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COVID-19 Crisis and the Informal Economy

Policy Insights No. 2

Informal Workers and the Social Protection Response to COVID-19: Who got relief? How? And did it make a difference?

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Key Findings

Between February and June 2020:

1. Less than half of workers surveyed reported receiving cash or food in cities where governments announced relief measures to support vulnerable groups.
2. Grassroots organizations played an important role in providing access to relief for informal workers.
3. The level of relief provided was insufficient to impact significantly on food security and coping strategies.

Policy Recommendations

1. Geographical targeting for the identification and selection of beneficiaries may exacerbate the exclusion of substantial numbers of people in need of assistance.
2. For registration and delivery of relief measures, improving techniques to raise awareness and share information, combined with additional efforts to help groups such as migrant workers and the recognition of the role that grassroots organizations can play, will improve access.
3. Financing to enable a more robust government response to crises should be of key concern for future policy and programming, so that the adequacy of relief measures is improved.

In March and April 2020, it became clear that the world was facing an unprecedented pandemic and government after government began imposing strict lockdown measures. As these measures were implemented it also became increasingly obvious that workers without access to social protection—the vast majority of informal workers—were bearing the brunt of what was fast becoming a health AND economic crisis.

The government response has—at least at first glance—been impressive. There has been an unprecedented expansion of relief measures, particularly cash and food, to populations already considered vulnerable, but also to new groups such as informal workers. In fact, it would be fair to say that the question of how to expand relief measures to informal workers has been one of the questions central to the COVID-19 crisis.

But many unanswered questions about the effectiveness of this expansion remain. Which informal workers were actually reached? What helped to facilitate access for informal workers? Were the relief measures adequate? Drawing on data from the WIEGO-led COVID-19 Crisis and the Informal Economy Study, we try to answer these questions.

Cities in the WIEGO-led COVID-19 Crisis and the Informal Economy Study



- 1- Accra (Ghana)
- 2- Ahmedabad (India)
- 3- Bangkok (Thailand)
- 4- Dakar (Senegal)
- 5- Dar es Salaam (Tanzania)
- 6- Delhi (India)
- 7- Durban (South Africa)
- 8- Lima (Peru)
- 9- Mexico City (Mexico)
- 10- Pleven (Bulgaria)
- 11- New York City (USA)
- 12- Tiruppur (India)

Who was reached by cash and food relief measures?

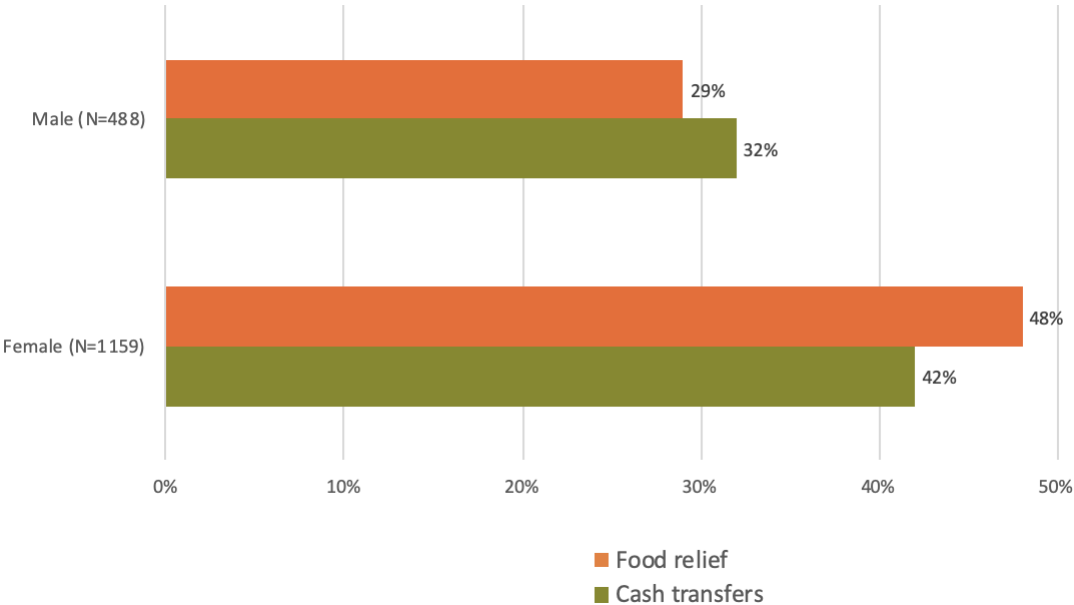
In 11 out of the 12 cities where the WIEGO study took place, governments announced relief measures to support vulnerable groups impacted by the pandemic and its accompanying restrictions. However, less than half of workers reported receiving cash or food. Across those 11 cities, the most widely cited reason by workers for not receiving cash and/or food relief was that they were not aware of the relief measures. The second reason cited was that they were not eligible.

Did we see any patterns in who received the cash or food?

Income: Relief measures are not more likely to have targeted workers with lower incomes in February (pre-lockdown). In fact, in most cities there was no significant difference between the February earnings of those that received cash and/or food relief and those that did not. Only in Lima were workers with lower incomes in February more likely to receive aid.

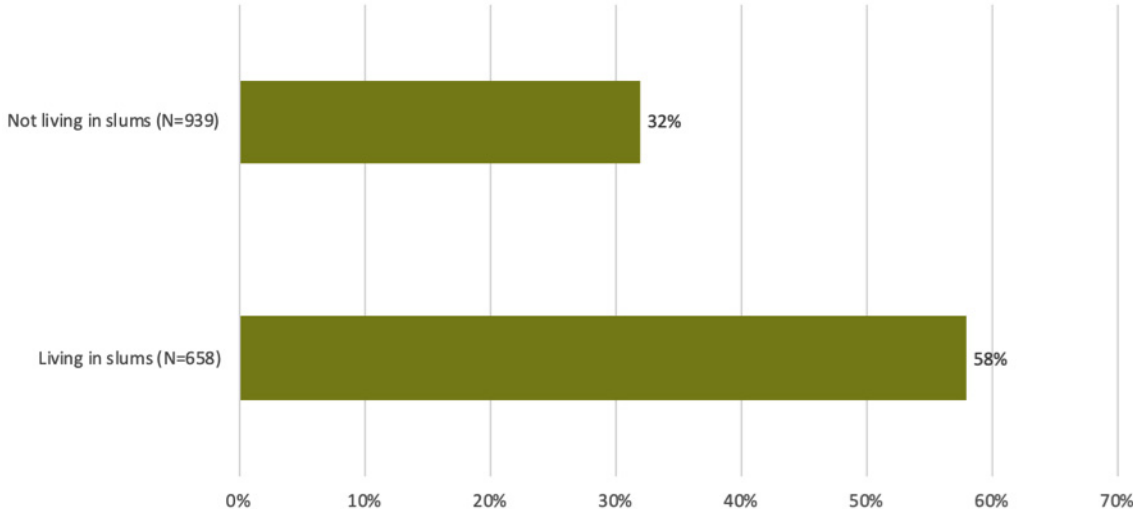
Gender and the presence of children in the household: In some cities, women and workers with children were more likely to be reached by relief schemes. In Dakar, Delhi, Mexico City and Durban, women were more likely to report receiving cash transfers and/or food assistance. In Lima (32% vs 18%) and Durban (50% vs 15%) those with children were more likely to report receiving food relief. These findings suggest that relief was more likely to reach those already covered by some form of social assistance (like families with children), than to reach the previously uncovered. However, this can only be said with any certainty about countries which have greater existing social assistance coverage (such as South Africa).

Percentage of survey respondents by gender who reported receiving cash transfers and food relief

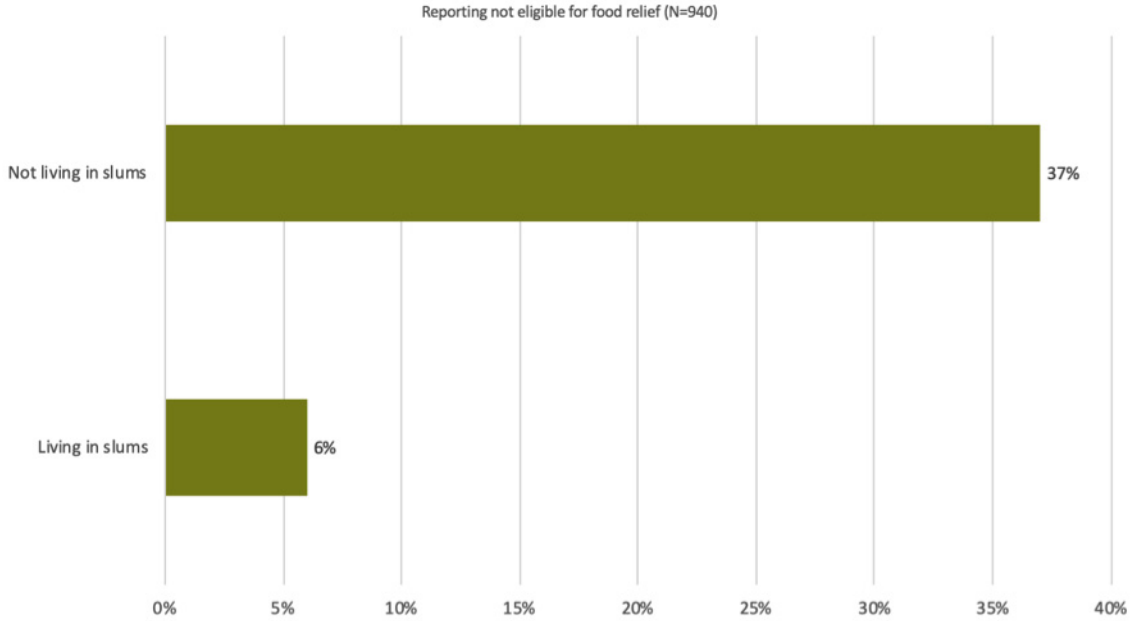


Geography: In Mexico City, Lima, Bangkok and Delhi, workers living in informal settlements were more likely to receive food relief than those living outside of informal settlements. Furthermore, workers who did not receive assistance and lived outside informal settlements were more likely to report that they were not eligible for relief. This is noted in all cities except Dakar and Accra for cash transfers, and in Pleven, Delhi and Durban for food transfers. Nonetheless, those living outside informal settlements were similarly impacted by the pandemic, earning across cities on average 25% of their February earnings in April, and 60% of their February earnings in June.

Percentage of survey respondents living in slums and not living in slums who reported receiving food aid



Percentage of survey respondents living in slums and not living in slums who reported they were ineligible for food aid



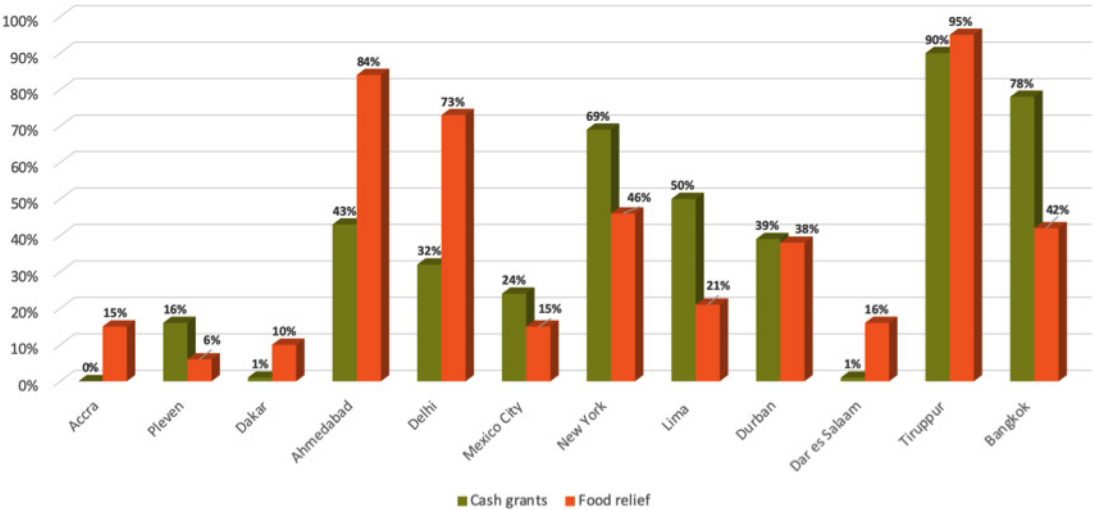
Migration Status: In Mexico City, where it was not clear whether those who worked in Mexico City but lived outside the city were eligible for the transfers, workers from the city were much more likely to receive cash transfers (15% vs 2%). Likewise, in the Indian cities of Ahmedabad and Delhi, where migrant workers were often unable to access food relief because their ration cards were registered in their home cities, migrant workers were less likely in the study to report receiving cash transfers than those from the same city (43% vs 34%).

Occupation: The only notable occupational differences in access to relief measures were seen amongst waste pickers. In some study cities (Ahmedabad and Lima), waste pickers are well recognized as a particularly vulnerable group of informal workers and were specifically designated as a group eligible for relief. In these cases, they were more likely than other occupational groups to receive relief. In other cities (Durban and Delhi), however, waste pickers were less likely than other sectors to receive assistance, probably due to social exclusion.

What made a difference to whether informal workers received relief?

In Peru and South Africa, national governments designed cash relief policies that specifically targeted informal workers, but these two well-publicized programmes exhibited uneven results: 50% and 39% of informal workers in Lima and Durban respectively reported receiving cash relief. These results contrast with Bangkok and Tiruppur (Tamil Nadu, India), where 78% and 92% of workers received a cash grant, respectively. What made the difference in these two sets of cases?

Percentage of workers surveyed reporting receipt of cash grants or food relief, by city



At the centre of much of the discussion around social protection has been the role of digital technology in identifying and reaching new populations. While technological advances have certainly played an important role in expanding the reach of relief measures, what stands out from the examples above is the key role played by grassroots organizations—building on longstanding relationships with the state—in facilitating access to relief. This particular confluence of factors

enabled grassroots organizations—in the case of Bangkok and Tiripur [HomeNet Thailand](#) and the Anuhatham Union, [SAVE](#)—to provide so-called ‘last mile’ services, ensuring that their members were able to overcome major barriers to access, including those created by the use of digital registration platforms.

Did access to the relief make a difference to food security and coping strategies?

While coverage has been a concern, so has the adequacy of relief benefits on offer. The results of this study suggest that the level of relief provided was in general insufficient to impact significantly on food security and coping strategies. Across most of the study’s cities, those that received cash transfers and/or food assistance were not less likely to report adult and child hunger at home. The exceptions are the Indian cities of Ahmedabad and Delhi, where those who received food assistance were less likely to report hunger than those who did not receive assistance.

Across all the study’s cities, workers who received cash transfers or food assistance were not less likely to adopt coping strategies which increased debt and eroded assets and savings. In fact, in some cities, such as Lima, Tirupur and Bangkok, beneficiaries were more likely to adopt these negative coping strategies than non-beneficiaries.

What are the implications for better reaching informal workers in the future?

In terms of the identification and selection of beneficiaries, it is clear from these results that geographical targeting may exacerbate the exclusion of substantial numbers of people in need of assistance. Particularly for shocks with widespread impact, such as a pandemic, this is not an optimal form of targeting to reach informal workers.

In relation to registration and delivery, improving techniques to raise awareness and share information will improve access, particularly for groups who suffer from social exclusion, such as waste pickers and migrant workers, and those less likely to be enrolled in existing social protection programmes, such as households without children. This should be supplemented by additional efforts to help groups such as migrant workers to overcome barriers to access. Recognition of the important role that grassroots organizations of informal workers can play within the wider relief and/or social protection ecosystem is also needed. Building these relationships takes time, however, and governments should start by ensuring that these organizations are consulted and are able to participate fully in social assistance schemes moving forward.

Finally, it appears that the adequacy of the benefits on offer has in general been insufficient to serve the original intention of the relief measures—to enable informal workers and their families to stay at home and protect their health. Financing to enable a more robust government response to crises should be a key matter of concern for future policy and programming.

COVID-19 Crisis and the Informal Economy is a collaboration between Women in Informal Employment: Globalizing and Organizing (WIEGO) and partner organizations representing informal workers in 12 cities: Accra, Ghana; Ahmedabad, India; Bangkok, Thailand; Dakar, Senegal; Dar es Salaam, Tanzania; Delhi, India; Durban, South Africa; Lima, Peru; Mexico City, Mexico; Pleven, Bulgaria; New York City, USA; and Tiruppur, India; with support from the International Development Research Centre, Canada. The mixed methods, longitudinal study encompasses phone questionnaires of informal workers and semi-structured interviews conducted with informal worker leaders and other key informants. Round 2 will be conducted in the first half of 2021. For more information, visit [wiego.org/ COVID-19-Global-Impact-Study](http://wiego.org/COVID-19-Global-Impact-Study).

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit www.wiego.org.



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