

Research papers

Authors

Sophie Plagerson
Senzelwe Mthembu
Thandi Simelane
Khuliso Matidza
Anita Mwandia
Coordination
Anda David (AFD)

The local
economic
development
effects of
income
transfers in
South Africa.
The Social Relief
of Distress
grant



APRIL 2023
No. 279

Agence française de développement

Papiers de recherche

Les *Papiers de Recherche de l'AFD* ont pour but de diffuser rapidement les résultats de travaux en cours. Ils s'adressent principalement aux chercheurs, aux étudiants et au monde académique. Ils couvrent l'ensemble des sujets de travail de l'AFD : analyse économique, théorie économique, analyse des politiques publiques, sciences de l'ingénieur, sociologie, géographie et anthropologie. Une publication dans les *Papiers de Recherche de l'AFD* n'exclut aucune autre.

Les opinions exprimées dans ce papier sont celles de son (ses) auteur(s) et ne reflètent pas nécessairement celles de l'AFD. Ce document est publié sous l'entière responsabilité de son (ses) auteur(s).

AFD Research Papers

AFD Research Papers are intended to rapidly disseminate findings of ongoing work and mainly target researchers, students, and the wider academic community. They cover the full range of AFD work, including: economic analysis, economic theory, policy analysis, engineering sciences, sociology, geography, and anthropology. *AFD Research Papers* and other publications are not mutually exclusive.

The opinions expressed in this paper are those of the author(s) and do not necessarily reflect the position of AFD. It is therefore published under the sole responsibility of its author(s).

The local economic development effects of income transfers in South Africa

The Social Relief of Distress grant

AUTHORS

Sophie Plagerson

Senzelwe Mthembu

Thandi Simelane

Khuliso Matidza

Anita Mwanda

Centre for Social Development in Africa,
University of Johannesburg

COORDINATION

Anda David (AFD)

Abstract

Following the onset of COVID-19 in April 2020, this qualitative study considered the effects of the Social Relief of Distress (SRD) grant on local economies in five urban and peri-urban locations in South Africa, through the perspectives of informal traders. In a context of acute inequality, the SRD was introduced at a time of economic, health and social crisis due to the onset of COVID and measures implemented to limit its spread and was a key policy mechanism intended to ameliorate the differential effects of these measures on vulnerable groups.

Key findings from the study are that:

(i) widespread receipt of the SRD led to an increase in customer demand within local economies; (ii) the SRD played a redistributive role by extending a social protection mechanism to previously excluded constituencies including informal workers and unemployed youth; (iii) the SRD helped informal trader businesses survive and in some cases new businesses were initiated; (iv) the SRD supported the circulation of people, goods and money and stimulated higher transaction intensity in different sectors (food and non-food) and across value chains; (v) economic multipliers associated with the SRD included the ability to afford transport costs for traders and customers and the ability for traders to stock small items. Although the SRD could not reverse the negative impacts of COVID-19,

and cannot be considered a standalone intervention, it did function as an effective shock-responsive mechanism for households and local economies. The detection of economic multipliers in a time of emergency, signals the potential for a long term intervention that could be beneficial to local economies.

Keywords

Cash transfers, Social Relief of Distress (SRD), South Africa, local economy, informal workers, COVID-19

Classification JEL

D13, I38, J46

Acknowledgments

The authors are grateful for the leadership and advice provided by the CSDA/WIEGO project team including Lauren Graham, Laura Alferts and Mike Rogan. Grateful thanks also to Kate Philip, Anda David and the wider project team for feedback on earlier drafts of this report. We also extend thanks to Asiye eTafuleni and the research facilitators, as well as to the research and administrative staff at the CSDA: Benter Mangana, Tunusha Naidu, Dominique Ralarala, Vangeli Dlamini, Andiswa Kona, Rofhatutshedzwa Ramaswiela. Photographs were taken by Senzelwe Mthembu.

Original version

English

Accepted

March 2023

Résumé

Suite au début de la pandémie de COVID-19 en avril 2020, cette étude qualitative a examiné les effets de la subvention Social Relief of Distress (SRD) sur les économies locales dans cinq zones urbaines et périurbaines d'Afrique du Sud, à travers le point de vue des commerçants informels. Dans un contexte de fortes inégalités, le SRD a été introduit à un moment de crise économique, sanitaire et sociale due à l'apparition du COVID et aux mesures mises en œuvre pour limiter sa propagation. Il s'agit d'un mécanisme politique clé destiné à atténuer les effets différentiels de ces mesures sur les groupes vulnérables.

Les principaux résultats de l'étude sont les suivantes :

- (i) la généralisation du SRD a entraîné une augmentation de la demande des clients dans les économies locales ;
- (ii) le SRD a joué un rôle de redistribution en étendant un mécanisme de protection sociale à des groupes précédemment exclus, notamment les travailleurs informels et les jeunes chômeurs ;
- (iii) le SRD a aidé les entreprises de commerce informel à survivre et, dans certains cas, de nouvelles entreprises ont été créées
- (iv) le SRD a soutenu la circulation des personnes, des biens et de l'argent et a stimulé l'intensité des transactions dans différents secteurs (alimentaires et non alimentaires) et à travers les chaînes de valeur ;
- (v) les multiplicateurs économiques associés au SRD comprenaient la capacité d'assumer les coûts de transport pour les commerçants et les clients et la capacité pour les commerçants de stocker de petits articles.

Bien que le SRD n'ait pas pu inverser les effets négatifs de la COVID-19 et qu'il ne puisse être considéré comme une intervention indépendante, il a fonctionné comme un mécanisme efficace de réaction aux chocs pour les ménages et les économies locales. La détection de multiplicateurs économiques dans une période d'urgence indique le potentiel d'une intervention à long terme qui pourrait être bénéfique pour les économies locales.

Mots-clés

Transferts monétaires, Social Relief of Distress (SRD), Afrique du Sud, économie locale, travailleurs informels, COVID-19.

Introduction

In response to the social and economic effects of the COVID-19 pandemic on vulnerable groups, governments globally have significantly expanded their social protection systems. As part of the social assistance component of the COVID-19 stimulus package, the South African government introduced a new COVID-19 Social Relief of Distress (SRD) grant in April 2020, which is the focus of this review. In a context of acute inequality, the SRD provides an important case study of the redistributive role set in motion by the introduction of a new social protection mechanism available to unemployed working age adults as well as informal workers, both female and male, both younger (18-35 years) and older (36-59 years). The study represents one component of a broader EU-AFD research programme which aims to advance the evidence base and understanding of the stimulus effects of income transfer programmes in the South African context.

While there is substantial research that has tracked the social impacts of the COVID-19 social relief package, little is known regarding the economic impacts. This qualitative study examines the perspectives of informal traders across five urban and peri-urban sites on the local economic effects of cash transfers (primarily the SRD). Informal traders provide a unique perspective into the myriad of relationships and types of business that make up local economies. They were selected for this study based on the premise that they would be particularly sensitive to the potential economic impacts of the SRD, both in their capacities as consumers and as workers.

1. Aims and objectives of the study

The aim of this project was to qualitatively analyse the interactions between the SRD and local economies through the lens of informal traders' experiences. We focused on the experiences of informal traders because they represent a significant proportion of workers in the informal sector, and because we anticipated that their businesses and livelihoods would be most sensitive to economic changes resulting from the SRD. While the economic stimulus package was broader than the grants and made specific provision for informal workers (e.g. financial support for informal businesses), the reality is that, aside from the COVID-19 SRD grant, coverage of other elements of the package for informal workers was limited.

The study addressed the following questions:

- What have been the business trajectories of women and men informal traders in the period April 2020–June 2022?
- What are the perspectives and experiences of informal traders in relation to the SRD in the three time periods (May 2020–April 2021, May–July 2021, August–March 2022, April–June 2022)?
- What are the interactions between informal workers' business trajectories and social grants, including forward and backward business linkages?
- What patterns emerge in the data differentiated by gender, location and level of organisation?

The findings are presented under three overall themes:

- The effects of the SRD on customer demand within local economies, as perceived by informal traders (in the period April 2020–June 2022);
- The perceived effects of the SRD on informal trader businesses, including forward and backward economic linkages (in the period April 2020–June 2022);
- The combined local economic effects of the SRD in the period April 2020–June 2022, as perceived by informal traders.

2. Literature review

2.1 The Presidential Stimulus Package

On the 30th of January 2020, the World Health Organization (WHO) declared the outbreak of the novel coronavirus of 2019, a worldwide public emergency (Harapan et al. 2020). Due to the rapid spread of the coronavirus, and its detrimental effects on lives, livelihoods and economies, many countries endeavored to implement or expand social protection interventions to alleviate the negative impact of the COVID-19 pandemic on their economies and citizens, and to strengthen community resilience (Abdoul-Azize and El Gamil 2021).

The South African government also acted swiftly in responding to the economic and social stresses brought about by COVID-19. The stringent regulations and lockdowns enforced from March 2020 resulted in a dramatic increase in unemployment, hunger and poverty. It is estimated that at the outset of the pandemic about 2.2 million jobs in total were lost, with a partial recovery towards the end of 2020 (Rogan and Skinner 2022; Gronbach et al. 2022). In a mixed methods study conducted by Wills et al. (2020), evidence suggested that two out of every five South African adults reported that their main source of income had been lost since the onset of the lockdown. Forty-seven percent of respondents indicated that they had run out of money for food by April 2020. Twenty-one percent of respondents reported that between May and June 2020, someone in the home had gone hungry in the last seven days, and 15 percent that a child had gone hungry in their household in the past seven days.

On the 21st April 2020, president Cyril Ramaphosa announced South Africa's most significant economic intervention, the fiscal Presidential Stimulus Package, valued at R502 billion, to alleviate the social and economic devastation that South Africa was experiencing (Bhorat et al., 2021). The package was broken down as follows: R20 billion for additional health support to fight the pandemic, R20 billion to assist municipalities with the provision of basic services, R40 billion for those in the low wage formal sector who had lost employment or had been furloughed, R100 billion for job creation and protection, R2 billion to assist small and medium sized enterprises, R70 billion in corporate tax relief, R200 billion for a loan facility, and R50 billion was allocated to social protection in the form of cash transfers to support the most economically vulnerable South African households (Bhorat et al., 2021).

The introduction of the R50 billion social protection package arose from vocal discourse by researchers, civil society groups, governmental departments and various presidential advisory committees who collectively recognized the urgency to support vulnerable households (Bhorat et al., 2021). The government adopted a two-pronged approach which was primarily cash based, and took the form of unemployment benefits for those employed in the formal sector, and cash transfers to vulnerable individuals, informal workers, and those

who were already benefiting from existing social protection programmes (Gronbach et al., 2022). The government's social protection package consisted of the following interventions: a one month top up of R300 for all beneficiaries of the Child Support Grant, followed by a R500 top up for the following five months; a monthly R250 increase for all other social grants such as old age pensions, disability grants, foster care grants, care dependency grants, and war veteran grants, for six months. In addition to this vertical expansion of the existing social protection programmes, a new grant was introduced, the Social Relief of Distress grant launched on 21 April 2020.

2.2 The Social Relief of Distress grant (SRD)

The SRD was launched with the hope of reaching destitute adults who were not receiving any other form of social protection. Those in formal employment, under 18 years of age and older than 59, in receipt of any other grants or UIF benefits, a stipend from the National Student Financial Aid Scheme (NSFAS), as well as those residing in state funded institutions, were not eligible for the SRD. In this way, the SRD partially addressed a large gap in the social security system which had previously for the most part excluded people of working age, including the informal sector. In its original conception it was intended to support the livelihoods of those in the informal sector who were not able to work due to lockdown restrictions (Nicolaou-Manias 2020).

The programme was initially expected to run for six months, between May and October 2020. Due to the negative economic impact of the pandemic, an extension of the grant for a further three months was announced mid-October 2020. By the end of 2020 the SRD grant had paid out R15.6 billion to around six million previously unreachable beneficiaries. A second three-month extension was announced in February 2021. The grant came to a temporary halt at the end of April 2021, however following a rise in infections and stricter lockdown regulations, it was reintroduced in August 2021 for eight months. It has since been extended twice for 12 months. The most recent extension of the SRD grant until the end of March 2024, was announced during the Medium-Term Budget Policy Statement presented on 26 October 2022.

Eligibility criteria varied across the distinct phases in the SRD implementation prior to mid-2022 when data collection for this study was undertaken¹:

- May 2020–April 2021: the SRD was available to persons not in formal employment or in receipt of any other grant;

¹ For a full discussion of eligibility criteria for the period April 2020–December 2021, see Gronbach (2022). For current eligibility criteria, see www.sassa.gov.za.

- May–July 2021: the SRD was discontinued;
- August 2021–March 2022: the SRD was re–launched and made available to care–givers in receipt of the Child Support Grant with an income threshold of ZAR 595;
- April 2022 onwards: the SRD was extended for 12 months, and the income threshold was lowered to ZAR350 (subsequently raised to ZAR624 in August 2022).

Eligibility for the SRD grant was estimated at 10 million (Bhorat and Köhler 2020a). By June 2020 data from the NIDS–CRAM suggested that around 2.5 million recipients had been paid out. Of these recipients, 37.6% were women. By January 2021, this figure had increased to around 5.4 million, but women remained under–represented among the beneficiaries, with only 35.7% of the recipients being women. Similar figures were reported for March 2021 (Casale and Shepherd 2021). It is likely that this trend was because, in the initial round, caregivers who were receiving the CSG (mostly women), were ineligible to receive the COVID–19 SRD grant. However, this clause was later changed enabling caregivers who were not already receiving a grant for themselves (e.g., Disability Grant or Old Age Grant) to apply for the SRD grant.

This was the first time that a grant was made available to people who were not formally employed and not receiving other grants, thus extending social protection coverage to the unemployed/low income working age population who are otherwise not covered by social insurance or social protection mechanisms. As a result, for the first time, a grant became available to many informal workers. However, changes in the means test limited its accessibility to informal workers. In addition to alterations in application procedures, the reduction in the means test threshold from ZAR 595 to ZAR 350 was followed by a significant decline in approvals².

Evidence suggests that the distribution of the Social Relief of Distress grant has been relatively pro–poor towards households who are more vulnerable to running out of money for food. For every grant recipient in the richest quintile, more than five other recipients live in the poorest quintile (Bhorat and Köhler 2020b; Spaull et al. 2020). NIDS–CRAM research conducted in the first pandemic waves showed that for 10% of South African households the only government grant received by the household was the R350 SRD grant. Women have been more severely affected in terms of job loss and unemployment during the pandemic. They have not benefited from either UIF–TERS or the COVID–19 SRD at the same rates as men, but have benefited extensively from CSG and OAP grant top–ups and the caregiver grants. Removal of grant top–ups in 2020 and of the COVID SRD grant of R350 at the end of April 2021 is likely to have contributed to rising hunger (Van der Berg et al. 2021).

² <https://www.groundup.org.za/article/r350-a-month-grant-extended-until-march-2024/>

Recent research conducted during the pandemic, indicates that spending of the SRD has primarily been directed towards food-related items (DSD 2021). Early qualitative findings of research conducted among informal workers in Durban also highlight that there may be different COVID-related impacts for food and non-food traders, a distinction that also intersects with gender (since food traders are predominantly women) (WIEGO 2021). A qualitative study conducted by Mathebula et al (2022), found that the SRD grant benefited both the previously and recently unemployed. Recipients were able to actively seek employment by using the grant for transport costs, internet café costs, data costs for emailing CVs etc. Households were able to meet basic needs such as food, electricity, shelter, medication and toiletries. The grant assisted in paying school fees, buying school uniforms, and purchasing data to access online learning and learning materials. A further finding was that the SRD grant improved the psychosocial outcomes of the beneficiaries.

2.3 The informal sector and COVID

Informal employment in South Africa represents just under one-third (about 30%) of all non-agricultural employment. Just prior to the COVID-19 crisis, this translated to roughly 5 million workers without legal or social protection (Skinner et al. 2020). The South African informal economy consists of a diversity of economic activities such as food vending, waste picking, market trading, and domestic work. Earnings generated from this sector can be linked to poverty reduction as this income primarily flows to poorer households (Fourie 2018). Informal traders generally operate in the most vulnerable parts of the labour market, relying on daily earnings to survive, in addition they usually head households that are near or below the poverty line (Skinner et al., 2021). While individual incomes are often low, cumulatively these activities contribute significantly to gross domestic product (GDP). Stats SA estimated the informal sector contributed 6% of GDP (Stats SA, 2014). This work is connected into the formal economy in a myriad of ways – either purchasing from, supplying into or being the last mile distribution for, the formal sector (Rogan and Skinner, 2017).

As a share of total informal employment in the major cities, about 62 percent is wage employment and 37 per cent is self-employment. But these averages mask marked differences between the major cities. The Johannesburg/Pretoria metropolitan area has a significantly higher share of self-employment (43 percent), and a lower share of wage employment (56 percent) relative to the other metros. Street vending and work in private households (consisting largely of domestic work for women) are more important sources of employment for women than for men. For example, in the eight major metropolitan areas, street vending makes up 13 percent of women's informal employment but only 7 percent of men's informal employment (Rogan, 2019).

In South Africa, as in many other countries, workers in the informal economy, and women in particular, have been disproportionately affected by the onset of the COVID-19 pandemic, as well as measures to prevent its spread (Skinner et al. 2020). During the initial period of the hard lockdown, informal food traders were not recognised as essential service providers and were not permitted to trade. This resulted in large numbers of informal traders, largely women, being economically inactive (Skinner & Watson 2021). Following pressure from civil society, regulations were amended allowing informal traders in possession of trading permits to resume operating, however the restrictions on mobility resulted in a large decrease in foot traffic to informal trading sites (Rwafa-Ponela et al. 2022). Substantial livelihood shocks to low-wage and vulnerable workers and their households, who are often the clients of street traders, have included losses to employment, working hours, and earnings (Bhorat and Köhler 2020a). In the second quarter of 2020, as a result of the strict lockdown, informal employment decreased by 29 per cent, compared to eight per cent for formal employment, relative to the same period in 2019 (StatsSA 2020). In the second quarter of 2020, a comparison with 2019 suggests that roughly 2.2 million jobs were lost at the outset of the crisis (Rogan and Skinner 2022).

2.4 Economic effects of cash transfers globally and in South Africa

Cash transfers, a form of social protection, can be defined as regular non-contributory sums of money, given to vulnerable groups to strengthen resilience to shocks and stresses, and to promote human development (Fisher et al. 2017). A significant body of evidence suggests that social protection can deliver substantial results in terms of poverty reduction, human capital formation and the empowerment of women and girls (Carter et al. 2019).

Globally, research on the economic benefits of social protection to local and national economies is less established but is also emerging. Social protection contributes to inclusive economic growth in direct and indirect ways, at different levels. Although the main aim of social protection is to address poverty and vulnerability rather than to promote macro-level growth, there is some evidence of the effects of transfers both in creating overall economic growth and in addressing inequality through redistributing resources (Alderman and Yemtsov 2012; OECD 2019). Evidence of economic growth impacts is strongest at the individual and household level, where it prevents the loss of productive assets and enables their accumulation, supports investment in livelihood formation and overcoming barriers to labour force participation (Carter et al. 2019). There is also some evidence of local economic effects, which suggests that social protection can help stimulate local economies through multiplier effects from increased local consumption and production and improvement of local labour markets, through effects on supply and demand (Mathers and Slater 2014). Existing studies have primarily focused on rural areas and agricultural livelihoods. For example, a review of seven unconditional cash transfers in sub-Saharan Africa found

evidence of significant spillover effects, with cash transfers resulting in income multipliers within local economies (Thorne et al. 2016). The extent of cash transfer multiplier effects depends on whether the transfers are cash or in-kind and can be limited by the often very small size of transfers.

Previous evidence on the economic multipliers of cash transfers suggests a number of mechanisms of interaction between grants and economic activity (Neves et al. 2009; Nnaeme, Plagerson, et al. 2020; Lund 2002; Mathers and Slater 2014; Hajdu et al. 2020; Alderman and Yemtsov 2012). For instance:

- The location and timing of pay points stimulates activity in local trading and livelihoods;
- Cash transfers can stimulate local economies through supply and demand, via a number of forward and backward linkages: by improving labour market outcomes, by facilitating the establishment of cash flow and sustainability of livelihoods, by increasing local consumption and the purchase in bulk of goods from suppliers, enhancing community assets and infrastructure, positive spillovers from beneficiaries to non-beneficiaries;
- Cash transfers support quite complex livelihood strategies within households and communities, including greater levels of diversification;
- Grant receipt stimulates saving, often via *stokvels*, for asset purchases.

Further, the amount of the grant and the duration of receipt impact on the extent to which social grants can affect the extent of its economic impacts. There are also limitations to the positive effects that social grants can have in local economies. These include the limited amount of the grants, most of which must go towards meeting basic needs such as food in the household.

While the above evidence points to the positive linkages between grants and economic activity, as well as the limitations to this activity, the evidence on how the COVID-19 SRD grant has been used is only beginning to emerge. While there is substantial research that has tracked the social impacts of the COVID-19 social relief package, little is known regarding the economic impacts. Because this is the first time that adults of working age were able to receive a grant, there is an important window of opportunity to understand whether and how this stimulus affected informal workers, specifically street traders, whose businesses and livelihoods are often most sensitive to economic changes in the poorest households. The focus of this study is therefore on the perceived backward and forward economic effects of the SRD, in terms of how informal traders used the grant when they received it, as well as in terms of changes they observed in their client base, many of whom were recipients of the SRD.

3. Methodology

The study employed a qualitative exploratory research design, incorporating elements of participatory methods that involved organisations and/or individuals representing or working with informal traders. An initial scoping phase was used to fine-tune the methodology with informal trader representatives and organisations, after which data collection was conducted.

3.1 Scoping phase

The research process started with an initial scoping exercise (Feb–April 2022), including consultations with organisations of informal workers. Out of these initial consultations, as well as through the networks of WIEGO and the CSDA, five research sites and four research facilitators were identified:

- Johannesburg CBD (a trader and informal worker representative);
- Orange Farm, Gauteng (a community organiser with knowledge of local informal traders and of the area);
- Mthatha and Mqanduli³, Eastern Cape (a WIEGO associate, with experience in working with and mobilising informal workers);
- Durban, KZN (a representative of Asiyé Tafuleni, a non-profit organisation focused on including informal workers in local economic development and urban planning).

These locations represent a spread in terms of population density, income levels, and urban/peri-urban characteristics (see Box 1 and Figures 1–4). The intention was to select areas with high levels of economic activity, in which the economic effects of the SRD could be most visible.

³ This was initially intended to be one research location in Mthatha, however on request of the local informal trader organisations, interviews were conducted in two sites: Mthatha and Mqanduli.

Box 1. Description of the research sites

Johannesburg CBD. Informal trade can be seen all over the CBD, with some areas having higher concentrations of informal trade activity, providing a means of living for the poor and migrants of Johannesburg. Street vendors sell a variety of goods, from fresh produce to cooked food, clothing and other household items, the majority of traders being female. The relationship between the formal and informal in the central business district of Johannesburg is closely linked, with informal traders benefitting from being located nearby formal stores. Because Johannesburg CBD is a major transport node, there is also a heavy reliance on transport services which bring foot traffic. While most informal traders operate independently, there is a level of organisation that exists in the form of informal trader representatives and block leaders. Currently, there are 10 organisations that have registered under the Johannesburg Informal Traders Platform (JITP). Each organisation mandated three people to sit in the executive committee. They talk about their daily challenges with the City of Johannesburg, services that are promised, abuse from JMPD, and demands they should challenge the city about, such as the growing concern for the fact the majority of traders are not South African nationals.

Orange Farm, Gauteng. Orange Farm is a peri-urban township located approximately 45 km from Johannesburg in the Gauteng Province of South Africa. It is the southernmost township of the City of Johannesburg Metropolitan Municipality. Orange Farm is not as densely populated as central Johannesburg. Informal trade is widespread, with both South African and non-South African traders. Informal traders tend to work areas where they know a lot of people are going to be, e.g. next to shopping malls, complexes like Eyethu Mall and taxi ranks. Informal trade includes clothing, traditional medicine, food, as well as grooming products and services.

Mthatha and Mqanduli, Eastern Cape. The two towns are part of the King Sabata Dalinyebo local municipality, where informal traders receive support and representation from the African Hawkers Association. While Mthatha is a highly populous town with lots of activity and foot traffic, Mqanduli is just under an hour's travel by car from its busier sister town and is relatively quieter. Most informal traders in these areas are women, selling a variety of fresh produce, clothing, cooked food and smaller items like snacks. In Mthatha the informal trade activity is not necessarily concentrated in one area but can be seen on most streets, although some areas such as the central business district and near taxi ranks, are much busier. In both areas, the municipality manages informal trader activity and there is a sense that complying with bylaws is important, although sometimes difficult for informal traders who have struggled with a decrease in business activity since the pandemic. Despite the now stable relationship between municipalities and informal traders, the allocation of space continues to be a challenge in the overpopulated town of Mthatha and space management is required. Due to their limited resources, most informal traders stock small amounts of goods purchased from wholesalers and formal supermarkets.

Durban, KZN. Informal work is a feature of Durban's inner-city life. Street vendors, informal recyclers, food sellers, among others, work in both high-visibility areas of the city – like busy downtown intersections – or more discrete public spaces like those around neglected urban infrastructure. The Warwick Junction area – a central downtown transport and commercial node – is home to nine historic markets that provide livelihoods for thousands of informal workers and related businesses. We conducted our research both alongside street vendors' and market traders' businesses as well as in the Asiye eTafuleni offices, located centrally within the junction. Police confiscation of goods is a challenge that many informal traders face daily and it is quite visible that traders in this province encountered a level of loss from looting and floods that made recovery particularly tough.

The scoping work served a dual purpose. First, it engaged organisations of informal workers in the process, allowing them to build their own knowledge base on the impact of the grant. This feeds into a wider process led by WIEGO to support informal worker engagement in social protection issues in South Africa.

Secondly, this preliminary information was used to inform the data collection tools and methods (see Section 'Data collection and interviews'). Practically, the engagement with the research facilitators entailed an initial online meeting with the research team and facilitators to orient facilitators on aims and objectives of the project. Subsequently, follow up meetings between the project fieldwork manager and facilitators addressed the practicalities of participant recruitment (e.g. location and timing of interviews) and feedback on the research instruments.

The research team also conducted initial pilot interviews to further fine-tune the interview instrument and sampling. A training session with the research team (fieldwork manager and four research assistants) was carried out in preparation for fieldwork across the research sites.

3.2 Data collection and interviews

In the second phase (June–September 2022), data collection consisted of interviews in the five selected sites. Research facilitators purposively identified suitable participants within each site, by mobilising their personal networks and through snowball sampling. Sampling was intended to provide a range of responses by age, gender and type of business (cooked/uncooked food and non-food) (see Table 1).

Figure 1. Police confiscating goods of a trader selling non-food goods, Warwick, KZN



Figure 2. Trader selling uncooked food, Orange Farm, Gauteng



Figure 3. Trader selling non-food good, Mthatha, EC



Figure 4. Table with uncooked food, Johannesburg



Source: Senzelwe Mthembu

A total sample size of 13-15 traders were interviewed in each site (in Johannesburg CBD, two pilot interviews were also included). The higher number of older and female traders indicated in Table 1 reflect their greater numbers in most sites. Types of merchandise sold by traders in the study were varied and included a broad range of uncooked food (fruit, vegetables, spices, sweets, biscuits, chips and other snacks), cooked food (burgers, hot dogs, curry, chips, cooked chicken and other hot meals) and non-food items (steel wool, clothes and accessories, traditional attire, cigarettes, second hand clothes and books, children's items, school uniforms, hair products, household goods, cleaning products, airtime).

Table 1. Interview respondents by location, gender, age and business type

Research site	Number of respondents ¹	Gender		Age ²		Business type ³		
		Female	Male	18-35	36-59	Uncooked food	Cooked food	Non-food
Durban (KZN)	15	11	4	8	7	9	6	4
Johannesburg (Gauteng)	17	15	2	0	13	10	3	7
Orange Farm (Gauteng)	13	10	3	2	11	8	2	5
Mthatha (Eastern Cape)	8	7	1	0	7	3	3	2
Mqanduli (Eastern Cape)	7	8	0	3	4	3	4	3

¹ The number of respondents in Johannesburg includes two pilot interview respondents.

² The ages of four respondents in the Johannesburg and one in the Mthatha area are missing.

³ In some cases, respondents sold more than one product type.

Interviews were conducted by trained researchers who were fluent in the local languages. Interviews took place at respondents' work locations in most cases, or at a nearby location which provided a quieter space for conversation. Where logistically necessary, interviews were conducted with two participants at the same time. Research facilitators in each site accompanied the researchers to the sites and assisted with setting up the interviews, but did not attend the actual interviews.

The semi-structured interview guide (see Appendix I) included sections on participants' experiences of COVID, of the grants (with a focus on the SRD), descriptions of their business strategies, and perceived linkages between the SRD and personal business as well as local economic effects. Both the SRD and the additional resources provided by top-ups to other grants (CSG, caregiver grant, OAP) are of interest in relation to local economies and it is recognised that these may have an important aggregate effect. Participants were also asked whether transfers enabled informal business to acquire or retain additional labour.

Interviews were transcribed and translated by the researchers themselves, assisted by a small group of additional transcribers identified by the CSDA.

3.3 Analysis

The analysis was conducted thematically. A deductive approach guided the analysis, based on the key objectives of the study, with some room for codes to emerge inductively. The analysis was conducted by the CSDA research team. Atlas ti® was used as a data analysis tool to manage the team analysis. Analysis by team served to improve the rigour of the process by ensuring that multiple views on the same data reduced individual researcher bias. Internal synthesis workshops supported the analysis process.

3.4 Ethics

Ethical clearance was obtained from the University of Johannesburg's Faculty of Humanities Research Ethics Committee. Principles of informed and voluntary consent were abided by. No incentives were offered for participation but the costs of participating were covered, including any travel costs and costs of not working to participate.

4. Findings

The study generated a wealth of data on the perceptions of informal traders across the research sites regarding the SRD and its effects within their local economies. The findings are presented here, by first discussing the findings related to perceived customer demand in the local economies, secondly on the findings that pertain to the effects for the business trajectories and outputs of informal traders (and how they felt these compared with other sectors of the local economy). Finally, we discuss the combined local economic effects of the SRD and how the SRD interacted with demand and supply concurrently. In each section, we present, wherever possible, important multiplier effects that emerge, and give examples of both backward (e.g. purchases from suppliers) and forward linkages (e.g. changes to the value chain and increased output). Differences by gender, age, location and business type are discussed within each section as applicable.

4.1 SRD effects on demand within local economies

4.1.1 *The SRD led to an increase in customers for informal traders*

A clear finding of the report is that receipt of the SRD is associated with an increase in customers within the local economy across the five study locations. Informal traders observed the effect on their sales as a result of customers receiving the SRD. This was frequently confirmed during interviews, for traders in cooked and uncooked food as well as non-food items: “When they [customers] receive the money they can buy from us. So, it helped in that regard because they can support us [...] because the R350 gives them something to buy with” [Female, age ns, uncooked food, Johannesburg]; “As people are able to get these 350s, eh hh at least they are able to come and buy” [Female, 36-59 years, cooked food, Mqanduli]; “You will find that they get the grant today, they just want to spend R50 on a good meal. Some say don’t give me back the change. You can see that they have money, and they aren’t stressed” [Female, 36-59 years, cooked food, Durban].

Increases in customers were not limited to food items, but were also experienced by non-food sellers, such as clothes vendors: “Others would come to me, ‘give me socks, give me underwear’. You understand? With that R350” [Orange Farm 5, female aged 59, non-food]. Even a participant who had not been able to access the SRD for themselves still noted the benefits that accrued to their business because of customers accessing the grant: “So, business picked up because a lot of people got paid, and they would [spend] the little bit they got from the 350. So, me as a business person, it helped me because I got more sales. So, even though I directly didn’t qualify but I benefited from it because then I got sales [...].

because they at least got cash in hand” [Female, 36–59 years, cooked food and non-food, Orange Farm].

Particularly traders who operated in the vicinity of cash transfer pay-points (such as post offices) noted the connection between their sales and the long queues associated with receipt of the SRD grants. This was the case for the respondents in Mthatha, where respondents observed “We would hope that on such a date they [the grants] would start, we knew that we would also be fine, we will get those few cents” [Female, aged 18–35 years, non-food, Mthatha]; “It’s important, you remember when I said it just shows up on the 24th, on the 23rd, at least for those that want to come to take it, you get a few cents and R10. Now when you see them come in town, for us when people come in town, we get filled with hope, we feel good internally, now when they come to take this 350, I have hope that they will leave R5 with me” [Female, 36–59 years, cooked food, Mthatha].

Informal traders also described themselves as customers within the local economy. They observed how the SRD allowed them to directly purchase food and other necessities (from formal and informal businesses): “But, what I can say is that this R350 met me halfway because when I received it, I could buy 12.5kg mealie meal, cooking oil and sugar- basics for the house” [Female, 36–59 years, cooked and uncooked food, Johannesburg]. Similarly, another respondent commented that “It also made a big difference because it would come in and I knew that I could go to the shop to pick a few things” [Female, 36–59 years, non-food, Mthatha]. When they could no longer access the SRD, the immediate impact on their ability to purchase essential items was described: “When they stop it or close it... it gets really hard. You’d even long for a soap to bathe with” [Female, 36–59 years, uncooked food, Johannesburg].

4.1.2 The SRD reached customers across the local economy

Respondents in the study recognized the effects of the SRD beyond their immediate businesses across their local economies, with effects on demand ranging from essential food items to household and toiletries, as well as clothing.

Several quotes illustrate these effects: “It [the SRD] helps another person so that they can maybe sometimes say ‘I was googling this shoe for my child, let me go buy’. Another one maybe ‘I did not have steel wool... I went and bought steel wool’. Another one would say ‘I went to buy Russians [hotdogs]’, another one would say ‘I was able to buy this russian or steel wool, I managed to buy electricity at home and buy maybe a sack of rice, just like that, just like that’ ” [Female, 36–59 years, cooked food, Mqanduli]. Similarly, a trader of non-food items recognised the positive effects for food traders: “Others really depend on it. Without it, they have nothing at all. When they get this R350, they are able to buy some mealie meal, chicken feet and potatoes. It would be very sad if they stop it” [Female, 36–59 years, non-food, Orange Farm].

4.1.3 The effect of the SRD on customer demand was mediated by the availability and affordability of transport

The flow of customers was described as sensitive to several factors and transport emerged as a key factor in determining the number of shoppers. The specific location of informal businesses within local economies is significant – for example whether their customers need to travel by public transport to reach them, and whether they are close to taxi ranks. In the Johannesburg CBD, many customers are not local residents. In some cases, the SRD allowed them to overcome transport costs: “It is costly to come here from the township. It is better when there is the R350. They can buy a few things with it. We are really affected [...]: The R350 is useful” [Female, 36–59 years, uncooked food, Johannesburg]. Another respondent in the same area described how the availability of the SRD enabled them to travel to customers: “When there is the R350, they can ask me to bring fruits worth R40 or R30. They don’t have to use transport. I save transport for them. We do it like that. Even with vegetables, we can have an agreement that I bring for them and they pay me. They save transport money when I deliver the stock to them. It is better than nothing. I also make some money. It is better than being silent, when they don’t even have money to come to town” [Male, 36–59 years, non-food, Johannesburg].

However in other cases, the SRD was not enough to overcome the transport barriers: “There are no trains and taxis are expensive. So that also adds because people do not come to town anymore. It was better when the trains were operating. Trains were cheaper. People could come to town and buy. They thought vegetables from town are better. But, now they cannot come anymore because transport is expensive. I think now most of our customers are people who work here, who are here every day. But to say someone will leave the township to come and buy vegetables here, is challenging. Transport is too expensive. It looks like it will get worse” [Female, age ns, uncooked food, Johannesburg].

In addition to other transport constraints, COVID dramatically reduced the circulation of customers. Whereas urban hubs typically attract crowds which benefit urban local economies, the pandemic changed this – an effect that the SRD could not reverse but was able to compensate for to some extent. A trader based at Warwick Junction in Durban commented that: “People were no longer coming into Durban because they were running away from the pandemic. It is only those few people who travel to Durban. These R350s was the money that was helping us, because now our lives were based at home” [Male, 36–59 years, uncooked food, Durban].

4.1.4 The SRD enabled customers to buy on credit

An important function of the SRD was that it enabled clients to buy on credit and to negotiate with sellers (in the informal markets). This brought some flexibility into the local economy, extending the time periods in which an item could be bought. One trader described the

leverage role that the SRD could play: "Mmm when it's not there it's worse, worse, worse. Because you can't use anything as leverage with the other person when you take something. What will you use because you don't have an income?" [Female, 36-59 years, uncooked food, Johannesburg]. Another trader described the relational networks within which credit in the informal system is situated "You give credit for someone that you know. Someone you know, that you are used to. They must know that when the 350 is out. Yes, you borrow, even cabbage is borrowed. You give credit" [Female, 36-59 years, uncooked and cooked food and non-food, Mqanduli].

The option for the SRD to act as a guarantee for future payments was greatly reduced if it was perceived to be unreliable or inconsistent. A trader who had experienced challenges in accessing and receiving the SRD, compared it unfavourably to the Child Support Grant, highlighting that efficient administration and delivery mechanisms are essential for realising beneficial outcomes: "The difference I could say that the children's grant is better, there is a big difference because the children's grant, you wait for money that you will get, the 350, you wait for it and you don't get it. [...] That 350, I first have to go to the Post Office, when I get to the Post Office they say 'the line is big, go to the store', you get to the store, it declines. So the children's grant is better" [Female, 36-59 years, uncooked food and non-food, Durban].

The ability of the SRD to act as a guarantee within local economy transactions was reiterated by research facilitators who represent informal traders in their work. By providing assurance for transactions, the SRD could support the social trust relationships which are an important factor in facilitating economic exchanges within the informal economy.

4.1.5 The SRD broadened the customer base

The SRD was perceived not only as allowing customers to continue purchasing, but also as introducing new entrants into the local economy. A female trader in Mthatha described how as a result of the SRD, she and her colleagues had witnessed the arrival of new unfamiliar customers, some of whom were visiting town for the first time: "Someone coming into town would say, 'my goodness I don't even have money to buy your food because my 350 is not yet out. I only came to town to check on it but I didn't get it'. And people that haven't been in town in a long time would come, someone who has not been in town in a very long time. We saw people that we have never seen in town" [Female, 36-59 years, cooked food, Mthatha].

New members of the customer base included younger members of households and the chronically unemployed or those who previously had no income and were immobile, typically referred to as "Omahlalela". These new customers could now go to town, buy themselves essential items they needed such as toiletries, underwear, t-shirts and food and support informal trader businesses. A typical comment was that "They were not getting money [before COVID]. Yes there are those that are still getting these 350s, they can buy from

us..." [Female, 36-59 years, uncooked food and non-food, Mqanduli]. Several respondents reflected on the impact on other members of their households, as a result of young unemployed members of the household receiving it: "It also made a big difference because it would come in and I knew that I could go to the shop to pick a few things. Even a child [adult child] that isn't working who is with me at home, they would get it" [Female, 36-59 years, non-food, Mthatha]. "It [the SRD] could be received by the children [adult children], you'd see the child [adult child] with 350 with the ability to go buy something for themselves. You'd see really that even in the house, it's much better, the government did well but now it dropped again" [Female, 36-59 years, uncooked food, Mthatha].

The entrance into the local economy of younger members of the community was seen as sign of increased responsibility among youth, which stood out against more irresponsible behaviours in the community. An older female trader, who sold clothes and kitchenware observed that "Yes, they don't misuse it. When you look at them, they'd tell you that, 'you see I've sold out my items and I've now bought sneakers and trousers'. Just like that. So people are not the same. Some misuse it, others use it for serious things. They'd go into the mall and get themselves a cheap sneaker. Then come back to us and buy underwear, bathing towels and socks. And they'd mention that their R350 is finished as they've bought from here" [Female, 36-59 years, non-food, Orange Farm].

4.1.6 Demand dropped when the SRD was interrupted

The local economic effects of stoppages in the delivery of the SRD were consistently described across the study sites. Many respondents also described confusion with regard to unexplained interruptions in the availability of the SRD, as well as modifications in the eligibility criteria and administrative glitches. These issues affected the traders and their customers (of both food and non-food items). Informal traders keenly felt the intervals created by the receipt of the SRD and its interruptions, referring to the "time of the SRD" when it was widely available: "So they were really supporting us during that time of the 350" [Female, aged 18-35 years, non-food, Mthatha].

The intermittent availability of the grant provided strong confirmation of the immediate effects on customer demand, through the eyes of informal traders. Male and female traders related that when receipt of the SRD stopped, they experienced greater challenges: "It got hard. ... I even saw it from the business. They'd try to buy using the R350. Now that it's gone. You can see that there is something they are not getting anymore" [Female, 36-59 years, uncooked food, Johannesburg]; "Now when they get a grant, they pass and buy something. They buy something. You see now as it is cold, someone will say, "Heyi, I want a winter hat", take it and wear it. Now during that time when we didn't get it, it was quiet" [Male, 36-59 years, non-food, Orange Farm]; "Customers also get this money, it means that when they do not get it... We won't get it... Because these are the people that buy from us. They ensure that we eat. That we sleep with food in our stomach" [Female, 36-60 years, non-food, Johannesburg];

“Yes I saw a difference, when it stopped, some people who were buying from me were dependent on the 350, they were no longer buying” [Female, 18-35 years, uncooked food, Mqanduli]. An informal trader selling clothing reflected on the effect of the SRD as well as its withdrawal on customer flow: “Knowing that they got 350, they would buy a T-shirt from me and get dressed. ‘Now that I’m no longer getting this 350, I won’t be able to buy a T-shirt there so that I can dress’. They [the customers] were also affected” [Female, 36-59 years, non-food, Mthatha].

Trade associated with the distribution of the SRD grant around pay-points also dropped when the grant was interrupted: “They [customers] were supporting us, they would buy from us. When they stopped getting it, things become worse, and the tables become empty. We know that when the R350 came in, we would see queues of people coming to buy from the tables. Now people don’t get them anymore. Others get it, others don’t get it.” [Female, 18-35 years, uncooked food, Durban].

Traders reflected on the effect of the interruption of the SRD on their own ability to purchase food: “There was a huge void. Because this is the grant I would use to go buy things with. I would buy cooking oil, I would buy this and that with it. Right now, cooking oil has increased. Everything has gone up. There was a huge void” [Female, 36-59 years, non-food, Johannesburg].

4.1.7 The value of the SRD limited its impacts on customer demand

Although when asked, study participants were often quick to recognize that the SRD had an immediate impact on their customer base, they also frequently noted that the effect was limited “Yes there are those that are still getting these 350s, they can buy from us, but they are not as much” [Female, 36-59 years, cooked food, Mqanduli]; “It isn’t really a lot of money. [...] It moves but it isn’t a lot” [Female, 36-59 years, uncooked food, Orange Farm]. A trader referred to themselves noting that “We needed this R350 because we were able to buy maize meal sack. You see? Even though it would end within a blink of an eye. When you’d go into a store, you’d use it all to an extent whereby you no longer have taxi fare. But it assisted” [Female, 36-59 years, non-food, Orange Farm].

The SRD was not seen as being able to compensate for the rate of inflation: “The R350 is little now that food has become so expensive” [Female, 18-35 years, cooked food, Durban]. In a small number of cases, respondents felt the impact of the SRD was minimal:

Interviewer: “Did you notice any change when people started receiving the grant? Like maybe a new customers or more sales?”

Respondent A: “No. It is the same”.

Respondent B: “Nothing has changed” [Females, age ns, uncooked food, Johannesburg].

4.1.8 Food was the main household item bought with the SRD

Frequently, and across the study sites, both food and non-food traders discussed what item they, as customers, spent the SRD grant on when they used it directly for household purchases (but see also later sections on the SRD and stock purchases). Essential food items were seen as the primary purchase with the grant, as a seller of traditional clothing explained: "As we receive it month end, I don't think of anything else besides buying maize meal, cooking oil and sugar. Those are the most important things to have in the house, things like maize meal and sugar. The other stuff I will see what to do" [Female, 36-59 years, non-food, Johannesburg]. Others made similar observations: "Ten kgs of mealie meal can come out there. Even flour can come out there. Then you put it in the house for the children to eat and knead" [Female, 36-59 years, non-food, Mthatha].

Toiletries as well as a few other articles were also mentioned as items that the SRD permitted customers to purchase. An older respondent described how her pension (a larger value grant) typically enabled her to purchase items such as toiletries, but how now that her adult child received the SRD, they were able to buy these things for themselves, freeing up the respondent's money for other necessary purchases: "It's the one [the pension] that's helping. When I get my pension, I must know that I buy them [children] underwear, I buy lotions [toiletries]. But at least when they [the child] was getting that 350, I knew that body lotions [toiletries] and underwear, they will buy" [Female, 36-59 years, non-food, Mthatha].

As this quote suggests, the study showed a distinction among respondents in their perceptions of the different cash transfers. The SRD was understood as distinctive in its purpose and target population, from both the Child Support Grant and the Old Age Pension. Spending differed accordingly – whereas the CSG needed to be spent on children, beneficiaries could exercise their judgement regarding the SRD. The pension was considered different again because of its higher value and its longer history – it was therefore directed towards other expenses, including regular payments such as burial societies.

4.1.9 The SRD was dispersed across the local economy

While not conclusive, the study narratives offer some insights into how the SRD grant is dispersed across local economies, suggesting that informal trade only captures a part of it, and that this proportion is dependent on many factors, including several which are beyond the scope of the SRD. In addition to the many examples of customers spending their grants at their stands, when discussing how they deployed the SRD, traders often mentioned that even they themselves shopped at local shops, particularly for essential food items:

That little small you've received, it can be R20, R40, you're able to get into Shoprite and bring bread back with. You understand? [Female, 36-59 years, non-food, Orange Farm]

Respondent: Let's say I receive it from Boxer, I would then just buy groceries

Interviewer: You couldn't stock with it?

Respondent: No. It was for groceries. Even now I want to go check at Boxer, so I can buy food" [Female, 36-59 years, cooked food, Johannesburg].

"You'd buy... From Shoprite, I have taken something small, put it on the counter. Paid for it and looked at the change. Only for them to give me cents... (Laughs).. I said, 'haaa.. What are these things? Such small things amount to a lot of money" [Female, 36-59 years, uncooked food and non-food, Johannesburg]

Several respondents mentioned the 'hampers' sold by supermarkets, specifically aimed at grant recipients: "When it was the 16th, it [the SRD] would reflect [in the bank account]. During these days, maybe they'd be a special in Boxer, so I'd buy a hamper" [Male, 36-59 years, uncooked food, Orange Farm].

Discussions with the research facilitators confirmed these findings that many essential food items are often bought from established supermarkets, where these are present. The increased penetration of supermarkets into townships has intensified the competition faced by many informal traders, and extended the competition into previous areas of specialisation for informal traders such as cooked meals and traditional snacks. The factors that influence whether people spend at informal shops or formal shops include convenience (e.g. a vendor's stall being located near a taxi rank), preference (e.g. traditional food or clothes that are unavailable elsewhere), price, location, perceived cleanliness, perceived quality/freshness of the products and relationships with the seller.

These themes regarding how the SRD interacts with the connections between formal and informal businesses are explored further in the sections below. The SRD partially supported existing patterns of consumption for both formal and informal businesses, for example by supporting customer choice and by curbing the devastating effect of COVID on customer flows for informal traders. Respondents described the reliance of informal businesses on formal ones, as well as instances of competition. In some instances, respondents felt that formal businesses had been less disrupted than informal ones (despite their awareness that these were also heavily affected), for reasons including their ability to comply with safety and hygiene measures.

4.1.10 Decreases in customers due to COVID greater than increases due to the SRD

Increases in customer flows as a result of the SRD were dwarfed by decreases as a result of COVID and the resultant economic downturn. Reflections on the decreases in customers far outweighed those about increases in customer demand. For example, a respondent in Mqanduli observed that "Before COVID, we had a lot of customers and we would sell until you

go home at night. Even waking up, you wake up early, but since that time when COVID started, there are no customers” [Female, 18-35 years, uncooked food, Mqanduli].

One exception to the overall negative effect of COVID on customer flow was noted in Johannesburg by a fruit and vegetable seller who was able to access a permit early on: “They [customers] were scared. So, they’d buy in a rush. Like the ones who live in these flats in town. They were scared that the stock would finish, so they bought in bulk. I’d go to the market three times to ensure that there was enough. COVID was bad, but it was good. It was good for my business because we were two [referring to the small number of sellers with permits]” [Female, 36-59 years, uncooked food, Johannesburg]. Another example highlighted the nature of the solidarity economy which also sometimes undergirds informal businesses – a trader selling clothes and kitchenware described how a customer bought out of sympathy for the trader’s plight: “They’d say, ‘let me take this little money and support you. At least there is a bit of change, I’ve bought food for the house. Give me a hat mama, give me socks, give me an underwear” [Female, 36-59 years, non-food, Orange Farm].

4.1.11 Loss of jobs because of COVID was the main reason for loss of customers

Across all the research sites, decreases in customers were most frequently attributed to losses in both permanent and temporary employment. These effects of COVID were of such a magnitude that they could not be significantly counteracted by the SRD. Respondents poignantly described the effects of recent retrenchment on their customer base: “My customers were troubled because of COVID. They didn’t have jobs for a long time. Others were working but only going to work as per schedules and on other days, they wouldn’t go to work. They didn’t have money to buy” [Female, 36-59 years, non-food, Johannesburg]; “Because it would help if our customers were employed, you see. Now, jobs were lost because of COVID, our customers do not have money. Someone can say I am craving for this but I don’t have money. That’s the thing that changed things, it’s because there are no jobs. People that come to town, someone will say I came for what I came for, I can’t buy, you see” [Female, 36-59 years, uncooked food, Mqanduli]; “The customers are seated not working. They are struggling, their jobs were over, others lost their jobs, the people we thought would come to buy chicken, they also said they don’t have money. Others were working hours at their jobs, someone who was working five hours, it was reduced, they were now three, there is no money, you see that thing? It wasn’t easy, it wasn’t easy.” [Female, 36-59 years, uncooked food, Mthatha]; “There is a difference because a lot of people were out of jobs, the one’s left... others you see them just passing... someone who was working is no longer working.”; “Ah it has changed because the people that would buy from you, don’t work, you don’t see them anymore. At first you knew that this kind of mother, when she comes, she will pass by and support me. People lost their jobs. A lot of customers you had depended on that when they come back, they’ll pass by and support you, you don’t see them anymore” [Female, 36-59 years, uncooked food and non-food, Johannesburg]. As these quotes demonstrate, loss of

jobs across the local and national economy was identified by traders as a major cause of reduced customer demand during the pandemic.

Reduced travel to work for those that maintained their jobs was also mentioned as a factor limiting customer flow. In Johannesburg CBD, a trader related the reduced number of customers from public sector offices nearby: “I had customers from PRASA [Passenger Rail Agency of South Africa] and the police station. They used to pass here and buy from me. Now when they pass by, they tell me that, they are scarce because they go to work once a week. So, it is really difficult. Things are not the way they used to be. We are just trying, but things are not well. So, the R350, I would say really helps because month-end, I can buy 5kg mixed portions, washing powder and mealie meal. It really closed the gaps. It helps me a lot.” [Female, 36-59 years, uncooked food, Johannesburg]. The quote highlights how in this case, the SRD could not offset the reduced flow of customers, but it could cushion its impact.

4.1.12 Customers reduced the value and type of their purchases

The interviews documented that customers that remained changed their purchasing habits as a result of the economic effects of COVID, for example buying in smaller amounts, or by buying cheaper food (vegetables instead of meat), or by focusing on more essential items. Some traders also noted that customers became more cautious in their purchases: “Things were fine before COVID, but now people are not working anymore. So they feel that instead of buying sweets, they should buy vegetables (potatoes). Before, it was better, they’d buy everything” [Female, 36-59 years, uncooked food, Johannesburg]. Others observed how buying habits changed to support a more economical diet: “Some of them [customers] would even buy food without meat before they don’t have enough money” [Female, 36-59 years, cooked food, Durban]. In Johannesburg, a trader commented that “Customers just look and compliment the products. They may buy one fruit and not a plate or two like before. You can even tell that they don’t have money” [Female, 36-59 years, uncooked food, Johannesburg]. The same respondent felt that at least sellers of fruit and vegetables could have some continuity, even if their customers bought less: “In actuality, us who sell fruit and veg were slightly better because the stomach does not go on holiday. When a person passes here, even if they cannot buy cooked food, they can afford a banana. So, fruit and veg was better because even the money is not good, as I said the profit has decreased, but even if a person cannot buy the whole plate, they can buy one apple. It closes the gap.”

Several traders noted how restrictions on all events (such as weddings and funerals) affected customer demand. A seller of bead jewellery noted the effect on her business: “There is a difference. Before COVID, people would come here and buy sets because they were getting married. Someone would get here and buy a wedding set. The bride. You would get R1200. During COVID, everything went down drastically” [Female, 36-59 years, non-food, Johannesburg].

Changes in purchasing behaviour did not affect only the informal sector, but formal businesses too. A trader described her decision-making around shopping for bread for the household: "At first I could buy Albany or Blue ribbon. I cannot anymore, now I buy the R5 one from Shoprite. Because you can see that even the children eat a lot of it, it finishes quickly. However with the R5 one, if you buy four, at least they can [eat]. Right now our issue is that the bakery team are impatient with us. Because we are many and the economy has fallen" [Female, 36-59 years, uncooked food and non-food, Johannesburg].

4.1.13. Fears about hygiene and safety as a result of COVID also reduced the number of customers and their willingness to buy

Traders found that customers were very wary and checked if traders were wearing masks before agreeing to purchase an item. They felt that these issues affected informal workers disproportionately compared to formal shops: "When they get there and you don't have a mask maybe, then they say no if you don't have a mask on, we won't buy. You will infect us with COVID" [Female, 36-59 years, cooked food, Mthatha]. In Johannesburg, a respondent remembered how "People were afraid to buy. I am not sure how to explain it. They would check if you have your mask on, sanitizer, that the water comes from a tap and not a bucket - it had to be running water. That is why my uncle bought a boiler. We give customers warm water and add soap and sanitiser [to wash hands]. We always had our masks on" [Female, age ns, uncooked food and non-food, Johannesburg].

Customers' health-related fears as well as the official measures to prevent the spread of the virus reduced the social contact which is a key part of the customer experience for many informal traders. Because of health concerns, business exchanges were reduced to essential transactions, not allowing traders to market additional products: "Now people just buy food. They get into the car and go, they don't even buy airtime that we sell [Female, 18-35 years, uncooked food, Mqanduli]. Traders who had previously served food to customers were forced to change to takeaway options, which also had a damaging impact on customer demand: "And for us people that cook, it was really difficult because they didn't even want people to sit and you can dish up for them whilst they are seated. [...] Because they are used to coming in and sitting at a table and eat and they relax. So now it wasn't easy even if an old person would come to town, they would say 'no then my child, COVID has made us stop coming to you, we no longer stop now'. People from the rural areas were even scared to get into town. [...] So you would just stand at the door looking so shameful watching people go up and down because you have no other option."

An exception to the downward trend was the trader who sold cleaning products, and who also added sanitizer to their merchandise. These products attracted a good flow of customers at the height of the COVID pandemic: "I even stocked sanitisers. I bought them for R8 and sold for R25" [Female, 36-59 years, non-food, Orange Farm].

4.1.14. The flow of customers depends on many forward and backward linkages between formal and informal businesses in the local economy

Interviews highlighted the close connections within local economies between different types of businesses (for example traders and taxis) and between formal and informal businesses. Synchronous effects thus compounded reduced customer demand. Traders recognized these linkages across the local economy: “Yey, we were all struggling, everyone was crying, everyone was crying. Even the people we buy from, we weren't buying” [Male, 36-59 years, uncooked food, Mthatha]. Similarly, traders described themselves as part of a customer chain with themselves at the bottom: “COVID affected us, it did not affected only us who work in the streets, it affected everyone. So for us who work in the street, we are the last people to get access - those at the top have to come first with their monies to buy from us. So it means the whole world was affected due to COVID. We were affected, for us at the bottom, we were affected, very much so” [Female, 36-59 years, uncooked food, Mthatha].

Informal trader sales were in many cases closely tied to the presence of formal shops nearby. When some formal shops closed as a result of COVID, traders located nearby experienced a significant drop in customer footfall. Several traders discussed the positive and negative connections:

Yes, being here by the mall helps because people always come to the mall. It's not the same as sitting at home, as they wouldn't buy for me at home. When they pass by they are able to buy a facial cloth or kitchen cloth or steel wool. One will buy a belt? It's better than nothing. [Male, 36-59 years, non-food, Orange Farm]

“It helps a lot when you are near a shop that is favored by people. Because when they come out, they come to buy. Like I've seen those near the butcher. Liquor store and Shoprite. when they come out, they buy” [Female, age ns, uncooked food, Johannesburg]

“The customers that would go in those shops, aren't there anymore. It affects us. These are the shops they [customers]d come out from to come to us. But they are not here anymore” [Female, 36-59 years, non-food, Johannesburg].

There were also close links between the informal traders businesses and the local taxi services, whose drivers, 'doorboys', and passengers provided important customers for local informal sellers. A respondent in Mthatha highlighted this linkage with local transport as a key factor in customer demand: “There are no people and taxis are over, one cannot sell at all. The taxi drivers are crying and once the taxi drivers cry who you are dependent on to buy your plate of food, you are also affected. Because when you have cooked food, you expect that taxi drivers will come and the taxi drivers are crying because they don't have money. COVID really affected us, since 2020 business has been going down, even now” [Female, age ns, cooked food, Mthatha]. The same finding also emerged in Durban: “Doorboys [taxi driver

assistants] are no longer there. They were all fired. It has affected us a lot because they would also buy. You would know that when a taxi would come you were selling two plates. But now, they only buy one plate” [Female, 36–59 years, cooked food, Durban].

As the quotes have illustrated, the linkages and value chains which connect different formal and informal actors in the local economy reinforce and amplify the effects of positive (such as the SRD) and negative (such as COVID) events, combining to increase or decrease overall flows of customers, and their purchasing power. While a crisis such as COVID threatened the local economy in many compound ways, conversely to be effective the SRD needs also to concurrently counteract these multiple effects on both demand and supply. This section has examined the SRD’s effects on customer demand, and the next section details some of the ways in which the SRD engaged with informal traders’ businesses, in the context of their linkages to other parts of the economy.

4.2. SRD effects on supply within local economies

The SRD helped informal trader businesses survive. When asked, several traders acknowledged that the SRD had played a part in helping their business survive during the pandemic. For example, a trader in the Johannesburg CBD clearly explained the important role played by the SRD: “It [the SRD] helped because other businesses that could have shut down, did not. Those that survived, you can find the R350. There is no hope that you’ll get money from anyone else. So, when you have this R350, you know that it will help. Your business will not fail with this R350. You can buy some things. Bananas are cheap right now at the market. A box is R100. You can buy 3 boxes of bananas and a box of apples for R50. The R350 can generate more money. So, if you didn’t register for it, how can your business not fail?” [Male, 36–59 years, non-food, Johannesburg]. Conversely, the same respondent also commented that the interruption of the SRD negatively affected its role as a reliable and consistent source of income which could enable them to implement their business strategies in a difficult season: “The R350 was really helpful. That’s why I am saying it is stressful when I don’t get it because I have expectation of it and have already made plans”.

Some traders highlighted their agency as a key factor in converting the SRD into positive outcomes: “People like us, who need it, we are able to go look for stock with it and sell. So others speak about how little it is. When you take a look, others pass by with six-packs [of alcohol], already they have finished it. But if you used your mind, you could have done something bigger with that R350” [Female, 36–59 years, non-food, Orange Farm].

Several ways in which the SRD helped businesses survive and stimulated multiplier effects within their local economies were detailed by the study’s participants, as the following paragraphs explain. These primarily included their enabling role in purchasing stock, the ability to invest in new or existing stokvels, as well as the SRD’s role in generating demand

(see previous section 'SRD effects on demand within local economies'). Other less frequent ways in which the SRD stimulated business that were mentioned in a few cases included the creation of new businesses or diversification of existing ones. However, none of the respondents reported that the SRD enabled them to employ or to keep employing others.

The SRD enabled traders to sustain their businesses by buying stock. The ability to buy stock is essential to informal traders' business model. Many respondents reported how receipt of the SRD was an important mechanism which allowed them to invest in stock and keep their businesses afloat. These backward linkages thus stretched the reach of the SRD to benefit suppliers (formal mainly, and wholesale suppliers of fresh produce). This function of the SRD was vital to keeping businesses alive and supporting the circulation of money through the local economy. There was some indication that men were more likely to be able to use grant money entirely for stock, while women were more likely to need to use a portion for household expenses.

For many, inability to stock was an immediate consequence of the onset of the pandemic and the restrictions that followed, meaning the rapid demise of small livelihood operations. As a trader in Durban noted that in the aftermath of COVID, "A lot of people [traders] didn't come back. It was hard for them to have money to restock" [Male, 36-59 years, uncooked food, Durban]. Therefore by assisting traders in their ability to stock, the SRD provided an important economic protective function. This was documented by many study participants:

"The difficult thing about this business is when you do not have stock and you don't know what to do. Then you'd get grant money and you'd use that to buy stock" [Female, 36-59 years, non-food, Johannesburg].

"For me this 350 is important, some days you are stranded - you don't have money to stock and then when I receive it I can stock with it. It's very important" [Female, 18-35 years, uncooked food, Mqanduli].

"We wouldn't use this R350 after we've received it [meaning that they wouldn't spend it on groceries]. We would add it to the stock and go stock. And then from that money, we are able to get something for food" [Female, 36-59 years, non-food, Orange Farm].

Quantifying how much stock can be bought with a monthly grant of R350 varies according to each trader's merchandise, and how their value chains operate in each location (e.g. the type of business and location of their source of stock). For example, a seller of fresh produce and snacks in Mthatha itemized the stock she could buy with one SRD payment:

"With that 350 you can buy a box of bananas, 190, buy apples at 110. You see 300 has increased the stand and then with 50 I arrange sweets or chips, things that are short in the stand. Yes, the 350 really works" [Female, 36-59 years, uncooked food, Mthatha].

Buying stock was seen as a way of stretching the SRD, and using it as seed money: “So when I get the R350, I’d look at where I need to add on. If I’m missing stock, I’d buy the material and make beads so that I can come back and sell them. I’d get profit and use it for transport. Because if I just use R350, it wouldn’t make a difference. That’s why I ensure that it goes to the stock, so that I can come back with profit. After I’ve come back with profit. I’d see that I continue until month end, and get another one again” [Female, 36-59 years, non-food, Johannesburg].

Money for transport to buy stock was also an important barrier to restocking which the SRD helped to overcome:

“These 350s are important because you can stock, you can take a ride and go to Mthatha. Maybe let’s say 350 comes in for November and December like that. It becomes an amount [bigger amount] then you go stock. You stock in Durban, you stock here, in Mthatha there are now places that are Durban. You stock in Mthatha, they help a lot these 350s. It’s not like going hungry and staying with nothing in hand because it helps and we were also with these 350s because now they come out, no we will be happy.” [Female, 36-60 years, cooked food and non-food, Mqanduli].

However, the small amount of the SRD limited its ability to enable the purchase of stock. Particularly in the context of rising prices due to inflation, several respondents commented on how the amount represented by the SRD did not permit them to stock to an adequate level. Against a backdrop of lower customer demand and increasing prices due in most part to COVID, participants commented:

“Before COVID, maybe one could have managed to buy some stock with it. But now no. [Stock is] too expensive. So, I decided that when I receive the R350, I have to get some essentials from the shop” [Female, 36-59 years, non-food, Johannesburg].

“It is little. Maybe with R2000/R3000.. I can budget. When I see that I have received R300, I am able to take that money and go to Bruma [a large wholesale market], stock and come back. Even if I were to get two things, at least. It’s better than nothing” [Female, 36-59 years, non-food, Johannesburg].

A number of factors affected the threshold of money for stock required keeping their business afloat, including: the type of business and the average value of the traders’ merchandise (lower for small products such as snacks and fruit, larger for items such as clothes), transport costs for travel to the shop or retailer where stock is purchased in bulk, availability and cost of storage, and time away from the stand. These were often further complicated by the need to recoup a day’s investment, to at least be able to afford a return transport ticket home, and food for a meal for the household.

The ability to stock and the assistance provided by the SRD depended on the type of merchandise. For example, a trader explained how small snack items could be stocked with the SRD more easily than fresh vegetables which required a larger investment: “You find that there are people who sell snacks. Snacks are better than veg because they are not expensive. So, others would use the R350 to stock some snacks and make a little profit to sustain themselves. But, you can’t do that with veg. Vegetables are expensive” [Female, 36-59 years, cooked and uncooked food, Johannesburg].

Several strategies emerged to overcome the shortfall in capital for purchasing stock. Some traders explained that they had used the SRD to buy a reduced level of stock or switched to a lesser value product: “Sometimes I even question the amount of stock I buy now. It doesn’t look like the stock I used to afford to buy before. I stock small amounts now” [Female, age ns, uncooked food, Johannesburg]; “you end up selling sweets and chips, at least the one who has [change from the shops] would be able to afford chips, you see what I mean. Because they won’t be able to maybe to buy that apron that I have out there, you see?” [Female, 36-59 years, cooked food, Mthatha]; “I would estimate. I would buy one or two boxes, so that products do not go bad. By late afternoon, they would have at least bought half. I did not stock a lot because money was also not abundant” [Female, 36-59 years, uncooked food, Johannesburg].

This widespread finding linking the availability of the SRD to traders’ ability to buy stock is an important linkage sustaining food and non-food value chains within local economies. Nonetheless, although the SRD still enabled them to buy stock (forward linkages to, usually formal, businesses) it was not to the same extent as they did previously prior to the pandemic.

The SRD was used for repayments of debt for stock bought on credit. The reduced income levels during the pandemic meant that traders were more likely to go into debt, limiting their ability to raise the money needed to replenish their stock supplies: “Those two weeks at home [in April 2020 at the time of the initial lockdown when informal trade was prohibited], meant we used the money for stock. So, to come back, we had to borrow money just to get back on our feet” [Female, 36-59 years, uncooked food, Johannesburg]. In some cases, participants mentioned using the SRD to repay suppliers from whom they had purchased stock. A female trader whose business involved selling cooked chickens recounted:

“Yes, it made a difference but badly – like you would get it when you’d have already bought a [live] chicken. You won’t give someone [the chicken seller] cooked chicken, they want their money for the chicken that was taken. So, you find that now when you pay for the chicken when you get home, even if you said to the children that there was money, it’s as if you were lying because you have nothing in hand. Because you will tell them that okay my children

when it [350] came, I paid for the chickens. So, it makes a difference without making a difference" Female, age ns, cooked food, Mthatha].

A trader who was unexpectedly unable to access the grant explained the impact it had on her finances: "It happens that now you are in debt. You see... You are depending on that money that you applied for because everyone else is getting it, I also will get it. Then you find yourself in debt. Maybe even at the table no one is buying. I also need food but nothing. Children are crying, they are hungry" [Female, 36-60 years, cooked food, Warwick].

The SRD supported saving for larger stock purchases. In several cases, traders pooled the transfers with other members of their household or saved up the monthly payments to accumulate enough capital to purchase stock. While the amount needed for stock varied by type of trade, as well as other factors, the finding that 350ZAR was small in comparison with the capital required for stocking was widespread.

Many respondents described how, when the SRD was being regularly paid out, they accumulated payments to enable them to buy stock for their stands:

"At least when it comes... if you didn't buy anything, you can combine it, since I am a trader. At least this week, this month and the coming month it will come to me as 700. At least it becomes a bit better, you go buy a lot of things, we did it that way. Now it just stopped that momentum that it was gaining at that time, and nothing was right [Female, 36-59 years, cooked food, Mthatha];

"The money helped me a lot. It helped as my business was already not doing well. I would leave it for 2 to 3 months so it's a big amount so I am able to put in my business so it can be strong" [Male, Age 18-35, Cooked food, Durban].

Stokvels provided a common means of saving to invest in business purchases, including stock: "Despite unemployment, you are trying because the cents that you have, you will come together with another woman and do something that will result in something else that will help you, it circulates like that" [Female, age ns, cooked food, Mthatha].

However interruptions to the SRD limited its saving function, since this did not allow people to participate consistently, which is a key requirement for the stokvel to survive. A trader in Mthatha recounted how she and several other women had started a stokvel with the SRD money in order to raise capital for larger stock purchases. The pause in the SRD disbursement left some participants unable to contribute, and created a lot of pressure on the group:

"We tried to increase it. You'd say maybe 350 is small, okay let's do this. The three of us in this situation, let's say when it came this month give this one, so that she can buy a lot of things. We give to that one to go buy a lot of things. Then it suddenly stopped and ended, imagine we had not yet finished [giving each other money]. When it's their turn no matter how you do

it, that person needs their money [from the contribution] because they were contributing towards you, it must be equal” [Female, 36-59 years, cooked food, Mthatha].

Although the patterns in saving and pooling grant money highlight a high degree of resourcefulness among many traders, they also suggest that the effect the SRD has on the value chain is significantly limited (i) by its small amount - so more time or groups are needed to make the amount work; (ii) by the irregular delivery of the grant, (iii) by the fact that it was delivered in a time of economic hardship, meaning that it would potentially have greater influence in the value chain outside of an economic crisis;

The SRD supported some new business formation. In a few isolated instances, respondents mentioned how the SRD had permitted new businesses to be initiated or resumed. The examples show how new (particularly young) entrants into the economy were able to buy and re-sell small items. Others saved multiple grant payments or pooled their grants with others to start a new enterprise, or to diversify existing ones.

One respondent related the story of how several SRD recipients had pooled their grants and rotated the proceeds to invest in the sale of chickens:

“Let me tell you a story I’ve heard. The one I heard about these R350 in business. There were 4 girls that got these R350, then they combined them. They went on to buy chickens. They sold them and sold them. Then it was month end, they got other R350s. They buy chicks and then they grow. They are in the villages. Then it was month end.. they combined the money. The other two are busy pushing their businesses. Then they bought the third one and so on and so on. All of them were equal. By the end of the year, everyone had something of theirs” [Female, 36-59 years, uncooked food, Johannesburg].

Another entrepreneurial example was described by a trader in Mthatha: “Even if it's a small amount of money - but if you know how to use money, you can make it... like 350, if you want, if you are a business person, you won't take that 350, run off and go use it. Maybe you plan something for your business, you keep that 350 and keep another 350, and keep another 350 and keep another 350, then you start a new business again, that will come after your business, with this 350, you see. So they made a difference. I remember this one day I was listening to the news. There was a child in KZN that opened an ice-cream spaza shop, with these 350s, you see and did something that's a business, so we can plan how to survive” [Female, 36-59 years, uncooked food, Mthatha].

In Orange Farm and Johannesburg, respondents noted that new younger recipients of the SRD had used it to buy stock for re-sale: “Some use it well. Because I'd see even here at the mall. Some would smoke and do all those things, but now instead they've stocked and they are selling. Yes. You also rejoice that there is something they are doing” [Female, 36-59 years, non-food, Orange Farm]; “They also started small businesses selling cigarettes, sweets and

other small things. Even though they smoke, I think if they receive this money continuously, maybe their lives can change” [Female, age ns, uncooked food and non-food, Johannesburg]. In Durban, a trader felt that the SRD could provide (a little) help to some people to get their business up and running again “Yes, it helps. It helps but it is small. There are people who you will find had no money coming in and with that they can start baking and maybe sell” [Female, 36-59 years, uncooked food and non-food, Durban].

Another study participant related how receipt of the SRD had enabled them to buy a router so that they could provide internet for their clients: “We even bought a router because you need to stay connected. You need that connectivity. The router was 270, I think. So, from 350, and we still have the router even today, we still use this even now. And if a person wants to connect, we say R5 the whole day.” [Female, 36-59 years, cooked food and non-food, Orange Farm].

However, this study did not find any effect on employment, in the context of dramatic loss of jobs across the local economy due to COVID. In one case, a trader explicitly explained that since the onset of the pandemic they had been unable to offer employment to others: “Before COVID, I could offer people employment and they were working nicely. Until after COVID when I decided I didn’t want anyone to work with. It is better to just work with my wife and combine our money instead of paying someone. We can save the money. If we make R500, R400 goes back to stock. In a week, from Monday to Friday making R100 per day, is better than nothing” [Male, 36-59 years, non-food, Johannesburg].

The SRD had a cushioning effect which supported informal businesses. The SRD supported businesses by allowing traders to strategically allocate available resources either to their household needs or to their livelihood activity. The findings give insight into the lives of both consumer and informal business owners in the value chain. The multiple responsibilities for care and provision in the household as well as financial oversight of their businesses was particularly pronounced in the accounts of female traders, for whom separating their business value chains from their own household needs is almost impossible.

An often repeated finding of the study was that the SRD supported the agency and livelihood management of informal traders. Managing an informal trade business involves very careful and sensitive decision-making on a daily basis. Typically, given the survivalist nature of many (though by no means all) informal enterprises, a profit needs to be made every day, with sales exceeding the cost of transport and stock (particularly for fresh food): “COVID really affected me because, I can say we live from hand to mouth. If I don’t sell anything, it means I have no food [Female, 36-59 years, cooked and uncooked food, Johannesburg]. Another also related that “I was crying about the money to go from Port Shepstone to Mthatha. Because when I get to Mthatha I have to get a ride to town and look for something

to sell from the money I should be using to buy bread for my children. We struggled so much, so much not even a little bit” [Female, 36-59 years, uncooked food, Mthatha].

The daily uncertainty, particularly in the COVID period was gruelling for many: “It was hard. You have to be strong, even when things are hard, you need to wake up and go to work. Sometimes you come back with nothing, ask for transport money if people didn’t buy. Come back tomorrow to pay the one that gave me. Maybe things will be better tomorrow. Just like that, business is on and off. It is not standstill. Sometimes you get some and sometimes you don’t get anything” [Female, 36-59 years, non-food, Johannesburg].

Many commented on the costs of rising prices in the past two years, and the additional challenges on making ends meet: “You see, before COVID, you could sell and make money, but not now things have changed a lot. Things have changed to a point where you leave having sold one thing. The money you used for transport, what will you use for transport to go back home? How will you come back the next day when you come back? Things have really changed. Food is expensive now. Cooking oil is expensive. How much is cooking oil? R300. Things are expensive, its worse. It’s really worse” [Female, 36-59 years, cooked food, Durban]; “COVID was a tough time in my life because we couldn’t afford food and the business was not performing. The children were suffering. So, we were relying on this R350 because sometimes we’d come here and sell only money for bread. Your children would be hungry at home, so you’d wait for the R350” [Female, 36-59 years, cooked food, Johannesburg].

In this context, it is understandable that the SRD could only go some way to addressing the challenges faced by traders in pursuing their livelihoods. Two traders in Johannesburg CBD discussed the many judgements involved in deploying the SRD towards administering both home and work [Female, 36-59 years, uncooked food and Male, 36-59 years, non-food, Johannesburg]:

Respondent A: “Sometimes I use it [the SRD] to buy stock and other times to buy food. It depends on where there is a need. If there are some things missing here, I add. If there are things needed at home, I buy. Vice versa”

Respondent B: “Same. If stock is little, I buy. I combine mine and my wife’s. Sometimes maybe if I sold R300, I combine it with the R700 and get R1000 for stock. If there is enough stock, we buy groceries worth R700 for the house so we can eat for at least 2 or 3 weeks. There are 4 of us at the home. So, 2 to 3 weeks, while I try to make more this side. It helps a lot. But now that we have not received it for 2 months, we are stressed.”

Other interviews also highlighted the role the SRD played in softening the burden of compound needs of household and livelihood: "This grant money can buy food while you push this side. If it comes when you have enough money in the business, you can save the R350 at the bank. You know that if something happens, you have that R350. You can use maybe R100 or R200 from that money to patch things up [Male, 36-59 years, non-food, Johannesburg]; "It [the SRD]'s important because [...] it covered me. I knew that when the pay comes, if it comes maybe on the 18th, then I'd be like, it's better I keep it and stock with it on the 1st. But then if I see it's hard at home, I could buy food then and be pushing and be helped because this one for sales will be for stock and with that one [the grant] I buy food with it, so it helped us" [Female, 36-59 years, cooked food, Mqanduli].

The cushioning effect of the SRD was particularly noted by older respondents, who were aware that they were still a few years away from receiving the pension grant, but experiencing challenges in acquiring a steady income: "I wish they can increase this money and not stop it until we get pension. I don't have many years till pension. I have two years left. If they cut it, it is going to be difficult. It really will be because business is slow and at least if it's there, we know that R350 can buy something at home" [Male, 36-59 years, non-food, Johannesburg].

Aptly summarizing the ongoing challenges, accentuated by the economic slump caused by COVID, a female trader in Mthatha stated that: "you live a life where you have to balance things everyday, you live that life from Monday to Saturday trying to balance" [Female, age ns, cooked food, Mthatha]. In one case however, a respondent felt that it would be helpful to have greater clarity about the intended use of the SRD grant, whether it should be dedicated to household expenses or whether it was intended to support businesses: "It is not enough, I mean if the government can help us, help us with small money you see, just help us and know that okay, I will give them this money, it must be separate, this one for the home, and know that this is for stock. Here it is, I am buying stock" [Female, 36-59 years, cooked food, Mqanduli].

In addition, respondents described a wide range of challenges they faced as a result of their vulnerable economic context, accentuated by COVID, which could not be addressed by the SRD. These included security issues, vulnerability to fires, sequestration of property by the police, which led to expenses that far exceeded the value of the SRD, and draw attention more broadly to the implications for the recognition of the value that informal traders add to the economy and their need for a more enabling environment.

Informal traders acted as shock absorbers within the local economy. While several positive mechanisms activated by the SRD enabled businesses to survive, these could not overcome the downward pressure on many informal traders set in motion by the effects of COVID and measures to prevent its spread. Unlike in established shops where customers could not

negotiate prices, traders found themselves unable to raise prices in line with inflation, and forced to accept much lower profit margins. This is shaped in part by the social aspects of the informal economy and the fact that traders often know their clients personally.

Respondents reflected on the challenges of operating their stalls in the context of rising prices because of inflation, and the differences between their mode of business and that of formal supermarkets: “When you go buy at the shop, you don’t tell them you don’t have enough money, you buy with enough money. A person will come and ask with little money and there’s nothing you can do because they’re also crying so you have to give them the food because they’re hungry then you’re affected. You end up not getting anything even though you wake up and go to work. So that’s how we were affected” [Female, 18-35 years, Uncooked and cooked food, Durban]. The social trust dynamic linked to a lot of the informal trade, magnified the issue: “What I’ve noticed is that if you increase your prices, customers will run away the first time, because they think you are robbing them. When you didn’t get less the time you were stocking. You stocked with the right price” [JHB 11+12]; “They cry, they don’t understand but then we try to make them understand because even in the taxi when they take a ride to come here, it has gone up, so the rest of the things, how will they not increase” [Female, 36-59 years, uncooked food and non-food, Johannesburg].

As a result, one trader expressed her frustration that the SRD could simply not overcome the deluge of other challenges in a dampened economic setting: “I got it [the SRD], but it made no difference. It’s not a lot of money. [...] It’s as if there is still COVID because previously if you sold a plate [of food] for R40 or R30, you can’t now. A person can come with R10, if you want your food to be finished [sold] you say bring that money I will dish up something small for you even with that R10. You do this because you can see that the time is moving and the sun is setting, so you want to try to have money for bread and money for transport” [Female, age ns, cooked food, Mthatha].

4.3. The combined effects of the SRD on supply and demand in local economies, as perceived by informal traders

The SRD engaged concurrently with both demand and supply. As the previous sections have indicated, demand and supply are very sensitively connected within the livelihoods of informal traders in their local economies.

Traders were quick to recognize forward and backward economic linkages, and that that the success of their business was closely connected to those of other operators, such as taxis, landlords of housing and storage space, and local shops:

“With us, we are supported by taxi drivers, because taxi drivers they support in this way. When we come from Boxer to buy these Russians [sausages], a child comes and takes something going around there and the passengers buy, they buy for us to have money. But us, we

support Boxer because Boxer sells us bananas. We sell the bananas” [Female, 36–59 years, cooked food, Mqanduli].

Participants also appreciated that the SRD was an intervention that directly benefited different stakeholders across the local economy, and that these multiple and concurrent ‘points of connection’ of the SRD were all necessary in order for their business to survive. A respondent in Mqanduli near Mthatha, also observed the close connection between her enterprise’s survival and the receipt of the SRD by her customers: “We would be happy when they get it because if it happens that a certain customer asks, they’d ask and ask and ask. On a different day, they would come back to say they have received the grant money. I am now able to buy what I wanted to buy. We are also assisted as well” [Female, 36–59 years, non-food, Johannesburg]. “It [the SRD] assisted those businesses to carry on. So that some businesses do not die. Because the shops were also collapsing as well. The R350 assisted people to buy what they wanted to buy or get what they like” [Female, 36–59 years, non-food, Johannesburg].

Traders in Johannesburg who had received their permits early on in the pandemic reflected on how receipt of the SRD had initially fuelled an intense and vibrant cycle of supply and demand (before other impacts such as unemployment started to become apparent): “We then started receiving the R350s and we’d buy stock with it and that time, there wasn’t a lot of people here. So, people would buy, especially those from the flats around here and others would come from the township to buy. We sold a lot. The amount of stock I have now, would finish so quickly. By 1pm it would be finished and then I’d wait for transport to start operating again at 4. During that time, we’d even sell cabbage for R40 each. It was expensive and people bought because they had nowhere else to get it” [Male, 36–59 years, non-food, Johannesburg].

The interviews highlighted the fragility of these connections, and how the interruption of the SRD quickly accentuated fractures in the ecosystems that hold demand and supply together. The knock-on negative effects of its withdrawal were also noted: “There are connections because the 350 is buying from me, and then I buy from town, and then the one town is buying from East London and then... So, chances are that is the 350 stops, then this person is going to struggle, and then the next person is going to struggle, and then my sales are going to drop, and then that person drops as well and then the sales drop in East London. So, we are all going to drop” [Female, 36–59 years, cooked food and non-food, Orange Farm]. One trader reflected how when the SRD was not available, he was unable to purchase stock: “Customers that come to buy, I see a difference now that it [the SRD]’s not coming out because now customers want stock. There isn’t stock, then you end up with nothing that’s helping you because you have no stock. But with customers during that time, you could stock and you’d see that no, there are, there are aprons [...] on the table. I mean they quickly buy.

Now what will you sell, I don't sell anything now" [Female, 36-59 years, cooked food and non-food, Mqanduli].

The impacts of the SRD are shaped by the connections between formal and informal businesses in the local economy. The narratives offer some insights into the relationships between formal and informal businesses within local economies, and how COVID (and the SRD) affected these. As was described earlier, respondents viewed their informal businesses as closely tied to the fortunes of formal shops in their vicinity. Spending patterns for stock purchases varied between the locations. In Johannesburg CBD, vendors purchased stock wholesale from markets or foreign-owned wholesale shops. In Mthatha and Mqanduli, they bought from the local supermarkets and resold the produce. However, at least in some accounts, spending for essential personal and household consumption seemed to occur primarily at supermarkets with informal shops only attracting the 'extra' purchases.

Several quotes illustrate these relationships between the formal and informal businesses. For example, a trader in Johannesburg CBD noted the importance of shops nearby: "Even those [staff] from Spar buy. Before Woolworths closed, their staff would buy. I stock good quality. Staff from Woolworths would buy from me. I was disappointed when it closed. It has reopened, but I am not used to the new people" [Female, 36-59 years, uncooked food, Johannesburg].

As a result of this dependence on formal enterprises, a finding that emerged is that some informal traders saw their businesses as only attracting the 'extra' custom from shops, rather than as conduits of significant proportions of customer purchases. Particularly in urban areas, but across all the study sites, traders described themselves and their customers as buying essentials from their local supermarket (Boxer, Shoprite, ...). Customers would then mostly spend any spare 'cents' on cooked food or snacks from street or market vendors. In the case of fresh fruit and vegetables, the choice of buying from formal or informal shops was sensitive to location and price.

The view that informal trade was particularly vulnerable within the local economy was expressed in several interviews. This was clearly communicated by a respondent in Mthatha: "You know us as traders we get the small bits left when someone has bought at the shop, that is number 1. There is no one who comes to buy from us here in town. Nobody leaves town to buy at the stands, we get small bits from the shop. Now at the shop, prices have increased, where is the change?" [Female, 36-59 years, cooked food, Mthatha].

In one case, a respondent described the increase in malls as a threat to the livelihoods of informal traders: "Business has not been the same since COVID. It is now very low and I suspect that some of our customers, although we wouldn't know for sure, but we don't see them anymore. The other issue is that there are now many malls in townships. So, things are not the same and most people would come to town for most of their essentials. It is easier

to go to the mall. The majority of people no longer come this side, so our business is suffering" [Female, 36-59 years, cooked and uncooked food, Johannesburg].

These patterns left informal traders especially vulnerable to the effects of COVID, which dramatically limited the circulation of people and income (because of transport limitations and unemployment rates) and for a period, the ability to work.

There is competition within the local economy to attract SRD income flows. The study has highlighted both interdependence and competition between formal and informal economic actors within the local economy. The survival of precarious informal trader livelihoods depends on their ability to constantly adjust or even reinvent their business strategies, adapting their stock, type of merchandise and marketing plans on a daily, weekly and seasonal basis. Many mechanisms have been described whereby traders incorporate the SRD into these plans, seeking to strengthen their businesses, aligning their rhythms with those of paydays and local transport patterns. However, it also emerged from interviews that formal enterprises also quickly incorporate the SRD into their marketing strategies. Options to access grants at local supermarkets can accentuate these connections. In addition, respondents referred to the marketing deals that local supermarket packaged to attract SRD recipients:

Interviewer: Do you think that this grant has helped a lot of business to continue?
Respondent: They really help. You notice that at Boxer with 350 you can get a combo, you take it and go buy a combo and there is food at home, Boxer has gained now."

As has been shown, the SRD provided an injection of cash at a time of deep crisis to customers and suppliers within several local economies, stimulating economic multiplier effects that could to some extent counter the compound negative effects of the pandemic. This prevented to some degree the collapse of businesses and cushioned some of the negative impacts on households. The next section reviews the findings and examines the crucial characteristics of the SRD and its limitations, as well as future recommendations.

5. Discussion

This qualitative study considered the effects of the Social Relief of Distress (SRD) grant on local economies where many poor households engage, through the experiences and perceptions of informal traders across five urban and peri-urban locations in three South African provinces. The SRD was introduced in the wake of the COVID pandemic and represents the first cash transfer accessible to the able-bodied working age population in South Africa (the Child Support Grant and the Care Dependency Grant are awarded to adults but on behalf of children who are the beneficiaries). As consumers and investors, informal traders provide a unique perspective into the relationships and types of business that make up local economies, with a primary focus on their more vulnerable actors. Informal traders made up a portion of these eligible adults, and indeed were initially a key target group for the SRD. This situation offered an important opportunity to understand whether and how this stimulus was a) used by informal workers and b) changes they might have observed given that more working-age adults were receiving the grant. Given their position as frontline economic actors, they offer a window into what the multiplier effects and the outcomes on backward and forward linkages of the SRD were in local economies.

Several key findings emerged from the study:

5.1. Widespread receipt of the SRD led to an increase in customer demand within local economies

In terms of forward linkages in the value chain, the SRD is shown in the findings to have had some effect on boosting customer demand within local economies, thus creating important multiplier effects. Receipt of the SRD permitted customers to spend in both informal and formal businesses. The broad reach of the SRD made the increase in customers clearly discernible to informal traders. Having cash in hand, even the relatively small amount represented by the SRD (ZAR350), enabled grant recipients to actively participate in the economy, and to make buying decisions to support their households in a time of crisis. An important function of the SRD was that it provided a guarantee to underwrite economic transactions within local economies, by enabling clients to buy on credit.

The SRD also brought new customers into local economies, particularly among the unemployed youth. Informal traders noted new customers buying from them and identified these as people who would not have been able to participate in the economy prior to grant receipt. Receipt of the SRD permitted customers to have cash to spend, primarily on food, as well as other household and personal needs. For traders who managed to get permits early

on during the lockdown phases, they benefited particularly well given the lack of competition at the time. These findings align with other studies which found that the SRD was primarily spent on food related items (DSD 2021; Mathebula et al. 2022). These positive dynamics were accentuated within the vicinity of paypoints when recipients queued to collect their grants, as observed in studies examining other grants (Granlund and Hochfeld 2020).

Although these gains in forward linkages were evident, there is also a great deal of evidence from the traders that these gains were insufficient to compensate for the significant losses they faced in their customer base due to unemployment amongst customers as well as to inflation. Interruptions to the SRD due to changes in policy or administrative requirements, reversed these gains, confirming that the immediate effects of the SRD on customer flows can act both positively and negatively. Inflation also partially eroded these benefits. The inconsistency of the SRD limited its ability to create customer leverage and to foster saving behaviour.

The findings related to customer demand effects are also complicated by the interplay between supply and demand in local economies. The study could not quantify how much of the SRD was captured by formal vs. informal businesses. However, the findings suggested that there was quite a high level of dispersion of the SRD funds, and that these did not necessarily stay or circulate for long within local economies. On one hand, the SRD supported the close linkages between formal and informal businesses that are vital to sustaining value chains. On the other hand, the study confirmed how both informal and formal businesses incorporate the availability of the SRD into their business strategies, potentially creating competition for the same resources and in some cases leading to a loss of customers, with potential customers managing to buy more for less in larger chain stores that had economies of scale in their favour. Further, the social nature of the informal economy meant that informal traders often could not raise prices in line with inflation.

5.2. The SRD helped informal trader businesses survive

In terms of backward linkages in the value chain, the SRD supported the survival of businesses by providing small amounts of capital to be invested in the purchase of stock from suppliers, especially for smaller products such as snacks. The size of this effect is tied to the value of the grant, and in many cases traders pooled grants with others or saved multiple monthly payments in order to buy stock. This finding aligns with evidence emerging from studies on cash transfers and livelihoods, showing that grants are used to provide seed money to generate income (Nnaeme, Patel, et al. 2020; Taaffe et al. 2017; Fisher et al. 2017). It demonstrates that the SRD had modest effects on protecting the supply of goods through the informal sector.

In a few instances, the SRD enabled new businesses to be initiated, particularly when several recipients could pool their grants or accumulate capital from more than one monthly payment. This finding triangulates well with that of Bhorat et al (2023 forthcoming) who found a marginally significant and small effect of the SRD on trying to start a business, suggesting that in addition to protecting the supply of goods, it also had small effects on promoting supply in the informal economy. The findings also point to the important cushioning role the SRD played, allowing informal traders some room for maneuver with regard to implementing fine-tuned strategies which balanced the needs of households and livelihoods, enabling them to keep businesses afloat whilst still meeting household needs.

5.3. The SRD activated several multiplier effects and helped to keep local economies 'moving'

The simultaneous intervention of the SRD at multiple points in the local economy, stimulating multiplier effects through both demand and supply, was an important factor in achieving its protective function, and in activating local economies. By broadly spanning customers and suppliers, transport and trade sectors, formal and informal businesses, the SRD was able to stimulate the mobility of people, goods and money. It also increased the volume of economic transactions in different sectors (e.g. food and non-food) and across value chains (for example in the food industry directly or indirectly impacting farmers, wholesale markets, supermarkets in urban hubs and townships, informal traders of fresh produce, informal traders of cooked food, suppliers of storage services, and operators in the transport industry). Through these forward and backward linkages, receipt of the SRD by customers and small business owners activated a number of specific multiplier effects which emerged from the study. These included (i) the ability to cover transport costs, both for customers (to access informal and formal businesses) and traders (to access suppliers of stock and more profitable vending locations); (ii) the entrance of young unemployed adults into the local economy as new consumers and traders; and (iii) the ability to stock small items for informal businesses in the face of the devastating economic losses caused by COVID-19, enabling traders to invest in economic linkages with suppliers, customers, transport operators, and other service providers (such as storage providers).

Particularly for informal traders whose livelihoods are vulnerable to many compound risks, this multifaceted effect was able to ease the potential impact of vicious cycles of low income, inability to purchase stock, debt and ultimately a lack of capacity to meet household needs. The study highlighted the importance of the nature of the SRD – that by targeting diverse groups of people simultaneously it could achieve collective positive effects across the local economy, as perceived by informal traders. When the SRD narrowed its targeted constituency, traders felt that these cumulative effects were compromised.

5.4. The SRD is an effective shock-responsive mechanism

Although it cannot be conceived as a standalone intervention, the study provides a strong rationale for the SRD as an important response to a crisis such as COVID-19. The SRD was introduced at a time of acute economic, health and social crisis due to the onset of COVID and measures implemented to limit its spread. Originally conceptualised as a mechanism to support the livelihoods of those unable to work due to COVID restrictions (including informal workers), the SRD provided a buffer that to some extent cushioned local economies, and in particular protected those most vulnerable from suffering the irreversible effects of the economic crisis. For informal traders, whose roles as consumers and suppliers within local economies are very closely intertwined, the SRD afforded them a modest allowance to limit the irreversible compound effects of the pandemic on their livelihoods. Its regularity and dependability were a key factor determining its protective function, and interruptions to the SRD's consistent delivery threatened informal traders' livelihoods. However, the positive effects of the SRD were vastly overshadowed by the negative economy-wide effects of COVID and measures to prevent its further spread. Thus the drastic reduction of customers due to mass retrenchment, and the limited mobility of customers due to travel restrictions and the widespread lack of income, were only countered to a very limited extent by the SRD. Despite the support offered to businesses through the SRD, its small value, and the compound effects of other livelihood threats such as inflation, security issues, climate-related and political shocks (e.g. floods in KZN; riots and looting in Gauteng) could not be overcome by the SRD, and require additional interventions. Furthermore, the introduction of a more stringent means test threshold in April 2022 reduced the level of access to the SRD, and consequently its social and economic benefits for informal workers. As informal traders themselves noted, the SRD comprises one component of comprehensive social protection that could have a positive impact on productivity and investing in public services and infrastructure for those who work in public spaces.

5.5. The SRD can play a transformative role within local economies

The study also drew attention to the potentially transformative role that the SRD played within local economies. By stimulating higher transaction intensity within the local economy and supporting the circulation of people, goods and money, the SRD displayed characteristics that could potentially outlive times of particular economic distress and contribute to strengthening local economies. Additionally, the SRD supported the agency of the most precarious economic actors: the SRD activated new consumers among youth and the long term unemployed, offering dignity and the ability to contribute within households; for customers more broadly, albeit on a modest scale, the SRD increased access to transport and widened real choices regarding where to shop and what to buy; for informal traders, the SRD supported their efforts to implement fine-tuned strategies in order to balance the

needs of households and businesses; for communities, by introducing greater liquidity into local ecosystems, the SRD supported social networks and relationships of trust which undergird sustainable and equitable solidarity economies. These factors are significant in the South African economic landscapes where constraints to mobility and choice have historically perpetuated structural social and economic inequalities. The synergies that supported the SRD's transformative role within the economy were accentuated compared to other grants, given its receipt by working age adults who act as both economic agents and consumers.

Several recommendations emerge from the study. The study certainly supports the SRD as a temporary relief response in a time of crisis. It demonstrates that the SRD had important protective effects and some promotive effects. Further, given that the study detected some small stimulus effects in a time of economic crisis, it does also suggest that a similar longer-term, institutionalised intervention may be worth considering for two reasons. First, informal traders are particularly vulnerable and a longer-term social protection intervention may protect such traders through times of cyclical shocks (both in the economy and in their personal lives). Second, given that promotive effects on both supply and demand were detected during a time of economic crisis that traders attributed to the SRD, these may be further stimulated in a time of economic stability. Specific recommendations emerge:

- **The SRD should be made available consistently in times of crisis.** The study supports the availability of the SRD in times of crisis which affects the livelihoods of many people including informal traders. Importantly, there needs to be clarity with regard to eligibility criteria, which need to be stable for the duration of the grant, since the consistency of the grant is a key aspect of its ability to provide reliable support that leads to protective and productive outcomes. In addition, there is a need for administrative clarity and efficient delivery with regard to application and collection of the grant to enhance the positive effects of the grant.
- **There is potential for a similar mechanism to be institutionalised.** Although the findings cannot be extrapolated to non-crisis times, the small protective and promotive effects detected during a time of severe economic contraction suggest that there is potential to consider an institutionalised, longer-term grant, particularly given the levels of poverty and unemployment in South Africa, and the gap in the social security system for the able-bodied working age population. Such a transfer would be an important protective factor in times of cyclical vulnerability, and it has potential to promote supply and demand in the informal sector. The research showed that the SRD can underwrite relationships of trust between economic actors across the value chains within which informal traders are located. There is therefore a need to evaluate in the post-crisis context the local economic effects of the SRD for unemployed working age adults as well as informal workers, both female and male, both younger

(18-35 years) and older (36-59 years). Importantly, to ensure efficient, effective, sustainable and integrated social and economic outcomes for households, communities and local economies, investigations of the potential long-term local economic effects of the SRD need to be considered in concert with other existing and potential interventions, within the broader scope of the state's multi-sectoral provision for vulnerable households and for informal businesses. For instance recent research demonstrates that grant beneficiaries might need additional support beyond cash only to start and grow their livelihood strategies (Patel et al. 2023).

- **Shock-responsive features should be intentionally incorporated.** COVID demonstrated how quickly a crisis can cause a damaging chain effect in individual businesses and in local economies. For informal traders, inability to work or stock, as well as health risks, increased their vulnerability to debt and household hunger. Building rapid response features into the SRD that enable it to be deployed and scaled up rapidly in the event of an economic, environmental or health related shock can protect economic agents from experiencing irreversible losses. Ensuring safe and less time-consuming monthly access to the grant would greatly support informal traders.
- **There is a need to recognise the economic contributions of informal workers.** The SRD policy recognised the precarious livelihoods of many working age adults. However it was perceived as a grant for the unemployed, not given on the basis of informal traders' active role within local economies, their need for business support or their lack of access to other forms of support available to larger economic actors. These factors were accentuated by the lowering of the means test threshold in April 2022. Accordingly, there is a need for clarity in the policy design of the SRD with regard to informal workers. The SRD policy rationale needs to visibly and publicly recognize informal trader contributions to the economy, including the informal sector's function as an essential supplier of last resort for the most vulnerable consumers.
- **Complementary cash-plus interventions for informal workers.** The SRD stimulated circulation of people, goods and money within local economies to a certain extent, but it could not fully overcome gaps that emerged, particularly when economic ecosystems were under pressure from external threats such as COVID. There is therefore a need for the cash injection represented by the SRD to be complemented by a raft of other interventions which can provide additional support, particularly for informal workers. Informal traders recognized their additional need for transport infrastructure, targeted social protection and employment interventions, access to land and property, as well protection against the structural threats posed by security issues, economic factors such as inflation, political turmoil and natural disasters.

6. Conclusion

This qualitative study, focusing on the effects of the SRD in the local economy have demonstrated that the grant had protective, promotive and some transformative effects, albeit small and severely constrained by the devastating economic impact of COVID-19-related lockdown measures. The evidence demonstrated that the SRD was an important protective mechanism - ensuring that informal businesses could “stay afloat” at a time of crisis. There was also evidence of some new business development as well as a change in the customer base indicating shifts in demand. While these effects were small given the economic crisis of the time, the fact that these small effects were detected at a time of economic crisis is promising and suggests that there may be opportunities for similar interventions to promote both demand and supply effects in the informal sector.

It is helpful to consider the implications of the findings in the context of South Africa’s extreme levels of inequality. Given the qualitative nature of the study, it cannot draw quantitative conclusions regarding the extent of redistribution associated with the SRD (add ref to other studies in the project). However, beyond its simple relief function in a time of crisis, the study does highlight a distributive function of the SRD, which helped to smooth incomes for precarious workers, whose livelihoods can so easily revert to a no work=no income=no food scenario. Informal traders are amongst the most vulnerable and excluded, yet earnings in the informal economy reduce poverty by relatively more (in relation to their overall earnings) than earnings by formal workers (Rogan and Cichello 2020). The growth of the informal sector in Africa (David et al. 2022 (forthcoming)) may well go hand-in-hand with continued and increasing precarity without responsive social policies. However, this study demonstrated how a social protection mechanism has the potential to provide a very important cushioning and promotive effect, curtailing at least some of the vulnerabilities this group faces.

The study also provided detailed accounts of the introduction of previously excluded constituencies into the realm of social protection, particularly informal traders. The SRD supported the productive and reproductive functions of informal traders within their households and their local economies. This cushioned informal traders who depicted themselves as shock absorbers, forced to accept smaller profits, and even to operate at a loss, in order to try and maintain their daily cycles of household investment and consumption. It also supported them as they performed a vital function, providing food security to poor individuals and households by accepting lower than market rates. Qualitatively, the study found that loss of employment on a widespread scale did mean that the ranks of informal traders grew in some cases, however this appeared simply to increase competition rather than growing the share of local economic markets captured by the

informal economy. Nevertheless, this study was conducted at a time of unprecedented economic crisis and does point towards the potentially positive effects of social protection to both protect and promote supply and demand in the informal economy.

References

- Abdoul-Azize, H.T. and R. El Gamil (2021).** "Social protection as a key tool in crisis management: learnt lessons from the COVID-19 pandemic." *Global Social Welfare* 8, no. 1: 107-116.
- Alderman, H. and R. Yemtsov (2012).** *Productive Role of Safety Nets. Social Protection and Labor Discussion Paper No. 1203.* Washington, DC: World Bank.
- Bhorat, H. and T. Köhler (2020a).** *Lockdown economics in South Africa: Social assistance and the Ramaphosa stimulus package.* Washington, DC: Brookings Institute.
- (2020b).** *Social assistance during South Africa's national lockdown: Examining the COVID-19 grant, changes to the Child Support Grant, and post-October policy options. DPRU Working paper 202009.* Cape Town: DPRU, University of Cape Town.
- Carter, B., K. Roelen, S. Enfield and W. Avis (2019).** *Social Protection Topic Guide. Revised Edition. K4D Emerging Issues Report 18.* Brighton, UK: Institute of Development Studies.
- Casale, D. and D. Shepherd (2021).** *The gendered effects of the Covid-19 crisis and ongoing lockdown in South Africa: Evidence from NIDS-CRAM Waves 1-5.* <https://cramsurvey.org/wp-content/uploads/2021/07/3-Casale-D.-Shepherd-D.-2021-The-gendered-effects-of-the-Covid-19-crisis-and-ongoing-lockdown-in-South-Africa-Evidence-from-NIDS-CRAM-Waves-1-5.pdf>.
- David, A., B. Nilsson and Y. Diallo (2022)** (forthcoming). "Informality and inequality: the African case." *Journal of African Economies*.
- DSD (2021).** *The rapid assessment of the implementation and utilisation of the Special COVID-19 SRC gran.* Pretoria: Department of Social Development, Government of South Africa.
- Fisher, E., R. Attah, V. Barca, C. O'Brien, S. Brook, J. Holland, A. Kardan, S. Pavanello and P. Pozarny (2017).** "The Livelihood Impacts of Cash Transfers in Sub-Saharan Africa: Beneficiary Perspectives from Six Countries." *World Development* 99: 299-319. <https://doi.org/https://doi.org/10.1016/j.worlddev.2017.05.020>. <http://www.sciencedirect.com/science/article/pii/S0305750X17301821>.
- Fourie, F. (2018).** "Enabling the forgotten sector: informal sector realities, policy approaches and formalisation in South Africa." In *The South African informal sector: creating jobs, reducing poverty*, edited by F. Fourie. Pretoria: HSRC Press.
- Granlund, S. and T. Hochfeld (2020).** "That Child Support Grant Gives Me Powers' - Exploring Social and Relational Aspects of Cash Transfers in South Africa in Times of Livelihood Change." *The Journal of Development Studies* 56 (6): 1230-1244. <https://doi.org/10.1080/00220388.2019.1650170>.
- Gronbach, L., J. Seekings and V. Megannon (2022).** *Social Protection in the COVID-19 Pandemic: Lessons from South Africa. Center for Global Development Policy Paper 252.* Washington, DC: Center for Global Development.
- Hajdu, F., S. Granlund, D. Neves, T. Hochfeld, F. Amuakwa-Mensah and E. Sandström (2020).** "Cash transfers for sustainable rural livelihoods? Examining the long-term productive effects of the Child Support Grant in South Africa." *World Development Perspectives* 19: 100227. <https://doi.org/https://doi.org/10.1016/j.wdp.2020.100227>. <https://www.sciencedirect.com/science/article/pii/S2452292920300497>.
- Harapan, H., N. Itoh, A. Yufika, W. Winardi, S. Keam, H. Te and M. Mudatsir (2020).** "Coronavirus disease 2019 (COVID-19): A literature review." *Journal of infection and public health* 13 (5): 667-673.
- Lund, F. (2002).** "Crowding In' Care, Security, and Micro-Enterprise Formation: Revisiting the Role of the State in Poverty Reduction and Development." *Journal of International Development* 14: 681-694.
- Mathebula, J., T. Fish and S. Masvaure (2022).** "Should the COVID-19 lockdown Social Relief of Distress Grant be made permanent? CLEAR-AA Policy Brief." *Centre for Learning on Evaluation and Results, University of Witwatersrand.* <https://wiredspace.wits.ac.za/handle/10539/32685>.

Mathers, D. and R. Slater (2014).

Social protection and growth: Research synthesis. London; Barton, Australia: Overseas Development Institute; Department of Foreign Affairs and Trade, Government of Australia.

Neves, D., M. Samson, I. Niekerk, S. Hlatshwayo and A. du Toit (2009). *The use and effectiveness of social grants in South Africa.* FinMark Trust.

Nicolaou-Manias, K. (2020). *Implementing a Scalable Social Relief of Distress Special Covid Grant to Address Poverty and Hunger Crisis for South Africa.* Pretoria: SASSA.

Nnaeme, C., S. Plagerson and P. Patel (2020). "How cash transfers enable agency through livelihoods in South Africa." *World Development* 131.

Nnaeme, C., L. Patel and S. Plagerson (2020). "How cash transfers enable agency through livelihoods in South Africa." *World Development* 131: 104956.
<https://doi.org/https://doi.org/10.1016/j.worlddev.2020.104956>.
<http://www.sciencedirect.com/science/article/pii/S0305750X20300826>.

OECD (2019). *Can social protection be an engine for inclusive growth?* Paris: Development Centre Studies, OECD Publishing.

Rogan, M. and C. Skinner (2022). *The COVID-19 crisis and the South African informal economy: A stalled recovery.* WIDER Working Paper 2022/40. Helsinki: UNU-WIDER.

Rwafa-Ponela, T., S. Goldstein, P. Kruger, A. Erzse, S.A. Karim and K. Hofman (2022). "Urban Informal Food Traders: A Rapid Qualitative Study of COVID-19 Lockdown Measures in South Africa." *Sustainability* 14 (4): 2294.

Skinner, C., J. Barrett, L. Alfors and M. Rogan (2020). *Informal Work in South Africa and COVID-19: Gendered Impacts and Priority Interventions.* WIEGO Policy Brief No. 22. WIEGO.

Spaull et al. (2020). "NIDS-CRAM Wave 1 Synthesis Report: Overview and Findings". <https://cramsury.org/wp-content/uploads/2020/07/Spaull-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf>.

StatsSA (2020). *Quarterly Labour Force Survey. Quarter 2, 2020* Pretoria: Statistics South Africa.

Taaffe, J.E., A.F. Longosz and D. Wilson (2017). "The impact of cash transfers on livelihoods, education, health and HIV – what's the evidence?" *Development Policy Review* 35 (5): 601-619.
<https://doi.org/https://doi.org/10.1111/dpr.12253>.
<https://onlinelibrary.wiley.com/doi/abs/10.1111/dpr.12253>.

Thorne, K., J.E Taylor, M. Filipksi, B. Davis and S. Handa (2016). *The local economy impacts of social cash transfers. A comparative analysis of seven subSaharan countries.* Rome: Food and Agriculture Organization (FAO).

Van der Berg, S., L. Patel and G. Bridgeman (2021). *Food insecurity in South Africa – Evidence from NIDS-CRAM Wave 5.*
<https://cramsury.org/wp-content/uploads/2021/07/13.-Van-der-Berg-S.-Patel-L-and-Bridgeman-G.-2021-Food-insecurity-in-South-Africa-%E2%80%93Evidence-from-NIDS-CRAM-Wave-5.pdf>.

WIEGO (2021). *COVID-19 Crisis and the Informal Economy in Durban, South Africa: Lasting Impacts and an Agenda for Recovery.* Durban: WIEGO; Asiye eTafuleni.

Wills, G., S. van der Berg, L. Patel and B. Mpeta (2020). Household resource flows and food poverty during South Africa's lockdown: Short-term policy implications for three channels of social protection."

Appendix I

Interview – Schedule (English version)

WIEGO/CSDA study

**Local economic
development
effects of income
transfers**



INTERVIEWER

QUESTIONS

[Note to interviewer: Please fill in questions 1-5 before speaking to respondent]

1) Interviewer

2) Respondent Phone Contact

3) Respondent Location

- 1) Johannesburg CBD
- 2) Johannesburg Orange Farm
- 3) Durban CBD
- 4) Mthatha

4) Interview location

- 1) Respondent's place of work
- 2) Other venue _____

5) Respondent's primary livelihood activity

- 1) Street Vendor (Cooked food)
- 2) Street Vendor (Uncooked food and snacks)
- 3) Street vendor (Non-food)
- 4) Market Vendor (Cooked food)
- 5) Market Vendor (Uncooked food and snacks)
- 6) Market vendor (Non-food)

Introduction

Hello, my name is _____. I am part of a team conducting research on the impact of the Covid-19 crisis on local businesses during the pandemic. The Centre for Social Development in Africa (CSDA) at the University of Johannesburg (UJ) and the Women in Informal Employment: Globalizing and Organizing (WIEGO) are doing a study to talk to informal traders about their experiences with the COVID-19 Social Relief of Distress (SRD) Grant of R350. At the moment, there is a discussion in the government about whether to make the SRD permanent, by making a new Basic Income Grant. This research can help the government to show that the SRD is important.

We would like to have a conversation with you where we will ask some questions about how you and other traders have been coping with the situation. The study is being conducted in four locations.

We want to listen to what you have to say. There are no right or wrong answers. We know that you are taking time out of your day to provide us with this information, so the discussion will not take longer than 1 hour.

Before we begin the interview, we want to make sure you understand the following information about the study:

- You must be at least 18 years old to participate.
- You need to work at a street or market stall.
- You need to have received the SRD grant sometime since April 2020.
- Participation in this study is voluntary. You may refuse to take part in the interview, and you may stop at any time if you do not want to continue. You also have the right to skip any question or questions if you do not wish to answer them.
- You have the right to ask questions at any point before the interview, during the interview, or after the interview is completed.
- The information collected via this survey will be used for research purposes. The personal information you will share with us (like your name or the name of your business) will not be passed to any third party. All the information we collect will be stored securely, and any results that are made public will not contain information which could be used to identify you.
- Discussions will be recorded for accuracy purposes, but recordings will not be shared with anyone beyond the research team.

Do you have any questions?

If you are willing to participate in this discussion, please sign this consent form. By signing you agree to participate voluntarily in the study. You also show that you have been provided with the information about the study and any additional information you requested.

Informed Consent Form

Voluntary and Informed Consent to Participate in <<<The local economic development effects of income transfers SRD study>>>>

Having read the information provided in the information sheet and had an opportunity to ask questions I confirm that I am willing to participate in this study.

I understand that I can withdraw from the study at any point with no negative consequences.

Name: _____

Signature: _____

Date: _____

I understand that the interview needs to be recorded for purposes of accuracy and consent to the interview being recorded. NOTE: If consent to record is not provided we will rely on handwritten or typed notes. [Note: if interviews take place remotely/virtually, we will ask for verbal consent]

Name: _____

Signature: _____

Date: _____

Part 1: Demographic Questions

1) How old are you? _____

2) What is your gender?

- 1) Female
- 2) Male
- 3) Other
- 4) Prefer not to say

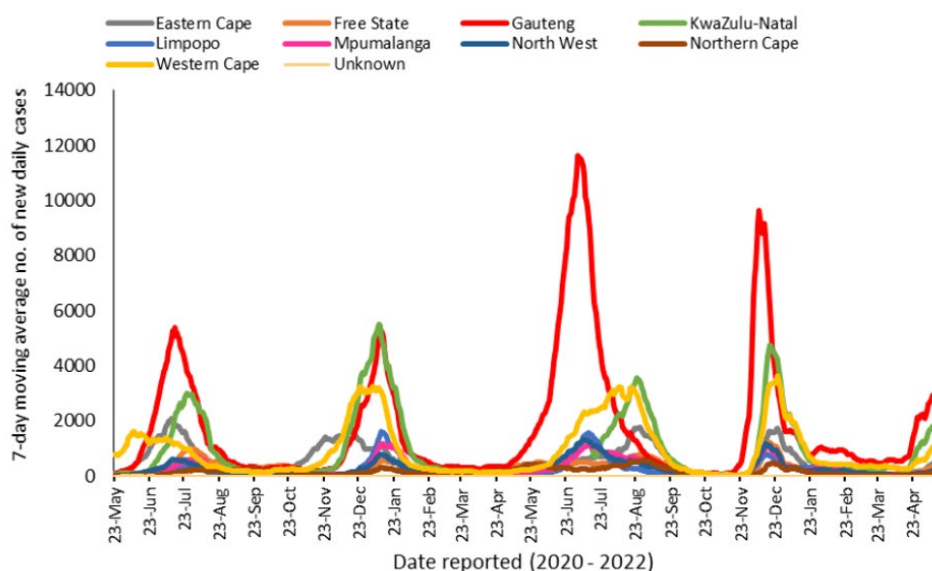
3) What is your nationality?

- 1) South African
- 2) Other _____

Part 2: COVID-19

- 4) Covid-19 has been a difficult time for many people. Some people got sick. Some people couldn't work because of the government restrictions like the lockdown. Please tell me how the last 2 years have been for you, I would like to know about your experience. And how things are going for you now?
- 5) Introduce TIMELINE. We will use this timeline (A3 SHEET PAPER WITH COVID AND SOCIAL GRANTS DATES INDICATED) to understand your experiences better. Since April 2020 there have been 4 waves of Covid when lots of people got sick. We have had several lockdowns and school closures. You already told me a bit about your experiences with COVID – when was it easier or harder and why? [ADD KEY DATES RELATED TO THAT AFFECTED STREET VENDING BUSINESS TO TIMELINE SHEET, e.g. contracted Covid-19 in March 2021]

Timeline - Key dates



COVID restrictions: [4 waves – see graph; Level 5 Lockdown 26 March – 30 April 2020; School closures 27 July– 24 August 2020; Partial lockdown 28 Dec 2020–21 Feb 2021; School closures 28 June– 25 July 2021; Not allowed to travel to other provinces]

Restrictions for street vendors: [Not allowed to trade; allowed to trade but couldn't get permits; locations and hours restricted; fruit and veg allowed but not cooked food]

Social grants: SRD [1st PERIOD May 2020 – April 2021 (EXCLUDES CAREGIVERS); NO SRD May–July 2021; 2nd PERIOD August 2021 onwards (INCLUDES CAREGIVERS)]; CSG CAREGIVER ALLOWANCE [June – Oct 2020]

Other events: Durban unrest (July 2021); Gauteng unrest; KZN floods



Respondent to add throughout interview:

COVID milestones

SOCIAL GRANT milestones

WORK milestones -----

Summarise Covid-related experiences. Is there anything else that you would like to tell me about your experiences during Covid-19?

Part 3: Grants

- 6) Now I would like to ask you some questions about the social grants that you receive. Please tell us about the grants which you receive currently? [PROBES: TYPE AND NUMBER OF GRANTS RECEIVED - SRD, CSG CAREGIVER GRANT, CHILD SUPPORT GRANT, OLD AGE PENSION. USE TIMELINE TO WRITE WHEN EACH GRANT WAS FIRST RECEIVED (BEFORE OR DURING COVID) AND ANY INTERRUPTIONS.]
- 7) How did you hear about the SRD and what was your experience of getting the grant? [PROBES: EXPERIENCE OF REGISTRATION AND PAYMENT. POSSIBLE CHALLENGES: LACK OF KNOWLEDGE; NOT ELIGIBLE; REGISTRATION TOO DIFFICULT AND TIME CONSUMING; LACK OF DOCUMENTATION; COSTS OF APPLYING LIKE TRANSPORT; BANK ACCOUNT PROBLEMS; CITIZENSHIP STATUS; ACCESS TO DIGITAL SERVICES, OTHER CHALLENGES; COMPARE EXPERIENCE WITH OTHER GRANTS (easier/harder)]
- 8) The SRD is a new grant that the government introduced because of Covid-19. Why do you think the government made this new grant? [PROBE: WHO IS IT INTENDED FOR; RESPONDENT VIEWS ON THE GRANT AND IF IT IS CONSIDERED DIFFERENT TO OTHER GRANTS AND WHY]
- 9) Do you think the SRD grant is important for you as an informal trader? Can you explain why/why not? [PROBE: Expenditure items (food, other household, transport, health, debt, business, ...); Recognition (e.g. first time receiving grant)]
- 10) What have you heard about how other people are talking about the SRD grant? [PROBE: Similar/different experiences to respondent; OTHER BENEFICIARIES; NON-BENEFICIARIES; COMMUNITY MEMBERS; RADIO/TV; POLITICIANS; WHY IT STOPPED IN May 2021; WHY IT STARTED AGAIN]
- 11) **Summarise responses to questions on grants.** Is there anything else that you would like to

tell me about your experiences with the grants?

Part 4: Your work

12) We would now like to ask you some questions about your main economic activity as a street vendor/ market trader. What are you selling?

- 1) Fresh vegetables or fruit
- 2) Fresh meat or fish
- 3) Cooked foods
- 4) Food - Staples, Packaged foods, Snacks, etc.
- 5) Merchandise (i.e. clothing, household goods, electronics, hardware, cigarettes, cosmetics etc)
- 6) Medicine (including traditional medicine)
- 7) Other [**SPECIFY**] _____

13) I would like to understand more about the job of a street vendor. Please tell me more about how you run this business? [**PROBES: How it started; Times and logistics (e.g. seasonal/ 3 days a week/ mornings only); Stocking (where, how often it is bought, transportation); Operating costs; Growing produce if fresh vegetables and fruit; Assets and services involved (e.g. cooker, electricity, shared access to communal tap); Interactions with customers; Other enabling factors and challenges (e.g. uncle with a car; childcare solutions); Which relationships (e.g. relatives, community members; other traders; local officials) are helpful to business and which are a hindrance.**]

14) Please tell me about the changes and challenges to your business in the last 2 years. [**PROBES: Changes:** use examples from answers to question 13: e.g. buying stock; restrictions on the hours you could work; changed what you sell. **Challenges:** e.g. debt, fines or confiscation of property from police] [ADD TO TIMELINE]

- 15) Lots of small businesses are linked, so if one does a bit better, maybe other businesses can also benefit. You help someone else's business by running yours. For example, maybe you buy supplies from a shop and you use a taxi to get there. So you are helping the business of the shop and the taxi driver. Or if someone buys fresh fruit from you, they can use it to make cooked food to sell to a customer. Please can you help me to think of all the ways that your selling business is linked to other small businesses? [PROBE: Brainstorm forward and backward linkages; employment of others; How the linkages changed during Covid-19].
- 16) When things were hard during the last 2 years, which selling businesses like yours were able to survive and which selling businesses struggled the most and why? [PROBE: Location; Types of merchandise; Gender; Household and care responsibilities; Savings and debt].
- 17) Did you receive any assistance from family or friends or other organizations to help your business survive? [PROBE: Household support; Informal worker organization support; Other forms of community and government support; ...].
- 18) Do you have any other ways to earn money? Please explain to me about how you combine different businesses to survive? [PROBE: other businesses; how they are combined (e.g. mornings in one business, afternoons in another)]
- 19) Summarise responses to questions on work. Is there anything else that you would like to tell me about your street vending and other work experiences during Covid-19?

Part 5: Your work and social grants

- 20) We are very interested to find out if the SRD grant has helped informal traders and small informal activities to keep trading and to buy and sell from other businesses. Looking at the timeline and from what you have told me, I can see that there are some connections [summarise linkages that have emerged between the SRD/CSG caregiver grant and the street vending business]. Do you agree?

- 21) We know that the SRD is not a lot of money. But please tell me if you think the SRD has made a difference to your business in any other ways? [PROBE: keeping businesses open; helping informal traders to keep their jobs and to give other people jobs; transport money to buy in bulk from a supplier; customers have money to spend; repaying debt]
- 22) We talked earlier about how if one business does well, it helps other businesses to do well. And if one business struggles, it can make other businesses struggle too. Do you think the SRD helped a lot of businesses to survive? Please explain why yes or no? [PROBE: refer back to linkages between businesses listed by respondent earlier - Q15.]
- 23) The SRD grant stopped in May last year for three months, and started again in August 2021. Did the stopping and starting make a difference to your street vending business and to the businesses of other people that you know? Please explain how.
- 24) Do you think the SRD helps some people more than other people? For example men or women? [PROBE: first and second periods of SRD (CSG caregivers excluded then included); different types of street vending businesses, growers and non-growers of produce; sellers in different locations; payment interruptions made it hard to invest in business]
- 25) Do you think the government should make the SRD permanent and why?
- 26) What changes can the government make to the SRD to make it more helpful to informal workers? [PROBE: amount; registration; payment system, regularity; etc.]
- 27) Summarise responses to questions on work and the social grants. Is there anything else that you would like to tell me about the linkages between the SRD and your work?

Thank you for your time!

Take a photo of the timeline sheet

What is AFD?

Éditions Agence française de développement publishes analysis and research on sustainable development issues. Conducted with numerous partners in the Global North and South, these publications contribute to a better understanding of the challenges faced by our planet and to the implementation of concerted actions within the framework of the Sustainable Development Goals.

With a catalogue of more than 1,000 titles and an average of 80 new publications published every year, Éditions Agence française de développement promotes the dissemination of knowledge and expertise, both in AFD's own publications and through key partnerships. Discover all our publications in open access at editions.afd.fr.

Towards a world in common.

Publication Director Rémy Rioux
Editor-in-Chief Thomas Melonio

Legal deposit 1st quarter 2023
ISSN 2492 - 2846

Rights and permissions

Creative Commons license

Attribution - No commercialization - No modification

<https://creativecommons.org/licenses/by-nc-nd/4.0/>



Graphic design MeMo, Juliegilles, D. Cazeils

Layout Denise Perrin, AFD

Printed by the AFD reprography service

To browse our publications:

<https://www.afd.fr/en/ressources-accueil>