



POLICY BRIEF

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

Household resource flows and food poverty during South Africa's lockdown: Short-term policy implications for three channels of social protection

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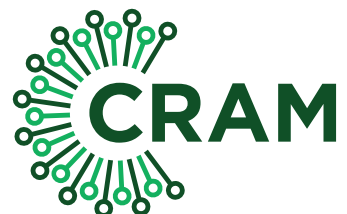
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The policy brief draws from the full paper:

Wills, G., Patel, L., Van der Berg, S., & Mpeta, B. (2020) Household resource flows and food poverty during South Africa's lockdown: Short-term policy implications for three channels of social protection.



N.i.D.S.
NATIONAL INCOME DYNAMICS STUDY



CORONAVIRUS RAPID MOBILE SURVEY 2020

Income shocks, food poverty & social protection

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- **New evidence¹ reveals that 2 of every 5 adults in South Africa reported that their household lost its main source of income since the lockdown started** on the 27th of March 2020. This has had devastating consequences for food security and household hunger:
 - **47% of adults² report that their household ran out of money to buy food in April.** Among adults interviewed between May and June, 21% report that someone in the household went hungry in the last 7 days and 15% report that a child went hungry in the last 7 days.
 - **These reports of hunger have occurred despite** significant emergency relief efforts. Food poverty would probably have been worse during the lockdown period, in the absence of this social assistance.
 - **Social protections to mitigate the impacts of lockdown should not be removed until we see clear evidence of economic and employment recovery and declining hunger rates.** If we want to stave off mass, chronic hunger, we simply cannot let up on the support being provided to households through three channels of social protection simultaneously: social insurance, social assistance through a programme of grants and localised social relief efforts.
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South Africa's R500 billion fiscal relief package has drawn on three channels of social protection in the short-term to address the socio-economic fall-out of the coronavirus pandemic:

1. Expanding the **social insurance** system to reach a larger proportion of the labour force,
2. Building on its existing **social assistance** programme of grants and,
3. Expanding **social relief** efforts through local governments and non-state institutions³.

We highlight⁴ that while this response from government and the social sector has been commendable, large groups of households continue to experience tremendous hardship as a direct consequence of the lockdown and losing household income sources.

1 Our analysis draws on quantitative analysis of a new NIDS-CRAM telephonic survey conducted between 7 May and 27 June 2020 (corresponding to stages 4 and 3 of the national lockdown).

2 The survey is made up of adults broadly representative of persons 15 years or older in South Africa in 2017. See Ingle, Kim, T. Brophy, and R. Daniels. 2020. NIDS-CRAM Panel user manual. NIDS-CRAM Technical Document C. (Online). Cape Town: SALDRU. Retrieved from: <https://cramsurvey.org/reports/>.

3 Gerard, F.; Imbert, C.; Orkin, K. (2020). Social protection response to the COVID-19 crisis: Options for developing countries. Retrieved from: <https://econfp.org/policy-brief/social-protection-response-to-the-covid-19-crisis-options-for-developing-countries/>

4 Wills, G.; Patel, L.; van der Berg, S. and Mpeta, B. (2020). Household resource flows and food poverty during South Africa's lockdown: Short-term policy implications for three channels of social protection. NIDS-CRAM policy paper.

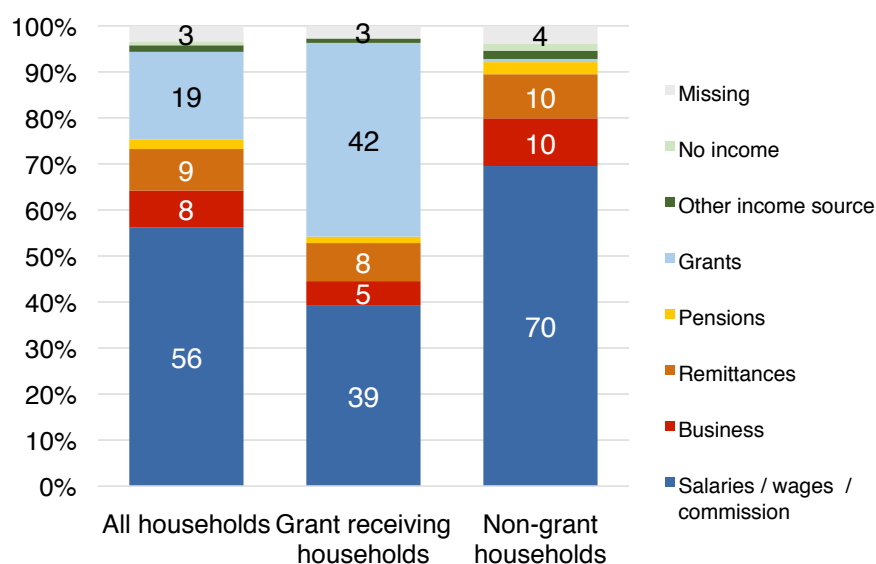
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1. Before COVID-19 in South Africa:

a. What were sources of income for the poorest households?

- There is often a misconception that poor, grant receiving households are 'immune' to income shocks because they get grants. The possibility of job loss or a downturn in business presented a major threat to the livelihoods of a large proportion of grant receiving households:
- **Pre-lockdown, three quarters of grant receiving households relied on income sources other than grants** such as from earnings from employment, business or remittances. Income earned or generated through business was the *main* source of household income for 44% of grant receiving households as indicated in the 2018 General Household Survey (GHS).

Figure 1: Main sources of household income, GHS 2018

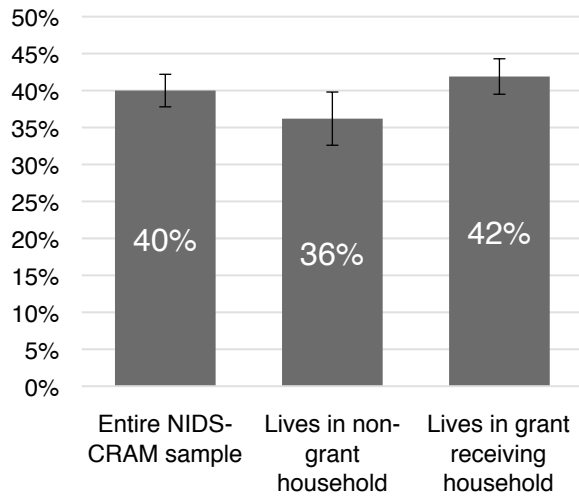


Source: GHS 2018 **Notes:** Estimates at household level. Multistage sampling design used

b. What was the state of food poverty?

- In the GHS 2018, **about 21% of all households reported running out of money to buy food in the past 12 months**, 14% reported skipping any meals in the past 12 months because there wasn't enough money to buy food and 14% indicated that either an adult or child went hungry in the past 12 months. As an indicator of depth of food poverty, 5% of households reported skipping any meals for 5 days in the past 30 days.

Figure 2: Adult reports that the household lost its main source of income since lockdown started on 27th March 2020, NIDS-CRAM sample



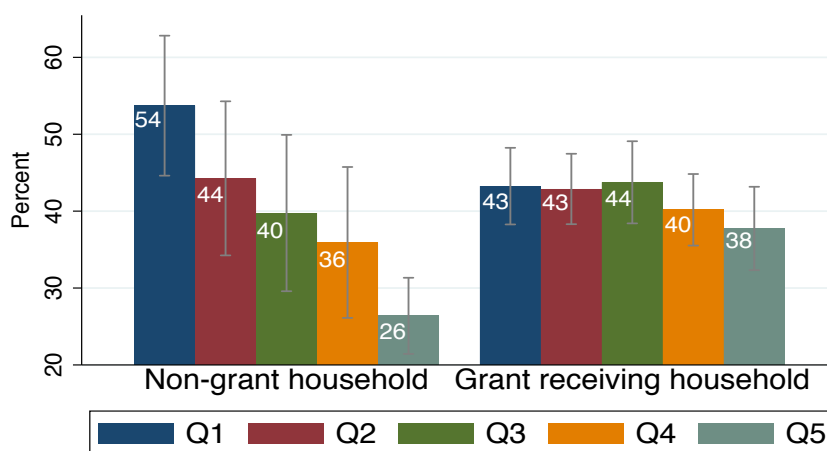
Source: NIDS-CRAM wave 1. **Notes:** Estimates at individual level. Weighted, clustered and stratified. 168 individuals of 7074 responded 'don't know' or 'Refused' not included in estimates.

- Food poverty was much higher in households without employed persons. Access to employment income in households – including grant receiving households – significantly limits exposure to food poverty.

2. How have income shocks during lockdown affected households?

- **42% of adults in grant receiving households report that their household lost its main source of household income since the lockdown started.** This figure is 36% for those in non-grant receiving households (see Figure 2).

Figure 3: Individual reports that its household lost its main source of income since 27th March 2020, disaggregated by quintiles of per capita household incomes in 2017



Source: NIDS-CRAM wave 1, May-June 2020 & NIDS wave 5, 2017.

Notes: Weighted and clustered.

Estimates by quintiles of household per capita incomes 2017.

3. Who has been most affected by household income shocks?

For non-grant receiving households that were already living on the edge of survival, lockdown has been a further blow: As many as 54% of adults in non-grant receiving households, in the poorest income quintile (measured by per capita household income in 2017) report that the household lost its main source of income. This is compared to 26% for those in the wealthiest household quintile (see *Figure 3*).

4. Are household income shocks contributing to food poverty?

- After controlling for food poverty pre-exposure factors, individuals in households that lost its main source of income since lockdown started are **12 percentage points more likely to report that someone went hungry in the past 7 days** compared with those that didn't report lost household income.
- Particularly hard hit are households that rely only on money from friends and family, but this income has ceased: over 60% of adults in these households reported that someone went hungry in the past 7 days.
- **Even though pre-lockdown levels of food insecurity were notable⁵, current indicators of food insecurity are higher than the pre-lockdown situation.** Between May and June 2020, 21% of adults report that someone in the household went hungry in the last 7 days. The most comparable 2018 indicator is the reporting of skipped meals for 5 days in the past 30 days, which affected only 5% of households. Media reports and key informant interviews with individuals from social relief organisations also confirmed dramatic increases in requests for food relief over lockdown.

'We have never had such a demand for food before. [During lockdown] we received 8 000 emails per day and a large volume of phone calls at our call centre, all for food relief. Besides the poor, we have never seen this number of requests for food aid from middle income groups.'
- Key informant, non-governmental organisation

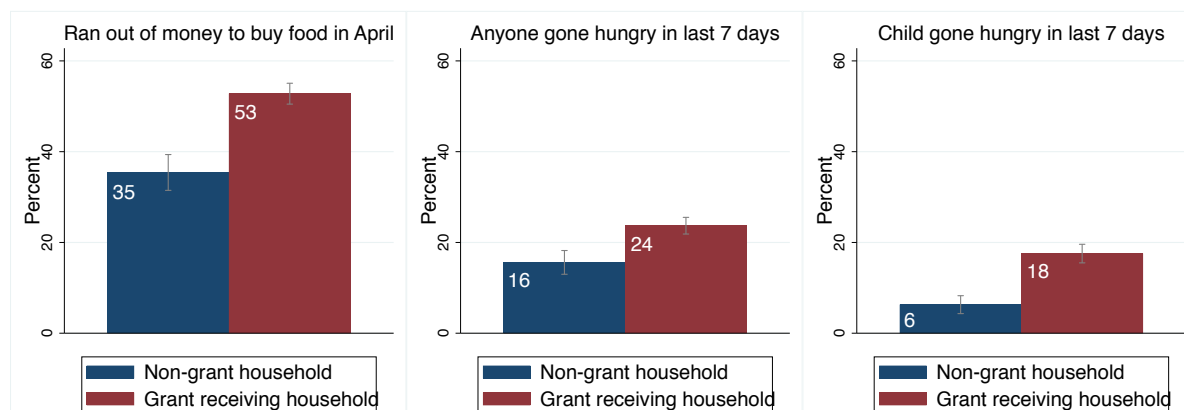
5. Social grants, social relief and food poverty during lockdown

- Before the roll-out of the COVID-19 social relief of distress grant, the temporary 'top-up' of grants had the potential to reach over 60% of people in grant-receiving households across South Africa, and over 80% of people in grant-receiving households in rural areas. But for many households, grants have been insufficient to cover shortfalls in lost household incomes leading to food shortages. Figure 4 shows that over a half of adults in grant receiving households reported that they ran out of money to buy food in April. In May and June nearly a quarter report that someone in the household went hungry in the last 7 days and 18% report that a child in the household went hungry in the last 7 days.
- **Social relief efforts during lockdown have gone some way to improve the depth of support to households in need:** 8% of adults reported receiving food or shelter from government, 6% reported receiving food or shelter from NGOs (churches or other associations), 9%

⁵ Devereux, S., and J. Waidler. 2017. Why does malnutrition persist in South Africa despite social grants? Food Security SA Working Paper Series No.001. DST-NRF Centre of Excellence in Food Security, South Africa

received food or shelter from their neighbours or community and 18% received support from any of these three sources during lockdown. This support was generally well targeted to food-poor households.

Figure 4: Food poverty indicators in 2020 by household grant receipt, NIDS-CRAM sample



Source: NIDS-CRAM, wave 1, May-June 2020. **Notes:** Estimates by household grant receipt. Weighted & clustered. Unit of analysis is the individual

6. Policy options: What can policymakers do about this?

Policy options for the next 1-3 months (July-Sept 2020)

a. Urgent need to remedy the Unemployment Insurance Fund (UIF) administrative system to ensure those eligible for pay-outs receive their income protection timeously:

Where people are due to be paid through UIF, this system needs to work. The likelihood of hunger is significantly higher in households that report that their main sources of income such as earnings have been lost. The value of UIF pay-outs to individuals is considerably larger than grant ‘top-ups’, going further to cover shortfalls in income and mitigate household hunger in the short-term. Urgent attention needs to be given to rectifying technical glitches that exist in the UIF system.

“The administrative process of ‘enrolling’ more South Africans in a formal social protection system could enable the government to respond quickly in getting emergency relief to more households presently and in the future.”

b. Reaffirm the importance of expanding the reach of the grant system through the COVID-19 SRD grant:

The roll-out of the COVID-19 social relief of distress (SRD) grant is highly necessary in expanding the social security net. While localised social relief efforts have been notable, three quarters of adults reporting that they received social relief for food or shelter, were in households already reached by grants. Thus, one cannot rely substantially on informal local social relief efforts in getting to a significantly wider share of the population. Despite the delays in paying the COVID-19 SRD grant, the sheer administrative process of ‘enrolling’ more South Africans in a formal social protection system could enable the government to respond quickly in getting emergency relief to more households presently and in the future.

c. Data to plan and track the potential demand for new qualifying grant applications:

The significant reporting of lost household incomes by individuals situated in the poorest quintile

of households, but not reached through the social grants system, may have implications for an already stretched social protection system if the economy does not recover quickly enough to reabsorb people into the labour market. Regular and accurate data is needed from various administrative sources (e.g. UIF, CCMA) and household data collection activities to effectively model increased demand for grants and prepare the fiscus in advance as non-grant receiving individuals that lose incomes start qualifying for grants.

Policy options for the next 4-6 months (Oct-Dec 2020)

- d. Continue grant 'top-ups' for 3 more months to January 2021:** With the projected contraction of the South African economy by 7.2%, economic recovery will be slow. It is unlikely that the significant losses to income will return to a pre-lockdown state before grant 'top-ups' are scheduled to stop in October 2020.⁶ With the alarming levels of hunger being reported in May and June in households where incomes have been lost, despite the two months of injection of 'top-up' grants into households, removing this support could have further devastating consequences for households, resulting in chronic hunger and malnutrition. This in turn may have negative implications for political and social stability.

Sustaining and broadening financial and administrative capacity to provide short-term social insurance, social assistance through a programme of grants and localised community-level social relief, is an urgent national priority. Failure to do so will deepen an emerging humanitarian crisis, hamper economic recovery and threaten socio-political stability.

6 Mboweni, T. 2020. *Minister Tito Mboweni: 2020 Supplementary Budget Speech 24 June 2020*. Pretoria: South African Government. <https://www.gov.za/speeches/minister-tito-mboweni-2020-supplementary-budget-speech-24-jun-2020-0000>.

For further information please see cramsurvey.org