



POLICY BRIEF

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

Confronting spatial inequalities in the COVID-19 Crisis

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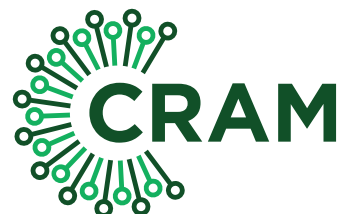
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30 September 2020

This policy brief draws from the full paper:
Visagie, J. & Turok, I. (2020) The Uneven Geography of the COVID-19 Crisis



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



CORONAVIRUS RAPID MOBILE SURVEY 2020

Confronting spatial inequalities in the COVID-19 Crisis

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- New evidence reveals that the COVID-19 crisis has amplified pre-existing economic divides between cities and rural areas. All regions lost about a fifth of their jobs between February-April, but the cities began to show signs of recovery with the easing of the lockdown to level 3. More than half of adults (52%) in rural areas were unemployed in June, compared with one third (35%) in the metros.
- The crisis has also magnified the gap between suburbs, townships and informal settlements within cities. More than a third of all shack dwellers (36%) lost their jobs between February and April, compared with a quarter (24%) in the townships and one in seven (14%) in the suburbs. These differences are clearly disturbing.
- Government grants have helped to mitigate hardship in poor communities, but premature withdrawal of temporary relief schemes would be a serious setback for people who have come to rely on these resources following the collapse of jobs, such as unemployed men.
- Hunger is much worse in informal settlements, townships and rural areas than in suburbs. Half (50%) of all respondents living in shack areas said their household had run out of money to buy food in June, compared with 40% in townships and rural areas, and 24% in suburbs. These statistics are alarming.

The geography of the country's twin public health and economic crises has been neglected, despite some places being much more vulnerable to shocks than others, with more fragile economies, more precarious livelihoods, weaker institutions and fewer resources to fall back on in times of disaster. The focus of the pandemic analysis and response has been at the national and provincial levels, yet the virus spreads locally through human contact and interaction. Local communities are also at the sharp end of the economic slump. This policy brief shows that the government's social protection programmes have helped to offset the inequalities between poor and affluent communities. However, these efforts have not been sufficient to compensate many places for the loss of income through employment. They need to be sustained and intensified in view of the severe problems now facing lagging urban and rural areas.

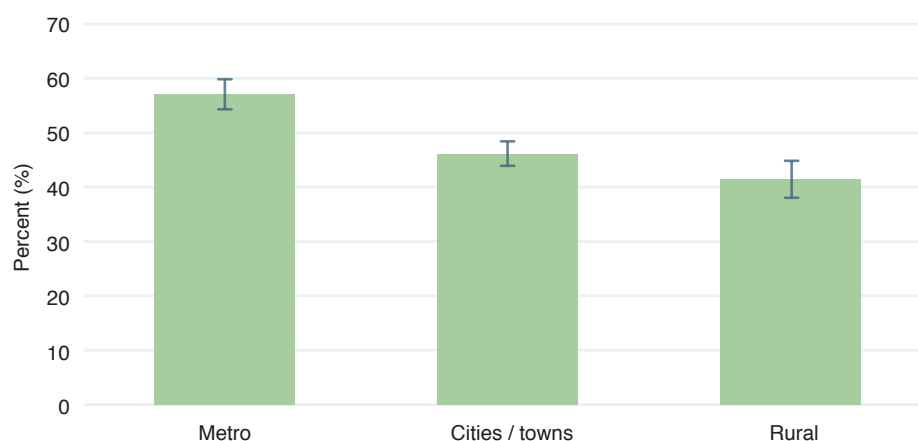
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1. Before COVID-19

In February 2020, the proportion of adults in paid employment in the metros was 57% (figure 1). In smaller cities and towns it was 46% and in rural areas it was 42%. This was a big gap, reflecting the relatively fragile, under-performing local and regional economies outside the large cities.

Figure 1: Percentage of adults in paid employment, Feb 2020



Source: NIDS-CRAM: W2

Notes: Error bars are 90% confidence intervals. The data are weighted.

Similar differences existed within the metros and smaller cities/towns. The proportion of adults living in the suburbs who were in paid employment was 58%. In the townships it was 51% and in peri-urban areas it was 45%. The employment rate among shack dwellers seemed high at 59%, probably because many of them run informal enterprises and because a higher proportion of them are adults of working-age.

These inequalities in employment between different places were partly offset by cash transfers from the government to alleviate poverty among children and pensioners. Social grants were the main source of income for more than half of rural households. Social grants were also important in townships and informal settlements, although not to the same extent as in rural areas.

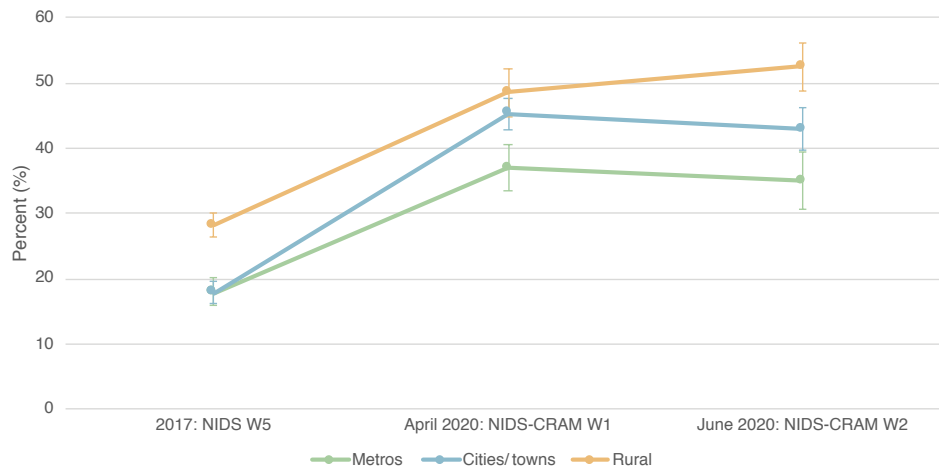
Despite the social grants, households in rural areas were still far more likely to run out of money to buy food than in the cities.

2. How did the lockdown affect jobs?

The hard lockdown had a devastating effect on jobs and livelihoods everywhere. However, the impact has been larger in some locations than in others. The uneven economic effects have aggravated pre-existing spatial disparities, especially between suburbs, townships and informal settlements within cities.

The initial shock to employment was similar across metros, smaller cities/towns and rural areas – they each lost about a fifth of their jobs between February-April. This was clearly a major haemorrhage and probably unprecedented in recent history. There appears to have been a slight recovery in the metros and smaller cities/towns between April-June, although this seems to have been mostly as a result of furloughed workers being brought back onto the payroll. Rural areas showed less signs of recovery. Rural unemployment in June was 52% compared with 43% in cities/towns and 35% in the metros (figure 2). The dramatic deterioration in the situation since 2017 is very striking. And the gap between cities and rural areas seems to have widened.

Figure 2: Rate of unemployment, 2017 – June 2020



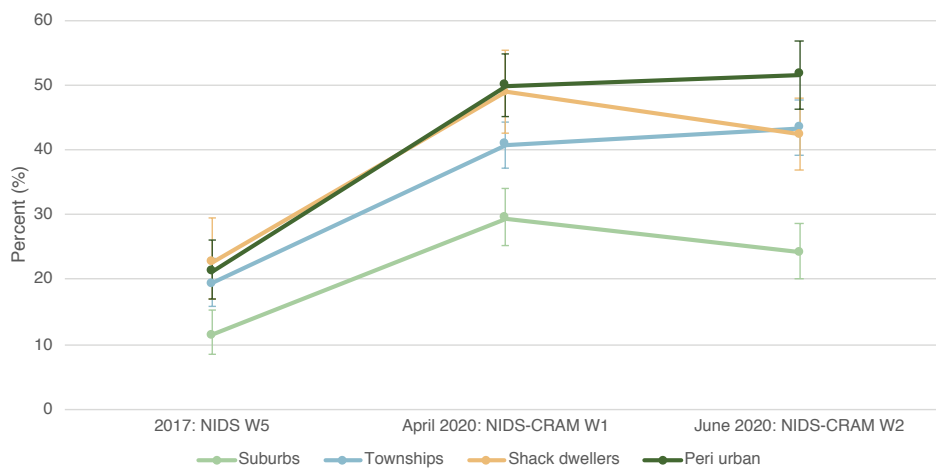
Source: NIDS W5, NIDS-CRAM W1 and W2

Notes: Expanded rate of unemployment (i.e. includes the non-searching unemployed). The sample is adults aged 18 years and older. The data are weighted.

The suburbs lost one in seven of their jobs (17%) between February and April, compared with one in four in the townships (24%) and a third (34%) in shack areas! Shack dwellers were extremely vulnerable to the level 5 lockdown and restrictions on informal enterprise. The biggest change in the period April-June was furloughed workers going back to paid work. Few new jobs were created during this period.

Overall, the economic crisis has hit poor urban communities much harder than the suburbs, resulting in a rate of unemployment in June of 42-43% in townships and informal settlements compared with 24% in the suburbs (figure 3). The sharp deterioration in the situation since 2017 is very striking.

Figure 3: Rate of unemployment, 2017 – June 2020



Source: NIDS W5, NIDS-CRAM W1 and W2

Notes: Expanded rate of unemployment (i.e. includes the non-searching unemployed). The sample is adults aged 18 years and older. Error bars are 90% confidence intervals. The data are weighted.

3. How has social support helped different places?

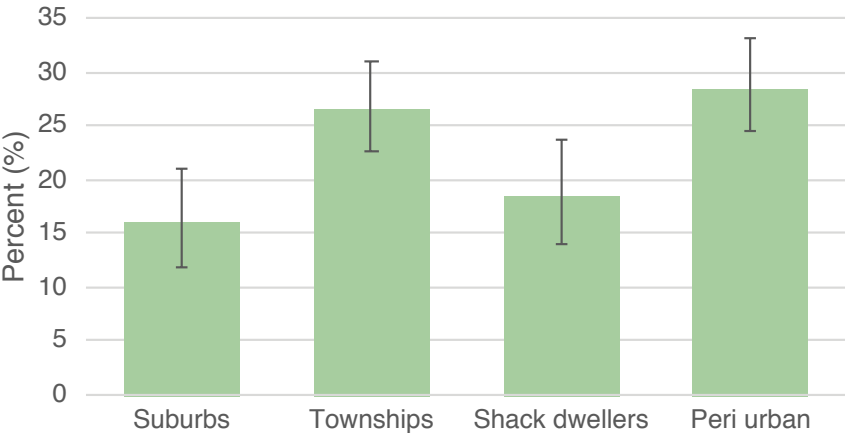
Rural communities have been much bigger beneficiaries of government grants than the metros and smaller cities/towns. Nearly three out of five rural respondents (59%) lived in households receiving social grants in June 2020, compared with less than half in cities/towns (47%) and one in three in the metros (32%). Government grants have helped to protect rural livelihoods and compensate for

the lack of jobs. However, the heavy reliance of these communities on grants poses an obvious risk to them if the temporary relief is withdrawn before the local economy has recovered.

Poor urban communities have also benefited. More than half of peri-urban respondents (54%) lived in households receiving social grants, compared with less than half of township residents (45%), two in five shack dwellers (40%) and one in four suburban residents (26%). Therefore, government grants have helped to offset unemployment and poverty in urban townships and informal settlements.

Turning to special government relief from the crisis, one in three rural residents (33%) said that someone in their household had received the COVID-19 SRD grant, compared with one in four in cities/towns (24%) and one in five in the metros (21%). Within the cities, 29% of peri-urban residents said their households had received the COVID-19 grant, compared with 27% in townships, 18% of shack dwellers and 16% in suburban areas (figure 4). It is uncertain what will happen to these communities if the COVID-19 grant is withdrawn prematurely.

Figure 4: Percentage of adults whose households received a COVID-19 Grant, July/August 2020



Source: NIDS-CRAM: W2
Notes: Error bars are 90% confidence intervals. The data are weighted.

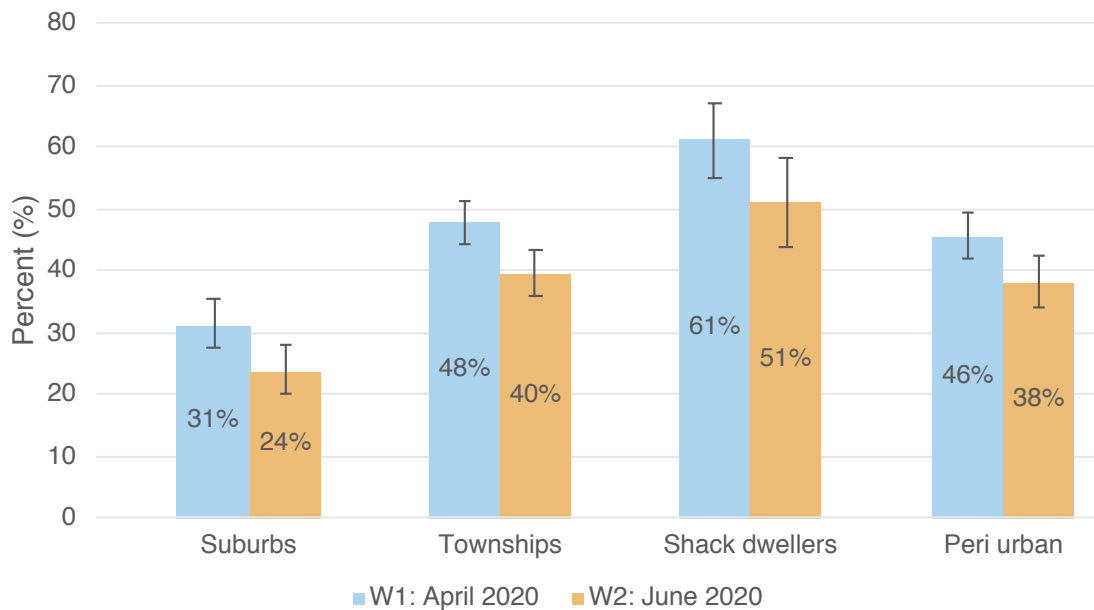
4. How has hunger varied between locations?

It was startling that almost half of all respondents reported that their household ran out of money to buy food in April: 52% in the rural areas, 48% in the cities/towns and 44% in the metros. However, the introduction of the temporary employee relief scheme, the COVID-19 grant and the other grant top-ups helped to reduce the problem somewhat. By June, the proportion of respondents whose households had run out of money to buy food diminished slightly to 40% in the rural areas, 37% in the cities/towns and 35% in the metros. These proportions were still very high by recent historical standards.

The difference between neighbourhoods within cities was a more of a chasm. The proportion of respondents whose households had run out of money to buy food in April was 61% in the shack areas, 48% in the townships and 31% in the suburbs (figure 5). Shack-dwellers were not just much worse off than other urban residents, but noticeably worse off too than rural respondents. This adds to the concern that far fewer shack-dwellers receive government grants.

By June 2020, these proportions had fallen slightly to 50% in the shack areas, 40% in the townships and 24% in the suburbs (figure 5). Everywhere improved somewhat, although the gap between the shack-dwellers and other groups was still large. Shack-dwellers also continued to be worse off than rural residents, and they were less likely to receive social assistance.

Figure 5: Percentage of adults reporting their household ran out of money to buy food



Source: NIDS-CRAM W1 and W2

Notes: Error bars are 90% confidence intervals. The data are weighted.

5. Policy options: What can policy-makers do about this?

Short-term options (for the next 6 months)

- a. Ensure that all households who are entitled to social assistance from the government apply for it:** The relatively low levels of grant receipt among shack dwellers is a particular cause for concern. Special efforts may be required to raise awareness of the support available, to assist people with filling in forms and to simplify the application procedures.
- b. Extend the life of the government’s temporary relief schemes to cover shortfalls in household income and to mitigate hunger:** The economic recovery is proving to be slow, so there is a need among low income households everywhere for social assistance to continue. Failure to sustain the distress relief will deepen poverty, hamper economic recovery and threaten social stability.
- c. Support local efforts to build solidarity and cohesion across communities through all kinds of voluntary and collective action.** Government schemes are insufficient to meet the scale of need and there are many people who are denied or delayed official assistance. The willingness of other organisations and individuals to provide food parcels, vouchers, hot meals, clothing, blankets, workshops and other practical help should be actively encouraged.
- d. Make existing data publicly available and improve the quality of information and intelligence on local economic and health conditions.** Stronger evidence and research at neighbourhood and municipal levels would improve understanding of the disease dynamics and help to empower local institutions and partnerships to develop constructive responses to the twin economic and public health crises. Efforts to prevent another surge of the virus and to accelerate the recovery should be driven by local institutions with the local knowledge and legitimacy to build trust and confidence within communities.

Medium-term options (for the next 6-12 months)

- e. The government needs to move beyond blanket national policies and blunt responses to the pandemic towards a more sensitive and differentiated approach that recognises the different risks and challenges facing different places.** Treating unequal places in the same even-handed manner won't narrow the gap between them. A national spatial framework is required to coordinate government programmes to tackle poverty and unemployment and to steer them towards particular places as well as people. Government policies and programmes should strengthen the capacity of municipalities and other local organisations, and not bypass or undermine them.
- f. Insist that municipalities, provincial governments and national departments work together on targeted action plans to improve economic conditions in lagging urban and rural areas.** They should create place-based partnerships with private sector and civil society organisations to mobilise resources in order to attract and retain productive investment, and to encourage the start-up and growth of small- and medium-enterprises.
- g. Develop action plans to accelerate the upgrading of well-located informal settlements and backyard shacks and to de-risk their high population densities through investment in buildings and essential infrastructure.** This should be accompanied by initiatives to develop local skills, enterprise, jobs and incomes through improvements in the built environment. Public employment programmes should be steered towards meeting the needs of low-income communities for better health and other public services and more liveable housing and public spaces. Pre-existing conditions were miserable enough, but now the task of upgrading is that much more urgent.

For further information please see cramsurvey.org