INTRODUCTION

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 fourth round of the HFPS-F in Addis Ababa, implemented between June 22 and July 14, 2020. The information presented here is based on 473 firms that were interviewed in all four survey rounds. During the survey period of the fourth round, Ethiopia experienced widespread social unrest and an internet blockage, which may have affected the responses to the survey.

KEY HIGHLIGHTS – ROUND 4

- The progressive re-opening of businesses noticed in the previous rounds had largely stalled by R4. Less than half of firms in the sample were open full-time at the time of R4, and over one-quarter of businesses were still closed. It is likely that this pattern is due to the social unrest and internet shutdown resulting from the death of Ethiopian artist Hachalu Hundessa on June 29th, 2020 rather than the COVID-19 pandemic.

- Revenues of firms remain exceptionally low. About 38 percent of firms reported earning no revenues at all in the last completed month prior to the survey (May or June 2020, depending on the survey date). Median monthly revenues amounted to a mere ETB 2,000 (US$54).

- A sharp contraction in demand is the main channel through which COVID-19 has affected firms in Addis Ababa. As a result of this contraction and the ensuing decline in revenues, firms continue to face significant financial stress. For larger firms, paying staff wages and social security contributions is the main problem. Own-account firms particularly struggle to pay rent.

- Inadequate access to raw materials and intermediate goods continues to gain in importance as a constraint to businesses. Firms in the industry sector and larger firms are especially affected by this.

- Waiving of tax payments remains the most appropriate policy measure, according to firms. Providing access to working capital at beneficial terms is another popular policy measure mentioned by firms.

- Expectations remain subdued, with only two percent of firms expecting to hire new workers in the coming 3 weeks. On the other hand, few firms expect to lay-off workers in the coming 3 weeks.


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