

► Impact of lockdown measures on the informal economy

A summary

May 2020

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

At the end of April 2020, the number of COVID-19 infections had exceeded 2.8 million cases affecting **210 countries and territories**.¹ Today, 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.

In 2020, 2 billion people work in the informal economy: 6 out of 10 workers. Informality concerns close to 9 out of 10 workers in sub-Saharan Africa and Southern Asia.

As of 22 April 2020, close to 1.1 billion informal economy workers live and work in countries in full lockdown with an additional 304 million in countries in partial lockdown.² These workers together represent 67 per cent of informal employment. For them, stopping work or working remotely at home is not an option. Staying home means losing their jobs and, for many, it has 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 their living in the informal economy.

Taking into account the additional effects of sectoral risk, employment status, the size of enterprises and different levels of lockdowns (full, partial and weak), leads to an even larger estimate of the impact of COVID-19 on informal economy workers. **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 (Table 1).

► Table 1: Informal economy workers significantly impacted by lockdown and physical distancing measures (2020)

	Informal employment (millions)	Significantly Impacted Informal workers (millions)	Informal Significantly Impacted (%)
World	2 060	1 564	76
By region			
Africa	391	325	83
Americas	192	169	88
LAC	158	140	89
Arab States	31	27	89
Asia and Pacific	1 346	988	73
Europe and Central Asia	100	65	64
By income group			
High-income	117	86	73
Upper-middle-income	716	395	55
Lower-middle-income	971	914	94
Low-income	256	197	77

Note: Estimates based on the analysis of national household survey data from 129 countries representing 90 per cent of global employment. LAC=Latin America and the Caribbean.

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

² Countries in full lockdown have taken three measures on a mandatory basis (a) workplace closure, (b) restriction on the internal movement of citizens; and (c) shutdown of public transport. Countries in partial lockdown have taken at least one of the three measures on a mandatory basis. See [ILO Monitor COVID-19 and the world of work. Third edition](#)

The proportion varies from 55 per cent in upper-middle-income countries (influenced by the situation of weak lockdown in China) to 94 per cent lower-middle-income countries which include the largest countries in terms of informal employment, all of them in situation of full lockdown (India, Bangladesh, Pakistan or Nigeria to name the main ones). Almost all these workers (over 95 per cent) are working in small units of less than 10 workers, many operate in wholesale and retail trade, manufacturing or in agriculture. Among informal economy workers significantly impacted, 42 per cent of women are in high risk sectors compared to 32 per cent of men.

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). By region, the expected decline is largest in Africa (81 per cent), Northern America (82 per cent) and Latin America and the Caribbean (80 per cent).

Assuming a situation without any alternative income, **lost earnings would result in an increase in relative poverty 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.

► **Table 2: Labour income and relative poverty among informal workers as 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)
	Informal workers	Informal workers		Informal workers	Informal workers	
			Difference (%)			Difference (% points)
World	894	359	-59,8	25,6	59,4	33,7
By region						
Africa	518	96	-81,4	20,7	82,9	62,1
LAC	364	74	-79,7	36,1	90,1	54,0
Northern America	2312	429	-81,5	17,6	77,3	59,7
Asia and the Pacific	549	430	-21,6	21,9	36,3	14,4
Europe and Central Asia	1253	387	-69,1	34,1	80,2	46,1
By Income Group						
High-income countries	1834	445	-75,8	27,5	79,7	52,1
Upper-middle-income countries	497	359	-27,7	25,9	47,1	21,2
Lower-middle and low-income countries	479	89	-81,5	18,2	74,4	56,2

Note: Weighted estimates are based on 64 countries representing 65 per cent of global employment. Labour income includes income from independent workers and wage employees. Whenever possible, estimates include labour income from all jobs. 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 below 50 per cent of the median monthly labour income in the population.

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