

## Executive Summary

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

This summary provides a preliminary overview of how the COVID-19 pandemic has continued to affect the world’s more than 2 billion informal workers (61% of the global labour force)<sup>1</sup> in four key sectors of work, by presenting key findings from Round 2 of the WIEGO-led COVID-19 Crisis and the Informal Economy study.<sup>2</sup>

Findings from Round 1 of the study illustrated how the pandemic’s disproportionate economic burden impacted informal workers, revealing precipitous drops in their ability to work, in their earnings and food security, uneven access to food and cash relief, and dependence on asset-depleting survival strategies .

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.

## Key Findings

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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.

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<sup>1</sup> See <https://www.wiego.org/statistical-picture>

<sup>2</sup> This is an Executive Summary of 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 by Sarah Orleans Reed, Michael Rogan, Erofili Grapsa, Ghida Ismail and Marcela Valdivia, which is available at <https://www.wiego.org/resources/COVID-Global-policy-insights>. A full report on Round 2 findings will be released in 2022.

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**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.

## Global Findings: Cities in the WIEGO-led COVID-19 Crisis and the Informal Economy Study



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

## Recommendations: Relief, Recovery, Reform

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The greatest threat to global recovery is a return to “normal” economic policies (UN Conference on Trade and Development, 2021). 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,<sup>3</sup> 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 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. This includes allowing** workers to return to their work – including in markets and public spaces for vendors, and at dump sites and sorting spaces for waste pickers – as well as 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.

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.<sup>4</sup>

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<sup>3</sup> See Rogan, M. and Cichello, P. “Can informal employment actually reduce poverty?” <https://www.wiego.org/blog/can-informal-employment-actually-reduce-poverty>

<sup>4</sup> See <https://www.bu.edu/gdp/files/2021/06/DRGR-Report-2021-FIN.pdf>

**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](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](http://www.wiego.org).

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