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

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Executive summary

During the initial weeks and months of the COVID-19 crisis, G20 countries moved rapidly to provide unprecedented levels of emergency support to keep households and companies afloat, protect jobs and incomes and prevent the economy from collapsing. In the coming months, as the peak of the COVID-19 pandemic subsides and G20 countries increasingly turn to re-opening their economies, policymakers will need to maintain this agility, modifying and adjusting the composition and characteristics of support packages, targeting support where it is needed most, and encouraging a return to work where possible. While doing that, it will be important to start on the task of building back better to address the deep-rooted labour market fragilities and structural inequalities that the pandemic has exposed.

Alongside efforts to address the health emergency brought about by the COVID-19 pandemic, countries across the G20 have adopted a vast range of emergency measures aimed at supporting firms' liquidity in the face of mandatory business restrictions, quarantines and plummeting activity. Among these measures, government-financed short time work and wage subsidy schemes, have been adopted in a number of G20 countries to minimise job losses. These schemes, which allow firms experiencing a temporary lull in business, to receive support for a share of the wages of employees working reduced hours, appear to have averted a massive initial surge in unemployment in these countries. The expansion of the coverage and level of sickness benefits and paid sick and care leave in many countries also played an important role protecting the jobs, incomes and health of workers.

In spite of governments' bold efforts to support firms and protect jobs through job retention schemes, millions of workers across the G20 have lost their jobs. Meanwhile, many self-employed workers saw their incomes collapse. Therefore, the majority of G20 countries took immediate steps to improve the accessibility to, and generosity of, unemployment minimum-income benefits. Alongside these efforts, several countries introduced new cash transfers targeted at those who remained without cover, supported expenses or, in a number of cases, introduced universal transfers to ensure no one fell through the cracks.

Providers of private and public employment services (PES) have been placed under a severe stress test as demand for their services sky-rocketed in the first few months of the crisis while their capacity was severely constrained by the need to curtail face-to-face contact with job seekers. Governments responded by simplifying procedures for claiming benefits and ramping up the digitalisation of services such as registering for job search assistance and applying for benefits. Opportunities for online learning were also increased.

The economic consequences of the COVID-19 pandemic have not fallen with equal severity on all shoulders. Existing vulnerabilities have been exposed, and inequalities entrenched. Many of those with more limited means and protection, such as workers in informal employment or in diverse work arrangements, have been the least able to face the consequences of the crisis.

Job and income losses have been particularly severe for women. Many women still working have been on the frontline in providing essential services while risking exposure to the coronavirus. Moreover, the increased burden of unpaid care brought by the crisis has particularly affected women. This raises the risk that the progress many G20 countries have made on gender equality over past decades may be put on hold or even reversed. In addition, the COVID-19 has been a sombre reminder of the higher risk of violence and harassment facing women during times of crisis.

Youth have been hit hard by school closures and the closing down of entry-level jobs in the labour market as well as internships and apprenticeships. High and persistent youth unemployment and underemployment in the aftermath of the global financial crisis showed that once young people have lost touch with the labour market or become marginalised in informal and precarious jobs, re-connecting them with good jobs can be very hard with potentially long-lasting scarring effects.

As the pandemic is causing massive damage to the informal economy, the situation for young and women workers in this vulnerable sector is even more worrisome.

Policies for the recovery

In the absence of a vaccine, or effective treatments for the virus, G20 countries that are now moving to the re-opening phase must strike the balance between allowing business and social activity to resume, while avoiding or containing any new spike in infections. They will also need to find the right balance and sequencing of health, economic and social policy interventions to produce sustainable labour market outcomes and implement and sustain policy interventions at the necessary scale in the context of increasingly constrained public funding. Specific measures will also be required to address rising inequality and the uneven impact of the crisis to make labour markets fairer and more equitable. In this sense, G20 policy makers may wish to consider the following policy directions, suitably adapted to their national circumstances:

1. **Staying safe.** Solving the health crisis is an essential precondition to addressing the economic and jobs crisis. As the economy is reopened, it is important to introduce or extend measures and guidelines to ensure a safe return to work. Small and medium-sized enterprises will require additional support to implement workplace health and safety practices. Extraordinary sickness benefits and paid care leave entitlements, including parental leave, may have to be kept in place and extended to groups of workers who are not covered while promoting return-to-work measures to prevent long-term labour market exit. Connecting workers on sick leave with occupational rehabilitation and employment services will be critical to prevent long-term labour market exit.
2. **Adapting job retention schemes.** Job retention schemes may have to be adapted as some sectors have or will soon reopen while others will remain constrained in their activities. Possible measures to improve sustainability and cost-effectiveness include: requiring firms to bear part of the costs of these schemes; making support time-bound but adapted to evolving circumstances; and promoting the mobility of workers from subsidised to unsubsidised jobs, including through training while on reduced hours.
3. **Ensuring adequate income protection while providing job search assistance and support.** Effective targeting of minimum-income benefits will be important as fiscal pressures mount, but governments need to ensure that those in urgent need continue to receive support. As economies recover and employment growth picks up, a balance will need to be struck between maintaining adequate support and encouraging active job search. But this, and any other measure tightening up benefit eligibility, should be accompanied by reinforced support to help jobseekers find work through training and job readiness programmes, as well as job search assistance more generally.
4. **Supporting job creation.** Along with supportive macroeconomic policies, temporarily scaling up time limited hiring subsidies or raising incentives to take up work by offering re-employment bonuses for jobseekers can promote job creation.

Building back a better labour market

The pandemic has exposed deep-rooted labour market fragilities and structural inequalities, with low-paid workers, young people, women, ethnic minorities, the self-employed and informal and fixed-term workers among the hardest hit by the crisis. Thus, policymakers must begin to think beyond policies for the recovery and start on the task of building a future of work that is safer, fairer, greener and more effective in

cushioning the consequences of future crises on jobs and incomes. “Building back better” calls for increased policy coherence, in particular between economic, employment and social policies and a whole-of-society approach. It also requires that support reaches those most in need and that improving the situation of the most disadvantaged and vulnerable groups in the labour market receives the highest attention to avoid a further rise in inequalities.

Some general policy orientations can be identified as part of this approach, which would have to be tailored at the country and, sometimes, local and/or sectoral levels to account for each specific situation as well as national institutional settings and circumstances.

1. **Enabling a rapid response** to economic shocks, through a mix of counter-cyclical macroeconomic policies, adequate income support for all workers, and the capacity to rapidly expand job-retention schemes.
2. **Strengthening the institutions of work** with action on a number of fronts:
 - **Improving working conditions.** Revisiting existing regulatory frameworks to ensure equal treatment of workers regardless of their employment status and ensuring adequate working conditions for all workers should be an integral part of building back better.
 - **Modernising employment services and making them more flexible.** Strengthening labour market resilience requires stronger institutional capacity to scale up key measures quickly, while maintaining service quality. This implies that when a crisis hit, the policy infrastructure should already be in place and can be scaled up quickly.
 - **Exercising social dialogue** as an effective way to design balanced and acceptable policy responses at the sectoral and national level and shape sustainable recovery paths in the medium term.
3. **Strengthening employment and social protection systems** so that they cover all workers and ensure that they focus on risk prevention as much as on helping people cope with problems when they materialise.
4. **Promoting transitions from the informal to the formal economy** by a mix of policies to make work in the formal economy more attractive than in the informal economy.
5. **Promoting gender equality in the labour market.** The pandemic has put at risk progress towards the G20 25x25 Brisbane goal. Policy initiatives to advance gender equality in the labour market will need to be reinforced in a number of areas to:
 - a. Strengthen care leave policies and family-friendly working-time arrangements and improve access to affordable childcare services and out-of-school services;
 - b. Promote women’s entrepreneurship and participation in managerial and leadership positions;
 - c. Promote home and work environments free from violence and harassment.
6. **Achieving better employment prospects for young people** requires:
 - a. Strengthening income support during economic downturns;
 - b. Removing structural impediments to successful school-to-work transitions;
 - c. Tackling the additional barriers faced by young women in gaining access to good quality employment.
7. **Promoting lifelong learning opportunities for all to match changing skills needs.** A particular focus should be put on strengthening digital skills, especially for people with low digital literacy to enhance opportunities to work and learn online.

Introduction

The COVID-19 health crisis has turned into a global economic crisis, putting at risk the health, jobs and incomes of millions of people around the world. The strict containment measures adopted by many countries first half of 2020 to flatten the rise in contagion put a substantial brake on most economic and social activities. The collapse in total hours worked, and the decline in participation, have not been seen in peacetime since the Great Depression. There are signs that the trough of the sharp and deep global economic recession has been reached in many G20 economies. However, ensuring that the recovery is rapid and sustained, and rebuilding a more resilient and inclusive labour market, remain considerable challenges. At their Summit on 26 March 2020, G20 Leaders committed to do whatever is needed to overcome this pandemic and its consequences on economies and societies, and, in particular, to spare no effort to safeguard people's jobs and incomes. As part of this commitment, the G20 Leaders asked the ILO and OECD to monitor the pandemic's impact on employment. This note responds to this request.

Section 1 provides a brief overview of the key facts concerning the spread of the pandemic and the impact that measures to contain its spread have had on the G20 economies. Section 2 focuses on the impact of the COVID-19 crisis on employment, paying specific attention to the groups most vulnerable to job and income losses. Section 3 discusses the employment and social policy responses in G20 countries to support jobs and incomes. Key policy considerations concerning exit strategies from confinement and containment measures are discussed in Section 4. The report concludes in Section 5 with policy suggestions for *building back better* by helping labour markets become safer, fairer and more sustainable and resilient.

1. From an unprecedented health crisis to a deep economic crisis

Evolution and current scale of the health crisis across countries

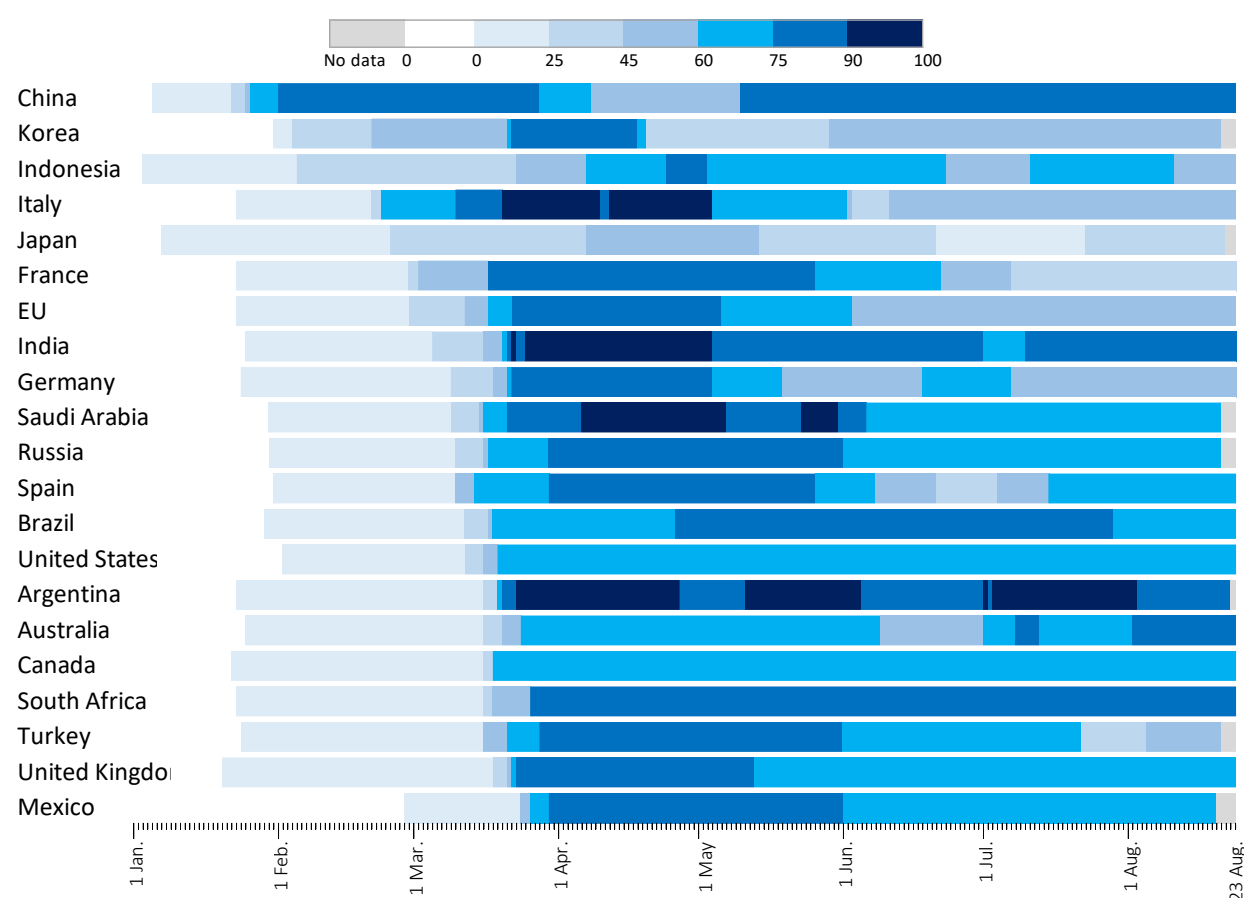
Following its initial outbreak in the city of Wuhan in China in late 2019, the new coronavirus – responsible for the COVID-19 disease – rapidly became a pandemic as it spread to most countries and territories across the world. As of end-August 2020, around 25 million confirmed cases and 840 thousand deaths had been reported worldwide, with G20 economies accounting for 77% of all cases and 82% of all deaths. The daily number of newly confirmed cases peaked in many G20 countries in April, but was still rising rapidly in India, South Africa and the Latin American G20 economies, and a resurgence of new cases was reported in July in several countries, most notably in the United States.

Timing and extent of health containment measures and their impact on mobility

Even prior to the declaration of a pandemic by the World Health Organization (WHO) on 11 March 2020, countries around the world started to put in place an unprecedented set of containment measures in order to “flatten the curve” of COVID-19 infections. This was done to avoid a collapse of the health care systems and ultimately contain the number of fatalities. The timing, nature and scope of containment and mitigation strategies varied substantially across G20 countries (Figure 1), ranging from initial efforts to detect and trace infected individual's contact with other people through to severe social-distancing measures, including national social and economic “lock-downs” (Hale, 2020^[1]). In response to the early outbreak of the coronavirus on its territory, China was the first country to introduce strict containment measures in early February. By early April, similar measures had been introduced in the rest of the G20, although with some differences in timing and stringency. These measures included restricted movement within countries and across borders and the implementation of social distancing measures, such as school closures, closure of non-essential businesses, and limits on the size of public gatherings. Despite varied responses, the measures taken led to an economic shutdown in most countries on a scale not seen in peacetime since the Great Depression.

Figure 1. G20 economies have differed in timing and strictness of COVID-19 containment measures

Index of stringency of containment and closure policies from 0 (no measures taken) to 100 (most stringent)



Note: The stringency index of government lockdown and other social distancing measures to contain the spread of COVID-19 has been constructed as part of the Oxford COVID-19 Government Response Tracker project. It is a weighted sum of eight policy indicators for containment and closure policies, such as school closures and restrictions in movement. G20 economies are listed in order of the earliest date in which the stringency index rose above 25. The index for the EU has been constructed by weighting the index for each individual EU country by its share of the total EU population as at 1 January 2020 (excludes Malta).

Source: (Hale, 2020^[1]), data accessed 28 August 2020.

These containment and mitigation measures, as well as public awareness and the fear of contracting COVID-19, had an immediate dampening effect on mobility patterns in all G20 countries. Based on smartphone locations, movements to places of work decreased markedly as of early March, falling by between 30 and 70 per cent to a low point in mid-April (Figure 2).¹ A pickup in mobility subsequently occurred as lockdowns and other containment measures began to be eased in most countries. Nevertheless, even by late June, fewer people were working at their usual workplaces than prior to the pandemic, with mobility still down between 10 to 40 percent. Korea stands out with a much smaller recorded fall in mobility.² This may reflect the relatively early implementation of containment measures,

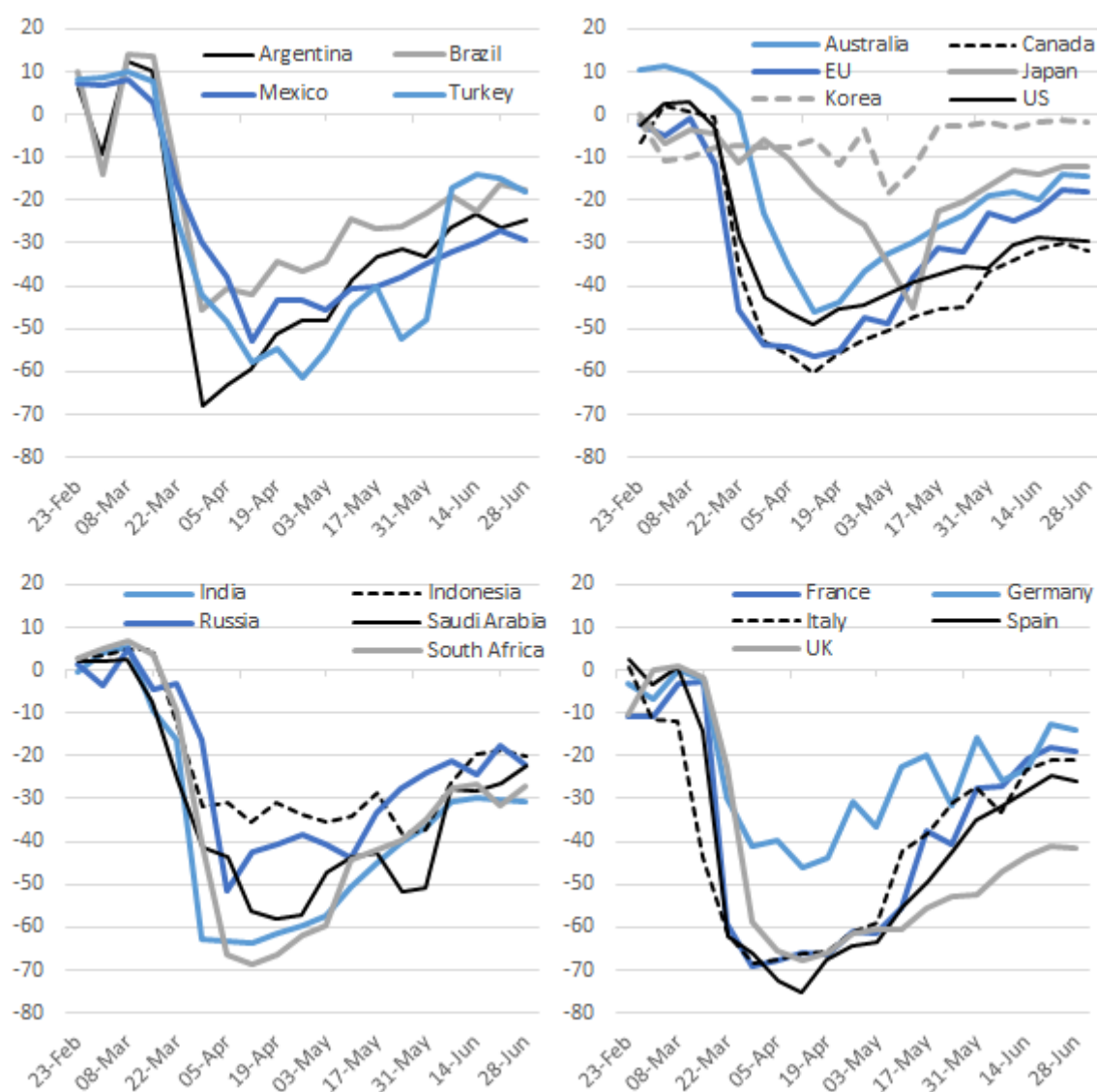
¹ Similar data for China based on the internet service Baidu also point to a substantial decline in mobility but starting earlier in late January as containment measures were announced and implemented.

² Other data on mobility from Apple, based on the frequency of asking for directions while driving, point to a somewhat larger decline in mobility in Korea. This began earlier than in most other G20 countries but was still less marked than elsewhere. See Apple Mobility Trends Report, <https://www.apple.com/covid19/mobility> (accessed 14 July 2020).

including a strategy of rapid and massive testing, tracking and tracing (TTT), to contain the spread of the virus, without stopping economic activity (OECD, 2020^[2]).

Figure 2. Individual mobility fell substantially in most G20 countries

Weekly average of percentage change in mobility relative to median value during 3 January to 6 February 2020



Note: The data refer to Google data on a person's location which was deemed to be a workplace.

Source: Google COVID-19 Community Mobility Reports, <https://www.google.com/covid19/mobility/> (accessed on 15 July 2020).

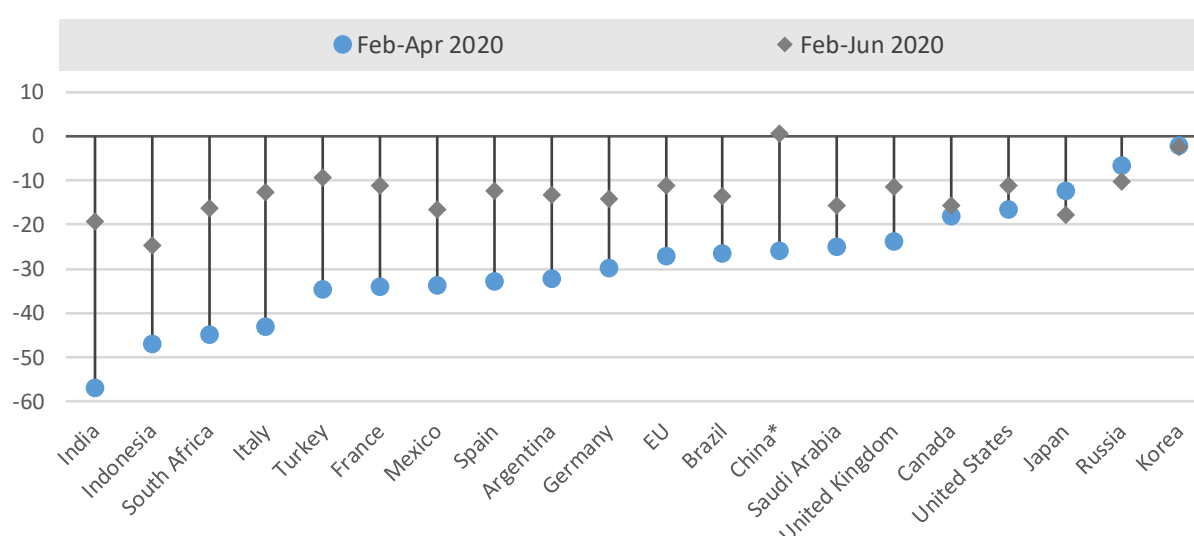
The result of containment measures, and the subsequent decline in mobility, was a major supply shock, as workers stayed home and many businesses temporarily closed. International supply chains and trade were also disrupted adding to the supply shock even in countries not initially hit by the coronavirus and where it had not yet taken hold. At the same time, demand for many goods and services plummeted, as households and companies were unable, either physically or financially, to maintain their spending as production fell, jobs were lost and incomes declined, and as growing uncertainty led them to save whatever they could. This turned the supply shock, very rapidly, into a demand shock.

Macroeconomic consequences

The impact of the pandemic and containment measures led to a severe contraction in economic activity as many people were unable to go to work and businesses could no longer operate. Industrial production declined on average by around 28% in G20 countries in just two months between February and April 2020 (Figure 3). Larger declines of between 40 and 60 percent were recorded in India, Indonesia, Italy and South Africa and relatively small declines occurred in Korea and Russia. The data indicate that a trough in activity occurred in April in all countries except China, where it occurred in February. However, despite a rebound in activity, industrial production in June 2020 remained well below its pre-crisis level with the exception of China and Korea.

Figure 3. Industrial production was severely curtailed by containment measures

Percentage change in seasonally adjusted production since February 2020



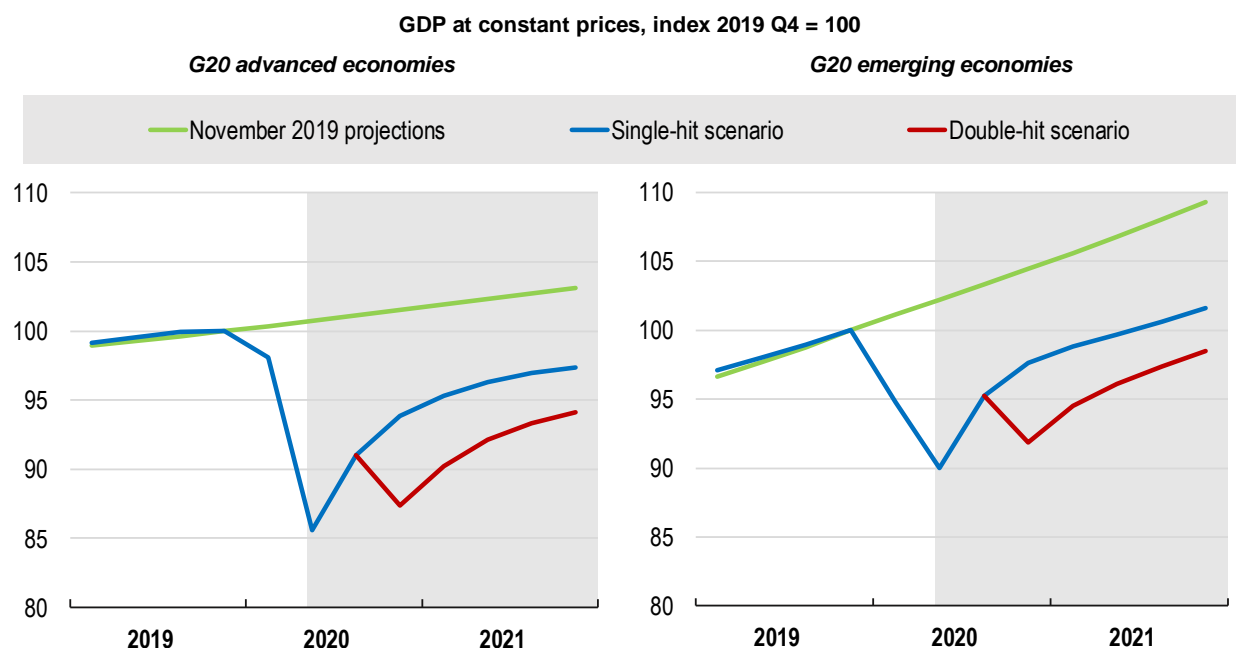
* The data for China refer to December to February and December to June as local lockdowns began already in late January and affected production most severely in February.

Note: The data for Argentina, Indonesia, Mexico, South Africa and Saudi Arabia refer to the manufacturing sector only.

Source: OECD, national sources and IHS Markit Manufacturing PMI for Indonesia.

Looking ahead, the strength of the recovery remains highly uncertain. It will depend in part on whether a second wave of coronavirus infections can be avoided before an effective treatment or vaccine becomes available. Reflecting this uncertainty, the *OECD Economic Outlook (2020_[3])* published on 10 June, presented projections based on two equally likely scenarios. In the first “single-hit” scenario, a second wave is avoided, in the “double-hit” scenario, it is not. In both scenarios, G20 economies are projected to contract substantially in 2020 by 5.8% and 7.3%, respectively. Under the single-hit scenario, growth is projected to rebound in 2021 by 5.5%, leaving real GDP for the G20 economy as a whole slightly below the level reached in the last quarter of 2019. The rebound will be weaker at just 3.1% under the double-hit scenario, leaving an even greater gap in real GDP from its pre-crisis level. The gap is even larger when compared with the increase in GDP for 2020 and 2021 that was projected prior to the crisis and this gap is wider for the G20 emerging market economies than for the G20 advanced economies (Figure 4).

Figure 4. Output is set to remain weak for an extended period



Note: November 2019 projections are from the November 2019 OECD Economic Outlook; Single- and double-hit projections are from the June 2020 Economic Outlook.

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

2. Diagnosis: A heavy and immediate toll on labour markets

An unprecedented collapse in employment and hours worked

The containment measures resulted in a sharp and unprecedented fall in employment across G20 economies. Monthly labour force data, in those G20 countries where data are available, paint a common picture of a sharp decline in the number of employed people at work as workers were laid off, put on furlough or did not have their contracts renewed.³ Between December 2019 (a peak in activity prior to the crisis) and April 2020 (the crisis trough in most countries), these declines ranged from nearly 40% in Mexico to around 8-9% in Japan and Korea (Figure 5, Panel A).⁴ On average across these countries, the steep fall in the number of people working, which occurred as countries sought to contain the COVID-19 pandemic, was 14 times the total decline experienced from peak to trough – over a much longer period – during the Global Financial Crisis. In all countries where data are available, the number of people at work has increased since April but was still well below its pre-crisis level in June/July.

The fall in total hours of work captures both the change in the number of people at work but also any reduction in working hours per week for those workers still at work. As such, the fall in total hours gives an idea of the total impact of the pandemic on employment. Total hours worked fell by more than the decline

³ The number of employed persons at work refers to all employed who worked one hour or more during the survey reference week whether from home or at the workplace. It excludes people who did not work at all during the entire reference week. Large scale layoffs will result in the same large decline in the number of employed persons at work irrespective of differences across countries in whether these workers are classified as still employed (but working zero hours) or as unemployed.

⁴ For China, the trough in activity was earlier in February 2020.

in the number of employed persons at work in most countries, ranging from a staggering 46% in Mexico to a still substantial decline of around 10% in Australia (Figure 5, Panel B). The fall was considerably greater on average (more than 6 times) than the decline which occurred during the Global Financial Crisis. The gap with pre-crisis levels has narrowed since April in most countries where the data are available but still remained substantial in June/July.

Figure 5. Unprecedented falls in employment and total hours worked

Percentage change from peak to trough during the COVID-19 crisis and the Global Financial Crisis (GFC)



* December to May for Turkey and December to June for Mexico and the United Kingdom.

Note: Employed persons at work refers to all persons in employment who worked at least one hour during the survey reference week. For all countries, the peak-to-trough period for the Covid-19 crisis refers to 2019(12)-2020(4) (month or quarter in parentheses). For the GFC, it refers to: Australia, 2008(2)-2009(7); Canada, 2007(8)-2009(7); Italy, 2008(Q1)-2009(Q2); Japan, 2008(2)-2009(4); Korea, 2007(12)-2009(3); Mexico, 2008(Q2)-2009(Q2); Turkey, 2008(1)-2009(4); the United Kingdom, 2008(1)-2009(7); and the United States, 2007(10)-2009(5). The data refer to persons aged 15 and over (16 and over for the United States) and are seasonally adjusted. The data for Mexico for April 2020 were collected using a new telephone survey instrument which may have affected their comparability with the data for earlier months.

Source: OECD calculations based on data from national labour force surveys.

Globally, projections by the ILO (ILO, 2020^[4]) suggest that working hours may have declined by 14% between the final quarter of 2019 and the second quarter of 2020. This amounts to approximately 400 million full-time jobs, assuming a 48-hour working week. For G20 economies, total hours of work are also projected to have declined by 14% or the equivalent of 265 million full-time jobs (Table 1). For many men and more particularly for many women, this reduction of hours spent in paid work went hand-in-hand with an increase in time spent in unpaid care work as a consequence of: school and day care closures; reductions in public services for people with disabilities and the elderly; the non-availability of domestic workers, and the need to look after family members with COVID-19 (ILO, 2020^[5]).

Table 1. A severe decline in working hours and employment projected in G20 economies

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: Values above 50 million are rounded to the nearest 5 million, values below that threshold are rounded to the nearest million. The equivalent losses in full-time jobs are presented to illustrate the magnitude of the estimates of hours lost. These losses can be interpreted as the estimate of the reduction in hours worked assuming that those reductions were borne exclusively and exhaustively by a subset of full-time workers and the rest of workers did not experience any reduction in hours worked. The figures in this table should not be interpreted as numbers of jobs actually lost or as actual increases in unemployment.

Source: (ILO, 2020^[4]).

The rise in unemployment has been muted in many countries

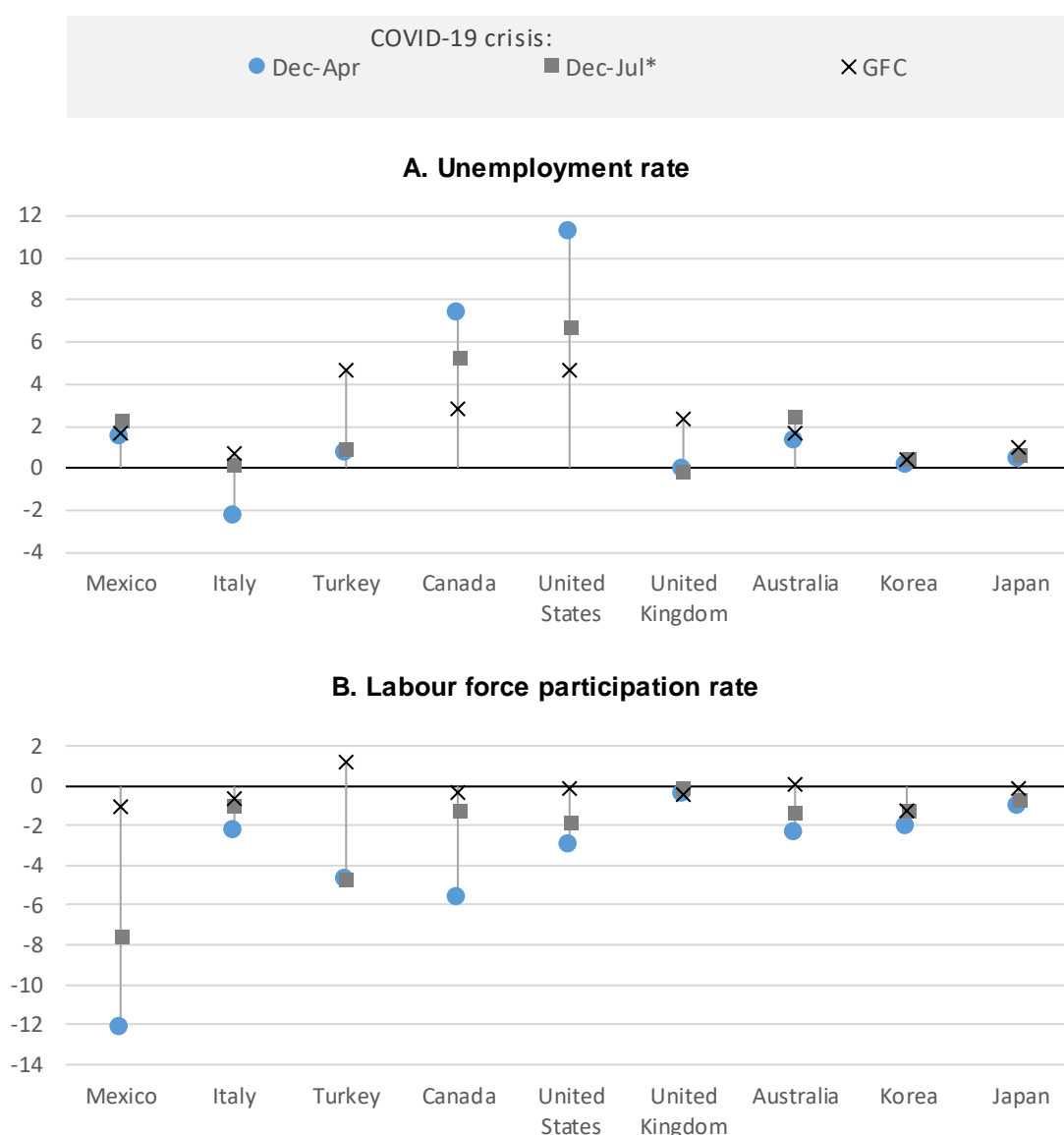
In many countries, these falls in employment and hours of work have not been fully translated into increased unemployment as recorded in national labour force surveys. While the unemployment rate increased substantially in Canada and the United States, and by considerably more than during the Global Financial Crisis (Figure 6, Panel A), it was still less than what would have been expected given the falls in employment. For example, in the United States, employment fell by 22.4 million (seasonally adjusted) between March and April whereas unemployment rose by a lower number of 15.9 million. In other countries, the rise in unemployment was much more muted or absent (partly due to a large decline in participation, see below). These country differences partly reflect differences in the treatment of workers on temporary layoffs as unemployed in Canada and the United States but as employed elsewhere. They also reflect each country's policy mix to cushion the economic and social effects of the crisis (see Section 3). Many countries, in particular in the European Union, made heavy use of job retention schemes to prevent people from becoming unemployed in the first place.

The rise in unemployment was also dampened by people out of work temporarily suspending active job search or their availability to work when national and local lockdowns were in place. According to standard labour force definitions, these people are classified as inactive and therefore not part of the labour force. Consequently, in all G20 countries where monthly data are available, with the exception of the United Kingdom, participation rates declined substantially (Figure 6, Panel B). For many of these people, there was little point seeking work during a period of lockdown or they were unavailable to take up paid work because of additional household duties linked to confinement such as childcare and home-schooling of children. While some decline in the participation rate has also been a feature of previous recessions as people become discouraged from active job search, the extent of the decline during the COVID-19 was exceptional in most countries. If people are unable to return to work quickly, this could lead to permanent discouragement for some workers.

As economic activity picks up, many people in this pool of potential job seekers will re-enter the labour market. These inflows of people back into the labour force means that bringing unemployment down may take time despite any rebound in employment. Indeed, in Canada and the United States, the unemployment rate in July was still well above its pre-crisis level. According to the OECD's projections of June 2020, unemployment rates in most G20 countries where these data are available will still be much higher at the end of 2021 than at the end of 2019.

Figure 6. Declines in labour force participation have muted rises in unemployment

% point change from peak to trough during the COVID-19 crisis and the Global Financial Crisis (GFC)



* December to May for Turkey and December to June for Mexico and the United Kingdom.

Note: For all countries, the peak-to-trough period for the Covid-19 crisis refers to 2019(12)-2020(4) (month or quarter in parentheses). For the GFC, it refers to: Australia, 2008(2)-2009(7); Canada, 2007(8)-2009(7); Italy, 2008(1)-2009(8); Japan, 2008(2)-2009(4); Korea, 2007(12)-2009(3); Mexico, 2008(Q2)-2009(Q2); Turkey, 2008(1)-2009(4); the United Kingdom, 2008(1)-2009(7); and the United States, 2007(10)-2009(5). The data refer to persons aged 15 and over (16 and over for the United States) and are seasonally adjusted. The data for Mexico for April 2020 were collected using a new telephone survey instrument which may have affected their comparability with the data for earlier months.

Source: OECD calculations based on data from national labour force surveys.

Change in wages and incomes

As the coronavirus spread around the world and workplaces closed, millions of workers lost part or all of their incomes. Even if still working, many workers had to accept shorter hours and/or wage cuts in different industries such as airlines, retail and accommodation, food services, or the textile and garment sectors, which are highly feminized sectors. In some instances, wage cuts were negotiated in collective agreements between workers and employers. For example, in Argentina, a collective agreement included a 25% cut in the wages of workers in shutdown sectors for 60 days as of April 1, 2020, with a view to saving jobs. Among workers who still had a paid job in early April, 35% in the US, 30% in the UK and 20% in Germany reported lower earnings in March compared to earlier months.⁵ Various countries also implemented wage cuts in the public sector.⁶

In some countries where they are available, labour statistics point to falling wages. In Australia, nominal average wages of workers aged 50 to 59 years old declined by 3.2% between the week ending March 14, 2020 and the week ending June 13, 2020.⁷ In the UK, real average wages declined by 1.2% in April, after also declining in March 2020. In the U.S. by contrast, there was an unprecedented real wage jump of 5.8% in April 2020, followed by a smaller real growth of 0.5% in May 2020.⁸ However, this reflects a compositional effect of greater job loss among low-paid workers than high-paid workers which raises the average of the earnings of workers still in jobs. When restricting the analysis to workers employed in consecutive periods, one study finds that in March, April and May 2020, wage freezes and wage cuts were much more common than during the same months in 2019.⁹ In Canada, there was also an exceptional acceleration in real wage growth reflecting greater job loss for low-paid workers, rising by 6.8% in April 2020, following a substantial increase in unemployment from 8% in March to 13.4% in April.

The unequal impact of the crisis

The economic consequences of the COVID-19 pandemic have not fallen with equal severity on all shoulders. Existing vulnerabilities have been exposed, and inequalities entrenched. Many of those with the most limited means have been the least able to protect themselves.

Low paid workers have been exposed to the full force of the health and jobs crisis

Low-paid, often low-skilled, workers were particularly affected during the initial phase of the crisis. Many of the so-called “frontline workers”, who put their health at risk, exposing themselves to the virus to ensure the continuation of essential services during lockdowns, work in sectors characterised by relatively low wages. This includes health and care workers (apart from doctors), but also cashiers, production and food processing workers, janitors and maintenance workers, agricultural workers, delivery workers and truck drivers.

Outside the essential services, low earners are more likely to be working in sectors affected by shutdowns and are more likely to have suffered job or earnings loss. In the United Kingdom, for example, the bottom ten per cent of employees in terms of their weekly earnings were about seven times as likely to work in

⁵ <https://sites.google.com/view/covidinequality/home>

⁶ <https://www.straitstimes.com/singapore/no-mid-year-payout-for-all-civil-servants-this-year-public-service-division>

⁷ <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6160.0.55.001>

⁸ Both figures are “biased” by the removal, from the estimation sample, of the least qualified workers who earn the lowest wages. While the overall unemployment rate in April 2020 hit a record level of 14.7% with an increase of 10.3 percentage points, that of the least qualified employees increased the most.

⁹ (Cajner, 2020_[40]).

shutdown sectors as the top ten per cent of earners. In Canada, employment losses among low-wage employees, between February and April 2020, were more than twice as high as the losses among all paid employees. Evidence based on real-time surveys from a number of countries suggests that, in April, the top 25 per cent of earners were, on average, 50% more likely to work from home than the bottom 25 per cent. At the same time, low-income workers are twice as likely to have stopped working completely.¹⁰

Diverse working arrangements offered less security and were concentrated in affected sectors

Workers in diverse forms of employment that differ from full-time wage and salary work with a permanent contract – such as self-employed workers, those on temporary, on-call or part-time contracts and informal economy workers – **have been highly exposed to the job and income losses prompted by the pandemic.** In the United Kingdom, for example, 75% of the self-employed report having experienced a drop in earnings in the previous week, compared to less than 25% of salaried workers. This exposure stems partially from the sectoral concentration of workers in diverse working arrangements, for example, in accommodation and food services, arts, entertainment and recreation, and other personal services and in part from their lower coverage in social protection schemes. And evidence from EU countries suggests that such jobs may represent up to 40% of total employment in sectors most affected by containment measures.

Meanwhile, workers on fixed-term contracts have been among the first to lose their job during the crisis as contracts that came to an end were not renewed. In France, for example, the increase in new unemployment claims in March and April 2020 was almost entirely driven by temporary agency workers and workers in temporary jobs whose contracts were not renewed. Similarly, in Italy, the decrease in the number of jobs between the end of February and the end of April compared to the same period in 2019 was largely driven by reduced hiring on fixed-term contracts, despite efforts to temporarily lessen existing regulation on the use of such types of contract. The same pattern was also seen in Spain.

The informal economy was strongly affected, putting the livelihoods of millions of people at risk

The impact of the crisis has been particularly severe for informal economy workers, for whom staying home means losing their jobs and their livelihoods. According to ILO estimates, in 2020, 1.2 billion workers in G20 economies are in informal employment – representing 55% of total employment (20% in G20 developed economies and 67% in G20 emerging economies).¹¹ Of these workers, it is estimated that 850 million (70 per cent) are likely to have been heavily impacted by the COVID-19 crisis, leading to an estimated decline in their earnings of 61% (34% in G20 developed economies and 76% in G20 emerging economies). Moreover, relative poverty (defined as the proportion of workers with monthly earnings that fall below 50 per cent of the median earnings in the population) is projected to increase steeply for informal workers and their families by almost 36 percentage points in G20 economies (over 50 percentage points in developed G20 economies and 29 percentage points in emerging G20 economies).¹²

There are two main reasons why such a high proportion of informal workers is affected by lockdown measures. The *first reason* is sectoral: the sectors in which informal economy workers are largely

¹⁰ Foucault, M. and V. Galasso (2020), “Working after COVID-19: Cross-Country Evidence from Real-Time Survey Data”, Sciences Po CEVPOF, Note 9, May 2020. https://www.sciencespo.fr/cevipof/_attitudesoncovid19/wp-content/uploads/2020/05/Note9_FOUCAULT_GALASSO_ENG.pdf

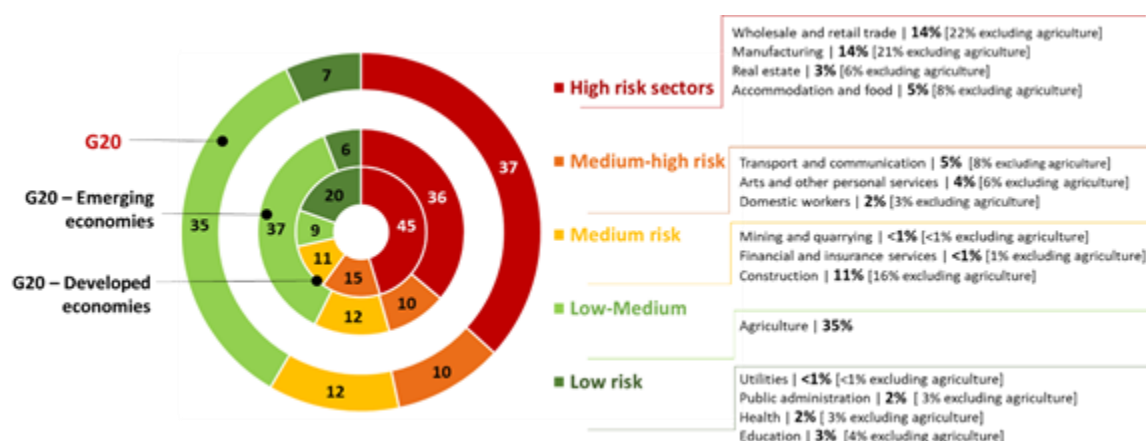
¹¹ ILO calculation based on national household survey data. Results extrapolated for 2020. Estimates of informal employment follow the ILO harmonized definition.

¹² ILO projections based on ILO modelled estimates.

represented are also the hardest hit. For example, heavily impacted sectors (at risk sectors) include the wholesale/retail trade sector and the manufacturing sector, which account for 22% and 21% of informal non-agricultural employment in G20 countries, respectively (Figure 7). The *second reason* for the strong impact on informal workers has to do with size of economic units. The majority of the workers at risk in the informal economy work as own-account workers and in small firms of less than 10 workers, which are more vulnerable to shocks. Workers, including business owners in microbusinesses of less than 10 workers, represent close to 70 per cent of total informal employment across G20 countries.

Figure 7. Distribution of informal employment in G20 economies

By at-risk sector, total and by country income group, 2020 (%)



Note: ILO calculations based on national household survey data following the ILO harmonized definition of informal employment. All G20 countries with the exception of Australia and Saudi Arabia. Extrapolated to 2020 global employment and by sector. Sectors at-risk are sectors on which the impact of the crisis on economic output is highest; sectors at high risk of disruption are accommodation and food service activities; manufacturing; real estate, business and administrative activities; and wholesale and retail trade, repair of motor vehicles and motorcycles.

Source: ILO calculations

The vulnerability of workers in informal jobs is compounded, in most G20 countries, by their limited access to social protection benefits, for example, unemployment and sickness benefits. In the absence of universal social protection systems and of *ad hoc* support measures, means-tested minimum-income benefits or conditional cash transfers are often the only form of support that is available to workers in informal employment. However, these measures, unless extended, do not provide immediate support for those workers on moderate earnings, who have also lost their jobs and livelihoods as a result of the crisis. As discussed Section 3, many G20 countries have therefore introduced temporary emergency measures to close the gaps in income support that were revealed during the early phase of the crisis.

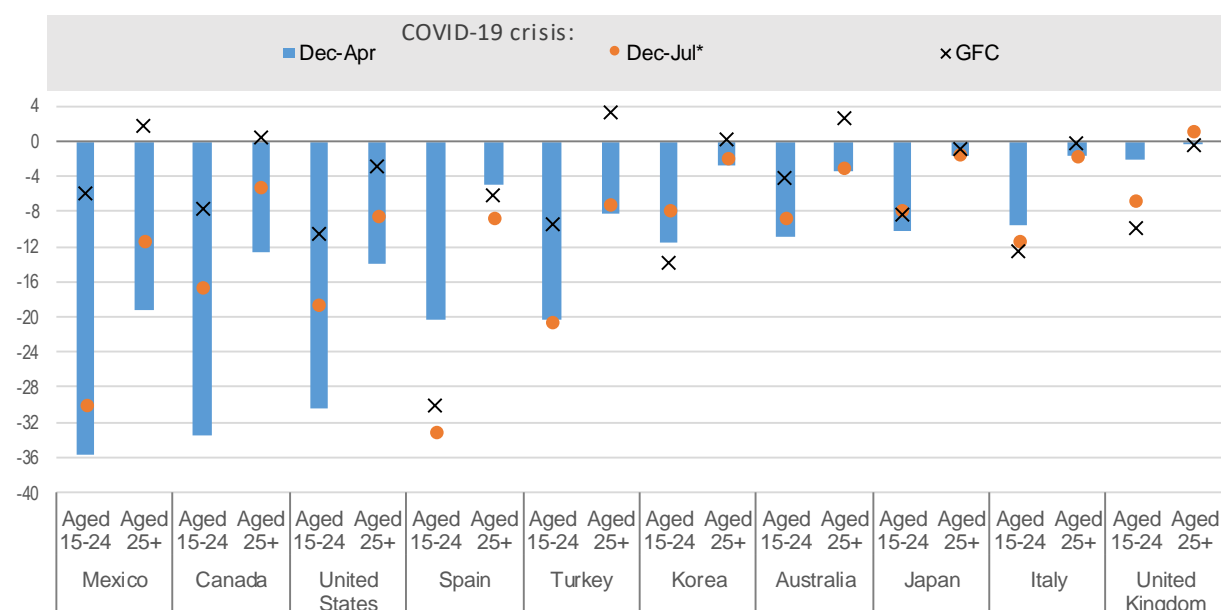
Young people risk facing long-lasting effects of the crisis

Young people risk, once more, being among the big losers of the current crisis. This year's graduates, sometimes referred to as the "Class of Corona", are leaving schools and universities with poor chances of finding employment or work experience in the short run. Meanwhile, many of their older peers are experiencing a second heavy economic crisis in their short careers. Initial labour market experience has a profound influence on later working life, and a crisis can have long-lasting scarring effects in terms of future employment opportunities and earnings. Not only has the crisis interrupted their skill development path but they will also bear the burden of financing high debt levels incurred by governments for measures to mitigate the immediate negative economic consequences of the crisis.

Early evidence suggests that young people have been disproportionately affected by the COVID-19 crisis. They tend to hold jobs that are more precarious, and are overrepresented among workers in hard-hit industries, such as accommodation and food services. For those G20 countries where monthly data are available, job losses between December 2019 and April 2020 were much larger for younger people than for adults aged 25 and over (Figure 8). In the majority of countries, the declines were also much larger than experienced during the Global Financial Crisis. Despite some rebound since April, youth employment in July in most countries remained well below its pre-crisis level.

Figure 8. Employment losses for young people have been disproportionately large

% change in employment from peak to trough during the COVID-19 crisis and the Global Financial Crisis (GFC)



* December to May for Turkey and December to June for Mexico and the United Kingdom.

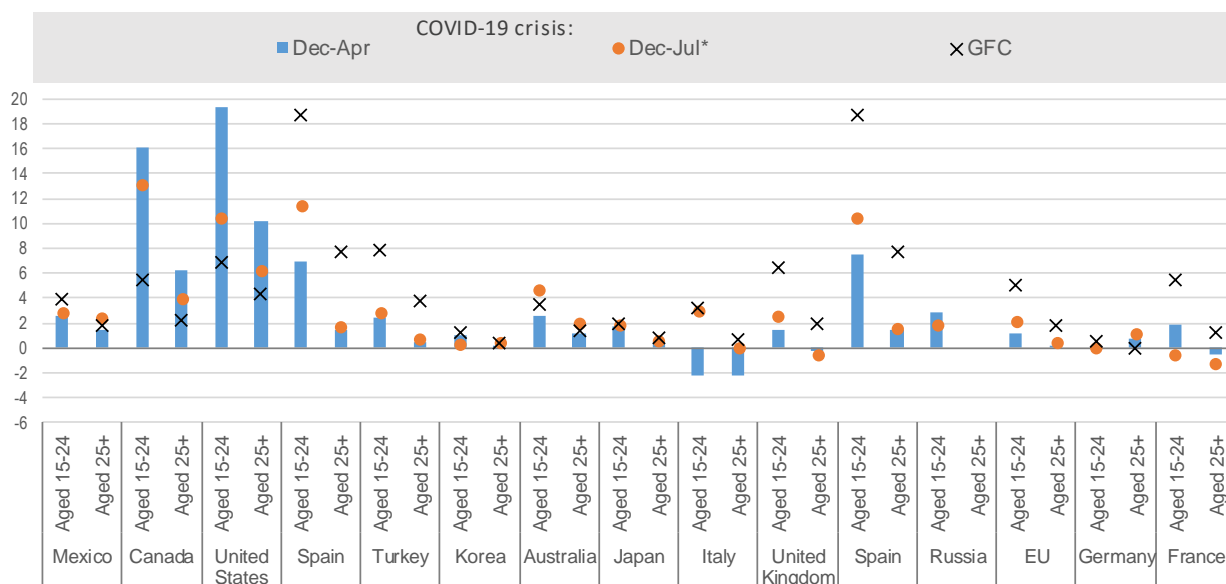
Note: For all countries, the peak-to-trough period for the Covid-19 crisis refers to 2019(12)-2020(4) (month in parentheses). For the GFC, it refers to: Australia, 2008(2)-2009(7); Canada, 2007(8)-2009(7); Italy, 2008(2)-2009(5); Japan, 2008(2)-2009(4); Korea, 2007(12)-2009(3); Mexico, 2008(5)-2009(5); Turkey, 2008(1)-2009(4); the United Kingdom, 2008(1)-2009(7); and the United States, 2007(10)-2009(5). All data are seasonally adjusted. For the United States, young people refer to persons aged 16-24. The data for Mexico for April 2020 onwards were collected using a new telephone survey instrument which may have affected their comparability with the data for earlier months.

Source: OECD calculations based on data from national labour force surveys.

As a result of the wave of job losses, the unemployment rate has risen more for younger people than older adults in those G20 countries where data are available (except in Italy and Germany) (Figure 9). In several countries the rise was much greater than during the Global Financial Crisis. Nevertheless, the rise remains muted in a number of countries outside of North America because of the statistical treatment of people on temporary layoff as employed and as a result of a fall in participation. Many younger people as well as older adults who were out of work were not actively seeking work or available to work either because of the limited job opportunities available or because of restrictions on mobility or additional family responsibilities linked to measures to contain the pandemic. By July 2020, the unemployment rate for young people remained high despite some fall or had risen even further in some countries.

Figure 9. Unemployment has risen much more for younger people than older adults

Percentage point change in the unemployment rate from peak to trough during the COVID-19 crisis and the Global Financial Crisis (GFC)



* December to May for Turkey and December to June for Mexico and the United Kingdom.

Note: For all countries, the peak-to-trough period for the Covid-19 crisis refers to 2019(12)-2020(4) (month in parentheses). For the GFC, it refers to: Australia, 2008(2)-2009(7); Canada, 2007(8)-2009(7); EU, 2008(2)-2009(6); France, 2008(1)-2009(6); Germany, 2008(2)-2009(6); Italy, 2008(2)-2009(5); Japan, 2008(2)-2009(4); Korea, 2007(12)-2009(3); Mexico, 2008(5)-2009(5); Spain, 2008(2)-2009(7); Turkey, 2008(1)-2009(4); the United Kingdom, 2008(1)-2009(7); and the United States, 2007(10)-2009(5). All data are seasonally adjusted. For the United States, young people refer to persons aged 16-24. The data for Mexico for April 2020 onwards were collected using a new telephone survey instrument which may have affected their comparability with the data for earlier months.

Young people are also more likely to be working in the informal economy than adults and so are particularly vulnerable to job and income losses as a result of the pandemic. In G20 economies, it has been estimated that almost 67 per cent (or 149 million) of young workers were in informal jobs, compared with around 54 per cent of adult workers (aged 25 and above). Close to half of them, or 72 million, were working in the hardest-hit sectors at the onset of the COVID 19 crisis (ILO, 2020^[6]) and (ILO, 2020^[7]).

Women have been fighting on many fronts¹³

Women have borne a disproportionate burden of the economic and social costs of the COVID-19 crisis. They are heavily engaged in frontline occupations in the health and care sectors, they have suffered disproportionately from job loss and reduced hours, and they often face a heavy workload at home during lockdowns and beyond. Thus, the COVID-19 crisis risks eroding some of the gains in gender equality that have been achieved in G20 labour markets over recent years.

Women have played a key role in the health care response to the pandemic. They account for the majority of health-sector workers in nearly all G20 economies, ranging from a low of 35% in Saudi Arabia to a high of 80% or more in Russia, Canada and Korea. Along with their male colleagues, they have been facing exceptional demands, and considerable risks, through the crisis. The strain has often been particularly

¹³ This section is based on a fuller discussion of the labour market impact of the COVID-19 crisis on women in the ILO-OECD (2020) report, "Women at Work in G20 countries: Progress and policy action", prepared for the G20 Employment Working Group under Saudi Arabia's G20 Presidency 2020

acute for mothers, who, due to entrenched gender and cultural norms, also had to cope with additional childcare demands as a result of school and childcare facility closures during the containment phase of the crisis. At the same time, women remain underrepresented in leadership roles in health-care and long-term care sectors, and in advisory positions concerning government policy to manage the pandemic.

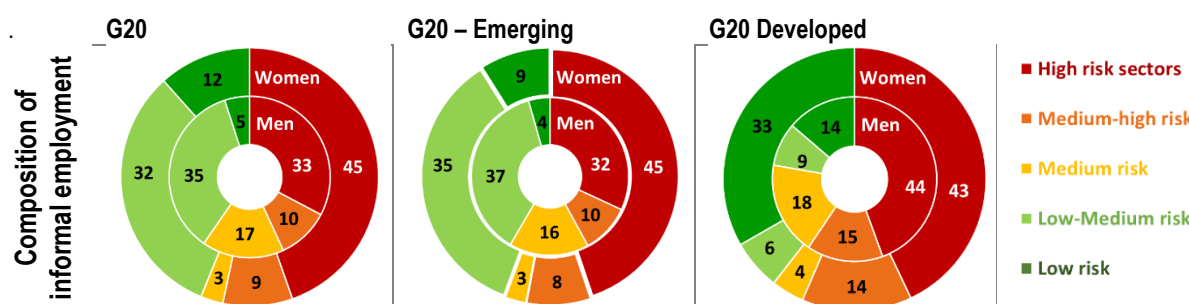
More generally, women are somewhat more concentrated in unsafe jobs than men as a result of gender differences in employment by occupation and sector. Unsafe jobs in the context of the COVID-19 pandemic refer to those jobs that cannot be done from home and involve substantial face-to-face contact with clients or co-workers. In those G20 countries for which estimates are available, the proportion of jobs that are unsafe fall within a range of between 45% and 55% of all jobs.¹⁴ These estimates also suggest that women are slightly over-represented in these jobs relative to their share of all jobs.

Not only are women more exposed to unsafe jobs than men, but they are also more vulnerable to job loss as they are over-represented in sectors where the greatest declines in employment have occurred, such as retail trade, accommodation and food services, arts and entertainment, and other personal services. In 2019, these sectors accounted for a higher proportion of total employment for women than for men in all G20 economies with the exceptions of India and Turkey. The risk of job loss is particularly high in Argentina, Brazil and Mexico where these sectors account for 45% or more of total employment for women.

As previously mentioned, the consequences of job loss are particularly severe for informal economy workers and, among these workers in G20 economies, women are more concentrated than men in the sectors most at risk of experiencing job loss, with 42 per cent of women working informally in these sectors at the onset of the crisis, compared with 32 per cent of men (ILO, 2020^[4]). The gender gap is higher in emerging G20 countries where women are largely over-represented in the manufacturing and wholesale/retail trade sectors compared to men (Figure 10).

Figure 10. Women in informal employment are overrepresented in high risk sectors

Gender differences in the composition of informal employment, 2020 (%)



Note. ILO calculations based on national household survey data following the ILO harmonized definition of informal employment. All G20 countries with the exception of Australia and Saudi Arabia. Extrapolated to 2020. global employment and by sector. High risk sectors are the sectors most at risk of being impacted by the crisis (strongest impact on economic output).

Early evidence confirms that, contrary to the Global Financial Crisis (GFC), the COVID-19 crisis appears to have negatively affected the labour market prospects of women disproportionately. In almost all of the G20 countries where data are available, women experienced a greater fall in employment and total hours worked than men on average during the first few months of the COVID-19 crisis. In stark contrast to the GFC, women also experienced a substantial decline in participation that was as great as the decline for men or even greater.

¹⁴ Basso, G. et al. (2020), "The new hazardous jobs and worker reallocation", *OECD Social, Employment and Migration Working Papers*, OECD Publishing.

Greater declines in labour force participation, employment and hours of work, as well as lower social protection coverage, have left women more vulnerable than men to sharp income losses. This could worsen an already precarious situation given that women already have lower incomes than men on average, higher rates of poverty and greater difficulties in obtaining income support.

The crisis has amplified the burden of unpaid care and domestic work, and much of this has fallen on women. Women already provided most unpaid care work at home before the crisis, ranging from around 60 per cent in Canada to 90 per cent in India (ILO and OECD, 2019^[8]). As schools and child care facilities have closed, the amount of time that parents spend on child care, supervision, and schooling has increased, as well as care for family members with disabilities or elderly people, and much of this additional burden has fallen on women.¹⁵ Single parents, most of whom are women, are particularly vulnerable. They were hit much harder than two-parent families by the closure of child care facilities and schools during confinement. Reliance on a single income also means that job loss can be critical for single-parent families, especially where public income support is weak or slow to react. More generally, the greater household and care burdens on women may hit their career prospects.

An overview of the global situation suggests that risks of domestic violence have escalated against women during the pandemic, as a result of more time spent at home.¹⁶ With more people working from home using information and communication technology, workers are also more exposed to work-related cyberbullying.

These additional burdens faced by women are also taking a toll on their mental health. There is mounting evidence in some of the advanced G20 economies that the COVID-19 crisis has adversely affected the mental health of women to a greater degree than for men. This compounding of poorer mental health and physical and psychological abuse for some women will have long-term adverse consequences on their likelihood of returning to work in the economic recovery.

3. Mitigation: Policies to mitigate the labour market consequences of the crisis¹⁷

G20 leaders have responded to the COVID-19 crisis with unprecedented levels of support for families, workers and companies. This section provides an overview of the measures taken which can be broadly grouped as follows:

- Reducing workers' exposure to COVID-19 in the workplace.
- Securing jobs, saving companies and maintaining essential service provision.
- Providing income security and employment support to affected workers.

¹⁵ Responsibilities for elderly care have also increased as some families have withdrawn their elderly relatives from care homes.

¹⁶ <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/policy-brief-covid-19-and-violence-against-women-and-girls-en.pdf?la=en&vs=5842>; https://en.wikipedia.org/wiki/Impact_of_the_COVID-19_pandemic_on_domestic_violence. Even prior to the crisis, violence against women has been endemic as highlighted in the OECD High-Level Conference on Ending Violence Against Women in February 2020 (<https://www.oecd.org/els/soc/ending-violence-against-women-2020.htm>).

¹⁷ This section is mainly based on the following reports: (ILO, 2020^[24]) (ILO, 2020^[4]) (ILO, 2020^[7]) (ILO, 2020^[9]) (ILO, 2020^[39]) (ILO, 2020^[38]) (ILO, 2020^[6]) (ILO, 2020^[37]) (ILO, 2020^[35]) (ILO, 2020^[19]) (ILO, 2020^[5]) (OECD, 2020^[32]) (OECD, 2020^[27]) (OECD, forthcoming^[11]) (OECD, 2020^[31]) (OECD, forthcoming^[33]) (OECD, 2020^[3]) (OECD, 2020^[31]) (OECD, 2020^[15]) (OECD, forthcoming^[34]) (OECD, 2020^[28]) (OECD, 2020^[29])

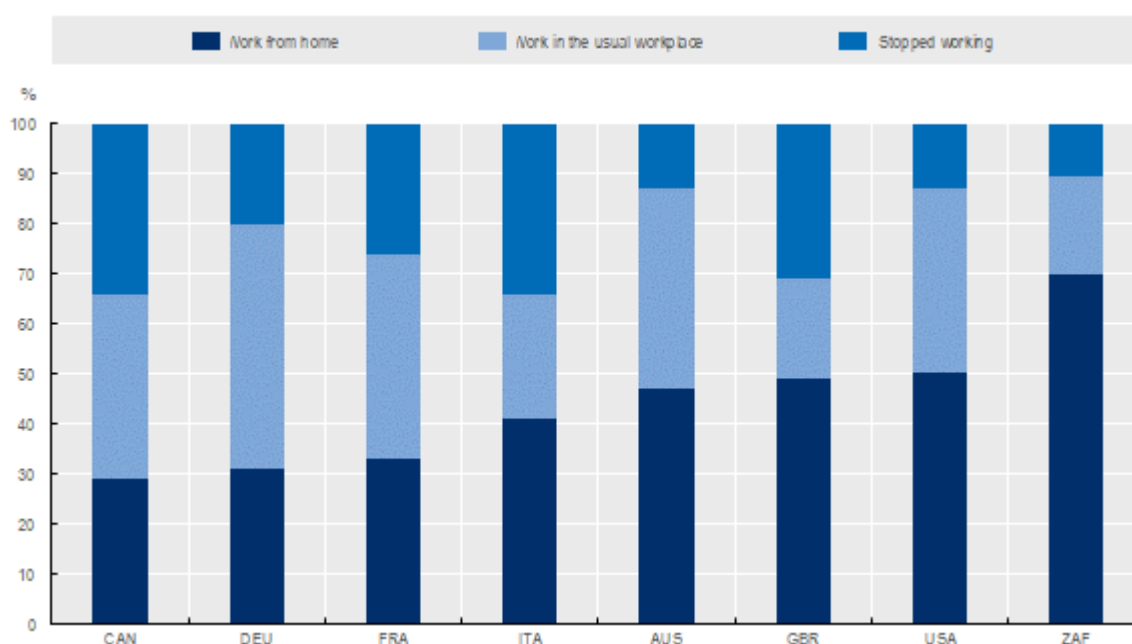
Reducing workers' exposure to COVID-19 in the workplace

Measures to support teleworking

A key measure to contain the spread of COVID-19, followed by many G20 governments, was to encourage those who can telework from their homes to do so. In order to promote a rapid move to telework for all operations that allow it, countries took a series of measures to simplify its use, including through financial and non-financial support to companies. Italy, for example, simplified the procedure by allowing companies and employees to arrange teleworking without a prior agreement with trade unions, without written agreement and at the employees' place of choice, while Russia introduced amendments to its Labour Code on teleworking. Spain expedited ongoing public programmes to support the digitalisation of small and medium-sized enterprises. Other countries, such as Japan and Korea, offered a subsidy towards the cost of introducing flexible work arrangements. Some large tech companies, also stepped in providing companies and workers with assistance and temporarily free-of-charge access to some of their communication and sharing tools. Evidence based on surveys conducted in mid-April shows a massive surge in the share of workers working from home compared to the pre-crisis numbers, ranging from around 30% in Canada to almost 70% in South Africa (Figure 11).

Figure 11. A substantial shift to working from home occurred during the pandemic

Share of total workers usually employed before the onset of the crisis by current place of work, April 2020 (%)



Source: For South Africa, Statistics South Africa (2020), *Results from Wave 2 survey on the impact of the COVID-19 pandemic on employment and income in South Africa*, May. http://www.statssa.gov.za/?page_id=1854&PPN=Report-00-80-03&SCH=72638; For other countries, Foucault, M. and V. Galasso (2020), "Working after COVID-19: Cross-Country Evidence from Real-Time Survey Data", Sciences Po CEVPOF, Note 9, May 2020. https://www.sciencespo.fr/cevipof/attitudesoncovid19/wp-content/uploads/2020/05/Note9_FOUCAULT_GALASSO_ENG.pdf

This global experiment in mass teleworking raises a number of issues and challenges. On the one hand, it contributes to containing the epidemic and can provide greater flexibility for individuals to manage their work and family lives, especially in the context of school and child care facility closures. On the other hand, the mandatory, full-time nature of teleworking during the COVID-19 pandemic is unusual because telework

is typically voluntary and used for limited periods of time (e.g., one or two days per week). It could thus exacerbate the potential for social isolation and detachment from colleagues and the person's employer, as well as raising ergonomic issues and difficulties in switching off from work.

Adopting strict health and safety standards in the workplace

To protect workers who could not work from home, countries often restricted business operations to “essential” services or implemented comprehensive occupational safety and health (OSH) standards. Countries issued stricter sanitary guidelines that ranged from requiring the use of partitioning walls and personal protective equipment (PPE), such as masks, gloves and other protective clothing, to restricting the maximum number of workers allowed to be physically present on companies' premises. These measures were more challenging to implement in the informal economy where work activities commonly take place in overcrowded areas, such as public spaces, with limited access to hand-washing stations and to PPE. In addition, informal economy workers and enterprises are not registered which makes it difficult to identify them and to reach out with information on OSH measures. Consequently, it is essential to tailor existing policy interventions by considering the specific constraints most informal economy enterprises and workers face, such as a low level of information and low access to health services; using appropriate communication channels such as radio to disseminate information; cooperating with member-based organisations and adopting innovative mechanisms for greater outreach.

According to [Eurofound](#), 32 specific national OSH policy measures within 16 EU countries have been implemented in response to the COVID pandemic, to date. Of these, 13 policies have focused on general occupational safety and health principles, 12 relate to teleworking arrangements, 5 relate to changes in working arrangements, and 2 specifically focus on the well-being of workers. In Italy, for example, the government, employers' associations and trade unions jointly signed a protocol on OSH measures in the early phases of the crisis and subsequently renewed and updated this protocol. Germany has implemented strict regulations in the meat industry, after a series of COVID19 outbreaks in slaughterhouses. In France, the Ministry of Labour and construction employers' organizations negotiated a guide that defines protocols for health and safety in the construction sector while supporting business continuity. In Spain, the national OSH institute published updated guides for those sectors that continued operating, including guidance on the use of personal protection equipment. In countries like the USA, South Africa and South Korea, national OSH authorities recommended the use of engineering controls, administrative controls, safe work practices and PPE. Employers are also advised to continuously assess and manage occupational risks according to the evolving situation. In Russia, to prevent violations of labour rights of employees, a public control mechanism has been launched on the portal "Online inspection Russian Federation" (employees have the opportunity to get advice on compliance with labour laws, as well as to send an appeal in case of violation of labour rights and poor working conditions).

It is also essential to provide accessible information on workplace safety and health measures for vulnerable groups of population such as migrant and refugee workers, making it available in a language they can understand, including in informal economic units. ILO is supporting Migrant Worker Resource Centres and partners in some countries to provide relevant information to migrant workers and their communities on a wide range of issues, including assistance on COVID-19 related issues, legal assistance to migrant workers suffering labour rights violations, trainings and materials on health and safety, including masks and hand sanitizers. The Danish Refugee Council in partnership with the Danish Health Department is providing COVID-19 related information in 25 languages in Denmark.

Providing sickness benefits and paid leave to all workers

Widespread use of sickness benefits and paid sick leave plays an important role in allowing workers to self-isolate and hence controlling the spread of the disease. More generally, it plays a crucial role in supporting workers during a sickness spell: in protecting their incomes, their jobs and their

health. However, paid sick leave can only be an effective tool during the containment, mitigation and post-confinement periods if it is widely available to large parts of the labour force. This was by no means the case in all countries prior to the crisis. Many workers, especially those in diverse forms of employment, particularly informal economy workers and the self-employed, were unprotected or insufficiently protected by collectively financed sickness benefits. In addition to constituting important poverty risks, such gaps in protection threaten public health, since workers who lack income security during sickness may be compelled to work when sick, thereby possibly contaminating others.

Consequently, many G20 countries substantially expanded or even initiated sick leave policies in response to the pandemic. In Korea, where there is no mandatory scheme in place, the 2015 Epidemic Act extended paid sick leave to workers who are hospitalised or quarantined because of COVID-19. The United States introduced two weeks of mandatory sick pay for workers with COVID-19-related symptoms for companies with less than 500 employees – the sick pay being paid by employers but fully reimbursed by the federal government. Several countries increased paid sick-leave entitlements for people with COVID 19, often through the introduction of new pandemic-related payments or top-ups, including France, Australia¹⁸ and Spain. Other countries (e.g. France and the United Kingdom) temporarily abolished existing waiting periods. Several countries (e.g. Russia) also eased reporting requirements, by delaying or waiving the need for medical certification or by allowing online benefit applications. In Russia, it was established by the Federal law that the amount of temporary disability benefits for periods of disability from April 1 to December 31, 2020 (inclusive) cannot be lower than the minimum wage. Some G20 countries have put in place stop-gap measures to expand coverage to uncovered categories of workers. In the United Kingdom, sickness benefits have been extended to all workers, including gig economy workers, who are in self-isolation.¹⁹ Japan has provided cash sickness benefits to persons who took leave due to subjective symptoms but could not see a doctor. In this case, a certificate of work incapacity from the employer can be a substitute for a medical certificate. In the course of this pandemic, several countries also temporarily expanded access to sickness benefits for self-employed workers who are sick with COVID-19 or quarantined (e.g. France, Australia, Canada, Korea, Singapore, Spain, the United Kingdom, and the United States). Some countries have also taken measures to ensure that national social protection schemes are extended to migrant workers. For instance, to ensure migrants have access to public services, Portugal has adopted provisions to treat them as permanent residents during the pandemic (ILO, 2020^[9]).

Some governments have used other measures to ensure income security for those affected by COVID-19, such as providing crisis payments or short-time work benefits for both sick and quarantined employees (e.g. Australia, Canada, France, and the United States). In Argentina, a generalized one-off cash benefit was paid through the existing channels of the agency in charge of providing family benefits, including for domestic workers in both formal and informal employment. In addition, various countries provided hardship funds or other payments to self-employed workers (see below). In almost all cases, however, measures are time-bound and limited to COVID-19 cases only.

Despite these measures, sickness benefits in some countries only cover a small fraction of the previous wage or are shorter than the recommended period of self-isolation for people with COVID-19 symptoms. Providing an adequate income replacement in the case of sickness is key to protect people.

¹⁸ In Australia, the Government is providing a Pandemic Leave Disaster Payment, paid in the form of a grant for workers without appropriate leave, who are required to self-isolate or quarantine. This grant can be accessed multiple times if required.

¹⁹ United Kingdom, Government of. 'Coronavirus Support for Employees, Benefit Claimants and Businesses', 16 March 2020. <https://www.gov.uk/government/news/coronavirus-support-for-employees-benefit-claimants-and-businesses>; 'Support for Those Affected by COVID-19', 18 March 2020. <https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19>.

Helping workers with unforeseen care needs

The COVID 19 crisis has increased the demands on many workers to provide family care. During the pandemic, with school and day care closures, reductions in public services for people with disabilities and the elderly, and the non-availability of domestic workers, the hours devoted to care work for many women, as well as men, have increased. Working full hours is often very difficult, if not impossible, under such circumstances, notably for single parents and couples where only one partner can telework. Parents with younger children, who require closer attention, report particular difficulties balancing work and family (Eurofound, 2020^[10]). Couples where both parents have to be physically present at their workplace faced an even greater challenge unless child care facilities were provided.

To reduce the pressure on working parents, many G20 countries have extended the duration of extended special paid leave (incl. parental leave) or provided financial means to pay for care services. This includes Australia, Canada, France, Germany, Italy, Japan²⁰, Korea, the United Kingdom and the United States. In most of these countries, the right to special paid leave or income support lasts for a fixed number of days or weeks, ranging from 10 days (per parent) in Korea to up to 12 weeks in the United States and four months in Canada. However, in some (e.g. France), it extends for as long as schools and child care facilities are closed. In several countries, workers taking special leave receive either a flat-rate payment (e.g. Canada, Korea) or a fixed part of their salary (e.g. France, Germany, Italy, the United Kingdom and the United States). Since continued payment of salaries is likely to be difficult for many employers, most countries have minimised employer contributions or funded special leave entirely through general taxation or social insurance. Some countries have also extended special paid care leave (or income support) to self-employed workers (e.g. Canada, France, Italy, Japan, and the United Kingdom). However, the financial compensation they receive is often lower. Some countries provided subsidies to compensate companies that introduced family leave (e.g. Japan), and made available loans to freelance workers who need to stay home due to school closures.

Measures have also been taken specifically to address the care needs of essential service workers, many of whom are women. For example, France, Germany and Russia have allowed some childcare facilities to remain open, with reduced staff, to ensure the children of essential service workers can be looked after. Similar policies have been introduced by Korea, Switzerland and the United Kingdom. In Australia, child care services remaining open for children of essential workers and vulnerable children were entitled to additional Government funding.

Addressing discrimination, stigma and exclusion

The COVID-19 pandemic is particularly affecting those who were already facing discrimination, stigma and exclusion prior to the pandemic. Many groups are over-represented in the informal economy, including people with disabilities, indigenous and tribal peoples, people living with HIV, forcibly displaced people and migrant workers. These are not isolated categories but often intersect with each other, as well as with gender, socio-economic status, age and other factors, resulting in multiple layers of discrimination, stigma and exclusion in access to employment, social protection and health services. Protecting workers and ensuring their rights has become challenging, particularly for those in the informal economy, who already lacked adequate social and labour protection before the crisis. Hence, many individuals in these groups are being disproportionately affected and at risk to be left even further behind in the recovery phase. Furthermore, rising levels of discrimination, xenophobia, and homophobic attacks, and dramatic spikes in violence and harassment have been a feature of the COVID-19 pandemic (see

²⁰ Japan, rather than to establish a statutory right to special paid leave as such, has introduced a subsidy for employers that allow their workers to take paid leave due to school or child care closure. Employers are compensated for the continued payment of salaries while workers are on leave, up to an initial limit of JPY 8 330 per worker per day but since raised to JPY 15000 from 1 April 2020.

(ILO, 2020^[5]) which provides detailed guidance on how to create a working environment that does not discriminate or stigmatize those who have contracted the virus).

Some G20 countries have implemented inclusive policies and targeted measures, addressing the immediate health crisis and economic consequences for specific groups. This twin-track approach involves targeted measures for groups in situations of vulnerability, as well as ensuring inclusion of these groups in mainstream responses to the crisis, including access to financial support, benefits and services. Integrated responses have included for example relaxing eligibility requirements for benefits, which has the effect of allowing migrant workers and informal economy workers to benefit from income support schemes during the crisis.

Targeted measures have included for example ensuring public health, education and workplace communication on COVID-19 is accessible to persons with disabilities, including through the use of sign language, made available in the languages accessible to migrant workers and displaced people, and is culturally appropriate and takes into account cultural practices of indigenous peoples. They have also addressed specific health needs, including coverage of additional health care expenses for people with disabilities and people living with HIV that have arisen from the pandemic. Some countries have facilitated access to benefits for people with disabilities, including relaxed administrative requirements, and continued care and support (e.g. Argentina, France, Turkey and Saudi Arabia). They have also advanced the payment of old age and disability benefits and/or increased their level to reduce the risk of poverty (e.g. Argentina and Turkey). Spain introduced a minimum-income scheme as a permanent structural instrument especially designed to protect the most disadvantaged.

Securing jobs, supporting companies and maintaining essential service provision

Mandatory business restrictions, quarantines and limitations on mobility put companies under severe strain. As activity plummeted, even productive, well-managed firms faced major liquidity shortages in responding to their financial commitments to suppliers, employees, lenders, investors and the state. As demand collapsed and supply chains broke, companies also found themselves with excess capacity. This put jobs at risk on a large scale.

Job-retention schemes: Short-time work and wage-subsidies

Job retention schemes (JRS) have been one of the main policy tools in many advanced G20 countries to contain mass layoffs and protect incomes. They seek to preserve jobs at firms by temporarily reducing firms' labour costs – which often account for a large part of firms' operating costs, notably in the service sector that was particularly badly affected by the crisis – while providing income support to the workers concerned. They also provide a substantial complement to liquidity support measures for companies who face temporary credit constraints. They can take various forms: They can directly subsidise hours *not* worked, in the form of short-time work (STW) or temporary layoff schemes (e.g. the German *Kurzarbeit*, the French *Activité partielle*, the Italian *Cassa Integrazione* or the Spanish *ERTEs*) (see (OECD, forthcoming^[11]), and (Müller and Schulten, 2020^[12]) for a more in-depth discussion of the main features of existing and new job retention schemes, as well as (ILO, 2020^[13]). They can also subsidise hours worked, or similarly, top-up overall earnings of workers on reduced hours (e.g. the Job Keeper Payment in Australia). Schemes differ widely in their level of support for firms and workers and the requirements that they impose for eligibility for participation (e.g. economic need, force majeure, agreement by social partners, restrictions on economic dismissals).

Several G20 economies had pre-existing short-time work schemes, which they rapidly adjusted to cope with the COVID-19 crisis. Among the G20 countries, several countries such as Brazil, France, Germany Italy, Spain and Turkey had job-retention schemes in place. Countries' measures to expand existing STW schemes fall into three broad categories: i) simplifying access and extending coverage to boost take-up among the affected firms; ii) extending coverage to non-permanent workers, often including temporary,

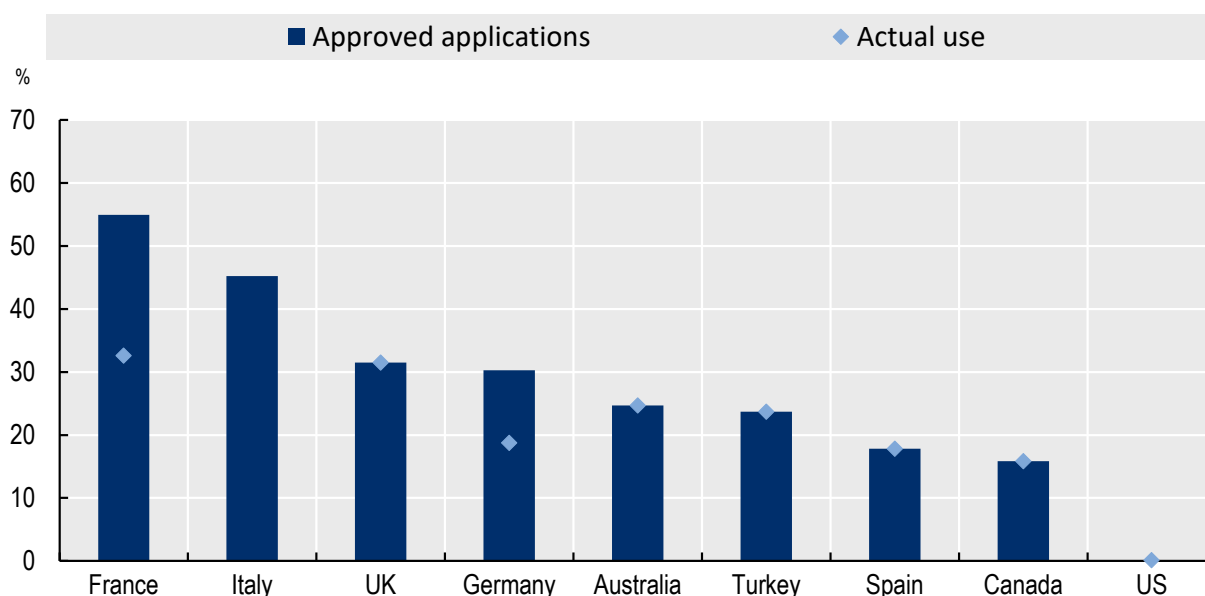
temporary-agency and even certain categories of self-employed workers; and iii) raising the level of support by increasing income replacement rates for workers and reducing the costs for firms.

In addition, a number of countries introduced new job retention schemes that combine elements of STW schemes with elements of standard wage subsidies. Australia and Canada are among the G20 countries that have opted for introducing temporary wage subsidy schemes. While wage subsidy schemes tend to be easier to implement and provide more flexibility to firms than traditional short-time work schemes, they also tend to be less well targeted at firms experiencing financial difficulties. However, in countries with relatively low costs of layoff, participation in a STW scheme would not necessarily be very attractive for firms, whereas participation in wage subsidy schemes tends to come at a relatively low cost to employers.

In several G20 countries, take up of the new or extended job retention schemes has been massive (Figure 12). In May 2020, companies' requests for support from job retention schemes covered 55% of dependent employees in France, over 40% in Italy, and around 30% in the United Kingdom, Germany and Australia. The *actual* use of these schemes is considerably lower than the initial requests in some countries. In Germany, for example, actual take-up was 19% in May, and in France actual take-up was 33%. The substantial uptake of these instruments partly explains why Australia and many European countries did not experience the massive surge in unemployment recorded in Canada and the United States.²¹

Figure 12. Participation in job retention schemes across G20 countries

Approved applications and actual participants in job retention schemes as a share of dependent employees, May 2020



Note: Data for Spain refer to the number of recipients in May. Data for Canada cover the period from 10 May to 6 June. Data for France and Germany on actual use are the estimated number of persons in job retention schemes in May. Data for the United States refer to participation in short-time compensation schemes. The data for Australia and Canada refer to wage subsidy schemes, which are not conditional on a reduction in working hours. Take-up rates are calculated as a percentage of dependent employees in 2019 Q4..

Source: OECD Employment Outlook 2020 (Chapter 1), <https://stat.link/9hdgb3>.

²¹ However, as highlighted above, the other explanation is definitional differences in whether people on temporary layoff are treated as employed or unemployed.

Limiting economic dismissals and protecting workers against unfair dismissals or from becoming irregular workers

To limit an immediate rise in layoffs and ensure high take-up of job retention schemes, some G20 countries introduced restrictions on collective and individual dismissals during the crisis. These measures included: i) an explicit ban on dismissals based on economic grounds²², such as in Argentina, Italy and Turkey; and ii) increased scrutiny and costs for dismissals, such as in Spain²³ and France²⁴. Limiting dismissals can contribute to maintaining incomes and, during a period of already strong anxiety, can limit the scope for employers to use the crisis as an excuse to dismiss workers they had planned to dismiss for non-economic reasons. However, a strict ban may also lead to company bankruptcies if access to job retention schemes for firms turns out to be incomplete, impractical, delayed or too costly. A ban on dismissals also risks further shifting the burden of the adjustment on fixed-term contracts, which can be terminated simply through non-renewal. Finally, limitations to economic dismissals combined with generous job retention schemes may inhibit necessary structural changes in the labour market and slow down the economic recovery.

It is also important to **ensure that migrant and refugee workers have regular status** or do not fall into irregular status. Measures to facilitate extension of visas, amnesties, work or residence permit renewals can ensure both access to essential services and continuity of their work in regular status, avoiding an increase in irregularity. Some countries have already extended migrant working visas, or amnesties and taken other steps to ease barriers faced by migrant workers and their families living in countries of destination (e.g. South Africa). A number of EU countries have also taken steps to extend the validity or automatically renew documents related to residence or asylum status during the peak months of the crisis (e.g. Portugal, Italy, Spain, Ireland and Poland) or introduced measures to foster transitions from informal to formal economy in those sectors with high share of informal migrant workers (e.g. Italy). Spain has also increased the flexibility in treatment of residence permits with the aim of avoiding the withdrawal or non-renewal thereof if the migrant loses his/her job or is temporarily laid off because of the COVID-19 emergency.

Liquidity support for firms

Many G20 countries also adopted a vast range of emergency measures aimed at supporting firms' liquidity. In addition to the central banks' monetary measures, governments intervened to help firms smooth their financial obligations over time. This included some form of subsidies, loan guarantees and tax-related measures to support companies' financial liquidity. Some countries provided direct support through liquidity injection or a mutualisation of losses. This involved subsidies based on past sales, subsidies for maintaining employment, grants, and equity participation. Others (e.g. Russia) took more indirect measures, e.g. by permitting deferrals of tax and social security contributions, extending loan maturities, or temporarily suspending loan payment. Finally, some countries complemented these measures with "soft" tools to ensure repayments and to safeguard operating cash flow.²⁵ Many countries

²² This includes dismissals for reasons connected to the reduction or the transformation of activities, to the reorganisation of work, and to the closing of the business for total cessation of activities.

²³ Spain prohibits companies from dismissing workers while participating in a job retention scheme and during a short period thereafter. Additionally, temporary contracts may be temporarily suspended on grounds deriving from the health crisis. After the suspension, their initially agreed duration will resume.

²⁴ France increased scrutiny of collective dismissals in companies with more than 50 employees by the authority to which these companies must notify the intention to dismiss a worker.

²⁵ In France, for example, authorities actively support mediation over credit conflicts between private parties with a free, fast and reactive mediation service (OECD, 2020^[30]).

also took specific measures to support small and medium enterprises (SMEs), which usually face stronger liquidity constraints.

Estimates suggest that, without public support, 20% of firms across EU countries would have faced a liquidity crisis after the first month of lockdown. If the confinement measures would have lasted seven months, more than 50% of firms would have faced a shortfall of cash. Failure to immediately address such liquidity constraints could have led to a corporate solvency crisis with long-term negative effects on employment, productivity, growth and well-being (Boot et al., 2020^[14]).

At the European Union level, additional measures have been taken to support national efforts to introduce or extend job retention measures as well as to provide additional liquidity to firms (Box 1).

Box 1. Measures taken by the European Union

In parallel to national policy responses, the European Union (EU) reacted to the employment and social emergency with a multi-tiered initiative to support the workers and firms in its member states:

- The EU is providing **financial support to enhance member states' policy responses to the social and employment crisis**. Through the “Corona Response Investment Initiative” (CRII) and “Corona Response Investment Initiative Plus” (CRII+) the European Commission (EC) mobilised EUR 37.8 billion of unallocated cohesion and solidarity funds. These funds can be flexibly redirected towards spending on healthcare, support to short-time work (STW) schemes and support to small and medium enterprises, in particular in the most affected European regions. EU member states also agreed to create *SURE* (“Support to Mitigate Unemployment Risks in an Emergency”), a temporary loan instrument to help finance STW schemes and other similar measures supporting the self-employed across the EU. The instrument is backed by EUR 25 billion in pooled member states' guarantees, voluntarily committed to the EU budget. These pooled guarantees allow the EC to borrow up to EUR 100 billion on financial markets, to be lent to member states on favourable terms. EU member states with existing STW schemes and/ or schemes supporting the self-employed can apply for a loan through SURE to cover the needed expenditures.
- The European Central Bank (ECB) and European Investment Bank (EIB) geared up to **prevent a pro-cyclical tightening of financing conditions in the public and private sector** and avoid liquidity shortages and credit contraction. In particular, following an initial commitment of EUR 40 billion in support to European firms early in the outbreak, the EIB group created a EUR 25 billion guarantee fund to scale up its support by an additional EUR 200 billion, targeting small and medium enterprises.
- The EC **amended regulations to give more flexibility to particularly affected sectors** (e.g. airline companies) **or member states**. This may include suspending state aid rules, and activating the general escape clause of the Stability and Growth Pact to allow countries to depart from the agreed budgetary requirements.
- In July, EU member states approved a **major recovery plan, Next Generation EU**. Under this plan, the Commission will be able to borrow EUR 750 billion on the financial markets to be repaid over a long period of time throughout future EU budgets. The EUR 750 billion will be channelled through EU programmes to support member states with investments and reforms, incentivise private investments and reinforce EU health and civil protection programmes.

Beyond these measures designed to mitigate the employment and social consequences of the crisis, the EU also supported countries' healthcare responses. Euro area countries can use Pandemic Crisis Support credit lines (created using the framework of the existing European Stability Mechanism) to borrow up to 2% of their 2019 GDP to finance direct and indirect expenses linked to healthcare, cure

and prevention-related costs. Such expenses could include costs relating to occupational safety and occupational safety and prevention in the workplace. The EU Occupational Safety and Health Agency, in partnership with European social partners, **elaborated guidelines** on how to maintain workplace safety during the pandemic.

Source: https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/overview-commissions-response_en#economic-measures

Providing income security and employment support to affected workers

In spite of expanded job retention schemes and emergency liquidity support to firms, vast numbers of workers across the G20 have lost their jobs or faced reduced incomes, including self-employed workers who had to suspend, or substantially downscale, their business operations. To cushion income losses for households affected by job loss or curtailment of business activities, governments introduced or expanded unemployment benefits and other out-of-work support. Measures were also taken by many G20 governments to strengthen employment support during a difficult period when face-to-face contact between providers of employment services and jobseekers was severely restricted.

Income support for those losing their job or self-employment income²⁶

Expanded income support schemes have been crucial in mitigating economic hardship. They have contributed to stabilising the economy by supporting aggregate demand. Social protection schemes vary significantly between advanced and emerging/developing G20 economies in their design, coverage, level of support and delivery mechanisms. Consequently, different strategies were taken to strengthen these schemes in the face of a sharp and deep recession.

In many of the advanced G20 economies but also increasingly in some G20 emerging countries such as China, social insurance schemes play an important role in providing income support in the event of job loss. However, the COVID-19 crisis exposed a number of gaps in these schemes, especially for workers in diverse forms of employment and the self-employed who were not always well-covered if at all. Therefore, many G20 countries took steps in the early weeks of the crisis to improve access to, and the generosity of, unemployment insurance or assistance benefits. Countries' measures to expand such benefits, at a federal/national or local government level, fall into four broad categories:

- *Improving access to and coverage of unemployment benefits* – either by reducing or entirely waiving minimum contribution requirements or waiting periods (e.g. Spain, the United States); by extending the qualifying period for the employment requirement (France, the United States); or by covering groups that had previously not been entitled, such as self-employed workers (China, France, Spain, the United States)²⁷ or domestic employees (Spain).
- *Extending unemployment benefit durations* – either by extending the maximum possible duration (Argentina, Germany, Switzerland, United States); or by extending all expiring benefit claims until the end of the health crisis (Italy, Luxembourg, Portugal and Spain).

²⁶ See (OECD, 2020^[28]; ILO, 2020, forthcoming^[36]) for further details.

²⁷ China, for example, has provided temporary unemployment assistance for workers, meaning that unemployed workers who do not meet the conditions for unemployment social insurance can apply for unemployment assistance (lower benefit level than unemployment insurance)(ILO 2020). In France, the extension of unemployment insurance to the self-employed was decided before the pandemic and applied on 1 November 2019, allowing the self-employed to benefit from it during the crisis, under certain conditions.

- *Raising the level of unemployment benefits* – by temporarily increasing either unemployment benefit levels (Australia, Russia, United States,) or by increasing benefit levels of second-tier programmes (Austria, the United Kingdom, the United States).
- *Providing income support for the most disadvantaged* – by introducing minimum income schemes to support those suffering from or at risk of social exclusion due to the lack of financial resources (Spain) or temporary measures to cover informal and self-employed workers (e.g. Argentina, Italy).

Some countries also relaxed pre-conditions associated with unemployment insurance payments or they simplified administrative procedures. A key part of many unemployment insurance schemes is their conditionality on certain criteria to be eligible but also to stay eligible (e.g. mandatory job search). However, this often involves considerable administrative burden to validate and monitor eligibility. A major concern in the early weeks of the crisis was that public administration in some countries lacked capacity to deal with the large influx of benefit claims while also needing to reduce faced-to-face contact (OECD, 2020^[15]). In some countries, the large and sudden increase in demand by the newly unemployed as well as by companies for job-retention schemes indeed led to failure to ensure a timely pay out of benefit payments (Edwards, 2020^[16]) (Zipperer and Gould, 2020^[17]) (Rugaber, 2020^[18]). To this end, many countries relaxed registration procedures or eased job-search and reporting requirements, including the digitalisation of registration and contact with employment services staff.

Non-contributory social assistance programmes were also an important part of the social protection response to job and incomes losses during the crisis, especially in many of the G20 emerging economies. While most G20 countries already had some form social assistance program in place before, many of them increased their support level or adapted their administrative systems to make it easier for people to access programs. Other countries scaled-up the coverage of their program or introduced additional programs (ILO, 2020^[19]; Gentilini, 2020^[20])

Social assistance schemes across G20 countries can be differentiated along a variety of lines: whether they are conditional on some eligibility criteria (i.e. targeted); whether they are one-off payments or long-term schemes; and by the type of transfer (e.g. cash transfers vs. in-kind transfers vs. tax/debt deferrals). Unfortunately, cross-country data on the uptake of “second-tier” assistance-based income support programmes are scarce, also because such programmes are often not always centrally administered. In the United Kingdom, daily new claims for Universal Credit increased by between 8 and 9 times in the first weeks of the crisis, but quickly declined and by the third week of June were only around 10% higher as in early March (Office for National Statistics, 2020^[21]). In Italy, the total number of households claiming the minimum-income payment (“*Reddito di Cittadinanza*”) rose by 12% between January and April 2020. Spain’s new permanent minimum-income scheme (“*Ingreso Mínimo Vital*”), adopted in May, has already seen over 750,000 applications, in addition to the beneficiaries already entitled to the scheme (255,000 people in 75,000 households), out of an expected coverage of 2.3 million people in 850,000 households.

Several countries introduced or expanded cash transfer schemes targeted at vulnerable groups and other people in sudden and urgent need. Such schemes are well suited to emergency situations to help groups who do not have access to existing minimum-income benefits or where applying for such benefits would take too long. Three different targeting mechanisms are common based on: *i)* some measure of vulnerability – often defined by an income or poverty threshold (e.g. Australia, Argentina, China, Germany, Indonesia, Spain, Turkey, the United States); *ii)* specific needs, such as childcare (e.g. Italy, Germany, Russia); and *iii)* specific occupational groups or economic sectors such as new cash transfer payments for self-employed workers (e.g. Brazil, the United Kingdom). However, for the self-employed; determining their previous earnings is complex, especially if working in the informal economy, and could lengthen the application procedure. To counter this, several G20 countries introduced flat-rate payments to the self-employed (e.g. Canada, Italy, Korea) or lump-sum transfers (e.g. Germany). Many newer schemes are specifically targeting informal economy workers and undocumented migrants, who are among the most

difficult to reach in the current situation (Alfers, Moussié and Harvey, 2020^[22]) (e.g. South Africa, and the State of California in the United States).

A few countries announced universal or *unconditional* cash transfers (or basic incomes), covering either the entire population or a large part as a response to the crisis. Among the G20 countries this includes only Japan and South Korea. Other countries expanded their existing schemes, such as Brazil, Turkey, and Russia (Gentilini, 2020^[20]). However, other G20 countries introduced or expanded targeted measures that are so far reaching, that they can be considered nearly universal (e.g. the United States, where coverage reached almost 90%). These cash transfer programs tend to be of short duration and so higher payments can be made than for permanent transfers. Universal transfer schemes offer a possibility to provide immediate, short-term relief since transfers do not depend upon the recipients' income, assets, or prior contributions. They hence avoid costly and time-consuming means tests, can be rolled out quickly, and to ensure that no-one falls through the cracks of the social protection system. However, given that many governments face budgetary pressures, there is a trade-off between targeted, larger transfers to fewer beneficiaries and untargeted universal transfers of smaller size for everyone. Since universal transfers are less targeted to those in most need, it may be more difficult to provide transfers of sufficient magnitude to households that have suffered large income losses.

A middle ground between universal benefits and poverty-targeting can be seen in categorically targeted benefits. They avoid the costly and time-intensive means testing by targeting categories of vulnerable populations that are more easily identified, e.g. certain age groups, certain sectors, single parents.

Finally, countries have expanded measures for the most hard-hit households, facing severe liquidity constraints, by permitting postponement of payments or by providing in-kind support. A number of countries have allowed delays or extended deadlines for payments to the government, such as taxes (e.g. Japan, Spain and the United Kingdom) or social-security contributions (e.g. Spain, Japan). Similarly, to help poor households stay in their homes, some countries suspended rent or mortgage payments as well as private foreclosures or evictions (see Table 1.1. in Box 1.5 of OECD 2020). A more direct method to support the most vulnerable households are direct in-kind transfers. For example, to offset the closure of food banks and suspension of schools meals, various countries have also extended in-kind support measures either directly (through meal voucher schemes, e.g. the United Kingdom, Spain, India, Indonesia) or indirectly (by supporting food aid associations, e.g. France). Some countries have provided direct support with pandemic-related expenditures, notably healthcare (e.g. the United States).

Despite these efforts, many workers in informal and non-standard forms of employment in G20 countries remain significantly less well covered by existing social protection schemes. This includes employees who are not registered for mandatory social insurance schemes, who are paid less than the legal minimum wage or who are employed without a written contract (where this is a legal requirement); and the self-employed who fail to declare some or all of their income for tax-avoidance purposes (e.g. working cash in hand). In addition, formally employed part-time workers, the self-employed and those with frequent transitions between employment and unemployment find it difficult to access unemployment support. The situation is more challenging in G20 emerging countries where the informal economy is large and the majority of the population does not have access to formal social protection. In most G20 advanced economies, informal workers, including undocumented migrants and workers in "partial informality" who are registered but working some of their total hours for cash, are beyond the scope of most income-support schemes. But in several G20 advanced economies, such workers may receive earnings top-ups through in-work benefits (e.g. France, the United Kingdom, the United States). For these workers, losing their job means losing these benefits that are tied to wages and working hours.

Most G20 countries have therefore taken measures during the current crisis to improve access to non-contributory income support for vulnerable workers and low-income households, and/or to raise the adequacy of such support. This includes facilitated access to existing minimum-income schemes, such as social assistance. One way is to suspend or relax income and/or asset tests to let people access support

more quickly and to widen the circle of potential recipients (e.g. Australia, Germany, Italy and Turkey).²⁸ This will especially benefit the self-employed. Other countries, suspended requirements to obtain or retain social assistance benefits to avoid delays in payments (e.g. the United States, Russia).

Employment services and training for jobseekers and workers

Countries undertook measures to help public employment services deal with soaring benefit claims, and adapt to physical-distancing requirements. The unprecedented rise in jobseekers seeking to register for unemployment benefits as well as massive use of job retention schemes at the onset of the crisis posed an enormous challenge to public bodies administering these schemes. Many countries had to build rapidly the necessary infrastructure and procedures to administer the large number of new claims. To ensure a timely processing and payment of benefit claims, several countries simplified and streamlined claim procedures (Russia, Spain, the United Kingdom). This also included some countries who managed soaring new claims by shifting rapidly to online platforms (Spain, the United Kingdom). Many countries also changed procedures for existing benefit claims during the confinement period. This took several forms: First, some countries allowed for automatic renewal of benefits without requiring the regular renewal procedures (e.g. Spain). Second, countries also eased job-search and reporting requirements for existing beneficiaries during the crisis (e.g. France and Germany). Third, countries temporarily did not apply or even lifted existing sanctions for jobseekers that did not comply with regulations (e.g. Australia²⁹ and Italy). Other countries reallocated staff by prioritising claim processing over non-essential services (e.g. Germany). In order to free up human resources, many countries scaled down and suspended some services such as in-person training or job fairs in the short term. These adaptations to the ways of supporting jobseekers were often necessary because of physical-distancing requirements and the difficulties they faced in looking for work during the pandemic. Nevertheless, reaching out to vulnerable groups to provide support and job search assistance remains a considerable challenge when face-to-face contact is not possible.

While most public employment services had to suspend in-person job-search support and training to respect physical distancing, some shifted to offer services online. Given the standstill of large parts of the economy, the crisis also represented an opportunity and accelerated the need for upskilling and reskilling of the labour force, in particular to bridge the gap in digital skills that the crisis highlighted. This applies equally to (new) jobseekers as well as to workers who are temporarily suspended or work only reduced hours. In some countries, pre-existing online training solutions allowed training provision to be maintained with minimal investment, at least for the type of skills that can be easily taught online (e.g. in certain regions of Italy and in some other European countries such as Austria, Belgium, Denmark, Estonia, the Netherlands). Other countries managed to expand online training options quickly by changing labour regulations or allocating additional funding to strengthen distance learning and internet-based education (e.g. France). This concerns in particular training options to address immediate labour demand pressures, e.g. in the health sector. In some countries, non-government actors adapted existing courses to deliver more content online, and government actors provided extra funding to help displaced workers fill roles in essential services (e.g., United States). Finally, several countries created online tools to connect displaced workers with vacancies in sectors experiencing increased labour demand (e.g. France and Germany) (see OECD (2020^[15]) for an overview and innovative examples). Others strengthened and promoted their existing tools, such as online job-matching platforms or skill assessment tools (e.g. Netherlands).

Countries are starting to prepare their employment services for the time when social-distancing measures are reduced. Well-functioning private and public employment services are crucial to facilitate the relocation

²⁸ Germany, for instance, temporarily suspended all asset tests for Unemployment Benefit II, eased the income test, and permitted the reimbursement of *all* housing costs (as opposed to “reasonable” housing costs before the crisis).

²⁹ Many have since been re-introduced. More information is available at: <https://www.employment.gov.au/newsroom/explainer-covid-19-gradual-return-mutual-obligation-requirements>

of jobseekers as labour demand shifts across sectors and region following the crisis. Some countries are increasing their funding to job retraining and up-skilling programmes for workers who have lost their jobs during the crisis (e.g. Korea, Indonesia).

The role of social dialogue

Social dialogue, based on respect for freedom of association and the effective recognition of the right to collective bargaining, has a crucial role to play in designing policies to promote social justice and buttressing other measures by governments to protect jobs, incomes and companies. As in times of prosperity, bipartite and tripartite social dialogue in a context of crisis can contribute to effectively reconciling competing interests and building trust in, commitment to, and ownership of policies. Since the initial phase of the COVID-19 outbreak, the ILO has been calling upon its member states to join forces with employers' and workers' organizations, representing the actors of the real economy, in order to shape national policies during the crisis, supporting their members, and helping to design a return to work that is safe and keeps businesses running. A central pillar of the ILO's policy framework for responding to the COVID-19 crisis (Pillar 4) entails the "strengthening of social dialogue, collective bargaining and labour relations institutions and processes."

Similarly, in view of the gravity of the situation, the International Organisation of Employers (IOE) and International Trade Union Confederation (ITUC) issued a joint statement on COVID-19, calling for enhanced coordination of all actors and for international financial institutions to support socio-economic measures and policies. Further, it called "in the strongest terms" for social dialogue and on the important role of the social partners. Employers and workers organizations representing globally or in specific regions, social and economic sectors, have followed in the footsteps of the IOE and the ITUC and developed joint statements and calls for action to protect workers and support enterprises.

Some examples of the role of social dialogue and social partners during the pandemic are provided in Box 2. Overall, across the globe, social partners engaging in bipartite and tripartite social dialogue at all levels – enterprise, sector, national, cross-border- provided crucial information for the design and implementation of policies and measures aimed to mitigate the socio-economic impacts of the pandemic. Multiple social dialogue agreements were reached to support business and workers, notably on health and safety protocols preventing the propagation of the virus at workplaces, job retention, protecting wages and ensuring business continuity, but also on broader socio-economic national and cross-border responses.

Box 2. The role of social dialogue and social partners during the Covid-19 crisis: spotlight on G20 countries

Social dialogue and social partners have played an important role in shaping national policy responses during the pandemic, in a majority of ILO member states. By mid-June 2020, of the 187 ILO member states, over 130 had resorted to some form of social dialogue resulting to some 180 joint texts (including agreements), over the emergency and de-confinement measures adopted throughout the crisis, even though the type, intensity and outcomes of such dialogue differed greatly by country.³⁰ Globally, most of the social dialogue instances achieved tended to focus upon measures directly [supporting enterprises, jobs and incomes](#) and [protecting workers in the workplace](#). They covered areas such as short-time work, pay freezes or adjustments, health and safety, teleworking arrangements, leave

³⁰ ILO: Social dialogue as a governance tool during the COVID-19 pandemic: global and regional trends and issue (forthcoming Research Brief)

arrangements, employment retention, conditions for the restructuring of companies and the support of the business continuity.

Social dialogue enabled the tripartite partners to achieve consensus on the measures adopted during lockdowns aimed to mitigate the economic and social impact of this unprecedented crisis, especially in sectors hard hit by the crisis –such as construction, health services, hotel, catering and tourism, and public service. In a considerable number of G20 countries -from Argentina to the Russian Federation, and from Australia to Japan- regular consultations on proposed measures, including stimulus packages, have had a bearing on their content and implementation. In [South Africa](#), a ‘Coronavirus Response Task Team’ was established at the National Economic Development and Labour Council (NEDLAC) – the country’s national social dialogue institution composed of Government, Business, Labour and Community based organizations. Social dialogue was extensively used for consulting and reaching agreements on policy responses related to the COVID-19 pandemic concerning all four ILO policy pillars. Government tabled at NEDLAC a series of draft National Disaster regulations for discussion. Further, Business and Labour pledged to work together on sector-specific issues to give effect to common commitments agreed. Issues on which Business and Labour agreed to collaborate included short time, shift work, teleworking and other workplace arrangements put in place to mitigate spread of the virus. In some countries, such as Germany, the whole package of measures (ultimately resulting in a 156 billion Euro supplementary federal budget), was consulted with and endorsed by the social partners.

In countries with deep-rooted cultures of social partnership or well-established labour institutions, bipartite or tripartite social dialogue have been rapid and prolific, reaching multiple outcomes including signed collective agreements at national, sector and enterprise levels, or softer outcomes such as joint statements and joint proposals. For instance, in Italy, two tripartite protocols adopted at national level have been transposed into the Presidential Decrees (22 March and 26 April 2020). The tripartite social dialogue paved the way to bipartite dialogue at both sectoral and enterprise level, resulting in tailored solutions to the COVID-19 crisis in almost all sectors (e.g. banking, chemical and pharmaceutical, construction, energy, food, logistics and transport, manufacturing, retail). At the enterprise level, the protocols helped companies and trade unions to reach agreements on measures to protect employees from infection, including in companies previously hit with spontaneous strikes. Furthermore, the protocols provided for the creation of enterprise committees. Company-specific protective measures have been included in enterprise-level agreements of companies operating, for example, in the automotive, electronic, garment and home appliance sectors.³¹ In Germany, the social partners in the chemical industry, the IG BCE union and the employer confederation BAVC, concluded a sectoral crisis agreement promoting working time flexibility instruments and enterprise-level bargaining on telework, whereby companies are free to negotiate local agreements on remote working with works councils.³² Furthermore, in some countries- such as Germany and the United Kingdom –social partners contributed to shaping concrete measures supporting vulnerable groups of workers – young persons, migrant workers, unorganised workers including the self-employed, casual and gig workers.

In some countries - a new impetus for social dialogue and its institutions has been detected either in the form of establishing a new social dialogue structure to deal with the pandemic; of reactivating dormant social dialogue institutions; of adopting a joint declaration where support for social dialogue is explicitly stated; or giving a role to the social partners in view of implementing measures adopted. In the [Republic of Korea](#), the Members of the Economic, Social and Labor Council (ESLC) signed on

³¹ ILO, [Employers and workers negotiating measures to prevent the spread of COVID-19, protect livelihoods and support recovery: A review of practice](#), Brief, 3 July 2020

³² Planet Labor: Germany: chemical industry social partners strike crisis agreement (No. 11774), 27 March 2020).

March 6, 2020 a “Labor, Management and Government Declaration to Overcome Crisis Caused by Spread of COVID-19”, which proposes measures to overcome the crisis through tripartite efforts with support from the Government. Furthermore, the two largest central trade unions (the Federation of Korean Trade Unions and the Korean Confederation of Trade Unions), announced on 12 May that they would resume tripartite talks on employment-related matters for the first time that in 21 years (the last tripartite agreement had been reached during 1998 Asian financial crisis years).³³ In the Russian Federation the National Tripartite Commission for Regulation of Social and Labour Relations rapidly adopted a tripartite [Declaration](#) (27 March 2020), on urgent coordinated actions including on maintaining the competitiveness of businesses, protecting labour rights, ensuring stability of the labour market and supporting citizens’ incomes, as well as concrete [recommendations](#) for the employers and workers to prevent the spread of the coronavirus. Meanwhile, a new law adopted in May 2020, authorizes the Russian Government to regulate by decrees labour relations during the pandemic, only after mandatory discussions are held in the National Tripartite Commission.

Social dialogue actors and structures operating at cross-border level were also very active in shaping public policy aimed at promoting economic and social resilience through joint guidelines. For instance, on 22 April 2020, a sector-specific IOE-ITUC-IndustriALL joint statement entitled “COVID-19: Action in the Global Garment Industry” – a global industry heavily impacted by the crisis - called for measures to support garment manufacturers and workers. The statement commits the parties to take action to protect garment workers’ income, health and employment and support employers to survive during the COVID-19 crisis, and to work together to establish sustainable systems of social protection for a more just and resilient garment industry. It also requires all relevant stakeholders³⁴ to work together urgently to develop and support, including financially, concrete and specific measures. Similar actions took place at the regional level. In the European Union for instance, social partners welcomed the EU recovery strategy and made proposals for an effective use of resources mobilized in that respect. They emphasised the importance of protecting the health and safety of all workers (such as the provision of personal protective equipment and harmonized OSH protocol across all member states); the need to address psycho-social impacts of the crisis (such as stress); the need to support small and medium sized enterprises; or the need to guarantee a safe movement of workers, goods and essential staff across national borders.

In the post-lockdown (exit) phase social partners– such as in France and New Zealand developed joint statements and guidelines with a view to facilitating the relaxation of lockdown measures and the reopening of factories and resumption of economic activities. In France, the social partners in the agri-food industry, for example, published a Guide to help companies prepare for post-confinement phase and/or the resumption of activity. The guide states that it is in the interest of companies to draw up an activity resumption plan in consultation with employees’ representatives. It recommends continuously updating a single risk assessment document, but also helping employees to return to work by providing training, instructions and, if necessary, psychological support in addition to other health measures. It also answers questions on the resumption of activities with regard to customers/ suppliers and how to manage production capacity. Overall, by mid-June 2020, in some 30 countries social dialogue had led to outcomes, which also included exit measures (currently high on the policy agenda in some regions, such as Europe, but not in other regions such as Latin America and Africa, where the spread of the virus is still accelerating).

However, failures too have been recorded. Social dialogue in some countries has atrophied, with the pandemic magnifying existing gaps in labour and industrial relations. In some of countries, the lessons

³³ Planet Labor, 2020. “[South Korea: towards a ‘new deal’ for employment](#)”, 20 May (n°11950)

³⁴ Governments, bank and finance institutions, international organisations, brands and retailers/e-tailers, manufacturers, employers organisations and trade unions, and other stakeholders and development partners.

from previous crises have not been learnt, with governments taking unilateral decisions on emergency grounds. Such state unilateralism not only weakens social dialogue actors and institutions, but also the “ownership” of the measures adopted – a key ingredient for successful policy implementation. Importantly, many countries are still faced with the risk that those particularly vulnerable to the impacts of the COVID-19 crisis, notably workers and business units of the informal economy or those that have been making a living out of undeclared work and incomes, are disproportionally represented in social dialogue –thus having little or no say on important issues affecting mitigation and recovery policies.

All in all, the COVID-19 crisis is a “stress test” for social dialogue actors and institutions. At the same time, it illustrates the importance and relevance of social partners and provides an opportunity to strengthen the democratic underpinnings of the labour market and our societies. In the next period, social dialogue and tripartism should be a crucial component to boost a human-centred recovery based on International Labour Standards, which offer comprehensive guidance relevant to addressing the impacts of the pandemic.³⁵ Particularly, [the Employment and Decent Work for Peace and Resilience Recommendation, 2017 \(No. 205\)](#), underlines the key role of consultation and encouraging active participation of employers’ and workers’ organizations in planning, implementing and monitoring measures for recovery and resilience. It calls on member States to recognize the vital role of employers’ and workers’ organizations in crisis response, taking into account the [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#), and the [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#).

4. Recovery: Policy considerations for exiting confinement

In the absence of a vaccine, or effective treatments for the virus, G20 countries that are now moving to the re-opening phase must strike the balance between allowing business and social activity to resume, while avoiding or containing any new spike in infections. Some mitigation measures must inevitably remain in place, both for people and business alike. Meeting this challenge will be essential to lessen the need for renewed widespread mandatory restrictions and to accompany the progressive economic recovery.

During the initial weeks and months of the crisis, countries moved fast providing emergency support to keep households and companies afloat, and prevent the economy from collapsing. In the coming months, policy makers will need to maintain this agility; they will need to modify, and adjust the composition and characteristics of their support packages, targeting support where it is needed most, and encouraging a return to work where possible.

Staying safe

Solving the health crisis is an essential precondition to solving the economic and jobs crisis. And, while the development of a vaccine is likely many months away, a comprehensive package of public health interventions – ranging from largescale testing, tracking and tracing, to enhanced personal hygiene, and continued physical-distancing policies – will go a long way towards averting a second wave. Meanwhile, for workers who do not need to be physically present at the workplace, working from home may remain a viable way to ensure the continuation of work without incurring the risk of contracting the virus while commuting and working.

Most G20 countries have developed specific policies for a safe return to work, often recommending a gradual reopening based on several criteria. These include limiting the frequency of and closeness of contact between workers and between workers and customers, and increasing the preparedness to

³⁵ See ILO: [ILO standards and COVID-19 \(coronavirus\): Frequently asked questions](#) (Geneva, 2020).

respond to new outbreaks. In India, the guidelines for the multi-phase (Phase 1-3) re-opening plan identify red, green and orange zones based on risk profiles, and define protocols and activities allowed within each zone. Employers are counseled to promote remote work, ensure physical distancing, and conduct thermal scanning exams. In Australia, the state and federal governments agreed to 10 guiding principles to help businesses and workers maintain safe working environments through the COVID-19 pandemic, including for *Safe Work Australia* (a national tripartite policy body) to be a central source of practical work health and safety guidance and tools on COVID-19. In Turkey, DG OSH of the Ministry of Family, Labour and Social Services prepared sector-specific guidelines, posters, videos and checklists including high risk for COVID-19 spread such as markets, cargo transportation and pharmacies. Other G20 countries with such gradual, sector-specific reopening agreements include Indonesia, China, and Mexico. Many return to work policies ask employers to conduct a risk assessment and to organise safe working arrangements according to a hierarchy of controls as suggested by the ILO Guidelines on OSH management systems (ILO, 2009^[23]) and return to work guidance (ILO, 2020^[24]).

In addition to defining appropriate practices in government guidance, laws, and regulation, **firms may need support to implement workplace health and safety practices** (for example, via tax credits). In many countries, collective bargaining and social dialogue have recently proved instrumental in ensuring safer workplaces. The guidelines and codes of good conduct established by social partners, and the agreements signed between employers and trade unions in this area, for example in France, Italy and Spain, show how social dialogue and collective bargaining can be mobilised to complement public action.

Alongside these changes, isolating workers who are ill will remain central to keeping the spread of the disease at bay. Automatic extensions of sickness benefit rules through epidemic laws have proven effective in countries where such laws exist, particularly for workers on quarantine. More generally, however, **keeping in place extraordinary sickness benefit and paid sick-leave entitlements and extending them to groups of workers who are not covered would be important**. The crisis has accentuated long-known gaps in sickness benefit regulations in a number of countries. These countries, some of which have introduced new mandatory regulations for the first time in history, should consider closing these gaps permanently.

At the same time, when workers who have been on paid sick leave can safely return to work, governments will have to reintroduce incentives and employment support. In particular, it will be important to prevent paid sick-leave systems from becoming a pathway to disability benefits for the long-term unemployed, as has happened in some of the advanced G20 economies in the past after a recession. This is crucial in the current context, as some workers currently on sick leave or quarantine may not be able to return to their job. **Connecting workers on sick leave with occupational rehabilitation and employment services will be critical to prevent long-term labour market exit.**

Adapting job retention schemes

Job retention schemes, government-financed STW and wage subsidy schemes appear to have averted an initial surge in unemployment in a number of countries. However, designed mainly to provide immediate support, they now need to be adapted to ensure sufficiently strong incentives for firms to move off support, and for workers to return to viable jobs. This would reduce the pressure on public budgets as well as the risk that job retention schemes become an obstacle to the recovery by curbing job reallocation towards more viable and productive firms. Concerns about potential abuse, already raised in the early phase of the crisis, may become more prominent if some firms claim support for shortened hours even after workers have resumed their normal schedules.

The main challenge going forward is to focus job retention schemes on jobs that, despite a short-term risk of being terminated, would likely remain viable in the longer term. This will be a challenge in the current climate and, to avoid a sudden surge in layoffs, **job retention schemes should be adapted with caution, in line with evolving economic and health conditions, and the sector-specific consequences.** To do this, governments have a number of policy levers that they can employ:

- **Require firms to bear part of the costs of STW schemes.** Requiring firms to participate in the costs of hours not worked increases their incentives to limit requests to jobs that they believe can re-start after the crisis. To avoid reinforcing financial difficulties, employer participation can take the form of delayed-payment or zero-interest loans.
- **Support should be time-bound, but limits may need to adapt to evolving circumstances.** Imposing limits on the maximum duration of job retention schemes helps to reduce the risk of supporting jobs that are no longer viable, even in the longer term. However, the ultimate duration of job retention support may need to adjust according to the evolving health and economic situation. Activities that are still prevented from operating will require support for longer than activities that have restarted.
- **Promote the mobility of workers from subsidised to unsubsidised jobs.** This can be achieved by requiring or allowing workers on STW to register with the PES and benefit from their support (e.g. job search assistance, career guidance and training). Early interventions can be very effective in promoting smooth job transitions.
- **Promote participation in training while on reduced working hours.** Making use of reduced hours to undertake training can help workers improve their productivity in their current job or improve the prospect of finding a different job. Several countries encourage training during STW by providing financial incentives to firms or workers. In others, participation in training is a requirement for receiving STW subsidies.

Ensuring adequate income protection

With employment unlikely to recover back to its trend level in the near future in most G20 countries, social protection systems will be put under severe pressure. A balance will need to be struck between maintaining adequate income support, including through job retention schemes, and encouraging active job search as job growth resumes. In the case of unemployment benefits, the experience of the global financial crisis suggests that extended benefit durations are less likely to harm employment outcomes during a severe downturn. When benefit durations are short and many unemployed exhaust their benefits without finding employment, countries should therefore review benefit provisions, and consider temporary extensions. Linking maximum benefit durations to the economy-wide unemployment rate is one approach to balancing support with the need to encourage continued job search. **“Mutual obligation” requirements, which commit jobless benefit recipients to active job search efforts, should be progressively re-established** where they have been relaxed or suspended during lockdown. In addition, accompanying any benefit extensions with strengthened incentives to move off benefits, such as requiring longer-term claimants to re-apply, introducing waiting periods between claim periods, or reducing benefits over time, can help to encourage job search without compromising the workers’ right to freely choose employment. However, all of these measures should be accompanied by reinforced support to help jobseekers return to work in terms of training and job readiness programmes as well as job search assistance more generally.

Governments will also need to re-assess temporary programmes introduced to support self-employed workers and small businesses in the initial phase of the crisis. These programmes were designed to deliver support at speed, often with limited concern for targeting, and where such schemes are not linked to past earnings, this link should now be introduced. More generally, this crisis has highlighted the **need to extend rights to out-of-work income support to self-employed workers, and workers in other forms of employment, that are available to dependent employees.** While including the self-employed in earnings-related social-protection schemes can be fraught with concerns due to challenges in identifying their contributory income, several countries have been successful in establishing well-designed policies that work for their circumstances, including the combination of non-contributory and contributory schemes.

As jobseekers exhaust their unemployment benefit entitlements, and as workers in non-standard jobs or informal workers run down their savings, demand for “last-resort” minimum-income benefits, such as social assistance and conditional and unconditional cash transfer schemes, is likely to rise. **Effective targeting**

*of minimum-income benefits will be important as fiscal pressures mount, but governments should seek to ensure that those in urgent need continue to receive adequate support.*³⁶ For example, income tests could be gradually reintroduced to allow households to adjust their expenditure, while relaxing asset tests (e.g. exempt the family home or business assets) for as long as job opportunities remain scarce. In countries with limited institutional capacity to perform means- or income-tests, and/or with large informal economies, categorical benefits for vulnerable population groups such as children, elderly, persons with disability, pregnant women, single parents etc. may constitute a viable targeting alternative. Countries may also want to expand these programmes to cover young adults, where this is not already the case.

Expanding employment services and training

Some jobseekers may be able to seize on job opportunities that arise, even in times of crisis, including in essential occupations. Others may require assistance and encouragement to find new work. For these individuals the crisis may represent an occasion for up skilling or retraining, to increase their employability and avoid falling into long-term unemployment. As economies open, public and private **employment services (PES) can play a role in supporting workers to move from sectors operating below capacity, to those that have picked up faster.** Such job transitions are easiest when skill requirements are similar, and ultra-short courses may be sufficient to support some displaced vocational and technical workers to move into occupations that are in demand.

Past evidence shows that active labour market programmes (ALMPs) tend to have a larger impact in periods of slow growth and higher unemployment, and countries should scale up those ALMPs that have proven effective. **Countries may consider promoting job creation by temporarily scaling up time-limited hiring subsidies, or raising incentives to take up work by offering re-employment bonuses for jobseekers** as many OECD countries did during the global financial crisis.

The crisis may also be an occasion for countries to modernise employment services and make them more flexible. PES with well-developed digital services (such as e-services for users and automated back-office systems) and staff teleworking arrangements found themselves much better prepared to respond to the crisis and keep their service offers intact. In countries where these areas are still less developed, such innovations could contribute to making services available to a large number of jobseekers while respecting physical-distancing requirements. **Alongside strengthening digital services, PES will need to develop strategies to identify and support jobseekers without digital skills (and adequate IT equipment)** and those with complex needs in times when the scope for face-to-face interactions may remain limited. PES in many countries will need to build up capacity and avoid neglecting support and services that may have been of secondary importance during the initial phase of the crisis (e.g. career advice, counselling). All of this will likely require equipping PES with additional resources and trainers with the necessary skills. At the same time, to ensure a sustainable inclusion of vulnerable groups in the labour market, efforts should be scaled up to enhance synergies between employment and social services.

Giving young people the support they need

To prevent the crisis from leaving long-lasting scars on young people's careers, countries need to act quickly and help young people maintain their links with the labour market and education system. School closures have raised the risk of school dropout, and fixed-term contracts are not being renewed. Many internships and apprenticeships are being cancelled, and new graduates face great difficulties getting their first foothold in the labour market. High and persistent youth unemployment and underemployment in the aftermath of the global financial crisis showed that once young people have lost touch with the labour market or become marginalised in precarious jobs, re-connecting them with good jobs can be very hard.

³⁶ This can also help support aggregate demand.

Support for companies who offer jobs or work experience to young people have proven an effective tool to promote job creation in times of crisis. Some countries are introducing subsidies to help companies expand their apprenticeship and in-firm training programmes. In times of depressed labour demand, volunteering can be a useful alternative for young people to gain practical experience and acquire new skills, and governments could encourage its use through grants.

Effective outreach strategies are crucial to re-establish contact with young people who recently lost their jobs or left school without finding employment. Young people often have little automatic contact with the PES, because they are not entitled to income support. Many do not request PES support due to a lack of trust in public authorities or because they are simply not aware of the support they could receive. Rapid and proactive outreach – in collaboration with schools and youth organisations and through social-media campaigns – may be particularly important in the current crisis.

The G20 Road Map for Youth provides a comprehensive set of measures that countries and stakeholders can take to promote better outcomes for young people. This includes cost-effective active labour market measures, such as counselling, job search assistance, entrepreneurship programmes, and intensive support for more disadvantaged youth. Increased use of online support and virtual-learning platforms, including in vocational education and training, can allow the PES and education providers to continue offering their services while meeting physical-distancing requirements. Measures targeted at young women are also required as they face additional barriers in accessing the labour market and obtaining good quality jobs.

Reinforcing measures to promote gender equality in the labour market

The sharp and deep economic crisis brought on by the pandemic risks reversing some of the progress achieved by G20 countries over recent years in reducing gender inequalities in the labour market. Women have been hit particularly hard by the COVID-19 crisis in terms of greater job and income losses, poorer mental health and an increased exposure to domestic violence. This could damage their longer term labour prospects and put at risk the G20 Brisbane goal of reducing the gender gap in labour force participation in all G20 economies by 25% by 2025. During the post-confinement phase of the pandemic, some of the policies taken in the early months of the crisis will need to be adapted and, in some cases, better targeted to improve the situation of women.³⁷ In addition to the other measures mentioned above, this includes scaling up efforts towards:

- Improving working conditions for health-care sector workers and other essential workers
- Strengthening family-friendly working-time arrangements and encourage a more balanced share of household and care responsibilities
- Improving access to affordable care services, including child care, out-of-school services and long-term care services
- Closing the gender gap in labour force participation, pay and in social protection.
- Scaling back gradually COVID-19 specific care leave provisions, where necessary, as schools and child care facilities open.
- Promoting women's participation in managerial and leadership positions.
- Eliminating violence and harassment from work and home environments.
- Ensure women's representation and voice in the planning and implementation of the recovery phase.

³⁷ For a fuller discussion of additional action that should be taken, see ILO-OECD (2020), "Women at Work in G20 countries: Progress and policy action", background report prepared for the G20 Employment Working Group under Saudi Arabia's G20 Presidency 2020

5. Building back better

The coronavirus disease continues to spread across the world following a trajectory that is difficult to predict. The pandemic has exposed deep-rooted labour market fragilities and structural inequalities, with low-paid work, young people, women, ethnic minorities, the self-employed and informal and fixed-term workers among the hardest hit by the crisis. With the fight against COVID-19 still to be won and many G20 countries facing a resurgence of the virus, it has become commonplace that what awaits us is a “new normal” in the way society is organised and the way we will work. However, now is the time to look more closely at this new normal and start on the task of building a future of work safer, fairer, greener and more effective in cushioning the consequences of future crises on jobs and incomes. Many of the challenges highlighted in the ILO’s Centenary Declaration for the Future of Work (ILO, 2019^[25]) and the OECD’s *Transition Agenda for a Future that Works for All* (OECD, 2019^[26]) are even more relevant in a post COVID-19 world.

“Building back better” calls for increased policy coherence, in particular between economic, employment and social policies, and a whole-of-government approach. It also calls for a whole-of-society approach that involves all stakeholders and leads to the identification and implementation of country-specific policy packages. All parts of society need to contribute to this effort with a sense of shared responsibility. In this respect, social dialogue and collective bargaining can play a key role. Building back better also requires that support reaches those most in need and that improving the situation of the most disadvantaged and vulnerable groups in the labour market receives the highest attention to avoid a further rise in inequalities.

Some general policy orientations can be identified as part of this approach to building back better to promote inclusiveness and improve resilience to future global shocks. Their concrete implementation will have to be tailored at the country and, sometimes, local and/or sectoral levels to account for each specific situation as well as national institutional settings and circumstances.

1. **Enabling a rapid response** to economic shocks, through a mix of counter-cyclical macroeconomic policies, adequate income support for all workers, and the capacity to rapidly expand job-retention schemes.
2. **Strengthening the institutions of work.** This requires action on a number of fronts:
 - **Improving working conditions.** The crisis has highlighted the vulnerabilities of many workers in fixed-term employment, part-time and on-call work, temporary agency work and other multiparty employment relationships as well as disguised and dependent self-employment. It has also exposed the poor quality of employment of many essential workers. Revisiting existing regulatory frameworks to ensure equal treatment of workers regardless of their employment status and ensuring adequate working conditions for all workers should be an integral part of building back better.
 - **Modernising employment services and making them more flexible.** Ensure public and private employment services have well-developed digital services and possibilities for staff teleworking arrangements. More generally, strengthening labour market resilience requires stronger institutional capacity to scale up key measures quickly, while maintaining service quality. This implies that when a crisis hit, the policy infrastructure should already be in place and can be scaled up quickly.
 - **Exercising social dialogue** as an effective way to design balanced and acceptable policy responses at the sectoral and national level and shape sustainable recovery paths in the medium term.
3. **Strengthening employment and social protection systems** so that they cover all workers and ensure that they focus on risk prevention as much as on helping people cope with problems when they materialise. The crisis compelled numerous G20 countries to temporarily extend social protection to uncovered groups: the lessons learnt from these major efforts should serve as the basis for permanent measures to promote sustainable social protection mechanisms for all. This

would include a mix of strengthening social protection floors and regulations to enhance social protection coverage for workers in all types of employment, improve portability of benefits, prevent avoidance of social security obligations for dependent employees, and reduce gaps in coverage for workers with an indeterminate status between dependent employee and self-employed.

4. **Promoting transitions from the informal to the formal economy.** Workers in the informal economy have been hit particularly hard by the crisis. Promoting the transition from the informal to the formal economy should remain a priority in G20 economies with a high incidence of informal work. This requires a mix of policies make work in the formal economy more attractive than in the informal economy.
5. **Promoting gender equality in the labour market.** *Women* have so far borne the brunt of the COVID-19 crisis on the labour market with a strong presence in frontline occupations dealing with the pandemic, greater employment losses than men in many countries and a heavier work burden at home. The pandemic has put at risk progress towards the G20 25x25 Brisbane goal. Policy initiatives to advance gender equality in the labour market will need to be reinforced in a number of areas to:
 - Strengthen care leave policies and family-friendly working-time arrangements and improve access to affordable childcare services and out-of-school services;
 - Promote women's entrepreneurship and participation in managerial and leadership positions; and
 - Promote home and work environments free from violence and harassment.
6. **Achieving better employment prospects for young people.** As identified in the G20 Youth Road Map 2025, achieving sustainable improvements in job prospects for young people requires:
 - Strengthening income support during economic downturns;
 - Removing structural impediments to successful school-to-work transitions; and
 - Tackling the additional barriers faced by young women in gaining access to good quality employment.
7. **Promoting lifelong learning opportunities for all to match changing skills needs.** A particular focus should be put on strengthening digital skills, especially for people with low digital literacy to enhance opportunities to work and learn online.

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