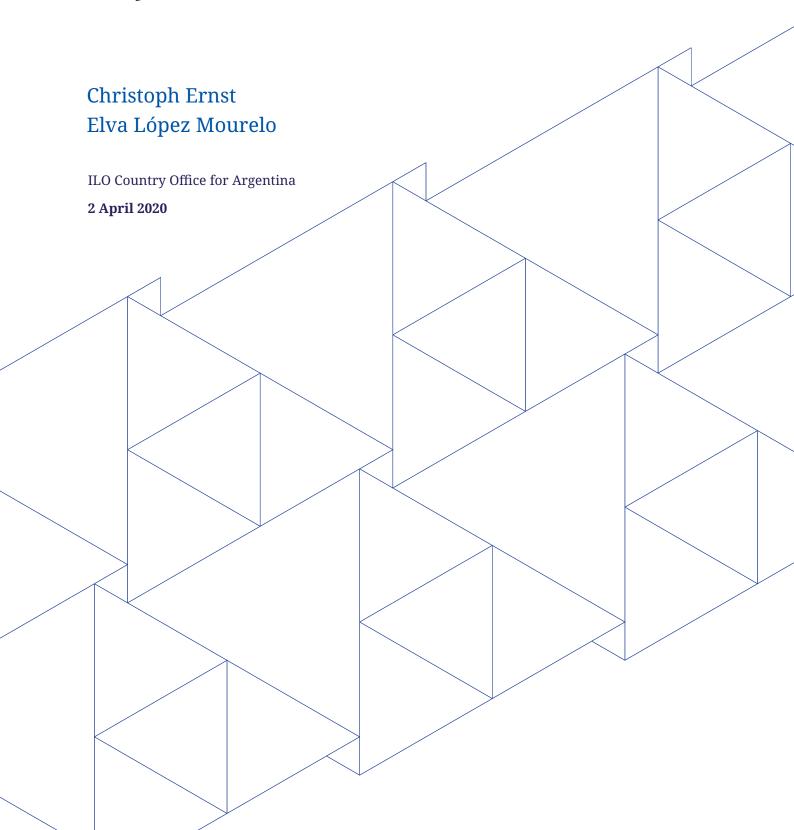


TECHNICAL REPORT

► COVID-19 and the world of work in Argentina: Impact and policy responses



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This report highlights the effects of the COVID-19 crisis on employment and the labour market in Argentina, it details the policies announced by the government and it analyses the extent to which those policies are in line with the ILO's recommendations for offering a comprehensive response to this crisis. The ILO Country Office for Argentina will update this report as new data and information become available.

Visit the ILO's web page for more information and updates about the COVID-19 crisis:

www.ilo.org/buenosaires.



1. Introduction

The health crisis caused by COVID-19 reached Argentina at a time of economic and social weakness. The government was in the process of renegotiating its public debt, which had reached unsustainable levels¹, and the country was facing major difficulties to meet its debt payments as agreed. Moreover, this was all taking place within a context of negative economic growth² and a high level of inflation—with a year-to-year variation of 50.3 per cent recorded in February 2020 (INDEC, 2020)—thereby placing pressure on enterprises, especially SMEs. Consequently, the labour market was already weakened by a high unemployment rate, particularly among young people, in addition to the high informality of the economy, consequently creating precarious employment for a large part of the population.

A recent study shows that men are slightly more affected by COVID-19. However, women are subject to a higher burden of socio-economic disruption (Paskin, 2020). This is due to their over-representation in professional activities involving services and because women handle the majority of family care responsibilities.

Moreover, within the current context, male and female health workers (mostly women), who already exhibited signs of vulnerability before the crisis, are experiencing the deterioration of their labour situation, which merits a more indepth analysis.

The policy responses to the crisis by the Argentinian government and by other nations with which it maintains commercial ties has resulted in the current shutdown of a large part of professional activities. This has caused a major commercial drop³ that is affecting all the value chains of production. These measures, together with the uncertainty about the end of this crisis, will have a major impact on the national economy.

Within the margin of its scarce fiscal space, the government is seeking to implement policies that mitigate the socio-economic impact of the crisis. Whenever the crisis is finally overcome, a lot will have changed in Argentina, and the country will be different from the one when the pandemic arrived.

¹ The Managing Director of the International Monetary Fund (IMF), Kristalina Georgieva, recommended in a recent statement that 'considering this debt-carrying capacity, and the existing debt burden, a substantial debt relief from Argentina's private creditors will be needed to restore debt sustainability with high probability' (FMI, 2020).

² Already before the crisis, the IMF forecast a 1.3 per cent drop in the GDP in 2020 (Franco, 2020).

³ A 5 per cent drop in exports is estimated, according to calculations by the consultant, Abeceb (Kantor, 2020).

This report offers a preliminary analysis of the current labour situation. It also details how the crisis will affect not only the quantity but also the quality of employment and details how the crisis will have an impact on the workers' groups that are in a situation of greater vulnerability.

This document also compiles the current policy responses of the Argentinian government, as well as the paths taken by other countries in the region. Finally, it includes suggestions for policies regarding how and to what extent the country could offer additional support to its workers, both now and in the short and medium term.



It is estimated that the crisis caused by the COVID-19 pandemic will have a major impact on Argentina's labour market, which was already immersed in a situation of considerable weakness before this health emergency.

After a 2.5 per cent drop in the GDP in 2018, the Argentinian economy contracted an additional 3.1 per cent in 2019. This positioned the country in third place in the region among those with the greatest deceleration, surpassed only by Venezuela and Nicaragua (OIT, 2020).

The precarious situation of the Argentinian economy, characterized by annual inflation exceeding 50 per cent and a continuous devaluation of its currency (the Argentinian peso, with cumulative depreciation reaching 65 per cent since April 2018), has given rise to major pressure on public accounts. The loan of US\$57 billion granted by the IMF in 2018 and the revision of the economic plan that accompanied the negotiation thereof gave the country limited fiscal space to respond to the impact of the economic context in the labour market.

As a consequence of the economic crisis that began at the beginning of 2018, a notable increase in the economic activity rate can be observed, marked by greater employment participation by women entering the labour market in order to make up for the drop in household income in this recessive context (Díaz Langou *et* al., 2019). However, this increase in participation was not accompanied by a rise in employment, given that the employment rate showed a stable trend over the last two years (Graph 1, Panel A).

Consequently, the unemployment rate grew by nearly two percentage points since mid-2017, even reaching double digits in the second quarter of 2019 (10.6 per cent). The most recent information places the unemployment rate at 8.9 per cent. In other words, at the end of 2019 nearly 1.2 million people were looking for a job in Argentina (Graph 1, Panel B). Victims of the consequences of the current health emergency are expected to be added to this figure for unemployed persons, already considerably high by itself.

In addition to the high number of unemployed persons, aspects related to job quality place Argentina in a situation of special vulnerability with respect to the impact of the crisis caused by COVID-19. The underemployment rate has grown since the end of 2017, particularly the percentage of underemployed persons

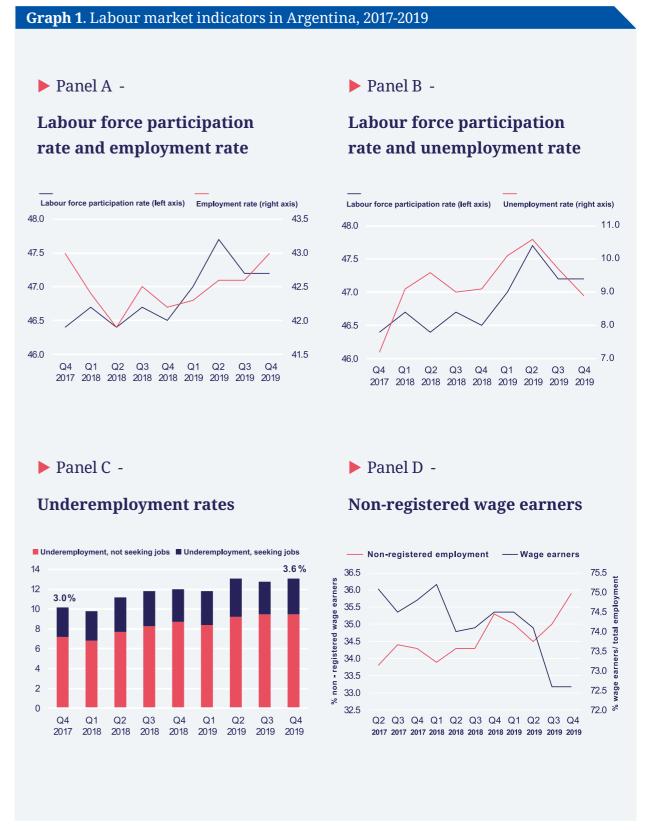
seeking jobs. Consequently, 13.1 per cent of employed persons worked less than 35 hours per week in the fourth quarter of 2019 due to involuntary reasons, when they were willing to work more hours, and the vast majority of these employed persons were actively looking for another job (Graph 1, Panel C). This indicator clearly shows that the economic consequences of COVID-19 will have an impact on a labour market in which there was already a growing gap between labour supply and demand.

Regarding job quality, the evolution of the type of employment that is being created in the country merits special mention. While in Argentina the majority of workers still have jobs as employees, since the end of 2017 a major drop in the percentage of wage earners can be observed in favour of an increase in other labour figures, such as own-account workers or small contributors under the simplified tax scheme (*monotributistas*) (Graph 1, Panel D).

This drop in wage-earner employment has been accompanied by an increase in the percentage of non-registered workers, which represents 35.9 per cent of wage earners. The greatest incidence of the informality rate is in those sectors that are especially affected by the isolation measures that were adopted because of the health crisis, such as commerce, hotels and restaurants and domestic work.

Moreover, the incidence of the rate of informality is higher among women, to a large extent due to the fact that informality is very high in domestic work: around 75 per cent. It is a sector that employs approximately 15 per cent of female workers in the country.

In Argentina, the majority of labour institutions—including legislation for the protection of employment, collective bargaining and contributory social protection mechanisms—are designed essentially to cover formal wage earners. Within this context, an economic impact such as the current one, which hits the labour market hard, leaves a major percentage of the country's workers in a situation of very low or zero protection.



Source: Own preparation based on the Permanent Household Survey (EPH), INDEC.

3. Estimates of the impact of COVID-19 on the world of work in Argentina

Macroeconomic and sector analysis

A recent assessment by the ILO indicates that the economic crisis caused by the COVID-19 pandemic would have far-reaching effects on global labour markets.

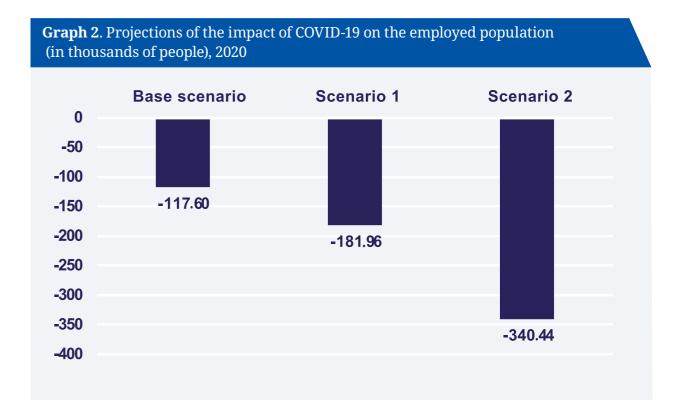
According to various scenarios regarding the consequences of COVID-19 on the growth of the global GDP, the ILO's estimates indicate an increase in global unemployment of between 5.3 million and 24.7 million people (OIT, 2020).

Moreover, it is forecast that the decrease in economic activity and the consequent drop in employment will involve major losses of income for workers, especially for those who are close to or below the poverty threshold. This consequence would give rise to a notable increase of working poverty. Thus, it is calculated that between 8.8 and 35 million people more will enter a situation of working poverty throughout the world, versus the original estimate that forecast a decrease of 14 million for 2020.

In Argentina's case, the rapid global expansion of the coronavirus and its contagious effect on the country's economy, as well as the actual consequences of the possible arrival of a health crisis, portend a significant drop of the GDP in 2020. In fact, the available projections on the behaviour of the Argentinian GDP in 2020 vary from the base scenario projected by the IMF in January 2020 (which estimated a drop of 1.28 per cent) to a drop of 3.8 per cent, forecast by the consultant, Ecolatina.

According to these GDP growth projections, the impact on employment has been estimated. The results place the drop in employment at 180,000 fewer employed persons in the scenario of a 2 per cent drop in the GDP forecast by the Organisation for Economic Co-operation and Development (OECD). If the Argentinian GDP eventually recorded a 3.8 per cent drop, the decrease in the number of employed persons could exceed 340,000 people.

The entire economy is suffering from either a partial or complete paralysis of production activities in the whole country. However, some sectors are more exposed to the crisis than others. Such sectors include a series of highly important services with respect to the generation of employment (Table 1), particularly activities related to the mobility of people and to tourism, which includes hotels



- Note: The impact of COVID-19 on employment has been estimated by applying employment-product elasticity (see the methodology in the Annex) to various available projections of GDP growth in Argentina in 2020. The base scenario considers a GDP growth rate of -1.28 per cent in 2020, projected by the IMF in January 2020 before the COVID-19 crisis affected the country. Scenario 1 contemplates a 2 per cent drop in the GDP, as it is estimated by the OECD in the OECD Interim Economic Outlook of March 2020. Scenario 2 is based on a projected GDP decrease of 3.8 per cent according to the most recent estimates of the consultant, Ecolatina.
- ▶ Source: Own preparation.

and lodging, transport and tourism services.⁴ All sectors in the value chain, with respect to these activities, have been completely shut down. This circumstance is having a major effect in certain territories of the country that, to a large extent, depend on tourism income (Serrichio, 2020).

The impact is also significant on restaurants⁵, bars and creative services, such as theatres, cinemas, museums and cultural and artistic events that were cancelled,

⁴ According to recent data of the OECD (Bonaglia, 2020), the tourism sector could face negative growth of between 45 and 70 per cent globally in 2020.

⁵ While restaurants have closed their services to the public in general, some of them (especially fast-food establishments) are still offering a home food delivery service, so they continue to have a certain amount of activity.

which offer highly restricted services or are frequented less due to the fear of exposure and infection in public places.

Construction, commerce and the activities of households as employers—meaning domestic work—have also stopped completely or partially (Primi, 2020). In this case, these are sectors with a high degree of informality, whose workers often live in poverty and have scarce or insufficient savings or other financial resources, in addition to not having adequate social protection. Therefore, it is very difficult for workers in these sectors to face periods in which activity is shut down.

The crisis is not only affecting services. Industry is also suffering tremendously. This is due to the disruption of the value chains—which have growing importance in the increasingly more integrated and globalized production world—and due to merchandise transport difficulties, as well as the drop in demand for final products.⁶

In fact, the nearly complete shutdown of all activities in the country and the restricted mobility of citizens have caused the closure of practically all shops and businesses. This is due to the fact that consumers are reducing their consumption to just the basic needs, such as food, and they are omitting purchases of non-basic products, such as clothes, household appliances, vehicles, etc. This is causing serious difficulties in sectors such as textiles and the automotive industry, among others, which were already in a precarious situation before the crisis.

There are sectors with ambiguous situations. For example, while the demand for agriculture remains, production and distribution problems are mounting. The lack of manpower is affecting harvests, given that seasonal migrant workers cannot begin or continue their activity due to various obstacles: transport, customs controls, health and hygiene. In addition to the aforementioned, the restrictions on transport and commerce should be included, which clearly affect distribution.

However, there are sectors that are generating more employment, although the workers in those sectors are at a greater risk of becoming ill during the current pandemic. Workers who are especially exposed can be identified by looking at the available evidence from prior crises of a similar nature. In addition to professions that provide assistance in emergency situations, such as the police, the fire brigade or the army, the health sector is, without question, the one that has experienced the highest demand during this health emergency.

Table 1. Employed population by branch of activity, occupational category and size of the establishment (thousands of people), 3rd quarter of 2019

		Wage e	arners	
Branch of activity	Own-account workers	Up to 5 employed persons	Over 5 employed persons	Total
Less affected sectors	327	429	2,570	3,326
Agriculture, livestock farming,	9	19	42	70
forestry and fishery				
Mining	0	7	41	47
Less affected manufacturing areas	122	112	280	514
Public administration		89	820	908
Education	88	79	843	1,011
Health	107	124	545	776
Mixed sectors	1,328	1,258	1,698	4,286
Commerce	857	695	632	2,185
Electricity supply	1	2	36	40
Waste management and sanitation	6	21	29	58
Land transport	123	127	217	467
Warehousing and ancillary activities	11	27	57	94
Information and communication	51	44	175	271
Business services	278	341	552	1,171
More affected sectors	1,095	1,822	1,252	4,169
All other manufacturing areas	236	209	441	885
Construction	421	409	285	1,115
Maritime transport			3	3
Air transport		4	11	15
Mail and courier services	3	12	29	44
Lodging	1	10	33	43
Restaurants	66	109	192	367
Travel agencies	2	8	11	22
Arts, entertainment and recreation	55	67	118	240
Support services for buildings, cleaning	49	73	94	216
Equipment repair	83	14	4	101
Other personal services (hair salons, etc.)	172	41	25	238
Activities of households as employers	8	865	5	878
No data available	24	48	80	153
Total	2,773	3,557	5,601	11,933

[▶] Note: Own-account workers include contributing family workers, and employers are included under wage earners. Less affected manufacturing areas include: food and beverages, oil refining, chemical industry, pharmaceuticals and medical materials.

⁶ This affirmation excludes sectors that are defined as less affected, given that they have more or less constant demand. There are also certain products that have seen their demand increase, such as everything related to health or hygiene materials that are necessary for responding to the pandemic.

Classification by effect based on expert opinions, government decisions (for example, restricted travel, closure of borders) and a series of recent research studies cited in this section.

[▶] Source: Own preparation based on the EPH.

Health workers at hospitals, clinics, residences for the elderly, medical offices and personal services at homes are on the front line of the response, with the demand to adapt to constant changes and the pressure to offer quick and effective solutions, in the majority of cases in an unknown and uncertain context.

In the fourth quarter of 2019, there were a total of 795,000 health workers in Argentina. This figure represents 6.5 per cent of the country's employed population. In turn, 69 per cent of that total are women. These are workers who, in a normal situation, already face worrisome labour conditions, such as work overload, holding more than one job, infrastructure and supply deficiencies and low wages, especially in professions such as nursing or therapeutic care (Aspiazu, 2017).

According to what has been observed in other countries, the COVID-19 crisis can only make the situation of health workers worse. In Spain, for example, the most recent news assures that doctors, nurses, caregivers and other workers are having difficulty getting access to basic materials such as masks. They are thus exposed to a greater risk of infection. The figures already show that there are over 5,000 infected health workers in Spain.⁷

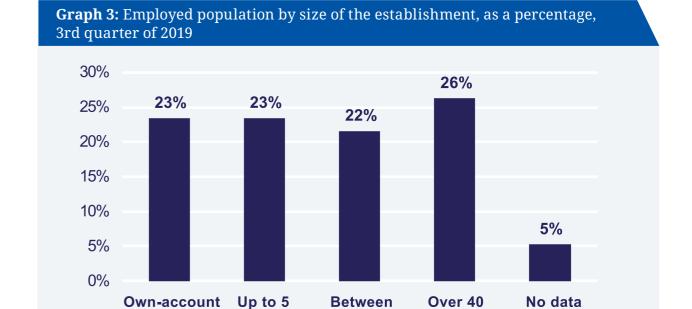
The difficulties of SMEs in the crisis situation

Micro-enterprises and SMEs play a particularly important role as creators of decent employment in Argentina, in addition to their role in economic growth and productive development (OIT, 2012).

Graph 3 shows that, while 26 per cent of employed persons work at large-scale companies (with over 40 wage earners), the vast majority of the employed population in Argentina works at SMEs or as own-account workers.

These types of businesses are also those that have a greater incidence of informality. The percentage of non-registered wage earners is clearly higher at enterprises with fewer than five workers (70 per cent). The number drops to 30 per cent for SMEs and to less than 10 per cent at large firms.

According to a recent analysis by the OECD (Bonaglia, 2020), many enterprises in Latin America could end up bankrupt, particularly micro and small enterprises, thereby mainly affecting the middle class, which is already in a social vulnerability



6 and

40 workers

workers

▶ Source: Own preparation based on the EPH.

workers

workers

trap. In addition to the uncertainty about the result of renegotiating the public debt, Argentinian SMEs are now facing the COVID-19 crisis. According to a recent survey by the SME observatory 8 (Observatorio PyME, 17 de marzo de 2020), 58 per cent of the surveyed units reported having sustained a considerable drop in sales, above all in the commerce sector and among freelance professionals.

That survey, conducted at the beginning of the COVID-19 crisis and before the mandatory social isolation measures, reflects a lower percentage of enterprises that noted an effect on their purchases (40 per cent), production (39 per cent) and employment (33 per cent). These aspects could be expected to be considerably more affected due to mandatory confinement.

Despite this difficult situation, these Argentinian enterprises are actively seeking solutions: 92 per cent of the surveyed SMEs have taken some action. In this regard, telework is the measure implemented the most, reported by 55 per cent of the SMEs operating in the service sector and by 46 per cent of freelance professionals,

^{7 &#}x27;The lack of protective material against the coronavirus increases the figure of infected health care workers: 5,400', published in the El Mundo newspaper on Tuesday, 24 March 2020. Link: https://www.elmundo.es/ciencia-y-salud/salud/2020/03/24/5e7a0c32fdddffbe7a8b4633.html. Consulted on 31 March 2020.

⁸ To delve deeper into these two effects, between 13 and 17 March 2020 the Fundación Observatorio PyME (SME Observatory Foundation) conducted a survey of the opinions of SME business owners in the services, commerce, industry and construction sectors, as well as of freelance professionals residing in the Buenos Aires Metropolitan Area (60 per cent) and in the Central region (25 per cent), the North-west (5 per cent), Cuyo (4 per cent), the North-east (3 per cent) and the South (3 per cent). The survey included questions about production, employment, purchasing and sales.

although it is only used by 24 per cent of the SMEs in industry and by 23 per cent in commerce.

The efforts by SMEs to ensure or improve working conditions should be highlighted, especially regarding occupational health and safety. Between 70 and 80 per cent of enterprises apply measures with a hygiene protocol and orient social habits with respect to COVID-19 (Observatorio PyME, 17 de marzo de 2020). Many of these companies have fewer possibilities of establishing the telework mode due to how they work. They have therefore taken other measures, such as prevention training, early holidays or more frequent shifts with fewer people.⁹

The impact of the COVID-19 crisis on female workers and the most vulnerable groups

While the economic, labour and social consequences of the COVID-19 crisis are generalized and affect the entire population in the majority of countries, there are a series of worker groups that are more adversely affected, for several reasons.

Women

In addition to being over-represented in jobs that provide care for victims of the pandemic (nurses, caregivers, etc.), women also have a greater presence in sectors where employment is more affected due to restrictions on the mobility of people and due to social isolation, meaning commerce, tourism and the hotel and restaurant industry, among others.

For example, in Argentina, 44 per cent of workers in the hotel and restaurant sector are women. Labour informality also affects women to a greater extent, which limits their access to income protection mechanisms during this period of a shutdown of activity.

Finally, to a greater extent women still assume the non-remunerated work of care at home. A burden that is compounded by the fact that schools and other centres are closed, so they therefore have to take care of not only children but also sick relatives and elderly adults, in a situation of certain physical and emotional wear and tear.

Informal workers

These workers will be especially affected by the consequences of COVID-19 for several reasons. First of all, as stated in the preceding section, there is a high presence of informal workers in the sectors most adversely affected by the isolation measures adopted because of the health crisis, such as the commerce sector and hotels and restaurants.

Likewise, a large percentage of informal workers in Argentina are involved in activities related to providing personal services, which cannot be performed remotely (such as domestic work, for example). It is important to keep in mind that informal workers, in addition to being especially affected by the crisis, do not have protection mechanisms that would allow them to have income during the time when they cannot perform their activity.

Within this context, the most serious situation is the one suffered by non-registered workers who have children over the age of 18 years, because these children are excluded from the Universal Child Allowance (AUH), one of the main mechanisms of non-contributory social protection in the country.

Own-account workers, small contributors under the simplified tax scheme and/or digital platform workers

The restrictions on the movement of persons and merchandise are forcing a large part of service providers to stop their activity. The majority of them work as self-employed workers or as small contributors under the simplified tax scheme. This condition means that they are not covered by unemployment insurance or other essential protections, such as coverage due to occupational illness, which would give them income during the period when they cannot work.

Small contributors under the simplified tax scheme also have limited access to non-contributory social protection programmes, to which informal workers do have access. As stated in section 2, in recent years Argentina has recorded a drop in the percentage of wage earners and a consequent increase in own-account workers. New modes of work have also arisen, such as digital platform work, in which the workers are almost always considered small contributors under the simplified tax scheme.

Workers who provide caregiving at homes

Workers who provide caregiving tasks at homes, including domestic workers, encompass over one million workers in Argentina, and they are mostly women.

⁹ A recent survey of the United Nations Development Programme (UNDP) and of the United Nations Global Compact (PNUD, UN Global Compact, 2020) conducted with enterprises (small, but mainly medium and large) reached similar results: the preferred measures taken were telework (93 per cent), awareness-raising actions (80 per cent), the partial or complete suspension of activities (60 per cent) and an internal protocol (40 per cent). The level of telework is higher when the average size of an enterprise is bigger and when it is in a more productive segment.

Technical report

COVID-19 and the world of work in Argentina

Faced with the closure of care centres due to COVID-19, many households and families have a greater demand for remunerated care services. At the same time, domestic and care workers are assuming a greater load of non-remunerated caregiving at their households and for their families. In the majority of cases, their job is incompatible with mobility restriction measures. In turn, their wages, which in general are lower than the country average, tend to be the main income for their households: 44.2 per cent of female domestic workers in Argentina are heads of household.

In this regard, domestic workers are especially affected by any reduction in their income. Furthermore, 75 per cent of domestic workers in Argentina are not registered, which limits their access to labour rights such as health insurance, sick leave and other mechanisms of social protection.



4. Policy recommendations for mitigating the impact of COVID-19, globally and regionally

Policy responses to the crisis must be focused on two immediate objectives. First of all, the health of all workers, employers and their families must be ensured, and the risks of spreading COVID-19 must be minimized. Subsequently, coordinated, quick and large-scale actions must be taken to support jobs and income and to stimulate the economy and labour demand.

In addition to mitigating losses, these measures contribute to preventing greater impacts to supply and demand, thereby avoiding drops in consumption and in the production capacity of companies. Otherwise, there is a risk of an extended recession.

Within this context, a comprehensive response to the crisis caused by the COVID-19 pandemic must include measures that act on three key pillars: 1) protection of workers at the workplace, 2) stimulation of economic activity and the demand for labour and 3) employment and income support.

1. Protection of workers at the workplace

Recommendations for ensuring the protection of workers include all measures that allow workers to continue their activity, while ensuring that the risk to their health is reduced to the minimum. Ensuring that they have access to health services and to leaves for recovery (in the event of illness) or to care for relatives and dependants is also advisable. Specifically, the following actions are recommended:

▶ Strengthen **occupational health and safety** (OHS), for example through social distancing measures, suitable protective equipment (especially for workers in contact with other people) and hygiene and non-discrimination procedures, among other measures, driven by tripartite committees. The ILO's Occupational Health and Safety Convention, 1981 (No. 155), details the rights and responsibilities of employers and workers for reducing occupational risks to the minimum.

- ▶ Promote **flexible modes** of work, such as remote work and/or a reduction of the workday without affecting pay.
- ▶ Improve universal access to public health services for workers and their families, even for those who do not have health insurance or health coverage.
- Extend sick leaves or leaves to provide care, while continuing to receive wages, in order to ensure the economic security of workers who are ill or under quarantine or who are caring for children, older adults or other relatives.

2. Stimulation of economic activity and labour demand

Tax and monetary stimulus policies, as well as financial support for enterprises of the most affected sectors, allow stabilizing not only the economy and employment but also demand and consumption, in addition to stimulating recovery once the pandemic has been halted. Along this line, the following actions are recommended:

- ▶ Establish effective **stimulus and tax relief measures**, such as public investment in infrastructure, tax reductions, allowances and other tax incentives. Also grant subsidies to support the continuity of businesses and commercial activities, especially for SMEs and for self-employed and freelance workers.
- Adjust the **monetary policy** through reductions in the interest rate, the use of international reserves and liquidity injections.
- ▶ Grant **financial support** through credits, mediation, refinancing and other tools, thereby contributing to tackling the liquidity restrictions suffered by the most affected sectors, especially SMEs.

3. Employment and income support

The objective of employment support policies is to offer facilities to enterprises so that they keep job positions despite the shutdown of activity. In turn, income support measures provide economic security to workers or groups whose income has been partially or completely reduced. Some of the recommendations in this aspect are the following:

▶ Apply **job retention schemes** that involve, for example, short-time working agreements (the famous German system of Kurzarbeit), wage subsidies and leaves for training and education. Applying tax cuts or exemptions to reduce the social contributions of employers is also recommended.

Expand **social protection** to workers through existing mechanisms or ad hoc payments, thereby including informal, own-account, seasonal and migrant workers. Some examples of these measures include unemployment insurance, transfer programmes and public employment programmes.

Due to the rapid evolution of this crisis, it is crucial to carefully monitor the direct and indirect effects of each intervention in order to verify the efficacy and sustainability of the policy responses. Building trust through tripartite dialogue is therefore essential. This affirmation is even more pertinent at times of social stress and institutional weakness, when a greater commitment from governments, workers and employers is required to channel joint actions.

A large number of countries are already implementing policies to respond to the economic and labour market effects of the current crisis. A trend that is also observed in several countries of Latin America and the Caribbean. Table 2 presents some examples of the measures implemented in other countries under the aforementioned three key pillars.

Table 2: Examples of measures adopted in selected countries as a response to the impact of COVID-19 on the world of work

KEY INTERVENTION COMPONENT	TYPES OF MEASURES	EXAMPLES OF MEASURES
	Occupational health and safety	In Japan , social agents provide advising and respond to questions about OHS by phone, through web pages and through the publication of informative materials. The Japan Business Federation sent a questionnaire to its members on the measures adopted to prevent the expansion of COVID-19. The National Trade Union Council of Japan established specialized phone lines.
	Flexible modes of work	The MECUIDA programme was launched in Spain , which establishes that wage earners who care for dependant persons due to the exceptional circumstances related to COVID-19 have the right to adapt or reduce their workday, with the resulting proportional decrease in wage.
Protection at the workplace	Universal access to health services	Panama set up tents and containers at all national hospitals to take care of people with symptoms of COVID-19. It also allocated 40,000,000 balboas (PAB) to acquire supplies and expand COVID-19 testing. Moreover, 85 health promoters were appointed to assist the needs of populations in remote areas of the country.
	Sick leaves or caregiving leaves	Ireland, Singapore and South Korea have extended sick leaves to self-employed workers. In the United Kingdom, the sickness benefit for workers who are diagnosed or in quarantine is paid as from the first day instead of the fourth day, which applies in all other circumstances.
		Italy granted parental leaves, which offer a benefit equivalent to 50 per cent of the wage during 15 days for workers with children of up to 12 years of age. Moreover, the payment of supplements of up to 600 euros (EUR) was established for self-employed workers to hire daycare services. This amount reaches 1,000 euros (EUR) for health workers and other occupations on the front line of the COVID-19 response.

	Stimulation and tax relief	In Peru , the deadlines for filing and paying for the tax obligations corresponding to February 2020 were extended to the first week of April 2020, both for natural persons and for micro-enterprises and SMEs. Brazil established a 50 per cent reduction in contributions by own-account workers and granted 5 billion reals (BRL) from the Worker Assistance Fund in the form of credit for SMEs.
Stimulation of economic activity and labour demand	Monetary policy	The central banks of Australia , Canada , New Zealand , the United Kingdom and the United States have lowered their interest rates in response to the crisis. The Council of the Central Bank of Chile resolved to reduce the monetary policy interest rate by 75 basis points, to 1 per cent, and to implement a set of additional measures targeted at proper functioning of the financial market.
	Financial support	Spain approved a financing line through the Official Credit Institute in the amount of 400 million euros (EUR) to handle the liquidity needs of enterprises and of self-employed workers of the tourism sector, as well as related activities that are affected.
	Employment retention schemes	Italy, through the Cura Italia Decree of 17 March 2020, has extended the so-called Cassa Integrazione (a wage guarantee instrument in cases of suspension or a reduction of working activities) to all enterprises and all workers, regardless of the number of months worked. This measure works like a dismissal prevention tool through the reimbursement of worker wages by the State in cases of suspension or a reduction of working activities.
Employment and income	Social protection	Chile , in a joint commission, approved the payment of a supplement amounting to 50,000 pesos (CLP) for the most vulnerable families due to the health emergency. A measure that would reach 670,000 beneficiary homes.
support		Peru announced the payment of a supplement amounting to 380 soles (PEN) for families in the most vulnerable situation in the entire national territory. These families will be identified through the register of social programme beneficiaries.
		In March 2020, Italy will pay compensation amounting to 600 euros (EUR) to independent professionals, craftsmen, self-employed merchants, seasonal workers in tourism and agriculture and show business workers, thus benefiting over 4.8 million workers.

5. Argentina's response to the crisis

Argentina is one of the countries that reacted the quickest in response to the economic and employment impacts caused by the COVID-19 health crisis. When there were still only a few confirmed cases in the country, the government established a set of measures that could be considered a comprehensive response to the consequences of this unprecedented crisis.

Each one of these actions are described below according to the response category to which they belong.¹⁰

1. Protection at the workplace

- Leaves for workers exposed to the risk of infection. Initially, the Ministry of Labour, Employment and Social Security (MTEySS) established an exceptional leave for workers, both public and private, who had returned to Argentina from countries with an outbreak of COVID-19. 11, 12 This leave was subsequently expanded to include self-employed workers who provide services continuously in the public or private sector, and to the recipients of workplace grants, interns and medical residents. 13 Subsequently, the leaves were extended to all workers (regardless of the contractual form) who showed symptoms associated with COVID-19, who had medical confirmation of having contracted the virus, who had been in close contact with a person who was infected or had symptoms or who had arrived in the country within the last 14 days after having travelled through affected zones. 14
- ▶ Leaves for workers who are responsible for providing care or who belong to risk groups. The MTEySS granted leaves to all workers of the public and private sector who had minor children in school¹⁵, as well as to pregnant workers, workers over the age of 60 years (except for those providing essential services) and workers belonging to risk groups. ¹⁶

- ▶ **Promotion of remote work.** The Argentinian government authorized all workers of the national public sector under any contractual mode to work from their homes, except for those who were providing essential services. Moreover, enterprises of the private sector were advised to work with the minimum number of employees and to adopt measures to allow distance work.
- ▶ Health and safety recommendations for workers of the telecommunications sector. The Occupational Risk Supervisory Authority (SRT) launched a series of recommendations about care and health for jobs in the telecommunications sector, which included (to the extent possible) avoiding entry in the home of customers, setting up personal work equipment and tools and having disinfection kits for personal cleaning and for cleaning vehicles and work equipment. Moreover, to facilitate the implementation of these recommendations, prior training was offered, in addition to daily health controls for workers of the sector.

2. Stimulation of economic activity and labour demand

- ▶ Public works on infrastructures, education, tourism and housing. The government announced a 40 per cent increase, meaning 100 billion pesos (ARS), in the budget for investments in public works earmarked for roadways, economic infrastructure, construction, the refurbishment of schools and tourism. Moreover, the Ministry of Housing re-launched the *Procrear* programme to promote the construction sector and the refurbishment of homes.
- ▶ Credit lines to guarantee the production of basic products. In order to ensure supplies and drive activity during this period of crisis, the government set up over 350 billion pesos (ARS) in credit lines at preferred interest rates for producers related to food, personal hygiene, cleaning, medical supplies and technology equipment for guaranteeing the telework mode. Moreover, 2.8 billion pesos (ARS) of the Ministry of Productive Development's budget were allocated to financing infrastructures in industrial parks.
- ▶ **Digital assistance for SMEs.** The Ministry of Productive Development, together with chambers of software businesses and private enterprises, offered technological and digital assistance to SMEs so that they were capable of handling the telework situation.
- ▶ Stimulation of consumption through price-setting and payment facilities. In addition to setting a maximum price during 30 days for a set of food products, personal hygiene products, medicinal products and medical instruments, the government announced the renovation of the *Ahora 12* programme for an additional six months, including expansion of the programme to online purchases, which allows consumers to make payments in up to 18 instalments at a very low interest rate or directly at no interest.

¹⁰ The policies included in this section only refer to the measures implemented by the national government, therefore not including interventions that could have been established by provincial administrations.

¹¹ Resolution 2020-178-APN-MT of 6 March 2020.

¹² On the date of the resolution, the countries considered to be affected by COVID-19 were China, South Korea, Japan, Iran, Italy, Spain, France and Germany.

¹³ Resolution 2020-184-APN-MT of 10 March 2020.

¹⁴ Resolution 2020-202-APN-MT of 13 March 2020.

¹⁵ In this case, the leave was granted to one of the parents and/or guardians.

¹⁶ Resolution 2020-207-APN-MT of 16 March 2020.

3. Employment and income support

- ▶ **Production Recovery Programme (REPRO).** With the objective of maintaining employment in the sectors most affected by the health emergency, the government announced the expansion of the REPRO programme. Under this initiative, the national government is responsible for supplementing a part of the monthly wage of workers of enterprises whose sales revenue has dropped. Specifically, the benefit per worker ranges from a minimum of 6,000 pesos (ARS) to a maximum of 10,000 pesos (ARS).
- **Exemptions from the payment of employers' contributions.** Reductions of up to 95 per cent in the payment of employers' contributions to social security were established for enterprises that have sustained a complete interruption of business activity or that have been severely affected by the health emergency.
- ▶ Regulation of labour aspects in essential services. The MTEySS established that the wages of workers who were contracted to perform services in activities deemed to be essential during the mandatory social isolation period would have a 95 per cent reduction of the portion that is allocated to the Argentinian Integrated Social Security System. The overtime hours that result from necessary compliance with activities deemed to be essential will also receive this reduction.¹
- ▶ **Compensatory wage allowance.** A remunerative allowance paid by the state was established for all workers in a relation of dependency at enterprises of up to 100 workers included under the collective bargaining scheme.
- ▶ Special allowance for health workers. The government established a non-remunerative allowance for health workers in a relation of dependency who provide services at public and private health institutions and at social security institutions. The payment reaches 5,000 pesos (ARS) per month from April to July (inclusive), and it is subject to the effective provision of services.¹8
- ▶ Expansion of Unemployment Insurance. The MTEySS announced a reinforcement for Unemployment Insurance, a mechanism of contributory social protection that, for registered wage earners who are dismissed without just cause, offers a monthly payment, family allowances and medical coverage during the time that the situation of unemployment lasts. The announcement contemplates an increase in the amounts of these financial benefits to the minimum of 6,000 pesos (ARS) and the maximum of 10,000 pesos (ARS).

- ▶ Reinforcements of social plans and allowances. From the very beginning of the crisis, the government of Argentina has reinforced non-contributory income support programmes through: (i) the payment of an extraordinary supplement of the Universal Child Allowance (AUH) and the Universal Allowance for Pregnancy (AUE), equivalent to the monthly total (3,103 pesos (ARS)); (ii) the payment of an extraordinary supplement to retirees who receive a single retirement amount or a minimum pension; and (iii) the postponement of payment of the instalments for ANSES credits corresponding to the months of April and May.
- ▶ Emergency Family Income. In order to compensate for the complete loss or a major decrease of income, the Argentinian government established the Emergency Family Income (IFE), which consists in a non-contributory monetary benefit allocated to Argentines or persons who have legally resided in the country for at least two years, who are between 18 and 65 years of age, and who are unemployed, who work in the informal economy, who are small contributors under the simplified tax scheme registered in the lower categories or who are domestic workers. The benefit, which is equivalent to 10,000 pesos (ARS), is paid to a single member of the family unit, one time only in the month of April 2020, and it is compatible with the AUH.¹⁹

¹⁷ Resolution 2020-219-APN-MT of 20 March 2020.

¹⁸ Decree 315/2020 of 27 March 2020.

Protection at the workplace	Stimulation of economic activity and labour demand	Employment and income support	
Occupational health and safety	Stimulation and tax relief	Employment retention schemes	
Health and safety recommendations for workers of the telecommunications sector.	Public works on infrastructures, education, tourism and housing.	 Production Recovery Programme (REPRO). Exemptions from the payment of employers' contributions in affected sectors. Compensatory Wage Allowance 	
Flexible modes of work	Monetary policy	Regulation of labour aspects in	
Promotion of remote work.		essential services.	
Sick leaves or caregiving leaves	Financial support	Social protection	
 Leaves for workers exposed to the risk of infection. Leaves for workers who are responsible for providing care or who belong to risk groups. 	Credit lines to guarantee the production of basic products	 Special allowance for health workers. Expansion of Unemployment Insurance. Reinforcements of social plans and allowances. Emergency Family Income 	
Universal access to health services	Other measures • Digital assistance for SMEs. • Price-setting and payment		
	facilities (extension of the Ahora 12 programme).		

6. Final considerations

Every dimension of the immediate future will be affected by the global COVID-19 pandemic, whose impact extends beyond the health aspects. Economic, social and development areas will be jeopardized in the short term. In fact, the ILO estimated that 25 million jobs could be lost globally, with income cuts that would reach 3.4 trillion dollars (USD). And depending on how the pandemic evolves, those figures could go even higher.

The challenge is huge, perhaps the biggest to be faced internationally since World War II. In Argentina, up to now, the health impact of the coronavirus pandemic has not reached the serious levels that are already being recorded in other countries of the region and, especially, in Europe and Asia. However, the economy is shut down, with no clear forecasts regarding when the crisis will end and within a national context of economic, social and psychological insecurity.

Moreover, in Argentina the coronavirus crisis arrived within a national context marked by economic weakness, barely more than 100 days after the new government took over. In addition to the negative economic growth, there is also the added problem of public debt (the payment of which has yet to be resolved) and the process of renegotiation with external creditors, which was interrupted due to the emergency of the pandemic.

Within this context of an economic crisis, Argentina's labour market was already immersed in a situation of considerable weakness before this health emergency, with close to a double-digit unemployment rate and with 3 out of every 10 wage earners in a non-registered status. This situation of precarious work mainly affects sectors and groups that, according to the estimates, will be the most adversely affected by the economic consequences of COVID-19.

Within this scenario, forecasting the impact of the health crisis according to its multitude of dimensions is highly complex, especially considering the very rapid and substantial changes that take place due to the dynamics of the crisis, due to its daily evolution and due to the obstacles to finding solid information and data. What is known is that the economic and social damage will be considerable and that, while every economy will be affected without exception, some sectors will be more adversely affected than others. This is the case of commercial establishments, hotels and restaurants, transport and cultural activities.

In the majority of cases, these sectors are major creators of employment, with a high degree of informality, in which workers often live in poverty, without resources that allow them to face periods of economic shutdown and without adequate social protection.

The vulnerability faced by smaller enterprises merits special attention, yet conversely there are sectors that are generating more employment than ever, such as health services. However, the workers in these sectors are exposed to major risks, and not just of infection. They are also subject to psycho-social risks linked to high levels of stress and pressure at the workplace.

By analysing some international examples, as well as the current Argentinian policies, this report has assessed the efforts made to limit the negative impact of the crisis on the labour market.

In order for the economic and social measures that have been implemented to mitigate the costs of the crisis can achieve their objective, what are the key aspects?

First of all, good **timing**. Argentina managed to define and implement measures at the right time, not only with health policies but also social and economic ones.

Second, the **allocation of sufficient resources** and sufficient **coverage** of the population. Within this context, Argentina has a serious difficulty: the fiscal space due to the debt problem is clearly limited, and the availability of additional resources for fiscal and financial support, as in the case of Germany, the United States and other affected countries, is a more complex strategy to execute in Argentina's case. There must be innovation to create fiscal space, which in the short term would mainly mean fostering budget re-orientation.

Third, appropriate measures must be implemented for **groups** that are the **most affected** and the least protected. In particular, policies of social protection and economic containment are required for informal workers, independent contractors, domestic workers, migrants and all groups that are difficult to reach because they are beyond the scope of capacity of the institutions.

Fourth, the **gender perspective** must be considered in the response. Women are the most affected by the socio-economic impact of this crisis, in which many of the facets are related to care.

Finally, the response must be **comprehensive**, **connected and monitored** between Ministries and with the shared commitment of governments, employers and unions in an active process of **social dialogue**.

In Argentina, measures that are headed in the right direction have already been announced and implemented. The setting of prices and financial support for the

production of essential goods, as well as the payment facilities announced by the government, are important measures for alleviating the situation of enterprises, particularly SMEs. The forecast investment in public works will allow stimulating employment demand in highly impacted sectors, such as tourism and education. Exemptions from the payment of employers' contributions in affected sectors and expansion of the REPRO programme are suitable measures for retaining employment, and they are in line with what has been implemented in other countries of the region and in Europe (such as the case of *Cassa Integrazione* in Italy).

Social protection policies should be highlighted: the extraordinary supplement of the AUH and the Emergency Family Income will allow reaching thousands of households whose income has been partially or completely reduced. For these households, the post-crisis scenario is likewise looking very uncertain.

Despite the positive assessment of Argentina's response to the crisis, special attention needs to be paid to a number of aspects. The establishment of mandatory social isolation and the recommendation of flexible work modes (such as remote work) have not been accompanied by policies that consider the existing gaps between enterprises and workers to be able to adapt to this type of work organization. The improvisation of new workplaces in homes and other spaces presents challenges related to occupational health and safety, which must be tackled by the pertinent authorities. Along this line, the Occupational Risk Supervisory Authority has the immense task of mapping out and establishing preventive measures in all sectors for which the extent of COVID-19 poses a challenge.

Considering that we are facing a health crisis, the gaps that exist in the country with respect to health coverage and access to sick leaves also merit attention. In this regard and given that the country's labour institutions are oriented towards employed workers, it is essential that the situation of own-account workers and workers in non-standard forms of employment be considered.

Moreover, while income support policies have been implemented quickly and with a certain universal nature, their effective coverage must be assessed, and the response must be adapted to the extent that the existence of vulnerable populations beyond the scope of this aid are observed.

Finally, yet just as importantly, we must reiterate that it is crucial for the gender perspective to be reinforced in the response to this crisis. Women are currently bearing an extraordinary burden of care within the family circle due to the closure of schools and other spaces where care is provided. This circumstance could be incompatible with their job as it is currently organized, and therefore greater measures to alleviate the burden of care of families are required.

As in all crises, we now also have the chance to think about the lessons learned from this situation regarding how we coexist, produce and consume in society, regarding how remunerated and non-remunerated work is organized and regarding the function of institutions in all areas. The context also calls for fostering a new path of development that is in harmony with nature, global health and social life.

In the words of Sharan Burrow (2020), of the International Trade Union Confederation (ITUC), we need to think about a post-pandemic world, in which we can repair the environment with a more sustainable economic and social model for all. The agreements reached as a result of the social dialogue between the government, employer organizations and workers will be essential so that such a transition is fair and fosters stability, as it is stated in the joint declaration by the International Organisation of Employers (IOE) and the CSI.

The ILO Centenary Declaration for the Future of Work, 2019, defends strong, influential and inclusive mechanisms of social dialogue as fundamental for achieving a productive and efficient economy, but also for reaching overall cohesion, which is so sought-after within this context.

Finally, as it was indicated by the Director-General of the ILO, Guy Ryder, national measures must be accompanied by decisive multilateral action in response to a global enemy.

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8. Annex

This section offers employment projections for Argentina in 2020. These projections are based on employment-product elasticity, and they have been estimated through an econometric analysis of the relationship between GDP and employment growth throughout the period from 1991 to 2019.

The correlation between the product of a country and its labour market results has been documented by Okun's Law. The empirical evidence confirms the existence of a stable relationship between employment and the Gross Domestic Product (GDP) in the majority of countries (Ball, Leigh, & Loungani, 2013). The notion of employment-product elasticity represents a convenient way to summarize the intensity of economic growth in employment.

The GDP data that have been used are from the database of the World Economic Outlook of the International Monetary Fund (October, 2019). The GDP figures are expressed in constant Argentinian pesos. In turn, the data on employment were obtained from the historical series of the Labour Statistics Bulletin of the Ministry of Labour, Employment and Social Security of Argentina.

To obtain the employment-product elasticity, the following linear equation was estimated:

$$\ln (GDP)_t = \alpha + \beta_t \ln (employment_t) + \varepsilon_t$$

where corresponds to the *employment* level in period t and GDP_t is the real GDP in period t. The coefficient β_t offers the employment-product elasticity.

The model was estimated through a linear regression using the least squares method. The results of this estimate are presented in Table A.1, where it can be observed that the coefficients are statistically significant and the goodness of fit is high.

The employment projections presented in section 3 of this document ('Estimates of the impact of COVID-19 on the world of work in Argentina') were constructed based on applying employment-product elasticity to the available projections of GDP growth in Argentina in 2020.

Table A.1 Results of the estimate of employment-product elasticity for Argentina

	In (employment)
In(GDP)	0.7627*** (0.046)
Constant	5.9738*** (0.6113)
Observations	29
F(1.94)	271.79
prob > F	0.000
R2	0.910
Adjusted R2	0.906

COVID-19 and the world of work in Argentina: Impact and policy responses

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▶ NOTICE

The use of language that does not discriminate or mark differences between men and women is one of the concerns of our Organization. However, there is no agreement among linguists about how to do so in Spanish. In this regard and in order to avoid the graphic overload that would be meant be using 'o/a' (male/female gender markers in Spanish), we have opted to use the classic generic masculine marker in the Spanish version, thereby understanding that all mentions in such gender always represent both men and women.

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[▶] Note: Standard errors in parentheses. ***Coefficients are significant at 1 per cent

