

COVID-19 Crisis and the Informal Economy: Informal Workers in Pleven, Bulgaria



Snejka Mlteva Ivanova, 63 years old, has been a domestic worker for 20 years. Snejka specializes in rehabilitation therapy. She continued to meet with clients during the COVID-19 crisis, and struggled with the lack of transportation options. She lives with her adult son, who lost his job as a bartender as a result of the crisis. Photo credit: Svetlin Ivanov

Key Findings

Restrictions and economic crises associated with COVID-19 have had a profound impact on informal workers in Pleven, Bulgaria, in terms of their ability to work, income, and household and care responsibilities. For example:

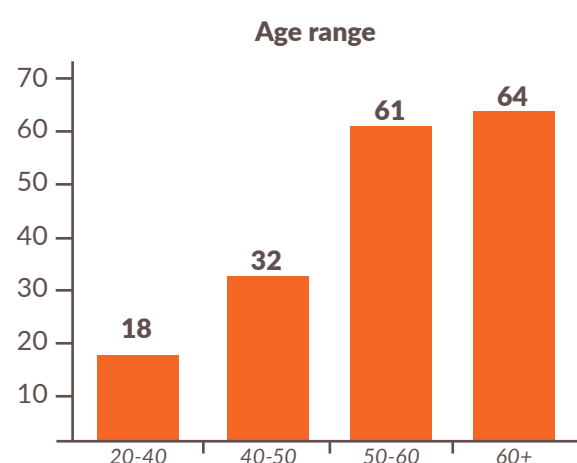
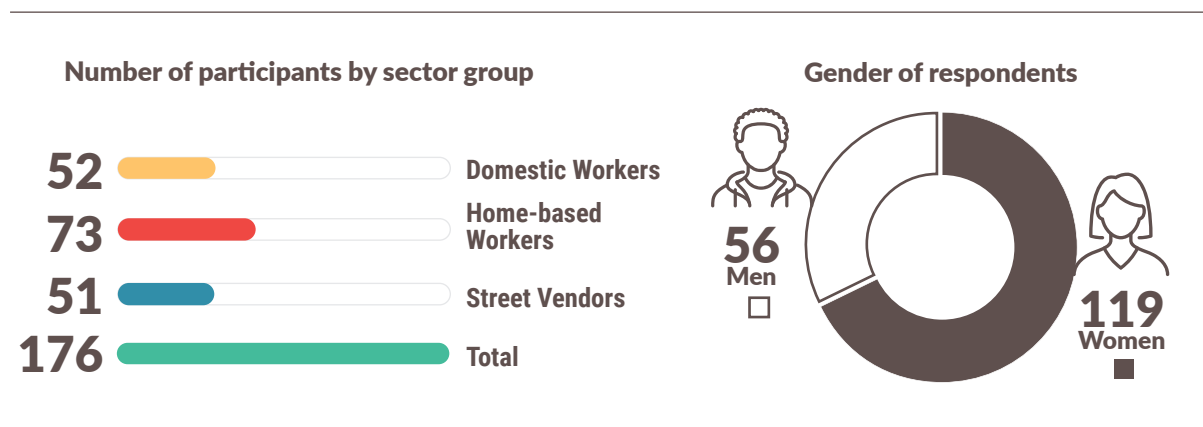
- 1 99% of home-based workers, 75% of street vendors, and 66% of domestic workers stopped working in April 2020 during the heaviest restrictions. Even in May/June, when restrictions had been lifted, almost one-third of both street vendors and domestic workers were unable to return to work and unable to earn.
- 2 In May/June 2020, average daily gross earnings for home-based workers and street vendors were 47% and 73% of earnings in February, respectively.
- 3 Only 16% of respondents reported receiving government relief in the form of cash grants. Only 6% reported receiving relief in the form of government food assistance.
- 4 47% of respondents reported an increase in unpaid household responsibilities such as cooking, cleaning and care. Women reported increases more frequently than men.
- 5 18% of respondents reported having borrowed money, drawn down their savings, sought financial help from family, friends or neighbours, or sold assets in response to the crisis.

Background

COVID-19 Crisis and the Informal Economy is a WIEGO-led 12-city longitudinal study that assesses the impact of the COVID-19 crisis on specific groups of informal workers and their households. Using a survey questionnaire and in-depth interviews, Round 1 assessed the impact of the crisis in April 2020 (the period of peak restrictions) and in May/June 2020 (when restrictions had been eased) in comparison to February 2020 (pre-COVID-19). Round 2 will assess continuing impacts versus signs of recovery in the first half of 2021, compared to the pre-COVID-19 period and Round 1. This report presents the summary findings of Round 1 of the study in Pleven, Bulgaria. Researchers in Pleven surveyed home-based workers, street vendors, and domestic workers who are members of the Bulgarian Trade Union of Self-employed and Informal Workers (UNITY). They also interviewed six informal-worker leaders and two key informants from government and civil society.

Informal Economy in Bulgaria and Pleven

Pleven has a large informal worker population due in part to its large garment manufacturing sector. Many garment workers in Pleven and elsewhere in Bulgaria do not work in factories, but instead in their homes, for low piece rates and no effective legal protections¹. The workforce includes self-employed home-based workers and street vendors, who buy or produce their own products and sell these themselves, and domestic workers caring for employers' households. Informal workers in Pleven provide critical services and contribute to the local, national and global economies, but have very limited social and legal protections compared to other workers.



Average daily earnings of respondents in February (pre-COVID-19)

	Average ²
Domestic Workers	29 BGN
Home-based workers	27 BGN
Street vendors	36 BGN

*The survey sample is intended to reflect the composition of UNITY's membership and is not representative of home-based workers, domestic workers and street vendors in Pleven more broadly.

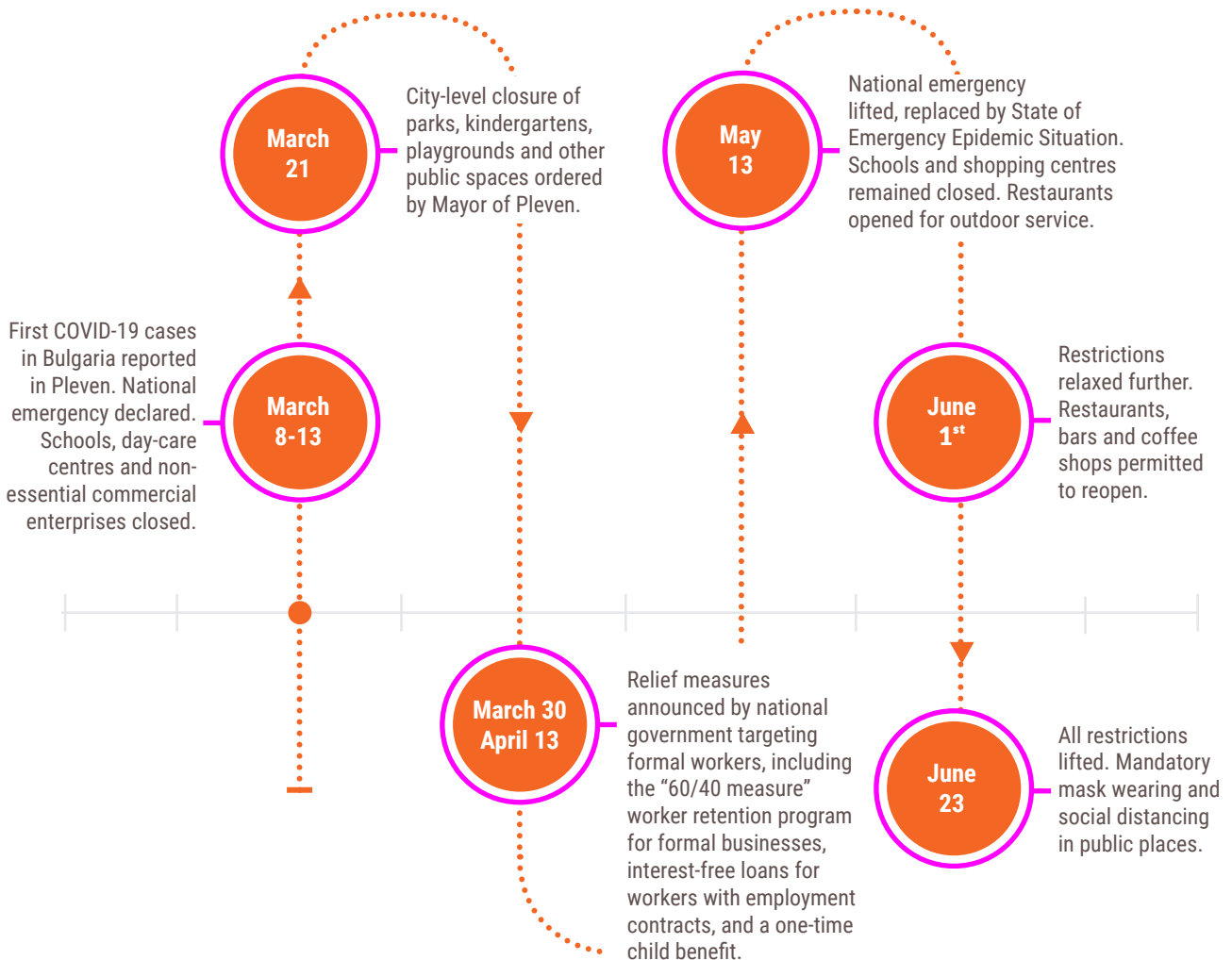
*One respondent did not report gender or age

¹ von Broembsen, M. 2019. The European Union's Commodification of Bulgarian Homeworkers: Regulating informal labour in global production networks. WIEGO. Available at <https://bit.ly/3nbiBbf>

² On 1 April 2020, 1 Bulgarian lev (BGN) was equal to 0.56 US dollars.

Policy responses to COVID-19

Timeline



"People were left without work...They have fears even now. How will they survive? Their savings ran out during this period. They spent money only on food. They had to pay electricity and water bills. They have to pay loans. Some have trouble paying their loans. The greatest fear is how they will manage to scratch a living during the winter."

- Woman Home-Based Worker

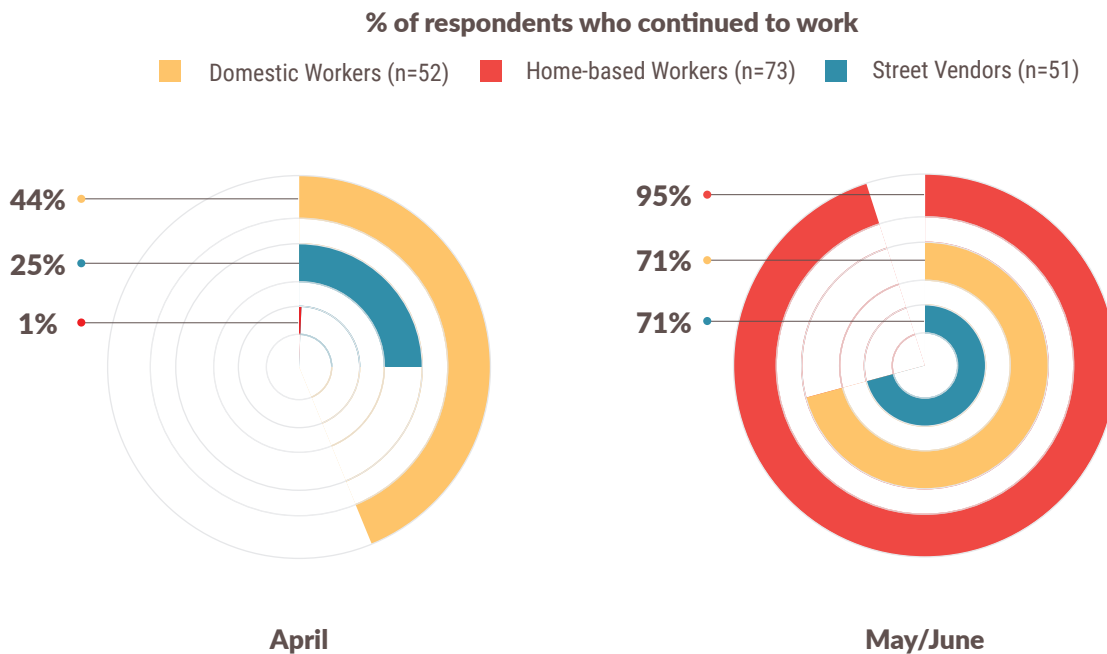


"The greatest fear was the police barriers at all entry and exit points in the city because I sell vegetables and fruits in the suburbs. I couldn't leave the city because there were barriers and police checks on every route. It was a great problem. There were stay-at-home orders."

- Man Street Vendor

Work, Income and Food

The COVID-19 crisis has dramatically affected informal workers' ability to work and earn. 80% of workers were unable to work at all during April 2020. This included 99% of home-based workers.



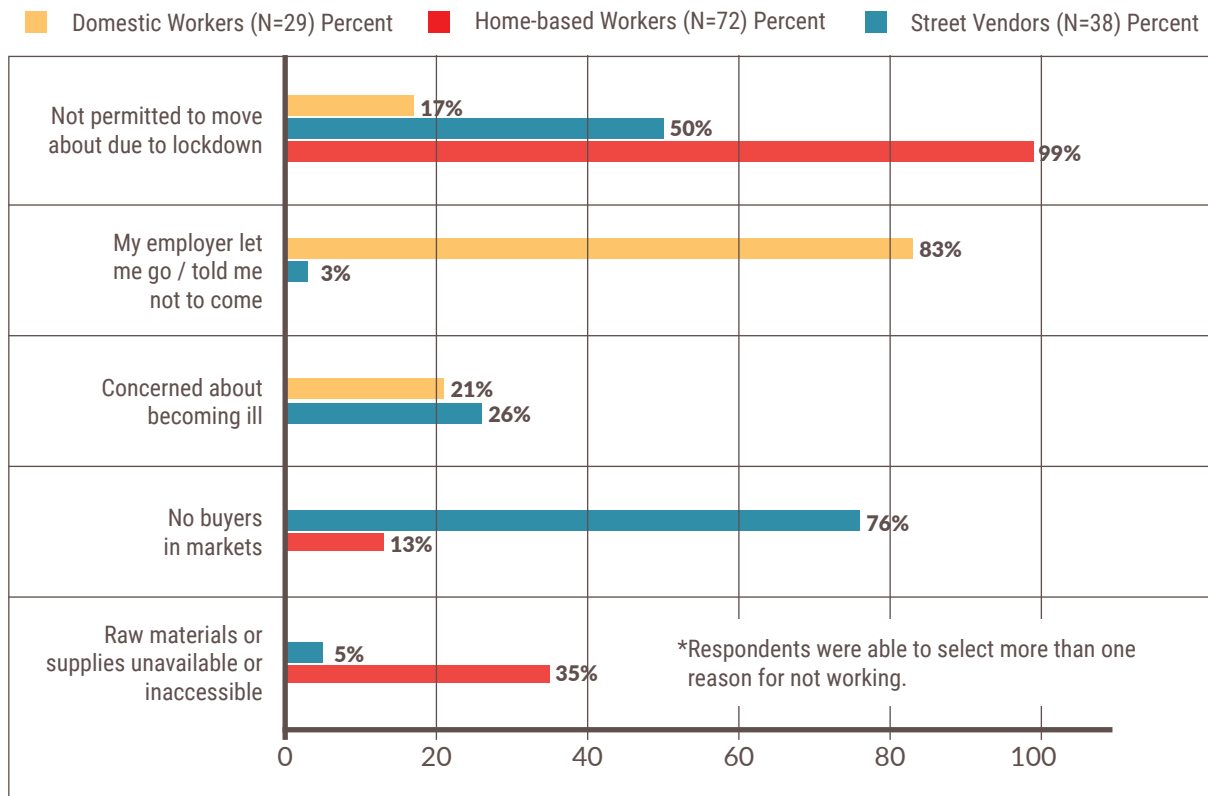
Even in May/June, when restrictions had lifted, 29% of street vendors and domestic workers were unable to come back to work part-time or more. Among street vendors, all women vendors stopped working during April, with less than half (45%) returning to work in May/June. Food vendors were more likely to have continued working in both April and May/June compared with non-food vendors.



“The greatest fears are related to our health and low incomes. We weren’t able to work during the pandemic, more precisely our city was under lockdown restrictions. We couldn’t go out to sell our products.”


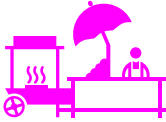




– Woman Home-Based Worker

Main reasons for not working, April 2020*

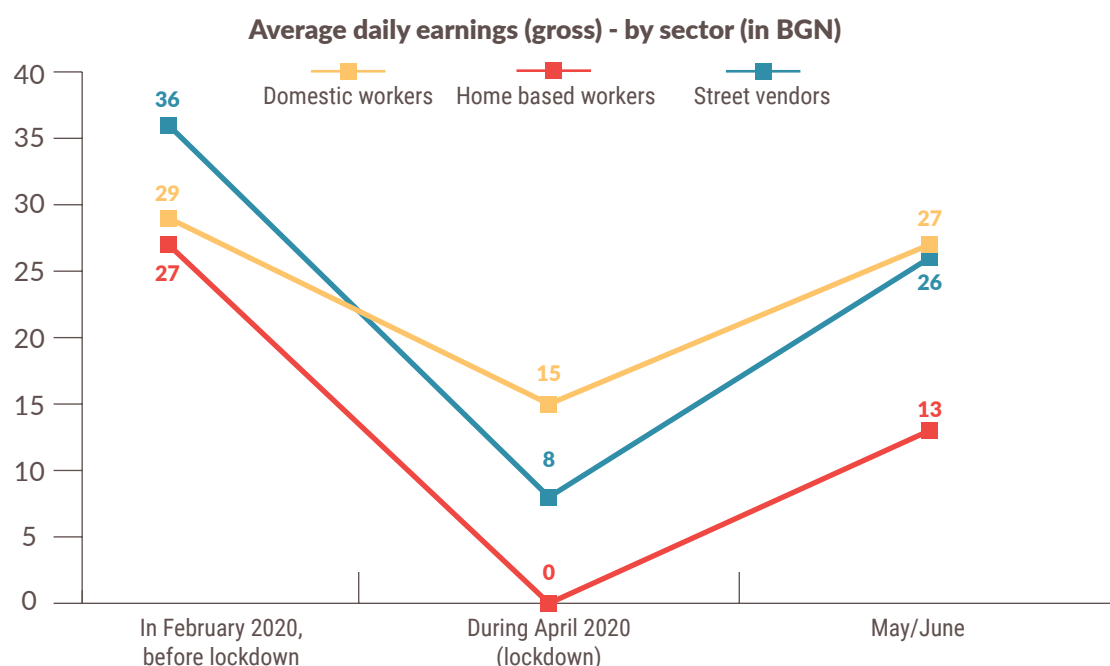


Among those respondents still not working after the removal of restrictions by May/June, all street vendors who continued to stay home (15) did so because of a lack of buyers or markets for their products. Most domestic workers who were not working in May/June had not been called back by their employers (12 out of 15).

Reasons for not being able to work

Street vendors		Lack of buyers
	<p>"I had trouble selling my stock because the police were checking the documents of the drivers. People were allowed to travel only for health reasons or for work. I was forced to go to another market in the city but it was very difficult to sell. Then I tried to sell to smaller markets in the district once a week but it was also very difficult."</p> <p align="right">- Man Street Vendor</p>	
Home-based workers		Lack of raw materials, higher cost of raw materials, lack of buyers
	<p>"Home-based workers can't buy raw materials now. We depend on raw materials from China. There are no imports now. We are forced to buy from Bulgarian producers. Fabrics, threads but we buy at a higher price. Everything is getting more expensive. And we can't sell at a higher price because no one will buy our products. That's why we sell at the same rate but our sales revenue is low."</p> <p align="right">- Woman Home-Based Worker</p>	
Domestic workers		Loss of clients and fear of infection
	<p>"House cleaning orders continue to decrease. More than half of employers have cancelled the placed orders [because of] the fear of infection and they don't have financial resources to pay. When the city was under lockdown, many people stayed at home and they preferred to clean their homes on their own."</p> <p align="right">- Woman Home-Based Worker and Domestic Worker</p>	

Earnings



% respondents with zero earnings, April and May/June

	Domestic Workers	Home-based workers	Street vendors
April	56%	99%	75%
May / June	29%	5%	29%

- By May/June 2020 average gross earnings for home-based workers and street vendors were 47% and 73% of earnings in February, respectively.
- In the case of street vendors, the decline in gross earnings reflects that 29% were not working and had no earnings. For home-based workers, it reflects a severe drop in demand and increase in costs.
- The plunge in earnings was most significant among home-based workers, particularly women. Women home-based workers previously earned nearly twice as much as men (30 BGN versus 17 BGN daily average); however by May/June, the average earnings by men and women had nearly equalized at similarly low levels of 13 BGN and 11 BGN.
- The near recovery in daily earnings for domestic workers by May/June is due to the fact that a few domestic workers received increases in pay after the lockdown, due to demand for their specialized skills in caring for elderly or disabled people. However, 29% of domestic workers remained without any income.
- Overall, 89% of workers said that their total household income in May/June was lower than it had been in February 2020, before the COVID-19 pandemic.

Food: Most informal workers did not report experiencing hunger, with the exception of 21% of street vendors (8 respondents) who said that adults in their households had experienced hunger seldom or sometimes during this period. According to informants, informal workers depend on food that they store in their homes - but with winter coming, this food supply has been almost depleted. As one respondent noted, "Our cellars are empty."

Health and Safety Concerns

Respondents expressed fears of COVID-19 infection. Others experienced challenges to access regular health care services, and to keep up with health insurance payments over this period. Although the Ministry of Health and the National Health Insurance Fund announced a policy to cover costs associated with confirmed COVID-19 cases, workers who failed to pay their regular contributions to the National Revenue Agency risked losing coverage for regular healthcare. This put many vulnerable groups, among them long-term unemployed, informal workers and the poor, at risk.



“Informal workers don’t have health insurance. They have to pay for medical checks, surgery, dental treatments before, during the COVID-19 pandemic and now.”

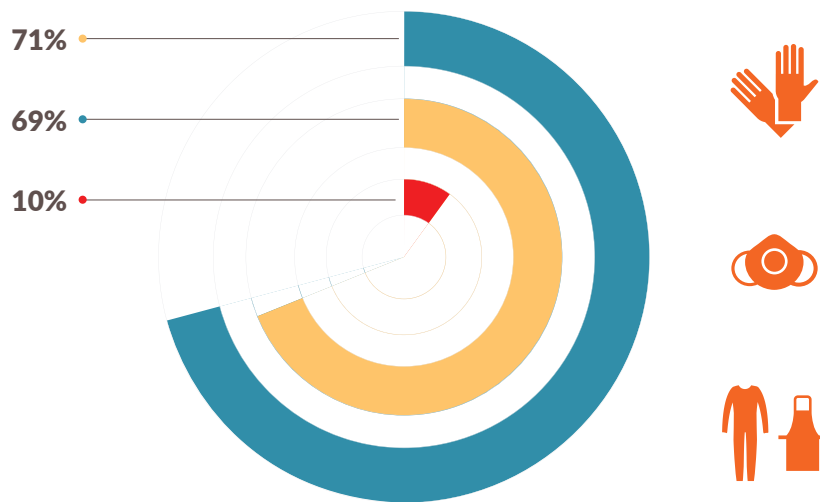
- Woman Home-Based Worker

Respondents who used personal protective equipment (PPE)* while working in May/June

Domestic Workers

Home-based Workers

Street Vendors



40%

of domestic workers reported increased exposure to chemicals, such as those used in cleaning and hygiene products, which could be harmful to their health.

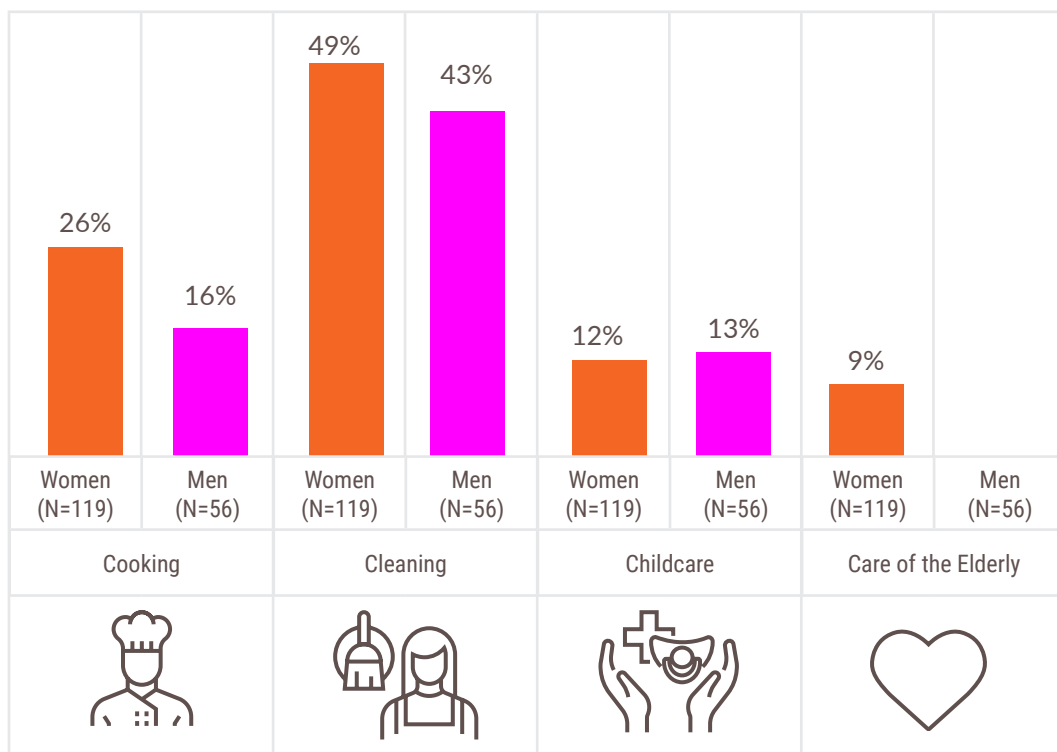
*Types of PPE include masks, gloves, gowns, aprons and/or uniforms.

Household Stress

While incomes have shrunk, workers have experienced increases in unpaid household labour.

47% of respondents said the crisis has increased their household responsibilities, with more cooking, cleaning and care. This reflects that some workers have moved in with relatives to save costs or to support each other during this period. 9% of workers confirmed that more people were in their households since the start of the crisis. Many workers have experienced rising tensions between family members who are not accustomed to living together.

% of respondents reporting increase in care and household responsibilities by gender

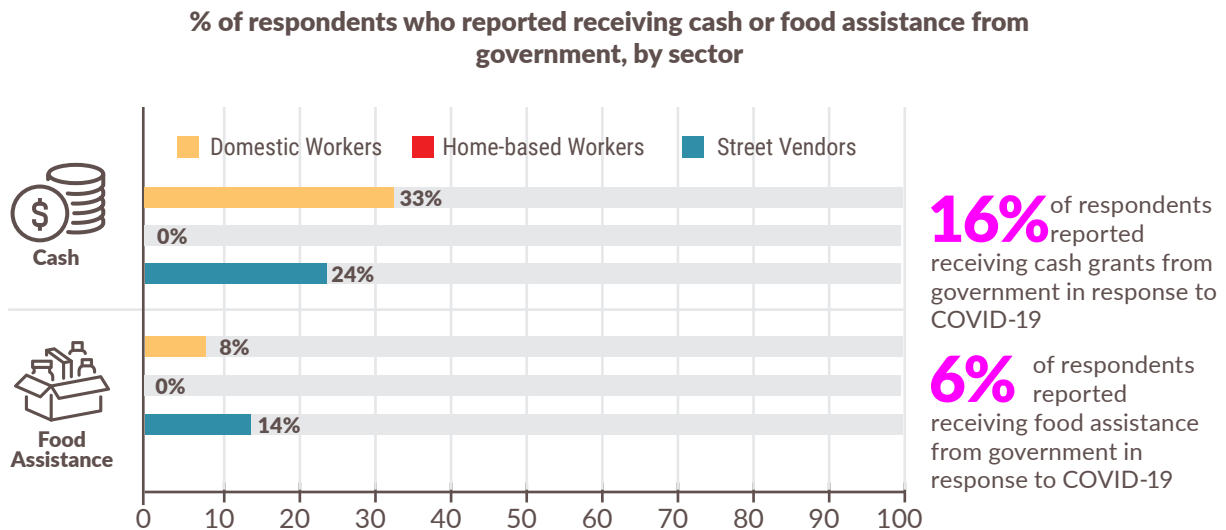


"...for women it was a pressure because children were studying remotely. Some men were at home, so there was a big pressure on the family. This meant double workload and pressure for women."

- UNITY Leader

Relief Measures by Government

While the government of Bulgaria provided some financial relief measures for formal businesses and employees, informal workers have not benefited from any of these measures. Only a small percentage of surveyed domestic workers and street vendors reported receiving any kind of government cash assistance, while no home-based workers received this support.



“The government proposed many relief measures but not for the informal sector. Our members are not eligible for any of these measures. One of the main conditions was paid social security contributions. Many of our members don’t pay. That’s why we didn’t receive any support.”

- Woman Home-Based Worker



“It is not possible to organize street markets or bazaars. There are some here and there but rents are unbearably high. My colleagues said: ‘I have paid 80 lev (EUR40) for today but I have earned 1 lev (EUR0.50) only.’ This situation doesn’t make any sense. And it is very difficult.”

- Woman Home-Based Worker and Street Vendor

As of August 2020, the government announced a relief measure that would provide a supplement to pensioners until March 2021. This benefit will help some informal workers who receive pensions, although many informal workers beyond retirement age do not receive a pension.

Informal businesses are struggling in the absence of any business or in-kind support. The local government in Pleven for instance has failed to provide affordable spaces for vendors or home-based workers to sell their products since the crisis, and high rental costs make it unaffordable for these workers to organize their own markets.

Relief Provided by UNITY

UNITY has provided several important forms of support to its members:

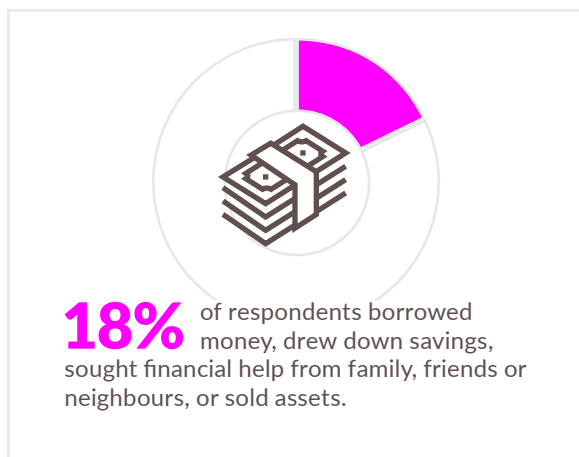
- food baskets or rations
- information on safety measures and protocols
- support to access grants for workers under the poverty line
- online training
- strengthening ties between farmers and street vendors within the UNITY network
- advocacy for vending spaces and markets

“Unity makes strength. When we are together and support each other. One phone call, some sympathy, a slice of bread...gives you strength, hope and that you are not alone in the long run.”

- Woman Home-Based Worker and Street Vendor

Coping Strategies and Adaptation

Without support from the government, informal workers are turning to other coping strategies. Some have shifted to new working strategies – for instance, online sales. But among those who started new types of work, almost all had switched from street vending or domestic work to home-based work, which as shown above has been the hardest hit in terms of earnings.



While important for short-term survival, coping strategies such as drawing down savings, borrowing or selling assets have a negative impact on workers' resilience and ability to recover. Other workers described reducing their expenses, relocating to live with relatives, or changing their occupations.

Coping strategies used by informal workers in Pleven	
<ul style="list-style-type: none"> ● Finding temporary job ● Selling online ● Selling new or different goods 	<p><i>"No one will buy jewelry. To have food on the table is more important than to buy something else. That's why we have started to conduct a training in our organization, so that people who make jewelry can produce something different: products that can be purchased. For example, knitting socks or knitting long winter socks...profitable products."</i></p> <p style="text-align: right;">– Woman Home-Based Worker</p>
<ul style="list-style-type: none"> ● Moving in with relatives ● Reducing expenses ● Seeking financial support from friends or relatives 	<p><i>"Many bills piled up. People were forced to lock their houses and move back to their villages to produce food, to breed chickens. To support themselves until they get on their feet again."</i></p> <p style="text-align: right;">– Woman Home-Based Worker and Street Vendor</p> <p><i>"Our consumption has shrunk to cover only basic needs, to pay bills."</i></p> <p style="text-align: right;">– Woman Home-Based Worker and Street Vendor</p>
<ul style="list-style-type: none"> ● Taking out loans from formal lenders ● Taking out loans from fast cash loan companies 	<p><i>"We were in deep water. We have debts. I am selling now a little bit better and I am repaying my debts. We are trying to cope with the difficult situation."</i></p> <p style="text-align: right;">– Man Street Vendor</p> <p><i>"Many of the informal workers had to take loans with very high interests. And now they don't know how to return this money. For example, if they have taken 1,500 euros, now they have to return 9,000 euros. We have these kinds of companies in Bulgaria who give very fast loans without any conditions almost, there is no criteria."</i></p> <p style="text-align: right;">– UNITY Leader</p>

Source: Informal Worker Leader Semi-Structured Interviews (N=6)

Recovery and Beyond: Informal Workers' Needs and Demands

Many of the workers who participated in the study stressed the need for the municipal government to recognize informal workers' contributions to Pleven. Key areas of support at the local level would include:

- Access to markets or bazaars
- Policies that oblige retailers to sell Bulgarian products
- Policies that require local government to procure from local and home-based producers
- Safe and decent work conditions

Key areas of support at the national level would include:

- Universal basic income to cover basic needs during and post pandemic
- Extension of social protection coverage (especially pensions and health care) and review of conditions on the contributory capacity of informal workers
- Small credits to stimulate business for many home-based workers and street vendors
- Ratification of ILO Convention 189 for domestic workers



Elena Petrova Manova, a 36-year old home-based worker had been working as a hairdresser for 10 years prior to the lockdown. When the city was under lockdown, Elena was left without work and had to rely on her parents for help. Photo credit: Svetlin Ivanov



“We have to unite, to support each other because the government doesn’t support us. We have to do our best [for] institutions to recognize us as workers. Subcontracted workers [need] to have labour rights, self-employed [need to have] access to markets and premises at local level. Domestic workers have to insist that our government should ratify Convention 189. Street vendors don’t have any rights. We all should unite and place demands on our government to recognize us as workers, to [show] that we are visible. Only in this way we will have access to social schemes.”

– Woman Home-Based Worker

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.

About UNITY: The Home-Based Workers Association (HBWA) of Bulgaria was formed in 2002. In 2014, HBWA founded the Bulgarian Trade Union of Self-employed and Informal Workers (UNITY). UNITY represents 42,000 home-based workers, 1,500 street vendors, 3,000 domestic workers, 1,500 disabled workers, 800 health workers, 1,200 teachers and translators, and 2,500 retirees. UNITY aims to represent and protect the labour, social and trade union rights and interests of workers in the informal economy. It works towards equality between informal workers and other workers, the right for informal workers to establish organizations of their own choosing, non-discrimination in employment relationships, self care and occupational safety, decent remuneration, status and social protection, access to education and training, minimum age for employment, maternity protection, and for inclusion of informal workers in labour statistics.

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Women in Informal Employment:
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