

Impact of COVID-19 on informal sector workers in Rwanda

Mwambari Faustin¹ & BIZIMANA Appolinaire²

1. Introduction

Near the end of 2019 and beginning of the year 2020, the world is experiencing a hurtful moment brought by COVID-19 pandemic. In its infancy at the end of 2019, people were confused about what it is. In this context, people were not aware of its extent of contamination and disturbance as well as its effects on human economic wellbeing. But up to now, people are aware of its causes, effects and its way of spreading. The effect of this pandemic touches on human wellbeing. Normally, there is nothing like wellbeing minus employment opportunities.

These opportunities are mainly found in both formal sector and informal sector. Nevertheless, workers in informal sector are more vulnerable compared to their counterparts in the formal sector.

The reasons of this vulnerability is associated with characteristics of being wage workers or self-employed without secured employment contracts, and therefore usually do not enjoy workers' benefits, social protection or workers' representation (FAO,2020). Similarly, to the East African region, Rwanda's informal sector is characterized by unincorporated enterprises owned by households and which employs persons of 16 years of age and above who were engaged in unregistered private business enterprises that did not keep written records of accounts (NISR, 2019).It is also important to note that this sector is dominated by Agriculture, forestry and fishing, wholesale, retail trade, repair of motor vehicles, motorcycles, in manufacturing sector as well as transport and storage (NISR, 2020).

1. Acting Director General of Labour& Employment, the Ministry of Public Service and Labour / Rwanda, research interest: Labour market.
2. Labour Market Interventions and M&E Specialist, the Ministry of Public Service and Labour / Rwanda, research interest: Labour market.

Due to their working conditions workers in the informal sector experience insecurity of employment and instability of income. Therefore, it is easier for them to be affected by a new emerging pandemic like COVID-19. Not only pandemic itself but also measures to avoid its quick spread. It has been identified that dying from hunger or from the virus is the all-too-real dilemma faced by many informal economy workers (ILO, 2020). Hence, this policy focuses on options to deal with the observed impact and propose key recommendations on the best option in order to ensure well-being, productive and decent work for informal sector employment and smooth transition to formal sector.

2. COVID-19 and Rwanda Informal Sector

In Rwanda, informal sector is defined as all persons 16 years of age and above who were engaged in unregistered private business enterprises that did not keep written records of accounts. They are mainly made up of domestic workers, hawkers, street vendors, mines and workers in tea plantations, barbers and hairdressers, street vendors, workers in restaurants, and other unregistered service providers. These workers depend on their daily earnings to survive and they work in a situation of decent work deficits. This policy brief exclude workers in informal workers in Agriculture and domestic workers since their working environment was not seriously affected by COVID-19 except a small number of cases where domestic workers were chased due to the availability of their employers at home during lockdown.

It is important to note that people tend to search for employment in informal sector due to insufficient employment opportunities in formal sector. Like any other country, Rwanda is experiencing a serious burden caused by COVID-19 either in increase in number of infected persons with lower cases of recoveries as well as few deaths. Despite this increment, the Government of Rwanda tries its best to ensure a joint and well-coordinated mechanism to fight and reduce COVID-19.

In this fight, economic sectors mainly informal have been frustrated and their workers either casual, temporary or permanent are facing starved life. This starvation comes from loss of jobs and consequently income. Rwanda counts over 75% of workers in informal sector, this means that three in four are employed informally either in formal or informal sector (NISR, 2019).

The results reported by Rwanda Labour force survey 2019 indicates that there were 2,931,494 persons employed informally including 214,199 employed by households, 238,264 employed in informal sector and 2,479,032 who have informal employment in informal sector.

It has been also noted that there were 1,331 persons employed formally in informal sector. As concluded by NISR (2019), Rwandan informal sector employed 2,480,363 persons. Therefore, this majority of informal employment in informal sector implies a big number of people in a situation of vulnerability due to COVID-19.

3. Impact of COVID-19 on Rwandan Informal workers in informal sector

Despite the increase of new infected cases and fatalities, the pandemic COVID-19 is a major economic and labour market shock, presenting significant impacts in terms of unemployment and underemployment for informal workers (FAO, 2020).

3.1. Impacts in terms of unemployment and underemployment

In 2019, NISR reported 15.2% of unemployment rate while 55.7% were not having enough paid work or not doing work that makes full use of their skills and abilities. Due to COVID-19, these statistics were expected to increase because of lockdowns at country; this is accompanied by restrictions on the movement of people which led to the closure of some businesses. In this era of COVID-19, informal sector as well as in other sectors experienced loss of jobs and employment opportunities as well as business stagnation.

During Rwandan lockdowns in mid-March and April 2020, the Ministry of Public Service and Labour conducted a national quick assessment on both formal and informal sector workers whereof the 4,150 private enterprises surveyed, it was found that 2,450 companies continued to work while 1,700 closed their businesses. In 94,509 employees working in these institutions; 38,757 lost their jobs while 1,143 their salaries have been reduced whereas only 54,609 employees continued to get their full salaries. Workers in Hotels and Tourism experienced a significant impact in losing their jobs; of 4,307 workers in these domains 3,515 (81.6%) lost their jobs.

3.2. Financial burden-Loans payments

As highlighted in the established economic recovery plan for overcoming the consequences brought by COVID-19, fiscal and monetary responses in place do not reach the informal economy while the strain on incomes resulting from the lockdown and decline in activities/consumption will devastate informal workers (and their families) close to the poverty line.

3.3. Cost of COVID-19 Pandemic

One of the measures to prevent the spread of COVID-19 is lockdown where Rwandans were obliged to stay home. In this exercise, people have to bear the cost of lockdown but not easy due to job losses. Based on this fact, life becomes harder for informal workers whose life depends on daily earnings. At the same time, a rise in price of basic goods and reductions and/or shifts in demands and consumption patterns among informal sector casual workers. This is confirmed by Ministry of trade and industry that fixed prices for 17 food items including rice, sugar and cooking oil.

3.4. Lack of Means to comply with COVID-19 Preventive Measures at Workplace

In a bid to respect measures of preventing the spread of COVID-19, there are two main dilemmas in society; dying from hunger caused by staying home or dying from COVID-19 due to going out. In searching for responses, the government of Rwanda chose to lessen some measures like lockdown and permitting trans-provincial journey. This intervention does not permit people to forget how closer pandemic is. Thus, people were requested to wear masks, practice of social distancing as well as frequency hand washing. In this context, it is not easy for some informal workers like street vendors; this is caused by lack of means to comply with the mentioned prevention measures as well as occupational safety and health at workplace.

4. Recommendations

Although COVID-19 caused many problems that burden workers in informal sector, governments and its key stakeholders should not keep quiet that is why this policy brief calls for the government to coordinate responses to mitigate the economic impact of COVID-19. In this perspective, the following key policies are proposed as key policy recommendations:

4.1. As COVID-19 has affected workers in informal sector in terms of increasing unemployment rate as well as under employment, experience revealed that some sector like Agriculture has been less affected; therefore, reinforcing and sustaining value chains in the sectors that have seen to be less affected by pandemic of COVID-19 could help to boost employment opportunities.

4.2. It was highlighted in the economic recovery plan that fiscal and monetary responses in place do not reach the informal economy. Thus, in order to protect businesses/jobs and stimulate consumption of households, the Fund will create a window to support micro businesses via MFIs financing and BDF providing credit guarantee. Hence, it is advised to define strategy to reach businesses in informal sector.

4.3. The pandemic of COVID-19 caused significant job losses and create conflicts between employees and employers. This could have beenovercame by establishing a clear framework of conflict resolution between employees and employers, social protection schemes for vulnerable employees, deepening social dialogue between employees and employers, innovate forms of social security for non-formal workers.

4.4. Workers in informal sector do not enjoy occupational health and safety in their workplace. In this context, the establishment of strategies to induce occupational safety and health for workers in informal sector could help to comply with COVID-19 prevention measures at workplace.

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The authors:

Mwambari Faustin, mafaustin02@gmail.com, Tel: 0783309450

BIZIMANA Appolinaire, bizappo@gmail.com, Tel: 0785416453

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