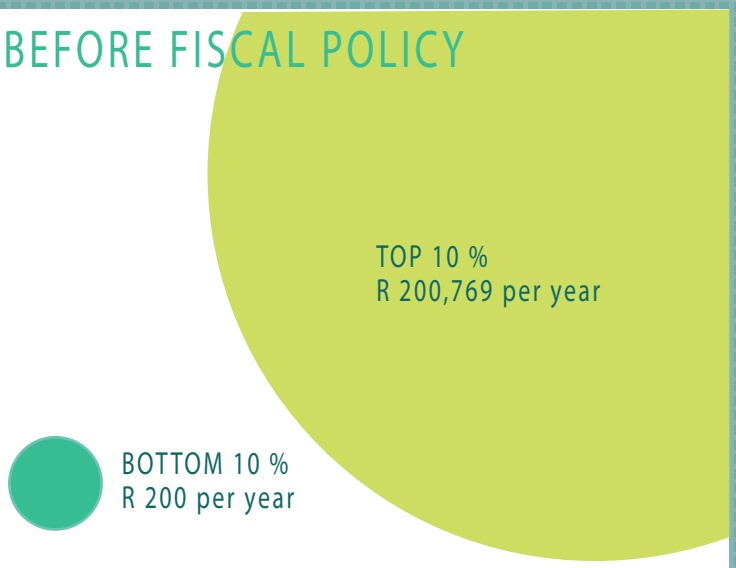
FISCAL POLICY, POVERTY & REDISTRIBUTION IN SOUTH AFRICA

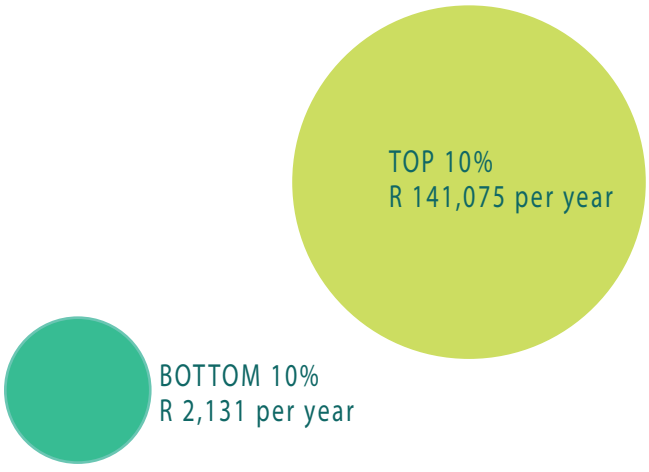
FISCAL POLICY NARROWS THE GAP BETWEEN THE RICH AND THE POOR

PER CAPITA INCOME

BEFORE FISCAL POLICY



AFTER FISCAL POLICY

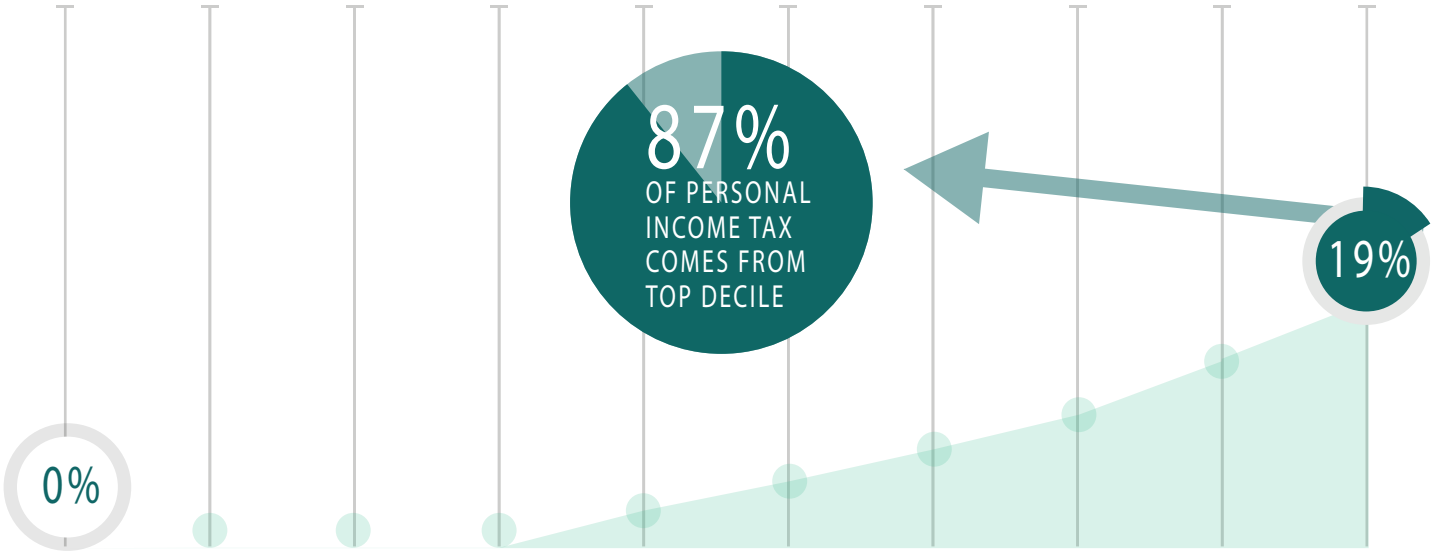


1000
TIMES BIGGER

66
TIMES BIGGER

TAXES RAISE RESOURCES MAINLY FROM THE RICH FOR REDISTRIBUTION

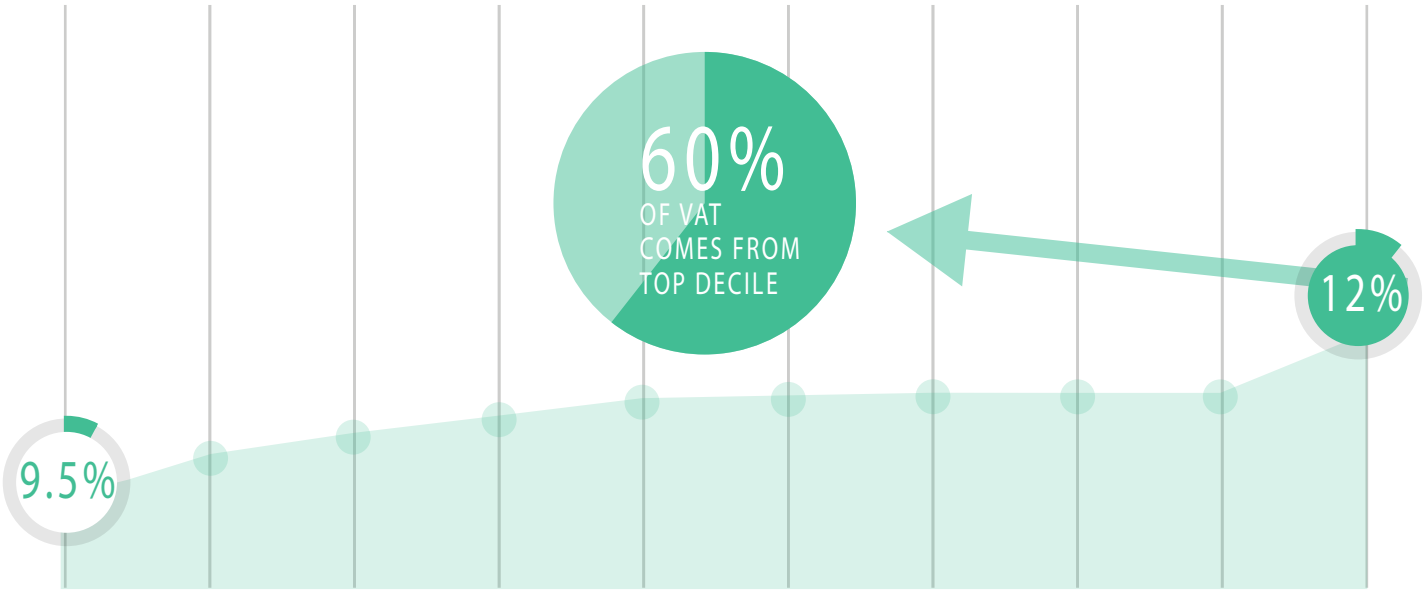
SHARE OF INCOME PAID IN PERSONAL INCOME TAX



BOTTOM DECILE
R 200

TOP DECILE
R 200,769

SHARE OF INCOME PAID IN VAT



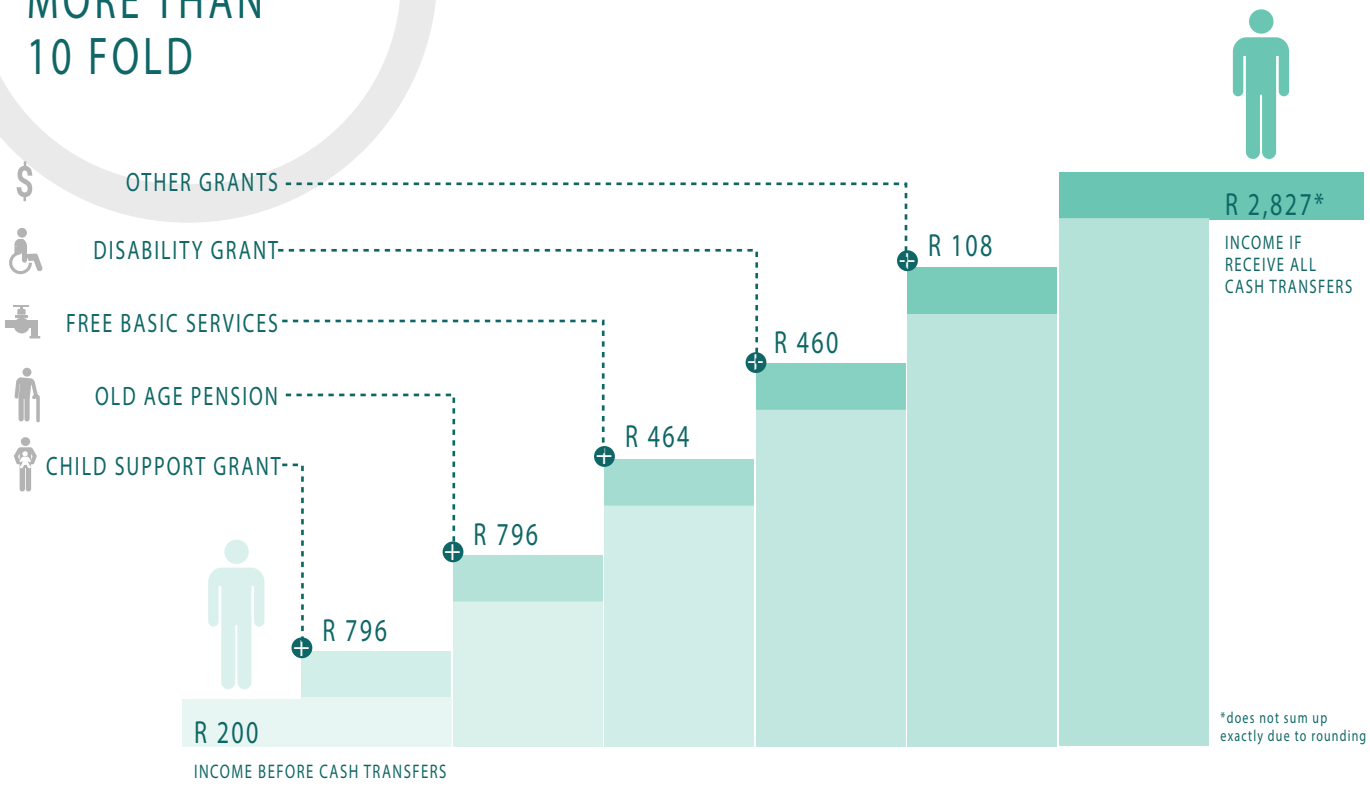
BOTTOM DECILE

TOP DECILE

SOCIAL SPENDING PROGRAMS BENEFIT THE POOREST IN SOUTH AFRICA

CASH TRANSFERS AND FREE BASIC SERVICES

LIFT INCOME OF POOREST DECILE MORE THAN 10 FOLD

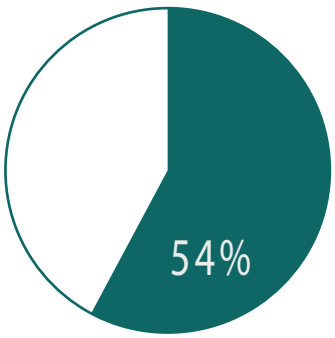


HEALTH AND EDUCATION

QUALITY IS AN ISSUE

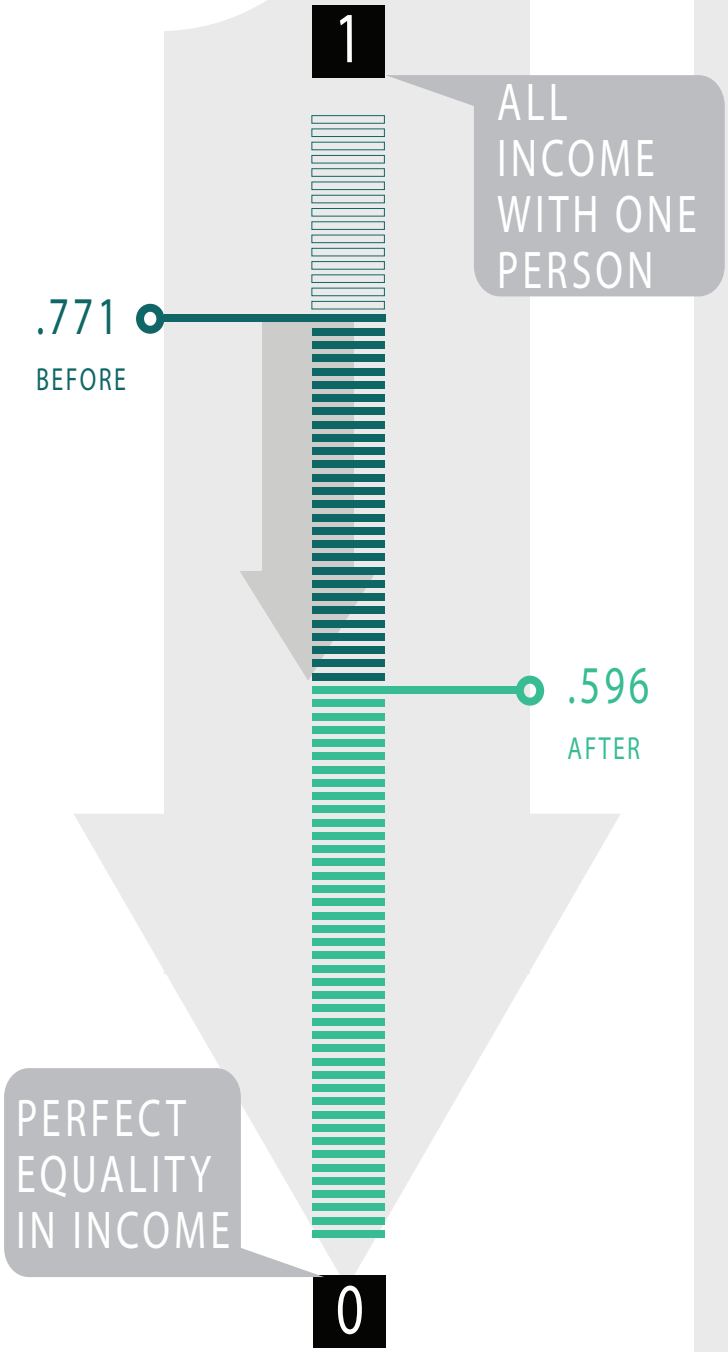


BOTTOM 50% RECEIVE 54% OF HEALTH & EDUCATION SPENDING

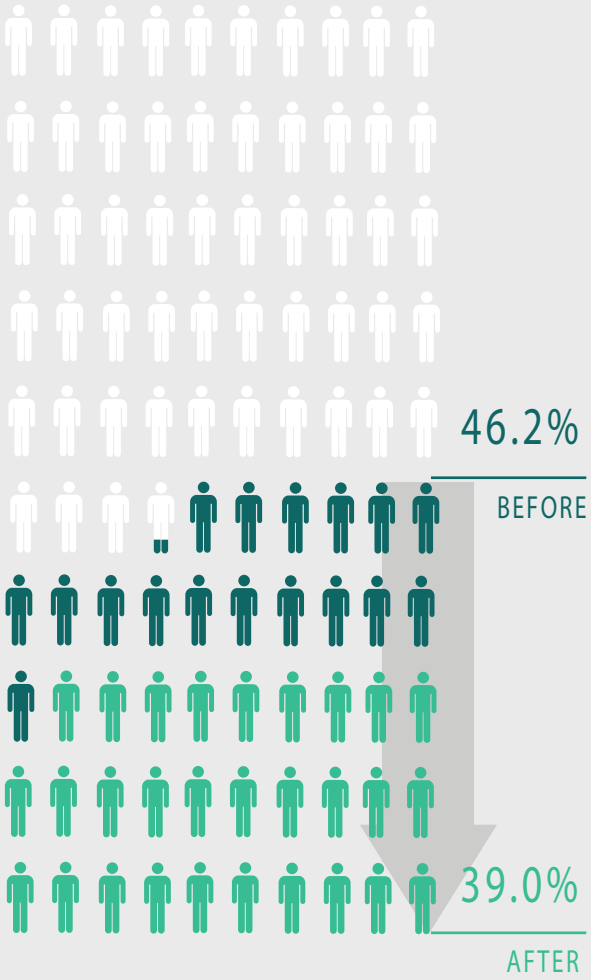


FISCAL POLICY ACHIEVES LARGE REDUCTIONS IN POVERTY AND INEQUALITY

FISCAL POLICY REDUCES THE GINI BY ALMOST A QUARTER



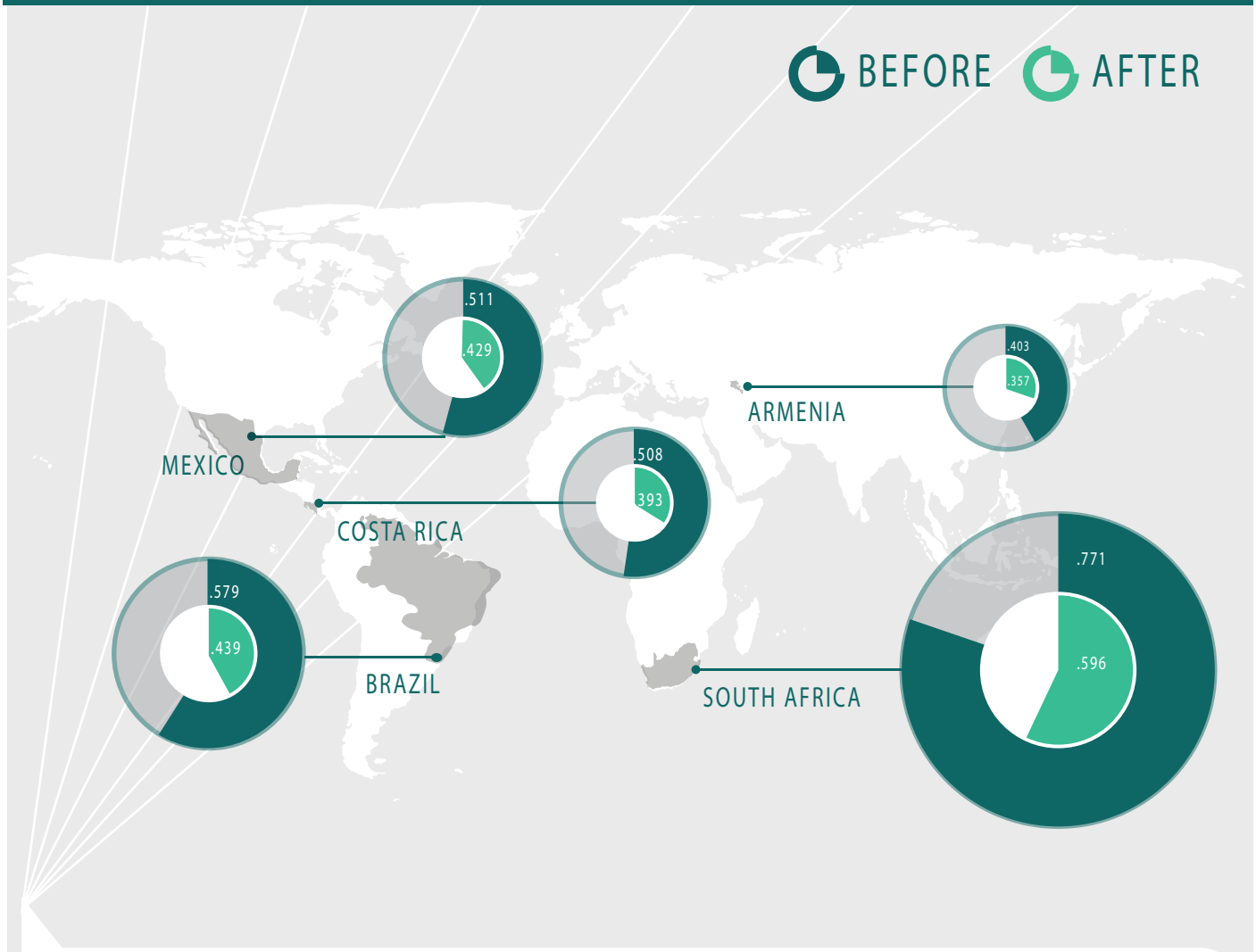
THE SHARE OF THE POPULATION LIVING ON LESS THAN $2.50 A DAY



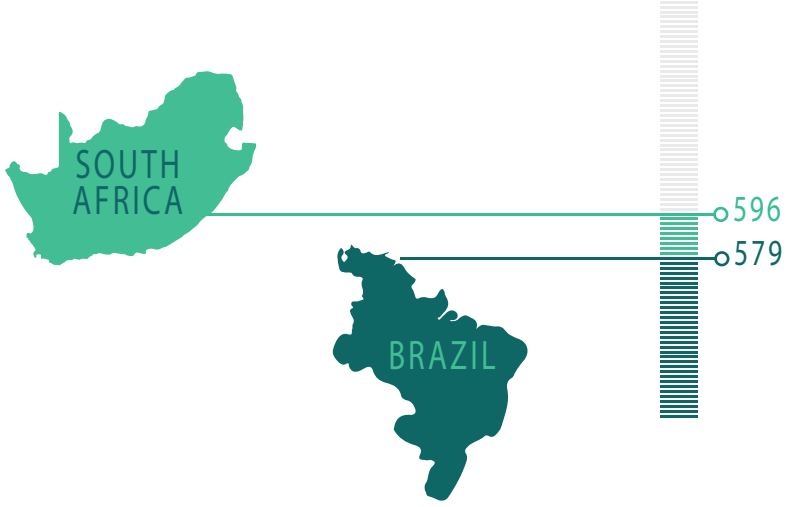
FISCAL POLICY LIFTS 3.6 MILLION ABOVE POVERTY LINE OF $2.50 A DAY

FISCAL POLICY IN SOUTH AFRICA ACHIEVES LARGER REDUCTIONS IN INEQUALITY THAN IN OTHER COUNTRIES*

GINI COEFFICIENT*



SOUTH AFRICA'S GINI AFTER FISCAL POLICY IS STILL HIGHER THAN BRAZIL'S GINI BEFORE FISCAL POLICY



*The typical measure of income inequality

*In a sample of 12 middle income countries

FISCAL SPACE FOR MORE REDISTRIBUTION IS LIMITED DUE TO HIGH FISCAL DEFICIT AND DEBT.

BETTER QUALITY EDUCATION AND HEALTH SERVICES AND EFFICIENCY IN PUBLIC SPENDING COMBINED WITH GREATER JOB OPPORTUNITIES WOULD REINFORCE THE EFFECTIVENESS OF FISCAL POLICY IN TACKLING THE TWIN CHALLENGES OF POVERTY AND INEQUALITY.