

RESEARCH ARTICLE:

Socio-Economic Implications of the COVID-19 Pandemic and its Impact on the South African Informal Economy

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Abstract

The informal business sector in many developing economies is often seen as a driver of economic growth due to the role that this sector plays in the creation of employment opportunities, increasing the social activities of its communities, and providing business opportunities for rural entrepreneurs. The informal economy has been known to be insulated from macro-economic volatility in the global markets, but this could be an oversight on the part of the national government as they have not taken this sector into account when determining GDP or strategic imperatives to bolster the economy. The COVID-19 pandemic showcased how unprepared many economies were in the face of harsh government-imposed lockdowns and the resultant job losses that occurred due to individuals being unable to go to work. The South African government, whilst acknowledging the informal sector and the subsequent economic and social role it plays, lacks the necessary policy framework and enablement of this sector, as well as a platform that enables the continuation of business practices for informal traders that will protect them from the daunting impacts of a pandemic or another global catastrophe. The purpose of this study is to comprehend and analyse the socio-economic ramifications of the COVID-19 epidemic and its impact on the informal economy in South Africa. To do so, the study utilises discourse analysis and which is carried out using a secondary data collection approach. Theses for master's and doctoral degrees, papers presented at conferences, policy documents, government gazettes, statistical data from governments, and reports from international organizations are all taken into consideration. Articles published in scientific journals that have been subject to the process of peer review are also taken into account. According to the findings of the study, in order to protect the informal sector from unforeseen disasters in the future, it is recommended that policies and protection mechanisms be put into place.

Keywords: COVID-19; socio-economic impact; informal sector; South Africa

Introduction

The COVID-19 pandemic that gripped the world and brought many countries to a standstill, had a crippling effect on many economies. Government imposed lockdowns and risk adjusted strategies were enforced to counter the spread of the virus, which had a direct impact on how people lived their lives and their ability to earn an income. The COVID-19 pandemic transformed from a health shock to a global economic crisis which had far-reaching effects that affected the poorest nations of the world due to their socio-economic conditions, high unemployment rates, and poor health care systems (Rasul *et al.*, 2021). The first cases were reported in Wuhan, China in December 2019, and the virus has since spread to 230 countries. The World Health Organisation (WHO) note that COVID-19 pandemic has claimed over 6 million lives globally and still continues to plague many countries. South Africa is ranked number 36 in the list of total cases, with a death count of 102 000 as of August 2022. In an effort to stop the virus from spreading further, governments all over the world have implemented stringent lockdown measures, effectively banning the movement of people, enforcing travel bans globally, and confining people to their homes to flatten the curve. The South African government enforced strict lockdown laws that came into effect on the 15 March 2020 (Government Gazette, 2020a) and included the national lockdown of border posts with

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neighbouring SADC countries, the closure of the alcohol and tobacco industries, and the closing of schools and many businesses, only allowing for essential services to be carried out (Gondwe, 2020).

Whilst the South African government implemented an ambitious R500 billion stimulus packages to protect jobs and address the rapid decline in national and international economic activities, these interventionist strategies did little to cushion or provide relief to individuals working in the informal economy. Many individuals who rely on micro and informal businesses for their livelihoods were severely compromised by the lockdowns as they were unable to earn an income. The epidemic has caused disruptions in agricultural output, food supply chains, and a loss of revenue in a number of different nations, which has directly led to an increase in food insecurity, which is another big problem that has directly developed as a direct result of the pandemic. The COVID-19 pandemic provided the government of South Africa with the ideal opportunity to review the capabilities of its state institutions and put those capabilities to the test because of the massive socioeconomic damage that was caused by the pandemic. If the state's institutions are unable to properly implement counter-cyclical policies, the potential for COVID-19 to exacerbate the nation's triple difficulties of unemployment, poverty, and inequality exists (Khambule, 2020).

The term "informality" in this paper refers to a broad range of jobs and economic activities and it is more prevalent in developing economies than developed economies. There is a strong correlation between the size of the informal economy and the rate of economic, social, and institutional growth, as well as the composition of the job market and the structure of the economy (Capasso *et al.*, 2022). According to the International Labour Organisation (ILO, 2018/2023), more than two billion (60%) individuals that are employed globally work in the informal economy and 93 percent of these informal workers are predominantly in emerging and developing economies. The agricultural sector is deemed to have the highest level of informality with 93.6 percent of the sector being informal worldwide. These jobs and activities include everything from waste-picking and domestic work to short-term contract work and street vending. Shapiro (2015) asserts that the informal economy contributes towards a greater share of the GDP in developing countries than developed countries, and this assertion is substantiated through the statistics provided by the International Labour Organisation in their 2018 report denoting that informal employment is at 18 percent for developed economies compared to 69 percent for developing countries.

According to the findings of the International Labour Organisation (2020), there are 1.6 billion informal workers, representing those who are most vulnerable in the job market; the pandemic had a major impact on the ability of the informal economy to make a living and sustain their livelihoods. In the first month of the pandemic that was brought on by the coronavirus, the income of informal laborers dropped by 60 percent. Studies such as ILO (2020) and United Nations Development Programme (2020) show that workers who are unprotected in the informal economy, individuals who are self-employed, women, migrants, and casual workers may be disproportionately disadvantaged as a result of the fact that they are not covered by social security and labour standards. This is because workers in the informal economy, individuals who are self-employed, and casual workers are not covered by social security and labour standards. Additionally, there is a greater possibility that these employees will be exposed to hazardous working circumstances. A significant number of those who work in the informal economy are female. They frequently participate in work that pays poorly, exposes them to potential danger, and is not regulated. Women's engagement in the informal market is driven by a number of factors, including restricted access to education, discriminatory societal norms, and a lack of options for official employment. In many circumstances, this is the case. It is absolutely necessary, in order to achieve gender equality and inclusive economic growth, to address gender inequities within the informal sector.

It has been hypothesised by a number of scholars, particularly those working in the field of development economics, that the informal economy is responsible for a sizeable portion of the socioeconomic status of developing nations (Bandyopadhyay, 2020; Bhattacharjee and Sarkar, 2020; Eldrede and Kadirov, 2020; Ghosh and Chaudhury, 2020; Jha and Pankay, 2020; Nshimbi, 2020; Peberdy, 2017; Rogan and Skinner, 2020; Rogerson, 2018). According to the IMF (2021), when compared to projections made before the epidemic, it was shown that in the year 2020, there was around 95 million additional people living in poverty, the vast majority of whom were informal workers. This is an increase from the number of people who were projected to live in poverty before the pandemic. The relationship between the informal market and formal economic institutions is one that is both intricate and multifaceted. Even while informal work helps the economy by creating activity and jobs, the fact that it is unregulated might be detrimental to the expansion of the economy as a whole. It is common for governments to suffer income losses as a direct consequence of the absence of taxation and formalisation, which in turn restricts their ability to invest in public infrastructure, public services, and social welfare programs.

Table 1: Informal employment as a percentage of total employment by region

Region	Percentage
Africa	76
Northern Africa	58.1
Sub-Saharan Africa	79.2
Southern Africa	27.6
Americas	29.3
Latin Americas and the Carribean	37.4
Central America	36.5
South America	37.3
Asia and the Pacific (Excluding China)	58.8
Eastern Asia	44.7
South Eastern Asia and the Pacific	57.4
Southern Asia	77.4
Europe and Central Asia	19.4
Eastern Europe	21.9
Europe	11.3
Central and Western Asia	37.7

Source: ILO, 2018

The percentage of people employed in informal jobs is highest in Africa where it is at 76 percent, followed by the Asia-Pacific area where it stands at 58.8 percent, and the Americas with 29.3 percent. According to the ILO (2020), at the peak of the COVID-19 pandemic when many countries were in full lockdown, a combined 1.1 billion people were employed in the informal economy of these countries. The majority of the individuals were not insulated from the lockdown effects as they are generally characterised as having no income replacement and no possibility of working from home. Without the means to leave their homes and earn an income, many were unable to eat or sustain their livelihoods, resulting in an increase in the rate of poverty. Teachout and Zipfel (2020), on their study for the International Growth Centre, proclaim that the COVID-19 lockdowns had a direct and immediate impact on people's ability to make a living in sub-Saharan Africa and, as a direct consequence of COVID-19, 9.1 percent of the population living in sub-Saharan Africa has been thrust into an extreme state of poverty, with the lockdowns themselves being responsible for around 65 percent of this rise in poverty.

Methodology

This study employed discourse analysis and was undertaken via a secondary data collection method to understand and analyse the socio-economic implications of the COVID-19 pandemic and its impact on the informal economy in South Africa. Articles published in scientific journals that have undergone the process of peer review were considered, as well as theses for master's and doctoral degrees, papers presented at conferences, policy documents, government gazettes, statistical data from governments, and reports from international organisations. In the course of the investigation, both quantitative survey articles and papers containing qualitative secondary data were incorporated. The themes highlighted by the literature were examined in existing literature using government-published statistics and statistical analysis cited from reliable sources. Results and findings identified provide credibility to the negative impact that COVID-19 had on the informal sector in South Africa, which allows for the discussion and recommendations that will be unpacked.

The South African Informal Economy: A Discussion

The phrase "informal worker" in the context of this article refers to a worker who is not registered nor protected by the legal system, does not have employment contracts, a guaranteed source of income, benefits, or social protection, and is not qualified for social security or workers' compensation. According to Pitoyo *et al.* (2020: 2), the informal sector is defined as a business that is not a legal entity and is owned by households or individuals. The International Labour Organisation and the Organisation for Economic Co-Operation and Development (OECD)

claims that the informal sector acts a “shock absorber in times of economic crises”. Mróz (2015) opines that the informal economy is now heavily integrated in the modern economic landscape, often associated with positive and negative connotations to the economy. The negative elements are often characterised as violations of state laws and adherence to business rules, non-compliance, and zero contribution to tax revenues. The positive aspects are frequently associated with the capacity of the shadow economy to contribute to the creation of employment, increased production and increased consumer demands and a general increase in the standard of living of these households (Mróz, 2015; Burger and Fourie, 2019). Furthermore, it is prudent to note that some of the money earned in the informal economy is spent in the formal economy. The premise of this informal economy is notably important in terms of economic crises or a restraint in economic activity, allowing the informal economy to act as a shock absorber during these recessionary periods (Mroz, 2015).

The South African informal economy is widely regarded as an integral sector that has the potential to alleviate poverty and address the rising levels of unemployment (Khambule, 2022). The Department of Small Business Development (2020) estimates that there are around 3.3 million persons in South Africa who are employed in either micro companies or the informal economy. According to research conducted by Rogan (2019), there are significantly more persons working in the country's rural informal economy (48%) than there are in the urban informal sector (24%) in the country's metropolitan municipalities. These numbers are in line with global trends that demonstrate that a higher percentage of persons working in the informal economy are located in rural areas than in metropolitan areas (see Table 1). The informal economy in South Africa encompasses diverse economic activities and people, such as domestic workers, informal traders, homeowners selling food, and waste pickers, who are typically own account workers that generate income for the marginalised individuals in South Africa (Statistics South Africa, 2020).

Data collected by Statistics South Africa during the last quarter of 2019 show that seven percent of the country's overall workforce was employed in the informal retail sector. An estimated 42 percent are engaged in the business of selling food in an unlicensed capacity. There has been a persistent gender pay disparity within the informal economy, with women being disproportionately represented in occupations that pay the least, while simultaneously facing a discrepancy in earnings among informal jobs (Rogan and Alfes, 2019). Despite a prevalent belief that women could discover employment opportunities through street vending, statistics that were published by StatsSA (2021) imply that the percentage of women working in the informal sector is declining. Certain product lines, most notably those involving fresh vegetables, are mostly distributed through unofficial channels. Over 50 percent of sales made at South Africa's largest wholesale market for fresh produce, City Deep, are made to informal traders in the city of Johannesburg (Wegerif, 2020). Informal traders typically sell fresh produce at prices that are 50 percent to one-third of the price of the same product sold in supermarkets.

The COVID-19 pandemic and the subsequent government-enforced lockdowns had a negative effect on the informal sector, they did not consider the disproportional impact it would have on an individual's ability to make a living. This resulted in a negative influence on the informal sector. (Benhura and Magejo, 2020; Kohler *et al.* 2021). Furthermore, government aid and relief packages designed to keep businesses afloat were more structured towards the formal sector and those businesses registered with government institutions such as the Companies and Intellectual Property Commission (CIPC), South African Revenue Service (SARS), and the Department of Small Business Development (DSBD), which has two agencies to support the SMME sector which, the Small Enterprise Development Agency (SEDA) and Small Enterprise Finance Agency (SEFA). President Cyril Ramaphosa issued the following statement as a response to the pandemic: “We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality.” In this address, there was a strong focus placed on the goals of the National Development Plan (NDP), which has been in effect for a considerable amount of time and places a high priority on safeguarding low-income workers, jobless individuals, and other vulnerable population segments (NPC, 2012). The NDP places a high priority on the informal sector, which, according to its projections, will be responsible for the creation of over two million employed individuals by the year 2030. Despite this, the NDP offers very little to no information regarding how existing informal merchants might be supported or how restraints might be addressed in order to raise capacity. Specifically, the NDP offers no information regarding how capacity can be increased.

Table 2: Definition and characteristics of the informal and micro enterprise sector

	Survivalist enterprise	Informal business	Micro-enterprise
Turnover	Income below the minimum income standard or the poverty line	Turnover varies and can exceed threshold for micro businesses	Turnover threshold ranges from R5M to R20M depending on the sector
Employees	Run by an individual or family/friend, no other employees	Usually <5 employees	<10* Total full-time equivalent of paid employees
Formalisation	No formal structure, considered pre-entrepreneurial	No registration with CIPC or Sars	Are registered with CIPC or Sars but only have minimal formal structures
Examples	Hawkers, vendors; subsistence farmers	Hawkers, vendors, spaza shops, food stalls, car wash, beauty parlors, hair salons	Formalised spaza shops, minibus taxis, mechanic, manufacturing

Source: United Nations Development Programme South Africa 2020

The structure of the South African economic sector is diverse, and when one considers the informal sector, it is approximated that there are 3.3 million informal and micro businesses (DSBD, 2020). According to SEDA (2020), the SMME sector is responsible for 45 percent of employment, of which the informal sector makes up 9.3 percent. The informal market is responsible for the employment of 3.9 million people in micro businesses, 1.1 million people are working in the informal sector, and a further 1.6 million people are own-account workers. This equates to a total of approximately 6.7 million people working in the micro and informal sector (SEDA, 2020). The informal economy is predominantly used a survivalist strategy by many individuals, as it is their only source of income due to them not having access to the formal economy due to poverty and a host of other factors. According to the estimates provided by the International Monetary Fund (IMF, 2017), informal employment and the informal sector in South Africa contributes approximately 20 percent to the GDP. The GDP, in nominal terms for South Africa, is 405.87 billion US dollars (World Bank, 2022).

Table 3: Forecast of the size of the informal economy of emerging economies (% of GDP)

COUNTRY	2011	2016	2017	2020	2025	PERIOD AVERAGE (2011-25)
 Global	23.1	22.66	22.5	22.11	21.39	22.35
 Australia	12.82	11.4	11.09	10.24	8.89	10.85
 Azerbaijan	47	67.04	66.12	56.73	58.38	58.05
 Brazil	35.57	34.76	34.75	34.48	34.2	34.69
 Bulgaria	30.28	29.93	29.85	29.56	29.56	30.06
 Canada	14.82	14.4	14.15	13.95	13.8	14.3
 China	10.53	10.15	10.17	10.05	9.9	10.12
 Estonia	27.78	28.48	28.4	28.09	26.46	27.83
 Hong Kong	14.39	14.2	14.14	13.88	13.65	14.05
 India	18.62	17.22	16.55	15.7	13.6	16.35
 Indonesia	17.34	16.53	16.49	16.24	16.17	16.51
 Ireland	14.74	14.17	13.59	13.57	12.78	13.84
 Italy	26.24	26.32	26.5	26.56	26.37	26.37
 Japan	10.22	10.08	9.89	9.42	7.86	9.5
 Kenya	27.77	26.82	26.79	26.6	26.72	26.89
 Latvia	25.45	24.57	24.17	23.21	20.79	23.61
 Lithuania	27.87	26.27	26.01	25.54	25.79	26.23
 Malaysia	28.83	23.24	22.9	21.9	21	23.6
 Nigeria	50.73	48.37	47.7	46.99	46.11	47.93
 Pakistan	32.5	31.78	31.99	32.41	33.89	32.46
 Poland	24.59	23.68	23.42	22.95	22.13	23.33
 Russia	39.33	39.07	39.29	39.37	39.3	39.19
 Singapore	11.57	12.54	12.88	13.36	14.06	12.86
 South Africa	23.48	23.29	23.33	23.71	24.19	23.59
 Sri Lanka	39.5	37.76	37.33	36.46	34.85	37.13
 Turkey	27.43	25.72	24.95	23.85	21.55	24.7
 Ukraine	45.16	45.96	46.12	46.1	45.98	45.84
 UK	11.83	11.47	11.29	11.19	10.83	11.33
 US	8.2	7.78	7.69	7.42	6.94	7.59

Source: The Association of Chartered Certified Accountants (ACCA)

The notion of informal employment includes the informal sector and all non-registered and non-documented workers who are employed by numerous economic units. Informal employment is also known as "grey" employment. Workers in the informal economy often have lower levels of education, a smaller pool of available skills, and a lower literacy rate than workers in the formal economy do. Informal laborers are forced to put in longer hours of work in order to reach the same level of output because there is no vocational training available and no system for upgrading skills.

Table 4: Factors that determine the size of the informal economies in emerging economies

COUNTRY	SHADOW ECONOMY FACTORS		
	1	2	3
 Global	Bureaucratic quality	Corruption control	GDP per capita
 Australia	GDP per capita	Tax burden	GDP growth
 Azerbaijan	Corruption control	Democratic accountability	GDP growth
 Brazil	Corruption control	Bureaucratic quality	Young population (% total)
 Bulgaria	Bureaucratic quality	Corruption control	Unemployment
 Canada	GDP growth	Employment growth	Unemployment
 China	GDP growth	Investment (% GDP)	Democratic accountability
 Estonia	GDP Growth	Unemployment	Population growth
 Hong Kong	Investment (% GDP)	GDP growth	Corruption control
 India	Employment growth	GDP growth	Unemployment
 Indonesia	Democratic accountability	Political stability	GDP growth
 Ireland	GDP growth	Population growth	Young population (as % of total)
 Italy	GDP growth	Unemployment	Bureaucratic quality
 Japan	GDP per capita	Young population (as % of total)	Population growth
 Kenya	Bureaucratic quality	Law and order	Ethnic tensions
 Latvia	Corruption control	Bureaucratic quality	GDP growth
 Lithuania	Bureaucratic quality	Corruption control	GDP growth
 Malaysia	GDP growth	Democratic accountability	Corruption control
 Nigeria	Corruption control	GDP per capita	Bureaucratic quality
 Pakistan	Corruption control	Democratic accountability	Ethnic tensions
 Poland	Bureaucratic quality	Corruption control	GDP per capita
 Russia	Corruption control	Democratic accountability	GDP growth
 Singapore	Democratic accountability	GDP growth	Population growth
 South Africa	Unemployment	Bureaucratic quality	Law and order
 Sri Lanka	Bureaucratic quality	Law and order	Corruption control
 Turkey	Corruption control	Unemployment	GDP per capita
 Ukraine	Bureaucratic quality	GDP per capita	Political stability
 UK	Unemployment	GDP growth	Population growth
 US	GDP growth	GDP per capita	Employment growth

Source: The Association of Chartered Certified Accountants (ACCA)

In light of the COVID-19 epidemic and ongoing efforts to contain its spread, a National State of Disaster declaration was issued by the South African President Cyril Ramaphosa on the 15th of March 2020 and published in the Government Gazette (2020a). The lockdown regime that was implemented in South Africa in March 2020 included the national lockdown of border posts, major industries such as the alcohol and tobacco industries, as well as the closing of all schools and a significant number of businesses. This effectively enforced social distancing in an effort to curb the spread of COVID-19 (Gondwe, 2020). According to Casale and Posel's (2020), the most severe effects

were felt by small, micro, and medium enterprises (SMMEs), informal workers, and those individuals living in households with low incomes.

According to Ranchod and Daniels's (2020), the decrease in the unemployment rate from February to April resulted in the loss of a total of three million jobs. The detrimental effects of severe lockdown measures, the ensuing unprecedented obstacles experienced by the self-employed and informal workers, as well as the difficulty experienced by many SMMEs in operating remotely, led to the downsizing and closure of numerous businesses (Enfield, 2021; Belitski *et al.*, 2022). On the 21st of April 2020, the South African government announced a R500 billion economic relief package, however, a majority of informal businesses were excluded from benefitting. The initial government intervention and strategies included a R500 billion economic stimulus package that comprised of aid packages, additional cash awards for ongoing initiatives, and a Special COVID-19 Social Relief of Distress Grant that was available for six months. These initiatives which were implemented and required businesses to provide proof of registration for the provision of essential services and did not consider the informal economy, leaving many thousands of informal workers destitute and without any form of compensation (Skinner *et al.*, 2021; WIEGO and Asiye eTafuleni, 2021). Due to many lobbyist groups acting on behalf of the informal traders, the government revised their Disaster Management Regulations on the 2nd of April 2020, effectively allowing informal businesses, food traders, and spaza shops to trade as essential service providers (WIEGO, 2021).

According to the data provided by National Income Dynamics Study and Coronavirus Rapid Mobile Survey (NIDS-CRAM) study undertaken by Skinner *et al.* (2021), around 35 percent of overall employment was considered to be informal during the height of the government's lockdown measures in April 2020. This represents just over five million workers. According to the findings of South Africa's Quarterly Labour Force Surveys (QLFSs), an equal number of female and male employment in South Africa is considered to be of an informal nature. It is observed that the disproportionate amount of job and income losses that have been endured by women is one of the most distinctive elements of the pandemic in South Africa (Casale and Posel, 2021; Casale and Shepherd, 2021; Rogan and Skinner, 2020). The pace at which women's informal employment decreased at a broad margin during the first two quarters of the crisis was much higher than that at which men's employment decreased during the same time period. According to Kohler *et al.* (2021), it is projected that around 1.5 million of the nearly 2.2 million net jobs that were lost during the second quarter of 2020 were those in the informal sector. At the conclusion of the third quarter, 1.2 million of the 1.7 million jobs that were lost were in the informal economy, and at the end of the year 860,000 of the 1.4 million jobs that were lost were in the informal economy. Therefore, both relative and absolute job losses were greater in the informal economy; but the rate and amount of recovery was greater for formal employment. This dichotomy can be explained by the fact that the informal economy relies more on self-employment.

The isolation of the informal economy from critical services has produced a grim future for those who are working in this sector of the economy. This is because many people in South Africa who are involved in the informal business are also unemployed and depend on a restricted income. As a result of the lockdown, many small-, micro-, and medium-sized enterprises (SMMEs) have been forced to shut their doors because they were unable to continue operating profitably. This has resulted in the layoff of a large number of workers in the informal sector; workers have also been negatively impacted by the economic losses that have accumulated as a result of decreased demands, restrictions on movement, a lack of access to markets (ILO, 2020a). This has significant repercussions for issues relating to poverty, gender, as well as food and nutrition, in particular for marginalised populations that are largely dependent on the informal economy for their cash income and a means of subsistence. This is because the majority of workers in the informal sector are low-income, and the majority of those low-income workers are women (ILO, 2018; Rogan and Skinner, 2021). Food insecurity is another significant problem that has arisen as a direct result of the pandemic, which has created disruptions in agricultural production, food supply chains, and a loss of revenue in a number of different countries.

At the same time, as a result of the poor supply of agricultural production, food costs have increased, which has led to severe consequences on the ability of households to maintain adequate food supplies. The population in South Africa that is most at risk of being affected by natural catastrophes (floods, droughts), armed conflict, or the fact that they are living in extreme poverty in a country with inadequate social safety programs, are informal workers. Workers whose salaries are already near to or below the poverty line will be devastated by the strain on their incomes that will result from the drop in economic activity, and the number of people living in poverty will increase as a result.

Observations from the Discussion

According to the findings of the study, the effects of the lockdown were felt over a wide swathe of the population, with the black majority bearing the brunt of the consequences. This is because the overwhelming majority of black people are involved in and run informal businesses inside their own communities. Millions of people in the nation who depend on the informal economy for a living struggled to make ends meet as a result of COVID-19. The lockdown negatively impacted the majority of South Africans who work in the informal economy, who often make a living as market sellers, rubbish collectors, food vendors, and street vendors, among other occupations. The general public was not allowed to leave their premises, which meant that the influence on the informal economy was mostly unavoidable. This, in turn, made it more difficult for people who participated in the informal sector to find employment.

As a direct result of the lockdown, many people lost their means of subsistence overnight and their incomes fell by a significant amount. The following are some of the mechanisms that led to the collapse of the structures:

- Closure of schools and childcare centres resulted in loss of income for informal workers
- The end of school feeding systems was another unfortunate consequence of the closing of schools.
- Due to the lack of available childcare services, parents and grandparents were required to bring their young children along with them to informal markets.
- Informal workers who managed to retain their jobs lost 50 percent of their incomes (Benhura and Magejo, 2020)
- Those who were working informally in both February and April saw a 32 percent fall in the number of hours they put in each week, bringing the average down to 33.3 (Rogan and Skinner 2020).
- In April 2020, almost 37 percent of those who were unofficially self-employed reported having no earnings. (Rogan and Skinner 2020).
- Demand from customers fell dramatically as a result of the fact that major marketplaces and towns were still closed, and a large number of people were working from home.
- Informal employees were required to comply with COVID-19 guidelines and carry personal protective equipment (PPE) with them even though they lacked both the revenue and financing.
- Concerns about the possible spread of the virus due to informal workers' use of public transportation, in particular among domestic employees, led to the association of these workers as potential carriers of the illness (WIEGO, 2021).
- Food security was a major threat as many individuals suffered from hunger, and in households with children 90 percent reported hunger as a factor affecting children (WIEGO, 2021)
- Workers in the informal economy were not included in the UIF database and as a result they were not eligible for UIF benefits (UNDPSA, 2020).
- SASSA (South African Social Security Agency (SASSA) database rejection of three million applications due to outdated information and administrative ineptitude (Rogan and Skinner, 2020).

Conclusion

The purpose of this research was to conduct a socio-economic impact evaluation of the pandemic caused by COVID-19 on informal businesses in South Africa. The informal economy, which is already a constrained sector that does not have access to methods of generating revenue or maintaining livelihoods, experienced a massive setback during the COVID-19 pandemic. As a result of the severe socioeconomic and political repercussions that the COVID-19 pandemic unleashed, the informal economies in South Africa have been compelled to implement steps, not only to preserve people's means of subsistence, but also to make it easier for enterprises to continue operating and to maintain their respective local economies. Government lockdowns, the inability to earn an income, inadequate measures to protect oneself from the virus, and the compounded red tape in seeking government assistance via UIF has revealed the stark reality of how ill-equipped the South African government was when handling the fallout from a global pandemic. It is evident that despite the informal economy being lauded as an economic shock absorber, this statement didn't provide to be of any assistance for the marginalised and destitute of the country. Government legislation and strategic imperatives are in dire need in the form of implementing policies that enable informal businesses to thrive. According to Alfery *et al.* (2020), in addition to assisting in the restoration of livelihoods in a manner that is adapted to the specific requirements of various categories of workers in the informal sector, ensuring that even the most disadvantaged members of society are included in social

security systems is required. In summary, this shows that despite the huge role that the informal economy plays in absorbing millions of people who are excluded from regular work, the government has not given it enough priority. Such discriminatory policies are likely to put individuals who are already on the brink of absolute poverty in danger and raise the already high rates of poverty in the nation.

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