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New SA-TIED research reveals 3 key ways COVID-19 has impacted livelihoods of township residents in Cape Town, South Africa

Helsinki, Finland, Thursday, 25 March – New SA-TIED research conducted in Cape Town, South Africa, reveals the devastating impacts that the COVID-19 pandemic has had on the livelihoods of township residents.

Making use of data from South Africa's [NIDS-CRAM](#) survey, researchers Simone Schotte, from the United Nations University World Institute for Development Economics Research ([UNU-WIDER](#)) and Rocco Zizzamia, from the University of Oxford, discovered that people living in informal housing—concentrated on the fringes of urban centres—had the highest incidence of financial distress in the early phases of the pandemic:

- Half lost their main source of income,
- Two-thirds ran out of money for food, and
- One-third went hungry during the initial lockdown.

Considering these patterns, in their novel [research](#) Schotte and Zizzamia traced the impact of the pandemic on the livelihoods of 15 residents of Khayelitsha, a rapidly growing township on the Cape Flats, situated about 30 kilometres south-east of Cape Town's city centre. Their research findings highlight three interrelated consequences of the COVID-19 pandemic on this population:

1. **Shock to labour markets** – The collapse of survivalist livelihood strategies during this crisis, particularly pronounced in the informal sector, severely deprived the poor and the vulnerable of their ability to secure a living on their own. The shock to earnings and employment affected household spending, posing a risk to food security, particularly during the early phases of the pandemic. In this regard, the expansion of government social protection through top-ups to existing grants and through the introduction of a new social relief grant has been indispensable in sustaining the livelihoods of the poor.
2. **Decreased resilience to future crises** – The pandemic's initial effect on livelihoods has negatively impacted families' ability to cope with potential future crises—which could include the second wave of COVID-19 infections from which South Africa emerged in February 2021. Households have lost access to both formal and informal mechanisms of social insurance in the crisis. For example, several respondents reported defaulting on funeral policies, drawing down on savings, witnessing rotating savings and credit associations disintegrate, and losing access to remittance income.



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3. **Psychological distress** – There was a general sense of loss of individual control and agency brought about by the pandemic, which led to increased psychological distress. Individual anxieties were centred on where respondents have ‘skin in the game’—younger men were distressed primarily about their perceived loss of agency in the labour market, while older respondents were more anxious about the uncontrollable disease environment.

‘The shock of the COVID-19 pandemic has deepened the economic vulnerability which preceded the crisis—with potential long-term consequences. The labour market recovery has been strong but uneven and incomplete, and households have turned to liquidating their small savings and defaulting on insurance payments in the absence of alternative ways to cope. In addition, school closures and the constraints that poor children have faced in online teaching may hold down their chances of moving up the social ladder and deepen existing inequalities,’ says **Simone Schotte**.

Researcher **Rocco Zizzamia** emphasized the indispensable role social grants play in sustaining a basic standard of living during the pandemic: ‘Many of those we interviewed had fallen back to subsisting entirely on social grants after the initial shock last year. As severe as the consequences of the COVID-19 shock have been in South Africa, the impact would have been far more severe in the absence of the existing social safety net.’

The study forms part of the [SA-TIED](#) programme, a collaborative research and policy-making initiative between the National Treasury, UNU-WIDER, IFPRI, and a host of academic and government organizations.

The full paper entitled ‘The livelihood impacts of COVID-19 in urban South Africa: A view from below’ can be found [here](#).

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