# Determinants of Poverty in South Africa: Evidence from an Empirical Asset-Based Analysis

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**Abstract**

The objective of this study is to examine the determinants of asset-poverty in South Africa, a dimension of deprivation that has received limited empirical attention. Using data from all five waves of the National Income Dynamics Study (NIDS), the study provides new evidence on the drivers of asset-poverty. Principal Component Analysis (PCA) is employed to construct an asset-poverty index for identifying asset-poor households, while a random-effects probit model is used to estimate the factors influencing asset-poverty at the national level and across urban and rural subsamples. The empirical findings indicate that access to land, the age of the household head, marital status, location (farm and urban residence), and higher levels of education (primary, secondary, matric, and tertiary) significantly reduce the likelihood of asset-poverty in South Africa. Notably, the direction of these effects is consistent across national, urban, and rural estimations, suggesting broadly similar structural determinants of asset deprivation across space.

These results carry important policy implications. They underscore the need for government interventions that strengthen households' capacity to accumulate and sustain productive assets. A multidimensional strategy is required, including expanded access to land, housing, financial services, and income-generating opportunities. Furthermore, continued land redistribution—particularly targeting poor households—and enhanced financial support for emerging rural farmers seeking to scale up production are essential for sustainably reducing asset-poverty in South Africa.

**Index Terms**

South Africa, Rural; Urban; Principal Component Analysis; National Income Dynamic Study

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