

Briefing Note: Coronavirus – The impact of COVID-19 is likely to exacerbate pre-existing inequalities

The lockdown regulations in response to the COVID-19 health crisis have disrupted economic activity, the organisation of work, and communities. COVID-19 has presented itself as a health crisis, burying itself in a host of pre-existing inequalities and has manifested as an economic crisis in South Africa.

As a result of the persistent challenge of inequality in South Africa, the public health and economic response to the pandemic is likely to have differentiated outcomes for different groups in society, and pre-existing inequalities shape the health and economic response to the pandemic.

In this context, South Africa's COVID-19 Risk Adjustment Strategy to managing the spread of the virus and opening the economy involves an iterative process of predicting the differentiated outcomes for different groups as a result of implementing the regulations. This approach to managing the feedback loops resulting from the lockdown regulations intends to balance and minimise the risks for different groups, when possible. Applying gender and race dimensions to the analysis of likely outcomes is central to understanding the feedback loops or outcomes of the public and economic response to the pandemic. This briefing note aims to consider the impact of the lockdown regulations on different groups in society from a gender perspective.

The latest Statistics South Africa (StatsSA) employment data reveal that unemployment is now at 30.1%, and the percentage of women in long-term unemployment is 69% (StatsSA, 2017). While the number of unemployed have increased, a comprehensive picture of the impact of the lockdown on employment is likely to lag. BankServe Africa data measuring changes in net take-home pay, to some extent, offers an indication of the impact of the lockdown regulations on employment in real time. The latest data on net take-home pay, show that over the year to May 2020, wages and salaries paid to employees declined by 7% (after adjusting for inflation). This data is biased towards large companies and is likely an underestimation of changes in compensation. However, the data provide a breakdown of changes in compensation by level of occupation. The latest data reveal that lower income earning employees (earning between R6 000 and R10 000 a month) have been disproportionately affected. This highlights differentiated outcomes by sector and the organisation of work.

In terms of women's employment, women are over-represented in healthcare, retail, education, personal services, tourism, domestic work, food and beverages, and the clothing and textiles industry. Black women tend to be clustered on the lower end of the income distribution within these industries. Excluding healthcare and education, these sectors are characterised by low pay (median pay of between R2 700 and R4 700 in 2016 (StatsSA, 2016)).

The pattern of women's employment reflects their concentration in paid caring activities of all kinds, from nursing to teaching to domestic work and hair salons. In the age of COVID-19, these are particularly risky activities, and nursing in particular has seen a very high incidence of infection in South Africa and internationally. Yet the skills involved in caring (and in retail, another key employment area

for women) have been systematically undervalued, as reflected in comparatively low pay. Even professionals in the caring industries have lower median salaries than other occupations with similar skills requirements. Moreover, many workers in personal services, cleaning and much of retail have limited job security and were not paid when the lockdown barred them from working.

In terms of business ownership, in the formal and informal sector, women are clustered in tourism retail, film, clothing and textiles, and social and personal services. Informal businesses in personal services often provide financial security by supplementing incomes and provide community services which are fundamental to reproducing labour and to the functioning of society, e.g. education, childcare and community services. In terms of formal businesses, women tend to own smaller-sized businesses and are clustered in industries that have historically not received consistent and/or significant industrial support relative to heavy industry. In 2018, R7.9 billion was approved for black industrialists and approximately R2.2 billion was approved for businesses with female ownership of more than 25%. The structure of support provided typically applies a cost-sharing model. In a context in which access to capital, provided by the public and private sector, has been a persistent challenge for women, structural constraints faced by women-owned business are likely to persist.

In practice, the lockdown intensified unpaid work mostly for women, who ended up with the burden of childcare as schools closed, and often additional cleaning because they were expected to end outside help, whether paid or from relatives. Yet women are over-represented in the essential services, especially in healthcare, retail and food and personal protective equipment (PPE) production.

The consistent undervaluation of women's work emerged in the decision to increase grants to caregivers for children by only R500 for five months from May. The new grant goes to people who already receive child-support grants. Like the child-support grant, it is only around half the poverty line estimated by Statistics South Africa. In other words, it will lift half a person out of poverty. For comparison, the old-age and disability grants are both large enough to support two people above the poverty line. It is difficult to disentangle the complex and long-entrenched processes that shaped gendered patterns of race and gender in the labour market. However, as South Africa moves from the relief to the recovery phase of the economic response to the pandemic, South Africa's COVID-19 Risk Adjusted Strategy should look at the ways in which different groups in society are affected so as to avoid aggravating and reproducing pre-existing inequalities.