of the distribution. The work programme recognises from the outset that there are several dimensions of human development and wellbeing, and progress in some measures might be accompanied by deterioration in others. It recognises that economic growth does not necessarily lead to equitable outcomes – both poverty and inequality have self-reinforcing characteristics that are hard to counter.

The project will be undertaken in formal partnership with South Africa's national statistical office, Statistics South Africa. Also, as important steps in the proposed research programme, a series of dialogues will be held between the researchers and key stakeholders, including representatives of government, business, organised labour and civil society – to seek advice, test ideas and contribute to consensus on possible policy reforms.

METHOD

The research project will be developed across three work streams:

1. The implementation of the inequality diagnostic under the form of a report summarizing existing knowledge on South African inequality trends and policies. It will further add to this knowledge using available data, explore the implications of this new work and then take stock of data needs in order to make further progress in framing policies to overcome inequality.
2. A paper on the role of earnings in the household inequality dynamics. It builds off preliminary evidence that a key aspect of the lack of support from the labour market into households is the volatility of employment and therefore earnings for the self-employed and other vulnerable workers.
3. A paper on the interlinkages between population dynamics and spatial inequality. This paper is responsive to an often-expressed opinion from the policy community that migration is being driven by differences across provinces and regions in the quality of schooling, health, and other services.

RESULTS

The diagnostic of inequality in South Africa, carried out by Statistics South Africa in partnership with the Southern Africa Labour and Development Research Unit (SALDRU), the African Centre of Excellence for Inequalities Research (ACEIR) in the EU-AFD Facility framework is available online: Inequality trends in South Africa: a multidimensional diagnosis of inequality.

This report was presented at a **workshop involving all actors working to reduce inequality**, held on 11 February 2020 in Philippi, Cape Town, on the occasion of the 30th anniversary of the release of Nelson Mandela. You will find here the synthesis of the workshop, including the presentations, discussions and debates held this day: Stakeholder engagement on inequality trends in South Africa.

Find the presentation of the research paper "Earnings Inequality over the Life-Course in South Africa" by Zocco Zizzamia (ACEIR, SALDRU-UCT, University of Oxford) during the second webinar of the Research Facility on Inequalities:



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19/11/2018

Project start date

15/04/2020

Project end date



South Africa
Location



Fighting Inequalities
Sectors



135 000 EUR
Financing amount

ONGOING

Status

University of Cape Town
Partners

Le contenu de cette fiche projet relève de la seule responsabilité de l'AFD et ne reflète pas nécessairement les opinions de l'Union européenne.

EU-AFD Research Facility on Inequalities
Webinar Series

Webinar 2

**Earnings Inequality over the Life-
Course in South Africa**

June 1st 2020

#ResearchInequalities



You may find the research papers here:

- **Spatial inequality through the prism of a pandemic: Covid-19 in South Africa**
- **Earnings inequality over the life-course in South Africa**

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