



**Statement by the International Labour Organization to the  
Second Committee of the 75<sup>th</sup> Session of the UN General Assembly  
Item 17(b)-(e): Macroeconomic Policy Questions**

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**United Nations Headquarters, New York**

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The COVID-19 pandemic has brought the world of work to its knees. Almost half a billion full time equivalent jobs have been lost during the second quarter of 2020. As a result, [ILO estimates](#) project a decline in global labour income by 10.7 per cent, or US\$ 3.5 trillion, in the first three quarters of 2020. Lower and middle-income countries have suffered most. And the signs of human suffering are all around us - long lines at food pantries, boarded up shops, a spike in homelessness – all stark reminders of the urgent need for global solidarity and action.

ILO research finds that fiscal stimulus packages have had a significant positive impact on economies and people. These packages have prevented severe shortages in demand, prevented business closures, mitigated a fall in investments and increased economic activity through direct government expenditures. In contrast, without any fiscal stimulus, working-hour losses would have been as high as 28%. The outlook however, appears grim since the fiscal stimulus gap is estimated to be around US\$982 billion in low-income and lower-middle-income countries. Moreover, UNCTAD estimates that around US\$2.5 trillion dollars is required to cope with the pandemic for developing countries. Without urgent international support, fiscally constrained low and middle-income countries will continue weathering the economic fallout without any additional buffers, putting lives and livelihoods at risk.

Like previous crises, it is the most vulnerable who are most at risk. Workers in low and middle-income countries have seen their income drop more than 15 per cent. These countries also tend to have the weakest social protection systems, with little or no support available for vulnerable populations. Substantial investments will be required to fill the coverage gaps in social protection. Developing countries need to invest an additional US\$1.2 trillion, equivalent to 3.8 per cent of their GDP to close the annual financing gap in 2020. Bridging these gaps will require coherent and integrated action at both the national and international levels.

The crisis has uncovered the huge decent work deficits that still prevail and how vulnerable millions of working people are when a crisis hits. The impact on the 2 billion workers who were informally employed and the 630 million workers who did not earn enough to lift themselves and their families out of extreme or moderate poverty before the pandemic, will depend on the speed of the recovery and the effectiveness of policy responses to protect their lives and support their livelihoods and incomes.

During the various meetings held during the opening of the 75<sup>th</sup> session of the UN General Assembly, many leaders pledged to build back better. This requires a strong commitment to invest in active labour market policies, social protection, just transitions and decent work. Without consistent action and global solidarity, we run the risk entering a post-COVID world with greater inequalities. We must truly aim to build back better so that our new systems are safer, fairer, greener, more sustainable and more effective in withstanding the consequences of future crises on people around the globe. The ILO looks forward to contributing to the success of this Committee and stands ready to provide further inputs as needed during the continued deliberations on this agenda item.

Thank you.