



# ▶ Development and Investment Branch (DEVINVEST) Brief

16 April 2020

## Coping with double casualties: How to support the working poor in low-income countries in response to COVID-19

### Summary

In a very short time, we have seen the ravaging spread of the coronavirus disease (COVID-19) from China all over the world. Of the 31 countries worldwide that are considered to be low-income countries (LICs), 24 are in Africa. The first case of COVID-19 was detected in Africa in February 2020. Now, 42 out of the 54 countries in this region have been affected, with the window of opportunity to prepare for an outbreak closing quickly. This brief looks into the possible impact that the pandemic may have on the working poor in LICs and in countries facing fragility or the aftermath of a conflict or disaster. In particular, it reviews possible measures that could be undertaken as part of the ILO response through the **Jobs for Peace and Resilience (JPR) flagship programme**.

In times of crisis response, respect for all human rights and the rule of law, including respect for [fundamental principles and rights at work](#), is essential. [The Employment and Decent Work for Peace and Resilience Recommendation, 2017 \(No. 205\)](#), which was adopted by an overwhelming majority of constituents, places particular emphasis on this point. The JPR flagship programme was developed with this vision and provides a framework for a phased multitrack approach towards implementing coherent and comprehensive strategies for enabling recovery and building resilience, making it a suitable

framework within which to respond to the COVID-19 pandemic.

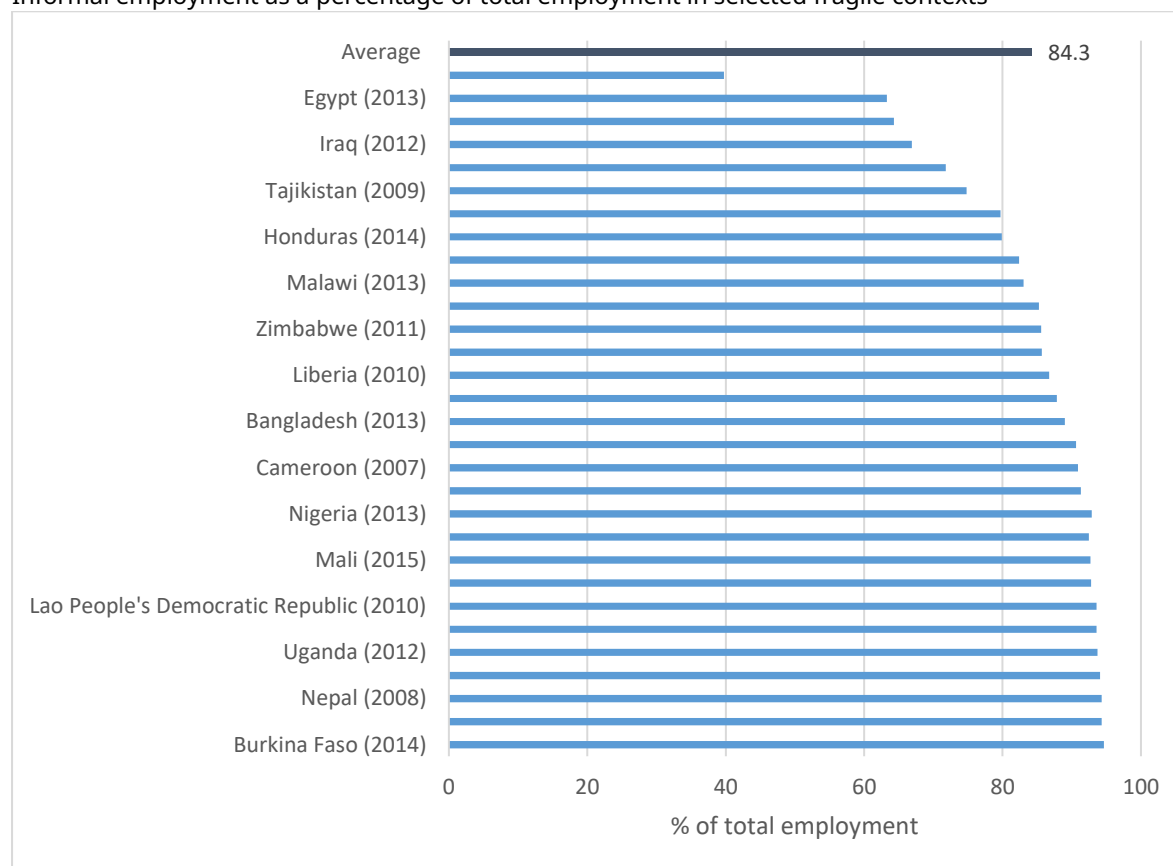
The COVID-19 pandemic has affected the health and livelihoods of many people globally, leaving governments deeply concerned about how to determine the best health and economic measures to put in place for their own countries. In its spread, COVID-19 does not discriminate between countries, race or wealth. However, the coronavirus does not treat us equally. The rich have better means to protect themselves than the poor do.

As COVID-19 spreads to LICs, strong and immediate support needs to be mobilized for the working poor, and for the unemployed, especially in the informal economy. Millions of working poor are already in situations of fragility and are therefore at risk of becoming “double casualties”.

## Particular attention should be paid to the vulnerable

While informal workers exist everywhere, many of the most vulnerable are concentrated in LICs, a category of countries that encompasses most of the countries facing fragility or the aftermath of conflicts and disasters. Informal employment in fragile situations is estimated to account for 84.3 per cent of total employment (see figure below). Micro, small and medium-sized enterprises in the informal economy in fragile contexts are particularly vulnerable to the fallout of COVID-19, as governments in these countries are not able to provide adequate rescue packages or other support.

Informal employment as a percentage of total employment in selected fragile contexts



Source: ILO, *Promoting transition to formality for peace and resilience*, 2019.

It should be noted that informal workers often perform jobs that put them at particular risk of coming into contact with the coronavirus, for example in the low-skilled and lower-waged service and delivery sectors. They are at a greater health risk due to poor housing and sanitation conditions, a lack of access to clean water and overpopulation, and are generally not covered by protection measures. In some countries, many of these workers are already vulnerable as a result of protracted crises. They include, but are not limited to, undocumented workers, internally displaced persons, migrants, refugees and other persons forcibly displaced across borders.

Furthermore, there are millions of refugees and migrants waiting for resettlement processes. Many are already living in poor situations, in cramped refugee camps and detention centres, and

are facing significant risks of getting and spreading the coronavirus. Some of the more fortunate among them may find jobs, which are sometimes informal and often in the low-waged sector.

Border closures, lockdowns and physical distancing requirements may affect all workers and employers that are in formal employment. But the impact is not nearly as marked as it is for the men and women in the informal economy who are among the working poor, some of whom cross borders every day to sell their local produce, in crowded markets for example, only to earn a meagre income. For them, when this is what allows them to feed their families on a given day, the impact can be significant. Many will not be able to comply with potential local confinement rules, as they need to go out of their homes to secure their livelihoods. A context of fragility will only make this vulnerability more acute.

## **Women and disabled persons are at higher risk**

In LICs, COVID-19 may be exacerbating inequality and creating a rather dangerous reversal of all the efforts that have already been made to reduce inequality and gender gaps. Women in informal employment are at a higher risk of being affected by COVID-19 than men. Women perform more than three-quarters of all unpaid care work <sup>1</sup> and are at a higher risk of contracting the virus. In responding to COVID-19, they continue to be the main caregivers at home, and are often also responsible for taking care of older relatives and for the education or home schooling of their children. Women, and female-headed households in particular, may be economically affected the most by the reduction in the number of lower-wage jobs as a result of the COVID-19 pandemic, as these are more often than not performed by women.

This may eventually lead to an increase in the gender pay gap. As history has shown, in both the 1997 Asian financial crisis and the 2008 global crisis, non-regular, low-paid and low-skilled workers are usually the first to lose their jobs. <sup>2</sup> Women in fragile contexts will be further disadvantaged over time due to systemic discrimination and stigma and the gains made towards gender equality may be further reversed.

Similarly, special considerations may be needed to support people with disabilities, since they may not only have higher risks of being infected by the coronavirus, but may also have more difficulties in being able to adhere to physical distancing measures. In normal times, persons with disabilities are more likely to be poor and to live in households that are already more exposed to economic insecurity and shocks. <sup>3</sup>

That is not to mention the impact that COVID-19 can have on people that are already facing widespread tragedy and trauma from poverty, war and violence, and on those who are fleeing conflict in search of safety and better opportunities – such as refugees, internally displaced populations and migrants. <sup>4</sup>

## **Weak institutions and poor resources**

Economic vulnerability remains high in LICs, including in those scheduled to graduate to the lower-middle income category over the next few years. Conflicts and situations of instability can

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<sup>1</sup> ILO, *Care work and care jobs for the future of decent work*, 2018.

<sup>2</sup> ILO, *Global employment trends for women*, 2012.

<sup>3</sup> ILO et al., *Disability inclusive social protection response to COVID-19 crisis*, 2020.

<sup>4</sup> To ensure that no one is left behind, Recommendation No. 205 invites Members to pay special attention to population groups and individuals who have been made particularly vulnerable by a crisis.

easily reverse progress. Already between 2018 and 2019, three countries fell back into the LIC category: the Syrian Arab Republic, Tajikistan and Yemen.<sup>5</sup> Given the global economic ramifications of COVID-19, previous economic development trajectories are unlikely to be sustained.

LICs, and especially those in protracted situations of conflict or fragility, have less fiscal space, weak health and social protection systems and, more often than not, weaker national and local institutions than other countries. Dependence on trade as a driver of economic growth, smaller domestic markets and low levels of diversification add to the vulnerability of LICs to external shocks. The impact on different sectors varies. For example, countries such as Myanmar, Nepal and Rwanda are heavily dependent on tourism. Although they have a relatively low COVID-19 penetration rate, some hotels and tourism operators have been affected considerably. Quarantine measures globally have affected many sectors directly, but also indirectly through the decrease in potential buyers, foreign tourists and informal economic units that are no longer able to operate. Therefore, the economic downturn that may follow the pandemic could have a devastating impact on LICs.

Moreover, the COVID-19 pandemic can potentially ignite or exacerbate grievances, discrimination, mistrust and a sense of injustice over access to health services, decent jobs and secure livelihoods, which are possible conflict drivers that could undermine development, peace and social cohesion. For example, during the outbreak of Ebola virus disease, social unrest and conflicts emerged in some of the affected countries, creating a vicious circle leading to even greater fragility. In countries like India, Italy, South Africa and Spain, where lockdowns have recently been extended, the tolerance of many of the working poor, many whom have very little in savings, is being put to the test. Some countries have already seen a rise in robberies, looting and protests. One can only imagine what this will mean for African and Latin American countries, which are at an earlier stage in the outbreak than other countries and where there is more informality and less fiscal capacity.<sup>6</sup>

## Greater health risks

The fact that the vulnerable groups of workers identified above often cannot afford the cost of or do not have access to health services will increase the risks of the further spread of COVID-19 to the rest of the population. This is especially true for persons in LICs who are at greater risk. The African region faces multiple diseases (such as HIV/AIDS, Ebola virus disease, tuberculosis and malaria) and vulnerability to COVID-19 is increased by pre-existing conditions and is compounded by famine, wars, conflicts and disasters. In addition, in both rural and urban informal settings, the working poor (regular or irregular) tend to live and work in cramped spaces, with no access to basic health services, let alone hospitals or ventilators. Refugees living in camps may have lower immune systems, less medical care and a lack of access to water, sanitation and hygiene facilities.

A glimpse at the statistics on the number of hospital beds in different countries shows that the countries with the highest density of beds include Germany, Japan, the Republic of Korea and the Russian Federation, with between 8 and 13.1 hospital beds per 1,000 population.<sup>7</sup> In LICs, the number ranges from a mere 0.4 to 2.2 beds per 1,000 population. It goes without saying that

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<sup>5</sup> World Bank, *World Bank country and lending groups*.

<sup>6</sup> As of 13 March 2020, all countries and territories in South America, including the French overseas department of French Guiana, had at least one case of COVID-19. As of 15 April 2020, 42 of the 54 African countries had been affected.

<sup>7</sup> Statista, *Hospital bed density in select countries as of 2017 (per 1,000 population)*.

most of the vulnerable populations mentioned here may never have the opportunity of being cared for in a proper hospital.

## **Elements of a possible response**

There is therefore an urgent need for immediate and coherent measures to be put in place, in order to protect enterprises and workers and ensure that jobs can be protected to continue to offer employment and income support. However, a long-term strategic vision into recovery and resilience is necessary. Immediate measures can sometimes end up being short-sighted, if proper consideration is not given to possible medium- and long-term policy implications and if nothing is done to ensure that these measures are “building back better” and creating an enabling legal framework, by giving greater consideration to sustainable economic, social and environmental impacts and benefits. A possible response could focus on the elements described below.

### **1. Protecting enterprises and workers in the workplace in LICs**

A crucial first step is not just to protect formal enterprises and workers from the repercussions of COVID-19, but also to provide support to informal workers in LICs. Low-waged workers continue to engage in informal work, despite the health risks of COVID-19, without rights at work, health insurance, unemployment insurance or any sort of social safety net, in order to survive. Many are living from day-to-day, and given the choice between the risk of being infected or working to be able to feed their families, the choice becomes obvious.

First and foremost, these enterprises and workers need to be properly informed of the risks of COVID-19 to be able to safely continue operations and to minimize losses, especially in health services, education, care work, security, waste management and sanitation in informal settings. There is an important role for the social partners to play, together with governments, in raising awareness in rural and urban communities, with a focus on where communities tend to congregate for religious purposes, informal markets and village centres. Proper protective equipment should be made available to workers. If resources are limited, priority could be given, for instance, to those working in the area of health, sanitation and security first, keeping in mind the shortages that have been encountered in developed countries. Working with local communities in respect of increasing communication, mobilizing resources and identifying priorities will be crucial when proposing policy measures that are more impactful and cost-effective.

### **2. Stabilizing livelihoods and income**

In most countries, policies on physical distancing are already in place. Some enterprises risk going bankrupt as a result, leading to disruptions in supply chains. Those who lose their jobs will face severe losses in income. Thus, there is a need to stabilize livelihoods and subsidize income through immediate cash transfers or by ensuring that employment-intensive public works programmes are able to continue where physical distancing can be maintained, especially since the spread of COVID-19 varies from country to country. Whether these programmes can continue or not will depend on the level of risks in the area concerned and on governments’ policy measures to restrict movements of people and socio-economic activities, and will need to be determined on a case-by-case basis.

However, in the light of the extraordinary nature of the crisis, governments, as the employer of last resort, will need to adapt their fiscal policies to secure large-scale public resources, if needed,

with the support of international financial institutions. In doing so, a clear, transparent and accountable plan for spending should be set up and implemented to ensure that these resources reach those who need them most.

### **3. Providing emergency employment**

Decent jobs offer income security and can potentially raise consumption and equally contribute to building social cohesion and peace. Therefore, whenever possible (when lockdown is not in place or is lifted), governments need to consider how to provide vulnerable populations access to work opportunities. In this respect, short-term emergency public works schemes provide immediate job opportunities. If designed well, they can allow productivity, work quality, working standards and the quality of the works to be maintained and low-waged workers to continue to earn a livelihood. These works could involve improving existing health facilities and shelters, producing the needed safety and health equipment and providing social infrastructure and services. The ILO has extensive experience in working with governments in the planning and implementation of such schemes.

### **4. Promoting online vocational and skills training**

The lockdown and confinement phase may provide a good opportunity to invest in retraining staff so that they develop new skills or become certified in respect of the skills that they already have. One of the impacts of COVID-19 has been the proliferation of free online courses and the wealth of information that is being shared. Hundreds of free webinars on different topics are now widely available, in a sense making information more equitable. Skills recognition, distance learning and training programmes could be offered to strengthen local and national construction capacity. For example, programmes on occupational safety and health, coaching in support of micro, small and medium-sized enterprises, and support for mediation and social cohesion skills could be included in technical and vocational education and training curricula. Consideration could be given to how to make these training options more readily available in poor communities and refugee camps. The ILO has taken advantage of digital technology and the social media to encourage people to access online courses and on-the-job tutorials. Digital communication channels have been used to raise awareness of occupational safety and health in the context of COVID-19 in some countries already.

This would also be a good time to assess the training that has, up until now, been delivered in a traditional way, and consider how courses could be delivered to a wider audience, with a view to shrinking the inequality gap. Consideration could also be given to different modalities of working through innovative ways using digital technology. For LICs, an important consideration will be to use this momentum to make sure that connectivity is possible and that the internet is made accessible to all.

### **5. Encouraging fiscal spending on infrastructure**

Over the longer term, investing in infrastructure is important, not only considering the need for public works and assets and services for local communities, but also because such investment can be of great value and service, especially to vulnerable communities with lower income. Infrastructure programmes are an effective and indispensable part of such a response, as they remain the most viable instrument available to governments for generating employment in the short-term. COVID-19 poses serious health challenges that warrant rapid improvements in primary health care, access to clean water and improved sanitation and hygiene, and activities to improve the infrastructure to that end are by nature labour-intensive. Interventions in this respect will promote greater labour market resilience by leading to the development of more

effective employment policies and by strengthening local and national institutional capabilities to respond to future crises while combating discrimination and addressing inequalities. By modestly moving away from equipment-based work methods to more labour-based methods, additional jobs could be created.

## 6. Designing sustainable national multisectoral public employment programmes

If there is one thing that has been learned from every crisis, it is that it is important to “build back better” and not focus only on the short-term. Unemployment and other employment-related problems are not new. Many governments, especially in LICs, face ongoing challenges in this regard, which certainly do not occur only in times of crisis. Public employment programmes (PEPs) that aim to provide a sort of employment guarantee are a key tool to protect the most vulnerable against different shocks. A focus on building infrastructure, assets and services that promote social and economic development, increasing agricultural productivity, providing care work, supporting education and health, and addressing environment and climate-related challenges offers a multifaceted solution that puts people at the centre. Offering job opportunities and new skills to build the needed public assets and services, while protecting natural resources, will address some of the root causes of inequalities. At the same time, such an approach has the potential to contribute to social cohesion around what is known as the triple nexus: the interdependency of humanitarian, development and peacebuilding efforts.

In response to the COVID-19 outbreak:

- In India, the Mahatma Gandhi National Rural Employment Guarantee Act – a well-known example of a PEP – increased wages and permitted workers to work on individual assets that required only 4 or 5 workers and allowed for physical distancing during the 21-day lockdown. Granted, not many PEPs have yet allowed workers to be paid to construct their own farm ponds, dig wells or perform horticulture-related activities, but consideration could be given to activities under large-scale programmes such as these that could still be carried out under physical distancing restrictions.
- Some other countries have also been able to scale up PEPs in times of crisis or as part of counter-cyclical employment policies, rather than having to design or develop new emergency programmes under pressure. South Africa is one of these, with its Expanded Public Works Programme. At the time of the lockdown, the programme was providing work and income to approximately 800,000 vulnerable South Africans. In line with the Government’s emergency response provision, the programme continued to pay all workers under contract during the national three-week lockdown; continued operations that provided essential services such as home and community-based care and waste collection, with increased safety measures; and launched an initiative to work with non-governmental organizations in the health sector to hire 20,000 young people to support the distribution of sanitizers and soap in high-risk areas. The ILO is supporting the Government with the development of further guidelines.<sup>8</sup>
- In countries like Iraq, Jordan and Lebanon, the ILO is conducting rapid surveys on the impact of COVID-19 on their labour markets, with a focus on refugee, migrant and national workers employed in the informal sector. Digital outreach and learning for workers in various sectors and occupations is also being leveraged in order to introduce more online learning and awareness-raising initiatives.

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<sup>8</sup> ILO, “[Employment-Intensive Investment-Programme \(EIIP\)’s Response to COVID-19](#)”, 7 April 2020.

These multisectoral programmes, if designed well, can have significant economic, social and environmental impacts on fragile communities and vulnerable groups. Labour intensity will differ, depending on the activity chosen. Sustainable livelihoods can be offered, for example, by: providing the facilities needed by vulnerable communities in respect of water, health, education and care work; increasing agricultural productivity (for example, by building better roads and introducing irrigation schemes) and the efficiency of regional value chains; and protecting natural resources and promoting nature-based solutions, also potentially creating new opportunities, such as in ecotourism.

## **7. Mobilizing to finance the fiscal gap**

A looming question is: where can governments find the large amount of resources needed to support all these urgently-required policy measures? For instance, the average financing gap for implementing an adequate social protection floor in LICs is equivalent to 5.6 per cent of their GDP – fiscal space that many of these countries do not have.<sup>9</sup> For these countries, coordinated global support for national stimulus packages is urgently needed to boost their economies. Monetary coordination and engagement with the private financial sector are needed to support businesses and address structural challenges. The provision of financial stimulus packages, social safety nets and incentives to socially responsible enterprises will be pivotal in order to prevent dire social effects, including unemployment, to ensure the availability of goods and services and to avoid inflation. Changing the composition of public expenditure to give strategic priority to the employment-intensive measures mentioned above would be required. Aid-for-trade resources could help build trade capacity and the infrastructure that is required for trade-related adjustments. These adjustments should be accompanied by measures to enhance the transparency and effectiveness of public spending.

Public investments ought to contribute to the development of needed public infrastructure, assets and services, but policies can be designed to support the livelihoods of the working poor through wage payments, thereby boosting consumption and investment. It would be important to focus on the critical assets and services that are often missing, but very much needed. A lesson learned from previous crises is that these policies will facilitate a fast job-rich recovery, which is badly needed in LICs.

## **What the ILO can offer: A focus on people and support to ensure that livelihoods are restored quickly**

The call to action, *Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19*, launched on 31st March 2020 by the United Nations Secretary-General, is very much in line with the *ILO Centenary Declaration for the Future of Work*. They are both a call to focus on people, including those working in the informal economy and vulnerable groups who are already at risk. The Secretary-General calls for support to governments to ensure first and foremost that lives are saved and livelihoods are restored.

The challenges for the working poor in LICs are much greater and more complex than those for other groups of people, and they call for timely and coherent responses while fully taking into account the wide range of existing fragility. The ILO's JPR flagship programme is designed to provide such responses and has been adapted to tackle the socio-economic consequences of COVID-19 on jobs and livelihoods for LICs affected by fragile situations and conflict.

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<sup>9</sup> ILO, "COVID-19: Social protection systems failing vulnerable groups", 25 March 2020.



For fragile situations, the JPR flagship programme translates the framework of Recommendation No. 205 into tangible action.<sup>10</sup> Since 2017, it has been reinforcing social cohesion and is operational in over 30 countries. It has a modular approach that aims, in crisis settings:

- (i) to create jobs through employment-intensive approaches;
- (ii) to enhance skills for employability;
- (iii) to support self-employment, enterprises and cooperatives in order to promote private-sector and local economic development; and
- (iv) to bridge labour supply and demand.

Considering that weak governance, lack of dialogue and rights violations can slow down or impede crisis recovery and social cohesion, the JPR flagship programme also places strong emphasis on institution-building, social dialogue and fundamental principles and rights at work.

In response to COVID-19, the JPR flagship programme is facilitating joint United Nations conflict-sensitive assessments to enhance understanding of how the crisis could potentially ignite grievances, expose lack of contact and exacerbate structural fault lines, including mistrust and a perception of injustice over access to health services, decent jobs and secure livelihoods. The theory of change that has been developed has been adapted to take into account the specific socio-economic conflict drivers that might arise from the COVID-19 pandemic.<sup>11</sup> The JPR flagship programme places a strong emphasis on rights and social dialogue and, in doing so, strengthens the humanitarian-development-peace nexus. It also combines the direct provision of concrete jobs and livelihood opportunities for crisis-affected populations for the purpose of stabilization, with interventions to build sustainable resilience through improved labour markets and social dialogue, through strengthened institutions.

***“Workers and businesses are facing catastrophe, in both developed and developing economies... We have to move fast, decisively, and together. The right, urgent, measures, could make the difference between survival and collapse.”***

**Guy Ryder, Director-General of the ILO**

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<sup>10</sup> A JPR Guidance Note as a response to COVID-19 in fragile contexts will be published soon.

<sup>11</sup> For further information, please refer to: ILO, *Handbook: How to Design, Monitor and Evaluate Peacebuilding Results into Jobs for Peace and Resilience Programmes*, 2019.