



WAVE 1

National Income Dynamics
Study (NIDS) – Coronavirus
Rapid Mobile Survey (CRAM)

The Covid-19 crisis and the South African informal economy

‘Locked out’ of livelihoods
and employment

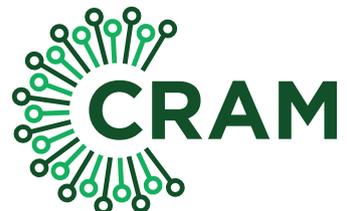
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CORONAVIRUS RAPID MOBILE SURVEY 2020

The COVID-19 crisis and the South African informal economy: 'Locked out' of livelihoods and employment

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Abstract

There is widespread recognition, both internationally and in South Africa, that the measures to curb the spread of COVID-19 have impacted particularly negatively on informal workers, whose jobs are precarious, who often depend on daily earnings for survival, and who lack legal and social protections. However, it is also likely that these impacts have been experienced unevenly by different groups of workers within the informal economy. In many contexts, the current moment has been described as a 'triple crisis' consisting of a health, economic and care crisis that impacts on women more than men. This paper analyses the first wave of the NIDS-CRAM survey in order to identify how the effects of the COVID-19 crisis differ within the informal economy and, in particular by gender and type of employment (by self-employment, informal wage employment and casual employment). We find that just under a third (31%) of informal workers who did not lose their livelihoods completely, were 'locked out' of employment in April - compared with 26% of those in formal employment. Among those who were employed informally in February and April, women in the informal economy saw a decrease of 49% in the typical hours worked in April while men in informal employment saw a 25% decrease in typical hours. The decrease in hours worked within the informal economy was greatest for the self-employed where average hours decreased by a third and typical hours decreased by more than 50%. Not surprisingly, these large reductions in hours coincided with earnings losses in the informal economy. Among the informal self-employed who were working in both months, average earnings decreased by 27% and typical earnings by 60%. For women in informal self-employment,

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typical earnings decreased by nearly 70% between February and April. These findings suggest that, as the pandemic unfolds in South Africa, current interventions need to be significantly scaled-up and far better targeted at informal workers, in general, and women informal workers in particular.

Executive summary

There is widespread recognition, both internationally and in South Africa, that the measures to curb the spread of COVID-19 have impacted particularly negatively on informal workers, whose jobs are precarious, who often depend on daily earnings for survival, and who lack legal and social protections (ILO, 2020; Fox and Signe, 2020, Ngameni, 2020). While the South African government has introduced a range of relief measures for workers and their households - food parcels, unemployment insurance, increases in the social grants, the introduction of the Special COVID-19 grant and measures to support small businesses - there are design gaps and implementation failures. More data are needed to identify the size and shape of the negative impacts of the crisis on the informal economy to help improve the policy response.

A review of evidence of the impact of previous economic crises on informal employment suggests that, rather than acting as a cushion absorbing newcomers, the informal economy is often particularly negatively impacted. Analysis of the labour market impacts of the 2008/9 global economic crisis in South Africa, for example, found that the informal sector was affected disproportionately by the crisis, relative to the formal sector. (Rogan and Skinner, 2018). In addition, research in South Africa and elsewhere, suggests that there are consistent gender differences in the labour market responses to economic crises with women often experiencing a decrease in self-employment and an increase in unpaid work (Fallon and Lucas, 2002; Horn, 2010). After the 2008 /9 economic crisis, in South Africa, the share of the female workforce in informal self-employment decreased dramatically (with only minor changes for men). (Rogan and Skinner, 2018). However, there are unique features to this current crisis - the closure of schools, restrictions on many economic activities and the movement of goods and people - making impacts difficult to predict.

This paper uses the South African National Income Dynamics Study Coronavirus Rapid Mobile Survey (NIDS-CRAM) data, a broadly nationally representative survey². The survey team conducted telephone interviews with more than 7,000 individuals between May and June 2020. The questionnaire covered multiple themes but aimed to take not more than 20 minutes of the respondents' time - thus only a few employment related questions were possible. This places limits on the employment related analyses that are possible from the NIDS-CRAM dataset. The data, for example, do not allow for identification of total job losses in the informal economy between February and April, nor impacts by industry or place of work (e.g. households). However, it is possible to identify, within the informal economy, two groups of workers that would be expected to be particularly vulnerable to the economic impacts of the crisis and lockdown. These are employees without legal or social protection (who are unlikely to have access to unemployment insurance if they are unable to work) and workers in the informal sector who are self-employed and are particularly vulnerable to livelihood shocks as they rely on daily earnings to survive. In particular, the NIDS-CRAM data allow for analysis for three groups of informal workers- namely, the self-employed (in the informal sector), informal employees (both inside and outside of the informal sector) and casual workers. It also allows for important analysis by gender and, for those who did not lose their livelihoods entirely between February and April, for comparisons between formal and informal employment.

Key findings include:

- Just under a third (31%) of informal workers who did not lose their livelihoods completely were 'locked out' of employment in April - compared with 26% of those in formal employment.
- There are gender differences in the likelihood of being locked out (in both formal and informal employment) - 29% of men and 33% of women in informal employment were 'locked out' in April.
- On average, for those who were informally employed in both February and April, average hours worked per week decreased by 32%.

² See reference list for full citation of this dataset and details on how to access it.

- For the typical informal worker that was employed in both February and April the hours worked per week decreased by as much as 50%.
- Women in the informal economy saw a decrease of 49% in the typical hours worked in April while men in informal employment saw a 25% decrease in typical hours.
- The decrease in hours worked within the informal economy was greatest for the self-employed where average hours decreased by a third and typical hours decreased by more than 50%.
- Data on earnings was captured differently in February and April in the NIDS-CRAM for employees and casual workers so comparisons are difficult. However, the comparison between February and April earnings for the self-employed is more straightforward. Among the informal self-employed who were working in both months, average earnings decreased by 27% and typical earnings by 60%.
- For women in informal self-employment, typical earnings decreased by nearly 70% between February and April.
- About 37% of the informally self-employed reported zero earnings in April.
- Overall, the gender gap in earnings in the informal economy widened noticeably between February and April.

These findings, read in parallel to the assessment of the design of, and progress made with, government's relief measures suggest that current interventions need to be significantly scaled up and far better targeted at informal workers, in general, and women informal workers in particular.

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1. Introduction

There is widespread recognition that measures to curb the spread of COVID-19 have impacted particularly negatively on informal workers, whose jobs are precarious and who lack legal and social protections (ILO, 2020; Fox and Signe, 2020, Ngameni, 2020). While the South African government has introduced a range of relief measures to workers, there are several gaps in provision. More data are needed to identify the size and shape of the negative impacts of the crisis on the informal economy to inform appropriate policy responses as the pandemic unfolds. Using the South African National Income Dynamics Study Coronavirus Rapid Mobile Survey (NIDS-CRAM) data, this paper aims to identify where (e.g. by gender and type of employment) restrictions on the ability to work and reductions in (or loss of) earnings have been most pronounced since the lockdown was introduced in late March. The survey is based on telephone interviews with more than 7,000 individuals between May and June 2020. The survey is broadly nationally representative and therefore offers a timely insight into the ways in which the pandemic and associated regulations are impacting on households, the labour market and the South African economy.

The paper follows the International Conference of Labour Statisticians (ICLS) definitional norms according to which '*informal sector*' refers to employment and production that takes place in unincorporated, small or unregistered enterprises while '*informal employment*' refers to employment without social protection through work both inside *and outside* the informal sector. The '*informal economy*' refers to all units, activities, and workers so defined and the output from them. Statistics South Africa applies³ these standards to the Quarterly Labour Force Surveys (QLFSs) which show that just under one-third of the total non-agricultural workforce – around 4.5 million people – in South Africa are informally employed. Just under 3 million people are working in the informal sector and the rest are precariously employed either in private households (as domestic workers) or in formal firms (see, for example, Rogan and Skinner, 2018). The International Labour Organisation (ILO) estimates that, globally, 61 per cent of all workers are informally employed, with the figures going up to 86 per cent in Africa (2018:14). This suggests that South Africa's informal economy, while significant, is comparatively small. Combined with high levels of unemployment (with the official and expanded rates of unemployment in the first quarter of 2020 at 30 per cent and 40 per cent respectively, Stats SA, 2020:8), the barriers to entry into informal employment remain a key curiosity.

The paper is structured as follows. The next section gives a brief overview of past research on the impacts of economic crises and downturns on informal employment. Special attention is paid to the dynamics of the South African informal sector during the 2008/9 global economic crisis. Section 3 identifies some of the expected impacts on poverty and well-being/food security when earnings from informal employment are threatened. Recent projections of potential increases in extreme poverty in the households of South African informal workers in the context of government's COVID-19 lockdown regulations are examined. Section 4 provides an overview of key measures to mitigate the spread of COVID-19 in South Africa and their relevance to informal workers, with a focus on the April lockdown period. It reviews government relief measures for workers and their households assessing progress, implementation challenges and gaps in provision. Section 5 briefly reflects on the NIDS-CRAM methodology outlining what analysis can and cannot be undertaken using these data. Section 6, then presents the findings from wave 1 of the NIDS-CRAM data. The findings aim to identify which groups of informal workers, by gender and status in employment, have been affected by the crisis. With a focus on the month of April 2020 when one of the world's most severe lockdowns was implemented in South Africa; the analysis examines which workers were unable to continue with their livelihoods in that period. The analysis then considers, for those workers who were able to continue working, which groups experienced the greatest reductions in working hours and earnings. Section 7 concludes with policy recommendations.

³ For example, in Quarterly Labour Force Survey Statistics, Stats SA defines informal employment as 'persons who are in precarious employment situations, irrespective of whether or not the entity for which they work is in the formal or informal sector'. They specify these people are those 'who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment'. With respect to informal sector employment, Stats SA identifies two components: i) Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages; and ii) Employers, own-account workers and persons helping unpaid in their household business who are not registered for either income tax or value-added tax'. (2020:18).

2. What happens to the informal economy during a crisis?

There is a widely held expectation that, particularly in developing-country contexts, the informal economy will absorb job losses from the formal sector during economic crises or downturns. This is particularly likely to be the case, it has been argued, when the negative economic shock is 'driven by a global, synchronized crisis' (Verick, 2010: 4). Two examples of crises associated with an increase in informal employment are the 1997 East Asian financial crisis and the transition period in the former Soviet/Eastern European countries (World Bank, 2008; Cazes, Verick and Heuer, 2009; Fallon and Lucas, 2002). Not surprisingly, however, the evidence is somewhat mixed and it is likely that the nature of the crisis and the pre-existing structure of a country's labour market will determine the impact on the informal economy (Jütting and Laiglesia, 2009). For example, during the handful of financial and currency crises that unfolded during the 1990s, there was no discernible pattern in terms of the impact on informal employment. Some countries experienced increases in self-employment, subsistence agriculture and unpaid family work, while others recorded decreases in labour market participation more broadly.

Perhaps most importantly, there appear to have been relatively consistent gender differences in the labour market responses to these financial crises. In post-crisis Indonesia, for example, urban women experienced a decrease in informal self-employment and an increase in unpaid family work. At the same time, men in both urban and rural regions saw an increase in both self-employment and unpaid family work (Fallon and Lucas, 2002). Similarly, Horn (2010), drawing on interviews with home-based workers, street traders and waste pickers in 10 developing cities during the global economic crisis, found that decreasing demand and wages aggravated by rising competition were strongest in the poorest-paying and lowest barrier-to-entry informal sectors and sub-sectors where women are concentrated. She also found that the crisis compounded women's paid and unpaid informal work burden.

Closer to home, evidence from the South African labour market during the last major downturn – the 2008/9 global economic crisis – revealed that the informal sector was affected disproportionately by the crisis, relative to the formal sector. Somewhat in contrast to expectations, the informal sector in South Africa contracted during the crisis, 'from 17 per cent of total employment in 2008 (second quarter) to 15.5 per cent in 2009 (third quarter). Altogether, the number of workers in the informal sector fell by 347,000' over this period (Verick, 2010: 4). Moreover, a longitudinal analysis (Essers, 2014) of pre- and post-crisis employment transitions revealed very little movement into informal self-employment, either from other types of employment or from the unemployed and economically inactive populations. The evidence from the 2008/9 crisis, therefore, has suggested that the South African informal economy did not act as a shock absorber for job losses from the formal sector.

Moreover, women in the South African informal sector experienced the effects of the crisis differently than men. On the eve of the crisis, a considerably larger share of the female workforce was in informal self-employment (14.5 per cent of employed women compared with 9.5 per cent of employed men). After the crisis, however, the share of the female workforce in informal self-employment decreased dramatically (with only minor changes for men). The decrease in informal sector employment (15 per cent) for women over this period was far greater than the decrease in formal sector employment (4 per cent) (Rogan and Skinner, 2018). Combined with the large increase in the number of women in unemployment (19 per cent) at the same time, this means that these trends are not likely to point to a shift from the informal sector to the formal sector for women during the crisis. In fact, a closer look at the data shows that most of the decrease in female informal self-employment in South Africa occurred in the wholesale/retail sectors and particularly in urban informal and deep rural areas. These are parts of the country where there has traditionally been a larger share of the workforce in the informal sector (Rogan and Skinner, 2018). While this may be part of a longer-term trend that requires more research, the contraction of informal sector employment in the immediate aftermath of the global economic crisis was gendered (Rogan and Skinner, 2018).

While the global economic crisis is the closest point of comparison as a major shock to the South African economy and labour market, there are a number of reasons to expect that the unique features of the current (COVID-19) crisis will have particularly negative impacts on the informal

economy. As suggested in a recent ILO report on the impact of the crisis on employment, 'While self-employment does not typically react to economic downturns, it acts as a "default" option for survival or maintaining income – often in the informal economy. For this reason, informal employment tends to increase during crises. However, the current limitations on the movement of people and goods may restrict this type of coping mechanism' (ILO, 2020: 4). In other words, the conventional understanding of the informal economy as a mechanism for households to cope during economic downturns may not be relevant in the current crisis.

3. Why should we be concerned with the informal economy during this crisis?

While much of the focus of the policy response to the pandemic, both in South Africa and more broadly, has been on supporting small businesses and providing relief to furloughed workers, there is now a growing recognition of the need to support the informal economy. Informal employment accounts for 61 per cent of total employment globally and many workers in the informal economy live below (or just above) the poverty line (ILO, 2018). The ILO estimates there will be between 9 and 35 million new working poor (at the higher World Bank poverty line of US\$3.20 per day) in developing countries in 2020 (2020: 5). Informal workers not only make up the bulk of the working poor globally, but government measures such as travel bans, stay-at-home orders, the closure of public spaces and bans on trading have meant that informal and casual workers have borne the brunt of government regulations to control the pandemic (ILO 2020: 2). In short, the most recent projections for global poverty levels suggest that the loss of incomes in the informal economy may jeopardise three decades of progress in human development (Sumner, Hoy and Ortiz-Juarez, 2020).

Similarly, projections at the outset of the government response to COVID-19 in South Africa suggested that the rate of extreme poverty among households with informal workers (constituting roughly 21 million people) would increase from 10 per cent to 26 per cent in the absence of direct income support (Bassier et al., 2020). This scenario was based on a loss of 75 per cent of informal earnings due to the restrictions imposed by the lockdown regulations. Therefore, while informal employment accounts for just one-third of total employment in South Africa, the loss of informal earnings would have a disproportionate impact on poverty levels (Cichello and Rogan, 2018) and the austerity of the lockdown is likely to have inflicted a severe shock on roughly one-third of South Africa's population.

To date, however, it has not been possible to estimate the actual earnings impact of the lockdown on South African households that depend on informal income, nor the distribution of the impacts across and within the informal economy.

4. How have COVID-19 response measures affected informal workers?

On March 6, the World Health Organisation declared COVID-19 a global pandemic. The South African government acted quickly. By March 15 it announced a National State of Disaster and all schools were closed. Twelve days later, with only 1,170 confirmed COVID-19 infections and one death, South Africa was placed under strict lockdown. The Department of Cooperative Governance and Traditional Affairs (COGTA) subsequently issued a series of regulations and directives. The timeline⁴ below outlines key measures and their relevance to informal workers.

4 See <https://mg.co.za/news/2020-06-16-timeline-the-first-100-days-of-covid-19/> for more details.

Table 1: Timeline of COVID-19 Prevention Measures

Measure	Implementation period	Details	Implications for informal workers
Full lockdown level 5: (COGTA, 2020a) .	27 March – originally for three weeks but extended to April 30.	‘For the period of lockdown every person is confined to his or her place of residence, unless strictly for the purpose of performing an essential service, obtaining an essential good or service, collecting a social grant or seeking emergency, lifesaving, or chronic medication’ (p.4).	Only informal workers involved in the provision of essential goods and services, are allowed to operate. This included informal workers in health, transport, the formal food system, security, and care industries. Spaza’s are included among grocery stores but informal traders are not.
Amendment to lockdown regulations (COGTA, 2020 b) .	Valid from 2 April onwards	‘Grocery stores and wholesale produce markets, including spaza shops and informal food traders, with written permission from a municipal authority to operate being required in respect of informal food traders’ (p.12). ‘All commuter transport services ... are prohibited, except (those) necessary for purposes of rendering essential services, obtaining essential goods’. These exceptions include: ‘(b) taxi services shall not carry more than 70% of the licensed capacity’ (p.7).	Informal trade in uncooked food allowed. Regulatory requirements are put in place from informal food distributors – spazas and street traders – and the taxi industry. Informal waste recyclers, however, are not declared essential service workers.
High restrictions level 4 – regulation number (COGTA 2020, c) .	30 April – 30 May	‘Persons in the following list of industries and activities will be permitted to perform work outside the home, and to travel to and from work, under Alert Level 4, subject to- (a) strict health protocols, and social distancing rules; (b) return to work to be phased in to enable measures to make the workplace COVID- ready; and (c) return to work to be done in a manner that avoids and reduces risks of infection’ (p.24).	The table includes many informal activities notably manufacturing of clothing, retail trade, and the minibus taxi and security industries. On domestic workers the regulations specify: ‘Live-in staff, and staff providing care to the sick, mentally ill, elderly, people with disabilities and children’ (p.27). Informal waste recyclers can operate. if they secure a permit.
Moderate restrictions level 3 – regulation number (COGTA, 2020, d) .	31 May - ongoing	‘Persons will be permitted to perform any type of work outside the home, and to travel to and from work and for work purposes under Alert Level 3, subject to (a) strict compliance with health protocols and social distancing measures; (b) the return to work being phased-in in order to put in place measures to make the workplace COVID-19 ready; (c) the return to work being done in a manner that avoids and reduces risks of infection; and (d) the work not being listed under the specific economic exclusions in this Table.’	Most informal workers are now able to work, notable exclusions are ‘consumption of food and beverages at or in a place of sale including ... informal traders’ and on-site consumption of liquor and shebeens. Educare providers remain closed.

In comparison, with many other developing countries, South Africa’s lockdown regulations were strict. As outlined in the table, all citizens were instructed not to leave their homes other than to access food, medicine, and social grants, and only workers defined as ‘essential service’ providers could travel. The state deployed over 70,000 military personnel to enforce these restrictions along with the police force.

One week into lockdown, lobbying by civil society organizations succeeded in persuading government to expand the definition of essential service workers to include informal food traders. This was backed up by evidence of the role these workers play. For example, household food security surveys consistently show that low-income households regularly source food in the

informal sector (see, for example, Crush, Caesar and Haysom, 2018; Skinner and Haysom, 2016). However, there were omissions. For example, in other developing countries (e.g. Columbia and the cities of Bangalore and Pune in India) the essential-service role that informal waste recyclers play was recognised. Even for those who were declared essential service providers, COGTA outlined specifications such as minibus taxis not carrying more than 70 per cent of their normal capacity and informal food traders needing municipal permission to operate. The Department of Small Business Development (DSBD) issued directives specifying that informal food traders had to secure permits 'in line with provisions of the 1991 Businesses Act'. While existing street trader permits are issued under the Businesses Act, for spaza shops, in many provinces, this was a new requirement.

A theme throughout this period has been the exclusion of immigrants. For example the DSBD required non South African informal food vendors to have an asylum-seeker visa or a business permit (issued under the 2002 Immigration Act). The Department of Environment and Fisheries' waste recycling directives has similar requirements (Breakey, 2020). These are two segments of informal work where immigrants are active (Tawodzera and Crush, 2019; Petersen et al, 2019). The Department of Home Affairs does not issue business permits to informal enterprise owners and asylum seekers are required to renew their permits every three months, at offices that until recently were all closed. The government appears to be using the opportunity to achieve longer-term ambitions of formalising the informal economy and dealing with unregistered migrants.

Within two weeks of lockdown, the Human Sciences Research Council survey of nearly 19,000 people found that two-thirds of the population in poorer urban areas had no money to buy food (HSRC, 2020). Informal workers are likely to be disproportionately represented in this group. A key response from government, civil society and the private sector has been the distribution of food parcels, with demand being overwhelming (see, for example, Njulo, 2020). In mid-June the Department of Social Development (DSD) noted that 24 per cent of the South African population prior to the COVID-19 pandemic were food insecure, and that this had increased to 50 per cent during the lockdown period. From March 3 to June 4 a total of just over 900,000 food parcels had been distributed, feeding an estimated 3.6 million people. (DSD, 2020). By their own figures, food parcel distribution has only reached 12 per cent of those who needed them.

In terms of government support measures, the Department of Employment and Labour was comparatively quick to respond, gazetting the Temporary Employer/Employee Relief Scheme (TERS) on April 8. TERS enables UIF-registered employers to claim funding to cover salary costs in the event of total or partial closure of operations as a direct result of COVID-19. On April 21, President Ramaphosa announced a R500-billion support package⁵. This included a few key measures of significance to households with informal workers – the extension of existing social grants, most notably the child support grant (CSG), the introduction of the Special COVID-19 Social Relief in Distress Grant and support to small businesses.⁶ The implications for informal workers, progress with implementation and the limitations of each of these measures is considered in turn.

4.1. Temporary Employer / Employee Relief Scheme

TERS enabled UIF-registered employers to claim on behalf of their employees. The funding covers a percentage of the cost of salaries on a sliding scale from 38 per cent for high earners to 60 per cent for low earners, with a maximum pay-out of R6,730 (based on a maximum salary of R17,712) and a minimum pay-out of R3,500 per month (Department of Employment and Labour, 2020). According to the Department as of mid-June, the fund had provided R23 billion in COVID-19 relief to over 4.7 million workers (2020). The Institute for Economic Justice puts these figures in perspective noting that 355,267 employers had been paid, but that the number of employers in South Africa is approximately 2.4 million. They also note that 60 per cent of the available expenditure has benefitted only 23 per cent of workers. (2020b: 1).

5 The Minister of Finance's Supplementary Budget tabled on June 24 has significantly reversed this commitment. The Institute for Economic Justice (2020a) estimates that the Budget presents a net increase to of only R36 billion.

6 To compare South Africa's job response and social protection measures to those introduced elsewhere see Gentilini et al (2020).

The fact that most informal workers are not registered for UIF has come into stark relief. For example, only 20 per cent of the country's 1.2 million domestic workers report being registered for UIF in the quarterly labour force surveys (own calculations)⁷. The UIF Commissioner noted that by mid-June only 35,374 domestic workers had successfully applied for and been paid UIF. This suggests that even out of the very small number of domestic workers who are registered on UIF only 15% successfully accessed UIF funds. There have been numerous implementation challenges including accusations that many employers have not passed on UIF monies to their employees. On May 25, in response to pending court hearing, the Minister changed the regulations so that workers can apply directly and extended TERS to cover workers not registered for UIF. While concerns about implementation of these amendments remain (Kropman and Ramji, 2020), this could potentially be a positive development for informal wage workers.

4.2. Increases in the Social Grants and Special COVID-19 Grant

As part of the relief package announced on April 21, the Child Support Grant was increased by R300 per child in May 2020, and then by R500 per caregiver for five months. All other grants were topped up by R250 for six months. According to Bassier et al, 64 per cent of informal workers live in a household that receives a CSG (2020:12) and this support is thus well targeted at informal workers. The Institute for Economic Justice, however, points out that limiting the CSG increase to each caregiver, not each child, means almost one-third less support to the poorest people, and an additional 2 million people below the food poverty line (2020:2).

The Special COVID-19 Social Relief of Distress Grant was a recognition of that fact that the unemployed and those in the informal economy had access to little or no support. An amount of R350 a month is granted for a six-month period. Unlike increases to the existing grants, this grant entailed the establishment of a new and complex system. To qualify, recipients cannot be a current grant recipient, on the UIF database or receive a National Student Financial Assistance Stipend (NSFAS). In addition, their details are checked through the South African Revenue Services, Home Affairs, government salary and police databases. Applicants' details are thus run through seven government databases in addition to the banking associations to verify banking details. Unsurprisingly implementation has been extremely slow.

As of 30 June 2020, the South African Social Security Agency (SASSA) had received just under 7.4 million applications for this grant and nearly 3 million applicants had been rejected. SASSA reported that over 70 per cent of these rejections were due to the applicant being on the UIF database. (SASSA, 2020). At the end of June, SASSA admitted to using an outdated UIF database and noted that 85 per cent of the UIF cases, which were previously deemed not to qualify, do qualify (Ntwaagae, 2020), demonstrating serious administrative ineptitude. It is worth noting that the grant is only paid from the date it is approved – there will be no backpay⁸ and SASSA is no longer issuing food parcels, since they argue the R350 special relief grant targets the same people (SASSA, 2020: 3).

Of the 3.3 million applications approved by the end of June, 2.7 million have been paid. The vast majority – nearly 1.8 million or 67% – of those who have been paid are men (SASSA, 2020:3). A key reason for this gender disparity is likely to be that substantially more women than men receive the child support grant. Since the CSGs are monies to cover children's expenses, the exclusion of CSG recipients from the Special COVID-19 grant, unfairly discriminates against parents in general and women informal workers in particular.

Despite the intention for the new grant to be introduced in May, implementation has occurred through level 4 and level 3 restrictions when many informal wage workers have been back at work and the self-employed have been trying to re-establish their livelihoods. Further it is estimated that 25 per cent of South Africans are unbanked, with those working in the informal economy likely to

7 A survey of just under 4,000 early childhood development operators employing almost 25,000 people found 35 per cent of their workforce were UIF registered (Bridge et al, 2020:6).

8 See <https://www.gov.za/coronavirus/socialgrants> for details.

be disproportionately represented among this group. While SASSA states that the unbanked will be paid via money transfers at post offices, implementation for this group is likely to be particularly slow. In its original conception, only South African citizens, permanent residents, or refugees qualified for the grant. This was challenged and on June 18 the Pretoria High Court ruled that SASSA must broaden access to asylum seekers and special permit holders (see Scalabrini, 2020).

The cost of a household food basket places the value of social grant increases (and the special COVID grant) in perspective. At the end of April 2020, PMBEJD calculated the monthly cost to secure a basic nutritious diet for *one* child was R670 and a modest monthly household food basket cost R3,474 (this had increased by 7.8 per cent from 1 March) (2020, 1&3). Grants will contribute towards necessities but not cover these costs.

4.3. SMME Support

The DSBD has launched several initiatives to assist small businesses, including the SMME Debt Relief Scheme, a spaza shop support scheme and support for township and village enterprises, specifically small-scale bakeries, clothing and textile businesses and automotive aftermarkets. The department has allocated over R500 million to debt relief – an amount of up to R500,000 per SMME to assist with payroll, rent and utility commitments. To qualify, businesses must be registered with the Companies and Intellectual Properties Commission (CIPC), the South African Revenue Service (SARS) and UIF, thus by definition excluding informal operators. By their own admission, uptake has been slow.

With respect to spaza support, the department assigned R30 million in grant funding. This is being disbursed through the Small Enterprise Finance Agency (SEFA), which has partnered with Standard Bank and Nedbank. Those who qualify will receive a R10,000 grant in two tranches to help purchase stock at discounted prices from participating wholesalers. To qualify, the applicant must have a South African ID, and again must be registered with CIPC, SARS and UIF, or be willing to register before support is approved and the business must hold a municipal permit to trade.⁹ The support scheme for township and village enterprises has similar criteria. At the time of writing, the department was about to launch informal-trade stipends, but the details had yet to be announced. A central thrust of the DSBD's approach is to formalise informal businesses and exclude immigrants. This will significantly impede uptake and exclude those most in need of support.

This analysis suggests that despite the acknowledgement that informal workers will be particularly negatively impacted early in the crisis (Philip, 2020), relief measures have reached a minority of predominantly male recipients. Informal workers so far have not benefited equally.

5. Methods – what type of analysis does the NIDS-CRAM data allow?¹⁰

The National Income Dynamics Study: Coronavirus Rapid Mobile Survey or NIDS-CRAM was designed to investigate the socioeconomic impacts of COVID-19 and associated government responses on South African households. NIDS-CRAM is a follow-up survey of a subsample of adults from households in the fifth wave of a national longitudinal survey – the National Income Dynamics Study (NIDS). Due to COVID-19 constraints, the NIDS-CRAM survey was conducted telephonically using Computer Assisted Telephone Interviewing (CATI) software. As a result, NIDS-CRAM uses a much shorter questionnaire (in comparison to NIDS), which takes, on average, about 20 minutes to complete. The analysis in this paper is based on the first wave of the NIDS-CRAM survey which collected data between 7 May and 27 June, 2020.

⁹ See <https://www.htxt.co.za/2020/06/04/standard-bank-and-sefa-partner-up-to-help-spaza-shop-owners-acquire-stock/>.

¹⁰ This section draws heavily from Ingle, Brophy and Daniels, 2020.

5.1. Measuring informal employment in NIDS-CRAM

Given the mode of data collection, the labour market module of the NIDS-CRAM questionnaire is far less detailed than the NIDS questionnaire. In identifying informal employment based on the ICLS guidelines, there are only two survey questions which can be used. For informal self-employment, there is a question on whether the respondent's business is registered for income tax or VAT. Following the same approach that is used when analysing data from NIDS, respondents are identified as self-employed in the informal sector if their business is not registered. In the NIDS-CRAM Wave 1 dataset, about 80% of respondents that identified as self-employed were not registered for either income tax or VAT.

In addition to identifying self-employment (for those employed in April), the NIDS-CRAM questionnaire identifies two types of employees - namely, those with a 'regular job' and those with 'casual work'¹¹. When analysing the NIDS data, it is standard practice to identify all casual workers as 'informal' and to use the criteria of a written contract with an employer and social protection provided through employment as proxies for *formal* employment among employees with regular employment (see Cichello and Rogan 2018; Bassier et al. 2020). The NIDS-CRAM questionnaire, however, does not ask about medical aid, a pension or paid/sick leave provided through the employer. There is only a question about whether the respondent has a written contract with her or his employer. The result is that there is only one broad proxy for informal wage employment. The approach adopted in this paper is to use this single proxy for formal/informal wage employment but to apply it more broadly. In other words, we distinguish between formal and informal employment for both those with a regular job and for casual workers. Somewhat counterintuitively, but justifying the approach adopted here, about 44% of casual workers report having a written contract with an employer. An additional constraint, however, is that we are not able to identify which informal employees and casual workers are employed *within* the informal sector.

The result of these adaptations of the typical criteria used to measure informal employment in the QLFSs and NIDS is that about 35% of the April workforce in the NIDS-CRAM dataset is identified as informal. This estimate is fairly closely in line with estimates from both NIDS and the QLFSs despite the significant differences in survey design, the mode of data collection and the structure of the questionnaire. The key limitation, however, is that there is no information on the type of employment for those employed in February. The information on type of employment, registration for tax/VAT and whether there is a written contract of employment is only captured for those employed in April.

5.2. Identifying those 'locked out' of employment in April

One of the key outcomes we try to measure in this paper is the percentage of informal workers that were 'locked out' of employment in April. As outlined in the previous section, this was the month in South Africa in which (Level 5) regulations limited the movement of people and goods and placed restrictions on access to public spaces. We use two steps to identify workers that were unable to work during this period. First, we identified workers that did not report any type of work in April but who indicated that they had a job or paid activity to which they could return as 'locked out'. The vast majority of these workers reported not working in April because of the 'Lockdown'. Second, we also identified all those who reported having employment in April but who reported working zero hours for the month as 'locked out'. The percentage of both formal and informal workers who were identified as unable to work in April according to these two criteria are presented in *Figure 2* in the results section of the paper.

5.3. Limitations

Perhaps the key limitation associated with analysing livelihood losses in the NIDS-CRAM data is that it is not possible to measure job losses in the informal economy between February and April. As noted earlier, this is because the questionnaire does not identify the type of employment that respondents

11 The question is phrased as: 'which of the following best describes your main form of work?' and gives the following options – 'regular job, casual work, self-employed, I run a business'. The question did not however specify a time period. It is thus unclear whether the respondent is reflecting on their work before lockdown, during lockdown or at the time the interview was done.

had in February (it is only possible to identify whether someone was employed or not). As a result, it is therefore also not possible to measure the true level of working hours or earnings losses in the informal economy as a result of the crisis (e.g. we cannot make overall comparisons between pre- and post-crisis in terms of hours worked and earnings). To the extent that some informal workers were working in February but were unemployed or economically inactive in April, these individuals would be 'missed' by the NIDS-CRAM survey. Therefore, we can make only limited claims about changes in earnings and hours worked between April and February for informal (i.e. only for the sub-sample of those who reported working in both months and can be identified as 'informal' in April).

What can be identified is the percentage of informal workers in April (among those who remained in the workforce) that were temporarily 'locked out' of employment as well as the percentage of informal workers in April that reported 'zero earnings'. Among informal workers who were in the work force in both February and April, we can also identify which workers experienced decreases in the hours that they worked and in earnings reported (by gender and status in employment). However, comparisons between earnings in February and April can only be undertaken for the self-employed. For employees and casual workers, the questions on earnings in February and April were constructed in a way which precludes comparisons.

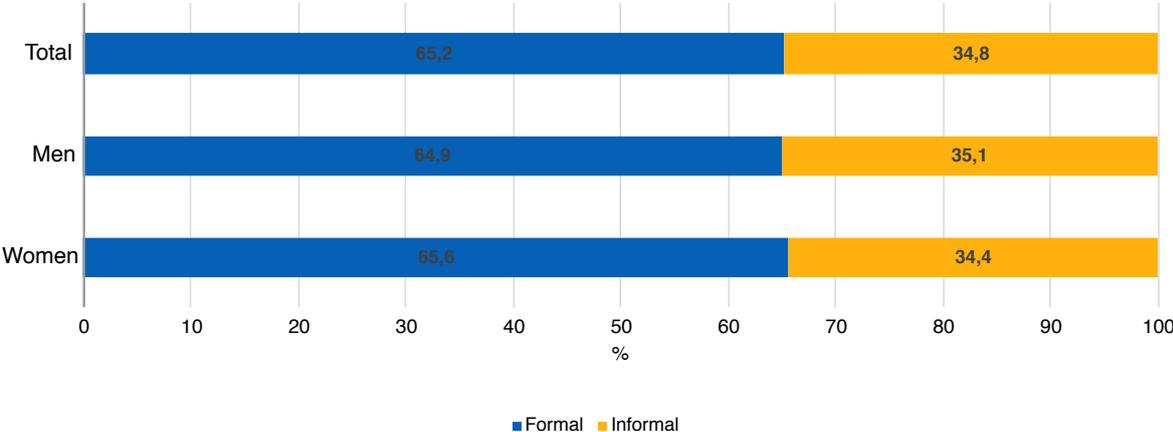
6. COVID-19's impact on informal workers under lockdown

Based on some of the predictions and *a priori* expectations in relation to how the COVID crisis has impacted on the labour market, more generally, and the informal economy, in particular, this section now examines the 'impact' of the crisis along three different outcomes. First, it identifies which workers were 'locked out' out of their jobs during the April lockdown period. Second, it considers how working hours in April (during the peak of the lockdown restrictions) compare with working hours in February for those who managed to retain their job or livelihood. Third, the analysis in this section identifies the changes in earnings between February and April- with a particular emphasis on earnings in informal sector self-employment and, again, only for those workers who reported being employed in both February and April.

6.1. 'Locked out' of employment

During the peak of the government's lockdown measures in April 2020, about 35% of total employment (or just over 5 million workers) was informal according to the NIDS-CRAM data. As reflected in South Africa's Quarterly Labour Force Surveys (QLFSs) an equal share of women's and men's employment is informal in South Africa. Similarly, in the first wave of the NIDS-CRAM data, 34.5% and 35.1% of women's and men's employment, respectively, is informal.

Figure 1: Informal economy as a share of the April workforce in NIDS-CRAM (Wave 1), by gender

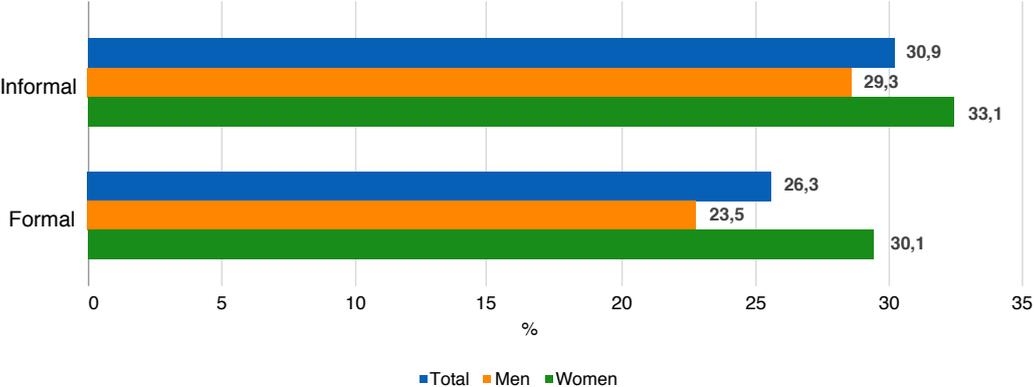


Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

Perhaps one of the crucial questions in relation to the current COVID crisis is which workers have continued to work, despite the severe restrictions on movement, business and leisure activities. *Figure 2* shows the percentage of both informal and formal workers that were 'locked out' of employment during April's level 5 restrictions. A slightly greater percentage of informal workers, relative to formal workers, were unable to work during this period (31% of informal workers and 26% of formal workers). As outlined in the previous section, these figures only include those workers who remained 'attached' to their jobs during the lockdown and were not forced into unemployment or did not exit the labour market entirely. As such, the graph only represents the narrower slice of the workforce that worked zero hours in April but indicated that they were employed or had a job or activity to which they could return (e.g. post-lockdown). Given this context, perhaps the main finding from *Figure 2* is that, among those who remained in the workforce in April 2020, a greater percentage of women, both in formal and informal employment, were unable to work during the lockdown period (33% of women in informal employment and 30% of women in formal employment).

Figure 2: Percentage of formal and informal workers that were 'locked out' of their employment in April 2020, by gender

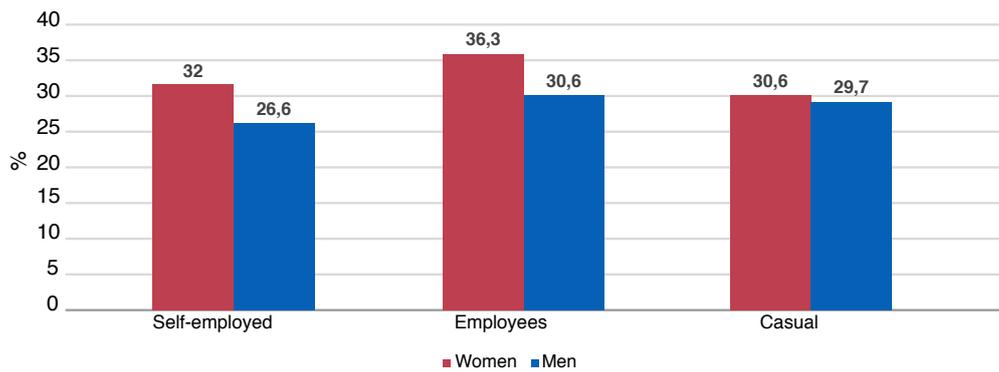


Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

Within the informal economy, there are some small, but important differences in the characteristics of workers that were locked out of employment during the month of April. *Figure 3* highlights some of these differences by gender and status in employment within the informal economy. Nearly a third (32%) of self-employed women and 36% of women in informal wage employment did not work in April. In casual employment, about 30% of both women and men reported working zero hours and/or being locked out of employment due to government restrictions. Therefore, while the *a priori* expectation may have been that those in self-employment in the informal sector would be the most likely to be locked out of work (e.g. due to limitations placed on public transport and restrictions on access to public spaces), the estimates in *Figure 3* suggest that the single largest group of informal workers locked out of employment in April were women in informal, but 'regular' jobs. Again, these findings do not include those who lost their jobs, became unemployed, or left the labour market as a result of the lockdown restrictions. To the extent that the informal self-employed were more likely to lose their livelihoods altogether, the findings in *Figure 3* would be understating the impact of the lockdown on informal sector employment.

Figure 3: Percentage of informal workers that were ‘locked out’ of their employment in April 2020, by gender and status in employment



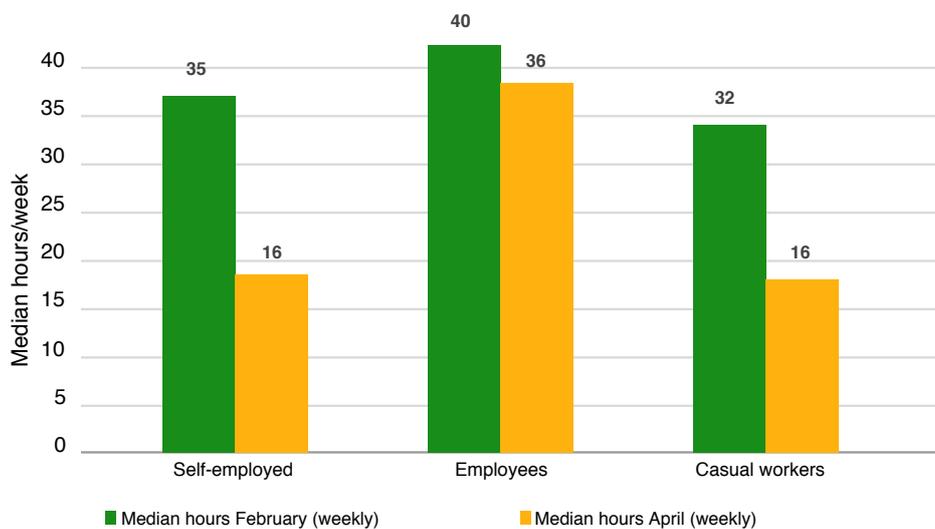
Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

6.2. Working hours in February and April

Among the group of informal workers who remained employed in both February and April (including those who reported that they had employment to which they could return), the typical number of hours worked in April decreased substantially (Figure 4). Among the self-employed, median weekly hours decreased from 35 hours to just 16 hours (per week). Decreases in working hours between February and April can be observed for informal employees (from 40 hours/week to 36 hours/week) and for casual workers (32 hours/week to 16 hours/week).

Figure 4: Median weekly hours in February and April (2020), by status in employment



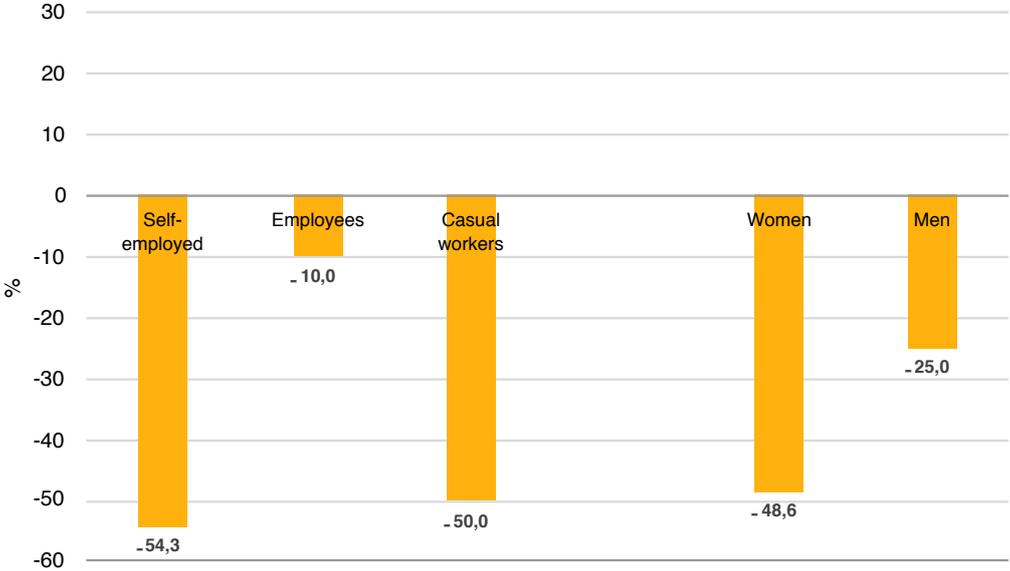
Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

In relative terms, the *average* decreases in working hours were fairly even across the different segments of the informal economy and for women and men (not shown in the graph). On average working hours in April decreased by nearly a third in comparison with the number of hours worked in February. Therefore, among informal workers who reported that they kept their jobs or livelihoods during the April lockdown restrictions, working hours were reduced substantially, but fairly evenly within the informal economy. These average decreases in working hours in April do, however, mask some important differences. At the median (*Figure 5*), for example, working hours in the informal economy as a whole, decreased by 50% between February and April. In other words, for the typical informal worker, the number of hours worked in April was only half of those worked in February. In terms of status in employment, the self-employed and casual workers both experienced decreases

of 50% or more in the hours worked in April. It is possibly the case that, for workers with regular jobs that were able to keep their employment in April, working hours did not change much. Most importantly, there is a large gender difference in the decrease in working hours. At the median, women in informal employment experienced a 49% reduction in working hours between February and April (from 35 to 18) while men saw a 25% decrease over the same period (from 40 to 30).

Figure 5: Decrease in median weekly hours between February and April (2020), by status in informal employment and gender



Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

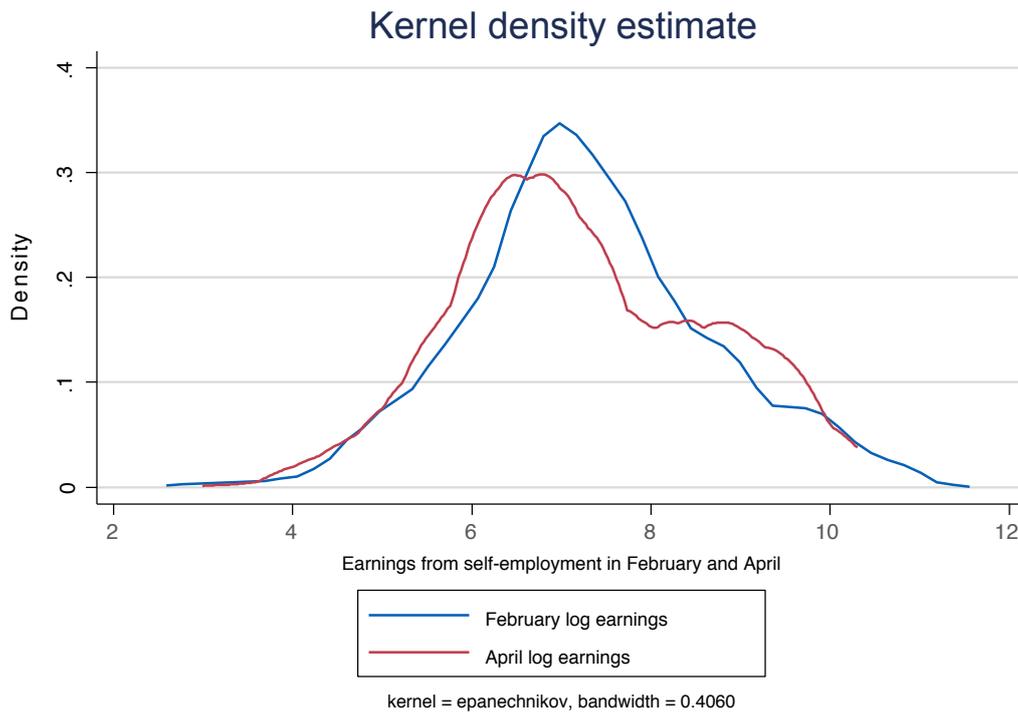
Notes: The data are weighted

6.3. Decreases in earnings during the April lockdown

Undoubtedly, one of the key concerns at the outset of the current crisis was the impact of lockdown restrictions on earnings, household income and food security. In response to these threats, and as outlined earlier in the paper, government increased the levels of social grants and introduced the special COVID-relief grant. These measures were intended, in part, to compensate for the expected loss of earnings that the lockdown restrictions would inflict on the South African informal economy (with formal workers covered by other measures such as UIF, TERS and other forms of relief for small businesses). As outlined earlier, the NIDS-CRAM data is not intended to measure the total loss in employment or earnings in the informal economy due to the COVID crisis and lockdown restrictions. The data can be used, however, to demonstrate where some of the losses in earnings have been concentrated within the informal economy.

Again, the analysis in this section is focused only on those workers that reported being employed in both February and April and, as such, it represents only a subset of informal workers who experienced the crisis in a particular way (i.e. by remaining in employment). Nonetheless, the results reveal several insights that may be useful for policy. In particular, among the informally self-employed, decreases in earnings between February and April were substantial. *Figure 6* plots the distributions of real earnings from informal self-employment in February and April. The distribution of April earnings (red line) is clearly to the left of the February distribution and its peak is lower and further to the left along the horizontal axis of the graph. The figure, therefore, clearly shows an overall loss in earnings between February and the level 5 lockdown restrictions.

Figure 6: Changes in earnings in informal self-employment between February and April (2020)



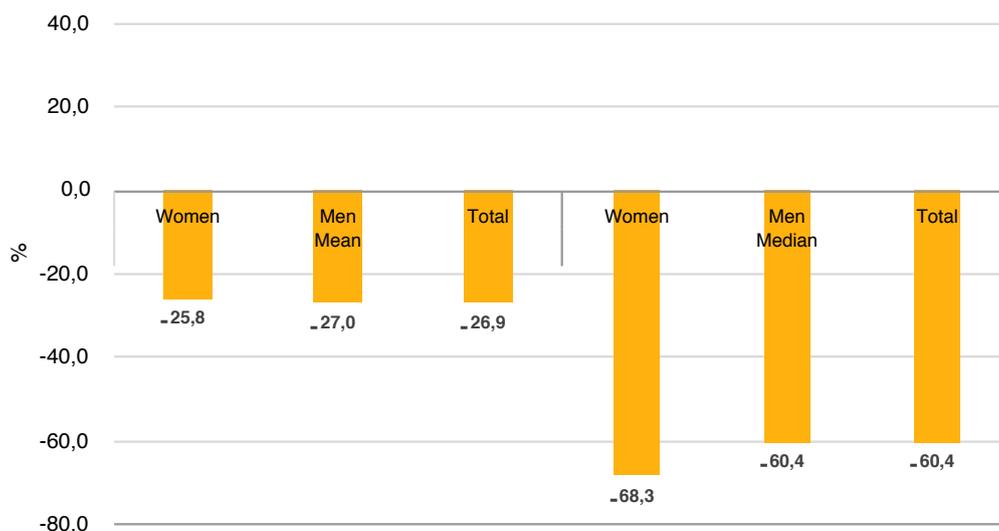
Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

Figure 7 looks at these decreases in earnings from informal self-employment in greater detail. The results suggest that average earnings were about 27% lower in April compared with February (Figure 7). Given that this estimate does not include informal workers who became unemployed (or inactive) and because of the importance of earnings from informal employment to keeping households above the poverty line and food secure, an overall loss of more than 25% of earnings represents a severe economic shock.

Earnings losses between February and April for the typical informal self-employed worker were even greater. At the middle of the earnings distribution (for the informal self-employed) earnings were 60% lower in April compared with February. There is also a notable gender difference at the median where women's typical earnings from informal self-employment were nearly 70% lower in April. Earnings losses of this magnitude are fairly similar to those projected at the outset of the crisis and are a particular cause for concern given the links between the loss of informal sources of income and the risk of dramatic increases in extreme poverty, hunger and food insecurity.

Figure 7: Changes in average and median earnings from informal self-employment between February and April (2020), by gender

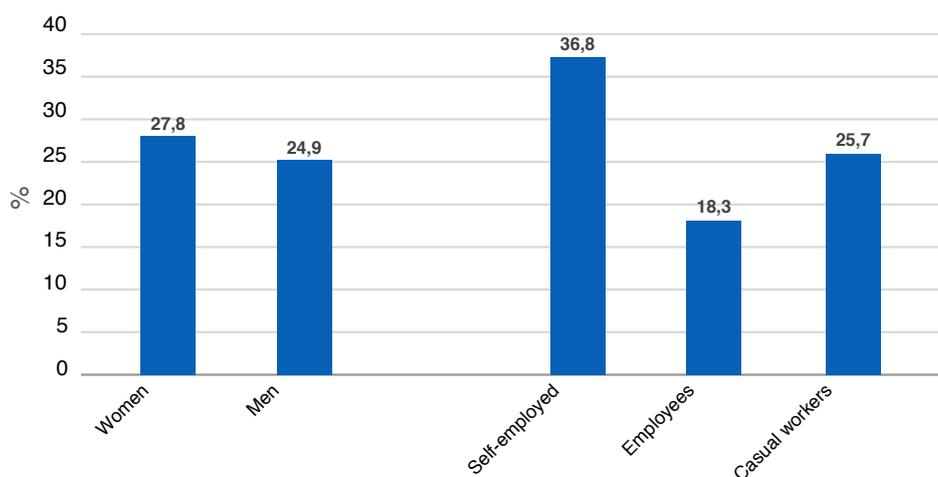


Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

Part of the reason for the considerably larger losses of income at the median (relative to the mean) is the large percentage of informal workers that reported earning ‘zero-income’ in April (Figure 8). These are workers that either reported being ‘locked out’ of their regular economic activities (but expected to return) or who reported being employed but worked very few hours and did not earn any income. A slightly larger percentage of women (28%) in the informal economy reported zero earnings during the month of April. In terms of status in employment, the single largest group of zero earners was in informal self-employment. About 37% of those in informal self-employment who were either working¹² or ‘locked out’ reported no earnings for the month. Just under 20% of informal employees and more than a quarter of casual workers also reported not earning an income from their employment in April. These findings on their own represent a serious shock to a relatively large share of the workforce and would be expected to have potentially disastrous implications for the households that depend on these earnings to survive.

Figure 8: Percentage of informal workers that earned ‘zero-income’ in April (2020), by status in employment and gender



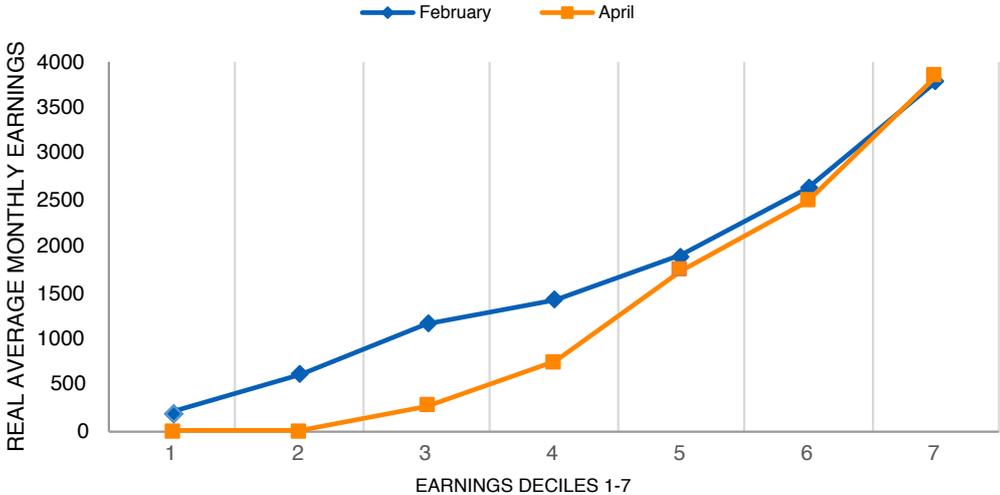
Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

¹² Among those informal workers that reported working at least some time in April (i.e. they were not completely ‘locked out’), about 20% of the self-employed reported zero income.

Figure 9 considers the changes to real earnings from informal self-employment between February and April along the earnings distribution. The data in the graph show that the decreases in earnings between February and April are concentrated in the bottom half of the distribution. Average earnings in the first two deciles of April earnings, for example, are zero (reflecting the share of the self-employed that were 'locked out'). At the third and fourth deciles, earnings among the informal self-employed were higher in February than in April. From deciles 5-7, February and April earnings converge to a large extent while, at the higher deciles, April earnings are actually higher than February earnings. Overall, however, the data suggest that the largest differences in earnings between February and April occurred at the lower end of the distribution and were, therefore, concentrated on the lowest earning and more vulnerable workers.

Figure 9: Differences in average earnings in informal self-employment in February and April (2020), by decile

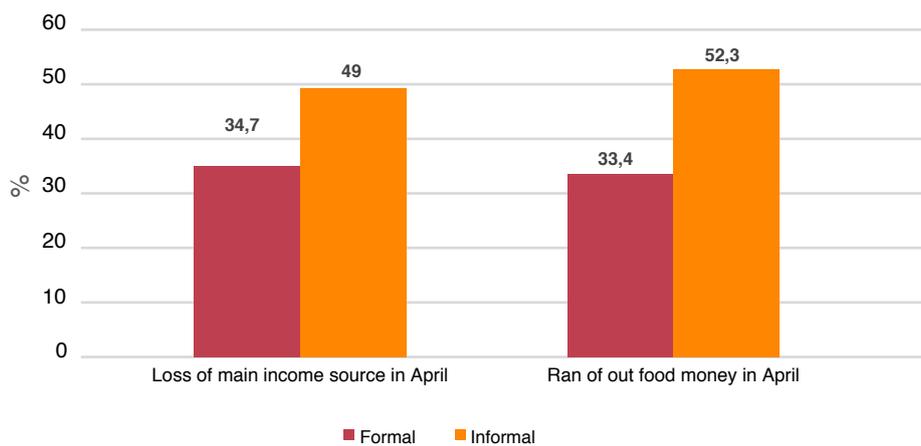


Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

These losses in earnings from informal employment, particularly at the bottom of the earnings distribution, are likely to require attention from policy makers as the pandemic intensifies in the coming months. Since the beginning of lockdown, just under half of informal workers reported that their household lost its main source of income (Figure 10). At the same time, just over a third of formal workers reported losing their most significant source of income. Not surprisingly, more half of informal workers reported that their household ran out of food during the month of April. If the analysis is restricted to workers that were 'locked out' of employment in April, then an alarming 60% of informal workers reported a shortfall in income to meet their food needs. These findings support the earlier work which suggested that income from informal earnings are particularly important for keeping households above the poverty line and in ensuring household food security. The findings in Figure 10 would, therefore, suggest that the earnings and livelihood losses described in this section are likely to have serious implications for the large percentage of households which rely on earnings from informal employment to meet their most basic needs.

Figure 10: Loss of main household income source and food insecurity in April (2020)



Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

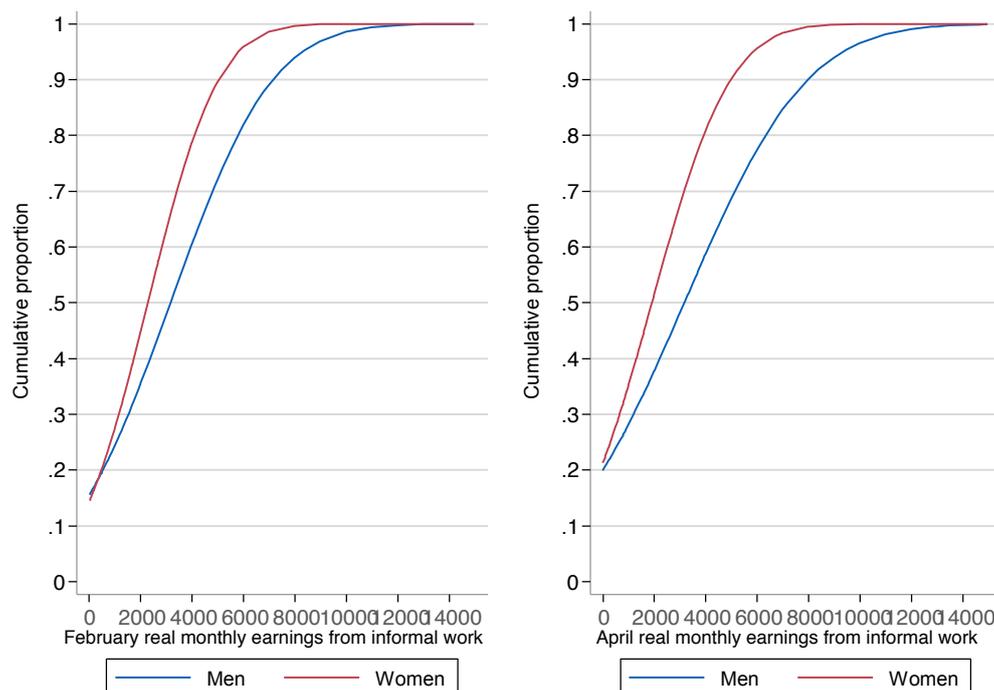
Notes: The data are weighted

Finally, given the gendered differences in the likelihood of being ‘locked out’ of employment, the larger losses in working hours experienced by women due to the pandemic, and the slightly greater share of women that reported zero earnings in April, it seems as though the impact of the COVID crisis and the accompanying government response has been particularly harmful to the livelihoods of women in the informal economy. *Figure 11* plots the earnings distributions¹³ of both women and men in the informal economy in February and April (i.e. pre and post-COVID). The left panel shows that the male earnings distribution (blue line) in February is below the distribution of women’s earnings (red line) at all points on the graph. This indicates the expected (and well documented¹⁴) finding that, in the informal economy, men earn significantly more than women. In the right panel, the April earnings distributions for women and men are plotted. The important finding is that the earnings gap between women and men is noticeably wider in the April distribution. Therefore, the concerns with the measurement of earnings data in NIDS-CRAM notwithstanding, there is evidence that the COVID crisis period has coincided with a widening gender gap in earnings in the informal economy.

13 The earnings distributions in Figure 10 should be interpreted with caution. The data in the figure are calculated from earnings reported in both February and April. As outlined earlier, however, the earnings data are not collected/measured in the same way in February and April so should not be compared directly. Earnings are, however, collected in the same way for women and men so the graph should be interpreted purely in terms of gender differences in both months- not in changes between February and April earnings.

14 See Rogan and Alfors (2019).

Figure 11: Gender differences in earnings in the informal economy in February and April (2020)



Source: Own calculations from NIDS-CRAM Wave 1, Version 1.0.0.

Notes: The data are weighted

While these gender differences in earnings between women and men in the informal economy should be treated with caution, there is some additional evidence from the NIDS-CRAM data which support the finding of a widening gender gap. As predicted relatively widely both before and during the onset of the crisis, internationally, it was expected that the pandemic would result in a 'crisis of care' that would be borne largely by women in informal employment. In South Africa, for example, schools were closed during the month of April which meant that workers had to balance their time in the labour market with an unexpected increase in household responsibilities. In the NIDS-CRAM survey, 65% of women in informal employment reported spending more time in April taking care of children (compared with 58% of men). The uneven increases in the responsibility for caring for children were particularly pronounced among informal employees where 70% of women (and only 50% of men) reported an increase in child care responsibilities in the month of April.

7. Conclusions and policy implications

The analysis in this paper focused on the impacts of government's lockdown restrictions on three groups of informal workers. While time and the next waves of the NIDS-CRAMS data will reveal the true nature of the impact of the COVID-19 crisis, these data suggest three core findings for the lockdown period that should be tracked into the next period.

First, in comparison with formal workers, those in the informal economy have been disproportionately impacted by the pandemic. A larger share of the informal economy (relative to formal employment) was locked out of employment during the month of April. Moreover, for the typical informal worker that was employed in both February and April the hours worked per week decreased by as much as 50%. Decreases in typical working hours were particularly large for women and workers in self-employment and for informal casual workers. Therefore, across several measures, informal workers, and particularly women, experienced substantial decreases in both the ability to work and in the hours that they spent in employment in April.

Second, the NIDS-CRAM data suggest that the self-employed were particularly negatively impacted

in several ways. For example, the decrease in hours worked within the informal economy was greatest for the self-employed where average hours decreased by a third and typical hours decreased by more than 50%. About 37% of the informally self-employed reported zero earnings in April. Overall, typical earnings in April for the self-employed were 60% lower than in February. Women in informal self-employment experienced particularly large decreases in typical earnings during the month of April. For this group, earnings were almost 70% lower in April compared with February.

Third, this analysis also confirms the gendered nature of the impact of this crisis. Of those informal workers that did not lose their livelihood entirely, a greater percentage of women than men were locked out of employment in April. Moreover, a unique feature of the current crisis is that, during the April lockdown period, all schools and educare centres were closed. Informal workers who are parents, and particularly women, had to balance an increase in childcare responsibility with the need to earn an income. Therefore it is not surprising that the relatively larger decreases in working hours and earnings experienced by women during the crisis period, coincided with a larger increase in child care obligations (relative to men) during the April lockdown period. The reduction in women's typical working in hours in the informal economy between February and April was almost 50%. Accordingly, the overall gender gap in earnings in the informal economy widened noticeably between February and April, and as outlined above, women in informal self-employment reported particularly large reductions in earnings.

While many of these (gendered) findings were anticipated at the outset of the crisis and correspond fairly closely with the experiences of other countries (both developed and developing), it is useful to conclude with some specific reflections on what the findings mean for the South African policy response. We consider each of the current relief measures in turn.

Scale up the provision of food parcels: As noted in section 4, in the months of April and May food parcels have only reached 12 per cent of those who needed them. With an estimated one in two South Africans experiencing food insecurity, food parcel provision needs to be upscaled dramatically. In this survey 52 per cent of informal workers reported that their household ran out of money to buy food in April. This excludes informal workers who lost their jobs entirely, so is likely to be an undercount. The Department of Social Development should consider working alongside organisations of informal workers to identify households in need. While we recognise that, under level 4 and 3 restrictions, many informal workers are allowed to work again, food security is likely to be a critical issue for this group. The action research network Women in Informal Employment: Globalizing and Organizing's (WIEGO) ongoing monitoring of COVID impacts among informal workers, suggests that many have lost their jobs, and that those who are working are struggling to re-establish their livelihoods. This combined with limited demand for both goods and labour, is depressing already low incomes.

Rapidly extend coverage of unemployment insurance to informal wage workers: During this crisis, the poverty and humanitarian implications of informal wage workers being outside of the social security net has come to the fore, both in South Africa and internationally (Alfers et al, 2020). Consider for example, the 1.2 million domestic workers in South Africa. Despite laws compelling employers to register, Quarterly Labour Force Survey statistics consistently show that, only 20 per cent of domestic workers report being registered for UIF (e.g. own calculations, QLFS, 2019- Q1). Between mid-April and mid-June of this year, 35 374 domestic workers had successfully applied for and had been paid UIF. The UIF Commissioner himself noted 'it seems that we have not done enough to give proper sustenance to this vulnerable group' (DEL, 2020c). This suggests that, for informal workers, there are systemic problems in accessing UIF, and even for the privileged few who are within the system. The change in the TERS system, whereby employers do not have to be previously registered and employees can apply directly, could be positive for informal workers. Concerted efforts however need to be made not only to publicise these changes among informal workers but to ensure the system is genuinely accessible. The UIF should partner with membership based informal worker organisations – for example the South African Domestic Service and Allied Workers' Union, IZWE Domestic Workers Alliance – but also the NGO's that have a track record of supporting them, notably Women on Farms and Casual Workers Advice Office to make the system accessible to formal workers.

Increase the amounts allocated in the social grants: Prior to COVID-19 the poverty alleviation impacts of cash transfers through social grants in general, and the child support grant (CSG) in particular, were well established (see Bassier et al, 2020:5-6 for a review). The monthly increases in social grants of between R250 and R500, do not cover the monthly cost (R670) of a basic nutritious diet for one child, let alone the R3,474 needed for a household (estimates from PMBJD, 2020, for April 2020). Increases of R250 and R500 are 3.5 – 6.9 % of monthly GDP per capita respectively¹⁵. Gentilini et al, using data from 209 countries on cash transfer amounts introduced in response to COVID-19, calculates an international average of 30% of monthly GDP per capita (Gentilini et al, 2020: 4). This demonstrates that South Africa's cash transfer increases are way below the international average. Even a small increase in the relief amounts allocated to these grants, would have significant food security and poverty alleviation impacts. With respect to the CSG, the grant increase should be per child (as per the President's original commitment), rather than per caregiver. This would result in one-third more support to the poorest South Africans, and an additional 2 million people above the food poverty line (IEJ, 2020a: 2). Increases in the CSG are well targeted at women and households with informal workers in them. This survey has demonstrated the extent to which informal workers' childcare commitments have increased and work hours and incomes decreased, and disproportionately so for women. Increases in social grants in general are easy to administer. They also insert a much-needed injection of cash into poorer communities and into the South African economy.

Extend coverage of the Special COVID grant: The 1,758,000 applicants mistakenly rejected, need to be paid as a matter of urgency. Since they were excluded through no fault of their own, they should receive the grant for the full period it was due. Of the 2.7 million who have been paid this grant by the end of June – 67 per cent are men. This is despite the fact that women are disproportionately represented in the very group this grant was meant to target. A key factor is likely to be that recipients of the CSG are predominantly women. CSG grants, while paid to the caregiver, are meant to cover the costs of children. The exclusion of CSG recipients, prejudices women caregivers and should be scrapped. Further, despite the intention for the grant to be introduced in May, implementation only started in earnest in June when level 4 restrictions applied and many informal wage workers have been back at work and the self-employed have been trying to re-establish themselves and are thus no longer officially unemployed. If the criteria are strictly applied they would no longer qualify, despite having experienced a devastating income shock due to COVID-19 prevention measures. The implementation of the Special COVID grant has demonstrated the disadvantages of a targeted versus a universal scheme.

In addition to the extension of the special COVID grant, social grant increases should be extended to the end of 2020. Current increases are only scheduled for six months. The health and economic impacts of the crisis are likely to be felt well beyond October when most increases will cease. Internationally, increases in cash transfers have been used widely as a relief measure. Gentilini et al (2020) estimate that, as of mid-June 2020, cash transfers have been introduced in 131 countries. As noted, the amounts allocated in South Africa are comparatively low. Some will argue that increases in social grants are unaffordable and yet a number of creative financing options have been tabled (see IEJ, 2020b and Gqubule, 2020 among others).

Registration requirements to access DSDB small business support need to be revised: To qualify for this support the applicant must be registered with the Companies and Intellectual Property Commission (CIPC), SARS and UIF and hold a municipal permit to trade. At best these requirements place onerous bureaucratic burdens on the informally employed, and at worst, simply excludes them. Many in the informal sector have used their last savings to feed their families during lockdown and need capital to re-establish themselves. These registration requirements need to be relaxed as a matter of urgency.

Current support measures from the DSDB are targeted at small-scale bakeries, clothing and textile businesses and automotive aftermarkets. However, QLFS informal sector data show that the main

¹⁵ This is calculated using GDP per capita cited by the World Bank as US\$6001.40 for 2019 <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ZA> using the average exchange rate for 2019 of \$14.45 (thus R250 = \$17.30 and R500 = \$34.60).

informal sector activities are in trade (39%), community and social services (16%), construction (16%), transport (11%), finance (10%) manufacturing (8%) (own calculations, QLFS, 2019 Q4). Support needs to be better targeted to the sectors where informal workers are (or were) located and specifically focusing on segments dominated by women – informal food trade, community and social services and manufacturing.

An additional and notable concern is that foreign nationals and immigrants have been systematically excluded from access to work and the DBSD support measures. This is generating extreme hardship among a particularly vulnerable group. In addition exclusion of immigrants is likely, as successfully argued by the Scalabrini Centre in the case of the Special Covid-19 grant, to be unconstitutional.

In reflecting on the impacts COVID-19 and associated policy responses on informal workers globally, In conclusion, Alfars et al (2020) argue that responses to secure incomes must include longer-term inclusion into social protection systems, while simultaneously supporting livelihood recovery tailored to the needs of different groups of workers in the informal economy, and ensuring the inclusion of the most vulnerable (2020). In South Africa while relief measures have been insufficiently tailored to the needs of women informal workers and different worker groups within the informal economy, they have started to pull informal workers into the social security system. For example, if the UIF fulfils its commitment to include informal wage workers such as domestic workers, farm workers and taxi drivers, this will provide a vital support in the face of future shocks. For all its faults, the Special Covid-19 grant is establishing an administrative infrastructure for the further inclusion of informal workers into the social security system and could be the basis of a much-needed universal income grant. President Ramaphosa has emphasised that the COVID-19 pandemic provides an opportunity to reset the economy on a more inclusive growth path and has specifically highlighted the need for a strengthened informal sector (Haffajee, 2020). This is the moment for informal workers and civil society to both lobby, but also to work with government, to secure existing gains and advance them.

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