



TUSIW "EDINSTVO"

## COVID-19 Crisis and the Informal Economy in Pleven, Bulgaria: Lasting Impacts and an Agenda for Recovery



A 61-year-old street vendor sells her products in fairs to recover the stark losses in earnings resulting from city restrictions. **Photo Credit:** Svetlin Ivanov.

## Key Findings

- **Ability to work:** By midyear 2021, most respondents were back at work and working a similar number of days as pre-COVID-19 – though for street vendors and home-based workers, the past 12 months were much less stable in terms of ability to work.
- **Earnings:** By midyear 2021, home-based workers still had not recovered their average daily earnings in comparison to pre-COVID-19 earnings. Their average earnings by midyear 2021 were 56% of earnings in February. Street vendors and domestic workers were able to recover their average daily earnings in comparison to pre-COVID-19 (February).
- **Obstacles to work:** 94% of home-based workers and 93% of street vendors reported that government restrictions were the main obstacle to work during the previous 12 months.
- **Health and vaccination rates:** 60% of all respondents had been vaccinated by midyear 2021, with 87% of domestic workers, 84% of street vendors and only 25% of home-based workers reporting having received vaccines. The need for more information (50%) and hesitancy (51%) – including concerns over side effects – were reported as reasons for not being vaccinated.
- **Access to relief:** Respondents across all sectors continued to report the need for government financial support in the form of cash grants. 42% of respondents reported receiving government relief in the form of cash grants in the past twelve months. The main source of this additional relief was likely to be small top-ups to monthly pensions for older workers.

## Recommendations

- Recognition from different levels of government of the multiple contributions informal workers make to the local economy.
- Recovery support in the form of more simple processes to access financial relief and through small credits at low interest rates to stimulate business for home-based workers and street vendors.
- Better employment conditions to ensure informal workers' rights, including the ratification of ILO Convention 189 for domestic workers.
- Extension of social protection coverage, especially pensions and health care, to informal workers.
- Decent and safer workplace infrastructure, including fixed vending points, to support the livelihoods of street vendors and home-based workers.

## Background

***COVID-19 Crisis and the Informal Economy*** is a WIEGO-led longitudinal study that assesses the impact of the COVID-19 crisis on specific groups of informal workers and their households.<sup>1</sup> Using a survey questionnaire and in-depth interviews, Round 1 assessed the impact of the crisis in April 2020 and mid-year 2020 compared to February 2020 (the pre-COVID-19 period).<sup>2</sup> Round 2 was conducted in mid-year 2021 to assess how workers were experiencing COVID-19 resurgences and ongoing economic strains, and to what extent (if any) they had recovered. This report presents the summary findings of Round 2 of the study in Pleven, Bulgaria. Researchers in Pleven surveyed 173 out of the original 176 respondents (98%) who were surveyed in Round 1 to assess how their situation had changed roughly a year after the initial survey. Researchers also conducted in-depth interviews with four informal workers, two informal worker leaders, and one other key informant from a local NGO.

## Informal Economy in 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 in their homes, for low piece rates and without effective legal protections. The workforce includes self-employed home-based workers and street vendors, who buy or produce and sell their own products, 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.

## COVID-19 in Pleven: Key Dates

**March 8-13, 2020:** First COVID-19 cases in Bulgaria reported in Pleven. National emergency declared. Schools, day-care centres and nonessential commercial enterprises closed.

**March 30-April 13, 2020:** Relief measures announced by the national government targeting formal workers, including the “60/40 measure” worker retention program for formal businesses, interest-free loans for workers with employment contracts, and a one-time child benefit.

**June 2021:** All restrictions lifted. Mandatory mask wearing and social distancing in public places.

**January 26, 2021:** Council of Ministers declares epidemic emergency situation in Bulgaria.

**March 9, 2021:** A record spike in daily COVID-19 cases was reported in the district of Pleven.

**May 13, 2021:** Epidemic state of emergency lifted.

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<sup>1</sup> Study cities are 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), Tiruppur (India).

<sup>2</sup> Results from Round 1 in Pleven are available at: <https://www.wiego.org/publications/covid-19-crisis-and-informal-economy-informal-workers-pleven-bulgaria>

**May 13, 2021:** National emergency lifted, replaced by State of Emergency Epidemic Situation. Schools and shopping centres remained closed. Restaurants opened for outdoor service.

**October 2021:** Surge in COVID-19 cases across Bulgaria leads to tightened restrictions. Hospitals report strains and schools in several districts switched to online learning. Bulgaria has one of the highest mortality rates and lowest vaccination rates of countries in the European Union.

## Study Dates and Sample

### Dates of survey in Pleven

- Round 1: June 2020
- Round 2: June 2021

**Total Sample: 173**

**Dates of in-depth interviews in Pleven: August 2021**

### Sample by sector and gender

Sector	n	% of Total Sample	% Women
Domestic Workers	55	32	93
Home-based Workers	72	42	72
Street Vendors	45	26	31
Other	1	< 1%	1
Total	173	100	

### Age distribution

	n	%
18-25	1	< 1
26-35	7	4
36-45	16	9
46-55	45	27
56-65	80	54
> 65	14	6

The data are not intended to be representative of informal workers in each city or even of the membership of each organization.

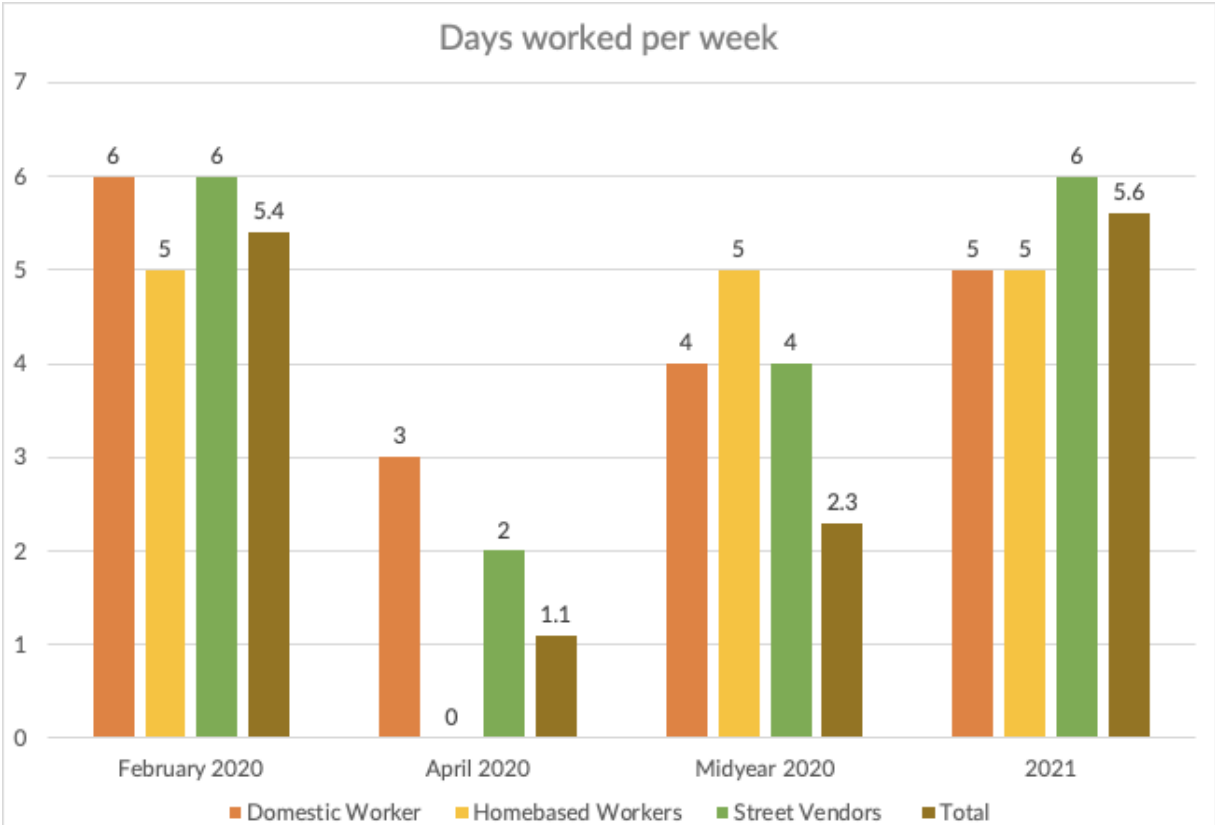
# Impacts of and Responses to the Crisis

## Work, Earnings and Food

### Work

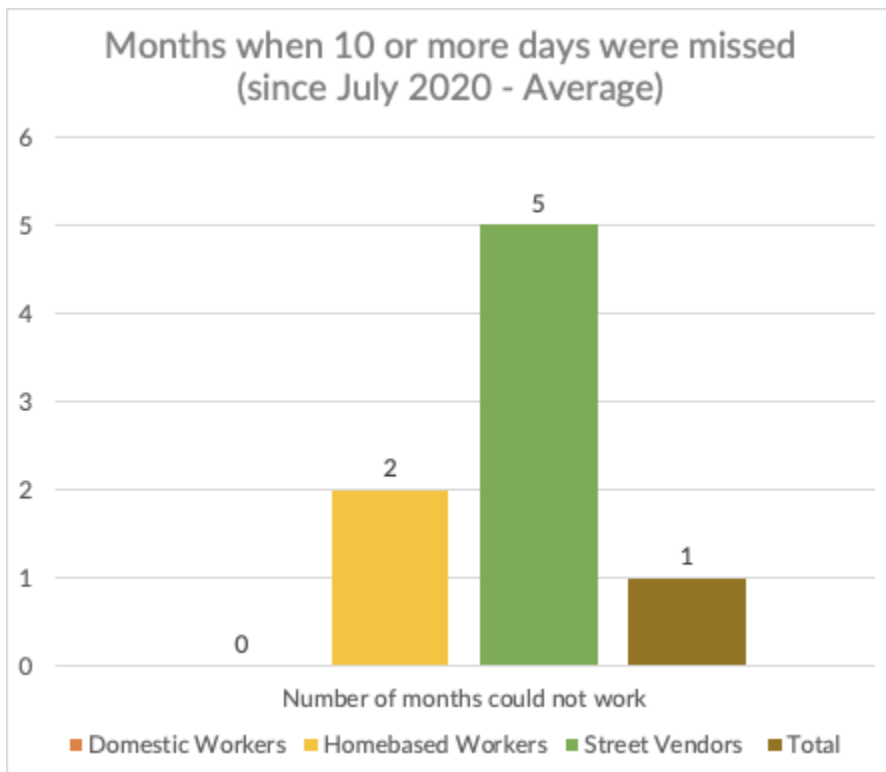
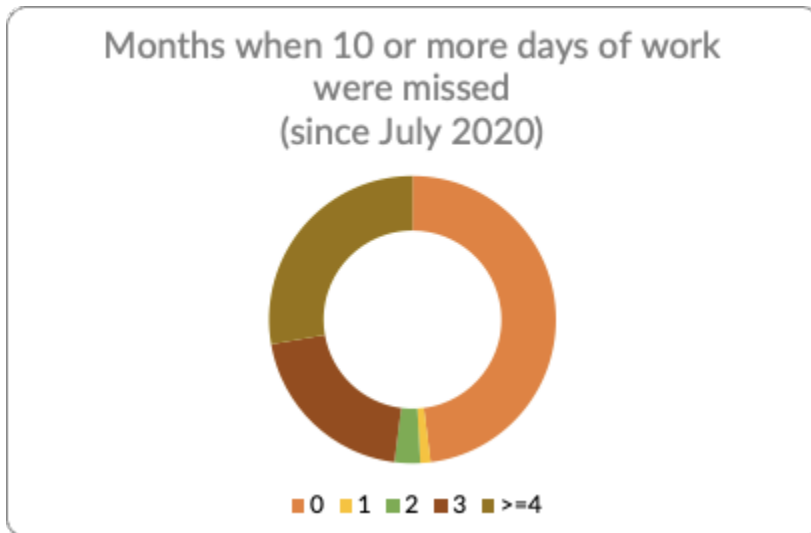
Survey results from 2021 show that 95% of respondents stayed within their original sector of work – they did not switch since they were interviewed in 2020. At the time of study, almost all respondents (98%) were actively working. This was higher than in mid-year 2020 (81%) and April during the first wave of COVID-19 (21%).

Among all respondents, the average number of days worked per week was 5.6, compared to 5.5 in February 2020, 1.2 in April 2020, and 4.3 in June 2020. For domestic workers, the average number of days worked per week was 5, compared to 6 in February 2020, 3 in April 2020 and 4 in June 2020. For home-based workers, the average number of days worked per week was 5, compared to 5 in February 2020, 0 in April 2020 and 5 in June 2020. For street vendors, the average number of days worked per week was 6, compared to 6 in February 2020, 2 in April 2020 and 4 in June 2020. Most respondents said that the number of days (65%) and length of days (60%) was the same when compared to a typical week in the last six months, although most street vendors were working more days (82%) and longer days at the time of survey (84%), suggesting a busy summer business season.



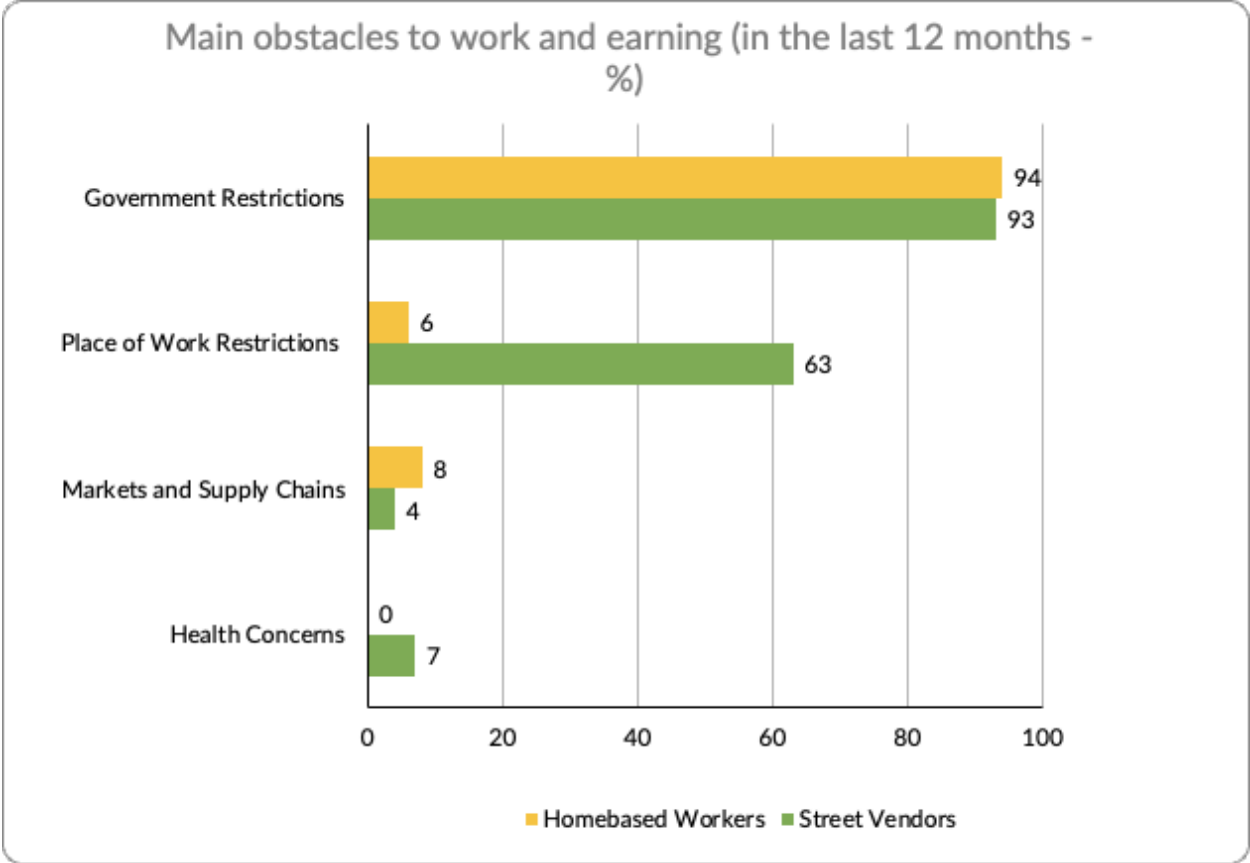
**Note:** Respondents were asked to report work days in the last seven days, including days during which they worked part-time.

However, respondents' ability to work over a longer period was much less stable, mainly for street vendors and home-based workers. 48% of respondents reported that during at least 3 months over the last year they missed 10 or more days of work. This means that nearly half of the respondents experienced unstable working conditions for sustained periods over the last year. This instability was most dramatic among street vendors and home-based workers: 84% of street vendors reported that during 4 months or more they were unable to work for at least 10 days; 61% of home-based workers reported that there were 3 months during which they missed at least 10 days of work.



Findings show that for 93% of respondents restrictions were the main obstacle to work in the last year preceding the survey. With the closure of large chain markets and shops, home-based workers struggled to sell their goods. In addition, home-based workers reported that access to and the higher price of materials had also negatively impacted their ability to work. One home-based worker described the changes that affected their work this past year: “This situation completely changed how we carried out our production. Materials were harder to find and those that were available were more expensive.”

Street vendors frequently mentioned the need for the local government to provide fixed vending sites to support their recovery.

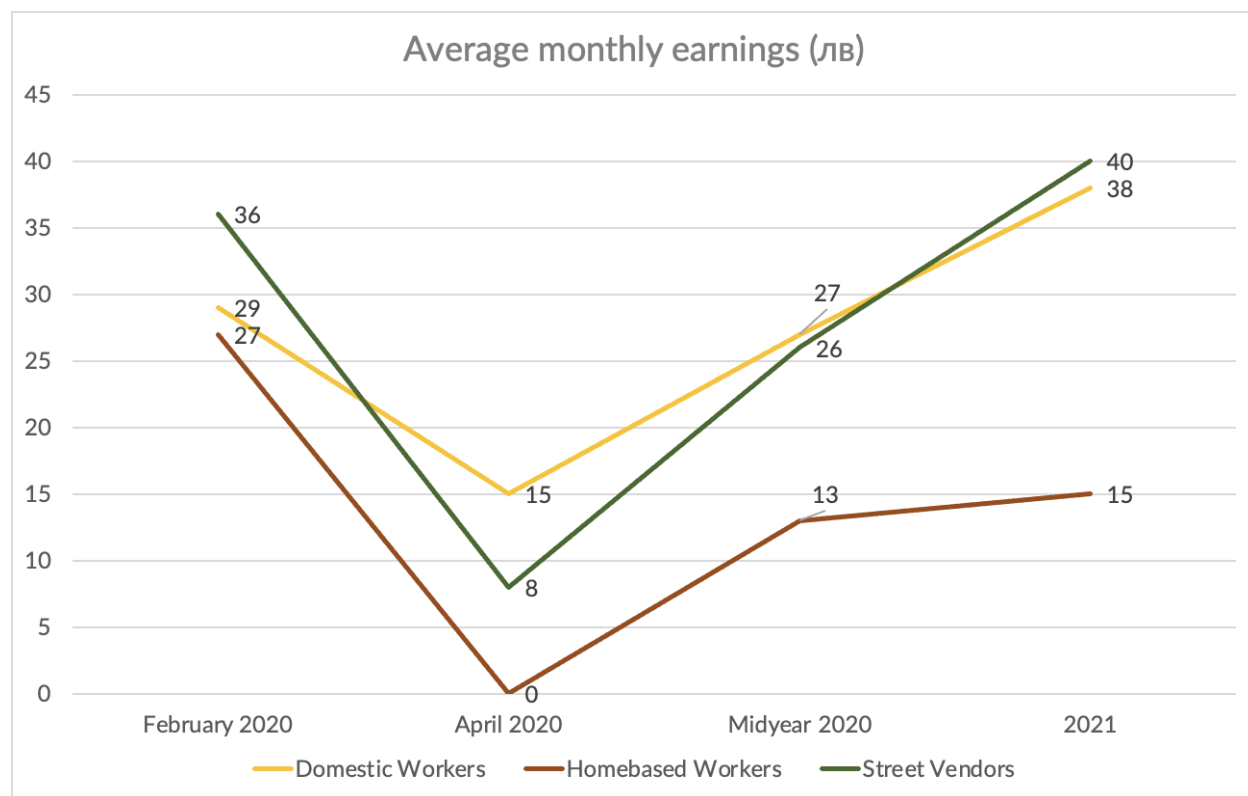


\* Respondents could select more than one response

## Earnings<sup>3</sup>

At the time of the survey in June 2021, domestic workers and street vendors had recovered their daily earnings in comparison to June 2020. The average daily earnings of domestic workers was 38лв, compared to 29лв in February 2020, and street vendors' average daily earnings were 40 лв, compared to 36лв in February 2020.

In contrast, home-based workers were still showing a much slower earnings recovery rate, making less than even their mid-year 2020 earnings (15лв in 2020 versus 22лв in 2021), and significantly less than their February 2020 earnings (35лв). 66% of home-based workers were making under 20лв daily in 2021 at the time of survey.



Among home-based workers, the average earnings of subcontracted workers is slightly higher than for self-employed workers (14лв versus 20лв). Among street vendors, vendors selling food have higher average daily earnings than vendors selling non-food items (47лв versus 33лв). Men have a higher daily average than women (43лв versus 36лв).

Domestic worker earnings recovered because workers were able to charge higher rates for services and, in some cases, respondents had moved to Sofia, Bulgaria and Germany to find better paying opportunities.

<sup>3</sup> All earnings data includes Round 1 respondents who have stopped working entirely and/or respondents who were not working in the previous month, whose days of work and earnings are set to 0. All earnings data is reported as gross earnings and does not account for costs of purchasing stocks or other inputs.



While earnings for domestic workers and street vendors had returned to pre-COVID levels at the time of survey, these earnings no longer have the same buying power as they did before the pandemic. Consumer prices increased by 6% between October 2020 and October 2021, similar to those for food and nonalcoholic beverages. Bills for housing, utilities and fuel increased by 9%.<sup>4</sup>

Respondents frequently cited their concerns over the short to long term impacts of the pandemic on their income and earnings. A 62-year-old male street vendor described the pandemic impacts as taking him “far back in terms of [his] finances”. A 64-year-old home-based worker, who began caring for her neighbour’s children to make ends meet during the pandemic, talked about the challenges informal workers were facing: “The worries are many. First not to get infected, then the other is that a person locked at home loses motivation. The finished products are in stock and I am confident that another time will come. This is a kind of depressing situation and it is not only for me, but also for the younger workers.”

## Health and Safety

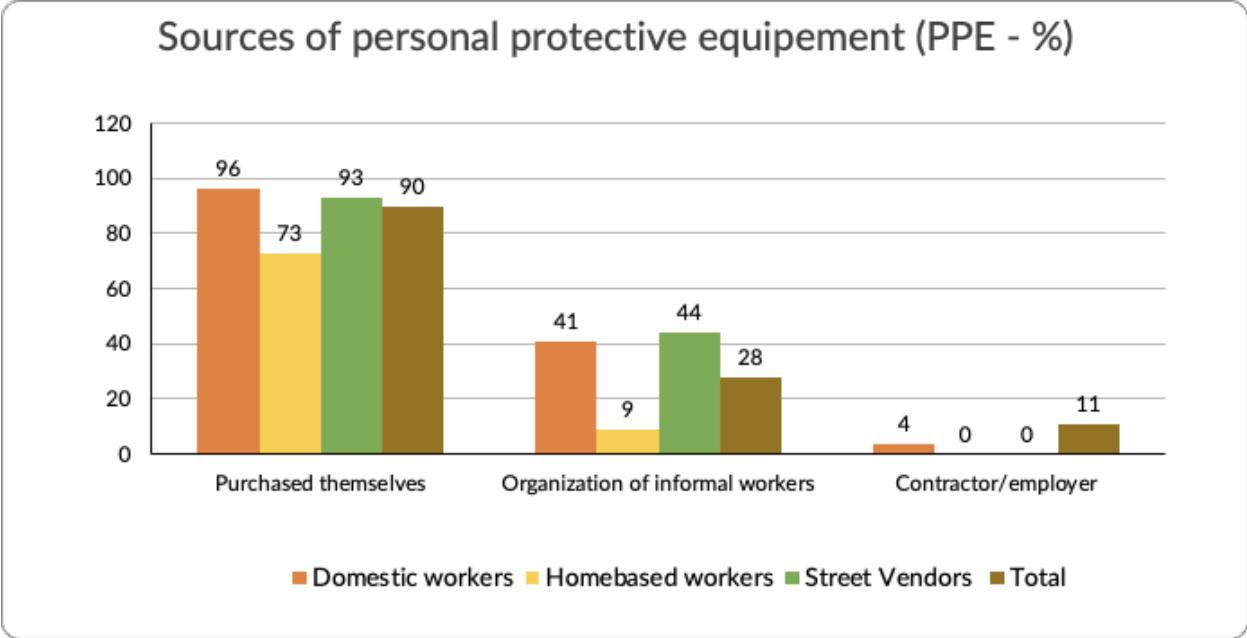
Respondents emphasized that fear of COVID-19 and mental health strains impacted them heavily. As a 57-year-old male home-based worker explained: “COVID-19 brought people stress. Many of my friends and clients are scared for their health. You can't travel, walk in the park or the city. Closure and restrictions have changed people's lives.”

For those who did get COVID-19, support from friends within UNITY (the Bulgarian Trade Union of Self-employed and Informal Workers) was fundamental as a male home-based worker explained: “I live alone and during the positive test it was difficult for me to cope. Good thing I was able to talk to union members. They supported me and shopped when I was locked up.” For others, not having access to health care was another important concern. A worker leader highlighted structural problems many workers faced: “[It was] very difficult because they have no insurance. Many of the workers underwent self-medication, which is very difficult, but they had no other choice. Apart from the fact that they could not benefit from hospital treatment, they were not able to buy medicine.”

In mid-2021, among respondents who were working during the previous month, 91% reported using personal protective equipment (PPE), including masks (71%) and hand sanitizers (58%). 100% of street vendors, 98% of domestic workers and 80% of home-based workers reported using at least one form of personal protective equipment. Among all respondents, 86% purchased PPE themselves and 28% received PPE from their organizations. The pattern holds across the sectors with 96% of domestic workers, 93% of street vendors and 73% of home-based workers having purchased PPE themselves.

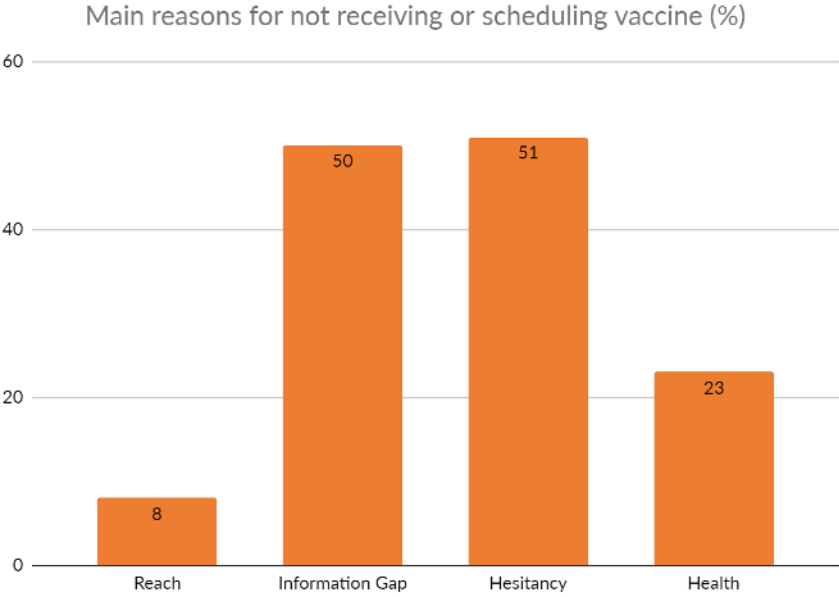
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<sup>4</sup> Republic of Bulgaria National Statistical Institute (2021) Inflation and Consumer Price Indices in October 2021. Available at [https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2021-10\\_en\\_NJK2HLB.pdf](https://www.nsi.bg/sites/default/files/files/pressreleases/Inflation2021-10_en_NJK2HLB.pdf)



\* Respondents could select more than one response

60% of all respondents had been vaccinated or were scheduled to be vaccinated, with equal vaccination rates among women and men. Home-based workers were the least likely to be vaccinated (25%), and domestic workers and street vendors the most likely (87% and 84%, respectively). For those who were not yet vaccinated or scheduled to be, the main reasons were hesitancy (51%) and the need for more information (50%).



\* Respondents could select more than one reason

## Household Stress

### Care and Household Tensions

Respondents primarily noted challenges in balancing the demands of children's online schooling and the time spent on paid work. The pandemic brought on increased pressures for women informal workers, as a home-based worker leader notes: "The students started online study. The smallest ones are especially problematic. If a family member works under an employment contract, he or she takes paid or unpaid leave. If both are informal workers, then the woman takes full care of the children. Thus, there is an additional workload and this reduces productivity". Another home-based worker mentioned the need for the government to step in and provide support for managing online schooling costs: "In my opinion, the state should financially support informal workers. Make sure all children have devices to study online."

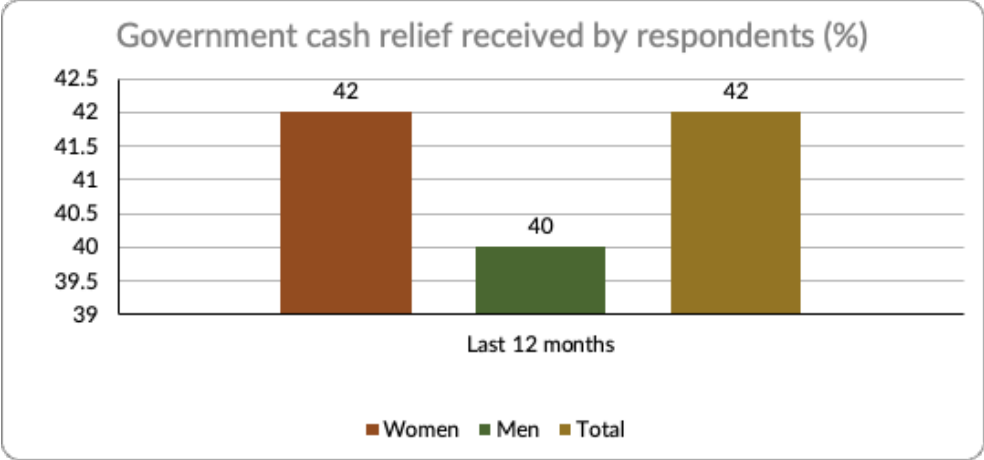
Other workers noted the difficulties informal workers had in accessing any kind of relief related to childcare support. The multiple barriers to accessing relief were explained by a home-based worker: "As an informal worker, I can't even take the child benefits that I deserve. They want documents that you are unemployed or that you work under an employment contract. I do not have those documents. I have to prove with witnesses every month that I don't do anything and submit documents to the social services. It's a long walk through bureaucracies, this is just to make us give up. [...] There is no help for people like me."

### Relief Measures

During the early months of the pandemic, informal workers highlighted the lack of government attention and support for the drastic losses to their livelihoods. By mid 2021 and as a result of uncertainty over political elections, respondents continued to express that government recovery measures were inadequate or nonexistent. Moreover, many respondents expressed their disbelief about possibilities for concrete support in the short term, as stated by a 59-year-old home-based worker: "Our government is not official, there will be elections soon. When a new government is elected, we will present our demands. We also need to be recognized as workers. To have rights like the other [workers]."

#### By Government

As reported in Round 1 of the survey, during the first three months of the pandemic, only 16% of respondents had received some type of cash relief. By mid 2021, the percentage of respondents who reported receiving government cash relief within the last 12 months had increased to 42% (42% of women and 40% of men). The main source of this additional relief was likely to be the small top-ups to monthly pensions for older workers, which the Bulgarian government instituted from September 2020 in response to the COVID-19 crisis, though the amount is only 50лв per month. Some workers in the sample also received disability compensations.



**How did respondents use cash relief?**

Among those who received government cash relief, particularly support for pensioners, most reported using it for household expenses and food.

*My husband as a pensioner had received an additional 50 leva during the pandemic. With it we could cover part of our expenses during the winter time. - Woman Street Vendor, age 65*

*The help of 50 leva to the pension helped us to cope with heating and food in the winter. - Man Street Vendor, age 49*

*For me, the closing time was very depressing and dangerous. The government's help with my pension has helped me deal with the household more easily. However, we limited ourselves to the purchase of products that were a necessity. - Man Home-Based Worker, age 56*

**By Informal Worker Organizations**

Workers highlighted the importance of having the support of UNITY during the past year, particularly as isolation and restrictions continued to affect workers' earnings and mental health. The most noted forms of support were relational and/or moral, employment and livelihood, informational, and immediate material.

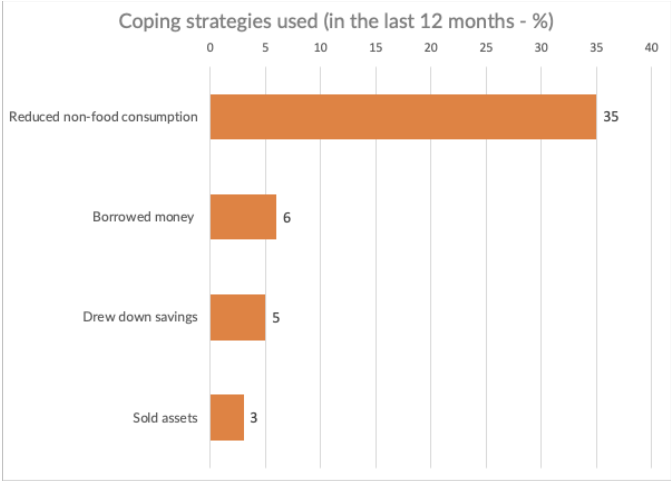
Relational and/or moral support <ul style="list-style-type: none"> <li>● Phone calls</li> <li>● Psychological support</li> </ul>	<i>"Moral [support]. They were interested in how I lived, they advised me on how to protect myself from infection." - Man, Street Vendor, age 61</i>
Employment and livelihood support <ul style="list-style-type: none"> <li>● Support to find work in different cities</li> <li>● Support to find markets and improve online sales</li> </ul>	<i>"They found me a job in Sofia". - Woman, Domestic Worker, age 59</i>

<p>Informational support</p> <ul style="list-style-type: none"> <li>● Information on how to protect against COVID-19</li> <li>● Information on city restrictions</li> </ul>	<p><i>“They gave us brochures on how to protect ourselves from getting sick.”</i> - Woman, Home-Based Worker, age 56</p>
<p>Immediate material support</p> <ul style="list-style-type: none"> <li>● Personal protective equipment</li> <li>● Financial support</li> <li>● Purchased informal worker’s goods/products</li> </ul>	<p><i>“They bought the last amount of honey just before Christmas and helped me financially.”</i> - Woman, Home-Based Worker, age 46</p>

One of UNITY’s strategies was to raise the challenges faced by informal workers during the pandemic in the media. This involved connecting with media outlets that covered sector issues. UNITY also continued to push for dialogue with municipal authorities on the need for fixed and accessible markets for street vendors and home-based workers to sell their products. These efforts are underpinned by the valorization of these workers and their contributions to the local economy.

### Adaptation and Coping Strategies

43% of respondents used one or more asset-depleting and/or consumption reduction strategy to help their households survive the crisis. This was 38% among women and 55% among men. The main coping strategy adopted was reducing non-food consumption (35%).



\* Respondents could select more than one response

Cutting back on household expenses such as internet, food and other non-food items was one way for informal workers to meet household bills and avoid becoming further indebted. A home-based worker described how she was cutting back on heating, even in the cold winter months: “I live in my own home and do not pay rent. It is difficult for me to pay for my consumables. In winter I stay at 16-18 degrees, and at night I do not heat the room in which I sleep. I don't always succeed, especially in colder weather.” Similarly, another home-based worker described the trade-offs in terms of household consumption patterns: “We live in our own home. We have to deal with consumables because children cannot study in the cold and without electricity. So we pay the bills first and what's left is for food.”

Similar to Round 1, respondents reported concerns with taking out informal loans, especially given the exploitative interest rates from informal lenders. As a home-based leader explained: “Our members pay their expenses first and live with whatever is left. They cannot borrow money from banks, but only with quick loans. And there the situation is the following: if they take 100лв and cannot return the money within the agreed time, they have to then pay about 500лв.”

64% of street vendors and 11% of home-based workers reported that they required capital to resume their livelihoods. For those that required capital, the main source of capital was savings (59%), followed by borrowing money from friends and family (16%) and loans from formal and/or informal institutions (14%). Of those respondents who drew down their savings since the start of the COVID-19 pandemic, 59% reported that they have replaced none of these savings.

## Recovery and Beyond: Informal Worker Needs & Demands

When asked what support was needed from the government, respondents across all sectors emphasized the need for:

- immediate material support to cover household expenses and help manage debt
- better working conditions, either through policy change or decent workplace infrastructure
- business capital and access to credit at low interest rates
- government recognition of informal workers' rights and workers' essential role in society

This report concludes with the following recommendations:

1. **Access to financial support and relief:** Respondents emphasized the need for financial support given the rising cost of basic household goods and services. In addition, respondents emphasized that applying for financial support or benefits should be less onerous. Respondents mentioned how important it would be for local and national governments to offer incentives and tax breaks to recover livelihoods.
2. **Access to business capital and low-interest credit:** Respondents emphasized how fundamental capital is to stimulate business and livelihood recovery for many home-based workers and street vendors.
3. **Extension of social protection:** Respondents emphasized the need for social protection measures for informal workers, particularly with regard to access to health care services and pensions.
4. **Policy change:** Domestic workers would benefit from the implementation of ILO Convention 189 to ensure fairer negotiations with employers.
5. **Decent workplace infrastructure:** Street vendors and home-based workers emphasized how local governments could provide fixed vending sites.

### What informal workers in Pleven need – in their own words

- “Recognize us as workers so that we have rights, not just obligations.” – Woman Home-Based Worker
- “To recognize us as workers. To have employment contracts. To protect our rights before our employers.” – Woman Domestic Worker
- “To have preferences when starting a job as a street vendor; the municipality to determine for us places for sale; no tax burdens and fines.” – Woman Street Vendor
- “To have special measures for the sale of home-made products. Tax reform is needed.” – Woman Home-Based Worker

**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](https://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](https://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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