

Global challenges – Global solutions: COVID-19 and the Employment Policy Response

Q&A for:

The deepening crisis in the informal sector

**Interview with Mito Tsukamoto, Branch Chief - DEVINVEST,
Employment Policy Department**

Introduction by host:

The COVID-19 pandemic is having an alarming impact on the informal economy. Six out of 10 working people in the world make their livelihoods in the informal economy, mostly performing unprotected and precarious work. They are the most numerous, and the most vulnerable population in the global labour market. ILO Director-General Guy Ryder highlights the enormous scope of the challenges faced by informal workers today:

Of the 2 billion informal workers of the world, about 1.6 billion have suffered massive damage to their ability to earn a living and to support themselves and their families because of the current COVID-19 crisis.

Concretely, we've seen that in the first month of the crisis, that we estimate a drop of 60 per cent in the income of informal workers around the world - that's the global average. And, if we break it down regionally, we see that Africa and the Americas are the hardest hit and there the drop in informal economy incomes is in excess of 80 per cent.

Today we're talking with Mito Tsukamoto who's in charge of the development and Investment (DEVINVEST) branch of the ILO's Employment Policy Department. We asked Mito to elaborate on the crisis facing informal economy workers, and what the ILO is proposing to do about it. Mito, welcome to the podcast.

Thanks. It's a pleasure to be here and to be able to put the COVID pandemic and response into the context of what this means for informal economy workers.

To begin, can you give us some more information on the impact of the pandemic on informal economy workers? How it is affecting their daily lives and livelihoods?

The pandemic is having a major impact on informal workers and their families. The ILO estimates that almost 1.6 billion informal economy workers have been significantly impacted by the COVID pandemic. Women and young workers are the most vulnerable.

What does this mean? Many informal workers live in overcrowded urban areas or in rural areas where basic infrastructure and health services are often lacking. Many are often ill informed of the risks of COVID-19 and are more prone to occupational health and safety risks. Low wages and inequalities are a daily reality for many. But at the same time the pandemic has brought many of these issues to light so they can no longer be ignored.

What about the underemployed, working poor and casual workers?

Before talking about the pandemic and its impact on informal workers, it is important to look at informality before the COVID-19 pandemic.

The more than 2 billion workers in the informal economy – who represent 62 per cent of all those working worldwide -- already faced serious challenges to their livelihoods, access to clean water and food and other issues. The pandemic has just illuminated their existing reality and worsened the already dire socio-economic situation.

At the same time, the recent violence and demonstrations in several countries show the levels of discontent and mistrust and that social cohesion cannot be maintained if lack of opportunity, particularly for youth and women, lack of contact and interactions across different social groups, and existence of grievances over inequality and social injustice are not dealt with properly.

The ILO has drawn attention to the special vulnerability of women and youth – especially young women -- working in the informal sector. Can you elaborate on that?

In general, women are more exposed to informality in both low- and lower-middle income countries and tend to find themselves in more vulnerable situations than their male

counterparts. Women, especially those in the care economy or with care responsibilities, have been impacted, plus we have also seen a rise in domestic violence during this pandemic which is primarily affecting women. Women have less income and tend to have saved less, have less secure jobs and are most likely to be employed in the informal economy, with less access to health care and social protection. Plus, their unpaid care work has increased exponentially with an increase in home schooling and the need to care for the elderly in response to COVID-19.

Regarding youth, prior to the pandemic, some 67.6 million young people were unemployed. The latest ILO report indicated that a staggering 267 million young people aged 15-24 were not in employment, education or training. Now, one in six youth have also lost their jobs. Among young people, young women are more impacted than young men. Gender equality and young women's rights are more essential than ever.

One of the phenomena of the current crisis is the emergence of so-called “double casualties”. These are workers who have already been facing severe challenges to their livelihoods prior to the onslaught of the pandemic. What are the particular challenges facing these people?

As COVID-19 spreads to LICs, strong and immediate support needs to be mobilized for the working poor, and for the unemployed, especially in the informal economy. Millions of working poor are already in situations of fragility and are therefore at risk of becoming “double casualties”. If you look at the fragility that some countries are having to cope with, it's actually more than a “double casualty”!

Many working poor are already struggling with the impact of armed conflict, political insecurity, climate change and increasing natural disasters. They face weak institutions and very little, or no fiscal space. Natural disasters--earthquakes, cyclones, volcanic eruptions and tornadoes—add to the difficulty of dealing with the pandemic. After all, how can people observe social distancing in shelters and maintain hygiene and sanitation? And how can refugees and migrants, living in cramped camps or detention centres, cope with additional trauma? This is the tragedy of “double casualties”.

The ILO has a long history of helping governments generate jobs and increase income through public investments in infrastructure and environmental works. The ILO's *Employment-Intensive Investment Programme (EIIP)* has provided capacity-building for approaches that create jobs through public investments in over 50 countries. How is this

programme being adapted now, and can you provide some concrete examples of this kind of response to the pandemic?

In countries with insufficient fiscal space, weak social protection systems and large numbers of informal workers, the pressures on governments to respond will be enormous. Many of these countries have sought guidance from the ILO on how to respond.

Through its Employment Intensive Investment Programme, the ILO links infrastructure development with employment creation, poverty reduction and local economic and social development. In the response to the pandemic, some countries have also been able to scale up existing national public employment programmes as part of counter-cyclical employment policies, rather than having to design or develop new emergency programmes under incredible pressure.

We've seen this work effectively through India's Mahatma Gandhi (MGNREG), Ethiopia's Productive Safety Net Programme, and South Africa's EPWP. In countries like Iraq, Jordan and Lebanon, the ILO is conducting rapid assessments on the impact of COVID-19 on their labour markets, with a focus on refugee, migrant and national workers employed in the informal sector. Digital outreach and learning for workers in various sectors and occupations is also being leveraged in order to introduce more online learning and awareness-raising initiatives.

The ILO has been a forerunner in “green works”, offering employment-intensive approaches to delivering essential infrastructure development such as irrigation, flood control, rural transport, agriculture, water and soil conservation and reforestation. How is this being implemented now that we're in the midst of this pandemic?

Governments are already investing trillions of dollars to rescue businesses and support income, but this must not lead to a return to business-as-usual, nor get back to what we had considered as “normal”. We need to build a “better normal”, one that addresses the extraordinary precariousness and injustices of our world of work, as it is today.

The COVID-19 pandemic has exposed the strong interconnections between human health, the natural environment, and employment. Ultimately, our health and prosperity depend on a healthy planet. An immediate consequence of the destruction of ecosystems is a risk to jobs and livelihoods that depend directly or indirectly on them.

Therefore, in the process of recovery, it is essential that governments seize the opportunity to **build back better** through a **just transition** to environmental sustainability, a transition for both planet and people.

For example, **Green Works**, such as reforestation and forest restoration offer job opportunities to enhance the resilience of ecosystems and the people and jobs that depend on them.

These approaches introduced by the ILO combine and optimize the use of local labour, local materials, local contractors, local authorities and local communities, increasing the overall impact of investments on the local economy.

ILO has worked introducing such schemes in countries like the Philippines, Indonesia, Jordan and Sri Lanka.

So, overall what are the ILO's basic policy recommendations, both in the short term, and looking ahead to longer-term interventions to ensure sustainable solutions?

Our responses must aim to counteract immediate labour market disruptions while facilitating job-rich recovery, particularly through four policy pillars:

- Stimulating the economy and employment;
- Supporting enterprises, jobs and incomes;
- Protecting workers in the workplace; and
- Relying on social dialogue for solutions.

There are three key areas of focus that one should also keep in mind.

First, focus on **employment intensive investments** in the recovery that can **further stimulate demand and job creation**, compensating for the lack of private sector and household spending.

Second, focus on activities that have a large share of local inputs creating local multipliers and that may be able to absorb workers from other sectors relatively easily.

And third, provide the foundations to “build back better” through inclusive and sustainable development including environmental objectives or improved access to basic infrastructure

and services for the poor, including schools, health care and digital infrastructure, and also access to water and productive schemes to ensure food security.

This will require better global cooperation and strong multilateralism, especially to support LICs and LDCs through jobs for peace and resilience, these countries that simply do not have the fiscal space to respond to the crisis. You know, **it's all about building a "better normal" through "shared responsibility and global solidarity"!**

Moderator out:

Thank you, Mito, for that very comprehensive and interesting overview of the crisis facing the majority of the workers in the world today. What is clear is that in this initial phase, we are looking at ensuring that the unemployed or vulnerable have a safety net. But it's also important to see how we can "build back better", as you say, and link our short-term response to longer-term sustainable solutions. We already have many of the tools we need; now is the time to put them to work to get the job done.

I'm Tom Netter, and you've been listening to the new ILO podcast series on global solutions to the COVID-19 employment challenge. Thank you for your time.