The uneven path to recovery

The sub-Saharan African experience

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**Abstract:** COVID-19 cases were first confirmed in March 2020 in Ghana, Kenya, and South Africa. These countries put in place several stringent measures, including lockdowns, to contain the spread of the virus. Various policies were also rolled out to address the disruption in economic activities, to mitigate the adverse impacts, particularly on the vulnerable, and to revive the economy. In this paper, we discuss the evolution of the pandemic and containment measures, the subsequent policy responses, and the effectiveness of these policies in Ghana, Kenya, and South Africa. The discussions show that some individuals, particularly informal workers, did not have access to support packages. The moderate relief and economic stimulus packages introduced in these countries to support individuals and businesses seem to have helped some workers to resume their economic activities. However, there seems to have been an uneven recovery in employment and earnings following from these interventions. The experiences from these countries also show that more should have been done to mitigate the impact of the pandemic on informal workers, particularly women, and more needs to be done in future in relation to similar shocks. This includes providing adequate relief for poor and vulnerable people in a quick, safe, and effective manner.

**Key words:** COVID-19, sub-Saharan Africa, policy responses, recovery

**JEL classification:** R23, N37, O55
1 Introduction

The COVID-19 pandemic caused major disruption to economic activity across the world. In sub-Saharan Africa (SSA), the containment measures, particularly the severe lockdowns, contributed to a significant economic downturn in many countries, with subsequent major impacts on unemployment, poverty, and food insecurity. A global drop in commodity prices and demand from the main trading partners—including China, India, the United States, and several European countries—alongside stringent government response measures had a devastating impact on the incomes of workers and their dependants. While the longer-term socioeconomic repercussions of the pandemic remain unclear, its impact on the labour market is a major issue of global concern.

In SSA, workplace and market closures, restrictions on mobility, the suspension of many economic activities, and the associated reduction in demand for goods and services resulted in a slowdown in production and caused a reduction in working hours and labour earnings. In some countries in the region, lockdown measures reduced business activity by more than half (Lakuma and Sunday 2020). This especially affected workers in the large informal sector, which accounts for 80 per cent of all non-agricultural employment in the region (ILO 2018). Real-time survey data collected in Senegal, Mali, and Burkina Faso suggest that on average, by the end of April 2020, one out of four workers had lost their jobs, and half of all workers had experienced a decline in earnings. Furthermore, the findings indicate that informal workers were at higher risk, as they generally rely on daily sales for their earnings, lack mechanisms for collective bargaining, and tend to be engaged in activities that are contact-intensive and thus were most affected—particularly livelihood sources such as restaurants, tourism, small retail shops, hairdressing, and taxi driving (Balde et al. 2020).

The policy measures taken by SSA governments to combat the adverse economic effects of the pandemic and respond to the economic crisis included a combination of measures to stabilize the economy via support to businesses and households (tax breaks; lowering of bank rates; loans to micro, small, and medium enterprises, MSMEs), cash and in-kind transfers to households, and ‘moderate’ economic stimulus programmes. A notable challenge faced by SSA governments is that informal workers, who constitute a large proportion of the workforce, are often beyond the reach of the state, making it difficult to enact the furlough schemes that Western governments undertook. While the spread of COVID-19 in SSA was more limited compared with other developing regions, so far the effectiveness of the policy responses in stimulating recovery in many SSA countries is uncertain.

In this paper, we discuss the evolution of the pandemic, the subsequent policy responses, and the effectiveness of these early interventions in three SSA countries—Ghana, Kenya, and South Africa. The relief and stimulus packages in these countries, in particular, are of interest because the three countries rolled out very similar policies in the context of different economies and labour markets. For instance, Ghana and Kenya have very high numbers of informal workers compared with South Africa (ILO 2018). The detailed country case studies for Ghana, Kenya, and South Africa are discussed in Sections 2, 3, and 4 respectively. The conclusions are presented in Section 5.
2.1 Evolution of the pandemic and containment measures

The first two cases of COVID-19 were reported in Ghana on 12 March 2020 by the health ministry. As a first response, on 15 March all public gatherings were banned and all schools and universities were closed, and on 23 March all of the country’s borders were closed. In the interest of public safety, a partial lockdown was introduced on 30 March in Accra, Tema, Kasoa, and Kumasi, which had been identified by the Ghana Health Service as ‘hotspot’ areas. This was lifted on 19 April. When lifting the partial lockdown, the president cited the country’s current capacity to trace, test, isolate and quarantine, and treat victims of the disease as one of the reasons for the decision. Mask-wearing was made mandatory for all.

The second phase of reopening started on 1 August, with the lifting of restrictions on the number of people allowed at public gatherings and the opening of tourist sites. However, beaches, pubs, cinemas, and nightclubs remained closed. International flights resumed from 1 September, subject to enhanced COVID-19 protocols. Land and sea borders remained closed to human traffic. Figure 1 illustrates the stringency of policy measures that were in place in Ghana between January and November 2020 in response to the COVID-19 pandemic (see also Schotte et al. 2021). The stringency index shows the strictest level of restriction in district of the country at a given time, and the grey shaded area indicates the lockdown period. The stringency index level in November largely remained in place throughout 2021.

Figure 1: COVID-19 Stringency Index, Ghana

Note: the stringency index shows the response level in the national subregion with the strictest policies (districts subject to lockdown regulations) and the grey shaded area indicates the lockdown period from 30 March to 19 April. The stringency index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (strictest); it shows the pandemic response level in the districts subject to the strictest lockdown measures.

Source: authors’ illustration based on Hale et al. (2020) and Mathieu et al. (2020); stringency index data sourced from Oxford Blavatnik School of Governance (OxBSG).

Considering the evolution of newly confirmed COVID-19 cases (see Figure 1), the Ghanaian government was quick to implement stringent measures when case numbers were still relatively low. The number of confirmed COVID-19 infections continued to grow during the lockdown and
increased exponentially after restrictions were lifted, reaching peak levels only in late July or early August 2020, after which the pandemic curve of the first infection wave flattened. The decision to lift the partial lockdown was largely influenced by mounting concerns regarding the severe economic burden that the restrictions imposed, especially on the livelihoods of the urban poor, many of whom had, by that time, run out of money to buy food, due both to the hike in food prices and to the restricted possibilities for earning a living (Asante and Mills 2020).

At the end of March 2023, the number of confirmed COVID-19 infections had risen to 171,412 while COVID-related deaths stood at 1,462. As of 25 March 2023, a total of 22,384,226 doses of COVID vaccines had been administered, representing 72 per cent of total doses administered (WHO 2023).

2.2 Economic policy response

The policy measures taken by the government of Ghana to combat the adverse economic effects of the pandemic are representative of what other SSA governments also did in responding to the economic crisis—a combination of stimulus packages, cash and in-kind transfers, tax breaks, and loans to MSMEs. The government rolled out the Coronavirus Alleviation Programme (CAP) to address the disruption in economic activities and the hardship of the people, and to rescue and revitalize industries. It included measures such as (Danquah and Schotte 2020):

1. an extension of the tax filing date from April to June;
2. a 2 per cent reduction of interest rates by banks, effective 1 April 2020;
3. the granting by the banks of a six-month moratorium on principal repayments to entities in the airline and hospitality industries, i.e. hotels, restaurants, car rental firms, food vendors, and taxis and uber operators;
4. allowing mobile money users to send up to 100 cedi (GHS; approx. US$8.50) for free, and a 100–300 per cent increase in daily transaction limits for mobile money transactions;
5. the establishment of a COVID-19 fund, to be managed by an independent board of trustees and to receive contributions and donations from the public, to assist in the welfare of the needy and the vulnerable;
6. a three-month tax holiday for health workers starting from the beginning of April 2020 and an amount of GHS80 million to pay a special allowance for frontline health workers;
7. fumigation of public places, including markets and schools;
8. a directive to the ministries of gender, children and social protection and local government and rural development, and the National Disaster Management Organization (NADMO), working with metropolitan, municipal, and district chief executives (MMDCEs) and faith-based organizations, to provide food for up to 400,000 individuals and homes in the areas affected by the restrictions;
9. a doubling of payments to the beneficiaries of the Livelihood Empowerment against Poverty (LEAP) programme;
10. the absorption by the government of water bills for all Ghanaians for the three months of April, May, and June;
11. the full absorption by the government of electricity bills for the poorest of the poor, defined as lifeline consumers who consumed zero to 50 kilowatt hours a month for the period.
12. a 50 per cent absorption of electricity bills for the period for all other consumers, residential and commercial;
13. a 1.5 per cent decrease in the policy rate and a 2 per cent decrease in the reserve requirement by the Bank of Ghana to help improve credit to businesses, with commercial banks expected to respond to these measures by the regulator and provide a GHS3 billion
facility to support industry—especially in the pharmaceutical, hospitality, service, and manufacturing sectors;

14. the implementation of the flagship CAP business support scheme, with an amount of GHS1.2 billion earmarked for the scheme to be made available to businesses, particularly MSMEs.

Among these measures, the flagship CAP business support scheme was the major intervention mitigating the negative impact of COVID-19 on households and livelihoods and providing support to MSMEs. Out of the GHS1.2 billion earmarked for this programme, GHS600 million was to be disbursed as soft loans to MSMEs, with up to a one-year moratorium and a two-year repayment period. The rate of interest on this facility was 3 per cent. Additionally, selected participating banks provided negotiated counterpart funding to the tune of GHS400 million, making the facility worth, in all, GHS1 billion for disbursement under this business support scheme, with the entire scheme initially expected to attract some 180,000 beneficiaries across the country. The funds were managed by the National Board for Small Scale Industries (NBSSI) and supervised by a loan committee. The NBSSI reported that more than 450,000 applicants, representing MSMEs, registered for the fund, with 66 per cent of applicants being female and 34 per cent male. All applicants were required to register for a Tax Identification Number (TIN) with the Ghana Revenue Authority to enable them to access the COVID-19 Relief Fund. The beneficiary sectors included agribusinesses, manufacturing, water and sanitation, tourism and hospitality, education, food and beverages, technology, transportation, commerce and trade, healthcare and pharmaceuticals, and textiles and garments.

2.3 Effectiveness of policy responses

Although the rate of COVID-19 infections in Ghana was low compared with other countries, the policy responses rolled out by the Ghanaian government had some effects on employment and incomes and seem to have put the country on a path of partial recovery in economic growth. For instance, Ghana’s economy grew by 5.4 per cent in 2021—a significant increase from the 0.4 per cent growth rate recorded in the full year of 2020 (GSS 2021). However, growth slowed to 3.2 per cent in 2022 and is projected to slow further to 1.6 per cent in 2023. The agriculture and services sectors experienced slower growth than before, especially in 2022. Higher inflation and interest rates depressed private consumption and investment, thereby slowing down the rate of job creation. The policies targeted at reducing hardships for households, such as reduction in the cost of mobile money services, free food for individuals and households, and free utilities, allowed many households and individuals who had lost jobs and incomes to survive during the period. The COVID-19 Relief Fund made various donations to communities to help them build back, especially when the lockdown was lifted.

The flagship CAP business support scheme implemented by the NBSSI seems to have revitalized many MSMEs across the country. It supported both formal and informal enterprises, including petty traders and hairdressers among many others, and, most importantly, sectors such as tourism and hospitality that were hit badly by the pandemic. An additional emergency programme funded by Mastercard Foundation and administered by NBSSI also effectively supported:
• MSMEs that needed support to survive the COVID-19 pandemic;
• businesses in growth sectors where the employment of young people, especially young women, was negatively impacted as a result of business operation disruptions, supply chain challenges, liquidity shortages, declining sales and profits, and business closures;
• businesses providing services that were in demand during the pandemic and that had the potential to grow and positively impact communities affected by COVID-19;
• businesses that focus on digitalization to support MSMEs.

The nature of the partial lockdown and the swift implementation of CAP business support seems to have had some impact on the recovery in the labour market in Ghana. The country saw some green shoots in the labour market, given that many Ghanaians in the business sector were able to receive adequate support and capital to start working again. The recovery in employment up to August/September 2020 was strong, albeit uneven. As of September 2020, about 85.3 per cent of workers who had been employed in February 2020 were again observed to be working, and more importantly, the gap in employment rates between lockdown and no-lockdown districts had closed. The slower growth in 2022 coupled with high inflation (up from 10 per cent in 2021 to 31.5 in 2022) and interest rates and weakened government demand due to lack of access to capital markets and high debt service obligations, resulted in a decline in employment, a 0.05 per cent decrease from 2020. However, there was a concerning gender gap in employment recovery. Specifically, women were less likely than men to have resumed work. Workers who had been informally employed pre-pandemic were also less likely to have resumed work compared with workers who had been in formal employment (see also Schotte et al. 2021). The argument is that these initial gains in August/September 2020 can be attributed to policies adopted by the Ghanaian government such as the timely lifting of the partial lockdown and the swift support to households and businesses. As of early 2023, gains in employment and earnings remained partial and uneven, and the economic burden of the pandemic continued to fall on the most vulnerable—that is, low-income earners in informal work and women, who were more likely to drop out of work in the early phases of the pandemic and saw a slower recovery in both employment and earnings (see details in Schotte et al. 2021). The current situation of high inflation and public debt crisis and its attendant effect in terms of retarding employment and incomes indicates the need for protective measures that prevent the most vulnerable workers from being left behind by the crisis.

3 Kenya

3.1 Evolution of the pandemic and containment measures

Kenya reported its first COVID-19 case on 13 March 2020. The country experienced four key waves of COVID-19 infections that peaked during the second and fourth quarters of 2020, around March–April 2021, and the third quarter of 2021 (Figure 2).

Following confirmation of the first case, the government moved swiftly to curb the spread of the pandemic. The starting point included standard measures such as encouraging regular hand-washing, social distancing, suspension of public gatherings and events, the closure of learning institutions, and travel restrictions limiting entry for both citizens and foreigners. International passenger flights were suspended from 25 March 2020. Government offices and businesses were asked to allow staff to work from home, with the exception of employees working in critical or essential services.
As the number of confirmed cases increased, the suspension of public gatherings was extended to churches, mosques, and other religious gatherings. Bars and restaurants were directed to close. On 27 March, the president instituted a country-wide curfew from 7 pm to 5 am, excepting critical and essential service providers. Furthermore, the wearing of face masks in public places was made mandatory. The government began recruiting additional health workers to combat the pandemic. To limit transmission from urban to rural areas, the government imposed a temporary ban on movement in and out of the Nairobi metropolitan area and the most affected counties.1

Over time, the intensification of containment measures was largely determined by the rate of spread and severity of infections. For instance, in June 2021 numbers of infections started edging up again, mainly driven by an upsurge in cases in Western Province, attributable to the Delta variant. In response, 13 counties in the province were placed under partial lockdown until 31 July 2021. The national curfew remained in force for over a year, until 20 October 2021, with variations in curfew hours. Most of the containment measures were, however, done away with over time following the easing of infection rates.

As of the end of November 2021, the total number of confirmed cases was 255,164, while the number of recorded fatalities stood at 5,335. A total of 2,839,918 tests had been conducted. Although the government launched a vaccination programme in March 2021, like most African countries Kenya was still lagging behind in COVID-19 inoculations by the end of 2022. This is partly attributable to the limited supply of vaccines, particularly during the first phase, coupled with sluggish uptake. As of 30 November 2021, the number of people who had been vaccinated at least once stood at 7,175,590 (Ministry of Health 2022). However, the majority (61.5 per cent) had only received the first jab. Only 2,759,827 people—about 5.6 per cent of the population—had been fully vaccinated. Total vaccines administered had increased to 10,100,993 as of end of December 2021, while the number of people fully vaccinated had increased to 4,206,106—8.5 per cent of the population. As of the end of December 2022, the number of confirmed cases was 342,499, while fatalities stood at 5,688.

1 Mombasa, Kilifi, Kwale, and Mandera.
3.2 Economic policy response

At the onset of COVID-19 pandemic in the country, various policy response measures were undertaken by the government to protect incomes and cushion the economy from the adverse effects of the pandemic. On 25 March 2020, the president announced fiscal policy measures consisting of tax relief and other measures as follows:

1. 100 per cent relief for people earning a gross monthly income of up to 24,000 Kenyan shillings (KES; about US$235\(^2\));
2. reduction of income tax rate (pay-as-you-earn) from 30 per cent to 25 per cent and resident income tax (corporation tax) from 30 per cent to 25 per cent;
3. reduction of the turnover tax rate from 3 per cent to 1 per cent for all MSMEs;
4. appropriation of an additional KES10 billion for older people, orphans, and other vulnerable members of society through cash transfers;
5. reduction of the value-added tax (VAT) rate from 16 per cent to 14 per cent effective 1 April 2020;
6. payment of at least of KES13 billion of verified pending bills and all verified VAT refund claims amounting to KES10 billion, or alternatively, allowing for the offsetting of withholding VAT, in order to improve cash flows for businesses, and a voluntary reduction in the salaries of the senior ranks of the National Executive.

In addition, a COVID-19 Emergency Response Fund was established to receive donations from well-wishers, and the National Treasury was directed to utilize KES2 billion of recovered corruption proceeds and reallocate the travel budgets of state agencies to support the most vulnerable. Other measures included presidential directives to develop a welfare package for healthcare professionals, an allocation of KES5 billion to support county governments, the inauguration of a weekly support stipend to households in need in Nairobi on a pilot basis, and the release of KES500 million that was in arrears to people with severe disabilities.

With regard to monetary policy, the Central Bank of Kenya (CBK) lowered the central bank rate (CBR) from 8.25 per cent to 7.25 per cent and the cash reserve ratio (CRR) from 5.25 per cent to 4.25 per cent, thus effectively adopting an accommodative monetary policy stance to support the economy. The CBR was later further lowered to 7 per cent. The maximum tenor of repurchase agreements (REPOs) was extended from 28 to 91 days to allow flexibility on liquidity management.\(^3\) By lowering the CRR, an additional liquidity of KES35 billion was made available to commercial banks to loan out to borrowers. Additionally, the CBK outlined loans restructuring emergency measures for commercial banks in March 2020, to provide relief to borrowers based on their individual circumstances arising from the pandemic. Furthermore, in a bid to facilitate increased use of mobile money transactions and curb the spread of the virus through cash handling, charges were waived for mobile transactions of up to KES1,000 (about US$9), while transaction amounts and daily limits for mobile transactions were revised upwards. The CBK also revised the minimum threshold for submitting negative credit information on borrowers to credit reference bureaus and delisted borrowers previously blacklisted for loans of less than KES1,000. These types of small loans are mainly accessed by the low-income segments of the population when hard pressed to meet various needs.

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\(^2\) Based on the exchange rate at the time.

\(^3\) The REPO rate is the rate at which the central bank lends short-term money to commercial banks against securities.
In May 2020, the government unveiled an eight-point Economic Stimulus Programme with an allocation of KES56.6 billion (US$540 million) in the 2020/21 financial year, and a further KES23.1 billion ($220 million) in 2021/22. The programme aimed to cushion vulnerable citizens and businesses, particularly those affected by the pandemic. The key sectors covered included the following:

1. Infrastructure: rehabilitation of access roads and footbridges to optimize the use of local labour and materials, and employment creation for young people through the Kazi Mtaani programme. The programme targeted unemployed youth in the major cities and urban settlements, engaging them in menial urban civil works and activities aimed at improving public hygiene.

2. Education: recruitment of unemployed teachers, construction of classrooms, recruitment of ICT interns to support digital learning in public schools, etc.

3. Enhancing liquidity to businesses: Credit Guarantee Scheme (CGS) aimed at de-risking lending to MSMEs in order to increase credit uptake especially by vulnerable MSMEs. The government allocated KES3 billion in 2020/21 as seed capital, and an additional KES2 billion in 2021/22. The scheme became operational in October 2020. By the end of April 2021, seven approved banks had started lending under the scheme.

4. Health: recruitment of health workers and establishment of modern walk-through sanitizers at border points and in the main hospitals across the country.

5. Agriculture: subsidization of the supply of farm inputs, expanded community irrigation, and assistance to flower and horticultural farmers to access international markets.

6. Tourism: temporary lifting of ban to allow meetings to be held in private hotels by government agencies, waiving of landing and parking fees at airports to facilitate movement of cargo in and out of Kenya, support for hotel refurbishment and business restructuring through soft loans, etc.


8. Environment, water, and sanitation facilities: improvement through flood control and rehabilitation of wells and underground tanks especially in arid areas.

The informal sector accounts for slightly over 80 per cent of total employment in Kenya. Following the adverse impacts of COVID containment measures, workers in the informal sector, casual labourers, and poor households were hard hit. Hence, there was need to provide some quick support to socially and economically vulnerable households, particularly in densely populated settlements. This was implemented through a multi-agency COVID-19 cash transfer initiative under which vulnerable households received a stipend of KES4,000 (US$37) per month. Support was prioritized for households in informal settlements with a high poverty index, where the household head or breadwinner had a physical disability, was widowed, was a minor (orphan- or child-headed households), had pre-existing medical conditions such as cancer or HIV or a mental health condition, and was not benefiting from other government support. The programme ran from April to November 2020 and in its first phase targeted 85,300 households in four counties—Nairobi, Mombasa, Kilifi, and Kwale—before being rolled out to other areas. However, there was quite limited public documentation on the implementation and impact of this COVID-19 cash transfer initiative.

The multi-agency cash transfer initiative was complemented by emergency cash transfer programmes provided by non-governmental organizations (NGOs) and some development partners, in a bid to reach out to more vulnerable households. Between June and December 2020, a total of KES590,292,000 (about US$5.5 million) is reported to have been transferred by a
consortium of NGOs⁴ to 29,400 families in informal settlements in Nairobi and Mombasa (Oxfam International 2020). Compared with the government’s regular cash transfer programme, the NGO’s safety net programme covered slightly more needs and provided top-up payments to beneficiaries of the regular Inua Jamii⁵ to enable them to adequately cover basic needs in light of COVID-19 challenges.

3.3 Effectiveness of policy responses

The fiscal stimulus and social protection measures in Kenya were severely constrained by the limited fiscal space and fell short of the huge stimulus packages unveiled in many developed countries. The containment measures and subdued economic activities adversely affected revenue performance amid elevated COVID-19-related expenditures, ballooning public debt, a high wage bill, and budgetary allocations to the 47 county governments. Consequently, the fiscal space needed to provide a generous economic stimulus package, and safety nets for the poor and vulnerable were limited. Moreover, most of the key policy response measures were short lived. Not only were tax relief measures reversed in January 2021, but some taxes were later adjusted upwards or newly introduced. The waiver of charges on low-value mobile money transactions expired on 31 December 2020, and loan restructuring measures expired in March 2021. In the absence of comprehensive data regarding specific socioeconomic outcomes, it is difficult to measure the effectiveness of the policy responses particularly at the household level. Overall, while the supportive policy response and relief measures helped to boost resilience and economic recovery, they remained limited in scope, coverage, and focus.

The Kenyan economy contracted by 0.3 per cent in 2020 following the adverse impact of the pandemic. The sectors that were most affected include the services sectors, especially education, wholesale and retail trade, and accommodation and restaurants. However, following the lifting of the various COVID containment measures, the economy recovered strongly, recording growth of 7.5 per cent in 2021. Growth was supported largely by the recovery of the manufacturing and services sectors. The agriculture sector recorded a contraction of 0.2 per cent largely due to adverse weather conditions. Some services sectors, such as education, information and communication, transport and storage, and finance and insurance, recovered relatively faster than others, such as tourism—especially international tourism. Economic growth normalized at 5.5 per cent in the first quarters of 2022. However, the performance of the agriculture sector remained subdued owing to prolonged drought. Although total employment recovered from a contraction of 4.1 per cent in 2020 to growth of 5.3 per cent in 2021, the rate of recovery was relatively higher for modern wage employment (6 per cent) compared with estimated informal sector employment (5.2 per cent).

Some of the financial sector COVID response measures undertaken by the CBK, such as loan restructuring, were instrumental in facilitating the continuity of business activities and aiding enterprises to remain afloat, particularly the MSMEs that ordinarily tend to experience credit constraints. Besides helping to curb the spread of COVID infections, the emergency measures instituted to facilitate mobile money transactions led to a notable increase in mobile money usage, thus further boosting the country’s fairly advanced mobile financial services and the drive towards a cashless society. The use of mobile money saw an increase of 2.8 million additional customers. Most of the micro and informal activities are bound to have equally benefited, especially from the

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⁴ Comprising Oxfam in Kenya, the Kenya Red Cross Society, Concern Worldwide, ACTED (Agency for Technical Cooperation and Development), Impact Initiatives, CREAT (Centre for Rights Education and Awareness), and the Wangu Kanja Foundation.

⁵ This is a government cash transfer programme that targets the most vulnerable, i.e. older people, children, and people with disabilities.
waiver of charges on low-value mobile money transactions and the increased digitalization. Additionally, the introduction of the CGS to de-risk lending benefited some MSMEs—a total of KES604.6 million (about US$6 million) had been disbursed by June 2021, with a guaranteed amount of KES151.2 million (CBK 2021).

The multi-agency COVID-19 cash transfer initiative was quite limited in coverage. According to a report by Human Rights Watch (2021), the initiative provided support to less than 5 per cent of socioeconomically vulnerable families in Nairobi, and an even smaller percentage across the country. The report indicated a lack of transparency and awareness, and involvement of politicians that made the implementation process vulnerable to cronyism. Some of the beneficiaries reported having received cash for only one or two months. The majority of vulnerable households meeting the criteria did not benefit from the programme. In the absence of a social registry with data on beneficiaries, the need to undertake new registration, targeting, and enrolment undermined the timeliness and efficient implementation of the social protection response (Wyatt and Guest 2021). By August 2020, the cash transfers made had not reached the caseload target. This is in spite of the convenience of using mobile money to effect the transfers, which also helped to minimize physical mobility and contact.

In terms of comprehensiveness, the COVID-19 cash transfer programmes were generally limited to subsistence support, with no linkage to interventions that would have addressed additional risks that vulnerable households might face (Wyatt and Guest 2021). However, for the few beneficiaries, the social protection initiatives helped them to meet basic daily needs such as the ability to buy food or increase the number of meals per day. Most recipients (98%) reported having spent the money on food, with approximately 51 per cent of the grant provided being used to meet daily food needs (Human Rights Watch 2021).

Although the Kazi Mtaani urban public works programme targeting youth people in urban informal settlements might have provided some reprieve, coverage was quite limited in relation to the high level of unemployment among this demographic. Over 100,000 job opportunities are reported to have been created during the first year (The National Treasury and Planning 2021).

Overall, the COVID-19 policy response and measures, though helpful in aiding economic recovery, were limited in scope, amount, and coverage and hence are unlikely to have effectively addressed the more serious impacts on the lowest-income households and the vulnerabilities of informal workers. The pandemic provided key lessons including the need to develop a robust social protection system. Additionally, safety net and economic stimulus packages during such crises should be gender-sensitive and well-targeted to ensure that they benefit the most affected. There is a need to maintain an up-to-date comprehensive database containing the information and statistics that are vital for planning and identification of beneficiaries for targeted social protection.

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6 Unemployment rates for the age groups 20–24 years and 25–29 years increased from 12.7 per cent and 7.4 per cent in 2020 Q1, to 22.8 per cent and 21.7 per cent in 2020 Q2, respectively.
4 South Africa

4.1 Evolution of the pandemic and containment measures

The first COVID-19 case in South Africa was confirmed on 5 March 2020. Three weeks later, the government declared a national state of disaster and initiated one of the most severe lockdowns seen around the world. The adopted measures to mitigate and suppress the spread of the virus included limiting contact between individuals (social distancing), a ban on foreign nationals travelling from countries classified as ‘high risk’, quarantine for citizens returning from high-risk countries, health surveillance at ports of entry, and school closures. During the lockdown, movement was permitted only for healthcare and essential service workers. Widespread testing and tracing, with quarantining of confirmed cases, was put in place in an attempt to control the outbreak in the early phase of the pandemic.

In order to establish a balance between the public health and economic crises brought about by the pandemic, the government initiated five alert levels with varying levels of restrictions to be used in various waves of the pandemic. This ranged from level 1, ‘No restrictions on economic activity and limited curfew’, to level 5, ‘All businesses closed except for essential services and no movement permitted without permission’.

The alert levels were used in the country as cases surged or declined, but their use ended in April 2022. Figure 3 shows a COVID-19 Stringency Index for South Africa with the various escalations and de-escalations of alert level. The index is a composite measure from various indicators, including school or workplace closures and travel restrictions (Hale et al. 2021).

Figure 3: COVID-19 Stringency Index, South Africa

![COVID-19 Stringency Index, South Africa](image)

Note: the figure shows a COVID-19 Stringency Index from 0 to 100 where 100 is the strictest; where policies are implemented at the provincial level, the index shows the response in the strictest region; indicators such as school and workplace closures and travel limitations are used to calculate the index.

Source: reproduced under the Creative Commons BY 4.0 licence from Our World in Data (Mathieu et al. 2021).
Sixteen months after the first case in South Africa, the country reached 2.45 million confirmed cases, translating to 40,762 cases per million people (Ritchie et al. 2020). At the end of July 2021, the country had reached 75,000 coronavirus-related deaths and an estimated number of 227,000 excess deaths (Bradshaw et al. 2021; NICD 2021). A total of 360,000 COVID-19 hospital admissions had been recorded, with only 36 per cent of the adult population being fully vaccinated, by the end of November 2021 (NICD 2021).

4.2 Economic policy response

Lockdown was viewed largely as necessary to respond to the public health crisis. Beyond the very high levels of inequality and large numbers of poor, the South African population has a large number of people with suppressed immunity due to HIV, tuberculosis, and malnutrition. At the same time, it was acknowledged that the economic impact for the poor and most vulnerable would be devastating. Bassier et al. (2020) predicted that the extreme poverty rate among vulnerable households would almost triple without any intervention. The paper by Bassier et al. (2020) also showed that an extension of the existing child support grant would be an effective way to reach informal workers (who were otherwise largely out of reach of government support mechanisms).

As an immediate response, the government put in place several measures to reduce the economic impact when the lockdown was announced. Some measures were clearly articulated while promises were made about the creation of additional measures. Most of the measures were concentrated in the formal economy (see Ramaphosa 2020 for a full list of measures).

Price ceilings were introduced on many essential items and regulations put in place to prohibit unjustified price hikes and stockpiling by individuals. Several complaints of price gouging had been lodged, and the police were asked to investigate cases across the country. To support the poor and vulnerable, the government set up a Solidarity Fund which had 3 billion rand (ZAR; approx. US$163 million) in funds committed by the middle of 2021. The aim of the fund was to support the government’s response to the spread of the virus by assisting existing programmes and initiatives. In the early weeks of the lockdown period, the fund supported emergency food relief for distressed households across the country and other similar initiatives.

The government made existing social grants available a few days earlier than usual, to alleviate congestion and maintain social distancing during the collection of grants by recipients. This measure also provided recipients with an extended period within which they could access their funds. Several measures were put in place to support businesses in distress. This included tax relief, funding support to MSMEs, and extending the wage subsidy programme to allow firms to retain a larger number of workers.

A secondary response to the pandemic was aimed at stabilizing the economy by supporting businesses and households to resume economic activity. In April, the president announced a social and economic support package amounting to 10 per cent of GDP, or ZAR500 billion. The funds were to be allocated in three areas: health, households, and businesses. Putting additional cash in the hands of poor individuals was critical to protecting the poor and vulnerable in South Africa. The first measure was to use the country’s well-established, extensive social grant system to distribute additional support to households in need. The increase in the grants was intended to be temporary, lasting for a period of seven months.

Another measure was the creation of the COVID-19 Social Relief of Distress (COVID grant). This new support mechanism was a temporary provision of assistance intended for individuals unable to meet their family’s most basic needs. The relief came in the form of food parcels, food vouchers, or cash. The mechanism was intended to be in place only for a short period of time but
was extended until April 2021, and was reinstated after severe riots took place in the country in July 2021. In order to support South African households, unemployment insurance via the Unemployment Insurance Fund (UIF) was expanded. Employers were able to claim from the COVID-19 Temporary Employee/Employer Relief Scheme (TERS) and continue supporting workers’ wages. COVID-TERS benefits were also intended to be temporary but were extended until January 2021 and then further extended until April 2021.

A tertiary response to the pandemic was aimed at driving the recovery of the economy. Measures to stimulate demand and supply through interventions such as infrastructure building programmes, the implementation of economic reforms, and other actions were discussed as ways to kickstart inclusive economic growth. While broader economic recovery was considered and implemented, initial interventions such as food parcel distribution were increased. In early 2021, funds were made available to the tourism industry and an official loan guarantee scheme was introduced to provide government-guaranteed bank loans to assist eligible businesses with operational expenses. The loan scheme was extended until July 2021, as there were several challenges to economic recovery.

The pandemic presented a distinct challenge to policy-makers with regard to support for informal workers. Informal workers, and the households they support, were placed in a particularly severe situation during the initial, most stringent part of the lockdown, when informal food vendors were excluded from the essential services workforce. This informal workforce is often the only source of income for many households, ensuring that they stay above the poverty line. Furthermore, 70 per cent of households in townships usually source food from informal vendors (PLAAS 2020). The very nature of informality makes it difficult for governments to provide appropriate and timely relief. Close to 3 million people were working in the informal sector, or around 18 per cent of total employment, in the months before the pandemic struck South Africa (see Rogan and Skinner 2022). The COVID grant was intended to cover those not already included in the safety net of social grants and unemployment insurance, such as those in the informal sector. The grant and the top-up offered via the social grant system were arguably the only protection provided to informal sector workers.

4.3 Effectiveness of policy responses

It is perhaps too early, and challenging, to conclusively answer the question of whether the particular mitigation strategies used in South Africa resulted in lower infection rates or fewer deaths or boosted the path to recovery. The emergence of new strains of the virus and delayed rollout of vaccinations in South Africa are also understood to have affected the severity of the subsequent waves of the pandemic.

Several studies have been able to examine the effectiveness of the social protection policies enacted during the pandemic (see Benhura and Magejo, 2020; Bridgman et al. 2020; Jain et al. 2020; Köhler et al. 2021). The general consensus from the evidence is that policies were well intentioned but many workers and household still fell through the safety net, pointing to the inadequacy of the policies in terms of both scale and targeting. It is known that the safety net provided by pre-pandemic social policies did not reach all those who needed support. The pandemic made clear the large holes in the social security safety net, and several research projects have been able to point to very specific groups of individuals who received very little or no support (see Koehler et al. 2021 for a detailed analysis).

Food insecurity and adult and child hunger increased alarmingly in the early stages of the pandemic, reversing the improvements of the past 20 years (Bridgman et al. 2020). No single policy has been found to be responsible for reducing food insecurity during the pandemic, but rather a combination of COVID-TERS benefits, individuals returning to work, the covid grant, the return
to the National School Nutrition Programme in July 2020, and public and private food assistance all played a role. Further research shows that for 10 per cent of South African households, the only government grant received was the COVID grant (Jain et al. 2020). The civil unrest in July 2021 in South Africa was testament to the serious hunger crisis faced by the vulnerable since much of the social support was suspended in April 2021.

Employment losses were most significant among women, those with lower levels of education, those in manual occupations, informal workers, and the poor (Jain et al. 2020a). Wage decreases were seen for formally and informally employed workers, but informally employed men and urban area workers faced larger decreases. There were large decreases in hours worked for both men and women in urban informal employment relative to formal employment (Benhura and Magejo, 2020). Early in the pandemic, it was evident that informal workers had been locked out of the economy and that interventions needed to be scaled up and better targeted towards them (Rogan and Skinner 2020). Evidence shows that a small share of TERS recipients were informally employed (Köhler and Hill 2021). The programme targeted workers registered for the UIF, typically in the formal sector. The evidence suggests the TERS programme supported informal workers disproportionately affected by the lockdown. At the end of 2020, only one-third of jobs lost in the informal sector had been recovered (Köhler et al. 2021). At the same time, the government faced a challenging budget situation. The unemployment rate remained high, at 32.7 per cent, at the end of 2022. Efforts will need to continue until there is consistent evidence of economic recovery and stabilization in households.

5 Conclusion

This paper has discussed the evolution of the pandemic and containment measures, the policy responses, and the effectiveness of policies in Ghana, Kenya, and South Africa. These countries all confirmed their first COVID case in March 2020 and initiated more or else similar restriction measures, such as lockdowns, travel restrictions, closure of schools, and curfews among others, to contain the spread of the disease. The countries also came up with several policy measures to reduce the economic impact, especially when lockdowns were introduced. Some initiatives were put in place to help highly vulnerable households and informal workers, who dominate the labour market, particularly in Ghana and Kenya. To stabilize the economy, policies were initiated to support enterprises and businesses, particularly MSMEs. Some of the policies, particularly the economic stimulus packages, were also aimed at aiding the recovery of the economy.

Although, it is still too early to ascertain the effectiveness of policies, it seems from these case studies that there has been a strong but uneven recovery in employment and incomes following the relaxation of the stringent measures and the support put in place through policy interventions. In Ghana, although there was a rebound in economic growth in the third quarter of 2021, the recovery in employment was stronger for formal employment, and women and informal workers were less likely to have resumed work. In Kenya, the supportive policy and relief interventions helped to boost economic recovery, as demonstrated by the strong growth of 7.5 per cent in 2021, largely supported by services sectors. Growth normalized to 5.5 per cent in the first quarters of 2022. However, the employment and income effects of the pandemic are still being felt, especially among youth people, women, and workers in the informal sector. In South Africa, the recovery was uneven: economic growth decreased by 1.3 per cent in the last quarter of 2022, following an increase in the third quarter. The economy has grown by only 0.3 per cent since the pre-pandemic period, lagging behind the 3.5 per cent population growth over the same period. While the rate and level of recovery in employment were greater for formal employment, both were very sluggish and uneven for informal workers, particularly women.
The employment situation in all three countries suggests a slow and uneven recovery for informal workers, particularly women, given lack of access to cash transfers and other relief packages provided during the pandemic. The Ghanaian case shows that informal workers are less likely to start work compared with workers who have been in formal employment. There is also a gender gap in the labour market recovery: more men are able to start work compared with women. Although at the aggregate level employment recovered in 2021, the effects still linger, though difficult to quantify at the micro level given limited detailed data on informal sector employment. In South Africa, the rate of informal employment is still significantly lower than it was in the pre-pandemic period. Particularly, the recovery in employment among women has been only slight since the third quarter of 2020. Within the three countries, there has been unevenness in the recovery of informal employment. It is also likely that the recovery of informal employment differs between the countries, as the size of their informal sectors and their recovery measures differ.

The experiences of these countries show the difficulty in attempting to balance protecting lives and sustaining livelihoods. They also highlight the challenge of designing targeted policies that ensure the most vulnerable are not being left behind. The pandemic has provided key lessons, including the need to develop a robust social protection system. Additionally, safety net and economic stimulus packages during crises such as pandemics should be gender-sensitive and well-coordinated to ensure that they benefit the most-affected. Containment measures must be complemented by adequate relief to the poor and vulnerable provided in a quick, safe, and effective manner. In order to restore income and preserve livelihoods, income support in the form of direct cash payments to those in need is crucial. But more needs to be done to mitigate the impact of the pandemic on informal workers, particularly women. It is important for countries to develop measures to support workers in this segment of employment. Maintaining an up-to-date, comprehensive database of information and statistics is vital for the planning and identification of beneficiaries for targeted social protection. There is therefore a need to build capacity across all three countries to deal with future shocks and pandemics.

The pandemic is not over yet, and hence, access to vaccines to boost herd immunity remains central to stronger recovery. Furthermore, the emergence of other global shocks, including the Russia–Ukraine war in 2022 and elevated inflation in advanced economies, has slowed recovery. It is time for the world to continue to show solidarity with those most in need and most affected, since pandemics know no national boundaries.

References


