

These COVID-19 Analytical Snapshots are designed to capture the latest research, information and analysis in a fast-moving environment. Topics will be repeated from time to time as research and analysis develops. If you have an item to include, please email us at research@iom.int.

New research & analysis on migrants in informal economies & COVID

[COVID-19 and the world of work. Third edition](#) by the International Labour Organization (ILO)

[Policy opportunities and challenges from the Covid-19 pandemic for economies with large informal sectors](#) by Rajneesh Narula

[Potential Responses to the COVID-19 Outbreak in Support of Migrant Workers](#) by the World Bank Group

Women are [overrepresented](#) in high-risk informal sectors. [42%](#) of women workers are working in those sectors, as opposed to [32%](#) of men.

As has been widely reported, COVID-19 impacts have sent shockwaves across the economies of most, if not all, countries. The pandemic has heavily [disrupted labour markets](#), pushed [unemployment](#) to unprecedented levels in some countries and sharply [driven down](#) economic growth. But the economic fallout from the pandemic is especially devastating for those who work in the informal sector. Lacking secure employment [contracts](#) and no [workplace protection](#) or [representation](#), workers in the informal sector, where migrants are overrepresented, are some of the most affected by the pandemic.

What does 'informal economy' mean?

The International Labour Organization (ILO) defines the [informal economy](#) as “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.”

There are an estimated [2 billion workers globally](#) who derive their livelihoods from the informal economy, representing [62%](#) of all workers in the world. In low income countries, the informal economy accounts for 90 per cent of employment, while this figure stands at [67%](#) in middle-income countries and [18%](#) in high-income countries.

Lack of protections



Many informal workers, including migrants, are without access to health and employment benefits, which means that when they get sick, they do not always have [guaranteed access](#) to medical care. Moreover, many, including those in low-skilled employment areas such as construction, agriculture and domestic services work in [conditions that expose them to safety and health risks](#), such as those without access to water and sanitation, raising their risk of contracting COVID-19. Irregular migrant workers in the informal economy are in even more precarious situations, as they are often not covered by any [formal arrangements](#) to access recovery measures put in place by governments.



Impact on internal remittances



Urban informal workers are responsible a large share of domestic remittances. As the informal sector in cities undergoes heavy disruption due to the pandemic, it is expected there will be [a reduction in income](#) generated from remittances in rural areas. Domestic remittances are often a lifeline for recipients, especially those in rural areas and are [a key source if non-labour income](#) for these households. These effects will especially be felt by countries such as India, which have large numbers of internal seasonal and non-seasonal migrants. Nearly [90% of India's 500 million workers](#) belong to the informal economy, while this figure is over [85% in Bangladesh](#). The earnings of informal workers globally is projected in to fall by [60%](#) in the first month of the crisis and on continents such as Africa and Latin America, this figure could be as high as [81%](#).

Double burden

Informal workers have bit hit by twin shocks- a [reduction in both supply and demand](#) as governments have imposed various measures to contain the spread of COVID-19.

The closure of borders and movement restrictions in subregions such as East Africa have [constrained supply chains](#), while reduced spending from people, largely driven by the pandemic, has resulted in unemployment and loss of income for many in the informal sector, many of whom are migrants from countries within the subregion.

Supporting informal sector workers

Several governments have taken steps to support informal sector workers who often are not beneficiaries of social or employment benefits. Some, such as Vietnam, have [expanded existing social assistance](#) programs to include more people, including informal sector workers. The Philippines, on the other hand, has [established emergency employment measures](#) for informal sector workers. In India, the government has prepared an [action plan](#) to reskill migrant and informal sector workers without jobs.

The International Growth Centre recently hosted a webinar on *the impact of COVID-19 on informal and migrant workers in India*. Watch it [here](#).



This recent statement by IOM on [COVID-19 and Mobility](#) highlights the **challenges faced by migrant workers**, including that they are

“...likely to be employed in daily-wage, short-term, or precarious work in the informal economy often with limited provision for, or fear of seeking access to, social protection, adequate food, housing, health and social services.”

This COVID-19 Analytical Snapshot has been produced by [IOM Research](#) (research@iom.int).

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