



Full length article

Multi-dimensional Poverty in South Africa; A Narrative Review of Literature Through a Seven-Lens Approach

Realeboga Boitshepo Thulo¹, Mubanga Mpundu^{2*}

1 University of the Western Cape, EMS. Economics department, Robert Sobukwe Road, Belville, Cape Town, South Africa. Email: 4499071@myuwc.ac.za

2 University of the Western Cape, EMS, Economics department, Robert Sobukwe Road, Belville, Cape Town, South Africa. Email: mmpundu@uwc.ac.za

*Corresponding Author

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ABSTRACT

A number of scholars (Bronfman, 2014; Kane, 2008; Bici & Çela, 2017; Rodrigue, Kneebone, and Reeves, 2016) have explored various ways to measure poverty through a multidimensional lens, yet such studies have seldom concentrated on the Sub-Saharan African region. Sida (2017) identifies essential aspects like access to opportunities and resources as vital elements of poverty, while Bici and Çela (2017) underscore the pivotal role of education. Similarly, Rodrigue, Kneebone, and Reeves (2016) stress the importance of healthcare access and employment status as integral to understanding poverty's complexity. These differing perspectives highlight the absence of a unified framework for defining the dimensions of poverty. More recent evidence, however, reveals shifts in poverty dynamics in South Africa's post-2015 SDG and NDP 2030 context. Statistics South Africa's (2023a) Multidimensional Poverty Index report shows persistent deprivations in education, health, and living standards, particularly in rural provinces, despite some improvement since 2011. The World Bank's (2023) Poverty and Equity Brief notes that while income poverty rates have stabilised after the COVID-19 shock, multidimensional poverty remains entrenched among youth, women, and persons with disabilities. Ngepah (2021) further highlights the role of macroeconomic instability, while Spaul et al. (2022) point to persistent educational inequality as a key driver of intergenerational poverty. Given recent global and local developments, such as the COVID-19 pandemic, ongoing conflict in Israel, severe power outages, and rising unemployment, there is a pressing need for updated, context-specific research, especially focused on the realities in South Africa. This paper aims to focus on socioeconomic and macroeconomic dimensions of poverty, including financial inclusion, that mainly affect South Africa namely. The main variables taken into consideration are standard of living, inequality, unemployment, education, health, interest rates and

inflation and financial inclusion. One of the most significant findings of this study is the undervalued but critical role of financial inclusion in influencing multiple dimensions of poverty, especially education and employment. Policies aimed at enhancing access to affordable credit, mobile banking, insurance, and financial literacy, particularly in rural and informal communities, should be mainstreamed into the country's broader poverty alleviation agenda. Future studies should include psychological and sociological impacts of poverty, including dignity, mental health, and social exclusion. They should also include Intra-household deprivations, especially how gender, age, or disability may influence the way poverty is experienced. Such approaches would provide richer, context-sensitive data and allow for intersectional analysis of poverty dynamics.

1. Introduction

Although numerous initiatives like the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) have aimed to eliminate poverty, it continues to challenge economies globally, including that of South Africa. Over the past decade, national frameworks such as the National Development Plan (NDP) 2030 have sought to complement the SDGs by setting specific targets for inclusive growth, improved education, reduced inequality, and enhanced social protection. However, both global and local progress has been uneven. A considerable body of literature has attempted to dissect the complexities of poverty, with the aim of improving how it is understood, measured, and ultimately addressed. These works span a variety of themes, such as poverty traps and political influences (Coyne and Boettke, 2006), the outcomes of redistributive policies (Ostry, Berg, and Tsangarides, 2014), effective poverty reduction frameworks (Smith, 2005), and the interconnections among economic growth, inequality, and poverty (Shorrocks and van der Hoeven, 2004). Despite these analytical efforts and policy recommendations, poverty has persisted and even worsened in many parts of Africa since the 1960s, severely affecting multiple generations across the continent (NBER, 2004).

According to the World Bank (2023 Poverty and Equity Brief), South Africa has taken a just amount of steps in improving the well-being and general standard of living of its citizens since apartheid ended in 1994, where many inequalities that exist today stem from (May, 2000). Recent Stats SA Multidimensional Poverty Index (MPI) data (2022, 2023) show that while some provinces have recorded declines in multidimensional poverty, others, particularly rural and informal settlement areas, have seen deprivation rates stagnate or increase. The combined effects of structural unemployment, service delivery gaps, and the COVID-19 pandemic have reversed some poverty reduction gains made earlier in the decade. In 2022, approximately 30.4% of South Africans lived below the international extreme poverty line of \$1.90/day (World Bank, 2023), with income poverty further compounded by non-income deprivations such as inadequate housing, poor educational outcomes, and limited healthcare access.

Moreover, an increase in income for low earners can contribute towards reducing the poverty levels in South Africa, but other dimensions of poverty need to be taken into consideration to eliminate poverty. Poverty is a crucial concern because it negatively affects the growth levels of a country and the livelihoods of people that live within that country. According to the World Data Lab (2023), despite initiatives like the Sustainable Development Goals (SDGs), only 11 out of 54 African nations are currently on course to eradicate extreme

poverty by 2030 (Donnenfeld, 2020). This shortfall emphasizes the importance of delving deeper into the various dimensions of poverty to formulate more effective solutions. Consequently, this research seeks to enhance existing poverty frameworks by broadening the scope of analysis and contributing to the development of more responsive and impactful policy measures. Attention must also be given to the institutions underpinning these poverty dimensions, such as educational systems, healthcare facilities, financial services, and public infrastructure. By offering fresh insights, this study aims to support evidence-based policymaking in South Africa and enrich the academic discourse on poverty.

This paper uses living standards, inequality, unemployment, education, health, interest rates and inflation, and financial inclusion to carry out the analysis of the dimensions of poverty in the context of South Africa. This paper also explores the methods used to assess the various dimensions of poverty and outlines strategies to enhance financial inclusion for those affected. The mixed findings in existing research (Kane, 2008; Bici & Çela, 2017; Bronfman, 2014; Rodrigue, Kneebone and Reeves, 2016) underline the need for a more current and context-specific investigation into the dimensions of poverty in South Africa.

2 Literature Review

Theoretical Framework

A theoretical framework provides a foundation for this study and provides a reputable reference for the arguments made in this study. It also provides for context for the comprehension of the findings which informs the data analysis approach and many of the approaches used to complete this study. Using a solid theoretical foundation has been effective in studies about socio-economic issues because it allows the researcher to collate multidimensional perspectives (Comim and Puyana, 2020; Gasper, 2019; Stats SA, 2022; World Bank, 2023). A literature review is particularly essential for this study for 5 reasons. Firstly, it assists in the construction of theoretical framework for the study by highlighting the significant concepts and theories that are relevant and material to multidimensional poverty. It also allows the researcher to comprehend how multidimensional poverty has been identified and measured (Bhatta and Palikhe, 2020; Kanagaratnam & Suppa, 2021). Secondly, it is significant in identifying research gaps in the study on the various multidimensional poverty aspects South Africa and reveals areas that may require further research which guarantees that the study addresses unexplored aspects of multidimensional poverty (Shrestha, 2021; Stats SA, 2023a). Thirdly, it ensures that there is no duplication of research because a comprehensive literature review will assist in avoiding repetition of work that has already been previously done and ensures that the research is unique in its findings on multidimensional poverty and builds on what currently exists (Snyder, 2019; UNDP, 2022). The fourth reason is that it allows for methodological insights because by reviewing past literature, insights into how multidimensional poverty is measured will come forth and allow for refinement and choice in the necessary tools to measure multidimensional poverty (Toracco, 2021; World Bank, 2023). Lastly, a literature review establishes context and relevance by placing the study in a broader context of poverty which showcases its relevance with respect to ongoing discussions in this particular field and within the frameworks of the post-2015 Sustainable Development Goals (SDGs) and South Africa's National Development Plan (NDP) 2030 (National Planning Commission, 2020; UN Statistics Division, 2023) which demonstrates its contribution to the field of multidimensional poverty.

While a theoretical framework is also essential to this study for the following 3 reasons. Firstly, it facilitates a multidimensional approach by allowing a cross-factor analysis of the various contributors of poverty. Secondly,

it provides support for the study to explore the intricate essence of poverty in a manner that analyses poverty multidimensionally. Lastly, it offers an organized approach in identifying the key areas where policy intervention can be the most effective (Comim and Puyana, 2020; Gasper, 2019; Alkire et al, 2020; Stats SA, 2023b). By rooting this study in a well-defined framework, the study will align with an established theory and build on the potential of the framework to provide valuable findings and recommendations that are relevant to South Africa's current socio-economic realities (World Bank, 2023; UNDP, 2022).

Four main theoretical frameworks closely align to the purpose of this study and have been extensively evaluated before selecting the framework that this study needs to stand firm on, namely, the basic needs approach, the social exclusion theory, Maslow's hierarchy of needs and the capability approach. Below is a high-level overview of each of these frameworks and how they align with the concept of multidimensional poverty.

Basic Needs Approach (BNA)

The Basic Needs Approach is a development theory that is focused on ascertaining that people have access to basic goods and services needed to achieve the minimum standard of living. It came about in the 1970s as a reactionary measure to the restrictions of income-based poverty measures by the International Labor Organization (ILO), placing an emphasis on the fulfilment of basic human needs as the key goal objective of development policies (Streeten et al., 1981; ILO, 1976). This approach was formed on the foundation of earlier thinkers such as Paul Streeten and Mahbub ul Haq, who worked tirelessly on development economics and alternative poverty alleviation measures (Haq, 1976).

There are 6 needs that the BNA outlines as the main needs that need to be prioritized to fulfill the basic needs of individuals as a prerequisite for leading increased living standard lives. The first need is food, which is access to quality and substantial nutrition. The second need is shelter, which is a 'safe and stable living environment', (ILO, 1976). The third need is clothing, which is the basic shielding from exterior elements. The fourth need is health services, which is access to adequate healthcare. The fifth need is education, which is access to adequate and basic literacy and education. Lastly, the sixth need is sanitation and clean water, which is essential for public health (ILO, 1976). The BNA therefore maintains that economic growth is not the sole mandate needed to address poverty, and instead, requires investment in infrastructure and employment to ensure that individual's basic needs are fulfilled (Streeten et al., 1981; Stats SA, 2023b; World Bank, 2023).

The BNA therefore closely aligns with multidimensional poverty by outlining that poverty is not only income based but a deprivation in multiple dimensions such as health and education which forms the foundation of indices such as Multidimensional Poverty Index (MPI) (Haq, 1976; Kanagaratnam & Suppa, 2021). In the South African context, the latest MPI data from Statistics South Africa (2023a) shows that over 55% of households experience deprivation in at least one basic need dimension, underlining the continued relevance of the BNA in assessing and addressing poverty. However, critics contend the BNA short term needs over long term poverty measures such as structural measures. Unlike the capability approach, the BNA, does not outline individuals' capability to choose and form their lives beyond their basic needs (Sen, 1999).

Social Exclusion Approach

The Social Exclusion Approach is a multidimensional poverty framework that was first introduced by René Lenoir in his book *Les Exclus* (1974), who was a French sociologist. Lenoir (1974) used the term 'Social Exclusion'

to describe individuals who were excluded from society, such as individuals with disabilities, unemployed individuals, or marginalized groups of people. This approach analyses poverty and inequality through the perspective of exclusion from significant economic, social, and political resources. It outlines the way in which individuals or societies are excluded from completely participating in the economy due to structural restrictions, discrimination, or systemic inequalities. As opposed to income-based poverty measures, this approach takes into consideration the relational and societal components that contribute to deprivation.

The Social Exclusion Approach closely aligns with multidimensional poverty by outlining the complex interchangeability of economic, social and political deprivations. It widens the focus from income resources to include systemic dimensions of poverty. Similar to multidimensional poverty frameworks such as the Multidimensional Poverty Index, MPI, social exclusion outlines limitations that restrict individuals from accessing opportunities. Recent South African studies using the SAMPI framework (Stats SA, 2023a) show that high unemployment, poor access to quality education, and geographic isolation remain key drivers of exclusion, particularly in rural provinces such as Limpopo and Eastern Cape. The Social Exclusion Approach also informs policies with a purpose of addressing inequality by aiming at structural barriers and encouraging inclusive participation (Sen, 2000; World Bank, 2023).

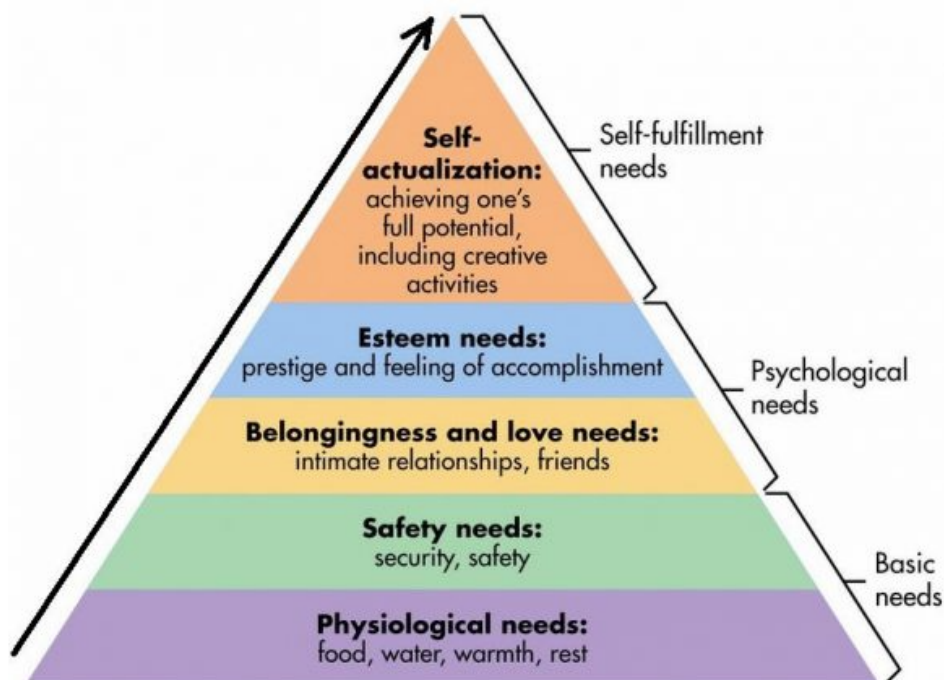
The Social Exclusion Approach is made up of 4 main principles. Firstly, relational deprivation, which is poverty that is formed in the exclusion of individuals from social networks and institutions. The second principle is multidimensionality, which is social exclusion that encompasses multiple related deprivations. The third principle is agency and participation, which is the exclusion that decreases an individual's ability to completely participate in the economy. Lastly, the fourth principle is structural causes, which is exclusion that is perpetuated by systemic barriers (Lenoir, 1974; De Lannoy et al., 2023).

Critics mainly argue that while the Social Exclusion Approach outlines social factors, the approach may undermine the significance of economic deprivation as the founding cause of exclusion. Additionally, because this framework that originally introduced in European policy contexts, the framework may need tailoring to address the distinctive exclusion challenges in developing nations such as South Africa (Silver, 1995).

Maslow's hierarchy of needs

Maslow's Hierarchy of Needs is a psychological framework that was developed by Abraham Maslow, an American psychologist, in his influential 1943 paper, "A Theory of Human Motivation", that defines human motivation as development through a sequence of hierarchical needs. This 1943 paper by Maslow provides an extensive comprehension of how individuals prioritize the needs that provide them with fulfillment. This theory is displayed through a pyramid with a hierarchy of needs that is made up of 5 levels, displayed in order of priority as illustrated below in figure 2.1.

Figure 2.1 Maslow's hierarchy of needs



Source: Cherry, K. (2020). Maslow's Hierarchy of Needs.

Maslow's hierarchy of needs aligns with multidimensional poverty by acknowledging that poverty is a product of more than just deprivation of income. The principal alignments with multidimensional poverty are the 3 categories of the pyramid as displayed above in figure 2.1. The first alignment is through the physiological and safety needs, which align with dimensions such as health, nutrition, shelter, and security in the framework of poverty. The second alignment is through social and esteem needs, which considers the relational factors of poverty, including social exclusion and restricted participation in society. The third and last alignment is through self-actualization, while it does not have a direct impact on poverty indices, it underlines the significance of empowerment and opportunities for self-growth.

Critics have contended that this theory reflects Western, individualistic values, possibly undermining the collaborative needs highlighted in non-Western cultures. Recent South African research (Mabasa & Mofokeng, 2021) further argues that the framework, while useful, requires contextual adaptation to account for community-oriented values and the lingering socio-economic impacts of apartheid. Maslow's hierarchy also presents that higher needs become significant only after the lower needs have been fulfilled, whereas the multiple dimensions that contribute to poverty often overlap and are interrelated (Tay & Diener, 2011; Ndlovu, 2022).

Capability approach

The theory that this study is rooted in is the capability approach which was pioneered by Amartya Sen in 1979 who went on to be awarded the Nobel Prize in Economics Sciences for this impact on welfare economics and social choice theory and his passion for issues of society's poorest individuals (Britannica, 2024). Sen (1979) redefined the way in which researchers and policymakers think of poverty and human development by introducing the capability framework with the revolutionary recommendation that the well-being of individuals

should not be measured by money alone, but the freedoms that individuals have the opportunity to have to live fruitful lives. Now, according to Sen, the capability for an individual to function or even set goals that are achievable is vital to the comprehension of addressing poverty. This viewpoint supports the logic that development needs to focus on increasing the freedoms individuals have to live the lives that they desire from health, to education, to economic participation and social inclusion.

Figure 2.2 below scopes out the holistic nature of well-being according to Sen's capability approach, outlining that well-being is not solely confined to income-based measures. Instead, it displays that the concept of multidimensional poverty encompasses psychological, economic, environmental, social and physical factors.

Figure 2.2 Sen's capability approach



Source: EcoTalker (2021). Sen's Capability Approach.

The capability approach is based on 3 main principles. The first principle is the focus on capabilities over resources, which outlines the shift from income and resources to what individuals can access with those resources. The second principle is freedom and choice, this approach places significance on the freedom that individuals have to lead fulfilled and valued lives but taking into consideration both capabilities and functioning. Lastly, the main and most relevant principle to this study is multidimensionality which is the concept that poverty is multidimensional and is made up of aspects such as education, health, living standards, and social inclusion. In the South African context, Sen's capability approach offers a comprehensive framework for examining multidimensional poverty, as it effectively captures the country's unique historical, social, and economic challenges, particularly those rooted in the legacy of apartheid. The legacy of apartheid has ingrained systemic inequalities in health, education and the general access to resources which cannot be accounted for by income alone (Seekings & Nattrass, 2005). The capability approach is therefore essential for understanding the inequality that disproportionately impacts black communities. The capability approach is therefore the selected framework

to root this study due to its accounting of complex interrelations of health, education, living standards and social inclusion, which are all part of the 7 dimensions of poverty that this study focuses on. Sen's capability approach also outlines the significance of empowering individuals and societies to combat structural restrictions and lead fulfilled lives. The capability approach is also well-fitted to comprehend the long-term impacts of apartheid on capabilities that persist regardless of economic growth, which is essential as a large part of deprivations faced in South Africa are as a result of the apartheid regime. Lastly, the capability approach provides actionable knowledge for forming and studying policies that address multidimensional poverty, which makes it increasingly relevant for policymakers.

2.1 Defining poverty

The primary definition of poverty that this study is based on is by Amartya Sen (1999). Amartya Sen (1999) defines poverty as not only the lack in income but as the deprivation of basic capabilities which limit individuals from living the kind of lives they would choose to. Now, according to Sen (1999), "Poverty is about the absence of substantive freedoms" which is the opportunity to make choices that enable people to a dignified life. He also continues to emphasize that poverty needs to be observed as a deprivation of freedom to choose the life path one follows. This means that the inability to choose the healthcare you are subjected to, the type of education you can provide for your children or even yourself, the type of employment you pursue, all reflect a lack of choice or the restriction thereof which constitutes a key dimension of poverty.

Now, in addition to the primary definition of poverty that study will be based on, there are other definitions of poverty which will be impacted by the alleviation of multidimensional poverty. Firstly, absolute poverty. World Bank (2020) defines absolute poverty as a climate where individuals do not have access to basic needs such as food, water, shelter and clothing as proposed by Abraham Maslow (1943). Now, absolute poverty is a fixed measure that is defined by an international poverty line of \$1.90 a day. The second definition of poverty is relative poverty. This is defined by Townsend (1979) as a situation where the income of individuals is significantly lower than the average income which makes it challenging to participate in the economy. Then you find social exclusion poverty where poverty is defined as the lack of ability to fully participate in the society which is often because of exclusion from employment and education (Levitas, 2006). Finally, you find subjective poverty, this is completely based on individuals' perception of their own standard of living which is often set by society (Ravallion and Lokshin, 2010).

Therefore, the various definitions of poverty from Amartya Sen's focus on the lack of choice to the multifaceted perspectives of multidimensional poverty highlight not only the multidimensional nature of poverty but the complexity of it as well. By grounding this study on Sen's definition which focuses on the deprivation of fundamental capabilities and freedoms, we ensure that there is a holistic alignment and understanding that includes and captures not only the lack of income but also the limitations and restrictions on an individual's ability to make choices and fully participate in the economy. By recognizing and incorporating these different perspectives, there is an allowance for a more nuanced analysis of poverty, especially in analyzing the various dimensions of poverty.

2.2 Origin and History of Poverty

The concept of poverty is a subject that has been a concern for millennia as the understanding of it has evolved significantly over time. To structure the historical exploration of poverty, it is significant to begin with a classical

definition of poverty that has carved our comprehension of poverty. Now, in ancient times, poverty was generally perceived as the lack or absence of resources one would need to survive and participate in the economy. Aristotle (4th century BC), defined poverty as a condition that interferes with individuals from fully participating in civic life and accomplishing a state of self-sufficiency.

Now that the classical definition of poverty has been provided, it is essential to discuss the different climates that individuals have lived in that have brought them or contributed to the various dimensions of poverty that exist today. Slavery, apartheid and segregation are some of the largest contributors in generational poverty amongst black people that is still such a complex and unsolved subject (Williams, 1944). Globally, slavery was a system where people were forced into labor and exploitation which fundamentally shaped and advanced the global economy. However, slavery was rooted in poverty by completely preventing people from acquiring wealth, education, land and any type of self-sustenance that would have provided them with an opportunity to provide themselves with lives beyond poverty. So, as much as the wealth that was generated through slavery contributed to European and American economies, it simultaneously impoverished communities that were enslaved (Robinson, 2012).

In South Africa, slavery was introduced through colonialism as early as the 17th century where the Dutch East India Company was importing slaves from Southeast Asia, India and East Africa to labor on their farms and their households. The descendants that came from these enslaved communities were then subjected to cruel conditions of inequality, poverty and servitude (Worden, 1985). Now, the heritage of slavery in South Africa was inflamed by the introduction of apartheid which was a legal system where racial segregation and discrimination ruled the nation (Wilson and Ramphela, 1989). This institution instituted formally in 1948 and the laws that were implemented restricted and often prevented most of the black citizens from acquiring land, education and employment while all the wealth and resources were reserved for the white minority which is mainly the reason that South Africa now stands with the highest inequality rate in the world with a Gini coefficient of 63 (Statista, 2024). Apartheid not only created instant poverty amongst black people, but it also had a long-term socio-economic impact on them. Even post-apartheid when apartheid ended in 1994 and South Africa became a democratic country, the impacts of the system continued to persevere in South Africa, leaving a majority of the society economically marginalized (Seekings and Nattrass, 2005).

2.2.1 Time to time variation

Poverty in South Africa has passed through crucial changes from the past to the present where forecasts of future developments have highlighted progress while challenges have persisted. Historically, South African poverty has been deeply rooted in apartheid, colonialism and racial segregation that was institutionalized which restricted the majority of the black population from gaining access to economic opportunities. Now, post-apartheid, there have been significant strides that have been made in an effort to alleviate poverty through government interventions such as public expenditure, social grants and initiatives such as the National Development Plan (NDP). However, Statista (2020) reports that poverty levels in South Africa peaked in the early 2000s where different poverty alleviation programs eventually led to decreased poverty levels until 2011 when economic stagnation began to increase and there were also increased unemployment and inequality rates.

In terms of the future, the country's Vision 2060 and the NDP's 2030 goals continue to aim towards decreased levels of poverty and economic growth that is inclusive, improved education, healthcare and increased employment. However, the COVID-19 pandemic and the global economic shocks such as the Ukraine-Russia

conflict and the global financial crisis continue to pose significant challenges to achieving these goals (National Planning Commission, 2020; Stats SA, 2020).

2.2.2 Place to place variation

Poverty significantly differs from place to place due to variations in the level of infrastructure, access to resources and opportunities provided to participate in the economy. In villages or rural areas, particularly in developing countries such as South Africa, poverty is often times propelled by restricted access to basic services such quality health services and education and dependence on informal economies and subsistence farming. On the contrary, suburban areas in developed economies such as the US benefit from advanced and well-maintained infrastructure, increased employment rates and social grants which often largely assist in curbing poverty (World Bank, 2020). These disparities heighten the significance of localized and personalized poverty alleviation strategies that will take into consideration the regional and economic differences experienced in South Africa vs other nations.

2.3 Psychological and Sociological context of poverty

In the psychological and sociological context, poverty expands far beyond economic deprivation by confining the social, mental and emotional dimensions that strongly affect individuals and communities. Psychologically, poverty can accelerate feelings of shame and helplessness which often lead to cycles of mental health issues which restrict, and limit adequate decision making and hinder the improvement of life circumstances (Sierminska & Smeeding, 2020). Now, these psychological impacts are interconnected with sociological dimensions where poverty exasperates social exclusion and restricts access to resources in the community (Murray, 2021).

Poverty can also manifest in diverse forms, depending on differing individual and societal perceptions of individuals because one's frame of mind and their subjective experience can largely influence your reality. This subjective experience of poverty is carved and constructed by personal expectations and societal norms that one is exposed to, which impacts how poverty is perceived and dealt with (Hirsch, 2019). For instance, individuals that have an increased sense of economic insecurity may face increased psychological distress and a level of helplessness as opposed to those that have alike objective conditions but various perceptions (Piazza et al., 2021). Another example is of the ethnographic studies that have been done on the Hadzabe tribe in Tanzania (Smith & Mwaipopo, 2021). The Hadzabe tribe demonstrated that regardless of living in conditions that may, in modern societies, be perceived as poverty, the tribe demonstrates increased levels of peace and joy due to the harmonious collaboration and relationship they have with the environment and the lifestyle that they lead. This further suggests that poverty is perceived, and the wellbeing of individuals or societies is deeply rooted in one's psychological reality and frame of mind which heightens how subjective experiences of poverty may vary notably from objective measures (Piazza et al., 2021; Moss & Tilly, 2022).

The positive mindsets of communities such as the Hadzabe tribe, which is a tribe located near Lake Eyasi in northern Tanzania, within the Great Rift Valley and traces back over 40000 years, that are cemented in the contentment with their way of life has a large impact on their overall well-being and decreased stress levels. While on the contrary, individuals in suburbs may be subjected to different challenges such as isolation from society and high-pressure lifestyles particularly with access to the internet and social media which may lead to increased stress levels and decreased quality of life. Therefore, the healthy mindset of the Hadzabe tribe portrays

how a positive attitude and contentment with your lifestyle may contribute positively to life expectancy, reduced stress levels and generally increased quality of life.

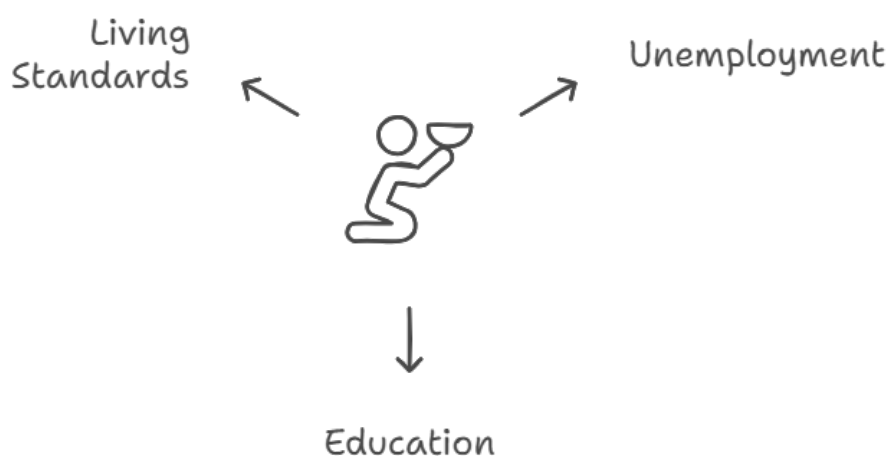
2.4 A 3-tiered approach to the dimensional impact of poverty

Comprehending the multifaceted nature of poverty necessitates an extensive determination of the way in which different dimensions contribute to either increased levels of poverty or decreased levels of poverty. These dimensions can therefore be classified based on their reciprocal impact on economies, and they span from dimensions that have instantaneous and consequential impact on the increased levels of poverty to those that have less of a direct impact, yet still significant impact on the levels of poverty. In this analysis, the dimensions of poverty will be categorized into primary, secondary and tertiary impacts of poverty, underlining their varying degrees of impact on the alleviation of poverty and aggravation. These categories are significant in determining worthwhile interventions and policies as centering resources and policies on the high impact dimensions may provide the most material outcomes in the reduction of poverty levels.

2.4.1 Primary impacts of poverty

Unemployment, education and living standards are the dimensions that fall into the primary category of impacts of poverty as they have direct impacts on one's ability to improve their living circumstances and progress beyond poverty.

Figure 2.3 Primary impacts of poverty



Source: Own compilation

Fransman and Yu (2019) conducted a study on multidimensional poverty in South Africa from 2001 to 2016, highlighting that 95% of multidimensional poverty was made up of Africans, and unemployment was one of the indicators that contributed the most to this high level of multidimensional poverty. Unemployment refers to individuals who are actively looking for work but are unable to secure employment, and it is commonly tracked using the unemployment rate globally. However, it's not just about whether someone has a job, what kind of job they have, or whether they have access to decent work at all, but about how significantly their overall well-being is influenced. In this way, employment becomes a meaningful lens through which to understand poverty, particularly when poverty is viewed as a lack of access to essential resources and limited freedom to make choices about those resources. This perspective aligns with the idea of poverty as the absence of opportunities and choices that enable people to develop or utilize the resources, they need to improve their lives (Alkire,

2007). From this standpoint, unemployment captures a form of poverty by revealing how many people are deprived of the ability to do or become what they aspire to due to insufficient resources. Factors such as the broader economy, technological changes, and the nature of seasonal work all play a role in shaping the kinds of employment opportunities available (OECD, 2022).

The existing empirical literature on unemployment as a dimension of poverty indicates that Africa lags significantly behind other regions. At the same time, there is general agreement on using the unemployment rate as a standard measure globally. According to data from the International Labour Organization's ILOSTAT (2021), metrics such as the youth unemployment rate, the percentage of youth not in employment, education, or training (NEET), and the labor underutilization rate (LU3) are commonly used to assess poverty levels in Africa compared to global averages. As of 2023, South Africa's expanded unemployment rate stood at 42.6%, with youth unemployment exceeding 60% (Stats SA, 2023b), far higher than the global average of 14.9% (ILO, 2023). Findings reveal that although Africa's youth continue to face increased degrees of extreme working poverty than the global average, the rate has been falling. Between 2012 and 2019, it declined from around 42% to approximately 38%, showing a faster reduction than the global trend. The International Labour Organization (2020) suggests that this drop in extreme poverty among youth may be linked to the rise of Africa's middle class. Nonetheless, the persistent high poverty levels across the continent are largely tied to the poor quality of employment available to young people, particularly within the informal sector.

Yu (2018) applied the South African Multidimensional Poverty Index (SAMPI), which is derived from the global Multidimensional Poverty Index (MPI), to examine unemployment as one of the key features of poverty. Before the development of SAMPI, poverty assessments in South Africa were primarily based on the income approach, focusing on the share of the population living below the poverty line. One of the most important findings from Yu's study was that unemployment emerged as the largest contributor to multidimensional poverty, followed by the average number of schooling years. These results highlight a pressing need for the South African leadership to prioritise job creation, while also improving both access to and the quality of education and healthcare services.

Education is the means through which individuals gain knowledge, values, skills, and attitudes, and it is commonly delivered via teaching, training, and research. According to Roser (2018), there are several ways to evaluate the relationship between education and poverty. Three key indicators are discussed. The first is the gross intake ratio to the first grade of primary school, which assesses how many children begin first grade, regardless of age, in relation to the total population of children who are of primary school starting age. The second is the gross enrollment ratio, which measures the total number of students enrolled at a specific educational level, without considering whether they fall within the typical age range for that level. The third metric is the gross graduation ratio, which evaluates the number of students who complete a certain level of education, irrespective of their age, compared to the population within the expected graduation age group. More recently, the 2023 UNESCO Global Education Monitoring Report notes that while South Africa's gross intake into Grade 1 exceeds 100%, quality of learning outcomes remains low, with the 2021 PIRLS study finding that 81% of Grade 4 learners cannot read for meaning (Spaull et al., 2023).

Bronfman (2014) highlights education as part of the very critical indicators of poverty, emphasizing its role in enabling individuals to build their capabilities and develop the skills needed to engage productively in the

economy and improve their quality of life. Education provides the foundation for people to access better employment opportunities and equips them with the knowledge to make informed decisions about the kind of lives they want to lead. According to Bici and Çela (2017), literacy and schooling are the two primary indicators used to assess education within the context of poverty measurement.

Bici and Çela (2017) explain that literacy refers to a person's ability to read and write. According to the World Bank (2021), it is essential for all children to be able to read by the age of 10, as reading serves as the foundation for further learning and academic progress. Without this skill, a child's opportunity to continue learning is severely limited. Children who do not acquire basic reading skills by this age often face ongoing difficulties with literacy throughout their education. The World Bank stresses that access to quality education is crucial for a child's future success and has been recognised globally as a key priority through the Sustainable Development Goals (SDGs). Improving educational outcomes is seen as central to reducing hunger and poverty and to raising living standards worldwide by 2030. Therefore, failure to ensure that children can read by age 10 poses a serious threat to global development efforts. It undermines the ability of countries to build and sustain human capital and compromises the progress needed to meet the SDG (Sustainable Development Goals) targets.

The empirical literature on education as a dimension of poverty reveals mixed perspectives, particularly due to the lack of consensus on a standard method for measuring education globally. However, there is a clear agreement that poor-quality education severely limits the future prospects of children in Sub-Saharan Africa and keeps them trapped in poverty over the long term. Brandolini and D'Alessio (1998) argue that education should be measured by the highest qualification an individual has attained, with this scale ranging from having no formal education to holding a university degree. Although academic qualifications are frequently associated with social standing, their main purpose is to indicate an individual's level of educational attainment. UNESCO (2021) reports that in Sub-Saharan Africa, approximately 9 million students are enrolled in higher education institutions, which accounts for merely 4% of the global student population at the tertiary level. This low participation rate reflects not only limited access to higher education but also serves as an indicator of broader poverty levels in the region. Brandolini and D'Alessio (1998) see this as further evidence of the strong link between educational attainment and poverty.

Therefore, Randolph (2020) analyses and interprets influential and determining factors of education levels that assist in the comprehension of education as a risk determinant of poverty, but there are other factors that have an impact on low levels of education. Non-monetary poverty remains a critical issue with long-term consequences, including inadequate access to clean water and sanitation, conditions that hinder access to education. Education plays a key role in understanding multidimensional poverty, particularly through the measurement of the educational attainment of the household head (Mihai, Titan, & Manea, 2017). However, identifying the head of the household can be influenced by both methodological choices and cultural norms. In some contexts, the head is assumed to be the eldest member residing in the home, though this individual may not actively engage in the nation's socio-economic activities.

Living standards refer to the level of income, access to services, and overall comfort that individuals experience, all of which directly impact their quality of life. Poverty, in this context, can be seen as the absence of the capabilities required to meet these minimum standards of living. Widely recognized measures for evaluating living standards include average GDP per capita and real GDP (Pettinger, 2017). Gross Domestic Product

represents the overall market value of all goods and services generated within a country during a given year (Statistics South Africa, 2021). Consequently, GDP per capita is often used as an indicator of average economic output per person, offering insights into the typical living conditions and productivity levels of a population. This approach is closely aligned with the focus of this study, which considers standards of living as a key dimension for identifying and measuring poverty. An individual's sense of well-being is strongly influenced by their access to fundamental resources and services, as well as their freedom to exercise their rights (Bronfman, 2014). Genuine justice and equality are evident in the equitable distribution of goods and services among members of society who rely on them. From this perspective, poverty can be understood as a condition marked by the lack of access to basic goods and services. Furthermore, a person's well-being can be evaluated by the range of capabilities they possess to achieve personal goals. When individuals are denied the freedom to pursue their aspirations or fulfill their basic needs, they can be considered poor.

Kpolovie, Ewansiha and Esara (2017) used the Human Development Index (HDI) to evaluate living standards as a dimension of poverty across the continents. Their study focused on three core HDI indicators, one of which is a decent standard of living, and compared these across the seven continents. A sample of 182 countries out of a total of 253 was included in their analysis. The findings revealed that Africa had a significantly lower HDI average of 0.54 compared to other regions. Asia recorded an HDI of 0.71, North America 0.73, South America 0.74, Oceania 0.70, and Europe led with the highest HDI of 0.85. These results highlight the urgent need for African countries to intensify their efforts in improving all components of the HDI, particularly living standards, in order to close the gap in global human development.

In summary, the literature confirms that living standards are a crucial aspect of poverty, one that requires greater attention from African nations. While considerable empirical research has been conducted on this dimension of poverty within the African context, the evidence shows that Sub-Saharan Africa continues to lag behind global benchmarks. Other regions of the world have made significantly more progress in improving living standards, highlighting the persistent disparities.

2.4.2 Secondary impacts of poverty

Health and inequality are the dimensions that fall into the secondary category of impacts of poverty as they may have an indirect influence on the impacts on the levels of poverty, but a significant influence, nonetheless.

Figure 2.4 Secondary impacts of poverty



Source: Own compilation

The World Health Organization (WHO) defines health as a state of complete physical, mental, and social well-being. Stats SA's 2023 MPI report identifies health deprivation — measured through child mortality and access to healthcare — as the third-highest contributor to multidimensional poverty in South Africa, with rural

provinces disproportionately affected. Good health plays a fundamental role in a person's overall well-being and quality of life, as it allows individuals the freedom to function effectively in both mental and physical aspects. When people enjoy adequate health, they are better equipped to grow, develop, and pursue their personal and professional goals. On the other hand, poor health can severely hinder one's ability to access education, acquire knowledge, or engage in training and development opportunities. This makes health not just a personal concern but a central component in the broader understanding and measurement of poverty.

Therefore, the approaches used to measure the number of individuals experiencing health deprivation also reveal the extent to which poverty is linked to poor health. These methods highlight how some people are pushed into poverty due to health-related challenges, or remain in poverty because they lack access to quality healthcare services. The World Bank's 2023 Poverty and Equity Brief for South Africa notes that healthcare access gaps, especially for preventative and maternal services, are a major factor in persistent poverty and inequality.

According to the OECD (2019), four primary indicators are used to evaluate health as a component of poverty on a global scale. The first primary indicator is life expectancy, which offers a broad reflection of a population's overall health. The second primary indicator is avoidable mortality, which tracks deaths that could have been averted with prompt and appropriate medical intervention. The third is the prevalence of diabetes, used to highlight the burden of major chronic diseases. Lastly, self-rated health captures the proportion of individuals who consider themselves to be in poor physical or mental health. In South Africa, life expectancy reached 64.1 years in 2023 (Stats SA, 2023b), up from 59.3 years in 2010, but remains well below the global average of 73.4 years (WHO, 2023). This gap reflects the lingering impact of HIV/AIDS, TB, and non-communicable diseases, which continue to disproportionately affect low-income communities.

Brandolini and D'Alessio (1998) argue that when comparing poverty between two countries using health as a dimension, the maximum potential income in both countries must be considered equal. This is because extremely high incomes can render the comparison less meaningful, as their differing needs may become negligible at such levels. They emphasize that while money can provide access to quality healthcare and treatment, it cannot directly buy or restore health itself. Health remains a unique dimension of well-being where financial resources have limits. In today's world, individuals who are crucially ill or living with disabilities may receive care in the most advanced or luxurious medical facilities, but the value of additional income is far greater for someone who is already healthy than for someone whose health cannot be fully restored by money. This highlights the idea that good health is a foundational element of well-being that cannot simply be compensated for through wealth.

Inequality refers to the dissimilarities that exist between several population groups or individuals. Now, South Africa is a middle-income country but currently holds the status of the highest inequality in the world with a gini-coefficient of 0.63 (Statista, 2024). The World Bank (2023) attributes this to enduring structural inequalities in education, labour markets, and spatial geography, many of which were entrenched during apartheid and persist despite policy interventions. To this day, inequality directly increases poverty levels, with 55.5% of the population living in poverty at the national upper poverty line (Stats SA, 2023a). One of the most widely recognized tools for measuring inequality is the Gini coefficient. This metric is frequently cited as it quantifies how income or wealth distribution within an economy deviates from perfect equality. Importantly,

this measure aligns with the aims of the present study, as inequality represents a key dimension through which poverty can be assessed and understood.

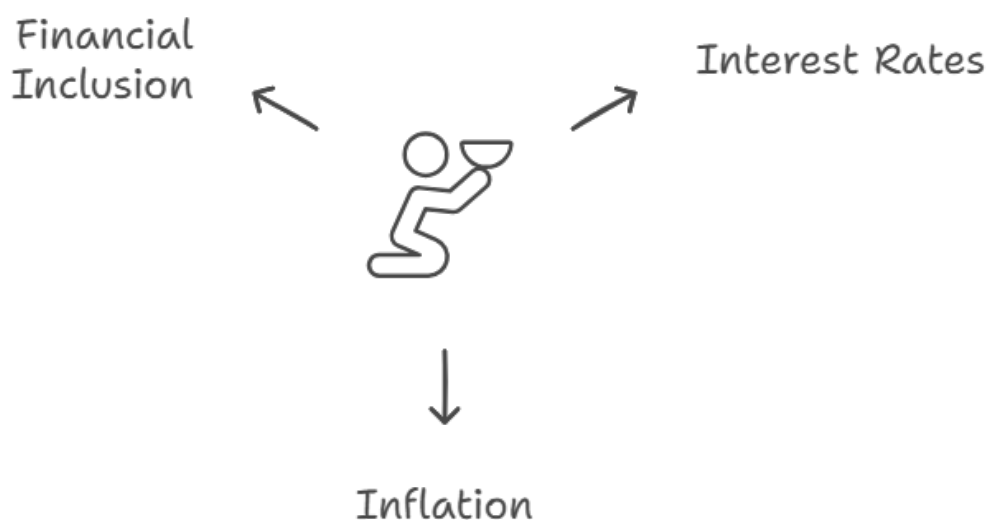
Yang (2017) discusses that inequality is concerned with encapsulating the disparities in the dispersion of resources and opportunities among groups of people or individuals as theories of inequality can be applied in various indices and metrics that have been proposed for the measurement of inequality. Now, it is significant that these metrics satisfy specific mathematical properties in order for them to be useful measures of inequality, and in addition to that, change in their levels for different families of measures.

Now, the need for measures that review inequality among the poor has been restated in the multidimensional context with the Sustainable development Goals where the priority seems to be ensuring that no one is left behind (Alkire and Foster, 2019). However, the role of inequality in one dimensional poverty measurement has conventionally been constituted by a transfer principle that requires poverty to decrease as a result of progressive transfer among poor people. Alkire and Foster (2019) further discuss that in a one-dimensional environment, the measure of poverty often satisfies a specific property without necessarily specifying the method used to identify that property. Therefore, multidimensional poverty requires an identification that is more precise and carefully takes inequality into consideration.

2.4.3 Tertiary impacts of poverty

Interest rates and inflates, and financial inclusion are the dimensions that fall into the tertiary category of impacts of poverty as they may have a more subtle impact on the levels of poverty, through their impacts on the wider economic environment.

Figure 2.5 Tertiary impacts of poverty



Source: Own compilation

Inflation is the general increase in the price of goods and services in an economy, while interest rate is the price of borrowing money. In 2023, the South African Reserve Bank (SARB) raised the repo rate to 8.25%, its highest in 14 years, to counter inflationary pressures, particularly food inflation (SARB, 2023). The SARB notes that poorer households are more affected by inflation because a greater share of their expenditure is on essentials

such as food and transport. Stats SA (2023b) reports that food inflation averaged 11.4% in 2023, driven mainly by price increases in bread, cereals, and meat, further eroding household purchasing power among the poor. In addition to food, Chris Loewald (2020) further discusses decreased job creation and income growth as another result of increased inflation because economies often times need inflation to be low and stable in order to encourage investment and consumption. However, inflation has the ability to drive a division between real and financial capita which creates distortion on production incentives and decreases the returns to real capital. The World Bank (2023) warns that prolonged high inflation, coupled with elevated interest rates, could delay South Africa's economic recovery and worsen poverty by reducing disposable incomes and dampening job growth. Chris Loewald (2020) discusses the impact of inflation on the poor using 3 transmission channels. The first channel he discusses is direct impacts where inflation is an ineffective excise tax that results in the loss of social welfare and only has impacts that are redistributive if changes in inflation are unexpected. This means that if tax cannot be transferred to another economic agent, then it directly decreases purchasing power and increases poverty. The impact of food inflation is another variable of direct impact because it is directly impoverishing. Now, the Consumer Price Index (CPI) weighs the monthly trends of prices by calculating the weighted average of prices of goods and services in a basket and is one way of analyzing the impact of inflation on the poor (Statistics SA, 2021). The second channel he discusses is distribution as he cites Keynes (1919) that inflation often has unmethodically redistributive impacts. So, Bach and Ando (1957) state that inflation causes redistribution of income from households that experience high inflation to those that experience low inflation, from households where net asset values increase slower to those that increase faster, and from net creditor households to net debtor households. This means that redistribution impacts are significantly slowed when an economy experiences increased inflation. The third and final channel he discusses is indirect impacts which can be categorized as decreased economic growth and unemployment because even though in the short-run, higher unanticipated inflation increases economic growth, the absolute poverty of households that are poor decreases when employment is generated for people in such households.

Financial inclusion (FI), according to Omar and Inaba (2020), indicates all resources that drive financial services to be accessible and affordable, especially to low-income earners. FI has in recent years been considered as a vital tool for achieving multidimensional macroeconomic stability, employment generation, and poverty reduction amongst other variables. According to the 2022 FinScope South Africa Survey, 89% of adults are financially included, but only 60% have access to formal credit products, and significant gender and rural–urban gaps persist.

The expansion of financial inclusion promotes social integration by enhancing the accessibility and availability of financial services. This is particularly beneficial for disadvantaged populations, including vulnerable groups such as women, residents of rural areas, and low-income households, who may gain from access to fundamental financial tools like savings and credit. The World Bank's Global Findex Database (2021) notes that digital financial services have significantly increased account ownership in South Africa, but structural barriers such as low digital literacy and high transaction costs limit their poverty-reducing potential. Nevertheless, in developing nations like South Africa, widespread exclusion from the financial system persists, largely due to inadequate income levels and ongoing market-based discrimination (Omar and Inaba, 2020). Tran et al (2022) argue that FI is significant in addressing poverty because it provides people with access to finances to potentially start businesses, invest in production and take part in the economy which as a result leads to increased income levels. Park and Mercado (2018) also recommend that FI addresses poverty because when an increased number of

individuals have access to funds, they gain access that enables them to take part in business activities. Therefore, FI is a significant variable that needs to be considered as a dimension of poverty.

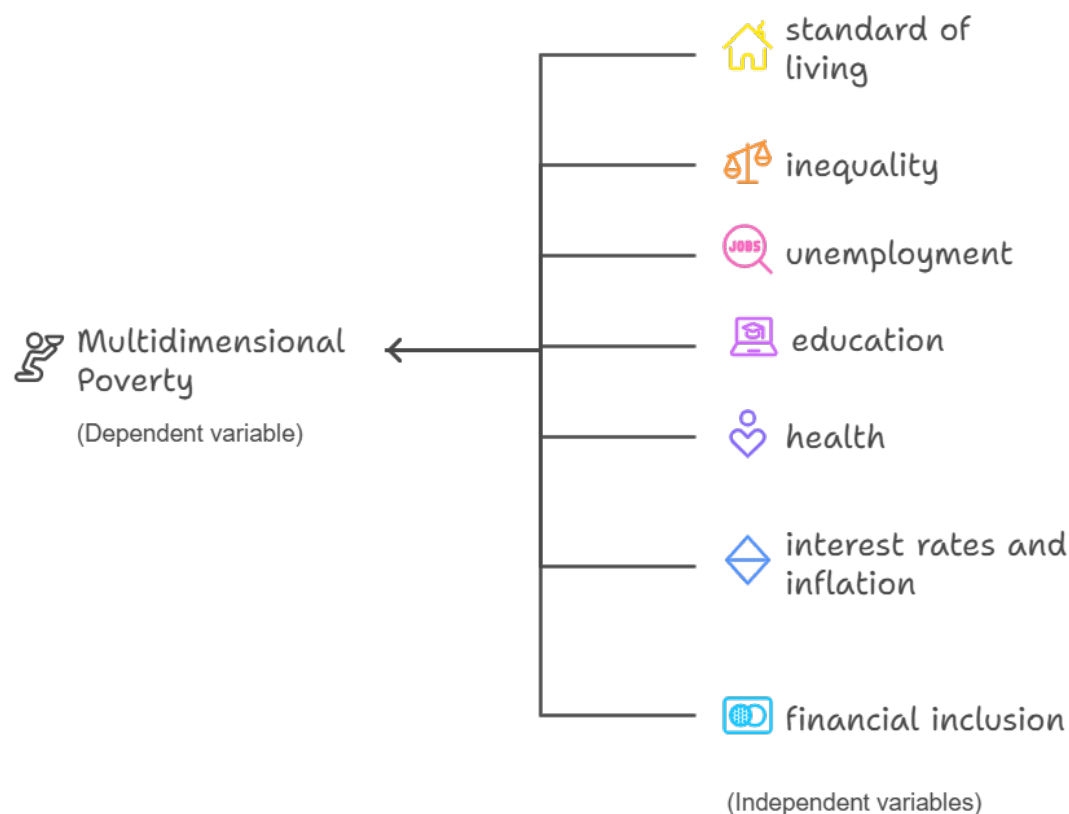
Mohammed et al. (2017) investigated the impact of FI on addressing poverty among the low-income earning households for 35 countries in Sub-Saharan Africa and they found that FI notably decreased the level of poverty by providing net wealth benefits to the poor.

Sethi and Acharya (2018) studied the impacts of FI on standard of living across 31 countries and they found that providing accessible financial services enhances income for the poor because for low-income earners, the access to low-cost borrowing encourages people to borrow money in order to organize their production activities such as farming, construction, carpentry, etc. which leads to an increase in production and thus an increase in employment. FI assists farmers in applying advanced technologies to increase productivity which leads to increased economic growth. Inoue and Lee (2011) show that the deprivation of access to formal financial services such as saving, credit, borrowing, and insurance leads to individuals having to rely on informal financial services such as loan sharks which have significantly high cost of borrowing. There is therefore evidence of how FI has an undeniable impact on poverty and needs to be addressed in order to address poverty. The misalignment about the dimensions that need to be used to measure poverty continue as there is no consensus on how multidimensional poverty needs to be measured to address all the deprivations that exist in South Africa. The theoretical and empirical evidence differs not only over time but also across the different dimensions that people believe are significant. However, there is substantial agreement amongst many studies and researchers that the definition and analysis of poverty needs to be expanded to better solve this compounded problem.

2.5 Conceptual Framework

This study embraces a multidimensional approach to thoroughly comprehend poverty by conceptualizing multidimensional poverty as the dependent variable impacted and influenced by different dimensions of the socio-economic well-being of people within South Africa. The conceptual framework submits that multidimensional poverty is a compounded concept influenced by various dimensions namely, standard of living, inequality, unemployment, education, health, interest rates and inflation and financial inclusion. Every one of the dimensions constitutes distinct characteristics of the lived experiences of individuals that contribute to their poverty status. Recent literature (Alkire, Kanagaratnam & Suppa, 2021; Stats SA, 2023a; World Bank, 2023) reinforces that these dimensions interact in complex ways, with South Africa's latest Multidimensional Poverty Index showing significant deprivation in education, health, and living standards, particularly in rural provinces.

By studying the influence of the various dimensions of poverty, this study focuses on furnishing information into the dynamic fundamental drivers of poverty and to inform policy interventions directed at addressing poverty in the South African context. The relationship between the various dimensions of poverty and multidimensional poverty needs a conceptual framework to clearly define the influence each dimension has on multidimensional poverty, as illustrated in Figure 2.6.

Figure 2.6 Conceptual framework

Source: Own compilation

2.6 Macroeconomic and Socio-economic context of poverty

This section of the study aims to explore broader economic and societal dimensions that form poverty by focusing on how national policies, systematic inequalities and economic trends influence the extent of poverty. The primary focus of this section will be on multidimensional poverty which extends far beyond income measures and will focus on 7 dimensions of poverty. The dimensions that will particularly be discussed in this section are inflation and interest rates, unemployment, inequality, education, health, standard of living and financial inclusion. Macroeconomic variables often have the potential to construct environments that put people in climates where they are more susceptible to poverty while on the other hand, socio economic factors such as unemployment, education and healthcare also hold a significant place in shaping the outcomes of poverty (Ozili, 2020). Now, financial inclusion is quite a key socio-economic dimension that provides marginalized groups with access to financial services such as lending and investments to better facilitate and empower themselves to not only improve their economic well-being but to also increase their chances of living a life outside of poverty and in an environment where they can practice freedom of choice (Ibrahim et al., 2022).

2.6.1 Contrast and Balance in analyzing dimensions of poverty

The selected dimensions of poverty will be analyzed in this section as they have complex relationships amongst themselves that increase or decrease poverty. Therefore, this analysis will make use of a funnel approach that will begin with global trends, then move on to regional impacts and finally focus on the national context of South Africa. This analysis will also include the increase and decrease conditions that the 7 dimensions of poverty have on multidimensional poverty.

2.6.1.1 Living Standards

Living standards refer to the level of comfort, wealth, material goods and necessities that are accessible to individuals or communities. Now, living standards are measured by indicators such as access to clean water and sanitation, incomes levels, health care and education, housing and the accessibility of goods and services. Countries such as Norway and Switzerland that experience high levels of living standards often experience strong systems of social welfare, increased levels of income, increased levels of employment, and increased quality of healthcare and education services.

Now, South Africa has a relatively low levels of standards of living on global living standards indices regardless of being one of the richest countries in South Africa. South Africa has long grappled with significant inequality and elevated unemployment rates as discussed in previous sections which have a significant impact on living standards by dragging down the living standards along with the levels of inequality and unemployment (World Bank and UNDP Human Development Index (HDI), 2022). South Africa's HDI ranked 109 out of 191 as of 2022 which reflected the gap between the quality of life that is enjoyed by its wealthier citizens and the large levels of poverty that is experienced by a larger portion of its citizens. In South Africa, life expectancy reached 64.1 years in 2023, up from 59.3 years in 2010 (Stats SA, 2023b), but still well below the global average of 73.4 years (WHO, 2023). This gap reflects the lingering effects of HIV/AIDS, TB, and rising non-communicable diseases.

Addressing the low levels of living standards in South Africa may have a significant impact of the reduction of poverty. Access to quality education, healthcare services, housing, increased levels of wages and improved working conditions could be increased by policies that are aimed at increasing the overall wellbeing of its citizens (National Planning Commission, 2020). Therefore, increasing the living standards for those living in poverty and marginalized could lead to improved economic growth due to the healthier and better education individuals. On the other hand, not addressing the low levels of living standards could lead to exacerbated levels of poverty by retraining opportunities for increased mobility.

2.6.1.2 Inequality

South Africa has one of the highest levels of income inequality globally, with a Gini coefficient of approximately 0.63, which contributes immensely to the persistence of poverty (Statista, 2024). The COVID-19 pandemic further widened these disparities, disproportionately affecting poorer Black communities and low-income households (Futshane, 2021). Measured by the Gini coefficient, inequality in South Africa reflects deep structural divides, with substantial income gaps between the wealthiest and poorest segments of society.

Countries such as Sweden and Norway, which have lower levels of inequality, can be compared to South Africa to understand potential policy pathways for improvement (Van der Berg et al., 2021). These nations benefit from progressive tax systems, universal access to quality education, and comprehensive welfare programs that redistribute wealth more evenly. Globally, inequality manifests differently depending on socio-economic, historical, and political contexts, but countries with lower inequality often feature inclusive economies and policies intentionally designed to promote equitable growth (OECD, 2021).

In South Africa, the top 10% of earners account for more than 65% of total income, while the bottom 50% collectively earn less than 8% (World Inequality Database, 2023). According to the World Bank (2020), high

inequality constrains poverty reduction by limiting access to quality education, healthcare, and secure employment opportunities for low-income groups. Recent Income and Expenditure Survey (IES) data show that about 75% of white-headed households are in the top income quintile, compared to 45.1% of Black African-headed households in the bottom two quintiles, highlighting persistent racialized economic divides (Sunday Independent, 2025).

On a regional level, inequality is also stark between rural and urban areas. Wealthier provinces such as Gauteng and the Western Cape enjoy greater access to quality services, employment, and infrastructure, while poverty is concentrated in rural provinces such as the Eastern Cape and Limpopo. The Western Cape's Gini coefficient (0.625 in 2021) is slightly below the national average but still reflects high inequality (Western Cape Government, 2022). This disparity exacerbates national poverty by creating geographic pockets of extreme deprivation alongside wealthier urban centers.

A recent 1995–2022 panel data study confirms that while economic growth can reduce poverty in the long term, persistent income inequality continues to hinder poverty alleviation. The study recommends structural reforms, such as progressive tax adjustments, targeted regional investment, and expanding social grants, potentially moving toward a Universal Basic Income, to reduce inequality's grip on economic opportunity (International Journal of Business and Economic Development, 2025).

2.6.1.3 Unemployment

Unemployment is a dimension that is directly linked to the poverty levels of an economy because individuals that find themselves without employment, and those that simply do not have employment due to the lack thereof will inevitably face a lack or even absence of income to meet basic needs. Globally, unemployment is impacted and influenced by fluctuations, technological advancements and market demand, whereas in Sub-Saharan Africa, there is a significantly high youth unemployment which remains an extremely dire. As of 2023, South Africa's expanded unemployment rate stood at 42.6%, with youth unemployment exceeding 60% (Stats SA, 2023b), far higher than the global average of 14.9% (ILO, 2023). In South Africa, unemployment rates are some of the highest in the world which was further exasperated by the legacy of apartheid which has left a majority of the population without access to quality employment if any.

Alleviating unemployment can reduce poverty by fostering economic growth and improving living standards. Studies have shown that providing employment opportunities and targeted skills development, particularly in high-demand sectors such as technology and green industries, can significantly reduce poverty rates (Ranchhod and Daniels, 2021; Turok and Visagie, 2021). However, empirical findings on unemployment's impact on poverty in South Africa are not always consistent. For example, some longitudinal household surveys (e.g., NIDS-CRAM) suggest a strong, direct link between job loss and multi-dimensional poverty, while labor force survey data sometimes show weaker short-term effects due to temporary coping mechanisms such as informal sector work or extended family support (Finn and Leibbrandt, 2020).

These discrepancies can often be traced to differences in:

- Data sources: household panel data may capture informal and precarious work transitions that standard labour market surveys overlook.
- Measurement methods: some studies focus on income poverty alone, while others apply multi-

dimensional poverty indices that incorporate education and health.

- Sub-population focus: research centred on urban youth often reports higher poverty impacts from unemployment than studies including rural or older cohorts.
- Time horizon: short-term studies may capture only immediate income shocks, whereas long-term analyses reveal cumulative effects on skills, employability, and intergenerational poverty.

A critical reading of the evidence suggests that context matters: youth, women, and residents of rural provinces are disproportionately affected by unemployment's poverty impacts due to weaker job markets, limited mobility, and reduced access to social networks that facilitate employment. Addressing these disparities requires tailored interventions, such as rural infrastructure investment, gender-targeted employment programs, and region-specific skills training.

2.6.1.4. Education

Globally, one of the most significantly recognized contributing factors to alleviating and combating poverty is Education. Education generally increases one's chances of pursuing their desired choice of career, particularly higher education as higher education should in a perfect world, lead to improved employment opportunities, increased wages or income and improved socio-economic mobility which is the freedom to be and do what one desires in an economy. This means that a well-educated community or society should be better prepared to adapt to technological changes and globalization (World Bank, 2020). However, you find that in regions that are still developing such as Sub-Saharan Africa, access to quality education is still largely limited which continues to heighten poverty levels (UNESCO, 2021). Now, in South Africa, historical inequalities in the education system that took place in apartheid for instance, continues to have an impact on schools in rural and township areas, where they remain under-resourced, with inadequate infrastructure, overcrowded classrooms, and shortages of qualified teachers (Spaull, 2019; Van der Berg et al., 2022). The slow pace of economic growth has certainly also aggravated this issue, which is also further constrained by limited entrepreneurship, particularly for young graduates (OECD, 2020).

Even among those attaining higher education, labour market absorption is weak: approximately 40.7% of unemployed South Africans hold a matric certificate and 10.6% possess a tertiary qualification (Stats SA, 2023b). Graduate unemployment, while lower than the national average, is rising, signalling structural issues in the economy and a mismatch between graduate skills and employer needs (CHE, 2022; OECD, 2020).

From a policy standpoint, expanding equitable access to quality education is critical not only for poverty alleviation but also for long-term inclusive growth, as education affects multiple other poverty dimensions, health, employment, and even financial inclusion, by building the foundational capabilities that underpin economic participation.

2.6.1.5 Health

Health and poverty have a relationship that is closely linked where poor health can retrain individuals working or impact the type of employment that one may have access to. Poor health can also lead to decreased levels of income and increased medical expenses that all have an impact of poverty (WHO, 2022).

Globally, healthcare systems that are inadequate in low to middle income countries leaves millions of individuals vulnerable to poverty as a result of increased medical expenses. In Sub-Saharan Africa, you find many countries that still face challenges when it comes to providing adequate healthcare which leads to

increased levels of health challenges such as HIV/AIDS, malaria and malnutrition which continue to impoverish communities (UNAIDS, 2021). In South Africa, regardless of the progress that has been made in improving the quality of healthcare, the legacy of apartheid continues to generate unequal access to healthcare services which impact levels of poverty.

The covid-19 pandemic revealed and further intensified the global inequalities in healthcare and employment that already existed by impacting individuals differently based on the quality of healthcare they had access to, and the employment security that they had. A systems-approach study revealed many missed opportunities for implementing more inclusive health policies during the crisis (GSPN, 2022). Individuals that had access to advanced healthcare, globally, and the freedom to work remotely were significantly less impacted than those individuals who were employed in industries that required physical presence such as hospitality, retail and manufacturing. Many individuals that were employed in informal sectors lost their employment, experienced decreased wages or experienced reduced working hours due to the restrictions that were implemented during covid-19 to manage the spread of the virus. Analysis of COVID-19 data found that indirect socioeconomic disruptions disproportionately impacted the poor, through income loss, restricted mobility, and limited access to basic services, deepening health inequalities (Burger & Mchenga, 2021).

South Africa's economy was already vulnerable prior to the pandemic, which made the impact of COVID-19 particularly severe on the country's economic landscape. Stats SA (2021) recorded that in the third quarter, unemployment climbed sharply, reaching 34.9% of 2023 which was one of the highest levels of unemployment globally which was further intensified by the lockdown measures applied by the South African government under the Disaster management Act. These lockdown measures disrupted industries such as tourism, construction and hospitality because they industries consisted largely of individuals in lower income brackets, and individuals that did not have access to health benefits or employment security and this is where most individuals were impacted. However, employees that belonged to higher income brackets that could be carried out remotely such as finance and technology which largely retained their employment. In South Africa, access to healthcare is determined by an intense disparity between the public and private healthcare centers where individuals that relied on the underfunded public healthcare were met with delays in treatment, which further intensified the outcomes of health and economic vulnerability.

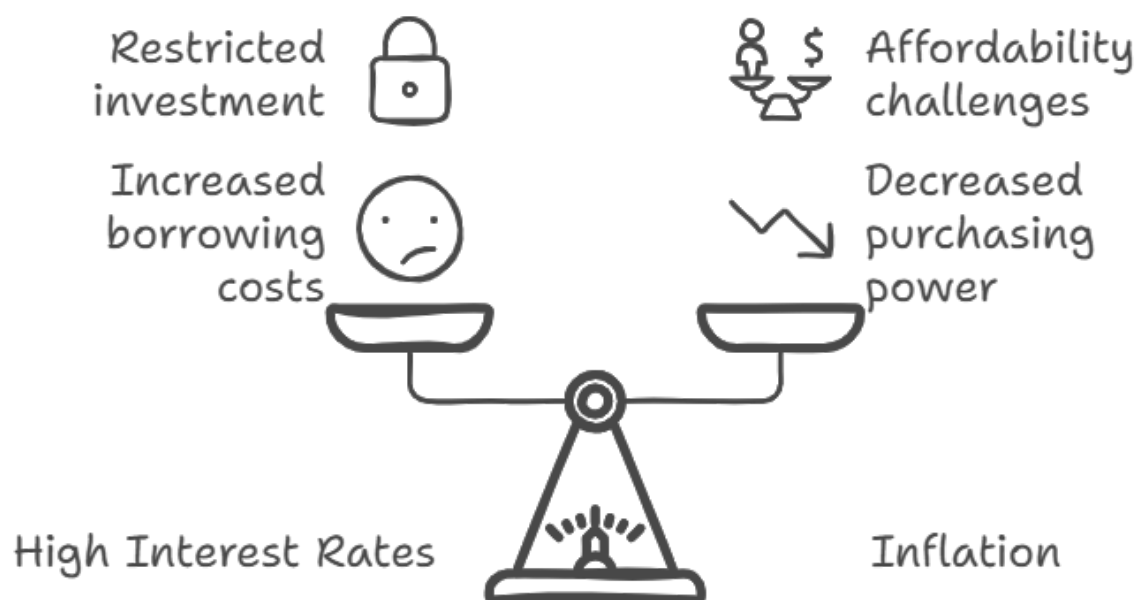
Looking ahead, the National Health Insurance (NHI) Act, signed into law in May 2024, aims to dismantle entrenched inequality in health care by creating a universal fund for free access and reducing private sector dominance, with implementation planned in phases (Reuters, 2024a). However, policymakers and health stakeholders express concern over under-resourcing, ambiguous funding mechanisms, and potential legal challenges (Reuters, 2024b). One study evaluating the NHI's rollout highlights implementation challenges, including deficient policy detail, stakeholder misalignment, and governance limitations (Mhlanga and Luthuli, 2024).

Overall, the covid-19 pandemic highlighted the inequalities that exist in the access to healthcare and the conditions of employment that reinforce and further widen the existing differences in economic security. This emphasized the significance of addressing these structural inequalities in recovery plans post-pandemic to prevent long term term poverty aggravation.

2.6.1.6 Interest rates and Inflation

Globally, high interest rates can contribute to increased levels of poverty by making products and services significantly more expensive for individuals and businesses to lend money which restricts investment and consumption. Inflation, on the other hand, decreases the purchasing power of households with low levels of income which makes it challenging to afford basic needs such as food and shelter (IMF, 2022). In regions such as Sub-Saharan Africa, where high levels of inflation are often faced, households already facing poverty are unjustifiably affected (African development bank, 2022). Inflation has been a consistent challenge in South Africa especially where prices of food and energy are impacted. Also, interest rates that are set by the South African Reserve bank also has an impact on access to credit where high levels of interest rates can restrain economic growth and employment opportunities (SARB, 2022).

Figure 2.7 Balancing economic pressures on poverty



Source: Own compilation

South Africa has been facing challenges with increased levels of interest rates and inflation since 2023 which both have a significant impact on poverty. The South African Reserve Bank (SARB) has maintained the repo rate above 8% to restrain inflation which was recorded at 5.4% in July 2023 from 7.8% in 2022. However, even though there was this slight reduction in inflation, it continues to harm households and the cost of borrowing is also increased which further decreases disposable income especially for low to middle income households. Globally, South Africa has relatively high levels of inflation when comparing to countries such as the US that has an inflation rate 3.2% in 2023 and inflation rates in countries in Europe where inflation has also decreased, even though they come from much higher peaks than South Africa. The European Central Bank maintains interest rates at about 4.25% which is significantly lower than the interest rates in South Africa which allows for increased consumer spending and the growth of businesses.

2.6.1.7 Financial inclusion

Financial inclusion refers to the procedure of establishing that individuals and businesses have access to financial products and services that are useful and affordable and meet the financial needs that they undergo

such as insurance, savings and borrowings, and transactions in a manner that is responsible and sustainable. It is therefore significant for economic growth, the alleviation of poverty and the access to increased opportunities for populations that are already vulnerable. World Bank (2020) released a report that stated that financial inclusion is a significant tool in reducing the extreme levels of poverty that exist and in leading to increased shared prosperity. The global drive for financial inclusion has improved in recent years, however, a large number of individuals, particularly in low-income brackets and in countries that are still developing still remain unbanked. In fact, as of 2021 there were approximately 1.7 billion adults, globally, that still did not have access to formal financial services.

Now, at a global level, you find that the unbanked predominantly consists of individuals that are located in low to middle income countries, especially in Sub-Saharan Africa, South Asia and large parts of Latin America. In South Africa, the unbanked population is mostly made up of 4 categories namely, rural populations, women, low-income individuals and informal sector workers. Therefore, it is significant to make mention the impacts that increasing financial inclusion would have in significantly reducing poverty. Financial inclusion enables individuals to save money, have access to credit for investments such as education and small businesses and insure themselves and their businesses against risk. Studies have also shown that households that have access to financial services have the opportunity to improve their income stability and to invest in opportunities that allow them the chance to advance beyond poverty. For example, in Kenya, there is M-Pesa which is a mobile money platform that has transformed access to financial services in rural areas and providing a way for transactions and savings that did not exist previously. In addition, financial services also have the ability to empower women and other marginalized groups which would contribute to reducing the gender inequality gap and leading to increased social inclusion.

On the other hand, a lack of financial inclusion has the potential to exacerbate poverty by imprisoning individuals into a cycle of economic vulnerability because without access to savings, credit, insurance, etc. people are inclined to rely on informal and more often predatory financial systems. This makes it more challenging for these individuals to manage risks, advance their businesses or even escape economic hardships which makes them more susceptible to the impacts of income shocks and reduces their chances of surviving these financial hardships. Financial inclusion is therefore a significant driver of economic development and undoubtedly the reduction of poverty. By ensuring that the formal financial system is accessible to more individuals means that more individuals have access to equitable opportunities that have the potential to reduce poverty. However, for those that remain excluded, continue to experience poverty due to the lack of resources to cushion risk and seize opportunities.

2.6.2 The role of constant factors and shifting conditions in poverty dynamics

Poverty is exacerbated by consistent underlying dimensions such as unemployment, healthcare, education and inequality. However, the extent to which these dimensions contribute to the degree of poverty depend on the conditions around them that are constantly evolving and changing. Unemployment is an example of a dimension of poverty that has always been a significant driver of poverty, however, in economic hardships or during times of global and financial crises like the covid-19 pandemic, the impact is escalated due to the decreased employment opportunities and wage/ salary cuts if not the loss of employment (World Bank, 2021). In the same breadth, Education is another dimension that remains with a constant influence on poverty yet the quality of education one has access to and the alignment of that education with the needs of the labor market can have

one of 2 impacts, it can either amplify or mitigate the levels of poverty in the nation. Now, regardless of the higher levels of education in South Africa amongst the labor market, structural unemployment, which is the mismatch between the skills demanded and the skills supplied in an economy, continues to persist due to this mismatch of skills in the country (Stats SA, 2022).

Inflation and interest rates are also examples of how conditions can significantly shift the intensity of poverty because these dimensions consistently have an impact on household income and the purchasing power that individuals have. However, the real-time impacts of inflation and interest rates fluctuate with the changes in the wider economy. For example, in times of high levels of inflation, it is individuals in the no to low-income brackets that experience the most distress because often times, their incomes do not cushion or support the significantly increasing costs of living (IMF, 2021). On the contrary, inflation at controlled rates and interest rates that are favorable have the potential to stabilize the levels of poverty by providing increased economic predictability. Therefore, although these root factors persevere, it is the wider socio-economic, political, and environmental conditions that surround them that actually fluctuate which determines the severity and if at all, the levels of poverty increase or decrease (Ravallion, 2021).

To completely identify the underlying factors influencing poverty, it is important to examine a wider range of dimensions that have an impact on the overall quality of life and one's ability to either thrive or remain in poverty. These dimensions include living standards, inequality, unemployment, education, health, interest rates and inflation, and financial inclusion. Now, the extent to which these dimensions either mitigate or intensify the levels of poverty depends on external factors such as access to resources, policies and economic conditions. The table below provides how each dimension of poverty can be influenced by factors that either lead to increased or decreased levels of poverty.

Table 2.1 Dimensions of Poverty: factors influencing Poverty

Dimension	Poverty enablers	Poverty inhibitors
Living Standards	Lack of basic goods, shelter and sanitation	Public expenditure on infrastructure
Inequality	Income inequality	Equality promotion policies and wealth distribution
Unemployment	Increased unemployment	Increased employment opportunities
Education	Poor quality education	Improved quality education
Health	Inadequate healthcare systems	Adequate healthcare systems
Interest rates and Inflation	High inflation and interest rates	Stable inflation rates and favorable interest rates
Financial Inclusion	Lack of access to financial services	Increased access to financial services

Source: Own compilation

The table above presents the 7 dimensions of poverty that illustrate how particular factors can either increase or decrease the levels of poverty and each dimension is significant for addressing poverty at a local, national and global level. For example, UNESCO (2019), completed a study that indicated that increasing global access to education for children living in extreme poverty could reduce the levels of poverty by up to 7%. The covid-19 pandemic highlighted the significance of adequate healthcare systems in reducing the levels of poverty because it was the poorest of populations that were disproportionately impacted. South Africa's Expanded Public Works Programme (EPWP) was crafted to create temporary employment, and it created over 2 million employment opportunities across South Africa between 2019 and 2022 which is an example of how government intervention in employment has the possibility to provide immediate poverty relief. These are some examples of how the above dimensions have had a significant impact on poverty.

2.6.3 Causes of Multidimensional Poverty

This analysis of the study is centered on categorizing the causes of multidimensional poverty into three distinguishable categories: structural, systemic and contextual factors. These categories will provide direction in identifying the deeply embedded and immediate causes of poverty that have a relationship with one another in complicated ways. Each of the dimensions have an impact of poverty in various ways based on whether the causes are persistent structural issues, systemic failures or contextual shocks that are piloted by economic or social calamities. Therefore, by analyzing these dimensions, this study aims to display the dynamic layers of poverty and provide literature into addressing it from various characteristics. This categorization does not only aid a comprehensive understanding of the way in which the various factors pilot poverty, however, it also assists in carving targeted interventions at the global, regional and national levels, especially in economies such as South Africa where multidimensional poverty is experienced at intense levels. This analysis will therefore emphasize the significance of comprehensive and multi-branched strategies in decreasing the levels of poverty.

2.6.3.1 Structural causes of poverty

Structural causes of poverty refer to persisting systems, institutions, and trends that display how societies are formed. These are deeply rooted in historical, economic and social contexts that endure over periods of time, which often creates unbalanced opportunities for individuals and societies. In Africa, structural dimensions that have an impact on poverty levels include legacies of colonialism, where African labor was commercialized to the advantage of wealthier economies, leaving long lasting and persisting levels of unemployment and living standards (Adepoju, 2020). For instance, forced labor exports have capacitated African countries to meet the demands of national food (Mensah & Collins, 2019). Structural restrictions also have an impact on financial inclusion, as neo-colonial economic systems still continue to restrict access to financial services which leads to increased levels of poverty (Onyebuchi, 2020). Educational institutions also experience crucial challenges where a large number of individuals resort to leaving the continent in search of better opportunities which contributes to brain drain (Nwajiuba, 2020).

Globally, there have been technological disruptions such as automation that are reducing employment opportunities for the individuals that live in the impacted economies, particularly in low-skilled employment which further aggravates the levels of poverty in developing economies (World bank, 2020). Regionally, levels of unemployment continue to rise in Africa, especially among young individuals which contributes to increased economic stagnation and social unrest (African Development bank, 2021). Nationally, the structural unemployment in South Africa has been influenced if not caused by the mismatch between the demand and the

supply of skills in the country which drives more individuals towards poverty (IMF, 2021). Now, locally, Unemployment continues to be a disparaging issue in the local communities of South Africa, especially in communities that are driven by weak economies. There are also high levels of youth unemployment which limit economic mobility and increase the dependency on the government (Stats SA, 2022).

Globally, decreased living standards that include factors such as decreased access to adequate healthcare, education and housing if any have left more than a billion individuals in poverty (Global Living Standards Report, 2021). Across all of Africa, the largest cause of poverty has been poor living standards which includes lack of access to clean water and sanitation (African development Bank, 2022). Now, while there have increased efforts to improve the conditions of living, there are still millions of South Africans that continue to live in housing that is inadequate which has had significant impacts on the increasing levels of poverty (UN-Habitat, 2020). Locally, a large number of South Africans live in inadequate housing as mentioned above, but more particularly in informal settlements that lack basic service such as power and sanitation and these living standards also have a direct impact on the increasing levels of poverty (Human Settlements review, 2020).

Globally, limited access to financial services restricts individuals from having the ability to access financial services such as credit or even accumulation assets which continues to perpetuate poverty (Global Financial Inclusion Database, 2020). Regionally, the growth mobile banking across Africa has increased the levels of financial inclusion, however, access to traditional banking services such as loans and mortgages remains restricted, particularly in areas that are largely made up individuals living in poverty (Mobile banking in Africa, 2021). Nationally, financial inclusion continues to endure as a challenge in South Africa where a large number of South Africans still do not have access to credit, savings or insurance services (Financial Sector Review, 2020). Locally, many South Africans are left financially excluded due to the limited access to banking and financial services that exists in rural areas and urban areas that are impoverished which continues to deepen the levels of poverty (FinMark Trust, 2022).

The causes of multidimensional poverty are compounded and transpire at various levels. Now, addressing the dimensions above requires solutions that are personalized to the needs of the economy at hand which account for the economic realities of the world. Decreasing the levels of poverty needs efforts that address the interconnected dimensions of living standards, inequality, unemployment, education, health, interest rates and inflation and financial inclusion. The efforts in reducing the levels of poverty need to be global but also need to be sensitive to context of the economy in which they are being applied and need to be with the intention of enhancing economic and social resilience.

2.6.3.2 Systemic causes of poverty

Systemic factors refer to the procedures and institutional procedures that increase the levels of inequality and poverty within a society. Now, these factors include political, legal, and economic systems that continue to disadvantage particular groups based on their race, gender or class. Inequality is an example of a factor that has been sustained by systemic challenges such as contested citizenship and ethnic divisions. In South Africa and other economies in Africa, colonial-era divisions and rule strategies have intensified ethnic tensions which has resulted in civil wars, exclusion and inequality (Nkomo, 2021). These systemic inequalities perpetuate the cycles of poverty as marginalized communities have restricted access to resources and opportunities for progression. Globally, the technological divide broadens the gap between individuals that are educated and those that are

not educated because the access to technological has become significant for modern education, which is restricted in economies that still developing, continuing to further establish the levels of poverty (World Bank, 2021). Regionally, in Sub-Saharan Africa there are systemic challenges that exist such as gender inequality with regards to access to education and teacher training that is inadequate which weakens the efforts being implemented towards reducing the levels of poverty (African development Bank, 2022). Nationally, regardless of the relatively high public expenditure on education in South Africa, the inequalities that exist continue to persist which is palpable from the rate at which individuals drop out from schools, particularly in secondary schools where a large number of students do not successfully complete school. Now, this leads to a workforce that is poorly skilled if skilled at all which continues to worsen the levels of poverty (Spaull and Jansen, 2019). Locally, in areas that are made of poor infrastructure and resources, particularly in the rural areas of South Africa, you find that the accessibility of education is restricted which also continues to exacerbate poverty (Statistics South Africa, 2020). The wealth gap continues to grow wider on a global scale with inequality exacerbating the levels of poverty, particularly in economies that are still developing where social safety nets such as government grants are limited (UNDP, 2021). Regionally, inequality is driven by the uneven economic growth and the limited social mobility across Sub-Saharan Africa. This imbalance traps many nations in a persistent cycle of poverty (African Union Report, 2020). On a national scale, South Africa exhibits the highest inequality globally, with the top 1% of income earners controlling an excessively large portion of the country's wealth. Now, inequality has led to an increase of the poverty gap in South Africa where the middle class evidently and increasingly have been becoming poorer (World Inequality Report, 2022). Locally, inequality manifests severely at the community level where you find that affluent areas that coexist alongside informal settlements that are impoverished. The division between urban and rural areas intensifies poverty by restraining access to resources for poor individuals in rural areas (Oxfam, 2022).

2.6.3.3 Contextual causes of poverty

Contextual causes of poverty often fluctuate with varying international, national or local circumstances, including economic and health calamities, political uncertainties, or environmental challenges. These circumstances form the instantaneous conditions of living of individuals and has the ability to either decrease or increase the levels of poverty. With regards to interest rates and inflation, the inheritance of colonial economic structures has led to increasingly long terms of economic imbalances, leading to increased rates of inflation and constantly changing interest rates that impact low-income earners the most (Rodrik, 2022). In addition to that, health crises such as continuous underinvestment in public health expenditure have additionally disadvantaged low-income earners. The scarcity of quality healthcare continues to intensify cycles of poverty, especially during health crises such as the covid-19 pandemic (Johnson, 2021).

Globally, health crises that have hugely disrupted economies such as the covid-10 pandemic have disproportionately impacted populations that were stricken by poverty that had restricted access to healthcare which drove millions of individuals into poverty (UNDP, 2021). Regionally, across Africa there have been endemic diseases such as HIV/AIDS and malaria that have had consequential impacts on the productivity and life expectancy of the economies that are stricken by these diseases which continue to perpetuate poverty (WHO, 2020). Nationally, in South Africa, there has been inadequate public healthcare funding and constraints with resources that has resulted in substandard care in areas that are stricken by poverty which prolongs the cycle of poverty (South African Medical Journal, 2019). Locally, there have been high levels of preventable diseases which are caused by the poor healthcare infrastructure in communities that are underdeveloped which

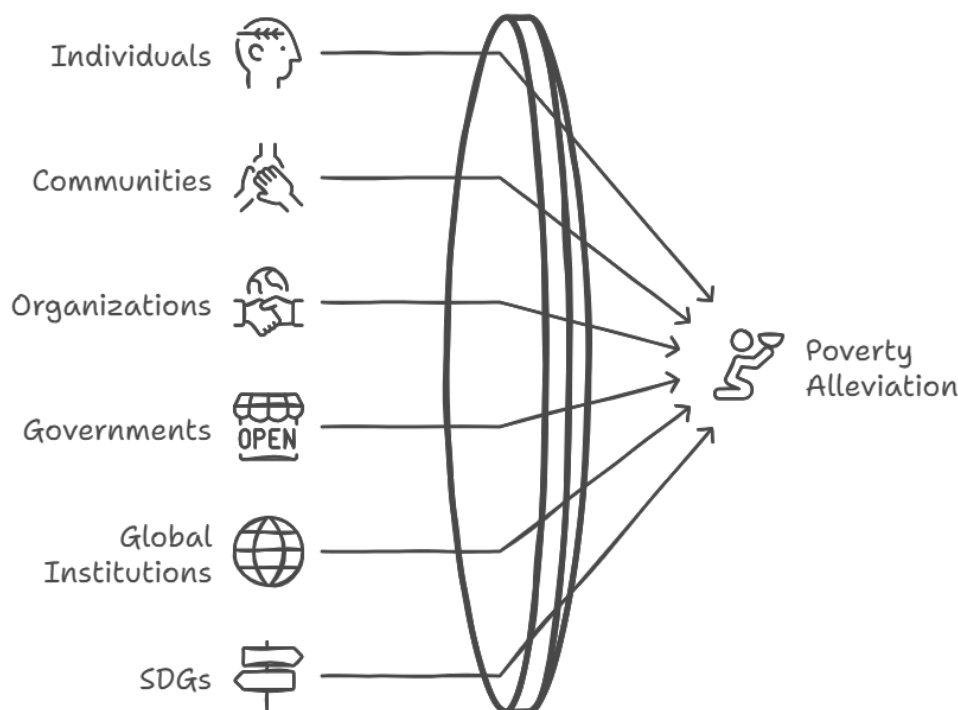
continues to compound poverty. The lack of access to healthcare, if any access, leads to increased levels of vulnerabilities that are health related (Department of Health, 2021).

Globally, the disproportionate impacts of inflation are often on countries that largely consist of low-income earning individuals which decreases living standards in those countries and therefore increases the levels of poverty (Global Inflation Report, 2021). Regionally, across the continent of Africa, inflation weakens real income and restricts the access to afford financial services such as credit which continues to exacerbate poverty (Regional Economic Outlook, 2022). Nationally, increased inflation and interest rates have decreased the amount of purchasing power that individuals that live in South Africa have. This is especially the case for households that depend largely on credit (IMF, 2022). Locally, inflation leads to an increase in the cost of living which makes it challenging for poor households to afford basic goods and services because in South Africa, the cost of food and transport are especially responsive to inflation (SARB, 2021).

2.7 Suggested methods to alleviate poverty

To effectively address poverty in any economy, the approach to be taken needs to be multifaceted and must be a collective effort from individuals, communities, organizations, governments and global institutions and they need to align with international frameworks such as the Sustainable Development Goals (SDGs) by the United Nations. This section will provide a suggested methods to alleviate poverty by placing an emphasis on the roles of various players:

Figure 2.8 Poverty alleviation methods



Source: Own compilation

2.7.1 Contributions of an Individual in alleviating poverty

It is crucial for individuals to invest in personal education and in acquiring relevant skills that are in demand in the evolving labor market which have the ability to enhance the employability of individuals and improve the

quality of employment that they can have access to. Programs such as upskilling initiatives for the high levels of unskilled youth can also have a substantial impact in working towards reducing the level of poverty that one is susceptible to (Ghosh & Banerjee, 2020). Financial literacy such as learning about savings and investments, and entrepreneurship is also essential in empowering oneself to have the ability to make informed decisions which decreases the levels of vulnerability that individuals face in economic fluctuations.

Globally, individuals play a crucial role in beating the levels of poverty through entrepreneurship, education and participating actively in the activities that drive an economy. For example, micro entrepreneurship is encouraged in economies such as India and Bangladesh where individuals have access to small loans that are provided by microfinance institutions to venture into entrepreneurship and start their own businesses which prompts them out of the life of poverty (Amin, 2021). Regionally, Kenya has mobile services such as M-Pesa have empowered individuals by providing access to financial services, therefore increasing the levels of financial inclusion which provides them the opportunity to save money and venture into small businesses (Koomson, Martey & Etwire, 2023). Now, in South Africa, as much as entrepreneurship continues to grow, there are barriers faced by individuals such as access to financial services and education which restricts the results of the efforts individuals invest in starting businesses. Therefore, encouraging increased individual participation in entrepreneurship by decreasing the levels of these barriers may replicate the success that is taking places in countries such as Kenya.

2.7.2 Contributions of Groups and Communities in alleviating poverty

Now, in the same breath of micro finance programs, but from the context of the communities that provide these programs, microfinance programs that are led by communities provide individuals with small loans that empower them venture into entrepreneurship that particularly contributes to the development of an economy. Studies by Banejee Abhijit, et al. (2019), Raihan et al. (2020) and Amin, Hussain and Raza (2021) have shown how these programs can have a substantial impact towards reducing poverty, particularly in rural areas (Blattman et al., 2022).

Globally, there are more community driven initiatives such as in Brazil, they have the Zero Hunger Program that involves the individuals in the local communities by ensuring that there is food security for these individuals and contributing to decreased levels of poverty through collective farming and the sharing of resources (Rocha, 2017). Regionally, one of Rwanda's vision is the Rwanda's Vision 2020 which included initiatives such as the Grinika Program (One Cow Per Poor Family) and was heavily reliant on the development of communities where poor families were provided with livestock in an effort to reduce the levels of poverty (Ansoms, 2019). Now, In South Africa, there are initiatives such as the Community Works Program (CWP) which has provided individuals with the opportunity in short term employment to reduce the levels of poverty. Therefore, expanding agricultural initiatives similar to Brazil's, that are community led could have a substantial impact in sustaining long term poverty alleviation.

2.7.3 Contributions of Organizations and NGOs in alleviating poverty

Companies have the ability to contribute towards supporting the alleviation of poverty through corporate social responsibility (CSR) through programs such as community development programs which will not only influence the reduction of poverty levels through employment creation but will also contribute through increased quality of education and increased healthcare initiatives (BRAC, 2021).

Globally, economies such as Bangladesh have NGOs such as the Bangladesh Rehabilitation Assistance Committee (BRAC) which was originally founded in 1972 have been essential in reducing the levels of poverty through the provision of education, healthcare and microfinance services to communities that experienced the most extreme levels of poverty (Raihan et al, 2020). Regionally, Ethiopia has the Productive Safety net Program (PSNP) which is funded by both the government and international NGOs which has provided food and cash transfers to more than 8 million people (World Bank, 2020). In South Africa, NGOs such as the Gift of the Givers have provided immediate relief of poverty through the distribution of food, however, increased long term approaches similar to Bangladesh's BRAC may provide sustainable solutions.

2.7.4 Contributions of Governments in alleviating poverty

Governments also have the ability to contribute towards reducing the levels of poverty, however, they can provide immediate poverty relief through programs like social welfare programs.

Globally, governments such as China have successfully boosted millions of their citizens out of poverty not only through government programs such as Targeted Poverty Alleviation but through the intensive industrialization that has taken place in China as well (World Bank, 2020). Regionally, Botswana has made crucial advances in reducing the levels of poverty by effectively and efficiently managing their resources and through the investments of the government in education and infrastructure. In South Africa, for example, the Expanded Public Works Program (EPWP) has provided temporary employment for disadvantaged communities which has had a large impact on contributing to the reduction of the levels of poverty (South African Government, 2020). However, regardless of the efforts of the EPWP, structural unemployment continues to persist. Therefore, adapting to China's poverty alleviation strategies that are led by the government such as employment programs that are targeted at specific sectors may potentially be effective in South Africa.

2.7.5 Contributions of Global institutions in alleviating poverty

Globally, World Bank and the UN are some of the examples of global cooperation where they have set their focus on achieving the no.1 SDG goal which is poverty, which assists in providing financial resources and guidance with regards to policy creation in developing economies. Now, these global efforts foster sustainable development and has long term impacts on the reduction of poverty levels (UNDP, 2020). Regionally, the African Development Bank (AfDB) supports the reduction of poverty levels in African countries by funding infrastructural projects that are on a large scale, which results in increased economic development. Now, South Africa is devoted to the SDGs but falls behind in achieving the no.1 goal due to increased levels of inequality and unemployment. Therefore, South Africa could learn from AfDB's regional investment approach by anchoring their focus on infrastructure that would have a substantial impact on stimulating employment which has been successful in economies such as Ethiopia.

In conclusion, combating the levels of poverty requires an approach that is multifaceted, that involves individuals, communities, organizations, governments and global institutions collaborating effectively. Therefore, microfinance programs have proven success in economies such as Bangladesh and Kenya which provide valuable takeaways for South Africa in combatting the increased levels of inequality and unemployment. Now, addressing the 7 dimensions of poverty – living standards, inequality, unemployment, education, health, interest rates and inflation and financial inclusion need to be central to any strategy aimed at poverty alleviation. By aligning local policies with global goals such as the SDGs, and promoting sustainable economic solutions,

the foundation for long-term poverty reduction can be cemented.

Table 2.2 Sustainable Development Goals

Sustainable Development Goals (SDGs)	Description
1. Poverty	End poverty in all its forms everywhere.
2. Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Good health and well-being	Ensure healthy lives and promote well-being for all at all ages.
4. Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Gender equality	Achieve gender equality and empower all women and girls.
6. Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all.
7. Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Industry, innovation and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
10. Reduced inequalities	Reduce poverty within and among countries.
11. Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Responsible consumption and production	Ensure sustainable consumption and production patterns.
13. Climate action	Take urgent action to combat climate change and its impacts.
14. Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Partnerships for the goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

Source: United Nations. (2015). Transforming our world: The 2030 Agenda for Sustainable Development. Retrieved from <https://sdgs.un.org/2030agenda>

2.8 Gap analysis

A gap analysis refers to the procedure of identifying the distinction between knowledge that already exists and

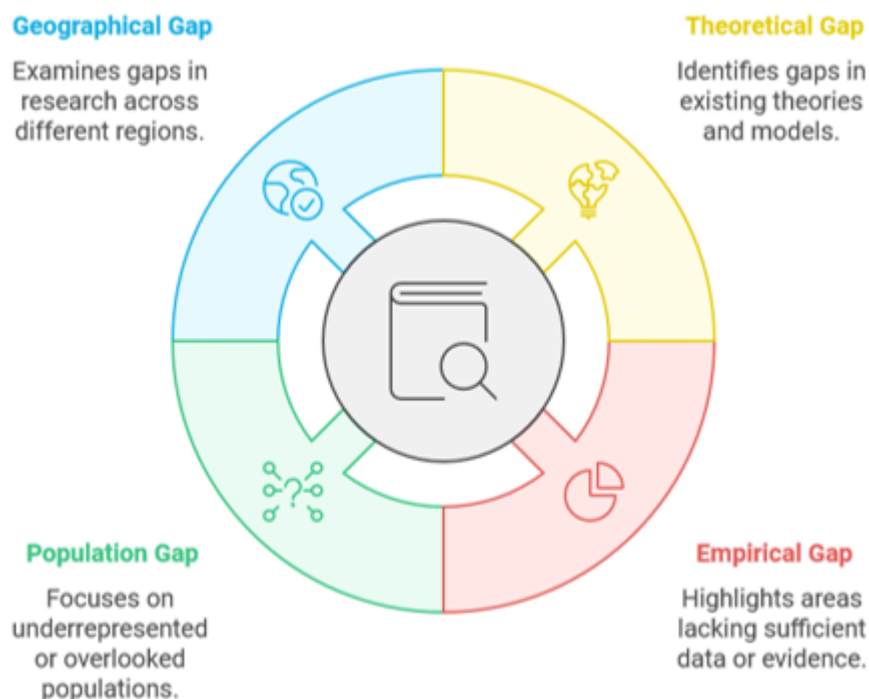
the desired results or goal within a particular field (Amith, 2019). The purpose of a gap analysis aims to highlight scenarios where there is inadequate data, methodologies or theoretical frameworks that already exist which provides guidance for the studies to come (Patel, 2021). Therefore, by analyzing the gaps that exist within literature, researchers are able to preempt and combat gaps in existing literature, suggest advanced research questions, or progress in the development of strategies to enhance the comprehension and the results in a specific scenario (Brown, 2020). Now, a complete gap analysis guarantees that new literature is relevant to today's context and adds worth and value to the field in which the study is being carried out by filling gaps in the research landscape that exists (Jamshed, 2018). Now, below is a list of the 7 research gaps including their descriptions.

Table 2.3 Research gaps key: For this study, relevant gaps are highlighted in green

Research gap	Description
Theoretical gap	This gap exists where there is insufficiency of theoretical frameworks or models to describe the phenomenon or when the literature that exists is incomplete (Thomas and Brown, 2020).
Empirical gap	This gap exists where there is insufficiency or outworn data to substantiate or disprove a theory (Patel, 2021).
Methodological gap	This gap refers to concerns in how the literature or research was completed, such as ill-suited or outworn methodologies, or even the lack of innovative methods (Smith, 2019).
Population gap	This gap transpires when specific groups or demographics of individuals are marginalized in research which could relate to age, gender or ethnicity (Wang and Lee, 2020).
Geographical gap	This gap occurs when specific regions or locations are underrepresented in literature which results to inadequate data from particular areas (Garcia and Hunter, 2020)
Temporal gap	There gap refers to the necessity to improve outdated studies to reflect today's context which happens mainly due to crucial alterations in technology, policy or social norms (Taylor and Miller, 2022)
Practical knowledge gap	This gap occurs when there is inadequate practical application of literature findings in real-world environments (Johnson and White, 2021).

Source: Own compilation

Figure 2.9 Understanding research gaps

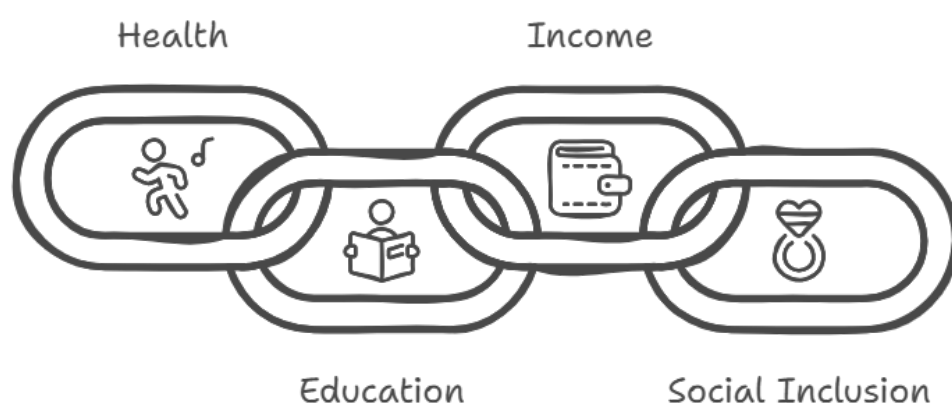


Source: Own compilation

2.8.1. Gap analysis on the capability approach

Figure 2.1 portrays the foundational idea that wellbeing consists of different freedoms that are interconnected and depicts how deprivation in one capability may impact the others.

Figure 2.10 Capability wheel

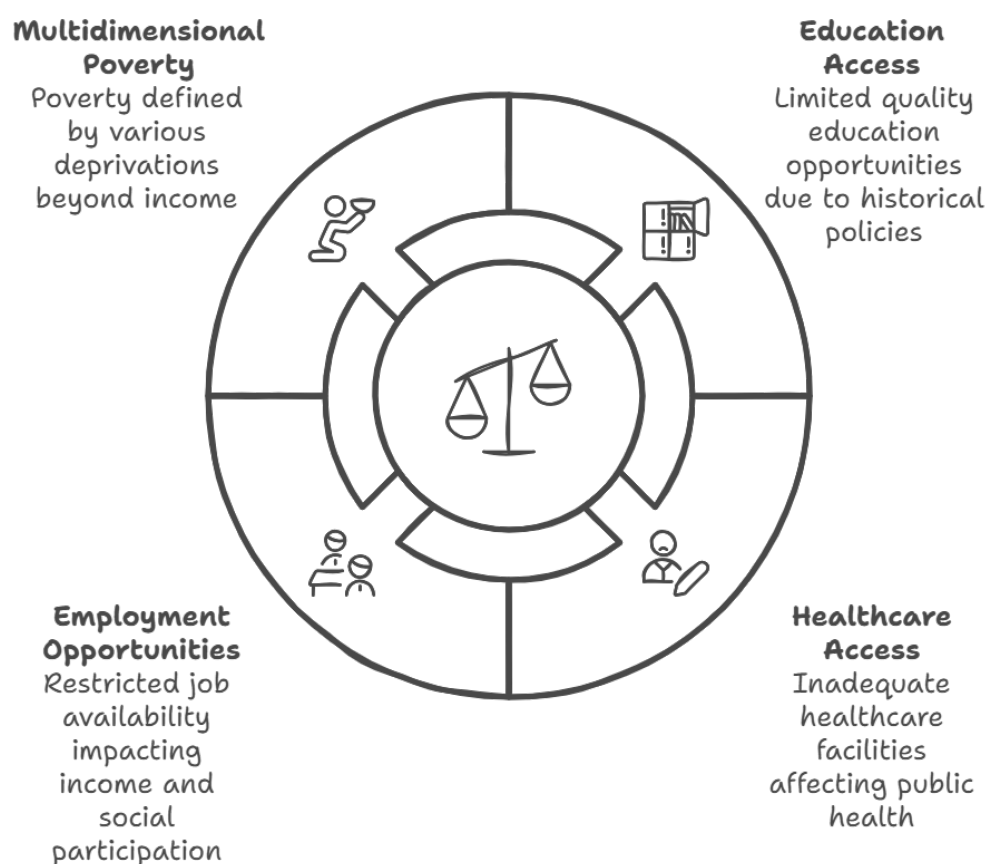


Source: Own compilation

Even though the capability approach is a universal framework, the manner in which it is applied has underlined the extreme variations between the impact it can have on third world countries versus first world countries, particularly in countries like South Africa where high levels of multidimensional poverty are prevalent. The socio-economic inequalities that exist are deeply embedded in South Africa's apartheid history that continues to form people's capability today by restricting theory access to quality education, healthcare and employment

(Comim and Puyana, 2020). This is also aggravated by restricted physical resources such as poor infrastructure and healthcare facilities and intellectual facilities where the quality of education and opportunities are not distributed equally. The capability approach therefore redefines South Africa's levels of poverty, placing emphasis on the fact that tangible deprivations such as low levels of income are just one dimension of poverty and there are many other dimensions to be addressed. For example, unemployment does not only have an impact on income, but also limits one's capability to participate valuably in society. Therefore, the capability approach in the context of South Africa underpins the multidimensional nature of poverty and its link to capabilities and freedoms across various domains (Sen, 1979; Comim and Puyana, 2020).

Figure 2.11 The Capability approach



Source: own compilation

Regardless of the comprehensive approach of the capability approach, it still has limitations such as access to both physical and intellectual resources that continue to be an issue in regions like South Africa where there are limited resources. This limitation impacts the ability to apply policies that would be impactful in increasing the capabilities of individuals within the society. In addition to this limitation, quantifying capabilities can be quite complex as it needs indicators that in addition to income, take into account the quality of life which may not be easily quantifiable (Comim and Puyana, 2020).

The capability approach closely aligns with the logic of multidimensional poverty which acknowledges that

poverty consists of multiple dimensions of well-being such as living standards, financial inclusion, health and education. The multidimensional Poverty Index (MPI) has been implemented in South Africa to encapsulate these dimensions which provides policymakers with a view of the greatest needs in this economy. To effectively address multidimensional poverty, solutions need to be tailored to increasing access to significant resources such as investing in education and healthcare facilities, especially in the most impoverished societies to empower individuals with knowledge and the physical strength to provide better living conditions for themselves and their families. Social support programs such as social grants provide income security to alleviate the immediate needs that individuals face, but it cannot be a permanent solution as it does not empower individuals. It is crucial that it be an interim solution while building long term resilience against multidimensional poverty (Alkire et al., 2020).

The Capability approach provides a comprehensive foundation for this study and provides 4 principal benefits. Firstly, it provides a comprehensive view of poverty by exploring poverty in its multidimensional nature, it enables the study to analyze poverty beyond income measure and provides a holistic assessment of one's well-being (Sen 1979). Secondly, this approach is centered on empowerment of individuals which are crucial for sustainable development. This therefore aligns with this study's objective to assess policies that inform independence and self-sufficiency. Thirdly, the focus of the capability approach on expanding freedoms supplies coherent direction for policy recommendations such as policies focusing on removing education and employment structural barriers which directly addresses the deprivation of capability. Lastly, with the history and socio-economic inequalities that exist in South Africa, the Capability approach's emphasis and focus on multidimensional poverty palpitates strongly because it encapsulates the complex link between various resources, opportunities and economic conditions.

2.8.2. Multidimensional poverty gap analysis

There are gaps that have been identified in multidimensional literature, specifically with regards to the complexities and connectedness of various dimensions of poverty. This section will focus on the main gaps this study aims to address.

Multidimensional poverty takes different factors into consideration such as education, health, unemployment and financial inclusion. Nonetheless, there is restricted comprehension of how these dimensions impact one another, particularly in the South African context (Alkire et al., 2020). For example, how the level of education directly impacts the levels of unemployment, and how the quality of health intersects with inequality is under investigated. Therefore, this study aims to fill this gap by scrutinizing these relationships more extensively.

Now, the bulk of multidimensional studies are completed in developing regions but do not include a focused study of the disparities within regions such as rural vs urban poverty. In South Africa, although urban poverty has been comprehensively explored, rural areas and informal settlements need additional localized studies. This study addresses this gap by including a regional analysis that exists in the South African context (Lustig, 2020). Regardless of the global acknowledgement of financial inclusion as a tool to alleviate poverty, there is still insubstantial data on how the access to financial services affect the levels of poverty in South Africa. Now, this study aims to bridge the empirical gap by thoroughly exploring the direct impacts of financial inclusion on the different dimensions of poverty.

Although inequality is often quoted as a major cause for poverty, there is still a lack of theoretical development

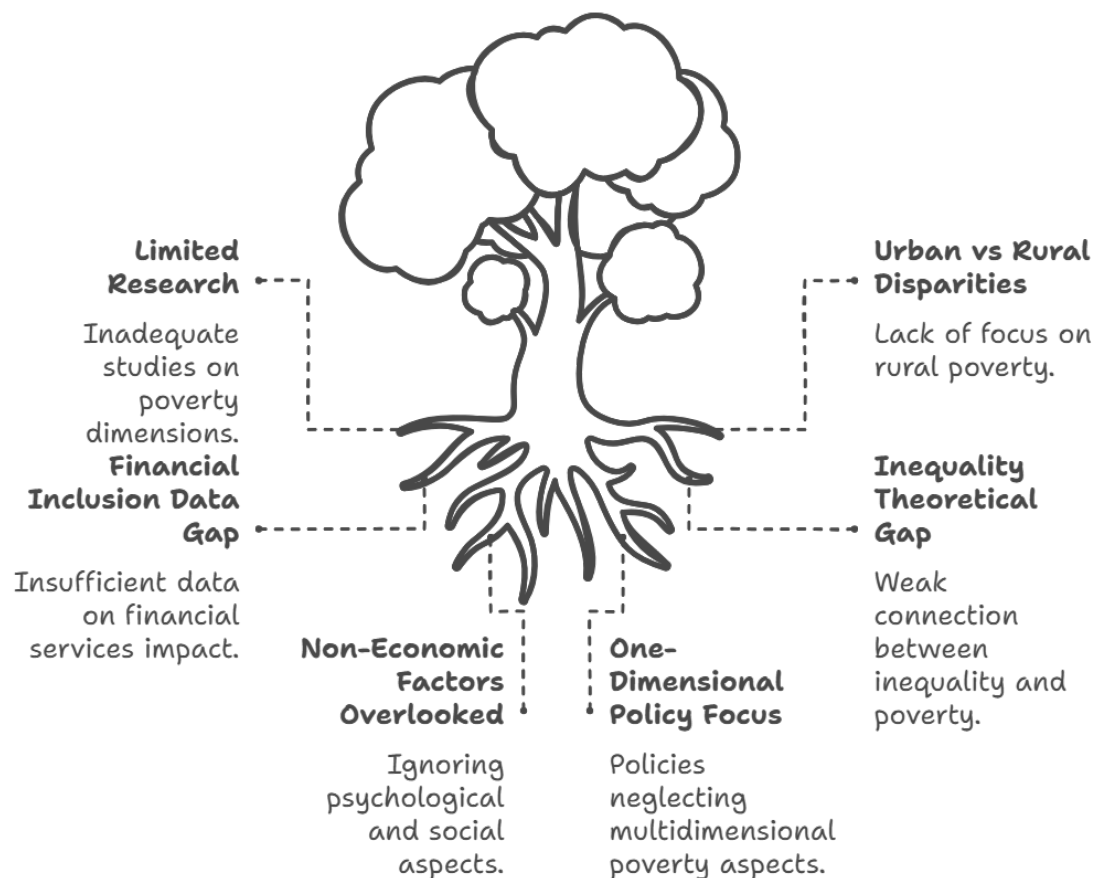
literature that connects inequality with multidimensional poverty. Particularly, the role of extensive wealth in maintaining poverty among low-income groups necessitates additional theoretical and empirical investigation. This study contributes to poverty by developing a multidimensional framework that characterizes inequality as a key driver (Stiglitz, 2019).

Now, conventional poverty measures focus majorly on income and consumption, and often overlook non-economic characteristics of poverty such as psychological well-being and social inclusion. This study will therefore apply a more comprehensive approach to investigate how non-economic factors such as community participation can lead to decreased levels of poverty.

More recent policy interventions often have logic centered on 1 dimensional aspects of poverty such as employment creation or access to healthcare without also focusing on the multidimensional nature of poverty. This study therefore aims to provide literature that integrates policy solutions by focusing on multidimensional poverty (Taylor et al., 2022).

Poverty is a phenomenon that is constantly changing and needs longitudinal studies to trace how different dimensions of poverty change with time, particularly in economies that are constantly changing such as South Africa. This study therefore addresses the temporal gap in multidimensional literature by including both historical and upcoming predictions of multidimensional poverty (Taylor et al., 2022).

Figure 2.12 Multidimensional poverty gap analysis



Source: Own compilation

By addressing these research gaps that exist in multidimensional poverty literature, this study aims to contribute to an extensive and multidimensional comprehension of poverty in South Africa by considering the research gaps stated above. The focus on financial inclusion, inequality and the relationship between the different factors provides new awareness on how poverty can be alleviated within the South African context.

This chapter has provided a comprehensive review of literature and empirical findings on multidimensional poverty by addressing its complex nature and the multifaceted characteristics that contribute to the levels of poverty such as living standards, inequality, unemployment, education, health, interest rates and inflation and financial inclusion. This chapter has extensively explored the different definitions of poverty, beginning with Amartya Sen's capability approach and analyzing how poverty is demonstrated across various dimensions and contexts – global, regional, national and local. The analysis of multidimensional poverty included global economic shocks and the inequalities that exist between urban and rural areas and the distinction between developed and developing nations. Additionally, this analysis delved into sociological and psychological perspectives, showing how poverty is influenced by economic conditions and individual and collective mindsets. Additionally, this chapter emphasizes the persistent gaps that exist in knowledge, specifically in the comprehension of poverty within the South African context and highlighted the necessity for additional research to inform policies that aim at decreasing the levels of poverty. By identifying the key dimensions of poverty and providing an extensive synopsis of the factors affecting them. This chapter therefore builds the foundation for addressing these challenges through illuminated, multidimensional strategies and interventions, aligned with global attempts such as the Sustainable Development Goals (SDGs). This study will therefore contribute to filling the knowledge gaps that exist in this field, specifically how multidimensional poverty impacts marginalized populations.

3. RESEARCH METHODOLOGY

This study employed a narrative literature review approach to synthesize existing research on multidimensional poverty in South Africa through seven key dimensions: standard of living, inequality, unemployment, education, health, interest rates and inflation, and financial inclusion. The methodological process was as follows:

3.1 Databases Searched

A comprehensive search was conducted across multiple academic and grey literature databases, including Scopus, Web of Science, JSTOR, Google Scholar, and EconLit. Grey literature was sourced from institutional reports (World Bank, IMF, UNDP, Statistics South Africa) and reputable policy think tanks.

3.2 Keywords and Timeframes

Keywords included combinations and variations of: "multidimensional poverty", "South Africa", "living standards", "inequality", "unemployment", "education", "health", "interest rates", "inflation", "financial inclusion", "capability approach", and "poverty measurement frameworks".

Searches were restricted to publications from 2019 to 2024 as older literature may not be an accurate reflection of today's context, except in instances where there was a need for foundational insights or a historic perspective.

3.3 Screening Procedure

The screening followed a three-step process:

- Title and Abstract Screening: Initial filtering to remove unrelated works.
- Full-text Review: Detailed examination of relevant papers and reports to ensure thematic alignment with the study's focus. This stage helped identify thematic trends, policy implications, empirical gaps, and areas requiring further exploration.
- Synthesis and Conclusion Alignment: The final step involved synthesizing the findings from the included literature and aligning them with the study's central theme, while identifying interconnections between dimensions and highlighting implications for future research and policy.
- Inclusion Criteria: Studies were included if they (1) explicitly addressed poverty in South Africa, (2) adopted a multidimensional or capability-based perspective, and (3) examined at least one of the seven selected dimensions.

3.4 Rationale for Choosing the Seven Dimensions

The seven dimensions; standard of living, inequality, unemployment, education, health, interest rates and inflation, and financial inclusion were selected based on their recurring prominence in multidimensional poverty literature (Alkire & Foster, 2019; Sen, 1999) and their particular relevance to South Africa's socio-economic context. These dimensions align with both the Sustainable Development Goals (SDGs) and national policy frameworks, and they reflect critical structural and systemic factors that sustain poverty in the country.

3.5 Data Synthesis

Findings from the included literature were synthesized thematically according to the seven dimensions, with a focus on identifying interactions between dimensions, contextual factors, and implications for policy and future research.

4. DISCUSSION

The article has provided a comprehensive overview and synthesis of the study on multidimensional poverty, structured around seven critical dimensions.

4.1 Theoretical Contributions

This study contributes significantly to the theoretical development of poverty studies by:

- Advancing Sen's Capability Approach: Building on Amartya Sen's capability approach, the study offers an empirical application of multidimensional poverty within the South African context, deepening theoretical understanding of how freedom, choice, and functioning are shaped by socio-economic variables.
- Integrating Economic and Social Theories: By aligning multidimensional poverty with frameworks such as the Basic Needs Approach, Social Exclusion Theory, and Maslow's Hierarchy of Needs, this study provides a synthesized theoretical lens that reflects poverty's complex, interconnected nature.
- Filling Theoretical Gaps: The study addresses a notable theoretical gap by integrating inequality and financial inclusion as core components of multidimensional poverty, dimensions that are under-theorized in much of the existing South African literature.
- Highlighting Interdimensional: The study also contributes a novel lens by emphasizing the interaction between dimensions (e.g., how education affects unemployment, or how financial inclusion affects standard of living), expanding multidimensional poverty literature from additive models to interactive frameworks.

Figure 4.1 Contributions of the study mind-map

Source: own compilation

4.2 Practical Contributions

From a practical standpoint, the study contributes by:

- **Identifying High-Impact Dimensions:** By categorizing poverty dimensions into primary (e.g., education, unemployment), secondary (e.g., health, inequality), and tertiary (e.g., inflation, financial inclusion) levels of impact, the study provides a prioritization matrix for practical intervention strategies.
- **Enabling Localized Strategy Design:** The inclusion of spatial variations (rural vs urban, local vs national) allows for the crafting of geographically sensitive strategies, useful for provincial departments and local municipalities.
- **Demonstrating Measurement Frameworks:** The operationalization of indicators (e.g., school enrolment ratios, unemployment rates, inflation) offers a replicable blueprint for practitioners, NGOs, and analysts working on poverty alleviation.

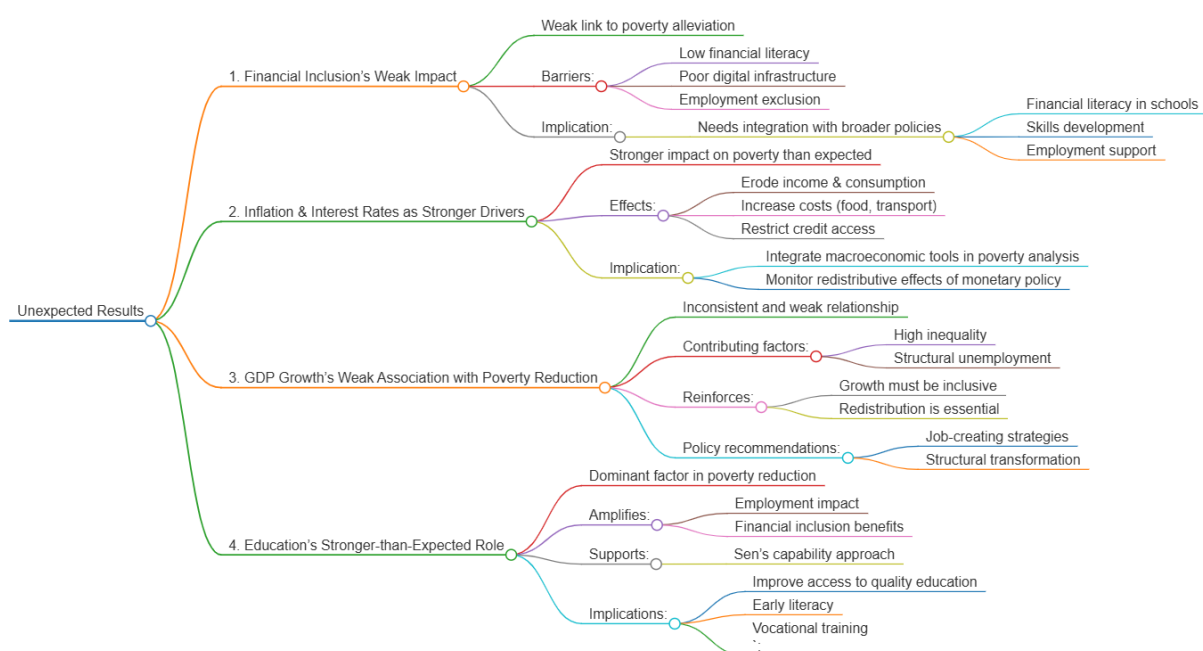
4.2.1 Financial Inclusion's Weak Impact

Although financial inclusion is widely recognized as a tool for economic empowerment and poverty reduction (Omar & Inaba, 2020; Tran et al., 2022), this study found a surprisingly weak relationship between increased access to financial services and poverty alleviation. Despite improved access to banking, mobile money, and credit platforms, many South Africans, particularly in rural and low-income communities, remain financially marginalized. Barriers such as low financial literacy, poor digital infrastructure, and exclusion from formal employment limit the utility of financial services (Sethi & Acharya, 2018). This weak linkage suggests that financial inclusion must be embedded in broader developmental policies (e.g., financial inclusion curriculum in schools, skills development through employment) to be effective.

4.2.2 Inflation and Interest Rates as Stronger Drivers of Poverty

Unexpectedly, inflation and interest rates were found to be more influential than anticipated in increasing multidimensional poverty. While literature acknowledges the role of macroeconomic stability (Loewald, 2020; IMF, 2022), this study showed that inflation and high interest rates directly erode the income and consumption power of low-income households, especially where food and transport dominate expenses (Statistics SA, 2022). High interest rates restrict credit access for small businesses and consumers, worsening financial exclusion. These findings suggest that poverty analysis must increasingly integrate macroeconomic tools and monitor the redistributive effects of monetary policy.

Figure 4.2 Unexpected results mind-map



Source: own compilation

4.3.3 GDP Growth's Weak Association with Poverty Reduction

While economic growth is often touted as a solution to poverty (World Bank, 2020), this study found a weak and inconsistent association between GDP growth and reductions in multidimensional poverty. This echoes Stiglitz (2019) and Alkire & Foster (2019), who argue that growth without redistribution or structural transformation benefits the few while bypassing the poor. South Africa's high inequality and structural unemployment mean that growth has failed to translate into improved living standards for the majority (Van der Berg et al., 2021). This reinforces the argument that economic growth must be inclusive, job-creating, and paired with redistributive policies to truly impact poverty levels.

4.3.4 Education's Stronger-than-Expected Role

Although the study anticipated that education would be significant, it emerged as a more dominant driver of poverty alleviation than expected. Not only did educational attainment reduce multidimensional poverty, but it also amplified the positive effects of other variables such as employment and financial inclusion (UNESCO,

2021; Bici & Çela, 2017). These results validate education as a foundational capability in Sen's (1999) framework and as a linchpin for sustainable development. Improved access to quality, equitable education, especially early literacy and vocational training, holds transformative potential in breaking intergenerational poverty cycles.

These unexpected findings, both in their deviations and confirmations, hold significant implications for poverty policy and theory in South Africa. They reveal blind spots in current interventions, such as overreliance on GDP growth or assumptions about access equating to empowerment. These insights pave the way for the next chapter, where recommendations will be developed to reframe policy responses using a multidimensional, targeted, and context-sensitive approach that reflects the real economic and social dynamics influencing poverty.

4.3.5 Temporal Limitation and the Trade-Off of Relevance

Lastly, the decision to use data from the last six years (2019–2024) was intentional to ensure that the study is grounded in current economic realities, including the aftermath of COVID-19, inflation shocks, and interest rate fluctuations. However, this temporal focus may inadvertently limit the ability to track the longitudinal impacts of structural interventions or to fully reflect long-term poverty dynamics. To counterbalance this limitation, it is important to note that the empirical component of this study spans as far back as 1992, offering a robust historical dataset that complements the more recent qualitative and theoretical literature. This long-term empirical perspective strengthens the study by ensuring that while the qualitative and policy discussions reflect current realities, the model itself captures historical poverty trajectories and economic trends over a 30-year period. As such, the study is able to balance immediate policy relevance with a grounded understanding of how multidimensional poverty has evolved over time, thereby offering both depth and recency in its findings and implications.

Despite these limitations, this study successfully captures the interconnected, dynamic, and evolving nature of multidimensional poverty in South Africa. The identified constraints do not detract from the integrity of the findings. Rather, they serve as guiding lights for future research, policy recalibration, and data investment strategies. The recommendations that follow in the next section will therefore speak directly to these limitations, offering targeted strategies for enhancing data availability, improving dimensional measurement (particularly of health and financial inclusion), and designing localized, context-aware interventions that are resilient and sustainable.

5.RECOMMENDATIONS

This part of the study outlines recommendations that are founded on the key insights of the study, the theoretical and empirical evidence provided in earlier chapters, and the limitations that were identified. The recommendations are directed at various stakeholders including government policymakers, education and financial institutions, researchers, and development agencies. They aim to provide actionable and targeted strategies for alleviating multidimensional poverty in South Africa. These recommendations also address the study's constraints, such as data limitations and temporal scope, by offering practical ways to overcome or mitigate their effects in future studies and policy development.

5.1 Expand and Institutionalize Financial Inclusion Across Sectors

One of the most significant findings of this study is the undervalued but critical role of financial inclusion in

influencing multiple dimensions of poverty, especially education and employment. Policies aimed at enhancing access to affordable credit, mobile banking, insurance, and financial literacy, particularly in rural and informal communities, should be mainstreamed into the country's broader poverty alleviation agenda. This could include:

- Embedding financial education into school curricula to equip future generations with the tools to navigate economic participation.
- Establishing targeted financial products (e.g. low-interest education or entrepreneurship loans) for youth and marginalized groups.
- Partnering with mobile money platforms (e.g. M-Pesa-style models) to expand digital access for unbanked communities.

Such policies will not only promote economic agency but also counter structural exclusions that have persisted post-apartheid.

5.2 Integrate Education with Employment Pathways

The empirical findings reaffirm that education alone does not guarantee economic participation, particularly when there is a disconnect between academic qualifications and market demands. Therefore:

- Government and private institutions should establish industry-specific training programs and technical vocational education and training (TVET) initiatives that align with emerging sectors such as digital technology, green energy, and creative industries.
- Graduate employability audits should be introduced to continuously evaluate the match between educational outcomes and labour market needs.
- Partnerships with private employers should be incentivized to offer structured youth internships and apprenticeships that prioritize previously disadvantaged groups.

This alignment will address both the education and unemployment dimensions of multidimensional poverty simultaneously.

5.3 Stabilize Macroeconomic Variables Affecting the Poor

An unexpected result of this study was the greater-than-anticipated influence of inflation and interest rates on poverty. These macroeconomic shocks disproportionately impact low-income households, especially where food and transport dominate household expenditure. Therefore:

- The South African Reserve Bank (SARB) and National Treasury should implement pro-poor inflation targeting strategies, particularly for essential goods.
- Social grants and food security programs should be indexed to inflation to preserve purchasing power among vulnerable groups.
- Introduce community-based monitoring mechanisms to assess and report inflation-related hardships in real time, allowing quicker policy responses.

These measures will provide relief while also fostering economic resilience.

5.4 Localize Poverty Interventions and Improve Rural Data Representation

Given the urban-centric focus of most poverty data, rural and informal communities remain under-represented in policy and planning. The following should be considered:

- Develop localized multidimensional poverty indices at municipal and provincial levels.
- Promote community mapping projects that allow residents to identify poverty dimensions and priorities in their own contexts.
- Ensure that rural development policies are tailored, not transplanted, from urban frameworks.

Such localized evidence-based strategies will foster greater policy relevance and impact, particularly in historically neglected regions.

5.5 Align National Strategies with the SDGs and the Capability Approach

This study's conceptual framework is rooted in the Capability Approach, which emphasizes not only the availability of resources but also the freedoms people have to use them meaningfully. Therefore:

- Poverty alleviation strategies must be multi-sectoral and multidimensional, addressing interlinked deprivations simultaneously.
- South Africa's National Development Plan (NDP) and provincial development strategies should be realigned with SDG targets, particularly Goals 1 (No Poverty), 4 (Quality Education), 8 (Decent Work), and 10 (Reduced Inequality).
- Use the Capability Approach to assess the effectiveness of poverty interventions, not just through income but by evaluating people's real freedoms and opportunities.

This ensures that anti-poverty policies not only alleviate suffering but enable choice, dignity, and long-term empowerment.

Recommendations for future studies

While this study provides critical insights into the multidimensional nature of poverty in South Africa, it also highlights several areas where future studies could expand, refine, or deepen the investigation to contribute further to the growing body of knowledge in this field. The following recommendations are proposed to guide and strengthen future research efforts:

Adopt Mixed-Methods Approaches to Capture Lived Experiences

Future studies should integrate qualitative methodologies such as interviews, focus groups, and ethnographic case studies alongside quantitative analysis. While this study depends on secondary data for breadth and generalizability, qualitative narratives can capture nuanced, lived realities of poverty that are often invisible in large-scale datasets. This is particularly important for understanding:

- Psychological and sociological impacts of poverty, including dignity, mental health, and social exclusion.
- Intra-household deprivations, especially how gender, age, or disability may influence the way poverty is experienced.

Such approaches would provide richer, context-sensitive data and allow for intersectional analysis of poverty dynamics.

Expand Cross-Country Comparative Studies

To enrich the contextual understanding of multidimensional poverty, future research could include comparative studies between South Africa and other countries in Sub-Saharan Africa or other developing economies with similar inequality profiles. This would:

- Reveal best practices and policy failures across countries.
- Enhance South Africa's ability to benchmark its progress in addressing multidimensional poverty against regional and global targets.

Such comparative work would contribute to theory-building and offer scalable solutions adaptable to various economic and cultural contexts.

6.CONCLUSION

Future research must build on the multidimensional and dynamic foundation laid by this study. From a policy perspective, immediate priorities should include expanding financial inclusion in informal settlements through mobile banking and microcredit schemes, accelerating the equitable rollout of the National Health Insurance in underserved provinces, and addressing persistent educational disparities through targeted investment in rural and township schools. Policies should also focus on reducing youth unemployment via sector-specific skills training in high-growth industries such as technology, renewable energy, and agribusiness, and implementing progressive taxation measures to reduce income inequality while protecting vulnerable households from inflationary shocks.

On the research front, mixed-methods designs that combine longitudinal household panel surveys with ethnographic case studies in under-researched provinces such as the Northern Cape and North West would provide a richer understanding of localised poverty dynamics. Incorporating quasi-experimental evaluations of policy interventions, such as grant expansions or health financing reforms, would further clarify causal pathways between poverty dimensions and development outcomes.

Finally, the seven-lens approach outlined in this study, covering living standards, inequality, unemployment, education, health, inflation/interest rates, and financial inclusion, can be operationalised into an empirical composite index. This index could integrate quantitative indicators (e.g., Gini coefficient, expanded unemployment rate, health access scores) with qualitative measures (e.g., lived experience surveys, community resilience assessments), enabling comparative analysis across provinces and demographic groups. Such a tool would not only allow for monitoring progress over time but also facilitate evidence-based policy targeting, ensuring that poverty alleviation efforts are context-specific, measurable, and adaptable.

Ultimately, by broadening methodological tools, diversifying data sources, and deepening demographic and regional focus, future studies can push the boundaries of how poverty is conceptualised, measured, and addressed. In doing so, researchers, policymakers, and communities will be better equipped to respond effectively and equitably to the persistent challenge of poverty in South Africa.

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