



The Impact of the Social Relief & Distress Grant on Poverty in South Africa

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Commerce

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Abstract

This paper examines the impact of the Social Relief & Distress grant on poverty reduction in South Africa amidst the COVID-19 global pandemic. A large number of individuals live below the poverty line in South Africa and the lockdowns used to combat the spread of COVID-19 have resulted in more people living below the poverty line. This paper uses secondary data in South Africa, utilising all five waves of the NIDS-CRAM panel survey, with an initial sample frame of 7,073 participants. This data is used to estimate the impact of a new cash transfer on household poverty using a number of different techniques. In initial estimates, a strong negative correlation between receipt of the Social Relief & Distress grant and household poverty is observed, as expected. However, in multivariate analysis this negative association is reduced, with an effect found which is neither practically nor statistically significant. While the SRD could reduce some proportion of household poverty in certain samples, this effect is not large enough to meaningfully impact average household socio-economic status in South Africa. Increasing the grant size and broadening its reach could have a significant impact on household poverty and overall inequality.

JEL Classifications: H55, I32

Keywords: Poverty, Social Relief & Distress Grant.

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1.Introduction

At the time of writing, in January 2022, COVID-19 had resulted in approximately 5,500,000 fatalities worldwide (World Health Organisation, 2022). COVID-19 was declared a highly infectious disease triggered by a newly observed coronavirus in January 2020 by the World Health Organisation and rapidly spreads from person to person (World Health Organisation, 2020). Due to the magnitude of the spread, COVID-19 was declared a National state of Disaster in South Africa on 15 March 2020 with severe socio-economic consequences (Asmal & Rooney, 2021.).

In response to this, countries around the world initiated lockdowns to stop the spread of the virus, limiting travel, work, school and college attendance, and elective medical procedures (Onyeaka et al., 2021). These lockdowns however led to severe economic consequences, such as increased unemployment rates, subsequent increases in worldwide poverty rates, and deteriorating living conditions (Onyeaka et al., 2021). In light of this, governments around the world responded by introducing social relief measures and increasing existing grant allowances to curtail the socio-economic impact of COVID-19. South Africa was no exception, introducing the Social Relief & Distress (SRD) grant, a grant distributed to adults between the ages of 18 and 65, not receiving any other government support (South African Government, 2020). The SRD was introduced as a measure to cushion vulnerable individuals from the effects of COVID-19. It was set at an amount of R350 South African rand, approximately 20 United States dollars in May 2020.

South Africa suffers a wide income inequality gap with a Gini coefficient of 63 (World Bank, 2020); a loss of income would bear severe economic consequences for South Africans. Social grants have had a positive effect in the reduction of income disparity and poverty (Mokoena & Ngwakwe, 2022). Thus, this paper aims to investigate the effectiveness of the SRD cash transfer on poverty in South Africa during the COVID-19 pandemic and add to existing literature. It is expected that the lockdown measures put in place would have adverse effects on social welfare, with the potential to push individuals below the poverty lines as individuals are left unemployed, with no income to provide for themselves. The results found indicate that the Social Relief & Distress grant may somewhat mitigate poverty, however it is not enough to effectively lift vulnerable groups out of poverty once other factors are considered. In comparison, individuals receiving much larger social grants such as the old age pension (R1,800) are significantly less likely to fall into extreme poverty.

The paper uses the National Income Dynamics Study (NIDS) & NIDS-Corona Virus Rapid Mobile Survey (NIDSCRAM) that was initiated in May 2020, with an initial sampling frame of 7,073 individuals, who were contacted for repeat surveys another four times. The survey asks a series of questions on an individual's socioeconomic status such as their income, grant receipt, employment and knowledge pertaining COVID-19. This data is used to investigate the effect of the SRD grant on poverty, using various econometric techniques.

This paper is structured as follows: Section 2 discusses the background of COVID-19, poverty and the South African context. Section 3 discusses the specific impact of COVID-19, and the related social welfare literature. Subsequently, Section 4 presents preliminary data analysis, while Section 5 presents the multivariate analysis, Section 6 discusses the results in context, while Section 7 concludes.

2. Background

COVID-19 originally emerged in China, in December 2019 (World Health Organisation, 2020). It is a highly infectious disease and as of October 2020 a total of 36,5 million cases and approximately 1 million deaths, globally had been recorded. COVID-19 has led to an enormous negative shock to both labour supply and demand, and a subsequent decline in economic activity (Beach, Clay & Saavedra, 2020). An overall of 81% of the global labour force which comprised of 3.3 billion individuals, experienced a complete or partial closure of their workplaces which led to the significant increase in the unemployment rate with a prediction of 200 million people ending up jobless (BBC, 2020). Thus, due to the vast number of deaths resulting from COVID-19, governments around the world opted for national lockdowns to prevent the spread of Corona virus, that have led to a decline in economic activity - excluding fundamental services such as the health care sector and food supplies (Onyeaka et al., 2021).

The socioeconomic effects of the pandemic are severe and largely affect previously disadvantaged individuals. It is projected that the pandemic is expected to result in the first growth in global extreme poverty since 1998 (Bhorat & Kohler, 2021). This reverses all efforts that were put in place to overcome poverty. South Africa once again is no exception as this will mean that the income inequality gap will only widen while poverty intensifies (Mokoena & Ngwakwe, 2022). It is therefore imperative that governments respond to the global crisis through various forms of social relief such cash and in-kind transfers to curtail the effects on COVID-19 (United Nations Development Programme, 2020).

However, governments across the world have initiated policy measures and social programs to cushion those who lost their jobs and the most vulnerable such as women and the elderly (OECD, 2020). From China to the United States of America, Nigeria to South Africa, more than 130 countries initiated numerous forms of social security to compensate workers for lost revenue from widespread lockdowns and the unprecedented economic downturn (International Monetary Fund, 2020). This study therefore aims to investigate the impact and effectiveness of the Social Relief & Distress grant on social welfare and poverty during the COVID-19 pandemic.

2.1 Poverty

Poverty is often described as a state of deprivation (Seipel, 2003) and is commonly defined in two-fold around the world; income measures such as the Income Poverty Index and human welfare measures such as the Human Poverty Index (HPI) (Seipel, 2003). The income poverty index comprises of absolute poverty which measures the number of individuals with insufficient income to attain basic day-to-day needs, and relative poverty which measures the disparities of income distribution (Seipel, 2003). While the Human Poverty Index is founded on the principle that poverty encompasses more than inadequate income, for example, illiteracy and lack of adequate healthcare (Seipel, 2003); nonetheless, poverty is often measured through income measures.

According to Mahembe & Odhiambo (2018) global poverty levels decreased over the last three decades with more than 1 billion people lifted out of extreme poverty (1981 – 2015). The Millennium Development Goal of reducing extreme poverty by half in developing countries between 1990 and 2015

was achieved in 2010 (five years prior) (World Bank, 2016). In addition, developing countries experienced a decline in poverty of 43.7% from 1981 (54.3%) to 2015 (11.9%). However, Sub-Saharan Africa (SSA) remains the region with the largest amount of people living under extreme poverty, with a 9 million increase in the number of poor people, and 413 million people living under US\$1.90 a day (UN, 2020).

COVID-19 aggravated this tragedy as before the pandemic, an estimated 2.1 billion people were categorized as poor and of this, 767 million people were living in extreme poverty (UN, 2020).

The pandemic erased all past accomplishments in reducing global poverty levels, with half a billion of the global populaces predicted to fall into poverty in 2020 (UN, 2020), and 71 million of these in extreme poverty. This implies that the world extreme poverty rate would surge from 8.23% in 2019 to 8.82%, indicating the first universal surge in extreme poverty since 1998 (World Bank, 2020).

South Africa measures poverty using the national poverty lines which were composed in relation to the cost of basic needs in South Africa (Statistics South Africa, 2019). The national poverty lines include the Food Poverty Line (FPL) which is R561 per person per month (Statistics South Africa, 2019:3). The FPL represents the estimated amount of money a person will need to afford the minimum recommended daily energy consumption (Statistics South Africa, 2019). The Lower-bound poverty line is R810 per person, this consists of the FPL plus the average amount consumed from non-food products such as health and education, however, demands an individual to make a trade-off between food and non-food items to attain these. (Statistics South Africa, 2019). The Upper bound poverty line presents a higher threshold at R1,227 per person per month which consists of the FPL plus the average amount consumed from non-food products (Statistics South Africa, 2019) - see Table 1 below. Unlike the Lower-bound poverty line, individuals living below the upper-bound poverty line can attain both sufficient food and non-food items.

Table 1: Poverty lines in South Africa

POVERTY LINE	VALUE AS OF 2019
Food Poverty Line	R561
Lower bound Poverty Line	R810
Upper bound Poverty Line	R1,227

Source: (Statistics South Africa, 2019).

South Africa has approximately 49.2% of its adult population living under the UBPL, this consists of 35.1 million adults as of 2015 (Statistics South Africa, 2019). Adult women experience a higher degree of poverty as opposed to men, with the latter comprising of a headcount of 46.1% and the former 52.0% (Statistics South Africa, 2019). Furthermore, Limpopo (67,5%), the Eastern Cape (67,3%), KwaZulu-Natal (60,7%) and North West (59,6%) are the poorest provinces in South Africa respectively, with beyond half their populace living in poverty (Statistics South Africa, 2019). Whereas Gauteng (29,3%) and the Western Cape (33,2%) had the lowest percentage of adults living in poverty (Statistics South Africa, 2019).

Lastly, South Africa is one of the most unequal and poverty-stricken country in the world, with half (55.5) of its populace living in poverty as measured by the national poverty line while 18.9% of its populace live under the international poverty line (\$1.90) (World Bank, 2020; Francis & Webster, 2019:1), and a Gini coefficient of 63 in 2014 (World Bank, 2020). COVID-19 is most likely to worsen the existing inequality gap and have a negative impact on social welfare particularly the poor citizens as and may have lasting negative effects (Schotte & Zizzamia, 2023).

3. COVID-19

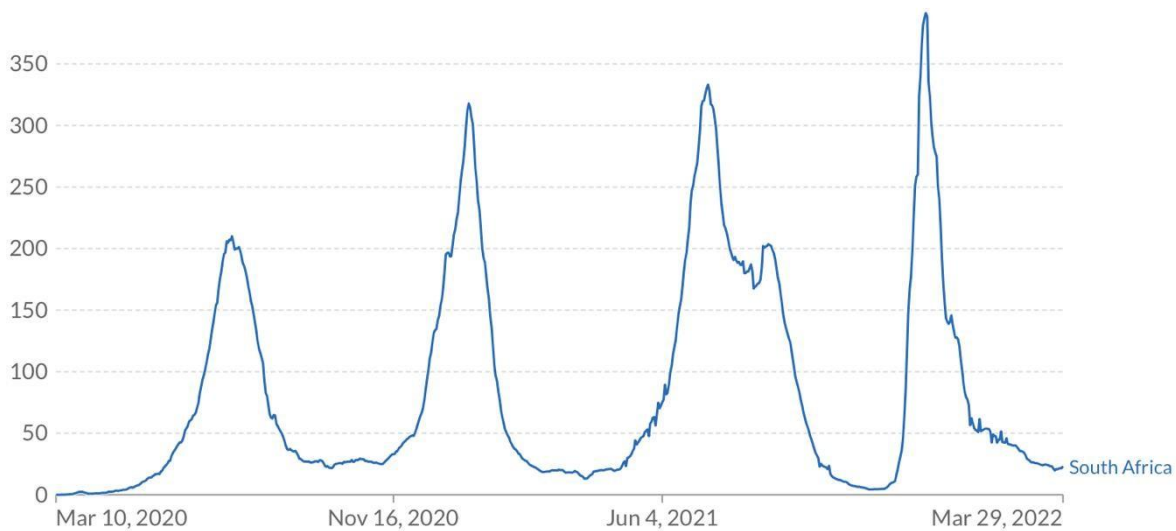
Globalization contributed to the large number of cases, leading to a vast spread of the disease and a greater presence in a wide range of countries. This was contributed by the delays in travel restrictions (Shi, Dorling, Cao & Liu, 2020). The COVID-19 pandemic is unprecedented in its capacity as it leveraged globalization which allowed for transborder spread at an exponential rate (Mas-Coma, Jones & Marty, 2020:1). COVID-19 compared to other viruses exacerbated due to the increases in tourism, business travel, international schooling and entrepreneur-migration (Shi, Dorling, Cao & Liu, 2020). As of June 2021, the pandemic affected 181 countries (Mas-Coma, Jones & Marty, 2020).

COVID-19 had a high chance of mutation, hence the various variants which led to the world experiencing different waves (Thakur et al, 2021). Many parts of the world experienced declines in the number of confirmed cases, however this was followed by a rise in the number of cases once again, as a new wave emerges (JHU,2020). This was mainly contributed to the relaxation of restriction measures put in place and the eagerness of individuals to return to their normal day-to-day lives which led to the increase in the number of cases (JHU, 2020). However, complacency only contributed to the increase in waves as some countries experienced a maximum of four waves. This is evidenced by countries that had their first cases at the beginning of the pandemic such as Spain, America & China experiencing a resurgence in COVID-19 cases. India was among one the countries that suffered the worst effects from COVID-19 with their first confirmed case in January 2020 and over 40,000 deaths by August 2020 amidst the first wave (Goel, Sharma & Kashiramka, 2021). The second wave followed in February 2021 due to an increase in new variants of COVID-19 and the relaxation of its restrictions (Mandal et al., 2021). By August 2021, India had experienced about 400,000 deaths (Mattheiu et al., 2021).

Despite being one of the first countries to respond to the spread of COVID-19 through stringent lockdown methods such as school and workplace closures, travel banks and policy response, COVID-19 transmissions increased rapidly (Schotte & Zizzamia, 2023). As South Africa experienced steady growth in the number of confirmed cases from the 6th of March 2020, with 1 positive case up until end of April where the country experienced a sudden steep increase in the number of confirmed cases with a peak of 13,454 on the 18th of July, 2020.

Thereafter, experienced a fluctuating decline to 1,736 cases on the 9th of October 2020 (Roser *et al.*, 2020). A similar pattern occurred leading to four waves up until March 2022, with three significant peaks in the number of confirmed cases per day, in January 2021 with about 18,667, 24,417 cases in June 2021 and 37,875 confirmed cases per day in December 2021, in the second, third and fourth wave, respectively. Thereafter, a decline in the number of cases per day.

Figure 1: Number of Confirmed cases in South Africa as of March, 2022



Source: Johns Hopkins University COVID-19 Data.

As of March 2022, about 23,500,000 tests were conducted in South Africa since the first case was detected (National Institute for Communicable Diseases, 2022). The number of positive confirmed cases in South Africa was about 3,718, 953 and approximately 100,032 deaths and 3, 603, 821 individuals that have recovered from the virus, indicating nearly a 96% recovery rate (Department of Health, 2022).

3.1 Economic & Health Impact

COVID-19 led economic activity to a near halt as various countries initiated preventive measures to curtail the number of confirmed cases per day (World Bank, 2020). The economic impact signified the utmost economic shock the world has yet experienced. The pandemic was estimated to lead most countries into a recession (World Bank, 2020). It was estimated that global GDP was expected to decrease by 5.2% which is one of the greatest global recessions in years, regardless of the fiscal and monetary attempts by governments across the world (World Bank, 2020).

The labour market was largely affected as employers were forced to lay off their workers, triggering job losses, business closures and ultimately increasing the unemployment rate (Schotte & Zizzamia, 2023). The most affected by employment losses were those individuals that were previously disadvantaged prior to COVID-19 such as African men and women, less skilled workers, informal workers, and low-income earners (Casale & Shepard, 2020). The effects of the pandemic needed to be cushioned to protect the susceptible population (World Bank,2020), this is evident in Jain et al., (2020) where they find that during the first month of the stringent lockdown, approximately 0.8 – 1.8 million people fell into poverty as a direct consequence of COVID-19 employment loss. Jain et al., (2020) also argue that one of the main reasons why poverty increased in the first month of the lockdown was due to low coverage of the social assistance. Necessitating the need for social grants.

In addition, African countries are the most vulnerable due to their pre-existing challenges. It is reported that African countries as a whole experienced a 2.1% decline in real GDP in 2020 with South Africa experiencing an approximate 8.2% decline in real GDP in 2020 (Anyanwu & Salami, 2021).

Table 2: Economic and health impacts of BRICS

Country	Unemployment Rate	Contraction of GDP	Number of Deaths
Brazil	14.70%	3.9%	659,860
Russia	5.1%	3%	368,722
India	7.57%	24%	523,860
China	5.8%	6.5%	5,226
South Africa	35.3%	8.2%	100,032

Source: Own calculations.

Table 2 above presents the economic and health impacts of the COVID-19 pandemic amongst the BRICS countries as of March 2022. South Africa had a significant contraction of GDP compared to other countries. Brazil experienced a significant increase in its unemployment rate and number of deaths which is reflected in the 3.9% decrease in GDP. While India faced a large increase in the unemployment rate and the number of deaths with approximately 120 million jobs lost due to the restrictive measures put in place. This was reflected in the 24% contraction of India's GDP in 2020 but managed to recover their unemployment rate by 2022.

The pandemic did not have a large impact on China's unemployment rate, with only a 0.7% increase in the unemployment rate since the pandemic started as its initial unemployment rate was 5.3% in January and is just 6% as of June 2020 (Deng & Cheng, 2020). This may be contributed to the irregularities in data collection as the reality on the ground is contrary to the figures produced. Independent researchers estimate as many as 80 million out of work during the peak of the pandemic which is extremely more than approximately 26 million captured in the data collection process (Deng & Cheng, 2020). Furthermore, China seems to have experienced as 6.5% contraction in its GDP in the first quarter, however, seems to have flattened the curve on the number of confirmed cases in February, leading to a positive forecast trajectory of China's GDP.

The consequences of COVID-19 were severe, and largely felt by economically disadvantaged people. In 2020 Africa recorded an additional 12 million Africans living below the US\$1.90 extreme poverty line, increasing the number of people who live below extreme poverty to 26 million 26 million in 2021. It was projected that approximately 570 million Africans were anticipated to be living in extreme poverty by 2030, but COVID-19 could increase this number to 630 million (Cilliers *et al.*, 2020).

3.2 Social Grants

Social security signifies the strategies in place to avert and lower poverty (OECD, 2019). These are defined as techniques used to deliver relief in cash or in kind to ensure income safety and adequate

health care and are often funded by tax revenue (UN, 2018, OECD, 2019). Social security is vital in alleviating poverty and plummeting inequalities and have a positive correlation in poverty reduction (Mutangandura, 2007; UN, 2018). They help offer monetary support to the vulnerable whose living circumstances makes it unbearable to fend for their own livelihood. Others also argue that social security is a successful governance instrument for offsetting negative crisis effects (Gongcheng & Scholz, 2019).

Social protection structures vary widely amongst countries, and there is no standard approach given the different resources and constraints countries face, each country has therefore developed its own social security structure taking into account its unique economic, social and cultural circumstances of the country (Von Hauff, 2002). For example, Brazil has the Bolsa Familia Program which is a conditional grant (introduced in 2003) aimed at families living in extreme poverty. Families that qualify for the grant, are awarded about \$37 on condition that they keep their children in school and adhere to health care requirements (Berg, 2009). The program has effectively reduced the poverty rate and the Gini coefficient (about a 1.5% decline in the Gini coefficient) in Brazil as in 2017, 3.4 million people were out of extreme poverty while 3.2 million people were out of poverty (de Souza et al., 2019). In addition, India provides unconditional cash transfers such as the Indira Gandhi National Old Age Pension Scheme (introduced in 1995) targeting individuals that are 60 years and above and below the poverty line (Unnikrishnan & Imai, 2020). It was found that the grant (Rs 600 – Rs 1000 (equivalent to \$7.32 – \$12.20, respectively)) can increase food and non-food expenditure, however no effect on poverty reduction, as the amount is insufficient to remove individuals out of poverty (Unnikrishnan & Imai, 2020). Furthermore, Narayana (2019) found that the Indira Gandhi National Old Age Pension Scheme reduces poverty among the elderly.

Social grants have been acknowledged as a human right in the Universal Declaration of Human Rights (Article 22 and 25), the South African Constitution of 1996: Section 27(1)(c) and the International Covenant on Economic, Social and Cultural rights (Reddy & Sokomani 2008). According to these agreements, the state is obliged to provide a minutest level of social security and that all persons have the right to social security (United Nations, 2018). Social grants help in ensuring basic income for children, the unemployed, the elderly and health care in terms of providing access to nutrition, and education, offer unemployment benefits, disability grants and health care respectively (United Nations, 2018). They are important as they aim to increase income security, alleviate poverty, and offset inequality (United Nations, 2018; Samson *et al.*, 2006). Social grants are also vital as they assist families to achieve a basic standard of living (Policy brief, 2012). Social security is also a significant fragment of the 2030 Agenda for Sustainable Development, in particular, SDG 1, (1.3) which calls for the provision of social security for all as a measure to alleviate poverty in all countries by 2030 (United Nations, 2018). Research has also shown that social security measures have a positive effect on other dimensions of poverty such as education. As the measures have aided to exacerbate the number of children in school and have enhanced health (Bastagli *et al.*, 2016). Furthermore, the effectiveness of the social grant in alleviating poverty also depends in the number of people able to access these grants (UN, 2018).

South Africa's social security structure aims to alleviate poverty and lessen the inequality gap (Samson, *et al.*, 2011). This is indicated in the government's 1997 white paper on social development, which underlines that a social security configuration is fundamental for poverty alleviation and is a necessary tool for redistribution (Samson, MacQuene & Van Niekerk, 2006). South Africa provides five main

grants; the State Old Age Pension, the Disability grant, the Child Support grant, the Foster Child grant and the Care Dependency grant as depicted in Table 3 below (Samson *et al.*, 2011). Eligibility for each grant depends on an income-based means test, and grants are funded through tax revenues (Samson *et al.*, 2011). In bid to cushion the effects of COVID-19, the South African social grant system announced an increase in every grant and introduced the SRD grant (Bhorat, Kohler & de Villiers, 2023).

Table 3: Grants in South Africa with additional COVID -19 funds

Grant	Amount (R)	Additional amount (R)	Duration	Eligibility
Child Support	440	500	6 months	Children born \geq 31 December 1993 & under 18 years old
Foster Care Dependency	1,040	250	6 months	Children born < 18 years old who are being fostered
Disability	1,860	250	6 months	Adults < 60 years old & in need
Care Dependency	1,860	250	6 months	Children born < 18 years old in need of regular care, given their disability
State Old Pension	1,800	250	6 months	> 60 years
Social Relief & Distress Grant	350		6 months	In need of immediate temporary assistance

Source: South African Government, 2021.

As of 2020, an estimated 18 million South Africans received cash transfers from the government (Haurovi, 2021). The child support grant catered for approximately thirteen million children as of March 2020 (Hall, 2021), while the foster care grant catered for 386,000 children as of March 2019 (Hall, 2019). In addition, 150,000 children received the care dependency grant (Hall, 2019). Lastly, the Disability grant benefitted approximately 1 million people (Kelly, 2020).

South Africa's social protection system has been commended in its attempts to reduce poverty. Their unconditional cash transfers in the form of grants were able to lessen the poverty headcount rate by 8% and the poverty gap by 30% (Moore & Seekings, 2019; Lekezwa, 2011). The estimated effect of the grant depends on how the poverty line is defined with lower results obtained the higher the poverty line used (Lekezwa, 2011).

3.3 The Social Relief & Distress grant

The Social Relief & Distress (SRD) grant is a provisional delivery of aid envisioned for individuals incapable of meeting their families' basic necessities such as natural disasters (COVID-19) (Sehlabane, 2014). This was introduced in May 2022 by the South African government to cushion the poor and vulnerable citizens of South Africa. The grant targets individuals who are unemployed and do not receive any social security or unemployment insurance benefits. This was done through the provision of R350 per month, from the date the grant is approved (South African Government, 2020). The grant is to be paid for a period of 6 months on condition that applicants should be above eighteen years of age, South African nationals, permanent residents, or refugees registered with South African Home Affairs (South African Government, 2020). The recipient should also not be eligible to receive a stipend from the National Student Financial Aid Scheme, any other government COVID-19 response support and should not be an occupant in a government funded organization (South African Government, 2020).

In addition, South Africa introduced food parcels that were given to child headed households affected by HIV & AIDS, single parents with no sources of income, elderly people in despair and unemployed individuals. The food parcels include starch, protein, vegetables, seasoning and soap. The value of the one-month food parcel was estimated at R700 – R1,000 (Gronbach, Seekings & Megannon, 2022). However, as of 30 April 2022, about 8,2 million beneficiaries have received the grant (SASSA statistical report, 2022). This indicates that a large number of individuals have not received their grants from May to October. It has also been a challenge to access the grant as there have been difficulties in people ensuring their eligibility, lack of knowledge as to which grant they fall under and the delivery of the grant has been untimely (Gronbach, Seekings & Megannon, 2022).

Studies have found that the SRD grant was reasonably pro-poor as households that lived in poorer locations were more likely to obtain the grant as opposed to those that lived in urban areas (Visagie & Turok, 2022; Schotte & Zizzamia, 2023). Jain et al., (2020) find that the poverty reduction between April and June 2020 (1st wave of COVI-19) can be attributed to the expansion of social grants, mainly for those individuals who fall below the food poverty line as opposed to the higher poverty lines (upper bound). As by June, a several emergency social protection initiatives had been employed. Borhat and Kohler (2021) also find that the grant was adequately targeted with most recipients being unemployed and find that those individuals that were unemployed were 51 percent more likely to receive the grant as opposed to other groups. In addition, Bassier et al. (2021) and Borhat et al. (2021) observed that the absence of the SRD grant increases poverty levels. Indicating that the SRD has a positive impact on household social welfare. The SRD grant was also able to provide income support to individuals that were previously excluded from the social grant system. However, Borhat, Oodsthuizen & Stanwix (2021) & Magabe (2023) found that the SRD is not to be viewed as a measure of poverty alleviation but instead as a measure to assist the vulnerable that have been negatively affected by COVID-19 as a form of income support. Section 4 presents preliminary analysis of the socio-economic impacts of COVID-19 on individuals using the NIDS-CRAM.

4. Preliminary Analysis

4.1 Data Analysis

This thesis uses Waves 1, 2,3,4 and 5¹ of the National Income Dynamics Study: Coronavirus Rapid Mobile Survey (NIDS-CRAM) in South Africa. The data was gathered by researchers from the University of Stellenbosch, University of Cape Town & the University of the Witwatersrand (Wits) in South Africa using a stratified sampling design (Ingle, Brophy & Daniels, 2021). The data originates from a panel study known as the National income Dynamics Study (NIDS) Wave 5 (2017). The NIDS-CRAM sample comprises of a sub-sample of the 2017 NIDS. The NIDS is a panel evaluation of different individuals which commenced in 2008 where approximately 28 000 individuals in 7296 households were interviewed (Ingle et al., 2021). The study currently has 5 waves, with Wave 5 being the recent wave, last collected in 2017.

The NIDS-CRAM is a panel data set at the individual level consisting of nearly 7,073 South African adults and later topped up from Wave 3 to 8,157. The NIDS-CRAM mainly focusses on the socioeconomic consequences of COVID-19 and the national lockdown in South Africa (Ingle et al., 2021), as well as questions regarding vaccination attitudes. The interview comprised of income, employment, social assistance and COVID-19 questions. The NIDS-CRAM data is collected through Computer Assisted Telephone Interviews and was repeated every few months. Data collection for Wave 1 began in May - June 2020 with 7,073 individuals (Köhler & Hill, 2021). The second wave of data was collected from the 13th of July to the 13th of August 2020 with 5,676 successful interviews, Wave 3 from November - December 2020 with approximately 6,100 successful interviews (Köhler & Hill, 2021). Due to the decline in the response rate from Wave 1 to Wave 2, the NIDS-CRAM included a top-up sample from the NIDS of 1,084, increasing the sampling frame to 8,157. Thus, Wave 3 had an approximately 6,100 successful interviews, 5,629 and 5,862 in Waves 4 & 5 respectively (Casale & Shepard, 2021). It is important to note that the NIDS-CRAM sample cannot be used for household analysis as only individuals were interviewed, as opposed to full households (Ingle et al., 2021).

The bulk of the analysis in this thesis was conducted using Waves 2 & 3 of the NIDS-CRAM, as the data available at the time of writing. In section 7, key estimates are replicated using all 5 waves of the NIDS-CRAM.

4.2 Individual level characteristics

Table 4 below represents the individual and household characteristics potentially associated with the receipt of the Social Relief & Distress grant. At large, SRD recipients appear to be mainly younger, male, African, unemployed, less likely to be married, and below the poverty lines. Representing a sample which is to a large extent, of lower socio-economic status which makes it difficult to assert causality as the SRD recipients are different to non-recipients.

In general, 18% of the sampling frame lived in a household that received the SRD in Wave 2, and 34% in Wave 3, indicating an increase in grant receipt over time. The following individual characteristics differ

¹ The data was not deflated to Wave 2 as the waves were only 2 months apart, however, the results are similar.

significantly by SRD receipt at the one percent level: age, gender, race and employment status, although the Asian/Indian race group did not differ significantly by SRD receipt status, likely due to the small sample size.

SRD recipients are on average much younger in both waves (33.9 years in Wave 2 and 33.7 years in Wave 3) compared to non-recipients in both Waves (47.7 years in Wave 2 and 47.1 in Wave 3). Although 74 percent of the full sample are female in Wave 2 and 67 percent in Wave 3, only 38 and 39 percent of the SRD recipients in Wave 2 and 3 are female (respectively), as a large number of men were approved of the SRD as opposed to women. In addition, 46 percent of individuals are married in Wave 2 and 18 percent in Wave 3 with a higher percentage of married individuals not receiving the SRD.

In addition, approximately 91 and 94 percent in Waves 2 and 3 (respectively) of the sample were African. Recipients of the SRD were more likely to be African compared to the other ethnic groups such as the Asian/Indians and the whites; 96 percent in both Wave 2 and 3. Furthermore, in the main Wave 2 sample, 6 percent of the individuals were Coloured with 3% being SRD recipients while 4 percent of the individuals were Coloured in the Wave 3 sample, with 2% receiving the SRD grant. In addition, 1% of the sample size were White and with none of the SRD recipients belonging to the White ethnic group in both Waves.

Lastly, the employment status differs in both waves as 62% of the sample was unemployed in the main Wave 2 sample, however a decrease in the number of people unemployed is observed over time as 53% of the main Wave 3 sample was unemployed. With 68% of the Wave 2 sample receiving the SRD and 57% of the Wave 3 sample receiving the SRD. The decrease in the unemployment status overtime is attributed to the relaxation of the lockdown restrictions placed by the government to curtail the effects of the pandemic at the end of Wave 2.

4.3 Household level Characteristics

Under the household level characteristics, there are significant differences amongst household income, poverty lines and grant receipt, at the 1% level in Wave 2. Conversely, household size and mental health² were not statistically significant in Wave 2 across SRD receipt status. Overall, the socio-economic status of the sampling frame improves from Wave 2 to Wave 3 evidenced by a decrease in poverty levels. Additionally, there is a noted increase in both the average household size and the proportion of households that live in rural areas.

For instance, the average household size increased from 5.9 in Wave 2 to 6.0 in Wave 3. At least 1 out of an average of 5.8 people in a household received the SRD grant in both waves. Household income marginally declined over time, as the average household income in Wave 2 is R2,695 which marginally declined to R2,660 in Wave 3 (see Columns 5 & 9). Notably, the SRD recipients earned an average of R1,973 in Wave 2 and R2,416 in Wave 3 indicating that the SRD was pro-poor.

² The mental health variable is derived from the 2- question Patient Health Questionnaire (PHQ-2). “Question 1: Over the last 2 weeks have you had little interest or pleasure in doing things? Question 2: Over the last 2 weeks, have you been feeling down, depressed or hopeless?” The depressive score ranges from 0 to 6. A PHQ – score above 2 is considered evidence of the presence of mild to moderate depressive symptoms (Oyenubi & Kollamparambil, 2021).

Table 4: Descriptive Statistics of NIDS-CRAM Wave 2 & 3

	WAVE 2			WAVE 3				
	ALL	Non-SRD	SRD	ALL	Non-SRD	SRD		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Individual Level Characteristics								
Age	45.2	47.7	***	33.9	42.6	47.1	***	33.7
Female	0.74	0.82	***	0.38	0.67	0.82	***	0.39
African	0.91	0.89	***	0.96	0.94	0.93	***	0.96
Asian/Indian	0.00	0.00		0.00	0.00	0.00		0.00
Coloured	0.06	0.07	***	0.03	0.04	0.04	**	0.02
White	0.01	0.02	***	0.00	0.01	0.01	**	0.00
Unemployed	0.62	0.59		0.68	0.53	0.50	***	0.57
Marital Status	0.46	0.48	***	0.32	0.43	0.48	***	0.35
Household Level Characteristics								
Household Size	5.9	5.9		5.8	6.0	6.1	*	5.9
Household Income	2,695	2,821	***	1,973	2,660	2,735		2,416
Rural	0.61	0.61		0.61	0.63	0.65	**	0.61
Food Poverty Line	0.44	0.44		0.41	0.08	0.09	***	0.05
Lower Bound Poverty Line	0.53	0.54	**	0.48	0.09	0.11	***	0.06
Upper Bound Poverty Line	0.61	0.63	***	0.51	0.10	0.12	***	0.06
Child Support Grant	0.77	0.81	***	0.61	0.73	0.79	***	0.60
Old Age Pension Grant	0.53	0.57	***	0.35	0.45	0.53	***	0.30
Depressed	0.18	0.18		0.19	0.18	0.17		0.20
Number of Observations	2,261	1,847		414	2,820	1,872	*	948

This table presents descriptive statistics for individuals who received the Social Relief & Distress Grant and those that did not in Wave 2 & 3 of the NIDS-CRAM. It also presents tests of significance by SRD receipt. The sample contains 5,081 observations from the NIDS-CRAM Wave 2 & 3. Significant differences are represented by *, **, *** which imply $p < 0.10$, < 0.05 , < 0.01 , respectively. The table was created using `asdoc`, a Stata program written by Shah (2018). Weighted descriptive statistics.

In addition, the number of households that live in rural areas increased from 61% in Wave 2 to 63% in Wave 3. This is likely that individuals facing the loss of employment would have sought refuge from their family members who lived in the rural areas (Posel & Casale, 2021). Among those in rural areas, 61% received the SRD grant in both waves.

Furthermore, there is an overall decline in individuals that live below the three poverty lines as we move across the waves. For example, 44% vs 8% of the sample lived under the food poverty line in Wave 2 and 3, respectively. Of the SRD recipients, 41% and only 5% were below the food poverty line in Wave 2 and 3, respectively. Similarly, 53% of individuals in the sampling frame lived below the lower bound poverty line in Wave 2 and 9% in Wave 3. Of the SRD recipients, 48% and 6% of individuals were below the lower bound poverty line in Waves 2 & 3, respectively. While 61% vs 10% of the individuals lived under the upper bound poverty line in Waves 2 and 3. Of the SRD recipients 51% and 6% of individuals were below the upper bound poverty line in Waves 2 & 3, respectively.

To add, the CSG exhibited the highest coverage, with 77% of the households in the sample receiving a child support grant in Wave 2, this later declined to 73% in Wave 3. Of this sample, 61% received the SRD in Wave 2 while 60% received the SRD in Wave 3. 53% of the sample received the Old Age Pension grant in Wave 2. Of this sample 35% received the SRD grant. Similarly, 45% of the households in the Wave 3 sample received the Old Age Pension grant with 30% receiving the SRD grant. Lastly, on average, 18% of both Wave 2 and 3 of the sample reported to be depressed, with 19% and 20% receiving the SRD in Wave 2 and 3, respectively.

Overall, Table 4 suggests that majority of the sample were women, black and unemployed. In addition, as we move across to Wave 3, the number of people living in all poverty lines decreases. The subsequent section will graphically analyse the socio – economic factors associated with grant receipt.

4.4 Household Income and Poverty

This section presents a graphical analysis of the socio-economic factors such as levels of income, race, poverty lines and grant receipt which aid to explain the socio-economic environment in South Africa and the need for the Social Relief & Distress Grant. Table 5 below illustrates household income levels in Waves 2³ and 3 of the NIDS-CRAM. It further magnifies the magnitude of inequality in the sampling frame as the average income in the first quintile is a small fraction of the 5th quintile. The table also shows an increase in income levels over time across all quintiles. For example, the average household income in the first Quintile is R540 which is below the food poverty line, while in Wave 3 the average household income in Quintile 1 is R1,163 which is two times higher than Wave 2 and is above the food poverty line, but below the upper bound poverty line.

³ The study uses Waves 2 (13 July 202 – 13 August 2020) & 3 (2 November, 2020 – 13 December 2020) for data analysis as data on the SRD was not available in Wave 1 at the time of analysis. Similarly, at the time of analysis, Waves 4 & 5 were not available.

Table 5: Household Income Quintiles in Waves 2 & 3

Quintiles	Wave 2	Wave 3
Q1	R540.3	R1,163.8
Q2	R1,718.1	R3,007.9
Q3	R2,830.6	R4,917
Q4	R4,883.2	R9,671.8
Q5	R21,277.7	R24,264.9

Source: NIDS-CRAM Wave 2 & 3.

Households that live under Quintile 2 earned an average of R1,718, whereas the average income for Quintile 2 in Wave 3 is R3,007, which is above the upper bound poverty line. Furthermore, households that live under Quintile 3 earn an average of R2,830 in Wave 2 and earn an average of R4,917 in Wave 3. The pre-existing economic susceptibility met with the government restrictions, necessitate the need for the SRD to ease living conditions.

4.5 Employment Status, Sources of Income & Income Status

This section will analyse the changes in employment status and labour market outcomes of Waves 2 and 3 during the national lockdown.

4.5.1 Employment Status

The stringent lockdown measures placed by the South African government triggered negative labour market outcomes as most individuals suffered job losses. According to (Jain et al., 2020) after a month of the stringent lockdown, active employment contracted by 40% and predicted that this would increase poverty for the job loser. The unemployment rate pre-COVID-19 was already at its highest at 29.1%, the pandemic further increased this to 35.3% as at 2022 (Hlayisi,2022). This increases the number of individuals that will need social assistance and could potentially fall below the poverty lines. In this sample, the unemployment⁴ levels decreased over time from Wave 2 (46%) to Wave 3 (40%) due to the relaxation of the lockdown restrictions a stride towards pre-pandemic employment levels.

Table 6 presents the main sources of household income in Waves 2 and 3, clearly showing the importance of social support for many South Africans as majority of the sample relied on government grants as their main source of income in both waves; 47% in Wave 2, and 44% in Wave 3. Employment was a main source of income for 36% of the sample in Wave 2, rising to 39% in Wave 3. A small portion of the sample reported that they had no source of income: 5% or below in both waves. Furthermore, Table 6 above presents changes in the main sources of income in Waves 2 and 3. Panel C shows that there is a significant difference between the decrease in incomes between Wave 2 and 3 as 17 percent of the individuals

⁴ This thesis uses the broad unemployment rate (The percentage of people in the labour force that are actively looking to work including those that have been discouraged (Altman,2003)).

experienced a decline in income in Wave 2, whereas 42 percent of the individuals in the Wave 3 sample experienced a decline in income.

Table 6: Employment Status, Sources of Income and Income Status

Panel A: Employment Status					
Wave 2			Wave 3		
Employment Status	%		Employment Status	%	
Employed	54		Employed	60	
Unemployed	46		Unemployed	40	

Panel B: Sources of Income & Decrease in the Source of Income					
Wave 2			Wave 3		
Source of Income	%		Source of Income	%	
Employment	36		Employment	39	
Business	4		Business	6	
Government Grants	47		Government Grants	44	
Family	5		Family	4	
Other	1		Other	0	
No Income	5		No Income	4	

Panel C: Changes in Income					
Wave 2			Wave 3		
Decrease	Increase	No Change	Decrease	Increase	No Change
17	31	52	42	9	49

Data Source: NIDS-CRAM Wave 2 & 3.

In addition, there is a notable difference between the increase in incomes amongst Waves 2 and 3 as 31 percent of the individuals in the Wave 2 sample experienced an increase in income, while only 9 percent of the individuals experienced an increase in income in the Wave 3 sample - see Panel C. Lastly, 52 and 49 percent of the individuals in Waves 2 and 3, respectively, did not experience any changes in income as some individuals remained actively employed across the Waves (Jain et al., 2020).

4.6 Grants

Figure 2 below displays SRD grant application outcomes by income quintile⁵ in both waves. The SRD was aimed at supporting vulnerable individuals, this graph illustrates the grant application and success rate across quintiles to allow for a better analysis of those who received the grant and its impact.

Figure 2: SRD Application in Wave 2 & 3 by Income Quintile

Figure 2a: Wave 2

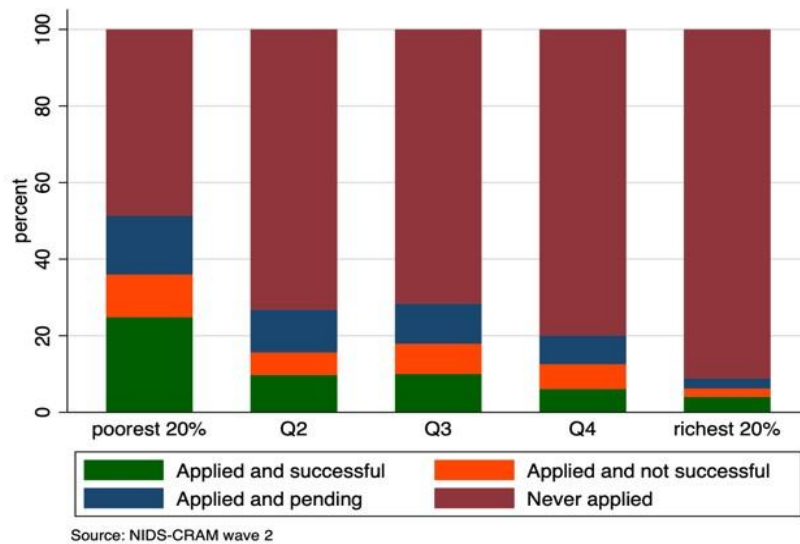
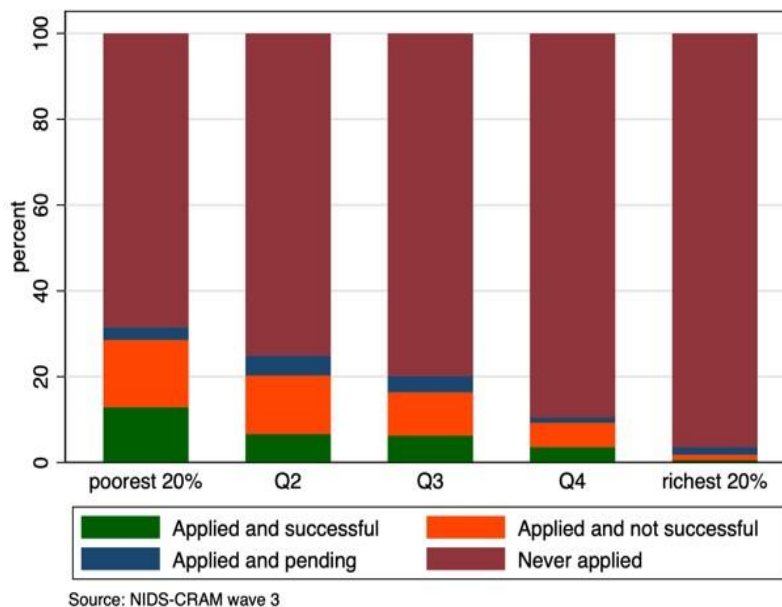


Figure 2b: Wave 3



According to Figure 2 above, quintiles 1 to 4 have the largest number of successful applications on average in Waves 2 and 3 indicating that the grant was favorable to the vulnerable to cushion the effects of Covid-19. As expected, a substantial amount of the households in the top quintile did not apply and therefore

⁵ Household income quintiles.

had the least success rate in both waves. The next section shows grant receipts across the household income quintiles.

4.7 Coverage of SRD, CSG, and OAP over Income Quintiles

Table 7 below represents the distribution of the main government grant receipts in Waves 2 and 3 and their respective income deciles. The grants are; The Social Relief and Distress (SRD) Grant, the Child Support Grant (CSG), and the Old Age Pension (OAP). Literature argues that grants play a role in poverty alleviation, the table below and graphs that follow show the distribution of the grants to the respective quintiles and vulnerable groups. The table below shows that the poorest 20% and the richest 20% are the quintiles that received the largest proportion of the SRD grant as opposed to low-income and middle-income earners in Wave 2.

Table 7: Government Grant Recipients over Income Quintiles

Quintiles	WAVE 2			WAVE 3		
	SRD (%)	OAP (%)	CSG (%)	SRD (%)	OAP (%)	CSG (%)
Q1	37.9	16.4	58.5	24.7	27.8	77
Q2	8.1	40.5	75.6	18.2	25.1	67.6
Q3	11.3	44.3	75.9	26.2	16.1	62.4
Q4	8.5	45.5	65.8	31.6	13.4	27.7
Q5	16.7	19.6	26.3	0.0	9.1	15.5

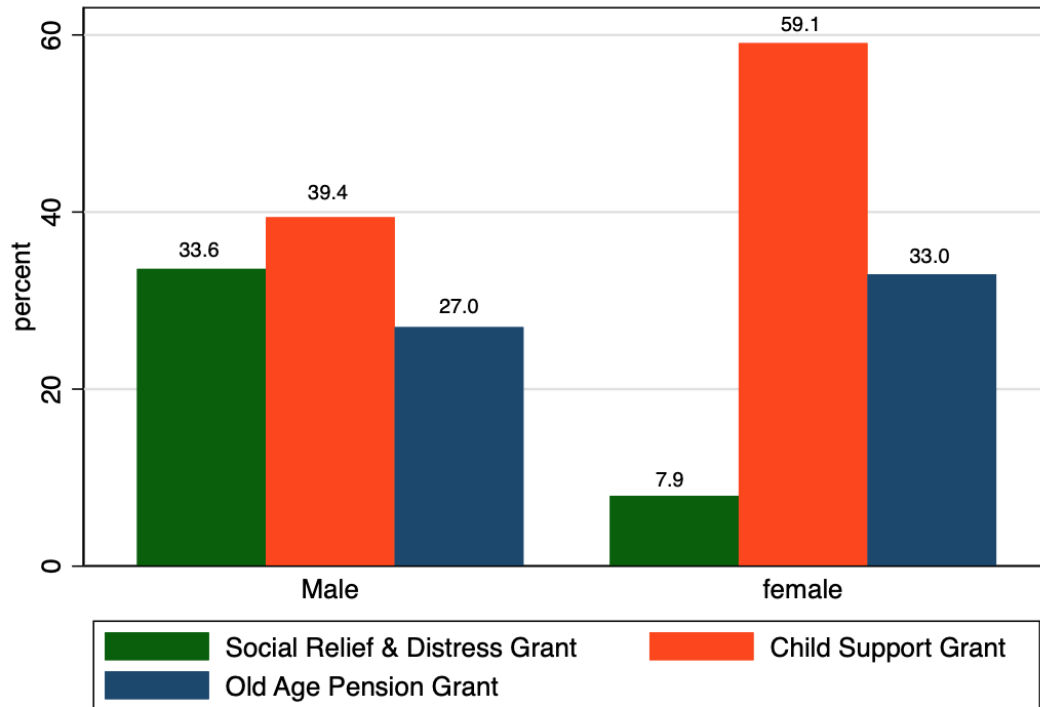
Source: NIDS-CRAM Wave 2 & 3.

Table 7 above shows the most vulnerable households (Q1) receiving the largest share of the SRD grant in Wave 2 (37.9%), however, this share decreases to 24.7% in Wave 3. The table also shows that while Q2,3,4 receive 8.1%,11.3%, and 8.5% (respectively) in Wave 2, 16.7% of households that received the SRD grant were in Q5. In contrast, there is an increase in the SRD grant receipt to the lower income households in Wave 3, as Q2,3,4 receive 18.2%,26.2%, and 31.6% (respectively), while no households in Q5 received the SRD grant in Wave 3. There is also a noticeable increase in the number of households in Q1 that received the OAP and CSG in both Waves 2 and 3 as 16.4 and 58.5 percent received the OAP and CSG respectively in Wave 2 and 27.8 and 77 percent received the OAP and CSG in Wave 3, respectively.

Furthermore, the CSG is a widely covered grant across all income quintiles with households receiving 58.5%, 75.6%, and 75.9% in the first three quintiles (respectively) in Wave 2. The coverage of the grant also increases to 77% for households living in Q1 and declines for households living in Q2 and Q3 in Wave (67.6% and 62.4% respectively) 76.7%. Lastly, the OAP maintains low coverage across both waves, with an increase in grant receipt from 16.4% in Wave 2 to 27.8% in Wave 3 for households in Q1, while the OAP grant receipt decreases from Wave 2 to Wave 3 in Q2,3,4 and 5.

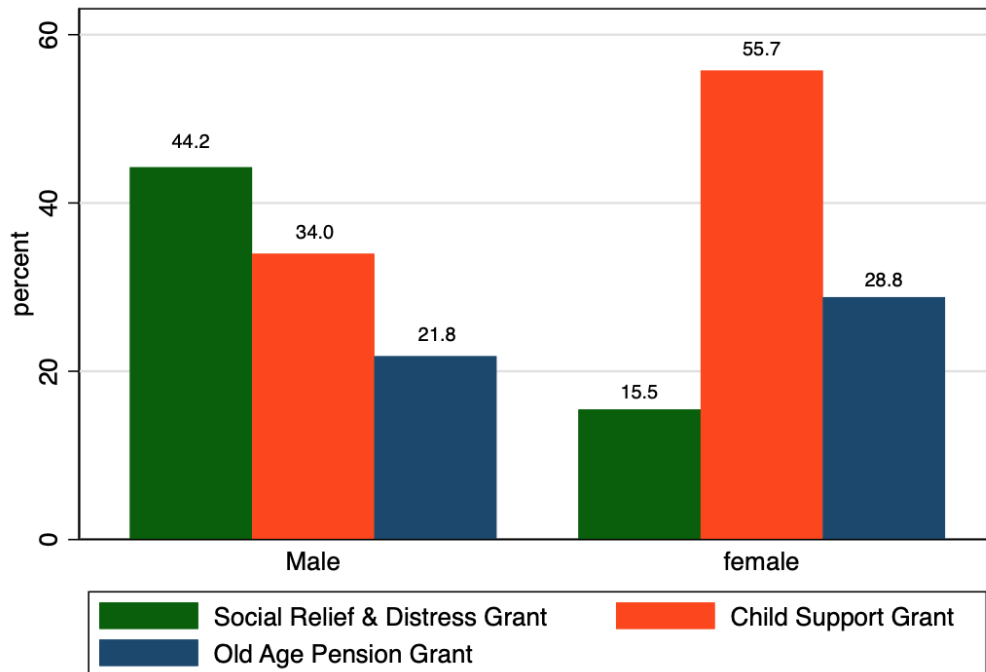
There is an increase in the SRD grant receipt as we move across the waves as households become more aware of the grant and have knowledge of how they can access the grant.

Figure 3: Government Grant Receipt by Gender
Figure 3a: Wave 2



Source: NIDS-CRAM wave 2

Figure 3b: Wave 3



Source: NIDS-CRAM wave 3

Women are argued to be the face of poverty in South Africa and the negative economic impact of COVID-19 is more likely to push them below the poverty line. For this reason, vulnerable women are in need of social support, to cushion the effects of COVID-19. The graphs above represent the percentage of grants received by men and women in the second and third wave of the NIDSCRAM. Figure 3 indicates a large number of CSG recipients overall with 59.1% of female headed households receiving the CSG while 39.4% of male-headed households received the CSG in Wave 2. While there is a slight decline in the CSG receipt in Wave 3; about 56% of female-headed households received the CSG, while only 34% of male-headed households received the CSG. The graph also shows that majority of the population in the sample received the CSG.

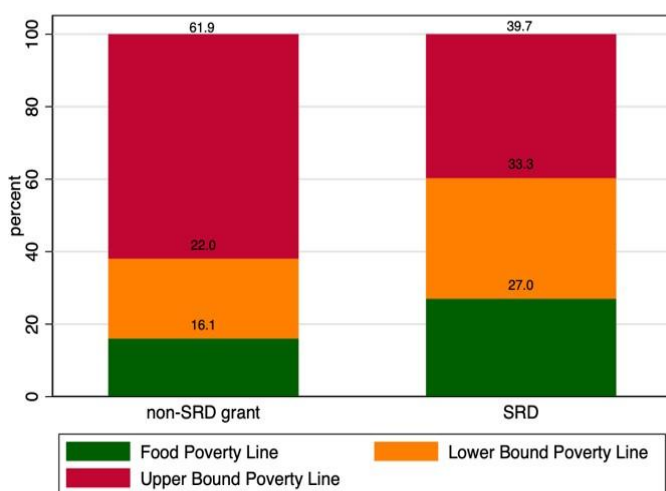
Furthermore, there is an overall decrease in the OAP grant receipt as we move across the Waves. About 33% of the females in the sample receive the OAP in Wave 2 while only 27% of men receive the OAP. The grant receipt declines to only 21% of men receiving the grant and 28.8% of females receiving the OAP in Wave 3.

Lastly, Figure 3 demonstrates that men were more likely to benefit from the SRD as opposed to women. As approximately 33.6% of men are SRD recipients in Wave 2, compared to only 7.9% of women. Similarly, 44.2% of men in Wave 3 receive the SRD grant compared to only 15.5% of women, leaving female-headed households prone to poverty. This adds to existing literature that argues that females are the face of poverty and further pushes women below the poverty lines as even though women experienced job losses, they did not qualify for the SRD as they already received the CSG. However, the CSG is unable to support the effects of COVID-19 for both the child and mother, later on if there are more children in the household as it was only R440, deepening the number of people that fall below the poverty lines (Casale & Shepherd, 2020). The next section examines the distribution of household poverty levels by SRD receipt.

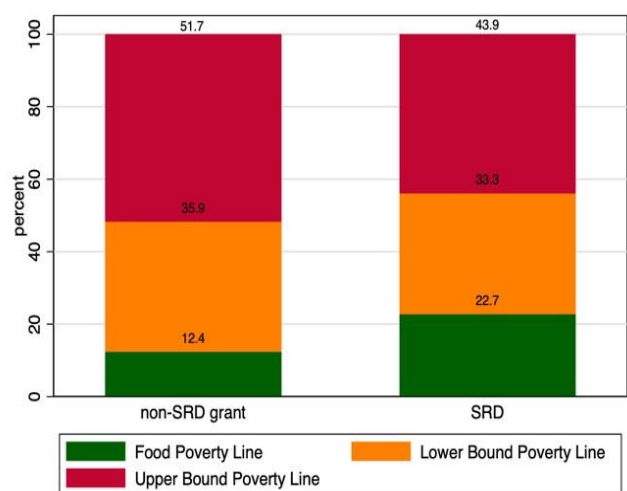
Figure 4 : Distribution of Household Poverty Levels by SRD Receipt Status

Figure 4a: Wave 2

Figure 4b: Wave 3



Source: NIDS-CRAM wave 2



Source: NIDS-CRAM wave 3

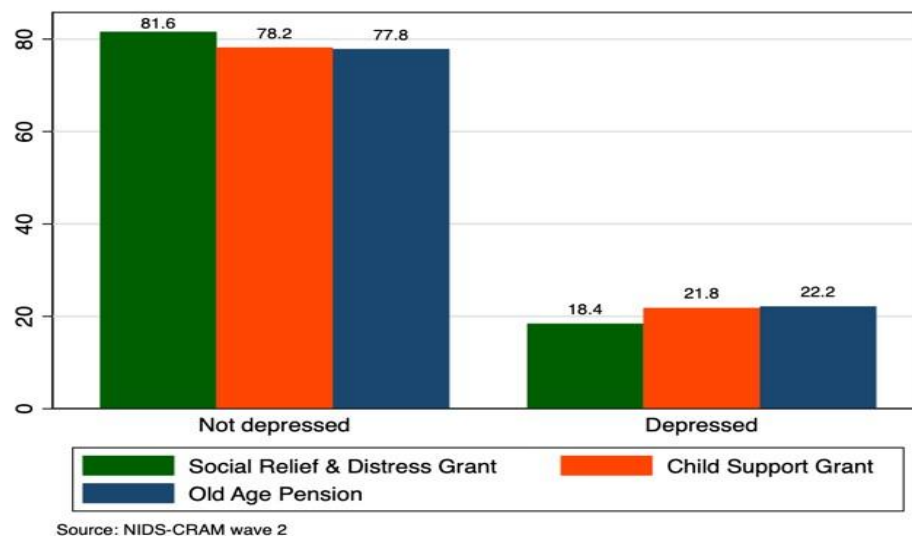
Figure 4 above represents the percentage of grant recipients over the people living below the poverty lines. For SRD recipients in Wave 2, the distribution across the FPL, LBPL, and UBPL is 27, 33.3 and 39.7 percent, and for non-recipients it is 16.1, 22, and 61.9 percent. This indicates SRD recipients are more likely to live in much poorer households. A similar pattern of lower socioeconomic status among SRD recipients is observed in Wave 3, with the distribution across SRD recipients and non-recipients of 22.7,

33.3 and 43.9 percent across the FPL, LBPL, and UBPL, and 12.4, 35.9, and 51.7 percent for non-recipients. Across the waves, one can see non-SRD recipients move out of poverty to some extent, possibly due to increase in incomes from other grant top ups, while SRD recipients are more likely to fall under the UBPL, but slightly less likely to be extremely poor (i.e. under the FPL).

4.8 The Social Relief & Distress grant, Child Support Grant & Old Age Pension & Mental Health

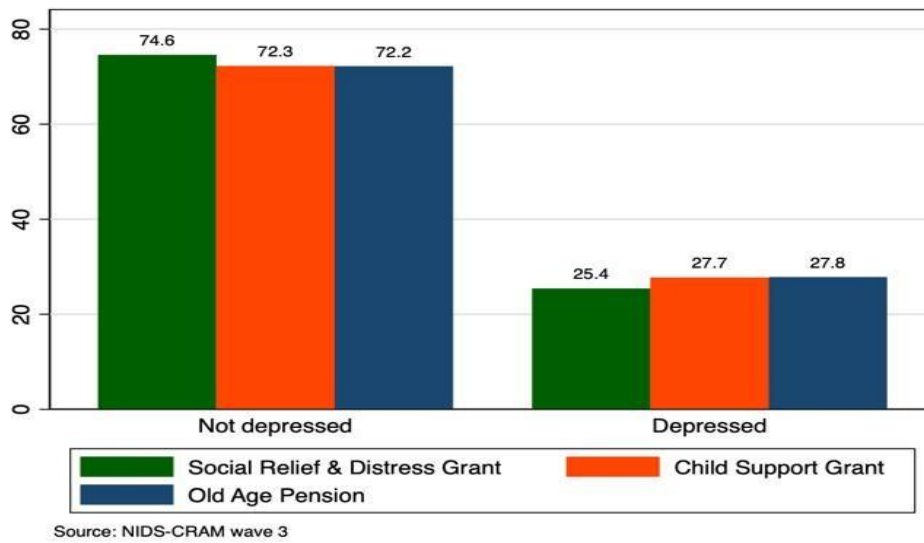
Figure 5 below represents the distribution of receipt for the three main grants over mental health status. Mental health is correlated with socio-economic conditions surrounding individuals (Knifton & Inglis, 2020). Studies have found that, people living in vulnerable conditions experience higher levels of mental illness (Knifton & Inglis, 2020). The graph below demonstrates the distribution of grant receipt on mental health. It is expected that the negative shock of Covid-19 is most likely to pose a risk to an individual’s mental health due to fear of losing loved ones and economic uncertainty due to job losses (Joaquim et al., 2021 & Blomqvist et al., 2023). The graph below illustrates the increase in the number of individuals that were depressed from Wave 2 to Wave 3. For instance, Figure 5a shows that 18.4% vs 25.4% of individuals that were depressed received the SRD in Waves 2 and 3. Whilst, 22.2% vs 27.8% of individuals that were depressed received the OAP grant in Waves 2 and 3.

Figure 5: Grant Receipt by Mental Health Status
Figure 5a: Wave 2



The graph concurs with existing literature as it shows an increase in depression levels as we move across the waves. It is worth noting that as we move across the waves, grant receipt also increases. Demonstrating that vulnerable conditions also influence one’s mental wellbeing. Receipt of social assistance will render immediate financial support for those struggling with depression which can ease their financial burden.

Figure 5b: Wave 3



5. Estimates

Section 5 includes estimates of the relationship between SRD receipt in a household and the poverty status of that household according to each of the three poverty lines: food, the lower bound and the upper bound. Linear probability models, probit and fixed effects were used, accounting for other relevant determinants of household poverty. Fixed effects are used in an attempt to eliminate the endogeneity present in SRD receipt. The relationship between the larger old age pension and household poverty is also examined.

5.1 Specifications

Model 1 is estimated using a linear probability model, shown below:

$$P(y = 1|x) = \beta_0 + \beta_1 G_{ht} + \beta_2 HH_{ht} + \beta_3 X_{it} + \delta W_t + u_{it}, t = 1, 2, \dots \dots \dots (1)$$

y is the dependent variable which is a binary dependent variable reflecting whether an individual lies below or above each of the three poverty lines (in separate estimates). An individual living below the poverty line takes the value of 1 and the individual living above the poverty line takes the value of 0, giving all positive coefficients the interpretation of being associated with an increase in poverty. Independent variables such as age, gender, marital status, household size, area of residence, unemployment status, an individual's racial group, labour force participation, an individual's mental health and the receipt of the social relief and distress grant, child support grant and the old age pension grant were included. G_{ht} represents whether a household is a recipient of the SRD grant. HH_{ht} represents all household characteristics such as household size, marital status, child support grant, old age pension grant and area of residence. X_{it} represents all individual characteristics such as age, gender, race, employment status and mental health status. The W_t represents a dummy variable controlling for Wave 3. u_{it} represents the error term. The dissertation's sample largely comprises of Black/African. females, unemployed individuals, SRD, CSG, OAP grant recipients, depressed individuals, households living in rural areas, individuals living below all three poverty

lines and married couples. The addition of explanatory variables such as the unemployed variable, reduces the number of observations in the full sample which contributes to a smaller sample size.

Model 2 is the probit model with similar dependent and independent variables as Model 1 and is shown as follows:

$$Pr(Y = 1) = \Phi(\beta_0 + \beta_1 G_{ht} + \beta_2 HH_{ht} + \beta_3 X_{it} + \delta W_t + u_{it}, t = 1,2) \quad (2)$$

Where Pr is the probability of whether an individual fall below or above the poverty line. Φ is the cumulative normal distribution function and β are the explanatory variables as described in Model 1. Model 3 takes into account the time-invariant fixed effects, α_i with the same independent variables as Model 1. As the two waves are fairly close together in time, many characteristics are not expected to change over time, including age, education, pension receipt and others. However, SRD receipt does change meaningfully over Wave 2 and 3, as well as the poverty status of households, justifying the use of this specification.

$$y_{it} = \beta_0 + \beta_1 G_t + \beta_2 HH_{ht} + \beta_3 X_{it} + \alpha_i + \delta W_t + u_{it}, t = 1,2 \dots \dots (3)$$

Table 8 below presents the estimates of Model 1 above, in a sample of Waves 2 & 3. The SRD is negatively statistically significant in the simple models at the 1% level of significance across all poverty lines and becomes insignificant as other variables such as age, gender, household size, employment status, marital status, area of residence and province are taken into account. This indicates that households that received at least one SRD grant are less likely to fall under the poverty lines in the simple models.

This shows that while the SRD receipt may reduce the probability of a household falling under the poverty line, once other determinants of household poverty are controlled for, this association falls away. This implies the presence of negative omitted variable bias in the simple specification which is reduced or eliminated when including these determinants. A likely source could be OAP receipt which is positively correlated with the SRD receipt in the household and can be seen to reduce poverty levels in Columns 2 and 4. The SRD receipt effect includes the poverty-relieving impact of other grants in Columns 1 and 2.

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For example, in Table 8 below, age, gender, African individuals, household size, area of residence, employment status and the old age pension grant were significant determinants of household poverty. This concurs with existing literature which states that Black African Females, children younger than 17 years and those living in rural areas are more likely to be affected by poverty (The South African Human Rights Commission, 2018). Table 8 shows that a R1 increase in the SRD is estimated to reduce the probability of a household falling below the upper-bound poverty line by 0.16 percentage points (Column 5) in the simple model.

Table 8: The OLS Model across the three poverty lines

Dependent Variable	Food Poverty Line		Lower Bound Poverty Line		Upper Bound Poverty Line	
	(1)	(2)	(3)	(4)	(5)	(6)
Covariates						
SRD	-0.09*** (0.01)	-0.01 (0.01)	-0.12*** (0.01)	-0.01 (0.01)	-0.16*** (0.01)	-0.02 (0.01)
Age		0.00* (0.00)		0.00** (0.00)		0.00* (0.00)
Female		0.05*** (0.01)		0.07*** (0.01)		0.08*** (0.01)
African		0.11** (0.05)		0.14** (0.05)		0.15** (0.06)
Coloured		0.01 (0.06)		-0.02 (0.06)		-0.05 (0.06)
Household Size		0.01*** (0.00)		0.00 (0.00)		-0.00* (0.00)
Married		0.01 (0.01)		0.00 (0.01)		-0.00 (0.01)
Rural		0.05*** (0.01)		0.04*** (0.01)		0.03* (0.01)
Unemployed		0.05*** (0.01)		0.02 (0.01)		-0.02* (0.01)
Depressed		-0.01 (0.01)		0.00 (0.01)		-0.00 (0.01)
CSG		0.02 (0.01)		0.02 (0.01)		0.04** (0.01)
OAP		-0.05*** (0.01)		-0.05*** (0.01)		-0.03** (0.01)
Wave 3		-0.48*** (0.01)		-0.53*** (0.01)		-0.58*** (0.01)
Observations	5,081	3,229	5,081	3,229	5,081	3,229
R-squared	0.010	0.364	0.015	0.392	0.023	0.435

Notes: Ordinary least squares estimates using data from the NIDS-CRAM Wave 2 & 3. Robust standard errors in parentheses, *** p<0.01, **p<0.05, *p<0.1. Province has been controlled for in the regression but not reported.

In addition, the probability that a woman lives below the upper bound poverty line is 8 percentage points higher than that of a man (significant at the 1% level - Column 6). This is consistent with existing literature on gender inequality in income and labour force participation with women more often employed in low-wage positions and men more likely to hold higher-paying jobs (Makhalima, 2003). This increases the likelihood of women living below the poverty line. In addition, during Waves 1 and 2 of the NIDS-CRAM, women lost 2 million jobs compared to 1 million lost by men, with women facing greater difficulty in attaining pre-Covid employment levels after the easing the restrictions (Casale & Shepard, 2020); further increasing the likelihood of women falling below the poverty line.

The likelihood that an African individual lives below the upper bound poverty line is 15 percentage points higher than other population groups (significant at the 5% level - Column 6) due to underlying socio-economic inequalities such as apartheid economic policies that led to racial inequalities and access to resources (Mtapuri & Tinarwo, 2021) as evidenced by South Africa's high Gini coefficient of 63 which reduces the ability of Black African individuals to live above the poverty lines. According to the South African Human Rights Commission (2018), 64% of blacks, 40% of Coloureds, 6% of Indians and 1% of White South African live under the poverty line. This is depicted in this paper as African individuals are more likely to live below the upper bound poverty line as opposed to the other population groups.

Furthermore, individuals living in rural areas report a probability of living below the upper bound poverty line by 3 percentage points (significant at the 10% level - Column 6) mainly due to the economic challenges encountered by rural individuals in accessing resources, technology, quality education and jobs which provide a source of income to prevent them from falling below the poverty line (Mbuli, 2008). This is evidenced by Ngubane, Mndebele & Kaseeram (2023) that argue 80% of the world's populace lives in extreme poverty, 60% of those individuals who are persistently poor living in rural areas while 40% experience temporary poverty.

Individuals who are unemployed report a 2 percentage point higher probability of living below the upper-bound poverty line. As anticipated by a priori expectations, unemployment contributes to poverty (Matyana & Thusi, 2023). This is mainly due to the reduced income an individual would get if they were employed. In this instance, individuals that were victims of job losses due to Covid-19 may have experienced a decrease in their income which limits their ability to access basic needs, thus pushing them below the poverty line.

Moreover, households that received a Child Support Grant report a probability of living below the upper-bound poverty line by 4 percentage points. Whereas households that received an old age pension grant report a probability of living above the upper-bound poverty line by 3 percentage points.

Lastly, Households in Wave 3 were 48, 53, and 58 percentage points less likely to fall below the food poverty line, lower bound poverty line, and the upper bound poverty line, respectively as opposed to households in Wave 2. This entails that there is a decline in poverty levels over time across the Waves.

Table 9 below shows the sub-samples of the upper-bound poverty line⁶ in the OLS model as literature has shown that some groups are more vulnerable as compared to others. For example, in the female sub-sample (Column 1), the SRD is negatively statistically significant at the 1 percent level of significance, SRD

⁶ Table 9 analyses the Upper Bound Poverty Line as the results are similar for the other two poverty lines in all the sub-samples.

recipients are 7 percentage points less likely to live below the upper bound poverty line. Moreover, an increase in the number of African individuals is estimated to increase the probability of individuals living under the UBPL, by 15 percentage points at the 5% level of significance.

In the rural sub-sample, women are eight percentage points more likely to fall under the upper bound poverty line compared to men. Whereas an additional household member is estimated to reduce the likelihood of falling under the UBPL by 1 percentage point. Further, unemployed individuals are less likely to live below the upper bound poverty line (perhaps they benefit from grants or live in lower poverty lines) by 5 percentage points (significant at the 10% level – Column 2).

Furthermore, in the unemployed sub-sample (Column 3), the SRD is negatively statistically significant at the 1 % level of significance, which shows that a R1 increase in the SRD grant is estimated to reduce the likelihood of a household falling below the UBPL, by 5 percentage points. Moreover, Women are six percentage points more likely to fall under the upper bound poverty line as opposed to men (significant at the 1% level - Column 3). Whereas an additional household member is estimated to reduce the likelihood of falling under the UBPL by 0.01. Old age pension grant recipients are four percentage points more likely to live above the upper bound poverty line.

Additionally, in the out of labour force sub-sample, an increase in the number of African individuals is estimated to increase the probability of individuals living under the UBPL, by 13 percentage points. In addition, an additional household member is estimated to reduce the likelihood of falling under the UBPL by 0.01.

Lastly, The R-squared values signify a reasonable explanatory power of the models, with the Upper Bound Poverty Line model showing the highest value of 43.5% indicating a 43.5% variability in the SRD grant receipt can be explained by the explanatory variables.

Table 9: OLS Sub-samples for the Upper Bound Poverty Line

Sample:		Female	Rural	Unemployed	Out of labour force
<i>Covariates:</i>		(1)	(2)	(3)	(4)
SRD	-0.07*** (0.021)	-0.02 (0.021)	-0.05*** (0.019)	-0.02 (0.029)	
Age	0.00** (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	
Female		0.08*** (0.021)	0.06*** (0.020)	-0.00 (0.020)	
African	0.15** (0.075)	0.17 (0.130)	0.14 (0.106)	0.13*** (0.049)	
Coloured	-0.14 (0.088)	-0.11 (0.142)	-0.01 (0.119)	0.02 (0.064)	
Household Size	-0.00 (0.003)	-0.01** (0.003)	-0.01** (0.002)	-0.01* (0.003)	
Married	-0.00 (0.015)	0.01 (0.017)	0.02 (0.016)	0.02 (0.020)	
Rural	0.02 (0.018)		0.02 (0.017)	0.01 (0.024)	
Unemployed	-0.02 (0.016)	-0.05*** (0.017)			
Depressed	-0.00 (0.018)	-0.03* (0.018)	-0.02 (0.016)	-0.00 (0.022)	
CSG	0.06** (0.024)	0.05* (0.024)	0.04* (0.021)	0.05** (0.022)	
OAP	-0.02 (0.017) (0.048)	-0.02 (0.017) (0.088)	-0.04*** (0.016) (0.047)	-0.03 (0.026) (0.064)	
Wave 3	-0.63*** (0.016)	-0.60*** (0.018)	-0.67*** (0.017)	-0.58*** (0.017)	
Observations	2,271	1,985	1,838	1,608	
R-squared	0.469	0.450	0.578	0.420	

Notes: Sub-sample Ordinary least squares estimates using data from the NIDS-CRAM Wave 2 & 3. Standard errors in parentheses, *** p<0.01, **p<0.05, *p<0.1. Province has been controlled for in the regression but not reported.

5.2 Probit & Fixed Effects Model

Similarly to the OLS model, the Social Relief & Distress Grant (SRD) remains negatively statistically significant in the simple models at the 1% level of significance across all poverty lines. However, it becomes insignificant when variables such as age, gender, household size, employment status, marital status, area of residence and province are included. This section discusses the Upper Bound Poverty Line (UBPL) using the probit model, as the results are consistent across all three poverty lines.

Table 10 below shows that women are eight percentage points more likely to fall under the upper-bound poverty line compared to men. While African individuals are sixteen percentage points more likely to live below the upper bound poverty line. Furthermore, individuals living in rural areas are 3 percentage points more likely to live below the upper-bound poverty line (significant at the 10% level - Column 3). Individuals who are unemployed report a probability of living below the upper bound poverty line by 4 percentage points. Whereas Child support grant recipients were 5 percentage points more likely to live below the upper-bound poverty line. Lastly, Old age pension grant recipients are 3 percentage points less likely to live below the upper-bound poverty line. The results reiterate the importance of the Social Relief & Distress grant to cushion vulnerable individuals from poverty.

On the other hand, in the fixed effects model, no variables were statistically significant across any of the poverty lines.

Table 10: Alternative Specifications

Dependent Variable	Probit poverty Line	Food Poverty Line	Probit Lower Bound Poverty Line	Probit Upper bound poverty line	Fixed Effects FPL	Fixed Effects LBPL	Fixed effects UBPL
<i>Covariates</i>	(1)	(2)	(3)		(4)	(5)	(6)
SRD							
	-0.00 (0.016)	-0.01 (0.016)	-0.02 (0.016)		-0.05 -0.088	0.01 -0.09	0.05 -0.09
Age	0.00 (0.001)	0.00*** (0.001)	0.00** (0.001)		0.03 -0.042	0.02 -0.042	0.02 -0.043
Female	0.05*** (0.016)	0.07*** (0.016)	0.08*** (0.017)				
African	0.14* (0.078)	0.17** (0.076)	0.16** (0.073)				
Coloured	0.03 (0.083)	-0.00 (0.083)	-0.04 (0.080)				
Household Size	0.00*** (0.002)	0.00 (0.002)	-0.00 (0.002)		0.01 -0.01	0 -0.01	-0.01 -0.01
Married	0.01 (0.012)	-0.00 (0.012)	-0.01 (0.012)		0.01 -0.043	0.01 -0.044	0 -0.045
Rural	0.05*** (0.014)	0.04** (0.015)	0.03* (0.015)		0.02 -0.059	-0.01 -0.06	-0.04 -0.06
Unemployed	0.04*** (0.012)	0.00 (0.012)	-0.04*** (0.012)		0.10** -0.044	0.05 -0.045	0.01 -0.045
Depressed	-0.01 (0.014)	0.00 (0.014)	-0.00 (0.014)		-0.07* -0.04	-0.03 -0.041	-0.03 -0.041
CSG	0.02 (0.018)	0.03 (0.018)	0.05** (0.018)		-0.14* -0.075	-0.12 -0.077	-0.05 -0.077
OAP	-0.05*** (0.012)	-0.04*** (0.013)	-0.03** (0.013)		0.04 -0.052	0.02 -0.053	0.04 -0.053
Wave 3	-0.39*** (0.008)	-0.40*** (0.006)	-0.42*** (0.005)		-0.46*** -0.026	-0.54*** -0.027	-0.59*** -0.027
Observations	3,229	3,229	3,229		3,229	3,229	3,229
R-squared					0.46	0.511	0.546
Number of pid					2,618	2,618	2,618

Notes: Probit & Fixed effects estimates using data from the NIDS-CRAM Wave 2 & 3. Standard errors in parentheses, *** p<0.01, **p<0.05, *p<0.1. Province has been controlled for in the regression but not reported.

5.3 Poverty & Food Insecurity

I replicate my previous results using all the waves of the NIDS-CRAM data set. While the SRD has an effect in the OLS estimation, it is evident that as soon as other time-invariant unobserved individual characteristics are controlled for in the fixed effects estimation, the SRD is no longer significant. This suggests that the SRD was correlated with these unobserved fixed effects. In addition, after using other measures of household welfare such as hunger & money for food and equally finding no significant effect; I suggest that the SRD amount (R350) is insufficient to create a significant impact on these outcomes.

In table 11 below, under the OLS specification, the SRD recipients are 4 percentage points less likely to live below the upper bound poverty line (significant at the 1% level - Column 1). Twelve percent of women are more likely to live below the upper bound poverty line compared to men. This could be attributed to men having greater access to social grants than women and the increase in employment levels for men as opposed to women even though women experienced greater job losses than men (Casale & Shepherd). Twenty-eight percent of Africans are more likely to live below the upper bound poverty line compared to the other racial groups (significant at the 1% level - Column 1). While five percent of the individuals living in the rural areas are more likely to live below the upper bound poverty line as unemployment levels are high in the rural areas owing to a lack of economic opportunities (Francis & Webster, 2019). Five percent of unemployed individuals are less likely to live below the poverty line. Furthermore, eight percent of individuals that live in households that receive the Child Support Grant are more likely to live below the upper bound poverty line. While three percent of individuals that live in households that receive the Old Age Pension Grant are less likely to live below the upper bound poverty line (significant at the 1% level).

However, the SRD loses significance in the fixed effects estimations. Nonetheless, four percent of unemployed individuals are less likely to live below the poverty line under the fixed effects specification. Furthermore, five percent of married couples are food insecure (significant at the 5% level - Column 3). Five percent of unemployed individuals do not have money to buy food (significant at the 1% level - Column 3). While an increase in an individual's age increases adult hunger by three percent (significant at the 10% level - Column 3).

Table 11: Additional Estimates: Waves 1, 2, 3, 4, & 5

Dependent Variables	UBPL	UBPL	No Money For Food	Adult Hunger	Child Hunger
Specification	OLS	FE	FE	FE	FE
Variables	(1)	(2)	(3)	(4)	(5)
SRD	-0.04*** (0.014)	0.04 (0.039)	0.04 (0.037)	0.02 (0.031)	-0.00 (0.036)
Age	0.00*** (0.000)	-0.04** (0.020)	0.01 (0.019)	0.03* (0.016)	-0.02 (0.017)
Female	0.12*** (0.014)				
African	0.28*** (0.052)				
Coloured	0.05 (0.060)				
Household Size	-0.01*** (0.002)	-0.00 (0.005)	0.00 (0.004)	0.00 (0.004)	-0.00 (0.004)
Married	0.02 (0.012)	0.01 (0.024)	0.05** (0.023)	-0.01 (0.019)	0.00 (0.021)
Rural	0.05*** (0.013)	-0.01 (0.043)	-0.07 (0.041)	0.04 (0.034)	0.02 (0.040)
Unemployed	-0.05*** (0.011)	-0.04** (0.021)	-0.05*** (0.020)	-0.01 (0.017)	-0.02 (0.018)
CSG	0.08*** (0.018)	-0.01 (0.030)	0.03 (0.029)	-0.01 (0.024)	-0.06 (0.038)
OAP	-0.03* (0.015)	0.08*** (0.025)	0.01 (0.023)	0.02 (0.020)	0.03 (0.021)
Wave 2	-0.23*** (0.009)	-0.24*** (0.011)	-0.01 (0.009)	-0.01 (0.009)	-0.01 (0.010)
Wave 3	0.24*** (0.007)	0.23*** (0.009)	0.01 (0.009)	0.00 (0.007)	0.01 (0.008)
Wave 4	-0.00 (0.005)	0.00 (0.006)		-0.00 (0.004)	-0.01 (0.005)
Constant	0.13** (0.063)	2.09*** (0.775)	1.44* (0.742)	0.51 (0.613)	2.50*** (0.675)
Observations	6,417	6,417	6,391	6,399	5,413
R-squared	0.262	0.305	0.009	0.006	0.011

Notes: Ordinary least squares & Fixed effects estimates using data from all 5 waves of the NIDS-CRAM. Robust standard errors in parentheses, *** p<0.01, **p<0.05, *p<0.1. Province has been controlled for in the regression but not reported.

6. Discussion

This section discusses the results from the estimates and preliminary data. According to Tables 7, 8 and 9, the results concur with existing literature which advocates that social grants assist in poverty reduction (Patel, 2012; Carter and Woolard, 2006), for example, Table 7 shows that a R1 increase in the SRD, reduces the likelihood of a household falling below the poverty lines (Columns 2, 4 and 6). In addition, the estimates have shown that a R1 increase in the SRD has the probability of reducing the number of females that fall under the poverty line, which contributes to the alleviation of poverty, in particular the gendered aspects of poverty. Nonetheless, the results found are only significant in the simple models, but once all other variables are taken into account, the SRD is not significant.

Existing literature highlights that the most vulnerable groups - Africans, youth, women and those out of the labour force – are excessively affected by poverty - the COVID-19 pandemic only worsened this reality which means pushing individuals below the poverty line (Patel, 2012; Mackett, 2020). However, the findings of this thesis show that the SRD was effective in reducing the number of women that fall below the poverty line as women in South Africa are one of the vulnerable groups with the highest poverty rates.

The results also indicate that individuals living in rural areas are most likely to live under the poverty, warranting them social assistance, the results in this paper are in accordance with existing literature such as Biyase (2018) who found that social grants have a positive impact on individuals that live in the rural areas.

Furthermore, according to Mackett (2020); Tangwe & Gutura (2013), Old age pensions are vital in poverty reduction, by increasing their budget lines, which enable them to purchase basic goods and services. This is evidenced in Table 9 where the OAP has a negative statistic relationship, showing that households that receive the OAP have a lower likelihood of falling below the poverty line across all three poverty lines (Column 4). However, the results found with respect to the Child Support Grant do not concur with existing literature as seen in Table 8 (Columns 2,3 4 and 5) and Table 3 (Column 4) where the Child Support Grant is expected to reduce the likelihood of individuals falling below the poverty line as it is the largest grant in relation with the amount of recipients reached (Delany *et al.*, 2008). The CSG is popularly known to return positive effects such as alleviating poverty and hunger and a large number of poor families depend on the CSG (Khosa & Kaseke 2017; Nkosi, 2011). In this study, the CSG has a positive relationship in the female, rural, unemployed and out of labour force sub-samples – showing that a R1 increase in the CSG is most likely to push these groups below the poverty line. This is attributed to the amount of the CSG not being able to cater for a female-headed household with at least one child and females who are unemployed but already receive the CSG rendering them ineligible to access the SRD grant which could potentially increase their household income.

7. Conclusion & Policy Recommendations

COVID-19 ceased and reversed the strides in poverty reduction globally as the effects of the pandemic were greatly faced by vulnerable individuals, pushing a large number of individuals back into extreme poverty (Barletta *et al.*, 2022; Kharas & Dooley, 2021). Vulnerable households were left to bear the brunt, necessitating social assistance to improve livelihoods. Social assistance has proven vital in poverty alleviation, more importantly, the unprecedented COVID-19 pandemic has highlighted the importance of social assistance globally as different countries used various social programs to combat the effects of COVID-19. A vast majority of the literature has proven the positive impact of cash transfers amidst COVID-19 towards poverty alleviation and improving household welfare (Londoño-Velez & Querubin, 2022; Menezes-Filho, Komatsu & Rosa, 2021, Banerjee *et al.*, 2020). This paper investigates the impact of the Social Relief of Distress Grant on poverty in South Africa. The main findings concur with existing South African literature where women, African individuals and individuals who live in rural areas are more likely to live below the poverty line as opposed to men, other racial groups and individuals who live in urban areas, respectively. In addition, the thesis finds that the SRD was able to alleviate poverty amongst individuals living under the food poverty line and that greater coverage of the grant is most likely to have a larger impact on poverty alleviation (Bridgman, Van der Berg & Patel, 2020; Eyal, 2021).

This paper contributes to literature that the COVID-19 grant showed efficacy in reducing poverty in the OLS model. However, when time-invariant unobserved individual characteristics are controlled for in the fixed effects model, the COVID-19 grant loses its significance. This is mainly attributed to the positive correlation of the OAP receipt and SRD receipt in the household. The thesis finds that the SRD grant protects against income loss for those individuals that were negatively affected by the lockdown and targeted individuals that were previously excluded in the grant system, therefore improving social welfare. However, it was insufficient in curtailing the economic effects of COVID-19 on household socioeconomic status. Although empirical evidence and literature suggest that cash transfers have been effective in alleviating poverty; it is important to consider the magnitude of the grant, as a substantial amount equates a substantial effect. Therefore, an increase in the SRD grant would have a larger impact in addition to other pre-existing grants such as the OAP and CSG in reducing the number of people that fall below the poverty line, this will therefore cushion vulnerable individuals affected by the pandemic.

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