

COVID-19 and the dilemma of the informal economy

With every crisis come various challenges but also new opportunities. The 2020 pandemic presents an opportunity to establish a new social contract that provides social justice, support and security for all workers worldwide. According to the monitor report 2020 of the International Labor Organization (ILO) "Covid-19 and the world of work", the informal economy workers, estimated to be over 2 billion people, represents 61 percent of the global workforce. They constitute 90 percent of total workforce in low-income countries, 67 percent in middle-income countries and 18 percent in high income countries.

These workers work in vital sectors such as production of food and clothing, construction, health care, child and eldercare, household services, cleaning, transport, delivery and waste management. However, they mostly live in dire conditions, with no safety net, no health care insurance, no paid sick leave and rare capital accumulation. According to the ILO, the pandemic is likely to undermine the livelihoods of 80 percent of the global informal workforce, that is 1,6 billion people. In fact, the ongoing COVID-19 precautionary guidelines set by governments, have halted many industries' economic activities, and has heavily damaged the livelihoods of most of the global informal workforce. Given that they depend on daily wages, these workers have limited savings and discontinuous income generation, which makes them extremely susceptible to economic shocks. Above it all, they are mostly excluded from relief funds provided by the governments or international aid to help businesses recover from the COVID-19 crisis.

In Lebanon, like many low- and middle-income countries, the informal workers, estimated to represent 55 percent of the total Lebanese workforce, are the mostly affected by the lockdown and its aftermath. For them, staying at home and not working means loss of revenue which ultimately leads to job losses and sharp rise in poverty and unemployment. Thus, they would rather take the risk on their own health, knowing that they are already struggling because of the country's ongoing economic collapse. According to Luca Pellerano, a senior protection specialist at the ILO regional office for Arab states, these problems are old but are now becoming more obvious because of the pandemic. "To die from hunger or from the virus" is to them their daily dilemma.

As such, combatting the threat to the informal sector in countries like Lebanon is of outmost importance, giving its significance and contribution to the national economy. Informal economy is a major source of income and social maintenance in Lebanon, regardless of its implication on the country's economic disruption. With the high levels of corruption and exploitation throughout the years, in both private and public sectors, informal economy has grown to be a way of life in Lebanon. It has become a norm covering those people's everyday needs while building up the fortunes of several business and political elites. In the long run, it unfortunately exposes the state's weakened structure and creates a socio-economic chaos that is difficult to regulate.

Under these circumstances, the livelihoods of 55 percent of the Lebanese workforce remains threatened and prompt action is urgently needed to avoid a social blast. It is the right moment to consider a new social plan to save this underprivileged population.

Ensuring adequate health care aid coupled with an economic support package for the less advantaged workers is vital not only to stop the spread of the virus but also to help them get back on their feet once the pandemic is over. While implementing such a scheme seems challenging in the current state collapse and economic failure, it is of dire importance to allocate a place for fund for this matter to avoid further economic breakdown and slump into poverty.

The pandemic has imposed on us an opportunity to jointly create a plan for the country's economic and health recovery but also for its social cohesion. The plan should include a structured strategy for relief, recovery and reform of the underprivileged people, be it the unemployed, the small businesses or the informal economy workforce.

This new plan of embedding social cohesion is needed to challenge social and economic injustices and stop denouncing the informal economy as a problem but rather as an opportunity to benefit from its attributes while legalizing its function. In this pandemic, the justice of nature has prevailed. Every single human being on earth is threatened by this virus, no one is left behind. The responses of one country affects all others. If one country cannot control the spread of the virus, others are prone to infection. The pandemic has made all people equal by force of nature, and no one can overcome it unless all of us do. This great message of unity from nature impels us to follow through, support each other and build our social unity, our only way to survival.

Dima El Hassan Jawad is a consultant at the Hariri Foundation for Sustainable Human Development.