

# SPACE Social Protection Approaches to COVID-19: Expert advice helpline



## Informal Workers and Social Protection

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This Background Document on the Informal Economy and Social Protection was developed alongside others – most importantly a [Strategy Decision Matrix](#) and a [Delivery System Decision Matrix](#) – as a technical tool used to structure an independent and unbiased analysis of COVID-19 response options. It does not necessarily represent DFID or GIZ own views or policies.

This Background Note outlines the options for providing social protection to informal workers, with a particular focus on the implications for COVID-19 response and urban settings. In order to do so, it provides information on the impacts of COVID-19 on earnings and wellbeing among informal economy workers, considering the opportunities the crisis presents for reform to more efficiently link informal workers with social protection systems. Given the extent to which COVID-19 has affected urban livelihoods (see [economic impacts note](#)), this analysis focuses primarily on challenges faced by urban informal workers. Of course, much of it also applies to informal workers in rural areas, particularly those who are not involved in agriculture (e.g. household enterprises).

Informal workers are those workers who do not have access to labour protections, or to social protection through work. They are found both within the formal sector (within registered enterprises), and the informal sector (within unregistered enterprises), and within households. Informal workers are the majority of the world's workers, making up [61 percent of total global employment, and 90 percent of total employment in low income countries](#). In low income countries informal employment is dominated by self-employment (72 percent), although this drops to just under 50 percent in middle income countries. The informal economy exhibits strong gender segmentation, with women disproportionately concentrated in the types of occupations which have a higher chance of low returns.

The Note also provides very important 'Annexes' to clarify some of the common questions and misconceptions around informal work. Understanding the nuances and adequately interpreting existing data/evidence will enable an adequate policy response.

- [Annex 1](#): Who are informal workers? Concepts, definitions and myth-busting
- [Annex 2](#): Key characteristics of Informal Workers: Gender segmentation and poverty
- [Annex 3](#): Informal Workers: Data and general trends
- [Annex 4](#): Organisations in the Informal Economy

IMPLEMENTING PARTNERS



# 1 THE IMPACT OF COVID-19 ON INFORMAL INCOMES

The impact of the virus and its attendant health regulations has been **devastating** for unprotected workers in the informal economy.<sup>1</sup> This is particularly so for women who are over-concentrated in the most vulnerable forms of employment. Persons with disabilities may also be disproportionately impacted, as they are more likely to work in the informal economy as compared to their able-bodied counterparts.

Not all informal workers are poor (e.g. in South Africa, 41 percent informal workers are 'poor'), but there is a higher chance of poverty amongst workers in the informal economy as compared to formal workers. Many of the informal workers who are not classified as poor earn just enough to keep themselves above the poverty line. While informal workers may not always be included amongst the poorest members of society, because of their lack of labour and social protections, low earnings and lack of savings, the impacts of the COVID-19 crisis put many of these workers at high risk of falling into poverty or falling deeper into poverty. In urban contexts, these workers are also at high risk of food insecurity.

**Remember:** By definition informal workers are those that are most often *not protected* by social and health insurance measures, as well as many other ad-hoc COVID-19 'emergency measures' set up by governments leveraging the tax system. This has been the case in many high-income countries too where almost 20 percent of employment is informal or precarious.

The pathways through which incomes are impacted differ according to the type/stringency of public health restrictions in place, the nature of employment, gender, place of work and age (see Annexes 1&2). A fuller breakdown of income impacts disaggregated across type of public health intervention and type of informal employment can be found [here](#), and across livelihood groups (both urban and rural) [here](#).

Key income impacts for informal workers include where there has been a stringent lockdown on economic activity, a large proportion of informal workers (e.g. those not classified as 'essential workers') are completely unable to earn (no 'smart working alternative'), putting them at risk of falling into poverty, deeper poverty and/or severe food insecurity.

The major pathways through which informal incomes have been further impacted include:

- **Decreased demand for goods and services:** homeworkers who supply international garment retailers have seen their orders disappear (e.g. 70 percent of Vietnam's EU contracts have been frozen) and have not been paid for orders already completed. Many domestic workers have been laid off as their employers fear the risk of contagion, and/or have lost their own employment.
- **Increased cost of inputs:** for some cooked food vendors, the cost of raw ingredients has been driven up due to border closures and stockpiling by the middle classes; public transport restrictions have driven up transport costs for those workers needing to remain mobile.
- **Inability to access markets:** bans on economic activity in public space have particularly impacted informal workers such as street vendors and waste pickers. Some small farmers have been unable to get their produce to market due to movement restrictions.
- **Increased care burden** as schools close and family members fall ill. In some cases, workers are bringing children to work with them, which is known to have a negative [impact on earnings](#).

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<sup>1</sup> Note: this section draws on research and evidence from a wide range of sources, including the [World Bank](#), [OECD](#), [IDS](#), [WIEGO](#), [the UNDP](#), and the [ILO](#)

Some informal workers in some parts of the world have been designated as **essential service providers**. This is particularly the case in low-income countries where **food vendors** are a critical part of the food security system. However, essential workers face the rising costs of inputs (especially transport), additional costs for personal protective equipment (PPE), increased health risks, and care burdens discussed above, so that incomes may be negatively impacted.

While the economic crisis has hit before the health crisis in middle-and-low income countries, **there is likely to be a time when informal workers, many of whom may be family breadwinners, will fall ill** (especially as they face no alternative than to expose themselves to earn an income). This will be catastrophic to household incomes in the short term but may also have longer term impacts on the family in the event of the death of the family breadwinner. The fact that few informal workers have access to social protection such as health insurance, survivors' benefit etc. will exacerbate the situation.

The negative impacts on informal incomes are **unlikely to be short term**: some sectors will be affected in the medium term (e.g. the tourism industry), some impact pathways are likely to persist (e.g. price shifts) and epidemiological prospects are unclear (potential for intermittent lockdown levels in many countries). In some countries, local authorities have also used the health crisis as an excuse to destroy informal work infrastructure (such as vending sites), which will take time to recover.

## 2 INFORMAL WORKERS AND SOCIAL PROTECTION: COULD COVID-19 BE AN OPPORTUNITY TO ADDRESS THE GAPS?

When it comes to social protection, many informal workers fall into what is commonly known as **"the missing middle."** As adults of working age, many informal workers are not deemed vulnerable enough or poor enough to benefit from social assistance grants, nor do their low and irregular earnings allow them to contribute to private or social insurance schemes. Moreover, they can be legally excluded from employment-linked social insurance schemes because they fall outside of what is commonly known as the 'standard employment relationship' (SER).

Informal workers as a direct target group have been largely absent from social assistance (non-contributory social protection) discussions. Beyond a focus on those outside of the labour market (e.g. grants for children or the elderly) or the rural poor, the policy space for expanding social assistance to *urban* informal workers has not existed. At the same time, organisations of informal workers themselves have not engaged with the policy spaces which have existed, focusing instead on income security through work and engaging with the policy spaces which have opened up around the extension of social insurance.

Outside of the COVID-19 context, social protection has been extended to informal workers in some countries and contexts, largely through the extension of contributory social insurance schemes, or in some Latin American countries through a simplified tax regime which incorporates a social security payment<sup>2</sup>.

More generally, informal workers are a central part of the discussion on social protection and the **"future of work"** in a context of rising inequality, automation, and the expansion of the so-called gig economy. This has led the World Bank to suggest that the future of social protection lies in social

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<sup>2</sup> For more details see ILO report [here](#).

assistance that is [delinked from employment](#). This has become a heated debate, [with the ILO in particular emphasising the important role of employment in reducing poverty and inequality](#).

### Inclusion of informal workers within Social Protection (pre-COVID-19)

	Social insurance (contributory)	Social assistance (non-contributory)
Exclusion challenges	<ul style="list-style-type: none"> <li>• Often exclude those informal workers with no/low contributory capacity; even where they are covered, gendered risks (e.g. maternity &amp; child provision) are often not covered.</li> </ul>	<ul style="list-style-type: none"> <li>• Often exclude informal workers of working age and those who do not fall below the poverty line</li> </ul>
State-led efforts to include informal workers within Social Protection (pre-COVID-19)	<ul style="list-style-type: none"> <li>• Extension of contributory social insurance schemes (voluntary or mandatory)               <ul style="list-style-type: none"> <li>◦ <i>E.g. Ghana National Health Insurance Scheme (voluntary); Thai National Social Security Fund (voluntary); Indonesia's Jaminan Kesehatan Nasional (Health Insurance) (mandatory)</i></li> </ul> </li> <li>• Simplified tax regime which incorporates a social security payment               <ul style="list-style-type: none"> <li>◦ <i>E.g. Uruguay's monotributo which integrates a tax payment with a social security contribution covering health and pensions</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Grants/cash transfers categorically targeted at lifecycle risks (children, the elderly, disabled, etc.)               <ul style="list-style-type: none"> <li>◦ <i>E.g. South Africa's Child Support Grant reaches many of the most vulnerable informal workers; Kenya's social pension.</i></li> </ul> </li> <li>• Some poverty targeted programmes, primarily in rural areas, that do not explicitly exclude able-bodied and/or income-earning adults               <ul style="list-style-type: none"> <li>◦ <i>Public works programmes such as India's Mahatma Gandhi National Rural Employment Guarantee Programme; South Africa's Expanded Public Works Programme.</i></li> <li>◦ <i>Some poverty targeted cash transfers</i></li> </ul> </li> </ul>



The COVID-19 crisis has brought about rapid and unprecedented attempts to extend social assistance to informal workers. This is an important **OPPORTUNITY** to not only learn more about how to extend this form of social protection to informal workers, but also to establish a long-term bridge between social assistance and social insurance schemes towards the building of comprehensive social protection systems.

### 2.1.1 Why is work an important consideration?

Any 'solution' to enhance the protection of informal workers will require a 'worker' perspective.

Adopting a worker perspective on an issue inevitably brings into view the unequal economic structure of society which can itself be the greatest source of risk against which the poor require protection (e.g. unequal bargaining power in the labour market, limited ability to access markets, information asymmetries). Questions of work and employment establish a bridge between people's social lives and their lives as economic actors: while social protection is critical to protecting incomes, it is important that this is seen as one part of a broader package of interventions which proactively support livelihood recovery and the availability of *decent work* opportunities. For many informal workers, protecting and re-establishing livelihoods and employment will be their main priority in the aftermath of the crisis.

## Gender as a fundamental intersectional risk

Informal urban *women* workers face additional barriers and are particularly vulnerable to discrimination based both on their employment status and gender. These barriers are likely to be further exacerbated by COVID-19. When thinking about urban women workers in particular, it is important to think about their *economic* disadvantage stemming from at least three key sources:

- Their position *as workers*, disproportionately concentrated in informal employment, and *within* informal employment, in the most vulnerable forms of informal work where costs and risks are high and protections often non-existent (see Annex 2).
- For many, their position *as women*, facing wider gendered discrimination, patriarchal norms, [violence and harassment](#), and shouldering the vast majority of unpaid care work, all of which can impact negatively on earnings (see [Gender and Inclusion document](#)).
- Their position *as members of marginalised urban communities*, who face discrimination on the basis of class, caste, ethnicity and/or race, and disability and who have [poor access to basic infrastructure and services](#).

### 2.1.2 What do these considerations mean for a COVID-19 social protection response?

#### A) SHORT TERM CONSIDERATIONS:

##### Targeting design (setting eligibility) – and fiscal space

Targeting (previously unprotected) informal workers within the COVID-19 response is a **political choice that will have high fiscal space implications** because of the large number of people affected. However, the medium-term benefits could easily outweigh the short-term costs.

**Universal of near-universal responses** (e.g. aimed at all people residing in a country, all of those below a 'high' income threshold<sup>3</sup>, or all of those who are not covered by social assistance, social insurance or stable income) are likely to reach informal workers more effectively than any other approach.

**Categorical programmes such as child grants** could also play an important role, particularly where they are universal or otherwise reach large segments of population.

Where universal or categorical approaches are not possible, this should not hinder attempts to explicitly target informal workers. No targeting design method will be perfect, but the following options can be considered:

- Considering that poor and marginalised urban communities have large numbers of informal workers means that **universal or quasi-universal targeting within certain geographic areas** (e.g. urban slums) may be one way to reach more vulnerable workers, in combination with other targeting methods aimed at reaching informal workers specifically.
- **Targeting by work sector and occupation** (see [Annex 2](#)) – and leveraging municipal/informal worker organisations capacity and data to do so (see points below on 'capacity') – may be a way in which to reach certain groups of vulnerable workers.

In targeting informal workers, it is also important to **consider the inclusion of groups already receiving social assistance benefits**. For example, women informal workers who receive a child support benefit should not be excluded from social assistance aimed at informal workers.

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<sup>3</sup> E.g. affluence testing

## Targeting implementation (registration and enrolment)

As a group that is often absent from national databases (e.g. Social Registries) certain options for registering and enrolling informal workers may lead to systematic exclusion (e.g. due to systematic access barriers). Yet there are innovative approaches that countries have been adopting to specifically reach informal workers, discussed in Table 1 below and presented in more depth within this [rapid registration document](#), all leveraging the data and capacities of informal worker organisations.

## Type/modality of benefits

**Consider how the type of benefit will support or undermine existing/remaining informal livelihoods both in the short term and in the longer term.** When selecting the type of benefit to be delivered, consider the impact on informal incomes. For example, can cash serve multiple purposes, including stimulating the cash-based economy that many informal workers rely on – especially in urban settings?

**Complementary programming (e.g. ‘cash plus’) is important to ensuring incomes are better protected.** For essential workers this means the provision of adequate **personal protective equipment and water and sanitation services** in informal workplaces, as well as ensuring that transport remains accessible. For women workers, complementary programming should focus on support for their caring roles – ensuring that there is **adequate access to health care, as well as support for child and older person care needs.**

**Social protection should be understood as one aspect of a livelihood/employment support package.** Supporting informal incomes will require further economic interventions, aimed at i) removing barriers to livelihood recovery (e.g. relaxing business license requirements, freezing market stall rentals, waivers on utility payments) and ii) proactively working to support incomes (e.g. incorporating informal workers into procurement of PPE, strengthening the position of informal food vendors in food distribution chains).

## Capacity and social dialogue

**One of the strongest assets of the urban working poor are their networks and organisations, which are often able to move faster and more efficiently than the state at the level of the grassroots (see [Annex 4](#)).** These organisations and networks should be leveraged to support the development and delivery of social protection benefits – from outreach and communications through to support to registration, as examples.

A key difference between poverty and vulnerability-related social assistance and work-related social security schemes is that work-related schemes may be governed through social dialogue platforms constituted through formal workers, the state and employers. **The emergency response to COVID-19 is an excellent opportunity to leverage existing social dialogue platforms, and to push for the inclusion of previously excluded groups.** Work-related organisations are most likely to be accepted into these spaces by the social partners (such as collectives of women producers). It should also be possible to draw on alternative civil society spaces for the oversight of social protection schemes, which should include organisations of informal workers (see [Annex 4](#)). In the longer term the involvement of workers and civil society in the oversight of schemes will **help to build a stronger social contract around social protection, including a stronger platform for redress and accountability.**

**More broadly, emergency responses should leverage and build on longer-term attempts to expand social protection to informal workers, moving towards more coordinated and inclusive social protection systems.** Ensuring complementarity from the start will ease the integration of informal workers into social protection systems in the longer term.

## B) IN THE LONGER TERM:

### Sequencing and complementarity

The devastating impact of COVID-19 on informal incomes is unlikely to be short term. **Consideration must be given to the interplay between social protection benefits and long-term livelihood support measures.** Once direct income support measures come to an end, informal workers may need to transition into recovery packages. Low-interest loans, access to start-up capital, procurement processes which allow for informal worker participation, innovative skills-enhancing and gender-sensitive public works programmes, re-skilling and training programmes, are all ways in which livelihoods may be supported. These will need to be tailored to specific groups within the informal economy.

Income protection and support for livelihood recovery for women informal workers in particular will not only come from social protection, but also **access to quality care services (i.e. healthcare, childcare, elderly care).** These should not be wasteful public expenditure, but rather as **central to regenerating incomes in both the formal and informal economy.** Public services (e.g. care services) will be central to providing decent employment in the longer term, something which will disproportionately benefit women who are dominant in the care sector.

### Financing and sustainability

**Promote the expansion of fairly financed, sustainable and appropriate forms of social protection to informal workers.** Emergency forms of income support are critical now, but informal workers need social protection over the long term. Many of the social insurance schemes which have been extended to informal workers place an undue burden on these workers to finance their own protection, reinforcing the individualisation of the risk burden in the informal economy. Consideration should be given to innovative methods of financing social protection for this group of workers, for example, **by ensuring that those who profit from the work of informal workers also contribute to their protection.**

**Ensure social protection systems are gender-responsive in design, implementation and financing.** These schemes are also often gender-blind, not sufficiently taking into consideration women's role in social reproduction and how this may impact their social protection needs. Even when systems are designed to respond to differential need, benefits for women may not be maximised if financing is sourced from taxation regimes that have disproportionate negative impact on women. Again, this is an opportunity to promote more gender-responsive social protection systems for informal workers in the long term.

## 3 SUMMARY TABLE: KEY STRATEGIC ACTIONS TO ADEQUATELY INCLUDE AND CATER TO THE NEEDS OF INFORMAL WORKERS

In the following Table, we further build on these reflections, discussing the measures that can help to enhance the overall effectiveness of emergency interventions to support Informal Workers. It is organised against the key dimensions of the [strategy decision matrix](#).



## Key Strategic Actions to adequately include and cater to the needs of informal workers

	Key Considerations in Reaching Informal Workers <sup>4</sup>	Country / programme examples
<p><b>Coverage</b></p> <p><b>Level of coverage and appropriateness of targeting:</b> <i>Is the response supporting those that are most likely to be affected by COVID-19 (this often does not correspond to routine caseloads, i.e. potentially different eligibility criteria, urban rather than rural focus, etc)</i></p>	<p>There are a number of options for expanding coverage to workers in the informal economy (especially urban) – countries may adopt a mix of strategies. <i>More universal options are more likely to reduce exclusion errors.</i></p> <ul style="list-style-type: none"> <li>• Universal expansion to cover everyone or categorically target large sections of population (e.g. via child grants)</li> <li>• ‘Targeting out’ those who are covered by formal social security, students &amp; social assistance systems – <i>note that this may cause a gender bias if women are not eligible for support because they receive support for children IF not accompanied by vertical expansion of existing grants (e.g. Namibia).</i></li> <li>• Targeting in by locating groups of vulnerable informal workers – by using databases of worker organisations, existing social security system databases, health insurance databases, collaborating with non-formal social protection systems, and drawing on relevant social registry data.</li> </ul> <p>SEE also <a href="#">Registration Note</a> for more details</p> <p>Employer responsibility – working with employer groups to ensure paid leave for domestic workers, using SMME support packages to promote payment of informal employees, waste pickers drawing on Extended Producer Responsibility to receive income support (e.g. in Brazil).</p> <p>Particularly vulnerable workers can be further targeted through:</p> <ul style="list-style-type: none"> <li>• Geographical targeting.</li> <li>• Targeting of vulnerable occupational groups/sectors, particularly those dominated by women, or including persons with disabilities (although this may create a risk of tension between groups of workers).</li> </ul>	<p><i>Also see SPACE note on <a href="#">registration options</a> for more details</i></p> <p><a href="#">Hong Kong, Singapore, and Japan</a> will be providing a one-time universal basic income grant<sup>5</sup> (slow implementation).</p> <p><a href="#">Bolivia, Namibia, South Africa &amp; Thailand</a> have all used “targeting out” methods to reach informal workers. South Africa has also vertically expanded its Child Support Grant, which will also reach a number of women informal workers specifically. <a href="#">Peru, Brazil and many others</a> have drawn on existing social registry data and increased the means-test threshold for support. In Brazil and Peru this has been complemented with an open registration system. Peru has also targeted geographically to provide benefits for those in the most vulnerable urban areas.</p> <p><a href="#">Argentina</a> has used a combination of records from its simplified monotax system and the membership databases of organisations of informal workers (<a href="#">such as UTEP</a>) to reach different groups of workers, including domestic workers. It has also extended its universal child grant system.</p> <p>In some countries (e.g. <a href="#">Dominican Republic</a>), national social security schemes have agreements with large organisations of informal workers to collect</p>

<sup>4</sup> These insights draw from a number of sources on extending social protection to workers in the informal economy. In 2019 the ILO released a [comprehensive collection of learnings](#) on best practice in the extension of social protection to informal workers. Examples are largely drawn from the contributory social insurance experience and not all are applicable to non-contributory social protection (for example much of this literature is concerned with setting appropriate contribution rates). Other key resources include ODI papers on [barriers to providing effective coverage for women informal workers](#), and a [gendered analysis of the extension of social insurance to informal workers](#), an older ILO/WIEGO text on a [gendered approach to social protection for workers in the informal economy](#), this short book from the EU’s [Informal Economy Support Facility](#) and this [OECD/ILO report on tackling vulnerability in the informal economy](#).

<sup>5</sup> Operationalised in different ways, e.g. to target all citizens, all adults, all permanent residents etc.



	Key Considerations in Reaching Informal Workers <sup>4</sup>	Country / programme examples
		contributions and distribute benefits. These may act as a channel for the disbursement of funds.
<p><b>Minimising gaps in provision:</b> <i>is anyone (e.g. population group) being left out, who, why – aim to achieve universality across programmes and sectors (i.e. via a coordinated set of programmes that, together, ensure universal coverage of those in need)</i></p>	<p>Many of the same considerations as any other vulnerable group, requiring specific measures to eliminate the barriers to access they face, such as mobility constraints, limited access to information, illiteracy or minority language, less access to and ownership of mobile phones, bank accounts (<a href="#">see gender note</a>).</p> <ul style="list-style-type: none"> <li>• Be aware that there are groups of informal workers who continue to work in essential services who may simultaneously be experiencing a drastic reduction in income.</li> <li>• Registration processes which take up too much time will add to loss of income. Interactions with informal workers should be flexible so that their work schedules are not interrupted, for example by taking mobile cash disbursement units to informal workplaces.</li> <li>• Partner with organisations who have greatest interaction with informal workers to disseminate information on new entitlements, e.g. informal workers collectives, informal finance networks, women’s groups, disability organisations</li> </ul>	<p>The Self Employed Women’s Organization in <a href="#">India</a> has acted as a bridge between the state and informal workers to ensure that workers receive their entitlements.</p> <p>In <a href="#">Thailand</a>, informal worker organisations supported registration efforts (these were via online platforms)</p>
<p><b>Adequacy</b></p> <p><b>Adequacy of support (meeting needs):</b> <i>E.g. for many the amount will not be an add-on for existing income but may need to be a full income replacement, aiming to cover all basic needs)</i></p>	<ul style="list-style-type: none"> <li>• The cost of urban living may be higher than in rural areas and should be built into adequacy considerations.</li> <li>• Even where some groups of informal workers can continue working as essential workers, they may be facing a significantly reduced income due to reduced demand, higher input costs, increased care burdens (<a href="#">see gender note</a>), and the costs of personal protective equipment.</li> <li>• Income replacement ratios could be calculated according to the unemployment benefit set for formal workers, drawing on data for average earnings in the informal sector/economy. An alternative is to base the payment off a calculation related to the national minimum wage.</li> </ul>	<p>The city government of <a href="#">Rio de Janeiro</a> has added a supplement to a federal grant for informal and self-employed workers, to ensure that each individual receives at least one minimum wage per month until the state of emergency is lifted.</p> <p>The city government of <a href="#">Campo Grande</a> in Brazil is delivering food support to vulnerable families benefiting from Bolsa Familia to replace school nutrition programmes.</p> <p>The Self Employed Women’s Association in India has developed a <a href="#">detailed costing of support measures</a> required by informal workers.</p>
<p><b>Relevance of type of support</b></p>	<p>Types of support should be considered in relation to their impact on existing informal livelihoods (some of which may continue to function throughout the crisis, particularly in low-income countries).</p> <p>Cash transfers will often be the preferred modality of response and may have the advantage of stimulating the local cash economy in which urban informal workers are often key actors.</p>	<p>In <a href="#">Uruguay</a> taxes and fees which apply to street vendors operating in public space have been suspended.</p> <p><a href="#">Burkina Faso</a> has announced measures to subsidise the water and electricity costs of market vendors.</p> <p>In <a href="#">Indonesia</a>, vulnerable occupational groups in the informal economy (taxi drivers, self-employed,</p>

	Key Considerations in Reaching Informal Workers <sup>4</sup>	Country / programme examples
	<p>Other forms of support are also relevant (see <a href="#">gender note</a>). Examples specific to informal work may necessitate liaison with local authorities and could include:</p> <ul style="list-style-type: none"> <li>• Ensure that where possible, informal workers, are included as essential services and provided with personal protective equipment</li> <li>• State procurement policies should include informal workers (e.g. home-based garment workers in local production of PPE)</li> <li>• Freeze on rental payments and utility payments</li> <li>• Freeze on workplace taxes, license fees and tolls paid to local authorities</li> <li>• Freeze on small loan repayments</li> <li>• A halt to all activities which compromise the infrastructure which supports informal work (e.g. destruction of vending infrastructure in <a href="#">Zimbabwe</a>)</li> <li>• Low interest start-up capital</li> </ul>	<p>fishermen) have been exempted from loan repayments for up to 1 year.</p>
<p><b>Comprehensiveness</b> Fully supporting different multidimensional needs: – <i>given the types of needs emerging from COVID-19, can additional measures be layered on or linked to (e.g. to meet health needs, behavioural change objectives, psychosocial support needs, protection needs etc).</i></p>	<p>Social protection alone cannot cover all multi-dimensional needs but should be seen as part of wider system which supports informal incomes (<a href="#">see gender note</a>). From an informal worker perspective, these could include:</p> <ul style="list-style-type: none"> <li>• Support for caring roles – including health care, child and elderly care.</li> <li>• Essential workers in the informal economy should have access to child care services and/or additional income support to pay for help.</li> <li>• Personal protective equipment especially for informal workers who have been classified as essential workers.</li> <li>• Access to water and sanitation in informal workplaces, as well as residential areas (e.g. informal markets that continue to operate as essential services).</li> </ul>	<p><a href="#">Rwanda</a> has set up hand washing facilities in and around bus stations.</p> <p>Guidelines for health &amp; hygiene for <a href="#">waste pickers</a> and <a href="#">street vendors</a>.</p>
<p><b>Cost effectiveness</b> Extent of harmonisation of systems and coordination across different actors and institutions</p>	<p>Ensure that the intervention leverages existing work through social insurance systems (and or social health insurance systems) to reach informal workers.</p> <ul style="list-style-type: none"> <li>• Comprehensive and sustainable coverage for workers in the informal economy requires a combination of non-contributory and contributory systems.</li> <li>• Coordination with social insurance systems from the start will ease the extension of social protection to informal workers in the long term.</li> </ul>	<p>In Africa there are several countries which have made <a href="#">progress in including informal workers into social insurance systems</a>, including Ghana, Kenya, Zambia, Rwanda, Tanzania. Jordan has been leveraging COVID-19 to register informal workers</p>
<p><b>Accountability to affected populations</b>  <i>Respect for humanitarian principles</i></p>	<p>Leverage and build on existing policy platforms which include formal labour, organisations of informal workers, women’s groups and other civil society organisations in the oversight of the intervention.</p>	<p>A good example of this comes from Thailand where the Homeworkers Protection Act of 2010 is <a href="#">monitored by a tripartite committee</a> which includes informal workers (i.e. is not limited to formal trade unions). In the longer term this can be an important step in</p>

	Key Considerations in Reaching Informal Workers <sup>4</sup>	Country / programme examples
		<p>building a stronger social contract between the state and citizens.</p> <p>Zambia has an Inter-Ministerial Technical Committee on Social Protection, which brings together trade unions, organisations of informal workers and the various ministries working on social protection.</p>
<p><u>Ownership and sustainability</u></p>	<p>Consideration of ownership should include the state, but also move beyond it. In many contexts there is a deep distrust of the government's capacity to act fairly and in the interests of poorer citizens. In some contexts, the distribution of social assistance may have become <u>deeply politicised (for example in India and Ghana)</u>. This distrust can be greatly reduced by ensuring that informal worker organisations, and other civil society groups, are able to participate in the oversight of the intervention.</p>	

# ANNEXES

## Annex 1. WHO ARE INFORMAL WORKERS? CONCEPTS, DEFINITIONS AND MYTH-BUSTING

The informal economy is often conflated with negative stereotypes such as the “shadow economy,” the “grey economy” and even the “black market”, lumping very different concepts together. This is a mistaken conflation – informal workers are largely involved in recognised sectors of the economy and make up the vast majority of workers in low- and middle-income countries. [Read](#) more about seven common myths that are often heard in relation to the informal economy (including the idea that the informal economy will shrink or disappear with economic growth, and that it does not contribute to the economy).

The informal workforce – or “informal employment” – consists of both self-employment in informal *enterprises* and wage employment in informal *jobs*. Informal enterprises are enterprises that are not incorporated (i.e., not constituted as separate legal entities independently of their owners) or are not registered with a national authority: such enterprises, their activities and those who work in them are referred to as the “informal sector.” Informal jobs are *jobs* without social protection through work or entitlement to standard employment benefits.

Informal *jobs* can be found in informal enterprises, formal enterprises and households. The “informal economy” thus consists of all units, activities and workers in informal enterprises and in informal wage employment in the formal sector and in households.

- *Informal wage employment in formal enterprises tends to be more common in high and middle income countries which have larger formal sectors.* This is where we see unprotected forms of wage labour, short-term contract jobs, agency workers, part time workers, contingent workers, workers in the gig economy and so on (in high income countries this is often referred to as precarious work).
- *Informal self-employment in informal enterprises tends to be more common in low- and- middle income countries.*
- Around the world, large numbers of vulnerable women informal workers are located in informal employment in households, working as domestic workers on either a regular or casual basis.

Informal work can be found in both rural and urban areas. In the past agricultural informal employment was not included in the ILO estimates of informal employment. However, the most recent estimates incorporate both agricultural and non-agricultural informal employment. Overall, urban employment is less informal than rural employment across all regions of the world.

The Informal work force can be divided into a number of different statuses in employment (which denotes the type of economic relationship in which the worker is embedded), including the following:

- **Employers:** *those who own an informal enterprise and employ others.*
- **Own-account workers:** *self-employed who do not employ others.*
- **Industrial outworkers/Sub-contracted outworkers:** *those who do piece rate work outside of the entity which contracts them (most common in Asia).*
- **Employees:** *those who are employed in the unincorporated enterprise.*
- **Casual day labourers (including agricultural wage labourers):** *Those who are employed on a daily or seasonal basis by formal or informal enterprises without social protection linked to their work or labour protections.*
- **Contributing family workers:** *those who contribute to the family business, but do not earn a monetary income from this work.*

## Annex 2. Key Characteristics of Informal Workers: Gender Segmentation and Poverty

The above section demonstrates that informal employment is heterogenous; informal work can differ according to whether it is located in the formal sector, informal sector or households, and by status in employment (a key difference being between the wage employed and the self-employed).

Another important feature of informal employment is the fact that – like formal employment – it exhibits **significant gender segmentation**. The segmentation pyramid developed by [WIEGO](#) (see Fig 1) highlights the link between status in employment, gender and risk of poverty. This pyramid demonstrates the diversity of work and earnings within the informal economy — and, importantly, the vast inequality between men and women. As Figure 1 shows, women tend to be concentrated in the types of employment (contributing family workers, subcontracted outworkers, own-account workers) which have a higher risk of poverty and low chance of high earnings.

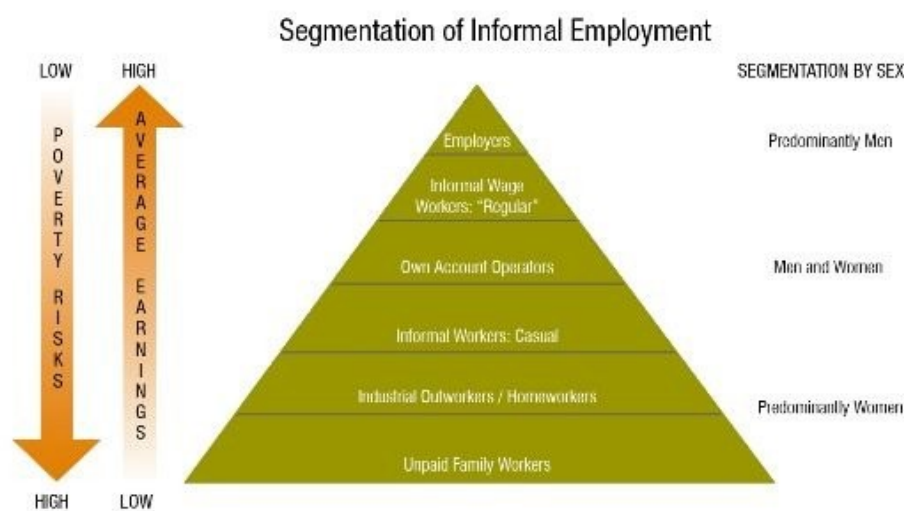


Figure 1: Gender Segmentation in the Informal Economy

Status in employment is also linked to the type of occupations in which women are concentrated in the informal economy. There are three particularly vulnerable occupations within the urban informal economy in which we know women are disproportionately concentrated: domestic work (the ILO estimates that 80 percent of domestic workers worldwide are women; in **Latin America** one in four female wage workers are domestic workers), home-based work (especially in **Asia** where there are restrictions on women's movement outside of the home), and market trade and street vending (particularly in **Africa** the majority of traders and vendors are women, especially trading in food and perishable goods). Waste pickers are an example of a vulnerable group of informal workers that is not disproportionately female.

As in formal employment, women also suffer an income penalty. In an analysis of the South Africa informal sector, it was found that women earn 75 percent of male incomes, even when they are in the same occupation and work the same hours.

Age is another demographic factor which is linked to informal employment. This statistical snapshot, drawing on ILO data, reveals that working people aged between 18 and 24 years, and those over the age of 65 are concentrated in informal employment, while those between the ages of 25 and 64 are less likely to be informally employed. In low-income countries almost everyone who works and is in the younger and older age groups, is informally employed, compared to 90 percent of those in the 24 – 65 age group.

Low education levels have also been found to be a key characteristic of informal workers, and this can disproportionately affect persons with disabilities who have been excluded from school.

Disability is another factor linked to informal employments, as more than half of persons with disabilities who are employed work for themselves. Persons with disabilities are often involved in vulnerable employment, characterised by low income, lack of job security and lack of job-related benefits. This is particularly relevant for women with disabilities who work in traditional women's jobs such as dressmaking, weaving, hairdressing, and petty trading (e.g. selling few groceries on a table usually at home or in front of the house, selling cooked food, smaller bags of produce),

## Annex 3: Informal Workers: Data and General Trends

There are two main international sources of data on the informal economy.

- The most commonly cited source of labour force data, recognised by the International Conference of Labour Statisticians, is that compiled by the ILO, the latest of which is found in [Women and Men in the Informal Economy: A Statistical Picture](#) (3<sup>rd</sup> edition, 2018). This latest edition presents the first-ever global estimates of informal employment disaggregated by country income groups, geographic regions and gender and contains useful country tables from p. 85 onwards. For the first time the ILO data now includes estimates of informal employment in agriculture as well as non-agricultural employment.
- The other commonly cited data is that which originates from the [World Bank](#). It should be noted that the Bank tends to focus more heavily on, on the *informal sector*, as opposed to the wider concept of informal employment. This misses out on large groups of informal employees in households such as domestic workers, particularly women, as well as the extent of informal employment in the formal sector.

This [WIEGO/ILO statistical brief](#) is a user-friendly companion to *Women and Men*, providing the key global and regional estimates. Some highlights with specific reference to gender are below:

- Over 60 per cent of all workers globally are informally employed: 90 per cent in developing countries, 67 per cent in emerging countries and 18 per cent in developed countries. The stark difference in labour markets mean that policy models developed in high income countries are often not suited to low income contexts.
- Over 40 per cent of all workers globally are self-employed; 72 per cent in developing countries, 49 per cent in emerging countries.
- In 56 per cent of countries the percentage of women working in the informal economy exceeds the percentage of men. While women are disproportionately represented in informal employment in low-income countries, in many middle-income countries there is lower female labour force participation, which means men are dominant in both formal and informal employment.
- In low income countries, women are significantly more likely than men to work as contributing family workers (27 per cent of women's total employment compared to 11 per cent of men's). In middle income countries this difference is also present (19 per cent for women compared to 11 per cent for men).
- In both middle-and-low income countries men are twice as likely as women to work as employers.

Some regional highlights:

- In **South Asia**, 45 per cent of women's informal employment is in own-account work, and 38 per cent in contributing family work.
- In **East & South-East Asia (excl. China)**, 36 per cent of women's informal employment is in contributing family work, and 33 per cent in informal waged work.
- In **Latin America & Caribbean**, 46 per cent of women's informal employment is in informal wage work, while 40 per cent is in own-account work.
- In **sub-Saharan Africa (excluding Southern Africa)**, 53 per cent of women's informal employment is in own-account work, 25 per cent in contributing family work.
- In **Southern Africa**, 72 per cent of women's informal employment is in informal waged work, and 23 per cent in own-account work.

WIEGO, drawing on national labour force survey data, has developed standardised gender disaggregated statistical snapshots on the informal economy in certain cities and urban areas. These include urban [Ghana](#), urban [Thailand](#), urban [South Africa](#), [India's informal sector](#), and urban [Peru](#). There is also a series of sector-based statistical briefs looking at highly feminised occupations such as home-based work in [Nepal](#), [Bangladesh](#), [Pakistan](#), and [India](#), and domestic work in [Latin America](#).



## Annex 4: Organisation in the Informal Economy

There are a number of regional and international networks of informal worker organisations which have grown up over the past 20 years. Several of them have a predominantly female membership, including the International Domestic Workers Federation, HomeNet South Asia and HomeNet South East Asia, while others tend to have a more mixed membership, such as StreetNet International. Across these groups, organisation tends to be strongest in Latin America and Asia, although StreetNet International has strong membership in Africa. Some organisations of informal workers, particularly in Africa, have been able to access the tripartite (worker–state–employer) spaces which govern social insurance schemes across the continent. However, this is usually an indirect representation via an alliance with formal trade union centres.

However, it is also important to recognise that organising in the informal economy presents particular challenges. The nature of the informal economy can make collective action logistically difficult for workers who are often geographically scattered and work across different sectors and livelihood activities. Unlike traditional unions which are often linked to political parties, have ideological attachments and a strong class identity, informal workers can lack a natural hub for cohesive organising and building a strong self-identity. Many may not see themselves as workers with the capacity for collective action, and may be too poor and too focused on earning an income to attend organising meetings.

As a result, many informal workers remain socially and economically marginalised in ways that weaken their voice and representation in decision making processes that impact their livelihoods and wellbeing.

This is particularly the case for women workers, who are located in occupations such as domestic work, home-based work, and unpaid family work which keeps them isolated. Even when women are organised *as workers*, they may struggle to overcome gender norms within organisations and exercise voice so that their specific gender-based needs are recognised. At local level, informal women workers can be found not only in work-based associations, but also find a common purpose in neighbourhood groups, savings circles, co-operatives, mutual aid and burial societies, religious groups and credit and women's groups. Bringing together informal worker organisations, women's organisations and other types of organisations, may be one way in which to promote greater gender awareness within informal worker organisations (where this does not already exist).

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