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 sixth round of the HFPS-F in Addis Ababa, implemented between August 17 and September 8, 2020. The information presented here is based on 331 firms that were still operational at the time of the survey. Firms that had temporarily closed because of the COVID pandemic were not interviewed in R6, which is a difference with the previous survey rounds (when temporarily-closed firms were also interviewed). Firm closures will be looked at in detail in a separate brief.

KEY HIGHLIGHTS – ROUND 6

- Despite R6 only focusing on firms that are operational, firm revenues remain exceptionally low. Median revenues in the month prior to R6 amounted to ETB6,000 (average revenues were ETB71,000). 18 percent of firms reported zero revenues in the month prior to R6, despite these firms being open for business. Overall, revenues in the month prior to R6 were less than half (44 percent) of revenues in the same month of last year.

- Few firms hired or fired workers in the three weeks prior to R6. Expectations of future hiring remain subdued and are higher among firms in the services sector.

- Firms continued to struggle with procuring raw materials and intermediate inputs. About 18 percent of firms were affected by lower supply of raw materials and intermediate goods (up from 9 percent in R1) and 24 percent of firms by higher prices of these inputs (up from 8 percent in R1). This mainly affects firms operating in the industrial sector.

- From R1 through R5, firms highlighted the waiving of tax payments as the most appropriate policy response to support them during the COVID-induced economic slowdown. In R6, more firms highlighted the provision of capital through zero interest loans as the most appropriate measure.

- 12 percent of firms interviewed in R6 reported having received government support. The bulk of this support consisted of the waiving of tax payments. Anecdotes suggest that some firms used the income tax and pension payment deferrals to pay workers who had to stay at home during the pandemic and got corresponding deductions in their annual income taxes.


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1 During data collection for R6, the number of confirmed COVID-19 cases increased from 29,876 (August 17) to 59,648 (September 8).