May 2021

COVID-19 Crisis and the Informal Economy *Policy Insights No. 5*

Older Informal Workers in the COVID-19 Crisis

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Key Findings

1. When COVID-19 hit, older informal workers saw their earnings collapse and a much slower return to their pre-COVID-19 livelihoods than their younger counterparts. Evidence from past crises suggests that older workers find it difficult to re-enter the labour market after unemployment and are more likely to face decline in job quality.[1] The pandemic has sped up the use of digital technologies, which holds both potential and challenges for older people's work.
2. Less than 20 per cent of people aged 60 and older in most low-income countries have income security through a pension, and women are less likely than men to have a pension.[2] Study findings that older informal workers continued to work during a pandemic, while relying on coping strategies that increased their debt and eroded assets and savings, highlight the precariousness of their livelihoods. They also show that, for many, work is required for actual survival.
3. Social pensions have been effective in ensuring older people's income security and wellbeing during COVID-19: older people living in countries with social pensions in place were often able to receive timely income support.

Policy Recommendations

1. Build forward better by strengthening and making accessible social protection for all older people, including universal access to pensions, health and care services.
2. Guarantee income security for all older people by implementing universal, non-contributory social pensions. These would acknowledge the amount of unpaid work and care undertaken by older people and be particularly important for women, who are often disadvantaged in social security systems.
3. Ensure that labour market policies include older workers and combat age discrimination in the world of work. Governments, social partners and agencies should ensure that these policies and interventions are accessible to older women and men. Where relevant, targeted skills development and employability interventions should be offered to older people.

Drawing on data from the WIEGO-led COVID-19 Crisis and the Informal Economy Study, we highlight the impact of the crisis on the incomes of older informal workers.[3]

Who are older informal workers?

In the study, older informal workers are defined as those aged 60 or older. Approximately 13 per cent (288) of the sampled informal workers are older workers, with 63 per cent of them women and 37 per cent men. Men are over-represented among older workers as their share within this age group is higher than among the younger workers surveyed.

The number and percentage of older workers varies significantly between cities and sectors as shown in Figures 1 and 2. Older workers made up a larger proportion of the sample population in New York and Pleven but had much less presence in the samples from relatively youthful cities such as Dakar and Dar es Salaam. Sectoral differences were also seen, with older workers noticeably absent in categories of work such as motorcycle drivers and massage therapists in Bangkok, and *kayayei* (headload porters) in Accra.

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)

Figure 1: Percentage of older workers by city

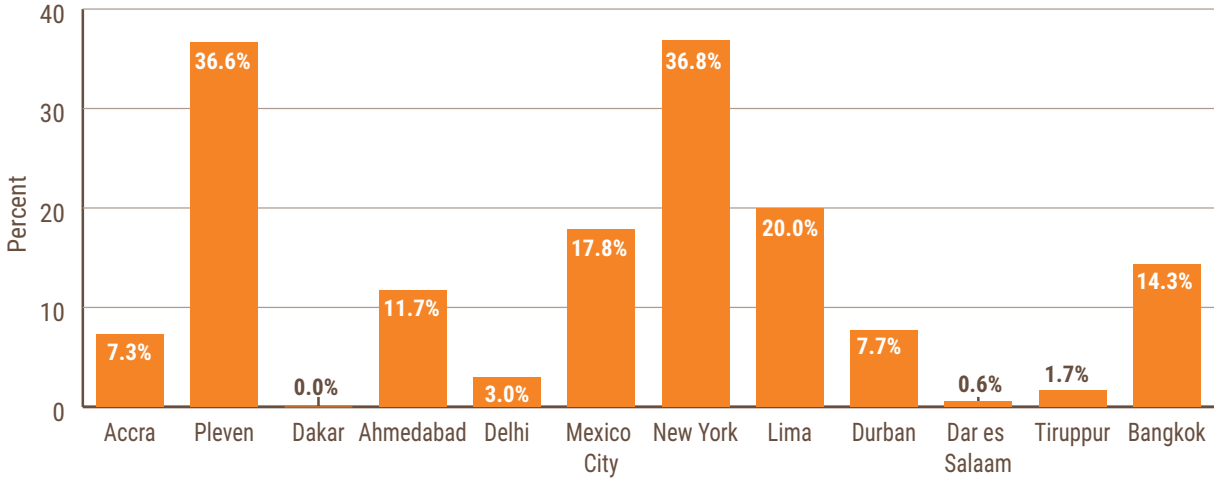
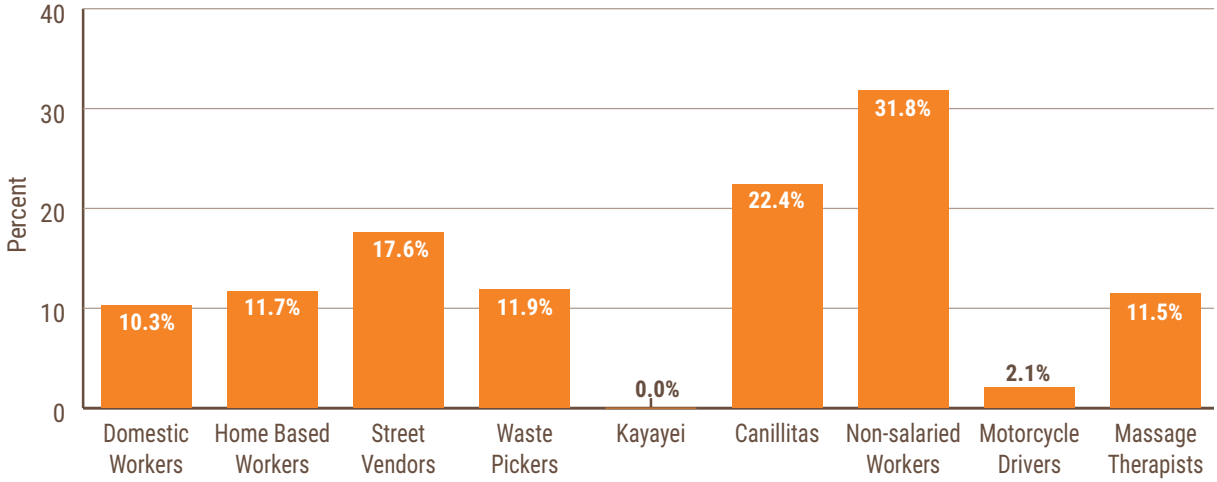


Figure 2: Percentage of older workers by sector[4]

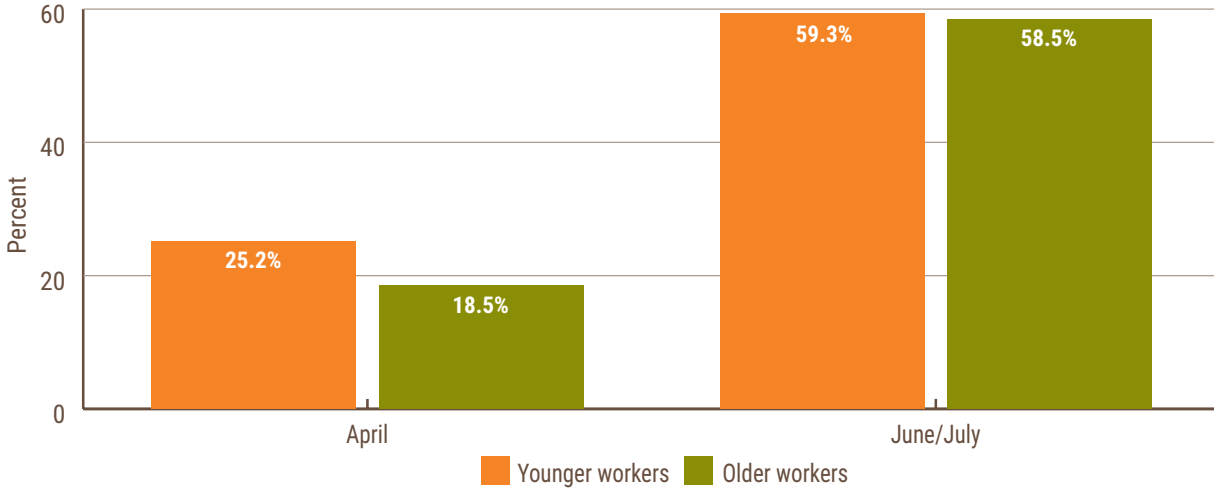


Older workers are more than twice as likely as younger workers to be international migrants (11 per cent versus 5 per cent). A lower percentage reported living in informal settlements (20 per cent of older workers versus 38 per cent of younger workers) and are also significantly more likely than younger workers to report that they owned their place of residence (67 per cent versus 38 per cent).

Impact of COVID-19 on the income and work patterns of older informal workers

When COVID-19 hit, the earnings of older informal workers collapsed. In April 2020, older workers in the 12 cities included in the survey earned on average just 18 per cent of their pre-COVID-19 earnings in February. This was even more severe than the drop in earnings experienced by younger workers, who received on average 25 per cent of their pre-COVID-19 earnings. By June/July 2020, the earnings of both younger and older workers had recovered, but remained significantly below pre-COVID-19 levels, with the share of older workers' income in June/July relative to February's remaining slightly lower than that of younger workers.

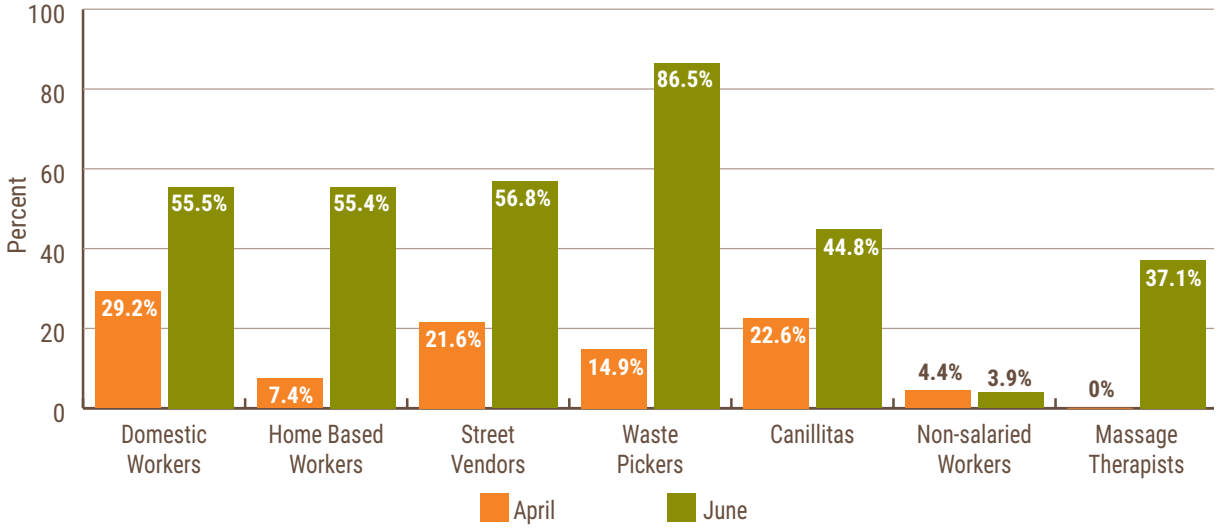
Figure 3: Monthly earnings as percentage of February earnings



Average monthly earnings of older women in April were just 16 per cent of their February earnings, compared to 22 per cent for older men. By June/July, older women and men secured 58 per cent and 60 per cent of their pre-COVID-19 earnings, respectively. While these differences between older women and men were not statistically significant, they do highlight the enormous decline in earnings experienced by older women in particular.

In the early months of the pandemic, older informal workers significantly reduced the number of days they worked to earn an income, but continued working. In February, the average number of days worked in a typical week by older informal workers was 5.2. When the pandemic hit, older workers reduced this to just 1.7 days per week in April, and 3.1 in June/July. The difference in the average number of days worked by older and younger workers was statistically significant across all three time periods. The finding that older workers reduced their working days more than younger workers could be the result of age-specific movement restrictions, older people's heightened vulnerability to the virus or a decline in work opportunities for older workers as a result of COVID-19.

Figure 4: Monthly earnings of older workers as percentage of February earnings by sector



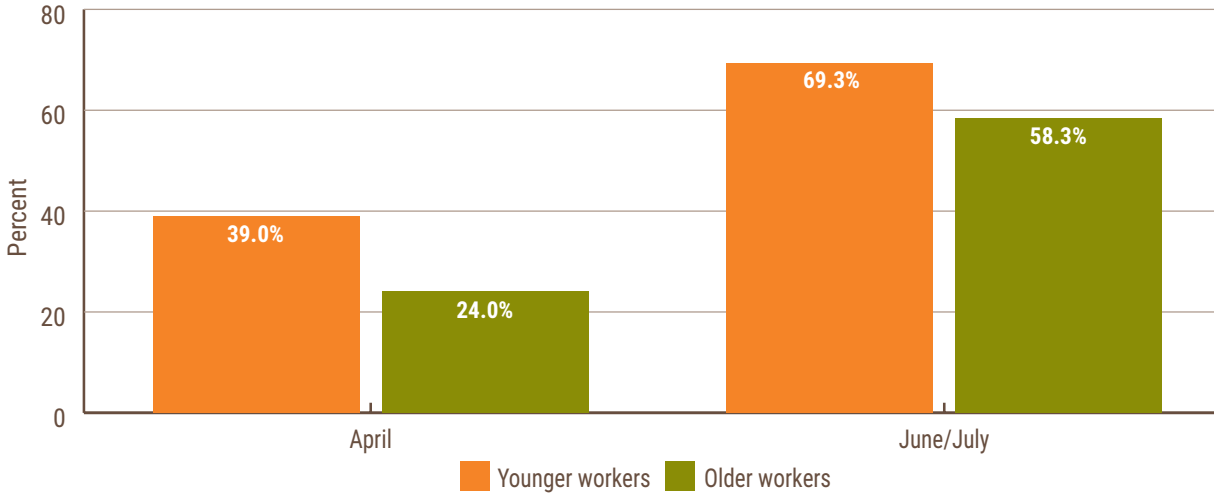
The impact on older workers' earnings varied by sector, but all experienced significant and lasting declines. Older people working as home-based workers and waste pickers as well as *no-asalariados* (non-salaried workers in Mexico City) were most affected in April, although by June/July waste pickers' share of February earnings had somewhat recovered. However, for all sectors other than waste pickers, the earnings in June/July were less than 60 per cent of their February earnings.

Workers aged 60 and older have been slower to return to their pre-COVID-19 livelihoods than their younger counterparts. The percentage of older workers who reported having worked in their normal jobs in April and June/July is much lower than that of younger workers. By April, 39 per cent of younger workers had returned to their previous jobs compared to 24 per cent of older workers. By June/July, just 58 per cent of older workers had returned to their jobs, compared to 70 per cent of younger workers. This could be because older workers fear contracting the virus in unsafe working conditions, face public health restrictions that limit their movement and ability to work, or simply that many jobs that older people have worked in have disappeared in the crisis. Domestic worker leaders in Lima, for example, voiced their fears about older workers not being able to work again:

> *...now in a situation of old age they have lost their jobs, they are over 65 years old and their health has been very affected. So much so that they have sought psychological help....We had the opportunity last week to be with the vice minister and we asked her to look at these cases of older people who hope to return to work but this is not going to happen. We cannot deceive them and give them hope that they will return, so they feel unprotected.*

It should also be noted that the expansion of social protection programmes in response to COVID-19—while inadequate and limited in coverage—could also have enabled some older people to pause their income-generating activities during the initial phase of the pandemic.

Figure 5: Percentage of workers who resumed their work



As a result of the economic hardship suffered, 42 per cent of older workers reported having to draw down savings, 25 per cent reported having to borrow money and 22 per cent reported having to seek financial help from family. Although older workers were less likely than younger workers to employ strategies that increased debt and eroded savings (58 per cent versus 70 per cent), the number depleting savings or going into debt as a result of the crisis was still substantial. Such coping strategies were most commonly found among older workers in Lima (90 per cent), Mexico City (88 per cent) and Bangkok (77 per cent).

Access to relief measures

Older workers were slightly less likely than younger workers to receive food relief, with major barriers to access being ineligibility or "eligible, but not listed." However, they were significantly more likely overall to receive government cash transfers (48 per cent of older workers versus 37 per cent of younger workers) in cities where this relief measure was available. In Bangkok, 84 per cent of older workers received cash compared to 78 per cent of the younger workers and, in Durban, 50 per cent of older workers reported receipt of cash compared to 39 per cent of younger workers. In New York City this figure was 88 per cent, significantly higher than younger workers, 63 per cent of whom reported access to a grant. Significant differences were also apparent in Mexico City where 48 per cent of older workers reported access to a cash benefit, compared to 19 per cent of younger workers.

Table 1: Percentage of older workers receiving cash transfers by city

City	%
Accra	0
Ahmedabad	43
Bangkok	84
Dar es Salaam	0
Delhi	38
Durban	50
Lima	49
Mexico City	48
New York	88
Pleven	16
Tiruppur	0

Why was this the case? In New York City the difference may have been due to the fact that older workers were more likely to be in possession of immigration papers and were therefore eligible to apply for cash support. However, the existing social protection infrastructure, and particularly the presence of a social pension on which the emergency relief was built, clearly played an important role. In South Africa, an emergency top-up was attached to the existing social pension, which reached beneficiaries more efficiently than the newly instituted and administratively cumbersome Special COVID-19 Grant aimed at younger informal workers. In Mexico City, this was related to the

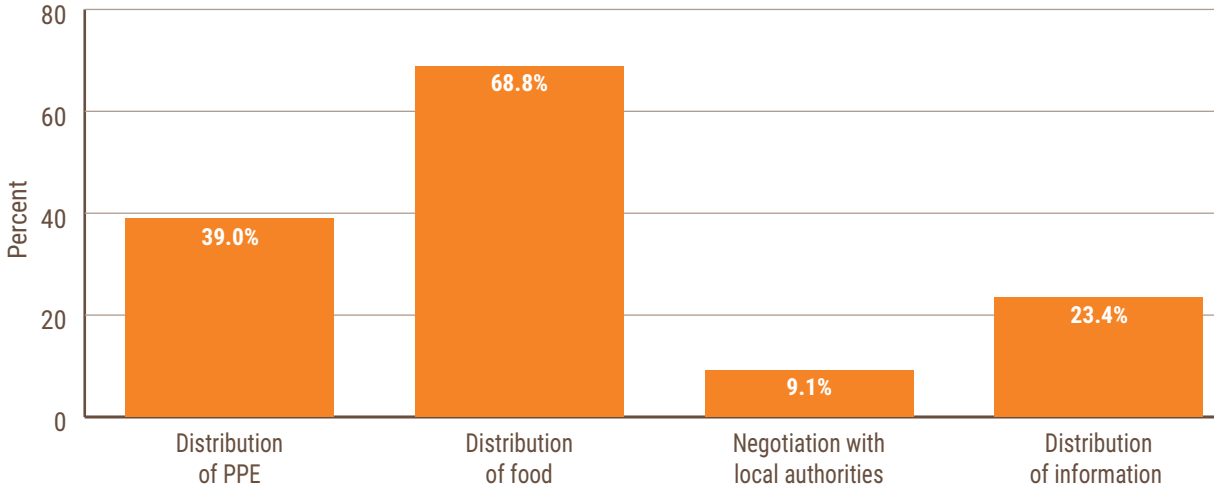
relatively higher proportion of older workers among non-salaried workers, who were specifically targeted by relief grants. However, it should also be noted that in Mexico recipients of the social pension received their May and June payments in advance in a more efficient manner than younger workers who had to apply for newly instituted emergency grants and loans.

It should also be noted that barriers to accessing cash relief did exist, with ineligibility, "eligible, but not listed" and lack of awareness being the major reasons reported for not accessing cash. The role played by grassroots organizations was key in helping older workers overcome barriers to access. For example, in Bangkok, HomeNet Thailand worked to ensure that its older members were able to overcome digital barriers to access by ensuring that they had the support of younger family members to help them with the online application portal for the emergency relief.

Older workers as active participants in relief

Informal workers and their organizations played an active role in the delivery of relief during the crisis. This included the participation of older workers, with 27 per cent of older women and men in the survey reporting that they helped to deliver COVID-19 relief measures to their neighbours, communities or members of their organizations. The percentage of older and younger workers who reported having provided support to others during the first months of the pandemic is the same. Among older workers who said they provided support, 69 per cent assisted with the distribution of food, 39 per cent provided personal protective equipment and 23 per cent helped distribute information from trusted sources. A further 9 per cent of older workers reported having negotiated with local authorities on behalf of others. This percentage is about double that of younger workers, which could point towards a recognition among communities and local authorities of older workers as respected mediators and advocates.

Figure 6: Percentage of older workers providing support to their community by support type



Impact on Unpaid Care and Household Responsibilities

Overall, more than half of older workers (57 per cent) reported that at least one of their general household responsibilities (cooking, cleaning and person care) had increased at the time of the survey (June/July 2020) compared with February 2020. Breaking this down by type of household responsibilities, a significant difference is observed between older and other workers with the former being less likely to report increased person-care responsibilities (care for children, sick or older people); however, this may be linked to the fact that they are more likely to live alone or in small households. In fact, when looking only at older workers who live with their families, this difference becomes non-significant as 61 per cent of older workers reported an increase in any of the person-care responsibilities versus 64 per cent of other workers. Disaggregation by gender shows a significantly higher percentage of older female workers reporting person care (53 per cent versus 35 per cent of older male workers), which is similar to the gender differences in the sample more generally. Finally, more than one-third of older workers living in households with members older than 65 years reported increased elder care responsibilities compared with February 2020.

Endnotes

1 https://voxeu.org/article/economic-recessions-and-age-discrimination?utm_source=dlvr.it&utm_medium=twitter

2 https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_645692.pdf

3 Note that the study's sample was not representative of each city's informal workforce, or of the membership of participating organizations.

4 Note that the term *no-asalariados* (non-salaried) is a legal category of workers in Mexico, which covers a diverse range of occupational groups working in public space, including shoe shiners and mariachi musicians.

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; New York City, USA; Pleven, Bulgaria; and Tiruppur, India. 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.

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.

HelpAge International represents a diverse global network of more than 150 organisations across 85 countries, supporting millions of older people to live safe, dignified and healthy lives. Visit www.helpage.org.

This work was carried out with the aid of a grant from the **International Development Research Centre**, Ottawa, Canada. The views expressed herein do not necessarily represent those of IDRC or its Board of Governors.

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