

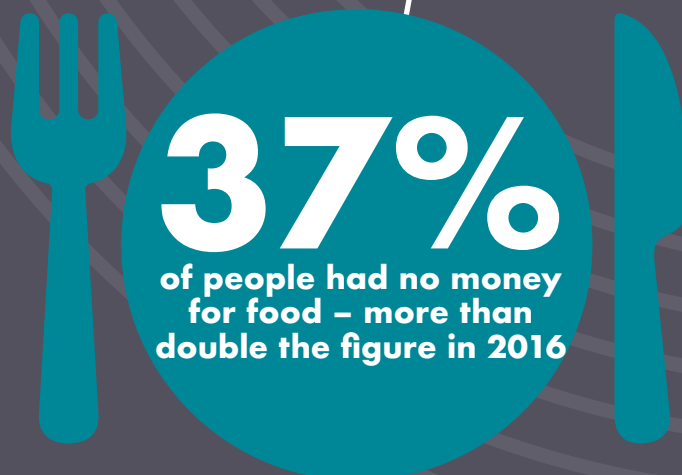
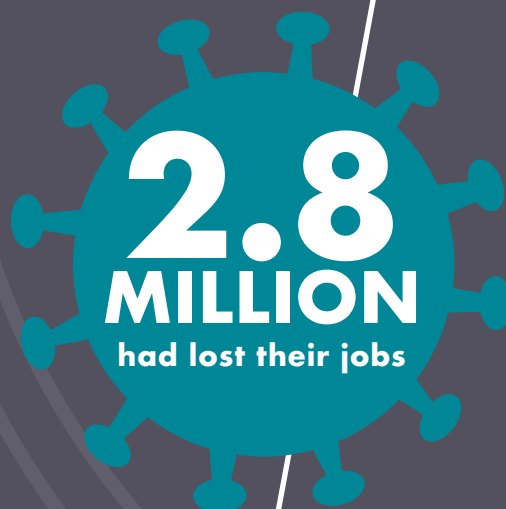
**COVID-19 FACT SHEET #5**

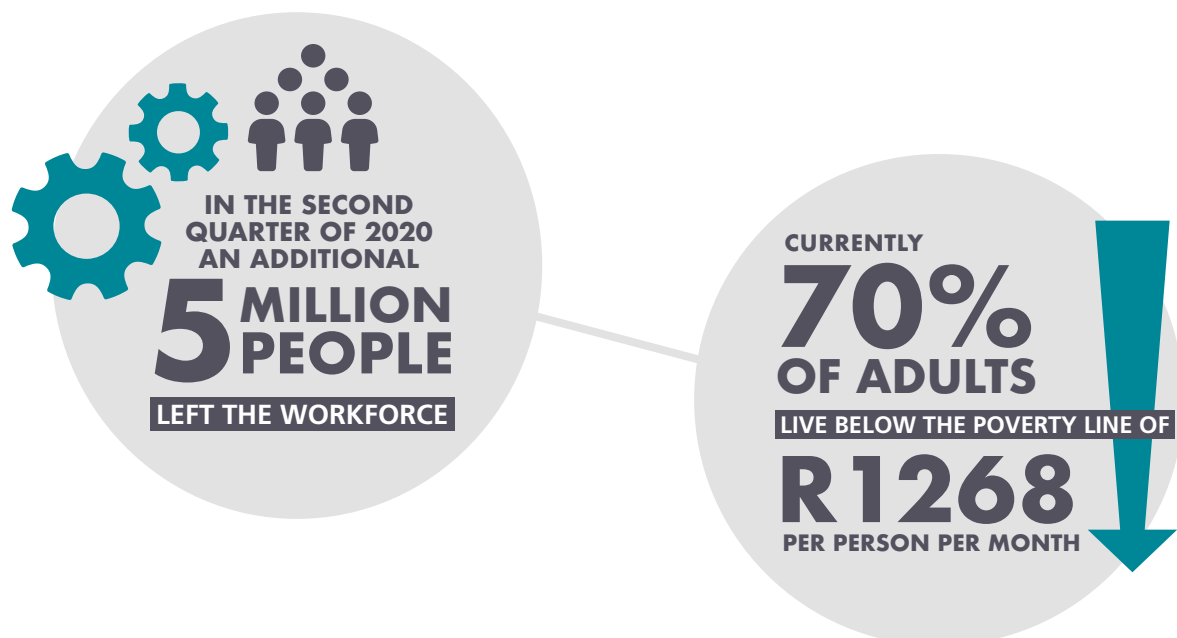
# THE CASE FOR EXTENDING THE COVID-19 SPECIAL GRANTS

South Africa is in  
the midst of an  
economic, health and  
inequality crisis.

This crisis has been partly ameliorated by the special grants introduced for six months. Research shows that the economy hasn't bounced back as was hoped when the grants were first introduced. If these grants are allowed to expire at the end of October, this would massively deepen the humanitarian crisis, plunging over 5.8 million people into destitution and hunger.

BY  
JUNE  
2020





# A MULTIFACETED HUMANITARIAN CRISIS

South Africa is in the midst of an economic, health, and inequality crisis. Employment losses in the second quarter of 2020 alone have affected 2.2 million people (13% of all employment), with another 5 million people leaving the workforce due to being unable to look for work.<sup>1</sup> A decade of employment growth has been lost, as well as the incomes that support survival.

**The most vulnerable in our society have borne the brunt of the negative effects of the pandemic.** Job losses have affected low-income workers, women, informal workers, the un/low skilled, and those in rural areas the most.<sup>2</sup> Currently, approximately 70% of adults live below the Upper Bound Poverty Line (UBPL) of R1268 per person per month.<sup>3</sup>

**In June 2020, 37% of people ran out of money for food, this is more than double the amount in 2016.**<sup>4</sup>

The mental health crisis has also been exacerbated by the pandemic, with depressive symptoms being more prevalent than in 2017.<sup>5</sup>

**This crisis has been partly ameliorated by the special grants introduced for six months,** targeted at assisting those worst hit by the pandemic, particularly the unemployed, those losing their jobs, and women and children, in the most vulnerable communities, including

rural areas. Currently, October is the last month for these grants. The **R350 Social Relief of Distress grant (COVID-19 grant)** and the **R500 Caregivers Allowance** alone have prevented over 5 million people from falling below the food poverty line, shielding them against hunger.

The National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) Wave 2 research shows that the economy hasn't bounced back as was hoped when the grants were first introduced for six months.

Many of the jobs that were lost in the first period of the lockdown remain lost, and the NIDS-CRAM survey estimates 2.8 million lost jobs by the end of June. In this context, if these grants are allowed to expire at the end of October this would massively deepen the humanitarian crisis, plunging over 5.8 million more people into destitution and hunger. This would be a self-inflicted disaster!

1. Stats SA. 2020. *Quarterly Labour Force Survey 2020: Quarter 2*.

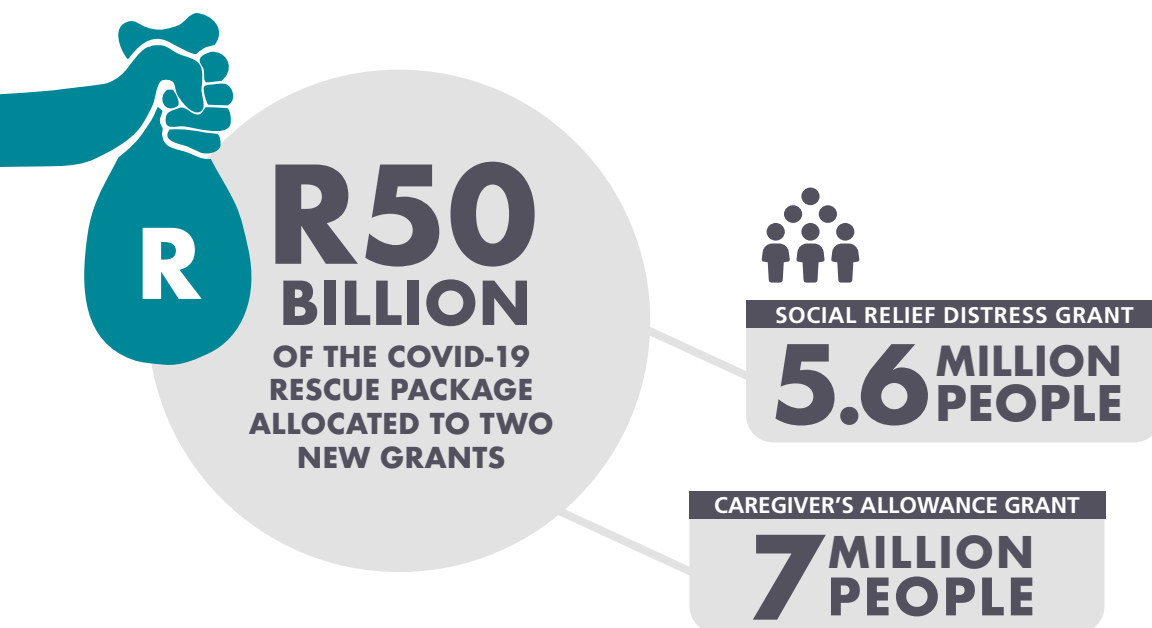
2. Spaul et al. 2020. *NIDS-CRAM Wave 2 Synthesis Findings*.

3. Jain, Bassier, Budlender, Zizzamia. 2020. *The labour market and poverty impacts of COVID-19 in South Africa: An update with NIDS-CRAM Wave 2*.

4. Bridgman, Van der Berg, Patel. 2020. *Hunger in South Africa during 2020: Results from Wave 2 of NIDS-CRAM*.

5. Oyenubi & Kollamparambil. 2020. *COVID-19 and depressive symptoms in South Africa*.





# COVID-19 EMERGENCY SOCIAL GRANTS

A R500 billion COVID-19 rescue package was announced on 21 April 2020 by President Ramaphosa, of which R50 billion was allocated to increased social assistance measures. These included two new grants – the COVID-19 grant of R350 per month, and a Caregiver's Allowance of R500 per month.

**Top-ups to existing grants included a monthly top-up of R250 for six months** to the Older Persons, Care Dependency, Disability, and Foster Care grants and a R300 top-up to the Child Support Grant for the month of May only (followed by the R500 per Caregiver's Allowance for five months).

**The COVID-19 grant was implemented to support those without an income during the pandemic.** Strict eligibility criteria were set, and the paying of the grants was patchy and slow. Those receiving the grant need to be above the age of 18; not receiving income; citizens, permanent residents, or registered refugees; not receiving a grant or any other government support; not receiving or qualifying to receive UIF benefits;

not receiving financial aid; and are not resident in a government funded or subsidised institution.<sup>6</sup>

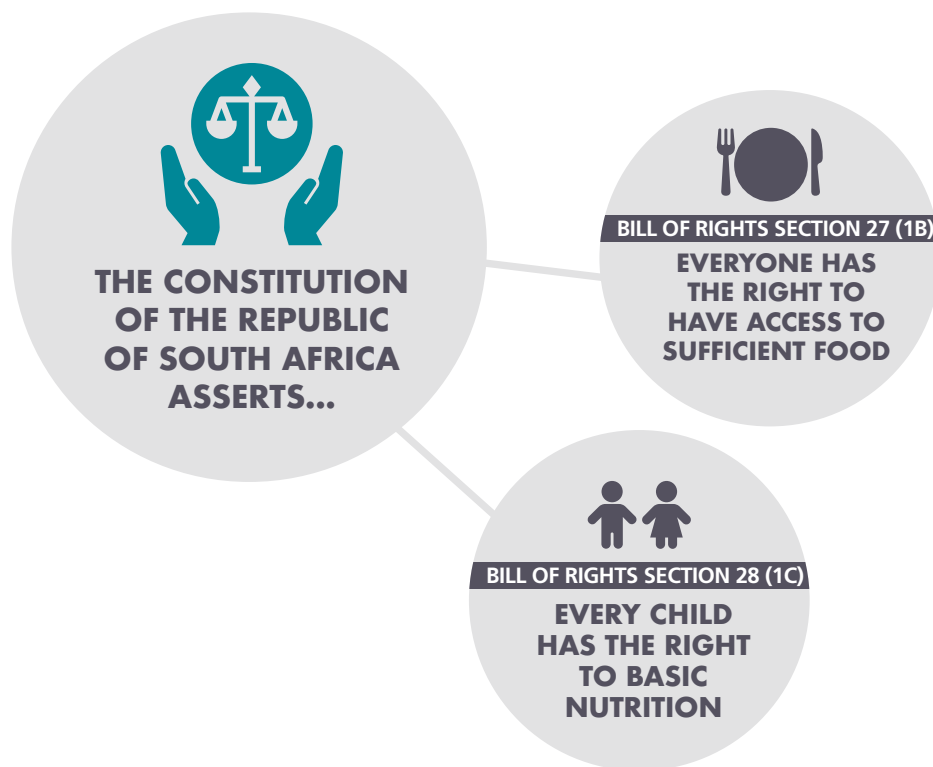
Despite these highly restrictive criteria, around 5.6 million people had benefited by the end of July, and over 8 million had applied. More recent reports show nearly 9 million applications.<sup>7</sup> Estimates of total - potentially eligible recipients vary, with 13 million being the highest estimates (this estimates include informal sector workers).<sup>8</sup>

The second wave of the NIDS-CRAM survey shows that combined, the COVID-19 grant together with the R500 Caregiver's Allowance have reached nearly 13 million people (the caregivers grant reached over 7 million beneficiaries).

6. The narrow eligibility criteria and administrative inefficiency of SASSA has excluded at least 6.5 million of people from receiving the benefit of the grant. Kohler, Bhorat. 2020. *Social assistance during South Africa's national lockdown: Examining the COVID-19 grant, changes to the Child Support Grant, and post-October policy options*.

7. SASSA. 2020. *Report to NEDLAC for week ended 4 September 2020*.

8. Bhorat, Kohler, Oosthuizen, Stanwix, Steenkamp. Thornton. 2020. *The Economics of Covid-19 in South Africa: Early Impressions*. DPRU Working Paper 202004.



# WHY EXTENDING THE SOCIAL RELIEF OF DISTRESS GRANT AND CAREGIVERS ALLOWANCE IS SO IMPORTANT

South Africa has a constitutional obligation to progressively realise the universal right to social security or social assistance. The Constitution stipulates that “everyone has the right to have access to sufficient food”<sup>9</sup> and that “every child has the right to basic nutrition”.<sup>10</sup>

The COVID-19 grant has dampened the poverty and hunger effects of the pandemic giving crucial support to those unprotected by the state. With no extra support an estimated **9.8 million people will face hunger**. With the current grant package this falls to an estimated 4.1 million – **the grant package rescues almost 6 million people from hunger!**

The COVID-19 grant and Caregivers Allowance account for the biggest impact. With just these two grants, at current levels, food poverty falls to 4.4 million. If both were raised to the food poverty line (R585 per month) then the estimates show hunger would fall from

9.8 million without any further intervention to 3 million! Given the challenge of limited resources, it is a priority for these two grants to be extended and improved. If resources can be found to extend the other grant top-ups as well, that would be preferable.

**Receipt of the grant has been pro-poor**, with four people in the bottom 20% of earners receiving the grant for every one person receiving it in the top 20%.<sup>11</sup> Although only 32% of those receiving the grant were women, this is to a significant degree because women are eligible for the Caregiver’s Allowance and are therefore not eligible to receive the COVID-19 grant.

9. The Constitution of the Republic of South Africa. 1996. Chapter 2: Bill of Rights. Section 27 (1b).

10. The Constitution of the Republic of South Africa. 1996. Chapter 2: Bill of Rights. Section 28 (1c).

11. Kohler, Borat. 2020. *Social assistance during South Africa’s national lockdown: Examining the COVID-19 grant, changes to the Child Support Grant, and post-October policy options.*



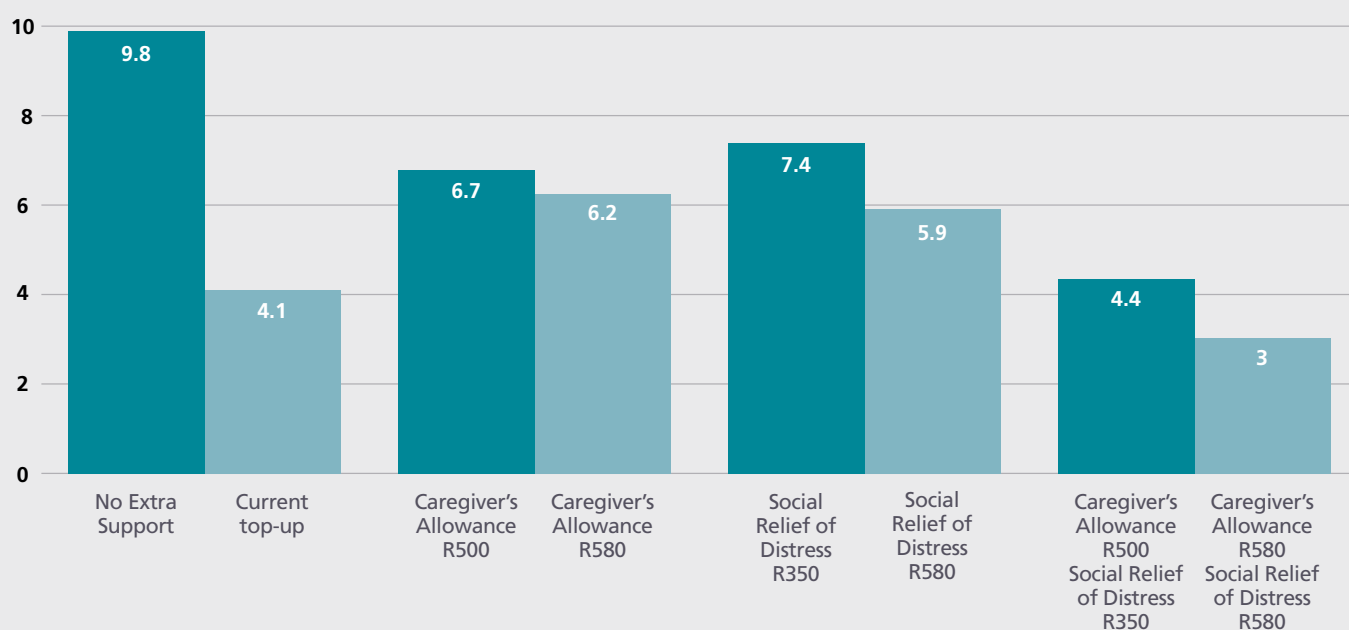
The COVID-19 grant has brought millions of previously excluded people into the social security system. It has provided crucial support for millions directly, and tens of millions indirectly. Although the amount is low, it has provided some level of support to those who faced destitution, especially in light of highly strained labour markets and other income generation activities.

As beneficial as it is, the COVID-19 grant is not reaching as many people as it should, and is too low an amount.<sup>12</sup> The amount of R350 per month for the COVID-19 grant is insufficient to cover basic food costs, and is even less when shared amongst household members.

If the Social Relief of Distress grant and the Caregiver's Allowance are not extended, as many as 5.7 million more South Africans will be pushed into hunger in November.<sup>13</sup>

**FIGURE 1: POVERTY IMPACT OF POLICY OPTIONS USING NATIONAL INCOME DYNAMICS SURVEY 2017 DATA**

**Millions below food poverty line vs Grant intervention**



Source: Bassier & Leibbrandt. 2020. *Social Protection in Response to COVID-19*.

12. Ibid.

13. Bassier & Leibbrandt. 2020. *Social Protection in Response to COVID-19*.



# RECOMMENDATIONS AND COSTING

## RECOMMENDATION 1

Both the COVID-19 grant and Caregivers Allowance should be extended by at least five months until the end of the financial year (March 2021).

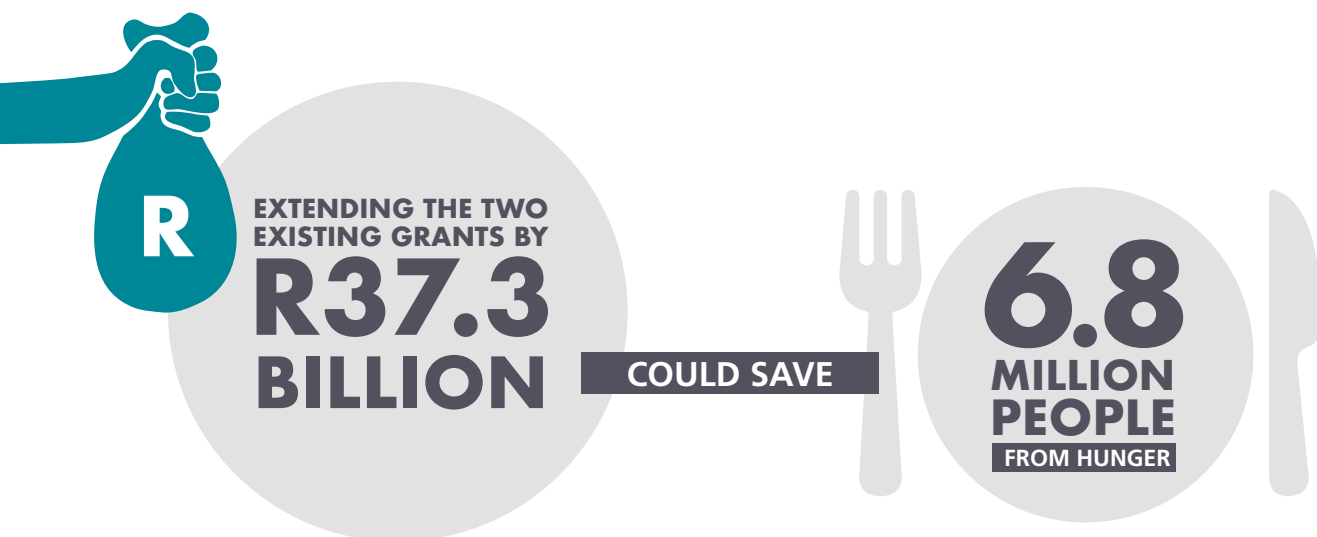
## RECOMMENDATION 2

The COVID-19 grant and Caregiver's Allowance should be increased to the Food Poverty Line of R585 per month.

## RECOMMENDATION 3

The criteria for accessing the grant should be reassessed to provide a wider range of people with support, especially those still earning nominal incomes and those receiving other grants. Those who qualify must receive the grant, and this is especially important for supporting women-headed households.

At current levels of uptake, the total cost of extending the COVID-19 grant at a level of R585 per month is R16.4 billion. With a 25% increase – due to more effective roll out and relaxed criteria – the cost would be R22.8 billion.



The total cost of extending the Caregiver's Allowance for the next five months, combined with increasing it to R585 per month, is R20.9 billion.

Together, extending these two grants at the level of the food poverty line for current recipients is only R37.3 billion. This would **save 6.8 million people from hunger!** This is a relatively small amount to pay given

the large number of beneficiaries. This amount is easily raised through minor tax changes and is equivalent to less than 7.5% of the R500bn package announced by President Ramaphosa.

**TABLE 1: TOTAL COST FOR THE EXTENSION OF THE COVID-19 GRANT AT VARIOUS LEVELS OF TAKE-UP (R BILLION)**

	EXTENSION	5 MONTHS		12 MONTHS	
Eligible for receipt	Number recipients	R350	R585	R350	R585
Current	5.6m	9.8	16.4	23.5	39.1
Current + 10%	6.2m	10.8	18.1	26	43.5
Current + 25%	7m	12.3	20.5	29.4	49.1
Current + 50%	8.4m	14.7	24.6	35.3	59

**TABLE 2: TOTAL COST FOR THE EXTENSION OF THE CAREGIVER'S ALLOWANCE AT VARIOUS LEVELS (R BILLION)**

EXTENSION	5 MONTHS		12 MONTHS	
Number recipients	R500	R585	R500	R585
7.1m	17.8	20.9	42.8	50

The extension of the SRD grant and the Caregivers Allowance must be made whilst the costing and design of a Universal Basic Income Guarantee is undertaken. The need to increase the capacity of SASSA is also vital over this time.