



COVID-19 and socioeconomic impact in Africa

The case of South Africa

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Abstract: South Africans were reluctant to believe that the coronavirus would spread to their country and affect them. Theories that the virus would not affect them were due to speculation that the virus cannot thrive in warmer regions and the false belief that Africans could not contract the virus. Despite these theories, coronavirus arrived via a citizen returning from a holiday in Italy, along with ten other people that had travelled in the same group. The group arrived in South Africa on 1 March 2020. In a few short weeks, the government has acted swiftly. This note outlines the actions the South African government has taken to curb the spread of the virus, the early economic impact of these measures on the most vulnerable in society, and what else can be done to support the poor.

Key words: COVID-19, South Africa, government action, economic impact, poor

JEL classification: H5

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What has the government of South Africa done with respect to COVID-19 measures of mitigation and suppression?

The first COVID-19 positive case was confirmed on 5 March 2020. Just ten days later, South Africa had 61 positive cases and President Ramaphosa addressed the country, calling for measures to combat the spread of the virus and declaring a national state of disaster. Without measures to mitigate the spread of the virus, it is estimated that 2.4 per cent of the South African population would require hospitalization and 216,064 deaths would occur by the end of the pandemic.¹ With mitigation measures in place that reduce social contact by 45 per cent, the total number of deaths can be reduced to 145,536 with 973,006 people requiring hospitalization.

Limited contact between persons was encouraged (social distancing) and a travel ban imposed on foreign nationals traveling from countries classified as 'high risk'. South African citizens were advised to refrain from traveling and those returning from high-risk countries were asked to self-isolate upon return. Several ports were shut, and health surveillance was increased at international airports. Gatherings of more than 100 people were prohibited, and schools were shut from 18 March. Businesses were asked to intensify hygiene control and President Ramaphosa acknowledged that the economy would be affected.

The number of confirmed cases increased six-fold, from 61 to 402 cases, in eight days after the national disaster was declared. On 23 March, a 21-day lockdown was announced—from 26 March until midnight on 16 April everyone was expected to stay home. On 9 April, the lockdown was extended for an additional two weeks with incremental easing of lockdown measure being confirmed.

During the lockdown, health workers and essential services were exempted and a full list of essential service workers was later [published](#). The lockdown includes wide-scale testing and tracing, with quarantine of confirmed cases on top of the social distancing measures in place. This suppression strategy could further limit the number of deaths to 15,438, saving thousands of lives.

What are the economic implications of these measures on the poor and most vulnerable?

The economic impact for the poor and most vulnerable is devastating. A team of researchers predict that the [extreme poverty rate among vulnerable households](#) will almost triple. They estimate that the social assistance measures announced by the government will still leave 45 per cent of South African workers without relief.

The latest [Quarterly Labour Force Survey](#) found close to 3 million people were working in the informal sector, or around 18 per cent of total employment.² This informal workforce is often the only source of income for many more households, ensuring that they stay above the poverty

¹ This assumes age-severity profile as seen in China and a similar health system. Author's calculation using data from <https://www.imperial.ac.uk/mrc-global-infectious-disease-analysis/covid-19/report-12-global-impact-covid-19>

² See discussion on the informal sector here: <https://theconversation.com/south-africas-informal-sector-creates-jobs-but-shouldnt-be-romanticised-122745>

line.³ The current crisis is likely to [worsen existing inequalities](#) and create new ones. The lockdown, however, excludes informal food vendors as essential services. Researchers at the Institute for Poverty, Land and Agrarian Studies (PLAAS) tell us that up to [70 per cent of households in townships usually source food from informal vendors](#).⁴ The authors further detail the effects on small-scale farmers and fishers, increased risks for farm workers, and food aid exclusion.

Lastly, for many households, access to an income means access to food. There have been [food protests](#) and looting in parts of the country as desperation grows and the lockdown continues.

What supporting measures did the South African government take to protect the poor and the vulnerable?

The government put in place several measures to reduce the economic impact when the lockdown was announced. Some measures were clearly articulated while promises were made to create additional measures. Most of the measures are concentrated in the formal economy.⁵ The support for the poor and vulnerable include setting up a Solidarity Fund which has ZAR2 billion in fund already committed. As the time of writing, the fund has announced its plans to provide personal protective equipment and sanitiser, but no direct support for the poor.

Price ceilings have been introduced on many essential items and regulations are in place to prohibit unjustified price hikes. Several complaints of price gouging have been lodged and the police have been asked to investigate cases across the country.

The government also promised to develop a safety net to support workers in the informal sector. This has not yet been confirmed, leaving millions of informal workers and households without income until they can return to work. The government did make existing social grants available a few days earlier than usual, to alleviate congestion and maintain social distancing during collection of grants by recipients. This measure also provided recipients an extended period to access their funds.

On 3 April, the government relaxed restrictions on informal food vendors, providing the poor with a means to access food. Incremental lifts to the lockdown are being announced each week which could see some workers returning to work.

What more needs to be done to protect the poor and vulnerable?

Additional cash in the hands of poor individuals is critical to protect them. South Africa has an extensive social grant system, which can be used, very easily, to distribute additional support to the vulnerable. Bassier et al. (2020) make this appeal to the government, providing evidence of

³ Authors argue that a job in the informal sector reduces poverty about as much as a job in the formal sector <https://www.econ3x3.org/article/job-informal-sector-reduces-poverty-about-much-job-formal-sector>

⁴ Institute for Poverty, Land and Agrarian Studies <https://www.plaas.org.za/food-in-the-time-of-the-coronavirus-why-we-should-be-very-very-afraid>

⁵ The full list of measures announced can be found here: <http://www.thepresidency.gov.za/speeches/statement-president-cyril-ramaphosa-escalation-measures-combat-covid-19-epidemic%2C-union>

how a top-up on the Child Support Grant could reach a large proportion of the poor and vulnerable.

Transmission rates appear to have slowed down after the first week of lockdown, but a second wave of increased infection is possible. This would be at the same time as the cooler autumn weather sets in and when an increase in the incidence and severity of respiratory tract infections is normally seen each year. This puts a much large number of people at risk to contract the virus.

Another option the government could consider is to allow youth and prime age workers to return to work as they have a lower risk of mortality from the disease. The Minister for Health, Dr Zweli Mkhize, expects that 60 per cent of the population will be infected by the virus—most will recover without requiring hospitalization, including those displaying symptoms and those who are asymptomatic. [Antibody testing](#) of less vulnerable workers for immunity would provide reason to allow individuals back into the workforce. Many South African households rely on the income of only one employed person, so that allowing that person to return to work will restore support to millions of families.

It is clear that more needs to be done⁶ and the government will need to weigh up several policy options and act swiftly. Inaction, or delayed action, could lead to starvation and deaths not directly related to the virus.

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