

## COVID-19 and food security

### Executive Summary

Like most countries, South Africa was hit by the COVID-19 pandemic at the beginning of March 2020. Like the rest of the world, in the absence of vaccines and pharmaceutical interventions, South Africa had to adopt social distancing in the form of a nationwide lockdown as the only instrument available to mitigate the effects of the pandemic on its population.

Through successive lockdown levels, its policymakers tried to balance the positive health gains of the distancing measures against their economic costs, especially the burdens imposed on low-income and food-insecure households.

Inter alia, the lockdown was expected to present an enormous, real income shock, with its consequent effects undermining the food security of households with low levels of educational attainment and a high dependence on labour income. Although total income for low-income households is significantly insulated by government transfer payments, it is not clear whether these transfer policies insulated the households from food security reversals, considering such rapid and severe shocks imposed by COVID-19.

The COVID-19 crisis has resulted in lower incomes and higher prices for some foods, putting food beyond the reach of the poor and most vulnerable. A significant number of South Africans were already suffering from hunger before the virus hit, and, unless immediate action is taken, we could see a countrywide food emergency with impacts expected to continue through 2021 and into 2022.

In the longer term, the combined effects of COVID-19 itself, as well as corresponding mitigation measures and the emerging global recession, could, without large-scale coordinated action, disrupt the functioning of food systems. Such disruption can result in consequences for health and nutrition of a severity and scale never before seen in this country, which can reverse years of developmental gains.



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## Background

There are various ways in which the COVID-19 pandemic may result in increased food insecurity in low- and middle-income countries. Restrictions on movement may have had the largest early negative impact on food security (Béné, 2020; Resnick, 2020).

As the COVID-19 pandemic progresses, there is a need to contain the virus and avoid a food security crisis, as this will hurt the most vulnerable in society: the poor. The COVID-19 pandemic is likely to result in even more food shortages in South Africa, mostly affecting low-income households. Considering that South Africa is a highly unequal society and that the poor are the majority, COVID-19 can reverse gains made by government to increase food security. The poor are usually characterised by low skills and job insecurities, and therefore business closures due to the COVID-19 restrictions are especially found in the manufacturing and industry sectors, which are their biggest employers. This is likely to see their income declining significantly, which, in turn, will worsen their food security. As a result, it is plausible that their poverty may worsen significantly, and, by default, also their food security.

Labour with low education levels (mainly made up of poorer and more vulnerable households) is much more strongly affected than labour with secondary or tertiary levels of education. It is therefore not surprising that households with low levels of educational attainment and high dependence on labour income would experience an enormous, real income shock that would clearly jeopardise the food security of their households. In South Africa, the total incomes for low-income households are significantly insulated by government transfer payments (Arndt et al., 2020). However, this study is not at the household level, so it remains unclear how the poor are affected by COVID-19 in South Africa. This gap is filled by this study.

According to Pereira and Oliveira (2020), the COVID-19 pandemic may result in drastic increases in poverty and food insecurity levels. Factors causing this include the absence of or weak political, economic and social interventions to maintain jobs. This is exacerbated by compromised food production and distribution chains. The pandemic heightened and uncovered the vulnerability of poor populations. COVID-19-related shocks to employment, working hours, earnings and food security among low-wage and vulnerable workers worsened the already high levels of poverty and inequality in South Africa. For this reason, an estimation of the magnitude of welfare loss for the poor and vulnerable is critical, something this study attempts to do, although it only focuses on the extent of the food insecurity of this group.

## Research findings

The sample comprises all the adults who were employed in the month before the COVID-19 lockdown came into effect. Following Casale and Posel (2021), the study distinguishes between those employed in February 2020 and April 2020, adults who were working and earning a non-zero income, adults who were not working, but were still earning an income (and therefore most likely on paid leave), and adults who were neither working nor earning an income, but who stated that they had a job to return to (they were referred to in the research as furloughed ).<sup>1</sup>

The descriptive analysis of the data suggests that a quarter (25%) of adults reported that their household had lost a job since lockdown came into effect in South Africa on 27 March 2020. Moreover, 47% reported that their household ran out of money to buy food; 47% reported that someone in the household had gone hungry in the preceding seven days; and 15% reported that a child had gone hungry in the preceding seven days. Households had encountered these incidents at least twice before the date of the survey. However, these incidents are context specific.

In addition to the urban-rural divide, the researchers also estimated the distribution of these incidents across different grant receipts. They found that child hunger is 14.2 percentage points in rural areas among those receiving a Child Support Grant (CSG), compared to 26.4 percentage points in urban areas; the frequency of hunger is 2.92 among rural CSG recipients, compared to 2.86 in urban areas; and adult hunger is 46.2 among rural CSG recipients compared to 59.6 percentage points in their urban counterparts.

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<sup>1</sup> A furlough is a temporary leave of absence of employees due to special needs of a company or employer, which may be due to economic conditions of a specific employer or in society.

Child hunger is 14.8 percentage points among Older Persons' Grant (OPG) recipients compared to 17.5 among non-recipients of the OPG; the frequency of hunger is 2.91 among recipients of the OPG compared to 2.95 among non-recipients; and adult hunger is 46.8 percentage points among recipients the OPG compared to 49.1 among non-recipients.

Models were employed to estimate the effect of COVID-19-induced job loss, furlough, the receipt of various social grants on households, and individual food insecurity measures taken during COVID-19. As expected, job loss is a significant cause of food insecurity, regardless of food security measures considered. In the baseline models, it was found that incidents of child hunger were 5.63 percentage points higher in households that had lost a job (a main source of household income) relative to households that had not lost a job. Households that had experienced job losses were also 12.7 percentage points more likely to have run out of money to buy food in April 2020 following the COVID-19 lockdown. Likewise, households that faced furlough were 12 percentage point more likely to run out of money to buy food in April 2020 than those that did not face furlough.

Additional models also found that job loss caused an increase in child hunger by 28.9 percentage points, the likelihood of running out of money for food purchases by 28.4 percentage points and the recurrence of household hunger by 7.8 percentage points. Likewise, job furlough caused an increase in the likelihood of running out of money for food purchases by 31.4 percentage points and the recurrence of household hunger by 10.1 percentage points. In terms of social grant policies, the effect of the receipt of a CSG is not statistically significant when conditioned on job loss, suggesting that this instrument does not bode well to protect households against the food insecurity shock. However, the results show that the OPG reduced the likelihood of running out of money for food purchases by 59.6 percentage points among households that experienced job losses.

## Conclusion

Using this unique natural experiment, the researchers showed that households of adults who had been employed prior to the lockdown and those who had lost their jobs during lockdown or whose jobs were furloughed were more vulnerable to food insecurity both at household and child levels. It was also found that, while the OPG and COVID-19 Grant proved more effective in protecting households from the food insecurity shock, a combination of the CSG and the OPG affords the highest protection against this shock.

**Social grant targeting:** Although South Africa provides a plethora of social assistance to protect the poor from downside welfare shocks, the findings underscore the need to carefully target those who are hit the hardest through job loss due to the covariate shock of the COVID-19 lockdown. As argued earlier, cash transfer programmes, such as the one rolled out by the South African government in response to the COVID-19 pandemic, provide important financial support to the poor and the vulnerable. Although any government response to crises will be imperfectly targeted, with vital inclusion and exclusion errors, in economic and public health crises, the benefits from improving targeting can be enormous. During pandemics such as COVID-19, government relies on expanding social assistance initiatives, even if its targeting is not perfect.

**Social grant expansion:** Although social packages in South Africa target poor households, they are not necessarily designed to mitigate job loss or income shocks. They can be made more generous in this time of crisis, and be extended to new beneficiaries, which requires both information on potential beneficiaries and the payment infrastructure to reach them. The study's findings show that combining the CSG and the OPG provides the highest form of protection against the food insecurity shock relative to their separate effects; particularly to mitigate child hunger. This highlights the need to expand the existing social grant assistance.

**Efficient social grant administration:** While transfer policies such as social protection grants accrue significant opportunity costs in terms of forgoing other public services, such costs loom even greater when the inefficiencies are associated with the rollout of such programmes. An elite capture and the recent slow rollout of the COVID-19 Social Relief of Distress (SRD) Grant, largely due to limited administrative capacity and an inability to determine eligibility, are cases in point. Overcoming these hurdles and thereby attaining the rollout efficiencies provide an important avenue to expand the social grant and target resources to vulnerable groups. However, the potential for mistargeting programme funds is high and there were many claims of those who were left out. A poorly administered transfer programme has the potential to adversely impact on the intended target group in a way that extends far beyond purely the financial costs.

**The Commission makes the following recommendations:**

1. The Department of Social Development (DSD) should involve local governments and non-profit organisations to collect better information on those unmet needs and to deliver improved targeted assistance during pandemic times such as COVID-19.
2. The DSD should use information of new beneficiaries to create a more comprehensive, updated government registry, as this can be used for future social assistance programmes.
3. The DSD should expand social assistance to increase the coverage of vulnerable populations.
4. National Treasury should consider fiscal and monetary incentives during COVID-19, such as lifting value-added tax (VAT), duties and other taxes on food businesses, or extending concession loans or loan guarantee facilities to food companies.
5. The Department of Agriculture, Forestry and Fisheries should use food reserves optimally and target them appropriately. For example, they can release food reserves (i.e. grain) when prices spike. The Department of Basic Education should continue with school-feeding programmes during COVID-19.

**References:**

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