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Enhancing COVID-19 Economic Recovery and Empowerment of Informal Women Workers in Kenya

The COVID-19 pandemic has disproportionately impacted the informal women workers due to lockdowns, curfews, school closures, and all other containment measures- most of which missed the feminist lens in their formulation, enforcement, and reporting. All recovery efforts, therefore, ought to deliberately consider the informal sector.

What is at stake?

Globally, the informal economy employs approximately two billion people, representing about 61 percent of global employment. Notably, women are over-represented in the informal urban economies. Possible drivers of informality for women workers include gender-based discrimination in the labor workforce, unequal responsibilities for unpaid care and domestic work, fewer opportunities for skills development, lack of resources, and social norms that limit their choice of work (World Bank, 2018; Holmes and Scott, 2016; International Labor Organization, 2013).

The COVID-19 pandemic has had an unprecedented impact on economies, especially the informal economy. In addition, the pandemic has compounded the vulnerabilities of informal women workers and their families. The economic vulnerabilities have negatively impacted the social, physical, and mental well-being of the workers in the informal economy.

Women constitute the majority (66 per cent) of the informal workforce. By excluding them from planning and implementation, economic recovery is significantly

hampered. Macro- and microeconomic stimulus packages and policies must intentionally target and address their unique working conditions and enterprises.

In policy formulation, excluding informal women workers, who constitute the majority workforce in all the informal sub-sectors, hinders economic recovery efforts. Hence, the macro and microeconomic stimulus packages and policies must address the needs and priorities of the informal sector to unlock and accelerate their post – pandemic economic potential and pathways to recovery.

Key Takeaways

- Informal women workers are central to post COVID-19 economic recovery.
- Economic recovery policy efforts must deliberately target informal women workers for enhanced and inclusive recovery.
- Recognition of the informal sector's contribution to the economy is important in creating resilience mechanisms that support adaptation and scaling up.



Research approach

The International Center for Research on Women (ICRW) undertook a policy scoping study between January- May 2021, dubbed, “Gendered Impact of COVID-19: A Policy Analysis on the Impact of COVID-19 on Women Workers in the Urban Informal Economy in Kenya”. This review sought to establish the COVID-19 economic stimulus package’s responsiveness to the plight of informal women workers in Kenya.

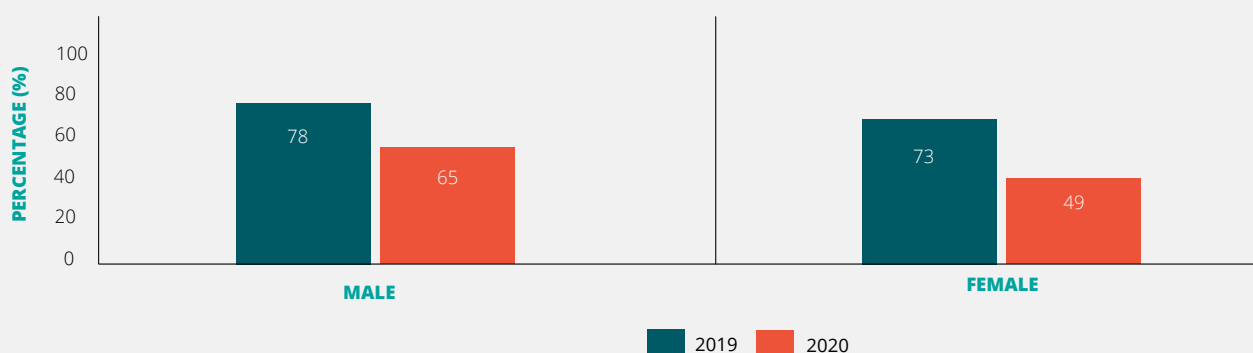
Key Findings

Women in the Informal Economy in Kenya

The Kenya 2019 census estimates a working labor force of 22.3 million, with women accounting for more than 50 percent of the total working population. According to the World Bank, Kenya’s informal sector accounts for at least 87 percent of the employment opportunities (Ohnsorg and Shu Yu, 2021). The informal sector in Kenya offers employment to approximately 15 million Kenyans, according to 2018 estimates, compared to the 2.9 million who work in the formal sector. These 15 million Kenyans are domestic workers, cleaners, hairdressers, informal eatery operators, cobblers, shoe shiners, beauticians, mechanics, and street vendors, with women as the majority. Kenya’s Economic

Survey Report (2020) described the informal sector as volatile due to its small-scale operations, characterized as semi-organized, unregulated, and with limited technology use. The Federation of Kenya Employers (FKE) estimated that 5.1 million Kenyans in the informal sector lost their jobs in 2020. The job and income losses were more for women than men.

COVID-19 affected the labor force participation with a decline reported between 2019 and 2020 due to lockdowns, curfews, and school closures, as shown below.



Why the focus on the Informal women workers?

- Women workers constitute the largest share of the workforce within the informal sector.
- Women were affected across all levels-economically, health wise and socially.
- Workers in the informal sector tend to be lower paid and lower-paid, with less access to finance and social safety nets, than workers in the formal.
- Workers in vulnerable employment, majority being women were the first ones to lose their jobs at the onset of the pandemic.
- Loss of jobs and inability to engage in productive work resulted in increased care burden.

The compounding impact of COVID-19 on gender inequalities in the Kenyan economy

During the pandemic, traders in urban markets, traders in urban markets experienced economic shocks due to market closures, reduced clientele and purchasing power, disturbances in the supply chains due to COVID-19 restrictions and increased operating costs. Most informal women workers relied on daily wages and had difficulties selling their products or accessing markets due to supply chain disruptions during COVID-19. The closure of markets and businesses and strict travel regulations severely impacted women traders who rely on public transport to access markets. In Kenya, women are primarily employed in low-skilled activities, where job losses hit women the most. Those working within the hospitality and service industries lost their jobs due to business closures, social distancing measures, and the closure of eateries, recreation facilities, and learning institutions. Ban on domestic and international travel also heavily impacted the tourism and hospitality industry, where women dominate as frontline workers. Enterprises prioritized laying off workers in low-skilled, casual, seasonal, and informal jobs while keeping those in high-skilled positions.

"Without all the work that women did this year, there'd be no economy to rebuild."

Mercedes D'Alessandro,
Argentina's Director of
Economy, Equality and
Gender. April 20, 2021.

According to Financial Sector Deepening (FSD) Kenya, COVID-19 response mechanisms by women in the informal economy have been documented to include their disposal of assets, forego meals, or take up additional menial jobs to generate income (FSD, 2021). Further, the differential impacts on women during the pandemic were most prominent within the informal economies, heightening socioeconomic insecurities, increasing care burdens, and spurring more incidents of domestic violence.

Gendered assessment on the impact of COVID-19 on informal women workers

A review undertaken by the International Center for Research on Women (ICRW) in 2021 found that informal workers, particularly women, were rendered 'invisible' in terms of fiscal and macroeconomic policies intended to mitigate against the pandemic's socio-economic shocks.

While the Government's economic packages tailored to small and medium enterprises (SMEs) showed promise, ICRW's assessment revealed that these packages were aimed mainly at providing liquidity to formal companies. This boost to businesses was the result of the:

- Reduction of the Central Bank Rate (CBR) from 8.25 percent to 7.25 percent.
- Reduction of the Cash Reserve Ratio (CRR) from 5.25 percent to 4.25 percent.
- Extension of the maximum tenure of repurchase agreements from 28 to 91 days to allow flexibility on liquidity management.
- Lowering of the base lending rate and reduction of cash reserve ratio by 1 percent to enable cheaper credit to entrepreneurs.

The informal nature of women workers' operations limited their access to formal financial products, a wide range of support structures/government aid, and cash incentives. Such exclusionary measures continue to impede the economic recovery, growth, and livelihoods of the informal women workers who constitute the majority of income earners for their households. Prior to 2021, fiscal and economic measures were not sensitive and responsive to the plight of informal women workers as they did not contribute directly to their financial security, rather, these measures increased vulnerabilities for women, in that:

- The absence of credit guarantee program hindered the informal sector enterprises from accessing financing from formal banking institutions in response to measures deployed by the Central Bank of Kenya's Monetary Policy Committee.
- Reduced business incomes also resulted in a reduction in the scale of operations and a threat to business continuity.

Recommendation for Policy and Practice

Addressing the plight of informal women workers is key to overall economic recovery post-pandemic. Policy responses must address the disproportionate impact of the pandemic on women workers and women entrepreneurs in the informal sector through consultatively designed gender-responsive economic recovery.

In recognizing the role played by female workers in the informal economy, ICRW, through this brief, calls for the adaption of gendered economic recovery perspectives and considerations to ensure full integration of gender considerations in policies that address COVID-19.

1. Policy makers

- Roll out deliberate, gender responsive COVID-19 economic recovery plans and initiatives to address the disproportionate impact of the pandemic on women in their diversities. Roll out deliberate fiscal measures to cushion informal workers and industries due to their contribution to economic growth. The government must include leaders of women worker associations in economic recovery policy formulation mechanisms.

- **Design and tailor economic Smart Stimulus packages** to include the informal sector, with particular attention to sectors with a significantly large proportion of women workers, such as the service, hospitality, manufacturing, tourism, and other small-scale businesses. Tailored options include concessional loans or grants, tax debts condonation, rental, and utility subsidies. The government ought to enhance the economic stimulus package cushion women owned micro, small and medium enterprises (MSMEs) from the effects of the pandemic while safeguarding the recovery efforts of MSMEs.
- **Fund digital innovation and inclusion mechanisms** to enhance access to capital, markets, information on financial services, and banking products by those in the informal sector should be intensified and funded by the Ministry of Information, Communication and Technology (ICT), the private sector, and other stakeholders. Utilize flexible platforms and technologies to reach informal workers and ensure wider coverage of the economic incentives. Develop and roll out digital solutions that will foster continuity in business operations with the industry in recognition of the already existing digital gender divide. The government should formally adopt a national financial inclusion strategy to expand the digital infrastructure to reduce the exclusion of the most vulnerable.
- **Consider assigning digital identifiers to workers in the informal industry** to facilitate identification and ease of access with economic recovery measures. This intervention will facilitate the registration of informal workers for social assistance programs, such as **cash transfers that target vulnerable households**. Cash transfers offer alternatives to incomes, stimulate

productivity, economic recovery and growth post the pandemic.

- **Extend low-cost and responsive access to credit and finance for businesses** by creating an environment that will enable women own account workers to access government credit for business.
- **Undertake a gendered assessment on the impact of the pandemic**, gaps, and opportunities in the economic recovery packages, to inform prioritization of investments within the industry.

2. Female own-account workers (self-employed)

- **Develop innovative approaches to building resilience in the informal sector**. This task goes to the government, informal worker associations, private sector, and women entrepreneurs. These initiatives should be tailored to business owners and managers within the informal enterprises to equip them with skills to prepare, cope, and recover from pandemic-related socio-economic shocks.
- Design and adopt **gender-sensitive business operation processes** to promote the return to work by all, including female staff. Stakeholders ought to develop models that are accessible and offer innovative solutions to mitigate the hurdle posed by the increased care burden to women's return to work. In addition, informal enterprises should consider **flexible work options for female employees**. **This includes expanding childcare options for working mothers.**

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