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Author(s): | SY Sokona |

Title: Impact of Covid-19 on the informal workers

The Covid-19 outbreak has demonstrated once again the severe economic, political and health crises that a pandemic can trigger. As of June 2020, 215 countries and territories have reported Covid-19 cases. Firstly, spared by the worldwide pandemic, the African continent now records 191,993 Covid-19 cases with a death toll nearing 4,281. South Africa, Nigeria and Algeria have been most affected.

Due to the growing number of infections across the continent, governments quickly implemented restrictive measures such as full or partial nationwide lockdown, in order to curb the spread of the virus.

These drastic measures were needed in a continent where a large number of people live with suppressed immunity because of the high prevalence of TB and HIV but also high levels of poverty and malnutrition. It is also important to note that the health resources available to the nations are still insufficient and the continent, compared to other regions, counts fewer ventilators, nurses and hospitals per capita.

Even though Africa was recognized and applauded for its management of the outbreak, the pandemic resulted in hunger and social distress to Africans. It is particularly true for those living hand to mouth and the daily wage earners of the informal sectors who find the restrictive measures more detrimental than the virus itself.

Covid-19 and informal sector in Sub Saharan Africa

According to the International Labour Organization (2003), informal employment can be defined as “all remunerative work that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise”. In sub Saharan Africa (SSA), this informal economy accounts for 89.2 percent of all employment. Because these workers are not protected by any employment contract and usually don’t secure any social protection, they are vulnerable especially in times of crisis.

McKinsey & Company’s recent report suggests that 100 million informal jobs, i.e. one third of all employment, are in vulnerable sectors. According to the firm, workers in the retail and wholesale sector alongside the agriculture sector are the most impacted by the crisis and are more likely to have their salaries slashed or even worse not be paid any income at all. It is clear that without government grants and support, households depending on the informal economy are at greater risk of impoverishment, poverty and poor health being inextricably linked. Despite the protection of economic rights through specific initiatives and funding, none of it has focused on the informal economy.

For example, the President of Kenya, Uhuru Kenyatta, in his second address to the nation, declared the government’s support for small and medium enterprises by providing them with funds aimed to help them get...
through the crisis as well as a tax relief for employees earning less than 280,000 Ksh per month. This crucial support albeit good for the beneficiaries leaves out the 82.7% workers in the informal sector as they don’t fit the small and medium enterprise criteria thus leaving them stuck and devastated. Even though the informal workers were not specifically targeted, the President promised that cash transfers will be effected by the Ministry of Labour and Social Protection to help protect vulnerable members of society from the harsh economic effects of the Covid-19 outbreak.

The same is also true in South Africa. President Ramaphosa declared in his first speech to the nation a comprehensive package of economic measures to be implemented in order to mitigate the effects of the pandemic on the formal economy, small, medium and micro-sized businesses. It is only in his second address to the nation and after a wave of protest throughout the country that the President paid special attention to the informal sector by putting in place a raft of measures aimed at protecting their wages and assisting them in the same way as formal businesses.

Sustaining progress towards Universal Health Coverage in the context of covid-19

The rapid implementation of the Universal Health Coverage (UHC) seems to be more than ever urgent in order to protect Africans from any future social and economic crisis. Considered as a key agenda item for the World Health Organization (WHO), UHC is the idea that “all individuals and communities receive quality health care services that they need, and are protected from health threats without suffering financial hardship”. While most of the countries in the continent have mainstreamed UHC in their national health policies, policy makers face challenges in translating these commitments into reality.

Even though the number of Covid-19 cases and fatalities are lower than other regions, it is without doubt that the economic and social consequences will be detrimental to the sub-Saharan African population. In fact, it has already been predicted that the outbreak will further exacerbate health inequalities and poverty but also weaken the fragile SSA health systems. This current pandemic is thus an opportunity to face our realities and forge ahead.

As we previously noted, since the beginning of the outbreak millions of informally employed Africans around the continent have lost their jobs or experienced a reduction in wages. This impoverishment of households and their dependants might lead to potential catastrophic payment from out of pocket health spending and consequently increase poverty in already vulnerable populations. In fact, studies have demonstrated in the past that out of pocket payment leads to a rise of poverty in poorer households and better off households are less likely to be affected by catastrophic health payments.

However, the road to UHC is not necessarily easy for many low- and middle-income countries and frequently informally employed, the « missing middle », and their dependents do not have equal access to health. This can be due to financial barriers (ex: the cost of private insurance), a legal loophole or incoherent and disparate policies.

In many countries such as in the United States, the pandemic has displayed the existing disparities and reinforced the idea that people that are uncovered by health insurance are reluctant to access health services. However, in times of pandemic, poverty or lack of insurance (private or public) should not be a barrier in accessing those services. With communicable diseases such as Covid-19, the consequences may have an impact on the general population, leading to a major public health crisis. In fact, the poorest might decide not to contact their physicians in case of symptoms, choose to delay testing or seek help because of the price thus exposing others to contract the disease. Worse still, they might seek help only when the symptoms are life-threatening.
It is thus crucial for governments and policy makers to urgently provide a social health insurance plan against out of pocket payments for health in order to alleviate financial risks linked to health expenses. Alongside the immediate recovery measures that have been already implemented in SSA, states in partnership with institutions and the private sector, should consider now more than ever a rapid progress towards UHC that include the entire population.