INSTITUTE FOR ECONOMIC JUSTICE
RESEARCH POLICY ADVOCACY

SOUTH AFRICA'S COVID-19 RESPONSE
POLICY BRIEF SERIES

1 July 2021

COVID-19 RESPONSE POLICY BRIEF #3

VULNERABILITIES AND POLICY PRIORITIES FOR SOUTH AFRICA'S COVID-19 THIRD WAVE

COVID-19 infections continue to rise as South Africa's third wave worsens and the vaccination rollout programme falls short. This comes at a time when most vulnerable groups have lost income. Most of the relief measures initially extended to workers, households, and businesses have expired, causing a humanitarian crisis.

This Policy Brief highlights the differentiated impact of the pandemic and the vulnerabilities it has exacerbated for workers, businesses, women, and children. It explores how some of these groups were not rescued by initial relief efforts. It lays a basis for understanding economic needs as the third wave worsens.

To protect livelihoods and sustain the economy, we review a comprehensive set of policy interventions and an extension and improvement of current relief measures. Local and international experiences and responses to the pandemic are used.

Drawing on the evidence and proposals here, a forthcoming second Policy Brief will set out immediate economic relief measures that the government should put in place alongside the Lockdown Level 4 restrictions announced on 27 June 2021. It is only through such urgent short-term interventions targeted at vulnerable groups, that hunger, poverty, and economic collapse may be curtailed.

IN THIS DOCUMENT

SUMMARY OF RECOMMENDATIONS

1. **Support businesses to stay open in the short term despite the loss of business activity by:** replacing the Loan Guarantee Scheme with grant and heavily subsidised credit; a six-month moratorium on bankruptcy claims; and a six-month sector-targeted tax deferral programme.
2. **Maintain employment through wage support and employment regulation by:** extending and improving TERS benefits; more equally sharing the loss of income amongst workers; and allowing for greater short-time work.
3. **Extend sector-specific support plans to resuscitate sectors that have been particularly hard hit by the pandemic by:** leveraging development finance institutions (DFIs) for special subsidised development financing; extending further relief funds to smallholder farmers and the tourism and hospitality sector; increase public investment in the manufacturing sector and green initiatives; and increase relief to Early Childhood Development (ECD) centres.
4. **Protect workers' health by democratising workplaces through:** identifying workers with health risks and prioritising their safety; recognising COVID-19 as an occupational disease enabling greater social protections and entitlements; ensuring implementation of COVID-19 protocols through joint monitoring by workers/union and employers; allowing workers' to refuse to work if health and safety standards are not being respected; and ensuring workers requiring COVID-19 testing access those publicly or privately.
5. **Boost construction-sector employment and public infrastructure through:** increasing levels of public infrastructure spend targeted at bolstering essential services and supporting hard-hit economic sectors; increasing funding to the Presidential Employment Stimulus (PES); and mobilising DFI resources to raise public and private investment.
6. **Increase support for the informal sector through:** extending direct cash transfers targeting women and informal workers, especially where UIF/TERS is unable to reach; reform current business grant criteria to allow greater access; improve coordination and communication between informal workers, local municipalities, and CSOs; and intensify efforts to improve access for informal sector workers to TERS.
7. **Offer more significant support to workers who have lost employment by:** allowing informal or self-employed workers to register for UIF; developing new vocational skills training programme to upskill those most at risk of dismissal and those who are temporarily unemployed; utilising the Presidential Employment Stimulus (PES) to employ workers who have lost their jobs in activities connected with that sector; increasing funding to the Commission for Conciliation, Mediation and Arbitration (CCMA); and incentivising businesses to bring back furloughed or retrenched workers.
8. **Improve care support infrastructure by:** ensuring that in the event of another hard lockdown or lockdown regulations that lead to the closure of schools, government and businesses should provide childcare services for individuals who are able to continue to work.
9. **Sustain livelihoods through urgently extending and improving social relief measures by:** reinstating the SRD grant at, at least, R585 per month and expanding the grant to include caregivers until a Universal Basic Income Guarantee is implemented and providing food vouchers targeted at households that are not recipients of other support.
10. **Improve support for women, children, and frontline workers through:** the full reimplementation of the school feeding programme; targeted programmes and facilities, including those run by CSOs, to confront GBV-F; increased speed and scope of the vaccine roll out for essential workers, including informal workers; and increased psychosocial support has to be given to frontline workers.

1. INTRODUCTION

South Africa has entered a third wave of COVID-19 infections. Many people are still left reeling from the first and second waves and their associated lockdowns, which not only saw thousands of people losing their loved ones, but also their incomes and livelihoods. As this third wave progresses, economic activity is expected to contract, with likely fallout for workers, businesses, and communities.

In 2020, South Africa's economy contracted by 7%. Despite positive growth in the first quarter of 2021, the economy remains smaller than its pre-COVID levels and continues to shed jobs as the unemployment rate reaches a record high of 32.6% (expanded definition, 43.2%) – the highest since the inception of the Quarterly Labour Force Survey (QLFS).[1] Investment, measured through "Gross Fixed Capital Formation" (GFCF), which seemed to increase in the third and fourth quarters of 2020 (Q3 and Q4) – albeit still below its previous levels – is declining yet again in Q1 2021.

Despite the loosening of restrictions in 2021, South Africans are still living under immense hardship as lockdowns form only one part of the broader negative economic impact of the pandemic.[2] According to NIDS-CRAM Wave 4 data, 39% of households ran out of money to buy food in January 2021 and 17% of households experienced weekly household hunger.[3] Without adequate and speedy support, there is a significant risk that people, especially children, will suffer severe long-term consequences.

The Institute for Economic Justice (IEJ) previously warned that there can be no recovery without rescue. In April 2020, President Cyril Ramaphosa announced South Africa's R500 billion rescue package aimed at supporting workers, businesses, and households through the pandemic. This programme saw numerous problems in implementation, but as of February 2021 only one-third of that R500 billion had materialised.[4] This has meant that many did not receive much-needed relief, including workers, small businesses, the informal sector, and women who have been disproportionately affected by the lockdown measures to curb the spread of the pandemic.

While the need for policies to spur economic recovery is undisputed, the IEJ re-emphasises the need for ongoing and expanded rescue measures during these times of crisis, especially in light of the third wave. International evidence has shown that governments have renewed and expanded their rescue packages to support workers and businesses as the crisis continues. For instance, the Australian government announced a new package to the tourism sector valued at $928 billion in addition to the measures it had extended to the sector in January 2020.[5] On the other hand, Germany extended its 'short-time work' furlough programme, which compensates workers for lost earnings caused by temporarily being put on reduced working hours, until December 2021.[6] Evidence collected in the last year has provided us with a clearer picture of how vulnerabilities have been distributed. We now know more about how different sectors, demographies, and geographies have suffered (or even in some cases benefitted). This allows for a more targeted, equitable, and efficiently-distributed allocation of resources to ensure that those most vulnerable are those receiving the most support.

The vulnerabilities highlighted here clearly show that an updated rescue package, which prioritises the most vulnerable, is required. This brief will highlight vulnerabilities in businesses, particular sectors and their workers, and cross-cutting groups. It evaluates the policy responses to date and highlights the dire consequences of loss of income and hunger. It then goes on to present policy recommendations for the ways in which these can be mitigated with targeted solutions.

1. Stats SA. 2021. Quarterly Labour Force Survey, Quarter 1: 2021.
   Available at http://www.statssa.gov.za/publications/P0211/Media%20release%20QLFS%20Q1%202021.pdf
2. Kohler, Bhorat, Hill, Stanwix. 2021 *COVID-19 and the Labour Market: Estimating employment effects of South Africa's national lockdown*. DRPU Working Paper 202107.
   Available at http://www.dpru.uct.ac.za/sites/default/files/image_tool/images/36/Publications/Working_Papers/DPRU%20WP202107.pdf
3. NIDS-CRAM Wave 4. 2021. Synthesis Report.
   Available at https://cramsurvey.org/wp-content/uploads/2021/05/1.-Spaull-N.-Daniels-R.-C-et-al.-2021-NIDS-CRAM-Wave-4-Synthesis-Report..pdf
4. Institute for Economic Justice. 2020. South Africa's COVID-19 Rescue Package Scorecard. COVID-19 Factsheet #2.
   Available at https://www.iej.org.za/wp-content/uploads/2020/08/IEJ-COVID-19-fact-sheet-2-%E2%80%93-rescue-scorecard-1.pdf
5. Pachman and Freed. 2021. *Australia unveils $928 million COVID-19 stimulus package for the tourism industry*. Reuters.
   Available at https://www.reuters.com/article/us-health-coronavirus-australia/australia-unveils-928-million-covid-19-stimulus-package-for-tourism-industry-idUSKBN2B301G
6. Germany Trade & Invest. 2020. *Germany Extends Successful Coronavirus Short-Time Work Scheme*.
   https://www.gtai.de/gtai-en/invest/investment-guide/short-time-work-scheme-550172

2. INITIAL IMPACT OF COVID-19 ON BUSINESSES

The impact the pandemic has had on industries, businesses, and households has been devastating. In the first quarter of 2021 (Q1), the economy supported 1.4 million fewer jobs than the same period in Q1 in 2020.[7] Globally, the International Labour Organization's (ILO) Monitor estimates that 114 million jobs have been lost by Q4 2020, compared to the same period in 2019.[8]

2.1 Initial impact on businesses

Following the lockdown, Stats SA surveyed a total of 2 182 businesses in April 2020.[9] A lot has changed since this period, with South Africa moving to different alert levels of the lockdown. However, this survey remains important to understand the impact of COVID-19 on businesses, and the long-term consequences this may have. The findings of this experimental study are concerning, with 85% and 90% of the businesses surveyed, in March and April, respectively, stating that their turnover had declined below the normal range. As shown in Table 1, businesses in mining; construction; manufacturing; wholesale and retail trade; hotels and restaurants; and transport, storage and communication were the hardest hit. While there has been a recovery in the mining sector in output, the businesses that experienced significant decreases in turnover mirror sectors that have shrunk and experienced a high loss of employment by the first quarter of 2021.

In another survey, conducted in September 2020, IPSOS found that 63% of the businesses surveyed stated that their performance was "not very well" after the lockdown.[10] Whilst 73% of the micro businesses stated that their performance after the lockdown was "not very well," 35% of the larger businesses stated that they were "well/ very well" after the lockdown. This illustrates how there are different levels of resilience depending on business size. The financial distress faced by businesses in turnover are reflected in the increase in liquidations where the total number of liquidations increased by 14.2% year-on-year between December 2019 and December 2020; 674 companies were liquidated between January and April 2021.[11] Notably, the most affected sectors in terms of liquidation were finance, insurance, real estate, business services (133); trade catering and accommodation (44) and manufacturing (13).

In April 2020, to deal with the impact of COVID-19, Stats SA reported 28% of the businesses "decreased working hours," and 19% laid off staff in the short term. The IPSOS survey showed that 31% of the businesses were unable to pay their employees, and 26% of the businesses had to retrench employees. Micro-enterprises (turnover of less than R5 million) retrenched the most employees (38%). This has long-term negative implications for unemployment and it is also reflected in the increase of the unemployment rate in the first quarter of 2021. With reduced buying power due to loss of income, more businesses will see decreased revenue and overall, this will have negative effects on the economy.

It is critical to bear in mind that the policy support required to sustain existing businesses in times of crisis is far simpler and more cost-effective than policy needed to create new businesses in periods of recovery. This underscores the value of ongoing emergency support.

2.2 Evaluation of policy response

Business support measures have included a Loan Guarantee Scheme (LGS), tax deferments, and sectoral-specific programmes. The first and second have failed due to limited uptake, and the third has been insufficient (this will be detailed in Section 3).

As of 19 June 2021, banks had made loans, under the LGS, to the value of R18,35 billion, representing only about 10% of the planned R200 billion value of the scheme.[12] This indicates the scheme has not been well received by businesses that have been negatively impacted by the pandemic. Small businesses are particularly vulnerable due to a lack of emergency savings. According to IPSOS, businesses were aware of support measures that were introduced by the government.[13] However, 26% of the businesses did not apply for relief support. Reasons for not applying for relief were lack of knowledge about the qualification criteria (33%) and the complicated application process (26%). The implementing partner of the scheme, the Banking Association South Africa (BASA) acknowledged that the scheme has been a failure. BASA found that businesses have been reluctant to apply for relief support due to its stringent criteria and a reluctance by businesses to accumulate further debt.[14] Without support, more small businesses will close down. The scheme has been extended from 12 April 2021 by three months to 11 July 2021, however, the extension of the scheme without any restructuring in its criteria or terms, and lack of long-term support to small businesses will not save businesses. The tax relief measures initially implemented such as PAYE relief and skills development levy deferrals expired in 2020.

7. Stats SA. 2021. Quarterly Labour Force Survey, Quarter 1: 2021
8. International Labour Organisation (ILO). 2021. ILO Monitor: COVID-19 and the World of Work, Seventh Edition. Available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf
9. Stats SA. 2020. Business impact survey of the COVID-19 pandemic in South Africa. Available at http://www.statssa.gov.za/publications/Report-00-80-01/Report-00-80-01April2020.pdf
10. IPSOS. 2020. SMMEs: Understanding of the impact of COVID-19. Available at https://www.ipsos.com/en-za/smmes-understanding-impact-covid-19
11. Stats SA. 2021. Statistics of Liquidations and Insolvencies. April 2021. Available at http://www.statssa.gov.za/?page_id=1854&PPN=P0043&SCH=72816
12. The Banking Association South Africa (BASA). 2021. Loan Guarantee Update. Available at: https://www.banking.org.za/news/may-covid-19-loan-guarantee-scheme-update/
13. Ibid. 13, 5.
14. GENN 22 on Sloane. 2020. COVID-19 Impact Report. Available at https://www.22onsloane.co/covid-19-impact-report/

3. IMPACTS ON VULNERABLE SECTORS AND WORKERS

It is important to appreciate that some industries were more affected than others, and therefore some workers, in certain occupations are more vulnerable. Taking this into account, certain countries have started implementing sector-specific relief measures.[15] This section will provide an overview of the sector-specific impacts and the shortfalls in existing relief measures. This analysis allows us to identify the workers who are still vulnerable to the pandemic and its related social-distancing and lockdown measures.

3.1 Overview of sectoral impact

Table 1 shows percentage changes in a range of variables between the two quarters – the beginning of 2020 (pre-COVID) compared with the beginning of 2021 (Q1:2020 and Q1:2021). It includes employment disaggregated by sex, basic wages, and industry value added (the measure of the value of goods and services produced by an industry), as well as the changes in business turnover discussed in Section 2. These indicators show how each sector has changed between the pre-COVID era and a year into the pandemic. The changes are colour coded according to the level of vulnerability. Red represents a **critical** level, orange represents a **high** level of vulnerability, yellow indicates **medium** level, and green represents a **low** level.

Table 1: Year-on-year (Y/Y) changes (Q1 2020 and Q1 2021) in employment, basic wages and value added by industry

Industry	Change in employment (%)			Change in basic wages (%)	Change in value added (%)	Business turnover below normal range (%)
	Women	Men	Both sexes			
Agriculture, forestry and fishing	-20.7	-2.3	-8.4	*	7.5	88
Mining and quarrying	7.1	-12.1	-9.3	5.2	3.5	94
Manufacturing	-8.7	-14.1	-12.2	-5.7	-1.1	92
Electricity, gas and water	-0.7	-0.4	-0.5	1.7	-0.9	90
Construction	-16.6	-20.1	-19.7	-15.7	-17.5	92
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants	-13.8	-7.2	-10.3	-5.1	-3.8	92
Transport, storage and communication	-14.9	-8.0	-9.2	-9.6	-11.5	93
Financial intermediation, insurance, real estate and business service	1.3	-0.3	0.4	-4.4	-5.3	85
Community and social services	-6.2	-3.3	-5.1	1.2	0.5	89
Private households	-14.5	-14.0	-14.4	*	-0.6	*

Source: Author's own calculations using data from Stats SA (QLFS, Q1: 2021, Q1, GDP 2021, QES, Q4:2020.

Table 1 shows that all sectors had a decrease in employment except the finance, intermediation, insurance, real estate and business services sector. The largest job losses for both sexes over the period are concentrated in trade (341 000); construction (265 000); manufacturing (208 000); and private households (189 000). Most of the women's job losses were at critical levels. This is because women are disproportionately concentrated in low-paying, low-skilled, and semi-skilled occupations. In the first quarter, domestic

15. Ibid.

workers, sales and services, craft and related were some of the hardest-hit occupations and within these occupations women were slightly harder hit than men. The vulnerability of Black women is also reflected in their unemployment rate (narrow definition) which is currently 38% in Q1:2021 compared to Coloured (25%), Indian (9%), and White (7%) women. Drawing on PwC's employment forecast, the baseline scenario shows that total employment is projected to return to pre-pandemic levels only by 2025.[16]

This differentiation shows that targeted and sector-specific rescue measures have to be implemented to assist workers, industries, and businesses which are still suffering for there to be any talk of a potential economic recovery and jobs "bounce back".

3.2 Agriculture

The agricultural sector is one of the sectors that performed relatively well in 2020. This can be seen in the 7% rise in value added for the sector in Q1 2021 compared to Q1 in 2020. There are three factors that contributed to this performance. Firstly, the sector benefited positively from food being declared an essential service following the lockdown. This meant markets were still reachable and a further easing of the lockdown expanded them as some restaurants and informal traders resumed their operations. Secondly, favourable summer weather conditions led to increased harvests.[17] Lastly, exports in the sector rose to their highest levels since 2018, reaching R167 billion in 2020. Therefore, favourable weather conditions drove increased output and exports whilst declaring food an essential service ensured ongoing local consumer demand. Despite this, the employment levels in agriculture have decreased and women account for most job losses.

Patriarchal norms are one of the main contributing factors for the inability of women to enter or stay in the labour market in this sector. Women accounted for the majority of jobs lost in agriculture, at 59 000 jobs, compared to 13 000 jobs lost for men. Women in agriculture still have fewer skills and occupy precarious positions relative to men. More men (66%) are employed as full-time employees than women (33%) in this sector, and slightly more women (52%) are seasonal workers compared to men (48%)[18]. This makes women susceptible in periods of economic decline due to a lack of projections for seasonal workers. This may explain why women were most affected when sub-sectors laid-off workers in wine farms in Northern and Western Cape as alcohol sales were restricted at different levels of the lockdown. This shows that interventions need to take into account the impacts the pandemic has had on workers as distinct from impacts on the sector itself.

3.3 Manufacturing

There is a risk that COVID-19 and lockdown effects have accelerated existing deindustrialisation trends. The manufacturing sector saw a decrease in output in Q1:2021 (-1.1%) compared to the same period in 2020. This follows on from the sector's output decreasing 3% in November 2019 and then by a further 6% in December 2019.[19] Steel production had already fallen from 8 to 6 million tonnes a year between 2008 and 2017, whilst textiles manufacturing declined by 15% from 2014 to 2019.

The impact of the COVID-19 crisis varies across sub-sectors. The basic iron and steel sub-sector experienced the largest negative growth of 13%, contributing 2 percentage points to the sector's overall decline.[20] Decreased demand from other industries, such as construction, where steel and other materials are used, also impacted this sub-sector, although employment in this sub-sector fell by a lower percent, indicating its capital intensive nature. All divisions in manufacturing experienced negative growth in 2020 overall. The production of essentials, such as food and medical supplies, were the only sub-sectors that operated during the hard lockdowns. The food and beverages sub-sector benefited from this in terms of quarter to quarter changes, seeing the largest production increase at 5.4% and contributing +2 percentage points to the manufacturing sector overall in the fourth quarter compared to the third quarter in 2020. In the first quarter of 2021 sub-sectors such as motor vehicle parts, accessories and other transport equipment, and food and beverages have recovered to pre-pandemic levels, whereas furniture manufacturing and radio, television and communication apparatus, as well as textiles, are still lagging. This partly reflects that there is still insufficient demand for these manufactured goods. Employment losses in these sub-sectors have been severe: a 12% fall in clothing and textiles; 20% in paper and wood associated manufacturing; 16.5% in sub-sectors linked to chemicals,

16. BusinessTech. 2021. Three scenarios for jobs recovery in South Africa: A bleak picture for Covid-19 recovery. Available at https://businesstech.co.za/news/business/486773/3-scenarios-for-jobs-in-south-africa-a-bleak-picture-for-covid-recovery/
17. South African Reserve Bank. 2020. Quarterly Economic Review. December 2020. Available at https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/quarterly-bulletin-publications/2020/qb-dec-2020/02%20Quarterly%20Economic%20Review.pdf
18. Loubser Gys. 2020. *Women in Agriculture: An Exploratory Women and Gender Equality in South Africa*. Sustainable Agriculture in South Africa (SIZA) https://siza.co.za/wp-content/uploads/2020/07/Women-in-Agriculture-Research-Report-2020-Print-version.pdf
19. Ed Stoddard. 2020. De-industrialisation acceleration: SA manufacturing output almost halved in April 2020. Business Maverick. 19 July 2020. Available at https://www.dailymaverick.co.za/article/2020-07-09-de-industrialisation-acceleration-sa-manufacturing-output-almost-halved-in-april-2020/
20. Stats SA. 2020. Manufacturing, Production and Sales. December 2020. Available at http://www.statssa.gov.za/?page_id=1856&PPN=P3041.2&SCH=72684

glass, plastic, and rubber; 19% in transport equipment; and a staggering 37% in furniture production.

Despite the negative impact of the pandemic on the sector, there are opportunities for local manufacturers to pivot and grow the industry to supply local, regional, and export markets, in light of the vulnerabilities, exposed in global supply chains and the domestic reliance on imports. The sector has great potential to create jobs and contribute to recovery, however, this requires a coherent strategy with a focus on capacitating manufactures to be globally competitive and resilient in the long run. In the short term, the government should increase public investment towards the production of public health supplies and infrastructure, and ensure procurement policies are favourable for local manufacturers.

3.4 Construction

The construction sector experienced a contraction of 17% in value added in Q1 compared to the same period in 2020. Basic wages have also seen sharp declines, decreasing by 16% year-on-year in Q4 2020. Before the pandemic, the construction sector was already faced with challenges due to increased austerity in infrastructure spending by the government. As the Budget Justice Coalition has shown in its 2021 Budget Finance submission, "public infrastructure spending has decreased to under 20% as a percentage of GDP and has declined by 7% from R815 billion in the 2020 budget to R791.1 billion" over the Medium Term Expenditure Framework (MTEF).[21] The restrictions put in place to curb the spread of the virus meant construction activities were put on hold except essential services infrastructure.

Therefore, the intersection of pre-COVID-19 factors, including lower demand caused by austerity, and measures to contain the pandemic have increased the vulnerability of this sector. The construction sector plays a vital role in job creation.[22] It also has the potential to stimulate development through the provision of public goods. The potential for this sector to catalyse recovery and contribute to development remains untapped and this is visible in the low budget allocated towards maintaining infrastructure. The Presidential Employment Stimulus (PES), for example, has allocated only R50 million (out of a budget of R12 billion) towards water and sanitation infrastructure maintenance and the creation of only 25 000 job opportunities.[23]

3.5 Wholesale, retail trade and hospitality

This sector has also been hard hit. Stats SA found that 90% of businesses in this sector experienced a turnover below the normal range in April 2020.[24] The number of businesses that have ceased to operate permanently increased from 1.4% in March 2020 (Wave 1 of the Stats SA business survey) to 5.9% in April 2020 (Wave 2 of the business survey). Table 1 further shows how GVA and employment decreased. This can be attributed to both the supply restrictions, due to lockdown regulation, and the fall in demand due to social distancing and income loss causing changes in spending habits. The major fall in economic activity and employment has been in sub-sectors linked to hospitality and tourism, with a 20% fall in these sectors. Domestic lockdowns and the decrease in international tourists have played major roles. Stats SA's tourism report found that foreign arrivals in South Africa dropped by 71%, from over 15.8 million in 2019 to just 5 million in 2020. The report also found that the volume of tourists declined by 73%, from 10.2 million in 2019 to 2.8 million in 2020.[25]

This is significant as South Africa benefits significantly from international tourist spending and has historically had a positive tourism trade balance.[26] A total of R120 billion was spent by international tourists in 2018. Most of the money was spent on road and air transport (24%) followed by accommodation (16%) and tourism-connected products (15%). The drop in tourism resulted in a decrease of 61% in income from accommodation between 2019 and 2020 – representing a R15 billion loss.[27] This decrease was driven by a loss of income from hotels (57%), other accommodation (lodges, B&Bs, self-catering establishments, 43%), and guest-houses and guest farms (42%).

The third wave will further hamper any hopes of a recovery in this sector, as the public may become more cautious of travelling for leisure. International travellers will continue to be limited despite the roll-out of the vaccine. This may be attributed to sentiments about the South African discovered COVID-19 variant (Beta) and the slow pace of the vaccine roll-out. Therefore, a decrease in tourists negatively affects the trade balance and consequently, income by transport drivers, workers at airports, and the hospitality industry, necessitating the urgent need for government intervention.

21. Budget Justice Coalition. 2021. Submission by the Budget Justice Coalition to the Select Standing Committees on Finance on the 2021 Budget. 2021 Budget Finance Submission. Available at https://budgetjusticesa.org/assets/downloads/2021BudgetFinanceSubmission.pdf
22. Construction Industry Development Board (CIDB). 2020. Construction Monitor Employment. Available at http://www.cidb.org.za/Documents/Construction%20Monitor%20Employment%20October%202020.pdf
23. The Presidential Employment Stimulus Revised (PES). 2021. *Building a Society that Works: Public Investment in a mass employment strategy to build a new economy*. Available at https://www.stateofthenation.gov.za/employment-stimulus-dashboard
24. Ibid. 11, 4.
25. Stats SA. 2021. SA Tourism struggles amidst COVID-19 pandemic. Available at http://www.statssa.gov.za/?p=14281
26. Stats SA. 2019. SA's tourism trade balance edges lower. Available at http://www.statssa.gov.za/?p=12805
27. Stats SA. 2021. Tourist Accommodation. Available at http://www.statssa.gov.za/publications/P6410/P6410December2020.pdf

3.6 Financial intermediation, insurance, real estate and business services

The business services sector lost significant numbers of jobs in 2020, however, the first quarter of 2021 showed signs of recovery, a 9.4% quarter-on-quarter boost, becoming the sector to record the highest job increases and the only sector to record positive gains (0.4%) year-on-year in March 2021. Interestingly, the "Business activities N.E.C." subsector, comprising mainly labour-broker workers and security guards, originally shed around 115 000 jobs in 2020. However, it has subsequently recovered and year-on-year had gained around 130 000 in Q1 of 2021. This potentially indicates a shift in employment towards outsourced workers and an increase in private security as falling incomes impact levels of crime. Sectors where one might expect higher-income, more stable employment, such as finance and real estate, also saw large job losses at -17% and -26% respectively. Although professionals in this sector did see a 13.5% fall in employment, "elementary workers" still accounted for the largest fall in both absolute (around 125 000 jobs lost) and relative terms (a 19% fall). This indicates that even in sectors like finance and real estate, lower-wage, more "auxiliary" workers were hardest hit. This should not, however, undermine concern for professional services.

Drawing on the report of liquidations and insolvencies by Stats SA, one can also note that the financing, insurance, real estate and business services sector has experienced the highest number of liquidations (219) in the first quarter of 2021.[28]

3.7 Transport, storage and communication

The transport, communications and storage sectors have been impacted by disruptions in other industries being shut down due to the lockdown, thereby shutting down its main markets and global and local supply chains. In addition, Level 5 and Level 4 lockdown disruptions have also had a direct impact on the mobility of goods and this has impacted the logistics sector, thereby negatively affecting truck drivers' wages and working hours. The volume of goods transported (payload) decreased by 20% in June 2020 compared to 2019 (period corresponding with lockdown) and this affected income by 17% in the same period.[29] The closure of tourist attractions, restaurants, and hotels also had an impact on the movement of people and thereby led to a decrease in passengers. Passenger journeys decreased by 63% in June 2020 compared with June 2019 and the corresponding income decreased by 59% over the same period.[30]

The decreased payload and income has had a negative impact on crews and drivers in this sector. This is reflected in a 10% decrease in full-time employment and basic wages for the period between December 2019 and December 2020. The latest stats for Q1 reveal that rail freight transport has not recovered to pre-pandemic levels in terms of payload and income, while road freight transport has performed better. Income for the former decreased by 13% compared to Q1 in 2020. On the other hand, the latter has seen an increase of 6% compared to Q1 in 2020. Road freight transport accounts for 79% of total payload compared to just 21% by rail. This is partly due to infrastructure theft and vandalism of rail infrastructure and trucking benefiting from the good performance of the agricultural sector. In this sense, workers in rail freight transport are the most vulnerable currently in this sector relative to road freight workers.

3.8 Informal economy

Almost a million jobs have been lost amongst informal workers. The QLFS of Q1 2021 shows that a higher percentage of employment was lost in the informal (non-agricultural) sector (14%) than in the formal sector (6%) in the first quarter of 2021 compared to the same period in 2020. Informal workers in manufacturing (34%); construction (24%); wholesale and retail (19%); and private households (18%), experienced the largest losses in employment. Women were somewhat more impacted, with a 20.5% fall in women's employment in the sector compared to a 19% fall for men. In addition informal traders, waste pickers and domestic workers lost substantial incomes during the initial lockdown period. A study of informal worker's income in Durban in the months following lockdown showed that their incomes did not recover.[31] In July, street traders reported that their income was only 41% of pre-lockdown earnings whilst waste pickers recovered better, stating that their income was 71% of pre-lockdown. Market traders, on the other hand, reported no income during this time. This shows how their businesses were hard hit relative to other informal workers during the same period. The findings are in line with the NIDS-CRAM Wave 1 data, which found that typical working hours decreased by 50% between February and April 2020 among the self-employed. As a result, typical earnings decreased by 60%. The current third wave threatens the livelihoods of informal workers once again as stricter levels of lockdown are considered. In this sense, urgent vaccination of workers in this sector needs to be put on the table alongside targeted relief measures.

28. Ibid. 15, 5.
29. Stats SA. 2020. Land Transport Survey. Available at http://www.statssa.gov.za/publications/P7162/P7162June2020.pdf
30. Ibid.
31. https://www.wiego.org/sites/default/files/publications/file/WIEGO_FactSheet_Durban_final_web_0.pdf

Impacts on small business: the case of smallholder farmers

South Africa's agricultural structure consists of smallholder or household farmers and commercial farmers.[32] There is an unequal distribution of resources, land, and markets amongst these categories of farmers and this influences the varied impact of the pandemic within the sector. Smallholder farmers have suffered a loss of access to markets, reduced demand for produce, and therefore loss of income. The lockdown regulations inhibited informal street traders from operating. A further easing of the lockdown required permits to operate and some struggled to acquire them from their respective authorities. Therefore, smallholder farmer's markets were disrupted. To alleviate this, the COVID-19 Farmer's Relief Fund for Smallholder Farmers was a much-needed intervention. According to the Agriculture, Land Reform and Rural Development Minister the fund has reached more than 15 000 small-scale farmers from 55 155 applications that were received.

Despite this, a number of shortcomings with the scheme have been pointed out. First, although only preliminary, the findings on the distribution of the fund in Limpopo show that there was a gender bias against women.[33] Whilst women mostly received support, it was received in groups where one woman would receive funding on behalf of a cooperative as opposed to men who received funding as individuals. Second, while the targeted relief to smallholder farmers was progressive, as this group needs the most support, the complex application process excluded some farmers due to lack of supporting documents, such as invoices and three-month bank statements. Third, experience from one of the farmers who spoke at a Webinar by PLAAS, shows that the funds provided relief but were too prescriptive, as they were paid as input vouchers (PESI voucher), with which one could only purchase certain goods.[34] Some farmers needed cash to support workers' salaries but could not do so with the voucher. Moreover, some vendors inflated their prices which led farmers to sell their PESI vouchers in exchange for cash.[35] This highlights how farmer's needs were not met and benefits from the fund were skewed towards commercial farmers that were providing inputs to the smallholder farmers, rather than directly to the latter. As a result regional markets lost by commercial farmers were cushioned by money from input vouchers from smallholder farmers. Finally, it is unclear what criteria was used to select and allocate amounts to different smallholder farmers.

3.9 Evaluating policy measures to support vulnerable sectors and workers

Across all sectors, the key intervention to sustain employment was the COVID-19 Temporary Employee/ Employer Relief Scheme (TERS). The TERS is a scheme that was extended to employers and employees that contributed to the Unemployment Insurance Fund (UIF) in 2020. Its purpose was to support employers who had closed their operations, fully or partly, for three months as a result of COVID-19 and are unable to pay salaries. A total of R40 billion was allocated for TERS with the latest figures showing that R51 billion was spent. The TERS came to an end in March 2021. The Minister of Labour and Employment justified this on the grounds that TERS was only introduced to save workers' livelihoods and now that most companies have resumed operations under Level 1 it was no longer needed.[36] The Minister's statement assumes that because businesses can reopen, workers have resumed working full time. This is not the case. In addition, the Auditor General released a report detailing key systemic issues related to the implementation of the scheme. Some of the key issues included overpayments, payments for invalid/imprisoned employees, and incorrect calculations of the payment benefits. This calls into question how many workers were reached by TERS and whether the businesses that needed it most received it. The existing systemic challenges in TERS and the lack of transparency in calculations of the payment benefits call for a restructuring and expansion of the scheme.

The third wave means that some businesses will likely once again have to close their doors, negatively impacting revenue and wages. Therefore, as unemployment increases the UIF is likely to continue to see an increase in claims. As it stands, the UIF currently does not have the capacity to support all those who claim and have lost income. Therefore, UIF has to be expanded to increase its benefits and expand its coverage to more workers that are currently unemployed.

Sector-specific programmes have also not been up to the challenge. For example, in August 2020, the

32. Johnson Peter. 2019. *Farming in South Africa is under threat from climate change*. Here's how. The Conversation. Available at https://theconversation.com/farming-in-south-africa-is-under-threat-from-climate-change-heres-how-125984
33. Makwea Reitumetsi. 2021. *Research reveals gender bias in farmers' relief grant*. The Citizen. Available at https://citizen.co.za/news/south-africa/government/2474929/research-reveals-gender-bias-in-farmers-relief-grant/
34. PLAAS Webinar. *The COVID relief fund for small-scale farmers: who benefitted, who lost out, and what have we learnt about food systems?* Available at https://www.plaas.org.za/the-covid-relief-fund-for-small-scale-farmers/
35. Musiwa Duncan. 2021. *Farmers reveal exploitation by the government 'middleman'*. Food for Mzansi. Available at https://www.foodformzansi.co.za/farmers-reveal-exploitation-by-government-middlemen/
36. Bhengu Cebelihle. 2021. *No More TERS payments after March: Labour Minister Thulas Nxesi*. Sunday Times. Available at https://www.timeslive.co.za/news/south-africa/2021-03-20-no-more-ters-payments-after-march-labour-minister-thulas-nxesi/

Minister of Tourism revealed that 4 000 businesses were reached by the R200 million COVID-19 Tourism Relief Fund.[37] The fund extended once-off grants of up to R50 000 per business for businesses in accommodation, hospitality, and travel and related services. Considering the R15 billion in lost income in accommodation services alone (see above), the Relief Fund is insufficient. Further, it is not clear what criteria were used to determine the amounts each business received from the fund. This risks awarding businesses amounts that barely cover their costs or overpaying businesses. There are also businesses that have been excluded from the Tourism Relief Fund and these businesses have not received any relief support. They include hotel restaurants, craft centers and taverns. This is worrying as craft and related trade lost over 300 000 jobs and taverns have had to operate fewer hours to adhere to lockdown regulations. These businesses and workers have also been affected by the pandemic and therefore their exclusion from the relief fund is unjustified. The once-off grant is also not enough to support worker's wages and businesses have been asking for round two of the fund to survive the pandemic.[38]

It is also not clear that the Tourism Relief Fund was appropriately targeted. In a survey by the World Bank's International Financial Cooperation (IFC) and the Department of Tourism, businesses indicated their top three needs in October 2020 were: (1) financial support for recovery, (2) financial support for cash flow and (3) tax reductions or deferments.[39] There were different priorities identified depending on business size. Most micro and small businesses identified capital for recovery and tax relief as priority, while medium-sized businesses identified tax relief and cash flow as the most important needs. These priorities suggest that each business needed to be provided relief based on its size and immediate needs. This is not how the Tourism Relief Fund was structured. Despite these issues, the fund was well-received as 81% of the businesses surveyed said that they knew of, and applied for the fund and 71% were successful in their application. This indicates the potential of such sector interventions if implemented properly and at the appropriate scale.

Besides the Tourism Relief Fund and Agricultural Disaster Support Fund, other sector-specific programmes were put in place. These include: funds through the Industrial Development Corporation (IDC); the DTIC's Manufacturing Competitiveness Enhancement Programme; the Debt Relief Finance Scheme; SMME Business Growth/Resilience Facility; COVID-19 Small Industrial Finance Distress Fund; COVID-19 Relief Funding Distressed Business; COVID-19 Essential Supplies Intervention and SEFA's Payment Moratorium/Holiday. These, and other programmes, have also suffered from insufficient funding, and over reliance on credit provision, stringent eligibility criteria, a lack of implementation capacity, neglect of large businesses, mixed success at roll-out, and potentially poor targeting.

Public employment was touted as another way to ensure recovery in hard-hit sectors, unfortunately, this has similarly failed to meet the scale of the challenge. As part of the R500 billion rescue package, R100 billion was set aside for job creation and support to small enterprises during the pandemic. Although the R100 billion was initially announced as part of the emergency measures it soon appeared in the Budget 2020/1 that the R100 billion will be spent over three years and only R12.6 billion was allocated to the PES. According to the latest PES report, a total of 700 000 opportunities have been created in the first phase (2020/2021).[40] The Department of Basic Education (DBE) has created the most opportunities (344 933) for young people as teaching assistants during the pandemic. Given the high rate of youth unemployment in the country, this part of the stimulus is welcomed and despite issues with payment of some teaching assistants in December 2020, it has been a success so far.[41] However, the PES remains insufficient in the face of the scale of the employment crisis.

It is concerning that only R12.6 billion has been allocated towards this fund given the high rate of unemployment and continued loss of jobs; as well as the fact that the medium-term budget doesn't allocate anything to the PES over the next two years, despite the President's commitment. Budget to other programmes such as Public Works and Infrastructure (only R158 million), Municipal Infrastructure (R50 million) and Health (R39 million) are very low. The lack of funds for these programmes underplays the importance of the provision of quality public goods and services and the importance of capacitating public health with more staff to assist in the vaccination roll out. It also does not represent a bold step towards job creation which is needed now during this crisis. In addition, the PES has missed the opportunity to channel public investment towards labour-intensive and vulnerable industries such as transport, manufacturing, construction and tourism.

37. South African Government. 2020. *Tourism on Coronavirus COVID-19 Tourism Relief Fund 4000 beneficiaries*. Media Statement. https://www.gov.za/speeches/tourism-coronavirus-covid-19-tourism-relief-fund-4000-beneficiaries-4-aug-2020-0000
38. Carin Smith. 2021. *Slim Hope for hundreds of tourism businesses asking for a second relief fund*. News24. https://www.news24.com/fin24/Companies/TravelAndLeisure/slim-hope-for-hundreds-of-tourism-businesses-asking-for-second-covid-19-relief-fund-20210620
39. International Finance Corporation (IFC). *Tourism Industry in South Africa: COVID-19: Reopening the Economy*. Survey 3. https://www.tourism.gov.za/AboutNDT/Publications/Tourism%20Industry%20Survey%20in%20South%20Africa%20Covid-19%20(December%202020)%20%20Survey%203.pdf
40. Ibid. 25, 9.
41. Mdende Athenkosi. 2021. *Teacher assistants are not happy about DBE non-payment*. News 24. Available at https://www.news24.com/parent/learn/teacher-collection/teacher-assistants-are-not-happy-about-dbe-non-payment-20210518

4. CROSS-CUTTING VULNERABILITIES: FRONTLINE AND PRECARIOUS WORKERS, WOMEN AND CHILDREN

While the previous sections describe discrepancies between different sectors, it is also essential to unpack how social position has been a key source of vulnerability for individuals and communities. This is widely acknowledged, as reports from around the world have shown that COVID-19 has, in many ways, exacerbated **existing** inequalities, whether they be along class, gender, race, geographic or other lines.

4.1 Groups vulnerable to infection

In December 2020, Stats SA launched an online dashboard, the South African COVID-19 Vulnerability Index.[42] This index maps out those most vulnerable to being infected and spreading COVID-19. It was based on the following indicators which were determined to be key social determinants of risk. They include those:

- Employed, but who do not own a private vehicle
- Without access to media (TV, cellphone, radio or internet)
- Without access to piped water within their home
- Without a toilet in their home
- Living in overcrowded homes (more than 3 people per room)
- Living in multigenerational households
- Over the age of 60
- Who use chronic medication/live with comorbidities.

These indicators illustrate that it is largely poorer households and individuals who are most at risk of contracting COVID-19, due to the inability to physically distance and the lack of access to water and sanitation services. These represent 'social comorbidities' which must be considered in designing policy, including in returning to work while the pandemic rages, in ways that are safe and equitable.[43]

Reports on actual COVID-19 infections and deaths in South Africa have found that women have higher rates of infection than men across all age groups.[44] However, data on hospital admission and deaths show that, while it is older people more broadly that are most likely to suffer from severe COVID-19 and to die, this is disproportionately more so for older men than older women.

4.2 Vaccination of frontline workers

Healthcare workers are vulnerable to infection as they often come into contact with patients, and persons infected with COVID-19 as part of their work. Hence they were first in line to be vaccinated in South Africa's vaccination roll-out. This was done under the Sisonke COVID-19 Trial Study.[45] The vaccination roll-out has been slower than expected and to date only about 2 million people have been vaccinated. Only 479 768 people (0.8% of the population) have been vaccinated fully through the Sisonke trial using the Johnson and Johnson (JnJ) vaccine whilst the rest have received the first dose of the Pfizer vaccine.[46] The roll-out has been delayed by issues with supply, a lack of capacity, vaccination sites, delays in the approval of vaccines, and the emergence of new variants.[47] As a result, the government has had to change its focus from herd immunity to containment of COVID-19. As the country moved to vaccinate frontline workers, such as teachers from the 23rd June 2021, this must be coordinated better taking lessons from the first phase to ensure that the process moves with speed. In addition to teachers, there are also workers in the informal sector, such as informal traders, supermarket tellers, and mineworkers who should also be considered alongside taxi drivers as frontline workers due to increased vulnerability.

4.3 Part-time and unregistered workers

Not only have jobs been lost, but there have been important changes in the nature of employment. Workers without any contracts and labour protection (precarious workers) have seen greater employment losses than those with contracts. Workers with verbal non-permanent contracts saw a 32% fall in employment in the first quarter of 2021 compared to 2020, as opposed to just a 2.6% employment loss of workers with written contracts. By this measure, men

42. Stats SA. 2020. *South African COVID-19 Vulnerability Index*. Technical Report. http://www.statssa.gov.za/?p=13875
43. Smith, Coleman and Gilad. 2020. *Towards a Safer More Equitable Opening of the Economy*. COVID-19 Policy Brief #2. The Institute for Economic Justice (IEJ) Available at https://www.iej.org.za/wp-content/uploads/2020/08/IEJ-COVID-19-policy-brief-series-2_2.pdf
44. Stats SA. 2020. *COVID-19 Pandemic in South Africa Demography Volume*. Available at http://www.statssa.gov.za/publications/Report%2000-80-05/Report%2000-80-052020.pdf
45. Bhekisisa Team. 2021. *SA is not reaching herd immunity. Our new goal is containment – here's how it works*. Bekeisisa Center for Health Journalism. Available at https://bhekisisa.org/resources/2021-06-03-sa-is-not-reaching-herd-immunity-our-new-goal-is-containment-heres-how-it-works/
46. Ibid.
47. Pillay and Singh. 2021. *Slow supply of vaccines delays Covid-19 vaccination roll-out*. IOL. Available at https://www.iol.co.za/mercury/news/slow-supply-of-vaccines-delays-covid-19-vaccination-roll-out-86d4522a-5a9f-4c97-91ac-61cef0662a9b

have been worse hit. The disproportionate impact on those entering the crisis on precarious terms is also seen in other ways. On aggregate, it is non-unionised members who disproportionately lost jobs together with the continuation of a decline in union membership (5%). This mirrors global trends and undermines collective bargaining.[48] Further, more people without unemployment insurance (that is, those not registered with the UIF) have lost jobs than those with unemployment insurance - 11.9% compared with 5.3% year-on-year in the first quarters of 2020 and 2021. Despite the disproportionate impact on vulnerable workers, the mechanisms in place to protect them have also eroded. Most notably, the Commission for Conciliation, Mediation and Arbitration (CCMA) is in a dire financial state with a large backlog of cases, yet the 2021 Budget tables cuts of R600 billion over the next three years.[49]

Some workers have seen a substantial decrease in working hours as businesses struggle. Globally, the ILO stated 8.8% of global working hours were lost in 2020 relative to Q4 in 2019.[50] This is equivalent to 255 million jobs. Between the first quarter of 2020 and 2021, there was a 16% decrease in the percentage of employees working more than 45 hours per week, and a 6% fall in those working 40-45 hours, compared to a small increase, of 3.2%, of those working 30-39 hours per week. This indicates a likely shift away from longer hours (40+ hours) towards fewer hours (30-39 hours). At the same time, there was a fall in employment for part-time workers (29 and fewer hours per week), indicating job shedding by part-time workers. Women accounted for a higher share of the decline in working hours for those working 45+ hours and saw an increase in those working less than 15 hours, likely indicating increased casualisation. Between February and April 2020, NIDS-CRAM Wave 3 found that women experienced a higher decline in average hours worked, compared with men. The study found that the average hours worked per week fell by 35% (35 to 23 hours) for women and by 26% (39 to 29 hours) for men.[51] While there was a slight recovery in working hours between June and October 2020, the study revealed that women were still lagging behind, with men's working hours returning to pre-COVID-19 levels (39 hours a week) as opposed to women (33 hours per week).

4.4 Children

Children have borne the brunt of the pandemic in more ways than one. Child hunger, already a concern prior to the pandemic, has plateaued at a higher level than before the pandemic. The "slow violence" of hunger and food insecurity amongst children hinders both physical and social development, contributes to, and perpetuates, intergenerational cycles of poverty and has long-term costs on the healthcare system.[52] Furthermore, female children show worse nutritional trajectories from a young age, worsening these long-term impacts for women.

A significant cause of the increase in child hunger during the pandemic, has been the closure of schools and the associated school feeding scheme, the National Schools Nutrition Programme. Despite the reopening of schools in the second half of 2020, and since school reopening in 2021, school meal provision remains at a lower level than prior to the pandemic.[53] In 2020, 60% of the school year was lost for grades 1 to 5. This has led to lower educational outcomes. While some children and adolescents were able to continue with their learning through virtual means, this has been, and continues to be, restricted to wealthier households and schools. This is likely to exacerbate inequalities between learners in poorly resourced and well-resourced schools in the long run.

Attendance at Early Childhood Development (ECD) centres also remains at a significantly lower level than prior to the pandemic.[54] The Wave 4 NIDS-CRAM findings showed that respondents who lived with a child between 0-6 years reported that only 7% of the children attended an ECD centre in the past 7 days, between 2 – 14 February 2021, compared to 39% in February 2020. Although there was an increase to 19% after 15 February, this was still below 2020 figures. For respondents that reported that they lived with a child between 0-6 years but reported no attendance at ECD centres, 26% stated that the main reason for non-attendance was temporary closure of the ECD centre. This is indicative of the challenges faced by ECD centres in accessing the ECD Employment Stimulus Relief Fund as part of the PES.[55]

The closure of ECD centres has negative implications for children's growth and their human development. Furthermore, the burden of care on women is increased and ECD workers are left without income. Overall, the lack of support given to ECD workers during the pandemic, both formal and informal, and particularly women, is illustrative of the undervaluing of care work within our society and economy more broadly.

48. Cloete, K. 2021. *Labour pains: Trade union membership has declined badly and bosses are calling the shots.* Available at https://www.dailymaverick.co.za/opinionista/2021-03-02-labour-pains-trade-union-membership-has-declined-badly-and-bosses-are-calling-the-shots/
49. Mndebele, M. 2021.*Desperate workers say the CCMA is failing them.* New Frame. Available at https://www.newframe.com/desperate-workers-say-the-ccma-is-failing-them/
50. Ibid. 10, 4.
51. Bassier, Budlender, Zizzamia. 2021. *The Labour Market Impacts of COVID-19 in South Africa: An Update with NIDS-CRAM WAVE 3.* https://cramsurvey.org/wp-content/uploads/2021/02/2.-Bassier-I.-Budlender-J.-Zizzamia-R.-2021-The-labour-market-impact-of-COVID-19-.pdf
52. May, Witten and Lake. 2020. *South African Child Gauge: Food and nutrition security*. Children's Institute. http://www.ci.uct.ac.za/sites/default/files/image_tool/images/367/Child_Gauge/South_African_Child_Gauge_2020/ChildGauge_2020_lowres_18_02.pdf
53. Shepherd, Mohohlwane, Taylor and Kotze. 2021. *Changes in education: A reflection on COVID-19 effects over a year*. NIDS-CRAM WAVE 4. https://cramsurvey.org/wp-content/uploads/2021/05/10.-Shepherd-D.-Mohohlwane-N.-Taylor-S.-_-Kotze-J.-2021.-Changes-in-education-A-reflection-on-COVID-19-effects-over-a-year.pdf
54. Wills and Mistry. 2021. *Early Childhood Development and lockdown in South Africa: 2021 quarter 1 update on attendance trends.* NIDS-CRAM WAVE 4. https://cramsurvey.org/wp-content/uploads/2021/05/12.-Wills-G.-_-Kika-Mistry-J.-2021.-Early-childhood-Development-and-Lockdown-in-South-Africa-2021-quarter-1-update-on-attendance-trends.pdf
55. Center for Early Childhood Development. 2021. Open Letter to the Minister of Social Development, Ms Lindiwe Zulu. https://cecd.org.za/wp-content/uploads/2021/04/second-open-letter-to-dsd-minister.pdf

5. DIRE CONSEQUENCES: LOSS OF INCOME, HUNGER AND GENDER BASED VIOLENCE

The trends above have a number of critical consequences. High amongst these are loss of income, increased hunger, and rising gender-based violence. These are not comprehensive, but illustrate the dire consequences of the pandemic.

5.1 Loss of income

As illustrated above, COVID-19 has had a significant impact on employment and has resulted in the loss of livelihoods and income for millions of people. In the formal sector, the occupations that experienced the biggest job losses are craft and related trade (-16%), domestic workers (-15%), elementary workers (-13%) and skilled agricultural workers (-10%). Workers without formal contracts and trade unions are among the most vulnerable to loss of income due to limited legal and social protection.

The social relief measures implemented during the first wave of the pandemic proved to be an essential lifeline for those hardest hit by the pandemic, but have subsequently been halted. These included an increase to existing grants (by R250), a "caregivers allowance" (R500) to those receiving the Child Support Grant (CSG) on behalf of dependents, and the introduction of a new COVID-19 Special Relief of Distress (SRD) grant (R350 per month). While the evidence suggests that these measures were well-targeted, they were substantially lower than required to lift households out of food insecurity. In addition, because caregivers were excluded from the SRD grant, NIDS-CRAM Wave 4 found that, in June 2020, 62% recipients of the SRD grant were men.[56] The caregivers allowance was also insufficient support as it was allocated per caregiver and not per child, even though it was targeted at children. The ending of this caregivers allowance in October 2020 was regressive as it supported many poor people.[57] The caregivers allowance reached over 7 million beneficiaries and the IEJ showed that collectively, the SRD Grant and caregivers allowance reduced food poverty to 4.4 million.[58] These grants also have the potential to reduce food poverty from 9.8 million to 3 million if they are increased to the food poverty line of R585 per month. In this sense, although women are one of the vulnerable groups during this pandemic, they have been failed by the criteria within the social support system. This has meant that experts and civil society have persistently called for the extension, expansion, and increase of these grants to provide support to those most vulnerable.

5.2 Hunger and food insecurity

One of the most severe impacts seen during the pandemic has been the rise in food insecurity and hunger. This has been experienced throughout the pandemic, and reports have found that overall hunger has plateaued at a higher level than prior to COVID-19. The latest NIDS-CRAM data shows that 39% of households surveyed ran out of food in February/March 2021 and 17% experienced household hunger, levels similar to those found at the end of 2020.[59] Unsurprisingly, it is mostly experienced by the poor, comprising of largely Black and Coloured households. Adult hunger is also found to be worse in rural/traditional areas, and in bigger household sizes (20%) compared to smaller ones (14%). While child hunger is generally lower than household hunger (14% compared to 17% in February/March 2021), it is of particular concern, due to its long-term impacts on the development of the child. However, even amongst adults, hunger was associated with worse health outcomes.[60] This is particularly concerning given the public health nature of the current crisis, and potential feedbacks between hunger, worsening health, and COVID-19.

56. Casale and Shepered. 2021. *The gendered effects of the COVID-19 crisis and lockdown in South Africa: Evidence from NIDS-CRAM Waves 1-3*. Available at https://cramsurvey.org/wp-content/uploads/2021/02/4.-Casale-D.-Shepherd-D.-2021-The-gendered-effects-of-the-Covid-19-crisis-and-ongoing-lockdown-in-South-Africa-Evidence-from-NIDS-CRAM-Waves-1-3.pdf
57. Ellis Estelle. 2020. *Black Sash to fight cancellation of caregiver top up grant*. Maverick Citizen. https://www.dailymaverick.co.za/article/2020-10-29-black-sash-to-fight-cancellation-of-caregiver-top-up-grant/
58. The Institute for Economic Justice. 2020. *The Case for Extending the Special COVID-19 Grants. COVID-19 Factsheet 5*. Available at https://iej.org.za/wp-content/uploads/2020/10/IEJ-COVID-19-factsheet-5-%E2%80%93-SRD-FINAL.pdf
59. Van der Berg, Patel, Bridgman. 2021. *Hunger in South Africa: Results from WAVE 4 NIDS-CRAM*. NIDS-CRAM WAVE 4. Available at https://cramsurvey.org/wp-content/uploads/2021/05/11.-Van-der-Berg-S.-Patel-L.-_-Bridgman-G.-2021-Hunger-in-South-Africa-Results-from-Wave-4-of-NIDS-CRAM.pdf
60. Nwosu, Kollamparambil, Oyenubi. 2021. *Food insecurity and health outcomes during the coronavirus pandemic in South Africa*. NIDS-CRAM WAVE 4. Availabe at https://cramsurvey.org/wp-content/uploads/2021/05/7.-Nwosu-C.-Kollamparambil-_-U.-Oyenubi-A.-2021.-Food-insecurity-and-health-outcomes-during-the-coronavirus-pandemic-in-South-Africa.pdf

While this rise in hunger and food insecurity comes as no surprise given the loss of incomes and the rise in unemployment, it has also been severely exacerbated by rising food prices.[61] Between September 2020 and April 2021, the cost of the average food basket across South Africa increased by 8.8% and as of April 2021 sits at R4,198.93. This is expected to be further exacerbated during the course of 2021, due to fuel and electricity price increases.

Thousands of people also became reliant on food relief systems. These were provided for by numerous social actors, including government, religious groups, non-governmental organisations and communities groups. Here, community groups played the biggest role by being able to target those most in need.[62]

5.3 Gender-based Violence

There are additional vulnerabilities that have been exacerbated by the pandemic. One of these is the devastation of gender-based violence and femicide (GBV-F). Around the world, reports of GBV-F increased during periods of lockdown. In South Africa, GBV-F support centres saw significant increases in calls and police stations saw an increase in the reporting of GBV-F, in the first weeks of the pandemic.[63] This has been attributed to the need to stay indoors with abusers, and the inability to access support. This was likely worsened by other stress caused by the pandemic, for example the loss of income. Support centres have reported that this higher rate of calls has persisted as the pandemic has continued.[64] This led to President Ramaphosa referring to GBV-F as the country's 'second pandemic'. The crisis of gender-based violence not only has severe social and psychological consequences for the vast majority of the population, but also has significant economic impacts. Research has found that costs of GBV-F "include health, justice, and other service costs, lost earnings, lost revenues, lost taxes, and second-generation costs, which are the cost of children witnessing and living with violence, such as increased juvenile and adult crime", and analysis shows the costs for South Africa are estimated at between R28.4 billion and R42.4 billion annually.[65]

This 'second pandemic' has been recognised across different sectors of South Africa, with numerous initiatives from the government, civil society, and the private sector to address it. While these have been partly lauded, it is clear that they are inadequate to address the extent and depth of South Africa's GBV-F crisis. Most of the policy measures to address GBV-F predate the pandemic. These include the Emergency Response Action Plan announced in October 2019 and the National Strategic Plan on Gender-based Violence and Femicide, approved in March 2020. The alcohol ban instituted at various points during the pandemic, may also have assisted in relatively reducing rates of GBV-F as it is reported that alcohol abuse is correlated with GBV-F.[66]

Despite these, one of the key concerns is that police do not take GBV-F seriously, that there is a lack of investigation and prosecution and through engagements with the police, victims are re-traumatised.[67] In addition, while in theory, support services remained open during the lockdowns, and there was an increase in telephonic and online services, many survivors struggled to access shelters and centres for protection. In some cases, women were even turned away from courts and police stations and told to come back after restrictions were lifted. South Africa's policies also fail to address how violence in the workplace and economic marginalisation and exploitation contribute to GBV-F.[68] This has been worsened by COVID-19 as women have been hardest hit by loss of jobs and income which can entrench dependency on abusive men.

61. Govender Suthentira. 2021. *South Africans to fork out 10% more for food in 2021*. Times Live. https://www.timeslive.co.za/news/south-africa/2021-04-29-south-africans-to-fork-out-10-more-for-food-in-2021/
62. Ibid. 55, 17.
63. Doctors without Borders. 2020. *South Africa: Sexual and Gender-Based Violence, a concern during COVID-19 lockdown*. Available at https://www.msf.org.za/news-and-resources/latest-news/south-africa-sexual-and-gender-based-violence-concern-during-covid
64. Amnesty International. 2021. *Treated Like Furniture: Gender Based Violence and COVID-19 Response in Southern Africa*. Available at https://www.amnesty.org/download/Documents/AFR0334182021ENGLISH.pdf
65. https://assets.kpmg/content/dam/kpmg/za/pdf/2017/01/za-Too-costly-to-ignore.pdf
66. Sonke Gender Justice. 2016. *Alcohol is linked to GBV, so why increase alcohol prices not in the Liquor Amendment Act*. Available at https://genderjustice.org.za/article/alcohol-abuse-linked-gender-based-violence-increased-alcohol-prices-not-liquor-amendment-bill/
67. Ibid. 64, 19.
68. WIEGO. 2020. *Social Protection Responses to COVID-19: Measures to tackle gender-based violence amid the global pandemic*. Available at https://www.wiego.org/sites/default/files/resources/file/8_Social_Protection_Responses_to_Covid-19_ENG.pdf

6. POLICY RECOMMENDATIONS

The pandemic has been catastrophic across the South African economy, albeit with heterogeneous impacts on different sectors of the economy and communities. The vulnerabilities outlined in this brief reinforce the need for ongoing and expanded rescue during these times of crisis, especially in light of the third wave. Internationally, COVID-19 responses by governments have been renewed, expanded, and targeted as the pandemic has persisted.[69] In line with international responses, South Africa needs new targeted policies to help households, workers, and businesses to address existing vulnerabilities. The following policy recommendations should be considered.

1. Support businesses to stay open in the short term despite loss of business activity.

- The Loan Guarantee Scheme should be replaced by direct support for businesses, through grants or heavily subsidised credit in hard-hit sectors. These include construction, trade, catering and accommodation, and manufacturing and should focus on small, medium, and micro enterprises to address their reluctance to accumulate commercial debt. Credit provision can be made through development financial institutions, as has been done in Colombia.[70] Grants have also successfully been given in Australia, United States of America and Germany, amongst others.[71]
- A six-month moratorium should be instituted on bankruptcy claims by creditors against companies and on the recovery of debts and penalties, particularly for businesses operating in the worst affected sectors. This has been done in Russia.[72]
- A sector-targeted tax deferral programme should be extended for six months, excluding companies in the commodities sectors. The deferral programme should provide businesses with relief as they navigate the third wave. Commodity sectors are excluded based on anticipated favourable prices.
- Where necessary, the above measures should be expanded to other sectors at higher lockdown levels. However, they should not be extended to businesses registered offshore.

2. Maintain employment through wage support and employment regulation

- TERS should be extended with more generous benefits to provide workers with income support in targeted sectors including construction; trade, catering and accommodation; transport, storage and communication; and manufacturing, with a focus on small, medium and micro-enterprises. Wage support schemes such as this have been common throughout the crisis and continue to be used in Argentina, Brazil and Cuba. The IEJ has also proposed that the sliding scale should be amended so that:
  - 80% of wages can be claimed for lower-wage workers
  - Eligibility criteria are relaxed
  - The minimum available should be increased to reflect the actual national minimum wage (R21.69 x 45 hours x 4.33 weeks = R4 226 per month)
- Businesses should implement changes to wage structures to make them more equitable, avoid retrenchments, and limit worker income loss.
- Short-time work should be adopted to prevent retrenchments through democratised processes between workers and businesses as done in the German *Kurzarbeit* or the French *Activité partielle*.[73]

69. The brief mainly draws on International Responses to COVID-19 from the *ILO COVID-19 Country Policy Tracker, the World Bank Tracker of Industry Support Measures and the IMF Policy Tracker*. Any reference to country-specific international examples uses one of these trackers, unless otherwise stated.
70. International Monetary Fund. *IMF Policy Tracker: Policy Responses to COVID-19*. Last updated June 2021. Available at https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C
71. International Labour Organisation (ILO). 2021. *COVID-19 and the World of Work: Country Policy Responses*. Available at https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm
72. Ibid.
73. IMF. 2021. *Kurzarbeit: Germany's Short-Time Work Benefit*. Available at https://www.imf.org/en/News/Articles/2020/06/11/na061120-kurzarbeit-germanys-short-time-work-benefit ;OECD. 2020. OECD Policy Responses to COVID-19: Job Retention during COVID-19 Lockdown and Beyond. Available at https://www.oecd.org/coronavirus/policy-responses/job-retention-schemes-during-the-covid-19-lockdown-and-beyond-0853ba1d/

3. Extend sector-specific support plans to resuscitate sectors that have been particularly hard hit by the pandemic

- Resources contained within development finance institutions (DFIs) should be leveraged for special subsidised development financing to sectors, as done in Brazil.[74]
- Another round of relief funds should be allocated to smallholder farmers, especially to women who have suffered disproportionate employment loss and have been insufficiently supported by previous relief efforts. Relief could include subsidies for crucial inputs into the farming process, such as fertilisers, as done in India.[75]
- Another round of The Tourism Relief Fund should be opened and it should be increased and extended to all businesses in the sector, including taverns, hotel restaurants and fast food outlets.
- Targeted public investment in the manufacturing sector should be increased, particularly towards the production of public health supplies such as PPE and health equipment, and procurement policies should be made favourable for local manufacturers.
- An incorporation of short-term measures to mitigate against COVID-19 disruptions needs to be a prerequisite for all sectoral Master Plans currently being developed.
- A round of applications for relief to ECD centres must be opened. The application criteria need to be loosened and increase the grant quantum substantially. This will address the crisis of care, preserve jobs (primarily undertaken by women), and assist ECD centres that have closed.
- Support plans and funding should prioritise green initiatives and activities.
- Existing and proposed funds should be monitored and evaluated to identify where eligibility criteria need to be loosened, as was done in Switzerland.[76]

4. Protect workers' health by democratising workplaces

- Businesses and other places of work need to identify workers with health risks and prioritise their safety. It is preferable that these workers are put on fully paid leave.
- COVID-19 must be recognised as an occupational disease through a formal regulatory process, as agreed by the ILO. This must enable people who have contracted COVID-19 at work access to social protections and entitlements – such as sick pay, medical care, and wage replacement – that would otherwise be denied, as already done in 98 jurisdictions.
- Compliance with COVID-19 protocols should be monitored jointly by workers/unions and employers.
- Workers' rights to refuse to work if health and safety standards are not being met by businesses, must be strengthened and enforced.
- Small businesses should be given extra government support to meet health and safety standards on a needs basis.
- Workers requiring COVID-19 testing, and who are in need of private health facilities to receive this, should have these costs covered by their employers.

5. Boost construction-sector employment and public infrastructure through increasing levels of infrastructure spend

- Public investment (capital expenditure) must be increased to stimulate demand and increase employment in the construction sector. Infrastructure spend should be targeted at bolstering basic services (housing and sanitation), as well as targeted to specific sectors. For example, this could include spend on roads near smallholder farmers to enable access to markets as done in Russia and India, among many other countries.[77] This is important for generating both an immediate boost and long-term growth.
- Funding to the PES must be increased to grow employment in infrastructure projects. The programme should target women and youth.
- DFI resources, and adequate resources allocated for the full MTEF period should be mobilised to increase investments in infrastructure.

6. Increase support for the informal sector

- Support to informal workers, where UIF/TERS cannot reach, should be extended through direct cash transfers, as done in Thailand. Women should be prioritised, as well as informal workers in manufacturing; construction; wholesale and retail; and private households, who experienced the largest losses in employment.
- Reforms should be made to current business grant criteria to make the process less onerous and to take into account the structural issues informal sector

74. KPMG. Last updated September 2020. *Government and Institution Measures in Response to COVID-19: Brazil*. Available at https://home.kpmg/xx/en/home/insights/2020/04/brazil-government-and-institution-measures-in-response-to-covid.html
75. World Bank. 2021. *Tracker of Industry Support Measures in Response to COVID-19*. Available at https://dataviz.worldbank.org/views/IND-COVID19/Overview?:embed=y&:isGuestRedirectFromVizportal=y&:display_count=n&:showAppBanner=false&:origin=viz_share_link&:showVizHome=n
76. Ibid. 70, 22.
77. Ibid. 75, 24.

business owners experience. For example, this could include removing requirements for permits, banking details, and registration, amongst others.

- Coordination and communication between informal workers, local municipalities, and CSOs should be improved through periodic meetings/forums to address issues affecting informal workers proactively.
- Efforts to improve access for informal sector workers to TERS should be intensified, for example through an awareness-raising campaign.

7. Offer greater support to workers who have lost employment

- The UIF system should be reformed so that it allows for informal and self-employed workers to register and enables workers to register themselves on to the system. Such expansion of unemployment benefits through relaxation of eligibility criteria and extension of terms was done in Malaysia and Indonesia.
- A new vocational skills training programme must be developed that takes into account the changing context to stabilise employment, as done in China.[78] This programme should target unemployed youth and women.
- Programmes to upskill those who are at risk of dismissal should be designed and implemented, as seen in Russia.
- Training for those who are temporarily unemployed should be strengthened, as done in Belgium.
- The PES should be utilised to employ workers who have lost their jobs in activities connected with that sector. For example, using workers in the tourism sector to rehabilitate natural habitats.
- Funding to the Commission for Conciliation, Mediation and Arbitration (CCMA) must be increased.
- Businesses should be incentivised to bring back furloughed or retrenched workers by awarding employers bonuses for doing so. This policy was launched by the United Kingdom in July 2020.

8. Improve care support infrastructure

- In the event of lockdown regulations that lead to the closure of schools, government and businesses should provide childcare services for those that continue to work, to reduce the double burden that largely women face, of having to balance paid and unpaid work.

9. Sustain livelihoods through urgently extending and improving social relief measures

- The SRD grant must be reinstated, increased to at least R585 per month, expanded to include caregivers and kept in place until it is converted into the long-overdue Universal Basic Income Guarantee. This will provide support to households that are facing job losses, long-term unemployment, and wage reductions. The extension of the SRD to caregivers will help to provide additional support for caregivers and the children in their care.
- Food voucher provisions need to be introduced at a substantive scale, targeting households that are not recipients of other support (wages and/or grants) and do not have identification that enables access to existing support. Vouchers should be redeemable at local suppliers. The voucher system is preferable to food parcels because it gives agency and respects the dignity of the recipients.

10. Improve support for women, children, and frontline workers

- There should be a full reimplementation of the school feeding programme, regardless of rotational timetables, to address food insecurity for poor learners in no-fee-paying schools.
- Targeted programmes and facilities which directly confront GBV-F should be prioritised and streamlined. Safe platforms should be set up for women to communicate distress and access protection from police and other social institutions. Government should extend support to CSOs already providing these services.
- The speed and scope of the vaccine rollout for essential workers must be increased, including informal workers and those who are front-facing. Vaccines are critical for the full reopening of the economy
- Increased psychosocial support has to be given to frontline workers given the pressures and intensity of their working conditions during the pandemic.

FRIEDRICH EBERT STIFTUNG
South Africa Office

The IEJ's COVID-19 research and policy work is undertaken in partnership with the Friedrich Ebert Stiftung South Africa office.

78. ILO. 2020. *COVID-19 and the World of Bank: Country Policy Responses: China.* Available at https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#CN