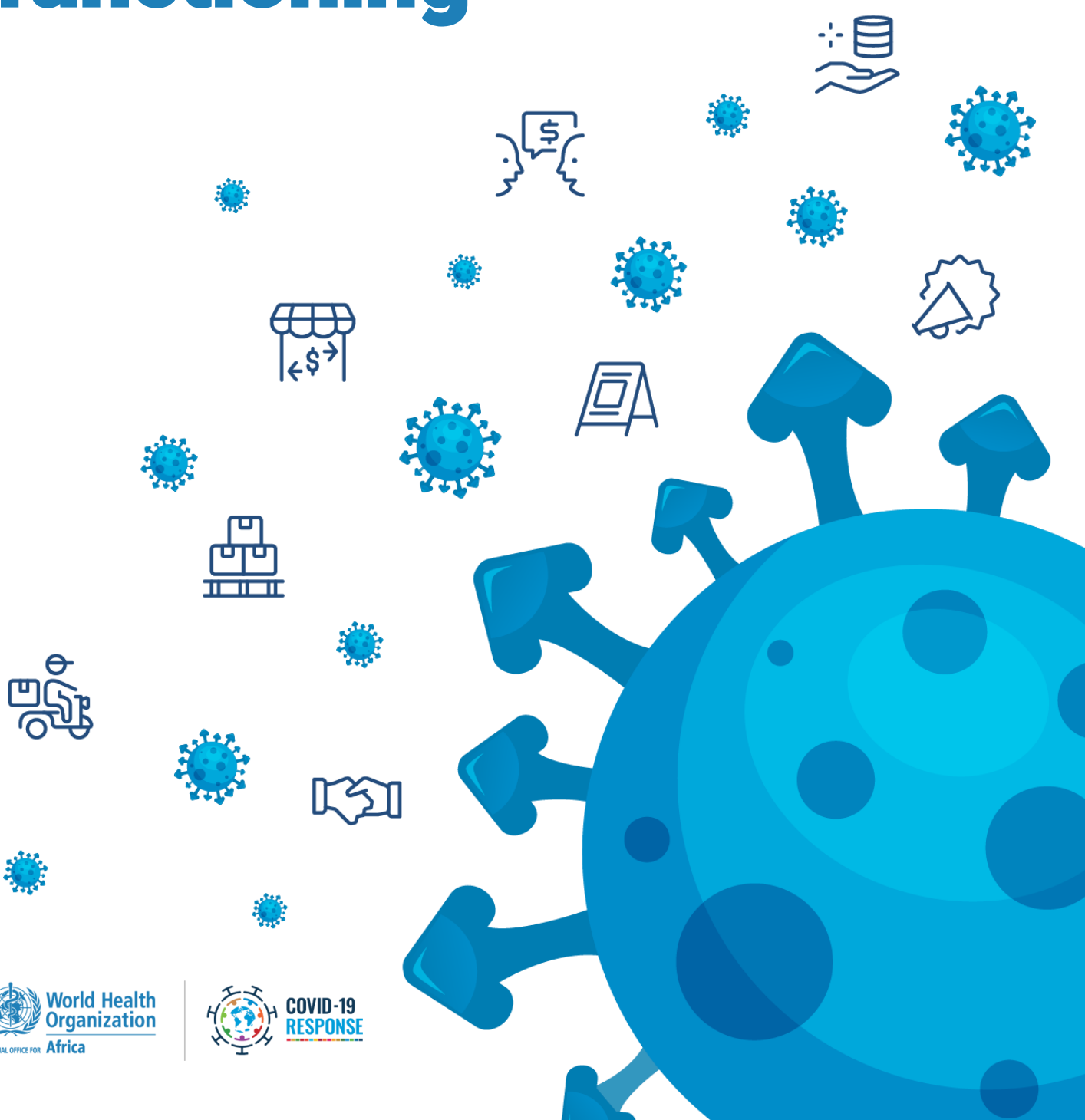


Informal sector functioning





The COVID-19 pandemic severely impacted the people involved in informal economy through devastating health and economic situations¹. The pandemic exacerbated vulnerabilities of those people pushing them to impoverishment, hunger and disease, as they lack the necessary social protection coverage and support mechanisms² as well as access to quality health care³. The informal sector includes waste recyclers, street vendors, transport workers, construction workers, domestic workers, small peasants in rural or peri-urban areas that were producing for the urban market as well as migrant workers, whether national or international⁴.

COVID-19 also negatively affected people involved in informal cross-border trade. This is because of the lack of government focus on the group as well as divergences in policies between neighboring countries⁵. Considering that cross-border activities constitute considerable amount of trade, the impact is huge. In the Southern African Development Community, for example, the total informal cross-border trade is estimated at a value of \$17.6bn. Typically, women represent up to 70% of informal cross-border trade in the continent, trading a variety of commodities either in raw or semi-processed, including basic to luxury goods produced in other countries⁶.

Given that greater than 60% of the world's employed population are in the informal economy⁷, the impact of the pandemic is enormous. In Africa, a staggering 85.8% of employment is informal with 93% of the world's informal employment in emerging and developing countries. Women are more exposed to informal employment compared to men in most low and lower middle-income countries and are more often found in the most vulnerable situations, according to ILO.

Informal economy workers in general have higher exposure to occupational health and safety risks. COVID-19 increases risks for workers, and many who become infected do not have a source of income security or

¹ [*wcms_743623.pdf \(ilo.org\)](#)

² https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/briefingnote/wcms_741864.pdf

³ https://www.ilo.org/global/about-the-ilo/newsroom/statements-and-speeches/WCMS_757974/lang--en/index.htm

⁴ https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/briefingnote/wcms_741864.pdf

⁵

[https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15725/890_informal_sector_and COVID-19_Final.pdf?sequence=5&isAllowed=y](https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15725/890_informal_sector_and_COVID-19_Final.pdf?sequence=5&isAllowed=y)

⁶ FAO. 2017. Formalization of informal trade in Africa. Trends, experiences and socio-economic impacts. Accra, Ghana. Also available at: <http://www.fao.org/3/i7101e/i7101e.pdf>

⁷ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm



healthcare coverage⁸. A study conducted by WIEGO highlights several common challenges faced by informal workers including: physical distancing is impossible in over-crowded urban neighborhoods and informal settlements; informal workers have limited access to information on the virus and how it spreads, and have been the target of misinformation campaigns; informal workers often lack soap and/or clean water to wash their hands; informal workers require protective gear to undertake their essential work and daily activities which they have to get themselves; meagre daily incomes mean informal workers could not stockpile food and other basics ahead of the lockdown period; and mental health challenges are cited as a key concern due to the health and economic uncertainties and their current lack of income among other conditions listed by WIEGO's study⁹.

There are growing reports on the economic losses faced by workers engaging in certain occupations due to reduced demand, lack of access to markets, and the loss of mobility of people and goods.¹⁰ In Zimbabwe, for instance, the COVID-19 pandemic halted income and provisions of household commodities for many people who wholly depend on the informal business economy for their survival. Additionally, many have risked contracting the disease and their lives by smuggling goods into the country from other neighboring countries¹¹.

While countries are supporting informal workers and helping them to revive their businesses (e.g. Ethiopia and Mali helping some to work from home sewing facemasks and then linking them up with a market¹²), policymakers face additional challenges in designing appropriate policies. Informal workers are not officially registered which makes them harder to reach, and the informal economy varies widely across countries and regions¹³.

⁸ [Countries Provide Support to Workers in the Informal Economy | Yale School of Management](#)

⁹ [Impact on livelihoods COVID-19 final EN 1.pdf \(wiego.org\)](#)

¹⁰ https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/briefingnote/wcms_741864.pdf

¹¹ https://www.ajhtl.com/uploads/7/1/6/3/7163688/article_11_10_1_165-178.pdf

¹²

https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15725/890_informal_sector_and_COVID-19_Final.pdf?sequence=5&isAllowed=y

¹³ [Countries Provide Support to Workers in the Informal Economy | Yale School of Management](#)