



**Policy options for creating improved employment opportunities for vulnerable and discriminated sectors in society; and protecting and mitigating job losses due to COVID-19.**

**Introduction**

The UN Secretary General’s 2020 SDG Progress report underscores that progress in the implementation of the 2030 Agenda continues to be too slow and uneven and that it has either stalled or been reversed in some areas. The report highlights the impact and implications of the COVID-19 pandemic on all 17 Goals.

South Africa’s progress towards achieving Goal 8 - decent work and economic growth - has regressed, with the country’s economy having shed 2,2 million jobs in the second quarter of 2020, according to the latest Quarterly Labour Force Survey.<sup>1</sup> Before lockdown, 5 million people worked in the informal sector,<sup>2</sup> with the informal and SMME sectors not receiving adequate support from the government. The lockdown regulations also resulted in 259,000 domestic workers losing their jobs – a year-on-year increase of 25%.

The expected contraction of GDP in South Africa will, according to the South African Reserve Bank (SARB), be worse than during the Great Depression of 1930. The OECD’s June 2020 forecast is for unemployment rates to nearly double in OECD economies as a whole. In a “single-hit” scenario, the OECD forecast is that South Africa’s narrow unemployment rate will increase from 29.7% in Q4 2019 to 34.5% by Q4 2020. The economy would take six years to recover at least 80% of the value lost during the lockdown.<sup>3</sup>

The National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) revealed an 18% decline in employment between February and April 2020, meaning that 3 million fewer people were employed in April compared with February. In addition, one in three income earners did not earn in April 2020.<sup>4</sup> An August 2020 International Labour Organisation (ILO) report assessing the impact of a COVID-19 shock on South Africa’s economy and labour market projected that 1.485 million jobs are at immediate risk and 1.77 million jobs – including those of skilled workers – are at longer-term risk.<sup>5</sup> If lost, this would be 50% more job losses than what had been lost as a result of the 2008 global financial crisis, and amounts to 9.1% of the 16.42 million jobs (formal and informal) in the South African economy in Q4 2019. This risks raising South Africa’s narrow unemployment numbers to 36.47%, thereby undoing all job growth since 2008.

The report further notes that those jobs at risk are concentrated in the formal private tertiary sectors, in particular the service and agricultural sectors that are experiencing large contractions as they are mostly driven by consumption spending. Based on a 10% shock to final demand, 83.7% of all jobs at risk are less-skilled employment, while 51.4% of jobs at risk are in the lowest and the “basic” skill categories (which comprises all informal sector work).

1 Statistics South Africa. 2020. P0211 - Quarterly Labour Force Survey (QLFS), Quarter 2:2020. Available at: <http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2020.pdf>  
 2 ILO (2018), Women and Men in the Informal Economy: A Statistical Picture. Available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_626831.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf)  
 3 Strauss I, Isaacs, G, Rosenberg, J and Passoni, P. 2020. Rapid Country Assessment: South Africa - The impacts from a COVID-19 shock to South Africa’s economy and labour market. ILO. Available at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_754443.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_754443.pdf)  
 4 Spaul et al. 2020. NIDS-CRAM Wave 1 Synthesis Report: Overview and Findings. Available at: <https://cramsurvey.org/wp-content/uploads/2020/07/Spaul-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf>  
 5 The terms “jobs at risk” is used as jobs may not be “lost” permanently when an economic shock hits an economy



## Dialogue report

In October 2020, the South African government unveiled a plan aimed at expediting the recovery of the country's economy, which as the aforementioned statistics confirm, had severely been affected by the pandemic, and reconstructing the economy in a manner that ensures sustainability, resilience and inclusion. This proposed plan has eight priorities: strengthening energy security, localisation through industrialisation, strengthening food security, infrastructure investment and delivery that meet the National Development Plan 2030 (NDP) goals, support for tourism, green economy interventions and public employment programmes, as well as macro-economic policy interventions.

At a side event of the SDG Symposium 2020, African Monitor and COSATU on behalf of South African working group for SDGs hosted an online dialogue focused on providing a critical analysis of the impact of COVID-19 on the progress of Goal 8 and policy options for protecting jobs and mitigating job losses through social protection schemes. The 27 November 2020 dialogue brought together 38 public officials, experts, activists and grassroots community representatives.

Ms Zanele Matebula, Deputy International Secretary at the Congress of South African Trade Unions (COSATU),

moderated the discussion that was led by a panel of three labour and development experts:

- **Ms Phelisa Nkomo** - development economist, social justice activist and founding member of Abantu for Social Justice;
- **Dr Janet Munakamwe** - Wits Mining Institute, African Centre for Migration and Society and Founder of the African Diaspora Workers Network; and
- **Ms Lebogang Mulaisi** - Labour Market Policy Coordinator for COSATU and development and labour economist.

The panellists were invited to deliberate on the following critical issues:

- South Africa's progress on SDG 8 in relation to the country's 2019 Voluntary National Report;
- The impact of COVID-19 on South African employment, with particular reference to the recently published ILO and NIDS-CRAM reports;
- Policy options for mitigating job losses and protect jobs; and
- Mitigating income loss through social protection and wage subsidies.

## Progress on SDG 8

All panellists agreed that South Africa had not made much progress towards achieving SDG 8; they concurred that COVID-19 had exacerbated the challenges that the country was facing. These included a humanitarian crisis that existed since the global financial crisis; gender dynamics associated with poverty that have seen women pushed to the periphery; youth unemployment at 70%; and a decline in GDP and industrial output. Ms Nkomo further identified some of the working-class communities – rural women, blue-collar workers, young people, and LGBTQ+ persons – as groups of people that continue to face social inclusion.

Dr Munakamwe stressed that COVID-19 exposed the inefficiencies in government policies such as the gender wage gap and social policy and security. She further

emphasised that, while SDG 8 can only be achieved if the current lived inequalities are addressed, the triple challenge of poverty, inequality and unemployment make it difficult to uphold the principles and provisions of the constitution and as well as the implementation of SDGs. In addition, the COVID-19 pandemic had worsened inequalities in South Africa, including for women, who are the primary providers of unpaid work and are victims of short-term contracts; for a large share of workers, whose livelihoods are affected by severe structural and economic issues; and for undocumented migrants, who are exploited by employers.

Ms Mulaisi agreed with her co-panellists on the inequalities the country has been facing, especially on the issue of women carrying the biggest burden of the pandemic. She further noted that the informal sector



had been neglected before the pandemic, resulting in the government not adequately providing social protection or safety nets for this sector.

### Policy options for mitigating job losses and protect jobs

On the issue of policy options to mitigate job losses and protection, Ms Nkomo called for a clear economic strategy that looks at factors including:

- viewing labour demand in the market as an output;
- improved economic governance between fiscal policy management and trade policy to support local production – a strategic sector that is struggling in the South African economy. This includes focusing on labour-intensive sectors, such as agriculture, and breaking oligopolistic organised markets using a cooperative economy. Access to infrastructure would further require that the issues of land and financing be addressed;
- stabilising affected sectors of the economy and society such as women and the informal sector. For example, women’s organisations demonstrated the capacity to hold and support communities during the pandemic; the voice of women should therefore be heard in decision-making so that they are not left behind; and
- access to finance and the market are critical enablers in the proposed cooperatives economy, for which the other levers of success are: policy design, infrastructure, training, a social organisation which gives insights to the character of the economy. A cooperatives-based economy can help activate entrepreneurs to work together, contributes to cohesion and – most importantly – builds resilience amongst communities.

Ms Nkomo further advised that a bottom-up approach requiring good political leadership is vital for stimulating the economy.

Dr Munakamwe stressed that government must address the inequalities that were highlighted by the pandemic, such as the system inefficiency that excluded migrant workers from accessing their Unemployment Insurance Fund (UIF) payments. She also raised the need to rethink social dialogue and SDG 8 objectively to ensure that all sectors and role-players are covered to avoid exacerbating existing structural socio-economic inequalities and that political is needed to address these inefficiencies. In the discussion, Dr Munakamwe also suggested that South Africa explores an industrial policy that is more regional – rather than domestic-focused – as the country’s economy attracts migrant workers who are not considered in local industrial policy.

Trade unionist Ms Mulaisi suggested a number of measures that can be put in place to mitigate job losses. These include:

- intensifying the demand for local products and manufacturing in order to create more domestic jobs and encourage local entrepreneurship;
- increasing the cost of retrenchment by increasing severance pay to ensure that companies only retrench as a last resort - and not as first preference;
- amending Section 189 of the Labour Relations Act, ‘which governs the process of retrenchment due to operational requirements, to compel companies to negotiate rather than consult with unions to arrive at a collective agreement; and
- strengthening bargaining councils even with employees that do not have trade unions to secure better agreements from employers and employees.

### Mitigating income loss through social protection and wage subsidies

The need to mitigate income loss was mostly discussed in relation to **women**, who have carried the biggest burden of the pandemic: two-thirds of the jobs lost during the pandemic had been occupied by women. This is primarily because their jobs are in the informal sector and there are no social protection measures or labour laws available to address informal workers. Ms Nkomo cited the example of domestic workers losing their jobs as families had less disposable income due to COVID-19, with the additional knock-on effect for women in those families who had to assume additional chores. In her view, women’s needs are excluded and society does not offer support. Dr Munakamwe expanded on this in relation to migrant domestic workers, who are exploited by their employees because they have no safety nets if they choose to leave as South African social protection does not extend to them.

In order to mitigate the loss of income in the **informal sector**, Ms Mulaisi stressed the need to reorganise labour to include the informal sector. Although it is difficult to design a beneficial structure that provides safety nets for informal and atypical workers due to the nature of work, the ground work on this must start now in order to ensure that such workers are protected in times of need. In addition, labour laws need to be amended to the informal sector, particular as the formal sector is shrinking and people have been transitioning to the informal sector, leaving them vulnerable because UIF only focuses on the formal sector. Ms Nkomo also suggested ensuring that the voices of women on the ground are heard, so that government can design social protection or wage subsidies that address their challenges and needs.



# Conclusion and Recommendations

The panellists were in full agreement that COVID-19 had exacerbated South Africa's unemployment challenges and further derailed the countries progress on SDG 8. There was also a consensus that women had borne the biggest burden of the pandemic, accounting for more than 60% of job losses.

In terms of its *macro-economic strategy*, the panel recommended that the South African government must:

- Better align the country's fiscal management and trade policies to support local production and labour-intensive sectors to create more jobs and encourage local entrepreneurship;
- Adopt the cooperatives economy as an alternative model for local economic development to help protect communities against the shocks of global economic and other crises;
- Ensure that women and other economically vulnerable groups are included in decision-making; and
- Actively promote regional integration in its economic policy to end inequality and alleviate poverty beyond its borders.

The panel further made the following recommendations in terms of the country's *legal framework* to better protect workers:

- A review of labour laws is needed to include the informal sector in order for provisions such as maternity leave and unemployment insurance to be extended to this vital and growing contributor of the economy;

- Section 189 of the Labour Relations Act must be amended so that retrenchment processes are negotiated, rather than derived via consultation; and
- Effective regulation of migrant workers must be implemented in order to properly account for their contribution to the economy.

In terms of social *protection measures*, the panel recommended that the South African government undertakes the following to mitigate income loss among the most vulnerable:

- Eliminate inefficiencies to ensure that migrant workers are able to access their UIF payments in the same time-frames as South African citizens; and
- Invest in developing a social benefit system similar to UIF that would provide a safety net for the informal sector

*Trade unions and civil society* must contribute to and supplement the government's efforts by:

- Strengthening bargaining councils to ensure that workers are better protected in times of retrenchment and other economic impacts;
- Holding the private sector accountable in relation to upholding all relevant labour laws to minimise exploitation of informal and migrant workers; and
- Advocating for solidarity in the Southern African Development Community (SADC) region and working with a relevant structure to end inequality and alleviate poverty regionally.

The Open SDG Club South Africa 2020 was hosted by African Monitor in partnership with the Commission for Gender Equality and members of South African working Group on SDGs



african monitor  
African voices for Africa's development



Commission for Gender Equality  
A society free from gender oppression and inequality

Funded by



german cooperation  
DEUTSCHE ZUSAMMENARBEIT

Implemented by



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

