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Women in Informal Employment: Globalizing and Organizing

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COVID-19 Crisis and the Informal Economy

Policy Insights No. 8

The Crisis is Far from Over for Informal Workers — We Need an Inclusive Recovery for the Majority of the World's Workforce

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Key Findings

The WIEGO-led COVID-19 Crisis and the Informal Economy study examines how informal workers from 11 cities in 9 countries were faring mid-2021, compared to their pre-COVID economic conditions (February 2020). It finds that:

Most respondents have not recovered the ability to work. The average number of days worked per week was only 4 in mid-2021, still considerably lower than 5.5 in the pre-COVID period.

Earnings for informal worker respondents are still far below their pre-pandemic levels. By mid-2021, the typical worker was only earning 64% of their pre-COVID earnings. Four in every ten (40%) domestic workers, street vendors and waste pickers were still earning less than 75% of their pre-COVID earnings in mid-2021.

Home-based workers remain the hardest-hit sector, by far. In mid-2021, typical earnings of this group were only 2% of pre-pandemic levels, reflecting the depth of devastation in this predominantly female sector.

Food insecurity threatens urban workers. Nearly one-third of respondents in mid-2021 said an adult and/or child in their household had gone hungry over the last month. 57% reported challenges with dietary diversity and/or skipping meals.

Relief access is not improving and may be in decline. Access to government cash support stagnated and the percentage of respondents who received food support declined since the first three months of the pandemic. The percentages of workers who received forgiveness of rent, utilities and/or school tuition were in the single digits.

Governments might be doing more harm than good. 48% of respondents needed capital to resume their work, but only 9% of these used government relief grants for this purpose, and only 7% received government loans. Conversely, over one-quarter of street vendors and market traders and 16% of waste pickers reported harassment by law enforcement officials.

The crisis has forced workers into damaging survival strategies. In the 12 months preceding the 2021 survey, respondents were forced to borrow money (46%), draw down on already meagre savings (35%), or reduce household spending on non-food (26%) and food (23%) items.

Most informal workers are on the wrong side of global "vaccine apartheid". By mid-year 2021, most respondents in countries in the global South were trailing their Northern counterparts in vaccination rates, though there was an encouraging increase in the vaccination rate in India by September/October.

Recommendations

A return to "normal" policy making would mean a lost decade for the 60% of the world's workforce who are informally employed. Governments and global institutions need a vision for recovery that puts workers – and investments in their livelihoods and well-being – at its heart. At country and city level, this requires:

1. **Providing immediate material needs,** notably food aid and cash grants to replace savings, pay off debt and restore assets.
2. **Providing working capital for livelihoods and businesses,** through grants or low-interest loans.
3. **Supporting employment and/or livelihood recovery and transition,** by creating and/or facilitating new employment, skills training and widespread vaccination for reopening.
4. **Expanding social protection,** including access to social insurance, health care and basic income support on terms equal to those of formal workers.
5. **Promoting an enabling policy and legal framework,** including inclusive urban planning for the self-employed, minimum wages or piece rates, fair working hours, and health and safety requirements for employees and dependent contractors.
6. **Following the principle of "Do no harm",** by allowing workers to pursue their livelihoods, protecting their workplaces, and ending punitive practices of harassment, confiscation, fines and evictions.

These recommendations will require fiscal space that most low- and middle-income countries currently lack, due in part to debt obligations and conditionalities on expenditure from lenders such as the International Monetary Fund.

Background

In April 2020, the International Labour Organization projected that, of the world's 2.2 billion informal workers, 1.6 billion would be among the most severely affected by job losses and reduced working hours resulting from the COVID-19 pandemic and government restrictions (ILO 2020b). Findings from Round 1 of the WIEGO-led COVID-19 Crisis and the Informal Economy study illustrated how this disproportionate economic burden impacted informal workers, revealing precipitous drops in ability to work, in earnings and food security, uneven access to food and cash relief, and dependence on asset-depleting survival strategies (WIEGO et al 2021, Chen et al 2021).

Country-level data nearly two years into the pandemic confirm that employment losses have been borne disproportionately by vulnerable workers, in general, and informal workers, in particular (ILO 2021a, ILO 2021c). The ILO characterizes 2021 as a year of stalled global recovery, following the unprecedented employment losses and associated development setbacks. Global inequities in fiscal space for recovery, indebtedness and vaccine access have hardened pre-existing inequalities between nations and within nations (UNCTAD 2021). Employment, output and growth remain below their pre-COVID levels in low- and middle-income countries (World Bank 2021), where informal workers make up 70% of the workforce.

This Policy Insight provides a preliminary overview of how the pandemic's impact has continued to affect informal workers in four key sectors of work, by presenting key findings from Round 2 of the WIEGO-led study.[1] In mid-2021, WIEGO and its partners re-interviewed 1,391 Round 1 respondents (87.5% of the sample) and 213 new respondents (13.3% of the sample) to measure the longer-term impacts of the pandemic on livelihoods for domestic workers, home-based workers, street vendors and waste pickers in 11 cities.

Global Findings: 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- Delhi (India)
6- Durban (South Africa)
7- Lima (Peru)
8- Mexico City (Mexico)
9- Pleven (Bulgaria)
10- New York City (USA)
11- Tiruppur (India)

[1] A full report on Round 2 findings will be released in 2022.

Round 2 of COVID-19 Crisis and the Informal Economy was carried out from June to early August 2021, except in Delhi and Ahmedabad where surveys were delayed to September and October 2021 due to the severe Delta variant outbreak mid-year. The study took place under varying conditions in each location, related to timing of the different waves of COVID-19 and the differences in policy responses. In **Accra, Dakar, Lima, Mexico City** and **New York**, surveys were conducted during periods of low government restrictions or no restrictions. In **Ahmedabad, Delhi** and **Pleven**, surveys were conducted in the aftermath of severe COVID-19 waves, though with restrictions recently removed and local economies restarting. In **Bangkok, Durban** and **Tiruppur**, surveys were conducted *during* severe COVID waves, with restrictions in place; and in the case of Durban, they coincided with widespread protests and unrest that also affected respondents' livelihoods.

What Happened to Work and Earnings after the Initial Drop in 2020?

Round 2 results show that the livelihoods of informal workers have not recovered to their pre-pandemic levels in most cities and occupational sectors. The city samples reported full-time employment prior to the crisis (in February 2020), with 5.5 days a week worked on average. The most severe disruption to working days occurred in April 2020 and then recovered (to 3.4 days per week) by the middle of 2020. However, by mid-2021, the average number of days worked across the city samples had increased to only 4 days per week.

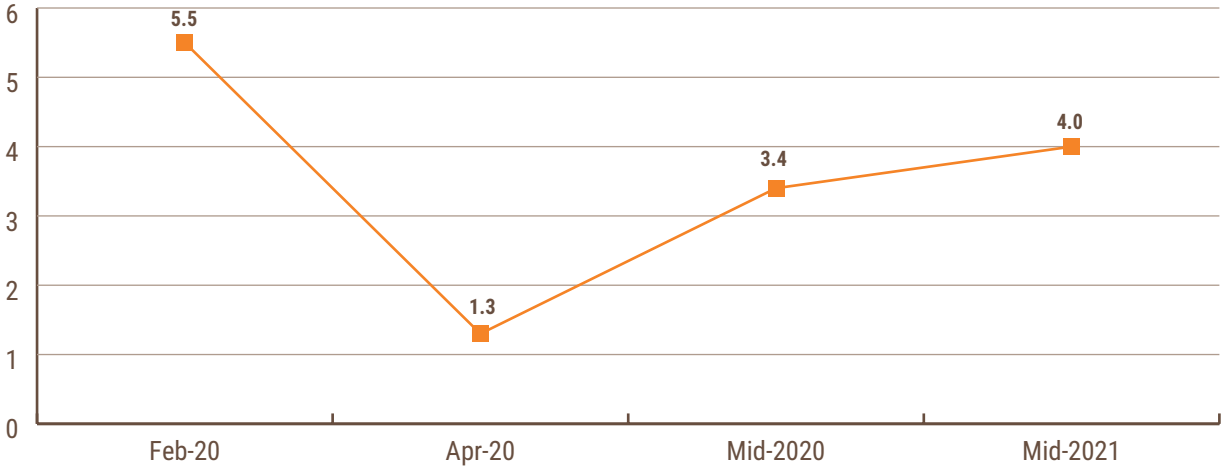


Figure 1: Average days worked per week in 2020 and 2021

Figure 2 demonstrates that in cities including Pleven and New York, the number of working days is closer to pre-COVID levels, whereas in Tiruppur, Bangkok, Ahmedabad, Delhi and Durban average working days are still far below their pre-COVID levels.

Figure 2: Average days worked per week, by city

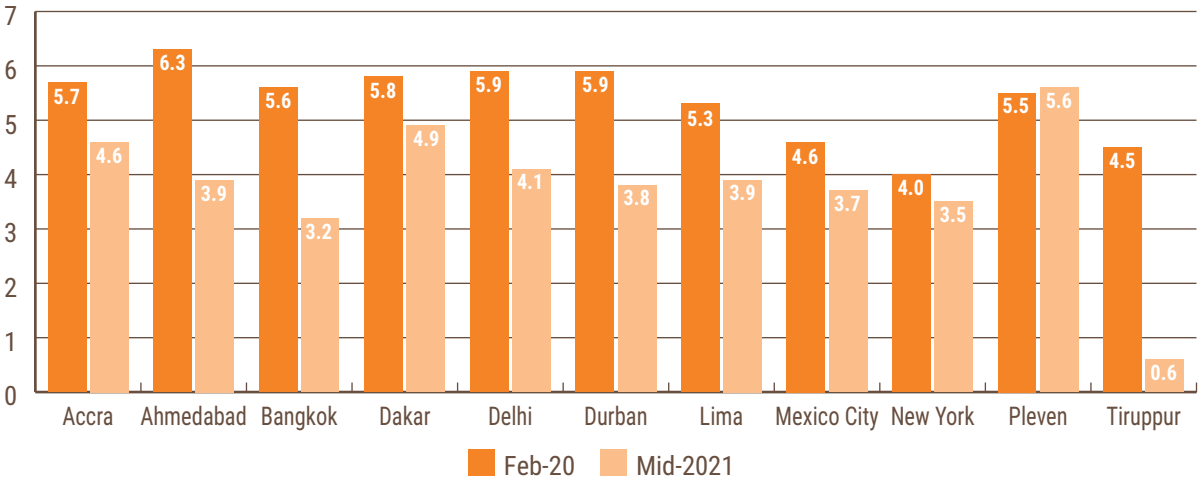
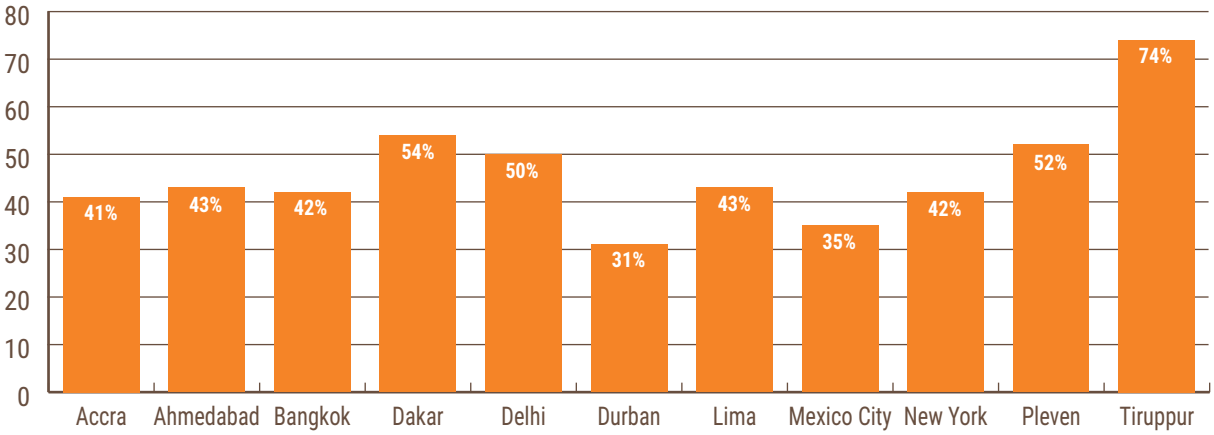


Figure 3 presents the ability to work over a longer period: the percentage of workers who reported missing at least 10 days of work for one or more months over the 12 months preceding the survey (covering the mid-2020 to mid-2021 period). The city-level data show remarkable consistency, with between 41% and 54% of respondents in most cities missing a substantial number of working days in at least one month, even in cities like Pleven where working days have recently recovered. Over the last 12 months, across the sample, the main reasons for not working included ongoing restrictions (46%), disruptions to markets and supply chains (including lack of demand, rising prices and/or lack of employment opportunities for domestic workers - 40%), and health concerns (including actual illness - 29%).

Figure 3: Respondents who missed 10+ days of work in at least one month (since July 2020 - %)



Not surprisingly, the slow and uneven return to full-time work coincided with a stalled recovery in earnings.[2] Figure 4 compares pre-COVID earnings shares in mid-2021 with those in mid-2020. Typical earnings of domestic workers, waste pickers and street vendors improved substantially compared with the middle of 2020, when all were earning less than half of pre-COVID earnings.

[2] All earnings are reported in relation to median (or typical) monthly earnings. See technical note below.

Typical earnings of domestic workers have nearly recovered to pre-COVID levels. When examining median earnings at the city level, however, only domestic workers in Pleven have fully recovered their pre-COVID earnings, while median earnings of domestic workers in Ahmedabad, Delhi and Mexico City are all less than half of their pre-COVID earnings. Overall, more than one-quarter (28%) were still earning less than 75% of their pre-COVID earnings.

Waste pickers and street vendors have recovered to only 78% and 60% of their pre-COVID earnings respectively, although 42% of waste pickers and 62% of street vendors were still earning less than 75% of their pre-COVID earnings.

The situation of home-based workers is particularly alarming. This group was the most severely affected in 2020, as supply chains collapsed and work orders dried up, leaving home-based workers (who are predominantly women) with very little work. By 2021, their typical earnings have further deteriorated to only 2% of pre-COVID earnings levels. Median earnings of home-based workers were zero in 2021 in all cities where they were sampled (Ahmedabad, Delhi, Tiruppur and Bangkok), with the exception of Pleven. The severity of these findings in Asian cities aligns with forthcoming results from a HomeNet South Asia study of 12 South Asian cities. It underlines that supply chains remain broken and demand for the goods and services produced by home-based workers is still severely diminished, particularly in Asia, the region with the world's highest prevalence of home-based workers.

Figure 4: Typical (median) percentage of pre-COVID earnings in mid-2020 and mid-2021, by sector

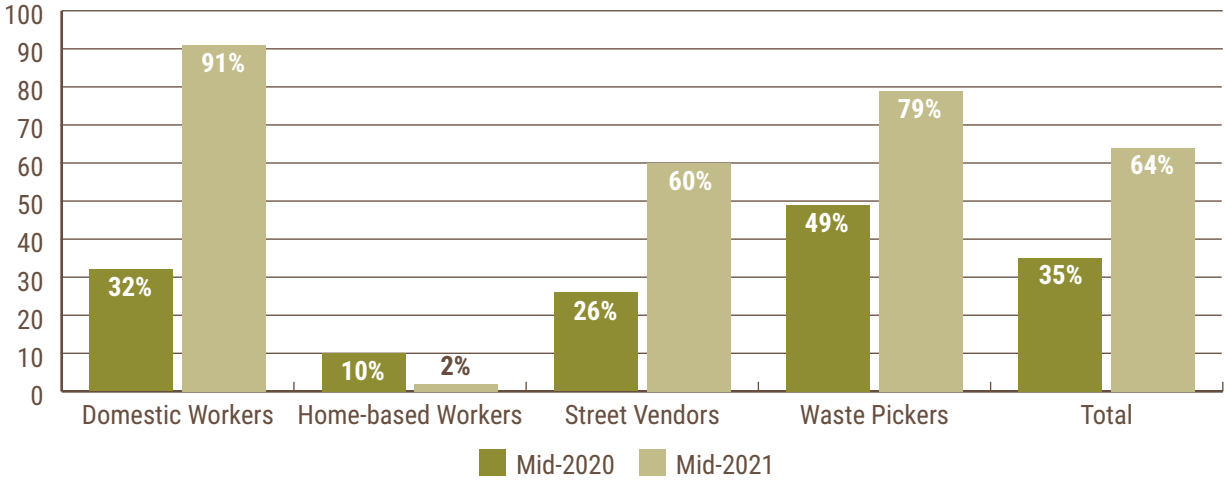
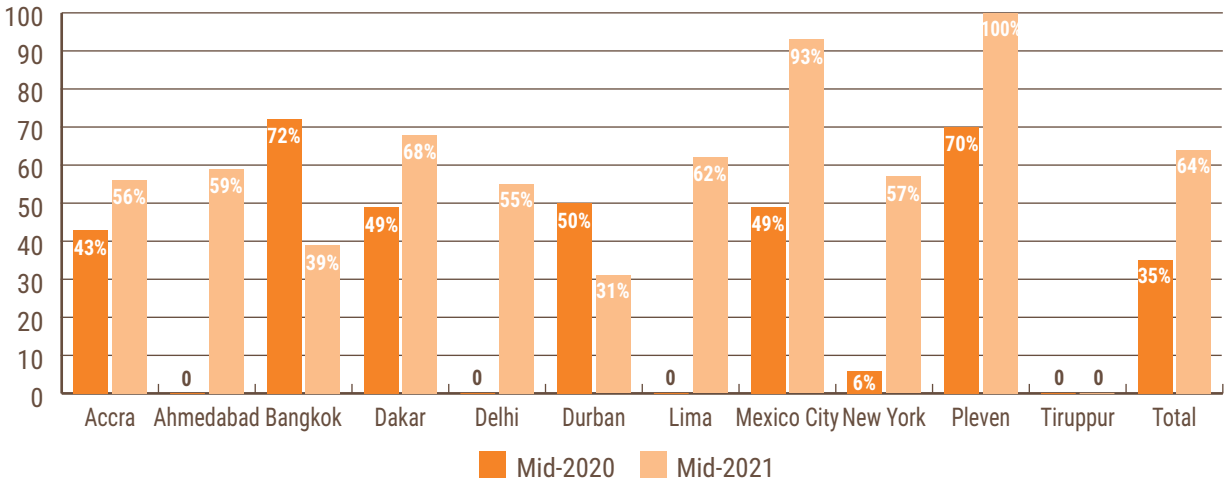


Figure 5 disaggregates these earnings shares by city. By the middle of 2021, typical earnings across the city samples were only 64% of their pre-COVID levels. While typical earnings for respondents in two cities (Pleven and Mexico City) had nearly or fully reached pre-pandemic levels, respondents in the remaining cities experienced incomplete earnings recoveries.

In Tiruppur, typical earnings were zero among a sample that consisted entirely of home-based garment workers, conducted in June 2021 near the end of the peak COVID-19 Delta crisis, when most home-based workers in the sample were not working. The remaining city samples reported typical recoveries between 31% and 68% of earnings levels in February 2020 (pre-COVID).

The encouraging finding is that, for the typical worker in each city sample, earnings are far higher than they were 12 months earlier, in mid-2020. In all cities except Bangkok, Durban and Tiruppur (where the survey was conducted amidst a COVID-19 wave and/or political crises), earnings are far closer to their pre-COVID levels than they were in the middle of 2020. For the sample as a whole, typical earnings were only 35% of pre-COVID levels in mid-2020 but had increased to about 65% by mid-2021. While this is a welcome finding, it remains of great concern that workers who were earning close to, or below, their country's poverty line pre-COVID are still only earning 65% of their "normal" earnings 18 months after the onset of the crisis.

Figure 5: Typical (median) percentage of pre-COVID earnings in mid-2020 and mid-2021, by city



These severe and sustained disruptions to work and earnings are linked to challenges in meeting basic food needs. Across the sample as a whole in mid-2021, 29% of respondents reported that an adult in their household had gone hungry over the last month, 27% reported that a child had gone hungry and the majority (57%) reported a decrease in dietary diversity or less-frequent meals. The prevalence of all three of these indicators was greatest in Lima, Durban and Dakar, where the majority of the respondents reported both hunger and a reduction in dietary diversity. These findings provide a stark and sobering reminder of the human costs of the crisis. In households that rely on the daily earnings of informal workers, this crisis will likely have a long lasting effect on health and well-being.

Figure 6: Prevalence of food insecurity, by city (%)

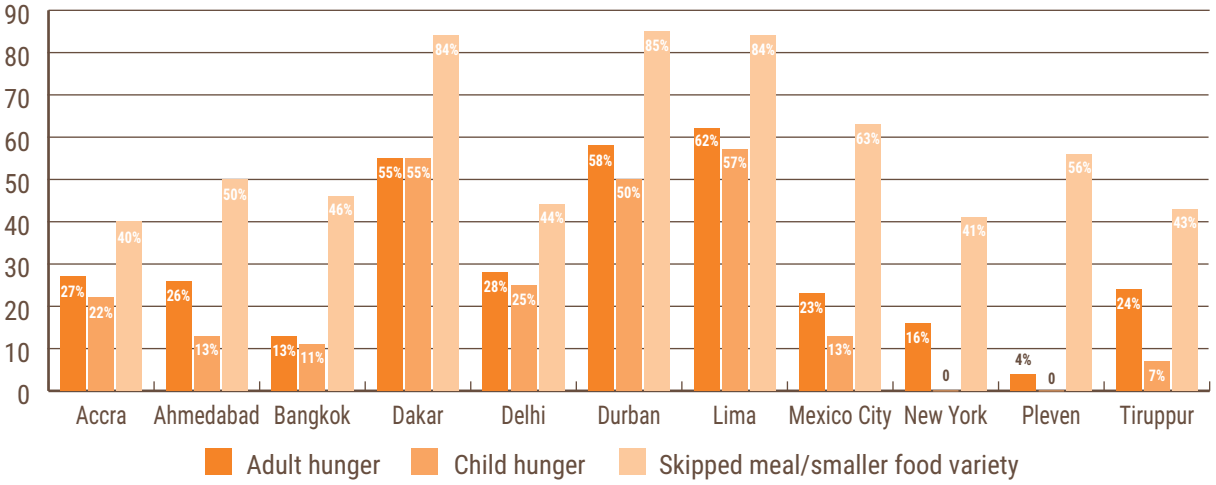
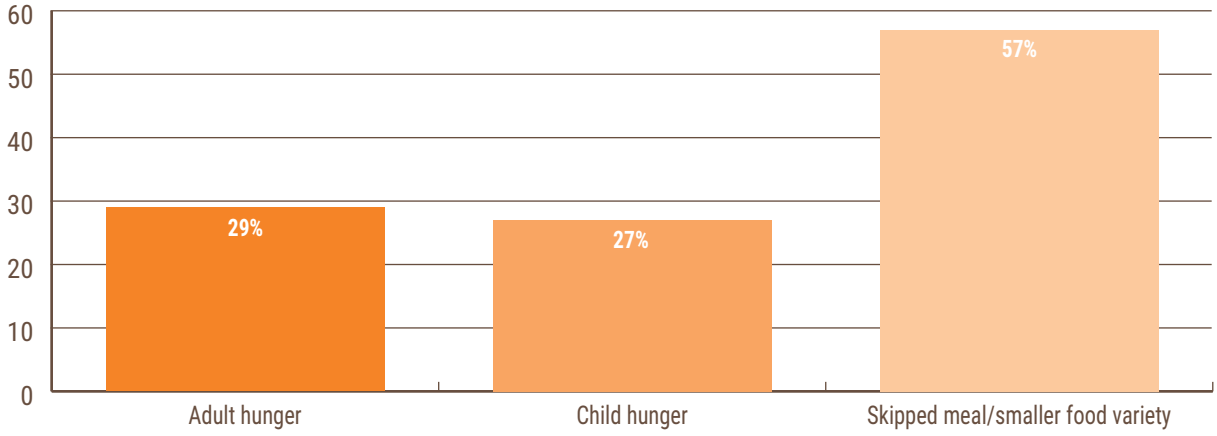


Figure 7: Prevalence of food insecurity, total sample (%)

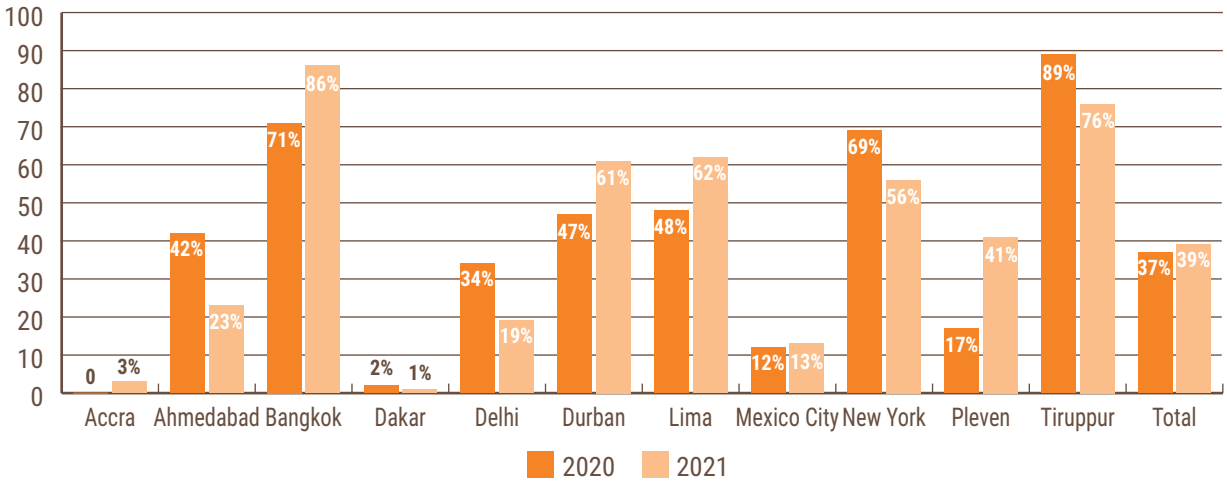


Did Government Relief Provide Sustained Support to Informal Workers?

While the pandemic did lead to major deployments of relief programmes globally, WIEGO's 2020 survey shows that three to four months into the pandemic, cash and food relief had reached less than half of survey participants (Alfers et al 2020). Over the last 12 months, access to cash relief has improved in only five cities (Bangkok, Durban, Lima, Mexico City and Pleven, Figure 7). This reflects the improved reach of additional cash grants in Durban (Social Relief of Distress grant), Lima (Bono Familiar and Bono 600) and Bangkok (No One Left Behind scheme), and the provision of small pension supplements for pensioners in Pleven. In Mexico City, the 13% receipt of cash relief likely refers to pensions received by older workers.

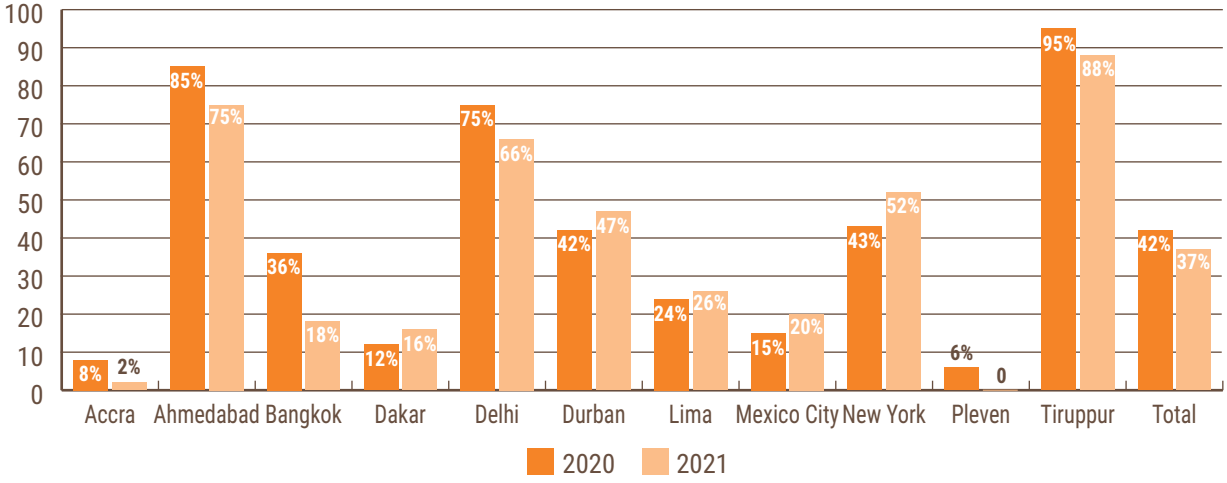
Access to cash relief was lower than in 2020 among respondents in Ahmedabad, Delhi, New York and Tiruppur, and was not available at any point in the crisis to informal workers in Accra or Dakar. Overall, just 2% more respondents received cash grants over the 12 months since mid-2020 than in the first three months of the crisis (39% versus 37%).

Figure 8: Receipt of cash relief, by city (%)



With regard to food aid, respondents were slightly more likely to report receiving food aid support in 2021 in Dakar, Durban, Lima, Mexico City and New York.[3] In Durban, government food aid was provided in the aftermath of July 2021 protests/unrest, rather than as an ongoing COVID-19 relief measure. Access to food support declined in all other cities, though still remained highest in the three Indian cities where a national Public Distribution System (of subsidized food and other basic necessities) existed before COVID-19. In total, 37% of respondents received government food aid in 2021, compared to 42% during the first three months of the crisis (in 2020).

Figure 9: Receipt of food relief, by city (%)



Despite costs such as rent, utilities, tuition and loans being a major source of strain for the respondents, support to cover these expenses was virtually non-existent. With regard to housing, only 1% of respondents benefitted from rental cancellation or forgiveness, and only 6% received even a temporary deferral. 4% received cancellation or forgiveness of utility bills

[3] It is recognized that some respondents conflated non-governmental food support with government food support, thus these figures may be inflated.

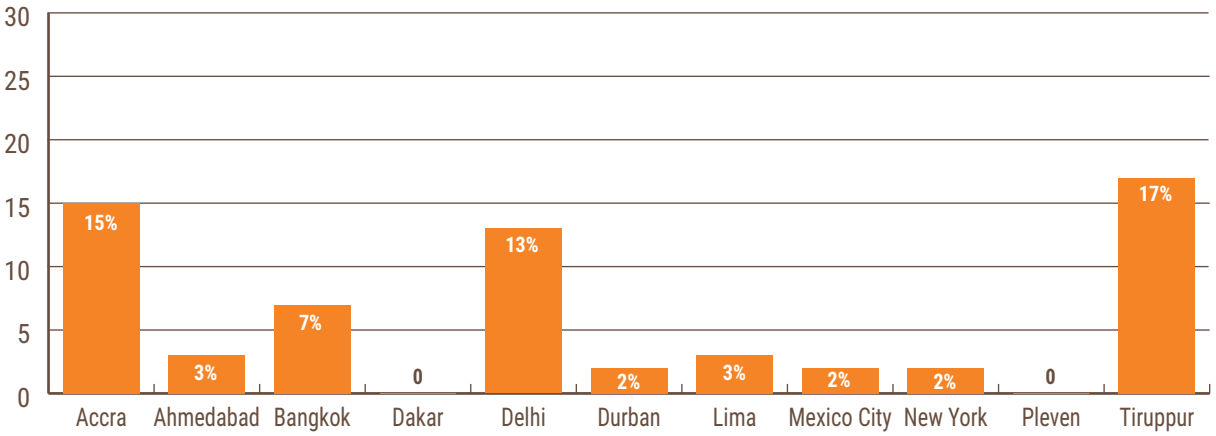
and 11% received temporary deferral. In Accra, utility subsidies were one of the only measures in 2020 that actually reached respondents; however the pressure to reduce social spending, particularly to service international debt, led to elimination of this measure in 2021. Only 1% of respondents received school tuition forgiveness; 3% received deferrals.

Have Governments Helped – or Hindered – Livelihood Recovery?

Member-based organizations of informal workers have highlighted the opportunity that governments had to support national recovery from the bottom up, through business grants or loans and inclusive procurement policies for informal workers.[4] Among respondents from the first round of the study who had resumed their work since 2020, 48% reported needing capital to do so. This was the highest among street vendors, with 78% requiring capital to resume their work after the disruption to their livelihoods in early 2020.

Among those who needed capital to resume their livelihoods, a small percentage (9%) used government relief grants to help revive their livelihoods. This was the highest by far in Bangkok (52%), where cash grants were widely received, demonstrating the potential economic benefits of cash grants beyond household sustenance. Only 7% of all respondents received government loans. Again, the highest rate was in Bangkok (17%), followed by Accra (15%), and across the sample highest among street vendors/market traders (12%).

Figure 10: Receipt of government loan, by city (%)



For those workers who required capital to resume their work, the main sources of capital across all sectors were: their own savings (31%), borrowing from friends, family or neighbours (36%), and borrowing from lenders (formal or informal – 20%).

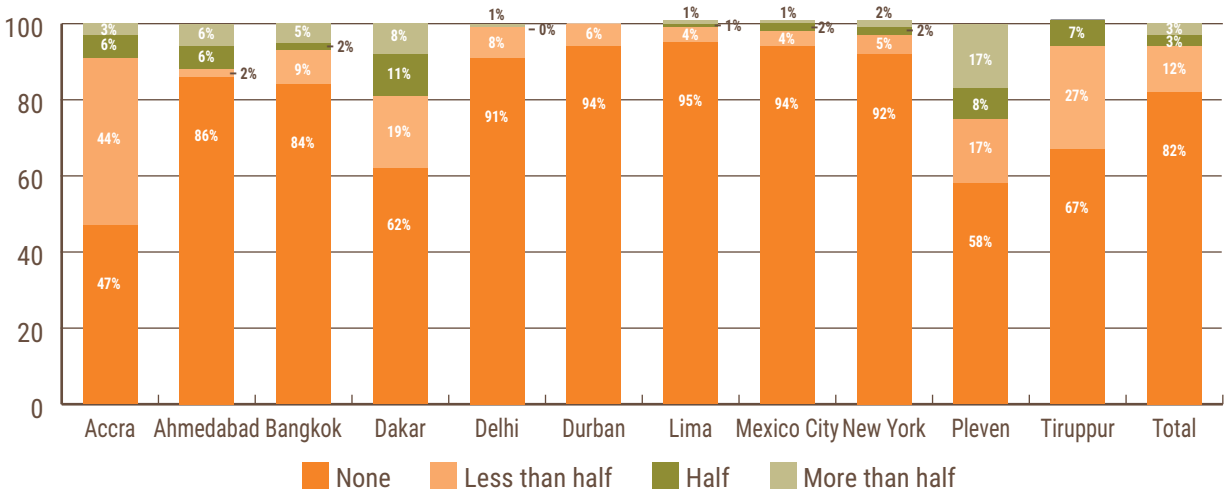
Governments may have represented a greater *threat* to the livelihood recovery of respondents than a source of support, especially for street vendors and waste pickers who operate in public spaces. Just over one-quarter (27%) of street vendors or market vendors reported harassment by law enforcement officials over the last 12 months, while 13% experienced evictions from their places of work. The situation was particularly acute in Lima, where 81% of street vendors reported harassment and 71% of street vendors/market traders reported evictions, and in

[4] See https://www.wiego.org/resources/there-no-recovery-without-informal-workers

Delhi where 66% of street vendors/market traders reported harassment. 16% of waste pickers reported harassment, which was particularly severe in Durban (44%) and Lima (41%).

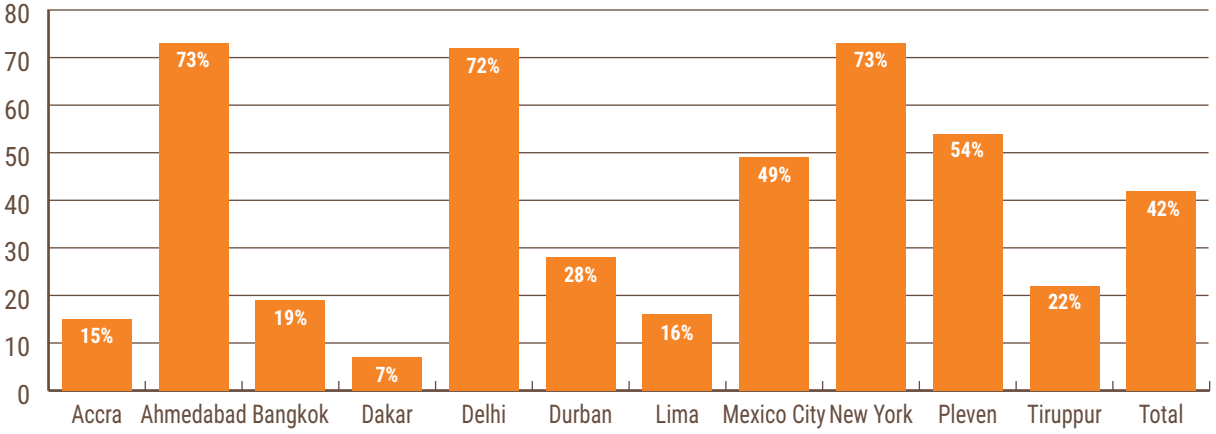
As a result, economic recovery has remained elusive. The vast majority (82%) of respondents who drew down on savings since the beginning of the pandemic were not able to replace any of the savings by mid-2021. 12% had replaced less than half and only 6% had replaced half or more.

Figure 11: Replacement of of pre-COVID savings by mid-2021, by city (average %)



Data from informal workers also shows the presence of global vaccine inequity, which hampers recovery in the global South. Rates of vaccination at the time of survey were above 50% only in Ahmedabad, Delhi, New York and Pleven. In Ahmedabad and Delhi, the high rates reflect that surveys were conducted in September/October, after a government vaccine drive, rather than June/July – although it is also a positive indication that vaccination programmes in urban India are reaching informal workers, and strongly suggests that member-based organizations have played an important role in this.[5] The low rates (under 30%) of vaccinations in Accra, Bangkok, Dakar, Durban and Tiruppur are a reminder that "vaccine apartheid" remains a challenge for vulnerable workers.

Figure 12: Vaccination rate, by city (%)

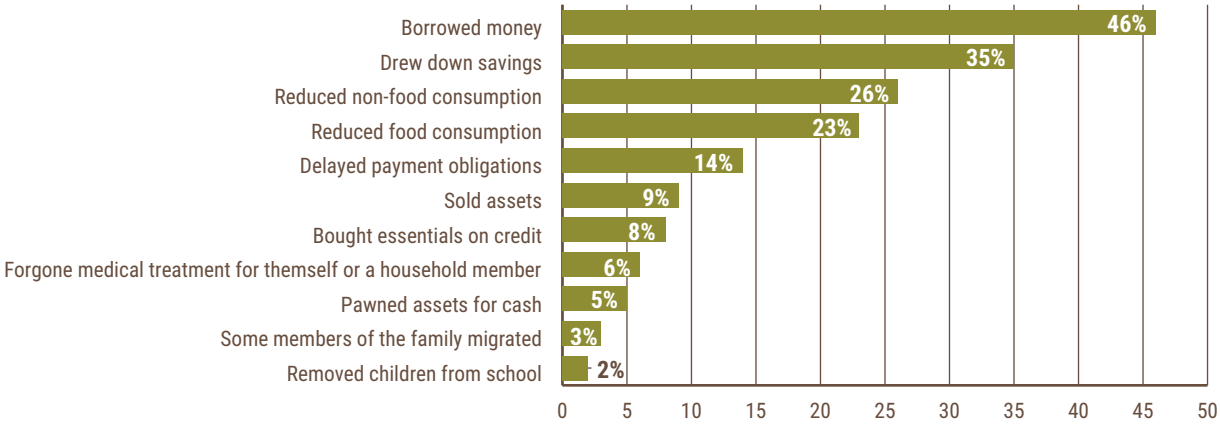


[5] The rate of vaccination is much lower generally in India; as of November 12, 2021, only 26% of India's population was fully vaccinated and 55% had at least one vaccine dose. Source: https://www.nytimes.com/interactive/2021/world/india-covid-cases.html

How Have Workers Survived?

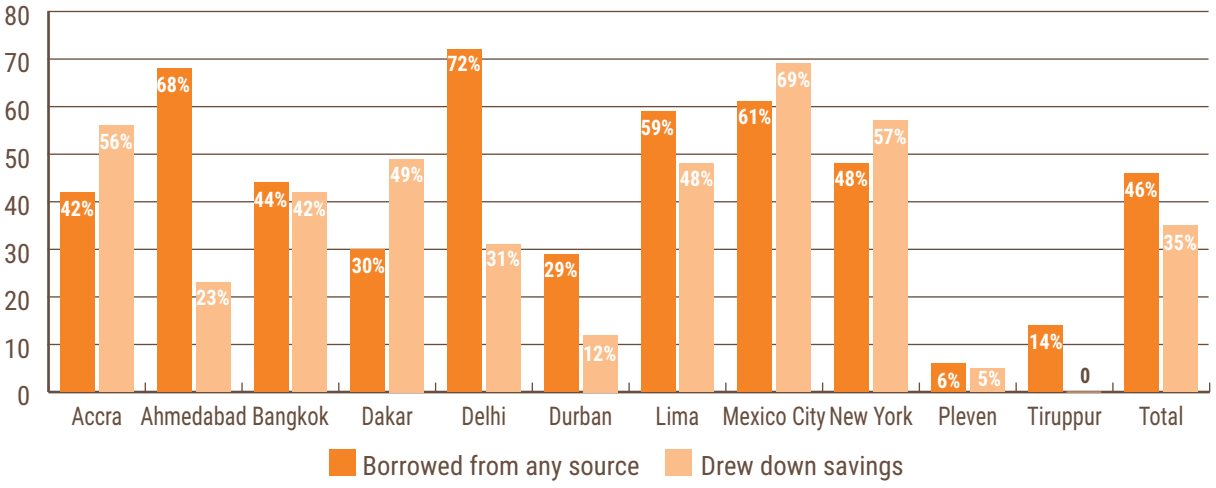
Respondents reported a variety of coping strategies over the previous 12 months: borrowing money (46%), drawing down on savings (35%), and reducing non-food (26%) and food (23%) consumption. Nearly three-quarters (72%) of all respondents took one or more of these measures. The cumulative impact of these strategies is a lower standard of living and nutrition and a reduced ability to recover livelihoods and living standards in the immediate term.

Figure 13: Coping strategies between mid-2020 and mid-2021 (%)



Rates of borrowing were highest in Delhi (72%), Ahmedabad (68%), Mexico City (61%) and Lima (59%), while rates of savings depletion were highest in Mexico City (69%), New York (57%) and Accra (56%).

Figure 14: Borrowed money or drew down savings, by city (%)



Recommendations: Relief, Recovery, Reform

As argued by the UN Conference on Trade and Development (UNCTAD) in its 2021 Report, the greatest threat to global recovery is a return to "normal" economic policy. The rollback of social spending, combined with the intensified return of punitive urban policies that dispossess the working class of their livelihoods, are a recipe for a "lost decade" for most countries and most of the world's workers.

Policy makers still have the chance to chart a different path in the wake of COVID-19. Given the critical role played by informal employment in poverty reduction,[6] investing directly in informal workers' livelihoods and well-being is the surest path for economic recovery that is equitable and advances the global goals of Agenda 2030. Governments need a vision for this type of recovery. Workers' own priorities are the best place to start building this vision.

When asked "what is needed from government to help your sector recover?" survey respondents most frequently highlighted:

1. **Support for immediate material needs,** including cash, food and personal protective equipment. This also included demands for **business capital** in the form of grants or affordable loans, and support to cover expenses.
2. **Support for employment and/or livelihood transition.** This included demands for national and local governments to allow workers to return to their work – including in markets and public spaces – create or facilitate employment, and support skills training.
3. **Vaccination.** Workers demanded widespread vaccination so they could resume their livelihoods legally and safely.
4. **Long-term social protection,** including access to social insurance, health care and basic income support on terms equal to those of formal workers.
7. **Places of work,** particularly the right to remain or return to their places of work (at dump sites and sorting spaces for waste pickers, streets and markets for vendors), which have been threatened by evictions, restrictions or closures.
8. **Policy changes.** Informal workers advocate for policy changes such as improved labour laws and enforcement for domestic work; increased prices and/or minimum salaries for workers who support municipal waste collection or sell waste on the market; and inclusive policies for street vending.
9. **Recognition and respect** for the role of informal workers in providing essential services.
10. **"Do no harm",** or ending practices that penalize workers for making a living, including harassment, confiscation, fines and evictions of workers in public spaces.

As many worker and civil society organizations have highlighted, these priorities demand investments that are possible only if international financial institutions, wealthy countries and private creditors allow low- and middle-income countries the fiscal space to make them, by removing debt obligations and loan conditionalities. Such investments are critical to strengthen social protection systems and infrastructure to prevent future crises from again devastating the world's working poor.[7]

[6] See Rogan, M. and Cichello, P. "Can informal employment actually reduce poverty?" https://www.wiego.org/blog/can-informal-employment-actually-reduce-poverty

[7] See https://www.bu.edu/gdp/files/2021/06/DRGR-Report-2021-FIN.pdf

Technical Note

To provide a comparable earnings measure across cities and different currencies, we created the ratio of each worker's median monthly earnings at every time point post February 2020 to their earnings in February 2020. This represents the share of their earnings at every time point as a proportion of their February 2020 earnings, converted to a percentage. All earnings are reported as median (or typical) earnings, meaning that half of the sample's earnings as a percentage of pre-COVID earnings was less than or equal to the median.

The findings presented here are obtained using the unbalanced dataset, meaning that some participants from Round 1 may not be present in Round 2 and vice versa. However, by definition, the earnings as a percentage of pre-COVID earnings are obtained using the balanced panel data since the calculation requires non-missing earnings at all time points, and non-zero values for the February 2020 earnings.

Several corrections were applied to the dataset from Round 1, such as removal of duplicates and errors, which means that minor discrepancies may be present in the findings reported here and those reported in earlier WIEGO publications.

The COVID-19 Crisis and the Informal Economy study was also conducted in Dar es Salaam, Tanzania, with domestic workers. This data is not included in the global results because of the relatively larger sample from one sector, which would have skewed the global results. However, city-level data from Dar es Salaam will be available in a separate report.

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COVID-19 Crisis and the Informal Economy is a collaboration between the global network Women in Informal Employment: Globalizing and Organizing (WIEGO) and local 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 includes survey questionnaires of informal workers and semi-structured interviews with informal worker leaders and other key informants, all conducted by phone. 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.

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