

Monitoring COVID-19 impacts on firms in Ethiopia

Results from a High-Frequency Phone Survey of Firms

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OVERVIEW



The High-Frequency Phone Survey of Firms (HFPS-F) interviews a sample of firms in Addis Ababa every three weeks for a total of eight survey rounds. This high-frequency follow-up allows for a better understanding of the effects of and responses to the COVID-19 pandemic on firm operations, hiring and firing, and expectations of future operations and labor demand. The results of this survey will help the Job Creation Commission, established under the Prime Minister's Office, in formulating a response package to support the private sector throughout the COVID-19 pandemic.

This one-pager summarizes the results of the fifth round of the HFPS-F in Addis Ababa, implemented between July 23 and August 15, 2020. The information presented here is based on 414 firms that were interviewed in all five survey rounds.

KEY HIGHLIGHTS – ROUND 5

-  In R5, 60 percent of firms in Addis Ababa were again operational full-time, a significant increase compared to R4 (48 percent). About 18 percent of firms remained closed in the three weeks preceding the R5 survey. Overall, 10 percent of firms in the sample have been closed since April 1, 2020, when the HFPS-F started. Own-account firms were most likely to have remained closed over this period.
-  Revenues of firms remained low but have increased relative to earlier rounds. Average (median) revenues increased by 60 percent (50 percent) between R4 and R5. Median revenues remain however low at ETB 3,000 in the last completed month prior to R5.
-  For the first time since the start of the HFPS-F, the share of firms that hired workers (5.4 percent) was higher than the share of firms that laid off workers (3.6 percent), which appears to be in line with the re-opening of businesses and an increase in earnings. About 4 percent of firms expect to hire workers in the coming 3 weeks, up from 2 percent in R4.
-  Firms are increasingly struggling with procuring raw materials and intermediate inputs. About 20 percent of firms are affected by lower supply of raw materials and intermediate goods (up from 9 percent in R1) and 32 percent of firms by higher prices of these inputs (up from 8 percent in R1).
-  Real wages of workers, particularly those considered to be skilled, have significantly declined since the COVID-19 pandemic hit. Compared to the pre-COVID-19 pandemic period in April 2019, for example, real wages for high skilled and low skilled workers have declined by 14.1 percent and 3.7 percent respectively in April 2020. Since the onset of the pandemic, wages have remained flat and few firms admit to introducing pay cuts.
-  Since the onset of the pandemic, firms' cash flow has drastically declined. The weakening of their liquidity—particularly strong for own-account firms and micro-enterprises—position is further compounded by the inability to secure access to financial services to bridge their financing needs in the interim./

For each round, the survey briefs, table of indicators, and microdata are available at <https://www.worldbank.org/en/country/ethiopia/brief/phone-survey-data-monitoring-covid-19-impact-on-firms-and-households-in-ethiopia>