

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

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**Abstract**

Social protection policies and instruments are now commonly highlighted by development actors as the preferred solution to issues of poverty in the global South. The expansion of social protection (SP) in Sub-Saharan Africa happens in a context where informal labour markets constitute the norm, and where most workers live uncertain, precarious livelihoods. In times of widespread and multifaceted crisis like the COVID-19 pandemic, informal workers suffer disproportionately from the joined effects of the virus and aversion strategies due to the precarious nature of their livelihoods and their very limited access to official (SP). At the same time, informal worker associations provide different forms of informal (SP) such as cushioning in cases of illness or death in the family, and at times also representing members towards employers or authorities. Based on original empirical data from Kenya and Tanzania, covering the sectors of construction, micro-trade and transport, this paper provides insight into the capacity of informal worker associations (IWAs) to provide social

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cushioning in times of crisis like the COVID-19 pandemic. We supplement baseline data from 2018 with a rich set of follow-up interviews undertaken in July 2020 focusing specifically on how informal worker associations have responded to the COVID-19 crisis. More specifically we investigate the hypothesis that SP delivered by IWAs is more fragile when facing covariate shocks by asking the following overall research question: *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?* The findings reveal country and sector level variation in responses to the crisis. In Kenya the majority of traders and transport workers continued to work during the pandemic, whilst most construction workers lost their jobs indicating that employment in the trade and transport sectors may be more resilient to nation-wide health related economic shocks. In Tanzania, informal workers largely went along with their daily activities, yet most experienced substantial drops in earnings in the early phase of the pandemic especially transport workers due to seating requirements and reduced passengers in general. In both countries some IWAs remained fully operational whilst others have restricted their activities providing limited financial and social assistance. The study calls for an urgent need to strengthen formal SP systems to better handle covariate type shocks, and to increase funding for cash transfers aimed at protecting informal workers and enabling their associations to weather the storm.

Keywords: COVID-19, Informal worker associations, Kenya, Social protection, Tanzania

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## Introduction

Social protection policies and instruments are increasingly highlighted by development actors as the preferred solution to issues of poverty in the Global South (Deacon, 2007; Hickey & Seekings, 2017; Hickey et al., 2020). However, the expansion of social protection (SP) in sub-Saharan Africa happens in a context where informal labour markets constitute the norm, and where most workers live uncertain, precarious livelihoods, without access to formal SP. In times of widespread and multifaceted crisis like the COVID-19 pandemic, informal workers (IW) suffer disproportionately from the joined effects of the virus and aversion strategies due to the precarious nature of their livelihoods and their very limited access to official social protection. Initial studies on the impact of COVID-19 on the informal economy indicate that public health measures such as full and partial lockdown are likely to push IWs to extreme poverty (WIEGO 2020; Kamau et al. 2020).

In the beginning of the pandemic Kenya, like many other African countries, put in place various measures to contain the spread of COVID-19 such as partial lockdown including a stay at home order, social distancing, wearing of masks, washing of hands, closure of learning institutions, suspension of international flights, dusk-dawn curfew, ban of public gathering, mandatory quarantine, closure of bars and restrictions on opening hours of restaurants.<sup>2</sup> These measures have an impact on society in general, and IWs in particular. In Kenya, food market vendors are considered essential workers and thus were allowed to continue activities throughout, yet many traders have seen profits fall due to lower demand.<sup>3</sup> Transport workers who were also allowed to continue operations, experienced a decline in earnings because of reduced working hours and government directives to reduce carrying capacity for public service vehicles. Compared to trade and transport, the construction sector has proven less resilient due to movement restrictions and closure of construction sites.

In Tanzania, although the government's initial reaction was to swiftly put in place measures to curb the spread of COVID-19, by May 2020 the late President Magufuli reversed direction and began lifting containment measures including removing the requirement of quarantine for international arrivals combined with appeals to tourists to visit a safe country. In June 2020 he declared the country to be free of COVID-19, as illustrated in the opening quote, thus allowing all schools to

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<sup>2</sup> The lockdown was lifted after three months in July 2020, but Nairobi has remained under a nationwide dusk to dawn curfew which initially ran from 7pm-5am, and later from 9pm-4am. Other measures still in force (June 2021) are washing of hands, social distancing, ban of public gathering, wearing of masks and encouraging workers especially those in the public sector to work remotely.

<sup>3</sup> In India WIEGO (2020) observed that the lockdown instituted by the local governments have destroyed street vending infrastructure.

reopen. This change of strategy came from concerns about the lockdown's economic and social impacts, not least in relation to vulnerable parts of the population, and as such informal workers "were allowed" to work as normal.

Despite their different paths, in both Kenya and Tanzania, the COVID-19 pandemic has presented the informal economy with serious social and economic shocks and has tested the ability of informal worker associations (IWAs) to cushion workers from these shocks. Previous work has demonstrated the importance of IWAs as providers of both informal SP and facilitators of formal SP to protect workers when faced with idiosyncratic shocks (Riisgaard et al., forthcoming). In the current paper, we investigate the hypothesis that SP delivered by IWAs is more fragile when facing covariate shocks thus focusing on the role of IWAs during a crisis. More specifically, we ask the following overall question:

*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?*

To answer this, we examine sectoral and national differences, drawing on empirical data from Kenya and Tanzania, covering construction, micro-trade and transport, sectors which are particularly prone to informality. We supplement quantitative and qualitative (baseline) data from 2018 with a rich set of follow-up interviews undertaken in July 2020 focusing specifically on how IWAs have responded to the COVID-19 crisis. The comparison between Kenya, where restrictions have been strictly implemented, with Tanzania where the existence of COVID-19 has been largely denied allows for an assessment of country-level differences in tackling the pandemic. Comparison between sectors, which prior to the pandemic were shown to spur different kinds of associations offering different kinds of assistance allow for an assessment of how sector specific characteristics might influence both the challenges faced and association responses to the pandemic.

The findings reveal that in Kenya the majority of traders and transport workers continued to work during the pandemic, whilst most construction workers lost their jobs indicating that employment in the sectors of trade and transport may be more resilient to such nation-wide health related economic shocks than construction work. Moreover, whilst some IWAs remain fully operational others have restricted their activities providing limited financial assistance or have redirected their focus to other more achievable services such as training on COVID-19 related health and safety measures. In Tanzania, informal workers largely went along with their daily activities during the pandemic, yet most experienced substantial drops in earnings in the early phase of the pandemic especially transport workers due to seating requirements and reduced passengers in general. As in Kenya, the IWAs were

overwhelmed with loan requests, yet unable to provide full amounts, whilst also scaling back other services, such as welfare support, though with some variation across the sectors. Among traders and transport workers welfare services stopped to cater for the increasing number of requests for loans, whereas construction IWAs suspended the provision of loans to continue providing welfare support to their members.

Notwithstanding the sectoral and country differences in both the reactions and implications of the COVID-19 pandemic, most IWAs observed did not collapse, but many became dormant whereas others functioned at a reduced rate. The overall fragility of IWAs (and their members) revealed and enforced by the crisis points to an urgent need to strengthen the formal SP systems to be better positioned to handle covariate type shocks thereby preventing the complete collapse of informal support structures. In general, informal cushioning mechanisms function well in responding to one-off individual shocks but cannot be expected to carry the burden of helping individual workers through nation-wide health related economic shocks.

The paper is structured as follows. Following a brief overview of relevant literature and the method used in this study, we outline the challenges faced by informal workers during the pandemic and in turn examine the way the pandemic has affected associations and the role they played (if any) in addressing the needs of their members. Finally we provide some concluding remarks.

### Covariate versus idiosyncratic shocks

Despite its essentiality, the role of informal support to workers in the informal economy is not yet fully recognized nor considered in current SP extension strategies or the conceptual thinking behind these (although this is gradually shifting). Nevertheless, across the global South informal SP mechanisms provide an important risk management strategy for households and individuals for several reasons. For one, traditional systems are based on cultural norms, values and beliefs constituting an important part of the extended family structure. Moreover, new forms of self-organised mutual aid arrangements have provided a response to internal rural-urban migration processes and in addition IWAs have emerged to fill the gap in formal SP provision, especially where such protection is either non-existent or weak (Oduro, 2010; Awortwi and Walter-Drop 2018; Riisgaard et al., forthcoming). At the same time, many associations also go beyond risk management to offer SP services like investment (particularly in schooling), vocational training and representation towards authorities (Riisgaard et al., forthcoming).

In the case of Kenya, Oware (2020) argues for the importance of traditional SP arrangements to smoothen incomes and consumption, however, also noting that when it comes to mitigating shocks the potential of IWAs should not be overestimated. In fact, studies suggest that informal risk-sharing mechanisms are most efficient when it comes to idiosyncratic shocks linked to individuals, households or lifecycle events, such as illness or death, and that they 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). Covariate shocks, such as weather-related shocks or economic downturns, tend to break down informal insurance mechanisms, in turn impacting the already more resource constrained vulnerable households adversely (Watson, 2016).

Thus, in a covariate crisis situation, like the COVID-19 pandemic, IWAs may be subject to limitations due to their often small size (Oware, 2020) and them not necessarily being pro-poor (Calder & Tanhchareun, 2014; Dercon and Krishnan, 2002) due to entry barriers and contribution demands (Riisgaard et al, forthcoming). Moreover, IWAs tend to be exclusionary (member-based) and/or not include all individuals on equal terms, as exemplified in our data where we see differences depending on whether a given individual is an ordinary association member or leader. Given the limited inability of IWAs to insure against covariate shocks Oware (2020), in the same vein as Bhattamishra and Barrett (2008), concludes that nation-wide crisis require interventions from governments and non-governmental organizations emphasizing the need for comprehensive state SP provision.<sup>4</sup> The key here, and as discussed by Oduro (2010) is that the extension of SP reinforces rather than undermines the positive aspects of informal support mechanisms. Adding to this discussion on the interplay between formal and informal SP, Dafuleya (2018) acknowledges the fragility of informal systems in the face of covariate risks, yet also notes that this argument should be taken with caution “as activities and systems in the informal economy cannot be treated like a single case” (Ibid.: 162). Our data certainly testifies to the diversity of both IWs and their associations and illustrates the need to take into consideration sector specific differences. In this paper we draw on the various experiences of IWs, and examples of how IWAs have sought to mitigate the crisis, so as to assess their ability to cushion workers during a covariate crisis as exemplified by the COVID-19 pandemic in Kenya and Tanzania.

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<sup>4</sup> Oduro (2010) discusses whether the addition of formal SP “will displace informal social protection and have an adverse impact on the welfare of the poor and vulnerable” (Ibid.: 19), and Oware (2020) also engages with the interplay between the formal and informal social protection schemes noting that formal SP should supplement the informal.

## Method and data

The COVID-19 data collection was conducted in two phases where the first one involved interviewing IWAs from the three sectors of trade, construction and transport using a questionnaire with both open and closed ended questions.<sup>5</sup> In order to capture different views and ensure a broader base of information, the sample included both leaders and member of selected IWAs. In Kenya, a total of 71 interviews were conducted (34 leaders and 37 members) with IWs distributed as follows: traders (23), construction workers (21) and transport workers (27), and in Tanzania a total of 58 interviews were conducted (37 leaders and 21 members) distributed as follows: traders (19), construction workers (15) and transport workers (24).<sup>6</sup> The second phase involved conducting key informant interviews (KIIs) with representatives of institutions providing formal SP to IWs and other actors involved in cushioning IWs from the negative effects related to the COVID-19 pandemic including advocacy institutions. In Kenya, these actors included the National Social Security Fund (NSSF), National Hospital Insurance Fund (NHIF), Micro and Small Enterprise Authority (MSEA), Central Organisation of Trade Union (COTU), Boda Boda Association of Kenya (BAK), Transport Workers Union (TAWU) and Ministry of Public Service, Youth and Gender. In Tanzania, the KII included the NHIF and the NSSF, COTWU-T, TADU, and TUCTA and workers umbrella organisations such as VIBINDO; association of owners of vehicles such as DARCOBOA, and transport regulators, LATRA. For space reasons and given the focus of the current study on the ability of IWAs to cushion workers during a crisis, we do not engage directly with the (in) actions of the different institutions mentioned above, yet their role will be assessed in a subsequent study.

For ethical reasons and protection of both researchers and respondents from potentially contracting COVID-19, telephone interviewing was used and conducted at a time convenient to respondents even after curfew hours. When respondents requested for physical interviews precautionary measures were taken to ensure safety of researchers and respondents. The interviews with IWs were recorded with their permission while detailed notes were taken during KIIs. Whilst the IW interviews were undertaken in July 2020, that is app. 3 months after the onset of COVID-19 in East Africa, the KII were carried out between 5-6 months after the start of the pandemic.

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<sup>5</sup> The selected respondents had participated in initial interviews under the SPIWORK project in 2018. See Torm (2000) and (Riisgaard et al., 2021 forthcoming) for details of the sampling strategy.

<sup>6</sup> Compared to the baseline data from 2018 where the sample included only members of IWAs, the COVID-19 dataset has a high share of leaders (64 pct. in Tanzania and 48 pct. in Kenya) which unavoidably introduces some bias in the outcomes. We attempt to deal with these discrepancies, yet it also means that the baseline data is not directly comparable with the follow-up COVID-19 survey.

## Main results

### Informal worker challenges during Covid-19

The key COVID-19 related challenge for workers across the three sectors (construction, trade and transport) in both Kenya and Tanzania included lack of customers and therefore reduced earnings. In both countries an overwhelming majority (97 pct. and 94 pct. respectively in Kenya and Tanzania) reported a decline in incomes because of the pandemic leading to problems with purchasing food and paying rent, utility bills etc.

**In Kenya**, inadequate employment and income reduction was mentioned by workers across the sectors as the most important challenge with implications on the livelihoods of many IWs:

*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. Nonetheless, transport workers also experienced a decline in incomes due to reduced working hours and the government directive to reduce carrying capacity for public service vehicles combined with the imposition of a nationwide curfew. Boda-boda operators expressed how difficult it was to maintain physical distance when carrying passengers and traders complained of low profits due to reduced purchasing power among consumers and fear of contracting COVID-19. Overall, more than half of the respondents (56 pct.) answered that most associations members had not been working during the initial phase of the pandemic.<sup>7</sup>

In Kenya some workers mention that their situation improved when the government restrictions were eased, although the reasons were sector specific. The curfew extension allowed IWs to conduct business for two extra hours leading to improvement in incomes particularly for transport workers

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<sup>7</sup> Despite the general decline in IWs incomes, most workers interviewed that were members of formal insurance schemes were able to pay their monthly contributions during the pandemic, and amongst those unable to pay most were from the construction sector. However, this finding presumably reflects the leader/member bias mentioned earlier since KII interviews with NHIF and NSSF officials confirmed that many IWs could not pay up their monthly premiums during the pandemic indicating that our sample consists of association members and leaders that are better off financially, and thus able to continue paying NHIF fees. Moreover, some workers expected the NHIF scheme to cushion its members by removing penalty charges for late payment of premiums or to waive debts, yet it is unclear whether this has been the case.



and traders. While the lifting of movement restriction allowed all workers more leeway, it was especially important for construction workers as it allowed them to seek employment elsewhere:

*Since the lockdown was lifted we can travel and get jobs outside Nairobi.*

Yet, other workers say that the situation three months into the pandemic was unchanged or even getting worse because of declining earnings, mounting debts, lack of jobs and lack of assistance from associations.

**In Tanzania**, as in Kenya, reduced income due to inadequate work or poor business days was indicated by all respondents across the sectors as the most important challenge all respondents faced during the pandemic. A leader respondent of one trade association explained:

*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.*

However, the relative decrease in earnings may be larger for informal transport workers who were subject to the seating restriction, as three quarters (76 pct.) of workers in the transport sector reported to have worked during the pandemic, compared to 40 pct. of construction workers and 37 pct. of petty traders.

*Passengers were very few and this even hit other business people such as Mama Lice (Food vendors) who mostly close their business because of that and even some only fear the disease.*

While most transport workers were able to continue working, challenges with meeting unchanged daily targets were reported as a major issue leading to the accumulation of debts particularly for daladala workers but also for the bodaboda workers who rent motorcycles as illustrated in quotes below:

*Yes, there is some, now we are back to business although the income is still low, but we thank God food can be accessible. But we have to give money to owners of vehicles as some of people refused to accept that income has gone down and that they should receive less HESABU, but they say you will pay later as debt. Now many have debt to those greedy owners*

*Yes for instance I have a contractual motorcycle so, we asked our bosses to lower their quotas but they refused; they said if you get a little then you bring and we record it on the financial books as a debt and when things get back to normal you will pay them. This has made a life full of debts for us till now*

**In Tanzania**, around 56 pct. of all workers reported to have continued working during the pandemic, thus more than **in Kenya** which had a stricter lockdown. Nevertheless, despite the swifter return to 'normality' in Tanzania, many informal workers suffered during the initial period to the point where cutting meals became a necessity for some:

*My situation was tough, am a widow, and mother of three, I can't even explain that time, sometimes I couldn't afford meals for my family, I don't want to remember that time at all*

Also, debt incurred during the lockdown can have long term repercussions for individuals and groups alike:

*The pandemic led me to get into huge debts that even until now I haven't been able to pay all of them*

*But due to this pandemic we had to stop all that, we also had to use our association savings and now we have just started to square one.*

The described challenges seem to correspond well with what workers contacted their associations about. 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**, indicating that this sector was especially challenged during the pandemic, whereas traders were less likely to ask for assistance:

*We all know this pandemic affects all of us, even our leaders are part of us, so I didn't ask for assistance, but rather kept working hard where I can to make sure I provide for my family, there was no time to waste.*

**In Kenya**, the share of workers contacting their associations was evenly distributed across sectors. Amongst those that contacted their associations in Kenya the majority cited loan assistance or withdrawing savings as the main reason followed by employment related concerns, requesting sanitizers and masks and for issues of voice and representation. **In Tanzania** the main reason for contact was dealing directly with COVID-19 i.e. supplying sanitisers (especially for transport

workers), followed by financial assistance and employment related concerns. Around 50 pct. of those interviewed received loans from their respective associations and the share was higher among traders (74 pct.), followed by transportation (48 pct.) and lastly construction workers (27 pct.), which is partly explained by the loans needed by the latter being much larger, making it difficult for IWAs to fulfil the requirements. In most cases in both countries, workers said that contacting the association helped to solve the issue, especially **in Kenya** (81 pct. compared with 67 pct. in Tanzania), as illustrated in this quote from a trader in Nairobi:

*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.*

**In Tanzania**, where transport sector workers were more likely to have contacted their IWA there was also a higher share confirming that the assistance had helped resolve their challenges, whereas this was less the case for trade sector workers. Those who responded that help from the association did not resolve their challenges (30 pct. of workers) indicated to have either helped themselves i.e., buying sanitizers or obtained information for dealing with COVID-19 from elsewhere, demonstrating also the importance of personal networks beyond the IWAs:

*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.*

Such between country differences reflect the different approaches to the pandemic with Kenya having a much stricter lockdown compared to Tanzania, where business mostly went on as usual thus exposing many informal workers to COVID-19.

**Interestingly, 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.).<sup>8</sup> The latter was more important pre-COVID-19 and especially for traders, who also mentioned loans, whereas for transport and construction workers employment (finding work) issues were more central. This is also in line with the Kenya findings from the 2018 baseline survey where the trade segment cited lack of worksites, police harassment and facilities as

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<sup>8</sup> Other reasons for seeking services from associations pre COVID-19 included welfare (6 pct.) and capacity building (6 pct.).

major challenges, whilst construction workers mentioned contracts, non-payment, safety and insecurity (i.e. more employment related matters) and finally transport workers noted welfare and benefits as well as harassment, stigmatisation and issues related to their associations. In Tanzania pre-COVID-19 issues (mentioned in the COVID-19 survey) also included 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.<sup>9</sup> In the Tanzania 2018 baseline survey issues revolved mostly around better terms of employment, especially for construction workers whilst traders also mentioned contacting their associations to negotiate with authorities (representation and voice). Thus, distinct patterns as to sector specific concerns emerge cutting across the pandemic (which naturally has worsened already existing issues), and to some extent also the countries.

### Cushioning mechanisms of informal worker associations

**In both countries decreased earnings have had enormous livelihood consequences for workers and implications for IWAs in terms of lower/lacking association 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 most IWAs (75 pct.) made adjustments to the member contribution rules.<sup>10</sup> The implemented changes include stoppage or suspension of contributions, reduction/flexibility in contribution amounts or removal of interest on loans/penalties. In this way, most IWAs have been able to avoid members leaving due to their inability to contribute which would erode the financial base (and associational power) of the association even further. Interviews reveal that very few associations did not adjust and that those were mainly transport associations. The reason for this presumably lies in the particular nature of the transport associations (SACCOs) which operate more as employers largely favouring the interest of vehicle owners over worker concerns, often leading to tensions between SACCOs and workers.<sup>11</sup>

It is also clear that associations which did not adjust were unable to retain members as illustrated by this construction association:

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<sup>9</sup> Also mentioned were association development issues (19 pct.) and discussions about the business (9 pct.).

<sup>10</sup> Other challenges faced by IWAs include lack of meetings (14 pct), lack of employment opportunities (10 pct.), default on loans/ interest (3 pct.), reduction in membership (3 pct.), and for transport associations specifically a decline in revenue or fee collection due to reduced vehicle capacity (9 pct.).

<sup>11</sup> Since 2012 matatu operators are required by law to join SACCOs (Savings and Credit Co-operative Societies) which are formally established. The SACCOs are registered by the State Department for Co-operatives and are expected to manage vehicles registered under them and clear workers for licensing by the National Transport and Safety Authority (NTSA) issuing them with a Certificate of Good Conduct by the Criminal Investigation Department.

*We had started with 32 members but now we are 16. Covid-19 has made some to go upcountry while some could not manage the contributions we were making hence left the group. As for those who left, we had 12 ladies and we are remained with one. Eight of them went upcountry, one relocated while two dropped because of the contributions.*

**In Tanzania**, about half of the IWAs stopped membership contributions or made conditions easier, especially in the trade and transport sectors. This is line with around 52 pct. of members stating that service provision has changed (beyond the new dimension of relaying health and safety guideline measures), whilst **in Kenya**, around 41 pct. state that services have changed post COVID-19. In Kenya, the suspension of loans and/or decrease in the loan amount seems to be the most common measure:

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

Another respondent complained that:

*Even when you apply for a loan you won't get the amount you are asking for (transport worker, Nairobi).*

These quotes confirm that although loans are issued to members by some associations, they could not issue the full amounts due to a weakening of their resources.<sup>12</sup> Some IWAs would only allow members to take out their savings but not offer loans, whilst other associations – from the petty trade sector – opted to provide a one-off amount to all members as illustrated here by a member of two associations:

*In United KambiMoto every member was given Ksh 10,000 and in Vision Sisters everyone was given  
Ksh 4,000.*

Moreover, some associations in the construction sector prioritized support for funerals but put everything else on hold:

*Everything is at hold right now, but for funerals you get half of what we used to get. We withdraw  
from our kitty since no contributions is done from members.*

Whereas other associations – particularly in the construction sector became dormant:

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<sup>12</sup> In terms of how workers would fill the resource gap, we find evidence that digital platform loans especially 'fuliza', which is an overdraft facility for all M-PESA users allowing customers to complete their M-PESA transactions when they have insufficient funds, have become very popular with COVID-19.

*We are not meeting, no contributions are made, most members have no jobs and the group is stuck.*

*We don't meet and we can't progress as an association, our accounts are dry since there's no contributions made*

In summary, it appears that in Kenya associations did not collapse but responded with coping strategies which eased the burden on members but also the support provided was quite limited. It also emerges from the interviews that the construction associations were hit the hardest. Some IWAs responded by sharing what they had as a one-off payment, others reduced loans, yet others stopped loans but still gave support for death and hospitalisation. Most IWAs paused contributions since the members stopped paying fees. The transport sector stands out with particular challenges including reduced passengers and carrying capacity meaning that most workers earn less and lose jobs, yet it seems that many SACCOs still operate but loose members.

Likewise, **in Tanzania**, loans paid out did not correspond to the full amount requested:

*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.*

Also, there is evidence of changes in the reason for asking for loans:

*Yes, many people started asking loans to buy necessities, but now we are done its back then, but the time of COVID, people made request for loans to pay for rent, for food, before they wanted loans to buy bodaboda, or license*

As in Kenya, most Tanzanian associations refrained from meeting activities, especially in the beginning, but communicated via phone or a few through Whatsapp. The few that continued were mostly in the transport sector where some even increased meeting frequency:

*Initially, we conducted them monthly but after this calamity; we agreed to conduct them weekly in order to proceed with directing the people working in the bus terminal and motivating them not to change routes.*

In sum, financial assistance was listed as the most important benefit both pre- and post-COVID-19, yet with the overall incidence of loans provision being higher in Kenya (compared with Tanzania) prior to COVID-19, and higher in Tanzania post- COVID-19, an indication that Tanzanian IWAs were

hit less severely (or at least for a shorter time).<sup>13</sup> However, 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. In Tanzania some sectoral variation is revealed with loans (mostly to buy food or pay rent) increasing in importance in trade and transport, whilst welfare services decreased which is in contrast with the construction sector where loans went down, and the provision of welfare services went up. Thus, in Tanzania, IWAs that were affected have scaled back services with some variation across the sectors, and one explanation for reduced loans in construction could be that workers in this sector have earnings that are relatively high compared with trade and transport sector workers (Torm, 2020).

**When it comes to sharing health related coping strategies** 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 (i.e. creating awareness on how to remain safe through washing of hands with soap, keeping social distance and wearing of masks). From the interviews it seems that these health-related services were specific to the construction and transport sectors.

*In fact, where we are working we have the sanitizer and water with soap. We also bought masks.*  
(construction worker, Nairobi)

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 and in Kenya assistance has largely been the associations own initiatives, rather than compliance with government directive. This differs **to 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** prior to COVID-19, **in Kenya**, more than half (58 pct.) of the members mentioned that their associations were involved in some form of advocacy such as harassment from city authorities and employer-employee relations, yet the figure has dropped since COVID-19, with 39 pct. of the respondents reporting that their associations have continued with the role of representation and voice (traders especially have seen a decline on this aspect). Only a few respondents noted that their associations shifted their focus to COVID-19 specific issues.

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<sup>13</sup> In Kenya, most respondents (78 pct.) reported that their associations offered loans to members prior to COVID-19, but since COVID-19 only a quarter of the associations (25 pct.) had provided loans to their members. Apart from loans, welfare services offered by IWAs in Kenya included funeral support (90 pct.), weddings (49 pct.), sickness (76 pct.), unemployment (53.5 pct.), access to formal health insurance (41 pct.) and school fees support (32 pct.).

**In Tanzania**, amongst the IWAs interviewed, the level of advocacy and representation has generally remained the same during the COVID-19 period compared to before, on average around 30 pct., thus slightly lower than in Kenya. However, it is noteworthy that for transportation associations, the level of advocacy and representation increased from 33 pct. before the pandemic to 42 pct. during the pandemic. This reflects their response to the government's directive on carrying capacity, which meant a significant reduction in revenue. In fact, almost all the IW transport members interviewed mentioned the 'level seat' as a major challenge during the COVID-19 period. However, to some extent the seat restriction implication was made up for by reduced petrol costs:

*Also the Government announced that drop in petrol and diesel and oil prices at petrol stations up to 1500 TSH per liter while now it reaches to 1800 TSH. This helped because this compensated for the reduced number of passengers, because we were also only allowed to carry level seats. Therefore, during that time, you found yourself doing your job independently and real relaxed.*

## Conclusion

Against the backdrop of the COVID-19 pandemic during which informal workers are facing particularly severe social and economic shocks owing to the joined effects of the virus and aversion strategies and the precarious nature of their livelihoods including limited access to official SP in the first place, this study has examined the ability of IWAs in Kenya and Tanzania to cushion workers in a crisis. Overall, the hypothesis that SP delivery by IWAs is more fragile during covariate (nation-wide) shocks is confirmed though with country and sector specific variation.

In Kenya the COVID-19 lockdown has disrupted both formal and informal work as well as the services offered by IWAs which have traditionally cushioned their members from idiosyncratic costs associated with sickness, funerals, school fees, weddings, and unemployment. As a result of the government restrictions on social gathering and movement, many associations stopped or suspended contribution payments which in turn made it difficult for them to continue providing support since they depend entirely on membership contributions to cushion members. The lack of or inadequate resources prevented associations from issuing loans, assisting in employment search and carrying out the role of representation and voice. Despite the existence of online communication, most IWAs did not hold virtual meetings due to lack of smart phones, members (especially the elderly) not being tech-savvy and lack of interest, and since the few physical meetings were restricted to leaders ordinary members were often kept in the dark on certain issues. In addition to such



internal differences sectoral evidence reveals that construction IWAs were hit harder than the trade and transport sectors even though the latter suffered from fewer passengers and reduced carrying capacity. This is likely due to the transport associations (SACCOs) being more established and regulated than for instance construction IWAs.

In Tanzania, the absence of a full lock down meant that informal workers across the sectors mostly went along with their daily activities during the pandemic. Initial prohibitions on large gatherings prevented association meetings, yet association leaders shared information on for instance health and safety measures and COVID-19 protocols through SMS and at small informal meetings such as in parking lots. In general, membership contribution requirements were not changed due to the pandemic although the drop in earnings for many association members resulted in partial payments. At the same time, many IWAs were overwhelmed with loan requests from members and like in Kenya fewer and smaller loans were issued as a result. Especially in the construction sector the provision of loans went down, whilst the delivery of welfare services went up. In the transport sector workers were especially challenged by the government directives to abide by the initial “level seat” regulation, yet for the most part Daladala workers continued to operate as usual, except for requiring passengers to abide by health regulations (wearing masks and using sanitizer). In general, Tanzania transport workers confirmed that the assistance from IWA had helped resolve their challenges, indicating their instrumental role in cooling down and supporting frustrated members.

Further research should focus on examining the role of public institutions and their measures, especially regarding the informal sector. In Kenya, the Government has introduced measures to cushion workers from the pandemic such as tax exemptions for low income earners, tax reduction for those with higher incomes, and a reduction of VAT. Thus far, however, it remains unclear how these measures would benefit informal workers, if at all, since there seems to have been no attempt yet to engage IWAs and addressing their needs in the crisis. Even though most of the IWAs surveyed for this study did not collapse, at least during the initial phase of the pandemic, they have demonstrated a limited capacity to support members, and their ability to continue cushioning members may soon fade if the situation does not change. Thus, in order to enable IWAs to weather the storm and ease their burden, this particular situation calls for increased funding for cash transfers to protect informal workers and their associations, not least as in both Kenya and Tanzania the informal sector has played an important part in keeping the economy moving during a challenging time.

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