



▶ ILO Brief

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The impact of the COVID-19 on the informal economy in Africa and the related policy responses¹

SUMMARY

Africa's response to the COVID-19 pandemic is just beginning to take shape. While the delayed spread of the Coronavirus has given the continent some preparatory head time, the varying economic, social and political contexts are making it harder for the region to draw many relevant lessons from the responses in China, for example, or western countries. This brief looks into the informality context of many African countries. In particular, the brief reviews the emerging policy responses to COVID-19 in Africa, assesses ways in which such responses could affect the efforts towards the formalization of the informal economy, and lastly, recommends some measures that could help minimize the social and economic impact of the COVID-19 pandemic for those who operate in the informal economy in Africa, and therefore the majority of its population.

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Starting from a Weak Position

The COVID-19 pandemic has hit Africa at the time when the region is experiencing modest economic growth. The African Development Bank's 2020 African Economic Outlook (AEO) observes that Africa's economic growth remained stable in 2019 at 3.4 percent and is on course to pick up to 3.9 percent in 2020 and 4.1 percent in 2021². "While higher than that of other emerging and developing countries," the AEO continues to observe, "It remains insufficient to address the structural challenges of persistent current and fiscal deficits and debt vulnerability". Early estimates from UNECA already suggests that growth could slow down to 1.8 percent, this again could be optimistic, as the full impact of the pandemic remains unclear. In addition, while extreme poverty has declined, it still affects 35 per cent of the population. Lastly, Africa is still haunted by multiple inequalities of access to economic and social opportunities, particularly for women and the young, and among them those with disabilities and those living with HIV. According to AEO, the challenge is thus twofold: to raise the current growth path and to increase the efficiency of growth in generating employment. In view of this situation, it is no wonder that the biggest fear among African governments today is the loss in this momentum as they struggle to mitigate the COVID-19 pandemic.

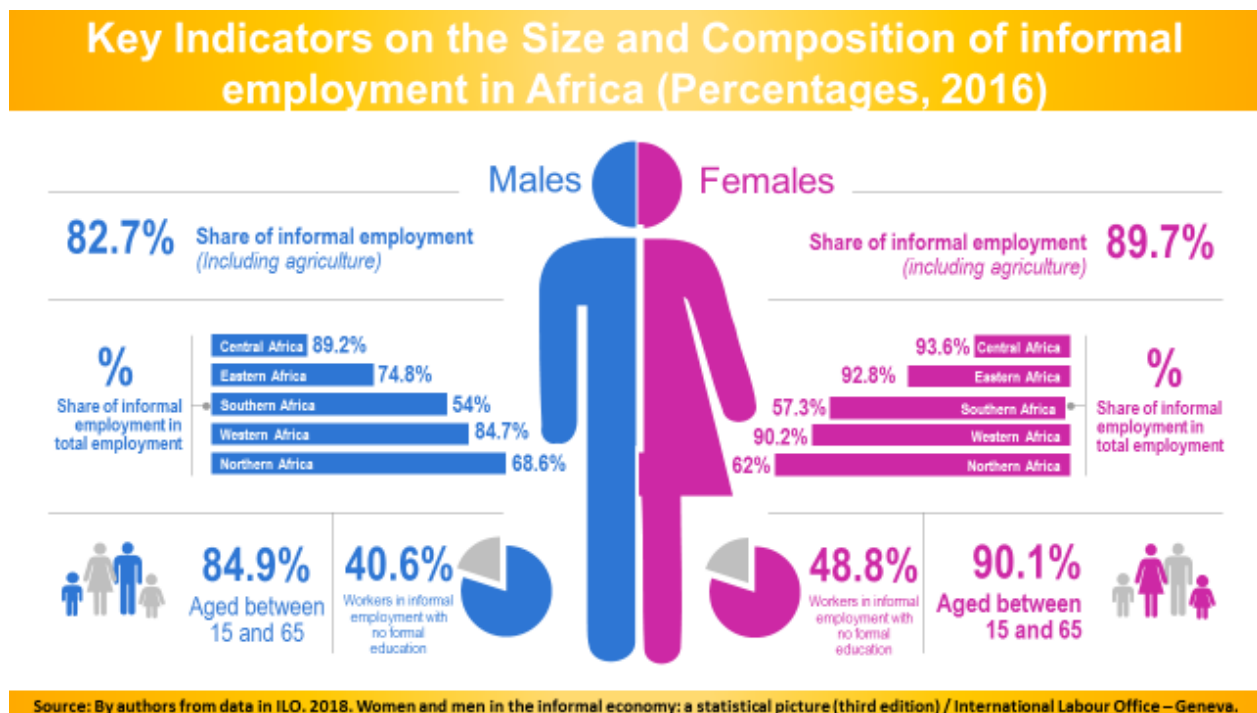
¹ Prepared by Annamarie K. Kiaga, ILO Specialist on Informal Economy in DWT Pretoria, based in CO-Harare, Frederic Lapeyre, Senior Coordinator for Transition to Formality at DEVINVEST Branch/Employment Policy Department and Philippe Marcadent, Chief, INWORK and ILO facilitator of activities related to the informal economy.

² <https://www.afdb.org/en/documents/african-economic-outlook-2020>

In outlining their strategy, the Africa Joint Continental Strategy for COVID-19 Outbreak³ clearly states that the primary strategy for COVID-19 in Africa will be to limit transmission and minimize harm. Priority is on measures aimed at delaying and diminishing the peak of outbreaks, which can then help health systems manage the surge of patients and communities adapt to the disruption of social, cultural, and economic activities. However, Africa is considered generally ill-equipped and vulnerable “given its relatively fragile health systems, concurrent epidemics of vaccine-preventable and other infectious diseases, inadequate water, sanitation, and hygiene infrastructure, population mobility, and susceptibility for social and political unrest during times of crisis” observes the continental strategy. In addition are concerns over how to contain the spread of the virus and enforcing measures such as social distancing and hand-washing in a context of Africa where a lot of people live in an informal settlements and townships and not to mention the significant number of people living with HIV, TB and chronic diseases.

Most of the African Economy is Informal

Perhaps what compounds the fears of the governments in the region during this COVID pandemic is the recognition that recent growth has been due to growth in sales in commodities, services, and manufacturing, and including mining and agriculture, the sectors that operate largely in the informal economy. The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. The ILO (2018)⁴ report indicates that informal employment is the main source of employment in Africa, accounting for 85.8 per cent of all employment. In other words, informal economy in Africa is not a marginal phenomenon, but rather the space where the majority of working men and women sustain themselves. Notably, within the region, there are remarkable differences depending on socio-economic development and different levels of informal employment. For example, the report indicates that informal economy is 67.3 per cent in Northern Africa and 89.2 per cent in sub-Saharan Africa. Figure below outlines some of these differences.



The scope, characteristic and the nature of the informal economy in Africa will determine how countries can effectively mitigate the impact of the COVID-19 pandemic. This is because informal economy in Africa is not only driven by the individual characteristics of the informal economy actors, workers and economic units alike, or their motives but also by existing, and/or the lack thereof, of strong, effective institutions governing the economies, in general, and the labour markets, in particular. In most parts of the continent, the economic and institutional environment consists of inadequate regulatory framework, inappropriate modalities to comply to the laws and a

³ <https://au.int/en/documents/20200320/africa-joint-continental-strategy-covid-19-outbreak>

⁴ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf

weak enforcement system and an overall lack of transparency and accountability such that economic actors are enticed to circumvent public institutions rather than work through them.

But most importantly, government concerns over the informal economy emanates from the fact that the people working in the informal economy are vulnerable to impoverishment, hunger and disease, as they lack the necessary social protection coverage and support mechanisms if they lose their livelihood. These includes waste recyclers, street vendors, transport workers, construction workers, domestic workers and many more including small peasants in rural or peri-urban areas that were producing for the urban market. It also includes migrant workers, whether national or international, as they may well be without a 'home' under lockdown, in addition to vulnerabilities of all workers in the informal economy. The closing of education and training providers not only means of major loss of investment in skills, it also puts many learners in the informal economy at a disadvantage who may not be able to benefit from distance and e-learning for lack of connectivity. As such, the very measures that are crucial to slowing the spread of the virus have a direct cost for more than three quarters of the population in Africa whose livelihood is dependent on the informal economy. Simply put, dependence on the informal economy means not being able to afford to be under total quarantine.

There are already growing reports on the economic losses faced by workers engaging in certain occupations due to reduced demand, lack to access to markets, and the loss of mobility of people and goods. In turn, this brings to the fore several ways in which the informal economy is impacted:

- The issue of feasibility/effectiveness of lockdown measures in large urban setting where a large part of the population makes its livelihoods and consume through the informal economy, in particular markets in public spaces. It includes the feasibility of social distancing measures in areas/slums where people live/work close to each other
- The cost of lockdown in terms of income source deprivation for the low income and vulnerable groups. At the same time, an increase of basic goods prices and reductions and/or shifts in demands and consumption patterns is expected. Coupled with the challenge for women to reconcile their family and professional roles, this will put them at increased risk and increase the costs of the pandemic
- The cost of the lockdown for poor urban consumers because of no or difficult access to informal economy markets and the associated increase of basic consumption goods' prices
- The cost in terms of income loss with no alternatives will lead to urban-rural migration, which will spread the COVID-19 in rural areas. This is likely to affect small-scale farmers, street vendors, small food retailers, transport workers and domestic workers and many others (like for instance workers from Beauty and Hair Salon, handicraft and mechanics MSEs) and small food processing units as they lose access to urban markets.
- The decrease of basic consumption goods prices to producers in rural areas because of lack of access to urban markets while the price of those goods in urban setting will increase because of scarcity will be an incentive for informal trading and flows of those goods between rural and urban areas, which can contribute to spread the virus.
- The lack of basic sanitary infrastructure in big urban markets, especially for clients and workers to wash regularly their hands, is a factor of virus spreading.
- Since the majority of those working in the informal economy are women and girls, the disparities between men and women based on social norms and gender stereotypes are likely to worsen. This is also related to increased risk of violence and harassment at work and of stigmatization of certain categories of workers (domestic-immigrants-disabled)
- The challenge in scaling up awareness raising about the risk of COVID-19 in poor, crowded and unsafe living conditions where many of the most vulnerable in the informal economy settle. This includes conditions in which large families share a common space and other factors that make confinement and social distancing quasi-impossible.
- If a lot of information about the Pandemic is floating around in social media circles and news, there is a general lack of awareness campaigns for the poor and the informal workers, regarding the facts about the virus, its seriousness, the myths around it and most importantly its prevention.

Another way COVID-19 affects the informal economy in Africa is through cross-border trade. Informal cross-border trade (ICBT) constitutes a major form of informal activity in most African countries (FAO, 2017)⁵. In the Southern African Development Community (SADC), for example, it makes up an estimated 30- 40 percent of total intra-SADC

⁵ <http://www.fao.org/3/a-i7101e.pdf>

trade, with an estimated value of \$17.6bn. Typically, women represent up to 70% of ICBT in the continent, trading a variety of commodities either in raw or semi-processed, including basic to luxury goods produced in other countries. In addition, the informal economy is not completely insulated from global value chains. For example, a large number of informal economy operators often travelled to China to buy electronic goods, cosmetics, and hair styling and beauty products. The suspension of international travel has therefore had a devastating impact of these informal traders. Although the overall impact of border closures on African economies maybe too early to determine, it is expected that similar interruptions in supply chains will translate into reduced income for not only retailers, but also moneychangers, transporters, and other people operating into different parts of these chains.

In many ways, the COVID-19 pandemic is an opportunity to reflect on the fundamental principles of social justice, one of which is poverty anywhere constitutes a danger to prosperity everywhere⁶. It follows then that we are only as safe as the most vulnerable among us⁷. In other words, those who are unable to quarantine themselves or to get treatment endanger their own lives and the lives of others, and if one country cannot contain the virus, others are bound to be infected, or even re-infected. This makes inclusion of the informal economy actors in national responses to COVID-19 not only a matter of protection of the citizens in the countries concerned but a necessity for all countries in this world.

Most Policy Responses to date circumvent the informal economy

Since the priority has been to limit transmissions, most African governments have introduced broad measures to curb the spread of the coronavirus⁸. These measures vary from barring entry into the countries first for travellers from high-risk countries, then to all countries, closing of borders (to people, but not essential goods), cancellation of crowd gatherings, encouraging social distancing to complete time-bound lockdowns. Most recent confinement measures include closure of schools, universities, restaurants, and shops and cancellation of public and private events. In many countries urban market places are closed, people are lockdown at home, transport system has stopped and many people are not able to operate their income generation activities nor to buy their basic consumption goods.

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In recognition of the fact that COVID-19 has economic, social and political impact, governments have also adopted various measures not only to protect people's livelihoods but also to facilitate business continuity and sustain their economies. The table below summarizes the most elaborate responses, which are, understandably, from upper-middle-income economies where a focus on fiscal, monetary and financial economic responses have also extended to labour and employment specific actions. Notably, a significant number of African governments have not articulated any policy responses to meet the challenge yet.

A careful review of these initial measures would reveal that the focus is on the formal African economy, like airlines losses, trade, infrastructure, energy, insurance, formal businesses, etc⁹. Among those examples coming from different countries, a few measures may reach some of the workers or economic units in the informal economy. In Algeria for instance, no one in the informal economy will benefit from those measures. In Egypt, it is not clear that the "stimulus policies" will include those operating in the informal economy. By contrast, some of the measures in Mauritius; Morocco or South Africa may be of interest for the informal economy. These include primarily measures to strengthen the public health system (increase general public health spending in Mauritius or a upgrading medical facilities in Morocco). Also significant will be cash transfers to support the most vulnerable such as the a small monthly payment during the next four months despite the challenge of being able to applying an appropriate targeting criteria (possible in South Africa probably not in most countries).

Overall, there remains concern that these mitigating measures need to target the workers and economic units in the informal economy if they are to cushion the majority of the African population.

⁶ <https://www.ilo.org/legacy/english/inwork/cb-policy-guide/declarationofPhiladelphia1944.pdf>

⁷ <https://www.socialeurope.eu/social-protection-pays-off>

⁸ The IMF has one of the most vast policy tracker. This policy tracker summarizes the key economic responses governments are taking to limit the human and economic impact of the COVID-19 pandemic as of end-March 2020. It can be accessed here: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

⁹ <https://www.jesuits.africa/2019-01-10-07-39-58/news-and-events/1141-the-african-economy-is-infected-the-economic-impact-of-covid-19-is-worsening-poverty-in-africa>

Country

Selected Examples of Economic and Social Policy Response to COVID-19 in Africa

Algeria

- Preparing a supplementary finance law to include compensation measures for losses incurred by businesses.
- Postponed declaration and payments of income taxes for individuals, and for small and medium enterprises
- The Bank of Algeria lowered the reserve requirement ratio from 10 percent to 8 percent, and its main policy rate by 25 basis points to 3.25 percent

Egypt

- The government has announced stimulus policies in the USD 6.4 billion package (EGP 100 billion, 2 percent of GDP) to mitigate the economic impact of COVID-19.
- Pensions have been increased by 14 percent. Energy costs have been lowered for the entire industrial sector; real estate tax relief has been provided for industrial and tourism sectors; and subsidy pay-out for exporters has been stepped up. As part of the EGP 100 billion stimulus, EGP 50 billion has been announced for the tourism sector, which contributes close to 12% of Egypt's GDP, 10% of employment, and almost 4% of GDP in terms of receipts, as of 2019. The moratorium on the tax law on agricultural land has been extended for 2 years. The stamp duty on transactions and tax on dividends have been reduced. Capital gains tax has been postponed until further notice
- The central bank has reduced the policy rate by 300bps. The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families, has been reduced from 10 percent to 8 percent. The limit for electronic payments via mobile phones has been raised to EGP 30,000/day and EGP 100,000/month for individuals, and to EGP 40,000/day and EGP 200,000/per week for corporations. A new debt relief initiative for individuals at risk of default has also been announced, that will waive marginal interest on debt under EGP 1 million if customers make a 50 percent payment.

Mauritius

- The authorities have announced plans to increase general public health spending by Rs 208 million (0.04 percent of GDP), with half already disbursed. There are a range of other fiscal support measures including an additional Rs 4 billion (0.8 percent GDP) in spending/financing. The State Investment Corporation will raise Rs 2.7 billion (0.5 percent of GDP) to make equity investments in troubled firms. There will be financing available for SMEs. The Development Bank of Mauritius will give Rs 200 million (0.04 percent of GDP) in credit for firms short on cash. Affected firms will receive extra tax deductions.
- All labor contracts set to expire this year are extended through December 3, 2020. The government will also introduce a Wage Support Scheme to limit the socio-economic impact of COVID-19 by providing financial support to employees who would become unemployed on a temporary basis.
- On March 23, BOM announced additional support measures:
 - i. support to households - six-month moratorium on household loans at commercial banks, while BOM will bear interest payments for households with the lowest income;
 - ii. Special Foreign Currency (USD) Line of Credit (\$300 million) - targeting operators having foreign currency earnings, including SMEs;
 - iii. Swap arrangement to support import-oriented businesses (initial amount \$100 million); and
 - iv. Shared ATM Services - waving ATM fees during national confinement period.

Morocco

- A special fund dedicated to the management of the pandemic, of about US\$1 billion financed by the government and by voluntary contributions from public and private entities which will be tax deductible. This fund will cover the costs of upgrading medical facilities and support businesses and households impacted by the pandemic.
- Employees who become unemployed and are registered with the pension fund will receive 2,000 dirhams a month and can put off debt payments until June 30.
- The central bank reduced the policy rate by 25 bps to 2.0 percent on March 19. To support companies, loan payments are suspended for small and medium-sized businesses and self-employed people until June 30, and a new banking credit line is created to finance businesses' operational expenses, which is guaranteed by the Central Guarantee Fund.

South Africa

- The government will assist companies facing distress through the Unemployment Insurance Fund and special programs from the Industrial Development Corporation. Within the realm of the budget, workers with an income below a certain threshold will receive a small monthly payment during the next four months. Funds will be available to assist SMEs under stress, mainly in the tourism and hospitality sectors. Allocations will also be made to a solidarity fund to help combat the spread of the virus, which will be created with assistance of private contributions. On the tax front, the revenue administration will accelerate reimbursements and tax credits and allow SMEs to defer certain tax liabilities. The authorities have released partial cost estimates for the measures, so far amounting to ZAR 12 billion (0.2 percent of GDP). The government is working on additional support measures to be presented to parliament.

Proposed Measures Targeting the Informal Economy

For more than 100 years, the International Labour Organization (ILO) has championed social justice and promoted decent work for all, including those working in the informal economy. The ILO has set international labour standards that promote work that is productive and delivers a fair income. In addition, decent work provides security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

In times of crisis, international labour standards provide a strong foundation for shaping key policy responses that focus on the crucial role of decent work in achieving a sustained and equitable recovery. These standards, adopted by representatives of governments, workers' and employers' organizations, provide a human-centred approach to growth and development, including by triggering policy levers that both stimulate demand and protect workers and enterprises (ILO, 2020)¹⁰.

Immediate Response Actions

From the ILO perspective, the immediate response and coherent strategy regarding the promotion of the transition from informal to formal economy should:

- Identify the vulnerable groups in the informal economy who will be badly impacted by COVID-19 (and in particular all those operating or using market places) and by gender-sensitive and non-discrimination policy measures to fight COVID-19 in spite of the challenges to identify and reach the right people in the informal economy

- Build on social dialogue mechanisms with public authorities and the involvement of workers and employers' organizations involved in the informal economy. It will be necessary to include women and vulnerable groups (people with disabilities and living with HIV), which is not often the case. This should facilitate:

- i) the design of gender-sensitive and non-discrimination measures to mitigate the impact of the outbreak on workers and economic units in the informal economy, ranging from preventive measures like sanitary infrastructure in market places to allow workers and consumers to wash their hands regularly and provide health kit to fight COVID-19 outbreak; awareness raising campaigns and strengthening their capacities to develop risk mitigating measures in line with their sectors, and

- ii) finding the appropriate ways to implement wage/income support measures for workers in the informal economy and deliver special package, either specific for those in the informal economy who will lose their mean for making their living or a universal temporary grant without the issue of targeting.

Medium and Long-term Response Actions

These would build on the work the ILO and its constituents, and other actors, to organize informal economy workers and economic units, to reduce decent work deficits in the informal economy and facilitate transition to formality. The ILO Recommendation 204 concerning the transition from the informal to the formal economy¹¹ provides a comprehensive list of policy interventions on which to build a solid response. Below are proposed actions focusing on protecting workers in the work place, stimulating the economy and labour demand and supporting employment and incomes.

Protecting the health of the workers	
<p>Vulnerability to COVID-19 emanates from not only poor working but also living conditions. Work in the informal economy entails high exposure to germs, health and environmental hazards and high proximity to people. The occupational risks include precarious housing, low quality nutrition, a lack of access to portable waters and sanitary facilities including for waste disposal, and a lack of</p>	<p>Awareness raising campaigns and put in place appropriate occupational safety and health measures in the workplace to avoid the spread of the virus among workers but also to the consumers. This includes strengthening capacities of informal economy workers and economic units to put in place health and safety measures to avoid the spread of COVID-19 and let them play a key role in producing and delivering relief packages to those who lost their income generating activities due to COVID-19 impact and measures. Awareness campaigns against violence and</p>

¹⁰ ILO. 2020. COVID-19 and the world of work: Impact and policy responses, An ILO Note, 18 March 2020, Geneva, Switzerland.

¹¹ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204

<p>basic health services. These risks are compounded in cases where the home and workplace are one and the same place.</p> <p>The challenge of improving occupational safety and health in the informal economy is not so much a matter of attempting to enforce compliance with regulations as of providing informal operators and workers with information and guidance on often simple and inexpensive measures that can be taken to reduce risks.</p> <p>Another vulnerability is also that when they get infected, they are unable to work and will infect others in the house, so there is an need for some access to health care and then comes in the issue of social protection.</p> <p>Measures adopted must pay particular attention to the most vulnerable groups such as people with HIV/AIDS and people with disabilities and systematically integrate a gender perspective.</p>	<p>harassment in the workplace and stigma must also be taken into consideration including to disadvantaged communities in both rural and urban areas. During total shutdowns, use radio and mobile phones to share relevant information. Also develop targeted advocacy tools, including on mainstreaming gender, for informal workers and economic units.</p> <p>Effective access to COVID-19 testing and treatment (free or at least affordable) and other health problems must be facilitated, including setting up of equipped mobile clinics</p> <p>Occupational safety and health should be part and parcel of efforts to improve job quality as well as quality of life in the home and in local communities, moving towards the goal of decent work. An immediate concern would be the provision of PPE to informal economy operators – whose workplaces tend to be contact points for significant portions of the transacting public. Facilitate access to affordable safety masks, hand sanitizers and regular water supply especially in open markets... And promote their production at the national level where possible</p> <p>An important component of any successful strategy is the sensitization of policy-makers, municipal authorities and the labour inspectorate about the basic right of informal workers to decent working conditions. COVID 19 demonstrates that decent working conditions for informal economy operators are a public good.</p>
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Ensuring business continuity and stimulating demand

Premise/Concerns	Recommended Actions
<p>As rightly indicated, IE are not paying most of the tax with the exception of local/ market taxes and bribes. What happens when cities are locked down? When no activities in markets are allowed? What is the impact of such measures on IE?</p> <p>Micro-entrepreneurs in the informal economy rate the need for finance as one of their top priorities. The issue is not about whether credit is available, but on what terms and whether these terms are within the reach of micro-entrepreneurs and potential entrepreneurs.</p> <p>Some businesses go bankrupt due to reduction in demand. Access to inputs may be hampered which affects production. SSE organisations can play a role to provide services to the community, and to help people to make a living</p>	<p>In addition to financial support, governments can suspend tax payments for the crisis period. Informal economy actors often pay taxes in the form of daily market fees to local authorities (city council), whether or not they are registered.</p> <p>Finance can also be a powerful tool to initiate and reinforce self-organization among those in the informal economy. It is often money transactions that trigger off the formation of joint liability and solidarity groups, some of which eventually grow into multi-purpose self-help organizations.</p> <p>Encourage expanded business linkages in which large, formal businesses work with small, informal business as their outlets = create a network of wholesalers and retailers. This includes supporting gig economy workers to distribute essential goods to people's doorsteps while implementing sanitary protocols to ensure goods and packages arrive virus-free. In times when crowds are forbidden, this will facilitate business continuity by encouraging area-based outlets.</p> <p>Immediately after the crisis, government need to be mindful of how to provide economic stimuli to informal economy operators who make up significant proportions of the national GDP. It could be beneficial to ramp up efforts to enhance access to business development services and linkages to finance and markets to ensure businesses recover quickly. Informal economy associations and member-based organizations must play a key role in the design and deployment of these strategies to ensure they are fit for purpose.</p> <p>Economic stimulus packages could also be used to improve the informal economy working spaces and infrastructure such as markets and communal workshops in such a way that they promote social distancing. There may be a need for (conditional) grants as well (and soft loans) to rebuild working capital, assets and the like.</p> <p>Governments and employers' organisations can strengthen business development services to enable operators in the informal sector to strengthen their business and shift their business activities to other sectors or provide goods or services that are in demand, as a way to seize new opportunities that may arise in the market as a result of the crisis. This may require upskilling and reskilling, including remotely and online, access to knowledge and technologies as well as fostering business linkages between larger formal ones and informal ones.</p>

Supporting employment and incomes

Premise/Concerns	Recommended Actions
<p><i>In addition to the lack of infrastructure and institutional capacity, informal economy lacks protection that go beyond health protection that is financial protection. The informal economy is defined by a lack of social and employment protection, meaning no alternative income replacement in case of a loss or a reduction of economic activity</i></p>	<p><i>Income replacement measures</i></p> <p>Provide income replacement to the sick and people in quarantine. The responses require that the heterogeneity of those in the informal economy be taken into account. Countries need to understand the composition of informal economy in</p>

<p><i>Workers in the informal economy and their households</i></p> <p>Generally, informal economy workers have inadequate safety nets. They lack disposable cash and cannot stockpile food. They need a sustained income to meet their basic needs.</p>	<p>their country in order to address such diversity with tailored and gender-sensitive approaches.</p> <p>Introduce or extend social assistance where a large per cent of the operators in the informal economy are self-employed, dependent contractors, and contributing family workers, irrespective of whether they work in economic units in the formal or informal economy. Because of the nature of the COVID-19 pandemic, consider universal benefits paid to broad categories of recipients since targeting in cases where the majority of the people are the informal economy would be challenging and with limited impact on costs.</p> <p>Consider extending the coverage of social insurance to those in the informal economy and, if necessary, adapt administrative procedures, benefits and contributions, taking into account their contributory capacity. Where social insurance schemes do not exist, especially for short-term benefits, such as sickness and maternity benefits, or unemployment benefits, this is an opportunity to develop them.</p>
<p><i>Informal economic units and households</i></p> <p>Loss of demand for goods and services as well as disruptions in supply chains will lead to loss of employment and income, temporarily or long periods.</p>	<p>For employees holding informal jobs in or for formal enterprises, or in or for economic units in the informal economy, including but not limited to those in subcontracting and in supply chains, or as paid domestic workers employed by households such measures may include employment protection agreements ensuring at the same time an effective access to social insurance.</p> <p>Economic units affected by shutdown could be compensated. Other measures include temporary exemptions from tax payments, remissions, discounts, deferred payments, advance or accelerated repayments, accelerated depreciation, etc.)</p> <p>Support informal economic units involved in production of tools and materials for COVID-19 mitigation such as hand washing facilities or production of masks.</p> <p>The targeting concerns can be addressed through the use of technology -</p> <ul style="list-style-type: none"> • Mobile e-wallets: most people, regardless of formal or informal, have a mobile phone. An e-wallet service provider could be used (seizing the development of new financial technologies that are already available) • Conditional cash transfer system, where applies, for beneficiaries that work in the informal economy • Debit cards distributed by governments to households: either pre-paid or monthly payment

Social Dialogue as a necessary means of Action

The ILO experience has shown that social dialogue is more critical than ever at this time. Social dialogue refers to all types of negotiation, consultation or information sharing among representatives of governments, employers and workers (tripartite dialogue), or between employers and workers (bipartite dialogue), on issues of common interest. "Thus, workers in the informal economy have the right to organize and to engage in collective bargaining (where there is an employer). They may freely establish and join trade unions of their own choosing for the furtherance of their occupational interests and may carry out trade union activities (elections, administration, formulation of programmes) without intervention from the public authorities. Most importantly, they have the right to represent their members in various tripartite bodies and social dialogue structures" (ILO, 2010)¹².

"Voice regulation" through tripartite systems of consultation and negotiation at national or sectoral level has been increasingly recognized as a dynamic and effective means of promoting efficiency and addressing equity and distributional issues in both the formal and informal economies¹³. Yet, despite the expansion of their numbers, people in the informal economy have often been excluded from or under-represented in social dialogue institutions and processes. The COVID-19 pandemic is therefore another opportunity to strengthen partnerships with workers and employers organizations and representative organization of those in the informal economy. It is also an opportunity, and a necessity, to strengthen women's participation so that their specific constraints in the informal economy are included in the measures.

Most importantly, it is an opportunity for workers and employer's organization to demonstrate that informal economy associations, particularly street vendor associations, waste picker cooperatives, domestic workers' unions

¹² https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---dialogue/documents/publication/wcms_559300.pdf

¹³ G. Standing: Global labour flexibility: Seeking distributive justice (Basingstoke, Macmillan, 1999).

and home-based worker networks are key partners in development, alongside community groups who work with urban populations of the working poor¹⁴. It is also important to recognize that there is a diversity of civil society groups, movements and non-governmental organizations (NGOs) which seem to give visibility to and provide advocacy on informal economy issues but do not in essence represent those in the informal economy, as they are often not membership-based or do not have democratic structures. Informal economy actors must themselves be central to all COVID-19 responses that affect them, and social dialogue can provide the principle vehicle to bring about their participation.

It is the joint responsibility of governments and the representative organizations of employers and workers to ensure that representatives of the most vulnerable and marginalized groups of the active population are associated as closely as possible with the formulation and implementation of measures of which they should be the prime beneficiaries.

Looking Beyond the Perfect Storm

Indeed, a combination of ongoing poverty, a modest economic growth amidst unprecedented levels of informality, and relatively fragile health systems make up a perfect storm for the African region during the COVID-19 pandemic. Yet the importance of addressing decent work deficits in the informal economy precedes the ongoing crisis. There is therefore important to capitalize on this elevated attention on the informal economy to reiterate the available policy guidance for this subject matter.

The ILO Recommendation 204 concerning the transition from the informal to the formal economy is an important instrument towards which countries can turn to understand how to address the decent work deficits – the denial of rights at work, the absence of sufficient opportunities for quality employment, inadequate social protection and the absence of social dialogue – rampant in the informal economy. It affirms that the transition from the informal to the formal economy is essential to achieve inclusive development and to realize decent work for all, and provides guidance to ILO Member States on:

- (a) Facilitating the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
- (b) Promoting the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
- (c) Preventing the informalization of formal economy jobs.

In Africa, the African Union Commission, in collaboration with the ILO developed a joint framework for operationalizing the R204 in the region. Support to member states in line with the AUC/ILO Joint programme will remain important as countries recover from the COVID-19 pandemic.

For additional guidance from the ILO, look out for the following ILO Policy Briefs:

Mitigating the devastating impacts of COVID-19 on the working poor: ILO Responses for countries in situation of fragility and conflict

ILO Standards and COVID-19 (coronavirus)

Social protection responses to the COVID-19 crisis: Country responses and policy considerations

For Workers organizations

COVID-19: what role for workers' organisations?

For employers organizations

An Employer's Guide on Managing Your Workplace during COVID-19

¹⁴ <https://www.wiego.org/covid19crisis>