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An Assessment of the Impact of COVID-19 Responses on MSMEs in the Informal Sector: Evidence from Commonwealth Countries in Africa

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Abstract

The coronavirus (COVID-19) pandemic has led to severe economic disruption, with the informal sector, employing nearly 86 per cent of Africans, being particularly vulnerable. A large proportion of the African informal economy is engaged in agriculture and related activities such as food processing and sales; other main sectors include retail trade, transportation and construction. Policy responses and measures to provide support for the informal sector need to reflect these structural features.

This report summarises current policy responses and groups them into five key areas: health and safety measures; welfare support; responses on taxes and fees; finance and credit measures; and structural policies. It then proposes a simple COVID-19 Response for Informal Sector (CRIS) Index that combines information on four indicators (breadth, access, cover and adequacy) for each policy area, based on announced measures, as well as the existing scenario in country, allowing for systematic comparisons across the countries. Finally, it recommends a combination of short-term responses and medium- to long-term measures that are needed to support recovery for informal enterprises and workers.

JEL Classifications: J46, O13, O17

Keywords: Commonwealth Africa, COVID-19, informal sector, agriculture, policy responses

Contents

1. Introduction

The coronavirus (COVID-19) pandemic has led to severe disruptions around the world. The adverse economic consequences from efforts to contain the spread of the virus so far have proved significant. Global supply chains have been affected directly, commodity prices have declined, financial flows are plummeting, several enterprises have been forced to suspend operations and numerous livelihoods are at risk.

Many African governments responded with public health measures to limit the potential spread of the infection. A range of economic responses and measures have also been implemented to keep the economic fabric alive by preserving jobs and businesses, but with a noticeable variation across countries. The combination and types of measures adopted as well as existing capacities in-country will have important consequences for the severity of the economic downturn.

Micro, small and medium-sized enterprises (MSMEs) in the African informal economy have been particularly vulnerable to the disruptions (African Union 2020; ECA and IEC 2020), as they have limited resources and contingency plans to adapt and scarce capacities for recovery. At the same time, the effectiveness of the economic interventions remains uncertain for these actors. The structures in which such MSMEs operate are often specific to the region or country context. Hence, policy responses to support MSMEs will need to be grounded in similarly specific contexts and circumstances.

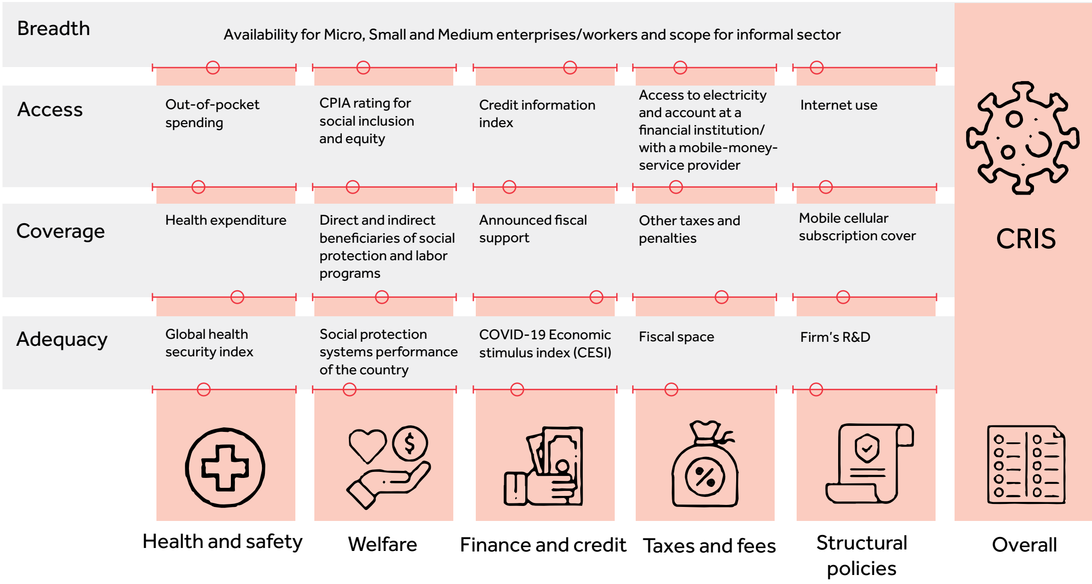
Effective response to COVID-19 to safeguard MSMEs and workers in the informal sector will require a mix of swift context-specific, short-term measures implemented with speed and flexibility and more medium- to long-term measures that focus on building resilience and capabilities. The interventions will need to account for differential structures; result from regular engagement and dialogue with stakeholders; and ensure flexibility in monitoring design and implementation.

This report provides an assessment of the potential impact of the COVID-19 pandemic on MSMEs in Commonwealth Africa. It reviews the current economic policy responses and investigates if these responses are sufficient to safeguard actors in the informal sector, given specific circumstances across countries. The analysis considers both the immediate short-term emerging implications, as well as challenges for the medium to long term. Additionally, it draws focus to the likely heterogeneity of impacts across sectors.

The current economic policy responses are presented as the 'COVID-19 Policy Response for Informal Enterprise Monitor (CPRIM)' and include a subset of actions and measures that affect informal enterprises and workers, either directly or indirectly, as of 15 May 2020. It does not aim to provide a full picture of measures undertaken, but provides a consolidated overview of how Commonwealth countries in Africa[1] have responded to the implications of COVID-19 through: (i) **health and safety** measures; (ii) **welfare support** in the form of grants and safety nets; (iii) **finance and credit** support for firms; (iv) **taxes and fees** being waived; and (v) **structural policies** to encourage the adoption of digital tools or information. The CPRIM can be updated frequently as the response measures continue to evolve. A four-point diagnostic tool is used to assess the breadth, access, short-term cover, and medium- to longer-term effects across the five areas. These four different indicators are standardised for each of the five areas and combined to yield a simple unweighted COVID-19 Response for Informal Sector (CRIS) Index[2] that allows for systematic comparisons across the countries, helping narrow down both lessons and gaps that can inform further policies. See Figure 1 below (details in Annex Box A1).

The report is organised as follows: Section 2 reviews the broad structure of the informal economy in Commonwealth Africa and then analyses the channels of transmission of the COVID-19 global crisis; Section 3 presents the methodology of the report – developed especially to address the question of adequate support for the informal sector; Section 4 outlines the economic responses across countries, assessing the potential coverage and gaps for the enterprises and workers; and finally, Section 5 concludes by outlining a list of recommendations.

Figure 1. COVID-19 Response for Informal Sector (CRIS) Index



Source: Author illustration.

2. COVID-19 and MSMEs in Africa's informal economy

COVID-19 is creating severe hardships in many African countries, where most of the population works in the informal sector. Many African countries curbed the initial spread of coronavirus, but they have been slower to cushion their citizens from its economic impact. This section begins by outlining stylised facts about the structure of the informal economy, with examples by country.[3] Next, it discusses the unfolding impact and the transmission channels by which the informal enterprises and workers are being affected.[4]

2.1 Informal economy in Africa

The informal economy comprises two billion people worldwide, with the common characteristics of ease of entry, reliance on indigenous resources, family ownership, small-scaled operations, labour intensive, adaptive technology, and unregulated and competitive markets (International Labour Organization [ILO] 2020).

Eighty-six (86) per cent of Africans are informally employed, with the share varying significantly across the region: informal employment is lower in southern Africa, where it ranges from 32.7 per cent in South Africa to 43.9 per cent in Namibia (Bonnet et al. 2019). The countries with the highest proportion include Uganda (93.5%), Madagascar (89.2%) and Tanzania (76.2%).[5] In Nigeria, informality is at an average of 57 per cent of the country's GDP, though growth in this sector has declined from contributing 57 per cent of the country's GDP in 1991 down to 52 per cent of the national GDP in 2015. At the other extreme, Mauritius is the country with least informal economy activities, which averages 23 per cent towards national GDP.

Informality peaked for workers with low educational attainment. Disaggregated data further tells us that women are more likely to be informally employed than men in non-agricultural sectors. According to ILO estimates, 74 per cent of women's employment (non-agricultural) is informal, in contrast with 61 per cent for men. Regional trade in Africa is dominated by informal activities and the exchange of commodities across land borders. Such activities are engaged in mostly by the poorest and the most vulnerable, particularly women (World Bank 2017).

Self-employment constitutes 53 per cent of informal employment in Africa, i.e. these are unpaid family workers and family-run informal businesses/do informal work and are not wage-based workers. Persons in self-employment include those who during the reference period were (a) 'at work' (i.e., performed some work for profit or family gain, in cash or in kind) or (b) had an enterprise, such as a business or commercial enterprise, a farm or a service undertaking, but were temporarily not at work for any specific reason. Informal workers in non-farm employment include wage workers without social protection or other formal insurance arrangements, and the self-employed, such as street vendors and their contributing family members, as well as daily laborers.

Informal sector concentration varies across countries. In Tanzania, most informal employment is in the services sector (Adams et al. 2013, p.245) – in the trade, hotel and restaurant sectors; wholesale and retail trade and repair of motor vehicles were the main sectors of activity. In Kenya, more than two-thirds of informal sector jobs are in trade, restaurants and hotels (World Bank 2016).

In Botswana, the informal sector is quite diverse, with activities spanning wholesale and retail, manufacturing, services, hospitality and catering, building and construction, health and social services, education/tutoring, and others. In Nigeria, the informal sector is dominated by sectors such as real estate, trade, manufacturing (mainly of food, beverages and tobacco, textiles and cement), and information and communication (telecom, publishing, motion pictures and broadcasting).[6]

The non-agricultural informal economy in Ghana comprises small-scale gold and diamond mining activities, small-time garage operators, shoe-manufacturing businesses, private lotto operators, private arms manufacturers and a wide category of petty traders, including street vendors, hawkers and market traders. In addition, groups are engaged in commuter services in the major cities of the country, private taxi services, and small-time loan and savings scheme operators, etc. (Kofi Ocran 2018).

Informal businesses are numerous and dominate market activities such as in Mozambique (Aga et al. 2019). Here an estimated 72 per cent of informal firms are in retail, while other common industries are other manufacturing (7.4%), personal service activities (6.1%) and food manufacturing (4.8%); and only one in ten businesses is registered with authorities.[7]

The major informal sectors (except agriculture) in Zambia include wholesale and retail trade, community, social and personal activities, and manufacturing (Kedia Shah 2012). In Uganda, the majority of informal sector work is in trading and services, with firms typically operating either in a trader's market, from home or trading from the street, with no physical premises.[8]

In a recent blog, World Bank estimates using enterprise surveys suggest that disruption in the operations of informal businesses will not only jeopardise their existence but will also put individuals owning these businesses and their families at risk. These entities will likely face struggles with the hard choice of staying home and facing starvation or running the business and risking infection. However, their use of mobile money provides a good entry point that could enable reaching these otherwise hard-to-trace actors.[9]

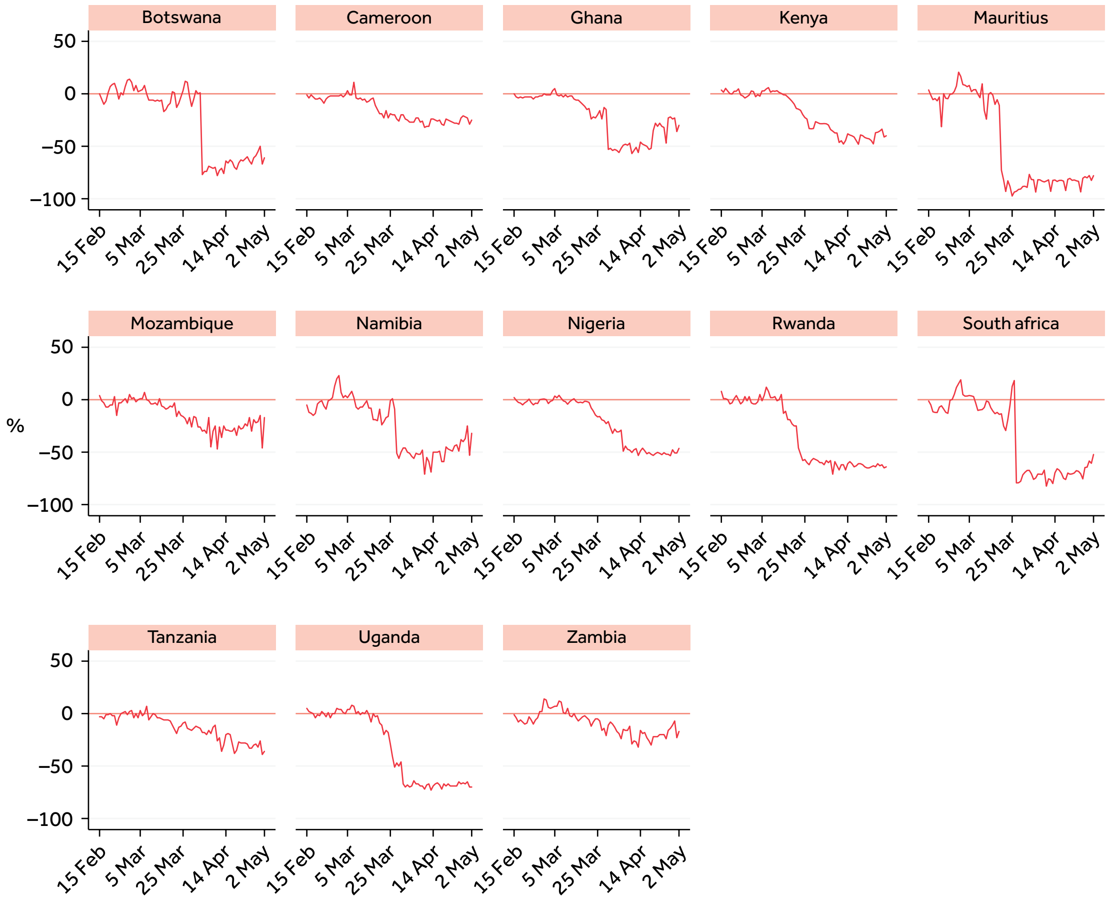
2.2 The unfolding effects of COVID-19 for MSMEs

COVID-19 is affecting informal MSMEs simultaneously through two direct transmission channels: demand-side shocks and supply-side effects; as well as indirectly through financial shocks and uncertainty, which are likely to affect longer-term outcomes (World Bank, 2020).

As the first direct channel, consumers are demanding fewer goods and spending considerably less on services such as travel, entertainment, etc., directly affecting informal enterprises. These are also affected by a reduced demand for goods and services from formal firms and from the knock-on effects of reduced exports. For example, retail and recreation sites have experienced a reduction in mobility between 20 and 50 per cent across all African countries (Figure 2).

Second, restrictions are affecting the availability of labour – public transit and mobility for places of work have also decreased by 29 and 14 per cent. The restrictions have taken a significant toll on the 41 per cent of people who already live below the $2-a-day poverty line.[10] Firm productivity is also likely to decline with new modalities of work. The lack of intermediate goods will directly affect firms that are reliant on them. For example, Nigerian small and medium-sized enterprises (SMEs) in nutritious foods production and

Figure 2. Mobility changes at retail and recreation sites across African countries



Source: Author's own, using Google's mobility data as per availability. These show how visits and length of stay at different places have changed compared to a baseline.

processing are reporting great difficulties in accessing raw agricultural produce. This is affecting production and workers are being laid off, with the expectation of shutting operations completely.[11]

The two direct channels are creating liquidity problems, resulting in reduced output, as well as worker layoffs. The issues are exacerbated for informal MSMEs that are often outside the scope of formal banking channels.

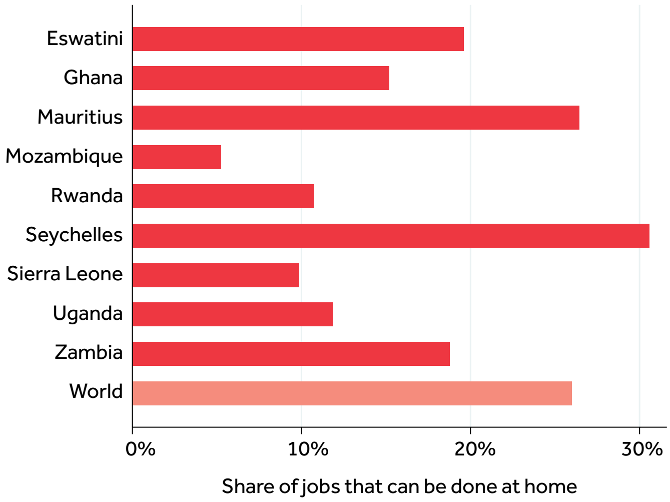
Informal enterprises will also face indirect effects as a result of funding constraints and credit conditions for formal firms; and more medium- to longer-term effects from uncertainties in relation to investments, innovation and entrepreneurship.

Some affected firms and workers are trying to adapt – switching to work from home, online retail or home delivery. For firms to adapt to these modes they need certain organisational capacities, familiarity with digital platforms, sufficient infrastructure (such as internet coverage) and also consumer demand for these new approaches.

A recent World Bank report (Calderon et al. 2020) suggests that the vulnerability of informal firms to the demand effects can be assessed by estimating the share of businesses that are more affected. The share of jobs that can be done from home in Commonwealth African countries (Figure 3) ranges from 18 to 25 per cent (Dingel and Neiman 2020), close to the world average, suggesting that some African economies may be able to continue to work during periods of stringent social distancing.

However, the main challenge is that less than 20 per cent of the African population has access to the internet. This is compared with 90 per cent of the population in advanced countries and 60 per cent in other developing countries (Calderón and Contu 2020). The issues will be acute in sectors such as food services, retail trade and manufacture of non-essential goods, where workers risk being laid off.

Figure 3. Share of jobs that can be done from home in African countries



Source: Author's own, using data from Dingel and Neiman (2020).

For example, in Botswana's informal sector, workers and small businesses, including bus drivers, car washers, hawkers and street vendors, are no longer able to earn a living; and approximately 20 per cent of people are unemployed and struggling to access food, healthcare and other essential services.[12]

In most African cities, vendors and marketers now operate in settings with access to electricity, clean water and sanitation (Glatzel 2017). One study found that in Durban, South Africa, water and toilet expenses cut out 8–12 per cent of vendors' monthly earnings, while in Nakuru, these cost burdens were even higher: vendors spent approximately 20 per cent of their incomes on water, sanitation and hygiene (WASH) (Carr 2019). These actors remain the most vulnerable.

Informal businesses are feeling the effects of a slowdown in economic activity, particularly in the transport sector – for instance, in Cameroon and in Ghana,[13] where many in public transport are not allowed to work. In Kenya, the hardest hit includes workers from the informal economy – notable among these being in hotels, restaurants, arts and craft, hair dressing and beauty salons, and plantations. In floriculture (flower-cut) farms, about 20,000 flower-cut farm workers have been sent home on unpaid annual leave.

3. Methodology

A two-stage methodology was used to provide an assessment of the potential impact of economic measures and to investigate the extent to which these will be sufficient to safeguard the informal economy. The two stages were:

- First, a comprehensive review across various policy trackers, government websites and wider media outlets. This yielded five broad response areas.
- Second, a diagnostic tool, assessing the policies and accounting for country-specific circumstances. This was constructed to examine variation across countries.

These steps are outlined below.[14]

3.1 Response areas

A comprehensive review across various policy trackers, government websites and wider media outlets, plus a scoping of the emerging and existing literature on responses to pandemics more generally, yielded the following five broad areas. These were used to compile the responses that were announced and implemented as of 15 May 2020:[15]

- **A1. Health and safety**: Measures aimed to improve access to health, improved sanitation, etc. that protect the well-being of individuals and workers.

- **A2. Welfare**: Measures to maintain employment levels and support temporarily unemployed workers, such as cash transfers, fee waivers, wage or employment support.
- **A3. Finance and credit**: Measures aimed at facilitating access to credit and reducing related costs, such as economic stimulus, credit schemes, loan guarantees.
- **A4. Taxes and fees**: Measures aimed at reducing or postponing indirect tax burdens and fees for the informal sector – either directly or indirectly – in relation to VAT [value-added tax], mobile money, digital tools, utilities, etc.
- **A5. Structural policies**: Measures aimed at streamlining procedures providing support for clarity in rules, developing skills, teleworking/digitalisation, innovation, training and redeployment etc.

These areas, A1 to A5, are the core of the analysis and are used to group proposed and announced measures and presented as the CPRIM, which includes a subset of actions and measures that could affect informal enterprises and their workers, either directly or indirectly, as of 15 May 2020.

3.2 Assessing impact of COVID-19 on informal MSMEs

It is currently unclear how the various policies and measures announced in the wake of COVID-19 will impact the informal sector. This paper proposes a diagnostic tool to investigate these measures, assessing four indicator areas: breadth, access, short-term cover, and medium- to long-term adequacy across the five policy areas. By standardising the responses across the indicators and response areas, an unweighted index helps examine variation across countries. The details of this tool are discussed below (see also Annex Box A1 and Table A2).

i. Breadth

The breadth of the measures for the informal sector is assessed in two steps:

- first, the general availability for MSMEs is identified from the policy announcement; and
- second, the scope for the informal sector is assessed based on the wording of the announcement, as well as discussions in the media.

Availability weighted by scope gives breadth and ranges between [0,1,2] that is standardised within [0,100] for the composite score.[16]

ii. Access

Even when there is availability and scope for the informal sector, access will vary across countries, especially as without employers, banks or ID [identification] systems to share contacts, it is difficult to reach citizens in need of assistance. Access will therefore be dependent on the existing scenario in country. It is measured for each policy area – to assess the country scenario, irrespective of a new measure – as follows:

Health and safety: For health and safety, access for those in the informal sector is based on the share of out-of-pocket spending on health by households (of total current health expenditures). This measure captures weaknesses, strengths and areas that need investment in a country, such as additional health facilities, better health information systems or better trained human resources. Health financing also serves as a proxy for access to health facilities and progress towards universal health coverage.

Welfare: Access to welfare measures is captured using the Country Policy and Institutional Assessment (CPIA) rating for policies of social inclusion and equity (1: low to 6: high), which includes gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for environmental sustainability. These aspects help assess the extent to which welfare measures are inclusive of actors in the informal sector.

Finance and credit: Access to finance and credit support for the informal sector is based on World Bank's Depth of credit information index, which measures rules affecting the scope, accessibility and quality of credit information available through public or private credit registries. The index ranges from 0 to 8, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions.

Taxes and fees: As governments announce waivers of utility fees, a major proportion of the informal sector may lack access to such utilities. Access to responses for taxes and fees for the informal sector is based on a combined assessment using two variables:

- First, access to electricity (percentage of the population) – it being impossible to operate a factory, run a shop, grow crops or deliver goods to consumers without using some form of energy. Using the broad indicator of electricity access helps assess the likely ease or complexity for informal enterprises and workers to make use of fee waivers on electricity.
- Second, account ownership at a financial institution or with a mobile-money service provider (percentage of population aged 15 years or more) captures the likely extent to which the informal sector will be able to access the waivers for mobile money and general loans.

The average across the two variables gives a good proxy for likely access for the informal sector.

Structural policies: Some governments have put in place measures to support innovative practices such as new modes of finance, digital ways of working, as well as promoting entrepreneurialism of MSMEs through structural policies (Organisation for Economic Co-operation and Development [OECD] 2020). Where these measures are in place, access may still be complex in less developed settings, as internet coverage remains limited or patchy at best. Access to these for the informal sector is assessed using individual use of the internet (percentage of the population), where internet users are individuals who have used the internet (from any location) via a computer, mobile phone, personal digital assistant, games machine, digital TV, etc.

iii. Cover

Additionally, during the immediate short term, there is an urgent need to adopt measures that address liquidity challenges, reduce layoffs, and avoid firm closures and bankruptcies for the informal economy. Short-term cover is measured as follows:

Health and safety: Short-term cover by health and safety measures is assessed by the level of current health expenditure (as a percentage of GDP) by the country that includes healthcare goods and services consumed. While this is a general measure, it proxies for immediate gaps which are likely to affect vulnerable populations in the informal sector.

Welfare: For welfare, cover is assessed using the measure of coverage by social protection and labour programmes that shows the percentage of the population participating in social insurance, the 'social safety net', and unemployment benefits and active labour market programmes. Estimates include both direct and indirect beneficiaries, and, therefore serve as a proxy also for informal sector actors.

Finance and credit: Governments have announced fiscal support packages. Ensuring liquidity support through direct credit lines or guaranteed commercial loans for the informal sector in the short term is measured in terms of announced fiscal support (as a percentage of GDP) taken from Elgin et al. (2020); Hale et al. (2020); and supplemented by public announcements. This is a general measure that picks up on economy-wide impacts, with likely indirect implications for informal actors.

Taxes and fees: Short-term cover by these measures is proxied using other taxes (as a percentage of revenue) that include payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes – some of which are more likely to be affecting the informal sector, directly or indirectly. The extent to which there is existing compliance to these will provide an approximation of the relief for informal enterprises.

Structural policies: Structural measures that streamline and provide information about procedures and new ways of work will be critical. The short-term cover by such responses is proxied using mobile coverage measured by mobile cellular subscriptions (per 100 people). This includes the number of post-paid subscriptions and the number of active prepaid accounts and applies to all mobile cellular subscriptions that offer voice communications. It excludes general internet subscriptions.

iv. Adequacy

Further, the recovery period will include challenges that firms will face once the epidemic is contained and lockdowns are removed, allowing businesses to re-open. The indicators therefore include an assessment of medium- to long-term effects in terms of area-specific challenges for informal MSMEs. This adequacy is assessed as follows:

Health and safety: The medium- to long-term effects are proxied by the Global Health Security (GHS) Index. This is an overall score as the weighted sum of the following category scores: i) prevention of the emergence or release of pathogens (16.3%); ii) early detection and reporting epidemics of potential international concern (19.2%); iii) rapid response to and mitigation of the spread of an epidemic (19.2%); iv) a sufficient and robust health sector to treat the sick and protect health workers (16.7%); v) commitments to improving national capacity, financing and adherence to norms (15.8%); and vi) overall risk environment and country vulnerability to biological threats (12.8%). Being a comprehensive measure, the GHS Index captures the longer-term implications for actors in the informal economy.

Welfare: The potential medium- to long-term effects are examined using the measure of adequacy of social protection and labour programmes, based on the total transfer amount received by the population participating in social insurance, the 'social safety net', and unemployment benefits and active labour market programmes as a share of their total welfare. 'Welfare' is defined as the total income or total expenditure of beneficiary households. Again, estimates include both direct and indirect beneficiaries, and provide an approximate idea of the longer-term scenario for the informal sector.

Finance and credit: The long-term likelihood of recovering from depressed demand is proxied by the COVID-19 Economic Stimulus Index (CESI), which combines all adopted fiscal, monetary and exchange rate measures (Elgin et al. 2020). This measure combines information across the categories of fiscal policy, monetary policy and balance of payment/exchange rate policy; while not a comprehensive measure, it provides a proxy for the likely medium- to long-term implications that will also affect firms and workers as a result.

Taxes and fees: The medium- to long-term effects will be driven by the fiscal capacity of the government. This is measured using the current account balance of the government (as a percentage of GDP), which is the sum of net exports of goods and services, net primary income and net secondary income. The measure provides an indication of the country's fiscal space and therefore reflects the medium- to long-term implications for adequate financial support to firms, households and workers.

Structural policies: To enhance the longer-term resilience of MSMEs and their potential for growth after the crisis, it is important that country responses include a broader array of structural policies. Longer-term measures should include training and investment in building capabilities. This potential is measured using a country's research and development (R&D) expenditures – the percentage of firms that spend on R&D. Based on underlying data from World Bank enterprise surveys, the universe of firms includes both formal and informal firms. It serves as an approximate measure for implications for the informal sector.

The four different indicators are combined for each area score and then the average of the five areas yields a simple unweighted additive index – the CRIS[17] – which allows for systematic comparisons across the countries.[18] CRIS can be denoted as:

$$CRIS = \frac{1}{n}\sum_{i=1}^{n=5} \bar{x}_i$$

Where $\bar{x}_i$ is the simple average across the four indicators for each policy area (i) and can be written as:

$$\bar{x}_i = \frac{1}{n}\sum\nolimits_{j=1}^{4} y$$

y is a vector that includes breadth, access, cover and adequacy.

4. Assessing policy responses and measures

4.1 Breadth

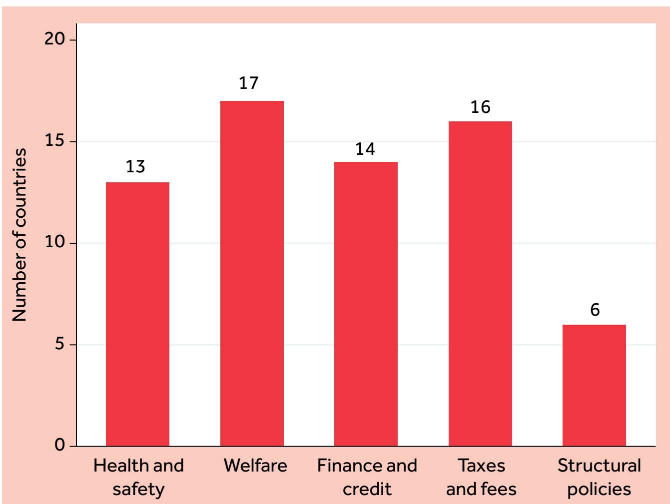
Responding to COVID-19, governments adopted economic packages, including fiscal, monetary and financial policy measures, targeting households, firms, health systems, etc. There is a significant variation in the set of responses across countries (Hale et al. 2020), especially so for those measures that may affect the informal sector, either directly or indirectly. Using the framework outlined above, policy responses across 19 Commonwealth countries in Africa are classified across the five areas. This involved a careful review of the current economic policy responses and measures. Annex Table A1 details the most relevant measures that were identified, as of 15 May 2020.

Figure 3 depicts the count for availability of measures, i.e. the number of countries across each of the five types of responses. Seventeen (17) out of 19 Commonwealth countries in Africa have announced or implemented welfare measures, while 16 countries have responded with measures in relation to taxes and fees. Many countries have also put health and safety and finance and credit measures in place. However, structural policies appear limited, as only six countries had covered this policy area. The assessed scope for the informal sector for these measures is also quite varied. Availability is weighted by scope, to yield breadth, and is presented in Figure 4.

4.1.1 Health and safety

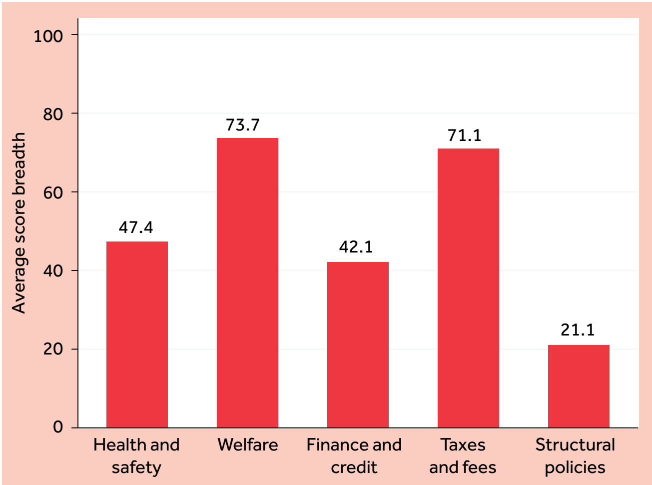
In addition to economic shocks due to COVID-19 and lockdowns, informal sector workers are exposed to short-term and longer-term health risks (WIEGO 2020). Governments have implemented measures aimed at improving access to health, improved sanitation, etc. Given that informal workers mostly live and work in congested spaces and do not have adequate access to water and clean sanitation,[19] they are at a high risk of getting infected. Workers need protective equipment, adequate supplies of water and suitable sanitation. With the above challenges in mind, in South Africa, the following group of organisations have come up with a set of COVID-19 health guidelines for informal traders: Women in Informal Employment: Globalizing and Organizing (WIEGO), Asiye eTafuleni (AeT) and the University of KwaZulu-Natal's Occupational and Environmental Health department (WIEGO 2020a). Using these guidelines and physical distancing, bibs and protective masks were made available in Warwick Junction (a large informal market where AeT works) in Durban, South Africa. In an interesting move, Rwanda

Figure 4. Policy responses across African Commonwealth – availability



Source: Author's own.

Figure 5. Policy responses across African Commonwealth – breadth



Source: Author's own.

has installed portable sinks for handwashing at bus stops, restaurants, banks and shops across the capital Kigali (Reuters 2020). There are also lessons from the past: for example, Sierra Leone did the same as Rwanda, during the Ebola Virus epidemic. This type of infrastructure and social compliance and vigilance is an important social good in the fight against COVID-19.

4.1.2 Welfare

The COVID-19 pandemic has caused a major economic and labour market shock, presenting significant impacts in terms of unemployment and underemployment for informal workers. The ILO estimates an increase of 5.3 million ('low' scenario) and 24.7 million ('high' scenario) in unemployment from a base level of 188 million in 2019 because of the current crisis globally (ILO 2020e). Thus, it can be posited that in African countries with large informal economies, more informal workers will have already lost their jobs, and will be facing extreme poverty and food insecurity (Food and Agriculture Organization [FAO] 2020).

According to the ILO, cash disbursements to low- and middle-income groups is an effective response to ensure continued consumption, as these households have a high propensity to use a large portion of transfers on goods and basic necessities, and this has an income multiplier effect. Some measures being implemented include online payments, in-kind transfers (food distribution), social grants to disabled people and the elderly, wage subsidies to prevent massive layoffs, and fee waivers for basic services. For example, the South African government, increased its social grant by 300 rand (R) (US$13) in May and by R500 (US$26) per month from June to October (Gentilini et al. 2020, p.110). Among African Commonwealth countries, others have also initiated cash transfers such as Namibia, Ghana, Malawi and Kenya.

4.1.3 Finance and credit support

Liquidity and cash flow are perennial issues in the informal sector, where cash reserves are low and money can dry up in a matter of weeks (Moyo 2020). Therefore, to survive the crisis and save jobs, MSMEs need urgent liquidity support through loans, loan guarantee schemes, etc. to restart business operations.

For instance, Ghana announced a soft loan scheme plan for MSMEs, with a two-year repayment and a one-year moratorium period. In Malawi, commercial banks and microfinance institutions will be restructuring SME loans and providing a three-month moratorium on their debt service. The Nigerian government will also provide additional loans to petty traders and artisans nationwide. A good example comes from Mauritius, where micro and small enterprises (MSEs) will be eligible to access loan facilities from the Development Bank of Mauritius (DBM) to an amount not exceeding 1 million Mauritian rupees (MRs) per applicant. MSMEs will also be allowed to access new loan facilities from commercial banks and be eligible for an embargo of six months on capital repayments and interest (Lexology 2020).

4.1.4 Taxes and fees

A common but critical economic response by several countries has been measures aimed at reducing or postponing indirect tax burdens and fees in relation to VAT, mobile money, digital tools, utilities, etc. In Africa, most countries have taken such steps. Examples include Kenya, which cut income tax rates, while Ghana is providing free water to citizens as long as they don't have any overdue bills with the national water company. Meanwhile, 18 African countries have lowered interest rates to encourage individuals and businesses to borrow from banks. In Nigeria, the Federal Inland Revenue Service (FIRS) has extended the deadline for filing VAT and withholding tax returns (Dushime 2020). The Botswana Unified Revenue Service introduced a deferral of 75 per cent for any two self-assessment tax (SAT) quarterly payments due between March and September 2020.

However, few of these efforts are likely to reach the informal economy, as government wage support and supported furlough schemes are not available to workers in the informal sector (Gallien and van den Boogaard 2020). Resource constraints dictate that in the short term, it is easier to cut revenues – in the form of tax and utility price cuts – than to increase spending. But, from a medium- to long-term perspective, there is a strong imperative to invest in infrastructure. For example, in terms of the impact of electricity access on SMEs and informal workers, a study for seven West African cities found that impact varies by sector (Grimm et al. 2013), contributing to the uptake of modern machinery and business operation in the case of informal tailors in Burkina Faso (Ibid., p.816).

4.1.5 Structural policies

While governments have announced relief and recovery measures, structural policies – which provide training, resources, information etc. – are an equally critical aspect (OECD 2020). For instance, if they are not aware of such schemes, the target populations in the informal sectors may not be able to benefit from them.[20] Further, mis-information can fuel distrust of formal institutions if epidemic responses are not adapted to local contexts, as was learned during the Ebola response in Africa.[21] One way around this challenge is to work with local governments, traditional authorities, religious groups and other local leaders. In Uganda, for example, local councils have been enrolling people in the food aid programme.[22]

Increasingly, developed countries are putting in place structural policies to help SMEs adapt to new working modes and digital technologies so that they can continue operations. These policies aim to address urgent short-term challenges such as teleworking. These direct measures are fewer in Africa and need to be considered going forward to the recovery phase. There is some evidence of emerging measures to support innovative practices and entrepreneurialism of MSMEs, but the intensity is low. To enhance long-term resilience, it is important that country responses to the pandemic include structural policies. It will be important to take stock of the situation on human capital, and then define a strategy and an action plan for the region, as stated by the Economic Community of West African States (ECOWAS) Commission Vice President.[23]

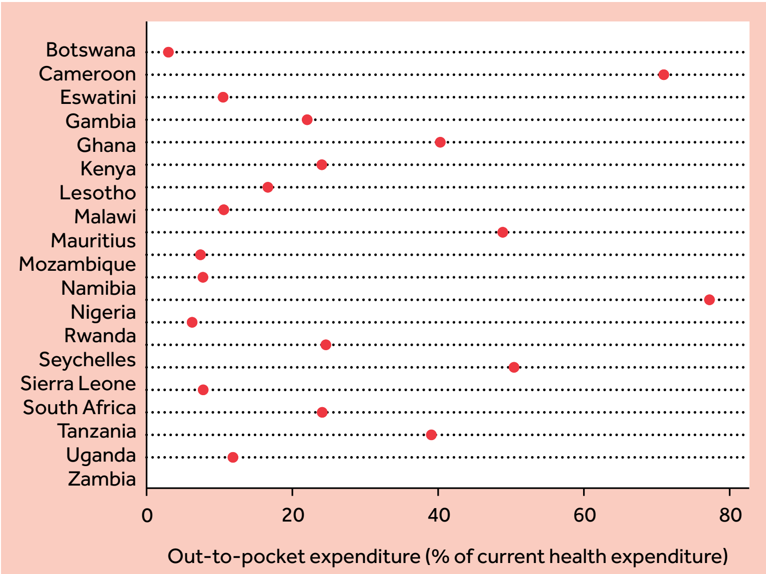
4.2 Access, cover and adequacy

This section presents an assessment of the potential impact of emerging policy responses and measures for enterprises and individuals in the informal economy, accounting for the current scenario across countries. The responses are assessed to examine the role of health and safety measures in supporting well-being, adequate welfare support, finance and credit in maintaining liquidity, tax and utility waivers in adjusting to price shocks and the role for structural policies. Given the rapidly changing landscape, it is difficult to capture the actual impact of the policy responses. Instead, the set of measures are compared across countries. Where relevant, the effects are also reviewed with reference to broad sectors, focusing on agri-business, manufacturing and services, especially as the prevalence of small businesses differs across these sectors. The section discusses the underlying proxy measures of access, cover and adequacy for each of the five response areas.

4.2.1 Well-being

Access: Availability and allocation of health sector financing is a major concern across the globe and COVID-19 has drawn particular attention to this. Responses to address gaps in health and safety will affect both enterprises and workers in the informal sector,

Figure 6. Out-of-pocket expenditure (% of current health expenditure)



Source: Author's own, using World Bank data.

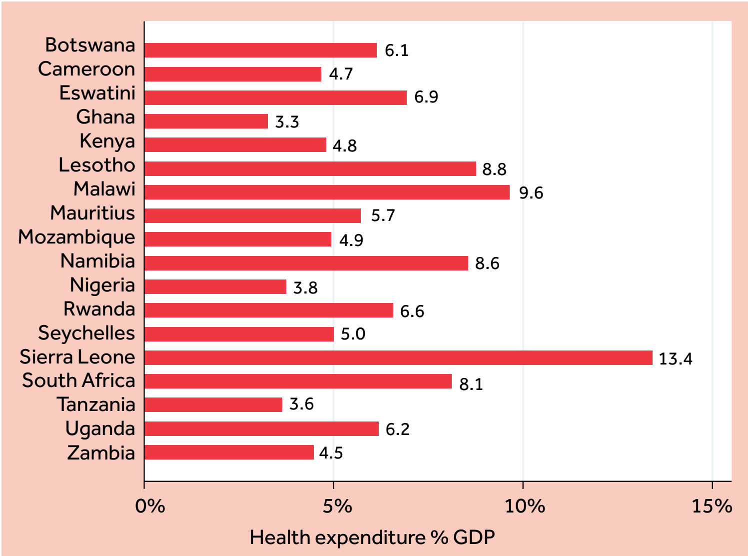
directly, but also indirectly, as ill-health or poor sanitation could result in economic losses from closures, absenteeism, as well as affecting consumer demand in the marketplace. Individuals in Africa have relatively high out-of-pocket expenses (Calderon et al. 2020). Total health expenditure per capita in stood at US$32 in 2019, which is less than half the levels recommended by the World Health Organization (WHO) for low-income countries (US$86). Examining the levels of out-of-pocket expenditure (**Figure 5**) highlights the variation and the likely complexities in access to health facilities across countries. Greater out-of-pocket expenses suggest complex access – especially for Cameroon and Nigeria.[24]

Cover: From a short-term perspective, the most critical issues concerning the health of informal workers are those around hygiene and sanitation. Health guidelines are needed for informal traders (WIEGO 2020a), such as those in South Africa, and should be implemented as soon as possible for informal workers if they are to go back to work safely. Wider short-term cover from health and safety responses can be assessed using the country's per capita health expenditure as a proxy indicator (Figure 6). Health expenditure as a percentage of GDP is quite low in African countries and ranges from 2.5 to 17 per cent.

Adequacy: COVID-19 will also have important longer-term consequences, with effects on human capital accumulation, and will require investments in strengthening healthcare capacities. A lack of essential healthcare supplies has also triggered a debate about industrialisation of Africa, especially towards building and meeting capacity for manufacturing essential supplies. Examining the Global Health Security (GHS) Index (**Figure 7**) with respect to the world identifies lower levels of long-term preparedness in African countries.

From a medium- to long-term perspective, the economic shocks and loss of employment resulting from COVID-19 may push informal workers to work without adequate preventive measures or appropriate protection (FAO 2020), thus exposing themselves and their families to long-term health and safety risks. These long-term health risks may exacerbate their expenses and have a catastrophic impact on them. Some types of insurance schemes afford significant protection from high out-of-pocket expenditures (Acharya et al. 2013), which could go a long way in supporting informal workers and their families. Furthermore, FAO (2020) suggests that specific measures should be tailored towards women workers with care responsibilities at home and families that may resort to child labour as a coping strategy, as well

Figure 7. Health expenditure in African countries



Source: Author's own, using World Bank data.

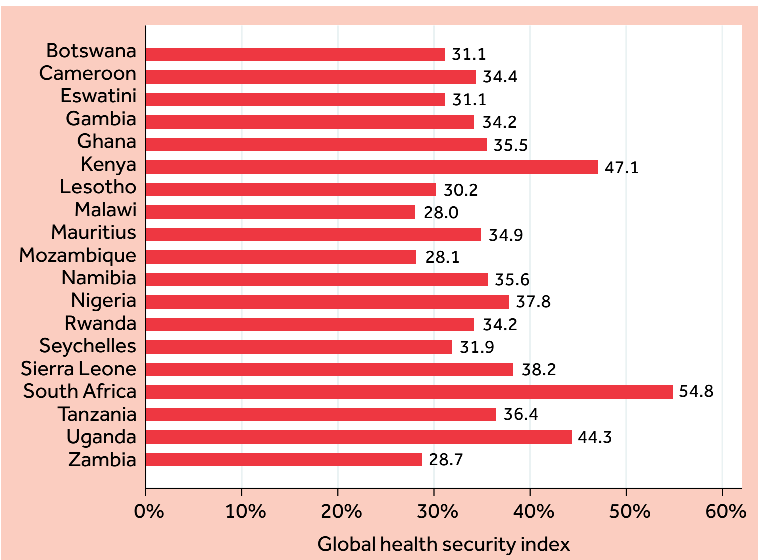
as other vulnerable subgroups. For instance, the National Health Insurance Scheme (NHIS) in Ghana has a specific focus on informal workers and has had the following outcomes: insured women who are enrolled are more likely to give birth in hospitals and to receive higher levels of prenatal care, preventive health check-ups and attention from trained health professionals (Acharya et al. 2013).

4.2.2 Adequate welfare support

Access: As welfare measures are being announced, access to these may not be straightforward and come with its set of complexities and associated costs for the informal sector. The CPIA for policies for social inclusion in Africa is at an average rating of 3.5 (on a scale of 1 to 6). Countries such as Sierra Leone and Cameroon on the lower end in terms of equity for social protection and labour, highlighting the need for effective and targeted social safety nets that can be accessed by the poor and vulnerable, especially in the informal sector.

Cover and adequacy: Measuring the likely cover by welfare programmes using the percentage of the population participating in social protection and labour programmes – provides

Figure 8. Global Health Security Index for 2019 in African countries



Source: Author's own, using World Bank data.

information on wider coverage from such programmes. The medium to longer-term indicator is proxied by the adequacy of existing welfare programmes in these countries – measured as the total transfer amount received by all beneficiaries as a share of the total welfare (income) of beneficiaries. Longer-term adequacy will also depend on public works, etc. Both the short-term and medium- to longer-term indicators are reported in Figure 8.

As macroeconomic stabilisers, cash transfers are particularly effective since they can take effect with less delay than other discretionary fiscal measures. They have an inbuilt counter-cyclical impact that can act as an 'automatic stabiliser' (ILO 2020a). For instance, a study of the Child Support Grant for mothers working in South Africa found that an unconditional cash transfer allows individuals to search for a formal job instead of working informally, and these effects are lasting beyond the period of exposure to the grant (Tondini 2017), thereby having a long-term impact.

In the medium- to long-term, it is important to generate employment using paid work opportunities and public works programmes for affected populations. Public works programmes have been a popular government tool

Figure 9. Coverage and adequacy of social protection and labour programmes in Africa

Note: Coverage is the percentage of the population participating in social protection and labour programmes. Adequacy is measured as the total transfer amount received by the population participating in social insurance, the social safety net, and unemployment benefits and active labour market programmes as a share of their total welfare, defined as the total income or total expenditure of beneficiary households.

in the aftermath of the 2007–09 crisis to combat rising unemployment, poverty and food insecurity (Zimmermann 2014, p.4). The ILO recommends that there should be a 'focus on public works activities that are labour-intensive by default (such as maintenance works, forestry works, land and environmental improvements, community works and sanitation)' (ILO 2020b). The ILO also recommends a number of public works activities which can quickly offer jobs, such as cleaning, garbage and waste removal, improving drainage and flood control, infrastructure maintenance and repair works, reforestation and environmental works in the short term, but success depends on a scheme's design and implementation.[25]

4.2.3 Maintaining liquidity for firms

Access: The World Bank Credit Information Index, which measures the accessibility and quality of credit information (the range is from 0 to 8), suggests stark differences across countries. The Gambia, Sierra Leone, Cameroon, Mozambique and Lesotho are on the lower end – indicative of complex access to finance and credit responses during COVID-19. Targeting of such measures will be key to reaching out to informal sector enterprises, as this information may not be easily available.

Cover: Examining information on announced fiscal policy stimulus (per cent of GDP) across countries, as of 15 May 2020, reveals substantial differences. All countries have announced fiscal stimulus measures ranging from 0.1 to 4 per cent of GDP. A short-term increase in the liquidity of MSMEs, in particular in the informal sector, should go through the channels that entrepreneurs already know and trust. This means community-based financial institutions and microfinance institutions should be considered essential services during the crisis and should be provided with emergency liquidity and extending credit guarantees if they are within the perimeter of regulation and supervision. Beyond emergency liquidity, these institutions should directly apply debt waivers, lower interest rates and moratoriums on debt repayment for MSMEs.

Further, the crisis will be forcing a fundamental re-thinking of business and operating models, which will transform the small business sector for years to come. In general, there is a large variety in financial support available to MSMEs; however, such support is used differently depending on firm size, formality, time in business and skills/network of entrepreneurs. For example, there are special SME funds, microfinance, grant schemes, asset-based finance, trade finance and venture capital funds. The conclusion from the literature is that MSMEs in the informal economy rely mainly on traditional loans, and mostly from microfinance or community-based finance groups,[26] while the other financial interventions are more likely to target special groups of entrepreneurs (e.g. start-ups) in the formal economy.[27]

First signs show that moratoriums on debt payments during the COVID-19 crisis are not reaching the microfinance sector. Moratoriums on debt repayments are often not mandatory and do not automatically apply for the debt repayments from microfinance institutes to banks.[28] When banks still demand repayments from microfinance institutions, in turn, they cannot apply the moratorium to their clients, at least not for an extensive period of time. Furthermore, during the moratorium, the interest payment will accumulate, which is harder for MSMEs in the informal sector that pay higher interest rates and have to pay more in total interest over the longer period of time on their debt. Debt waivers are also not working for informal MSMEs when this group is not explicitly targeted within the policies. Some policies seem to overlook (informal) MSMEs and focus more on employees who have lost their work in the formal economy. Or policies may be vague about how the strategy can target debt waivers for enterprises in the informal economy.

Governments play a crucial role in stimulating lending to firms so that they can keep paying workers and suppliers. For instance, commercial banks are providing emergency loans to SMEs, with flexible repayments, even on existing loans, often guaranteed through public funds. However, such mechanisms do not necessarily or automatically reach the MSMEs in the informal sector. In a prolonged crisis, there may be a need for (conditional) grants and soft loans to rebuild working capital, assets and the like in the informal sector (World Bank 2016). These are only possible through targeted policies to informal sector actors and require consultation and co-ordination with representatives of informal sector associations.

Adequacy: While the short-term measures are meant to provide immediate support, these may do little to build long-term sustainability. For the long term, it is necessary to structurally reduce the finance gap for MSMEs in Sub-Saharan Africa.[29] This can be done through extended microfinance systems, and by including other services, like insurance, technical assistance and business trainings. The literature is clear that combining access to finance interventions with advisory services, technical assistance and business trainings tends to have a more positive effect on firms (productivity, upscaling, even employment effects) than just financial support.[30] Combining financial and non-financial enterprise support makes a difference because of MSMEs being risk averse, lacking the ability to provide a satisfactory loan application and not recognising the need for financing for expansion.[31] However, currently, most combined interventions are tailor-made and include higher amounts of finance. This increases the risk for the lender and therefore excludes microenterprises and focuses extensively on high potential firms in the formal economy. Therefore, financial channels other than microfinance institutions should be encouraged to increase access to finance for MSMEs.

One way to increase incentives to lend to MSMEs is through credit/loan guarantee funds. The literature is clear that such guarantees are indeed making loans to MSMEs less risky. They enable banks to reduce collateral requirements or extend loan durations, and are easy to target special sectors if more attention is needed (e.g. tourism, industry, agriculture).[32] However, such guarantees do not necessarily include all MSMEs and neither reduce interest rates nor paid fees, meaning that micro and small enterprises that face structural barriers are still excluded (Saadani et al. 2011). Further, changes in loan procedures are important for MSMEs to access guaranteed loans (Hansen et al. 2014).

Finally, in the long-term, it is also important that MSME debtors can rely on an insolvency framework that suits them. They are treated differently because MSME debtors lack good records and reliable financial information; they are also often financed with a mixture of corporate debt and personal debt and are often informal entities. Insolvency frameworks do not permit or incentivise financing after formal insolvency proceedings are filed, even though such financing will be vital to MSME survival. MSMEs are specifically vulnerable to this risk, as they are not offered a restructuring or reorganisation process (by virtue and size). Even then, MSMEs often lack the resources to cover the costs and fees for a formal insolvency procedure. With an insolvency system that is not working for them, insolvent MSMEs are most likely to go in liquidation.[33]

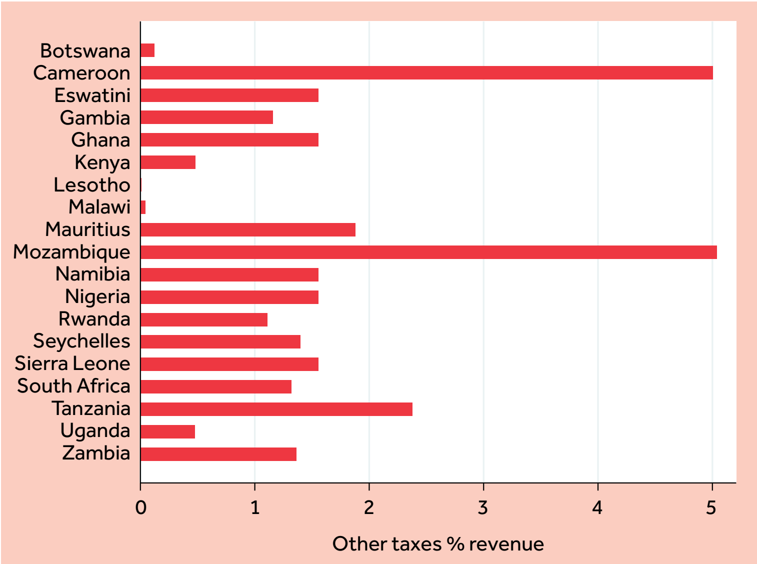
4.2.4 Adjusting to price shocks and supply chain disruptions

Access: As governments announce waivers of utility fees, a major proportion of the informal sector may fall out of their scope. To understand the extent of potential relief for informal actors, access to electricity and account ownership at a financial institution or with a mobile money-service provider captures the likely extent to which the informal sector may be able to access these measures. Commonwealth countries in Africa have moderate levels of coverage from these, suggesting potential ease of access where such responses are more targeted for informal actors.

Cover: Adjusting to price shocks will be contingent on measures aimed at reducing or postponing indirect tax burdens and fees for the informal sector – either directly or indirectly, in relation to VAT, mobile money, digital tools, utilities, etc. Value chain disruptions, like abrupt changes in demand, input supplies and prices have huge impacts on MSMEs in the informal sector, as they rely on day-to-day sales for survival. During the crisis, to avoid insolvencies, MSMEs in the informal sector will increasingly rely in the short term merely on measures that lower utility and operational costs (e.g. subsidies, temporary fee reductions), and that waive existing debts, remissions, discounts, deferred payments and a genuine moratorium on debt repayment. More liquidity through the availability of cheap new loans is only relevant for MSMEs with less of a debt burden.

Temporary exemptions from tax payments are also offered, however, these mostly apply to the formal sector. Formal taxes and compliance with regulations are barriers that keep MSMEs in the informal sector. Informal sector enterprises pay taxes in the form of fees, such as daily market fees to local authorities (the city council), whether or not they are registered. These fees could be reduced to help support informal

Figure 10. Other taxes (% revenue) across African countries



Source: Authors own, using World Bank data.

MSMEs. **Figure 9** reports the percentage of revenue from other taxes, which highlights the moderate extent to which there is existing cover.

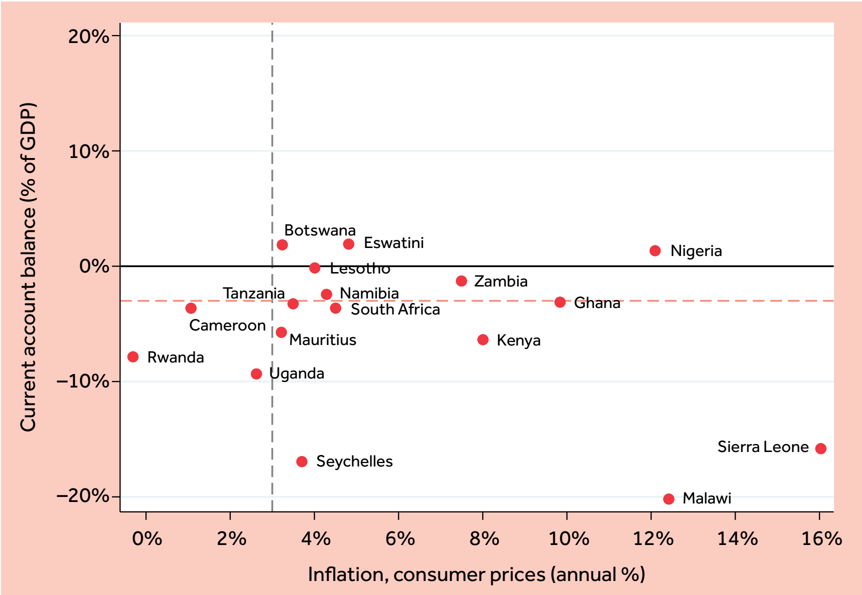
Expanding business linkages is possible in times of limited mobility during COVID-19 – for example, in the way in which large, formal businesses work with small, informal business as their outlets and for the distribution of essential goods to people's doorsteps. In times when crowds are forbidden, this can facilitate business continuity (ILO 2020d). Support to informal sector enterprises involved in the production of tools and materials for COVID-19 mitigation such as handwashing facilities or masks would be beneficial (ILO 2020c).

Furthermore, economic stimulus packages should be directed to improve informal economy working spaces and infrastructure such as markets and communal workshops in a way that they promote social distancing, so as to become operational in the short term even during the current crisis. Public spending can also be directed to investment in roads and electricity supplies in the areas where MSMEs in the informal sector operate, to reduce their costs in the longer term and improve their connection to mobile solutions. Micro and small entrepreneurs that make use of digital financial systems in the value chain can, for example, benefit from direct payments and transparent confirmation of payments, reducing their security risk as they are not carrying large amounts of cash around (see, for example, Babcock 2015).

The literature on mobile money in Africa also shows that reduced transaction costs impacts on increased risk sharing for larger distances. One study on M-PESA in Kenya found that, while large shocks reduced consumption by 7 per cent for non-users, the consumption of user households was unaffected.[34] The mechanisms underlying these consumption effects are increases in remittances received, the diversity of senders due to the technology and reduced transaction costs. However, although this applies for many crises, the COVID-19 crisis could affect mobile transactions negatively, even as the fees will be temporarily lower or waived, as remittances are affected due to the loss of earnings of relatives, living and working far or overseas, due to the lockdown. On a positive note, mobile-money services could also be used to receive subsidies, grants, small loans and other social protection transfers.

Adequacy: Medium- to long-term effects can be assessed using a country's fiscal balance (Figure 10). A country in the region with a rate of inflation below the world inflation threshold and a primary balance greater than its corresponding threshold is considered to have adequate fiscal and monetary space. Otherwise, the country may not have monetary space or fiscal space (or both). Malawi, Sierra Leone and Nigeria are characterised by high inflation; meanwhile, Malawi and Sierra Leone also suffer from high fiscal deficits.

Figure 11. Fiscal balance across African countries



Source: Author's own, using World Bank data.

Empirical evidence shows that comprehensive private sector development interventions that have a sector-specific approach and combine access to finance, consulting and business trainings with industry-specific networking, regulations, standards, innovation and linkage programmes, could be highly successful in improving the performance and competitiveness of firms.[35] Non-financial enterprise interventions are mainly based on capacity building, technical assistance and networking (e.g. building forward and backward linkages). Empirical evidence on the impact of such interventions on MSMEs is mixed in Sub-Saharan Africa and very much depends on the design and execution of the projects.[36]

Governments and employers' organisations can strengthen business development services to enable operators in the informal sector to strengthen their business and shift their business activities to other sectors or provide goods or services that are in demand, as a way to seize new opportunities that may arise in the market as a result of the crisis. This could require upskilling and reskilling, including remotely and online, access to knowledge and technologies, as well as fostering business linkages between larger formal ones and informal ones (ILO 2020). When programmes focus on startups, there is evidence that such interventions hasten the entry of firms that would enter anyway (Klinger and Schundeln 2014).

Non-financial enterprise interventions are costly and need selection processes to find the best suited firms, which often reduces the chances of access by MSMEs in the informal sector (Quak 2017). Trainings and technical assistance during sustained lockdown or reduced interaction between large groups, is a specific concern during COVID-19. Technology provides a solution with e-training, but could be less effective for MSMEs in the informal sector.

Evidence from developing countries also shows that interventions that support very isolated or internalised larger production structures are less likely to create forward and backward linkages, meaning that SMEs will receive limited benefit (Farole and Winkler 2014). With the right incentives, and support and interventions targeted around localised SMEs, forward and backward linkages can be built even around capital-intensive investments. Such linkages can be built with informal MSMEs and could create semi-informal market relations.

There is some positive evidence on interventions by governments to increase wages and incomes through chain interventions, such as joint interventions with the private sector where the government provides policy, legal, infrastructure and/or financial support (such as tax incentives, land and grants), creating an enabling environment that is more conducive to promote activities in a chain (Ingram and Oosterkamp 2014). The voluntary nature of such programmes is often mentioned as an important way to engage with private sector actors to push for change, but for others this shows a lack of structural change enforcement (Rousset et al. 2015).

Finally, for any non-financial intervention, sector-specific policies or stimulus packages in value chains, to make them work for the informal sector it is important that informal economy associations and member-based organisations play a key role in the design and deployment of these strategies to ensure they are fit for purpose.

4.2.5 Role for structural policies

Access: Access to structural policies will be complex in less developed settings, as internet coverage remains limited or patchy at best. Individual use of the internet (as a percentage of the population) reveals extremely low levels in countries such as Sierra Leone, Zambia and Mozambique.

Cover: In the short term, information for adapting, identifying and learning about unknown elements is required as quickly as those elements appear. Research shows that MSMEs increasingly make use of mobile solutions, like mobile money and digital information services; this is also true in the informal economy. There are many ways MSMEs can use mobile financial services: to receive payments from their customers, both in-store and remotely; to make payments to their suppliers or employees; for government payments and for receiving government subsidies; and to access credit. All this is important to cope and adapt to the COVID-19 containment measures.

There is increasing evidence that MSMEs in the informal economy that use mobile-money services are becoming more integrated in the formal economy (Jacolin et al. 2019). They are able to increase liquidity by increasing productivity, turnover and revenues, and to improve credibility as there is a track-record that could increase credit scores.[37] This is due to lower transaction costs through mobile providers and accessibility by an advanced network of local agencies, and also ease of use of technology in which adaptation is easy.

In the crisis, interventions in terms of lowering or waiving mobile service fees or, like M-PESA, increasing daily transaction limits for small-business customers from $700 to $1,500, could have an impact on MSMEs that are searching for mobile-money solutions. However, perceived trust, ease of use and usefulness are all important variables for MSMEs to adapt to mobile solutions (Okeke and Eze 2018). Digital technologies can simplify the loan application process and provide alternative methods and data to facilitate and expedite credit decisions by state development banks. Partnerships between banks and mobile network operators should be promoted to provide such loans to subscribers. Financial institutions could also leverage online platforms for reverse-factoring transactions that ease supply-chain financing for MSMEs and shorten the maturity of the payments involved (World Bank 2020).

However, it should not be overlooked that interventions to stimulate mobile money should not become default during the crisis, as cash transactions still remain important for MSMEs in the informal economy. Also, research shows that in the context of financial transactions of low-income groups in Kenya, social relations remain important (Johnson 2016).

Adequacy: Medium- to long-term digital transformation objectives are needed to ensure firms can bounce back strongly. Especially in the case of informal firms, solutions that negate the need for large upfront capital outlay, that can be easily implemented and ease the adoption of new technologies are required.

The cloud removes many of the obstacles to digital transformation. Other innovative practices to build the resilience of SMEs in the long term could include protective inclusion mechanisms (Innovations for Poverty Action [IPA] 2014) within social protection programmes, such as cash transfers that include training, which could be aligned to the needs of SMEs. In 2014, the World Bank launched the Sahel Adaptive Social Protection Program. The programme's objective was to increase access to effective adaptive social protection systems for poor and vulnerable households across the region. As part of the programme, country governments, the World Bank, Innovations for Poverty Action and partner researchers collaborated to evaluate complementary interventions that, combined with traditional cash transfer programmes, have the potential to promote productive economic inclusion and resilience among poor households in the region (Ibid.). In Niger, one of the intervention countries, an evaluation found that cash transfers and savings facilitation had sustained productive impacts more than one and a half years after transfers ended (Mallam Barmou 2018).

The lack of awareness about schemes and COVID-19 could be addressed through long-term training programmes, which could also help informal firms and workers develop beneficial new skills. In Benin, a project to promote craft enterprises and SMEs trained more than 9,000 craftworkers in 30 different occupations up to 2006, as well as systematically organising monitoring and evaluation activities (Walther 2008). An evaluation found that 70 per cent said they had accessed new markets, and over 80 per cent acknowledged that they had significantly improved their technical knowledge (Ibid, p.145).

4.3 CRIS – overall assessment

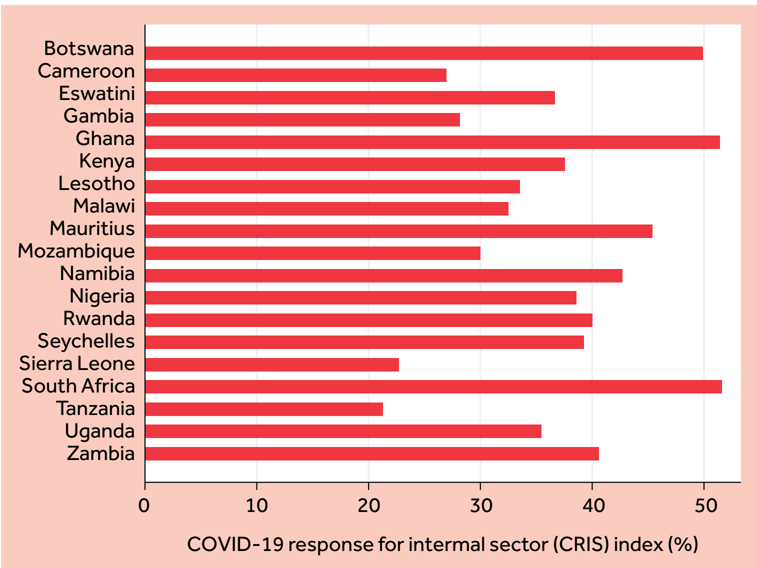
This section outlines an overall assessment based on standardised data across the four indicators and five policy areas. Table 1 provides summary statistics across the indicators and areas.[38] Finally, these measures yield the composite CRIS index (0–100),[39] which has been developed to capture variation in policy responses including breadth, access, and short-term and medium- to longer-term effects across the five areas, from the perspective of the informal sector. This is reported in Figure 11.

To examine the underlying indicators further, Figure 12 reports the relationship between average assessed breadth and access across all five key areas. It is notable that most countries have some scope for the informal sector across the policy areas (this ranges from a low of 30 per cent in Sierra Leone to 80 per cent in Ghana and Botswana). With an increase in breadth, there is an accompanying increase in access. South Africa, Botswana and Ghana are at the higher end, where responses include the greatest assessed breadth and corresponding access for the informal sector.

Figure 13 depicts the correlation between average cover and adequacy for the policy responses across countries. On average, short-term cover and medium- to long-term adequacy across the five areas appears low at approx. 17 to 22 per cent. Countries in quadrant I (Zambia, Nigeria) are the ones with lower than average short-term cover but higher adequacy; those in quadrant II (South Africa, Mauritius, Ghana, etc.) score higher both in terms of the short-term and medium- to longer-term measures; quadrant III countries (Mozambique, Tanzania, Cameroon, etc.) score low on both measures; finally, quadrant IV countries (Botswana, Eswatini, Seychelles, etc.) fare well in terms of short-term cover but score lower than the regional average on the medium- to longer-term effects.

Figure 14 reports the correlation for the overall CRIS Index with the Global Health Security Index, and with the Stringency Index (Hale et al. 2020). South Africa scores high on the composite CRIS measure, as well as

Figure 12. COVID-19 Response for Informal Sector (CRIS) Index



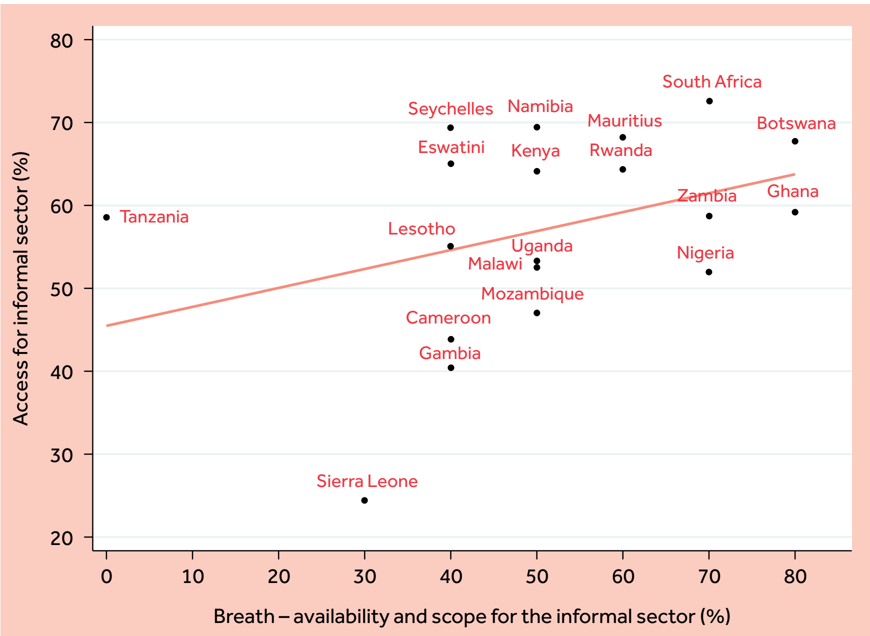
Source: Author's own.

Table 1. Summary statistics

Area	Mean	Median	SD	Min	Max
Health and safety					
Overall score	**40.7**	**40.6**	**9.4**	**27.9**	**58.6**
Breadth	47.4	50.0	39.0	0	100.0
Access	73.5	78.0	22.2	22.8	97.0
Cover	6.2	5.7	2.6	3.3	13.4
Adequacy	35.6	34.4	6.8	28	54.8
Welfare					
Overall score	**45.4**	**45.9**	**15.4**	**13**	**78.5**
Breadth	73.7	100.0	38.6	0	100.0
Access	50.2	50.2	4.4	42	64.0
Cover	34.5	34.5	24.0	1.6	79.8
Adequacy	23.2	18.3	21.9	3.1	96.4
Finance and credit					
Overall score	**41.1**	**43.1**	**14.3**	**9.4**	**61.7**
Breadth	42.1	50	38.2	0	100.0
Access	76.3	87.5	30.0	0	100.0
Cover	1.0	0.4	1.2	0	4.3
Adequacy	45.1	45.6	6.3	29.9	61.2
Tax and fees					
Overall score	**29.9**	**32.9**	**11.2**	**1.8**	**47.5**
Breadth	71.1	100.0	38.4	0	100.0
Access	53.8	48.0	21.4	21.6	100.0
Cover	1.6	1.4	1.4	0	5.0
Adequacy	–6.8	–3.6	8.5	–30.6	1.9
Structural policies					
Overall score	**28.2**	**21.9**	**17.6**	**5.8**	**63.1**
Breadth	21.1	0.0	41.9	0	100.0
Access	31.9	25.0	17.1	9	58.8
Cover	42.3	35.4	26.2	0	94.5
Adequacy	17.5	17.5	9.4	1	42.2

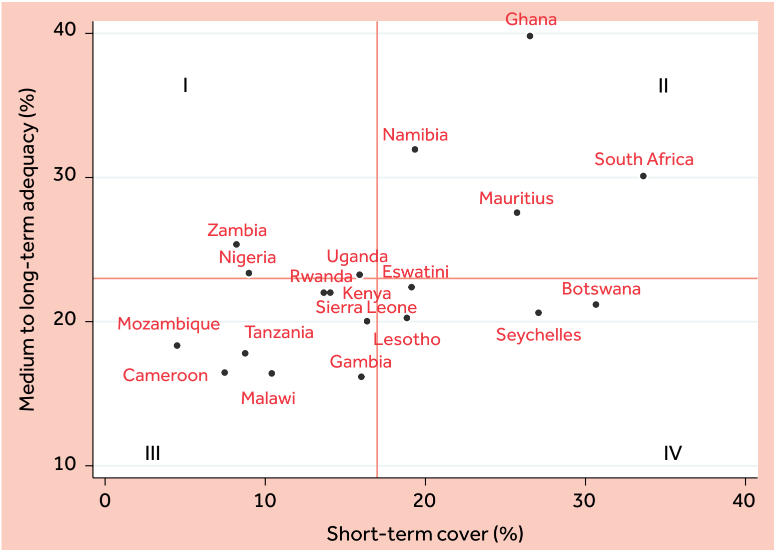
Note: Mean, SD = Standard deviation, Min = minimum, Max = maximum.

Figure 13. Average breadth and access for informal sectors in Commonwealth Africa



Source: Author's own.

Figure 14. Cover and adequacy across African countries



Source: Author's own.

on the Global Health Security Index and the Stringency Index. Countries such as Ghana, Botswana, Mauritius and Namibia scored high on the CRIS Index and the Stringency Index, but their Global Health Security Index is at the lower end, highlighting the need to strengthen health and safety preparedness as an important component of their economic policy response.

5. Recommendations

This report outlines six recommendations on how governments can intervene to preserve the informal sector and tackle mass unemployment post-COVID-19.

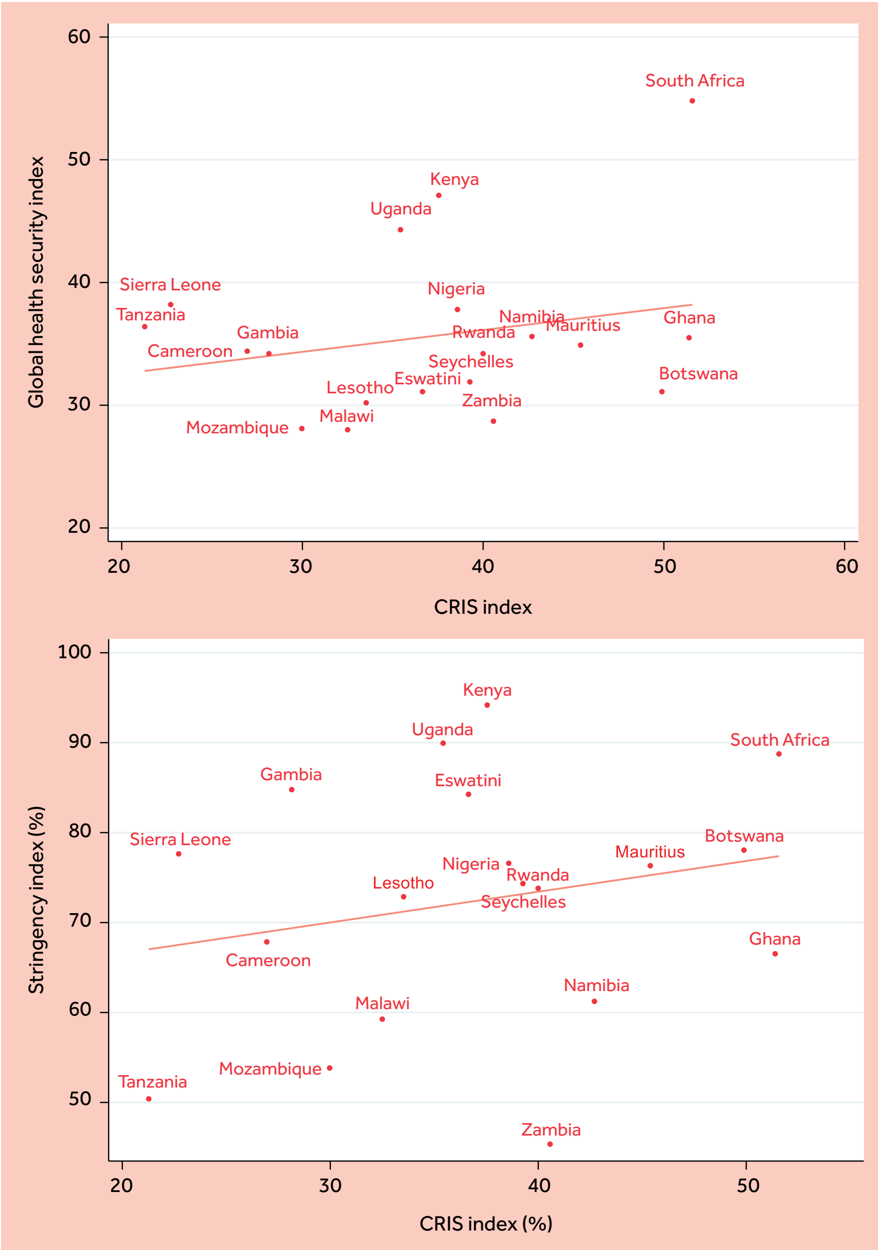
Focus on health and sanitation for the informal sector with capacity building

For the informal sector, clean water supplies, and distribution of protective materials such as masks and gloves will need renewed focus. Fiscal policy should redirect government expenditure to increase these capacities in the health system to provided adequate and affordable medical supplies and sanitation in the immediate period. Longer-term planning and strengthening of health infrastructure will be important for medium- to long-term capacity. This report identifies that even though countries such as Ghana, Botswana, Mauritius and Namibia have responded with adequate sets of policies, further efforts to strengthen health capacities will be important in the long term.

Short-term demand stimulus using targeted fiscal measures and income support

In the short term, income support is needed for the most vulnerable in the informal sector – especially those in sectors where containment measures prevent people from working, such as in retail. Immediate responses should target cash transfers (which in the long term could become conditional and for a large part could be transferred via mobile transfers); short-term subsidised food, electricity and other basic services; a temporary freeze on loans, etc. Fiscal authorities should also assist the affected firms and sectors through tax relief, temporary credit lines (at favourable rates of interest and repayment terms) and should allow delays on debt repayments (Loayza and Pennings 2020). These measures can be targeted through state development banks, microfinance and community-led finance groups. The report recommends that additional efforts are needed in

Figure 15. CRIS Index and the Global Health Security Index



Source: Author's own.
Note: The Stringency Index is from the Oxford COVID-19 Government Response Tracker (OxCGRT), which tracks the stringency of government responses to COVID-19 across countries.

this direction, especially in The Gambia, Sierra Leone and Tanzania.

Wider supply-side measures that reach informal actors to keep them afloat

Supply-side interventions should be aimed at keeping firms afloat and preventing specific supply chains from disintegrating. Targeted loans for the informal sector can provide sustenance throughout the collapse in demand. MSMEs in the informal sector can most effectively be supported with short-term measures that lower utility and operational costs (e.g. subsidies on rent, electricity fee reductions). The report suggests strengthening such responses across all African countries. Local taxes on informal firms in the form of fees, such as daily market fees to local authorities, should be frozen or reduced. Stimulus packages should include informal economy working spaces and infrastructure such as markets and communal workshops to promote social distancing, so they can become operational in the short term – even during the current crisis. This could also take the form of structural investments in the longer term.

Innovative digital solutions to facilitate better access for informal sector

Digital solutions are becoming more important for doing business in the informal economy, in terms of accessing financial services and in receiving social protection payments. However, it should be acknowledged that the cash economy remains important for the informal sector in Africa. The report finds that countries such as Mozambique, The Gambia and Sierra Leone will require specific support in adopting new digital tools. Mobile health solutions can also be promoted, such as e-health or e-learning tools. In particular, in times when mobility remains restricted, it is important to keep people informed, promote participation in e-trainings and access to healthcare via other channels. As with mobile money, it should be assessed who is left behind in the use of these new tools.

Investing in medium- to long-term resilience

The medium- to long-term measures should be focused on supporting recovery to pre-crisis production and employment levels. Targeting swift and comprehensive measures today will support this recovery.

Policy-makers will have to monitor the situation and be innovative in responding to gaps in their measures. Enterprise interventions that combine financial and non-financial (e.g. trainings, mentoring, networking) support generate better outcomes, but should become more tailor-made and include higher amounts of finance for MSMEs. The best way to do this is via a sector or value chain approach that includes industry-specific networking, regulations, standards, innovation and lead firm–SME linkage programmes. Responses that support such structural policies have been limited so far across most countries, with Malawi, Mozambique, The Gambia and Cameroon especially behind relative to others. Governments and employers' organisations should strengthen business development services to enable operators in the informal sector to shift their business activities to sectors or products and services with better opportunities.

Closer collaborations that include associations and community groups

The pandemic will require closer collaborations, such as those between banks and investors and microfinance institutions, to implement important moratoriums on debt repayments or by lowering interest rates; and between banks and mobile network providers, to make mobile-money services work better during the crisis. It will also be important to include informal sector representatives from associations and community self-organisations (self-help groups) in decisions on what interventions could work better to support MSMEs during the crisis.

Finally, closer partnerships between sector-specific employer organisations and MSME representatives will enable increased linkages (short term during the crisis and in the longer term).

Notes

1 Details can be accessed by following relevant links and webpages (available from authors) that provide the full picture of the measures. The CPRIM can be updated as the response measures continue to evolve.

2 Full details are discussed in the following sections. The authors have also examined the correlation of the CRIS score with other linked measures, such as those in Hale et al. (2020) and Elgin et al. (2020).

3 This is based on a structured literature review on the informal economy from 2000 to 2019.

4 This discussion is based on emerging evidence in relation to COVID-19 since January 2020.

5 For details, see: ILO (2016), 'Facing the growing unemployment challenges in Africa', available at: https://www.ilo.org/africa/media-centre/pr/WCMS_444474/lang--en/index.htm (accessed: 14 May 2020).

6 Nigerian Bureau of Statistics (2016), Formal and Informal Split of GDP, available at: http://www.nigerianstat.gov.ng/download/403 (accessed: 10 May 2020).

7 World Bank blogs (2020), 'Insights from enterprise surveys', available at: https://blogs.worldbank.org/developmenttalk/insights-enterprise-surveys-including-informal-economy-policy-responses-covid-19 (accessed: 14 May 2020).

8 World Bank blogs (2018), 'Understanding the informal economy in African cities', available at: https://blogs.worldbank.org/africacan/understanding-the-informal-economy-in-african-cities-recent-evidence-from-greater-kampala (accessed: 12 May 2020).
9 World Bank blogs (2020), 'Insights from enterprise surveys', available at: https://blogs.worldbank.org/developmenttalk/insights-enterprise-surveys-including-informal-economy-policy-responses-covid-19 (accessed: 15 May 2020).
10 Brookings (2018), Africa in Focus, Figure of the week: Understanding poverty in Africa, available at: https://www.brookings.edu/blog/africa-in-focus/2018/11/21/figure-of-the-week-understanding-poverty-in-africa/ (accessed: 14 May 2020).
11 For details, see SUN Business Network (2020), COVID-19 and Our Food Systems, available at: https://sunbusinessnetwork.org/covid-19-and-our-food-systems-how-nutritious-food-smes-in-nigeria-can-adapt-and-respond/ (accessed: 14 May 2020).
12 See: Mmegi online (2020), 'Possible economic impact of COVID-19 on Botswana', available at: https://www.mmegi.bw/index.php?aid=85187&dir=2020/april/03 (accessed: 14 May 2020).
13 See: ILO (2020e), 'COVID-19 and the world of work, country policy responses', available at: https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#GH (accessed: 14 May 2020).
14 Details outlined in Annex Table A2.
15 The five areas were classified after carefully reviewing the policy trackers of the International Monetary Fund (IMF), International Labour Organization (ILO), World Bank, Organisation for Economic Co-operation and Development (OECD) and the International Growth Centre (IGC); and to capture categories that would be relevant for a comprehensive overview for the informal sector.
16 The second step is a subjective assessment that can be refined using an expert panel or secondary review.
17 The robustness of the index is assessed using Principal Components Analysis (PCA). Results are available in the Annex.
18 This approach has the advantage of measuring a range of indicators and mitigating the possibility that any one indicator may be over- or mis-interpreted. The composite measure can be refined such that there is less chance of leaving out any important information that is systematically correlated with the outcome of interest – this being support for informal MSMEs in our case and reducing any reason for measurement error.
19 Human Rights Watch (2020), World Report 2020, available at: https://www.hrw.org/world-report/2020 (accessed: 14 May 2020).
20 For instance, in India, state governments are running several schemes and relief measures, but reports have found that there is a lack of awareness about them among the most vulnerable populations (Das 2020).
21 BCG (2020), 'Fighting COVID-19 in Africa will be different', available at: https://www.bcg.com/publications/2020/fighting-covid-in-africa.aspx (accessed: 15 May 2020).
22 The New Humanitarian (2020), 'Africa's coronavirus safety nets cannot cover all', available at: https://www.thenewhumanitarian.org/analysis/2020/05/04/coronavirus-Africa-governments-urban-poor-economy (accessed: 20 May 2020).
23 eTurboNews (2020), 'West Africa Human Capital Strategy', available at: https://www.eturbonews.com/572403/west-africa-human-capital-strategy-containing-covid-19/ (accessed: 14 May 2020).
24 This indicator is re-scaled to a positive scale for creating the health score.
25 For instance, Argentina's Head of Household (Jefes de Hogar) Program (2002–09) helped unemployed household heads in households with particularly vulnerable family members (such as children, pregnant women and people with disabilities) ride out the severe financial crisis of 2002. Over time, it developed a stronger focus on training to build human capital and increase long-term employment opportunities (ibid., p.4). Countries can probably take lessons from the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the world's largest public works programme, which emphasises rural job creation.
26 A crisis often triggers self-organisation in the informal sector. It is often constraints with money transactions and the need for short-term loans that trigger the formation of joint liability and solidarity groups, some of which eventually grow into multipurpose self-help organisations.
27 See, for example, Fox and Kaul (2017) and Datta et al. (2018).
28 IDS blog post, Mader (2020), 'The informal sector urgently needs cash and debt relief', available at: https://www.ids.ac.uk/opinions/the-informal-sector-urgently-needs-cash-and-debt-relief/ (accessed: 14 May 2020).
29 It is estimated that between 50 and 70 per cent of SMEs in emerging markets are either not funded or underfunded by the formal financial sector.
30 The literature is mixed about the impact of financial support on MSMEs. Financial support in SME funds seem to have a positive effect on capital investment, firm performance, and employment in supported firms (Kersten et al. 2017). However, other meta-evaluations of SME financing programmes show that access to finance services improved firm performance, but only resulted in higher productivity growth and employment effects for larger firms (Cravo and Piza 2016). Banerjee et al. (2015) suggest that while many SME access to finance interventions result in business creation and expansion, access to microfinance does not raise incomes significantly. This may relate to the informality of businesses, the lower amount on offer in microfinance arrangements, and can also be related to lack of capacity building services in microfinance programmes. Or as Mader (2018) states, there is no transformative or clear positive effect of such microfinance interventions on poverty.
31 Empirical evidence from Kenya by Rotich et al. (2015) shows that for MSMEs, there are improvements from having access to some small amounts of money. The ultimate effect depends on firm performance and leadership. Small loans have the best impact on growth if they are focused on product quality and

increasing networks, mostly in combination with access to savings schemes, managerial training and loan grace period. However, few are able to secure the amount they require in full. Also, evidence from the US Agency for International Development (USAID) shows that providing a package of training and finance is more effective for firm outcomes, including labour activities, in particular for youth and women. For example, USAID (2017) evaluated an entrepreneurship programme in Burkina Faso for youth, but without access to finance. It concluded that the participants could only access small amounts of cash when needed, mainly through informal loan construction, enabling them to keep small business activities going, but not to expand (USAID 2017).

32 See, for example, IFAD (2014) and Gurmessa and Ndinda (2014).

33 The World Bank acknowledges that jurisdictions should consider providing out-of-court assistance to MSMEs, such as mediation, debt counselling, financial education or the appointment of a trustee. With a better understanding of MSMEs' insolvencies and specific frameworks to deal with this group, including simplified procedures, MSMEs could deal with times of insolvency better and without liquidation (World Bank 2017).

34 Jack and Suri (2014) show this for smallholder farmers in Africa, while Okeke and Eze (2018) show this for more urban informal sector enterprises in Nigeria.

35 A programme review of enterprise development interventions for USAID by Zandniapour et al. (2004) of micro- and small-sized enterprise performance and growth, found that enterprise development programmes that focus on a specific subsector generated sector-led growth, in addition to growth at the enterprise level.

36 Evaluations such as Paniagua and Denisova (2012) show that business training and capacity building interventions mainly improve business practices, profitability and investments by the business. Entrepreneurship trainings for the self-employed generally result in better business skills, and in particular improved motivation, increasing business income rather than job creation (McKenzie and Woodruff 2015).

37 Okeke and Eze (2018) for Nigeria; Nyaga and Okonga (2014) for Kenya; Gahapa Talom and Tengeh (2019) for Cameroon.

38 The area scores and overall score by country are in Annex Table A3.

39 PCA was used to examine its robustness and correlation between the unweighted and weighted scores; the principal components are also attached - in Annex Table A4 and Figure A1.

40 Under this scheme, self-employed individuals were entitled to receive an amount of MUR 5,100 for the one-month period, 16 March 2020 to 15 April 2020. For the fortnight 16 April 2020 to 30 April 2020, an additional amount of MUR 2,550 will be paid to the self-employed individuals.

41 Micro and small enterprises renting private buildings will have to make their application for loan facilities to cover the cost of rental due from the DBM, which will not be calling to pay interest on the said loan facility if it is repaid within nine months of the date it has been granted.

42 MSMEs will also be allowed to contract new loan facilities with commercial banks to be eligible for an embargo of six months on capital repayments and interest.

43 This is a part of the Government Enterprise and Empowerment Programme (GEEP) scheme executed by the Bank of Industry. Beneficiaries have been notified of a three-month moratorium on their loans in line with the directive of President Buhari, on measures to cushion the effects of COVID-19 on the vulnerable.

44 This facility will offer working capital, stock, bridging finance, order finance and equipment finance, and the amount required will be based on the funding needs of the business.

45 To subsidise expenses towards fixed costs, operational costs, supplies and other pressure cost items.

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Annex

Box A1. Notes for COVID-19 Response for Informal Sector (CRIS) Index

BREADTH

Breadth = Availability*Scope
Availability: General availability for MSMEs for each area, identified from the CPRIM [0 or 1]
Scope: for the informal sector based on the wording of the announcement, as well as discussions in the media [0,1,2]

Source: COVID-19 Policy Response for Informal Enterprise Monitor (CPRIM)

ACCESS

- Health and safety: Share of out-of-pocket spending on health by households
- Welfare: Country Policy and Institutional Assessment (CPIA) rating for policies for social inclusion and equity – gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for sustainability
- Finance and credit: Credit information index affecting the scope, accessibility and quality of credit information
- Taxes and fees: Access to electricity (% of population) and account at a financial institution or with a mobile money-service provider (% of population, 15 years or over)
- Structural policies: Individual use of internet (% of population)

Source: World Development Indicators

COVER

- Health and safety: Current health expenditure (% of gross domestic product [GDP])
- Welfare: Based on coverage (both direct and indirect beneficiaries) of social protection and labour programmes (% of population), which provides approximate measures of social protection systems' performance for the country, based on nationally representative household surveys
- Finance and credit: Liquidity support, based on announced fiscal support (% of GDP)
- Taxes and fees: Cover from indirect tax or fee exemptions, based on other taxes (as % of revenue), including employer payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes
- Structural policies: Mobile coverage, based on mobile cellular subscriptions (per 100 people)

Sources: World Development Indicators; ASPIRE: The Atlas of Social Protection - Indicators of Resilience and Equity, The World Bank; Elgin et al. (2020); Hale et al. (2020) - supplemented by announcements; International Telecommunication Union

ADEQUACY

- Health and safety: Medium- to long-term effects based on the Global Health Security Index
- Welfare: Based on adequacy (both direct and indirect beneficiaries) of social protection and labour programmes (% of total welfare of beneficiary households) that provides approximate measures of social protection systems' performance for the country, based on nationally representative household surveys
- Finance and credit: Medium- to long-term likelihood of recovering from depressed demand, based on the COVID-19 Economic Stimulus Index (CESI)
- Taxes and fees: Fiscal space using current account balance of the government (% of GDP)
- Structural policies: Research and development focus of firms – R&D (% of firms)

Sources: World Development Indicators; ASPIRE: The Atlas of Social Protection – Indicators of Resilience and Equity, The World Bank; Elgin et al. (2020)

The four different indicators are combined to yield a simple unweighted index, CRIS, that can be denoted as below:

$$CRIS = \frac{1}{n}\sum_{i=1}^{n=5}\overline{x}_i$$

Where $\overline{x}_i$ is the simple average across four indicators for each policy area (i) and can be written as:

$$\overline{x}_i = \frac{1}{n}\sum\nolimits_{j=1}^{4} y$$

y is a vector that includes breadth, access, cover and adequacy.

Table A1. Policy responses in African countries – as of 15 May 2020

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Botswana	– Government adopted a number of restrictions (22 May a tentative date for lifting them) – citizens are required to stay at home, movement restricted to those performing essential services and transporting essential goods	– COVID-19 Wage Support Scheme to provide financial support to employees in the travel and tourism sector, export-oriented enterprises, information and communication technology (ICT)/business process outsourcing (BPO) sector, SMEs and other sectors (50% monthly wages)*	– Banks have agreed to offer restructuring of loan facilities, including owner-occupied residential property mortgages and motor vehicle loans – Government has set aside 10 million pula (P) to provide loans to informal traders to be able to purchase the stock they need to resuscitate their businesses when normal economic activity resumes	– Regular payment obligations, including life insurance premium payments, retirement fund contributions and loan instalments, will be restructured and rescheduled to offer relief for at least three months – Speeding up VAT refunds, expediting payments of government purchase orders and invoices, deferring training levy payments and a programme for working capital for small business	– Unions have asked for an economic impact analysis of this pandemic on business and the informal sector, so that interventions can be discussed at tripartite level and implemented – Business Botswana (BB) is using emails, Facebook, websites, twitter to clarify and guide members on government pronouncements
Cameroon	– Health spending to reach US$100 million or 0.44% of GDP – Social distancing and sanitation measures include the use of electronic communications and digital tools for meetings of more than 10 persons, compliance with hygiene measures –Transport unions and other informal workers' organisations help their members to maintain good hygiene in the workplace	– Increase in family allowance from 2,800 CFA francs (CFAF) to CFAF 4,500 CFAF	– Fiscal measures aimed at alleviating the adverse socioeconomic impact of the crisis, including deferred payments	– MTN Cameroon – suspension of payment of fees on money transfers between MTN Mobile-Money accounts – for amounts up to 20,000 CFAF, limited to 3 transactions per day, per account, valid for 30 days – Orange Cameroon waiving fees, for a renewable period of 30 days, for transactions up to 20,000 CFAF, and also waived fees for the payment of water bills done through Orange Money	

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

The Gambia	– COVID-19 Response and Preparedness Project will enhance case detection, tracing and reporting, as well as provide equipment to isolation and treatment centres, and improve disease surveillance and diagnostic capacity – The project will also focus on risk communications and community engagement for increased awareness and compliance with prevention and social distancing measures	– Emergency powers have been invoked by the president to freeze prices and ration essential food (rice, meat, fish and cooking oil) and non-food (soap, sanitisers and cement) commodities to prevent overcharging and hoarding			
Ghana	– Major investment in healthcare infrastructure, including construction or upgrade of 88 district and regional hospitals – Ministry of Local Government has begun a nationwide disinfecting exercise in various markets across the country by providing free sanitary equipment – Public–private collaboration for COVID-19 tracker	– Hotlines for needy communities and households to contact them for food items during the COVID-19 lockdown – Fee-waivers to access medical care and cash transfers to mitigate loss of household income from job losses from the closure of informal sector businesses (World Bank funding) – Government has announced a one-billion cedi stimulus package to households and businesses, particularly small and medium-scale enterprises, under a Coronavirus Alleviation Programme (no mention of informal sector)	– Soft loan scheme with a two-year repayment plan for micro, small and medium-scale businesses (no mention of informal sector) – Loan repayments that are past due from microfinance institutions for up to 30 days shall be considered as 'current', as in the case for all other SPECIALISED DEPOSIT-TAKING INSTITUTIONS (SDIs).	– Tax waiver for health workers and water sanitation bills to cost 441 million cedis (GHS) – GHS200 million to cater for bills for water and sanitation and an additional GHS241 million to cover a tax waiver for health personnel – Mobile-money transfers of GHS100 and below, free of charge from service providers for 3 months	– All mobile phone subscribers are now permitted to use their already existing mobile phone registration details to be on-boarded for Minimum KYC Account – Emergency spectrum allocation

(*Continued*)

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Kenya		– National Treasury appropriated an additional 10B Kenyan shillings (KSh) (equivalent to $100M) for supporting the elderly, orphans and other vulnerable members with cash transfers – More than one million Inua Jamii beneficiaries will receive KSh8,000 each from the state to cushion them against the effects of the coronavirus – Kazi Mtaani ('Jobs in the Neighbourhood') is a public works programme reaching 26,000 unemployed youth residing in 27 informal settlements	– Banks will seek to provide relief to borrowers on their personal loans, based on individual circumstances arising from the pandemic – Public finance management (COVID-19 emergency response fund) regulations 2020, with one of the objectives being to support MSMEs	– 100 per cent tax relief for persons earning less than KSh24,000 is planned. – Fee waivers on person–person mobile-money transactions on M-PESA were approved – Government has also increased the upper limit for mobile-money transfers by SMEs	– To facilitate increased use of mobile digital platforms, banks will waive all charges for balance inquiries; all charges for transfers between mobile-money wallets and bank accounts will also be eliminated – Collaboration with private sector to help ensure connectivity in remote and rural areas using high-altitude balloons
Eswatini	– A supplementary budget was approved for additional public healthcare of 100 million emalangeni (E) (USD 5.5 million) (0.14% of GDP) – Low-priority recurrent spending will be redirected to the fight against the pandemic and a portion of the capital budget will be reallocated towards refurbishing hospitals and completing new hospitals			– The increase in the price of electricity has been suspended for two months – Extension of returns filling deadlines by three months before penalties kick-in	

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

Lesotho		– Three-month grants for those aged below qualifying age of 70, orphans, informal traders	NOT ZERO	– Informal traders will not pay licence fees during lockdown and two months after	
Malawi	– US$20 million (0.25% of GDP) in spending on healthcare and targeted social assistance programmes; this includes hiring 2,000 additional healthcare workers	– Measures to accelerate payment of Social Cash Transfer Programme (SCTP) benefits, as follows: in April, SCTP payments will be fast-tracked, with a four-month payment covering up to June delivered in April	– To support small and medium enterprises (SMEs), commercial banks and microfinance institutions will be, on a case-by-case basis, restructuring SME loans and providing a three-month moratorium on their debt service	– Fees on mobile money transactions have been temporarily waived to encourage cashless transactions	
Mauritius	– Increase in general public health spending by 0.04% of GDP	– Wage support scheme – workers from the informal sector to get 50% of the prevailing minimum wage if they register with the revenue authority during the lockdown40	– Micro and small enterprises will be eligible for loan facilities from the Development Bank of Mauritius (DBM) to an amount not exceeding 1 million Mauritian rupees (MRs) per applicant41 – MSMEs will have temporary embargo of six months on capital repayments which were previously given to them, and a further benefit from an embargo of six months on interest repayments regarding existing loans facilities with commercial banks in Mauritius42	– Government is waiving the fees payable by sellers of vegetables, haberdashery and general merchandise in markets during the curfew period – Micro and small enterprises renting private buildings will have to make their application for loan facilities to cover the cost of rental due from the DBM – The lessees of DBM industrial estates will be granted a waiver of their rental payments during the curfew period; Landscope will exempt its lessees from any penalty for late payment of rentals for the month of March 2020	– Business Mauritius (BM) has provided its members with a guide on legal issues related to COVID-19; it also sent out a guide on workplace issues related to COVID-19 – Government amended two labour legislations through a Cabinet of Ministers' decision

(*Continued*)

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Mozambique	– Increased the budget allocation for health, from about 0.2% of GDP to about 0.3% of GDP	– Higher cash transfers and subsidies to the poorest households, as well as micro-businesses and SMEs (unclear on informal sector)	– No obligation to set up provisions in the case of debt renegotiation with customers affected by the COVID-19 pandemic, before the expiration of the loan, from 23 March to 23 December 2020 – With this measure, companies or consumers affected by COVID-19 may negotiate conditions enabling them to pay the debt in accordance with their financial capacity; this avoids bankruptcy and allows the payment of fixed expenses (as salaries)	– Fees and commissions eliminated on low-value mobile money and bank transactions, as well as increase in daily and annual limits on mobile-money transactions	
Namibia		– Emergency Income Grant to support employees who have lost their jobs, either in the informal or formal sectors, due to the pandemic and its fallout; this is a one-off payment of US$41	– Government guarantees a 500 million Namibian dollar (N$) concessional rate loan scheme for non-agricultural small businesses, with funds provided through the Development Bank of Namibia – Government will further guarantee a N$200.0 million loan scheme for farmers and agricultural businesses – Tax-back loan scheme for tax registered and tax paying (PAYE) self-employed individual persons experiencing difficulties due to COVID-19 outbreak	– Water subsidy during lockdowns – Government will ensure that waterpoints are kept open without a need for water cards during lockdowns, through NamWater and Local Authorities that will subsidise this critical service	

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

Nigeria	– Crisis intervention fund is to be utilised to upgrade healthcare facilities	– National Beneficiary Register (NBR), with a total of 1,028,416 poor and vulnerable households targeted for CCT support across 32 states; these are households registered in the National Social Register (NSR), ranked from the 6th poverty decile and below – The government has made the decision to pay this category of households an advance payment of 20,000 naira (N) (approximately US$52) each as a bulk payment for those monthly payments for 4 months – Release of 70,000 metric tonnes of grain from Nigeria's National Strategic Grain Reserves, for distribution to poor and vulnerable persons in frontline ∑COVID19 States, as well as persons whose livelihoods will be affected by the lockdown	– Government will also provide additional loans to 500,000 petty traders and artisans nationwide (TraderMoni) – Creation of a N50 billion target credit facility for affected households and small and medium enterprises – MarketMoni is loans for providers of essential services, including shoe-makers and vulcanisers[43] – FarmerMoni is loans for farmers	– For a month, MTN Nigeria waived fees on its Y'ello mobile-money platform	– Nigeria Consultative Employers Association (NECA) has launched guidelines on managing the COVID-19 consequences
Rwanda	– Portable sinks for handwashing, found at bus stops, restaurants, banks and shops across the capital, Kigali	– Social Protection response, starting with in-kind distribution of food and other essential items to 20,000 families; the target group includes casual laborers whose livelihoods depend on a daily wage and self-employed, mainly in the informal sector, who can't work due to COVID-19 containment measures	– Easing of loan repayment conditions to borrowers affected by the COVID-19 pandemic – Banks were exceptionally allowed to restructure outstanding loans of borrowers facing temporary cash-flow challenges arising from the COVID-19 pandemic	– Zero charges on all transfers between bank accounts and mobile wallets – Zero charges on all mobile-money transfers; zero merchant fees on payments for all contactless point of sale transactions; limit for individual transfers using mobile-money wallets to be increased	

(*Continued*)

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Seychelles	– An increase of 50.6 million Seychelles rupees (SRs) proposed for the health sector, to cover an isolation centre and increase quarantine capacity – A sum of R60 million is being proposed under the contingency vote to cover costs related to the procurement of medicine and equipment, and for operations and logistics for prevention measures against COVID-19	– Salaries guaranteed for three months, and cover salaries for at least six months – Assistance will be limited to an individual ceiling of R30,000.00; this assistance will also cover foreign workers, self-employed people who have no employees, for example, taxi operators – Agency for Social Protection (ASP) to assist individuals in the informal sector; this applies mainly to businesses operating without a licence or permit, or even those who are not paying their taxes – An additional sum of R10 million was also proposed for the Unemployment Relief Scheme		– Seychelles Pension Fund has postponed contributions for three months, for those due April to June 2020 will now be due July–September 2020	
Sierra Leone	– Government has earmarked 100 billion leones (Le) (USD10 million) for the implementation of the COVID-19 Contingency Plan	– Provide safety nets to vulnerable groups – Support labour-based public works – 25g bags of rice, 250,000 leones ($25.77), Veronica buckets, and other items to people with disabilities in district headquarter towns	– Creation of a Le500 billion (USD50 million) credit facility to finance production, procurement and distribution of essential goods and services at a concessionary rate		

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

South Africa	– Public Health Care System provides affordable healthcare for the majority of the country's poor in state hospitals and through its primary healthcare system	– South African Social Security Agency (SASSA) will provide early payments of social grants to older persons and persons with disabilities – The president announced 500 billion rand (R) (approximately US$25 billion or close to 10% of GDP) of emergency expenditure to counter the costs of the lockdown; the package included increased expenditure of R50 billion on social grants – Child Support Grant – Other social grants – including the Old Age Grant (or pension) and the Disability Grant	– Support SMEs with Debt Relief Fund to provide relief on existing debts and repayments, to assist SMEs during the COVID-19 outbreak. – The Business Growth or Resilience Facility seeks to enable continued participation by SMEs in supply value-chains, in particular those that manufacture (locally) or supply various products that are in demand due to current shortages[44] – Disaster Management Regulations on 2 April to include 'spaza shops and informal food traders, with written permission from a municipal authority' in the definition of essential services – Tourism Relief Fund, providing one-off capped grant assistance to MSMEs: accommodation establishments, hospitality and related services, travel and related services[45]	– Four-month holiday for companies' skills development levy contributions, the fast-tracking of VAT refunds and a three-month delay for filing and first payment of carbon tax	– Regulatory concessions and relaxations to enable the communications sector to provide easy and affordable (and/or free) access to data – Emergency spectrum allocation – Government launched its SMME portal to connect business owners with local market opportunities during lockdown, while relief funds for a range of industries have also been introduced

(*Continued*)

Table A1. Policy responses in African countries – as of 15 May 2020 (*Continued*)

RESPONSE TYPE	Health and safety measures (Health, improved sanitation, etc.)	Welfare (Cash transfers, waivers, wage or employment support)	Finance and credit support (Economic stimulus, credit schemes, guarantees)	Taxes and fees (Mobile money, fee waivers for digital tools, utilities, etc.)	Structural policies (Clarity in rules, information, adapting to digital tools, etc.)
Uganda		– Uganda's Office of the Prime Minister announced that it will provide relief food to this category, who are largely informal sector workers – Government is delivering food packages to 1.5 million vulnerable people in Kampala and Wasiko districts; the food packages include six kilograms of maize flour and three kilograms of beans and salt per head – 'Girls Empowering Girls' urban cash transfer and mentoring programmes for adolescent girls transitioned to remote co-ordination	– National Social Security Fund (NSSF) of Uganda has announced measures that allow businesses/employers facing economic distress due to COVID-19 to reschedule NSSF contributions for the next three months without accumulating a penalty	– Waiver of penalty and interest upon voluntary disclosure; a taxpayer who makes any voluntary disclosure during the months of March and April 2020 and pays the principal tax, shall have their penalty and interest remitted in accordance with the law – MTN Uganda waived on-net person-to-person (P2P) transaction fees for transfers under $8 – Zero charge for bank-to-wallet and wallet-to-bank transactions and zero charge for MOMPAY(e-payments) to both customers and merchants for a period of 30 days	
Tanzania	– Government has adopted limited containment measures				
Zambia	– Cabinet approved a COVID-19 Contingency and Response Plan, with a budget of 659 million kwacha (ZK) under the Disaster Management and Mitigation Unit	– Government has released ZK140 million to pay local contractors in the road sector; these resources will ensure that Zambian contractors and suppliers are not put out of business	– Revised upwards transactions and balance limits for individuals, small-scale farmer and enterprises; the limits by agents have been revised upwards to give agents more float to deal with transactions – SMEs encouraged to contact their lenders on the potential for loan restructuring, with banks being expected to harbour the costs of the review	– Waived charges for person-to-person electronic money transfers of up to ZK150	

Source: International Monetary Fund – Policy response to COVID-19; World Bank's Social Protection and Jobs Responses to COVID-19; IGC's COVID-19 policy tracker. Government sources and media channels.

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators

S. No.	Area	ID	INDICATOR	Description and Rationale	Coding	Construction Notes	Data Sources
1	Health and Safety	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	Breadth = Availability*Scope	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q2	Access	Ease of access to health facilities. Based on the share of out-of-pocket spending on health by households (of total current health expenditures)	0-100	Re-scaled for positive scale to 0-100	World Development Indicators
		Q3	Cover	Short-term cover based on current health expenditure (% of GDP)	0-100	0-100	World Development Indicators
		Q4	Adequacy	Medium to long-term effects based on the Global Health Security Index	0-100	0-100	GHS Index
2	Welfare	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	Breadth = Availability*Scope	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels.
		Q3	Access	Ease of access to welfare support. Based on the CPIA rating for policies for social inclusion and equity that includes gender equality, equity of public resource use, building human resources, social protection and labour, and policies and institutions for sustainability	0-100	Re-scaled 0-100	World Development Indicators
		Q2	Cover	Based on coverage (both direct and indirect beneficiaries) of social protection and labour programs (% of population) that provides approximate measures of social protection systems performance of the country based on nationally representative household surveys	0-100		ASPIRE: The Atlas of Social Protection - Indicators of Resilience and Equity, The World Bank

(*Continued*)

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators (*Continued*)

S. No.	Area	ID	INDICATOR	Description and Rationale	Coding	Construction Notes	Data Sources
		Q3	Adequacy	Based on adequacy (both direct and indirect beneficiaries) of social protection and labour programs (% of total welfare of beneficiary households) that provides approximate measures of social protection systems performance of the country based on nationally representative household surveys	0-100		ASPIRE: The Atlas of Social Protection - Indicators of Resilience and Equity, The World Bank
3	Finance and Credit	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	Breadth = Availability*Scope	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q3	Access	Ease of access to finance and credit. Based on the credit information index affecting the scope, accessibility, and quality of credit information; ranges from 0-8, with higher values indicating the availability of more credit information to facilitate lending decisions	0-100	Re-scaled to 0-100	World Development Indicators
		Q2	Cover	Liquidity support through direct credit lines or guaranteed commercial loans. Based on announced fiscal support (% GDP)	0-100		Elgin, Basbug and Yalaman (2020); Hale et al. (2020) - supplemented by announcements
		Q3	Adequacy	Medium to long-term likelihood of recovering from depressed demand. Based on the COVID-19 Economic Stimulus Index (CESI)	0-100	Re-scaled 0-100	Elgin, Basbug and Yalaman (2020)
4	Taxes and Fees	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	Breadth = Availability*Scope	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels

Table A2. COVID-19 Response for Informal Sector (CRIS) Index – underlying areas and indicators (*Continued*)

		Q2	Access	Ease of access to indirect tax and fee waivers. Based on access to electricity (% of population) and account at a financial institution or with a mobile-money-service provider (% of population 15 years or more)	0-100	Composite measure using an average of two	World Development Indicators
		Q3	Cover	Cover from indirect tax or fee exemptions. Based on other taxes (as % of revenue) include employer payroll or labour taxes, taxes on property, and taxes not allocable to other categories, such as penalties for late payment or non-payment of taxes	0-100		World Development Indicators
		Q4	Adequacy	Current account balance of the government (% of GDP). Based on an indication of the country's fiscal space	-50 to +50		World Development Indicators
5	Structural policies	Q1	Breadth	Identify if a measure has been announced or implemented generally, with direct or indirect effects for MSMEs (0 or 1), combined with a subjective assessment of the scope of policy announcement to cover informal sector (0-None; 1-Narrow; 2-Broad)	0-100	Breadth = Availability*Scope	International Monetary Fund – Policy response to Covid-19, World Bank's Social Protection and Jobs Responses to COVID-19; ILO Country policy responses; IGC's COVID-19 policy tracker; Government sources and media channels
		Q2	Access	Ease of access to measures that simplify procedures or provide information for adapting to new ways of work, based on individual use of internet (% population)	0-100		World Development Indicators
		Q3	Cover	Mobile coverage based on mobile cellular subscriptions (per 100 people)	0-100		World Development Indicators/ International Telecommunication Union
		Q4	Adequacy	Research and development focus of firms - R&D (% of firms)	0-100		World Development Indicators

Table A3. COVID-19 Response for Informal Sector (CRIS) Index - underlying data (standardised to 0-100)

		Panel A: Unweighted score						Panel B: PCA					
Region	Country	Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall	Health	Welfare	Finance and credit	Tax and fees	Structural policies	Overall
Africa	Botswana	58.6	45.9	58.6	27.2	59.2	**49.9**	49.2	59.0	41.4	37.7	82.1	**53.9**
	Cameroon	42.0	13.0	29.6	37.3	12.8	**26.9**	1.2	7.5	4.0	71.9	14.6	**19.8**
	Eswatini	56.9	29.4	33.7	38.6	24.6	**36.6**	46.9	40.5	0.0	56.1	37.1	**36.1**
	Gambia	53.9	40.4	9.4	13.1	24.0	**28.1**	26.6	37.5	23.1	32.3	36.2	**31.1**
	Ghana	49.6	78.5	43.1	29.2	56.5	**51.4**	14.3	100.0	19.1	46.8	75.6	**51.2**
	Kenya	32.0	34.3	48.4	29.2	43.8	**37.5**	33.3	43.5	18.4	45.6	50.2	**38.2**
	Lesotho	30.6	51.4	31.1	34.9	19.7	**33.5**	66.7	54.7	15.2	51.6	29.4	**43.5**
	Malawi	44.3	49.6	34.9	25.8	8.0	**32.5**	66.4	57.3	3.9	65.1	2.6	**39.1**
	Mauritius	35.4	60.7	46.0	47.5	37.3	**45.4**	25.4	70.4	25.7	64.9	62.6	**49.8**
	Mozambique	43.9	37.0	35.9	27.3	5.8	**30.0**	55.2	38.3	22.2	90.5	0.0	**41.2**
	Namibia	34.1	52.0	50.7	41.4	35.3	**42.7**	65.7	57.8	41.3	60.0	53.9	**55.7**
	Nigeria	28.6	43.2	61.7	37.5	21.9	**38.6**	0.0	41.0	40.8	56.3	32.0	**34.0**
	Rwanda	46.1	50.1	50.5	33.8	19.4	**40.0**	53.8	70.4	35.8	61.0	23.6	**48.9**
	Seychelles	40.6	52.0	27.5	33.6	42.7	**39.3**	41.1	57.8	1.9	57.8	73.4	**46.4**
	Sierra Leone	37.8	37.4	23.4	1.8	13.1	**22.7**	42.3	34.9	28.4	39.6	13.9	**31.8**
	South Africa	38.8	66.1	58.8	31.1	63.1	**51.6**	43.9	80.8	35.5	46.8	90.1	**59.4**
	Tanzania	29.0	19.6	32.5	9.7	15.6	**21.3**	41.5	25.8	0.3	34.5	19.1	**24.3**
	Uganda	27.9	56.1	44.0	32.9	16.3	**35.4**	31.2	65.6	19.6	59.8	17.5	**38.7**
	Zambia	42.8	45.9	61.5	35.8	16.8	**40.6**	50.6	44.1	39.3	57.3	20.0	**42.3**

Table A3. COVID-19 Response for Informal Sector (CRIS) Index - underlying data (standardised to 0-100) (*Continued*)

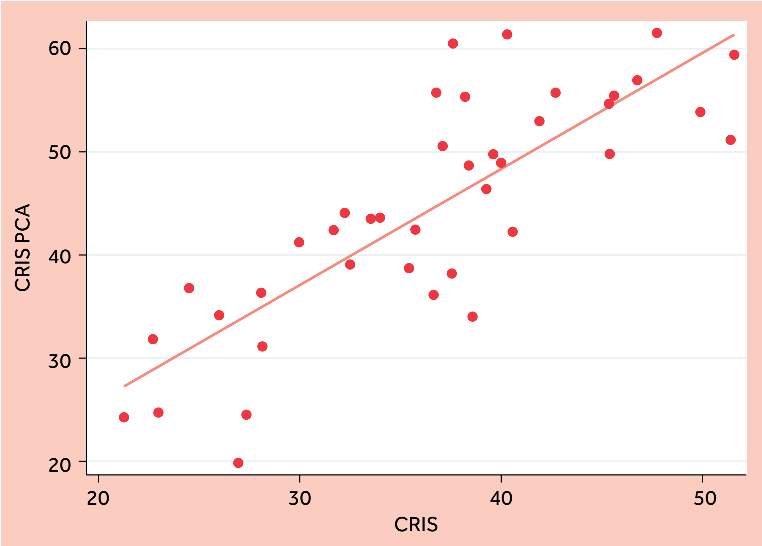
Caribbean	Antigua and Barbuda	49.6	53.0	12.5	49.4	62.2	**45.4**	28.0	60.8	8.7	75.9	100.0	**54.7**
	Bahamas	26.3	53.0	35.5	48.5	38.1	**40.3**	49.5	60.8	48.9	85.1	62.8	**61.4**
	Barbados	48.1	40.5	28.5	50.5	66.2	**46.8**	24.3	49.7	33.1	83.5	94.1	**56.9**
	Belize	40.8	53.5	23.2	41.4	33.0	**38.4**	43.2	61.4	33.8	61.1	43.9	**48.7**
	Dominica	37.2	36.9	25.0	41.0	43.8	**36.8**	48.1	39.6	26.2	100.0	64.7	**55.7**
	Grenada	45.0	54.2	37.1	47.4	44.4	**45.6**	19.8	67.7	49.2	77.6	62.9	**55.5**
	Guyana	26.0	26.2	47.7	42.0	28.0	**34.0**	45.1	28.3	16.2	90.1	38.3	**43.6**
	Jamaica	29.4	55.3	47.9	35.5	41.4	**41.9**	60.0	65.6	23.2	57.8	58.2	**53.0**
	Saint Lucia	36.3	54.2	24.1	38.8	25.4	**35.7**	24.2	67.7	39.7	40.9	39.8	**42.5**
	St Kitts and Nevis	33.4	53.0	23.1	36.2	45.4	**38.2**	33.5	60.8	53.1	52.2	77.1	**55.3**
	St Vincent and The Grenadines	39.1	53.2	23.1	47.7	22.4	**37.1**	34.5	61.9	53.1	73.6	29.6	**50.6**
	Trinidad and Tobago	38.5	53.0	43.5	52.0	51.7	**47.7**	32.5	60.8	38.8	95.0	80.6	**61.5**
Pacific	Fiji	28.4	45.0	37.3	34.4	43.0	**37.6**	57.6	36.8	100.0	46.9	61.1	**60.5**
	Kiribati	32.5	25.0	12.5	34.2	10.7	**23.0**	93.9	13.4	8.7	0.0	7.7	**24.7**
	Nauru	45.2	17.1	12.5	26.7	28.5	**26.0**	83.7	10.5	8.7	23.7	44.2	**34.2**
	Papua New Guinea	42.8	21.7	43.0	19.7	9.6	**27.4**	47.7	0.0	62.2	7.6	5.1	**24.5**
	Samoa	42.5	40.1	23.6	37.4	17.6	**32.2**	55.8	56.2	46.4	40.1	21.8	**44.1**
	Solomon Islands	30.0	27.6	23.8	27.5	13.6	**24.5**	72.3	9.7	43.7	44.6	13.6	**36.8**
	Tonga	42.4	31.1	37.9	47.9	38.7	**39.6**	57.4	25.6	54.4	59.3	52.3	**49.8**
	Tuvalu	47.1	16.3	24.9	29.6	22.6	**28.1**	100.0	5.6	28.3	15.6	32.3	**36.3**
	Vanuatu	30.1	30.3	35.4	30.9	31.7	**31.7**	60.6	25.3	50.8	37.3	38.0	**42.4**

Notes: Panel A reports the unweighted sub-scores and the overall CRIS score. The PCA was done across the four indicators for each policy area, using original data on variables as discussed in this paper. For the unweighted score, we took the simple unweighted average across the three indicators of access, cover and adequacy. Panel B reports the sub-scores after the PCA, normalized in the range 0-100; the overall CRI score is also listed.

Table A4. COVID-19 Response for Informal Sector (CRIS) Index – PCA

Health and Safety				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.59	0.49	0.40	0.40
Component 2	1.10	0.26	0.27	0.67
Component 3	0.84	0.37	0.21	0.88
Component 4	0.47	.	0.12	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	-0.37	0.76	0.24	0.49
Access	0.67	-0.05	-0.25	0.70
Short-Term	0.47	0.05	0.87	-0.14
Long-Term	-0.44	-0.65	0.35	0.51
Welfare				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	2.02	1.11	0.50	0.50
Component 2	0.90	0.25	0.23	0.73
Component 3	0.65	0.23	0.16	0.89
Component 4	0.42	.	0.11	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.52	-0.04	0.81	-0.27
Access	0.56	-0.38	-0.14	0.72
Short-Term	0.56	-0.12	-0.56	-0.60
Long-Term	0.33	0.92	-0.10	0.21
Finance and Credit				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.27	0.24	0.32	0.32
Component 2	1.03	0.04	0.26	0.57
Component 3	0.99	0.28	0.25	0.82
Component 4	0.71	.	0.18	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.64	0.36	0.27	-0.62
Access	-0.27	0.79	0.42	0.36
Short-Term	0.72	-0.06	-0.02	0.69
Long-Term	-0.05	-0.49	0.87	0.03
Tax and Credits				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.80	0.64	0.45	0.45
Component 2	1.15	0.57	0.29	0.74
Component 3	0.58	0.12	0.15	0.88
Component 4	0.47	.	0.12	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.62	-0.15	-0.01	0.77
Access	0.08	0.85	-0.52	0.10
Short-Term	0.53	0.40	0.67	-0.34
Long-Term	-0.57	0.32	0.54	0.53
Structural Measures				
Component	Eigenvalue	Difference	Proportion	Cumulative
Component 1	1.96	0.93	0.49	0.49
Component 2	1.02	0.33	0.26	0.74
Component 3	0.69	0.36	0.17	0.92
Component 4	0.33	.	0.08	1.00
Variable	Component 1	Component 2	Component 3	Component 4
Breadth	0.48	-0.25	0.83	-0.13
Access	0.61	0.14	-0.41	-0.67
Short-Term	0.61	-0.18	-0.30	0.71
Long-Term	0.16	0.94	0.22	0.20

Figure A1. Correlation between unweighted CRIS and CRIS using PCA



Note: CRIS unweighted (x-axis) and CRIS with PCA (Y-axis). We find a highly significant correlation between the two at 0.82.