“Socio-economic impact of the COVID-19 pandemic in South Africa: counting the cost”

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ARTICLE INFO	Sunday Olawale Olaniran and Kehinde Damilola Ilesanmi (2021). Socio-economic impact of the COVID-19 pandemic in South Africa: counting the cost. *Economics of Development*, *20*(2), 41-50. doi:10.21511/ed.20(2).2021.04
DOI	http://dx.doi.org/10.21511/ed.20(2).2021.04
RELEASED ON	Friday, 07 October 2022
RECEIVED ON	Monday, 07 June 2021
ACCEPTED ON	Thursday, 17 June 2021
LICENSE	This work is licensed under a Creative Commons Attribution 4.0 International License
JOURNAL	"Economics of Development"
ISSN PRINT	1683-1942
ISSN ONLINE	2304-6155
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	Simon Kuznets Kharkiv National University of Economics

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
37	2	2

BUSINESS PERSPECTIVES

Publisher

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sumy, 40022, Ukraine
www.businessperspectives.org

S. KUZNETS KHNUE

Founder

Simon Kuznets Kharkiv National University of Economics, Nauky avenue, 9-A, Kharkiv, 61166, Ukraine
http://www.hneu.edu.ua/

Received on: 02nd of June, 2021
Accepted on: 17th of June, 2021
Published on: 07th of October, 2022

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SOCIO-ECONOMIC IMPACT OF THE COVID-19 PANDEMIC IN SOUTH AFRICA: COUNTING THE COST

Abstract

The sudden outbreak of the novel coronavirus (COVID-19) continues to pose a threat to human survival as nations around the world battle to survive in the face of this unwanted invisible enemy. Apart from its devastating effects on public health, the COVID-19 pandemic has crippled the economy of many developed and developing nations, including South Africa. The paper analyzed the costs of the COVID-19 pandemic on South African education and literacy, manufacturing, employment generation, and foreign direct investment, among others. This study employed discourse analysis to examine some of the socio-economic impacts of the COVID-19 pandemic in South Africa. Dubbed as a rainbow nation with one of the most advanced economy, South Africa is currently faced with the twin problem of being the epicenter of the COVID-19 pandemic in Africa and having to cater for millions of unemployed citizens who depend solely on social welfare services. The review revealed that South Africa has been mostly affected by the COVID-19 pandemic, and the effects on socio-economic activities in the country were more severe compared to other nations within the SADC region. The outbreak of the COVID-19 pandemic has revealed how susceptible the South African economy is in the face of emergencies, despite its enormous economic immensity. The government and policymakers must come up with viable economic recovery plans, and these plans must be sustainable to ensure that the country does not slump back into recession in the event of another pandemic. The government at all levels should design relief programs targeting those who might have lost their basic livelihoods, be they employment or businesses, due to the COVID-19 pandemic.

Keywords socio-economic cost, COVID-19, impact, recession, discourse analysis, South Africa

JEL Classification I1, I150, I180, G2

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СОЦІАЛЬНО-ЕКОНОМІЧНІ НАСЛІДКИ ПАНДЕМІЇ COVID-19 У ПІВДЕННІЙ АФРИЦІ: ПІДРАХУНОК ВИТРАТ

Анотація

Раптовий спалах нового коронавірусу (COVID-19) продовжує становити загрозу виживанню людей, оскільки країни всього світу борються з цим небажаним невидимим ворогом. Окрім руйнівних наслідків для здоров'я населення COVID-19 підірвав економіку багатьох розвинених країн і тих, що розвиваються, зокрема Південної Африки. У статті проаналізовано пов'язані з COVID-19 витрати на освіту та письменність у Південній Африці, виробництво, створення робочих місць, прямі іноземні інвестиції тощо. Для вивчення деяких соціально-економічних наслідків пандемії COVID-19 у Південній Африці використано метод дискурс-аналізу. Південна Африка, яку називають веселковою нацією з однією з найрозвиненіших економік, зараз стикається з подвійною проблемою: бути епіцентром пандемії COVID-19 в Африці та обслуговувати мільйони безробітних громадян, які повністю залежать від служб соціально-побутового забезпечення. Результати показали, що Південна Африка більше за всіх постраждала від пандемії COVID-19, і наслідки для соціально-економічної діяльності в країні були більш серйозними порівняно з іншими державами – членами Співтовариства розвитку Півдня Африки. Спалах пандемії COVID-19 показав, наскільки вразливою є економіка Південної Африки перед надзвичайними ситуаціями, незважаючи на її величезні економічні масштаби. Уряд і політики повинні розробити життєздатні плани економічного відновлення, які мають бути стійкими, та гарантувати, що країна не повернеться до рецесії в разі нової пандемії. Уряд на всіх рівнях має розробити програми допомоги тим, хто міг втратити свої основні засоби до існування, наприклад, роботу чи бізнес, через пандемію COVID-19.

Ключові слова соціально-економічні витрати, COVID-19, наслідки, економічний спад, дискурс-аналіз, Південна Африка

Класифікація JEL I1, I150, I180, G2

INTRODUCTION

The purpose of this paper is to examine the socio-economic cost of the COVID-19 pandemic in the Republic of South Africa to highlight steps and strategies that could help the country recover from the setback caused by the pandemic. In December 2019, there was a reported rise in the number of pneumonia cases in Wuhan City caused by a Coronavirus Disease now known as COVID-19 (UNESCO, 2020; Ozili, 2020). The virus began spreading rapidly beyond China to other countries of the world majorly through the land, water and air transportation. The spread of the virus named COVID-19 affected economic activities in China, and in February, the Chinese economy came to a halt. COVID-19 spread to over 100 countries, including South Africa (South African Health Department, 2020). The continuous spread of the novel coronavirus (COVID-19) continues to pose threats to the survival of humanity as the nations of the world battle for survival in the face of this unwanted invisible enemy. Apart from its devastating effects on public health, the COVID-19 pandemic has also crippled the economy of many developed and developing nations, including South Africa. On 11 March 2020, World Health Organization (WHO) declared the COVID-19 as a global pandemic (Mahaye, 2020). On 15 March 2020, South African president, Cyril Ramaphosa declared a national lockdown with severe mobility restrictions (Mahaye, 2020) which resulted in the indefinite closure of the country's international borders, many organizations and companies, thus placing the South African economy in a state of coma (Sintemba, 2020).

As of 11th November 2020, South Africa accounts for the thirteenth-highest number of COVID-19 cases in the world (Moma, 2020; WHO, 2020). Also, the country has so far recorded the highest number of COVID-19 cases and deaths on the African continent. While the South African government has been lauded for applying one of the most stringent lockdowns in the world to halt the spread of the virus, the effect on different sectors of the economy continues to manifest in the lives of individual citizens and organizations. According to a recent report released by the United Nations Development Program (UNDP, 2020), the outbreak of the COVID-19 pandemic in South Africa has increased the number of households below the poverty line. Populations or groups that are severely hit by this pandemic are "impoverished female-headed households, persons with only primary education, persons without social assistance, black populations, and heads of households who have been pushed from permanent to informal employment" (UNDP, 2020). The total number of persons employed decreased from 10.196,000 in 2020Q1 to 9 548 000 2020Q2 (STAT SA, 2020d). This amounts to a decrease of 541.000 and 107.000 full time and part-time jobs respectively between 2020Q1 and 2020Q2. On a year-on-year basis, the number of people employed fell by 6.6% (671.000) between 2019Q2 and 2020Q2 (STAT SA, 2020d). Apart from the impact of the COVID-19 pandemic on individual earning or income, it seems to slow down the progress the government has made over the years in terms of employment generation, improved quality of education and skill development in line with the National Development Plan 2030 (RSA, 2012). For example, in 2020Q1 there was a net increase of 90000 in the number of employed in South Africa compared to 2019Q1 (STAT SA, 2020e).

A myriad of studies exists that explores the cost of pandemics on the socio-economic well-being of nations and individuals in society. For instance, Donthu and Gustafsson (2020) examined the effects of the COVID-19 pandemic on business and research climates globally. They find that the outbreak of the COVID-19 pandemic has caused severe economic devastation across the globe and this has led to dramatic changes in business operations. In an attempt to gain a deeper understanding of the impact of the COVID-19 pandemic in the Republic of South Africa, we highlight the effect on the key sectors of the nation's economy, focusing on education, manufacturing, imports and export services, tourism and hospitality industries, banking and financial services, and foreign direct investment. The remainder of this article is as follows: the methodology is presented in Section 2, while the discussion is presented in Section 3. Conclusions and policy recommendations are presented in Sections 4 and 5, respectively.

1. LITERATURE REVIEW

The outbreak of the COVID-19 pandemic has caused a huge strain on most health facilities across the world and thereby limiting their capacity to provide adequate care for patients (Legido-Quigley et al., 2020). The situation is worse for countries with a history of other underlying health challenges like South Africa. Like many other developing countries, South Africa is currently faced with multiple healthcare-related challenges such as HIV and

http://dx.doi.org/10.21511/ed.20(2).2021.04

AIDS, tuberculosis, high maternal and child mortality, diabetes, chronic respiratory conditions, cancer coupled with the high level of alcohol and drug-related hospitalization among others (Mayosi et al., 2012; Wyk et al., 2016). Apart from the strain that such challenges exert on the health facilities, it also leads to huge economic costs to the health sector finances. From an economic perspective, such adverse health outcomes will affect the economic returns on existing and newly adopted strategies of health systems financing. Studies such as Santaeulalia-Llopis (2008) and Yach, Stuckler, and Brownell (2006) evaluated the economic costs of the HIV/AIDS pandemic and obesity and diabetes on development respectively. Bloom, Cadarette, and Sevilla (2018) further opined that the COVID-19 pandemic does not just constitute economic strain to the health sector, it leads to other socio-economic challenges such as loss to employee productivity; social distancing disrupting economic activity; decline in tourism; impact on foreign direct investment among others. The increasing burden of the COVID-19 pandemic requires an understanding of the socioeconomic implications in the contexts of South Africa to suggest policy recommendations for better preparedness for the future outbreak of health-related crises.

2. AIMS

This study aims to analyze the socio-economic costs of the COVID-19 pandemic on the various sectors of the South African economy. The sectors include education and literacy, manufacturing, banking, tourism and hospitality and foreign direct investment, among others.

3. METHODS

This study employed discourse analysis to analyze the associated socio-economic impact of the COVID-19 pandemic in South Africa. Discourse analysis is a qualitative research approach that describes, and analyses written and spoken contents or phenomena beyond its technical stance (Salkind, 2010). The discourse analysis was conducted in this study using data obtained from the World Health Organization (WHO), the South African Department of Health, and other reputable sources of information that covered the outbreak of the COVID-19 pandemic. The period covered by this study is from March to September 2020. Concentrating on this short period (from March to July) enables us to monitor the trend at this time and to highlight the momentous impact of the COVID-19 pandemic in the South African economy following the announcement of total lockdown by the president of the country, Cyril Ramaphosa. The socio-economic sectors covered in this analysis are basic and higher education and literacy, tourism and hospitality, foreign direct investment, manufacturing, imports and exports of goods and services, and banking operations.

4. DISCUSSION OF RESULTS

This section presents the analysis of how the COVID-19 pandemic affects different sectors of the South African economy. The COVID-19 pandemic continues to pose threats to the survival of humanity as the nations of the world battle with the epidemic which has claimed over six hundred thousand lives (WHO, 2020). Apart from its devastating effects on public health, the COVID-19 pandemic has also crippled the economy of many nations and rendering mlns of people jobless, hopeless and subjecting them to a state of dilemma. Highlighted below are the impacts of the COVID-19 pandemic on some specific sectors of the country's economy.

4.1. Education and Literacy

The role of quality education and literacy in the socio-economic well-being of a nation cannot be overemphasized. Olaniran (2018) sees quality education and literacy as one of the keys that open the door to development in society. The provision of qualitative education and literacy is one of the priorities of the South African government. This is evident in the South African government's huge commitment and funding to basic and higher education annually. According to the statistics released by the United Nations Educational, Scientific and Cultural Organizations (UNESCO, 2020), an estimated 1.3 bln students and youths in basic and higher education institutions have been adversely affected by the COVID-19 pandemic which resulted in the total shutdown of primary and high schools, as well as universities and other institutions of higher learning worldwide. South African education sector also suffered adversely due to COVID-19 as the immediate response of the government to declare a national state of disaster in the country was followed by the instant closing of all schools from primary to tertiary. While some learners with educated parents and siblings were able to receive some sort of learning during this period, the majority of the learners from rural areas and disadvantaged backgrounds were forced not only forced out of school but also out of learning with many of them unable to access remote learning. This creates gaps in learners' education as teachers will not be able to complete the curriculum and poorer learners and schools are least able to catch up. The closure of institutions in South Africa also meant that many adult literacy programs were suspended while the promotion of students from one class to another was halted. Furthermore, with the lockdown restriction in place, children are at higher risk of lasting psychological distress, including depression (Xie X et al., 2020). Also, according to STAT SA May 2020 report, since the lockdown has been announced, there has been an increase of about 11% in hunger from pre-lockdown levels of 2.5 mln. This is partly because many workers lost their income and children no longer received free school meals (STAT SA, 2020b). Lockdowns and school closures raise the levels of substance abuse, depression, financial stress, fear, loneliness, domestic violence and child abuse. It also has long-lasting implications on the labor market and lifetime earnings. In the higher education section, it is projected that there would be a decline in university block grants by 1.7% in 2021 and a probably larger decline in infrastructure grants. Lastly, the pressure from various quarters for the partial refund of tuition and residence fees could exact more pressure on the finances of most universities.

4.2. Manufacturing

Manufacturing capacity has been severely hampered by the Covid-19 outbreak across the world. Most manufacturing companies were closed due to the lockdown restriction being put in place in other to slow down the spread of the virus and flatten the infection curve. As a result of the COVID-19 related lockdown restrictions, industrial output in China decline 13.5% between January and February, retail sales fell by 20.5% while fixed and real investment 24.5% and 16.3% respectively (Davies & Vincent, 2020). The case is not different in South Africa. Companies in South Africa are experiencing a decline in mining and manufacturing activity, a fall in commodity prices, global supply chain disruption, and a decline in global demand for goods and services Dissanayake et al. (2020).

According to STATSA (2020c), the manufacturing sector contracted by 49.4% (year-on-year) at the end of April 2020. The impact of the COVID-19 on the manufacturing sector is two-fold. On the positive side, essential commodities and equipment used to combat the outbreak received a major boost. These include medical supplies, facemask, hand sanitizers etc. On the other hand, other sectors that were not directly relevant to the combat of the virus suffered major shocks both from the supply and demand sides. On the supply side, manufacturing output was adversely affected due to lockdown restrictions, while consumption demand was affected on the demand side as most people were forced to stay indoors and also because of low purchasing power due to consumer income disruptions.

The demand side induced shock tends to outweigh the supply-side shock. For example, the motor vehicles parts and accessories and other transport equipment sub-sector which is the major contributor to the output decline in the manufacturing sector contracted by 98% by the end of April 2020 (STATSA, 2020c). Others include the basic iron and steel, the wood and wood products, the petroleum, chemical products, rubber and plastic products sector, and food and beverages where output declined by 65.4%, 49.2%, 41.5% and 19.4% respectively. The net effect is however huge since other sectors closed down seems to be significantly affected and since they also contribute a larger percentage of the sector. The situation portends a bleak picture for the manufacturing sector in light of a weak economic environment. The impact of the coronavirus which disrupted the supply chain in the sector coupled with other domestic challenges and the volatile exchange rate is worrisome.

4.3. Imports and Exports of Goods and Services

As noted earlier that the outbreak of the COVID-19 pandemic resulted in a decline in production activities across the world due to the lockdown measures introduced by countries across the world to contain the spread of the virus. According to the World Trade Organization (WTO), global trade is projected to decline between 13% to 32% in 2020 (WTO, 2020). World trade declined in the first half of 2020. According to WTO, the purchasing managers' indices (PMIs) indicates that new export orders of manufacturers and services declined to 27.1% and 21.7% in

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April 2020, compared with a baseline value of 50 (WTO, 2020). The global supply chain was also disrupted due to the closure of ports (it must be noted that most ports were closed partially because it does not affect goods into the country, though goods from high risk countries had to be sanitized first before being unloaded) and airports for both domestic and international flights. The fact that the virus emanated from China which is one of Africa's biggest trading partners is a source of worry to the continent which is already feeling the impact.

On one hand, there has been a decline in the demand for Africa's raw materials and commodities by China, while its access to industrial materials is also hampered on the other hand (Subban, 2020). On the other hand, African imports from outside the continent which are majorly industrial machinery, manufacturing and transport equipment constitute over 50% of its combined needs. This implies that a global disruption in the supply chain would negatively affect manufacturing output on the continent. A fall in demand for Africa's exports which are mainly natural resources tends to affect their economies significantly and most of the African economies depend on the revenue from these resources for survival. For example, economies such as the Nigeria and Ghana whose main export to China and other countries are mineral fuels and crude oil are at risk because the revenue from these products constitutes a greater percentage of their national income. This has increased the level of uncertainty on the continent which is faced with widespread maladministration, political and economic instability.

Due to the COVID-19 pandemic, economic growth in sub-Saharan Africa is expected to decline from 2.4% in 2019 to between –2.1% and –5.1% in 2020 (Zeng, 2020), This decline will be driven majorly by huge contractions in the regions' largest economies such as Nigeria and South Africa which are highly export-dependent (Zeng, 2020). As of 2018, South Africa's international trade accounts for 59.5% of its gross domestic product. Major exports include mineral products, precious metals, vehicles and aircraft vessels, iron and steel products, machinery, and chemicals while its major imports include machinery, mineral products, vehicles and aircraft vessels, chemicals, equipment components and iron and steel products (Table 1).

Table 1. South Africa Main Import and Export (2018)

Source: Trading Economics (2020).

Main Exports*	%	Main Imports	%
Mineral products	25.1%	Machinery	23.5%
Precious metal	16.7%	Mineral products	15.1%
Vehicles and aircraft vessels	11.9%	Vehicles and aircraft vessels	10.0%
Iron and steel	11.9%%	Chemical	10.9%
Machinery	8.1%	Equipment components	8.1%
Chemicals	6.1%	Iron and steel products	5.3%

Note: * Based on 2017 data from trading economics. Please note that mineral products include chrome, manganese, vanadium, vermiculite, ilmenite, palladium, rutile and zirconium, crude and coal; precious metals include gold, platinum, diamonds and jewelry.

South Africa's main trading partners are China, Germany, the United State of America (USA), the United Kingdom, Saudi Arabia, India, Nigeria and Japan as they account for more than 50% of its international trade (Table 2).

Table 2. South Africa's Main Customers and Suppliers

Source: Price Waterhouse Coopers (2020), Trading Economics (2020).

Main Customers (% of Exports)	2018	2019	Main Suppliers (% of Imports)	2018	2019
China	9.10%	10.7%	China	18.40%	18.5%
Germany	7.20%	8.3%	Germany	9.80%	10.0%
United States	6.80%	7.0%	United States	6.00%	6.6%
United Kingdom	5.10%	5.2%	Saudi Arabia	5.80%	4.2%
Japan	4.80%	4.8%	India	4.10%	4.9%
India	4.70%	4.6%	Nigeria	4.10%	4.2%
Botswana	4.30%	4.5%	Thailand	3.10%	3.1%
Namibia	3.80%	4.0%	United Kingdom	3.10%	3.4%
Mozambique	3.40%	4.1%	Japan	3.10%	3.2%
Netherlands	3.30%	3.2%	Italy	2.80%	2.6%

http://dx.doi.org/10.21511/ed.20(2).2021.04

Source: Trading Economics (2020).

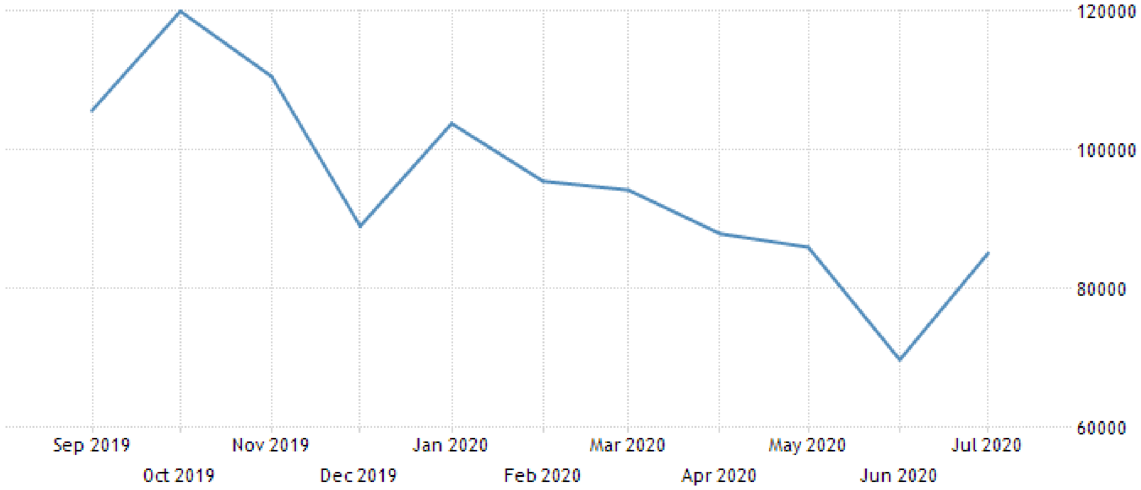

Figure 1. South Africa's Imports

Source: Trading Economics (2020).

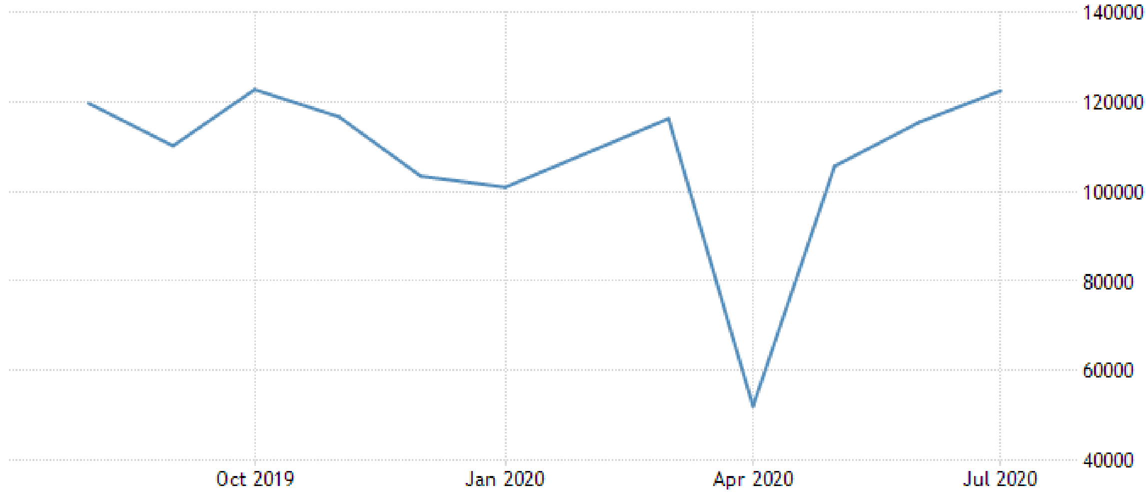

Figure 2. South Africa's Exports

South African import and export declined for the first quarter of 2020 which can be attributed to the strict lockdown and its attendant effect on the movement of goods and services (Figure 1 and 2). As the lockdown is being relaxed, export and imports have started picking up and this is expected to continue till the end of the year.

Accordingly, total export decreased by 1% between May and June 2020 but increase by 8.7 between June 2019 and June 2020 (STAT SA, 2020a). According to STAT SA, the major contributors to the monthly fall in export were metal products, machinery and equipment which contracted by –0.7 percentage point while beverages contracted by 0.2 by a percentage point (STAT SA, 2020a). Import on the other hand declined by 3% and 12.3% for the same periods respectively (STAT SA, 2020a). Metal products, machinery and equipment contracted by 1.3 percentage points while food products contracted by 1.1 percentage points (STAT SA, 2020a). For the annual decline, crude petroleum as well as metal product, machinery and equipment were the major contributor to the 12.3% decline in imports. In particular, China is South Africa's biggest trade partner in terms of import and export (Table 2). For example, China supplies about 85% of South Africa's mobile phone needs (PWC, 2020). An interruption in the supply chain such as the case of the COVID-19 pandemic tends to affect the telecommunication sector negatively.

http://dx.doi.org/10.21511/ed.20(2).2021.04

4.4.Tourism and Hospitality

The outbreak of the COVID-19 pandemic posed a great threat to the survival and sustainability of the tourism industry in South Africa. According to Philip (2020), the key players and investors in the tourism and hospitality industry have lost an estimated R68 bln in revenue due to the COVID-19 outbreak. The tourism and hospitality industries are important sources of income and employment generation to many young adults in South Africa. While South Africa happens to be one of the countries with a thriving hospitality and tourism industry globally, the growth of the industry depends largely on the thriving of some other key sectors like aviation and transportation. Due to the lockdown imposed by many countries, including South Africa, 90% of airlines around the globe halted international travelling which prevented tourists and vacationers from coming to South Africa (Philip, 2020). Moreover, the pronouncement of national lockdown by the South African president in March 2020 forced the country to embark on a total shutdown with compulsory cancellation of social and academic events. Consequently, all South African borders were closed and the tourism and hospitality industry was not recognized as an essential service. This led to massive loss of jobs as many hotels and tourist centers resulted in downsizing their staff strength due to low patronage (UNCTD, 2020).

4.5. Banking and Financial Services

Just like every other sector, the banking and financial services sector is not spared by the pandemic. According to Goodell (2010) financial markets respond to sudden events around. These include "natural disasters such as earthquakes and volcanos; air disasters; and terror attacks. Given the global infection rate at 23,279,683 mln and 805,902 deaths recorded as of 24th August 2020 (WHO, 2020), one can safely conclude that this is a global disaster that constitutes a huge risk to the financial system. Major capital markets across the world plummeted due to the outbreak including the US S&P 500, NASDAQ, China's Shanghai Composite, Hong Kong's Hang Seng, South Korea's KOSPI, and Japan's Nikkei. As of March 2020, the US 10-year bond yields fell below 0.5%.

However, as a response, central banks across the world had implemented several policy measures to ensure liquidity within the system. For example, the first move of the US Federal Reserve bank was to cut the federal funds rate by 50 basis points. Other central banks (People's Bank of China injected US$240 bln) implemented similar policies to inject liquidity into the financial system (Baret, Celner, O'Reilly & Mark Shilling, 2020). The markets have since improved as a result of the different government economic stimulus relief initiatives. The case of South Africa's JSE is not different. Periods of economic strain are always accompanied by a high level of bank defaults, nonperforming loans and bank runs. The banking industry all over the world came under intense pressure due to the COVID-19 outbreak. According to Lagoarde-Segot and Leoni (2013), large pandemics such as that of the COVID-19 pandemic in most cases could lead to a collapse of the banking industry, especially in developing countries. This is because such a period is usually characterized by a decline in saving and large scale withdrawal of deposits.

The risk of the COVID-19 pandemic to the banking industry can be attributed to three reasons (Rizwan, Ahmad & Ashraf, 2020). These include liquidity risk, loss of intermediation and severe decline in intermediation business (Rizwan, Ahmad & Ashraf, 2020). There is a high likelihood that these risks may spread like a contagion through interconnected financial institutions, thereby causing a collapse of the banking sector (Ilesanmi & Tewari, 2019). Accordingly, various governments responded in terms of loan repayment deferment, tax reliefs, reduction of interest rate among others to cushion the impact of the pandemic on the banking sector. However, that will not stop a rise in the level of nonperforming loans (Ratnovski et al., 2020). Widespread job losses and salary cuts which are a result of the strict lockdown measure implemented by the government affects the financial sector's ability to collect outstanding loan repayments from cash-strapped clients (Mchunu, 2020).

The South African banking sector which is one of the most regulated across the world is not immune to the impact of the COVID-19 pandemic. Though the banking sector is well-capitalized, banks will generally experience reduced earning, however, they are not expected to breach the minimum capital levels (Whitehouse, 2020). According to Dissanayake et al. (2020, p. 2), the COVID-19 pandemic poses extreme socio-economic downside risks to the banks' operating environment. This will consequently exact pressure on the bank's asset quality, earnings and capitalization (Dissanayake, 2020). For example, ABSA group reported a decline in its earnings by 82% to R1.46 bln, with impairment charges on bad loans increasing by 297% to R14.66 bln from R3.7 bln in 2019 (Mchunu, 2020). Furthermore, stress testing (it is worth noting that the stress test was carried out using different economic stress scenario) done on banks in South Africa indicates that the largest banks in South Africa will withstand the impact of the COVID-19 pandemic though it is expected that there will be significant credit loss (PWC, 2020). In a move to calm the market and ensure adequate liquidity in domestic markets, the SARB has cut the interest rate by 300 basis points since the outbreak. Going forward, though the future seems uncertain, one major advantage that the South African banking sector will leverage to withstand the impact of the COVID-19 pandemic is the fact that it is well-capitalized. However, there is a need for banks to remain vigilant against any shock with the system.

4.6. Foreign Direct Investment

Due to the COVID-19 outbreak and the efforts to control the spread, several governments across the world have put in place strict public health measures. Though these measures are important in their respect, they are being implemented at the detriment of the economy especially with regards to investment projects. Unlike the previous global crises (which include natural disasters and the 2008/09 global financial crisis (GFC)) whereby the impacts were either localized or mere impairment of the functioning of the economy (Ilesanmi & Tewari, 2020), COVID-19 caused many countries to completely shut down their economies. One of the major socioeconomic impacts of the COVID-19 pandemic is the disruption in foreign direct investment (FDI). FDI plays a major role in propelling and maintaining stable economic growth especially during periods of crisis (OECD, 2020). The COVID-19 outbreak has caused a decline in FDI, increasing capital flight and a slowdown in investment (Velde, 2020). According to the UNCTAD March 2020 report, FDI is expected to decline by between 30% to 40% during 2020-2021 (UNCTAD, 2020).

FDIs which are usually in the form of mergers and acquisitions which have been on the decline in recent years and this woe is further compounded by the COVID-19 outbreak. According to UNCTAD report 2020, FDI to Africa in the form of mergers and acquisitions fell by 72% as of April 2020. The most affected sectors are the aviation, hospitality, tourism and manufacturing sectors (Chidede, 2020). Due to the COVID-19 outbreak, most ongoing investment projects were suspended while new projects implementation is either stopped or postponed till a later date.

In South Africa, FDI inflows declined by 15% to $4.6 bln in 2019 after a recovery in 2018 from about $2 bln to $5.3 bln. However, on a quarter to quarter basis, FDI to South Africa rose by $1.7 bln in the first quarter of 2020 compared to the previous quarter which experienced an inflow of about $588 mln (Golubski, 2020). The increase is mainly due to the foreign acquisition of a domestic manufacturer and distributor of food and beverage products (Golubski, 2020; SARB, 2020). According to Naidu and Matsinhe (2020), the volume and value of merger and acquisition transactions in South Africa declined sharply in the first half of 2020. The value declined by 60% to $3.3 bln in the first half of 2020, down from $8.2 bln for the same period last year (first half of 2019) (Naidu & Matsinhe, 2020). The volume of merger and acquisition deals in South Africa fell by 18% year-on-year, with 132 transactions recorded in the first half of 2020, down from 160 in the first half of 2019 (Naidu & Matsinhe, 2020). Given these scenarios, South Africa may find it difficult to attract the level of investment need for post-COVID-19 recovery.

CONCLUSION

As South Africa and many other countries begin to open up for economic activities due to the discovery of COVID-19 vaccines, there is a need for a paradigm shift in the planning and management of emergencies in the country. The occurrences of emergencies like the COVID-19 pandemic always happen unpredictably. Only nations with strategic planning and the capacity to respond to such crises survive both during and after the occurrence. South Africa with its teeming unemployed youths cannot afford another shut down of the economy thus

http://dx.doi.org/10.21511/ed.20(2).2021.04

the need to rethink the planning, strategies and resources that are devoted to managing an unforeseen crisis. Different economic recovery programs need to be rolled out by the government with close collaborations with the private sectors to get the country back at its feet socio-economic wise. It is also important for the government at both the national and provincial levels to design relief programs targeted at those who might have lost their major means of livelihood, be it employment or businesses, due to COVID-19. This article has significant policy implications for South Africa's Post-Covid-19 socio-economic rejuvenation, especially in the context of National Development Plan 2030. The sudden outbreak of the COVID-19 pandemic has sent a strong signal to every nation to prepare for the "raining days" particularly in the education sector where academic activities were grossly disrupted. The South African government must be open enough to private individuals and organizations to make input when it comes to policymaking and implementation towards reviving the economy. Deliberate action must also be made to boost domestic investment, empower young people with entrepreneurial skills and as well create enabling environment for small scale businesses to thrive. This will not only generate employment opportunities but also build the capacity of young people to provide solutions to some of the pressing problems facing South Africa as a nation.

AUTHOR CONTRIBUTIONS

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