

## **Mitigating the effects of COVID-19 on Wage Earnings for Female Domestic Workers in the Informal Economy in Ecuador and Brazil**

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### ***1. Executive summary***

The year 2020, marking the twenty-fifth anniversary of the Beijing Platform for Action, was intended to be ground-breaking for gender equality. Instead, with the spread of COVID-19 even the limited gains made in the past decades are at risk. The pandemic is deepening inequalities and exposing vulnerabilities in social, political, and economic systems. Compounded economic impacts are felt especially by women and girls who are earning less, saving less, and holding insecure jobs or living close to poverty<sup>1</sup>.

Domestic workers make up a large portion of the informal economy in Latin America and data on wages in domestic work, provided by the ILO Bureau of Statistics Database, show that women employed in domestic work receive lower wages than women working in most other jobs, and lower wages than men working as domestic workers. Women are also more concentrated in domestic work, whereas men tend to have better paying

jobs. A compilation of official data from 19 Latin American countries indicates that the earnings of domestic workers are among the lowest of all occupations.<sup>2</sup>

Ecuador and Brazil are Latin American countries with much similarity in their social context. In these territories, paid work at home is marked by patriarchal, sexist violent relationships, discrimination and xenophobic segregation that has been maintained throughout the years.

This labor sector, for the most part, is made up of indigenous girls and women, Afro-descendants and forced migrants from a very early age who consider this to be their only opportunity to enter the labor market, which is little valued and poorly recognized. In Ecuador, its Constitution, laws and international instruments regulate this practice, but in real life house workers and their rights are not respected because of the evasion of the norms, allowing violent and exploitative relations

between employees and employers to be perpetuated.

This situation clearly shows that these countries do not have an adequate registration system that provides updated and reliable information on the number of people who carry out this activity at the national level causing per juices to house workers who do not receive their minimum wage, don't have access to compliance and social security without forgetting the over exploitation, discrimination and abuses they are victims at work.

In this context, it's convenient to mention that one of the objectives of ILO Convention 189 is to ensure the protection of the labor rights of people who perform housework and to oblige States to

## ***2. Description of Policy Challenge***

In Latin America and the Caribbean, between 11 and 18 million people are engaged in paid domestic work, of which 93 percent are women. Domestic work represents on average between 10.5 percent and 14.3 percent of women's employment in the region, which means that a significant part of the workforce, especially

implement mechanisms to demand such rights. In this sense, its article 6 indicates the obligation to adopt measures to ensure that all domestic workers, like other workers in general, enjoy fair employment conditions and decent work.

This situation shows a huge challenge that must be faced, which is to dignify through public social, political, and economic policies this problem that affects the society. In this sense, we believe that change begins with new and disruptive ideas. In this document, we propose a few that focus on education and respect for policies that support these workers. This study provides recommendations on current policies and a technological solution to relieve the needs of female domestic workers.

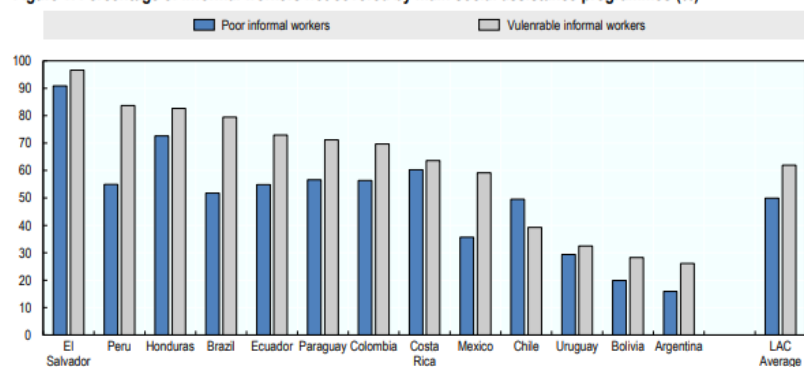
women, does it in precarious conditions and without access to social protection. The countries with the highest proportion of women employed in domestic service are Paraguay, Argentina, and Brazil. Their income is equal to or less than 50 percent of the average of all employed persons, even though in almost all countries there is a legally established minimum wage. More than

77.5 percent of employed women in the domestic work sector do so in informal conditions.<sup>3</sup> Informal workers engage in street vending, home-based work, waste picking, domestic jobs, and other short-term contracts. They may be undocumented, they usually are classified as living just above the poverty line, and they may not qualify for or even seek government support in normal times. As such, they frequently are not registered with social protection programs. They tend to depend on less formal or unregulated financial services providers (FSPs) such as pawnshops and payday lenders.<sup>4</sup> When looking at Brazil and Ecuador, it has been discovered that most poor and vulnerable workers usually perform manual tasks and work in sectors such as retail, restaurants, hotels, services, manufactures, transportation, and construction – which are notably more affected by the COVID-19 crisis (Figure 1).<sup>5</sup> Many female domestic workers in the informal economies of Ecuador and Brazil are facing serious issues currently during COVID-19. Some of the most pressing issues for this vulnerable population are job insecurity, loss of wages, lack of representation, limited knowledge

about their available rights and resources, and the lack of vocational training or resources to learn new skills.

In Ecuador, the vast majority of domestic workers are also doing the job without contracts or contracts that offer little protection. Nearly 85 percent of domestic workers have been fired during the pandemic, according to the national union.<sup>6</sup> While in Brazil, unemployment increased by 4.9 million people between March and April yet only a million formal jobs were lost in that same period, suggesting the informal sector has been greatly impacted by the pandemic.<sup>7</sup> The measures taken to mitigate the spread of the virus has greatly impacted the informal economy. Women in particular, are the most high-risk and vulnerable population to lose wages.<sup>8</sup> Interestingly, upper-middle income countries, such as Ecuador and

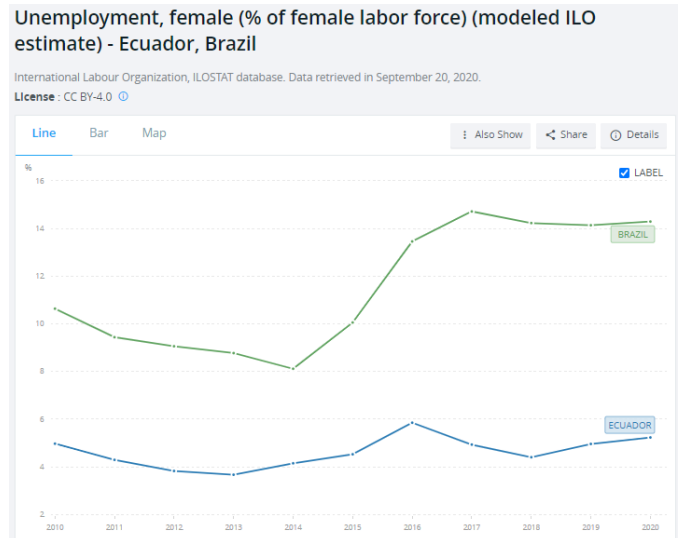
Figure 1. Percentage of informal workers not covered by main social assistance programmes (%)



Source: OECD Development Centre calculations based on Household surveys 2018 or latest year available.  
 Note: Informality definition follows the methodology proposed in OECD/ILO (2019) *Tackling vulnerability in the informal economy*. Main social assistance programmes include cash transfer programs and solidary non-contributory pensions.

Brazil, have the greatest disparities between men and women workers in the informal economy affected by the pandemic.<sup>9</sup> The gender pay gap in Ecuador is 7.4 percent lower for females compared to males with the wider gap being on the lower end of the pay spectrum. The most dramatic pay gap, however, is in ethnic differences with minorities making 44.9 percent less than the rest of the population.<sup>10</sup> This becomes important when looking at the demographics of domestic workers in Ecuador where the indigenous population is overrepresented in domestic employment.<sup>8</sup> Officially, the unemployment rate among female workers in Ecuador increased only to 5.23 percent in the third quarter of 2020 from 4.90 percent in the fourth quarter of 2019. The unemployment rate among female workers in Brazil increased to 14.3 percent in the three months to October of 2020 from 13.8 percent in the May to July period but mellow market expectations of 14.6 percent (Figure 2).<sup>11, 12</sup>

Figure 2. ILO estimate of female unemployment rate in Ecuador and Brazil



Moreover, the lockdown has massively impacted income losses and inequality among informal workers, where without any alternative sources of income, lost earnings can result in an increase of relative poverty for those workers.<sup>9</sup> 96 percent of informal workers living in Latin America and the Caribbean are experiencing either full or partial lockdown, which the ILO expected the relative poverty to increase to 90.1 percent during COVID-19 among informal workers due to the increases in relative poverty being associated with the high proportions of informal workers in the country.<sup>9</sup> This crisis has created an increase in job insecurity among informal workers - forcing them to accept jobs for much lower wages than

they used to before the pandemic due to job scarcity.

In addition, unions have a poor reputation among the residents of these countries and are often associated with political agendas. This provides a barrier in organizing workers to improve representation.<sup>8</sup> There is an indisputable lack of communication between the government and their workers, which makes it difficult for the government to know what is needed for the

### ***3. Policy Options to Address the Challenge or Issue***

There are several policies that the governments of Ecuador and Brazil can implement to address this issue. Education and awareness, replacing lost jobs, retraining of female domestic workers to teach new skills and government subsidies in the form of economic relief, grants or tax credits can be named among those. To promote public awareness, an app called “TRH Unidas” was launched in Ecuador, which aims to improve the rights and working conditions of domestic workers.<sup>13</sup> However, there are only a few hundred installations in Google Play Store and it is not available in the App Store. Social media is another tool that is beneficial in educating domestic

workers and for workers to recognize their rights and resources available to them. Additionally, domestic workers are often not documented and prefer not to speak about the subject. It is hard to identify and create policies that are helpful because these workers are distrustful of their government representatives thus they have no incentive to work with the federal government to enact legislation changes that would alleviate the challenges they face.

workers of their rights and spreading awareness of the realities that many domestic workers face, especially during the COVID-19 pandemic. In Brazil, a series of cartoon comics were shared on Instagram to raise awareness about the lives of domestic workers.<sup>13</sup>

Government subsidies are another policy option to address this issue. These subsidies could come in the form of economic relief, grants, or tax credits. In Germany monthly wages less than €400 are not subject to social insurance contributions. In the United States, refundable tax credits (the “earned income credit” and the “making work pay” credit) are available to low-wage earners and

their families.<sup>14</sup> Such policies would help female domestic workers in both Brazil and Ecuador come out of the shadow economy and become eligible for receiving unemployment benefits and other forms of government social protection to battle the harsh economic burden caused by the pandemic we are still facing.

Brazil ratified the ILO Convention Concerning Decent Work for Domestic Workers (C189) in 2018 and Ecuador in 2013.<sup>2</sup> Additionally, the recognition of equal rights in the labor code of Ecuador and the reform of the Federal Constitution of Brazil have promoted different regulations to guarantee access to labor and social security rights for female domestic workers. In both these countries the minimum wage for paid domestic workers is equal to the national minimum wage. As many domestic workers were financially impacted by the pandemic or could not work due

### ***Conclusions and Recommendations***

Given that there are policies and regulations already in place aiming to formalize the domestic employment sector in both Ecuador and Brazil, a new approach to alleviate the policy barriers previously mentioned and the most

to health concerns or lockdown measures, loss of employment is one of the primary concerns these workers face today. Some new policy efforts to replace lost jobs due to the pandemic could be introduced by the governments in Ecuador and Brazil. Government programs to replace lost jobs, and government aid in providing safety protocols to prevent the spread of COVID-19 are important measures to undo the damage that COVID-19 brought upon domestic workers.

Retraining domestic workers is another possible policy that could be enacted. This will help domestic workers to be very skilled and capable of performing high quality work, thus increasing their hireability and potentially even wages. It could also help domestic workers learn new skills in order to diversify their abilities, again increasing their hireability and potential wages.

feasible and helpful first step in combating the current problems domestic workers face in the informal sector is creating a hub for resources in one place that is compatible with COVID restrictions on social interaction - a website. Each

tab on this website will aim to provide a different resource and work towards fixing different problems that the women face. A “COVID resources” tab will provide the women with information and resources to prevent COVID spread, as this population of workers are already more vulnerable to exposure due to the nature of their jobs. An “information” tab would be structured to empower the women and push accountability for the employers, another problem encountered. Another tab on this website can focus on “vocational training”. Many domestic workers in Ecuador and Brazil do not have additional training, putting these workers at a disadvantage if their employment is lost. This tab would help the women become multi-dimensional workers and find the value in the skills they already have. Next, a “marketplace” tab. Without a company or an online platform, connecting domestic workers with potential employers can be difficult, especially in this sector, where word of mouth is the primary source of employment. In addition to that, implementation of the “marketplace” tab

provides an opportunity to place more power in the hands of the workers. This tab not only works to combat job loss but also encourages accountability for employers. Lastly, a “connect with the community” tab works against the lack of representation domestic workers have in their communities and aims to unify this workforce.

To put this into practice, a private tech company with NGO partners and government grants would be the best combination. Finally, subsidies for those who sign up would not only help with loss of wage, but also provide an incentive for workers to sign up for the website.

If this website were to be fully developed and sent into the world, there are some specific actions that could be done to continue tweaking and bettering it. The proposed solution would work to alleviate job loss, lack of representation and information, single dimensional workers, and loss of wage, some of the most detrimental problems that plague female domestic workers in the informal economy of Ecuador and Brazil.

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