COVID-19 learning brief

Comparative observations from Kenya and South Africa on youth skills development and employment

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A brief by the Skills Initiative for Africa (SIFA)

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Acronyms

B4SA	Business for South Africa (SA)
BUSA	Business Unity South Africa (SA)
COBRA	COVID Business Rescue Assistance (SA)
COTU	Central Organisation of Trade Unions in Kenya DHET Department of Higher Education and Training (SA)
FKE	Federation of Kenya Employers (KE)
GBV	Gender-based violence
GDI	Global development incubator
GOYN	Global Opportunity Youth Network
HEI	Higher education institution
ICT	Information, Communication and Technology
KE	Kenya
KENI	Kenya Emergency Network for Innovation (KE)
KEPSA	Kenya Private Sector Alliance (KE)
MNO	Mobile network operator
MoH	Ministry of Health (KE)
MSME	Micro, small, and medium enterprises
NEET	Not in employment, education, or training
NSBC	National Small Business Chamber (SA)
NSFS	National Student Financial Aid Scheme (SA)
NYDA	National Youth Development Agency (SA)
OECD	Organisation for Economic Cooperation and Development
PPE	Personal protective equipment
PSET	Post-school education and training (SA)
SA	South Africa
SACCO	Savings and Credit Co-operative
SEDA	Small Enterprise Development Agency (SA)
SEFA	Small Enterprise Finance Agency (SA)
SOP	Standard operating procedures
TERS	Temporary Employer/Employee Relief Scheme (SA)
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund (SA)

Executive summary

The global Coronavirus (COVID-19) pandemic has not only impacted health, lives, and economies, but also the labour market and the education sector. Governments, policymakers, private sector groups, trade unions, and other stakeholders are attempting to respond to rapidly changing circumstances.

Collation of information for this brief is a collaboration between GDI, GOYN and Accenture South Africa on behalf of the AUDA-NEPAD. It leverages reports, opinion pieces as well as primary data on COVID-19.
Purpose: to provide a reflection on the COVID-19 experiences of Kenya and South Africa on youth skills development and employment through observations, insights and lessons for the future.

A) Identifying commonalities between Kenya (KE) and South Africa (SA)

COVID-19 has exacerbated systemic issues such as economic inequality, inadequate systems and infrastructure (IT, health, sanitation, education), gender-based violence, and youth and informal workers' vulnerability.

On the positive side, both countries have demonstrated **adaptability, transparent decision-making** and **multi-sector collaboration** in handling the rapidly changing crisis.

B) Learning from Kenya and South Africa: COVID-19 impact and response

- **A challenging skills and job market for youth** has been made worse by the pandemic: In Kenya, 1.7 million people have lost jobs due to COVID-19 while in South Africa, an estimated 3 million jobs have been lost to date. Youth and self-employed informal workers have been the worst affected.
- **Micro, medium, and small enterprises (MSMEs) have been hard hit.** 77% of Kenyan MSMEs have had to dismiss employees, and 71% of MSMEs in South Africa experienced halted or disrupted operations, negatively impacting cash flows.
- **13 million Africans** are expected to fall below the poverty line due to economic effects of COVID-19.

The impact of COVID-19 mentioned above has prompted a range of actions by various stakeholders:

- **Public sector and policymakers** have driven top-down directives like lockdowns and stimulus packages.
- **Strong bottom-up cross-sector collaboration** has been most powerful to observe. For example:
    - The private sector has launched youth initiatives, such as Safaricom's digital learning initiative for youth (KE) and MultiChoice Group partnering with the government to create new jobs (SA).
    - Civil society response is evident through platforms like Kenya Emergency Network for Innovation (KENI) in Kenya, the Kenya COVID Response WhatsApp group, and COVID Business Rescue Assistance (COBRA) in South Africa.
    - The private and public sector have also collaborated in providing social grants for vulnerable populations like the unemployed (e.g the COVID adaptation fund supported by GDI and Instiglio), and relief funds for MSMEs. (e.g. the Solidarity Fund in South Africa and the Mastercard Foundation SME partnerships fund in Kenya and the Collaborative for Frontier Finance Working Capital Facility)
    - Finally, there have been coordinated multi-stakeholder efforts. E.g. Global Opportunity Youth Network (GOYN) recruited youth health workers in partnership with the County Government of Mombasa, Swahilipot Hub Foundation and Catholic Relief Services (KE).

C) Recommending the path forward to COVID-19 -readiness and transformation

It is vital for all to think not only about recovery to pre-crisis levels but also of coexistence with COVID-19. Perhaps even more importantly, COVID-19 is a **springboard for total transformation**. The new normal underscores certain imperatives:

- Sustaining collaborative problem-solving through collaborative structures, financing and accountability.
- Scaling up public service delivery and social protection for all formal and informal workers.
- Re-thinking youth skills and employment by reducing the digital divide, promoting continuous demand-driven skills development, and encouraging youth innovation and entrepreneurship.
- Making MSMEs and informal workers resilient by providing access to skills, finance and markets.

1. Introduction

The global Coronavirus (COVID-19) pandemic has not only impacted health, lives, and economies, but also the labour market and the education sector. Governments, policymakers, private sector groups, trade unions, international organisations and other stakeholders are attempting to respond in rapidly changing circumstances.

This learning brief provides a reflection on the experiences of Kenya and South Africa as of August 2020, with the aim of highlighting observations, generating insights and drawing out the lessons for the future. It is a collaboration between the African Union Commission (AUC), the African Union Development Agency (AUDA-NEPAD), the German Government, the European Union, the Global Development Incubator (GDI), and the Global Opportunity Youth Network (GOYN).

Within the above context, this brief leverages secondary data and other reports developed by the private sector, public sector and international communities to answer several key questions on COVID-19:

- What are the similarities between Kenya and South Africa?
- What impact has COVID-19 had on key stakeholders?
- What have the responses been and how can we learn from them?
- What is valuable to sustain and accelerate in COVID-19 world?

The contents of this brief cover three broad areas:

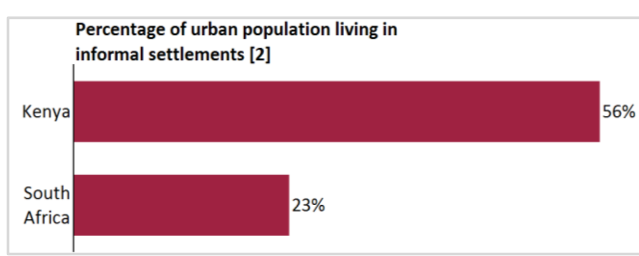
1. **Identifying commonalities between Kenya and South Africa:** A discussion of systemic issues exposed and exacerbated by COVID-19, principles employed by stakeholders in managing the crisis and drivers of policy.
2. **Learning from Kenya and South Africa:** Observations on the impact of COVID-19 on the public sector, private sector and MSMEs, and youth and labour markets. Additionally the consequent responses and related shortcomings.
3. **Looking forward:** The emerging opportunities and the necessary and aspirational actions for recovery and transformation.

2. Identifying commonalities between Kenya and South Africa

2.1. The exacerbation of systemic issues by COVID-19

COVID-19 has exacerbated and exposed systemic problems in both Kenya and South Africa. Most notable amongst these is the economic divide and youth and informal sector vulnerabilities. Other issues include inadequate social safety nets, stressed health facilities and healthcare workers, insufficient digital and education systems, police brutality, gender-based violence and corruption.

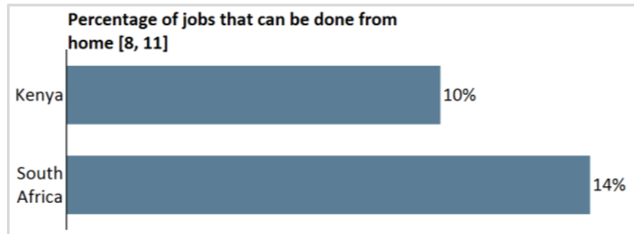
Economic inequalities	• The World Bank estimates that the number of **Africans living below the poverty line of $1.90 per day will increase** by 13 (base case) to 50 (worst case) million due to the adverse economic effects of COVID-19[3,4]. Poverty and socioeconomic inequality will continue to be a challenge even in recovery[3,4]. Vulnerable and lower-income people are likely **unskilled or underskilled for a post-COVID-19 world**, and will likely experience barriers to accessing treatments and vaccinations when they become available. • According to research by 60 Decibels, 37% of Kenya's population is 'extremely or very **vulnerable to COVID-19'** and other shocks[1]. 60 Decibels defines vulnerable populations as those: i) living in **poverty**, ii) having undergone a significant **change in financial situation**, iii) having employed coping mechanisms, and iv) having suffered changes in food consumption due to the crisis[1].



- With many of Kenya and South Africa's urban population living in informal settlements, **maintaining physical distance is virtually impossible**[2]. COVID-19 has also increased the percentage of the poor urban population by at least ten percentage points[3].
- A **lack of proper sanitation** in dense low-income settlements **limits handwashing** needed to prevent the spread of the coronavirus. Many lower-income populations must take public transport to and from work, thereby increasing their exposure to the coronavirus.

Shocks for youth and informal workers

- **Youth and the informal sector are particularly vulnerable** to the economic shock caused by the pandemic. Prior to the COVID-19 pandemic, both Kenya and South Africa had high levels of youth not in employment, education or training (NEET) at 16% and 42%, respectively, in Q1 2020[5,6]. NEET in Kenya increased to 18% in Q2 2020 as a result of the COVID-19 pandemic[6,7]. Additionally, youth unemployment in both countries is higher than the national rate[5,6,7].
- Only a fraction of jobs can be performed from home due to a significant informal labour force[8]. Thus, many low-income and informal workers in Kenya and South Africa have had their **livelihoods disrupted** by curfews and lockdowns, especially in hospitality and retail sectors[9].



Informal and Micro and Small Medium businesses supply and demand mismatch

- Lockdowns and curfews have hurt MSMEs due to restricted operations, trading hours and customer movement. Additionally, the economic crisis has resulted in reduced customer spend.
- Government departments, state-owned enterprises (SoEs) and corporates have also defaulted or delayed payments to MSMEs due to an increased cash crunch[12]. Micro and informal businesses required daily working capital to conduct their business and due to reduced activity and credit, these businesses are experiencing significant declines.
- The informal and gig sector[14] has mostly been **excluded from relief measures** and is often "an orphan of policy". In both Kenya and South Africa, some informal workers were ineligible for grants despite income losses[15].

Gaps in health systems

- Kenya and South Africa's healthcare was under capacity before the pandemic and is **under even more strain** now as the number of COVID-19 cases continues to rise. The COVID-19 crisis has complicated the management of other diseases as patients are more averse to visiting healthcare facilities unless absolutely necessary. Anxiety and stigma relating to COVID-19 has also created a mental health crisis, caused primarily by the loss of livelihoods.

Social protection, cash transfers and food delivery

- Across both countries, global agencies and local governments have been actively supporting the extreme poor with **cash transfers** and delivery. For example, in Mombasa, Kenya, the County Emergency Household Relief and Nutrition Program support is an initiative that was initiated by the Mombasa COVID-19 Emergency Committee that is led by the Governor and County Commissioner. The team's work is led by the private sector comprising mainly local businesses and civil society with a target of cushioning 229,000 vulnerable households.

People in Mombasa county, Kenya with food packages

Education and the digital divide	● COVID-19 has **pronounced the digital divide**. With Africans already paying more for data than the rest of the world, scores of people are locked out of remote work, e-learning and information sharing. Even where learning websites have been zero-rated as in South Africa, access to devices, poor network in some areas and unreliable power supply present a barrier[13].
Police brutality	● The use of excessive force by law enforcement entities in African countries like Kenya and South Africa has long been an issue[16,17]. Notorious incidents are the 2012 Marikana massacre in South Africa and violence against university students in Kenya in 2019. ● During the COVID-19 crisis, **police brutality in the enforcement** of curfews in Kenya and lockdown in South Africa has resulted in injury and death. At least 15 deaths and 31 injuries have been reported in Kenya as a result of curfew enforcement by police. In South Africa, at least ten black people were killed in low-income black areas, and over 230,000 people arrested for minor lockdown-related offences.
Vulnerability of women and children	● With learners at home due to school closures, **children are at risk** of child labour and dropout. ● **Gender-based violence** (GBV) has also spiked. The first week of South Africa's lockdown saw a 37% increase in reported cases of GBV compared to 2019. ● In Kenya, the **lack of safety at home** for children (especially girls) is apparent, with 46,000 cases of teenage pregnancies between April and May 2020.
Corruption	● Kenya and South Africa have a corruption perception index of 137 and 70, respectively. In both countries, responses to the COVID-19 crisis has been riddled with **allegations of corruption**. ● In Kenya, an alleged multi-billion shilling COVID-19 tender scandal was exposed by NTV in August 2020. Furthermore, peaceful protests against the COVID-19 corruption scandal were met with tear gas and arrests by police. ● In South Africa, the Public Protector released a statement that it was "inundated with COVID-19 related complaints of alleged conduct and service failure". As of August 2020, the Special Investigation Unit (SIU) was investigating the alleged misappropriation of R5B ($210M) in COVID-19-related tenders in South Africa.

2.2. Unique principles in managing the COVID-19 crisis

COVID-19 has been unlike other crises. The novel and highly volatile nature of the pandemic has demanded unique principles of crisis and disaster management that both Kenya and South Africa have adopted.

1. Demand for adaptability as new information emerges

Unlike other humanitarian crises that have clear response frameworks, COVID-19 is unprecedented. Given the many unknowns about the virus, governments have to make decisions based on partial facts and information at their disposal. New emergencies surface as stakeholders try to tackle the pandemic (e.g. healthcare workers increasingly getting infected and increased gender-based violence). Dynamic responses are therefore crucial as new data is constantly becoming available.

2. Need for transparency in decision making

Both Kenyan and South African governments have adopted frequent touchpoints through regular presidential addresses and daily updates from the Ministry/ Department of Health. Real-time data is also made available to the public on the ministry websites. Further, governments are dealing with very real trade-offs between the health of their citizens and significant economic decline. Both governments have been very vocal and transparent about these difficult choices in their communications and considerations.

3. The necessity of stakeholder collaboration

The public sector has been working with the private sector alongside development partners on response and stabilisation plans. For example, in South Africa, the Solidarity Fund was created as a response platform for the general public, civil society, the public and private sector to contribute to the consolidated effort to fund various initiatives. Private-Public collaboration, through organisations like

Business for South Africa (B4SA), Business Unity South Africa (BUSA) and COVID Business Rescue Assistance (COBRA), has been at the centre of most responses. In Kenya, the National Business Compact Coalition set up a COVID-19 response platform to coordinate actions like distributing personal protective equipment (PPE), setting up handwashing stations, and sharing best practices. The Kenya Private Sector Alliance (KEPSA) has also been working with the government to craft policy.

2.3. Policy drivers at play

Kenya and South Africa's policies have been driven by similar economic, political and social factors at local, national and international levels. A summary is given below, and a broader discussion provided in sections 4.2. and 5.2.

Economic	***International***	**Trade:** Both countries allowed cargo flights to continue after the suspension of passenger flights. Kenya temporarily closed its borders with Tanzania due to a row about testing, and South Africa implemented export control on essential goods[18].
	National	**Monetary policy:** Both countries implemented a reduction of repo rates (central bank interest rates) and loan restructuring. Kenya also lowered bank' cash reserve ratio[18]. **Fiscal policy:** Both countries instituted tax relief measures, MSME relief funds, and social grants through cash transfers[18]. **Other:** In Kenya, MPESA mobile money transactions under Ksh1,000 ($10) were made free to incentivise cashless transactions and prevent the spread of the coronavirus.
Social	***National and local***	**Social protection:** With significant vulnerable populations (youth and informal workers), social protection policies are imperative for South Africa and Kenya. **Health systems:** South Africa's total lockdown and Kenya's county containments bought governments time to increase the healthcare system's capacity. **Education systems:** Both countries took the decision to close learning institutions to prevent the spread of the virus, but have since put protocols in place to phase safe reopening due to the criticality of the education system[19,20].
Political	***National and local***	**Electoral implications:** Facing elections over the next year or two creates an incentive for governments to manage the COVID-19 crisis seriously (South Africa municipal elections in 2021, Kenya general elections in 2022).

3. Learning from Kenya: key observations on impact and response

3.1. Impact of COVID-19 at different levels in Kenya

COVID-19 has had a range of expected and unexpected effects on stakeholders in Kenya, as discussed below.

Public sector

The leading impact was the depreciation of the Kenyan shilling due to panic US dollar buying. Kenya's budget deficit is expected to escalate due to a reduction in tax revenues from: i) fewer taxable (profitable) businesses, and ii) tax relief as part of the fiscal stimulus. Moreover, there is mounting pressure of public debt from previous projects and new COVID-19-related loans from organisations like the IMF. Increasing debt repayments compete with social investments and undermine the fight against inequality. Forex reserves are also drying up as global trade dwindles, remittances into the country decrease, and the Treasury and the Central Bank meet existing foreign debt obligations. Lastly, resource constraints have been exacerbated as public services funnel limited resources towards managing the crisis.

Private sector and MSMEs

60% of Kenyan MSMEs have experienced disrupted or halted operations[21]. Additionally, 86% of MSMEs have reported moderate to high negative financial impact caused by drastically reduced revenues and depleted cash reserves[21]. About 77% of MSMEs have had to dismiss employees, with most dismissals in enterprises with less than ten employees[21].

The pandemic has also caused supply and demand shifts with some sectors benefiting and others losing out[22]. A rise in demand has been seen in digital sub-sectors such as e-commerce, mobile money, e-learning, and food and drink delivery. Disrupted demand has been observed in brick-and-mortar retail, lending, transport, tourism, and hospitality. Lastly, disruption of global supply chains has affected key imports like agricultural inputs and machinery[22].

Youth skills and employment, and labour markets

Millions of learners have been affected by the closure of educational institutions. Youth NEET was 16% in Q1 2020, shortly before the escalation of the COVID-19 pandemic[7]. Following COVID-19-related job losses, and technical and vocational education and training (TVET) and higher education institutions (HEI) closures, NEET has increased to 18%[7].

According to a survey by Global Development Incubator (GDI)I and Global Opportunity Youth Network (GOYN) on youth in Mombasa, COVID-19 has severely affected the financial stability of 64% of respondents[23].

Arguably, the worst impact has been on labour markets. Kenya's labour force, 47% of whom are youth aged 15-34, has been battered by the COVID-19 crisis[7]. In Q2 2020 30% of Kenyan youth in the potential labour force were unemployed, up from 25% in Q1 2020 before the crisis[6,7]. In a May 2020 survey by AMREF, 22% of Kenyan youth had lost their livelihoods due to the crisis[24]. A survey of gig workers by Mercy Corp highlighted that 88% of Kenyan gig workers had taken on loans and had outstanding debt to meet every day needs due to job losses and reduced income[14].

The national unemployment rate in Kenya increased from 14% in Q1 2020 to 23% in Q2 2020. This resulted in an additional 1.7 million unemployed Kenyans that can be attributed to COVID-19[6,7].

Agriculture, Kenya's most significant employer, has not been unscathed by the pandemic. Millions of smallholder farmers and agriSMEs have lacked access to local and international markets[25]. Farmers in coffee, floriculture and horticulture value chains - Kenya's greatest exports - have been particularly affected. According to the Kenya Manufacturing Association, the manufacturing sector has about 330,000 direct and three million indirect jobs. The association estimates that of these, about 30,000 formal jobs have been lost, with another 140,000 at risk if the COVID-19 crisis persists.

Women bear the economic brunt of the COVID-19 crisis, with over 50% shut out of the labour market compared to 35% for men; this is due to the impact of the lockdown in service sectors that women are generally overrepresented in such as education, retail and childcare[26].

3.2. Observations of COVID-19 responses in Kenya

Different stakeholders have taken several decisions in Kenya to date. Top-down interventions have occurred through government directives around emergency, stabilisation and recovery. Several coordinated and fragmented bottom-up responses have been observed. These include private sector and MSMEs repivoting business models and diversifying supply chains, civil society interventions on youth skills and employment, and trade union and cooperative actions.

3.2.1. Public sector

As the first line of response to the COVID-19 crisis, national and local governments, state-owned enterprises, and other public entities outlined and implemented various strategies to manage the COVID-19 crisis.

Emergency

Launch emergency response:
- Set up taskforce
- Employ austerity measures
- Set up online resources centre

Partial lockdown:
- Containment of counties
- Dusk-to-dawn curfew

Stabilisation

Continuous capacity building and management:
- Digital training and guidelines
- Scale-up of COVID-19 testing
- Local manufacture of PPE
- SoEs distribute free sanitiser
- Home-based care

Recovery and Resilience

Recovery and resilience plan:
- Counties develop post-COVID-19 recovery plans
- KEPSA and the Mastercard Foundation partner towards MSMEs recovery, resilience and catalysing growth post-COVID-

- Closure of facilities
- Suspension of flights

Economic interventions:

- Ksh54B economic stimulus including cash transfers
- Lower interest rates
- Tax reductions and relief
- SME credit guarantee scheme worth Ksh100B

- Mental health and psychosocial support

Reopening:

- Reopening of counties
- Resumption of domestic and international flights

19

- COVID-19 ICT Advisory committee identify and fund local ICT innovations to promote recovery
- Mastercard Foundation, Kenya Red Cross and Ministry of Health partner to make healthcare systems resilient

3.2.2. Private sector and MSMEs

The immediate responses for many MSMEs were **temporary business closure** and strict **cash conservation** measures[21]. These include the negotiation of financial obligations and making employees redundant. While banks have restructured over 20% of loans following Central Bank directives, there is a general lack of access to credit for MSMEs. The importance of **business continuity plans** has become apparent, with 65% of MSMEs employing their business continuity plans[21].

Capital Providers of **small and growing businesses in frontier markets** like Kenya and South Africa have also identified the need for **technical and financial assistance** to mitigate the effects of COVID-19 on their portfolio companies. A June 2020 survey by the Collaborative for Frontier Finance found that 60% of capital providers would need to inject liquidity capital of greater than $1 million into their portfolio companies to sustain portfolio company operations. Furthermore, 84% of capital providers would require a cash infusion and have to negotiate with investors in order to meet businesses' post-COVID needs. Additionally, 83% of small and growing businesses would require assistance in **liquidity and working capital management,** and 63% would need **strategic support**[50].

As businesses reopen, they have **updated standard operating procedures** as mandated by government directives and independent reopening guidelines. Some companies have also **pivoted** their offerings to take advantage of new opportunities. For example, some hotels were approved for quarantine and isolation, and delivery platforms are offering grocery shopping services.

Local philanthropists in the private sector have contributed significantly towards COVID-19 relief funds[10]. A notable example is Equity Bank CEO James Mwangi's personal contribution of Ksh 300 million ($3M). This was matched by the Equity Group foundation and supplemented by the MasterCard Foundation, bringing the total Mwangi-Equity-MasterCard contribution to Sh1.1 billion ($100M). The Chandaria Foundation and the Safaricom Foundation, both members of the East Africa Philanthropy Network, have also contributed towards relief efforts.

Companies in the public and private sector have blended and distributed free hand sanitisers for vulnerable Kenyans. **Partnerships** within the private sector have also been noted. For instance, to strengthen food systems, Twiga Foods and Jumia partnered to deliver produce at a reduced cost via Jumia's e-commerce platform.

Lastly, the KEPSA Healthcare sector board has identified **8 priority areas** requiring the intervention of the government, including the assessment of PPE effectiveness, eradication of corruption, a policy framework for public and private health insurance for COVID-19, and continuous capacity building of healthcare workers and home-based caregivers[27].

3.2.3. Youth skills and employment, and labour markets

A young person from Mukuru, Kenya showcases their submission for an art contest (#LifeDuringCoronaContest)

The COVID-19 crisis has negatively impacted youth due to the **closure of Technical and Vocational Education and Training(TVETs) and Higher Education Institutes (HEIs)**. The Education in Emergencies (EiE) **response working group** set up initiatives such as radio lessons and WhatsApp groups to support students, particularly national examination candidates. The TVET joint sub-sector working group put forward recommendations on **TVET reopening and recovery** strategies for structural adaptation, hygiene behaviour, curriculum adaptation, e-infrastructure and other critical areas[19]. In Kenya, the FY20/21 budget allocated Ksh 14.9B to technology initiatives including **digital learning** in public schools[19].

On the positive side, TVETs are looking to use COVID-19 as an opportunity in skills development to **promote open and distance e-learning** (ODeL) following gazetted ODeL standards[28]. The state department for vocation and technical training has shared guidelines and protocols for TVET colleges reopening, and a digital self-assessment tool for TVETs.

Some TVET institutions reported **innovations** in response to COVID-19. These were primarily health-related solutions such as making ICU beds, ventilators, PPE, sanitisers and soap[19]. Interventions by the private sector include **digital training** . For example the Safaricom Foundation, Zizi Afrique and Toolkit iSkills provide online training of 300 youth.

The Chairman of the GOYN Youth Advisory group in Mombasa supports handwashing stations at Likoni Ferry

Despite being adversely affected by the pandemic, youth are leading sanitation initiatives in their communities. For instance, in Mathare and Kawangware, **youth have been distributing soap** and setting up handwashing stations. Additionally, the GOYN youth advisory group in Mombasa, Kenya set up handwashing stations in public areas such as the Likoni ferry.

Youth are also **driving innovation,** such as the creation of mechanised handwashing stations and 3D printing for PPE[29]. The KEPSA Gender and Youth Sector Board have crafted a recovery and growth strategy for youth- and women-led MSMEs.

Coordinated multi-stakeholder responses have also been observed. An example is a programme by GOYN (in partnership with the County Government of Mombasa, Catholic Relief Services, and Swahilipot) that recruited, trained and equipped 150 youth health volunteers to support COVID-19 sensitisation and contact tracing efforts in the county.

To combat increasing youth unemployment, the government aims to absorb more than 270,000 Kenyan youths in the national hygiene programme via the **Kazi Mtaani initiative** worth Ksh10B. The Ministry of Agriculture also has programmes to **promote youth investments in agribusiness,** and is partnering with the youth in the Nutrition Response to COVID-19. Additionally, state corporations like the Kenya Pipeline Company partnered with the National Youth Council (NYC) to distribute free hand sanitisers to vulnerable communities. The Youth Enterprise Development Fund has organised forums to **advise youth entrepreneurs** on how to diversify their businesses to include new opportunities. Through the fund, some youth groups have **accessed loans** worth Ksh100K ($1,000) for their businesses.

Non-profit organisations have been **supplementing government cash transfers**. For example, the Kenya Red Cross Society provided 12,200 recipients in Mombasa county with a Ksh 1,000 ($10) weekly cash transfer, supported by the German Federal Foreign Office (GFFO) and the Royal Danish Embassy. The Danish Embassy's DKK 20 million grant is expected to impact 40,000 households in informal settlements in Mombasa and Nairobi.

GDI and Instilgio launched the **COVID-19 Adaptation Fund** to help service provider organisations adapt their programmes for the poor and vulnerable in Kenya, in response to the COVID-19 pandemic. Through this fund, selected service providers will receive up to $100,000 each over six months to implement innovative adaptations to their poverty alleviation programming, to respond to the global pandemic.

The **Central Organisation of Trade Unions in Kenya** (COTU-K), Federation of Kenya Employers (FKE) and Ministry of Labour and Social Protection signed a Memorandum of Understanding to promote flexible working hours, fair compensation, and safety at work. **Savings and Credit Co-operatives (SACCOs)** have been proactive in driving responses despite being negatively affected by low member deposits and loan defaults. SACCOS are disseminating information to members and distributing PPE. Startups are also leading the **formalisation of the informal sector** through platforms like Lynk and Juakali, where informal workers can diversify their income[14].

3.3. Shortcomings in policy implementation

Despite the best efforts in policy and response, there have been some gaps and delays in implementation. Blended learning has fallen short, with only 29% of secondary school students accessing digital education, and scores of university students locked out as well. According to a survey of Mombasa youth by GDI and GOYN, only 15% of youth had received government financial support and only 35% had access to the internet for 2-8 hours a day to enable digital learning and remote work[23].

Kenya's SME credit guarantee scheme is yet to be operationalised over a year after its formation. This means that SMEs still have limited access to credit to cushion them from the economic effects of COVID-19. Although there are some bright spots of cash transfers through the work of FCDO / British High Commission, Kenya Social Protection Ministry, World Food Program and Give Directly, it has not reached the majority of households that need this support. Furthermore, informal and gig workers have generally been excluded from relief measures such as cash transfers as these primarily leverage formal channels like commercial banks[14,30]. Corruption has shown itself as a parallel crisis in Kenya, as discussed in section 2.1. Corruption claims related to COVID-19 have compromised the procurement of critical PPE and equipment, further jeopardising already fragile health systems.

4. Learning from South Africa: key observations on impact and response

4.1. Impact of COVID-19 on stakeholders in South Africa

COVID-19 has had a significant impact on the public sector, private sector and MSMEs, youth and labour markets.

Public sector

South Africa was already in a recession in 2019. With the onset of the COVID-19 pandemic, a credit downgrade triggered the depreciation of the Rand. The budget deficit is set to balloon due to increasing costs of servicing public debt, and a reduction in tax revenues due to the economy's contraction and disaster management tax relief. New debt from the IMF makes the financial position more precarious.

Private sector and MSMEs

According to a pre-lockdown survey by the National Small Business Chamber (NSBC), 90% of MSMEs urgently needed funding to sustain their business, and 86% were already experiencing the adverse effects of COVID-19[31]. Despite the phased reopening of the economy, the continued depressed economic state means MSMEs are not out of the woods yet.

A young woman in front of her microenterprise stall

According to the NSBC survey, 66% of MSMEs had been affected by import/export disruptions[31]. Shifts in global demand and supply chains have affected SMEs in mining, petrochemicals, and manufacturing sectors [32].

Youth skills and employment, and labour markets

Youth unemployment continues to be a challenge in South Africa. In Q1 2020, youth aged 15–34 years accounted for 63% of the total number of unemployed persons. 42%[5] of youth were not in employment, education, or training (NEET). With the closure of TVETs and HEIs and increased job losses, NEET has likely gone up (Q2 data not available at the time of writing).

According to a Fairwork survey, most South African gig workers lost their jobs during lockdown. Those able to work during lockdown lost 80% of their income [33].

MSMEs are responsible for 89% of jobs in SA, and according to the NSBC survey, 23% had already laid off staff pre-lockdown[31]. Moreover, 36% of formal SMEs laid off staff under Level 5 lockdown according to Stats SA[34]. It is estimated that 3 million jobs have been lost due to the pandemic[35].

Of the 3 million jobs lost in South Africa due to COVID-19, two-thirds of persons affected are women[35]. Informally self-employed women have been hit hardest, with work hours dropping by 49% (vs 25% for men) and losing up to 70% of their income[36]. Domestic workers, of whom women are the majority, have largely been excluded from grants as most are not registered with the unemployment insurance fund (UIF)[36]. Closure of schools has also meant that the responsibilities of childcare and domestic work are born primarily by women, impacting their ability to re-enter the workforce[35].

4.2. Observations of COVID-19 responses in South Africa

Some responses in South Africa have been top-down as governments and policymakers issued directives for emergency, stabilisation and recovery. Coordinated private-public responses have also been observed, most notably in the formulation of the country's national recovery plan and the Solidarity Fund for the contribution of relief funds. Additionally, several bottom-up actions have been seen in MSMEs, youth and labour market responses.

4.2.1. Public sector

National and local governments and other public entities have employed responses that are primarily top-down. For example national emergency response and economic interventions. The Solidarity Fund was also created as a platform for the general public, civil society, the public and private sector to contribute to the consolidated effort to fund various COVID-19 initiatives. It has approved millions of Rands for food relief, medical equipment and initiatives that support victims of gender-based violence.

Emergency

Launch emergency response:
- Declare national disaster
- Set up resources centre
- Alert level 5 lockdown

Economic interventions:
- R500B economic stimulus (incl. unemployment insurance, grants, SME debt relief, loan guarantee)
- Tax relief
- Lower interest rates

Stabilisation

Continuous capacity building and management:
- COVID-19 benefit under the Medical Schemes Act
- Scale-up testing
- Increasing capacity of facilities
- Guidelines for isolation
- Mental health support

Reopening:
Easing of lockdown alerts

Recovery and Resilience

National recovery plan:
- 12 focus initiatives for economic transformation, including digital learning and health platforms, financial inclusion and infrastructural projects[12]
- 12 focus policy areas include crime, corruption, trade, labour reform, skills development, and ease of doing business[12]
- Presidential task force created a public employment programme (Building a Society that works[38])

4.2.2. Private sector and MSMEs

A brochure of the of the SME Debt Relief finance scheme

Businesses' first response has been **cash conservation**. 70% of MSMEs reduced business spend, including layoffs[39]. Another overwhelming response has been that thousands of SMEs applied for debt relief with over 27,000 approved. Albeit inadequate for all MSMEs, various SME packages have been disbursed. These include funds from the Small Enterprise Finance Agency (SEFA) and Tourism Relief fund. **Private relief funds** have also been set up to support MSMEs. The South African Future Trust (SAFT) and the Sukuma Relief Programme are examples. High networth individuals and philanthropists like the Motsepe family have also contributed towards relief funds[10].

MSMEs are also **pivoting business models** to survive as seen by a steakhouse operating as a butchery. Thousands of South African businesses have claimed **business interruption insurance** payouts, including private healthcare practices. Some of these, including doctors' claims, have been denied. However, some insurance companies have committed to **compensating businesses**. COVID-19 Temporary Employer/Employee Relief Scheme (TERS) relief has been extended to **self-employed workers and micro-enterprises** with less than ten employees. These businesses were previously not considered under TERS UIF. Additionally, healthcare workers (private and public) are covered under the Compensation Fund at the Department of Labour for workplace acquired COVID-19. Innovations such as the Collaborative for Frontier Finance Working Capital Facility aimed at supporting small and growing businesses in Sub-saharan African (both Kenya and South Africa) are also in the process of launching to support business continuation and provide a backstop for funds that are providing capital to SMEs.

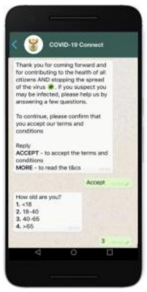
As lockdown alerts relax, **businesses are reopening** as they adhere to guidelines such as the Return2Work five-step roadmap[40]. COVID Business rescue assistance (COBRA) has been offering pro-bono **support for MSMEs**, including webinars and think-pieces on how businesses can reinvent themselves. Business Unity South Africa (BUSA) and the Black Business Council (BBC) identified import substitution, and diversification and **localisation of supply chains** as integral to combating the economic effects of COVID-19. This is particularly necessary for manufacturing and construction sectors. Finally, Business for South Africa (B4SA) has been working with the government to formulate a **national economic recovery plan**[12]. The national economic recovery plan highlights the need for increased **ease of doing business** for formal and informal MSMEs, including the self-employed[12].

4.2.3. Youth skills and employment, and labour markets

South Africa has tried to make **blended learning** accessible through partnerships with mobile network operators (MNOs) to zero-rate learning websites. Additionally, there is a dedicated radio lesson curriculum for matriculation candidates (grade 12) and a comprehensive online curriculum for TVETs. The Department of Higher Education and Training (DHET) also reallocated budget to COVID-19-related activities, such as the provision of devices for e-learning[20].

The Minister of Higher Education, Science and Innovation directed the DHET to waive some requirements for the payment of **allowances to TVET students** for the 2020 academic year. Thus, the National Student Financial Aid Scheme (NSFAS) will continue to pay bursaries, loans and stipends to students for the 2020 academic year, enabling them to buy data and devices for e-learning[20, 41].

In the spirit of **"no student will be left behind"**, the DHET surveyed technical capabilities of TVETs and identified those requiring additional support to enable digital learning. The Minister committed to funding TVETs through savings from previous years' bursary funding held by NSFAS[20]. The DHET also set up a tollfree mental health helpline for students and staff of TVETs and HEIs to support them in coping with increased anxiety and psychosocial challenges brought about by the pandemic[20].



The DHET HealthCheck tool on Whatsapp

Unprompted by COVID-19, the DHET recently released a policy framework to **address GBV** in the post-school education and training system (PSET). The framework will be pertinent as TVETs and HEIs reopen, given the pervasiveness of GBV in South Africa[42]. Another response that was adopted by some universities was the **repurposing of laboratories** to produce sanitisers and disinfectants for themselves and surrounding communities[20]. As TVETs and HEIs prepare for phased reopening, they are instituting systems to adhere with COVID-19-cleaning **protocols and other reopening requirements**, for which the Minister has begun inspections. Additionally, all TVET/ HEI students and staff will be required to register for HealthCheck before entering campuses[20].

Youth skills development has been highlighted as a focus area of South Africa's national economic recovery strategy, as it is currently a bottleneck to entrepreneurial and technological development[37]. Furthermore, the Presidential youth employment intervention which was launched in February 2020 is increasingly relevant. It includes **digital opportunities and social jobs for youth**[38]. Through the Youth Employment Service (YES) Mask 4 All initiative, over 100K masks have been manufactured, including for export. Mask 4 All has generated over R1M for township youth-led MSMEs, maintained about 300 jobs, and created over 25 new youth gig jobs. Through YES, MultiChoice has created 500 jobs for youth. In parallel, Amazon created 3000 virtual jobs.

Grassroots community responses as seen by youth donating groceries to street hawkers have been powerful to observe. **Social enterprises** by youth and for youth have also been game-changers. For example, Harambee Youth Employment Accelerator (Harambee), through partnerships like Generation Unlimited, is providing digital learning and work opportunities to youth.

Regarding **funds for youth**, the National Youth Development Agency (NYDA) set up the Youth Micro Enterprise Relief Fund. As part of the social safety net for workers, the Department of Social Development has provided over 4 million South Africans with a **R350 social relief grant**, and 7.5 million workers with **UIF benefits** as of July 2020. For persons - including informal and gig workers - that are ineligible for the UIF and other social grants, the government created a special Social Relief of Distress grant[43]. Labour-broking digital platforms are facilitating the shift towards a gig economy for remote work, household assistance and delivery services[33].

15K applications have been approved for **smallholder and communal farmers**, 55% of whom are vulnerable persons like women, youth and people with disabilities. Additionally, over 400 **informal shops** have received funds from the Spaza Shops and General Dealers Support Scheme.

4.3. Shortcomings in policy implementation

While South Africa's response in policy has been robust, systemic challenges have slowed implementation. For instance, the procurement of laptops for NSFAS learners has been delayed due to complexities in the procurement process. Additionally, alleged corruption in COVID-19-related tenders has marred the procurement process behind the purchase of PPE, medical equipment and other initiatives. Five thousand students that were recipients of NSFAS funds have also been accused of being dishonest about the need for aid, highlighting gaps in the due diligence process.

According to a post-lockdown NSBC survey, only 6% of South African MSMEs got relief funding[44]. Even when financing is available, low awareness of opportunities impedes access[39]. On the youth front, only 11% have access to a laptop and the internet, inhibiting blended learning. Finally, many informal and gig workers have been unable to benefit from the UIF as they were not registered[15, 33, 36, 45]. These examples highlight the fact that policy does not live in a vacuum, and broader systemic change is needed.

5. Looking forward

The journey ahead is not without challenges due to the deep systemic issues discussed in section 2.1. However, it is important for all stakeholders to think not only of recovery to pre-crisis levels, but also of coexistence with COVID-19 and using it as a springboard for total transformation. COVID-19 has catalysed imperative change and revealed opportunities across four key areas: 1) sustaining collaborative problem-solving 2) scaling up service delivery and social protection, 3) re-thinking youth skills and employment, and 4) improving MSMEs and informal workers' resilience.

5.1. Sustaining collaborative problem-solving

Various resources highlight principles and tactics to solve societal issues. The creation of collaborative structures, knowledge sharing, promoting accountability and innovative financing are such examples.

Theme	Reflections and opportunities going forward
Collaborative structures	● A perspective by Results for Development suggests that, "broad, sustained, multi-sectoral coordinated response that galvanises communities and civil society" is the critical link to COVID-19-readiness[46]. ● Well-positioned players from communities, civil society, community health workers, private sector and research organisations, can act together to mobilise information, financial and human resources towards common goals[46]. ● Collaborative platforms created in response to COVID-19 can be maintained and repurposed for general disaster management and future crises. Examples ● Platforms like Global Opportunity Youth Network/Swahilipot Hub Foundation, KENI, KEPSA and National Business Compact in Kenya, and COBRA, B4SA, BUSA and the Solidarity Fund in South Africa have illustrated the fact that coordinated multi-stakeholder responses can be mobilised swiftly, particularly if platforms already exist.
Knowledge sharing ***719#**	● In situations that evolve as rapidly as the COVID-19 crisis, collecting, disseminating and using the right data is important to ensure effective actions are taken[46]. ● A perspective by the African portal suggests that Africans work together to develop their own knowledge products such as surveys and scientific studies to have localised policy and solutions[47]. This requires the collaboration of research and higher education institutions, governments, philanthropists and private sector funders[47]. ● Governments and private associations can continue to use innovative data-sharing methods such as bulk SMS, USSD codes, and platforms like WhatsApp that have been leveraged successfully by the World Health Organisation and national health ministries.
Accountability and transparency	● Clear accountability and transparency mechanisms are required around the utilisation of funding baskets and resources for disasters and other public initiatives. ● UNDP advances that the adoption of a multi-stakeholder and multi-sectoral oversight body can enable accountability and transparency during the COVID-19 crisis and beyond. This would involve governments, civil society, academia, anti-corruption and audit institutions[48, 49].
Innovative financing	● GDI sees an opportunity for creative funding approaches such as leveraging new vehicles to mobilise capital. These could be specific SME funds, blended financing funds or outcome funds based on pay-for-results targets[37]. ● Incubating platforms that remove search costs between public and private investors could also encourage innovative and collaborative financing of initiatives[37]. ● Governments, private corporations, investors and philanthropists can plug the gap that many capital providers experience for preferred capital (concessionary capital, grants and debt)[50].

- The Bridgespan Group and the Africa Portal also posit that strategic African philanthropy can supplement government funding and bolster preparedness[10, 51].

Examples
- The COVIDcap relief resources for small businesses and nonprofits is a collaboration between Duke University and global partners.
- The Collaborative for Frontier Financing (incubated by GDI) mobilises capital into “missing middle funds” for small and growing businesses in emerging markets through early-stage funds[50].
- Members of the East Africa Philanthropy Network, have led COVID-19 responses.
- Aceli Africa (incubated by GDI) is building the finance market for an inclusive agriculture sector in Africa and has accelerated their efforts as COVID-19 has impacted small-holder farmers, intermediaries and banks.

Sustained change

- In order for many of these innovations to scale, for countries to build on these leapfrogging opportunities and for new collaborative structures to succeed, it is critical to embed these efforts into local communities and systems, connecting to accountability and data.
- When viewed from a positive lens, COVID-19 actually presents an opportunity to change systems for the long term, from education and health to policy formation and investment approaches. Shifting government and private sector and commercial systems towards adopting what works, driving replication and open sourcing data could be an impactful “Endgame” thinking approach for the COVID-19 crisis[64].
- The COVID-19 crisis is allowing communities to re-imagine these systems and gives stakeholders the opportunities to set up structures, feedback channels and incentives to ensure access, collaboration and innovation continues to flourish. To support innovations to scale, it will be critical to continue driving blended and alternative financing through sustained investment funds. To ensure on-going accountability, it will be critical to set up structures that publish data and information accessible to citizens and a wide variety of stakeholders.
- Rather than just short-term response planning, it is critical to set up sustained collaborative structures and working groups that are funded and continue to evolve to solve new challenges amongst diverse stakeholders working together, truly showing that multi-stakeholder collaboration is “More than the Sum of its Parts”[65].

5.2. Scaling up service delivery and social protection for all

COVID-19 has amplified the need for governments to enhance public service delivery, particularly health systems and extend social protection to all workers, including vulnerable gig and informal workers. Furthermore, governments can create an enabling environment for systems resilience through favourable policies.

Theme	Reflections and opportunities going forward

Health systems

- Private and public sector stakeholders can strengthen and integrate healthcare players like pharmacies, primary healthcare providers, home-based care and in-patient facilities to transform health systems.
- Public departments of health can equip home-based care providers. This can help alleviate pressure on facilities, reduce the cost of healthcare and may reduce stigma.
- Governments, research institutes, private and public universities can invest in research for public health disaster readiness as exposed by epidemics like Ebola and COVID-19.
- Joint private-public investment can strengthen healthcare infrastructure

Examples
- GDI and the Institute of Transformative Technologies (ITT) have partnered to design low-cost technology solutions for COVID-19 and healthcare in general[52].
- Telehealth may see an uptick in Africa, following the precedent set by South Africa.

Social protection for all

- Governments can extend social protection by encouraging all workers (formal and informal) to register and contribute to private and public social funds[36].
- Private and public health insurance can be tailored for informal workers[14].
- Governments and gig platforms can adopt guidelines put forward by the World Economic Forum and Fairwork, including fair pay and safety for gig workers [43, 53, 54].
- Gig platforms can introduce an option for platform end-consumers to contribute towards social funds for gig workers, similar to a tip.
- Employers can offer a social safety net through enhanced leave and financial assistance[55].

Enabling policy and frameworks

- A report by the Organisation for Economic Cooperation and Development (OECD) suggests that governments and policymakers improve trade and manufacturing policies to create an enabling environment for local solutions, and enhance system preparedness[56].
- Governments and policymakers can improve the ease of doing business for all ecosystem players, particularly the private sector[12, 38].

Example

- The Kenyan Government formed the COVID-19 ICT Advisory committee to identify local ICT innovations that address the impact of the pandemic on health, food and livelihoods, logistics and transport, and security. As of August 2020, the committee had reviewed 700 innovations and selected 63 to be considered for funding and strategic support.

5.3. Re-thinking youth skills development and employment

COVID-19 presents an opportunity to close the digital divide in TVETs and HEIs, and ramp up skills development[57]. Additionally, the private and public sector can encourage youth entrepreneurship and new career pathways.

Theme | **Reflections and opportunities going forward**

Digital divide

LOON

- Private and public sector entities can improve access to hardware and infrastructure to individual students and learning institutions. This is particularly needed in urban informal communities and rural populations.
- TVETs can create online curricula as seen in South Africa and ODeL in Kenya.
- TVETs can complement digital learning with distance delivery modes like correspondence courses, learning hubs for tactile skills, physical materials for self-study and radio lessons.
- TVETs can provide artisanal courses using augmented/virtual reality (AR/VR) to circumvent in-person training.
- MNOs can continue to zero-rate learning websites.
- Governments can equip rural and underprivileged learning institutions and their communities with internet through satellite links and local area networks.

Examples

- NSFAS in South Africa has committed to the procurement of laptops for NSFAS-funded students, improving access to devices required for digital learning.
- Accenture SA is working on zero digital divide initiatives for education and MSMEs in the formal and informal sector in South Africa. This leverages mini-grids to increase access to electricity, device distribution through public-private partnerships, developing intranets for access to data, and digital skilling through virtual mentorship programmes.
- Accenture SA has identified use-cases for AR/VR training in aviation, and in oil and gas.
- South Africa's DHET is planning a R5B satellite connectivity project for the PSET[20].
- Loon's partnership with Telkom Kenya, is providing innovative internet access through 35 internet balloons in remote areas with up to 35,000 early users.
- Microsoft has a multi-partner initiative to help 25M people acquire digital skills via free learning paths and low-cost certifications[57].

Continuous demand-driven skills development

- Demand-driven education and skills development are more important now than ever. Skills development should be informed by current and future economic requirements[12].
- Continuous learning in the form of reskilling and upskilling is key to skills-readiness. This can be through learning institutions or workplace and industry experience.

- Employers can offer on-the-job training through apprenticeship models in the workplace, where youth can learn from more experienced persons.
- Employers can introduce training as part of the standard benefits package (e.g. sponsoring a few trainings a year in areas of interest to upskill youth).

New career pathways

- The youth can play a role in rebuilding healthcare by taking up jobs to meet increased demand in healthcare. GOYN has identified over 40 health job roles that youth can take up, resulting in more robust healthcare systems and increased youth employment[58].
- Some health career pathways are community health workers, machine operators, nurses and technicians. Indirect pathways are PPE manufacturing, pharmaceutical supply and facilities management. These roles can be used to manage other epidemics, communicable and non-communicable diseases.

Youth innovation/ entrepreneurship

- Youth can commercialise their innovations like 3D printed masks, money sanitisers and mechanised handwashing machines for current and future needs[29].
- The public and private sector can encourage an entrepreneurial culture by promoting programmes that prioritise youth as preferred suppliers.
- Youth entrepreneur organisations and networks like GOYN, Mercy Corp, Y-ACT, Youth Cafe and Harambee are instrumental as they provide training, job linkages and funding.
- Youth can take advantage of digital gigs that will be increasingly common since they are generally more digitally savvy than older populations[58].

Example

- Youth can participate in innovation competitions (e.g. 'Fursa vs Virus' COVID-innovation competition in Kenya), and research in universities[59].

5.4. Improving MSMEs and informal workers' resilience

To be resilient, MSMEs require access to finance (preferably low-cost), skills and markets. Additionally, the formalisation of informal MSMEs can provide them with assistance and protection from shocks.

Theme	Reflections and opportunities going forward

Access to finance

sefa
Small Enterprise Finance Agency

Growth and 'bridging' financing are necessary for the viability of MSMEs (economies' largest employer). Various stakeholders can boost access to low-cost financing for MSMEs, since bank loans are often prohibitive to MSMEs, especially informal microenterprises. For example:

- Governments can review MSME loan guarantee schemes to allow flexibility on credit policies and include alternative lenders like fintechs, stokvels (SA) and SACCOs (KE)[12].
- Public sensitisation efforts can be launched to encourage MSMEs and informal workers to save in SACCOs to provide financial cushioning against shocks.
- Governments can provide tax incentives to encourage investors to invest in MSMEs.
- Philanthropists and other donors can also provide grants and low-cost debt[10, 51].
- Development finance institutions can offer concessionary loans to MSMEs in priority industries such as agriculture and manufacturing.

Access to skills and market

- Governments can institutionalise supplier development programmes to improve access to markets and skills, and enhance the resilience of MSMEs[12, 39].
- South Africa offers examples of enterprise and supplier development (ESD) programmes at large corporates, underpinned by the Broad-based Black Economic Empowerment (B-BBEE) Act[61].

Example

Pick n Pay, a large South African retailer, provides eligible SMEs a package which includes retail listings, training, mentorship and preferential procurement[61].

Formalising the informal sector

A report by Harambee suggests that "informal work will be the new formal work at scale"[62]. Some opportunities for the formalisation of the informal sector exist. For example:

- Governments can drive the registration of informal workers and enterprises by sensitising

them on the benefits of formalisation such as social security, access to finance and preferential procurement[12,38]. Further, government policy around ease and cost registration should shift, including easing of tax requirements for micro and small businesses.

- Encouraging the use of gig platforms or instituting contract-based gig work can alleviate uncertainty from informal gig work that is often on a daily basis. This would improve the quality of jobs and livelihoods.
- Private and public players can innovate credit and insurance requirements for informal workers and enterprises, e.g. using alternative credit data and collateral.

Examples

- South Africa has taken steps towards formalisation of informal MSMEs through the MSME portal for preferential procurement and the informal business permit portal[36, 62].
- Gig platforms like Lynk and SweepSouth connect informal gig workers to jobs.

Digital in business

MSMEs can review their business models to be digitally-enabled to survive and thrive in the new normal. According to an NSBC article, using digital marketing and digital distribution channels like online marketplaces can enable agility and efficiency [63].

6. Conclusion

COVID-19 has called attention to deep systemic issues in Kenya and South Africa, such as the economic vulnerabilities of youth and informal workers, broken health, education and technological systems and gender-based violence. It has undoubtedly devastated the public and private sector, youth and labour markets, as evidenced by the strain on public resources, disruption to education, and the large number of job losses experienced in both countries.

COVID-19 has also highlighted the power of coordinated responses. It has shown us that top-down interventions by policymakers must be complemented by coordinated bottom-up responses such as those by local communities, private sector, development partners and civil society stakeholders. To sustain coordinated responses, collaborative structures, accountability, data-sharing and innovating financing are crucial.

Additionally, we can double-down on opportunities highlighted by COVID-19 to transform health systems, education and skills development, youth employment and labour markets. Governments can invest in social protection, the delivery of health and education systems, and ensure that trade and manufacturing policies enable local solutions. Private and public stakeholders can work together to provide the infrastructure for health and digital learning, and to support youth and MSMEs through preferential procurement. The private, public and development sector can create jobs for youth to take up in healthcare. MSMEs can adopt digital processes and tools to improve their operations. Lastly, all relevant stakeholders can come together to provide access to finance and skills for all MSMEs, to ensure their resilience as MSMEs are the backbone of economies.

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