



**Women in Informal Employment
Globalizing and Organizing**

POST-COVID 19 POVERTY REDUCTION: A BETTER NEW DEAL FOR INFORMAL WORKERS

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REMARKS

Premise: recognize multidimensions of poverty – but see promoting Decent Work (SDG#8) for the working poor = key pathway to poverty reduction (SDG #1)

Focus: informal workers, COVID-19 and poverty reduction

Key Messages:

Pre-COVID-19: majority of workers IE but excluded from economic plans and policies = most IW poor

COVID-19: disproportionate impact on IWs + recognition of IWs as essential workers – but exclusion from recovery plans

Post-COVID-19: integration of IWs into recovery plans = key to both economic recovery and poverty reduction

Opportunity to include the excluded, the essential workers

INFORMAL WORKERS: MAJORITY OF WORKFORCE (except developed countries)

First-ever global estimates (ILO 2018)

- **globally:** 61% of all workers – 2 billion workers
- **by country income group:**
 - developing: 90%
 - emerging: 67%
 - developed: 18%
- **by geographic region:**
 - Latin America – 51%
 - South East Asia – 66%
 - South Asia – 78%
 - Sub-Saharan Africa (excluding South Africa) – 76%

INFORMAL EMPLOYMENT: LINKS WITH POVERTY

- At the **country per capita income level**: rate of informal employment is
 - ▣ highest in developing (low-income) countries: 90%
 - ▣ lowest in developed (high-income) countries: 18%
 - ▣ in the middle in emerging countries: 67%
- At the **household per capita income level**: in all country income groups
 - ▣ higher % of informal workers than of formal workers are from poor households
 - ▣ higher % of workers from *poor* households than from *non-poor* households are informally employed

Source: ILO 2018

- At the **individual earnings level**:
 - ▣ informal workers have lower earnings, on average, than national poverty lines and than formal workers – with the exception of those who are employers (only 4% of all IWs)

INFORMAL WORKERS: UNEQUAL EXPOSURE TO RISKS

The working poor in the informal economy – especially the self-employed – face *inequalities in exposure to risks and shocks*, including relatively high exposure...

- to *policy uncertainty and policy hostility* –as existing policies and laws tend to be biased against them
- to *economic shocks and risks*
- to *occupational health and safety risks*

Making matters worse, the self-employed in the informal economy are:

- *stigmatized* as somehow *illegal or criminal* OR having low productivity = a *drag on the economy*
- *penalized and even criminalized* for trying to earn an honest living

Pre-COVID-19 = Inequality + Injustice + Indignity (3 Is)

APRIL 2020 ILO ESTIMATES

IMPACT OF COVID ON INFORMAL EMPLOYMENT

- 1.6 billion people employed in the informal economy – 80% of the global informal workforce (or 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).
- During April 2020, the first month of the crisis, informal workers globally experienced a 60% drop in income

WIEGO 12-CITY STUDY: IMPACT ON INFORMAL WORKERS

- **Dire impact on work & earnings during peak lockdowns (April 2020)**
 - ▣ 74% of respondents not able to work
 - ▣ average earnings = 19% of pre-COVID earnings
- **Slow recovery process as severe ‘lockdowns’ + restrictions eased (June-July 2020)**
 - ▣ 21% of respondents not able to return to work
 - ▣ average earnings = 56% of pre-COVID earnings
- ▶ **triply handicapped for recovery:** to meet basic necessities, IWs had to...
 - **deplete meagre resources** by drawing down or depleting savings and pawning or selling assets
 - **go further into debt** by borrowing money; and
 - **postpone payments** of rent, utility bills and school fees (often with compounding interest)

INFORMAL WORKERS: ESSENTIAL BUT EXCLUDED

- COVID Crisis ► recognition of informal workers as essential workers – who produce or provide essential goods and services
- BUT informal workers not recognized as essential to economic recovery + excluded from recovery plans and stimulus packages
- Also, in many countries, IWs face continued restrictions and other punitive measures on their livelihoods, including destruction of their workplaces and infrastructure (in the name of economic recovery and/or public health)

12-CITY COMMON DEMANDS: RELIEF ► RECOVERY ► REFORMS

RELIEF

Financial Assistance to Pay Off Debts & Restore Savings and Assets



RECOVERY

Recovery of Livelihoods & Employment: recovery cash grants + stimulus packages, including government procurement



REFORMS

**Enabling Legal and Policy Environment: National & Urban
Social Protection: Social Assistance & Social Insurance**

PLATFORM OF DEMANDS: FEDERATION OF INFORMAL WORKERS OF THAILAND

1. Work and Employment Recovery

- ❑ Creation of Informal Worker Fund
- ❑ Right to work in public space
- ❑ Jobs guarantee
- ❑ Employment protection payments
- ❑ Quotas for informal worker goods and services
- ❑ Business platform development
- ❑ Equality under economic policies

2. Training and Skills Development for Post-COVID Economy

- ❑ Care work skills upgrading
- ❑ Technology and marketing skills upgrading
- ❑ Free and subsidized training

3. Equity in Social Protection

- ❑ Unemployment insurance for all
- ❑ Equal coverage under Social Security Act

4. Stakeholder Participation

THAILAND: GOVERNMENT RESPONSE

- The **Prime Minister and the Ministry of Finance** introduced a 50-50 scheme intended to help street vendors and small businesses (as retailers) as well as working poor with savings less than 500,000 Thai Bhatt (as customers).

- **Minister of Labour** has proposed or introduced the following:
 - Amendments to existing Social Security for informal workers (Article 40 of the SS Act)
 - reduction of contribution fee by 40% for 6 months (during COVID)
 - use of rehabilitation center for accident victims (designed for formal workers but under-utilized)
 - COVID check-up center for formal workers and informal workers registered under SS Article 40
 - Informal Worker Law, including fund for informal workers, to go to the Cabinet this month
 - Amendments to Street Vendor Decree: urging Bangkok Municipal Authority (BMA) to make these amendments and offered to serve as intermediary in discussions between BMA and street vendors
 - Inter-ministerial consultations regarding informal economy at which HomeNet Thailand and the Federation of Informal Workers have been invited to speak on at least one occasion

A BETTER NEW DEAL FOR INFORMAL WORKERS

Post-COVID – 3 possible scenarios

- “Bad Old Deal” - return to old normal which was bad for informal enterprises
- “Worse New Deal” - reversals of gains made for informal enterprises
- “Better New Deal” - reforms to protect & promote informal enterprises

Better Deal: Fundamentals

- recognize + value informal workers
- integrate informal livelihoods into economic plans & policies
- address specific constraints, risks and needs of specific groups of informal workers

Better Deal: Guiding Principles

- “Do No Harm” – stop harassment, bribes, confiscations & evictions + stop negative narratives
- “Nothing for Us, Without Us” – include informal workers in relief, recovery and reform processes



THANK YOU!