



The Network of Impact Evaluation Researchers in Africa (NIERA) is an independent network of East African scholars that conducts decision-focused evaluations of social and economic development programs to improve people's wellbeing.

The network is hosted by the United States International University-Africa's (USIU-Africa) in Nairobi, Kenya.



How are workers in the informal economy coping 30 Days after announcement of the first COVID-19 Case in Kenya?

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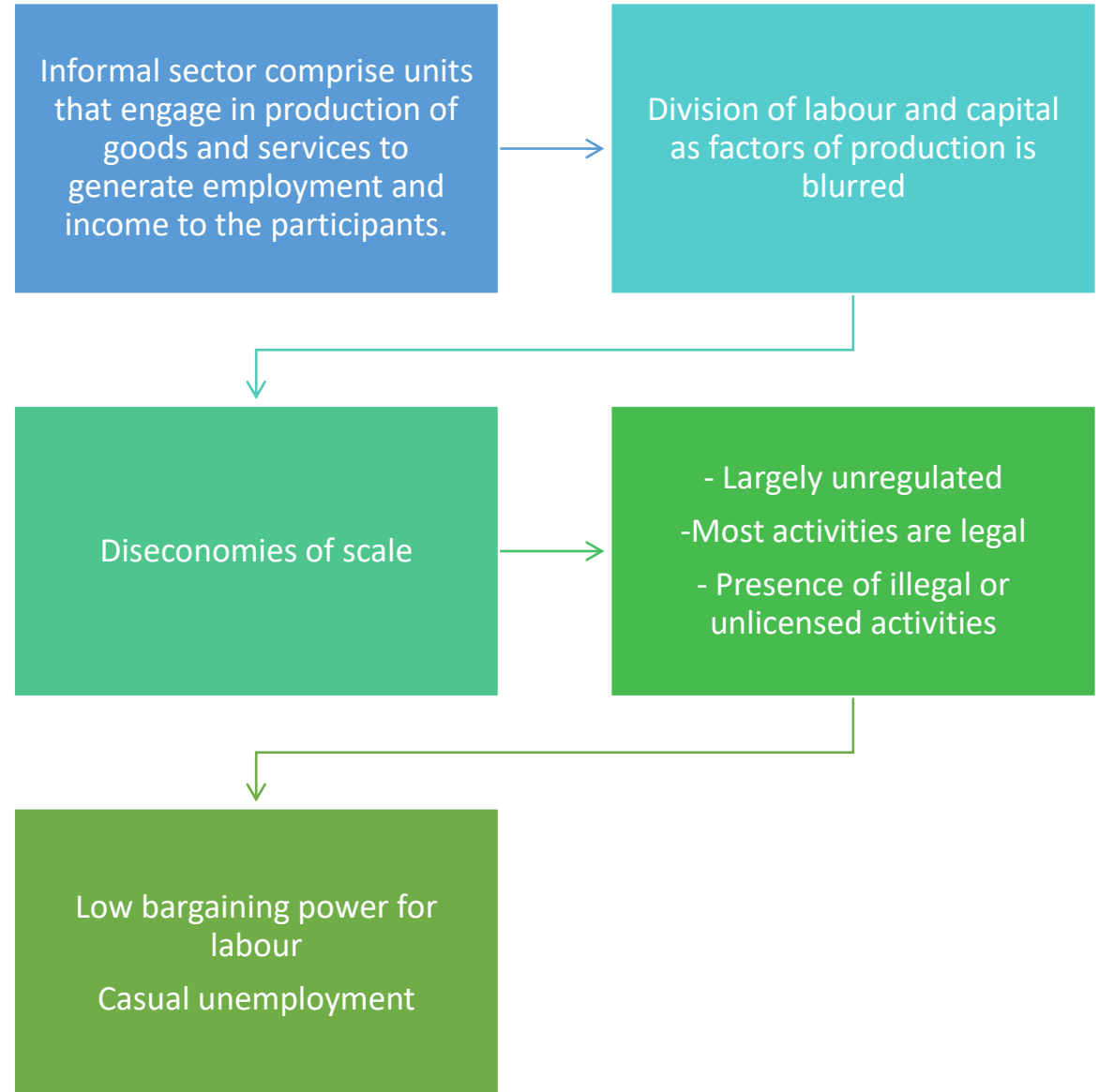


Implications of the Study



Recommendations

Background of the Study



Informal sector in numbers

Employs 2 billion globally (93% in developing and emerging economies)

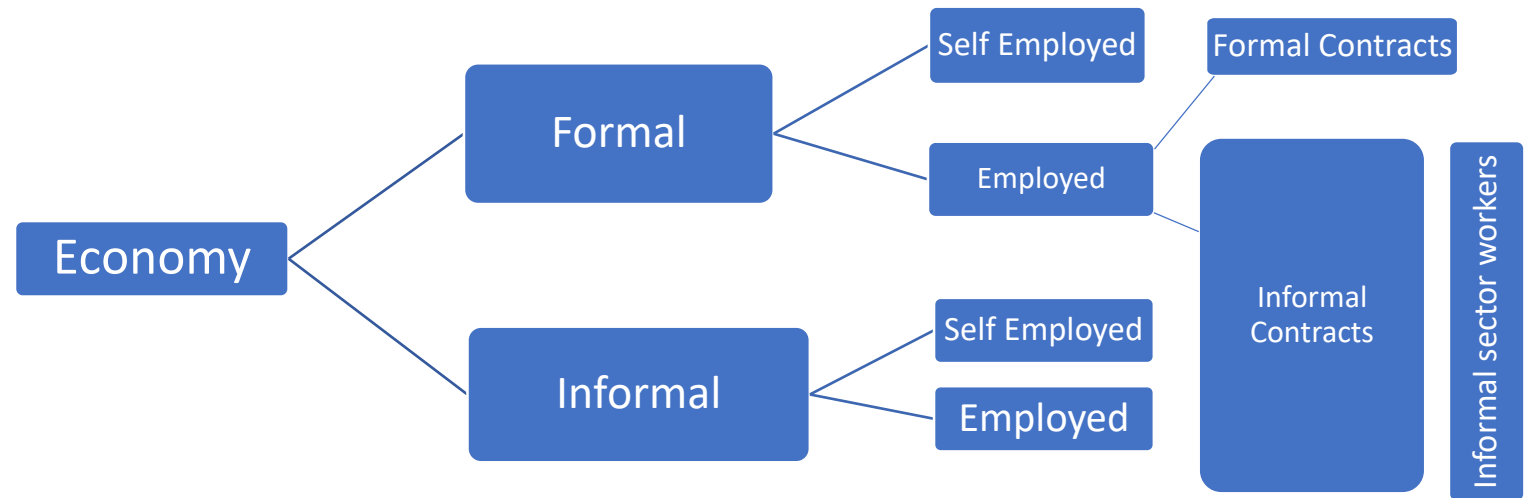
85% + of labour market in Africa (ILO, 2018)

90% of new jobs in Kenya (KNBS, 2017-2019)

Employs 60% + women in developing countries

Employs 15 million in Kenya compared to 2.9 million in the formal sector

Who are they?



Domestic workers, cleaners, drivers, construction workers, micro business owners, employees of micro businesses, security guards, farm workers, touts

The Issue

IMF has declared a
global recession -
COVID-19 pandemic

Worse situation
brought forward

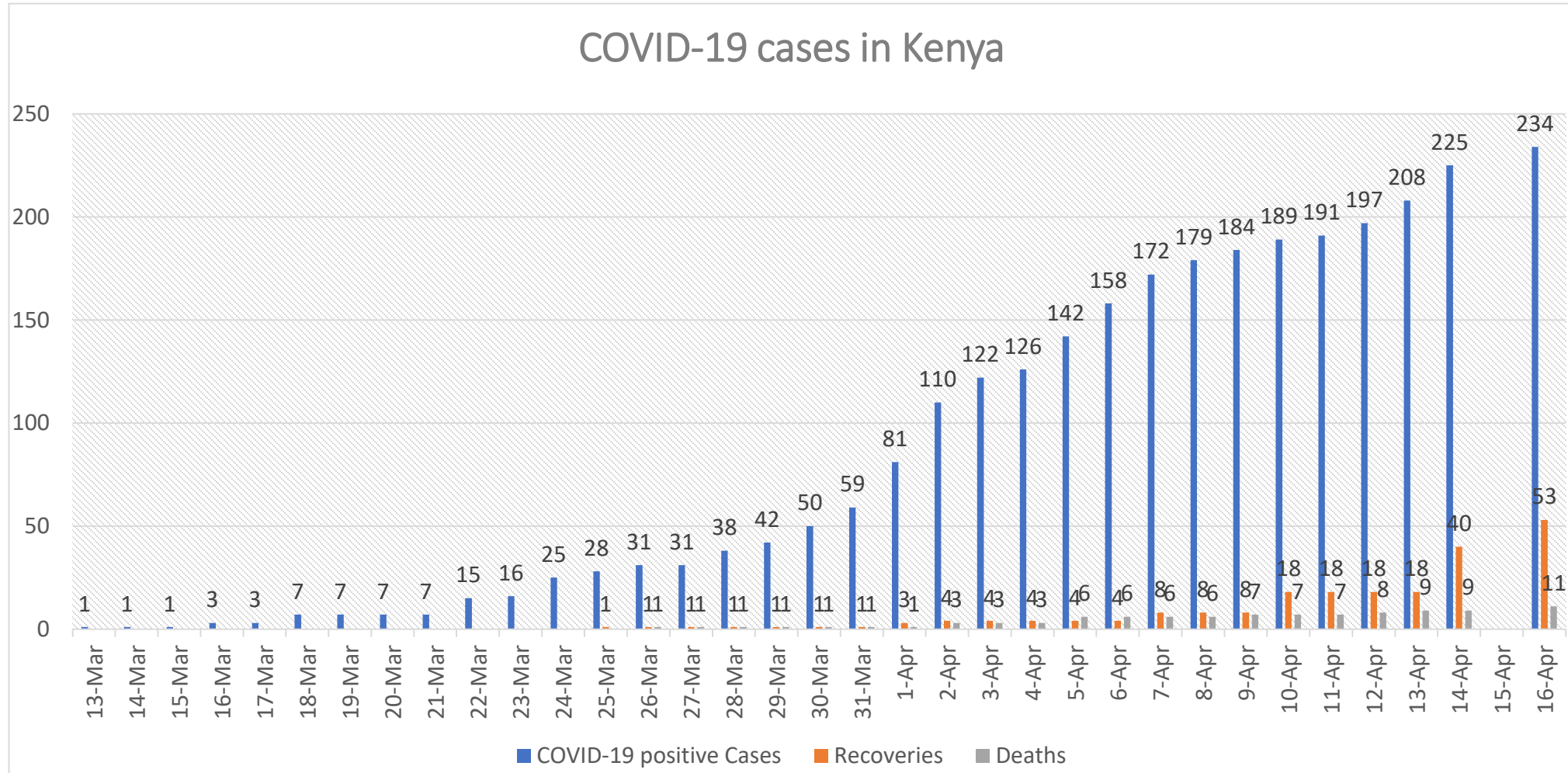
Has affected everyone
everywhere & no one
knows when it will end

Slower speed of
achievement of
Sustainable
Development Goals

Governments are
acting haphazardly, no
data to guide actions

If not addressed, well
off households will
slide below the poverty
line

COVID-19 Cases in Kenya



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Government response to COVID-19

Firm and continuous rules enforced directly impact on workers in the informal sector.

- Future measures are uncertain
- Not known when the crisis will end

15th March

- Learning institutions closed.
- Public and private sector workers ordered to work from home.

22nd March

- Bars closed, Restaurants undertake takeaway services only.
- Public gatherings (worship) funerals, weddings restricted to 15 people

25th March

- International flights suspended except cargo.
- Nation-wide curfew 7pm to 5am announced.
- Public service vehicles to reduce capacity by 50%

April

- Compulsion of use of face masks while in public
- Quarantine and social distancing enhanced

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Economic Measures:

08

Income tax

- ✓ 100% tax relief to Kenyans earning KSh 24,000 (US\$228) and below
- ✓ Pay as you earn (PAYE) reduction from a maximum of 30% to 25%

06

Residents income tax

- ✓ Reduction of resident income tax to 25%

Value Added Tax(VAT)

04

- ✓ Reduction of VAT from 16% to 14% effective 1 April 2020.

02

Turnover tax of SMEs

- ✓ Reduction of turnover tax rate from 3% to 1% for all micro, small and medium enterprises(SMEs)

06

05

04

03

02

01

07

08

Ksh I billion health kitty

07

- ✓ KSh 1 billion (US\$9.5 million) from the Universal Health Coverage kitty to be channelled to the employment of new health workers

Ksh. 10 billion fund

05

- ✓ KSh 10 billion (US\$95 million) fund established for vulnerable groups including the elderly and orphans, among others

Loan defaulters suspension

03

- ✓ Temporary suspension of the listing of loan defaulters for of any person, micro, SMEs and corporate entities whose loan account is in arrears effective 1 April 2020

Central Bank Rate reduction

01

- ✓ Central Bank of Kenya to lower the Central Bank Rate from 8.25% to 7.25%.

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Research Questions

Were participants in the informal sector prepared for a crisis with dire consequences like the COVID-19?

How have participants in the informal sector responded to the COVID-19 crisis?

What support has been availed to the informal sector participants to help them cope with COVID-19 crisis?

What are the gender implications of this crisis to workers in the informal sector?

What interventions can be designed and tested for effectiveness in helping participants in the informal sector bear with the COVID-19 pandemic?

Methodology

Limitations: Face to face interviews - impossible

Limited access to gadgets and internet

Actual population is not certain

Advantage: Mobile phone penetration is high

Google surveys are easy to administer on WhatsApp

Our Approach



Guided by Pragmatism and Realism



Survey – 6th – 13th April 2020



WhatsApp google link for those who could access devices and internet



Asked for recommendations in and out of their counties



Phone interviews



Random sampling: Had a phone or could access a phone

Sample Size and Response

Cochran's Formula

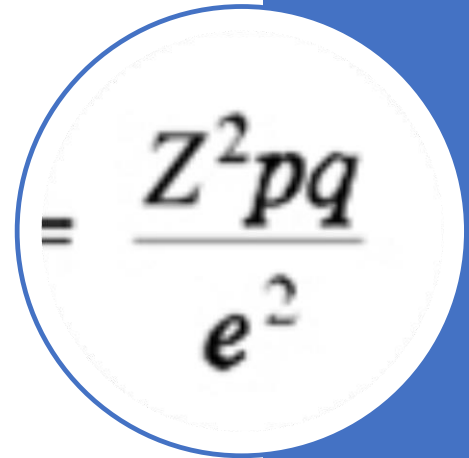
e – margin of error 0.04

Z – 2.05

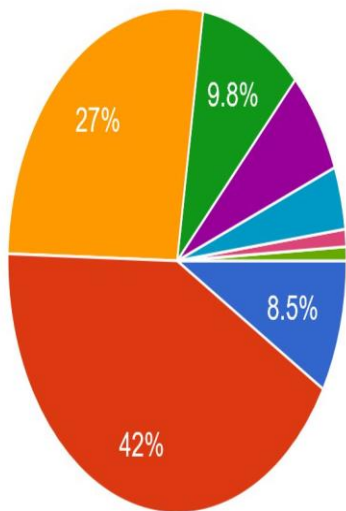
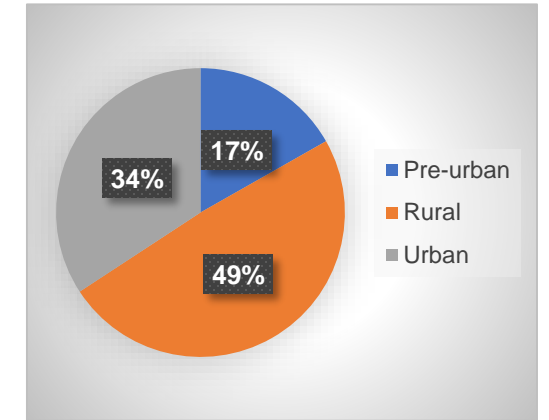
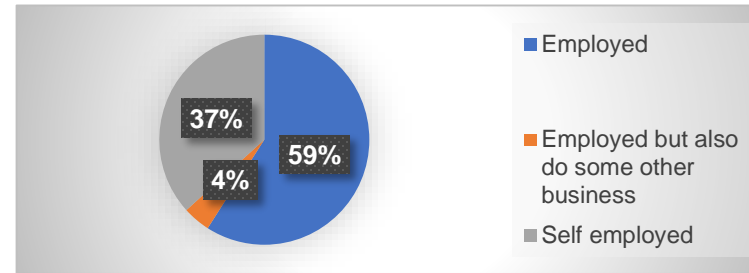
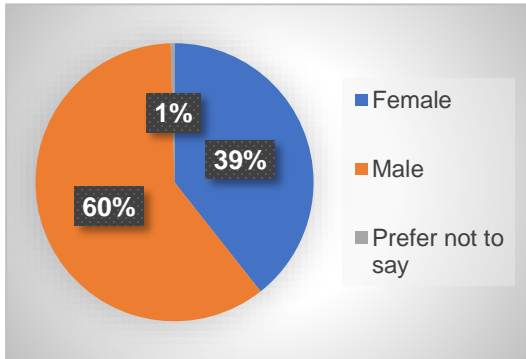
p,q - 50%

Assumptions are consistent with other studies.

Sample size = 657; Response = 447 (68%)

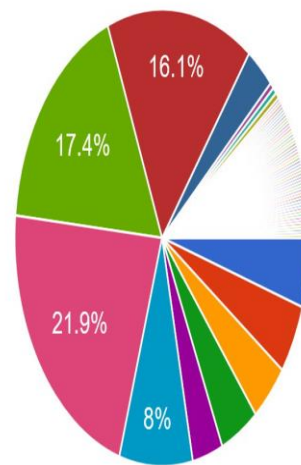

$$= \frac{Z^2 pq}{e^2}$$

Our 447 Respondents



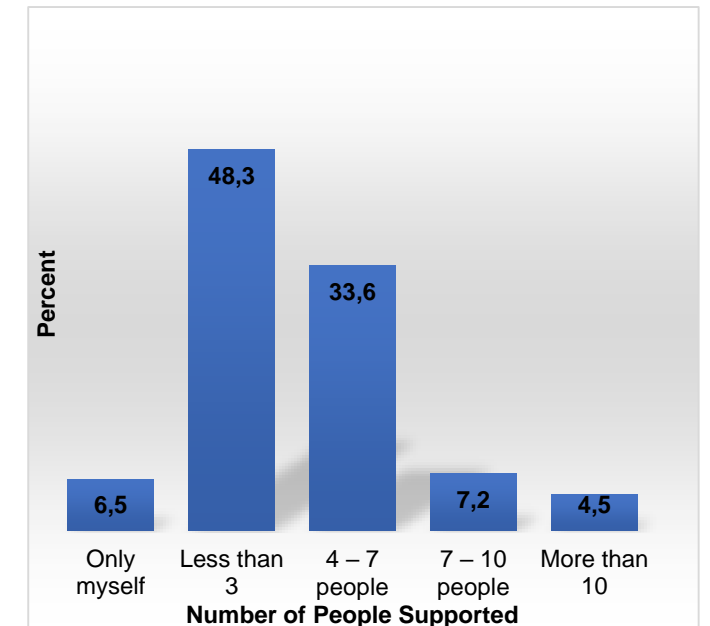
Age

- 18-23
- 24-29
- 30-35
- 36-41
- 42-47
- 48-53
- 54-59
- More than 60

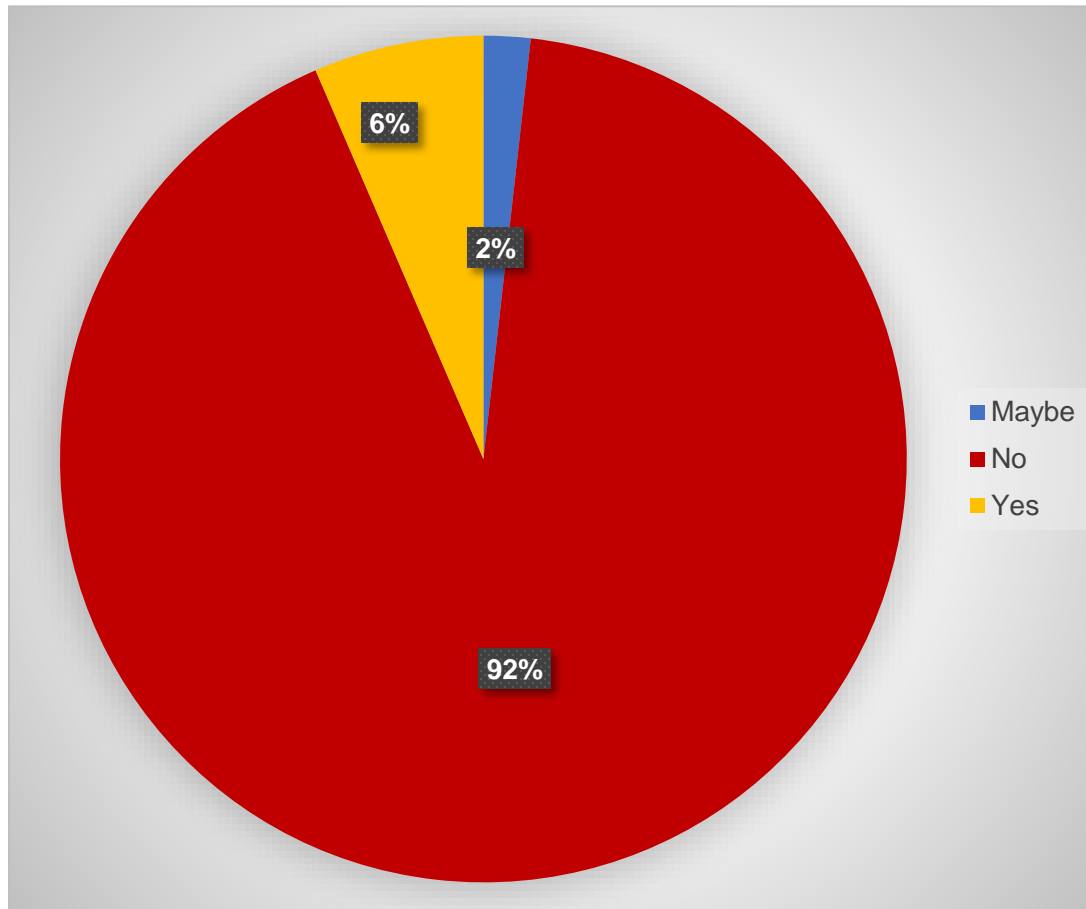


- Manufacturing (casual employment by...)
- Agriculture (farm workers)
- Domestic work (house girl, house boy,...)
- Construction (mason, painter, carpent...)
- Entertainment
- Hotel, Restaurant, Bar (cook, waiter, c...)
- Essential Services (employed by a cle...)
- Transport (Boda Boda rider, Tuk Tuk d...)

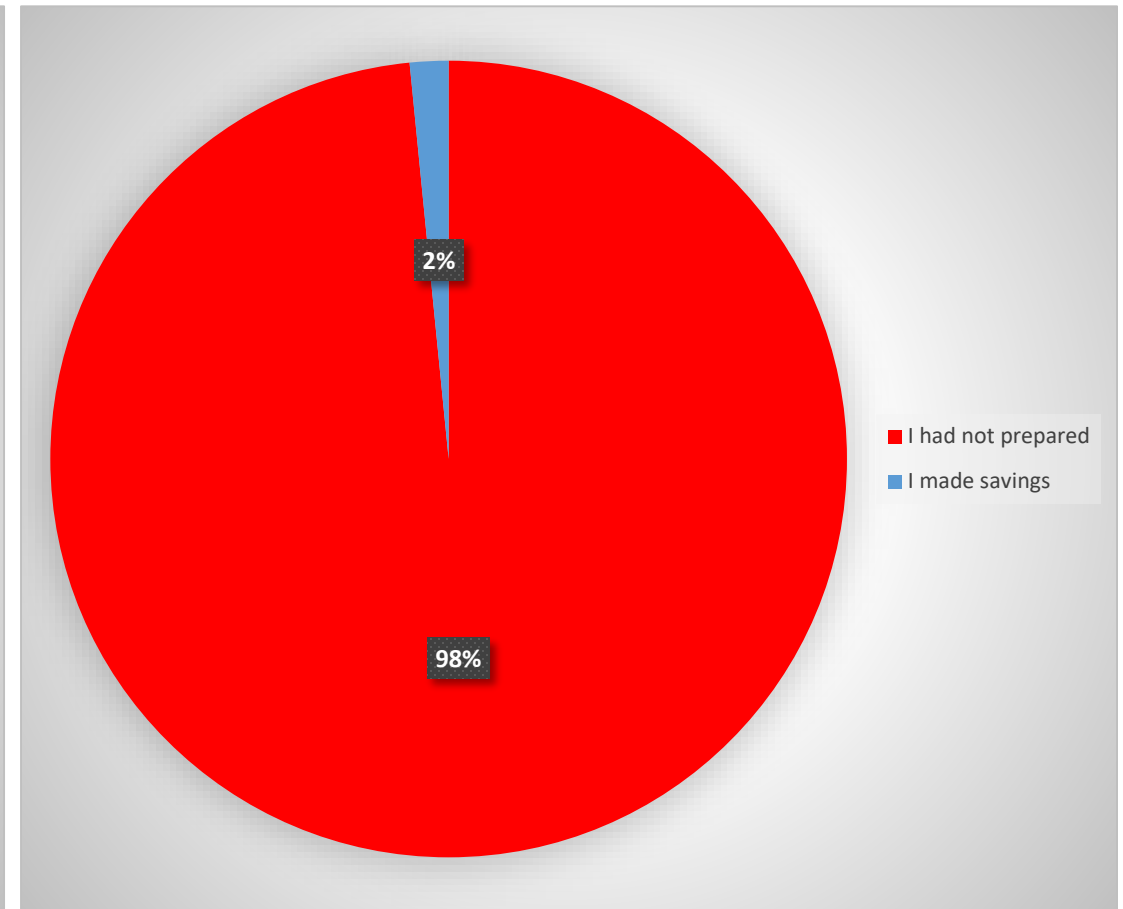
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Ex-ante strategies

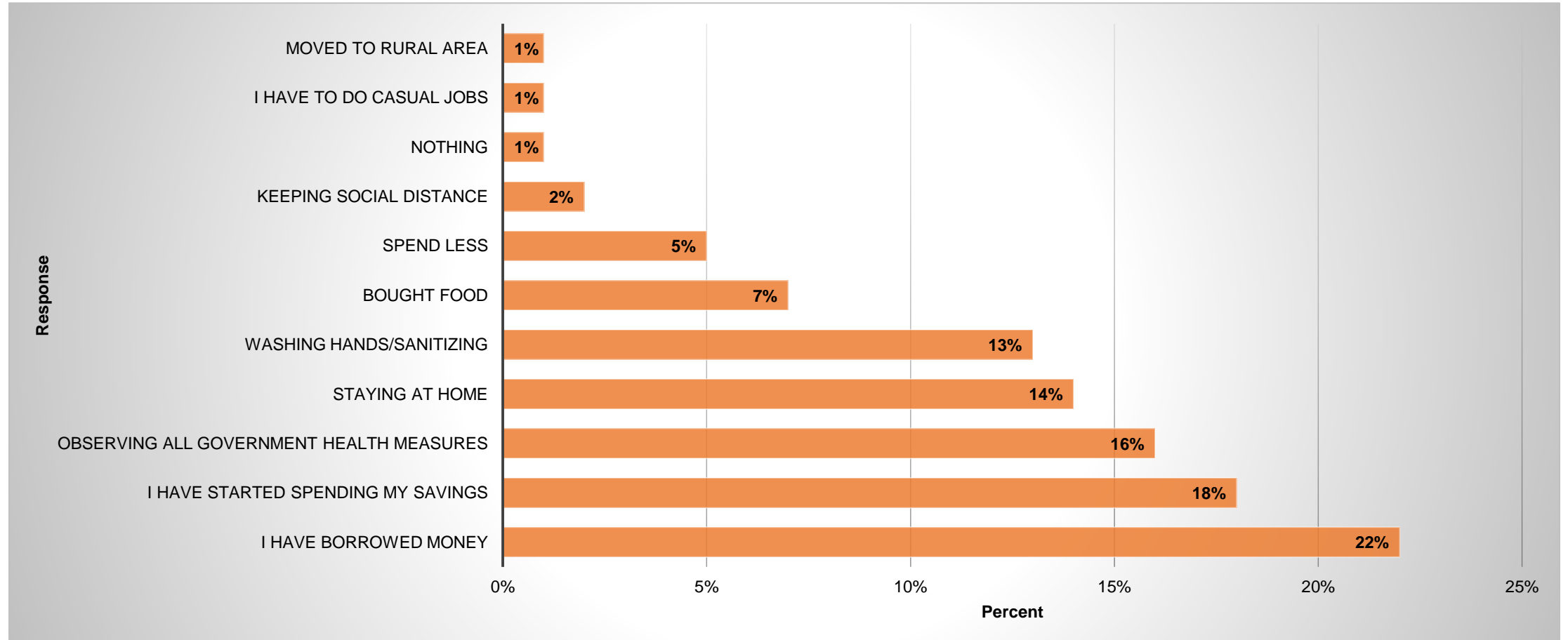


In 2019, did you think a crisis like COVID-19 could occur?

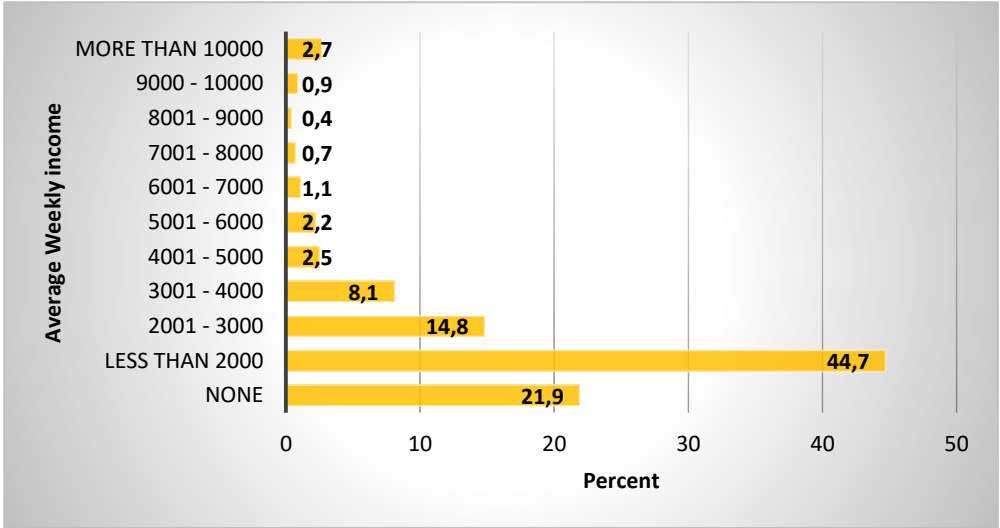
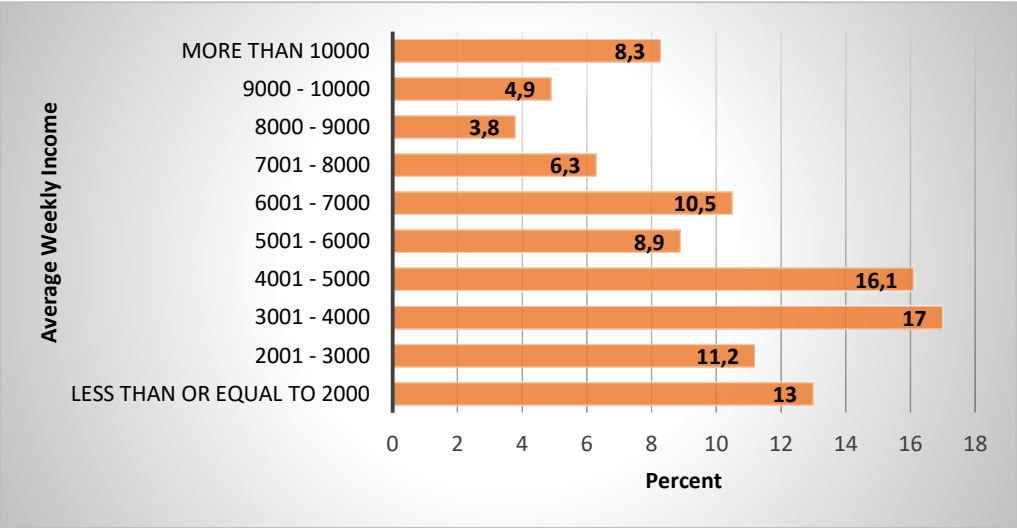


If your answer is YES, how did you prepare for it?

Ex-post strategies



51.2% reduction in income



	Mean	N	Std. Deviation	Mean Difference	t	P-value	Paired Correlation (r)	P-Value
Pre-crisis average weekly income	2.38	447	0.814	1.16	23.193	0.000	0.28	0.000
Post-crisis average weekly income	1.22	447	0.939					

Reduction in income

1. Affected men the same way as women
2. Worst affected are those above 53 age group
3. Worst affected are self employed
4. Employment cushions income
5. Income diversification helps
6. Those in peri-urban counties worst affected

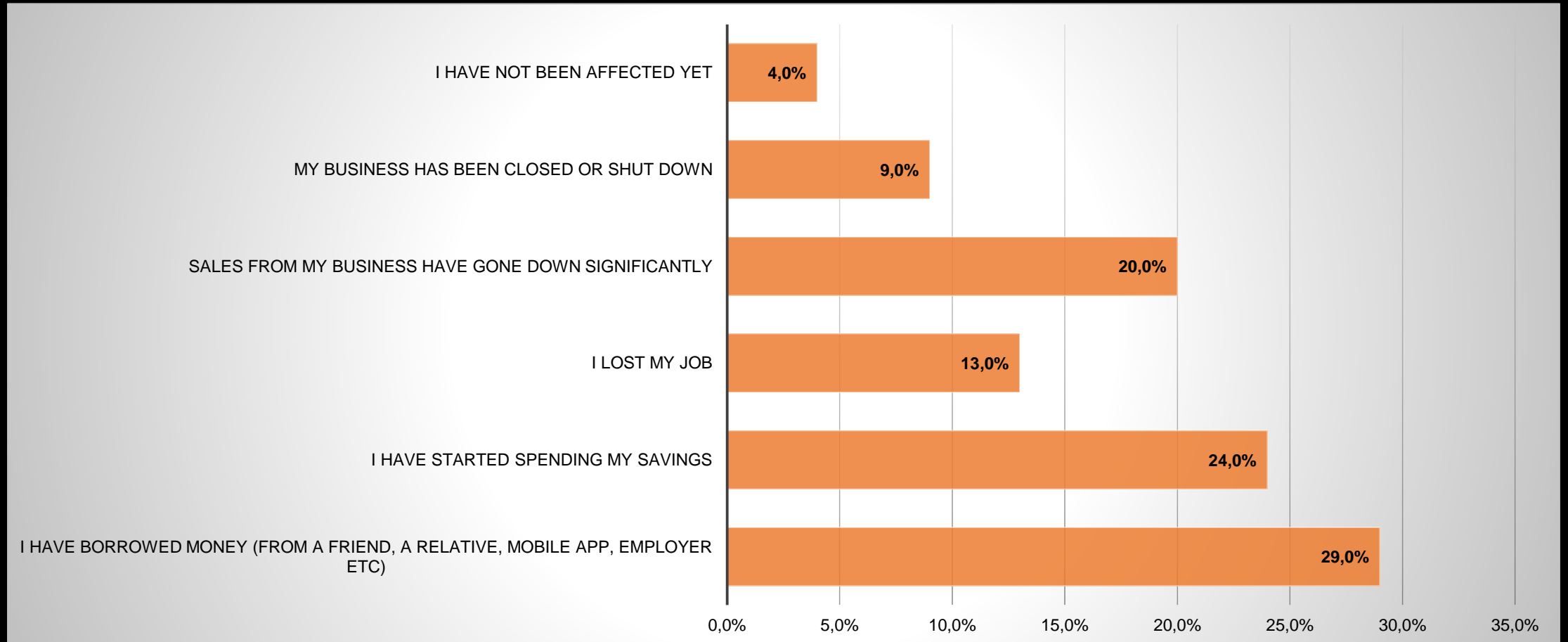
	Pre-crisis income		Post crisis income	
	Gender		Gender	
	Female	Male	Female	Male
Mean	2.31	2.43	1.19	1.24
Std Deviation	.064	.048	.936	.945
Mean Difference	0.12		0.05	
ANOVA-Test	F	1.284	F	0.197
	p-value	.278	p-value	0.821

	Pre-crisis income		Post-crisis income	
Age in Years	Mean	Std Dev	Mean	Std Dev
18-29	2.27	.733	1.12	.891
30-41	2.47	.831	1.27	.944
42-53	2.50	1.052	1.54	1.091
Above 53 years	2.75	.707	1.13	.835
ANOVA-Test	F	2.921	F	2.866
	p-value	.034	p-value	.036

	Pre-crisis income		Post-crisis income	
Employment Status	Mean	Std Dev	Mean	Std Dev
Employed	2.30	.813	1.27	.962
Employed + Business	2.63	.955	1.63	1.300
Self Employed	2.48	.787	1.10	0.833
ANOVA-Test	F	3.253	F	3.427
	p-value	0.040	p-value	0.033

	Pre-crisis income		Post-crisis income	
County	Mean	Std Dev	Mean	Std Dev
Rural	2.44	.717	1.15	.881
Peri-urban	2.55	.793	.92	.983
Urban	2.22	.924	1.48	.940
ANOVA-Test	F	5.358	F	10.691
	p-value	.005	p-value	.000

As a result of the crisis.....

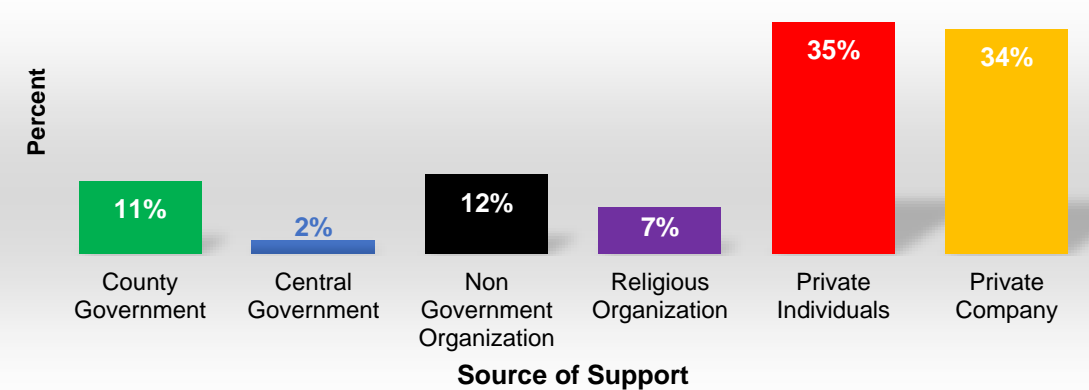
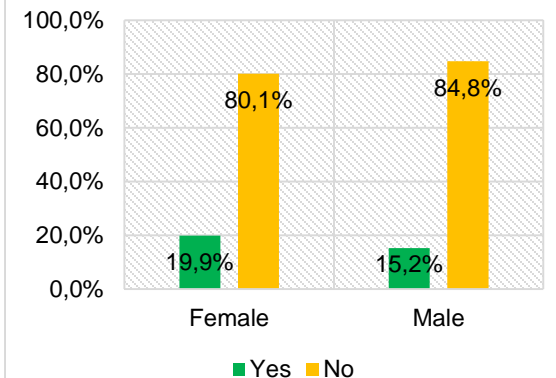
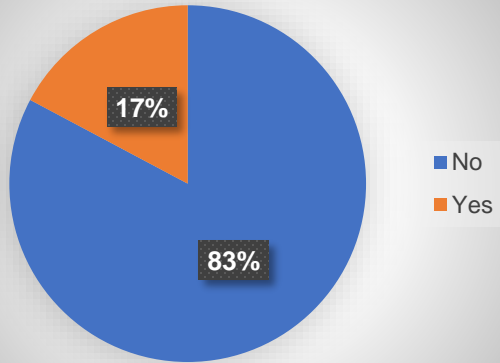


Job Losses

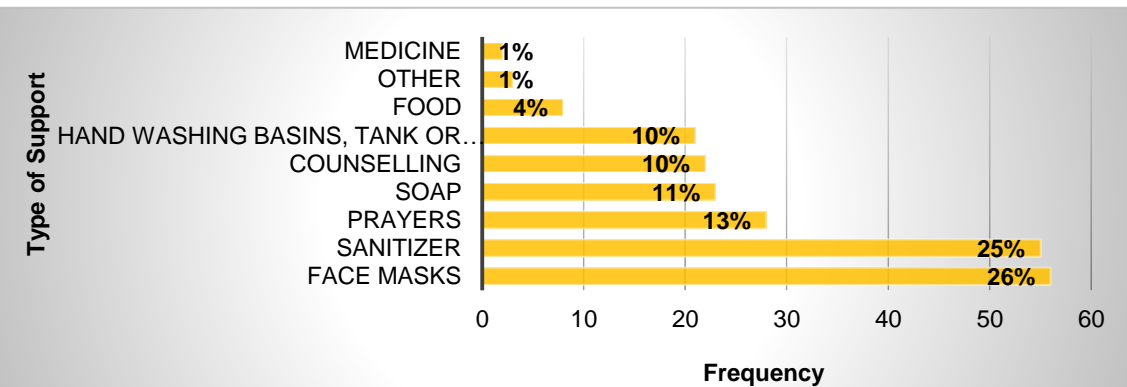
Sector	Percentage of those who have lost their jobs
Manufacturing (casual employment by a manufacturing company)	16.5
Hotel, Restaurant, Bar (cook, waiter, cleaner)	15.3
Transport (Boda Boda rider, Tuk Tuk driver, Matatu driver, Taxi driver, Tout, employee of transport SACCO)	16.5
Domestic work (house girl, house boy, casual employment to clean houses and clothes)	10.6
Essential Services (employed by a cleaning company or security company)	10.6
Small Business (Hawker, Butchery, Salon, Barbershop, Retail shop, Garage, Petrol Station etc)	10.6
Construction (mason, painter, carpenter, plumber)	4.7
Agriculture (farm workers)	3.5
Education	3.5
Entertainment	2.4
Small Business (Butchery, Salon, Barbershop, Retail shop, Garage, Petrol Station etc)	2.4
Customer service	1.2
Mechanic	1.2
Total	100.0

Received support yet?

1. 83% have not received any support
2. Those in urban counties, men and those employed have received comparatively more support
3. Most support is from the private sector in form of face masks and sanitizers – self seeking?
4. Being employed by private sector provides a safety net



			Received Support?		Total	ANOVA-Test	
			No	Yes		F	p-Value
County Group	Rural	Frequency	197	22	219	9.948	0.000
		Percent	90.00%	10.00%	100.00%		
	Peri-urban	Frequency	65	10	75		
		Percent	86.70%	13.30%	100.00%		
	Urban	Frequency	108	45	153		
		Percent	70.60%	29.40%	100.00%		



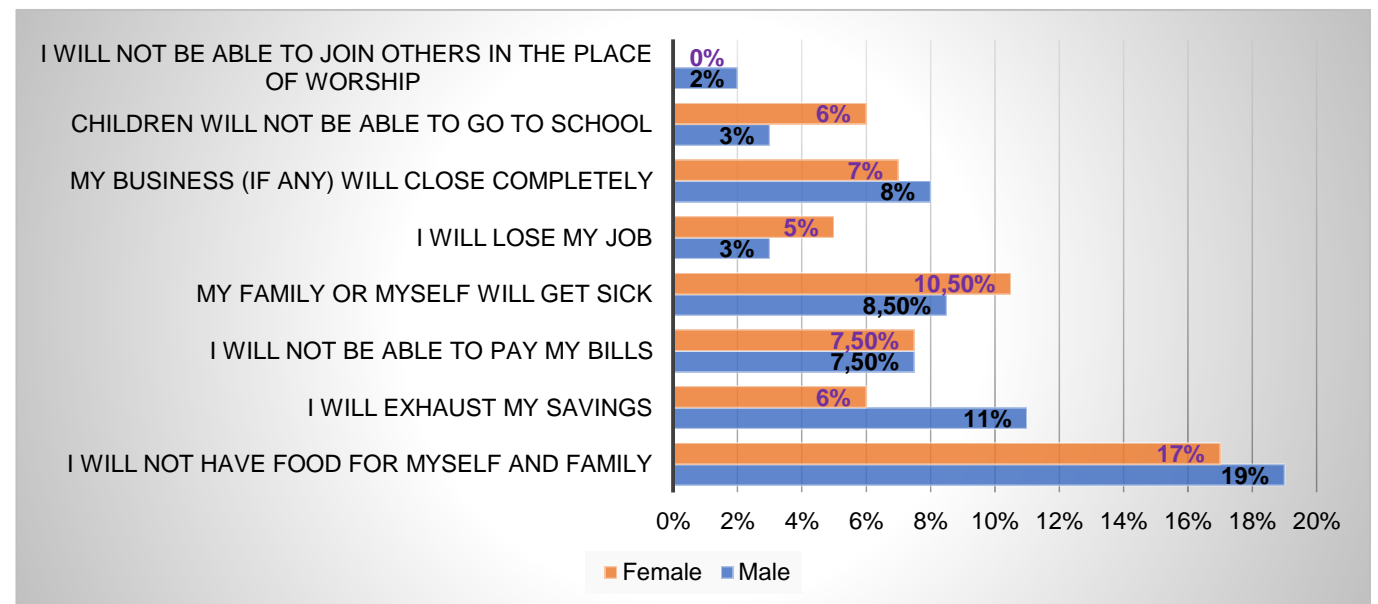
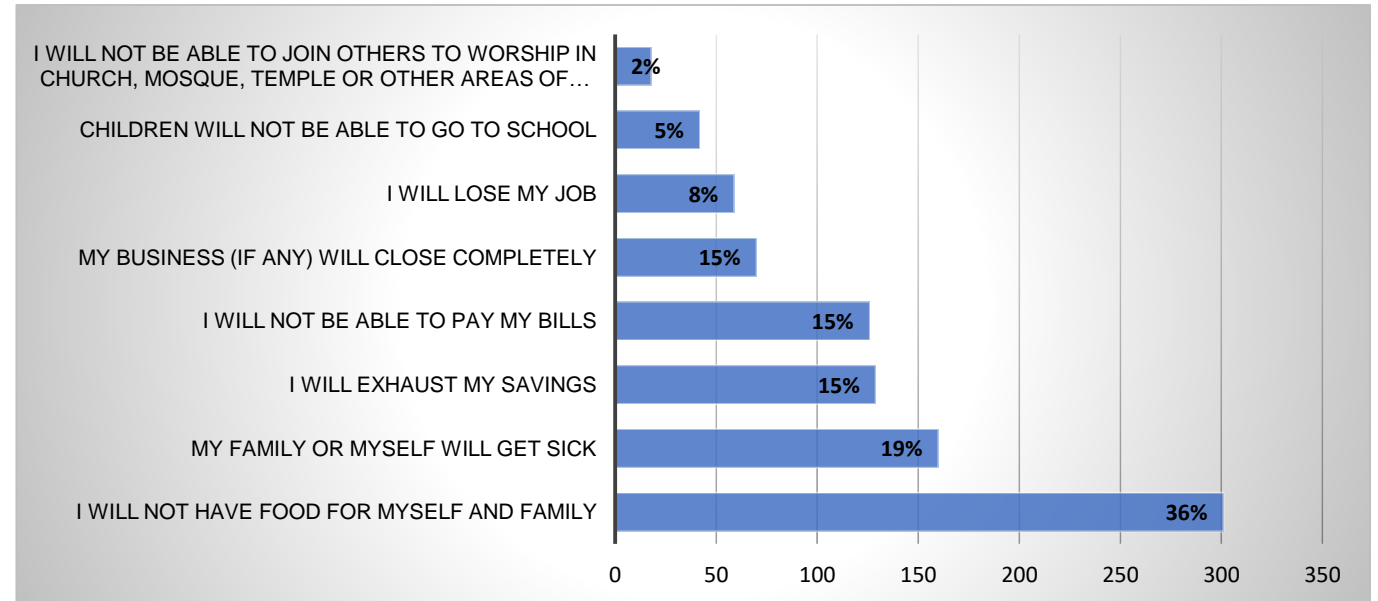
Support
received

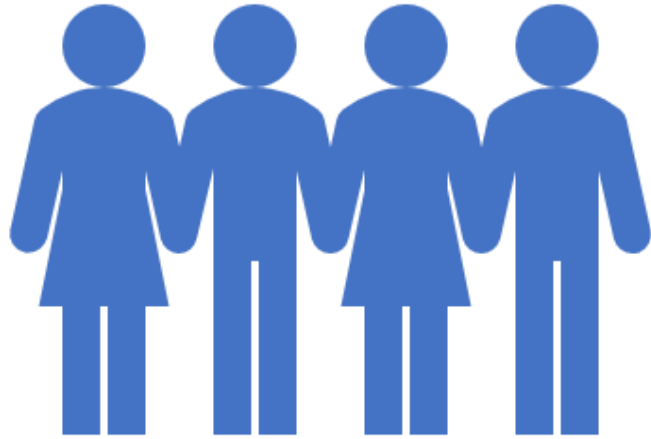
	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Between Groups	1.279	2	.639	4.545	.011
Within Groups	62.457	444	.141		
Total	63.736	446			

			Received Support?		Total	ANOVA-Test	
			No	Yes		F	p-Value
County Group	Rural	Frequency	197	22	219	9.948	0.000
		Percent	90.00%	10.00%	100.00%		
	Peri-urban	Frequency	65	10	75		
		Percent	86.70%	13.30%	100.00%		
	Urban	Frequency	108	45	153		
		Percent	70.60%	29.40%	100.00%		

Main worry if crisis persists is food

More women than men are worried about getting sick, children not going to school and job loss

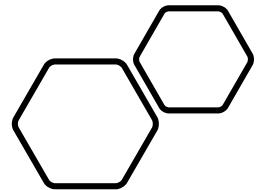




Gender Implications of the Crisis

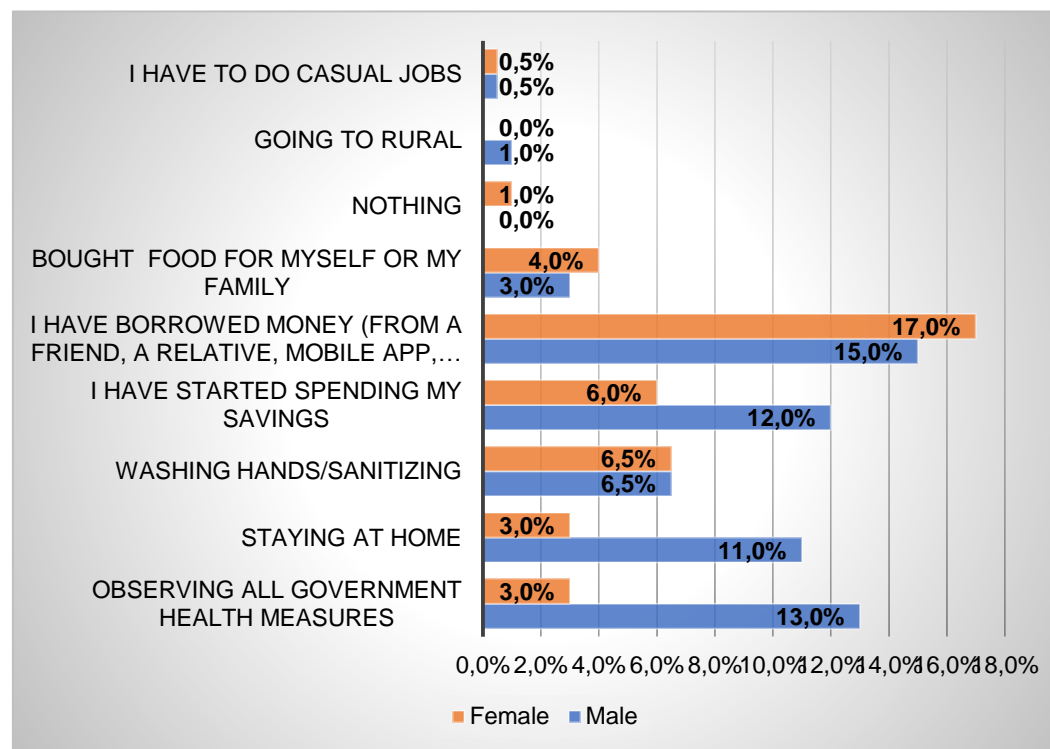
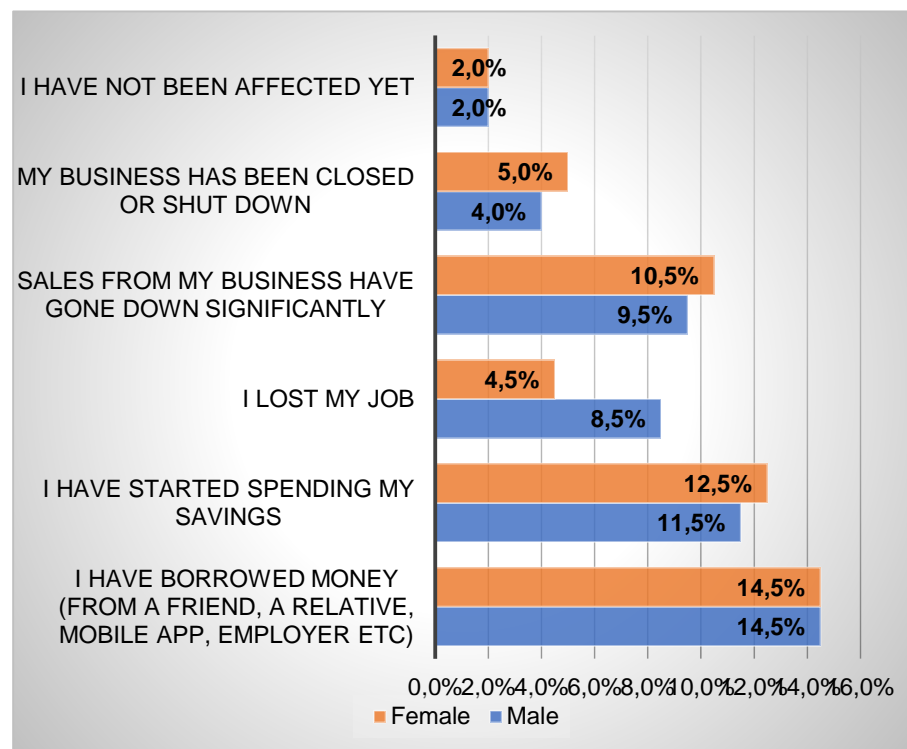
		County Group			ANOVA	
		Rural	Pre-urban	Urban	F	P-value
Gender	Female	44.9%	19.3%	35.8%	1.011	0.365
	Male	52.0%	15.2%	32.7%		

No significant differences based on county of residence, employment status (employed, self employed, employed and doing business)



Gender Implications as a result of the crisis

1. More women than men – have had their businesses closed, sales reduced significantly and have started spending savings
2. More women than men have borrowed money and bought food as a way of dealing with the crisis



Implications of the study – Policy Makers



Informal sector workers have tough choices to make – food or health.



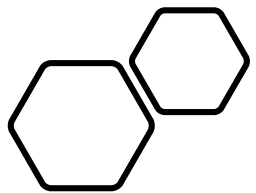
Political economy of the informal sector matters – time for expeditious social support is NOW. Coordinated efforts can help



They cannot afford a total lockdown - social support is inadequate and not sustainable. Requires \$15m per day assuming a transfer of \$1



Recovery lies in how well economic and social support is targeted to the needy and integrated



Implications of the study – the invisible side



Mental health issues



Surge in crime levels



Uprising of the poor

Implications in more practical terms



Lifeline fund to cushion businesses – Agri-businesses that induce production and distribution effects



Highly subsidize or eliminate cost of water, sanitation and health related services (time for NHIF to come out)



Sector specific rescue plans – county governments can be very useful e.g. Nakuru temporarily converted a stadium to an open market



Pursue formalization in the long-run

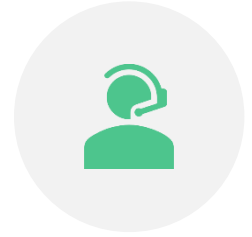
Interventions that can be designed and tested



CASH TRANSFERS
AND OTHER SAFETY
NETS



BEHAVIORAL
INTERVENTIONS



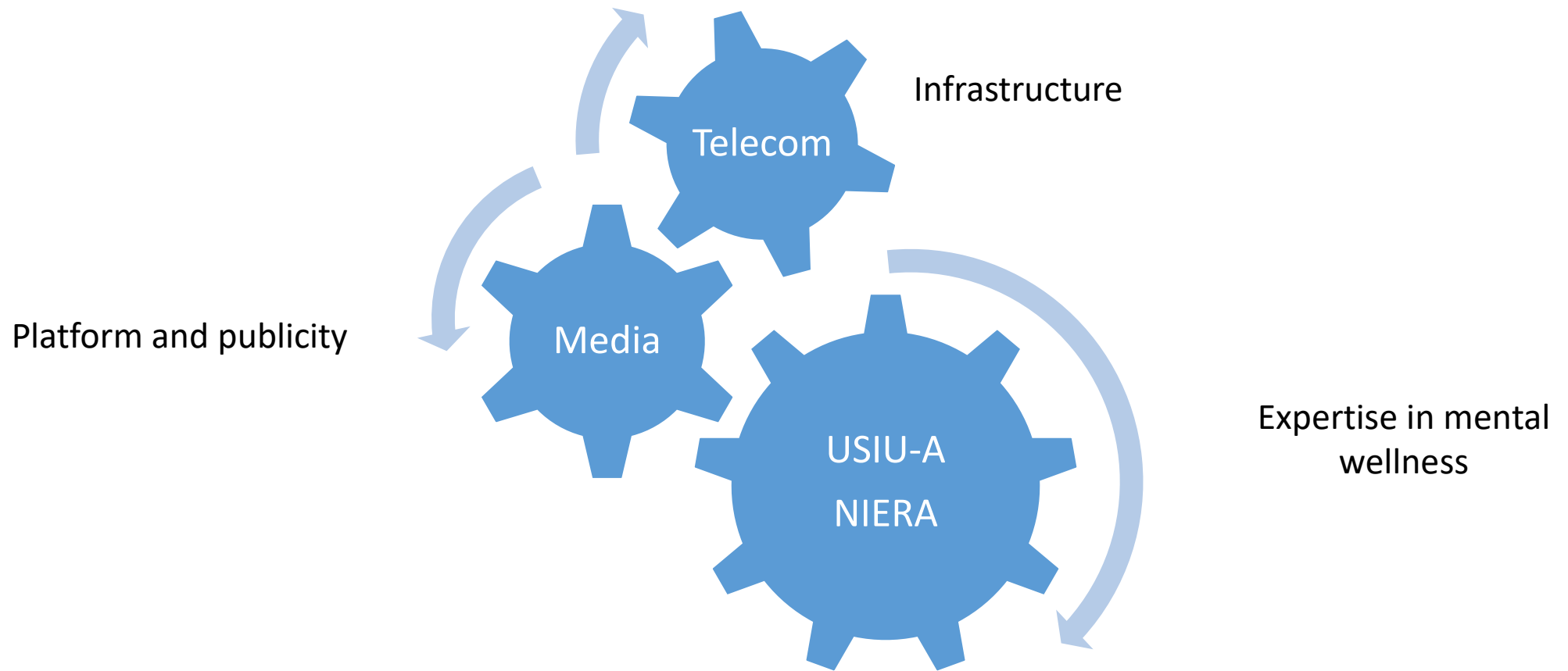
TELE-PSYCHOLOGY



E-LEARNING AND
HOME SCHOOLING



EFFECTIVENESS OF
GOVERNMENT
POLICY



Interventions at USIU-Africa – Tele-Psychology
SMS, WhatsApp, Telephone, TV & Radio, Online.
Can it be enhanced with cash transfers?



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