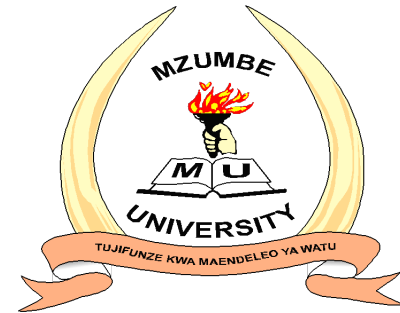


# The role of informal worker associations in cushioning members during the COVID-19 pandemic in Kenya and Tanzania

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# 1. Introduction

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- In SSA informal labour markets constitute the norm and most informal workers (IW) have no access to formal social protection (SP)
- During COVID-19 IWs suffer disproportionately from the effects of the virus and aversion strategies => importance of networks and informal workers associations (IWAs)

Initial studies on impacts of COVID-19 indicate that lockdown measures push IWs to extreme poverty (Kamau et al. 2020; Brookings. 2020; WIEGO 2020; ).

***What are the challenges faced by informal workers because of the COVID-19 pandemic, and to what extent are IWAs able to cushion workers during such a crisis? Evidence from Kenya and Tanzania***

- Findings reveal a) sectoral variation in COVID-19 implications b) associational differences => some IWAs remain fully operational, others have restricted benefits such as limited financial assistance or redirected activities to more achievable services such as training on COVID-19 health measures

## 2. The importance of IWAs

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- Across the global South IWAs are an important risk management strategy and often fill a gap in formal SP provision by providing bottom-up SP (Oduro, 2010; Awortwi and Walter-Drop 2018; Riisgaard et al., forthcoming).
- Oware (2020) argues for the importance of informal/traditional SP arrangements to smoothen incomes and consumption in Kenya, however also displays caution when it comes to the potential of IWAs in mitigating larger shocks.
- COVID-19 pandemic: IWAs may be subject to limitations due to their often small size, exclusionary nature and not necessarily being pro-poor (Oware, 2020; Calder & Tanhchareun, 2014; Dercon and Krishnan, 2002)
- Overall hypothesis: SP delivery by IWAs is more fragile during covariate (nation-wide) shocks => confirmed though with country and sector specific variation.

# 3. Covariate versus idiosyncratic shocks

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- Studies show that informal support systems/risk-sharing mechanisms are most efficient when it comes to **idiosyncratic shocks** linked to individuals, households or lifecycle events, such as illness or death (Kamau et al., 2018)
- But, IWAs may fall short when it comes to **covariate shocks** that affect a wider geographical area, such as a neighbourhood or community (Bhattamishra and Barrett, 2008; OECD/ILO, 2019).
- Dafuleya (2018) acknowledges the fragility of informal systems in the face of covariate risks, yet notes that “activities and systems in the informal economy cannot be treated like a single case”
- Our data testifies to the diversity of both IWs and their associations and illustrates the need to take into consideration sector specific differences

# 4. Method and Data

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- Interviews with selected IWAs (leaders and members) from the sectors of trade, construction and transport, carried out 3 months into COVID-19
- The respondents had participated in initial interviews under the SPIWORK project in 2018 (total sample of 1385 IWs)
- In Kenya, a total of 71 interviews were conducted (34 leaders and 37 members): traders (23), construction workers (21) and transport workers (27)
- In Tanzania, a total of 58 interviews were conducted (37 leaders and 21 members): traders (19), construction workers (15) and transport workers (24)
- The second phase: informant interviews with representatives of institutions, 5-6 months after the start of the pandemic. Their role will be assessed in a subsequent study

# 5. Main results (i)

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## **Informal worker challenges during Covid-19 in Kenya:**

- Inadequate employment and income reduction:

*“During lock down things were really tough. We wanted help for food, rent, and even support for business from the group but it was not enough since all ended up paying debt. I had rent arrears for 3 months and had taken food on credit so it did not help a lot” (trader, Nairobi).*

- The Government directives to restrict movement and close construction sites meant that construction workers were more prone to job losses compared with transport and trade workers (who continued working throughout the pandemic).
- But transport workers suffered reduced earnings due to fewer passengers
- More than half of the respondents (56 pct.) answered that most associations members did not work during the initial phase of the pandemic.

# 6. Main results (ii)

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## **Informal worker challenges during Covid-19 in Tanzania:**

- Reduced income due to inadequate work/poor business days is the most important challenge across the sectors:

*Since most of us are petty traders along the schools, our customers are students who weren't there when schools were closed, so we stopped, this affected our income greatly and we had to stay at home figuring out what else to do. It was a difficult time to most of us (trader, Dar)*

- Only 37 pct. of petty traders worked during the pandemic, compared to 40 pct. of construction workers and 76 pct. of transport sector workers, who were also subject to seating restrictions => decrease in earnings:

*Passengers were very few and this even hit other business people such as Mama Lishe (food vendors) who mostly close their business (transport worker, Dar)*

# 7. Main results (iii)

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- In both countries decreased earnings => lower/lacking IWA contributions
- In Kenya, 60 pct. of workers indicated stoppage or reduction in membership contribution as a major challenge to IWA, however to accommodate the situation 75 pct. of IWAs made adjustments to the member contribution rules
- **In Tanzania**, about half of the IWAs stopped membership contributions or made conditions easier, especially in the trade and transport sectors
- Across sectors, 30 pct. of Kenyan workers and 22 pct. of Tanzanian workers confirmed contacting their associations during COVID-19 though as high as 38 pct. among transport workers **in Tanzania**
- **In Kenya**, the share of workers contacting their associations was evenly distributed across sectors, for loan assistance, withdrawing savings, employment related concerns, COVID-19 issues and voice and representation.



## 8. Main results (iv)

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- **In Kenya** 81 pct. replied that contacting the association helped to solve the issue:

*“Since everyone is suffering there was no time for delay, we had fears that there was going to be a lockdown for 2 months. We decided before we get help we sort ourselves with what we had. Each member received Ksh20,000.”* (Trader, Nairobi).

- **In Tanzania**, 67 pct. confirmed that the assistance had helped resolve their challenges, yet among transport sector workers the share was higher, and lower for trade sector workers.

- Importance of personal networks to fill gaps:

*“During the pandemic, no, I didn’t ask any help in the association, but there were other members who asked, some got sick, and other loss their family members, so we helped them. Some assistance came from the association but also we had to contribute from pockets also to rescue our members’ situation”* (Trader, Dar).

# 9. Main results (v)

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- **When it comes to sharing health related coping strategies**, almost half of the respondents (48 pct.) in both countries reported that their associations offered new forms of assistance different from what they did before
- 35 pct. of workers **in Kenya** reported that the associations had provided or facilitated access to health and safety training and 41 pct. mentioned that their associations had shared information on how to overcome COVID-19 related challenges - assistance has largely been the associations own initiatives,
- **In Tanzania** where especially transport IWAs have demonstrated an ability to support their members since COVID-19, and any special measures taken in this sector having been the result of government directives
- **In terms of advocacy activities, this has dropped in Kenya and remained the same in Tanzania**, but slightly lower than in Kenya\*

# 10. Main results (vi)

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- **The main issues that workers in both Kenya and Tanzania contacted their associations about during the pandemic were similar to before COVID-19.**
- In Kenya savings, loans and investment come top of the list (52 pct.) followed by employment concerns (25 pct) and representation and voice (11 pct.).
- In Tanzania savings, loans and investment (25 pct), followed by welfare issues (bereavement, illness etc.) with the former being important for workers in all three sectors and the latter especially for construction workers.
- For both countries, the share of workers affirming that their associations provided loans has dropped substantially by 50 pct. in Tanzania and 70 pct. in Kenya indicating the financial limitation of associations because of the pandemic:

*“They gave me half of it because they said may people would come with a similar problem”* (construction worker, Nairobi).

*“For us petty traders, loans are everything to help our businesses. So, even during the pandemic we continued to provide loans although we had to decrease the amount because many members were coming in to ask for loans.”* (trader, Tanzania)

# 11. Summing up

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- In Kenya associations did not collapse and responded with coping strategies which eased the burden on members, but the support provided was limited.
- Construction IWs were hit harder than the trade and transport sector, but the latter suffered from fewer passengers and reduced carrying capacity.
- In Tanzania, the absence of a full lockdown meant that IWs across the sectors went along with their activities, however transport workers were most disrupted.
- In both countries, IWAs were overwhelmed with loan requests from members, whilst contributions fell; fewer and smaller loans were issued as a result.
- Literature points to nation-wide crisis requiring comprehensive state SP provision, which reinforces the positive aspects of informal support mechanisms.
- Thus, call for public interventions i.e. cash transfers to protect informal workers and their IWAs enabling them to weather the storm and ease their burden.

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Thank you for your attention  
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