



**TACKLING CORONAVIRUS (COVID-19):**  
CONTRIBUTING TO A GLOBAL EFFORT

[oecd.org/coronavirus](https://oecd.org/coronavirus)



# The impact of the COVID-19 pandemic on jobs and incomes in G20 economies

3<sup>rd</sup> meeting of the G20 Employment Working Group, 19 August 2020



International  
Labour  
Organization



# COVID-19:

## An unprecedented crisis, an unprecedented response



Following its outbreak in Q4 2019, the virus rapidly became a pandemic

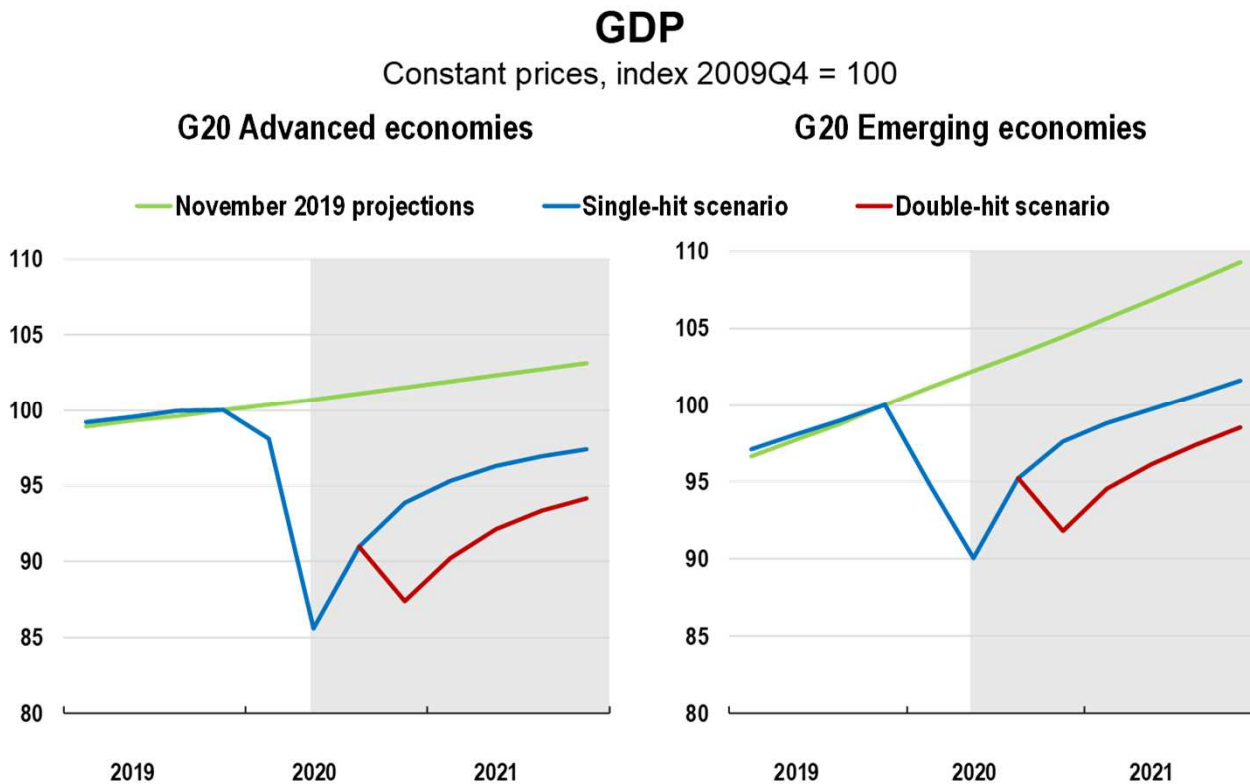
- Over 13 million confirmed cases worldwide (76% within G20)
- 570 000 deaths (86% within G20) as of Jul 2020



In response

- Countries around the world introduced unprecedented containment measures to “flatten the curve”
- Individuals stopped moving (fall in mobility of between 30-70%)

# A severe contraction in economic activity ...



Source: OECD Economic Outlook 107 database; OECD Economic Outlook 106 database; and OECD calculations.

- Industrial production declined by 28% on average in just 2 months (Feb-Apr)
- OECD projections imply a contraction in G20 economies of
  - 5.8% if a second wave is averted
  - 7.3% if it is not
- The strength of the recovery remains very uncertain. Forecasts range between **3.1-5.5% growth rebound** depending on whether a second wave is averted

## ... and a concomitant large fall in hours of paid work

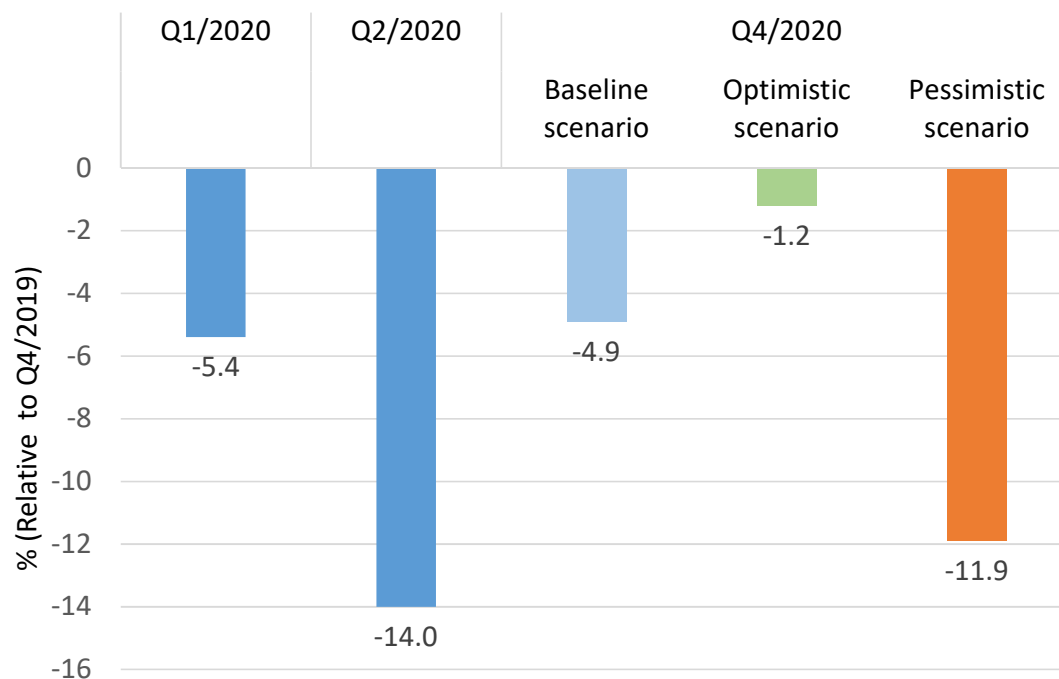
Projected decline in hours and employment between Q4 2019 and Q2 2020

	Number of jobs lost in full-time equivalents (millions)		Total hours of paid work lost (%)
	Assuming 40-hour work week	Assuming 48-hour work week	
G20	320	265	14.0%
G20: Advanced economies	70	55	14.2%
G20: Emerging economies	250	210	13.9%

Note: working-hour losses in the second quarters of 2020 relative to the fourth quarter of 2019

- Fall in hours captures total impact of:
  - Change in the **number of people** at work
  - **Reduction in working hours** per week for those workers still at work.
- Between Dec '19 –Apr '20 declines in persons working ranged from nearly 40% in Mexico to around 8-9% in Japan and Korea
- On average, **6 times** the total decline from peak to trough of the GFC

# The outlook for 2020 is highly uncertain



Our baseline scenario suggests a **global working hours gap of 4.9%**

This would be the equivalent of **140 million** full time equivalent jobs (assuming a 48-hour working week)

The increase in global unemployment from 2007 to 2009 was estimated to be 34 million people

Source: ILO Monitor: *COVID-19 and the world of work. Fifth edition, Updated estimates and analysis*, 30 June 2020

# The impact of the crisis has fallen with unequal severity

## Self-employed, temporary and part-time workers

- Concentrated in sectors most affected
- Less protected by existing safety nets
  - Job retention schemes
  - Unemployment insurance

## Informal workers

- Over two in three are estimated to have been impacted by the crisis
- Earnings estimated to have fallen by over 60%
- Ineligible for the majority of support measures

## Youth

- Tend to be over-represented in precarious jobs and hard-hit industries
- Bleak prospects for 2020 graduates

## Women

- Majority of health workers in nearly all G20 countries.
- Higher work burden at home
- Larger initial job losses

## G20 countries took rapid and bold measures (1/2)

### Reducing workers' exposure to Covid-19

- Relaxing existing legislation or introduce new options for **telework**.
- Assisting SMEs to develop teleworking capacity, including in cooperation with tech companies.
- Increasing **health and safety** requirements.

### Income support to sick or quarantined workers

- **Extending coverage and duration** notably for non-standard workers and include quarantine.
- **Reimbursing employers** if they provide paid sick leave to quarantined workers.
- Adapting sickness **certification requirements**.

### Helping dealing with unforeseen care needs

- **Alternative care arrangements** and financial support.
- **Financial subsidies** to employers who provide workers with paid leave.
- **Adapting telework requirements** to workers' caring responsibilities.

## G20 countries took rapid and bold measures (2/2)

### Short-time work schemes to preserve jobs

- Introducing or extending schemes.
- Simplifying procedures and providing easy access to online information.
- Promoting the uptake of online training.

### Income support to workers losing their jobs or self-employment income

- Extending access to unemployment benefits, including to workers in diverse forms of employment.
- Helping workers to work from and stay at home.

### Financial support to firms affected by a drop in demand

- Deferring tax and social contribution payments.
- Setting up financial facilities to temporarily support companies' liquidity.



# Now governments must maintain agility: Adapting policies for a resilient recovery

Tailoring measures to changing circumstances      Adjusting crisis measures to increase efficiency      Moving off support

Staying safe

Supporting firms to increase **health and safety** measures

Extend sick leave entitlements to all on a permanent basis

Enhance rehabilitation support to prevent moves to long-term unemployment

Income support

Extending support where unemployment remains high

Strengthen targeting and address cliff edges in income support measures

Gradually reintroduce **job search requirements** as employment picks up

Job Retention Schemes

Tailor support on a **sector specific** basis

Target to jobs **viable in long term**

Encourage STW workers to register with PES and **enroll in training**

# And Building Back Better

Protect workers in  
diverse forms of  
employment

- Permanently address social protection gaps
- Increase responsiveness of minimum income benefits

Prevent “scarring” of  
young people

- Support for companies who offer jobs or work experience to young people | to promote job creation in times of crisis
- Ensure effective outreach to re-establish contact with young people who recently lost their jobs or left school

Promote greater  
gender equality

- Tackle the unequal care burden on women
- Strengthen family-friendly working-time arrangements
- Promote women in managerial and leadership positions

Help low-paid and  
displaced workers

- Boost job creation through targeted tax cuts, subsidies and investment programs.
- Establish systems to deliver timely & flexible employment support & training for all
- Increase PES capacity & spending on ALMPs to reflect higher jobseeker numbers