

# EVIDENCE REVIEW OF COVID-19 AND WOMEN'S INFORMAL EMPLOYMENT: A CALL TO SUPPORT THE MOST VULNERABLE FIRST IN THE ECONOMIC RECOVERY



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Women in Informal Employment:  
Globalizing and Organizing



## Contributors



**1. A woman works in a plastic recycling plant in the Hoa Loi Commune, Tra Vinh Province, Vietnam.**

*Photo credit: Quinn Ryan Mattingly*

**2. Sanju Devi and her husband, Vijay Kumar Choudhary, at their ironing shop in a suburb of Delhi, India.**

*Photo credit: Prashant Panjiar*

**3. Two women sell fresh vegetables in the streets of Kangemi, Nairobi.**

*Photo credit: Riccardo Gangale*

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This evidence review and call to action was prepared in the months preceding the current wave of infections, hospitalizations, deaths, and despair, particularly in India and Brazil. As governments, the healthcare workforce, and civil society respond to the crisis, we recognise the complexity of the challenge in implementing effective response measures across the health, economic, and social domains, especially in environments with constrained resources. We emphasise the importance of the recommendations in this review and call to action to ensure that the needs of the most vulnerable are recognised, prioritised, and supported.

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## Acronyms & Key Terms

### Acronyms

|              |  |
|--------------|--|
| <b>ILO</b>   | International Labour Organization                        |
| <b>LMICs</b> | Low- and middle-income countries                         |
| <b>PMJDY</b> | Pradhan Mantri Jan Dhan Yojana                           |
| <b>SEWA</b>  | Self Employed Women's Association                        |
| <b>WIEGO</b> | Women in Informal Employment: Globalizing and Organizing |

### Key Terms

|                         |  |
|-------------------------|--|
| <b>Informal economy</b> | A diversified set of economic activities, enterprises, jobs, and workers that are not protected by the state (ILO, 2018).  |
| <b>Self-help groups</b> | A type of women's group that, among other activities, engages in collective savings to facilitate intra-group lending and support collective efforts to improve livelihoods. |
| <b>Unpaid work</b>      | Work provided without monetary compensation.   |

## Executive summary

**More than a year has elapsed** since COVID-19 plunged the world into uncertainty. Month after month, cascades of reports continue to expose the pandemic's devastating and widespread impact on women's livelihoods. Women the world over have been impacted, **yet women in informal employment, with little to no social and labour protections, have been disproportionately ravaged.**

In low- and lower-middle income countries, informal employment is the norm for women. In Africa and India, roughly 90 percent of employed women are informal workers. According to one India study, in the wake of COVID-19, 83 percent of women informal workers faced a severe income drop, with half relying on grants for food security. Similarly, an April 2020 survey covering 12 cities around the world conducted by Women in Informal Employment: Globalizing and Organizing (WIEGO), a global network focused on women in informal employment, found that during the peak COVID-19 lockdown period in each city, women informal workers' earnings, on average, were only about 20 percent of their pre-COVID-19 levels (compared with men who were earning about 25 percent of their pre-pandemic earnings). The same analysis revealed high shares of informal workers drawing down savings, borrowing money, and selling off assets. Additionally, in a study conducted by the Self-Employed Women's Association (SEWA) Bharat across 12 Indian states in April 2020, a month after the pandemic and associated lockdown restrictions began, 78 percent of respondent women informal workers across sectors reported a depletion of their savings. But women in informal employment are far from a homogenous group and their unique circumstances are incredibly varied. Occupation, work location, employment status, and social hierarchies all play a role in shaping the unique risks, vulnerabilities, and opportunities they face, both during the pandemic and beyond.

**Emerging evidence indicates that women workers in informal employment have been hit**

**harder by the impacts of COVID-19, and have rebounded more slowly, than male workers.** A study in Ghana, for example, found that, among informal garment enterprise owners, while both men and women experienced large drops in monthly profits, hourly profits, and weekly hours during the 2020 spring peak of COVID-19, men were experiencing a steeper post-shock increase across all three core outcomes analysed as of July 2020. Moreover, a follow-up analysis in the same global multi-city WIEGO study finds that, by mid-2020, women in the informal economy had recouped only around 50 percent of their pre-COVID-19 earnings, while men had recouped 70 percent. One reason may be that women in informal employment confront a host of additional and compounded constraints and vulnerabilities that impact their recovery, including differential unpaid care and domestic work, occupational segregation, limited access to capital, greater fears of violence and theft, and the threat of sexual violence.

We know that an increase in a woman's share of household income can strengthen her bargaining power inside and outside the home. In the same way, **the decline of paid work for women risks negatively impacting not only basic economic security but also women's ability to influence decisions at the individual, household, and community level.** Already in precarious conditions prior to the pandemic, women in informal employment are now more vulnerable than ever to devastating setbacks to their livelihoods, their autonomy, and their ability to meaningfully shape the communities around them.

Informal employment is not a safety net or a stepping stone to formal employment. It is a potential engine for post-COVID-19 economic growth. Buoyed by smart policies, the informal economy can help buffer communities from economic shocks, reduce unemployment distress, become a source of dignified work, and act as a vehicle for ground-up prosperity. Smart policy begins with addressing gaps in the accurate measurement of women's work and women ➤

## Executive summary (continued)

➤ workers in informal employment and acknowledging the variations among women's experiences. It also recognises the importance of monitoring saving and credit behaviours and outcomes to assess threats to income and asset security. Downward spirals in these metrics present a real risk to the economic recovery and future livelihoods of women informal workers.

Around the world, and especially in low- and lower-middle income countries, informal work fuels the livelihoods of families, communities, and societies and uplifts both the informal and the formal economy. Yet women informal workers remain largely invisible and neglected in the policymaking processes. **As governments chart their paths to economic recovery, they must prioritise the most vulnerable first.** Focusing on women workers in informal employment and designing policies that improve their quality of life, recognise their contributions, and support dignified work is a key step in laying the groundwork for future economic growth and an equal distribution of the prosperity that follows.

### Key actions for policymakers

#### Cross-cutting measures that combine social and labour protections for all women in informal employment:

- Account for women informal workers as part of the economy and prioritise reaching them in government relief schemes.
- Extend short-term cash grants, food relief, and other social protection measures for informal workers that specifically target women.
- Expand the social security system to include women informal workers, providing them with access to health insurance, pensions, and old age homes.
- Recognise trade unions, cooperatives, and other forms of women's collectives that represent women informal workers and provide critical moral and material support particularly in times of crisis.
- Invest in infrastructure that supports the

childcare and domestic work needs of women workers in diverse employment situations.

- Design and implement measures to protect women informal workers from gender-based violence.

#### Policies for women informal wage workers:

- Establish labour market policies addressing wages, employer-worker relations, insurance, and workers' ability to negotiate.
  - » Determine minimum wage rates across informal wage employment categories for hourly, daily, monthly, and piece-rate work.
  - » Institutionalise relations between employers, contractors, and informal workers; require transparency in hiring and firing decisions.
  - » Mandate the provision of accident and liability insurance.
  - » Create a three-way negotiating forum involving all stakeholders across government, employers, and informal workers.
- Ensure public works programmes focus on women informal wage workers and create reliable, stable jobs for these workers.
- Enforce labour protections and support policies for migrant wage workers.
- Provide skills training for women wage workers in the use of technology in their fields to enable their digital inclusion.
- Hold global brands accountable for all wage workers in their supply chains.

#### Policies for women-run informal enterprises (self-employed workers, microenterprise-operators, and contributing family workers) that must be combined with the cross-cutting policy measures:

- Recognise and incorporate informal enterprises into government programmes and deploy a combination of grants, subsidies, and loans to provide access to working capital. ➤

## Executive summary (continued)

- ➤ Deploy new methods and measures of evaluating businesses for affordable financing support, taking into account the characteristics of informal enterprises and incorporating design features that allow women to retain greater control over their capital.
  - Increase government procurement from women-led collective enterprises and ease entry barriers while building enterprise support systems to increase the profitability of women-run informal enterprises.
  - Leverage the power of psychology-based skill-building programmes to boost entrepreneurship and enterprise outcomes, which have been especially promising among women running informal enterprises.
  - Support the adoption of digital technology among women-run informal enterprises. ●
-

## Introduction

**Informality is the norm** for the average woman worker in the world's poorer regions of Southern Asia and sub-Saharan Africa. The vast majority of employment in sub-Saharan Africa (89.2 percent total) and Southern Asia (87.8 percent total) is informal (ILO, 2018, Table 2 p. 28 and Table 4 p. 36). Two billion of the world's employed population aged 15 and over work informally, representing 61.2 percent of global employment, of which 740 million are women. In low and lower-middle income countries, more working women than working men are in informal employment. For instance, in Africa, 89.7 percent of employed women are in informal employment compared to 82.7 percent of men (ILO, 2018, p. 20-21).

We organise this evidence review and call to action by focusing on women and informality within existing categories of workers during the COVID-19 pandemic. The classification of workers (formal and informal) by the International Conference of Labour Statisticians (ICLS) along status in employment categories<sup>1</sup> are as follows:

- Wage workers (employees),
- Own-account workers (self-employed with no employer and no employees),
- Employers (self-employed with employees), and
- Contributing family workers.<sup>2</sup>

Within women's informal employment globally,

employers are only one percent and they would all fall into that category regardless of firm size.

Examining the economy through the lens of categories of enterprises (formal and informal) would typically involve the following categorisation:

- Microenterprises (0-4 employees, including own-account enterprises),
- Small enterprises (5-19 employees),
- Medium enterprises (20-99 employees), and
- Large enterprises (100 or more employees).

The vast majority of informal enterprises would fall under the microenterprise category, since employing five or more non-family member employees tends to be associated with registration of the enterprise and formalisation. In this brief, informal enterprises are primarily microenterprises as noted above.<sup>3</sup>

As Figure 1 showcases, across developing and emerging economies, 34–51 percent of women's informal employment are own account workers and another 29–31 percent are contributing family workers, while only 17–36 percent are employees/wage workers and a miniscule one percent are employers (WIEGO, 2019). Our goal in this policy paper is to shine a light on these majorities of women workers in low- and lower-middle income countries so that policies can be designed for them as a priority in the post-COVID-19 economic recovery. ●

**Figure 1:** Distribution of informal workers by status in total employment, disaggregated by sex

| Composition of informal employment by status in employment and by sex (per cent) |           |       |     |           |       |     |                     |       |     |                             |       |     |
|--|-----------|-------|-----|-----------|-------|-----|---------------------|-------|-----|-----------------------------|-------|-----|
| Countries by income level  | Employers |       |     | Employees |       |     | Own Account Workers |       |     | Contributing Family Members |       |     |
|  | Total     | Women | Men | Total     | Women | Men | Total               | Women | Men | Total                       | Women | Men |
| World  | 3         | 1     | 3   | 36        | 34    | 37  | 45                  | 36    | 50  | 16                          | 28    | 9   |
| Developing   | 2         | 1     | 3   | 21        | 17    | 25  | 54                  | 51    | 57  | 22                          | 31    | 14  |
| Emerging   | 3         | 1     | 3   | 37        | 36    | 38  | 44                  | 34    | 50  | 16                          | 29    | 8   |
| Developed  | 6         | 4     | 8   | 51        | 57    | 47  | 36                  | 28    | 42  | 6                           | 10    | 3   |

Source: WIEGO 2019, p. 2



## Overview of the effects of COVID-19 on women's formal and informal employment globally

**Women's employment has been affected** more severely than men's during COVID-19 lockdowns and the subsequent recession. This has manifested in very different ways depending on the structure and composition of a given economy, the distribution of women in a country's workforce, and a country's policy response measures (including school closures and furloughs). As the International Labour Organization (ILO) Monitor on COVID-19 and the world of work's seventh edition reports, "at the global level, the employment loss for women stands at 5.0 percent in 2020, versus 3.9 percent for men. In absolute numbers, the loss is larger for men (80 million) than for women (64 million) because of the long-standing gender gap in labour force participation rates. Across all regions, women have been more likely than men to become economically inactive, that is to drop out of the labour force, during this crisis" (ILO Monitor, January 2021, p. 9).

As Alon et al (April 2020) wrote early in the pandemic, while "regular" recessions affect men's employment more severely compared to women's employment, employment losses related to social distancing measures have a large impact on sectors with high shares of female employment. The unique nature of the current crisis and associated closures of schools and daycare centres have substantially increased childcare needs, which has a particularly large effect on working mothers. These early theory-informed predictions are tested in a more recent working paper (Alon et al, April 2021) in which they examine the causes behind this pattern utilising micro data from national labour force surveys in a number of countries and find support for both anticipated pathways. They additionally find that gender gaps in employment due to the pandemic arise almost entirely among workers who are unable to work from home. However, for workers who are able to telecommute, women workers simultaneously face greater childcare pressures and productivity reductions. A six-country survey of primarily high-income countries across regions (China, Italy, Japan, South Korea, the United

Kingdom, and the United States) examining gender differentials in economic outcomes finds that women are 24 percent more likely to permanently lose their jobs compared to men (Dang and Nguyen, 2021). Women expect their labour income to fall by 50 percent more than men do and tend to reduce current consumption and increase savings as a result (ibid).

**In India, a nationally-representative sample survey found that while men's employment recovered almost fully by August 2020, the recovery in women's employment was roughly seven percentage points lower than the recovery in male employment. In addition, an analysis of time use across paid and unpaid work found that "men spent more time on housework in April 2020, but by August the average male hours had declined, though not to the pre-pandemic levels."**

In India, where aggregate female labour force participation was already at a low 26 percent (having declined from 36 percent over a decade ago), Desai et al (2021) conducted an urban monthly employment survey examining the impacts of the COVID-19 lockdown on employment in areas surrounding Delhi between March 2019 and May 2020 and found that while both men and women suffer large losses in employment (~35 percent), wage employment in particular declined by 72 percent among women compared to 40 percent among men. Kesar et al (June 2020) conducted a survey of 5,000 respondents across 12 states in India and found that women informal workers experienced employment loss by an additional four percentage points in their sample compared to male informal workers (68 percent among women versus 64 percent among men). ➤

## Overview of the effects of COVID-19 on women's formal and informal employment globally (continued)

### **In Latin America, high-frequency phone survey data from 13 countries found that women were 44 percent more likely than men to lose jobs at the start of the COVID-19 pandemic.**

➤ Deshpande (2020) analyses a long-running nationally representative sample survey in India to find that both men and women experienced a large decline in employment during the lockdown (April 2020). However, men's employment recovered almost fully by August 2020, while the recovery in women's employment was roughly seven percentage points lower than the recovery in male employment compared to their respective pre-pandemic starting points. A similar pattern in the employment rates and recovery timeframes of women and men occurred in West Africa after the 2014-16 Ebola outbreak. 13 months after the first case of Ebola was detected, 63 percent of men had returned to work in comparison to only 17 percent of women (Bandiera et al, December 2018).

Disaggregated data from a set of 454 firms interviewed in three survey rounds in Addis Ababa, Ethiopia (Abebe et al, 2020) found that despite making up only 42 percent of the workforce, 57 percent of workers laid off in June 2020 were women. In Latin America, Cucagna and Romero (2021) analysed high-frequency phone survey data from 13 Latin American countries to find that women were 44 percent more likely than men to lose jobs at the start of the COVID-19 pandemic. Moreover, similar to the lag in employment recovery for women noted in other geographies and during past epidemics, the gender differential in job losses persists even as workers who were temporarily unemployed start returning to work. The presence of school-age children at home is associated with an increase in job losses among women but not among men. 56 percent of all job losses are concentrated in sectors with high shares of women's employment such as trade, personal services, education, and hospitality.

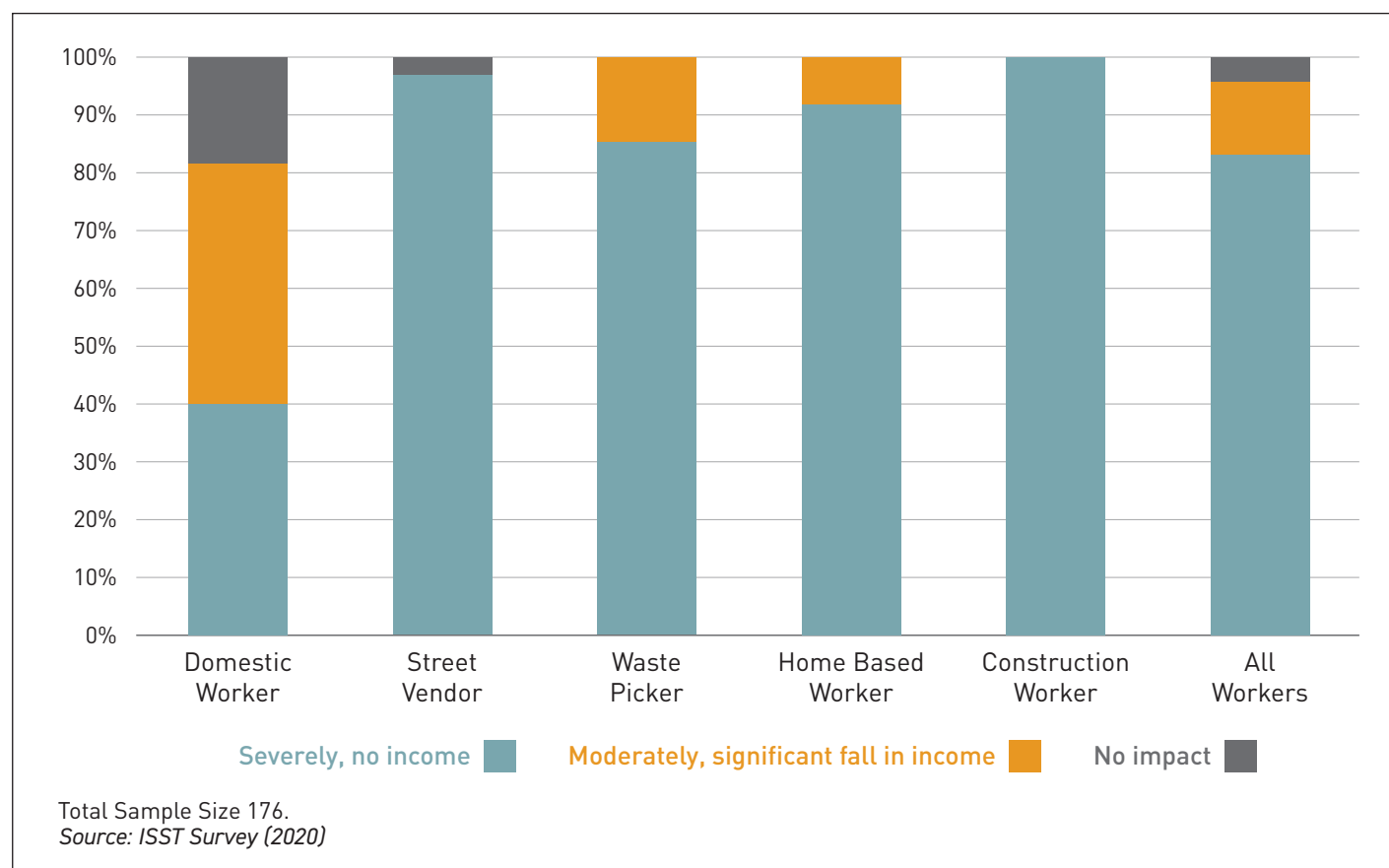
Household type, class, sector, and job type are all critical in assessing the impact of an economic crisis on women's employment. In their review of the evidence on how economic shocks (such as the global financial crisis of 2008) impact women's employment, Sabarwal et al (2010) find that "in the past, women from low-income households have typically entered the labour force, while women from rich households have often exited the labour market in response to economic crises. In contrast, men's labour force participation rates have remained largely unchanged."

One of the particular constraints presented by this particular aggregate shock is the increase in unpaid work (care work for children and the elderly and domestic chores) more broadly, and, specifically, the sudden increase in home-based childcare requirements due to social distancing. "For women who remain in employment, their greater care obligations are forcing them to cut down on paid working hours or to extend total working hours (paid and unpaid) to unsustainable levels" (ILO, July 2020). Additionally, in the same report, the ILO warned that "women are not only hit by the loss of jobs but also by expenditure cuts that contract public service provision, in particular care services."

Childcare needs prove to be a significant impediment to women's re-entry. With childcare centres and schools still shut in many parts of the world, working mothers have disproportionately had to limit the number of hours they can leave for work. As Russell and Sun (2020) find in their analysis comparing employment trends among women with young children against those without, closures of childcare centres increased unemployment rates of mothers with young children by 2.7 percentage points in months when a closure was in effect. Notably, the negative effects did not disappear once states reopened childcare centres, consistent with previous research suggesting that "it takes significant time to reintegrate women in the labour force once out of work or that there is a permanent ➤

## Overview of the effects of COVID-19 on women's formal and informal employment globally (continued)

**Figure 2:** Impact of lockdown on women informal workers in Delhi



➤ supply-side impact on childcare availability.” This is a structural constraint to keep in mind given the large share of women workers employed in the childcare industry (formally and informally) for whom the temporary collapse in demand might have led to permanent closures of childcare enterprises and sustained unemployment. In her analysis of time use across paid and unpaid work during the lockdown and through the recovery in India, Deshpande (October 2020) finds that “men spent more time on housework in April 2020, but by August the average male hours had declined, though not to the pre-pandemic levels.”

Another recurring constraint in the COVID-19 context is the extent of supply chain and market

disruptions and how those have affected sectors and occupations in which women are disproportionately represented or in which women may have greater challenges in overcoming those disruptions than men. For example, in a forthcoming Women in Informal Employment: Globalizing and Organizing (WIEGO) study, among domestic workers in seven cities who had not returned to work by June/July 2020, the main reason cited was that their employer had not re-hired them. Similarly, among street vendors surveyed in nine cities who had not returned to work, the main reasons cited were market disruptions, ongoing government restrictions, or concerns about the virus itself (Rogan 2021, forthcoming).<sup>4</sup> ●

## Overview of COVID-19's impact on women in informal employment

**Systematic analyses** of the specific impacts of economic shocks on women in informal employment compared to women in formal employment are rare. WIEGO research undertaken in 2009 and 2010 in South Africa showed that the global economic crisis impacted informal workers in much the same way as their formal sector counterparts, i.e., through “price fluctuations, reduced demand for goods and services, and the related increase in competition for this shrinking level of aggregate demand” (WIEGO n.d. as cited in Rogan, 2016). Rogan’s analysis further notes that on the eve of the global financial crisis, 14.5 percent of employed women were in informal self-employment compared with 9.5 percent of employed men. Post-crisis, these shares decreased for women but not for men. Moreover, this was driven primarily by women in informal employment exiting the labour market: “the decrease in informal sector employment (15 percent) for women over this period was far greater than the decrease in formal sector employment (4 percent)” (ibid).

SEWA Bharat reported in 2009 that the impacts of the financial crisis on women in the informal economy in India went undercounted and unrecognised as women did not lose employment as much as they saw “incomes decline, days of work available decrease and livelihoods disappear” (SEWA Bharat, 2009). Further, there were longer term impacts of actions taken through the crisis, such as increased indebtedness, sale of assets, and suspension of children’s education, which compromised nutrition and health amongst other negative outcomes.

Early in the COVID-19 pandemic, the Institute of Social Studies Trust (ISST) in India conducted a series of 176 interviews in the last week of April 2020 on the impact of the COVID-19 national lockdown on the livelihoods of urban women informal workers in Delhi in five different sectors (domestic work, street vending, waste picking, home based work, and construction work). They

found that around 83 percent of women informal workers faced a severe income drop, with construction workers and street vendors being the hardest hit (Chakraborty, August 2020; see Figure 2 above). 66 percent of respondents reported an increase in domestic chores within the household during this period, 36 percent stated an increased burden of child and elderly care work, and one-third highlighted the additional burden of arranging food (Chakraborty, May 2020). Almost half were dependent on grants/rations from the Public Distribution System for the availability of food and 31 percent received cooked food by the government at camps/night shelters. The study also finds that “post-lockdown the immediate concerns for the women respondents were continued loss of paid work and payment of house rent” (Chakraborty, May 2020).

**In Ghana, while both men and women in informal employment experienced large drops in monthly profits, hourly profits, and weekly hours during the 2020 spring peak of COVID-19, men were experiencing a steeper post-shock increase across all three core outcomes.**

An ongoing study examines the gendered impact of COVID-19 on garment enterprise owners in Ghana, half of which are informal own-account enterprises with no employees, and the remainder microenterprises with few employees. The study finds that while both men and women experienced large drops in monthly profits, hourly profits, and weekly hours during the 2020 spring peak of COVID-19, men were experiencing a steeper post-shock increase across all three core outcomes analysed as of July 2020 (Hardy et al, January 2021). The analysis also shows some preliminary indications of differential alternative income generating ➤



## Overview of COVID-19's impact on women in informal employment (continued)

➤ activities being pursued by men versus women to compensate for income losses and smooth consumption (ibid).

Examining earnings among informal workers in 12 cities, a forthcoming WIEGO analysis of COVID-19's impact finds that women's earnings in April, on average, were only about 20 percent of their pre-COVID-19 levels (compared with men who were earning about 25 percent of their pre-COVID-19 earnings). By mid-year, women had recovered only about half of their initial earnings while men had recovered about 70 percent (Rogan 2021, forthcoming).<sup>5</sup>

Data collected early in the COVID-19 pandemic by the Self Employed Women's Association (SEWA) found that lack of access to finance and

markets were increasingly impediments to women's continuous employment in a post-COVID-19 world. In a study covering multiple trades across 12 states, more than 78 percent of women workers reported a complete depletion of their savings within a month of the COVID-19 crisis (Sen et al, 2020). Street vendors and agricultural workers, amongst others, identified an inability to access markets due to lockdown measures, lack of public transport (CPPR, 2020), and increased care work burden as significant impediments to resuming full employment (Sen et al, 2020). WIEGO's global 12-city study (Roever and Rogan 2020) reveals high shares of informal workers drawing down savings, borrowing money, and selling off assets. ●

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## Women's vulnerabilities in informal occupations

**In its report** detailing the distribution of informal workers, the ILO notes that “even though globally there are fewer women than men in informal employment, women in the informal economy are more often found in the most vulnerable situations, for instance as domestic workers, home-based workers, or contributing family workers, than their male counterparts” (ILO 2018, p. 20-21). Women workers’ experience of vulnerability in informal employment is a function of their occupation as well as the specific circumstances of being women workers within the power hierarchies of the occupational groups. The following examples illustrate the intersectional nature of women informal workers’ vulnerabilities.<sup>6</sup>

In South Asia and sub-Saharan Africa, agriculture is still the main employer of women. In India, 73 percent of all women rural workers are employed in agriculture (Sundari, 2020), yet only 13 percent of rural women are owners of operational land holdings (Tripathi, 2018). In the context of the Indian agricultural sector, women often undertake significantly arduous and yet poorly paid activities such as weeding, rice planting, etc. When agriculture is mechanised, men have often taken over these activities, displacing women workers (Sainath, 2014).

For domestic workers (almost all of whom are women), vulnerabilities commonly relate to the lack of labour and social protections. Moreover, working inside the employer’s home creates conditions for risks such as sexual violence. As per official estimates, there are 5.24 million domestic workers (NSS Statistical Brief No. 23, 2017-18).<sup>7</sup>

For women home-based workers, vulnerability involves relations of dependency. For example, women sub-contracted home workers are often dependent on male contractors or intermediaries for orders, payments, raw materials etc., and self-employed home-based workers are dependent on access to transport and markets. Additionally, gendered norms and dynamics disproportionately push women into home-based

flexible or piece-rate work in order to accommodate concurrent care work and domestic chores.

**In India, women sub-contracted home workers are often dependent on male contractors or intermediaries for orders, payments, raw materials etc., and self-employed home-based workers are dependent on access to transport and markets. Additionally, gendered norms and dynamics disproportionately push women into home-based flexible or piece-rate work in order to accommodate concurrent care work and domestic chores.**

In certain occupations, women and men face common vulnerabilities, but women face additional vulnerabilities. Women street vendors in India, for example, often have lower ownership than their male counterparts of ration cards or other government documents to benefit from government relief programmes (Kaur et al, May 2020). Additionally, women are vulnerable to threats from wholesalers or money lenders as well as to evictions and physical and sexual violence by police in public spaces like markets, which are distinct from the threats posed to male street vendors. Women street vendors are more likely to sell low-value products than men street vendors (because of constraints such as lower access to capital and greater fears of violence/theft).

Women construction workers lack safety equipment and experience accidents, like their male counterparts, but they additionally face sexual violence from contractors and male supervisors. Gendered segregation of roles within the construction industry prevents skilled >

## Women's vulnerabilities in informal occupations (continued)

➤ women workers from getting skilled work on construction sites, and instead they are given manual work as a default.

Among waste pickers, dealers and contractors engage in exploitative monopsonistic practices through drastic reduction in prices of waste material, for instance from Rs 30 to Rs 4 per kilogram (Banerjee and Sharma, May 2020). Women waste pickers are more likely to collect lower-value materials because of gendered hierarchies and the threat of physical confrontation on dumpsites, which mean, for example, that men get metals while women are left with cardboard and plastic.

**In India, across industries where workers are wage employed, wage discrimination by gender in informal work is rampant, whether in construction or in the farm sector. It is not only the occupation that shapes employment outcomes; it is also the gendered dynamics and hierarchies embedded in the day-to-day practice of the occupation.**

Across industries where workers are wage employed, wage discrimination by gender in informal work is rampant, whether in construction or in the farm sector. In sum, it is not only the occupation that shapes employment outcomes; it is also the gendered dynamics and hierarchies embedded in the day-to-day practice of the occupation.

It is important to note that migrant workers are in all the occupations discussed above. Their vulnerabilities deserve particular attention in the current crisis, where informal workers were forced en masse to retreat to their 'homes' (often hundreds or thousands of miles away) without pay or support from their employers or governments. Migrant women were among the hardest hit and slowest to recover in India—21 percent were

pushed out of paid work, and even by September–October, were still reporting incomes 41 percent below their baseline incomes (January–February) (Dalberg, 2021).

### Informal employees (wage workers)

Domestic workers who are employees of households have been especially vulnerable to prolonged unemployment and employment termination during the COVID-19 crisis. Reports compiled from affiliates of the International Domestic Workers Federation suggest that domestic workers in all regions have been forced into unpaid leave, had hours cut, or have lost their jobs altogether without any protections. The effects of the pandemic have been especially severe for migrant domestic workers, both domestic and international, who have faced particular vulnerabilities during this crisis, with heightened risks for women migrant workers (GAATW, 2019). Interviews with foreign domestic workers residing in their employers' homes in Hong Kong reveal several points of unique vulnerability and discrimination. For instance, foreign domestic workers have been stopped from having any paid time off outside the employer's home: "Is it some kind of joke? If we go out on our rest day, we catch the virus and employers go out whenever they want, they are not catching the virus and risking my health" (Female foreign domestic worker respondent). Some have found their jobs terminated with no avenues to return to their home countries given restrictions in international flights: "I have no job, no money, no food. My friend has some part-time job, so she shares some food with me. No place to stay. I live in a boarding house with 10-12 more people. My bed is in a small room, six of us sleep there. Three bunk beds- five ladies and one man. It is troublesome sharing the same bathroom, changing dress, etc. I am waiting for flights to Sri Lanka" (Foreign domestic worker from Sri Lanka) (Gender & COVID-19, 2020).

The agriculture sector has seen the largest gender gap in terms of job loss and recovery in ➤

## Women's vulnerabilities in informal occupations (continued)

➤ India. Women agricultural labourers have lost work by 15 additional percentage points compared to men (Dalberg, 2021). Across occupations, women's loss of paid work was highest in the casual labour category, although it largely recovered fast. Around half of self-employed women and domestic workers lost paid work (~44 percent). While the recovery has been reasonable for self-employed women (~91 percent regained), it has been slower for domestic workers (~82 percent regained). Several studies have indicated the precarity of informal jobs. Construction was the only sector where men fared worse (ibid).

### Informal enterprises (own-account workers, microenterprise operators/employers, and contributing family workers)

Informal own-account workers (self-employed with no employees, though often relying on contributing family workers) and informal employers (self-employed with employees) face particular challenges. Employers have high risk but high autonomy, while employees have low risk but low autonomy, and own-account workers and dependent contractors are in the middle of the risk-autonomy spectrum. Own-account workers are likely to have lower capital and fewer assets than employers of any firm size.

Even in non-crisis circumstances, we know that women's enterprises on average report 34 percent lower profits than similar enterprises run by men, driven by a number of interconnected constraints; this is true whether it pertains to own-account enterprises (operators involving no employees), microenterprises (four or fewer employees), small enterprises (five to 19 employees), or medium-sized (20 to 99 employees) (World Bank, 2019, p. 36; Hardy and Kagy, 2018). Market-level factors contribute to the gap, such as women operating in more crowded industries, such as garment making (Hardy and Kagy, 2020). In Uganda, where 84 percent of all working women are self-employed, and most women are mothers, Delecourt and

Fitzpatrick (2021) find that 37 percent of female owners of pharmacies bring their small children to work compared to zero percent of men. Bringing a child to work is associated with 48 percent lower profits and affects profits through lowering the owner's ability to re-stock (ibid).

**In Ethiopia, while women-owned businesses were disproportionately affected by the COVID-19 pandemic, less than one percent had received any type of government support.**

There is systematic evidence emerging that own-account workers and microenterprises in several geographies have been hit especially hard by the COVID-19 pandemic, and that women-owned enterprises within these categories have been hit hardest in terms of a drop in sales. Analysis of a dataset compiled from the World Bank's Business Pulse Survey and Enterprise Survey programmes comprising 37,000 businesses across 52 mostly low- and middle-income countries (LMICs) conducted between April and September 2020<sup>8</sup> finds that women-led micro-businesses experienced a significantly larger decline in sales revenues, with a 50.4 percent decline in sales compared to 48.1 percent for men-led microenterprises (Torres et al, January 2021). Looking across sectors, their analysis shows that women-led businesses in the hospitality industry (hotels and restaurants) had a significantly higher probability of reporting supply shocks (82.3 percent among women-led businesses versus 74.1 percent for men-led businesses). Countries where the COVID-19 shock was comparatively more severe had their women-led businesses reporting less cash available and a higher probability of falling in arrears. In terms of coping strategies, women-led microenterprises were comparatively more likely (41.5 percent among women-led microenterprises versus 33.7 percent among men-led microenterprises) ➤



## Women's vulnerabilities in informal occupations (continued)

➤ to grant leaves to their employees or reduce their wages or hours (rather than initiate layoffs), and exhibited a significantly higher likelihood of increasing their use of digital platforms (27.6 percent among women-led microenterprises versus 17.5 percent among men-led microenterprises), even though their probability of investing in digital solutions was equivalent. Torres et al (2021) also document gender gaps in access to public support, which is significant among micro-firms, among businesses in services other than retail, and among businesses in countries more severely affected by the shock.

Among 414 firms surveyed in Addis Ababa, Ethiopia, over five rounds (April–September 2020), more microenterprises and own-account firms report continued closure since April 1, 2020 and faced more acute liquidity challenges from low cash flow (Bundervoet et al, September 2020). Disaggregated analysis from the set of 454 firms interviewed across three of the above five survey rounds in Addis Ababa, Ethiopia, (Abebe et al, July 2020) highlighted the ways in which the pandemic has impacted men and women-owned firms differently. Within this sample, the median number of workers is zero in women-owned businesses and one in men-owned businesses (even after excluding own account firms, the mean (seven) and median (three) employment in men-owned firms is larger than the corresponding mean (four) and median (two) of women-owned businesses among firms with paid workers). In this context, even though women are engaged in trade, tourism, and hospitality (sectors that are considered immediate-risk industries for business disruptions due to the COVID-19 pandemic), women-owned businesses were no more likely to remain closed compared to men-owned businesses (a quarter of all businesses were closed in June). However, the COVID-19 pandemic further widened the gender gap in business earnings. While all firms had experienced a drastic decline in sales turnover, the dip appeared to be more severe in women-owned businesses—they generated less than 20

percent of the sales revenue they had earned the same month in the previous year. Women-owned businesses differentially experienced a significant drop in profit and an acceleration of losses: losses jumped from ETB 786 in April 2020 to ETB 6,000 in June 2020. While women-owned businesses were disproportionately affected by the COVID-19 pandemic, less than one percent had received any type of government support. Across the three survey rounds, a total of 18 firms reported accessing such support services: only two of them were women-owned businesses.

In India, women-led enterprises comprise around 20 percent of all enterprises. Self-employed women engaged in agriculture had the highest gender disparity in recovery (~eight percentage points) (Dalberg, 2021). An analysis of women micro entrepreneurs in September 2020 found that 75 percent were unable to pay their employees at all for a period of three months after the COVID-19 crisis shut down over 79 percent of women-led enterprises. While around 10 percent were able to pivot their business into a potentially sustainable new model, they faced significant challenges around procurement of raw materials (e.g., longer delivery times, low stock with suppliers) and access to markets to sell their products (SEWA Bharat, 2020(b)). While some had shifted online for their work, a 47 percent digital gender gap implied that the benefits of the online economy would benefit women significantly less (SEWA Bharat, 2020(a)).

Coping strategies to endure these losses in income have depleted women's finances and assets during this crisis among informal own-account workers and microenterprises. An IFMR-LEAD and World Bank survey of rural enterprises led by women in India reports that 11 percent of the 2,000+ women-led businesses they surveyed faced permanent closure of their businesses (Narasimhan et al, 2020). Revenues had nearly halved, and drawing on savings and business cash reserves had been the most common coping strategies to cover business costs (ibid). Similar to the constraints noted in the Ethiopia ➤

## Women's vulnerabilities in informal occupations (continued)

➤ studies, market supply chains had been significantly affected due to the COVID-19 lockdown and the ensuing recession. Women already had limited mobility and limited access to markets, and the current market shocks and breaks in supply chains had further dampened women's informal enterprises. These disruptions are echoed in a study of 1,589 respondents (589 microenterprise operators and 1,000 workers) in 174 blocks/sub-districts of 28 districts conducted by BRAC in Bangladesh. In this survey, 65 percent of women enterprise operators reported having no income, while 58 percent of women working in the informal economy reported having no jobs between February and June 2020 during the government-mandated shutdown. The study reports that one-third (33 percent) of enterprise operators had to shut their businesses, and 41 percent had to lay off their workers during the pandemic. 86 percent of the enterprise operators reported that they could not take any measures for coping with their business-related challenges, and only 29 percent of enterprise operators reported having any knowledge of government support (BRAC, September 2020).

Studies by SEWA Bharat and the SEWA Cooperative Federation (SEWA Federation, 2020) report that over 86 percent of women respondents in the agriculture sector face significant debt burdens since they were unable to recoup their last investment due to the spring harvest coinciding with the COVID-19 crisis. Rural communities in India have also had to bear the brunt of the migration exodus from urban centres, as well as compounding crises such as Cyclones Amphan and Nisarga, forest fires in Uttarakhand, locust infestations in Madhya Pradesh and Rajasthan, and floods in Bihar and Assam. Additionally, impacts on rural communities appear to be undercounted as

access to data (specifically on impacts on women, as communication assets, means, and privacy are lower among women—see Alvi et al, July 2020) has been intermittent due to the COVID-19 crisis and the subsequent impediments to mobility.

Qualitative studies and small-scale studies of women-led microenterprises validate these larger sample survey results. Mathew, Deborah, Karonga, and Rumbidzai (2020) describe how many self-employed women in Zambia predicted that it would be unlikely that they would revive their businesses due to spending down their savings during the downturn. Jaim (2020) reports that women business owners in Bangladesh felt that gendered issues had affected their ability to keep their businesses running during the pandemic in both negative and positive ways. Key negative issues included higher wholesale prices for women business owners (relative to men), lack of domestic helpers at home, which increased workloads, lack of mobility to make deliveries, and patriarchal attitudes of husbands; on the positive side, some respondents reported receiving support from family in completing household work and supporting other women in overcoming patriarchal barriers.

As noted in this section and the previous one, informal women wage workers employed in both firms and households have been vulnerable to employment termination or reduced hours, and own-account women workers have faced distinct market-related challenges. However, no studies were identified on the impact of COVID-19 on contributing family workers. This is a significant data gap given their large representation in women's employment (close to a third of informal employment) and one that must be urgently addressed in order to reach these women workers with adequate support. ●

## Call for action and recommendations for policy consideration

**Just as an increase** in women's paid employment and share of household income can increase women's bargaining power within and outside the household (Kabeer, 2008; Qian, 2008), the current reversals risk impacting not just basic economic security, but additionally women's ability to shape individual, household, and community decisions.

Rather than considering informal employment as a safety net for formal employment, governments in LMICs must recognise that it is an area of employment with its own risks, and that with the right policies, it could become a site of better working conditions and an engine for ground-up prosperity. Workers in informal employment are not a homogenous group, and

policymakers need to be acutely cognisant of the hierarchies of risk going into a crisis such as the current pandemic and recession. A key question that governments, markets, and civil society must collectively and continuously ask is therefore: how do we identify and incorporate the hierarchy of risk and vulnerability in employment in our response to the pandemic and through the economic recovery, now and in future crises? Models that do this note that “home-based workers, casual wage workers, the informally self-employed, and, in particular, women are more vulnerable and face a higher risk of poverty” (Rogan, 2016). ➤

### Box 1:

#### Gender and COVID-19 recovery

We want to highlight three particular points of departure from the current policy dialogue on gender and the post-COVID-19 economic recovery:

1. All things are not equal when it comes to evaluating who has been hardest hit by the pandemic and the ensuing recession. We must pay attention to the variations among women's experience in employment, and specifically the majorities engaged in informal employment in LMIC settings—considering whether the instance is one of lost jobs, lost work that did not return, or returned to work and lost income/working hours—in designing an appropriate suite of effective policy responses.
2. We must pay close attention to the pattern of savings and credit behaviour and outcomes, and income and asset loss. Downward spirals in these metrics present a real risk for high-interest debt traps for women and informal workers.
3. Addressing the gaps in the accurate measurement of women's work and women workers in informal employment across categories of employment in a dynamic and timely manner is critical to gaining an accurate picture of the needs of the majority of women workers in LMIC contexts, and the needs of the most vulnerable workers among them.

## Call for action and recommendations for policy consideration (continued)

➤ Informal wage workers constitute one significant demographic, while we group own account workers, microenterprise operators, and contributing family workers into a second broad demographic for targeted policy consideration. We propose recommendations that would apply to all women informal workers, as well as a breakdown of specific policies per demographic.

### Recommendations for all women informal workers

Women in informal employment, including the 29–31 percent working as contributing family workers, first and foremost need to be accurately counted and recognised as workers creating economic value, and subsequently incorporated into existing government accounting and relief schemes that support their improved access to work and returns from work. Women farmers in India, for instance, are under-registered and undercounted as workers, and therefore more limited in their ability to access schemes and entitlements designated for the agriculture sector. In several countries and especially during crises like the current pandemic, official statistical systems often do not have accurate counts of levels and changes in women informal workers in categories such as home-based workers or domestic workers.

**In India, women farmers are under-registered and undercounted as workers, and therefore more limited in their ability to access schemes and entitlements designated for the agriculture sector.**

Government planning and management systems severely affect women informal workers with little to no consideration of how policy changes impact them. Examples include the impact of city planning measures affecting street vendors and their access to markets, impact of waste management systems on informal waste

collectors, and the impact on smallholder farmers of contract farming and large-scale land acquisition. We must therefore critically examine policies related to government planning and management and private sector reform to ensure that they promote and support existing livelihood opportunities in the informal economy.

Social safety net measures extended early in the pandemic provided crucial support to informal workers where they could be accessed. In the short term, the interventions that mattered more to informal workers were emergency cash grants and food relief, as well as moratoriums on rent and utilities, but those were short-term or one-time and set to expire in many cases. These relief measures must be extended for the immediate future, especially for the most vulnerable workers. Food transfers were noted to be particularly effective during COVID-19, especially those that expanded the reach of these transfers to communities who were undocumented (Agarwal, K., 2020). Early on in the pandemic, in Raipur, Chhattisgarh, India, for example, 94 percent of women in the sample of 2,703 women across 180 Gram Panchayats reported receiving their food rations through the Public Distribution System in April–May 2020, while only 49 percent of them reported having received their electronic cash transfer into their bank account via the Pradhan Mantri Jan Dhan Yojana (PMJDY), and only 43 percent reported having received the LPG (cooking gas) subsidy at the time of the survey (Yale Economic Growth Center, 2020). A third of the women surveyed either lacked a PMJDY account or were not sure if they had one (ibid). Yet, these safety net measures were not at sufficient scale to reach large numbers of eligible recipients. India's PMJDY programme aimed to distribute Rs. 500 (USD \$6.80; ~USD \$21 in PPP terms) per month between April and June to all female PMJDY (financial inclusion) account holders and reach an estimated 200 million women, yet even this scale of operations was estimated to likely miss 176 or so million low-income women who qualified for ➤



## Call for action and recommendations for policy consideration (continued)

➤ the benefit but did not have PMJDY accounts (Pande et al, April 2020).

Unconditional cash transfers or a quasi-universal basic income would provide immediate relief to struggling families and will boost local economies. Social protection measures such as cash and food transfers all need to be specifically focused on women in informal employment. Studies on the relationship between Universal Basic Income and its impact on underserved communities highlight the additional benefits to targeting women as recipients of cash transfers (Davalá et al, 2015), resulting in a 2017 recommendation by the Economic Survey of India that cash transfers be given directly to women (Khosla 2018). Many low-income country safety net programmes currently directly target women either through their targeting criteria or otherwise through household beneficiary selection on who receives the transfer within the household (Zimmerman et al, August 2020). The state of Assam in India, for instance, was planning the Orunodoi cash transfer programme for families in the state based on income (the qualifying criteria was a composite household income of less than Rs 2 Lakh per annum). From October 2, families in Assam would get USD \$13/month (INR 1,000/month) or USD \$44/month in PPP terms. The transfers were to the bank account of each recipient family, but the family had to nominate an account held in the name of the woman. A male member was not entitled to get the money in their bank account in this scheme. The scheme was going to cover 17 lakh families and the target was to expand it to 25 lakh families. However, relying on new forms of identification and digital payment rails for emergency relief payments has raised the risk of exclusion among more marginalised women beneficiaries who were already less financially and digitally included before COVID-19.

While the use of cash transfers and the amounts transferred have increased greatly since the start of the pandemic, the transfers are typically short-term, and the extent to which they

buffer enterprise operations in the medium to long term as demand recovers is unclear. Governments have experimented with alternative methods to target transfers to the most vulnerable. Morocco reached three million informal workers by tapping existing health sector databases (Ramed). Indonesia added a new application-based programme for informal workers to supplement a social assistance programme that already reached 40 percent of the population inscribed in the social registry. Thailand paid about USD \$170 to 15 million informal workers for three months starting in April and announced a new round of USD \$100 for three months to roughly the same number of individuals in August. In April 2020, the government of Namibia rolled out the Emergency Income Grant, a one-time payment of N750 for informal workers who do not receive other social benefits.

**In Indonesia, the government added a new application-based programme for informal workers to supplement a social assistance programme that already reached 40 percent of the population inscribed in the social registry.**

Aside from the design of these schemes, utilising these schemes needs to be made far more women-centric with more targeted outreach to women and streamlined access for increased uptake. The SEWA experience shows that women are less likely to know about schemes that benefit them and are less comfortable with digital tools to access the schemes. Schemes such as the Delhi Government e-coupon to access rations were therefore a challenge for women to access.

Even governments that are well-intentioned run into sustainable financing constraints. A key policy analysis gap to fill includes careful ➤

## Call for action and recommendations for policy consideration (continued)

➤ modelling and analysis of alternative fiscal policy measures and their relative progressivity, inclusivity, and gender-intentionality in terms of outcomes across the distribution of households and workers in low- and middle-income contexts to inform spending prioritisation. The data gaps underlying such an exercise will first need to be filled. Arguments against fiscal consolidation abound with comparative analyses of countries' fiscal expenditure highlighting the wide range in planned expenditures across countries. The United Nations Conference on Trade and Development recommends bold public spending to counter and recover from the impact of COVID-19 (Trade and Development Report 2020), while stressing that measures must both target short-term relief and long-term recovery. However, spending in countries differs considerably, with some spending close to 16 percent of their GDP on relief measures related to COVID-19 while others spend under three percent.

The lack of broad-based, systematic, and comprehensive social protection systems is a pre-existing condition affecting informal workers (Marcos Barba et al, Oxfam 2020). Beyond social safety net policies, broader social protection systems that include old age pensions, for example, often do not cover informal workers by design. A serious examination of comprehensive social security policy that includes and optimises for the most vulnerable first, especially women in the informal economy, is therefore critical.

For longer-term resilience, priority must be given to expanding the social security system for all workers and contributing family members. A selection of welfare schemes and benefits that must be prioritised during recovery are:

- Enrolment in comprehensive health coverage and insurance schemes;
- Access to fair and liveable pensions; and
- Old age homes set up by government with multiple stakeholders contributing to their maintenance (e.g., Urban Labour Bodies and employers).

Voice and agency are critical for women workers to gain visibility, influence policies, and build their own self-confidence. Organisations like trade unions, cooperatives, and other forms of women's collectives need to be built and recognised by governments and others in power. These collectives allow women to recognise their own contributions to the economy as workers and gain awareness of their rights as productive residents. There is a critical need to strengthen pre-existing alliances among organisations of and for marginalised women workers, such as inter-movement convenings to address the root causes and accompanying vulnerabilities of internal migration in India (GAATW, 2019).

**Voice and agency are critical for women workers to gain visibility, influence policies, and build their own self-confidence. Organisations like trade unions, cooperatives, and other forms of women's collectives need to be built and recognised by governments and others in power.**

A critical cross-cutting need is a recognition of women workers' childcare needs and systematic investments to help support a variety of options that work for working women through public, private, and subsidised family-based provision. In India specifically, increasing investment in hiring women as frontline workers to provide primary healthcare with a preventive focus (KPMG, 2020), as well as to provide an extension of the government's Integrated Childhood Development Scheme (ICDS) programme delivered through Anganwadi centres to offer safe and improved child-friendly programming and longer working hours so that working mothers can return to work, is an important area for public investment. This will boost employment for both those employed by this large programme as well as those who can now avail of the subsidised ➤

## Call for action and recommendations for policy consideration (continued)

➤ high-quality services provided. For additional details on how COVID-19 has exacerbated unpaid care work for women as caregivers, please see Grantham et al (2021).

Finally, safety concerns and the threat of violence are an ever-present concern among women informal workers, whether they are domestic workers working in others' homes with increased restrictions on leaving the employer's home, or whether they are street vendors and waste pickers working in public spaces and subject to new curbs and threats from the police and law enforcement during COVID-19. Governments must commit to ensuring that women informal workers pursuing their livelihoods will not be harmed and that the state will enforce an empathetic and supportive approach among its staff towards the most vulnerable (Fox and Landry, 2020).

### Targeted recommendations for informal wage workers

Many more countries have instituted paid leave/unemployment benefits that are more advantageous to those in formal wage employment (Gentilini et al, 2020). If we were to focus on informal wage workers instead, the need for fair labour market policies and practices would rise to the top as the dominant need of the hour. Recent reports out of India (Seth, 2021) highlight that labour protections for wage workers are rapidly disappearing. We propose that the formulation of labour market policies regarding wages, hiring systems, insurance, and negotiating forums be established, specifically:

- Minimum wage rates for hourly, daily, monthly, and piece-rate work be determined.
- Piece-rate work must include the labour of all involved in the production process and specifically contributing family workers (e.g., families who work in brick kilns and in home-based work).
- Relations between employers, contractors, and workers be clarified and institutionalised, with increased transparency/monitoring of

hiring and firing decisions.

- Special schemes of accident and liability insurance be instated.
- A tripartite negotiating forum involving all stakeholders, i.e., workers, employers, and government (akin to the formal sector), be established.

It is important to note that it is not informal wage workers who make their own jobs informal—it is the employers who hire them without protections. Raising the costs of labour can be accommodated by reducing costs along several other margins of the enterprise, as cooperative enterprises often do, for example by reducing profit or compensation margins at the top and among management, closing tax loopholes, etc. It is a choice (based on a particular understanding of business models and stakeholder/shareholder maximisation) to pay women workers a few cents for a day's work, not an inevitability. Ongoing work by SEWA in India explores this question and gathers preliminary evidence that raising piece rates and instituting welfare boards can benefit informal wage workers without eliminating jobs. Large-scale and general-equilibrium measurement are critical to empirically investigating and validating approaches to improving the returns to informal wage labour without sacrificing competitiveness.

Public work programmes also need to retain a key focus on women informal economy workers across the existing status in employment categories. Of the large increase in social protection programmes across countries during the first six months of the pandemic, very few included workfare or public works programmes that could be more advantageous to maintaining informal workers' income streams and wage levels (Gentilini et al, 2020). There is a critical need for public works programmes to create reliable and stable jobs for women informal workers, particularly wage workers but also other categories of informal workers. There is some indication that, without an expansion in the ➤

## Call for action and recommendations for policy consideration (continued)

➤ provision of workfare entitlements per household through programmes like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India, women's ability to claim this entitlement might fall even as returning men migrant workers claim this benefit, compared to pre-COVID-19 participation levels and distribution of workers (Agarwal, B., 2021). Any investment in public works in rural and urban areas needs to recognise that for these programmes to be better than just cash, they should result in a productive asset (not just digging for the sake of digging). In addition, implementing public works programmes effectively takes more time, arguably more time than scaling up cash transfers. On the other hand, and in relation to the earlier points on stabilising base wage rates among informal workers, the evidence thus far around improvements to wage rates and poverty alleviation from improvements to the MGNREGA public workfare programme in India is positive and promising (Muralidharan et al, 2020). Analysis of differential patterns by gender are not yet available, but emerging analysis of MGNREGA during COVID suggest that MGNREGA might have differentially reduced job losses for rural women over baseline employment rates (Afridi et al, February 2021).

Formulating and enforcing labour protections and support policies for informal women migrant workers (domestic and international) are key priorities. For domestic workers, very basic labour protections are needed. According to the International Domestic Workers Federation (IDWF), 19 of 65 countries studied by the ILO do not have basic protections such as written contracts and protections against arbitrary dismissal (IDWF, 2020).

Rapid changes in technology require that workers acquire skills. In general, women are less likely to be trained in jobs that use technology and thus get left behind with lower incomes in lower-skilled jobs. Skill training for women wage workers in the use of technology in

their fields is necessary to ensure that they remain competitive in the labour market.

Identifying accountabilities and responses from local markets and global supply chains is a key component. One piece of the puzzle here is finding ways to hold global brands accountable for all workers in their supply chains, and the OECD due diligence mechanism is an important part of that process. An example is home-based workers, mainly women, who are at the last link in global value chains mainly in garments and footwear sectors and who operate either as contracted piece-rate wage workers or own-account workers. These workers need to be recognised by global brands, who must ensure that they make a fair wage and find ways to move them up the value chain (UN HLP, 2017; Ethical Trading Initiative). Examples of ethical trading practices that acknowledge and recognise home-based workers in the global supply chain are IKEA and FabIndia.

**Formulating and enforcing labour protections and support policies for domestic workers are key priorities. 19 of 65 countries studied by the ILO do not have basic protections for domestic workers such as written contracts and protections against arbitrary dismissal.**

**Targeted recommendations for informal enterprises (own-account workers, microenterprises, and contributing family workers)<sup>9</sup>**

The issue with informal women-led enterprise owners (informal microenterprise operators and own-account workers) is that they fall outside of government programmes typically aimed at enterprises with five or more employees. Governments need to actively consider ways of supporting informal women-led enterprise operators with analogous tools for ➤



## Call for action and recommendations for policy consideration (continued)

➤ compensating revenue/wage loss from decreased demand, supply chain disruptions, input cost increases, and cash flow challenges from liquidity constraints.

Own-account workers face a unique set of challenges when it comes to accessing finance. Women informal own-account workers are not recognised by banks, have little to no asset security to deploy as collateral, rarely if ever have formal accounts or records that can be used to evaluate creditworthiness, and are therefore driven to the margins of the financial system.

To include such informal enterprise operators in their relief efforts, in addition to the broad set of social protection measures outlined above, a combination of grants, subsidies, and loans need to be deployed to support women microentrepreneurs in accessing the working capital required to resume their work, such as the SVANidhi scheme targeting street vendors. The National Urban Livelihood Mission (NULM) in India enrolled 2.9 million street vendors in six months under this scheme (the scheme targets reaching five million vendors), of which 1.2 million were women workers. The scheme provides collateral-free working capital loans (~\$135/year) at a subsidised rate of interest (seven percent conditional on timely or early repayment of the loan). The scheme also attempts to partially formalise street vendors' work through the provision of Certificates of Vending and Identity Cards. While the scheme leverages lending institutions and digital payment aggregators to onboard street vendors, it is critical that decisions around formalisation, third-party linkages, and data ownership are retained by the women informal workers themselves.

Effective systems of finance have to be developed by designing new methods and measures of evaluating businesses for affordable financing support, taking into account the characteristics of informal enterprises. Successful models of deploying social capital as a measure of business performance can be drawn from SEWA Bank and Women's World Banking,

where a woman enterprise-operator's reliability within the community is used as a proxy for her creditworthiness. Additionally, alternative screening methods have recently become a focus of researchers to evaluate whether they are responsive to the barriers women face in accessing credit. A few promising options include psychometric screening (Arraiz et al, 2016) and using bill payment histories to build a machine learning model to predict credit scores (ongoing IPA study in the Dominican Republic, presented in IPA Briefing Note, 2020).

Additionally, to focus on recovery alongside resilience, mixed financing systems that draw on a combination of grants, loans, and investments need to be devised and deployed. This will target a phase-wise business recovery plan, designed to meet the needs of the informal enterprise at its respective stage. Transferring resources in-kind or directly to women's own accounts may give women more control over how the loan or grant is used. Fafchamps et al (2014) find that in-kind grants showed higher impact relative to cash grants and were stickier especially among women. In Uganda, women who had their microfinance loan disbursements directly deposited into their mobile money account were able to better control how the loan was used and had higher profits and levels of business capital (Riley 2020, IPA 2020).

When considering informal enterprises, it is key that we consider women's collective enterprises as a conduit for stabilising women's earning streams and resilience in the face of risk. Women's collective enterprises, particularly in South Asia where they are more prevalent, have proven to improve the lives of women in the informal economy, especially during COVID-19. In a comparative study in Nepal, Kala (2020) finds that collective enterprises were "able to offer their members moral and material support to cope with the crisis, [and] Home-Based Worker producer companies showed great agility in arranging work for their members...while average weekly earnings did reduce during April–May, ➤

## Call for action and recommendations for policy consideration (continued)

➤ workers in the Thimphu region saw their income drop to about 65 percent of pre-crisis levels. 50 percent of SAARC Business Association of Home Based Workers (SABAH) Nepal members had no work at all during the lockdown, but by August, 90 percent were back at work; average weekly earnings that had dropped to 20 percent had recovered to over 83 percent by August” (Kala, 2020). The success of some cooperatives and collective enterprises in evading some of the more dire consequences of the pandemic and recession for their workers is evident in cases like that of the Erreka Group that is a part of Mondragon’s network of cooperatives in Spain that “averted layoffs by temporarily trimming wages by five percent” and that “continued to pay workers stuck at home in exchange for the promise that they would make up some of their hours when better days returned” (Goodman, P. New York Times, December 2020).

**In Nepal, a comparative study found that collective enterprises offered their members moral and material support to cope with the crisis. For instance, 50 percent of SABAH Nepal members had no work at all during the lockdown, but by August, 90 percent were back at work and average weekly earnings that had dropped to 20 percent had recovered to over 83 percent.**

Self-help groups and collective enterprises across India have been deployed for making masks, personal protective equipment (PPE), and sanitisers for local communities, hospitals, and government procurement. Agarwal, B. (2021) lays out a compelling case study from the state of Kerala in India where women’s farming collectives rapidly adapted to the crisis, and,

“unlike individual male farmers in Kerala and other states whose vegetables and fruits largely perished (some even had to throw them away), Kerala’s (women’s) group farmers found buyers, and helped communities by linking with food relief.” This created employment for women at a time when there was no income. However, many of these enterprises need significant handholding support in establishing themselves; therefore, there is a need for shared enterprise support systems that can help pilot, establish, and scale informal women’s collective enterprises. Additionally, artisans and their families should be given access to skills training that allows them to keep up with new market trends and supports them in pivoting their skills to meet demand. Own-account workers more broadly should be provided entrepreneurship training, leveraging the emerging evidence base on skill acquisition programmes that are especially effective for women-led enterprises. For instance, a personal initiative training programme in Togo that sought to provide participants with a more entrepreneurial mindset and ability to creatively problem-solve boosted both innovation as well as profits among women-led businesses (Campos et al 2018, IPA Briefing Note 2020).

Continued government procurement from women-led collective enterprises, even after the current crisis, will allow these aggregated enterprises to resume and revive their business and support communities in their revival. To do so, procurement processes overall must be overhauled to become simpler and more conducive for women-led enterprises and smaller players. The current system requires working capital and a significant amount of digital literacy to even submit a bid, which serves as a barrier for women-led enterprises to access better markets. There is, therefore, a need for interventions to provide access to markets and boost demand for goods and services provided by women who run informal enterprises. Governments can play a positive role in building local markets by partnering with local organisations. In the ➤

## Call for action and recommendations for policy consideration (continued)

➤ OECD's Development Co-operation Report 2020, Roever and Tulaphan report that in response to significant supply chain disruptions during COVID-19, government-community partnerships showed great promise as a means to rebuilding linkages (OECD, 2020). It is critical, therefore, to examine how government demand can be sustained through systematising procurement flows from informal collective enterprises set up during COVID-19 (e.g., cooked food and PPE production in India). Where procurement policies exist, for example, through government policies around enterprise funds for women and initiatives such as the Access to Government Procurement Opportunities (AGPO) in Kenya, the quotas or resources offered are often under-utilised and under-subscribed by women-led enterprises and face numerous issues around sound implementation and effective utilisation that need to be addressed (UN HLP, 2017).

It is critical to support the adoption of digital technology among informal women-run enterprises, own-account workers, and those entering the gig economy. As noted in Torres et al

(2021), there are encouraging signs of interest in onboarding to digital platforms, particularly among women-led microenterprises. Digital technologies have redefined linkages with the market and are driving the engine of innovation. SEWA has helped build a network of grassroots banking correspondents called bank saathis, and, recently, in collaboration with the State Bank of India (SBI), SEWA has facilitated the expansion of the grassroots Banking Correspondents network in Uttarakhand. During COVID-19, with social distancing becoming a norm, usage of digital technology became a requirement to gain information, stay connected, and carry out business as usual or to make business to consumer (B2C) transactions possible. SEWA has been hand-holding its members to leverage existing digital platforms for production, sales, and distribution of services, such as leveraging digital platforms to increase the sale and visibility of women-made products and services, and linking women entrepreneurs and enterprises with digital platforms specifically designed for women. ●

## Conclusion

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**Our starting point** in this policy paper is a recognition that the work of hundreds of millions of women informal workers creates tremendous economic value in LMIC settings, value that has been eroded during the COVID-19 crisis. Anchoring the economic recovery's policies on an assumption that economic value starts with larger firms and enterprises when they create jobs would, therefore, be erroneous. This is in some sense parallel to the argument for decoupling economic growth from growth in quality or wellbeing (Strand et al, 2020). We are asking public and private sector actors to focus on women workers and on the goal of improving their quality of life and work. In doing so, we will be encouraging more enabling conditions for the majority that could ultimately lead to sustained creation of economic value, entrepreneurial openings, and changes in real welfare outcomes. We are asking policymakers to prioritise alleviating economic hardship and building ground-up economic prosperity, starting with those with the most acute vulnerabilities in the current economic shock.

Our focus on women as informal workers in this paper calls attention to the impact of the pandemic on oft-overlooked categories of women workers and calls for their prioritisation in recovery packages. Available evidence suggests a more severe and longer-lasting impact of COVID-19 on women's employment than on men's employment for a range of reasons including the share of women's employment in sectors affected by social distancing measures; an increase in unpaid care work; market and supply chain disruptions in sectors where women are concentrated, such as domestic work; and crisis coping strategies and limited outside options that erode women's assets and leave them more vulnerable to a slower recovery. As we have laid out in this paper, women workers' experience of vulnerability in informal employment varies according to their status in employment, place of work, occupation, and the specific circumstances

of being women workers within the power hierarchies of the occupational groups. The presented evidence highlights the seriousness of the threat that COVID-19 poses to the long-term wellbeing of women workers across LMICs. In response, we present a set of policy priorities and recommendations organised in a three-part recovery proposal:

1. Cross-cutting measures that focus mostly on social assistance, labour market/employment policy, and urban policy.
2. Policies for wage workers (workfare, written contracts for domestic workers, etc.).
3. Policies for self-employed workers, microenterprise operators, and contributing family workers (working capital, market access, etc.) that are effective only when combined with the cross-cutting recommendations.

COVID-19 has highlighted the critical role played by women in their local communities, particularly in last mile service and programme delivery (Sen and Atkins, 2020), and these capabilities and ways of organising should become a systematic attempt at decentralisation across countries like India to boost access and utilisation of schemes and entitlements aimed at improving the lives of women workers. The implementation of these schemes by women at the local level will provide employment and income to women, and also ensure that the entitlements reach those for whom they are intended.

If governments do not pay urgent attention to the needs of women informal workers, they risk the loss of key economic contributors to temporary market challenges, which will cause widespread distress and significant increases in poverty. Additionally, reversing gains to women's economic empowerment risks impairing women's broader ability to shape their individual pathways, as well as their households, communities, and societies, which is why this risk is so severe, so pressing, and so long-term. ●

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## Endnotes

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- 1 For the most recent classification of workers recommended by the ILO, please see ICSE-18 - <https://ilostat ilo.org/resources/concepts-and-definitions/classification-status-at-work/>.
- 2 Nearly one-third of women in informal employment are classified as contributing family workers. However, many of these workers so classified make decisions that affect the economic unit and have some responsibility for it. These workers should be classified as a person responsible for the family business. In the recent revision of the International Classification of Status in Employment (ICSE-18), contributing family workers are no longer grouped with the self-employed but with dependent workers, the group that also includes Employees and Dependent Contractors. Further, the recommendations place priority on adding a question to the survey to determine if, in fact, the worker has no responsibility for the economic unit or whether they make, or contribute with others to make, decisions about the running of the family business in which case they are classified as independent workers. These new recommendations will hopefully lead to more accurate numbers of women in this vulnerable group.
- 3 For an analysis of COVID-19 impacts on small and medium enterprises (SMEs), i.e., enterprises that have clearly passed the “employment threshold” (having five or more employees who are typically non-family members) and have a greater likelihood of being registered, please see Kevane et al (March 2021).
- 4 This WIEGO analysis and report is forthcoming in May/June 2021.
- 5 This WIEGO analysis and report is forthcoming in May/June 2021.
- 6 Intersectionality refers to “the complex, cumulative way in which the effects of multiple forms of discrimination (such as racism, sexism, and classism) combine, overlap, or intersect especially in the experiences of marginalised individuals or groups.” (Merriam-Webster)
- 7 Ghosh and Bilkhu (May 2020) consider this official figure a gross (ten-fold) under-estimate, suggesting that there could be close to 50 million domestic workers in India.
- 8 These surveys largely cover formal businesses across five broad sectors—hospitality (accommodation and food preparation services), manufacturing, retail and wholesale, other services (transportation and storage services, information and communication services, and financial services), and others (agriculture and mining, and construction and utilities)—though informal firms are included in Cambodia, Gabon, Senegal, South Africa, and Sudan. Though the sampling frames for these surveys are not nationally representative for men-led and women-led enterprises, this analysis does provide a comprehensive and well-distributed view of gender differentials among women-led and men-led enterprises of various sizes and across sectors.
- 9 As noted previously, contributing family workers (CFW) constitute a group that lies between wage workers and own-account workers, and the new ICSE (International Classification on Status in Employment)-18 recognizes this and classifies contributing family workers as dependent or independent workers based on their contribution to decision-making related to the running of the family business. Since contributing family workers are classified under ‘workers in employment for profit’ and often in past survey practice, the first member in the household roster who works in a given family activity is typically listed as self-employed and subsequent members will default to being listed as contributing family workers, we include CFW in this section that provides recommendations for informal own-account or micro enterprise operators given the likelihood of similar working conditions. However, the caveat holds that for some contributing family workers who are in practice dependent, working conditions might be closer to dependent wage workers than to self-employed own-account or micro-enterprise operators. Future rounds of surveys that follow the ICSE-18 guidelines will help improve the accurate measurement and categorization of CFW.