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Forensic analysis of the Impact of covid-19 pandemic on the South African Economy

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Abstract

The World economic activities were brought to a standstill in late 2019 through 2020 without a single gunshot but caused by a global pandemic called “Covid-19”. Sadly, the root causes or origin of this pandemic is yet unknown despite all efforts by the World Health Organisation and other relevant authorities. Covid-19 has caused an unquantifiable economic damage more than expected in South Africa. It affected all facets of its economic system ranging from stock market, tourism industry, production industry e-tal. Global demand for South African export products fell by 14% of its GDP in the Q2 of 2020. Most major economies in the World lost more than 4% of their gross domestic product in 2020 and many countries entered recession due to the covid-19 pandemic. This pandemic has caused both hyperinflation and high rate of unemployment in South Africa. Data from 1960 shows that the second quarter of 2020 experienced a greater fall in GDP than the annualised decline of 6.1% in the first quarter of 2009 during the global financial crisis and was “far steeper than the annualised 8.2%

decline in the fourth quarter of 1982”. Overall, South African economy is still bedevilling/suffering from the collateral damages caused by covid-19 pandemic.

Keywords: Covid-19 pandemic, lockdown, Economy



1. Introduction

South African government imposed its first and one of the strictest lockdowns in the World to curtail the spread of covid-19 on the 27th of March 2020 and it was very successful. However, it took a heavy toll on the economy; because prior to the outbreak of the covid-19 pandemic, the economy was already in a technical recession. The hard lockdown imposed by the government added more salt to the already injured (fragile) economy. The imposed strict restrictions only allowed certain essential sectors to operate, forced small and medium businesses to endure greater strain on their operations, limited social gatherings and urged mask wearing and social distancing as part of the personal protective measures to minimise the spread of the virus.

1.1. Collateral Damages caused by Covid-19 pandemic on South African Economy

1. South African economy contracted for the first time in 11 years in 2020 as coronavirus lockdowns impeded/hindered the economy by disrupting trade and output.
2. Gross domestic product shrank by 7%, compared with a 0.2% expansion in 2019, according to a report released by Statistics South Africa.
3. Agriculture is the main driver on the economic growth, but contracted by 1.4%
4. Unemployment skyrocketed to all time high of 29%
5. Budget deficit widened to 4.5% caused by revenue shortfalls because of inactive commercial activities.
6. Those hit especially hard are already-impooverished female-headed households, those persons with only primary education, persons without social assistance, black populations, and heads of households who have been pushed from permanent to informal employment.

2. Background of Study

2.1 Timeline of Government Actions on Covid-19 Pandemic in South Africa

First wave (March 2020-November 2020) = On the 5th of March 2020, South African Minister of health confirmed that a 38-year-old man from KwaZulu-Natal tested positive for Covid-19 shortly after returning from a trip to Italy. The patient and his close contacts were placed in isolation and monitored by health officials. The first death to have occurred from the disease was reported on 27 March 2020.

On the 15th of March 2020, the government announced the first quarantine location for South Africans returning from abroad at “The Ranch Resort in Polokwane” shortly after that, President, Ramaphosa announced the 21-day lockdown in South Africa from 26 March to 16 April 2020 with the hope of reducing/minimising the spread of the virus.

From 1st May 2020, a gradual and phased easing of the lockdown restrictions began, lowering the national alert level from level 5 to level 4. On the 1st of June 2020, it was eased to level 3. On the 15th of August President Ramaphosa announced that after the passing of the COVID-19 peak, the lockdown will be lowered to level 2. On 21 September, lockdown was finally eased to level 1.

Second wave (December 2020-present) = After the discovery of the *B.1.351 lineage*, also known as *20H/501Y.V2* (formerly *20C/501Y.V2*), *501Y.V2 variant*, and colloquially known as *South African COVID-19 variant* on 18 December 2020, and the rise of cases after surpassing 1 million people tested positive, it was announced on 28 December that the country would go back to a partial lockdown level 3 to reduce the spread of the second wave during the festive season.

The national vaccination program in South Africa was set to begin in early February 2021, after receiving its 1st 1,000,000

doses of Oxford-AstraZeneca vaccine, but on the 7th of February, South African Health Products Regulatory Authority (SAPHRA) suspended the vaccine after it proved to be ineffective against the 501.V2 variant.

On the 17th of February 2021, the national Covid vaccination program was officially rolled out after receiving its first 80,000 doses of the Johnson & Johnson vaccine. On the 17th of March 2021, South African Health Products Regulatory Authority (SAHPRA) has approved Pfizer/BioNTech for use.

Today 01-06-2021, South Africa has recorded over 1.669,231million confirmed Covid-19 cases, 42,895 active confirmed cases, 1,546,558million recoveries and over 56,601deaths.

3. Methodology Applied

Secondary data from multiple sources such as published articles, unpublished articles, Newspapers etc, were used to conduct this forensic analysis of the impact of Covid-19 pandemic on the South African Economy. Data from Twelve most infected African countries were collected for a comparative analysis. This will help us to know the collateral damages caused by covid-19 on both human and material resources on South Africa and its huge economic impacts.

Table:1 Table of actual cases in 12 most affected African countries (as of 27 May 2021)

Country	Confirmed cases	Active confirmed cases	Recoveries	Deaths
South Africa	1,645,555	42,895	1,546,583	56,170
Morocco	518,122	2,780	506,208	9,134
Tunisia	338,853	27,600	298,855	12,398
Ethiopia	270,527	31,974	234,426	4,127
Egypt	257,275	53,858	188,567	14,850
Libya	184,472	10,351	171,006	3,115
Kenya	169,697	50,601	115,988	3,108

Nigeria	166,146	7,546	156,529	2,071
Algeria	127,926	35,438	89,040	3,448
Ghana	93,711	1,211	91,707	783
Zambia	93,627	1,115	91,239	1,273
Cameroon	77,982	3,786	72,926	1,270

Source:

https://en.wikipedia.org/wiki/Template:COVID19_pandemic_data/South_Africamedical_cases_chart

Table:2 Daily Covid-19 Cases in South Africa from 13-05-2021- 01-06-2021

Date	Confirmed cases	Deaths
2021-05-13	1,605,252	55,012
2021-05-14	1,608,393(+0.2)	55,124(+0.2%)
2021-05-15	1,611,143(+0.17%)	55,183(+0.11%)
2021-05-16	1,613,728(+0.16%)	55,210(+0.05%)
2021-05-17	1,615,485(+0.11%)	55,260(+0.09%)
2021-05-18	1,617,840(+0.15%)	55,340(+0.14%)
2021-05-19	1,621,362(+0.22%)	55,507(+0.3%)
2021-05-20	1,625,003(+0.22%)	55,568(+0.11%)
2021-05-21	1,628,335(+0.21%)	55,719(+0.27%)
2021-05-22	1,632,572(+0.26%)	55,772(+0.1%)
2021-05-23	1,635,465(+0.18%)	55,802(+0.05%)
2021-05-24	1,637,848(+0.15%)	55,874(+0.13%)
2021-05-25	1,640,932(+0.19%)	55,976(+0.18%)
2021-05-26	1,645,555(+0.27%)	55,077(+0.18%)
2021-05-27	1,649,977(+0.27%)	56,170(+0.17%)
2021-05-28	1,654,551(+0.28%)	56,293(+0.22%)
2021-05-29	1,659,070(+0.27%)	56,363(+0.12%)
2021-05-30	1,662,825(+0.23%)	56,439(+0.13%)
2021-05-31	1,665,617(+0.12)	56,506(+0.12%)
2021-06-01	1,669,231(+0.22)	56,601(+0.17%)

Sources:

1. https://en.wikipedia.org/wiki/Template:COVID19_pandemic_data/South_Africa_medical_cases_chart

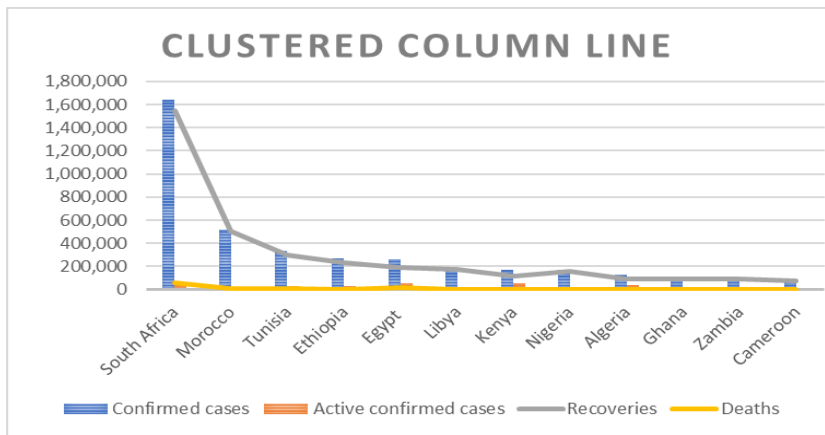
2. <https://www.statista.com/statistics/1170463/coronavirus-cases-in-africa/>

4. Data analysis and Results

Data collected were analysed and the results obtained were crucial to ascertain the impact of covid-19 on the South African Economy. Results obtained shows that South Africa

has both the highest infection rates and death rates in Africa. Results were analysed using graphs for more accuracy and explanations.

Fig.1 A clustered column line chart showing actual cases of Covid-19 in 12most affected African countries as of 27th May 2021.



South Africa has both the highest confirmed cases and death on the continent of Africa.

Morocco has the second highest confirmed cases, while Egypt has the second highest death.

During the period under review, Cameroon has both the lowest confirmed cases and death among the selected countries.

Surprisingly, Nigeria the most populous country on the continent was not badly hit both confirmed cases and deaths.

5. Conclusion

The impact of Covid-19 on South African economy is undoubtedly huge and the quick response by the government

got a mixed reaction from the people. The government was caught in the crossroads between the decision to save lives versus livelihoods but opted for saving lives. Hence the government imposed a strict lockdown to curtail the virus.

The Government's strong leadership and bold actions to contain the pandemic (including a total lockdown, implementation of a stimulus package, aggressive screening, and testing) were globally acknowledged; yet the COVID-19 remained untamed in the first five months – with devastating impacts on the economy and the population.

The loss of lives in South Africa due to covid-19 has left an indelible mark on both their families and the country in general. As at 02-06-2021, 56,601 people have died of Covid-19 in South Africa, while the total deaths in Africa stood at 131,317.

Government debt has increased drastically in double fold.

According to SA statistics, GDP shrank 7%, compared with a 0.2% expansion in 2019.

Private businesses were the hardest hit. To cushion the effect of the lockdown, the government borrowed money to pay unemployment benefits which has brought a heavy debt burden on the economy (weak RAN)

Unemployment rate skyrocketed and inflation rate is in double digits as a result of Covid-19 pandemic.

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