



Impact of lockdown measures on the informal economy

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As of April 2020, it is estimated that almost 1.6 billion workers in the informal economy have been significantly impacted by the COVID-19 pandemic, leading to an estimated decline in their earnings of 60 per cent

At the end of April 2020, the number of COVID-19 infections had exceeded 2.8 million cases worldwide, with the death toll nearing 195,000.

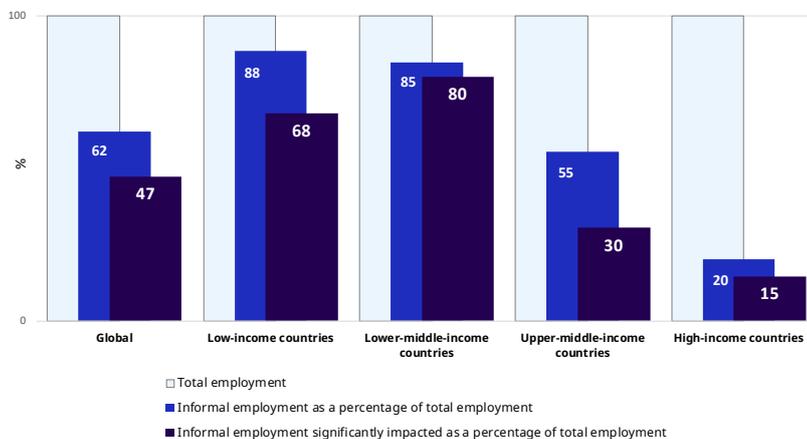
The pandemic is now affecting 210 countries and territories.¹ Until the discovery of appropriate vaccines and treatments, physical distancing is pretty much the only way to break the chain of transmission. Full or partial lockdown measures are therefore being implemented all around the world, affecting more than 5 billion people.

For most of the 2 billion workers and business owners in the informal economy, stopping work or working remotely from home is not an option. Staying home means losing

their jobs. For many, it also means losing their livelihoods. "To die from hunger or from the virus" is the all-too-real dilemma faced by many of those earning a living in the informal economy.

What is the situation today? As of 22 April 2020, close to 1.1 billion informal economy workers live and work in countries in full lockdown² with an additional 304 million in countries in partial lockdown (Table A1, Annex).³ These workers together represent 67 per cent of informal employment. Taking into account the additional effects of sectoral risk, employment status, the size of enterprises and different levels of lockdown measures (full, partial and weak measures), leads to an even larger estimate of the impact of COVID-19 on informal economy workers. **This estimate suggests that almost 1.6 billion informal economy workers or 76 per cent of informal employment worldwide are significantly impacted** by the lockdown measures and/or working in the hardest-hit sectors (Figure 1). Almost all these workers (over 95 per cent) are working in small units of less than 10 workers (Table A2 and Table A3, Annex).

Figure 1: Proportion of informal employment significantly impacted by lockdown and social distancing measures by country income groups (2020, percentages)



Note: Estimates based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Detailed results by income group and by region are available in Table A2 and Table A3 (see Annex).

1 Data compiled by Johns Hopkins University, available at: <https://coronavirus.jhu.edu/>

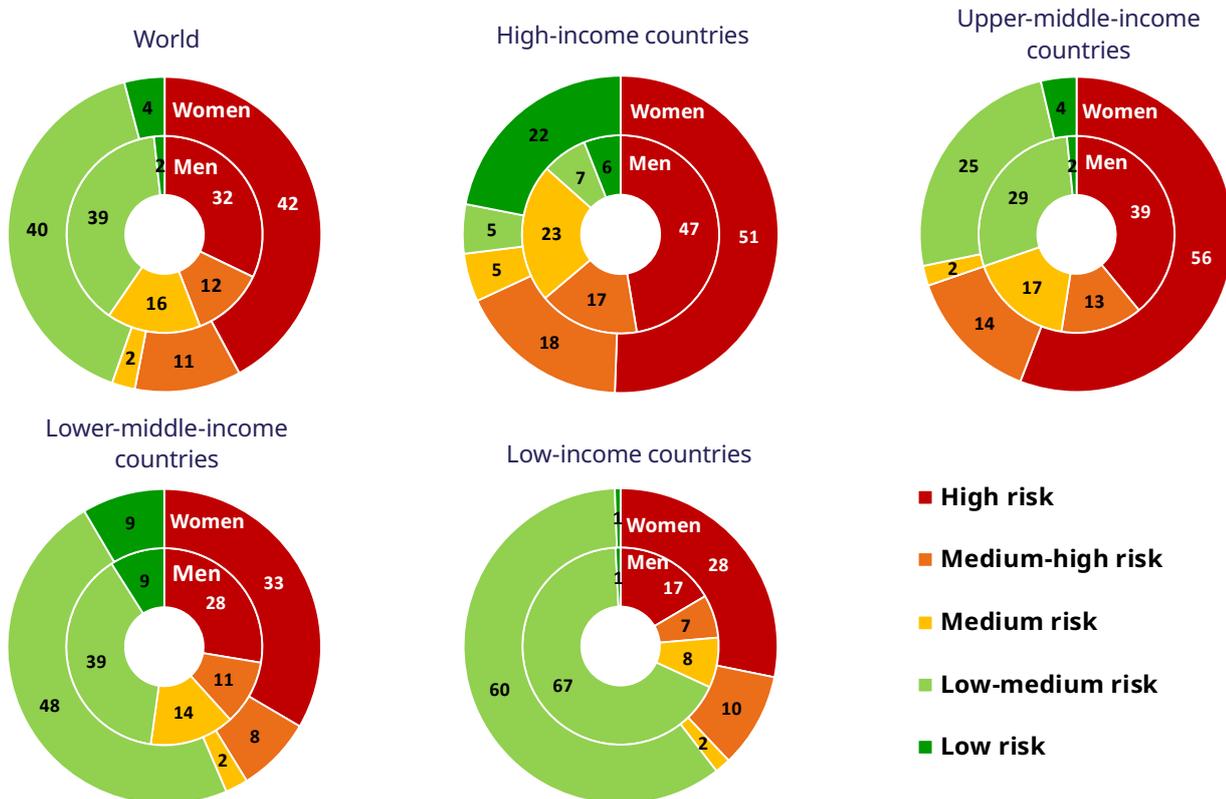
2 Countries in full lockdown are defined as countries that have taken three measures, namely, (a) mandatory workplace closure; (b) mandatory restrictions on the internal movement of citizens; and (c) mandatory shutdown of public transport. These three measures have a direct impact on the ability of workers to carry out their activities whether in fixed or non-fixed workplaces.

3 Countries are defined as being in partial lockdown when at least one of the three measures (workplace closure, restrictions on internal movement and shutdown of public transport) is mandatory.

Among informal economy workers significantly impacted by the crisis, women are over-represented in high risk sectors: 42 per cent work in those sectors compared to 32 per cent of men (Figure 2). The difference by gender is the

highest in upper-middle-income countries, where women are largely over-represented in the manufacturing and wholesale/retail trade sectors compared to men.

Figure 2 – Gender differences of the impact of the crisis in the informal economy: Women are overrepresented in high risk sectors (2020, percentages)



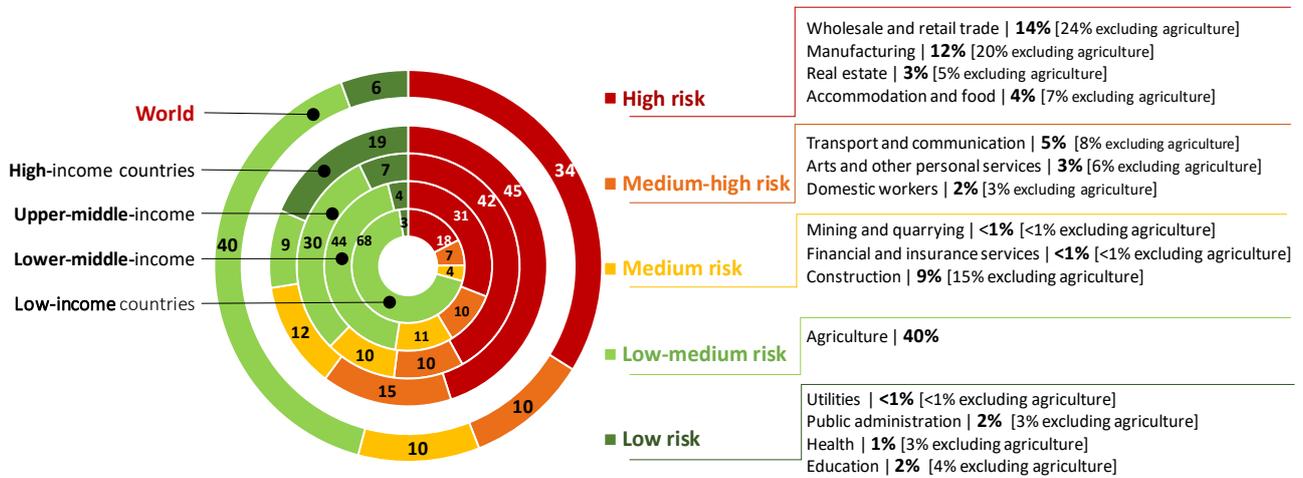
Note: based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Groups of sectors have been categorized according to the impact of the crisis on economic output using the classification presented in Table 1 in [ILO Monitor, COVID-19 and the world of work. Third edition](#).

There are at least two main reasons why such a high proportion of informal workers is affected by lockdown measures. The first is sectoral: the sectors in which they are largely represented are also the hardest-hit. The second has to do with size: the majority of the 2 billion workers in the informal economy labour as own-account workers and in small firms of less than 10 workers, which are more vulnerable to shocks.

The impact of the crisis and lockdown-associated measures differs depending on the sector. The largest sectors and sub-sectors in the informal economy are often those that are directly impacted by COVID-19 and associated measures to ensure physical distancing (Figure 3). Such measures affect access to markets, demand, imports and access to the raw materials and intermediate goods required for production, with direct consequences on the level of activity and consequent job or income

reduction or losses. Heavily impacted sectors include the wholesale/retail trade sector, which accounts for one fourth of informal non-agricultural employment globally and one third in developing countries, where the majority of those employed in the sector are street vendors. In Africa, 43 per cent of women in informal employment work in this sector. The manufacturing sector, equally hard hit, accounts for the second highest proportion of informal employment outside agriculture: 20 per cent globally, but 31 per cent of women’s non-agricultural employment in Asia and the Pacific. Last but not least, the agriculture sector accounts for a large proportion of informal employment (40 per cent of informal employment worldwide and two thirds in developing countries). Despite being considered low-medium-risk, as many as 500 million workers in this sector are seriously affected, unable to sell their products on urban markets.

Figure 3. Distribution of informal employment by at-risk sector, global and by country income group (2020, percentages)

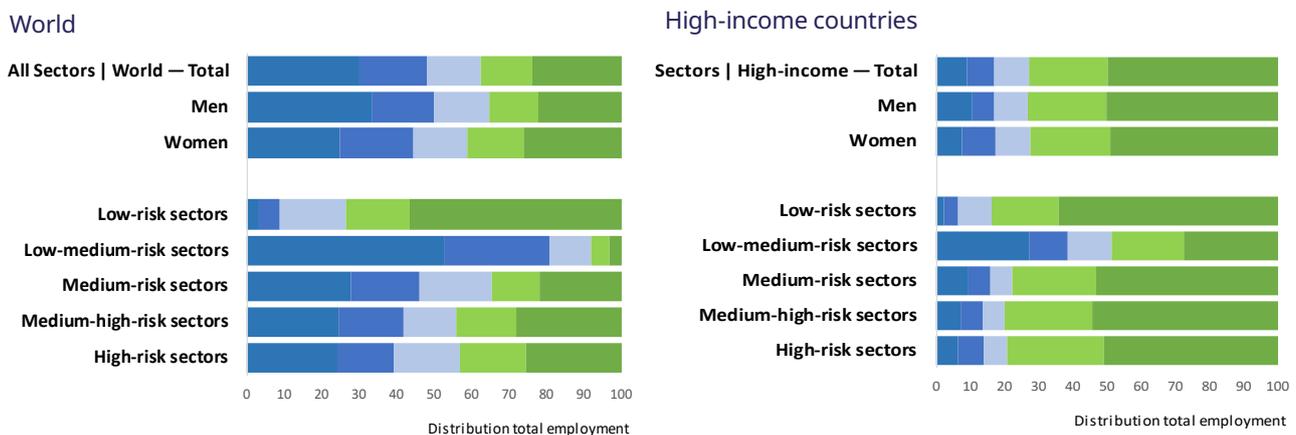


Note: Estimates based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Groups of sectors have been categorized according to the impact of the crisis on economic output using the classification presented in Table 1 in [ILO Monitor COVID-19 and the world of work, Third edition](#).

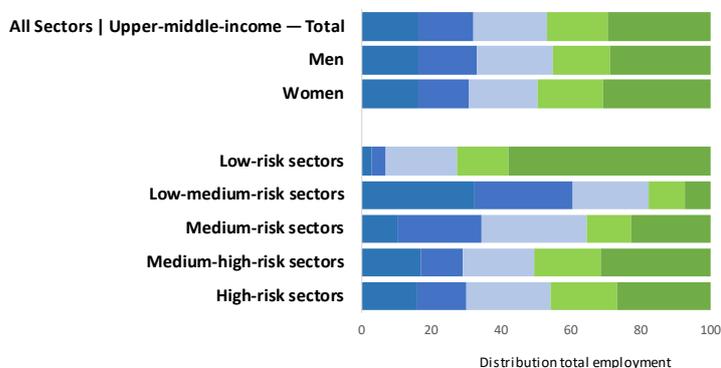
The informal economy is dominated by micro-economic units, including own-account workers more vulnerable to shocks. Unregistered own-account workers and informal employment in small-scale economic units, where the impact has been particularly devastating, account not only for most informal employment, in low- and lower-middle-income countries, they also account for most total employment. Workers, including business owners in microbusinesses of less than 10 workers represent nearly half of global employment and over 75 percent of total

informal employment (Figure 4). In low- and lower-middle-income countries informal employment in small units accounts for more than 75 per cent of total employment and close to 90 per cent of informal employment. All but the low-risk sectors are concerned. Indeed, while 75 per cent of employment in low-risk sectors is formal and 57 per cent provided by larger firms, informal employment represents from 56 to 66 per cent of total employment in high, medium-high and medium-risk sectors.

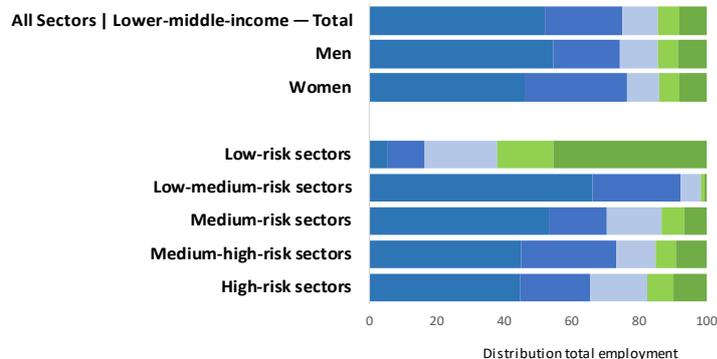
Figure 4 Composition of total employment in sectors defined by their level of risk, formal and informal employment and size of enterprise (world and income groups of countries, 2020, percentages)



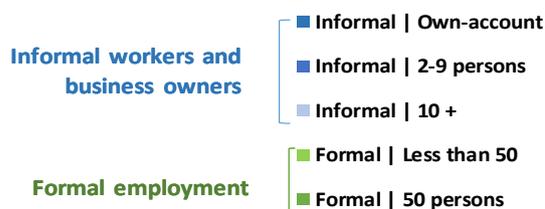
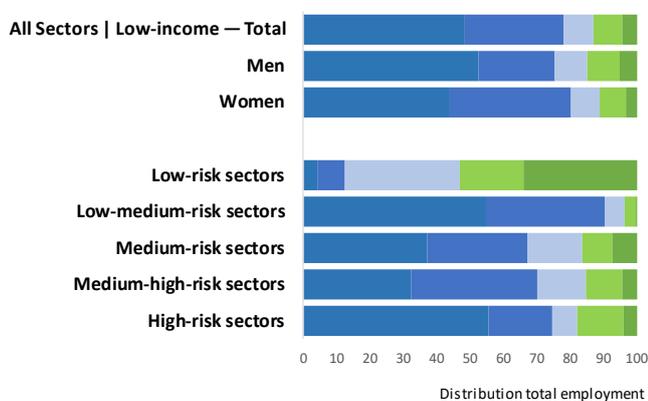
Upper-middle-income countries



Lower-middle-income countries



Low-income countries



Note: Estimates based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Groups of sectors have been categorized according to the impact of the crisis on economic output using the classification presented in Table 1 of the [ILO Monitor COVID-19 and the world of work, Third edition](#).

Income losses for informal economy workers are likely to be massive. ILO estimates show that, in the absence of income support measures, earnings are expected to decline in the first month of the crisis by 60 per cent globally, 28 per cent in upper-middle-income countries, 82 per cent in lower-middle and low-income countries and 76 per cent in high-income countries (Table 2). The high figure for high-income countries reflects the fact that this group includes large economies (e.g. United States, France and Spain) in which the informal economy is significant and which have adopted full lockdown policies. Countries in full lockdown account for over 40 per cent of total informal employment in high-income countries (33 per cent for the United States alone). An additional 45 per cent of informal workers live in countries affected by partial lockdown measures. The lower figure for upper-middle-income countries is largely explained by the fact that fewer countries in this group have adopted full or partial lockdown measures. The results are largely influenced by China, which accounts

for 66 per cent of total informal employment in this group and has considerably pared down its lockdown measures. By region, the expected decline is largest in Africa (81 per cent), Northern America (82 per cent) and Latin America (80 per cent).

With further increases in income inequality among workers, an even greater proportion of informal economy workers will be left behind. Assuming a situation without any alternative income sources, lost earnings would result in an increase in relative poverty (defined as the proportion of workers with monthly earnings that fall below 50 per cent of the median earnings in the population) for informal workers and their families by almost 34 percentage points globally; more than 21 percentage points in upper-middle-income countries; around 52 percentage points in high-income countries and 56 percentage points among lower-middle- and low-income countries (Figure 4).

Table 1: Labour income and relative poverty among informal workers as a result of COVID-19

	Median monthly labour earnings (2016 PPP\$)					Relative poverty (incidence within group)				
	Before COVID-19			During COVID-19 (expected level of earnings in the first month of the crisis)		Before COVID-19			During COVID-19 (expected incidence of relative poverty of the crisis)	
	All	Formal workers	Informal workers	Informal workers	Difference (%)	All	Formal workers	Informal workers	Informal workers	Difference (% points)
By Income Group										
High-income-countries	2673,7	2764,6	1834,4	444,7	-75,8%	15,9%	14,0%	27,5%	79,7%	52,1%
Upper-middle-income countries	608,8	766,4	496,8	359,3	-27,7%	18,3%	6,9%	25,9%	47,1%	21,2%
Lower-middle-income countries	545,7	733,7	479,2	88,5	-81,5%	11,8%	4,0%	18,2%	74,4%	56,2%
By Region										
Africa	585,6	725,2	517,7	96,2	-81,4%	13,6%	8,1%	20,7%	82,9%	62,1%
Latin America and the Caribbean	522,2	757,1	363,7	73,7	-79,7%	20,2%	3,1%	36,1%	90,1%	54,0%
North America*	3251,9	3341,4	2311,7	428,6	-81,5%	13,9%	13,1%	17,6%	77,3%	59,7%
Asia and the Pacific	662,7	818,5	548,8	430,3	-21,6%	17,3%	7,5%	21,9%	36,3%	14,4%
Europe and Central Asia	1862,7	1939,5	1253,3	387,2	-69,1%	16,3%	13,7%	34,1%	80,2%	46,1%
World	1218,6	1359,2	894,0	359,4	-59,8%	17,0%	8,8%	25,6%	59,4%	33,7%

Note: Estimates are based on weighted averages from 64 countries with data collected on a time interval between 2016 to 2019 representing 65 per cent of global employment. Labour income includes income from own account workers, employers' self-reported earnings and wages of wage employees. The estimates exclude unpaid family workers who are not usually asked to declare monetary earnings. Whenever possible, estimates include labour incomes from jobs other than the main job. The original local currency values have been converted to constant 2016 PPP dollars. Relative poverty is defined as the proportion of workers with monthly labour income that fall below 50% of the median monthly labour income in the population.* North America includes the United States and Canada; Latin America and the Caribbean includes all other economies in the American continent among the 64 countries. Data for Arab States is not available.

The high proportion of relative poverty in high-income countries, even before COVID-19, reflects the high incidence, especially among informal workers, of part-time, often low-skilled jobs associated with lower levels of earnings. In these countries, the estimated 52 per cent increase in poverty among informal workers at this point of the crisis can be attributed, as mentioned above, to the implementation by the largest countries in this group of full or near full lockdown measures.

The increases in relative poverty in the other income groups of countries is related to their high proportions of informal workers (from 55 per cent in upper-middle-income

countries to between 85 and 90 per cent in lower-middle- and low-income countries). In lower-middle- and low-income countries, earnings are low for the vast majority, leading to a low median value of earnings and even lower 50 per cent of this median. As a result, the proportion of those in this group experiencing "relative poverty" before the crisis (used as reference) is lower (11.8 per cent) than in other income groups of countries. In response to the crisis, the largest countries in this group have adopted full lockdown measures affecting nearly 80 per cent of workers in informal employment.

In upper-middle-income countries, the results are influenced by the situation in China, where the impact is the lowest (weak lockdown). In addition, in this group of countries, workers in the informal economy are more broadly spread across the range of earnings than in

lower-middle- and low-income countries, where they are located at the bottom. Thus, although informal workers in upper-middle-income countries will lose earnings as a result of COVID-19, a lower proportion will fall into relative poverty.

► Annexes

Table A1 — Workers in the informal economy living in countries affected by mandatory workplace closures and/or full, partial or weak lockdown measures (2020, percentages)

	Workplace closures (required)		Full lockdown ¹	Partial lockdown	% informal workers living in countries with full or partial lockdowns (%)
	Informal workers living in countries with workplace closures (millions)	Share of informal workers in countries with workplace closures (%)			
World	1274	64	1082	304	67
Low-income countries	69	27	67	50	46
Lower-middle-income countries	878	90	831	85	94
Upper-middle-income countries	250	35	143	124	37
High-income countries	76	65	40	45	72
Africa	180	46	164	101	68
Americas	177	93	122	63	97
-- Latin America and the Caribbean	16	78	91	61	96
Arab States	16	53	16	0	56
Asia and the Pacific	827	61	752	77	62
Europe and Central Asia	73	73	28	62	90

1 Lockdown measure used for the second set of indicators: number and percentage of informal economy workers affected and decrease in labour income. The classification of countries according to three levels of lockdown: 'full lockdown', 'partial lockdown' and 'weak lockdown' is provided in Technical Annex 1. **Full lockdown:** Countries that have taken three measures, namely, (a) mandatory workplace closure, (b) mandatory internal travel controls (i.e., restriction on the internal movement of citizens); and (c) mandatory shutdown of public transport. **Partial lockdown:** At least one of the three measures taken on a mandatory basis.

Note: based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Extrapolated to 2020 global employment and by sector.

Table A2 – Number and percentages of informal workers, including those significantly impacted by level of risks associated with sectors and size of enterprises by income group of countries — Detailed sectors (2020, millions and percentages)

A2.1 Total, High risk and Medium-high risk sectors¹

	Total (all sectors)	High Risk sectors					Medium-high risk sectors		
		Wholesale and retail trade; repair of motor vehicles and motorcycles	Manufacturing	Real estate, business and administrative activities	Accommodation and food services	High Risk (Total)	Transport, storage and communication	Arts, entertainment and recreation, and other services*	Medium-high Risk (Total)
World									
Total Employment (millions)	3324	482	463	157	144	1245	204	180	384
Informal Employment (millions), of which:	2060	292	249	75	93	710	103	110	212
-- Own account workers (%)	42	56	30	37	37	43	48	40	44
-- 2-9 workers (%)	33	27	21	29	34	26	26	35	31
-- 10-49 (%)	8	5	14	11	14	10	6	6	6
-- Over 50 (%)	16	12	35	23	16	22	20	19	19
Highly impacted informal workers (millions)	1564	279	199	65	82	626	95	99	194
% highly impacted	76	96	80	86	88	88	92	91	91
High-income countries									
Total Employment (millions)	587	80	77	65	34	256	51	36	87
Informal Employment (millions), of which:	117	16	14	16	8	54	8	9	17
-- Own account workers (%)	26	24	29	46	18	31	34	39	36
-- 2-9 workers (%)	34	42	34	25	52	36	26	36	31
-- 10-49 (%)	8	9	9	7	13	9	8	6	7
-- Over 50 (%)	32	25	28	22	17	24	32	20	26
Highly impacted informal workers (millions)	86	12	12	13	7	44	7	7	14
% highly impacted	73	79	82	80	85	81	81	82	82
Upper-middle-income countries									
Total Employment (millions)	1298	203	226	60	71	560	75	75	151
Informal Employment (millions), of which:	716	119	107	30	48	303	35	38	73
-- Own account workers (%)	31	47	11	29	31	42	35	34	34
-- 2-9 workers (%)	29	30	17	31	32	25	26	23	24
-- 10-49 (%)	17	9	26	17	19	10	12	13	13
-- Over 50 (%)	23	15	46	23	17	23	27	30	29
Highly impacted informal workers (millions)	395	93	40	19	31	183	24	25	49
% highly impacted	55	78	37	64	65	60	69	66	67

A2.1 Total, High risk and Medium-high risk sectors¹ (Continued)

	High Risk sectors						Medium-high risk sectors		
	Total (all sectors)	Wholesale and retail trade; repair of motor vehicles and motorcycles	Manufacturing	Real estate; business and administrative activities	Accommodation and food services	High Risk (Total)	Transport, storage and communication	Arts, entertainment and recreation, and other services*	Medium-high Risk (Total)
Lower-middle-income countries									
Total Employment (millions)	1149	163	145	28	33	369	70	53	123
Informal Employment (millions), of which:	971	144	114	19	29	306	54	48	103
-- Own account workers (%)	54	64	45	43	51	54	59	47	53
-- 2-9 workers (%)	35	25	23	28	31	25	25	42	33
-- 10-49 (%)	1	1	4	5	4	3	2	1	2
-- Over 50 (%)	10	9	27	24	14	18	14	10	12
Highly impacted informal workers (millions)	914	143	113	18	29	304	54	48	102
% highly impacted	94	99	99	98	99	99	100	99	99
Low-income countries									
Total Employment (millions)	291	36	16	3	5	60	8	16	24
Informal Employment (millions), of which:	256	29	13	2	4	48	6	14	20
-- Own account workers (%)	50	75	60	29	51	68	47	35	38
-- 2-9 workers (%)	41	20	26	36	33	23	33	48	44
-- 10-49 (%)	2	2	5	15	8	4	10	2	4
-- Over 50 (%)	7	2	8	19	8	5	11	14	13
Highly impacted informal workers (millions)	197	27	12	1	4	44	5	13	18
% highly impacted	77	95	89	79	86	92	79	93	89

¹ Groups of sectors classified according to the impact of the crisis on economic output follow the classification presented in Table 1 ([ILO Monitor COVID-19 and the world of work. Third edition](#)) and in Technical Annex 1.

Note: based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Extrapolated to 2020 global employment and by sector.

A2.2 Medium risk, low-medium risk and low-risk sectors¹

	Medium Risk sectors				Low-medium Risk sector	Low Risk sectors				
	Mining and quarrying	Financial and insurance services	Construction	Medium Risk (Total)	Agriculture, forestry and fishing	Utilities	Public administration and defence; compulsory social security	Human health and social work activities	Education	Low Risk (Total)
World										
Total Employment (millions)	22	52	257	331	880	27	144	136	177	484
Informal Employment (millions), of which:	11	13	188	212	798	9	32	42	46	128
-- Own account workers (%)	45	22	44	43	57	26	4	19	13	12
-- 2-9 workers (%)	20	22	29	28	31	25	14	23	21	22
-- 10-49 (%)	7	11	12	11	4	10	8	8	15	11
-- Over 50 (%)	28	44	16	18	8	39	75	49	50	56
Highly impacted informal workers (millions)	9	11	157	176	515	5	6	22	21	54
% highly impacted	80	82	83	83	64	51	20	53	46	42
High-income countries										
Total Employment (millions)	3	21	46	70	16	7	34	71	47	159
Informal Employment (millions), of which:	<1	2	12	14	8	1	5	11	7	25
-- Own account workers (%)	18	27	46	43	53	15	3	17	13	13
-- 2-9 workers (%)	49	42	26	29	22	43	9	26	19	25
-- 10-49 (%)	2	5	5	5	2	0	8	10	13	10
-- Over 50 (%)	30	26	23	24	24	42	80	47	54	51
Highly impacted informal workers (millions)	<1	1	10	12	5	1	1	6	3	10
% highly impacted	86	77	88	86	66	55	20	56	35	42
Upper-middle-income countries										
Total Employment (millions)	8	19	94	121	265	12	74	44	72	202
Informal Employment (millions), of which:	3	3	72	78	207	4	22	13	17	56
-- Own account workers (%)	22	12	16	16	39	23	4	16	15	11
-- 2-9 workers (%)	19	17	39	38	34	20	13	17	14	15
-- 10-49 (%)	16	18	26	25	12	16	7	8	16	10
-- Over 50 (%)	43	53	19	21	15	41	76	58	55	64
Highly impacted informal workers (millions)	1	2	43	46	109	1	2	3	3	9
% highly impacted	38	49	60	59	53	25	8	25	20	16

A2.2 Medium risk, low-medium risk and low-risk sectors (Continued)

	Medium Risk sectors				Low-medium Risk sector	Low Risk sectors				
	Mining and quarrying	Financial and insurance services	Construction	Medium Risk (Total)	Agriculture, forestry and fishing	Utilities	Public administration and defence; compulsory social security	Human health and social work activities	Education	Low Risk (Total)
Lower-middle-income countries										
Total Employment (millions)	7	12	106	125	425	7	31	18	51	107
Informal Employment (millions), of which:	5	5	98	108	413	3	7	9	21	40
-- Own account workers (%)	41	26	64	62	68	31	3	23	12	14
-- 2-9 workers (%)	17	18	20	20	26	23	19	26	36	29
-- 10-49 (%)	5	9	2	3	0	6	9	8	15	11
-- Over 50 (%)	37	48	13	16	6	40	69	43	37	46
Highly impacted informal workers (millions)	5	5	97	107	379	2	2	6	13	22
% highly impacted	98	97	99	99	92	59	34	62	60	56
Low-income countries										
Total Employment (millions)	4	1	10	15	175	1	5	4	7	17
Informal Employment (millions), of which:	3	<1	9	12	168	1	2	2	3	7
-- Own account workers (%)	65	26	33	44	57	27	3	17	5	9
-- 2-9 workers (%)	22	26	44	36	37	46	7	26	16	18
-- 10-49 (%)	4	19	9	8	2	6	9	11	20	14
-- Over 50 (%)	9	29	13	12	4	21	81	47	59	60
Highly impacted informal workers (millions)	3	<1	7	10	123	<1	<1	1	1	2
% highly impacted	88	71	85	86	73	44	12	39	22	25

1 Groups of sectors classified according to the impact of the crisis on economic output follow the classification presented in Table 1 ([ILO Monitor COVID-19 and the world of work. Third edition](#)) and in Technical Annex 1.

Note: based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. Extrapolated to 2020 global employment and by sector.

Table A3 – Number and percentages of informal workers, including those significantly impacted by level of risks associated with sectors and size of enterprises by region (2020, millions and percentages)

	Impact of the crisis on economic output by at-risk group of sectors					Total
	High risk sectors	Medium High	Medium	Low Medium	Low	
World						
Total Employment (millions)	1245	384	331	880	484	3324
Informal Employment (millions), of which:	710	212	212	798	128	2060
-- Own account workers (%)	43	44	43	57	12	47
-- 2-9 workers (%)	26	31	28	31	22	28
-- 10-49 (%)	10	6	11	4	11	7
-- Over 50 (%)	22	19	18	8	56	18
Highly impacted informal workers (millions)	626	194	176	515	54	1564
% highly impacted	88	91	83	64	42	76
Africa						
Total Employment (millions)	124	46	30	229	40	469
Informal Employment (millions), of which:	96	37	24	220	17	391
-- Own account workers (%)	71	47	41	61	15	59
-- 2-9 workers (%)	20	38	27	32	23	33
-- 10-49 (%)	3	4	7	1	13	2
-- Over 50 (%)	6	11	25	6	48	6
Highly impacted informal workers (millions)	94	35	22	167	6	325
% highly impacted	98	95	90	76	36	83
Americas						
Total Employment (millions)	204	78	50	42	98	472
Informal Employment (millions), of which:	76	36	23	29	25	192
-- Own account workers (%)	49	50	46	51	14	54
-- 2-9 workers (%)	39	22	40	42	19	36
-- 10-49 (%)	3	2	3	3	4	3
-- Over 50 (%)	9	26	10	3	63	7
Highly impacted informal workers (millions)	77	35	23	26	9	169
% highly impacted	101	97	99	90	34	88
-- including Latin America and the Caribbean						
Total Employment (millions)	129	123	125	425	107	908
Informal Employment (millions), of which:	63	31	16	32	15	158
-- Own account workers (%)	53	52	45	51	13	59
-- 2-9 workers (%)	33	19	40	43	6	31
-- 10-49 (%)	4	3	4	3	7	3
-- Over 50 (%)	10	27	11	3	74	6
Highly impacted informal workers (millions)	62	30	16	29	4	140
% highly impacted	98	96	97	91	24	89

Table A3 – Number and percentages of informal workers, including those significantly impacted by level of risks associated with sectors and size of enterprises by region (2020, millions and percentages) (Continued)

	Impact of the crisis on economic output by at-risk group of sectors					Total
	High risk sectors	Medium High	Medium	Low Medium	Low	
Arab States						
Total Employment (millions)	18	8	10	5	13	55
Informal Employment (millions), of which:	12	6	7	3	3	31
-- Own account workers (%)	35	37	20	88	6	27
-- 2-9 workers (%)	21	37	16	9	21	33
-- 10-49 (%)	4	4	2	1	19	6
-- Over 50 (%)	40	22	62	2	53	34
Highly impacted informal workers (millions)	12	6	7	2	1	27
% highly impacted	101	100	99	76	22	89
Asia and Pacific						
Total Employment (millions)	724	196	198	572	223	1 913
Informal Employment (millions), of which:	485	120	147	530	66	1 346
-- Own account workers (%)	38	43	43	57	11	36
-- 2-9 workers (%)	24	32	27	29	23	33
-- 10-49 (%)	12	7	13	5	10	11
-- Over 50 (%)	26	18	17	9	56	19
Highly impacted informal workers (millions)	393	103	114	353	26	988
% highly impacted	81	86	77	67	40	73
Europe and Central Asia						
Total Employment (millions)	175	56	43	33	109	415
Informal Employment (millions), of which:	41	14	11	15	17	100
-- Own account workers (%)	17	25	28	32	12	17
-- 2-9 workers (%)	32	28	25	41	19	31
-- 10-49 (%)	18	14	16	3	21	13
-- Over 50 (%)	33	32	32	24	48	39
Highly impacted informal workers (millions)	31	11	8	7	8	65

Note: See Table A2

Technical Annex 1: Estimating the impacts of the COVID-19 pandemic on employment and labour income for workers (including business owners) in the informal economy

COVID-19: Global estimates of employment and labour income effects on informal workers

Workers in the informal economy are likely to suffer disproportionately from the adverse effects of the COVID-19 associated lockdown or physical distancing measures. We quantify these effects on i) employment through two indicators, namely, number of informal economy workers living in countries concerned by mandatory workplace closures and alternatively by full or partial lockdown measures (Table A1) and number of workers significantly affected in the informal economy (figure 1, Table A2 and Table A3); and ii) on labour income through the change in the average labour monthly earning among informal workers, and change in the percentage of in-work poverty (Table 1).

Employment and income effects were estimated according to the following steps:

1. First, we classify countries in three groups: countries under full lockdown, countries under partial lockdown and countries that have put in place weak measures (weak lockdown). We use indicators from the Oxford COVID-19 Government response stringency index to classify the countries for which we have data.

2. On a country by country base, we identify the share of workers that are more likely to be impacted by the lockdown and physical distancing measures taken by governments in response to the COVID-19 crisis by distinguishing between non-wage workers — own account workers/employers/contributing family workers — and informal wage employees. Once these shares are identified we proceeded as follows:

a. First, the 'degree of risk factor' assigned to each of the 14 economic sector in the document 'ILO Monitor 2nd edition: COVID-19 and the world of work' was used to rank sectors in relation to how the crisis impacts on each of them. This ranking results in the following main groups: 'high-risk sectors' and 'medium-high-risk sectors' considered together, 'medium-risk sectors', 'low-medium-risk sectors' and 'low-risk sectors' is shown in Table A4 below. In relation to the 14 sectors mentioned above, the definition of 'sectors' has been slightly modified to isolate domestic workers from the broad category 'Arts, entertainment and recreation, and other services' allowing for an estimate for domestic workers while we comply with the initial classification of the sectors.

b. Because we have 14 sectors groups into 4 broad groups of sectors and 3 types of countries by stringency measures, we have to estimate the employment and labour income effects separately for each of the 12 cells.

• For some of these cells some straight forward realistic assumptions can be made without further data digging. For example, in 'full lock down countries' people can hardly move out of

their houses; in these countries, and in particular – but not exclusively – economic sectors that are classified as 'high-risk' or 'medium-high-risk', it is reasonable to assume that all informal workers (own account, employers, unpaid family workers or wage employees) will be 'significantly affected' and will lose a significant share of their incomes. We prefer to avoid assuming that they will lose all their labour income, because despite full lockdown and movement restrictions, it is likely that workers without any other income sources will still go out in the street to find some income; others will work from home. In the symmetrically opposite cell in the table (countries with weak lockdown measures, and for low-risk sectors), the proportion of informal wage workers that would be affected will be the lowest, while we can assume that the incomes of own account workers and unpaid family workers will suffer, if only marginally – compared to countries with a full lockdown and sectors in high-risk.

• For intermediary cells, we shall use the 'size of enterprises' – which is provided by the microdata – to make assumptions with respect to the proportion of informal workers that would be affected in terms of employment and income. This will allow to come up with a realistic differentiation between cells with respect to the share of informal workers that are impacted. For example, among low-risk sectors in 'full lockdown' countries we can assume that the share of informal workers affected are those that work in enterprises with 50 or less wage employees; in the case of partial lockdown, for low-risk sectors, we can assume that informal workers affected are those working in micro enterprises (9 or less employees).

c. Based on the above assumptions, each of the 12 cells will end up with a share of informal workers that will be 'significantly affected' by the COVID-19 crisis.

3. How do we use the 'shares' in each of these cells?

Each country will end up with a different share (country-based estimates using micro-data).

► **EMPLOYMENT:** The share, applied to the data provides an estimate of the total number of "significantly affected informal workers" in each of the countries for which we have data. The aggregate is the total employment effect.

► **LABOUR INCOME:** The microdata provides information on the labour earnings for all that declare to be labour income earners: usually, the income declared includes wages plus in-kind payment for wage employees, or labour income gains for own account workers. Using this information for those that we are assuming to be 'significantly impacted' we estimate two things:

- the decline in average labour income among those that are informal once we assign the new income value to those being significantly affected. The ‘new income value’ is an assumption that changes gradually across cells as described in the ‘ASSUMPTION TABLE’.
 - The increase in in-work poverty among ‘informal workers’. That is, we do not consider ‘formal wage’ employees so that the results between ‘employment’ projections and ‘labour income’ are comparable – and also, the narrative goes more to the point.
- Full lockdown: These are countries that have taken three measures, namely, (a) mandatory workplace closedown, (b) mandatory internal travel controls (i.e., restriction on the internal movement of citizens); (c) mandatory closedown of public transport.
 - Partial lockdown: At least one of the three measures taken on a mandatory basis; and
 - Weak lockdown: the country does not take any of the three selected measures on a mandatory basis.
2. The Oxford stringency index includes four more dimensions – schools closedown, cancellation of public events, public information campaigns and international travel controls. However, the data shows that the above three measures somewhat ‘embed’ these other more general measures in addition to have a clear direct impact on the ability to carry out working activities.

Some clarifications:

1. Classification of ‘full lockdown’, ‘partial lockdown’ and ‘weak lockdown’.

Table A4 COVID-19: Global estimates of employment and labour income effects on informal workers: ASSUMPTION’S TABLE

		WEAK LOCKDOWN	PARTIAL LOCKDOWN	FULL LOCKDOWN
At-Risk sectors ¹	Low-risk sectors	Unpaid Family Workers (UFW) and wage employees in enterprises with 9 or less wage employees are affected.	OAW, UFW and wage employees in enterprises with 9 or less wage employees are affected.	OAW, UFW wage employees in enterprises with 50 or less wage employees are affected.
		Impact on income		
		First month:	First month:	First month:
		We assume that OAW, UFW and wage employees are able to make 80% of their pre-COVID-19 earnings.	We assume that OAW, UFW and wage employees are able to make 60% of their pre-COVID-19 earnings.	We assume that OAW, UFW and wage employees are able to make 30% of their pre-COVID-19 earnings.
	Low-Medium agriculture	OAW are affected	OAW, UFW and wage employees in enterprises with 9 or less wage employees are affected.	OAW, UFW wage employees in enterprises with 50 or less wage employees are affected.
		Impact on income		
		Apply option as presented in low-risk sectors (above)		
	Medium-risk sectors	OAW, UFW and wage employees in enterprises with 9 or less wage employees are affected.	OAW, UFW wage employees in enterprises with 50 or less wage employees are affected.	OAW, UPW and all wage employees irrespective of enterprise size, all are affected.
		Impact on income		
		First month:	First month:	First month:
		We assume that OAW, UFW and wage employees are able to make 60% of their pre-COVID-19 earnings.	We assume that OAW, UFW and wage employees are able to make 40% of their pre-COVID-19 earnings.	We assume that OAW, UFW and wage employees are able to make 20% of their pre-COVID-19 earnings.
	High-risk sectors/ medium-high-risk sectors	OAW, UFW wage employees in enterprises with 9 or less wage employees are affected.	OAW, UFW wage employees in enterprises with 50 or less wage employees are affected.	OAW, UPW and all wage employees irrespective of enterprise size, all are affected.
Impact on income				
First month:		First month:	First month:	
We assume that OAW, UFW and wage employees are able to make 50% of their pre-COVID-19 earnings.		We assume that OAW, UFW and wage employees are able to make 30% of their pre-COVID-19 earnings.	We assume that OAW, UFW and wage employees are able to make 10% of their pre-COVID-19 earnings.	

¹ Sectors are classified as follows: High-risk sectors: Wholesale and retail trade; repair of motor vehicles and motorcycles; Manufacturing; Accommodation and food services; Real estate; business and administrative activities; Medium-high-risk sectors: Arts, entertainment and recreation, and other services (including Domestic workers separately identified here); Transport, storage and communication. Medium-risk sectors: Construction; Financial and insurance services; Mining and quarrying. Low-medium-risk sectors: Agriculture, forestry and fishing. Low-risk sectors: Human health and social work activities; Education; Utilities; Public administration and defense; compulsory social security.

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