

Feature Article

IMPACT OF THE CDC VOUCHERS SCHEME

OVERVIEW

The CDC Vouchers Scheme 2021 was rolled out in December 2021 to thank Singaporeans for their solidarity during the COVID-19 pandemic, and also to support local businesses at HDB estates affected by the pandemic. The second tranche of CDC Vouchers was rolled out in May 2022 to help Singaporeans with their daily expenses amidst cost-of-living pressures. Through these two tranches, every Singaporean household received \$200 in CDC Vouchers in total: \$100 from CDC Voucher Scheme 2021 and another \$100 from CDC Voucher Scheme 2022.



FINDINGS



Finding 1:

Over 96 per cent of the 1.22 million eligible Singaporean households claimed their CDC Vouchers from both the 2021 and 2022 tranches, with 96 per cent of the claimed vouchers eventually spent. The high utilisation rate of the CDC Vouchers shows that the CDC Vouchers have helped to alleviate the inflationary pressures faced by households as part of a broader suite of measures that address Singaporeans' cost-of-living concerns.



Finding 2:

As at December 2022, around 20,000 heartland merchants and hawkers had been onboarded onto the CDC Vouchers Scheme, representing a sizeable proportion of all heartland merchants and hawkers in Singapore. Around 80 per cent of the participating merchants and hawkers received a total disbursement of more than \$1,000 from both tranches, while around 30 per cent received a total disbursement of more than \$10,000.



Finding 3:

On aggregate, the 2021 and 2022 tranches of CDC Vouchers is estimated to generate up to \$312.8 million for the Singapore economy over time. This amount is equivalent to 0.05 per cent of Singapore's 2022 nominal GDP.

EXECUTIVE SUMMARY

- ▶ The CDC Vouchers Scheme 2021 was rolled out in December 2021 to thank Singaporeans for their solidarity during the COVID-19 pandemic, and also to support local businesses at HDB estates affected by the pandemic. The second tranche of CDC Vouchers was rolled out in May 2022 to help Singaporeans with their daily expenses amidst cost-of-living pressures. Through these two tranches, every Singaporean household received \$200 in CDC Vouchers in total: \$100 from CDC Voucher Scheme 2021 and another \$100 from CDC Voucher Scheme 2022. This study examines the impact of the 2021 and 2022 tranches of CDC Vouchers on Singaporean households, local businesses and the overall economy.
- ▶ **Households.** Over 96 per cent of the 1.22 million eligible Singaporean households claimed their CDC Vouchers from both the 2021 and 2022 tranches, with 96 per cent of the claimed vouchers eventually spent. The high utilisation rate of the CDC Vouchers shows that the CDC Vouchers have helped to alleviate the inflationary pressures faced by households as part of a broader suite of measures that address Singaporeans' cost-of-living concerns.
- ▶ **Local Businesses.** As at December 2022, around 20,000 heartland merchants and hawkers had been onboarded onto the CDC Vouchers Scheme, representing a sizeable proportion of all heartland merchants and hawkers in Singapore. The vast majority (around 90 per cent) of participating merchants and hawkers received some disbursements from the 2021 and 2022 tranches of CDC Vouchers. Around 80 per cent of the participating merchants and hawkers received a total disbursement of more than \$1,000 from both tranches, while around 30 per cent received a total disbursement of more than \$10,000.
- ▶ **Overall Economy.** On aggregate, we estimate that the 2021 and 2022 tranches of CDC Vouchers could generate up to \$312.8 million for the Singapore economy over time. This amount is equivalent to 0.05 per cent of Singapore's 2022 nominal GDP.

The views expressed in this paper are solely those of the authors and do not necessarily reflect those of the Ministry of Trade and Industry (MTI) or the Government of Singapore.¹

INTRODUCTION

The CDC Vouchers Scheme was first launched by Prime Minister Lee Hsien Loong in December 2021 to thank Singaporeans for their solidarity during the COVID-19 pandemic, and at the same time, support heartland merchants and hawkers affected by the pandemic. Since then, three additional tranches of CDC Vouchers in 2022, 2023 and 2024 were launched by Deputy Prime Minister and Minister for Finance Lawrence Wong to help Singaporean households with their daily expenses amidst cost-of-living pressures.

This study focuses on the 2021 and 2022 tranches of CDC Vouchers which were disbursed in December 2021 and May 2022 respectively; both tranches expired on 31 December 2022. For each of the two tranches, every household with at least one Singaporean Citizen was eligible to claim \$100 worth of CDC Vouchers that could be spent at participating heartland merchants and hawkers.² CDC ambassadors and IMDA's Digital Ambassadors were deployed island-wide to help heartland merchants and hawkers onboard onto the CDC Vouchers Scheme as participating merchants and hawkers.

In this study, we examine the following: (i) the utilisation of the 2021 and 2022 tranches of CDC Vouchers; (ii) the spending patterns of the CDC Voucher claimants; and (iii) the impact of the two tranches of CDC Vouchers on participating heartland merchants and hawkers, as well as the overall economy. Our study uses anonymised data from the CDC Vouchers Scheme, as well as data from EMA, SLA and URA, which allow us to characterise the usage of the CDC Vouchers by location and property type.

¹ We would like to thank Ms Yong Yik Wei, Dr Andy Feng and Dr Tan Di Song for their useful suggestions and comments. We are also grateful to DOS, PA and MOF for their data support and inputs to this study. All remaining errors belong to the authors.

² CDC Vouchers are not valid for the purchase of lottery products, petrol, diesel, alcohol or cigarettes.

FINDINGS

(i) Utilisation of the CDC Vouchers

Our study finds that the utilisation of the CDC Vouchers across the 2021 and 2022 tranches was consistently high. Over 96 per cent of households claimed their CDC Vouchers from both tranches, with 96 per cent of the claimed vouchers eventually spent [Exhibit 1]. The percentage of claimed CDC Vouchers that were eventually spent was high across all housing types, with the spend rate being slightly higher for those living in HDB flats (96.0 to 97.2 per cent) compared to those living in private and landed properties (around 93 per cent). Across HDB estates, the spend rates of households living in HDB flats were consistently high, suggesting that it was convenient for households to access participating merchants and hawkers to spend their CDC Vouchers.

Exhibit 1: Utilisation of 2021 and 2022 CDC Vouchers

Tranche	Spent Vouchers (\$ million)	Unused / Voided (\$ million)	Spend Rate (Per Cent)
2021	115.4	5.1	95.8
2022	112.5	4.9	95.8
Total	227.9	10.0	95.8

The high utilisation rate of the CDC Vouchers shows that the CDC Vouchers have helped to alleviate the inflationary pressures faced by households as part of a broader suite of measures that address Singaporeans' cost-of-living concerns.

(ii) Spending Patterns of CDC Voucher Claimants

Examining the spending patterns of households, our study finds that most of the 2021 and 2022 CDC Vouchers were spent in the households' own neighbourhoods. In particular, around two-thirds or more of the CDC Voucher expenditure by households living in HDB flats were within their own estate [Exhibit 2]. This was the case even with the relaxation of domestic COVID-19 restrictions in 2022, suggesting that households preferred to spend their CDC Vouchers near where they lived, possibly due to familiarity.³

Exhibit 2: CDC Vouchers Spent Within the Same Estate by HDB Residents (Per Cent)

	Hawker*		Heartland Merchants^	
	2021 Tranche	2022 Tranche	2021 Tranche	2022 Tranche
TOTAL	63.4	64.2	69.5	69.5

Notes:

* A hawker refers to a stall operating in a NEA hawker centre which has been onboarded onto the CDC Voucher Scheme.

^ A heartland merchant refers to a stall operating in a HDB address which has been onboarded onto the CDC Voucher Scheme.

Furthermore, we find that 43.9 per cent and 43.2 per cent of households' CDC Voucher transactions for the 2021 and 2022 tranches respectively were "repeat transactions" at a merchant (i.e., households had spent their vouchers at the same merchant before), suggesting that CDC Voucher claimants tended to frequent merchants that they were familiar with. This finding was consistent across all HDB estates.

3 We further find that when HDB households spent their CDC Vouchers outside of their estate, they tended to favour estates close by.

(iii) Impact of CDC Vouchers Scheme on Heartland Merchants and Hawkers

The CDC Vouchers Scheme benefitted heartland merchants and hawkers. As at December 2022, around 20,000 heartland merchants and hawkers had been onboarded onto the CDC Vouchers Scheme, representing a sizeable proportion of all heartland merchants and hawkers in Singapore.⁴ Our study finds that the vast majority (around 90 per cent) of participating heartland merchants and hawkers had received some disbursements from the 2021 and 2022 tranches of CDC Vouchers. By disbursement amounts, around 80 per cent of the participating merchants and hawkers received a total disbursement of more than \$1,000 from both tranches, while around 30 per cent received a total disbursement of more than \$10,000.⁵

(iv) Impact of CDC Vouchers Scheme on the Economy

Our findings thus far have shown that the CDC Vouchers Scheme in 2021 and 2022 had provided cost-of-living support to Singaporean households, as well as supported the business activities of heartland merchants and hawkers. In so doing, the CDC Vouchers are also likely to have a broader impact on the economy.

In particular, we assume that household consumption arising from the use of the CDC Vouchers will have multiplier effects within the economy.⁶ We derive the impact of the CDC Vouchers on the domestic economy by accounting for these multiplier effects⁷ and stripping out leakages arising from taxes, imports⁸ and savings.

Based on this methodology, we estimate that the 2021 and 2022 tranches of CDC Vouchers claimed by households – which amounted to around \$237.9 million – could generate up to \$312.8 million in nominal value-added for the Singapore economy over time. This amount is equivalent to 0.05 per cent of Singapore's 2022 nominal GDP.

CONCLUSION

In summary, our study finds that the CDC Vouchers Scheme 2021 and 2022 helped to alleviate cost-of-living pressures faced by Singaporean households, and also supported the business activities of heartland merchants and hawkers. In line with these findings, Singaporean households and heartland merchants and hawkers would likewise benefit from the support provided by the subsequent tranches of CDC Vouchers.

Contributed by:

Mr Andrew Chia
Senior Economist
Economics Division
Ministry of Trade and Industry

Mr Gregory Tham
Senior Economist
Economics Division
Ministry of Trade and Industry
(formerly)

⁴ Based on data from SFA, NEA and EnterpriseSG.

⁵ For comparison, eligible businesses under the Small Business Recovery Grant announced in Budget 2022 received \$1,000 per Singapore Citizen or Permanent Resident employee with mandatory CPF contributions, up to a cap of \$10,000. SFA-registered hawkers, market and coffeeshop stallholders were entitled to a flat payout of \$1,000.

⁶ For instance, an increase in spending by households will lead to an increase in the sales of businesses and their suppliers, which will in turn generate income for the business owners and their employees and lead to further spending in the economy.

⁷ Based on the latest available data from the Household Expenditure Survey 2017/28, the average propensity to consume for households in Singapore was 0.6.

⁸ Based on data from DOS's Input Output Tables 2019 (Revision 2023), the average marginal propensity to import for Singapore was around 0.4.