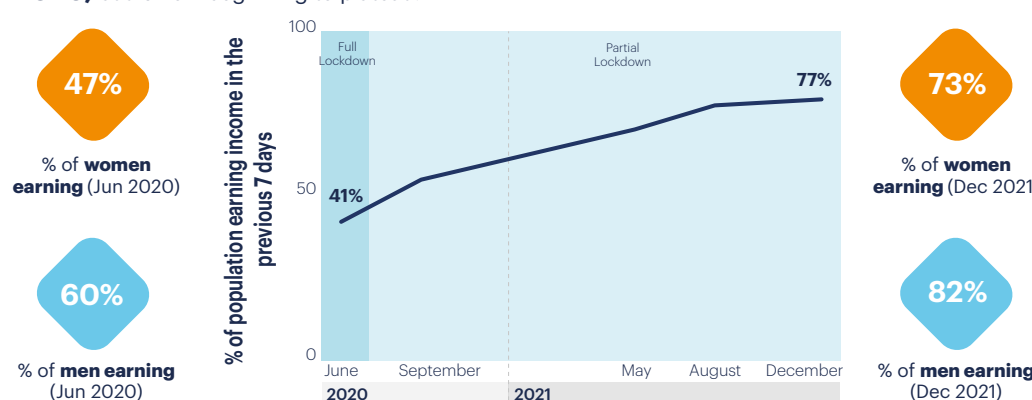
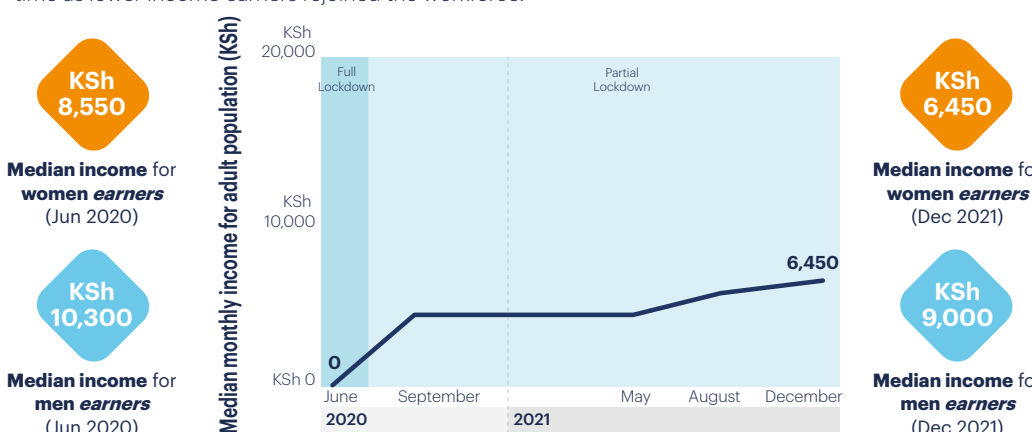




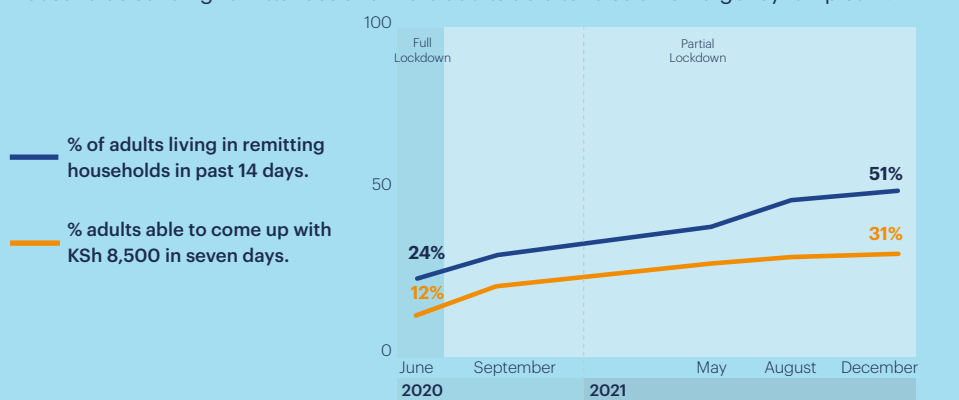
The % of the population earning income has risen steadily since June 2020, but is now beginning to plateau.



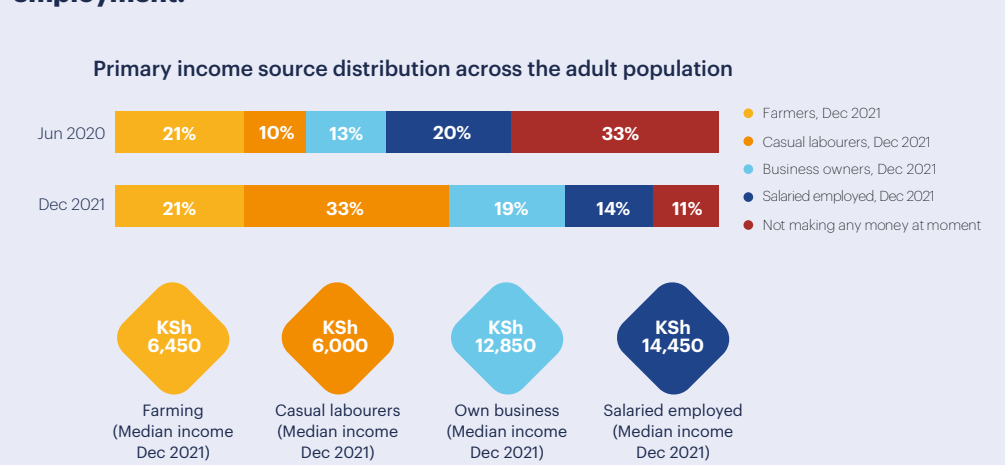
Median income across the total population has risen from a low point in June 2020, when the many were not earning. For those who were earning, median dropped over time as lower income earners rejoined the workforce.



With more people earning, flows of liquidity have increased resulting in more households sending remittances and more adults able to raise an emergency lump sum.



2021 has seen swelling numbers of casual labourers and a decrease in formal employment.



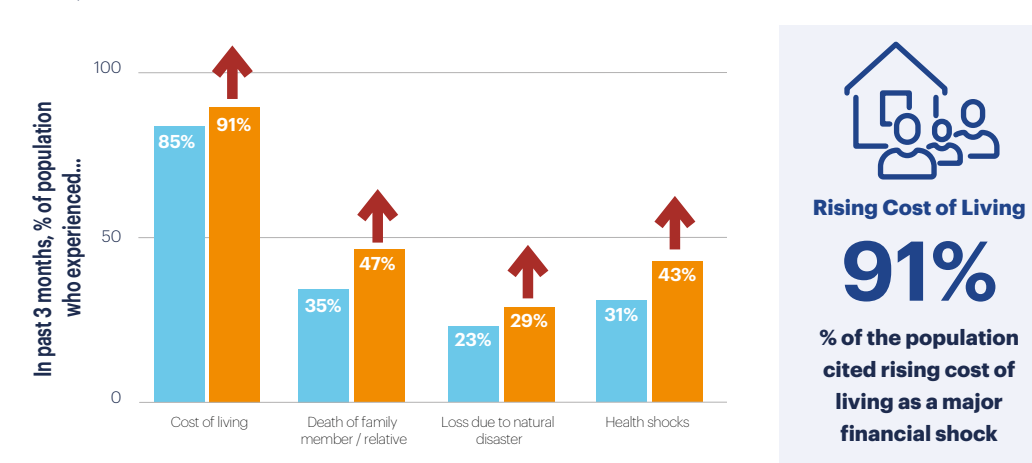
To track the impact of COVID-19 on people's livelihoods in Kenya, FSD Kenya is running 3 new rounds of the 2020 FMT COVID-19 Tracker in partnership with FinMark Trust. The December 2021 survey gives us nationally representative data over a 18 month period from the first lockdown (April - July 2020) to December 2021.



Financial Resilience & Coping

Despite the uptick in income and earning in 2021, the rising cost of living, drought and intensifying health and mortality impacts of the pandemic have undermined household resilience and wellbeing. Over the course of 2021, more households have had to cut food expenses, borrow and sell assets to meet their daily needs, and businesses are having to eat into their business capital to feed their households. At the end of 2021, nearly half of borrowers had recently missed a loan repayment because they needed money for essentials. Meanwhile, food insecurity has continued to rise, with 62% of households claiming to have missed meals due to lack of food in December 2021.

More people faced hardships from major shocks in 2021; including cost of living, health, death of a relative and natural disasters.

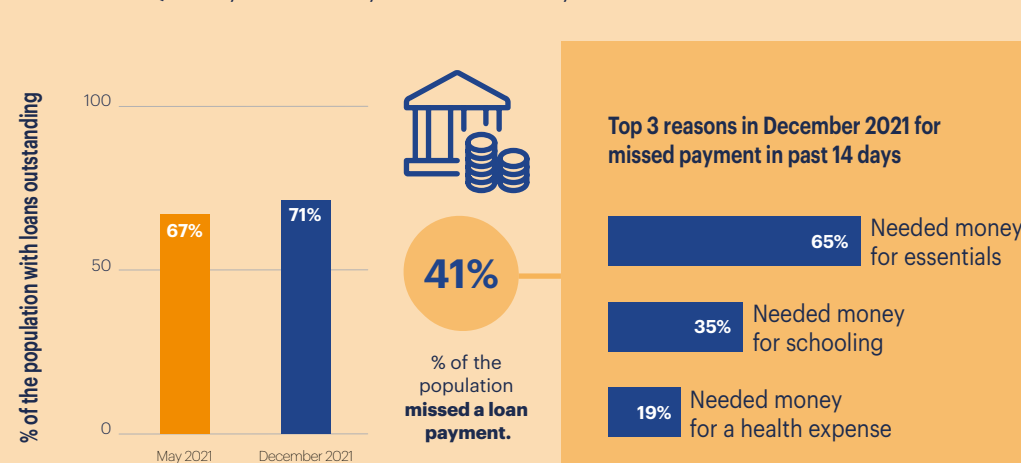


Rising Cost of Living

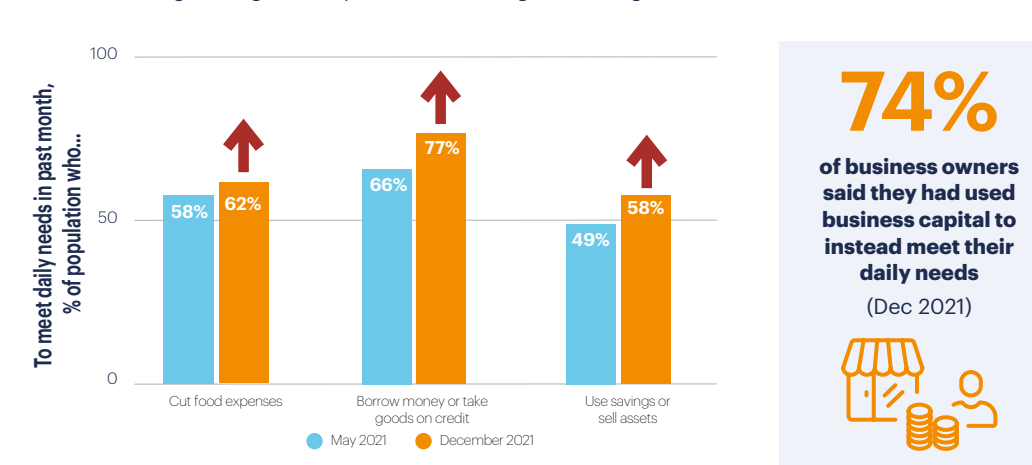
91%

% of the population cited rising cost of living as a major financial shock

Nearly half of the borrowing population had recently missed a loan repayment in Dec 2021, mainly because they needed the money for essentials.



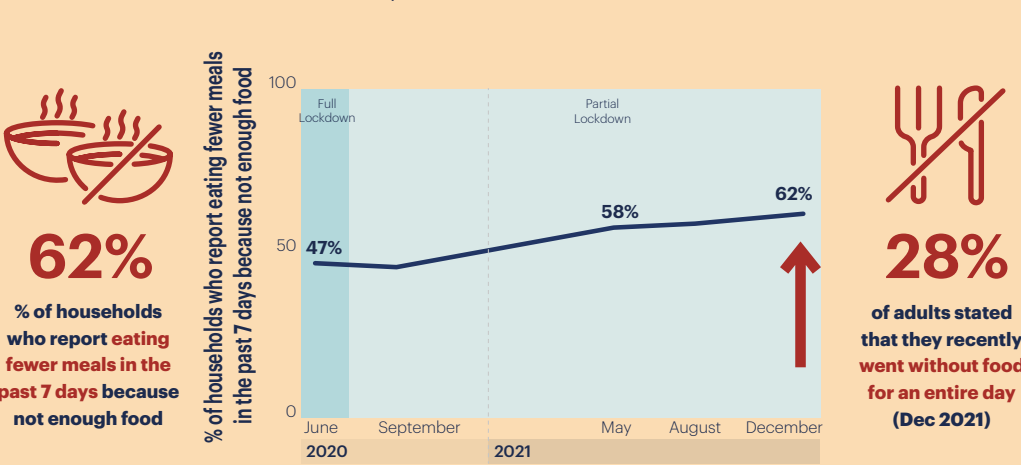
More people were forced to resort to coping strategies to meet daily needs in 2021; including cutting food expenses, borrowing and selling assets.



74%

of business owners said they had used business capital to instead meet their daily needs (Dec 2021)

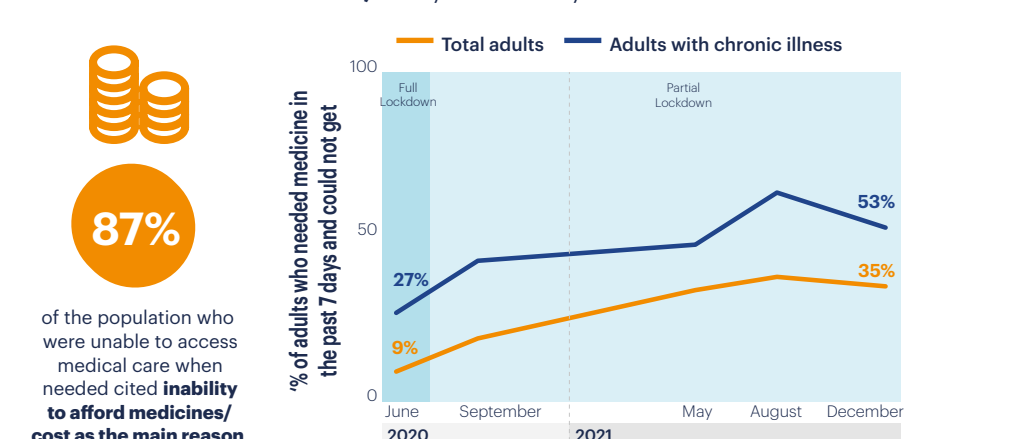
Food insecurity continues to rise, with 62% of households stating that they had eaten fewer meals from lack of food in Dec 2021, up from 47% in June 2020.



Health, Behaviour & Fears

The incidence of health shocks and death of family members increased in 2021, likely spurred by the onset of the Delta variant of COVID-19. At the same time, over a third of the population- and over half with a chronic illness- were unable to get hold of medicine when needed, mainly due to inability to afford medical care. Meanwhile, compliance with COVID-19 guidelines (e.g. wearing masks) was high at the end of 2021, and 84% of the population stated that they are willing to be vaccinated. This demonstrates trust in the system and willingness to take precautionary measures. On a sanguine note, the end of the year also saw a reduction in levels of anxiety over safety and security of families and reduced conflict in the home.

In December 2021, 35% of the population could not access medicine/ medical care when needed, mainly because they could not afford it.



There was a marked increase in the % of adults reporting a death in the family and a health shock between May and December 2021. This coincided with the Delta variant of COVID-19.

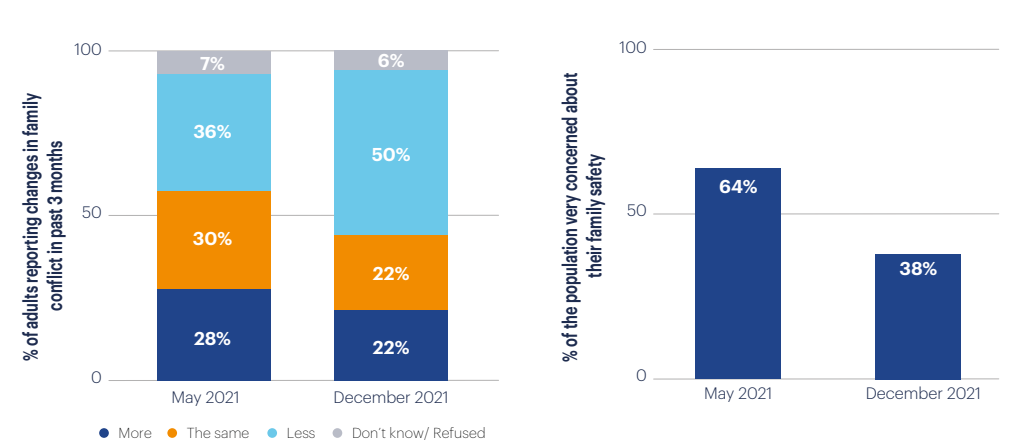
47% % adults reporting a recent death in the family had increased between May and December 2021.

35% % adults reporting a recent health shock had also increased between May and December 2021.

There was an increase in compliance with COVID-19 measures in 2021, including wearing face masks, washing hands and willingness to be vaccinated.



In December 2021, there was a marked reduction in anxiety about safety and security across the population, as well as reduced experience of conflict within families.



Overview

FSD Kenya has been partnering with FinMark Trust to roll out the COVID-19 Household Tracker Survey since 2020. The survey was intended to provide regular updates for policy makers to guide decision-making and policy response to the COVID-19 pandemic. The tracker provides five rounds of data collection over eighteen months (June 2020 -December 2021).

Methodology

Executing a "rapid response survey" to track representative data on the household impacts of COVID-19 provides lessons and challenges.

Design

The survey was implemented remotely using a Computer-Assisted Telephonic Interviewing (CATI) approach, to aid social distancing. 80% of potential respondents were dialled using Random Digit Dialling (RDD), and the remainder based data collection on company lists from previous interviews. The sample distribution and data collection approaches were fine-tuned in successive waves.

Weighting

Data was weighted based on several demographic dimensions. Set quota distributions were used across demographic categories. The data obtained was, in turn, weighted using rake weighting, with quotas and weights based on the 2014 Demographic and Health Survey (DHS).

Biases

Even though sampling and weighting has improved, we suspect that there are still residual biases due to aspects inherent in our CATI approach.

In Enumeration Area (EA)-designed samples, the urban-rural area classification is set in accordance with KNBS practice. In the CATI survey, we do not know where respondents live and require them to identify their area classification.

Telephonic interviewing is likely to lead to a more digital and technological sample and possibly greater urban bias, even when accounting for quota and weighting controls.

Summary

Over the course of 2021, the Kenyan economy shows a clear pattern of recovery from a low point in June 2020, although this is now beginning to plateau. By the end of 2021, improved participation in labour markets resulted in higher levels of liquidity across the population, a rise in remittance activity and improved ability to get hold of emergency lump-sums. However, increased reliance on insecure, low-income casual labour markets combined with ongoing exposure to financial shocks (rising cost of living, drought, health and mortality shocks), has weakened the resilience of households with potentially long-term effects.

investment in household welfare and security, as well as greater investment in the middle layers of the economy (value chains, MSEs and services like health and education) on which households depend.

The value of high frequency telephonic tracker surveys such as the FSD Kenya COVID-19 Household Tracker is to provide data on micro changes and patterns that would otherwise be obscured. For phenomena like COVID-induced lockdowns and restrictions on movement of people and goods as well as seasonal dynamics, trackers are invaluable in keeping 'a finger on the pulse' of the micro economy.

Telephonic tracking studies also complement largescale, representative household studies like FinAccess which provide extensive detail as well as giving users with a sense of longer-term socio-economic trends and evolving structural dynamics across the landscape. The value of surveys like FinAccess and the FSD Kenya COVID-19 Household Tracker is to foreground trends at the lower end of the economy which are less visible to policy makers. In this sense, they complement macro-level data to provide a more complete picture of the economy, strengthening the information base on which policy decision are made.

Despite increased income and earning opportunities, 2021 also saw a rise in recourse to coping strategies to meet household needs, such as cutting back on food, borrowing and selling assets. By the end of 2021, continued inability to afford needed medical care and rising food insecurity (62% of adults stated that their households had eaten fewer meals because of lack of food), is testimony to Kenya's depleted resilience.

In sum, the FSD COVID-19 Tracker shows a surface-level recovery at the lower end of the economy which belies a more fundamental weakening of resilience with serious implications for household wellbeing and inclusive growth going forward. This needs to be addressed through urgent