

https://dspace.org/

Should the COVID-19 lockdown social relief of distress grant be made permanent?

Mathebula, Jabulane; Fish, Tebogo; Masvaure, Steve

2022-01
CLEAR-AA
https://hdl.handle.net/10539/32685

Downloaded from a DSpace repository. https://dspace.org/

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

clear
Centers for Learning on Evaluation and Results
ANGLOPHONE AFRICA

POLICY BRIEF

JANUARY 2022

SHOULD THE COVID-19 LOCKDOWN SOCIAL RELIEF OF DISTRESS GRANT BE MADE PERMANENT?

Authors: Jabulani Mathebula, Tebogo Fish and Steven Masvaure

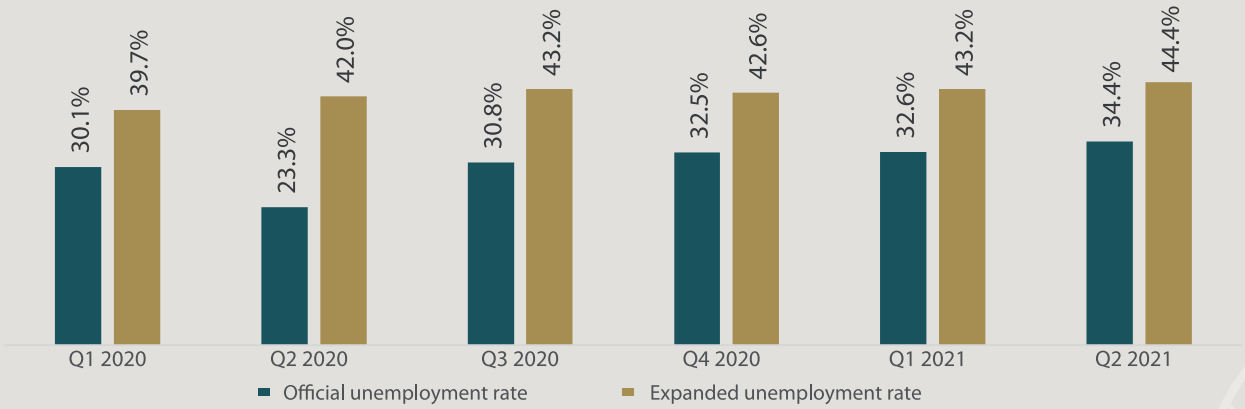
Income inequality, unemployment and poverty in South Africa

Across the world, social protection programmes are designed and implemented to protect populations in distress or crisis from falling further into poverty. Currently, South Africa has one of the highest rates of income inequality (Gini coefficient of 0.65), unemployment and poverty in the world, and social protection programmes have been used by the state as a mechanism of wealth redistribution.

To give some context, between 2011 and 2015, poverty levels in South Africa have deepened (Statistics South Africa 2015). One in four South Africans live below the food poverty line, and the Poverty Trends Report (Schotte et al 2018) finds that more than one in every two South Africans has fallen below the upper bound poverty line.

The Covid-19 pandemic restrictions and lockdowns have resulted in the disruption of the already fragile socioeconomic and food security of households in South Africa. Many lost one or more sources of income and were relegated to below the poverty line, including the food poverty line. Also, official unemployment in South Africa has increased from 30.80% in Q3 2020 to 34.4% in Q2 of 2021. The expanded unemployment rate, which includes discouraged job seekers, has increased from 39.7% in Q1 2020 to 44.4% in Q2 2021. This increase in unemployment has negatively impacted household income and worsened inequality and poverty.

Income inequality, unemployment and poverty in South Africa



Source: Statistics South Africa, Quarterly Labour Force Survey 2020-2021

ABOUT CLEAR-AA

The Centre for Learning on Evaluation and Results – Anglophone Africa (CLEAR-AA) is one of six regional centres housed in academic institutions across the globe with the purpose of building the capacity of countries, people and institutions to plan, measure and report on development programmes – a process referred to as monitoring and evaluation (M&E). CLEAR-AA's work in supporting and improving M&E contributes to better governance and improved development outcomes across Africa.

In the past, CLEAR-AA's approach to supporting and improving M&E in Africa has been to offer discrete interventions, for example pieces of training, peer-to-peer learning and technical assistance. But in 2019, we shifted to using country-based programmes to achieve systematic, systemic results. The positive impact on governance and development can be seen not only in individual countries but also in their sub-regions.

The Covid-19 Social Relief of Distress grant

To address these issues, President Cyril Ramaphosa announced on the 21st of April 2020, that the government would be providing a special Covid-19 Social Relief of Distress (SRD) grant of R350 a month for six months. This grant goes to individuals who are unemployed and do not receive any other form of social grant or Unemployment Insurance Fund (UIF) payment. The grant is in addition to social protection/security grants that are already running and which include the Child Support Grant, the Foster Care Child Grant, the State Old Age Pension, the Disability Grant, and the Care Dependency Grant and the War Veterans' Grant (Government of South Africa 2021).

The SRD grant was intended to be a temporary provision of assistance for persons who, because of Covid-19 and related lockdowns, are in such dire material need that they are unable to meet theirs or their families' most basic needs (Government of South African 2021). Due to the continuing socio-economic challenges caused by the pandemic and lockdown restrictions, the SRD has so far been extended three times: first in October 2020, then in January 2021, and most recently from August 2021 to March 2022.

However, the effects of Covid-19 continue to plague the country's economy, people's livelihoods, and lives. Currently, South Africa has gone through several Covid-19 waves and the death toll continues to rise steadily. Health experts expect a fourth wave of the Covid-19 virus to hit South Africa in the latter part of 2021. In addition, at the time of writing, only 40.46% of the South African public have received the first dose of Covid-19 vaccine (BusinessTech 2021). It is also anticipated that the unemployment rate will continue to rise because the economy needs time to recover, and government support programmes for businesses are not enough to help businesses stay afloat and speed up recovery.

A study of the impact of the SRD grant

This policy brief provides an overview of a study of the contribution of the SRD grant to household income during the Covid-19 lockdown. The objective of the study was to contribute to the social protection policy discourse around social grants and other mechanisms of social protection. It also aims to provide evidence to the government on how individuals/households have used the grants, and what the impact has been on individuals, households, community economies, and on the well-being and cohesion among South African societies. The study adopted a qualitative panel survey (telephonic and online self-completion) with a population sample from selected communities across five different provinces: Nseleni in KwaZulu-Natal; Acornhoek in Mpumalanga, Mkhonjane in the Eastern Cape; Phokeng and Tlhabane in the North West; and Kroonstad in the Free State. These communities consist mainly of an indigent population, where poverty and unemployment are perennial problems that continue to affect them (Wang et al 2021). Participants from these communities of interest were followed for 13 weeks over a nine month period and was concerned with measuring the perceptions of participants of the SRD grant. One hundred and fifteen (115) participants were followed over the 13 weeks period. The participants were asked a variety of questions, via the WhatsApp online platform, which covered education, food security, income, poverty, unemployment etc. on a weekly basis.

Findings

It is important to note that the participants of the study indicated that before the onset of the Covid -19 pandemic, they were already in distress and vulnerable. Covid-19 and lockdowns worsened their situation. Thus the SRD grant did not only address the vulnerabilities caused by Covid-19 but also on pre-Covid-19 vulnerabilities.

The study revealed that the SRD grant was used by individuals and households in various ways. It showed that the SRD grant had the following impact on households and individuals from the selected communities.

Unemployment

The SRD grant benefitted both the previously and recently unemployed. During the lockdown, a significant proportion of people in the sample lost their jobs, many of whom were the breadwinners of households. In some households, this shifted the financial authority and decision-making power. In addition, household incomes were substantially reduced for some, while other households became completely reliant on social grants such as the SRD grant. Furthermore, the SRD grant enabled unemployed people to actively seek work by adding to transport costs, internet café costs, money to purchase data to send CVs etc., thereby facilitating a possible transition from unemployment. This finding is supported by Neves et al (2009) who show that social grants create potential economic benefits, including supporting the development of local markets, improving recipients' ability to manage risk and insecurity, and facilitating saving and investment.

Household food security and basic needs

With school children not being able to access school feeding schemes, households losing the opportunity for informal trading and retrenchment with reduced or no income, the Covid-19 lockdown worsened food security. The implication was that the SRD grant became the main source of income contributing to household food security. It was also highlighted that in some cases the SRD grant augmented household income to meet the basic food needs. In addition, the SRD grant enabled households to afford other basic needs such as shelter, clothing, toiletries, electricity, and medication.

Household nutrition

The study found that access to food was the primary contribution of the SRD grant towards individuals and households. This shows that a large proportion of the respondent households cannot even afford to meet their daily dietary requirements. For the poor, there are barriers to maintaining healthy diets, including limited financial resources and high food prices. The latter are two factors that greatly impacted people during the pandemic. The SRD grant assisted in keeping children and adults nourished during this time of crisis. According to the World Health Organization, good nutrition is a key part of health and development. When children are well-nourished, they develop and learn better. Nutrition is also important for adults because it contributes to their productivity and can help them create opportunities for others through for instance entrepreneurship, which in turn can alleviate their poverty and hunger (FAO 2020).

Education

Several studies have shown that increased access to education can contribute to reducing extreme poverty. In this study, the SRD grant impacted respondents' school children greatly. The sample showed that it was used in many instances to pay school fees, buy school uniforms and pay for school transportation. During the lockdown, schools were closed and several initiatives provided school children with opportunities for online learning. The SRD grant provided income that was used for buying data for online learning and accessing learning materials. In addition, the grant provided additional income that contributed to expenses related to accessing Early Childhood Development services whilst the parents/caregivers were engaged in other economic activities. The effect of Covid-19 on educational services affected poor households more because of their dependence on government-funded educational institutions which have limited ability to provide effective alternative learning platforms. While the impact felt by most households was almost immediate, it was likely to be deeper and longer-lasting among poorer households. Hence any contribution to education will provide some future relief for children from affected households. This is key for the future development of children and for a reduction in poverty.

Improving the standard of living

Social grants are meant to improve the living standards of poor households and distribute wealth to ensure that our society moves towards equality (Armstrong and Burger 2009). This study showed that SRD grant provided individuals with some income to enable them to provide for themselves and/ or for their dependents. With the SRD grant, households could afford more grocery items and nutritious foods, and also allowed access to healthcare facilities when a household member became sick. These results confirm the findings of Neves et al (2009) that show that social grants elevate welfare and consumption. The SRD grant also assisted households to deal with high prices of services such as transport and data cost.

Psychosocial wellbeing

Literature has shown that properly managed social grants can be an instrument of empowerment and social progress. Especially in a context that is marked by inequality and poverty caused by past apartheid history. Participants reported that SRD grant boosted self-esteem because it enabled individuals to meet basic needs such as buying toiletries and more groceries, including what some regard as luxury items such as snacks, drinks, etc. In addition, the lockdown implemented in March 2020 meant that everyone had to stay home unless they were performing essential services. The resultant retrenchments caused enormous stress which the SRD grant helped to alleviate.

Feminine hygiene and dignity

Non-food grocery items, including toiletries, are among the most expensive to purchase. Of these, one essential item required monthly by adolescent girls and women, are sanitary products. According to this study, the SRD grant was instrumental in helping households afford such necessities. According to the Sanitary Dignity Framework developed by the Department of Women, Youth and Persons with Disabilities (2019), the ability to manage menstruation with adequate dignity is essential to the human rights of women and girls. The SRD grant has done this for many and has thus preserved the self-esteem of many women and girls.

Policy recommendations

Since without the grant most households will not have any source of income at all, causing poverty levels to increase. Even though the SRD grant is small, it makes a major difference to households. Considering that it improves the living standards of individuals, there is an overwhelming consensus that this grant should either be extended or made permanent.

1. **Extend the SRD grant while in the process of establishing the Basic Income Grant**

The plight of millions of South African citizens and residents following the Covid-19 lockdown has been severe to say the least, particularly for those were already or became unemployed as a result. The lockdown exacerbated the already high-income inequality, poverty, and unemployment rates in South Africa. In addition, it placed further strain on the already limited household resources of the chronically poor. The findings show clearly the Government obligation to continue its support in the form of the SRD grant until the pandemic subsides, and more importantly until they have managed to find strategies to alleviate the severe unemployment in the country. It is recommended that the SRD grant serves as a temporary solution, until the Government permanently implements the Universal Basic Income Grant. It is also recommended that the SDR grant be increased to R624, which is the food poverty line in South Africa. The Basic Income Grant should be a minimum of R 1 335 per person per month, as per the Upper-bound poverty line, which accounts for food and other essential non-food items that individuals need.

2. **In determining a Basic Income Grant include the cost of living and household demographics**

The Department of Social Development (DSD) has already proposed in the new green paper that every South African adult should receive a Basic Income Grant (Department of Social Development 2021). Households relying on the SRD grant have indicated that government should consider the cost of living when designing the Basic Income Grant. Items to consider include the cost of food, transportation, water, and electricity bills. Government should also consider that most of the households are headed by single parents with at least two children.

3. **Focus on the individual, not the household**

In line with the previous recommendation, it is pertinent for the Government to maintain assistance at the individual level, and not implement the extension of the SRD grant or the Basic Income Grant at the household level. The amount of R624 per person per month, which is the recommended SRD grant amount is the food poverty line (or the extreme poverty line) in South Africa and refers to the amount of money that an individual will need to afford the minimum required daily energy intake. The Upper-Bound Poverty line amount of R1 335 per person per month, which is the recommended minimum Basic Income Grant amount, refers to the food poverty line plus the average amount derived from non-food items of individuals whose food expenditure is equal to the food poverty line.

Maintaining support at the individual level is critical because evidence shows that despite increases since the beginning of the lockdown in 2020, all social grants have been unable to meet people's basic needs for food, energy and transport (amongst others), as well as additional requirements of sanitizers and masks. In addition, the monthly cost of food per household increased by R 249.92 (7.8%) between March to May 2020, taking the total cost of a basket of food to R3 470.92. The year-on-year price of groceries has increased by 13,8% - from R3 051.11 in May 2019, to R3 470.92 in May 2020 (PMBEJD, 2020). By supporting individuals, the Government will ensure that households with multiple people eligible for the Basic Income Grant, are able to meet their basic needs, as per their constitutional and human rights.



Conclusion

The evidence from the study points strongly to the suggestion that additional government support, such as an extension of the SRD grant, is necessary and contributes positively to improving citizens' lives. While the pandemic may have exacerbated the socio-economic challenges facing many South Africans, it mostly shone a light on the already dire situation of the poor and unemployed. Therefore, it is our opinion that the SRD should be extended- or made permanent in order to continue enhancing the livelihoods of poor communities.

Acknowledgements:

This policy brief would not have been possible without the valuable insights from and assistance provided by the following people Dr Candice Morkel (CLEAR-AA), Dr Caitlin Blaser-Mapitsa (Wits School of Governance), Odile Mackett (Wits School of Governance), Isobel Frye (Studies in Poverty and Inequality Institute), Dr Tara Polzer Ngwato (Social Surveys Africa), Simone Smit (UNDP), Khotso Tsotsotso (Data Innovators) and Masego Tabane (Data Innovators). We also extend our gratitude to the team from Social Surveys Africa for leading and facilitating the data collection process. We also would like to extend our gratitude and thanks to the study participants for sharing their time and insights with us, this study wouldn't have been a success without them.

References

Armstrong, P. & Burger, C. 2009. Poverty, Inequality, and the Role of Social Grants: An Analysis using Decomposition Techniques. Bureau for Economic Research, Stellenbosch University.

BusinessTech. 2021. *When the fourth Covid-19 wave is expected to hit South Africa: expert*. Available from: https://businesstech.co.za/news/trending/513638/when-the-fourth-covid-19-wave-is-expected-to-hit-south-africa-expert/

Department of Social Development. 2021. *Green Paper on Comprehensive Social Security and Retirement Reform: Comment by 10 December 2021*, Pretoria.

Department of Women, Youth and People with Disabilities. 2019. *Sanitary Dignity Framework*. Retrieved from http://www.women.gov.za/images/Sanitary-Dignity-Framework---June-2019-9-07-2019-without-highlights.pdf

FAO, IFAD, UNICEF, WFP and WHO. 2020. In Brief to The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO. https://doi.org/10.4060/ca9699en

Government of South Africa, 2021b. *Social relief of distress.* Available at: https://www.gov.za/services/social-benefits/social-relief-distress

Neves, D., Samson, M., Niekerk, I., Hlatshwayo, S., & du Toit, A. 2009. *The use and effectiveness of social grants in South Africa*. www.plaas.org.za & www.epri.org.za

Pietermaritzburg Economic Justice and Dignity (PMBEJD). 2020. Covid-19: Families living on low incomes may be spending 30% more on food than they did two months ago. 1-7.

Schotte, S., Zizzamia, R. & Leibbrandt, M. 2018. A poverty dynamics approach to social stratification: The South African case. *World Development, 110*: 88-103.

Statistics South Africa, 2015. "Poverty Trends in South Africa: An examination of Absolute Poverty between 2006 to 2015," *Statistics South Africa*, (03-10–06): 1-141.

Statistics South Africa, 2020a. "Quarterly Labour Force Survey: Quarter 1: 2020," *Statistics South Africa*, (23-06-2020). 1-132.

Statistics South Africa, 2020b. "Quarterly Labour Force Survey: Quarter 2: 2020," *Statistics South Africa*, (29-09-2020). 1-138.

Statistics South Africa, 2020c. "Quarterly Labour Force Survey: Quarter 3: 2020," *Statistics South Africa*, (12-09-2020). 1-138.

Statistics South Africa, 2020d. "Quarterly Labour Force Survey: Quarter 4: 2020," *Statistics South Africa*, (23-02-2020). 1-138.

Statistics South Africa, 2021a. "Quarterly Labour Force Survey: Quarter 1: 2021," *Statistics South Africa*, (01-06-2021). 1-132.

Statistics South Africa, 2021b, "Quarterly Labour Force Survey: Quarter 2: 2021," *Statistics South Africa*. 1-138.

Statistics South Africa, 2021c. "Quarterly Labour Force Survey: Quarter 3: 2021," *Statistics South Africa*. 1-138.

Statistics South Africa, 2021d. "Quarterly Labour Force Survey: Quarter 4: 2021," *Statistics South Africa*. 1-132.

Wang Y, Zhang D & Du G. 2020. Remdesivir in adults with severe Covid-19: a randomised, double-blind, placebo-controlled, multicenter trial. *Lancet* 2020, Apr 29. Doi: 10.1016/S0140-6736(20)310229.

Disclaimer: The views expressed herein are those of the author/s; they do not necessarily reflect the official policy or position of CLEAR AA

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

clear
Centers for Learning on Evaluation and Results
ANGLOPHONE AFRICA

CLEAR Anglophone Africa
@CLEARAA1
CLEAR Anglophone Africa
CLEAR.AnglophoneAfrica@wits.ac.za
www.wits.ac.za/clear-aa
+27 11 717 3157

The Oval Building, University of the Witwatersrand
2 St David's Place, Parktown, Johannesburg