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COVID-19 and informal work: Degrees and pathways of impact in 11 cities around the world

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WIDER Working Paper 2022/45

COVID-19 and informal work

Degrees and pathways of impact in 11 cities around the world

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In partnership with



Abstract: This paper presents findings from two rounds (2020 and 2021) of a study on the impact of the COVID-19 crisis on informal workers in 11 cities across five regions of the world (Africa, Asia, Eastern Europe, Latin America, and North America). The study, carried out by the WIEGO network in partnership with local organizations of informal workers in each city, included a survey questionnaire and key informant interviews, both conducted by phone. The study findings confirm that the pandemic recession severely undermined the livelihoods of informal workers with limited recovery by mid-2021. The study also examined the degree—and pathways—of impact between, and within, different sectors of informal workers and provides insights and demands from informal workers in their own words.

Key words: informal economy, impact of COVID-19 pandemic recession, work, earnings, food security, coping strategies

JEL classification: C83, J01, J46

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About the authors: The authors of this paper are the members of the WIEGO COVID-19 crisis study team who designed and oversaw the study, analysed the data, and wrote up the findings in different formats: all in partnership with local organizations of informal workers and research teams in each study city. The paper was written with the assistance of Laura Alfery, Jenna Harvey, Ana Carolina Ogando, Carmen Roca, Shalini Sinha and Sally Roever

The findings of the 11-city study have been featured in two earlier publications: Chen et al (2021 and 2022), which this paper draws on.

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1 Introduction

In May 2018, the International Labour Organization (ILO) published the first-ever global estimates of informal employment. These global estimates show that 61 per cent of all workers worldwide are informally employed—a total of two billion workers (Bonnet et al. 2019: 4; ILO 2018: 13). They also show that the rate of informal employment is highest in developing countries (at 90 per cent), lowest in developed countries (at 18 per cent), and quite significant in emerging countries (at 67 per cent) (Bonnet et al. 2019: 4; ILO 2018: 14).

Two years later, in late April 2020, the ILO estimated that 1.6 billion people employed in the informal economy—80 per cent of the global informal workforce and nearly half of the total global workforce—could see their livelihoods destroyed due to the decline in work, working hours, and earnings brought on by lockdowns or other restrictions to curb the spread of COVID-19 (ILO 2020: 1). Since then, a growing body of studies on the impact of the COVID-19 crisis on informal workers, especially during 2020, has confirmed the ILO prediction.

Despite the attention paid in 2020 to the impact of the COVID-19 crisis on informal workers, there was limited evidence on whether and how different groups of informal workers were impacted by the crisis. Further, there have been few longitudinal studies on the impact of the COVID-19 crisis on informal workers during subsequent waves of the pandemic and policy restrictions. Two notable exceptions are the current study in 11 cities and a longitudinal study in Bangladesh by the BRAC Institute of Governance and Development (BIGD) and the Power and Participation Research Institute.

The paper is structured as follows. The next section describes the WIEGO-led study: its design, sample, methods, and value-added. Section 3 summarizes the aggregate impacts of the pandemic recession on the work, earnings, and food security of informal workers across the 11 cities, noting significant differences between cities. Section 4 examines the different degrees and pathways of impact by sector and, within sectors, by key variables. Section 5 presents the coping strategies of the sample households in response to the major impacts of the crisis and inadequate government relief. The paper concludes with reflections on i) the nature of the economic crisis triggered by the COVID-19 pandemic, including the disproportionate impact of the crisis on informal workers and the enhanced recognition of the essential goods and services provided by informal workers; and ii) on the implications for economic recovery, social protection, and the social contract going forward.

2 WIEGO-led study

This paper presents findings from the two rounds of a mixed-method longitudinal study of informal workers from 11 cities¹ across five regions. The quantitative component consisted of a mobile phone survey of 2,231 workers, among whom 1,849 were from four main sectors of urban informal work—domestic work, home-based work, street vending/market trading, and waste

¹ The cities include, in Asia, Bangkok (Thailand) and Ahmedabad, Delhi, and Tiruppur (India); in Africa, Accra (Ghana), Dakar (Senegal), Dar es Salaam (Tanzania), and Durban (South Africa); in Latin America, Lima (Peru) and Mexico City (Mexico); in North America, New York City (USA); and in Eastern Europe, Pleven (Bulgaria). The data from the twelfth city, Dar es Salaam, have been excluded from the analysis in this paper.

picking (Table 2). Six additional sectors were surveyed across some of the cities.² The survey questionnaire was designed to collect information on the ability to work, working hours, earnings, and sector-specific constraints to livelihoods at different points in time. The questionnaire also collected information on health and safety, food security and hunger, household responsibilities and tensions, household coping strategies, and the role of government and local organizations of informal workers in providing relief and support of other kinds.

Round 1 of the study was carried out between May and early August 2020 with two recall periods—April 2020 (period of peak lockdowns or restrictions in all study cities) and February 2020 (as a pre-COVID-19 reference period). Round 2 of the study was carried out between June and 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,³ and included two reference periods—the previous month and the previous 12 months.

Table 1: Two rounds of study

	2020	2021
Dates of survey	May–early August	June–early August
Reference periods	April 2020	Previous year
Pre-COVID baseline	February 2020	February 2020

To supplement and help interpret the survey data, the study included two sources of qualitative data: open-ended questions at the end of the survey about the major impacts of the crisis to allow respondents to answer in their own words; and in-depth interviews with informal worker leaders and other key informants from worker organizations, government, civil society, and academia about the context and impacts. These qualitative data highlight the perspectives of informal workers, providing insights in their own words.

To carry out the study, WIEGO partnered with a local membership-based organization (MBO) of informal workers in each city who helped design the study, identify the local research team, identify the study sample, and interpret the study findings. A team of WIEGO researchers and data analysts oversaw the study, with one researcher assigned as a focal point for each study city.

The sample from each city was drawn from the membership of the informal worker organizations participating in the study and is not intended to be representative of informal workers in the city or even of the sampled groups of informal workers (Table 3). As members of local organizations, the sample respondents are more likely than other informal workers in each city to have benefited from collective action pre-COVID-19 and to have received relief support during COVID-19.

² The sample for this analysis consists of 1,938 workers, 1,391 of whom were interviewed in both rounds, 334 in Round 1 only, and 213 in Round 2 only. While the survey included several additional occupational sectors, the sample for the data presented in this paper includes only the four core sectors—domestic workers, home-based workers, street vendors/market traders, and waste pickers.

³ In the interest of simplifying the presentation of the data, we refer to the Round 2 study period as mid-2021.

Table 2: Sample sectors by whether from Round 1 and/or Round 2

	Domestic worker	Home-based worker	Street/market vendor	Waste picker	Total
Both rounds	279	258	509	345	1391
Round 2	40	10	71	92	213
Round 1	37	26	118	153	334
Total	356	294	698	590	1938

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 3: Sample sectors by city

	Domestic worker	Home-based worker	Street/market vendor	Waste picker	Total
Accra	0	0	98	49	147
Pleven	55	73	46	0	174
Dakar	0	0	0	94	94
Ahmedabad	61	55	77	53	246
Delhi	58	64	75	59	256
Mexico City	73	0	58	43	174
New York	0	0	62	65	127
Lima	54	0	67	61	182
Durban	0	0	151	105	256
Tiruppur	0	61	0	0	61
Bangkok	55	41	64	61	221
Total	356	294	698	590	1938

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

The findings of the study differ by city and by sector. Some of the differences between cities are attributable to the sample in each city: only three cities studied all four main groups (Ahmedabad, Bangkok, and Delhi), and two cities studied only one group (Dakar and Tiruppur). Other factors which contributed to differences between cities include the severity and duration of different waves of the COVID-19 virus and associated restrictions and the type, coverage, and duration of relief measures.⁴ It should be noted that by Round 2, no recovery measures had reached informal workers in any of the study cities.

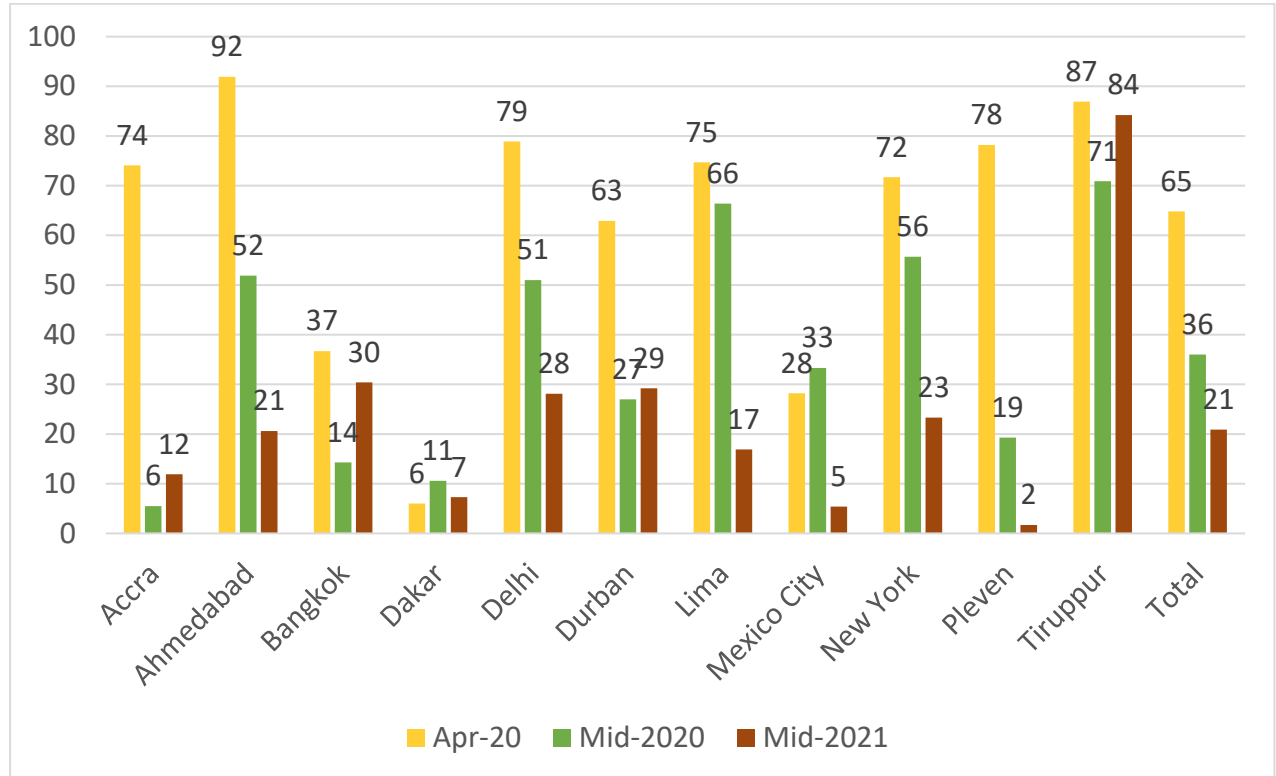
3 Impact on work, earnings, and food security: across 11 cities

The findings from the WIEGO-led 11-city study confirm, first and foremost, that the impact of the COVID-19 crisis on the ability of informal workers to work was substantial; and that by mid-2021, in most cities and sectors, the livelihoods of informal workers had not recovered to their

⁴ For a more detailed report on Round 1 findings, including a table with key variables of the study cities (country income group, informal employment rate, government restrictions relief in 2020), see Chen et al. (2022).

pre-pandemic levels. Across the cities, nearly two thirds (65 per cent) of the respondents reported not working at all during the peak lockdowns/restrictions in April 2020. By mid-2020, when severe restrictions had been eased or lifted, most respondents had returned to work but over one third were still unable to work; and in mid-2021, over 20 per cent were unable to work (Figure 1).

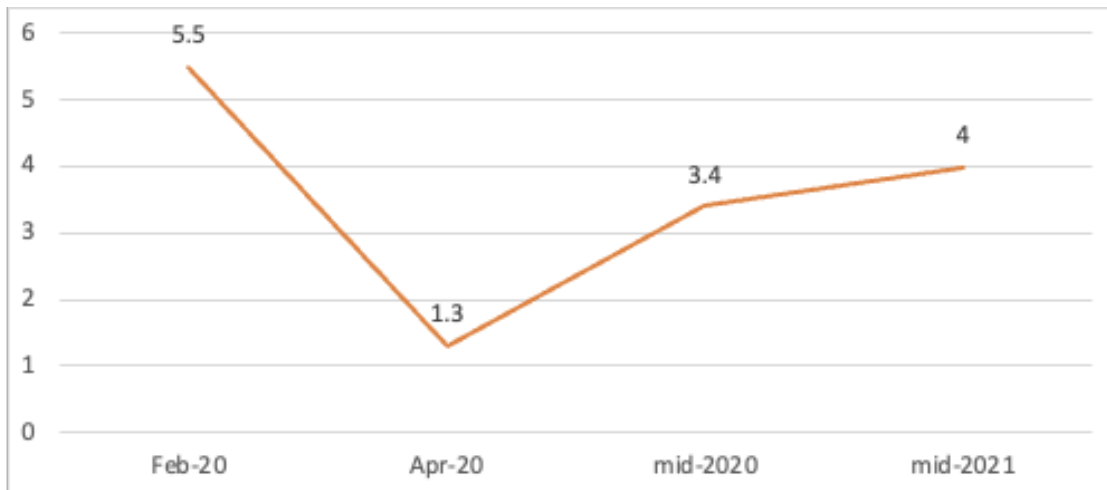
Figure 1: Per cent not able to work, by city; April 2020, mid-2020, and mid-2021



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Prior to the crisis, in February 2020, the sample reported full-time employment at 5.5 days of work per week on average. The most severe disruption to working days occurred in April 2020 and had recovered to 3.4 days per week by the middle of 2020. However, between mid-2020 and mid-2021, the average number of days worked across the city samples increased by only half a day, to 4 days per week in mid-2021 (Figure 2).

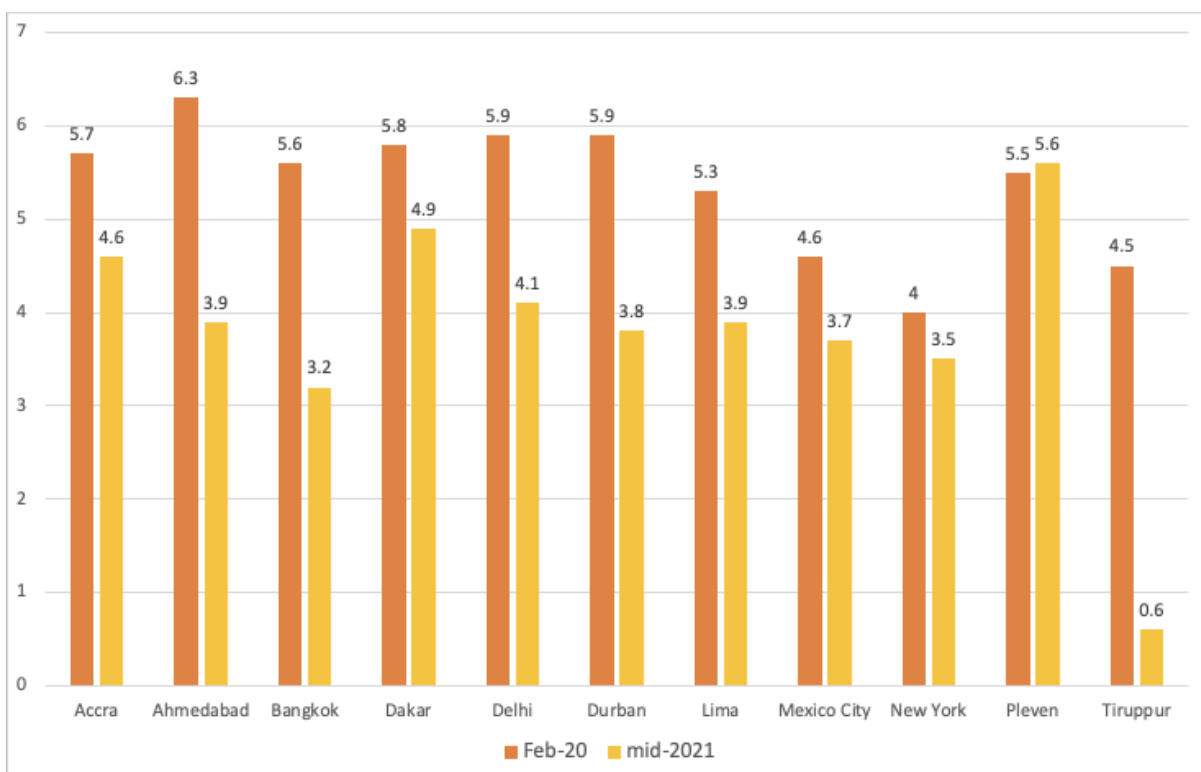
Figure 2: Average days worked per week in 2020 and 2021



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

By mid-2021, in New York City and Plevn, the number of working days per week was more than or close to pre-COVID levels. Whereas in Ahmedabad, Bangkok, Delhi, and Durban, the average working days per week were more than two days below their pre-COVID levels and, in Tiruppur, the respondents averaged less than one day of work per week (Figure 3).

Figure 3: Average days worked per week, by city



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

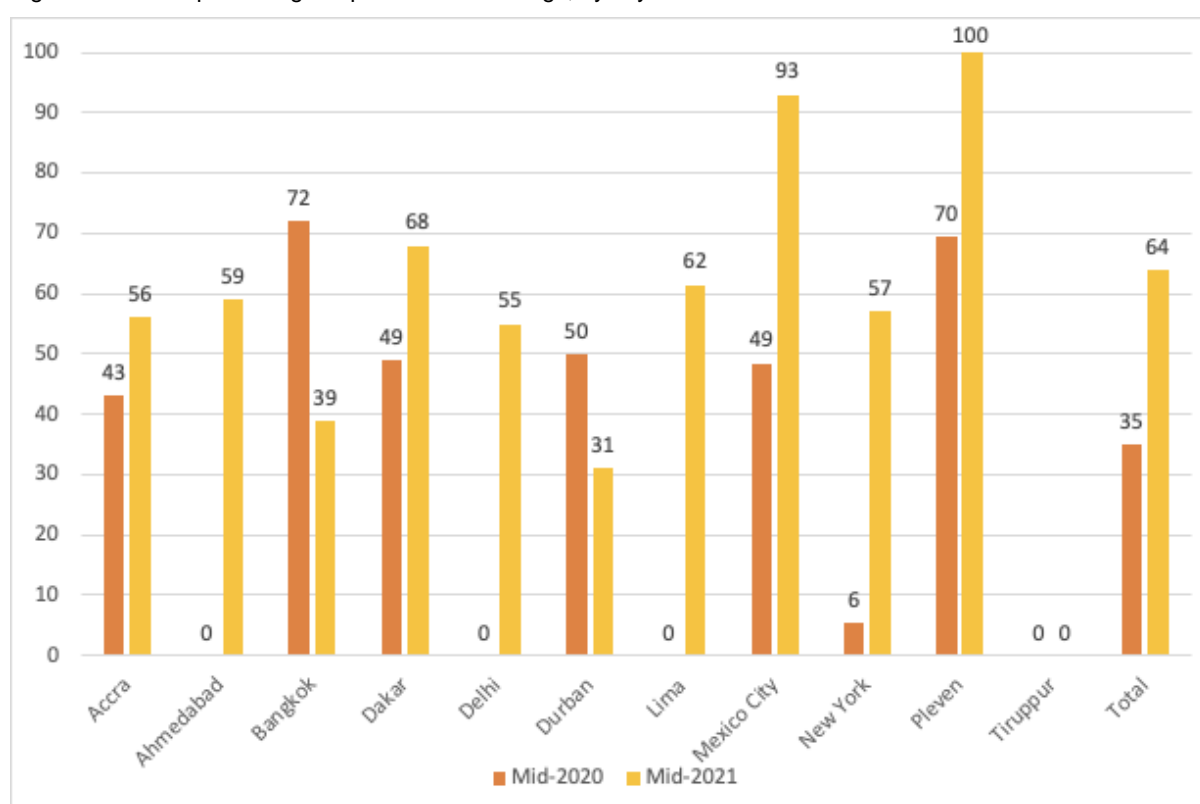
Not surprisingly, the slow and uneven return to full-time work coincided with a stalled recovery in earnings. By the middle of 2021, recovery of earnings across the city samples was only 64 per

cent of pre-COVID levels (Figure 4).⁵ While the earnings recovery of respondents in two cities (Pleven and Mexico City) had nearly or fully reached pre-pandemic levels, it was low in the remaining cities.

In Tiruppur in June 2021, near the end of a severe second wave of the virus across India aggravated by the Delta variant, earnings recovery was zero among a sample that consisted almost entirely of subcontracted home-based garment workers. Recovery of earnings in the remaining cities was between 31 and 68 per cent of pre-COVID earnings levels.

In all cities except Bangkok, Durban, and Tiruppur (where the Round 2 survey was conducted amidst a COVID-19 wave and/or political crisis), earnings were far closer in mid-2021 to their pre-COVID levels than they were in mid-2020 (Figure 4). For the sample as a whole, median earnings were just over one third (35 per cent) of pre-COVID levels in mid-2020 but had increased to nearly two thirds (64 per cent) by mid-2021.

Figure 4: Median percentage of pre-COVID earnings, by city



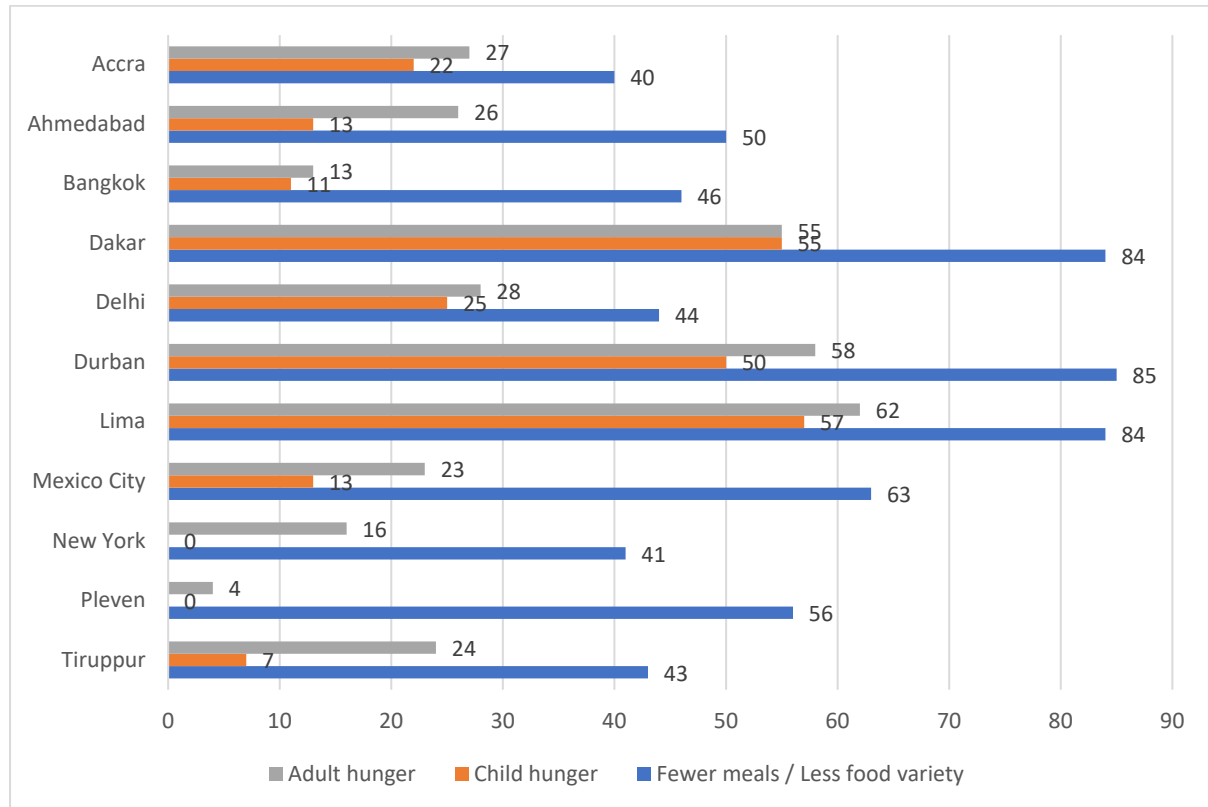
Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Often, the first resort to cope with the loss of work and earnings was to cut back on household expenditures, beginning with food. In the first wave of the crisis, between April and June 2020, in seven of the 11 cities, more than one third of workers reported some level of hunger in their household (Figure 5). In mid-2021, across the sample as a whole, 29 per cent of respondents

⁵ In order to provide a comparable earnings measure across cities and different currencies, we created the ratio of each respondent'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 or percentage of their February 2020 earnings. All earnings are reported as median (or 'typical' earnings), meaning that half of the sample's earnings as per cent of pre-COVID earnings was less than or equal to the median. In the analysis of recovery of earnings, we present the median of the individual respondent ratios.

reported that an adult in their household had gone hungry over the last month, 27 per cent of households with children reported that a child had gone hungry, and the majority (57 per cent) reported a decrease in dietary diversity or less-frequent meals. Food insecurity was greatest in Dakar, Durban, and Lima, where the majority of the respondents reported both hunger and changes in diet.

Figure 5: Prevalence of food insecurity, by city (%)



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

The significant variation across the cities reflects, first and foremost, the sector composition of the sample in each study city. It also reflects the length and severity of successive waves of the virus and of government restrictions on movement, transport, and commerce in the different cities. Consider the situation across the cities when the Round 2 study was conducted: in Accra, Dakar, Lima, Mexico City, and New York there were few, if any, government restrictions; Ahmedabad, Delhi, and Pleven were coming out of severe waves of the virus and restrictions had only recently been removed; and Bangkok, Durban, and Tiruppur were still experiencing a severe COVID wave with restrictions in place. In the case of Durban, widespread protests and unrest also impacted informal livelihoods.⁶ The variation between cities also reflects the ability of local organizations of informal workers to support their members and of different sectors of informal workers—as well as individual workers—to recover.

⁶ See Chen et al. (2021) for the comparative situation in the study cities in 2021.

4 Pathways of impact: by sector and within sectors

While there is growing evidence—and recognition—that the pandemic and lockdowns or restrictions have had a disproportionate impact on informal workers compared to formal workers, there is limited understanding of the degree to which—and the ways in which—the crisis impacted different groups of informal workers. In this section, we trace the degrees to which—and the distinct pathways through which—the COVID-19 crisis impacted domestic workers, home-based workers, street vendors/market traders, and waste pickers and, within these sectors, by key sector variables including place of work, status in employment, product or service, and sex.

4.1 Overall impact by sector

The impact of the COVID-19 crisis on informal workers was not uniform: it differed across cities as well as between and within sectors. In terms of ability to work, less than 20 per cent of home-based workers were able to work in April 2020, just over half in mid-2021, and around 60 per cent by mid-2021, due to lack of demand and work orders. Second to home-based workers, street vendors were the least able to work in all periods and faced decreased demand and sales even once they could return to work. Nearly 40 per cent of domestic workers were able to work in April 2020, nearly 60 per cent in mid-2020, and over 80 per cent by mid-2021. Waste pickers were the most able to work in all periods but faced a decline in access to waste and in market outlets and prices for reclaimed waste. Overall, across the study sample, home-based workers and street vendors were the least able to work in mid-2021 and had the lowest recovery in median earnings by mid-2021, although street vendors fared significantly better than home-based workers on both counts (Table 4).

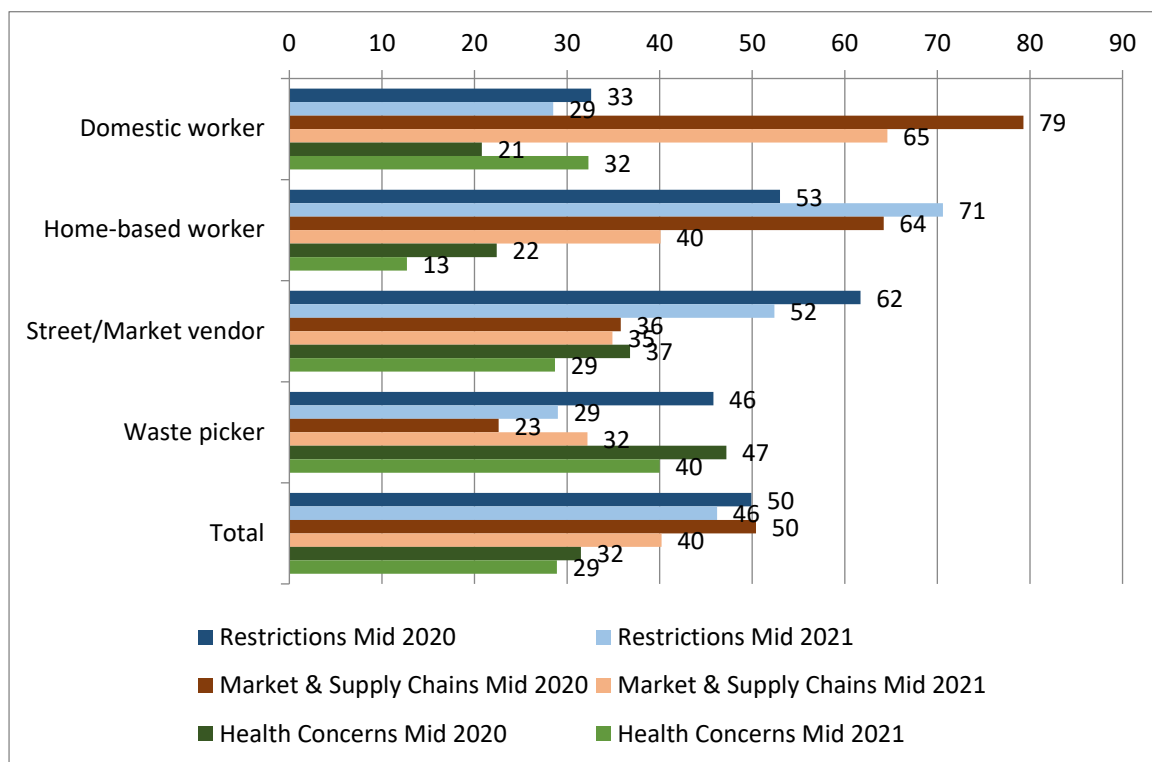
Table 4: Per cent not able to work (%)

Sector	April 2020	Mid-2020	Mid-2021
Domestic worker	63	42	18
Home-based worker	82	48	43
Street/Market vendor	72	34	20
Waste picker	49	24	11
Total	65	36	21

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

In April 2020, all four sectors cited government restrictions on movement and commerce as the most common reason for not working, and disruptions in markets and supply chains as the second most common reason. Since mid-2020, government restrictions remained the most significant constraint on the ability of home-based workers and street vendors to work, employer hiring practices remained most important for domestic workers, and health concerns had become of greatest importance to waste pickers (Figure 6).

Figure 6: Per cent reporting different main reasons for not being able to work, by sector



Note: the reference period in mid-2020 was the previous month, and the reference period in mid-2021 was the previous 12 months. Respondents could report more than one reason.

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

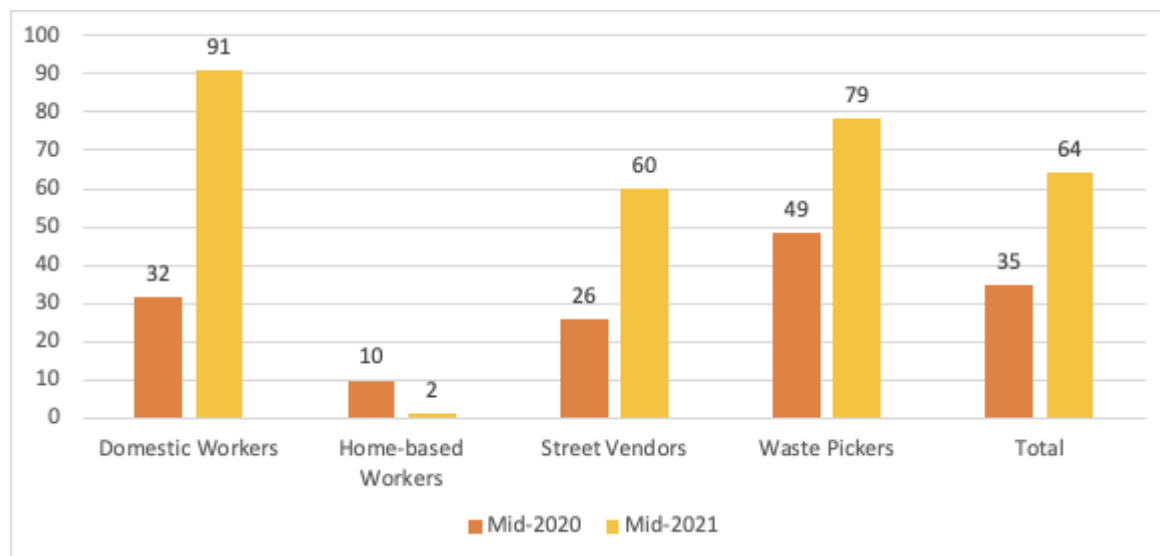
In April 2020, at the peak of the lockdowns and other restrictions across all cities, the median earnings in all four sectors, relative to pre-COVID earnings, was zero. However, there was substantial variation in earnings recovery by mid-2020 and mid-2021 relative to pre-COVID-19 earnings (February 2020) (Figure 4). Home-based workers were the hardest hit, with no recovery in earnings by mid-2020 and very limited recovery by mid-2021. The street vendors had the second lowest recovery at both points in time, but significantly higher than the home-based workers. The waste pickers had the highest recovery of earnings by mid-2020 and the second highest in mid-2021, while the domestic workers had the second highest recovery of earnings by mid-2020 and the highest by mid-2021.

By mid-2021, the earnings of domestic workers, waste pickers, and street vendors had improved substantially compared with the middle of 2020, when all were earning less than half of pre-COVID earnings (Figure 7).

While the earnings of domestic workers had nearly recovered to pre-COVID levels by mid-2021, there was substantial variation between cities. Only in Plevn did domestic workers fully recover their pre-COVID earnings, while in Ahmedabad and Mexico City the earnings of domestic workers remained less than half of their pre-COVID earnings and in Delhi only 10 per cent. Overall, more than one quarter of the domestic workers (28 per cent) were still earning less than 75 per cent of their pre-COVID earnings. The earnings of waste pickers and street vendors had recovered, at the median, to 78 and 60 per cent, respectively, of their pre-COVID earnings, although 42 per cent of waste pickers and 62 per cent of street vendors were still earning less than 75 per cent of their pre-COVID earnings.

The situation of home-based workers was particularly alarming. This group was the most severely affected in 2020, as supply chains collapsed and work orders dried up, leaving home-based workers, particularly those who were subcontracted, with very little work. By mid-2021, their earnings had further deteriorated to only 2 per cent (at the median) of pre-COVID earnings levels. Indeed, at the city-level in mid-2021, the earnings recovery of home-based workers was zero in all cities where they were studied (Ahmedabad, Delhi, Tiruppur, and Bangkok), with the exception of Pleven.⁷ In sum, supply chains remained broken and demand for the goods and services produced by home-based workers was still severely diminished, especially for those who were subcontracted by factories or supply chains and particularly in Asia, the region with the world’s highest prevalence of home-based workers (Bonnet et al 2021).

Figure 7: Median percentage of pre-COVID earnings, by sector (%)



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

4.2 Degree of impact: by sector and within sectors

The rest of this section explores the degree and distinct pathways of impact by sector, including changes in demand, supply, prices, wages, and piece rates. It also explores differences within sectors by key sector variables, such as live-in versus live-out domestic workers, self-employed versus subcontracted home-based workers, food versus non-food street vendors/market traders, and collection sites for waste pickers, and by gender.

Domestic workers

‘In my organization the workers don’t know what to do. Some are working as live-ins because they are afraid of losing their jobs. Those who are working as live-out domestic workers are being overloaded with work. They say that before [the pandemic], they simply watched the children, [but] now they have to take care of cooking, washing, ironing, etc.’ – Domestic worker leader, Lima, Peru

Impact on work and income. As noted above, domestic workers had the second highest ability to work, after the waste pickers, during the peak lockdowns/restrictions in 2020, mid-2020, and

⁷ The dire situation of home-based workers in Asian cities aligns with forthcoming findings from a HomeNet South Asia study in 12 South Asian cities.

mid-2021, and enjoyed the highest recovery of earnings in mid-2020 and the second highest, after the waste pickers, by mid-2021.

Key variables. After government lockdowns or restrictions were eased, the attitude and hiring practice of their employers were the key determinant of whether domestic workers were able to work and differed significantly by whether or not the domestic worker lived in her/his employer’s home. In general, live-in workers were allowed to continue to work so long as they did not go out—except to shop for their employers—not even to visit their families or to get medical treatment. As a domestic worker leader in Lima explained: ‘Sometimes colleagues who are ill and are working can’t even go out to a doctor’s appointment. So this is also a lack of humanity on the part of their employer, who says to a worker: “You can’t go out today, you are working.” So they miss that appointment too.’ A few live-out workers were able to work, as was the case for some domestic workers in Ahmedabad and Delhi whose employers lived in residential colonies that had a daily screening system in place. The gap in ability to work between live-in and live-out domestic workers was most pronounced during the peak lockdowns/restrictions in April 2020, narrowed significantly by mid-2020 but increased again by mid-2021 (Table 6).

As a consequence, the earnings and earnings recovery of live-in domestic workers were far higher than that of live-out domestic workers in 2020, especially in April 2020 when the earnings of live-out domestic workers were zero. This gap had narrowed considerably by mid-2021, when the earnings recovery of live-in domestic workers reached the pre-COVID level, and the earnings recovery of live-out domestic workers was 88 per cent of the pre-COVID-19 level (Table 7)

Table 6: Live-in and live-out domestic workers—per cent not able to work

	April 2020	Mid-2020	Mid-2021
Live in	32	31	9
Live out	73	44	18
Total	65	42	16

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 7: Live-in and live-out domestic workers—median percentage of pre-COVID-19 earnings

	Apr-20	Mid-2020	Mid-2021
Live in	78	96	100
Live out	0	17	88
Total	0	32	95

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

The predicament of live-out domestic workers across the different waves of the virus is captured in the following statement by a domestic worker leader in Mexico City: ‘What happened in the first wave is that [domestic workers] were sent home without pay. When they saw that the pandemic continued, the employers did not want to pay them, some of them had their salaries reduced, others were fired. In the second wave of the pandemic, they reduced the days of work or paid them less’. It is important to add that most of the domestic workers who were not allowed to work by their employer were not compensated by their employer.

For those live-out domestic workers who had work, the availability and cost of public transport as well as the fear of contracting the virus on public transport were major concerns. A domestic worker leader in Mexico City explained the concerns of live-out domestic workers as follows: ‘They can be exposed in public transportation, they can be exposed when going from one house to another, and some employers spread the infection but say nothing’. To avoid possible contagion,

some domestic workers in Lima in mid-2020 began walking to work or taking only one bus rather than several, adding to the unpaid hours they spent in their daily commute and to the physical toll of their work.

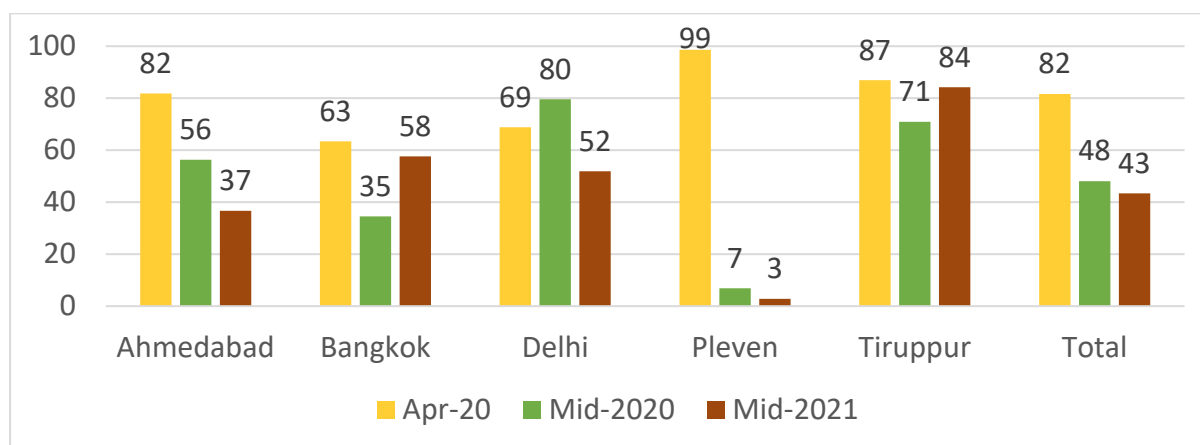
While live-in domestic workers did not suffer a significant decline in work or earnings, many faced additional demands on their time and energy: cleaning, cooking, and tending to the many family members in their employer’s home. Most were not allowed to leave their employer’s home or visit their own families and faced reductions in time off. A domestic worker leader in Lima explained the situation of live-in workers as follows: ‘They are up early, they are stressed. There was a young domestic worker who said that she had a headache all day long. They are facing a lot of problems associated with stress’.

Home-based workers

‘The factories are closed, income has stopped, but the hunger, rent, bills cannot be stopped.’ – Home-based worker, Tiruppur, India

Impact on work and income. Among the four main sectors in the sample, the home-based workers were hardest hit: the least able to work during the peak lockdowns or restrictions and the slowest to recover by mid-2021. But there was significant variation in the ability to work across the five cities in which home-based workers were surveyed. Home-based workers in Plevn were the least able to work in April 2020 but the most able to work by mid-2021, while the home-based workers in Tiruppur were also badly hit in April 2020 and were the least able to work by mid-2021. By mid-2021 in Tiruppur, the textile and garment factories were still not operating at full capacity due to stagnant demand (domestic and export) and were not, therefore, putting out much work to the homeworkers. A significant share of the home-based workers in Ahmedabad (37 per cent), Delhi (52 per cent), and Bangkok (58 per cent) were not able to work by mid-2021, due to lack of demand and work orders: a sign of the stagnant economic recovery overall (Figure 8).

Figure 8: Home-based workers—per cent not able to work by city, April 2020, mid-2020, and mid-2021



Note: respondents allowed to report more than one reason

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Key variables. There are two main groups of home-based workers: *subcontracted* workers, who depend on work orders from firms or factories through their intermediaries, and the *self-employed*, who sell to individual customers or buyers. Among the home-based worker sample, more than half were subcontracted in Round 1, while more than half were self-employed in Round 2.

Between the two groups, a slightly higher percentage of subcontracted home-based workers were able to work in April 2020, but a higher percentage of self-employed home-based workers were able to work by mid-2020 and in mid-2021 (Table 8). More significantly, the median earnings of the subcontracted workers were zero in April 2020 and had not recovered by mid-2021, while the median earnings of the self-employed recovered to 44 per cent of pre-COVID-19 earnings by mid-2020 but then dropped to 24 per cent by mid-2021 (Table 9).

Table 8: Self-employed and subcontracted home-based workers—per cent not able to work, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Self-employed	84	40	38
Subcontracted	80	58	50
Total	82	48	43

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 9: Self-employed and subcontracted home-based workers median percentage of pre-COVID-19 earnings—April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Self-employed	0	44	24
Subcontracted	0	0	0
Total	0	0	3

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Among subcontracted home-based workers, it is also important to distinguish (where possible) between those who produce for domestic supply chains and those who produce for global supply chains. In Tiruppur, the T-shirt capital of the world pre-COVID-19, most of the garment production is for export markets. Pre-COVID-19, most of the home-based workers were subcontracted by textile and garment factories to do ancillary tasks, especially when export orders were high. But, as of mid-2021, the factories were not operating fully and were putting out less work to the home-based workers: only 16 per cent of the home-based workers had worked, even part-time, the previous month.

Street vendors and market traders

‘All the municipal administrations only want to evict us and do not think about what we are going to live on. Without work I cannot pay for my children’s studies so that in the future they won’t be working on the streets like me. We feel impotent without work, they don’t allow us, and we will never get out of poverty if we don’t work.’ – Male street vendor, Lima, Peru

Impact on work and earnings. Among the four main sectors in the sample, the street vendors were the second hardest hit after the home-based workers, except in mid-2020 when they had recovered significantly in terms of ability to work. But there was significant variation in their ability to work across the study cities, depending on the intensity and duration of the lockdown and other restrictions, when wholesale markets and vendor markets were allowed to reopen, and whether street food vendors were deemed essential workers.

Key variables. Pre-COVID-19, across the nine cities which studied street vendors, more than half of the street vendors/ market traders sold food items, either fresh or cooked. And pre-COVID-

19, vendors/traders who sold food earned significantly more on average than street vendors/traders who sold non-food items. During the COVID-19 crisis, in several cities, local governments recognized street food vendors as essential workers, either implicitly or explicitly, reflecting a high demand for food. By mid-2021, around 80 per cent of all street vendors/market traders were able to work (Table 10), but the earnings of food vendors/traders had recovered more than those of non-food vendors (Table 11). In part, this was because the tourism sector had not recovered in some cities and the vendors/traders in those cities who sold non-food items to tourists were still badly affected.

Table 10: Food and non-food street vendors/market traders—per cent not able to work, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Food	67	30	11
Non-food	81	38	11
Total	73	33	11

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 11: Food and non-food street vendors/market traders—median percentage of pre-COVID-19 earnings, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Food	0	30	71
Non-food	0	20	64
Total	0	26	70

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

During both 2020 and 2021, a slightly lower percentage of women street vendors/market traders were able to work (Table 12), compared to men. And, while the median earnings of both women and men street vendors/market traders were zero in April 2020, the earnings of men street vendors/market traders had recovered more by mid-2020 and even more so by mid-2021 (Table 13).

Table 12: Women and men street vendors/market traders—per cent not able to work, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Women	73	35	20
Men	70	33	18
Total	72	35	20

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 13: Women and men street vendors/market traders—median percentage of pre-COVID-19 earnings, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Women	0	25	55
Men	0	28	70
Total	0	26	60

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Waste pickers

‘Access to materials is more difficult, especially for the women who go to the dumpsite. Sometimes you meet women with their children who work all day but when they come down, they don’t have anything to buy to eat. The situation is degrading and really difficult for some.’ – Waste picker leader, Dakar, Senegal

Impact on work and earnings. Among the four main sectors in the sample, the waste pickers were most able to work at all periods of time and enjoyed the second highest recovery of earnings by mid-2021 (after domestic workers) albeit from a relatively low base of earnings and working conditions. Across the nine cities which studied waste pickers, half of the waste pickers were able to work during the peak lockdowns or restrictions in April 2020. The three main reasons cited for not being able to work were restrictions on movement and work (75 per cent of respondents), health concerns (40 per cent), and disruptions to the waste supply chain (including the closure of collection and sorting sites as well as waste dealerships) (37 per cent).

By mid-2020, three quarters of the waste pickers had returned to work. Again, there was significant variation across cities: 92 per cent had returned to work in Accra—where the lockdown was partial and short—compared to only 24 per cent in Lima—where the lockdown was full and long. By mid-2020, the main reasons for not being able to work had shifted since April: health concerns were the major concern for half of the waste pickers, followed by continuing restrictions on movement and closures of collection and sorting sites (Table 15). And, by mid-2021, almost 90 per cent of the waste pickers were able to work.

Because of health concerns, some waste pickers stopped collecting waste and shifted to other occupations. One waste picker in Ahmedabad who shifted to doing domestic work described the causes and consequences of the shift as follows: ‘Because of this disease, I had to leave the work of waste picking. My family members are reluctant to let me do this work. They say that I should not do such work that invites disease in the house. Thus, I resorted to doing domestic work (sweeping and mopping) in the nearby house. I am very sad’.

While contracting the virus through contact with toxic waste materials was a major concern for the waste pickers, the general public tended to see both the waste pickers themselves and the waste they collect as vectors of the disease. A waste picker in Ahmedabad described the dehumanizing indignity of not being able to work due to being stigmatized as a vector of the virus: ‘How difficult it can be for a person who works all day, to sit in a corner without any work. Those were the days of compulsion. No one talks to us and those who touch us are clad in plastic clothes. We feel as if we are in some other world. I felt that it would be better if god gave me death instead of this suffering because even the neighbours would look at me with suspicion. People would ask after my well-being while standing far away from their windows. I felt very sad at that time’.

Across the four sectors, waste pickers experienced the greatest recovery of median earnings by mid-2020 and second highest by mid-2021, to 48 and 78 per cent, respectively, of pre-COVID-19 earnings. In part, this is because most waste pickers are self-employed and can operate below the radar of the municipal government. However, it should be noted that, pre-COVID-19, waste pickers earned the least of all sectors in most of the nine cities. But six of the nine cities which studied waste pickers did not study home-based workers and four did not study domestic workers. In two cities which studied all four groups, Ahmedabad and Delhi, home-based workers earned less on average than waste pickers pre-COVID-19 in both cities and, compared to waste pickers, their earnings had recovered less in Ahmedabad but more in Delhi by mid-2021. However, domestic workers earned more than waste pickers in Ahmedabad and in Bangkok both pre-COVID and mid-2021.

Key variables. There are key differences between waste pickers according to what tasks they perform and where they collect, sort, and store waste. Women waste pickers tend to be concentrated in primary collection and sorting and are less likely than men waste pickers to be involved in processing or trading in recyclables. Pre-COVID-19, a higher percentage of the women waste pickers collected and sorted waste at dumpsites, compared to men, and a higher percentage of men waste pickers collected waste from homes and from businesses, compared to women.

In April 2020, a lower percentage of women than men waste pickers were able to work. This gender gap in ability to work became wider by mid-2020 but had narrowed by mid-2021 (Table 14). In mid-2020, the main reasons for not being able to work cited by both women and men waste pickers were that the local government did not permit them to work and/or had closed their collection sites (Table 15). But some women waste pickers reported constraints that no men waste pickers reported: public transport was not available or had become too expensive (6 per cent of women waste pickers), the need to care for children and tend to other household chores (13 per cent), and the need to take time off for childbirth and for deaths in the family (3 per cent). Also, a higher percentage of women waste pickers reported the threat of arrests and fines by the police and local authorities, compared to men.

Table 14: Women and men waste pickers—per cent not able to work, April 2020, mid-2020, and mid-2021

	Apr-20	Mid-2020	Mid-2021
Women	55	32	15
Men	46	16	7
Total	50	25	11

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Table 15: Women and men waste pickers—per cent reported different reasons for not being able to work, mid-2021

	Women	Men	Total
Restrictions	37	29	34
Markets and supply chain	26	30	28
Migration	8	6	7
Transport	9	0	5
Health concerns	45	40	43
Care and household responsibilities	18	3	11

Source: WIEGO COVID-19 crisis study, 2020 and 2021.

While the median earnings of both women and men waste pickers were zero in April 2020, male earnings recovered more by mid-2020 and even more by mid-2021. In part, the difference in earnings recovery reflects the gender gap in work rates (Table 14). But other factors also contributed to the gender gap in average earnings among waste pickers. Consider the case of waste pickers in Dakar where, pre-COVID, the earnings of women waste pickers were 20 per cent of those of men waste pickers. This was attributed by local informants to the disadvantaged status of women waste pickers, relative to men waste pickers, including: the physical disadvantage that women face in competing with men for the waste dumped by trucks and in transporting waste; the fact that women are less likely to be self-employed and more likely to work for another waste picker; and the shorter work weeks and work days of women due to their unequal burden of care and other household responsibilities and the lack of day care facilities near the dumpsites.

In sum, the waste pickers were most able to work during the peak lockdowns or restrictions in 2020 and in mid-2021 and experienced the second highest recovery in earnings, in part because they are self-employed and were able to operate below the government radar. Domestic workers were the next group most able to work during the peak lockdowns or restrictions in 2020 and in mid-2021 and enjoyed the highest earnings recovery by mid-2021. The status of street vendors was mixed: nearly three quarters were not able to work during the strict lockdowns and restrictions in April 2020, while 80 per cent were able to work by mid-2021. But their earnings had recovered to only 60 per cent of pre-COVID earnings by mid-2021. Home-based workers were least able to work during the peak lockdowns or restrictions and had recovered least by mid-2021 in terms of both ability to work and earnings.

4.3 Distinct pathways of impact: by sector

As detailed above, restrictions on physical mobility, commercial activities, and public transport had major impacts on the livelihoods of all respondents, especially during the peak period of lockdowns or other restrictions in April–May 2020 but also during subsequent waves of the virus and associated restrictions and recession, across the different cities/countries. However, the cumulative impact of the pandemic, restrictions, and recession on the different groups of informal workers worked through distinct pathways. These distinct pathways, captured through the qualitative components of the WIEGO-led study, are summarized in Box 1.⁸

Box 1: Distinct pathways of impact

	Decreased demand	Decreased supply	Unfavourable prices/wages	Restrictive regulations	Lack of public services
Home-based workers: self-employed	Fewer orders from customers & buyers	Decreased supply of raw materials	Increased prices of raw materials + decreased prices of finished goods	Single-use zoning regulations + insecure housing tenure	Lack of basic infrastructure services at home=workplace + public transport services
Home-based workers: Subcontracted	Fewer work orders from factories & firms	Decreased supply of raw materials – from factories/firms	Decreased piece rates or wages for finished goods	Single-use zoning regulations + insecure housing tenure + lack of labour regulations	Lack of basic infrastructure services at home=workplace + public transport services
Street vendors	Fewer customers	Cclosure of wholesale markets + supply chain disruptions	Increased buying prices for stock + decreased selling prices of goods	Reduced access to public space + closures of natural markets + restrictive license/permit systems	Lack of basic infrastructure services at vending site/natural market + public transport services
Market traders	Fewer customers	Closure of wholesale markets + supply chain disruptions	Buying price of stock + selling price of goods	Plans for and regulation of built markets	Lack of fire safety + basic infrastructure services at built markets + public transport services
Waste pickers	Fewer waste dealers	Reduced generation of waste + closure of waste collection sites	Lower prices for recycled waste	Solid waste management systems & rules	Lack of sorting sites or buildings + equipment + public transport services

Source: adapted from Box 6 in Chen et al. (2021: 33).

5 Household coping strategies

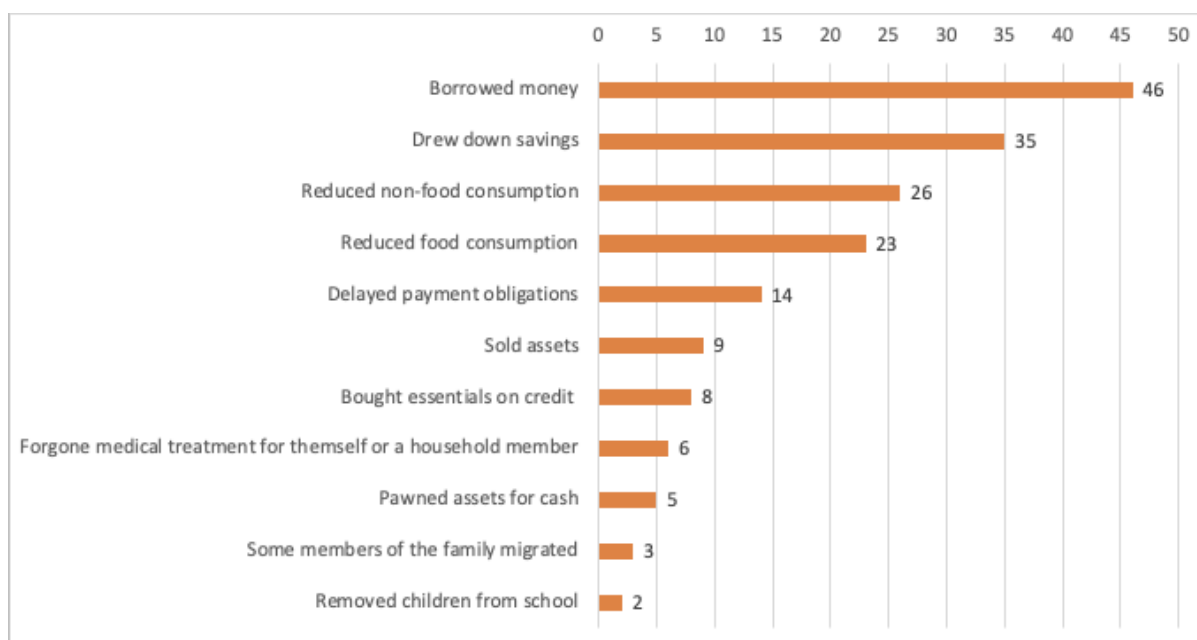
To help cushion the immediate impact of the crisis in 2020, there was a rapid, if uneven, deployment of relief measures by national, state, and city governments: the local organizations of informal workers helped to facilitate the outreach of the government aid and supplement it with their own direct aid. But Round 1 findings showed that three to four months into the pandemic,

⁸ For more details, see WIEGO Working Paper 42 (Chen et al. 2021), available here: https://www.wiego.org/sites/default/files/publications/file/WIEGO_Working%20Paper%20No%2042%20May%202021.pdf (accessed March 2022).

cash and food relief had reached less than half of survey respondents (Alfers et al. 2020, Chen et al. 2021). By mid-2021, government relief had been reduced or discontinued in most cities/countries. Between mid-2020 and mid-2021, access to cash relief had improved in only four cities (Bangkok, Durban, Lima, Mexico City, and Plevan).

Given the scale of losses in work, working hours, and earnings across the sample, and the inadequate and sporadic relief provided, it is not surprising that respondents and their families resorted to different coping strategies to buy food and pay for other essentials (rent, utilities, health care, and education). To cope with the cumulative impact of the pandemic recession, the respondents—and their households—reported a variety of coping strategies between mid-2020 and mid-2021: borrowing money (46 per cent), drawing down on savings (35 per cent), and reducing non-food (26 per cent) and food (23 per cent) consumption. Nearly three quarters (72 per cent) of all respondents took one or more of these measures (Figure 9). 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.

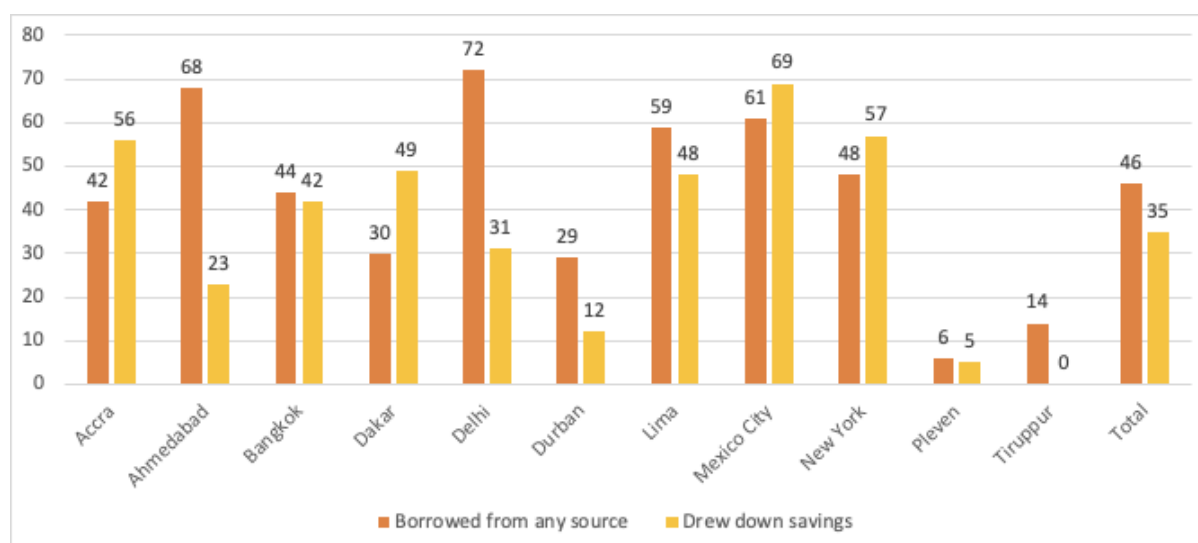
Figure 9: Coping strategies between mid-2020 and mid-2021 (%)



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

Rates of borrowing were highest in Delhi (72 per cent), Ahmedabad (68 per cent), Mexico City (61 per cent), and Lima (59 per cent), while rates of savings depletion were highest in Mexico City (69 per cent), New York (57 per cent), and Accra (56 per cent) (Figure 10).

Figure 10: Borrowed money or drew down savings between mid-2020 and mid-2021, by city (%)



Source: WIEGO COVID-19 crisis study, 2020 and 2021.

In addition, across the 11 cities, many respondent households postponed paying rent, utility bills, and school fees, incurring mounting debt with compounding interest. Overall, the data from the study suggest that, in the absence of comprehensive government support, informal workers were forced to cushion the blow by depleting their already meagre savings or by going into debt and, in some cases, mortgaging or selling physical assets. It is likely that many of the informal workers in these and other cities have taken on unsustainable levels of debt. As a result, economic recovery remains elusive. The vast majority (82 per cent) of respondents who had to draw down on savings since the pandemic recession began were not able to replenish any of their savings by mid-2021: 12 per cent were able to replace less than half of their savings, and 6 per cent had replaced half or more.

6 Concluding reflections

The economic crisis triggered by the COVID-19 pandemic was different in several regards from other global economic crises. First, the impact was felt first and foremost in the real economy, not the financial economy. Second, the impact was disproportionately felt by the informal workforce who could not work remotely. And, third, the global community came to appreciate a range of basic essential goods and services—notably, food production and delivery, health care, child and elder care, house cleaning, street cleaning, waste recycling—and the fact that those who produce these goods or provide these services are often informally employed.

The findings from the 11 cities in this WIEGO-led study confirm that informal workers were severely impacted by the pandemic and lockdowns and deepen our understanding of the different degrees and pathways of impact on distinct groups of informal workers.

The findings also underscore that the ability of informal workers and their households to recover has been triply constrained by the COVID-19 crisis: their meagre resources were depleted by drawing down or depleting savings and pawning or selling assets to meet basic necessities; they went further into debt by borrowing money for basic necessities (including buying food on credit) and postponing payments (often with compounding interest) of rent, utility bills, and school fees; and they faced continued—if not intensified—restrictions and other punitive measures on their livelihoods, including destruction of their workplaces and infrastructure.

For these and other reasons, it will take a long time for informal workers and their livelihoods to recover. But going forward, the recovery of informal livelihoods is essential to bringing poverty levels and the rate of poverty reduction back to pre-COVID-19 levels. Moreover, economic recovery will be slower and less robust, unless it includes informal workers and their livelihoods.

This is a moment to be bold. The increased recognition of informal workers as essential workers should be translated into more inclusive recovery plans and an agenda for transformative change to protect and support these workers and their livelihoods. Most fundamentally, the global community, national and local governments, and other policy makers need to recognize that informal workers and their livelihood activities represent the broad base of the economy producing essential goods and services not only for low-income customers but also for the general public and for the formal economy.

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