



# THE EFFECTS OF BAN OF MASS GATHERINGS ON PERFORMANCE OF INCOME GENERATING ACTIVITIES SUPPORTED THROUGH VUP FINANCIAL SERVICES.

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## Introduction

The COVID-19 crisis has affected and still affect many households as the opportunities to supplement household incomes by casual labour have been and are not available or limited due to lockdowns and various restrictions brought by Covid-19 preventive guidelines, hence, more insecurity of vulnerable households. Households that were not yet living below the poverty threshold before the COVID-19 were negatively affected which would impede the attainment of social protection sector strategic plan target of alleviating extreme poverty at <1% and poverty at 7.2% by 2024 (MINALOC, 2018).

As the pandemic has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector. The first case of the Virus was reported to the World Health Organization (WHO) from Wuhan in China in early December 2019. The virus spread to almost every country within three months, which obligated the WHO to declare a COVID-19 Pandemic on 11 March 2020 (Asfaw, 2020).

The financial services are the VUP components that might have been affected by covid-19 considering their design and implementation in Rwanda. The full impact of the pandemic is not yet known since the situation has not yet returned to normal as covid-19 still persists. However, impact on VUP as the program targeting poor families largely in rural areas were remarked and still manifesting in program implementation especially to beneficiaries living conditions.

Most of researchers have made an inquiry on the impact of VUP and other social protection programs on beneficiaries' lives but a few have managed to analyze the covid-19 pandemic in regards to the performance of VUP. This is the reason why this assessment of covid-19 pandemic

and the performance of Vision Umurenge Program was opted with the space scope of in Cyumba sector in Gicumbi district from 2017 to 2021.

The specific objectives of the study were (i) to assess the effect of ban of mass gatherings on operating income-generating activities in Cyumba Sector;(ii) to analyze the effect of the covid-19 stringent containment measures on the development and operationalization of community assets/infrastructure in Cyumba Sector, (iii) to evaluate the effect of lockdowns on public works in Cyumba Sector, and (iv) to assess how the restriction of movements affected financial services in Cyumba sector. The hypotheses were set for their inquiry and testing with the collected information.

## **Methods**

The descriptive research design was used and population of the study was 136 beneficiaries from which 93 are enrolled into public works, 36 in financial services and 7 leaders at both national and local levels. Universal sampling technique was used whereby 136 beneficiaries were taken for the study; the questionnaires and interview guide were used as tools for data collection. The reliability and validity tests were also performed for validation of questionnaires and data analysis was performed using SPSS whereby descriptive statistics, correlation and regression coefficients were used to present and interpret the findings.

## **Literature review**

There are rare debates discussing the COVID-19's consequences to small and medium enterprises (SMEs) in Africa. However, the available ones already tend to agree all that SMEs will be among the economic sub-sectors to be affected by the pandemic. On one hand, Ozil (2020) contends that the survival of about 50,000 SMEs in Africa is crucial, and those with the highest exposure to the global supply chain and have China as the main source of primary and intermediate inputs are the most to be affected. But the eventual economic impact will be different (Gonzalez, 2020).

On the other hand, the World Bank scholars have estimated a global GDP decline of 3.9%, and developing countries hit the hardest with an average of 4% to 6.5% GDP decline (Maliszewska et al., 2020). Since these SMEs contribute in many ways to the national GDP, the latter is also to suffer the additional shock affecting them. The SMEs in Rwanda contributed 20.5% to the national aggregated income and 60% to employment in 2011 (IBES, 2018). Thus, predicted COVID-19's consequences on SMEs are related to the disturbance in domestic supply chains, especially for African economies where the economy is less digitalized and depend more on people-to-people interaction, bankruptcies, labor layoffs, reduced working hours and hence the labour productivity. Policy measures taken by Rwanda as it is in some other African countries to contain the spread of the pandemic like the limit of unnecessary movements and visits outside, ban of some business-related activities such as bar and restaurants, working from home for both public and private

workers, travel restriction between different cities, and other considered as non-essential (e.g., food and health-related); all will certainly affect related small and medium enterprises (Transparence International Rwanda , 2020).

COVID-19 pandemic is a global health crisis and the greatest challenge faced by the world of 21st century. Since the outbreak of Covid-19 pandemic in Rwanda whereby the 1<sup>st</sup> case was reported in Kigali on 14 March 2020 by the Ministry of Health of Rwanda; preventive measures were implemented by testing and treating patients, carrying out contact tracing, limiting travel, quarantining citizens, and cancelling large gatherings such as sporting events, concerts, and schools. Rwanda has been quick to respond to the COVID-19 pandemic, implementing stringent prevention measures and actively testing, tracing and treating all cases. Multidimensional poverty greatly increases the risk of becoming seriously ill from COVID-19 and vice-versa (OECD, 2020). The precautionary measures don't allow doing things in their normal ways such as gatherings; the lockdowns don't allow people to go to their daily occupations. Public works of VUP could not be executed during covid-19 lockdowns which led to reduced working hours also affecting the income of beneficiaries. The financial service component could not run as intended since income generating activities were banned: markets and people's interactions were discouraged to avoid the spread of covid-19. The measures for containment of the pandemic put in place to avoid the spread of covid-19 put in place by the Government would not allow the Vision Umurenge Programs activities run as planned, hence, the beneficiaries' well-being is mostly affected (MINECOFIN , 2020).

### **Findings and discussions**

In regards to the effects of covid-19 on VUP whereby the precautionary measures to contain the spread of virus had to be enforced; the income generating activities being the one component financed by VUP were affected according to the literature. The findings revealed that; the ban of mass gathering ( $r = 0.856^{**}$ ); the stringent containment measures ( $r = 0.918^{**}$ ); the lockdown measures ( $r = 0.865^{**}$ ); and the restricted movement ( $r = 0.899^{**}$ ) are strongly correlated with poor performance of VUP activities, as Pearson's correlation coefficients( $r > 0.7$  and less than 1. The regression findings revealed that, the ban of mass gathering ( $\beta_1 = 0.394$ ); the stringent containment measures( $\beta_2 = 0.250$ ); the lockdown measures( $\beta_3 = 0.260$ ); the restricted movement( $\beta_4 = 0.244$ ) with P-value  $= 0.000 < 0.05$  indicating significance level, and considering that, other factors affected, the performance of VUP activities remained constant at zero scale. This implies that; an increase by one unit in ban of mass gathering; the stringent containment measures; lockdowns measures; and restricted movements, would result to an increase by 39.4%; 25.0%; 26.0% and 24.4% respectively in poor performance of VUP activities in Cyumba sector of Gicumbi District. This correlation of the effects of covid-19 and performance of VUP are insisted by the behavioral constraints theory which predicts that safety nets programs are often designed to correct different kinds of constraints and encourage socially optimal behavior.

The study findings indicate that small amount of VUP loans have been granted for income generating activities (Mean=2.3893 and Stdv =0.87330); Slow rate of loan recovery granted to VUP beneficiaries (Mean=2.4122 and Stdv = 0.80259); decrease of savings from VUP beneficiaries (Mean=2.1298and Stdv = 0.83571); decrease in number of VUP beneficiaries trained on financial literacy (Mean=2.0458 and Stdv = 0.89324); and difficult for monitoring and follow up loan granted to VUP beneficiaries (Mean=2.0153 and Stdv = 0.70148). According to BNR (2019), the Financial Services under VUP provides support through loans to eligible beneficiaries to develop sustainable livelihoods. During COVID-19 the component of financial services under VUP was seriously affected because granting loans, providing financial literacy trainings to VUP beneficiaries require mass interaction.

Therefore, Bizoza and Sibomana (2020) indicated that, credit scheme under VUP-financial services during COVID-19 pandemic has been seriously affected, as indicated by low number of VUP beneficiaries granted loans for income generating activities, low savings were mobilized; unrecovered loans, and difficulties for monitoring and following up loans granted before COVID19. This is proven by the fact that there was small amount of VUP loans granted for income generating activities (Mean=2.3893 and Stdv =0.87330) due to COVID-19; slow rate of loan recovery granted to VUP beneficiaries(Mean=2.4122 and Stdv = 0.80259) because of COVID-19; decrease of savings from VUP beneficiaries(Mean=2.1298and Stdv = 0.83571); decrease in number of VUP beneficiaries trained on financial literacy(Mean=2.0458 and Stdv = 0.89324) because of COVID-19, and difficult for monitoring and follow up loan granted to VUP beneficiaries(Mean=2.0153 and Stdv = 0.70148) because of COVID-19.

The correlation analysis indicated that, the ban mass gathering is strong positively correlated with poor performance of VUP activities as Pearson's correlation coefficient ( $r = 0.856^{**}$ ) > 0.7 which is less than 1. The regression findings revealed that, the ban of mass gathering during COVID-19 has contributed to poor performance of VUP; as ( $\beta_1 = 0.394$ ), P-value = 0.000 < 0.05 indicating significance level, and considering that, other factors affected, the performance of VUP activities are remained constant at zero scale. This implies that; an increase by one unit in ban of mass gathering, would result to an increase by 39.4% in poor performance of VUP activities. The implication of these findings is that; the ban of mass gathering, for preventing the spread of COVID-19, were significantly affected poor performance of VUP activities in Cyumba sector, Gicumbi District.

These findings showed that the effects of covid-19 densely reached households beneficiaries of VUP and worsened the situation of poor people targeted by the program, hence, this would impede the attainment of national target of alleviating extreme poverty at <1% and poverty at 7.2% by 2024 intended in the Social Protection Sector Strategic Plan 2018-20219 (MINALOC, 2018).

## Conclusion

Based on the findings, there is an impact of mass gatherings on poor operation of income-generating activities in Cyumba Sector. There is a positive relationship between independent variable (the ban of mass gatherings, the stringent containment measures, the lockdowns, the restricted movement) and poor performance of VUP activities.

Based on major findings of the study; the precautionary measures for preventing the spread of COVID-19 did not allow VUP beneficiaries, VUP managers and government professionals responsible for VUP activities, to perform their activities in normal ways. The findings indicated that, the covid-19 prevention measures such as ban of mass gatherings; stringent containment measures, lockdowns, restricted movement, do not allow VUP beneficiaries to go on their daily occupations. The findings indicated that, public works of VUP have been stopped during covid-19 lockdowns which led to reduced working hours also affecting the income of VUP beneficiaries and financial services component does not run as intended since income-generating activities or other businesses were banned off, and people's interactions were discouraged to avoid the spread of covid-19. The containment measures of the pandemic took place; to avoid the spread of covid-19 did not allow to run VUP activities as planned, hence, the beneficiaries' well-being is mostly affected. As evidenced by findings from the study, the covid-19 consequences were densely observed to severe poverty in households and individuals in Cyumba sector who were enrolled to social protection programs (VUP) in its components. Effect of Covid-19 prevention's measures to VUP beneficiaries especially those in public works and financial services are many ranging from lack of food, and malnutrition cases during lockdowns; lack of basic needs due to restrictions to worksites and income-generating activities were affected due to contain the spread of covid-19 among Rwandans. For instance, as Public Works programme under VUP rely on labour as the primary human resources to construct feeder roads, public schools, health centers, terraces and water infrastructures. And therefore, public works were temporarily stopped to avoid the exposure to risks of the pathogen at their home, during transit from work to home as well as at the place of work. Thus, the serious measures were taken in order to slow down the spread of COVID-19, however these measures resulted to poor performance of public works and financial services of VUP in Cyumba sector, finally affecting negatively the social wellbeing of VUP beneficiaries at large.

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