

ECONOMY AND FINANCE

COVID-19 AND THE INFORMAL ECONOMY

Impact and Response Strategies in Sub-Saharan Africa

Jürgen Schwettmann
August 2020



The present paper analyses the impact of COVID-19 on the informal economy in sub-Saharan Africa, provides case studies of response measures taken by governments, development partners, trade unions and/or actors in the informal economy themselves, and offers short-term and medium-term policy recommendations towards stabilising employment and livelihoods in Africa's informal economy.

Contents

Introduction	2
The Informal Economy	2
COVID-19 in Africa	3
Country Case Studies	8
Policy Recommendations	12
Annex.....	14
References.....	19

INTRODUCTION

Close to 90 per cent of the sub-Saharan African labour force works in the informal economy. Informal economy workers, who are mostly self-employed, are particularly vulnerable to health shocks since they are mostly not covered by social protection systems, earn their livelihood from low and irregular incomes, are not adequately represented in local and national governance structures, and are not protected by labour laws. These deficiencies increase the risk of the 2020 coronavirus outbreak and the resulting global economic downturn having a devastating impact on the lives and livelihoods of Africa's informal economy workers, despite the fact that the continent's incidence of infections is relatively low for the time being.

The present paper analyses the impact of COVID-19 on the informal economy in sub-Saharan Africa, provides case studies of response measures taken by governments, development partners and/or actors in the informal economy themselves, and offers short-term and medium-term policy recommendations.

THE INFORMAL ECONOMY

GLOBAL OVERVIEW

Two billion workers — representing 61.2 per cent of the world's employed population — are in informal employment (ILO 2018). The informal economy¹ comprises more than half of the global labour force and more than 90 per cent of micro and small enterprises (MSEs) worldwide. Informality is an important characteristic of labour markets around the world, with millions of economic units operating and hundreds of millions of workers pursuing their livelihoods in conditions of informality.

The expression »informal economy« encompasses a diverse range of situations and phenomena. Indeed, the informal economy manifests itself in a wide variety of forms across and within economies. Formalisation processes and measures aiming to facilitate transitions to formality need to be tailored to the specific circumstances that different countries and categories of economic units or workers face.

Work in the informal economy is often characterised by small or undefined workplaces, unsafe and unhealthy working conditions, low levels of skills and productivity, low or ir-

regular incomes, long working hours and lack of access to information, markets, finance, training and technology. Workers in the informal economy are not recognised, registered or regulated; they often work without a formal contract and are therefore not protected under labour and social protection laws. The root causes of informality include elements related to the economic context, the legal, regulatory and policy frameworks, and to some micro level determinants such as a low level of education, discrimination, poverty and, as mentioned above, lack of access to economic resources, to property, to financial and other business services, and to markets. The high incidence of the informal economy is a major challenge for the rights of workers and decent working conditions, and has a negative impact on enterprises, public revenues, governments' scope of action, soundness of institutions and fair competition (ILO 2002).

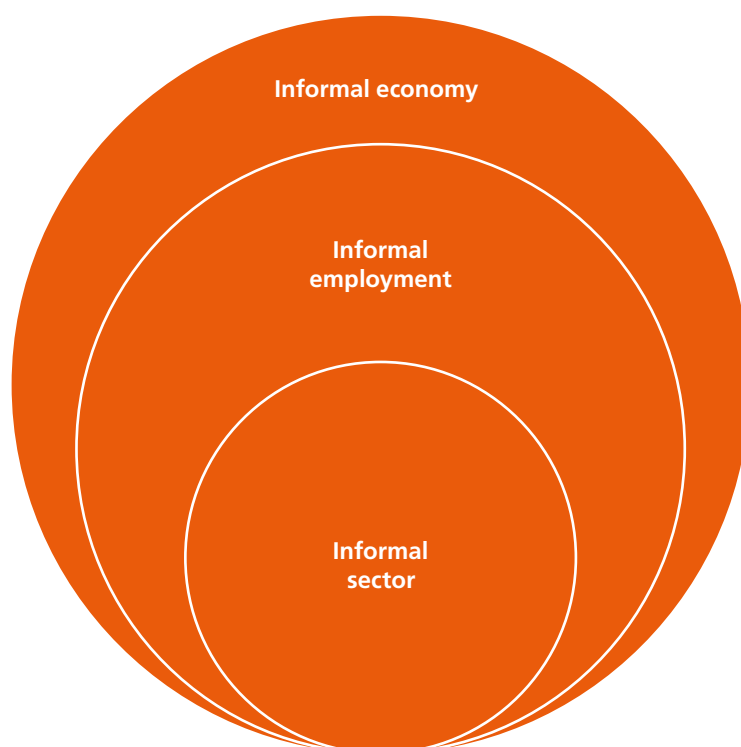
THE INFORMAL ECONOMY IN AFRICA

At 67.6 per cent (62.7 per cent female, 72.6 per cent male), sub-Saharan Africa has the highest labour force participation rate of all regions in the world, compared with a global average of 60.5 per cent (47 per cent female, 74 per cent male) in 2020 (ILO STAT 2020). According to the most recent estimates, non-agricultural employment in the informal economy represents 76.8 per cent of total employment in sub-Saharan Africa; if agriculture is also included, the share reaches 89.2 per cent (ILO 2018). The vulnerable employment rate — the share of own-account workers and unpaid family workers in total employment — was estimated at 72 per cent in sub-Saharan Africa in 2017; extreme working poverty² on the continent was estimated at 36 per cent, and moderate working poverty at 24 per cent (ILO 2018). For women in particular, informal employment is pervasive; in some parts of sub-Saharan Africa, the gender gap in informal employment is more than 20 percentage points. Among youth, the gender gap is even wider (ILO 2018). The feminisation of poverty, combined with discrimination by gender, age, ethnicity or disability, also means that the most vulnerable and marginalised groups tend to end up in the informal economy, and this is especially the case for women and young people, who have no other choice than the informal economy for their survival and livelihood. Self-employment constitutes a greater share of informal non-agricultural employment than wage employment. It accounts for as much as 53 per cent of non-agricultural employment in sub-Saharan Africa (ILO 2015). The informal economy makes a significant contribution to the national economies of sub-Saharan Africa, with its ranging from a low of 20 to 25 per cent in Mauritius, South Africa and Namibia to a high of 50 to 65 per cent in Benin, Tanzania and Nigeria (Medina, et al. 2017). In other words: informality is the rule in Africa, not the exception; and its share in total employment and GDP may actually rise even further as a result of the COVID-19 crisis.

¹ The term »informal sector« was first coined in 1972, at the outcome of a comprehensive ILO employment advisory mission to Kenya, and was later changed to »informal economy« to underline the fact that informality is not a »sector«, but a certain way of carrying out economic activities. Interestingly, »[t]he (Kenya mission) report acknowledges that the informal sector idea originated not with the high-level foreign »development experts« brought in for the mission but from the work and the staff of the Institute of Development Studies of the University of Nairobi, a fact which has been generally forgotten since then. In other words, it was not the ILO which invented the concept of the informal sector. It came out of the thinkers and analysts of the Third World« (Bangasser 2000).

² Moderate and extreme working poverty rates refer to the shares of workers living in households with income or consumption per capita of between 1.90 US dollars and 3.10 US dollars per day (PPP) and less than 1.90 US dollars per day (PPP), respectively.

Figure 1
Informal economy — a clarification of terms



The **informal sector** consists of informal enterprises and own-account workers that produce a marketable surplus;

Informal employment encompasses the informal sector **plus** informal workers in formal enterprises;

The **informal economy** includes informal employment plus households which produce exclusively for household consumption (mainly subsistence agriculture).

Source: Diagram by the author, based on (ICLS, 2018)

COVID-19 IN AFRICA

The severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), the virus that causes coronavirus disease 2019 (COVID-19), has become a global health emergency. In view of the rapidly escalating numbers of new infections outside China, COVID-19 was declared a pandemic by the World Health Organization (WHO) on March 11, 2020, in a message delivered by Dr. Tedros Adhanom Ghebreyesus, the WHO Director-General.

The COVID-19 pandemic reached the African continent later than the rest of the world; the continent confirmed its first case in Egypt on February 14, 2020; in sub-Saharan Africa, the first case was reported in Nigeria on February 27 (Shabir & Aijaz 2020). Since then, as of July 13, 2020, the number of cases has risen to 610,807, including 13,456 deaths and 305,861 recoveries (African Union CDC 2020). All 54 African countries have reported coronavirus infections, but some countries, namely South Africa (278,800 confirmed cases), Nigeria (33,200), Ghana (25,000) and Cameroon (15,200) have been particularly hard hit, while five countries (Lesotho, Gambia, Seychelles, Botswana, Namibia) had reported less than 100 cases each by the end of June (African Union CDC, 2020). However, it is widely believed that the lower number of COVID-19 cases in most African countries is attributed to inadequate health systems, low-to-absent testing capacity, poor reporting sys-

tems and insufficient numbers of medical staff (Rutayisire, et al. 2020). At the beginning of the pandemic, only two of the 47 countries covered by the WHO Regional Office for Africa³ were able to test for COVID-19; since then, 44 countries have acquired testing capacity. The fact that, according to reports, South Africa accounts for almost half of all coronavirus infections on the African continent may be due to the fact that the country has a much higher testing capacity than most others in the region (see Table 1).

This also means that the actual number of coronavirus infections on the African continent could be significantly higher than the number of reported cases. Table 2 below illustrates the rapidity with which coronavirus is spreading in Africa (see Table 2).

In response to COVID-19, many African countries have been implementing a combination of containment and mitigation measures to delay a surge in cases that could overwhelm hospital capacity, while protecting the medically vulnerable, such as the elderly and those with comorbidities. By the end of March 2020, the majority of countries had imposed travel bans on the Asian and European countries that were most affected and had introduced manda-

³ WHO Africa covers 47 of the 54 African countries; North Africa, with the exception of Algeria, is covered by a different WHO Regional Office

Table 1
Coronavirus testing in selected countries

Coronavirus testing in selected countries			
Country	Date	Tests per 1 million inhabitants	Infections per 1 million inhabitants (July 14)
South Africa	July 12	36,330	4,852
Nigeria	July 13	890	161
Ghana	July 9	10,570	890
Cameroon	n/a	n/a	572
Germany	July 5	76,100	2,375

Sources: (Ourworldindata, 2020a) and (Ourworldindata, 2020b).

Table 2
The spread of coronavirus in Africa

Coronavirus infections in Africa (WHO Africa region, see footnote 3)					
COVID-19 Africa Region	March 6	April 6	May 6	June 6	July 26
Confirmed cases (total)	19	6,616	33,973	126,561	696,207
New cases	1	198	1,403	5,457	16,245
Confirmed deaths (total)	0	243	1,202	3,062	11,708
New deaths	0	7	90	104	368

Source: WHO situation reports 46, 77, 107, 188.

tory quarantine periods for most travellers. Air travel on the continent came to an almost complete standstill. In the course of April and May, more than 40 countries closed their borders, allowing only cargo, freight and the expatriation of foreign nationals. Mitigation measures, including restrictions on movement, public gatherings and schools, were also implemented (Massinga Loembé, et al. 2020). Lockdowns imposed by African governments were, in several cases, more severe than the measures taken in even the most affected European countries; for example, in Kenya and South Africa, the military was mobilised to enforce lockdowns and stay-at-home policies. A number of countries declared a temporary state of emergency to deal with the crisis.⁴

The African Union Centre for Disease Control and Prevention (Africa CDC) activated its Emergency Operations Centre for COVID-19 on January 27, 2020, after at least four Asian countries had reported cases. As the virus was first reported in Africa at a relatively late stage, the continent was afforded extra time to prepare. Africa CDC seized this opportunity to rapidly mobilise a continent-wide response.

⁴ Including Angola, Cabo Verde, Côte d'Ivoire, Ethiopia, Gambia, Guinea, Lesotho, Liberia, Mozambique, Namibia, Sao Tomé and Príncipe, Senegal (IMF 2020).

An emergency meeting of African health ministers held on February 22 led to the adoption of the Africa Joint Continental Strategy for COVID-19, which has two objectives:

- To coordinate efforts of African Union Member States and agencies, the World Health Organization, and other partners to ensure synergy and minimise duplication;
- To promote evidence-based public health practice for surveillance, prevention, diagnosis, treatment and control of COVID-19 (AU CDC 2020).

The Joint Continental Strategy will require a total of 420 million US dollars over the next six months to halt the spread of the COVID-19 pandemic in Africa.

IMPACT OF COVID-19 ON AFRICAN SOCIETIES AND ECONOMIES

The UN Economic Commission for Africa (UNECA) fears that between 300,000 and 3.3 million Africans could lose their lives as a direct result of COVID-19, depending on the intervention measures taken to contain the spread. The UNECA has pointed out that sub-Saharan Africa is particu-

larly vulnerable because 56 per cent of the urban population is concentrated in overcrowded slum dwellings with a lack of services, and only 34 per cent of the households have access to basic hand washing facilities. As the great majority of Africa's workforce is informally employed, working from home is seldom an option. Of all the continents, Africa has the highest prevalence of underlying medical conditions, including tuberculosis and HIV/AIDS. With lower per capita ratios of hospital beds and health professionals than other regions, high dependency on imports for its medical and pharmaceutical products, and weak economies that are unable to sustain health and lockdown costs, the continent is highly vulnerable to COVID-19. According to UNECA estimates, the impact on African economies could be the slowing of growth to 1.8 per cent in the best-case scenario, or a contraction of 2.6 per cent in the worst case. This will inevitably reduce GDP per capita, while potentially pushing 29 million people into extreme poverty (UNECA 2020). The African Development Bank recently estimated that COVID-19 could cost Africa tens of billions of dollars in gross domestic product, increases in national budget deficits of three to five per cent, and overall increases in public debt of more than 100 billion US dollars. World Bank simulations show that, compared with a no-COVID base-case scenario, growth in sub-Saharan Africa could fall by up to 5.2 percentage points. On this basis, real GDP growth in the region would decline by up to -2.1 per cent in 2020, from +2.4 per cent in 2019 (World Bank 2020). The African Union forecasts the loss of 20 million jobs on the continent. According to the latest ILO estimates (ILO 2020b) African countries lost 2.4 per cent in terms of working hours during the first quarter of 2020, and 12.1 per cent during the second; this equates to 11 million, respectively 55 million full-time jobs (based on a 40-hour workweek), the overwhelming majority of which would be in the informal economy. Over the course of the pandemic, African countries already suffering from limited resources must address the same economic challenges facing the entire world, with loss of income representing the greatest risk for the most vulnerable members of society (Rosenthal, et al. 2020).

IMPACT OF COVID-19 ON AFRICA'S INFORMAL ECONOMY

The COVID-19 pandemic affects all African countries and populations, but it will have the most negative impact on informal economy workers and enterprises in urban areas. This is because:

- Lockdowns, workplace closures, travel bans and social distancing measures sharply reduce the economic opportunities for informal economy actors who rely to a large extent on the personal contact with customers. In-country travel bans affect rural producers who can no longer access urban markets. Border closures have had a devastating impact on informal cross-border traders operating in all African countries. Some countries, such as Liberia, banned all street vending, thereby disrupting the livelihoods of thousands of informal traders. It is estimated that the first month of crisis will result in an 81 per cent decline in the earnings of informal workers in Africa (ILO 2020d).
- The overwhelming majority of workers in the informal economy have higher exposure to occupational health and safety risks because of the lack of appropriate protection, and thus an increased likelihood of suffering from illness, accident or death. COVID-19 adds to these risks. If they fall ill, most workers do not have guaranteed access to medical care or income security through sickness or employment injury benefits;
- Informal economy workers and their families remain exposed to the virus even if they stay at home, because they often live in overcrowded and unsanitary conditions that make physical distancing virtually impossible. A lack of access to running water not only limits the possibilities for hand-washing, it often forces women to line up for water, thereby endangering themselves and their community. (ILO 2020a).

Informal economy workers in *rural* areas, who generally live in less crowded environments, may be less exposed to virus infection, but they have limited access to medical information and services, and suffer from a declining demand for rural products due to a generalised erosion of purchasing power. The gender gap in the proportion of informal workers in hard-hit sectors⁵ is far greater, with 42 per cent of women working informally in these sectors at the onset of the crisis, compared with 32 per cent of men (ILO 2020b).

The people working in Africa's informal economy are vulnerable to impoverishment, hunger and disease as they do not have access to the necessary social protection coverage and livelihood support mechanisms. These include waste recyclers, street vendors, transport workers, construction workers, domestic workers and many more as well as small-scale peasants in rural or peri-urban areas, and migrant workers. The closure of education and training institutions puts many learners who are working in the informal economy at a disadvantage since they are unable to benefit from distance and e-learning due to a lack of equipment and/or connectivity.⁶ The very measures that are crucial to slowing the spread of the virus have a direct cost for more

«The worst thing has been the increase in price,« it's harder for market traders to buy produce, and it's harder for clients to buy more. »When the lockdown first started, it was very difficult. There was little production, and no goods were coming in.»

Mrs. Kikelomo Giwa, street vendor in Lagos, Nigeria (Ayeni, 2020)

⁵ Hard-hit sectors are accommodation and food services; wholesale and retail trade; real estate, business and administrative activities; and manufacturing (ILO 2020d).

⁶ In Angola, for example, the monthly cost of an Internet connection is the equivalent of four times the national minimum wage (ITUC 2020b).

than three-quarters of the population in Africa whose livelihood is dependent on the informal economy, and who simply cannot afford to live under total quarantine (Kiaga, et al. 2020).

RESPONSE MEASURES

African governments adopted four sets of measures to respond to the COVID-19 pandemic:

1. Measures to contain the spread of the virus, such as those mentioned earlier (lockdowns, travel bans, border closures, systematic quarantines for incoming visitors, stay-at-home orders, night curfews, ban on public gatherings, closures of markets, shops, restaurants, hotels, bars etc.); such measures were taken, albeit to varying degrees, by virtually all African countries. Many countries have since eased some of these restrictions in a bid to reopen the national economy.
2. Measures to improve and expand health facilities and services, to import medical equipment and supplies, and hire additional doctors and nurses.
3. Measures to support the economy; these include fiscal stimuli, monetary interventions (lowering of interest rates, devaluation of the national currency, massive liquidity injection into the banking system, increased credit ceilings, etc.), as well as central bank interventions.
4. Measures to directly assist the most vulnerable population groups.

Table 5 in the annex provides an overview of the measures taken by sub-Saharan African governments under response categories 2, 3 and 4. The table shows that governments have generally reacted swiftly and with great determination; substantial amounts of money have been reallocated, borrowed or secured from development partners.⁷ Most African governments have adopted special measures to support the most vulnerable population groups: the elderly, orphans, persons with disabilities, refugees, migrants and families living below the poverty threshold, and many countries are taking fiscal and/or monetary measures to protect enterprises and jobs in the *formal* economy. Few COVID-19 response strategies, however, are targeting the *informal* economy specifically. Notable exceptions include:

- **Burkina Faso** has suspended government fees usually charged to informal sector operators for rent, security and parking in urban markets;
- **Cabo Verde** is providing solidarity grants and one month of income support to individuals operating in the informal sector, including domestic workers;

- **Cameroon** has decided to exempt taxis, motorbike taxis and petty traders from the withholding tax for the second quarter of 2020;
- **Côte d'Ivoire** has established a Support Fund for the informal sector of 171 million US dollars (0.3 per cent of GDP);
- **Lesotho** is increasing cash transfers for three months to vulnerable groups such as children, the elderly, the disabled, and those working in the informal sector;
- **Sao Tomé** will grant financial assistance to workers who have lost their jobs in both the formal and the informal sectors;
- **Togo** has introduced a new mobile cash transfer programme, named NOVSSI, which will provide support to informal workers for a period of three months.

In other African countries, informal economy workers and operators might be able to access social assistance schemes designed for vulnerable persons, or SME stabilisation and support programmes, but this may not be possible everywhere, since the self-employed in the 15–60 age bracket may not be considered »vulnerable«, and their business may not be recognised as an »enterprise«. Moreover, measures such as the temporary suspension of water and electricity bills (taken by many countries, as shown in Table 5) may not benefit the most marginalised informal economy workers, since many of them are not connected to the public water and electricity supply anyway. The ITUC stresses that »workers in the informal economy lacking sufficient savings and social safety nets and who live from day to day were hardest hit. Many such workers faced destitution and had to cope with insufficient supplies and handouts in order to cope with the drastic measures of containment.« (ITUC 2020). Jacob Omolo, Senior Lecturer at the Department of Applied Economics, Kenyatta University, Nairobi, therefore demands that

»[a]ny informal sector rescue plan needs to include short, medium and long-term strategies. Keeping informal sector workers safe and healthy is the first priority, and cash transfers and food subsidies to cushion them against the crisis-induced income losses particularly in the event of a total lockdown are critical. Wage subsidies for operators to help them retain existing workers on employment during the period of the crisis, and temporary credit guarantees to address their liquidity needs are important. In the medium term, government and informal sector associations should design strategies to promote access to healthcare services through a medical insurance scheme while in the longer-term, response strategies should focus on deepening social protection coverage and promoting formalization of sector. Clearly, the aforementioned strategies ought to be part of the informal sector growth and development strategies even if COVID-19 health crisis did

⁷ In many instances emergency funds were provided by the IMF and the World Bank; the Bretton Woods institutions may seek to tie neo-liberal conditionalities to the disbursement of such funds.

not occur. Protecting and comprehensively ensuring informal workers is not only necessary and socially just during the COVID-19-Crisis, but also a good policy option for the long term, particularly in addressing persistent inequalities».

(Omolo 2020)

COVID-19 response strategies at the national level are being complemented by continental strategies (the Africa Joint Continental Strategy) and at the subregional level. For example, the East African Community (EAC) agreed on a harmonised regional response that include: a harmonised system for the certification and sharing of COVID-19 test results, a regional mechanism for testing and certifying truck drivers, and special purpose financing schemes for small and medium-sized enterprises. The regional banks BCEAO (West Africa) and BEAC (Central Africa) adopted common monetary policies to respond to the COVID-19 crisis. On March 27, the African Development Bank launched a three billion US dollar »Fight COVID-19« social bond to address the pandemic, the largest bond ever issued by the bank (AfDB 2020). On April 7, the African Union and Africa CDC launched the Africa COVID-19 Response Fund, a public-private partnership with the AfroChampions Initiative, to raise funds for transmission prevention, medical responses, and socioeconomic support for vulnerable populations (African Union 2020).

Despite the impressive scope and scale of national and regional COVID-19 response packages, it is unlikely that the measures contained therein will reach each and every informal economy actor in sub-Saharan Africa. Many of them will have to rely on self-help mechanisms and community-based response strategies. The informal economy surveys carried out by the FES and its partners (Afrobarometer, DIE, ILO) currently in four countries (Benin, Kenya, Senegal, Zambia) show that, on average, 51 per cent of all informal economy actors are affiliated with a local organisation that is based on the principles of solidarity, cooperation, reciprocity and mutual benefit. These organisations can play an important role in initiating activating »bottom-up« response measures to complement »top-down« government support. In Kenya, for example, community networks have been key in identifying vulnerable households and ensuring that those who need help can access it easily, while community volunteers and activists are going door-to-door to deliver food donations, and linking poor households with families and individuals who are in a position to provide financial support. Grassroots groups and faith-based organisations in informal settlements and other low-income areas are donating money, foodstuffs and hand sanitiser, and carrying out information campaigns (Laiboni 2020). To effectively complement government-sponsored schemes local self-help groups must be included in the planning and implementation of such public COVID-19 response programmes. Indeed, »[a]s with all outbreaks, large or small, community ownership and local action are imperative for success and must be at the heart of any response. Proper community engagement and involvement of social scientists will be essential in implementing local and universal solutions for urban and rural areas of Africa« (Rosenthal, et al. 2020: 1145).

Government interaction and collaboration with local, community-based organisations has so far occurred in isolated cases only, partly because the urgency of the situation has not allowed for widespread consultation.

SOCIAL DIALOGUE AND TRADE UNION INVOLVEMENT

Trade unions and their employer counterparts are obviously very concerned about the negative impact of the coronavirus outbreak on the world of work; we would expect that social dialogue – whether bipartite, involving workers and employers only, or tripartite with the participation of government – would be the preferred modality for planning, implementing and monitoring COVID-19 response measures. This, however, has not been the case everywhere in sub-Saharan Africa. According to the information compiled by the ILO in its COVID-19-related country policy pages (ILO 2020c)⁸, the trade union involvement in national COVID-19 strategies can be grouped into six categories:

- Trade unions participating in coordination bodies set up specifically to counter the pandemic: this has been the case in Comoros, Ethiopia, Lesotho, Liberia, Mali, Malawi and Togo;
- Trade unions participating in regular social dialogue processes and structures established to discuss COVID-19-related issues: this was reported as happening in Cabo Verde, Côte d'Ivoire, Gabon, Ghana, Guinea-Bissau, Kenya, Madagascar, Mauritania, Mozambique, Namibia, Niger, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe;
- Trade unions issuing statements related to COVID-19: this has happened in Benin, Botswana, Burkina Faso, Burundi, Cameroon, DR Congo, Liberia, Mauritius, Nigeria, Sierra Leone, Somalia and South Sudan;
- Trade unions entering into bipartite agreements with employers' organisations on COVID-19-related issues: such agreements were reported as having been concluded in Benin, Côte d'Ivoire, Gabon, Kenya, Mozambique, Namibia, Senegal, Sierra Leone, South Sudan and Tanzania;
- Trade unions launching (or participating in) COVID-19-related sensitisation and information campaigns: Benin, Burundi, Eritrea, Ethiopia, Niger, Rwanda, Sierra Leone, Somalia, South Sudan and Tanzania;
- No trade union involvement *at all* in COVID-19-related strategies was reported in: Angola, Central African Republic, Chad, Congo, Eswatini, Equatorial Guinea, Gambia, Guinea, and Sao Tomé and Príncipe.

⁸ These pages are supposed to be updated on a regular basis but this has not always happened. In some instances, the information dates back to early-April 2020.

Where trade unions were involved in COVID-19 response measures the unions focussed, quite understandably, on the impact of the pandemic on workers in the formal economy which they represent, in particular those engaged in health-care. Some trade unions endeavoured, in addition, to draw the attention of the government to the plight of informal economy workers. In only one country however, namely Côte d'Ivoire, were representatives of the informal economy⁹ involved in the design of the COVID-19 response strategy.

ITUC-Africa, the African Regional Organisation of the International Trade Union Confederation, has issued two special COVID-19-related newsletters (ITUC 2020b), which provide numerous country reports on trade union involvement in responses to the pandemic. These newsletters confirm that, in general, trade union action has been rather timid. This could be due to four reasons:

- Governments were simply not interested in consulting trade unions or other actors; the Guinean government, for example, declared that in the face of a crisis, there »was no time for social dialogue« (ILO 2020c);
- Trade union movements in several West and Central African countries suffer from a high degree of fragmentation, which makes it difficult and cumbersome to establish a common position;
- The ban on meetings and public gatherings is preventing trade unions from consulting with their members and from organising rallies and demonstrations;

⁹ This was in the form of the intra-trade union committee on the formalisation of the informal economy (CITEF).

- Trade unions are witnessing a sharp drop in income because many of their members are losing their jobs and can no longer afford to pay union fees.

ITUC-Africa concludes that a focus on trade union unity, on bilateral negotiations with employers at the national, sectoral and company level, and on social dialogue as a means to develop broad-based solutions, are essential to overcoming the crisis caused by the pandemic. However, while most trade unions acknowledge the devastating impact of the pandemic on the informal economy, few offer tangible solutions on how to provide informal economy actors with a voice that can be heard in the current crisis situation.

COUNTRY CASE STUDIES

The four countries selected for case studies are those that have the highest number of coronavirus infections in their respective subregion: Cameroon in Central Africa, Kenya in East Africa, South Africa in Southern Africa, and Nigeria in West Africa. Basic data about these four countries is given in Table 3.

CAMEROON

Cameroon has one of the highest numbers of confirmed cases of coronavirus infection in sub-Saharan Africa. Since the first person was confirmed with the disease on March 5, 2020, the number of infections has risen to 15,173 cases on July 14; 359 persons have died from COVID-19. The pandemic is spreading, while the country is already facing major humanitarian challenges. For several years now, Came-

Table 3
Country case studies

Country case studies: Basic data				
	Cameroon	Kenya	Nigeria	South Africa
Land area (sq.km.)	475,442	580,367	923,768	1,221,037
Population	26,545,863	53,771,296	206,139,589	59,308,690
Labour force (15+)	11,346,290	23,878,820	59,873,790	23,300,270
Informal employment (total)	90.9%	83.6%	92.9%	34.0%
GDP per capita (USD constant)	1,514	1,711	1,969	6,151
Fragility index (max: 120)	97.9	90.3	97.3	70.1
GINI coefficient (most recent)	46.6	40.8	43.0	63.0
Social protection coverage	5 %	27 %	6 %	80 %
Coronavirus infections (July 14)	15,173	10,294	33,153	287,796
Infections per 1 million (July 14)	602	200	162	4,980
COVID-19 deaths (July 14)	359	197	744	4,172

Sources: World Bank, ILO, African Union CDC, Fund for Peace

Table 4
Informal employment in Cameroon

Share of informal employment in total employment			
	Total	Men	Women
Agriculture included	90.9	86.6	95.2
Agriculture excluded	79.0	73.6	86.7

Source: ILO, 2018.

room has been affected by the Boko Haram terrorist attacks in its northern provinces and in neighbouring north-eastern Nigeria, and the armed secessionist struggle in Cameroon's North-West and South-West provinces. These crises have led to the displacement of hundreds of thousands of people, caused humanitarian needs to soar, and have drastically reduced access to healthcare in these regions, which have become particularly vulnerable (MSF 2020). The overwhelming majority of the Cameroonian labour force is employed in the informal economy (Table 3). Moreover, the Cameroonian economy is affected by a decline in both the demand and the world market prices of its main export products.

In response to the coronavirus outbreak, the government announced a package of 13 containment measures on March 17, 2020 including the closure of land, air and sea borders, quarantine for certain travellers, closure of schools and universities, prohibition of gatherings of more than 50 people, closure of bars, restaurants and entertainment spots after 6 pm, suspension of civil servants' missions abroad, cancellation of school and university sports matches, and a clamp-down on overloading taxis and public transportation. Several of these restrictions were eased in May and June. On April 30, the government adopted a series of fiscal measures to attenuate the economic impact of the crisis response measures; these were, however, directed primarily at the formal sector, with the exception of the exemption from the withholding tax for taxis, motorbikes and petty traders for the second quarter of 2020, and an increase in the monthly family allowance from 4.8 to 7.7 US dollars. The informal economy operators were particularly hard hit by the restrictions on bars, restaurants and public transport. According to UNDP (Andrianarison and Nguem 2020), the pandemic could cause a decline in the growth of Cameroon's GDP from four to two per cent, an increase in inequality, and a sharp rise in unemployment as well as in precarious employment, particularly in the informal economy. This would call for considerable expansion of social assistance programmes.

The trade union movement, which is highly fragmented in Cameroon, was not involved in the design and implementation of COVID-19 response measures. There is no national representative body for the informal economy in Cameroon.

KENYA

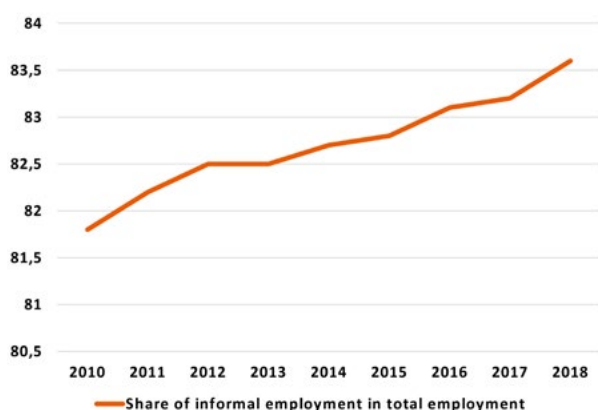
The COVID-19 pandemic reached Kenya on March 13, 2020, with the first cases being reported in Nairobi and Kilifi. The government responded in April by announcing the closure of most non-essential social spaces and the suspension of international flights, the imposition of a 14-day quarantine for those recently returned from abroad and the enforcement of social distancing protocols including cutting public transportation passenger capacity to a maximum of 60 per cent. Schools, pubs and entertainment spots, as well as churches and mosques were closed, and a night-time curfew from 7 pm to 5 am was imposed (later reduced to 9 pm to 4 am). Four counties, namely, Nairobi, Mombasa, Kilifi and Kwale, declared a complete lockdown which was lifted on July 6, however.

Kenya's informal sector is by far the country's largest employer, and the largest creator of new employment opportunities: in 2018, the informal sector generated 762,200 new jobs, *about ten times more* than those created in the formal economy. A large majority of job opportunities in the informal economy are related to wholesale and retail trade. The share of informal employment (excluding small-scale agriculture) in total employment has been growing slowly, but steadily over the years. In absolute terms, the number of Kenyans engaged in the informal economy grew from 9,327,100 in 2010 to 14,865,900 in 2018.

The spread of the coronavirus and the measures taken to contain it have severely affected Kenya's informal economy. The closure of borders, in-country travel restrictions as well as the closure or relocation of markets have disrupted informal sector supply chains by constraining production, marketing and distribution of goods and services. Loss of income through unemployment, fear of contagion and heightened uncertainty have also made people spend less, thus lowering aggregate demand. Consequently, informal sector workers and operators have lost livelihoods and income. Some domestic workers have been made redundant as their services are no longer required by their employers, who are also confined to the houses due to the pandemic, while the services of others have been terminated as they are considered potential risks for contagion (Omolo 2020).

The government initially earmarked 40 billion Kenyan shillings (375 million US dollars, or 0.4 per cent of GDP) in funds

Figure 2
Share of informal employment in total employment



Source: Kenya's economic surveys 2011–2019

for additional health expenditure, social protection and cash transfers, food relief, and funds for expediting payments of existing obligations. An additional amount of 53.7 billion Kenyan shillings (504 million US dollars, or 0.5 per cent of GDP) was included in the 2020/21 budget to finance a new youth employment scheme, provision of credit guarantees, fast-tracking payment of government obligations, and increased funding for cash transfers. Moreover, anyone earning below the equivalent of 225 US dollars per month is exempt from income tax, the top pay-as-you-earn rate was reduced from 30 to 25 per cent, the turnover tax rate on small businesses from 3 to 1 per cent, and the standard VAT rate from 16 to 14 per cent (IMF 2020).

While the government did consult formal sector trade unions and employers' organisations before designing the economic rescue package, no attempt was made to engage informal sector associations or trade unions (such as the Kenya Jua Kali Association) to work out informal sector-sensitive mitigation measures. As a result, the COVID-19 response measures largely exclude the informal economy. For example, most informal sector actors do not fall into the formal tax brackets for which exemptions apply, and the two per cent reduction in VAT may not benefit the informal economy. At the same time, thousands of Kenyan workers who have lost their jobs in the formal sector have joined the informal economy, with the latter proving that it is the last line of survival amid the COVID-19 pandemic.

NIGERIA

After recording its first case of COVID-19 on February 27, 2020¹⁰, Nigeria activated a »Coronavirus Emergency Operation Centre« and established a Presidential Task Force for

the Control of COVID-19; the latter is dominated by government officials and does not include the social partners. In response to the outbreak, the government imposed a travel ban to countries with more than 200 confirmed coronavirus infections; airports, land borders, schools, shops, markets, sports and entertainment centres, and places of worship were closed, a night-time curfew imposed, mass gatherings such as weddings and burial ceremonies suspended, and a total lockdown introduced in the hardest-hit states (Lagos, Abuja and Ogun). Some of these measures have been gradually lifted in some parts of the country.

As in other countries, Nigeria's informal economy was hit hardest by the containment measures. Compared with a total labour force of almost 60 million individuals in 2020, it is estimated that close to 56 million Nigerians derive their livelihood from the informal economy. The sector is vast, encompassing a host of activities, ranging from agriculture and food production to mining, trade, transportation, accommodation, and recreation services, amongst many others. A study released in 2017 revealed that the informal sector contributes 65 per cent of Nigeria's national GDP, by far the highest proportion to be found in any sub-Saharan African country (Medina, et al. 2017). The vast majority of informal economy actors are daily wage earners who rely on income generated from going to work at a physical location. Their income-generating activities are dependent on daily face-to-face interactions with customers and suppliers. The lockdown imposed in Nigeria's most urbanised states is causing rising food prices in these states, driven by disrupted food supply chains and panic buying. Informal economy actors cannot afford bulk purchasing and mostly do not have the home infrastructure (electricity and adequate refrigeration) required to store food in a tropical environment. Moreover, the daily earnings of informal economy actors are so low that they are not in a position to accumulate savings for »rainy days«. The COVID-19 pandemic has exacerbated the consumption volatility of poor households who are unable to smooth consumption (Obiakor 2020).

In response to the pandemic, the Nigerian government has established a »COVID-19 Intervention Fund« of 500 billion Nigerian naira (1.4 billion US dollars) to support healthcare facilities, provide relief for taxpayers and incentivise employers to retain and recruit staff during the downturn. In addition, the government has taken steps to cushion the effect of the lockdown on the most vulnerable populations, including:

- The distribution of 77,000 metric tons of food to vulnerable households in the three most affected states and the continuation of the nationwide school feeding programmes; the Lagos state government announced a plan to feed at least 200,000 households.
- A conditional cash transfer of 20,000 Nigerian naira (52 US dollars) per month (for up to four months) to the most vulnerable households registered in National Social Register of Poor and Vulnerable Households.

¹⁰ Brazil announced its first coronavirus case on February 25, 2020. About five months later, on July 26, 2020, Nigeria reported a total of 39,977 infections and 856 deaths, while, by then, Brazil recorded 2,343,366 cases with 85,238 deaths. The two countries have a comparable population size (Nigeria: 196 million; Brazil: 210 million).

Table 5
Informal employment in Nigeria

Share of informal employment in total employment			
	Total	Men	Women
Agriculture included	92.9	90.8	95.1
Agriculture excluded	89.0	83.5	93.2

Source: ILO, 2018.

The Central Bank of Nigeria announced a 50 billion Nigerian naira (130 million US dollars) credit facility geared towards households, and micro, small and medium-sized enterprises affected by the pandemic.

However, it is unlikely that these measures will reach all affected people, especially those in urban areas, since Nigeria's current Social Registry comprises mostly agricultural and rural households; it includes around 11 million people living in about 2.6 million households, far less than the 56 million adults working in the informal economy.

The Nigerian trade unions deplore the fact that they were not part of the Presidential Task Force for the Control of COVID-19, and were not consulted when containment and recovery measures were planned and implemented at the federal and state levels (ITUC 2020a). This notwithstanding, trade unions carried out information, sensitisation and advocacy campaigns, and maintained bilateral contacts and negotiations with employers and their organisations. Actors in Nigeria's informal economy have not yet formed a national umbrella body, which could have represented their interests during the COVID-19 crisis.

SOUTH AFRICA

The first case of COVID-19 in South Africa was reported on March 5, 2020. A week later President Ramaphosa declared a national state of disaster and announced a national lockdown that came into effect on March 26. A multi-stakeholder task team, which includes trade unions and business organisations and is chaired by the President, was formed to manage the pandemic. The lockdown measures comprised a ban on public gatherings and alcohol sales, the closure of borders and schools, as well as mandatory quarantine for people arriving from high-risk countries. The government initiated a COVID-19 screening and testing programme, implemented even in the most remote areas of the country.

Compared to the rest of sub-Saharan Africa, South Africa's informal economy is relatively small in terms of share of the labour force and contribution to GDP. This is because, on the one hand, South Africa has a much larger *formal* sector than most countries in the region, while on the other, the country's extensive social protection system safeguards

households from falling into extreme poverty. South Africa's informal economy is characterised by a »massive dominance by survivalist informal retailing« (Rogerson 2016: 183) that occurs mostly in and around townships. The living conditions in these townships, where most informal economy workers reside, makes it virtually impossible to enforce social distancing and hygiene protocols. For example, the Khayelitsha township in Western Cape (the province with the highest number of coronavirus infections) had registered more than 6,500 cases as of July 3 (Harding 2020).

To ease the impact of the pandemic and related response measures, the South African government has put in place several social assistance programmes: workers with an income below a certain threshold are receiving a small tax subsidy for four months, and the most vulnerable families are receiving temporarily higher social grants for six months. A new six-month COVID-19 grant of 350 South African rand (23 US dollars) per month will cover unemployed workers that do not receive grants or unemployment benefits, and the number of food parcels for distribution was increased. Funds are available to assist SMEs under stress, mainly in the tourism and hospitality sectors, and small-scale farmers operating in the poultry, livestock and vegetable sectors. South Africa's entire social and economic support package is worth 500 billion South African rand, or 30 billion US dollars (equivalent to ten per cent of the country's GDP). It is feared, however, that these support measures will not adequately reach the informal economy because many of them come with strict formalisation requirements that a lot of informal businesses are unable or unwilling to comply with. For example, the Spaza relief fund¹¹ for stock purchases will only be accessible to stores that are regis-

»However, in poor townships like Alexandra it has proved difficult to ensure compliance [with the lockdown measure] owing to the overcrowded nature of the township. Most people who live here are poor and work in the informal economy. The settlements in this township are very deprived, with no proper social services like running water and with many households having to share one toilet.«

ITUC, 2020a, p. 72

¹¹ Spaza shops are small retail stores, mostly in the informal economy. The South African Department of Small Business Development will disburse 7,000 South African rand (413 US dollars, of which 50 per cent is capital investment and 50 per cent a loan) to each Spaza shop, provided stringent formalisation requirements are met (Nyanda 2020).

tered with the CIPC (company registration), the tax revenue office and the unemployed insurance fund, and only on submission of financial records (Christensen 2020). Few informal dealers, and certainly no street vendors, will be able to meet these requirements.

Right from the onset of the coronavirus outbreak, the South African health sector trade unions urgently called for the protection of health workers. One union even took the Minister of Health to the labour court over the lack of personal protective equipment (PPEs) in hospitals. Other trade unions in South Africa are providing specific guidelines to their membership on how to deal with COVID-19 in the workplace. In addition, the trade union movement is working closely with the other constituencies represented in the National Economic Development and Labour Council (NEDLAC¹²), which plays a key role in shaping COVID-19 response and recovery strategies. However, the informal economy is not represented in NEDLAC, despite the existence of at least one national informal economy association in the country (Streetnet International¹³). This may partly explain why the COVID-19 response measures have largely circumvented the informal economy.

POLICY RECOMMENDATIONS

The main conclusions with regard to the impact of COVID-19 on the informal economy in sub-Saharan Africa are as follows:

1. The virus reached the continent late, but is spreading fast, especially in urban areas with cramped housing conditions;
2. African governments have made monumental efforts to contain the spread of the virus, expand health services, provide social assistance and reignite the economy; these measures are not always tailored to the needs, characteristics and aspirations of informal economy actors.
3. The informal economy actors will be hardest hit by COVID-19, but are not adequately targeted by the response measures.
4. The pandemic has highlighted the paramount importance of extending universal health coverage to the informal economy, and of securing and stabilising livelihoods in the informal economy. These observations should inform future development strategies.

These conclusions necessitate a series of policy recommendations:

Shape COVID-19 response strategies according to the needs, characteristics and requirements of the informal economy. The fact that most COVID-19 response packages in sub-Saharan Africa circumvent the informal

economy is largely because there are no informal economy actors participating in the discussions regarding the design of such packages. »Informal economy actors must themselves be central to all COVID-19 responses that affect them, and social dialogue can provide the principle vehicle to bring about their participation« (Kiaga, et al. 2020: 7).

Strive for universal health coverage. In line with SDG target 3.8¹⁴, African countries have, in recent years, made great strides in expanding health insurance and health services, but still only 20 per cent of the continent's population is covered. A previous FES report (2018) recommended the promotion of hybrid health insurance schemes with centralised management, oversight and risk pooling, combined with community-based fee collection and service provision. In Cape Town, South Africa, a medical doctor with long-standing experience fighting TB, HIV and Ebola, emphasised the importance of a community health approach, i.e. decentralising health services as much as possible in order to reduce pressure on hospitals (Harding 2020).

Improve occupational safety and health in the informal economy to improve local communities' quality of life at home and at work. This would include the provision of protective equipment to informal economy operators, whose workplaces tend to be contact points for significant portions of the transacting public as well as improved access to affordable safety masks, hand sanitisers and regular water supply especially in open markets. Where possible, informal economy operators should be involved in producing PPEs (Kiaga, et al. 2020).

Improve the targeting of social assistance and economic recovery measures. These measures should be tailored to the needs, characteristics and potential of the various *sub-sectors* of the informal economy. For example, urban-based motor taxi drivers will require a different support package to subsistence farmers in rural areas. Comprehensive informal economy surveys, such as those carried out by the FES, DIE and ILO, could provide a sound basis for improved targeting of support programmes. Where such surveys are not available, a rapid assessment could be performed to identify the most vulnerable informal economy workers; guidelines to this effect have been published recently by the ILO (ILO 2020e).

Involve the local organisations of the informal economy. Market vendors' associations, agricultural marketing and supply cooperatives, rural and urban credit unions, domestic workers' trade unions, taxi drivers' organisations etc. can be mobilised to (i) disseminate information about COVID-19; (ii) assess the impact of COVID-19 on specific professional groups within the informal economy, and (iii) propagate, supervise and enforce social distancing and hygiene protocols, thereby avoiding having to impose total lockdown.

¹² <http://nedlac.org.za/>

¹³ <http://streetnet.org.za/>

¹⁴ »Achieve universal health coverage, including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.«

Establish and/or strengthen the national organisations representing the informal economy.

Sectoral umbrella organisations representing the informal economy exist in a number of African countries: examples include the Co-operative Alliance of Kenya, which represents mostly agricultural and financial cooperatives; the national associations of street vendors affiliated with the Streetnet network; the Rwanda federation of taxi-moto cooperatives; or Burkina Faso's national trade union of domestic workers (SYNEMAG-B). However, national umbrella organisations representing the entire informal economy only exist in very few African countries, a situation which partly explains the lack of consideration most COVID-19 response and recovery packages have given to the informal economy.

Mobilise trade unions. Trade unions represent first and foremost the interests of their members, which are to be found primarily in the formal sector. In recent years however, African trade unions have begun reaching out to the informal economy, applying different strategies such as accepting informal economy workers as members, promoting informal economy trade unions, or building alliances with informal economy associations. Such strategies enable trade unions to represent the interests of the informal economy in fora (including social dialogue institutions) that are designing and monitoring COVID-19 response packages. Efforts need to be made to strengthen trade union unity in countries where the movement is fragmented. The ILO points out that »given the role of representative workers' and employers' organizations in social dialogue institutions and processes, it is even more important in the current context that these organizations further strengthen their relationships with organizations, workers and enterprises in the informal economy. This will foster social dialogue that is inclusive and more responsive to the specific needs of informal economy operators« (ILO 2020a: p. 3).

Marshal international solidarity. Initially and instinctively, governments responded to the coronavirus outbreak by protecting their *own* people and economies *first*. While health measures continue to be focused on a country's national population some recent economic response packages have a regional or global dimension, such as the European Union's 750 billion euro COVID-19 Response Plan. The African Union has launched a COVID-19 Response Fund with a target of 647 million US dollars to support pool procurement of diagnostics and other medical commodities, and to mitigate the pandemic's socioeconomic and humanitarian impact on African populations (African Union 2020). The European Union (Commission and EIB), have so far (as of June 24) mobilised 20.5 billion euros to support developing countries' COVID-19 response in the areas of health (18 per cent) and economic recovery (82 per cent). Of this amount 3.5 billion euros have been allocated to sub-Saharan Africa (European Union 2020). From July 7–9, 2020, the ILO held a Global Summit on COVID-19 and the World of Work at which over 70 heads of state and government took part to discuss post-crisis recovery strategies (ILO 2020g). The German Federal Ministry of Economic Cooperation and Development (BMZ) has established a one-billion-euro Emergen-

cy COVID-19 Support Programme covering seven thematic areas, including health, food security and social protection; a further three billion euros will be provided from the federal supplementary budget in 2020 (BMZ 2020). In addition, the German government is a strong supporter of SDG 3 (»ensure healthy lives and promote well-being for all at all ages«), which includes target 3.8 on achieving universal health coverage (UHC, see footnote 12). In addition, most international development partners have reallocated existing budgets and programmes towards the response to COVID-19. However, none of the aforementioned programmes is targeting the informal economy specifically. A particularly important deficit is the lack of adequate financial support measures to enable informal businesses and own-account workers to weather the crisis. Moreover, it is not certain that the increase in development aid will compensate for the sharp decline in FDI into sub-Saharan Africa induced by the COVID-19 pandemic (World Bank 2020).

Seize the crisis as an opportunity to build a better informal economy.

Several African governments have launched public works programmes to provide temporary income to informal economy workers who have lost their livelihood due to COVID-19 – these programmes could be used to improve hygiene and sanitation in slums and urban markets. Cash transfers and food assistance could be combined with measures to enhance the skills, productivity and incomes of informal economy workers. The disruptions caused by COVID-19 in the informal economy might encourage governments to formulate comprehensive informal economy strategies and policies, to establish dedicated administrative structures for the informal economy, to extend relevant labour laws and all human rights to the informal economy, and to integrate informal economy organisations in social dialogue structures and processes. In addition, informal economy actors may use the idle time created by lockdowns to build and strengthen the organisations in their localities and economic sectors.

These measures have the potential to improve the lives of nine out of ten households in sub-Saharan Africa – in other words, those that derive their livelihoods from the informal economy.

ANNEX

Annex 1

COVID-19 response measures by African governments

COVID-19 response measures by African governments (as of June 26, 2020)			
Country	Health	Economy	Social assistance
Angola	40 million USD extra spending, recruitment of 250 Cuban doctors at a cost of 80 million USD	Liquidity support to banks (185 million USD); loan repayment moratorium: lower interest rates	New cash transfer programme for 1.6 million people
Benin	102 million USD extra spending on health	68 million USD support to struggling enterprises; other measures taken by BCEAO	None
Botswana	40.4 million USD extra spending	170 million USD relief fund to finance wage subsidies, loan guarantees and grain reserves	Distribution of food supplies to vulnerable families
Burkina Faso	Increase in the number of hospital beds, expanded testing capacity and purchase of medical supplies	Lowering of import duties, selected taxes and license fees	Food and assistance to households and local small businesses; subsidising of water and electricity bills for the most vulnerable social groups
Burundi	None	Design of a contingency plan worth 27.8 million USD, only 18% of which has been funded by the World Bank	Subsidies and transfers to support the most vulnerable (26.3 million USD planned, but no funding yet)
Cabo Verde	0.8 million USD to cover additional expenses for personnel, training and medical equipment	Loan guarantees and tax facilities	Various support measures to the most vulnerable population groups worth 21 million USD
Cameroon	COVID-19-related medical expenditures increased to 11 million USD	Various tax moratoria and deferred payments	Increase in the family allowance from 4.8 to 7.7 USD per month
Central African Republic	Design of a health sector response plan (in collaboration with WHO) with an estimated cost of 46 million USD (1.9% of GDP), but funding not yet secure	Lower interest rates, increase in liquidity provision	None
Chad	Financing for COVID-19 health costs totalling 53 million USD	Lowering of business license fees and presumptive tax; tax breaks; clearance of domestic arrears	Food distribution scheme; suspension of payment of electricity and water bills
Comoros	30% reduction of import taxes on food, medicines and items related to hygiene	Reduction in reserve requirements to 10%	Possible increase in cash transfers to vulnerable households
Congo, D.R.	Design of a national preparedness and response plan worth 135 million USD	VAT exemptions for specific products, tax breaks, interest rate reduced to 7.5%, elimination of mandatory reserve requirements	Provision of water and electricity for a period of two months, free of charge
Congo, Republic	Increased funding for the Ministry of Health to the sum of 1.4 million USD	Easing of tax and duty payments for private enterprises	Cash transfers to the sum of 5.1 million USD to the most vulnerable population groups (funded by EU, WFP and France)

Country	Health	Economy	Social assistance
Côte d'Ivoire	Emergency health response plan worth 164 million USD to provide free care for those infected, to strengthen epidemiological surveillance and to reinforce capacity of pharmaceutical industries	Establishment of four special funds worth a total of 890 million USD to support various types of enterprises, plus an agricultural support fund to the sum of 513 million USD, all to be spent over a two-year period	Income support for the most vulnerable segments of the population through agricultural input supply and expanded cash transfers
Equatorial Guinea	Design of emergency health spending package equivalent to 1.2% of GDP to improve hospital preparedness and laboratory facilities/testing	Targeted and temporary support to the private sector, including halving of withholding tax rates and delaying tax payment deadlines	Social assistance for the most vulnerable, ultimately to cover approximately 15% of the population
Eritrea	None	None	None
Eswatini	Supplementary budget for public healthcare of 6 million USD (0.14% of GDP)	Tax payment facilities; 6 million USD (0.13% of GDP) in tax refunds for SMEs which have complied with tax obligations and are retaining employees; lowered interest rate and reserve requirements	Food assistance for the most vulnerable, benefiting over 300,000 people
Ethiopia	Government created aid package worth 154 million USD to support the healthcare system	All tax debt prior to 2014/2015 written off, exemption from personal income tax for four months for firms who continue to pay employee salaries; other measures under consideration	635 million USD allocated for emergency food distribution to 15 million people
Gabon	Reallocation of available funds to the sum of 110.2 million USD (0.74% of GDP) to COVID-19-related spending	Allocation of 193.2 million USD as economic response, including through direct support to SMEs and tax holidays; additional credit mechanism worth 375 million USD to facilitate loans to the private sector	Food stamps, electricity and water subsidies for vulnerable people; unemployment allowance to compensate between 50%-70% of gross salary
Gambia	Reallocation of 9.5 million USD (0.6% of GDP) from the current budget to the Ministry of Health to prevent and control the spread of the COVID-19 outbreak	Delay of tax returns and tax payments; lowering of the monetary policy lending rate by 2.5% per cent; release of 14 million USD in liquidity by the central bank	15.8 million USD for nation-wide food distribution programme to benefit 84% of all households; 2,000 tons of fertilizer to be distributed to support needs of farmers; UN agencies provided 1.5 million USD to strengthen social assistance support for vulnerable groups
Ghana	50% salary increase for frontline health workers for three months; 100 million USD extra funding for healthcare	210 million USD allocated to the promotion of selected industries, the support of SMEs and employment and the creation of guarantees; lowering of interest rates	Free meals for households in need; free water and electricity for three months
Guinea	National Emergency Plan to the value of 47 million USD to improve detection, testing and treatment capacity	Temporary exoneration of taxes, social contributions and payment of utilities for firms in most affected sectors; lowering of interest rates and reserve requirements	Implementation of labour-intensive public works; provision of cash transfers; waiver on the payment of utilities for the most vulnerable
Guinea-Bissau	Emergency health measures to sum of 0.8 million USD to upgrade the national hospital and provide medicines, food and medical equipment; government-financed life insurance for health workers	None so far	0.9 million USD allocated to distribute 20,000 bags of rice and 10,000 bags of sugar throughout the country

Country	Health	Economy	Social assistance
Kenya	376 million USD (0.4% of GDP) for additional health expenditure, including enhanced surveillance, laboratory services, isolation units, equipment and supplies	505 million USD economic stimulus package including a youth employment scheme, provision of credit guarantees, fast-tracking payment of VAT refunds, etc.; tax reliefs and reduction of VAT from 16% to 14%	Social protection and cash transfers to the elderly, orphans and the vulnerable; food relief; financial assistance of 75 USD for people receiving old-age pensions
Lesotho	40.6 million USD (2% of GDP) for the National COVID-19 Response Plan to finance healthcare personnel, the purchase of critical goods and services, logistics, security, and border management	Clearing of public arrears to MSMEs; expanded credit guarantee totalling 26.1 million USD; grants and rent subsidies to MSMEs; rent holidays and tax breaks; lowering of interest rates	Three-month increase in cash transfers to vulnerable groups such as children, the elderly, the disabled, and those working in the informal sector; subsidies to 45,000 industrial workers, and grants and stipends to tertiary students; 5.8 million USD to support food production
Liberia	17 million USD of World Bank funding for the health sector (support to healthcare workers, healthcare equipment, drugs and other medical supplies, etc.)	Lowering of interest rates; budget support agreement approved by the African Development Bank	25 million USD for a WFP-implemented food distribution programme in the four hardest-hit counties; electricity bills to be paid by government
Madagascar	Targeted investments to strengthen the health system	Tax relief, suspension of government fees and waiving of social contributions; provision of liquidity to commercial banks of up to 161 million USD	Cash transfers and in-kind donations to the poorest and the unemployed; distribution of food parcels to the most vulnerable
Malawi	Increase in health spending and hiring of 2,000 health workers; import tax waivers for essential medicine	Emergency cash transfer programme of 50 million USD (0.6% of GDP), mostly financed by development partners, to support small businesses in major urban areas; lowering of interest rate and loan repayment moratoria	Emergency cash transfer programmes for poor households
Mali	Strengthening of medical care capacity costed at about 0.5% of GDP, including bonuses to health workers and the purchase of medical equipment (respirators, quarantine facilities, etc.).	Tax exemptions, customs duty exemptions for essential goods, establishment of a SME support guarantee fund	Targeted income support to the poorest households; mass distribution of grain and food for livestock to poorest households; supply of electricity and water free of charge to the poorest consumers
Mauritania	Emergency fund worth about 290 million USD (4.3% of GDP)		
	Urgent procurements of medical supplies and equipment	Financial support to small individual businesses; lowering of interest rates	Subsidies to 30,000 poor households; food distribution; waiver of water and electricity bills
Mauritius	Increase of general public health spending by 32.5 million USD (0.28% of GDP)	Wage/income subsidies worth 169 million USD (1.4% of GDP) spent in two months	
		Wage Assistance Scheme for employees who lost their jobs because of COVID-19	Self-Employed Assistance Scheme for those employed in the informal sector
		Equity investments of 100 million USD to support troubled firms, including SMEs	All labour contracts extended until December 2021
		Lowering of interest rates and reserve requirements; new credit lines	

Country	Health	Economy	Social assistance
Mozambique	Increase of budget allocation for health, from about 28 million USD to 46.2 million (0.3% of GDP)	700 million USD economic support package (not yet funded) for (i) temporary and well-targeted tax exemptions to support families and the health sector; (ii) higher spending to respond to the health crisis and humanitarian needs, including higher health related spending on goods and services, and higher cash transfers and subsidies to the poorest households as well as micro-businesses and SMEs; various monetary policy reforms	
Namibia	Economic stimulus and relief package of 460 million USD (4.25% of GDP)		
	Increased health expenditures	Subsidised loans for small and agricultural businesses; lower interest rates and loan repayment moratoria	Wage subsidies and income grants
Niger	Increased health expenditures	Credit support to the private sector in the form of loan guarantees	Food distribution; two months of free utilities to vulnerable households
Nigeria	COVID-19 intervention fund of 1.4 billion USD		Increase of the social register by one million households to 3.6 million; distribution of 70,000 tons of grain to poor households
	20.7 million USD for purchasing testing kits; support to healthcare facilities opening isolation centres and training of medical personnel	Relief for taxpayers and incentives for employers to retain and recruit staff; import duty waivers for medicines; lower interest rates; credit facilities; liquidity injection of 9.2 billion USD (2.4% of GDP) to support the economy	
Rwanda	Removal of 30-day health insurance maturity period to expedite access to medical services; VAT exemption for locally produced masks	Subsidised loans from commercial banks and MFIs, credit guarantees, tax deferral and relief measures; liquidity support measures; lower interest rates and reserve requirements	Door-to-door provision of basic food stuffs every three days to 20,000 households in Kigali; cash transfers to casual workers; subsidised access to agricultural inputs
São Tomé and Príncipe	Increased health spending on medicine, equipment, staffing and treatment centres	Protection of small businesses and employment through salary contributions and state-guaranteed loans; import of essential agricultural inputs; lower interest rates	Expansion of social assistance to the most vulnerable (the elderly, disabled and abandoned children); financial assistance to workers who lost their jobs in both the formal and informal sectors
Senegal	Allocation of 135 million USD (0.5% of GDP) to improve testing, treatment and prevention	Direct support of 171.5 million USD to hard-hit sectors such as tourism and transport, plus additional financing through a credit guarantee fund of 343 million USD; tax payment facilities	Food aid for one million of the poorest households; utility payments for (for water and electricity) for poorer customers suspended for a two-month period; livestock safeguarding operations
Seychelles	None	Wage subsidies for companies facing distress caused by COVID-19, at a cost of about 5% of GDP; lower interest rates and loan repayment moratoria	Increase in the budgetary allocations to the social protection agency and the unemployment scheme
Sierra Leone	7.5 million USD health system support operation, including incentives for healthcare workers, a risk allowance, life insurance and compensation for living expenses when in the field	Quick Action Economic Response Program (QAERP) (100 million USD)	
		Stable supply of essential commodities and food; support to small and medium-sized enterprises affected; lower interest rates, special credit facility	Scaling-up of social protection and planned public works for the most vulnerable

Country	Health	Economy	Social assistance
Somalia	Focus on risk communication; testing; contact tracing; distribution of PPE to health workers	Three-month tax holiday on basic commodities (including rice), reduced consumption tax on other basic goods (including flour); liquidity injection of 2.9 million USD by the central bank	Launch of cash transfer programme («Baxnano»)
South Africa	217 infectious disease experts from abroad support government's health response to COVID-19.	Funds to assist SMEs under stress, mainly in the tourism and hospitality sectors, and small-scale farmers; tax deferrals; VAT exemptions for specific goods; income support for workers; lower interest rates and reduced liquidity conditions	Higher social grants for most vulnerable families for six months; new six-month COVID-19 grant for unemployed workers not covered by social grants; distribution of 250,000 food parcels
South Sudan	Additional allocation of 5 million USD to the Ministry of Health to purchase items for prevention and treatment	Lower interest rate and reserve requirements	40 million USD income support for 65,000 households (funded by the World Bank)
Tanzania	Total of 11.6 million USD in extra health-related expenditures; VAT and customs duties exemptions for imported medical equipment and medical supplies	Expansion of social security scheme by 32.1 million USD to cover withdrawals by newly unemployed due to COVID-19; lower interest rates and reserve requirements	None so far
Togo	Strengthening laboratory diagnostic capacity, equipping treatment centres, improving drug availability, rehabilitation of hospitals to enable them to provide health centres at a cost of 187 million USD, or 3.3% of GDP; free treatment for COVID-19 patients	VAT reduced from 18 to 10 per cent for the hospitality and catering sector; suspension of tax audits and penalties	Mobile cash transfer programme to support informal workers for three months; grants of between 18 and 34 USD for eligible applicants; total of 1.4 million individuals registered and close to 600,000 received grant payment at a total cost of 19 million USD (0.3% of GDP); subsidised water and electricity tariffs (3.7 million USD)
Uganda	Supplementary budget of 368 million USD		
	Supplementary funding of 1.3 million USD to the Ministry of Health; plans underway to (i) establish space for patient management, including stadiums and temporary structures; (ii) recruit additional staff/volunteers to assist; and (iii) secure funding to procure more testing kits	Accelerating import substitution and export promotion; funding for agriculture inputs and entities; tax deferrals; central bank liquidity support; lower interest rate	Provision of food to the vulnerable in urban areas, continuation of Social Assistance Grants for Empowerment (SAGE) Scheme; expansion of labour-intensive public works programmes in the roads, water and environment sectors
Zambia	Epidemic Preparedness Fund amounting to 3.1 million USD (0.02% of GDP); recruitment of 400 doctors and 3,000 paramedics to fight the COVID-19 pandemic	145 million USD (0.75% of GDP) to clear arrears and pay contractors; suspension of import duties on mineral concentrate and export duties on precious metals to support the mining sector; waiver of tax penalties resulting from COVID-19; lower interest rates and liquidity support	None
Zimbabwe	Setting-up of a health sector support fund to the value of 2.8 million USD; recruitment of 4,000 additional health workers	COVID-19 economic recovery and stimulus package: liquidity support to several sectors, including agriculture (17 million USD), mining (2.8), tourism (1.4) and SMEs (1.4); lower interest rate and reserve requirements	1.7 million USD cash transfer programme targeting one million vulnerable households; expansion of social safety nets and food grants (10.8 million USD); additional old-age pension of 30 USD

Sources: IMF, 2020 and ILO, 2020f

REFERENCES

- AfDB** (2020): *African Development Bank launches record breaking \$3 billion »Fight COVID-19« Social Bond*; available at: <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-launches-record-breaking-3-billion-fight-covid-19-social-bond-34982> (last accessed on 28.6.2020).
- African Union CDC** (2020): *Coronavirus Disease 2019 (COVID-19)*; available at: <https://africacdc.org/covid-19/> (last accessed on 14.7.2020).
- African Union** (2020): *AU COVID-19 Response Fund*; available at: <https://au.int/en/au-covid-19-response-fund> (last accessed on 28.6. June 2020).
- African Union** (2020): *AU COVID-19 Response Fund*; available at: <https://au.int/en/AUCOVID19ResponseFund> (last accessed on 14.7.2020).
- Andrianarison, F. / Nguem, B.** (2020): *Effets socioéconomiques potentiels du COVID- 19 au Cameroun: une évaluation sommaire*. Yaoundé: UNDP.
- AU CDC** (2020): *Africa Joint Continental Strategy for COVID-19*. Addis Ababa: African Union.
- Ayeni, T.** (2020): *Nigeria VS Coronavirus: Hardest hit least helped, informal workers*; available at: <https://www.theafricareport.com/29074/nigeria-vs-coronavirus-hardest-hit-least-helped-informal-workers/> (last accessed 14.7.2020).
- BMZ** (2020): *Emergency COVID-19 Support Programme*. Berlin: BMZ.
- Christensen, L.** (2020): *Covid-19 stimulus plan won't protect informal economy*; available at: <https://mg.co.za/article/2020-04-24-covid19-stimulus-informal-economy/> (last accessed 4.7. 2020).
- European Union** (2020): *EU Institutions external response to COVID-19* (up to June 24, 2020). Brussels: EU.
- Harding, A.** (2020): *Coronavirus in South Africa: Deciding who lives and dies in a Cape Town township*; available at: <https://www.bbc.com/news/world-africa-53256879> (last accessed 4.7.2020).
- ILO STAT** (2020): *Labour force participation rate by sex and age – ILO modelled estimates*; available at: https://www.ilo.org/shinyapps/bulkexplorer3/?lang=en&segment=indicator&id=EAP_2WAP_SEX_AGE_RT_A (last accessed 22.6. 2020).
- ILO** (2002): *Conclusions concerning Decent Work and the Informal Economy*. Geneva: ILO.
- ILO** (2015): *Five facts about informal economy in Africa*; available at: http://www.ilo.org/addisababa/whats-new/WCMS_377286/lang--en/index.htm (last accessed on 3.4.2017).
- ILO** (2018): *Women and men in the informal economy: A statistical picture*. Geneva: ILO.
- ILO** (2018): *Women and men in the informal economy: A statistical picture*. Third edition. Geneva: ILO.
- ILO** (2018): *World Economic and Social Outlook*. Geneva: ILO.
- ILO** (2020a): *COVID-19 crisis and the informal economy – Immediate responses and policy challenges*. Geneva: ILO.
- ILO** (2020b): *ILO Monitor: COVID-19 and the world of work*. Fifth edition. Geneva: ILO.
- ILO** (2020c): *Country policy responses (COVID-19 and the World of Work)*; available at: <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#BI> (last accessed on 29.6.2020).
- ILO** (2020d): *ILO Monitor: COVID-19 and the world of work*. Third edition. Geneva: ILO.
- ILO** (2020e): *Rapid assessment of the impact of COVID-19 on enterprises and workers in the informal economy in developing and emerging countries – guidelines*. Geneva: ILO.
- ILO** (2020f): *Social protection responses to COVID-19 around the world*; available at: <https://www.social-protection.org/gimi/ShowWiki.action?id=3417> (last accessed on 26.6.2020).
- ILO** (2020g): *Virtual Global Summit*; available at: https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_750806/lang--en/index.htm (last accessed on 14.7.2020).
- IMF** (2020): *Policy responses to COVID-19*; available at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> (last accessed on 26.6.2020).
- ITUC** (2020): *African responses to the COVID-19 health crisis and the role of trade unions (Vol. 2)*. Lomé: ITUC.
- ITUC** (2020a): *African Responses to the COVID-19 Health Crisis and the Role of Trade Unions (special newsletter edition vol. 1)*. Lomé: ITUC.
- ITUC** (2020b): *African Responses to the COVID-19 Health Crisis and the Role of Trade Unions (special newsletter edition vol. 2)*. Lomé: ITUC.
- Kiaga, A. / Lapeyere, F. / Marcadent, P.** (2020): *The impact of COVID-19 on the informal economy in Africa and the related policy responses*. Geneva: ILO.
- Laiboni, N.** (2020): *Kenya's Philanthropic Tradition Tackles the COVID-19 Challenge*; available at: <https://www.chathamhouse.org/expert/comment/kenya-s-philanthropic-tradition-tackles-covid-19-challenge#> (last accessed on 28.6. 2020).
- Massinga Loembé, M. / Tshangela, A. / Salyer, S. J. / Varma, J. K.** (2020): *COVID-19 in Africa: the spread and response*, in: *Nature Medicine*.
- Medina, L. / Jonelis, A. W. / Cangul, M.** (2017): *The Informal Economy in Sub-Saharan Africa : Size and Determinants*. Washington: IMF.
- MSF** (2020): *MSF supports COVID-19 response in Cameroon*; available at: <https://www.msf.org/msf-supports-covid-19-response-cameroon> (last accessed on 30.6. 2020).
- Nyanda, S.** (2020): *Relief for spaza shops and general dealers*; available at: <https://www.vukuzenzele.gov.za/relief-spaza-shops-and-general-dealers> (last accessed on 4.7. 2020).
- Obiakor, T.** (2020): *COVID-19 and the Informal Sector in Nigeria: The Socio-Economic Cost Implications*; available at: <https://businessday.ng/opinion/article/covid-19-and-the-informal-sector-in-nigeria-the-socio-economic-cost-implications/> (last accessed on 3.7. 2020).
- Omolo, J.** (2020): *How the Pandemic is affecting the informal sector in Kenya*; available at: <https://www.fes.de/referat-afrika/neugikeiten-referat-afrika/how-the-pandemic-is-affecting-the-informal-sector-in-kenya> (last accessed 2.7.2020).
- Ourworldindata** (2020a): *Coronavirus (COVID-19) Cases*; available at: <https://ourworldindata.org/covid-cases> (last accessed on 14.7.2020).
- Ourworldindata** (2020b): *Coronavirus (COVID-19) Testing*; available at: <https://ourworldindata.org/coronavirus-testing> (last accessed on 14.7. 2020).
- Rogerson, C. M.** (2016): *South Africa's informal economy: Reframing debates in national policy*, in: *Local Economy*, 31(1–2), pp. 172–186.
- Rosenthal, P. J. et al.** (2020): *COVID-19: Shining the Light on Africa*, in: *Am J Trop Med Hyg.*, 102(6), pp. 1145–1148.
- Rutayisire, E. et al.** (2020): *What works and what does not work in response to COVID-19 prevention*, in: *International Journal of Infectious Diseases*, pp. 1–11.
- Schwettmann, J.** (2018): *Informal Economy and health insurance* (updated 2018). Berlin: FES.
- Shabir, A. L. / Aijaz, A.** (2020): *COVID-19 pandemic – an African perspective*, in: *Emerging Microbes & Infections*, 9(1), pp. 1300–1308.

UNECA (2020): *COVID-19 in Africa: Protecting Lives and Economies*. Addis Ababa: UNECA.

World Bank (2020): *Assessing the economic impact of COVID-19 and policy responses in sub-Saharan Africa*. Washington: The World Bank.

ABOUT THE AUTHORS

Jürgen Schwettmann has been working in international development cooperation since 1979, specialising in cooperative development, the social and solidarity economy, rural development, and in policies that aim to formalising the informal economy, with a focus on sub-Saharan Africa. Since retiring from the International Labour Organization (ILO) in 2015, he has been working as an independent consultant for various agencies, including the FES.

IMPRINT

Friedrich-Ebert-Stiftung | Africa Department
Hiroshimastr. 17 | 10785 Berlin | Germany

Responsible:

Dr Manfred Öhm | Head of the Africa Department

Phone: +49-30-269-35-7440 | Fax: +49-30-269-35-9217

<https://www.fes.de/en/africa-department>

To order publications:

Konstanze.Lipfert@fes.de

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES.

COVID-19 AND THE INFORMAL ECONOMY

Impact and Response Strategies in Sub-Saharan Africa



Close to 90 per cent of the sub-Saharan African labour force works in the informal economy. Informal economy workers, who are mostly self-employed, are particularly vulnerable to health shocks since they are seldom covered by social protection systems, earn their livelihood from low, unstable and irregular incomes, are not adequately represented in local and national governance structures, and are not protected by labour laws.



These deficiencies increase the risk of the 2020 coronavirus outbreak, combined with the drastic response measures taken by African governments as well as global economic downturn, having a devastating impact on the lives and livelihoods of Africa's informal economy workers, despite the fact that the continent's incidence of infections is relatively low for the time being.



The present paper provides an overview of the informal economy in sub-Saharan Africa, examines the possible impact of COVID-19 on African societies and economies, analyses the effect of the pandemic on the informal economy in the region, provides four case studies of response measures taken by governments, development partners, trade unions and/or the actors in the informal economy themselves, and offers short-term and medium-term policy recommendations towards stabilising employment, income and livelihoods in Africa's informal economy. The annex provides a complete overview of COVID-19 response measures adopted by governments in sub-Saharan Africa as of end of June 2020.

Further information on the topic can be found here:
<https://www.fes.de/en/africa-department>