

No Cushion to Fall Back On

THE GLOBAL ECONOMIC CRISIS AND INFORMAL WORKERS

How the Global Economic Crisis Affected Informal Workers Between January and June 2009

Below are findings from the first round of a year-long study on the impact of the global recession on the urban informal economy. Evidence was collected in ten countries across Africa, Asia and Latin America. In all, the study sample comprised 59 home-based workers, 52 street vendors, and 53 waste pickers.

Those working in the informal economy have been hard hit by the crisis.

- 65% of respondents reported that their trade / work volumes had fallen.
- Street vendors and own account home-based workers experienced significant drops in local consumer demand, and home-based workers who produced for global value chains experienced a sharp decline in their work orders.
- 88% of street vendors and home-based workers reported increased costs of business inputs, yet 41% had actually lowered their selling prices to remain competitive.
- Waste pickers were most sensitive to international demand and price trends – selling prices fell by 42-50% among Latin American respondents, and 5-7% among Indian respondents.
- More than half of respondents reported more workers in their local occupation, which led to increased direct and indirect competition - street vendors experienced the greatest increase in direct competition.

Informal workers' incomes have declined, and they have no cushion of their own to help them manage through these difficult economic times.

- 77% of respondents reported that their incomes fell since January 2009.
- A quarter of informal workers are working longer days to sustain their income, and nearly a quarter of waste pickers and street vendors have been forced to change working locations.



photo: Demetria Tsoutouras

- Informal workers changed the volume of their stock, the quality of their goods, and/or the variety of their products in order to minimise their losses.
- Many respondents have little employment flexibility and are highly dependent on middlemen - only 4% had secured additional or alternative work since January 2009.

The crisis is pushing informal workers and their families further into impoverishment.

- 54% of respondents were the primary earners at home - 19% reported job losses in their household, and 45% reported reduced earnings among household members.
- Many respondents reported that living costs had increased, especially food and fuel - in Indonesia, prices rose 15-25% for sugar, rice and eggs, 50% for gas, and 40% for public transportation over the past 12 months.
- Household spending is being curbed, and this is especially expenditure on food, health and 'non-essentials' such as clothing and leisure activities.
- Women were devoting more and more of their time to work, both paid and unpaid.
- Psychological impacts were already apparent - respondents often feel angry, frustrated and/or depressed.

"Recession has hit the entire world. Wherever we go everybody is talking about it and each and every trade is affected by it. Recession is like a disease, how then can these workers remain unaffected by it?"

~ Manali Shah, SEWA

Voices from the crisis: what informal workers are saying about the impact on their work and lives

Home-based workers are experiencing decreased demand for products, increased competition, and rising supply costs.

"I used to get orders for slippers from Phuket and Sa Mui- about 600-800 pairs. Now I have no orders so I have to produce and sell by myself."

- Home-based worker, Bangkok, Thailand

"About twenty women who were laid off from the factories, including a woman with a new born baby, came to ask me for some piece work, but I have no work to give them."

- Home-based worker, Bangkok, Thailand

Waste pickers report a sharp decrease in the demand for recycled materials and in the market price for recycled goods as well as reduced supplies of recyclable materials.

"Six months ago we used to fill four vehicles with material, now we fill barely one, or just a little more."

- Waste picker, Pune, India

"If I got thirty thousand pesos before, now you have to kill yourself - wake up earlier, go to bed later, be on the streets for longer periods - to get thirty."

- Waste picker, Bogota, Colombia

"When the work was good the children had all their vitamins - they had cereal and milk. Not anymore."

- Waste picker, Bogota, Colombia

Street vendors report shrinking profit margins, increased competition, and decreased sales.

"One is forced to sell at a loss, though you have walked the entire breadth and length of the town only to end at your house empty handed."

- Street vendor, Nakuru, Kenya

"Even spaces that were empty in town a year ago have been taken up by new entrants into hawking."

- Street vendor, Nakuru, Kenya

"I have grandchildren that I look after as my children have passed away. But I am unable to provide for them. I cannot sleep at night worried about money and how I was going to provide for them."

- Street vendor, Durban, South Africa