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PAPER

The Poverty Implications of Governance in South Africa

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Abstract Good governance is critical in the fight against poverty. It entails reshaping politics to benefit the poor. This article utilised the quantitative cross-section design and the principal components regression analysis (PCA) to investigate the relationship between good governance, particularly government effectiveness, and poverty reduction in South Africa, drawing on the Oxford Global Multidimensional Poverty Index and the World Bank Governance Indicators.

The PCA extracted two components; the first component variance represents about 36 per cent of the population who are middle-high income earners. The second component variance comprises approximately 60 percent of the people that earn a low income. The group has been the target of several poverty reduction policies and is the subject of this study. The PCA regression showed that government ineffectiveness, political instability, and corruption are vital factors in the increased poverty levels amongst low-income earners in South Africa.

We recommend that; institutions should offer good governance through accountable and transparent administration of poverty alleviation programmes. Research is needed to programme activities and assistance packages that are feasible and geared to country-specific conditions.

Keywords: Governance, Poverty reduction, Principal Components Analysis South Africa.

JEL: H5, I3

1. Introduction

In developing countries, the absence of good governance has been highly detrimental to the government's corrective intervention role in promoting growth and creating the wealth required to combat poverty and improve human development (Mbaku, 2020, p.24). Earle and Scott (2010) argued that an increase in competence and accountability in the public sector would

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enhance the quality of service delivery, which leads to poverty reduction and growth. The *economic theory* proposes that corruption affects poverty via impacting growth determinants, which affect poverty levels. Thus, increased corruption inhibits economic investment, distorts markets, stifles competition, and raises business costs (Chetwynd, et al., 2003)

According to the *governance theory*, corruption impacts poverty via changing governance qualities. Noncompliance with safety and health regulations, for example, erodes the government's institutional capacity to provide quality public services, diverts public investment away from critical general requirements, and increases financial limitations. These substantial governance obstacles impact poverty (Chetwynd et al., 2003; Kaufmann, et al., 2010).

Good governance occurs when guidelines are well functioning within an organisation to accomplish a country's activities in a way that protects democracy, human rights, order, economy, and effectiveness, including a more normative or evaluative quality of the governing process (United Nations, 2020). The United Nations Development Programme (UNDP) has developed certain good governance fundamentals. These are the Rule of law, efficiency and government effectiveness, equity, responsiveness, transparency, and strategic vision (Towah, 2019).

While poverty is defined as "a lack of income and productive resources to guarantee sustainable lifestyles," it is also "a lack of involvement in decision-making" as well as "the manifestation of hunger and malnutrition" (United Nations, 2015). According to the World Bank (2016), poverty is a multifaceted notion that attempts to quantify the levels of deprivation experienced by an individual, household, or society. The Multidimensional Poverty Index (2018) posits poor education, large family size, unemployment, poor health, and a rural environment as determinants of poverty levels.

Despite the growth, South Africa still records high poverty and income inequality. The national poverty guides from Statistics South Africa (Stats SA) show that SA poverty levels have increased from 53.2% in 2018 to 55.5% in 2020 (Stats SA, 2021). Geographical locations, ethnicity, and gender are some of the social and economic factors that have influenced vulnerability in the nation. Francis and Webster (2019, p.788) defined South Africa as a contradiction, with a lofty and progressive constitution that promotes social and economic development on the one hand and a high poverty rate, with about half of the population living in poverty on the other.

Literature posits mixed results on the relationship between governance and poverty reduction (see Karim, Zouhaier & Adel, 2013, p.19 and Jindra & Vas, 2019, p.658). Often good governance is expected to reduce poverty; however, economies such as China and Russia with autocratic governance systems necessarily do not have high poverty rates (Mazenda & Cheteni, 20221).

Good governance is essential for successfully tackling poverty's health and non-health consequences. Consequently, governments, donors, international organisations, and non-governmental organisations must improve governance, fight corruption, boost government performance, and promote economic and social justice. (Doumbia, 2020).

Unfortunately, in South Africa, power and authority misuse, dishonesty, fraud, and legal system violations have hampered good governance (Arnoldi, 2019). Coupled with sluggish growth due to COVID-19 and high incidences of food insecurity, there is a need to re-strategize and align government priorities with poverty reduction priorities. Hence, this study poses the following research questions:

What is the relationship between governance on poverty reduction in South Africa? Wh at are the policy implications of a sustained governance system for poverty reduction in South Africa?

In South Africa, studies on the effects of governance on poverty reduction are limited in methodology, focusing on qualitative descriptive research (Vyas-Doorgapersad, 2021; Nicholaids, 2016, Luyt, 2008; Mogale, 2005; Salahuddin et al., 2020). None of the studies has quantitatively explored the relationship between good governance and poverty reduction using the principal component analysis on South African time series data, which is the contribution of this study. A governance check is necessary for South Africa, where 35% of the population is food insecure and vulnerable to poverty (Mazenda et al., 2022). Governance helps balance the powers of members and their accountability and enhances the viability of organisations; In particular, good management is essential to combating poverty. It means making politics and institutions work for the poor.

The rest of the paper is presented as follows: a literature review, materials and methods, findings, discussion, and conclusions.

2. Literature review

Poverty, according to Omari (2016, p.221), is defined as a lack of living essentials and opportunities for advancement. Similarly, Meyer (2017) and Danaan (2018) describe poverty as a scarcity of resources essential for human life. It is multifaceted and impacted by various economic, social, cultural, and psychological makers. When a family does not earn enough money to cover its basic requirements for food, housing, clothes, transportation, and education, it lives in subsistence poverty.

The state plays a critical role in encouraging equitable and sustainable growth by providing essential public services and goods. This role is enhanced by quality governance (Ivanyna & Salerno, 2020, p.4). Mbaku (2020) posited that "*good governance is the single most important factor in eradicating poverty and promoting development*" (Mbaku, 2020.p.23).

According to the governance theory, corruption reduces government capabilities, leading to increased poverty. Kaufmann et al. (1999) defined governance as "the actions and mechanisms that exercise power in a community." These mechanisms are; how governments are elected, monitored, and replaced; how governments develop and implement effective policies; and thirdly, how people and governments

perceive the institutions that govern economic and social interactions. Corruption disrupts governance processes, destabilises governance institutions, and decreases government service provision. As a result, less public money is available to support effective economic development programs, and the government's ability to service its inhabitants, especially the poor, is reduced (Chetwynd et al., 2003).
Good governance in poverty reduction entails a diverse range of institutions that should be involved, establish ground rules for political and economic dialogue, and develop decision-making processes that prioritise public issues and allocate resources (Aloui, 2019, p.2) Figure 1 presents a conceptual framework for the relationship between good governance and poverty re duction.

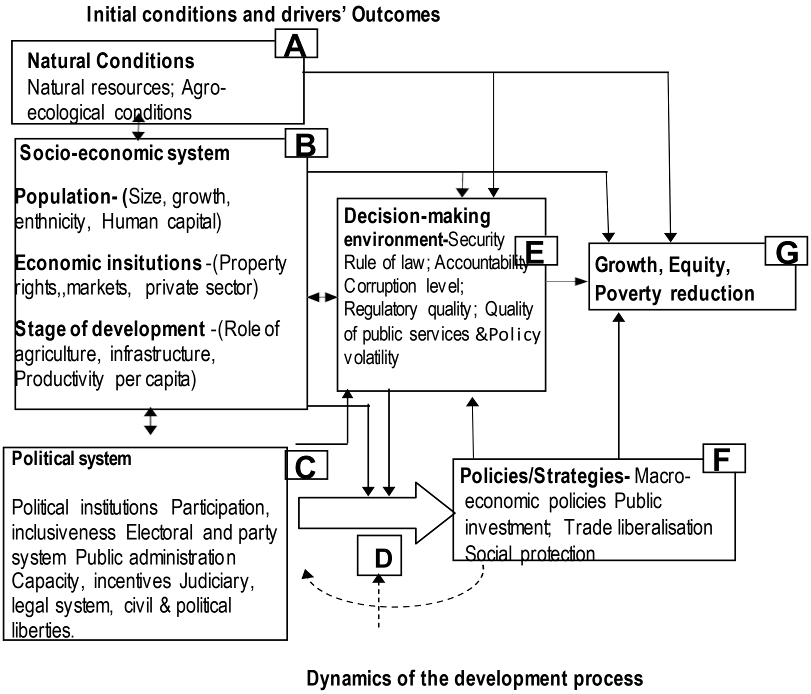

Figure 1. Conceptual Framework
Source: Resnick & Birner, (2005).

The conceptual framework (figure 1) suggests an interaction between governance and poverty eradication through a feedback-effect dynamic- development process. However, the conceptual framework first hatches a plan that differentiates the initial conditions, drivers, and outcomes (represented by H). The natural circumstances (A) of a nation, which comprise its natural resources and agroecological conditions, substantially influence its poverty. For example, South Africa's natural resources affect the economy. This influence is the feedback loop formed by A and E, D, F, G, and H.

(B); on the other hand, it focuses on the socio-economic system, which demonstrates the initial conditions that need the growth of a country and the availability of growth possibilities for the poor. In particular, a socio-economic system's demographic characteristics and economic institutions affect poverty outcomes, establishing a direct link between the socio-economic system (B) and growth, equity, and poverty reduction (H). In addition, there is also a causal connection, although indirect, between the political system (C) and the decision-making environment (E). This connection demonstrates that the interaction of political institutions, civil society players, and the corporate sector affects government performance.

Similarly, the political system (C), which includes political institutions, public administration, and the Judiciary, impacts the political process (D). According to this conceptual framework, policies result from a political process.

Furthermore, the political system influences the "decision-making environment" (E), which affects the choices made by the many players involved in implementing policies, hence controlling the effectiveness of policy interventions.

Finally, a country's policies (F) considerably influence its potential to eliminate poverty. Thus, policy selection is a component of good governance, which, when properly executed, positively impacts country's economy, equality, and poverty eradication.

Empirical evidence on good governance and poverty reduction suggests that good governance is related to pro-poor growth and poverty reduction (Diphofa, 2011; Karim et al., 2013, p.19; and Jindra & Vas, 2019, p.658). An effective government necessitates the fight against poverty (Doumbia, 2020). Good governance is required at all levels and is achieved better when targeted. (Mogale, 2005).

Building governance through strengthening the capacities of bureaucratic institutions is critical to improving the lives of the poor. The inability to implement programmes in developing nations frequently impedes the implementation of well-intended poverty-reduction policies. (Kwon & Kim, 2014, p.358). It is also fundamental to enhance the quality of rules so that the market economy operates seamlessly to generate economic growth, contributing to poverty reduction in the long run (Aloui, 2019, p.2).

Serious corruption endangers democracy and governance by undermining political institutions and widespread engagement and delaying and distorting the economic progress required to maintain livelihoods and alleviate poverty (Salahuddin et al., 2020; Johnston, 2000; and Kaufmann, Kraay, & Zoido-Lobaton, 1999). Good governance is effective in aiding growth and combating poverty to achieve Sustainable Development Goals 1 and 2 (SDGs 1 & 2) (Vyas-Doorgapersad, 2021). The higher the social welfare, the more effective a country's government is (Sacks & Levi, 2010). As a result, government effectiveness has emerged as a critical performance metric for African economies (Sillah, 2016). Poverty results from policy and power imbalances that lead to discrimination, exclusion, and injustice (Duho et al., 2020).

4. Materials and Methods

The paper used a quantitative cross-section design based on the Principal Components Analysis to elucidate patterns in the relationship between good governance and poverty reduction in South Africa. The first section presents the data and variables for the study. The second section offers the empirical model.

4.1 Data

This section presents the data used in the study. A dependent variable is the Global Multidimensional Poverty Index MPI). "Global Multidimensional Poverty Index" (GMPI = H*A), where (H) is the "Headcount Ratio; Population in Multidimensional Poverty (% of the population) and (A) is the"Intensity deprivation among the poor (average % of deprivation)". The data spanned from 2010–to 2021, drawn from the Oxford Poverty & Human Development Initiatives (2021).

Good governance is an independent variable in the study. According to Kaufmann, Kraay and Mastruzzi (2010, p.174), three elements constitute good governance. These elements include: how governments are elected, regulated, and replaced, the government's capacity to implement appropriate policies and the respect that citizens and the government have for the institutions that govern economic and social matters. This study focuses on the aspect defined by the World Bank as the government's ability to make and follow good policies (Government effectiveness), as suggested by Holmberg et al., 2009). For robustness, the study utilises the World Governance Indicators with a bearing on poverty, as the literature p sits. The indicators used include the Rule of law, political stability, economic freedom, investment freedom, and control of corruption.

The Rule of law is one of the most crucial political and constitutional concepts in good governance (Cole, 2021, p.2). Many African nations have struggled with poverty due to the failure to establish democratic constitutions and institutionalise institutions that uphold the Rule of law. These institutions are necessary to restrain public authorities and support economic growth. (Mbaku, 2014). Political stability guides the government towards advanced planning of financial affairs. It creates an environment that attracts local and international investment, reducing poverty (Radu, 2015). Economic freedom and investment freedom enshrine personal choice, voluntary exchange, and protection of private property at their core (Thach, Ngoc, & Ngoc, 2021). Hattingh & McMahon (2021) argue that increased economic and investment freedom provides better opportunities to overcome poverty and increase affluence.

4.2 Model specification

The study utilised the PCA as the estimation technique. The PCA is used to extract direct impertinent between variables that excellently find information related to the setoff variables by changing the interconnected restrictions into a new variety of non-correlated variables identified as PC. According to Anyadike (2009), the PCA method helps break down data into smaller sets associated with classes from wide-ranging indicators.

Based on Arai, Tsubaki and Sagisaka (2021), the PCA assumes the following. Assuming $X = (x_1, x_2, ..., XP)$ the original random vector. Also, assuming $y_1, y_2, ..., y_p$ represent the direct mixtures of the original variables so that they are new variables. Then,

$$y_1 = w_{11}x_1 + w_{12}x_2 + ... + w_{1p}x_p \quad (1)$$

$$y_1 = w_{p1}x_1 + w_{p2}x_2 + ... + w_{pp}x_p \quad (2)$$

Where the numbers w_{ij} are the masses of the j^{th} variable quantity ($j = 1, 2, ..., p$) for the i^{th} -new adjustable. The values of w_{ij} $(j = 1, 2, ..., p)$ are called factor loadings of i^{th} - principal component. They are determined to maximise the Variance of the new variables, meeting equations 3 and 4.

$$\sum_{j=1}^{p} w_{ij}^2 = 1 \sum_{j=1}^{p} w_{ij}^2 = 1 \quad (3)$$

$$\sum_i \sum_j w_i w_j = 0 \sum_i \sum_j w_i w_j = 0 \quad (4)$$

Equation 3 shows the corrected scale of the new variables, and equation 4 implies that the new axes are orthogonal to one another (Arai et al., 2021).

PCA accounts for the overall Variance of variables, with components representing common Variance (Hess & Hess, 2018). To summarise, the PCA-observed variables are relatively error-free. The unobserved latent factor is a perfect linear variable for data reduction. (Hes & Has, 2018).

The PCA allows for translating good governance factors into new predictor variables known as Principal Components (PC) while retaining as much accuracy as feasible. The variables consistently measure the fundamental mechanisms (Mean = 0 and Standard Deviation (SD) = 1). The main mechanisms, removed from the correlation matrix calculated on standardised variables, become eigenvectors.

5. Results

This section presents the findings of the study—first, the diagnostic tests. Second, the PCA results.

5.1 Diagnostic tests

Bartlett's Test of Sphericity tested the suitability of data for PCA. Bartlett's Test of Sphericity compares an observed correlation matrix to the same matrix as that matrix. To do factor analysis, the variables should be uncorrelated, so this test ensures that they are non-correlated/ orthogonal (Tobias & Carlson, 1969). Table 1 presents Bartlett's test results.

Table 1. Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.474
Bartlett's Test of Sphericity	Approx. Chi-Square	17.334
	df	21
	Sig.	.0001

Source: Authors' SPSS iterations

The PCA is adopted, as the results from Bartlett's Test of Sphericity indicate that the variables are correlated ((21) =17.334 $p<0.001$).

5.2 PCA Analysis

The PCA analysis extracted two components with Eigenvalues greater than 0.4. Eigenvalues are the coefficients linked to eigenvectors (principal components) ordered in decreasing order of Eigenvalues to get the main components in order of importance. The Eigenvalues measure the data's covariance (correlation) (Yang, 2015). Table 2 shows that the PCA accounted for 60 % of the effects of good governance on poverty in South Africa.

Table 2. PCA Extraction

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.538	36.262	36.262	2.538	36.262	36.262
2	1.685	24.070	60.332	1.685	24.070	60.332
3	.891	12.725	73.058			
4	.795	11.364	84.421			
5	.728	10.407	94.828			
6	.279	3.983	98.811			
7	.083	1.189	100.000			

Extraction Method: Principal Component Analysis.

Source: Authors' SPSS iterations

Following the recommendation of Tabachnick and Fidell (1996), loadings that are greater than 0.4 are interpretable on the chosen components' analysis. The component matrix, also called the loading (s), is the key output of PCA. It contains estimates of the correlations between each variable and the estimated components.

The Eigenvalue of 2.538 was positively loaded on the Rule of Law (.885), Political stability (.859), Economic freedom (.630), Government effectiveness (.548), and Multidimensional poverty (.437).

Finally, the Eigenvalue of 1.685 was positively loaded on political stability (.455), government effectiveness (.658), control of corruption (.494), and negatively loaded on economic freedom (-.466), and multidimensional poverty (- 443). Table 3 reports the loadings.

5.3 Component Matrix

The component matrix includes the following seven variables: The Rule of law, political stability, economic freedom, government effectiveness, investment freedom, control of corruption, and multidimensional poverty. The component matrix, also known as the loading, is the key output of PCA, as it contains estimates of the correlations between each of the variables and the estimated components. The loadings extracted two components, meaningfully interpreted by the chosen component analysis (Tabachnick & Fidell, 996). The results of the component matrix are as follows.

Table 3. PCA Results

Variable	**Component**	
	1	**2**
The Rule of law	.885	
Political stability	.859	.455
Economic freedom	.630	-.466
Government effectiveness	.548	.658
Investment freedom		-.622
Control of corruption		.494
Multidimensional poverty index	.437	-.443

Source: Authors' SPSS iterations

6. Discussion

The section discusses the relationship between good governance and multidimensional poverty in South Africa, drawing from PCA. The PCA extraction (Table 2) extracts two components based on this study. The first component has 36.2 % of Variance, and the second component has 60.3 % of the Variance (Table 3).

6.1 First component matrix

The first component of the PCA analysis, which measures 36.2 per cent, covers a population of South Africans who are middle-high-income earners.

6.1.1 The Rule of law

The Rule of law is a governance principle that affects all citizens, organisations, individuals, and the state. The Rule of Law is for the public and institutions to decide based on the rule set. The Rule of law plays a vital role in ensuring that every country member is treated fairly according to the law. Among the four distinct sub-bargains in South Africa's political settlement post-apartheid is "a pact between its predominantly white economic elite and its new political leadership." Commitments to the Rule of law (including protecting private property) and economic reform, primarily through the Black Economic Empowerment (BEE) programme, are necessary. (Levy et al., 2021). Respecting property rights and lowering transaction costs through the Rule of law can reduce poverty (Kwon & Kim, 2014, p.356). Thus, promoting more inclusive development, especially for middle-to-high-income citizens who may be affected by racial marginalisation.

6.1.2 Political stability

Political stability is critical to reducing poverty and improving economic growth in developing countries (Dada & Fanowopo, 2020, p.2). Nevertheless, political stability does not affect all citizens equally. Middle-class and high-income earners are not affected by political instability in SA. The PCA showed a positive relationship between MPI and political stability. The majority of middle-high income earners are in stable income jobs. Most of these employees are qualified, and changes in the political system or uprisings caused by ongoing service delivery protests, looting, or xenophobic violence in the country have little impact on their financial well-being. This group is less likely to be affected by poverty because they are the economic elite and control the means of production (Naim, 2017). Good governance in an emerging country such as South Africa will ensure that the upward progress of high-income earners continues and that the government provides improved service delivery (Dada et al., 2020).

6.1.3 Economic freedom

Economic freedom refers to every individual's right to be in control of their work and resources. An economically free society means people can do what they want with time, money, and resources (Thach, Ngoc, & Ngoc, 2021). The degree to which people are either rich or poor in a society is dependent on how healthy the economy is. Economic freedom is associated with income growth at different parts of the income distribution. For instance, "economic freedom may plausibly lead to disproportionally higher incomes at the top of the distribution by increasing the returns to capital or certain skills, while at the same time favouring low-income earners by lowering barriers to entry and promoting competition" (Bergha & Bojrnskovc, 2021).

6.2 Second component matrix

The second component of the PCA analysis, which measures 60.3 % covers most of the population of South Africans who are low-income earners. The discussion below shows how the component impacts the relationship between good governance and poverty reduction in South Africa.

6.2.1 The Rule of law

Section 1(d) of the South African Constitution commits the government to democracy, accountability, responsiveness, and openness. Section 2 of the Constitution reaffirms that the Constitution is the supreme law of the Republic and that any conduct inconsistent with it is invalid. The obligations stipulated must be fulfilled. (De Vos 2011, p.5)

A weak rule of law can negatively impact a country's development. Food and nutrition safety is compromised. State resources are the citizens' only access to protection against any form of power abuse by the state. Failure to recognise the Rule of law deprives citizens of their right to participate in political matters. (Gebeyehu, 2014). The PC was too insignificant to explain a meaningful relationship between the Rule of law and poverty reduction amongst the poor and low-income earners in South Africa. Nevertheless, where there is poverty, the country's governing system is fragile, and the Rule of law is ineffective (Vogt, 2021).

6.2.2 Political instability

Political instability shows a negative relationship to poverty reduction. Political instability may reduce investment, and economic development falls. When economic performance is poor, the government may collapse, and therefore, this will cause political unrest (Hammed, 2008, p.2). Political instability, poor governance, and corruption are the primary causes of global poverty. Political instability hurts the engines of the South African economy, with the most impoverished population bearing the brunt of the consequences. Furthermore, political instability leads to violence, which results in staggeringly high unemployment. As food supply networks fail, abject poverty sets in (Kendall, 2021).

6.2.3 Control of corruption

Corruption reduces economic development, the tax system's progressivity, the quantity and efficacy of social expenditure, and human capital production. It perpetuates uneven asset ownership and educational access. Countries have varying growth experiences, phases of development, and corruption indices (World Bank 2001). Corruption-fighting policies diminish economic disparity and poverty. According to the World Bank (2021), corruption impedes the organisations' dual aims of eradicating extreme poverty by 2030 and increasing shared prosperity for the poorest 40% of people in developing countries. Corruption erodes public trust and weakens the socio-economic system. In South Africa, corruption is institutionalized and manifests itself in various ways, including state capture, fraud, extortion, BEE fronting, and entrepreneurism. Such manifestations translate into resource allocation distortion and increases in the vicious cycle of poverty (Gumede, 2017). In the 2020 Transparency International's Corruption Perceptions Index, South Africa was ranked 69th out of 179 nations. Moreover, corruption weakens the government and weakens the ethics of the nation's democracy (Gumede, 2017).

6.2.4 Government effectiveness

Government effectiveness is critical to the fight against poverty and shows a positive relationship to poverty reduction amongst the poor households in South Africa. The World Bank (2021) highlights that about 50 per cent of South Africans are still living in poverty after 21 years of new governance, regardless of various strategies brought forward to reduce poverty. The World Bank (2021) governance indicators reported that South Africa's Government Effectiveness was 62.9 % in 2020. These findings concur with the PCA findings and reflect government efforts to reduce poverty and inequality through various mechanisms since 1994; namely (The Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution (GEAR), the National Development Plan (NDP), and the Expanded Public Works Programme (EPWP).

6.2.5 Economic freedom

Economic freedom for low-income earners is positively related to poverty reduction. Economic freedom draws on five broad categories: Limited government involvement, solid legal structure and secure property rights; freedom to trade; and low regulation. (Bergha & Bojrnskovc, 2021). Economic freedom plays a vital role in reducing poverty because it permits citizens to access resources essential to better their lives (World Bank, 2001). These include financial resources, better houses, food, and living salaries. The South African government plays an essential role in the fight against poverty through its social protection and security to assist those living in poverty (Thach et al., 2021). Consequently, the government of South Africa has been able to enshrine the rights to social protection in the Bill of Rights and the Constitution (Mutangadura, 2008, p.4).

6.2.6 Investment freedom

There would be no restrictions on the movement of investment money in a free economy. Individuals and businesses would be free to shift resources between activities inside and beyond the nation. (Carter, 2021). Investment is a more powerful predictor of poverty reduction. Poverty can only fall when national income grows. Investment is instrumental in growth (Carter, 2021). The government should translate Investment freedom into tangible investment outcomes linked to poverty—for example, education, health, social care, and employment. Due to COVID-19 constraints, the investment freedom index for South Africa was 45 in 2020. Since then, the index has fluctuated around 75, indicating the ease of investing in South Africa. (Statistica, 2021).

7. Conclusion

Good governance is a cornerstone of poverty alleviation (Grindle, 2002). This article aimed to investigate the relationship between good governance and poverty reduction in South Africa. The use of world governance metrics such as the Rule of law, political stability, economic freedom, investment freedom, and corruption control lends credibility to this study's examination. As a result, this article highlights the concept that good governance can significantly reduce poverty while promoting social fairness, particularly in middle-income nations. According to Jindra and Vaz (2019), better governance is related to lower multidimensional poverty in middle-income countries. The combination of good governance's political, economic, and institutional components, including corruption control and regulatory quality, boosts poor incomes and reduces poverty.

The study adopted a quantitative research approach, drawing on the PCA to elucidate the patterns of good governance relationship with poverty reduction in South Africa. Congruent to literature, the PCA extracted two components representing the poor (low-income earners) and the elite (high-income earners). Political instability, government ineffectiveness, and corruption are the significant causes of poverty in South Africa, mainly affecting the poor and low-income earners. However, amongst the elite population, government effectiveness, control of corruption, and the Rule of law had little to no effect on poverty reduction amongst citizens in the middle income-high income bracket.

The maladministration of the government and its ineffective governance policies, in the form of rampant corruption, state capture, and implementation challenges, have gravely stalled the attainment of set SDG 1 of no poverty.

The study is relevant as it explores the new governance and poverty reduction debate in South Africa using the PCA. It suggests how governments in the emerging economy can improve their governance systems for poverty reduction by drawing on the world's governance indicators.

It is vital to emphasise the importance of government effectiveness in explaining poverty alleviation, especially amongst the poor and low-income households. Government effectiveness entails policy implementation processes resulting in positive equity, growth, and poverty reduction. In addition, accountable and transparent government administrations, effective government programmes, and proper measures to foster trust in legal authorities and institutions reflect good governance.

In addition, there should be a nuanced approach wherein good governance policies to eliminate poverty are formulated and actively implemented. For example, in terms of corruption control, regulation or improved enforcement of current laws to address deficiencies in markets in which the poor participate—poorly functioning financial, land, and human capital markets—so that they can benefit from growth—via transparency and anti-corruption efforts. More specifically, in terms of freedom of participation and exercising democracy, policies must be developed that create conditions that remove barriers to participation in the growth process for the poor.

Conflict of interest

The author(s) declare that no conflicts of interest are related to this article's research, authorship, or publication.

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