



PSPPD
PROGRAMME TO
SUPPORT PRO-POOR
POLICY DEVELOPMENT

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FROM EVIDENCE TO ACTION

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**planning, monitoring
& evaluation**

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



PSPPD
PROGRAMME TO
SUPPORT PRO-POOR
POLICY DEVELOPMENT



editorial

Packed with interesting information and useful resources, *From Evidence to Action* will not only share the work of the Programme to Support Pro-poor Policy Development's (PSPPD's) Learning Facility, but also hopes to stimulate discussion and serve as a platform for building networks.

In this issue of *Evidence to Action* we focus on the twin challenges of poverty and inequality in South Africa and how we can address them through the right policy responses. Critically, we explore what we need to evaluate, formulate, reform and implement these policies: we need appropriate evidence on which to base them, an approach known as evidence-based policy-making and implementation (EBPM&I); we need to build the capacity of researchers and policy-makers to understand and use EBPM&I effectively; and we need to create platforms for engagement to change behaviour and attitudes and build relationships.

In his landmark visit to South Africa in October to deliver the 13th Annual Nelson Mandela Lecture, Professor Thomas Piketty shed a lot of light – but raised many questions too – on what is driving poverty and inequality in our country and what can be done about it. We unpack his presentation and reflect on why data is so important in light of the World Bank's brand new *Poverty in a Rising Africa* report, as well as how the PSPPD, together with the Graduate School of Development Policy and Practice (GSDPP) is building the capacity of senior government officials to incorporate evidence-based information when developing and implementing policy through their flagship EBPM&I course.

We also present some game-changing new research by the Southern Africa Labour and Development Research Unit (SALDRU) on South African poverty lines and examine the latest findings on the knowledge, skills and attitudes of policy-makers. We find out about the Government Technical Advisory Centre's (GTAC's) dynamic new website, learn about the PSPPD poverty and inequality flagship programme, and finally, provide a variety of useful resources.

» **For more information about the Learning Facility, visit our website at www.learningfacility.org**

World famous Piketty on poverty and inequality in South Africa

In October this year, renowned French economist Professor Thomas Piketty delivered the 13th Annual Nelson Mandela Lecture at the University of Johannesburg's Soweto Campus, in which he spoke about what he is most famous for: poverty and inequality. Fitting in an era where this issue tops the global agenda, it could not have been more timely for South Africa, having been billed as the most unequal country in the world. Now more than ever we need to understand what is driving poverty and inequality in our country and what can be done about it.

Professor of economics at the Paris School of Economics, Thomas Piketty's best-selling book *Capital in the Twenty-First Century* and other pivotal books and articles has earned him the moniker of "rock star economist". His work revolves around the interplay between economic development and the distribution of income and wealth and the role of political and fiscal institutions in the historical evolution of income and wealth distribution. So how did he come to be in South Africa?

Having identified inequality and poverty as critical issues affecting South Africa, the African continent and the rest of the world, the Nelson Mandela Foundation felt Piketty was the natural choice to deliver the Annual Nelson Mandela Lecture. "He is currently the world's most recognised academic who has produced seminal work on the political economy of poverty and inequality in the modern world," explains the Foundation's chief executive Sello Hatang. "We were keen to find a voice who could speak eloquently to a new global economic model and who is well equipped to engage fruitfully with the South African and African political economy today. Professor Piketty is ideal for this purpose."

In his article *What South Africa can learn from Piketty* about addressing inequality, Dean of Commerce, Law and Management at the University of the Witwatersrand Imraan Valodia, agrees. "Thomas Piketty's visit to South Africa provides an opportunity to think creatively about what is driving inequality in the country and what appropriate measures might be to address the problem. South Africa has unacceptably high levels of inequality, and is routinely described as among the most unequal in the world," he tells us. "There is a lot that one can say about the relevance of Piketty's work for the country," he points out, noting three particular key thoughts.

Lessons for the local context

First is the importance of government as a counterforce to the normal pattern of economic development in inequality. “In the South African debate, at least outside the academic world, there has not been sufficient acknowledgement of the importance of government’s role. For all its weaknesses, it has played a pivotal part in redistributing income and stabilising South African society. One estimate shows that South Africa’s Gini coefficient, which measures levels of inequality for income before social transfers, is 0.69. For income after social transfers it is 0.52 and for income after taxation it is 0.47. A figure of 0 is considered perfect levels of equality and 1 perfect inequality. The democratic government introduced a massive social grant system which now distributes R155 billion to 16 million South Africans. Can you imagine what South African society would have looked like without government intervention?”

Secondly, Valodia highlights that the largest contributor to inequality in South Africa is incomes in the labour market, with one estimate showing that labour market incomes contribute 88% of the overall Gini coefficient in South Africa. “There are of course two dimensions to this,” he explains. “The high levels of unemployment in South Africa and the high levels of wage inequality among the employed. Clearly, the labour market should be the focus of any strategy to address inequality in South Africa.”

Finally, he calls our attention to what Piketty calls “economic determinism.” “We need to think a lot more about the political forces shaping the current patterns of inequality in South Africa and what political configurations are needed to ensure that the economy shifts along a path that generates more employment and income opportunities for a wider spectrum of our society. In other words, the question the country needs to answer is: what political forces are needed to generate more equality in the opportunities available to South Africans?”

Better data for better lives

But without quantifiable data that can be evaluated and compared, these political forces cannot measure and benchmark indicators to gauge whether their interventions are working to generate more equality and reduce poverty. According to the latest World Bank Africa poverty report, poverty in Africa may actually be lower than current estimates suggest, but the number of people living in extreme poverty has grown substantially since 1990. Poverty in a Rising Africa, the first of two upcoming reports on poverty in Africa, documents the data challenges facing the region, such as how to measure poverty, and reviews the status of Africa’s poverty and inequality, both monetary and nonmonetary, taking these data challenges into account.

Recognising the critical role of comparable household surveys to track monetary poverty, on October 15 the World Bank and its partners announced stronger support to complete household-level surveys every three years in the world’s poor-



Professor Thomas Piketty

est countries, including several in Africa, to address huge data gaps that have previously stunted poverty-fighting efforts.

A trailblazer in this field is South Africa’s very own National Income Dynamics Study (NIDS), the first national household panel study of income dynamics which seeks to track and understand the changes in the lives of all South Africans, old and young, rich and poor. A key feature of the study is its ability to follow people over time to analyse whether households are consistently poor or are going through a temporary setback, as well as indicate whether government interventions are having an impact.

“Better data will make for better decisions and better lives,” said Luc Christiaensen, World Bank lead economist and co-author of the “Poverty in a Rising Africa” report. “It is not just about quantity, the quality of the data also matters. The report offers examples of missed opportunities when surveys are not conducted with quality standards. Maintaining and accelerating the momentum of progress of the past two decades requires collective efforts.”

Building capacity to use data, improve policy responses

Using this data, or evidence, to inform policy-making is an internationally advocated approach known as evidence-based policy-making and implementation (EBPM&I). However, for it to contribute to more effective policy, a change in behaviour and attitudes from both policy-makers and research producers is required; it’s a two-way street. Not only do policy-makers need good quality research so that they can make informed policy choices and improve the implementation of interventions, but so too do researchers need to understand the policy-making process to ensure their research evidence is relevant and presented in a way policy-makers can use. To build the capacity of senior government officials from across South Africa, Lesotho, Benin and Uganda to incorporate ev-



idence-based information when developing and implementing policy, the Programme to Support Pro-Poor Policy Development (PSPPD), together with the DPME and the Graduate School of Development Policy and Practice (GSDPP) hosted a three-day executive EBPM&I course in August. This is the fourth time the flagship EBPM&I course has been offered.

The course was facilitated by Dr Lindiwe Msengana-Ndlela, currently advisor to Minister Naledi Pandor in the Department of Science and Technology, and Prof Ruth Stewart, who is based at the University of Johannesburg and is also affiliated with the Evidence for Policy and Practice Information Centre (EP-

PI-Centre) at University College London. The facilitators were supported by experts drawn from both academia and government, including Dr Ian Goldman of the Department of Planning, Monitoring and Evaluation (DPME) and GSDPP director, Prof Alan Hirsch.

The course was designed to assist participants to use evidence more effectively to make well-informed decisions about policies, programmes, projects and services and to improve government's impact on society. This in turn will help public officials to better manage resources and budgets.

Useful reading and references:

- » Edited transcript of Piketty's address to the 13th Nelson Mandela Annual Lecture: <http://bit.ly/1QSm3RI>
- » Piketty in South Africa: <http://bit.ly/1MhNi4i>
- » What South Africa can learn from Piketty about addressing inequality: <http://bit.ly/1QjD4Yk>
- » Poverty in a Rising Africa: <http://bit.ly/1MTJmNL>
- » National Income Dynamics Study: www.nids.uct.ac.za

New research

South African poverty lines: a review and two new money-metric thresholds

In this new working paper by Joshua Budlender, Murray Leibbrandt and Ingrid Woolard from the Southern Africa Labour and Development Research Unit (SALDRU), the authors critically review existing South African poverty lines and introduce two new money-metric thresholds.

Unlike many other countries, South Africa does not have one recognised, “official” poverty line. Instead, a number of different thresholds abound even when examination is limited to money-metric absolute lines. Poverty lines based on Ravallion’s (1994) “Cost of Basic Needs” (CoBN) methodology are currently predominant, but different applications of this methodology have resulted in significantly different poverty thresholds. With no existing literature which discusses the methodological decisions which underpin and differentiate these poverty lines, researchers have little reason to prefer one over another.

This paper reviews the current absolute poverty lines, and proposes a new set of lines. While remaining cognisant of the theoretical criticisms of these kinds of lines, the necessity of poverty lines for much empirical work is indisputable, and as Woolard and Leibbrandt (2006: 18) point out, “one frequently needs to draw the line somewhere”. With this in mind, this paper should be seen as an attempt to create “the best poverty line we can”, given prevailing methodologies and data. However the proposed lines are certainly not immune to criticism, and in an effort to stimulate fruitful discussion this paper will be as transparent as possible regarding the unavoidable methodological decisions which have to be made along the way.

The paper provides an historical overview of the absolute money-metric poverty lines developed for South Africa, examines the theoretical underpinnings of absolute money-metric poverty lines and criticisms thereof, and introduces the Cost of Basic Needs methodology. While the authors motivate for the continued use of the Cost of Basic Needs approach for South African absolute lines, which is argued to be a useful complement of other kinds of poverty measures, the lower-bound poverty line is argued not to be conceptually coherent or valuable.

The main part of this paper outlines the contestable methodological decisions which must be made when applying Ravallion’s (1994) methodology to South Africa. These decisions are identified as relating to the choice of dataset, construction of the consumption aggregate, the selection of a minimum daily caloric requirement, choosing which food expenditures to include as part of the food basket, the process of converting food expenditures into calories, using expenditure patterns of households or individuals, defining a reference group of the poor, identifying the correct non-food expenditures, and deciding whether the upper bound should be truncated due to data quality concerns. In the case of each decision the methodologies currently in practice are examined, and the specific approach of this paper described in detail.

The penultimate section of the paper presents a preliminary analysis of South African poverty using the authors’ proposed set of lines as compared to the existing lines, before the authors conclude with a brief analysis of the substantive methodological decisions and discussion on how this set of lines should be applied.

» **Read the full paper here: <http://opensaldru.uct.ac.za/handle/11090/784>.**





Spotlight on... The Government Technical Advisory Centre (GTAC)

According to the National Planning Commission (NPC), the state is capable to the extent “that it has the capacity to formulate and implement policies that serve the national interest”. It is developmental when “these policies focus on overcoming the root causes of poverty and inequality, and building the state’s capacity to fulfil this role”. A capable and developmental state is one that has the means to identify and deal with the causes of poverty and inequality in South Africa.

Within the context of government’s National Development Plan and medium-term strategic framework, the Government Technical Advisory Centre, known as GTAC, seeks to contribute to building a capable and development-oriented state, while also strengthening capacity to work with the private sector in promoting growth, employment, infrastructure investment and public service delivery.

GTAC is an agency of the National Treasury which provides advisory services, programme management and transaction support across all spheres of government. In line with its aim of providing a centre of excellence in policy advice and public finance management, GTAC has recently launched its new website, www.gtac.gov.za, which provides a platform to communicate with all its stakeholders and offers continuous access to the latest research, new publications, alerts about up-coming event and new tenders, and information about all of GTAC’s service offerings. In

particular, GTAC promotes public sector capacity building through partnerships with academic and research institutions, civil society and business organisations.

As the World Bank emphasises in its paper *Building State Capacity in Africa: New Approaches, Emerging Lessons*, an effective poverty reduction strategy process and a productive partnership can be built only on a platform of strong public capacity: capacity to formulate policies; capacity to build consensus; capacity to implement reform; and capacity to monitor results, learn lessons, and adapt accordingly. Building the requisite capacities turns out to be a formidable challenge. For these reasons, enhancing the capacity of African states has risen to the top of the continent’s development agenda.

Demands for improved service delivery is prompting African governments to explore better practices with a view to extending services in a cost-effective manner as well as to customise services for the special needs of the citizens particularly in regions that are most hit by poverty. With the increasing pressure for maintaining a minimum standard of service, governments are experimenting with administrative frameworks that promise to be more efficient and effective. Systems that allow for greater participation of people’s organisations and the private sector in planning, decision-making and implementation are also being targeted.

GTAC has developed a range of unique and innovative approaches and tools specifically tailored to support government meet the demand for improved service delivery. These methodologies and toolkits, developed to facilitate public sector capacity are now available on the website.

» Visit the website at: www.gtac.gov.za.

Series: All about EBPM

How evidence-literate are policy-makers?

Examining the knowledge, skills and attitudes of policy-makers



With the increasing pressure to develop more effective policies and direct and manage resources in more focused and efficient ways, policy-makers need evidence so that they can make informed policy choices and improve the implementation and outcomes of interventions to support those policies. The Programme to Support Pro-poor Policy Development (PSPPD) has been championing this evidence-based policy-making and implementation (EBPM&I) process since its launch in 2007.

The problem is, however, there is very little research which objectively examines policy-makers' capacity to use research. And that which does exist, reveals poor understanding of research. At the Southern African Research and Innovation Management

Association (SARIMA) Conference held in Botswana in July 2014, Dr Peter Taylor, Program Manager for the Think Tank Initiative (TTI), presented information on a study conducted in 2013 that surveyed high level policy users of research in 10 African countries (Benin, Nigeria, Senegal, Ghana, Ethiopia, Rwanda, Kenya, Tanzania, Uganda and Burkina Faso). The sample size was relatively small (40 respondents for each country) so it cannot be assumed that they are indicative, but they do give insight into the perspectives of those interviewed.

University-based research institutes are underused by policy-makers

For policy-makers, university-based research institutes seem to be an untapped resource. Apart from Tanzania where they are a key source, no country respondents ranked them as important and only 34% of respondents used them as a key resource. The main reason given for not using available resources was a lack of knowledge about the research institutes, which indicates that university research uptake strategies need to make a particular effort to reach this target

group. The institutes may face challenges in providing research information which is contrary to public opinion and government policy, but their location in universities, within a culture of academic freedom, provides the context for independence in recommending research evidence to policy-makers.

Quality of research

A disappointing finding of the survey was that national universities were not at the top of the list of sources perceived as providing quality research. International think tanks, whether based in universities or not, received the highest rating in terms of quality of research, with national universities ranked fifth. In many ways, this is a reflection of the focus of African university research, of which only a small proportion is policy-oriented compared to national and international think tanks. In order to counter the belief that international agencies can provide better quality evidence, universities therefore need to highlight the consistent quality and local relevance of their policy-related research in their research uptake strategies.

Furthermore, although policy-makers recognise the importance of research from independent think tanks, they do not realise that very often this research is conducted in collaboration with national universities. Policy-makers rely on research which understands the local context – universities have a great advantage over international think tanks in their understanding of local conditions, but their involvement is often downplayed when the other institutions are the primary authors. With the increasing capacity in African university research management offices, universities are becoming able to ensure that their institutional role in partnerships and collaborations are contractually secured and so can integrate this role into their research uptake strategies.

Availability of research

Studies show that policy priorities and options are often subject to factors such as political environments in which governments need to be seen to be addressing an issue quickly. This exerts immense pressure on policy-makers to produce rapid responses, often within tight budgetary constraints. This pressure, compounded by the lack of time to draw on academic research, impacts on the extent to which research evidence is valued and sought. Under these circumstances, policy-makers may avoid engaging with researchers, further alienating their relationship and breeding mistrust.

Furthermore, it is difficult for policy-makers to check evidence, and they often rely on the reputation of the source as proxy. It is recognised that not all published, or unpublished, research meets the standards of validity, reliability and relevance required for

policy-making. However, it has been found that if research evidence is valued, it is more likely for an organisation to put measures in place to make research products available, for networking strategies to be created, and for there to be a focus on developing capacities that support effective involvement in research relationships. Organisations that value research enable their staff to access and apply it in policy processes through developing research training, brokering positions, building research resources and engaging in capacity-building programmes with universities and research organisations.

Increasing research uptake

Currently much of the evidence that policy-makers need is widely scattered, not systematically brought together and the evidence can be of variable quality. Systematic reviews, evidence papers, evidence brokers and research uptake work are needed along with better access to information.

Policy-makers need to know who is doing what research and how to access it when they want it. This is the case particularly when the required knowledge crosses disciplines and is needed to assist with whole-of-government issues. Therefore, some form of intermediary structure or organisation could be needed to act as a broker or a ‘clearing house’. Such a ‘knowledge-brokering’ organisation might assist public servants locate the research or access researchers when needed and could more actively assist in organising round tables involving public servants and academics, if not others, on key policy issues.

In the TTI study, websites were seen by all respondent categories as the

preferred way to access information. Across the countries surveyed, eight out of ten respondents ranked websites as the most useful channel. Only in Ethiopia and Tanzania did print media come up tops. Although confined to policy-makers, the survey shows that websites are an important way of communicating with stakeholders and therefore having a link on the main university site to research projects and outputs is likely to increase uptake. Profiling current research on the front page while in progress and when completed is also likely to improve uptake. This should be done without forgetting that paper copies of research evidence reports and policy briefs remain a key resource for policy-makers.

Dr Taylor emphasises the importance of universities providing support for their individual researchers’ efforts to promote research uptake, as well as institutional channels for engagement with policy-makers and other stakeholders. University media offices can play a crucial role in providing researchers with the tools and know-how to promote their research effectively, but universities can also put in place formal communication and dissemination channels where policy-makers and others can engage with researchers about key policy issues. Policy-makers often have their own key contacts at universities whom they call upon for advice, but it is also important to establish channels of communication between the university as the institutional source and government departments.

» *Don't miss our next issue to find out more about how well-connected researchers and policy-makers are.*



Learning platforms: The PSPPD poverty and inequality flagship programme



The dimensions of poverty and inequality in South Africa are multiple, intergenerational, and inextricable. To be capable of developing appropriate responses to poverty and inequality, policy-makers and implementers need to have the opportunity to understand and engage with these dimensions and measurements. The PSPPD poverty and inequality flagship programme is the first of its kind in South Africa, and is offered in collaboration with the Graduate School of Development Policy and Practice (GSDPP).

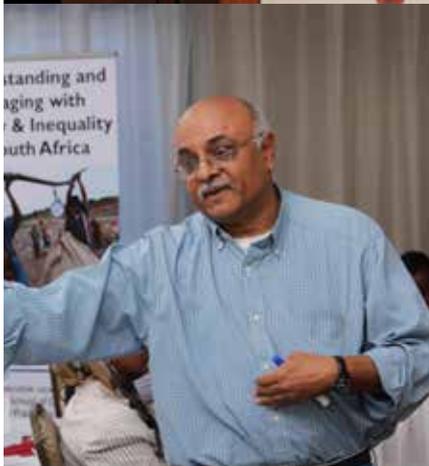
The core objective of this groundbreaking intervention is to assist high level government policy-makers to develop a better understanding of how their work relates to and impacts on the challenge of poverty and inequality in the South African context. More specifically, this course aims to explore the dynamics and causes of poverty and inequality at an individual, household and societal level and to facilitate an understanding of poverty, inequality and growth measurements (income and multi-dimensional) money metric and non-money metric.

The five-day course brings together senior government officials and uses innovative techniques to facilitate intensive engagement about how we think of, understand, and respond to poverty and inequality. Candidates are afforded the opportunity to interrogate strategies for tackling poverty, inequality and growth, and to compare trends in poverty and inequality reduction from around the world by examining the data

and competing explanations for the observed trends.

This intensive course is structured to ensure optimum participant engagement. The course comprises interactive sessions with well-respected international and local guest speakers including Professor Ravi Kanbur and former Minister Trevor Manuel. The input from guest speakers is creatively structured so that there are ample opportunities for participants to reflect on the relevance of issues discussed and apply some of the analytical tools to their own departmental policies and programmes.

The 'learning journey' provided to participants on this course includes immersion and simulation exercises so that the critical analysis extends to explore the intervention strategies and their implications, particularly among those in our society who are most adversely affected.



resources

Events

Third Annual Financial Economics Workshop

» www.econrsa.org/workshops/2015/third-annual-financial-economics-workshop

The Third Annual Financial Economics Workshop, hosted by the Economic Research Southern Africa (ERSA), will bring together researchers and policy-makers and provide an opportunity for South African researchers to present and discuss their research in the broader area of financial economics. The keynote speaker is Atif Mian, Theodore A Wells '29 Professor of Economics and Public Affairs at Princeton University, and Director of the Julis-Rabinowitz Center for Public Policy and Finance at the Woodrow Wilson School.

Useful links

Studies in Poverty and Inequality Institute (SPII)

» www.spii.org.za

SPII is an independent, non-profit think tank committed to the eradication of poverty and inequality in South Africa and the sub region. Through research, it seeks to develop innovative, evidence-based solutions that address the causes and consequences of poverty.

Institute for Poverty, Land and Agrarian Studies (PLAAS)

» www.plaas.org.za

PLAAS is committed to social change that empowers the poor and engages in research, training, policy development and advocacy in relation to land and agrarian reform, rural governance and natural resource management .

Innovations for Poverty Action (IPA)

» www.poverty-action.org

IPA is a research and policy non-profit that discovers and promotes effective solutions to global poverty problems.

Poverty & Inequality Initiative - University of Cape Town

» www.povertyandinequality.uct.ac.za

This initiative seeks to take committed and excellent research and researchers into processes aimed at finding and developing viable and impact-driven policies and interventions to overcome poverty and inequality

Southern Africa Labour and Development Research Unit (SALDRU)

» www.saldru.uct.ac.za

The unit carries out research and capacity building in applied empirical microeconomics with an emphasis on poverty and inequality, labour markets, human capital and social policy.

Building Capacity to Use Research Evidence | BCURE

» bcureglobal.wordpress.com

This Is a DFID funded programme of capacity building work to build the skills, incentives and systems that are required for evidence informed policy making.

Development Research Uptake in Sub Saharan Africa (DRUSSA)

» www.sun025.sun.ac.za/portal

The DRUSSA programme addresses the established demand for stronger sub-Saharan African (SSA) participation in the pro-poor development research programmes that provide local solutions to achieve the Millennium Development Goals (MDG).

International Initiative for Impact Evaluation (3ie)

» www.3ieimpact.org

3ie funds impact evaluations and systematic reviews that generate high quality evidence on what works in development and why. Evidence on development effectiveness can inform policy and improve the lives of poor people.

resources

Econ3x3

» www.econ3x3.org

The Econ3x3 forum is an initiative of the Research Project on Employment, Income Distribution and Inclusive Growth (REDI3x3) – a national collaborative, independent research initiative supported by the National Treasury and based at SALDRU at the University of Cape Town. This research project is aimed at deepening our understanding of the dynamics of employment and unemployment, incomes and social outcomes and, notably, the interconnections between these three areas.

World Vision

» www.worldvision.co.za

World Vision is an organisation dedicated to working with children, families and their communities to reach their full potential by tackling the root causes of poverty and injustice.

MIET Africa

» www.miet.co.za

MIET Africa is a non-profit organisation based in South Africa with a strong presence in the Southern African Development Community (SADC) region. It aims to achieve its purpose of improving the lives of children by contributing to quality teaching and learning.

International Policy Centre for Inclusive Growth (IPC-IG)

» www.ipc-undp.org

The IPC-IG is a global forum for South-South dialogue on innovative development policies guided by a partnership agreement between UNDP and the Government of Brazil. The IPC-IG's mandate is to promote the production and dissemination of studies and policy recommendations, the exchange of best practices in development initiatives and the expansion of South-South cooperation.



Get in touch

Do you have a suggestion?



Please email: Dr Terry Davies, LF Team Leader
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www.psppdknowledgerepository.org