

Work in times of pandemic: The challenges of the coronavirus disease (COVID-19)

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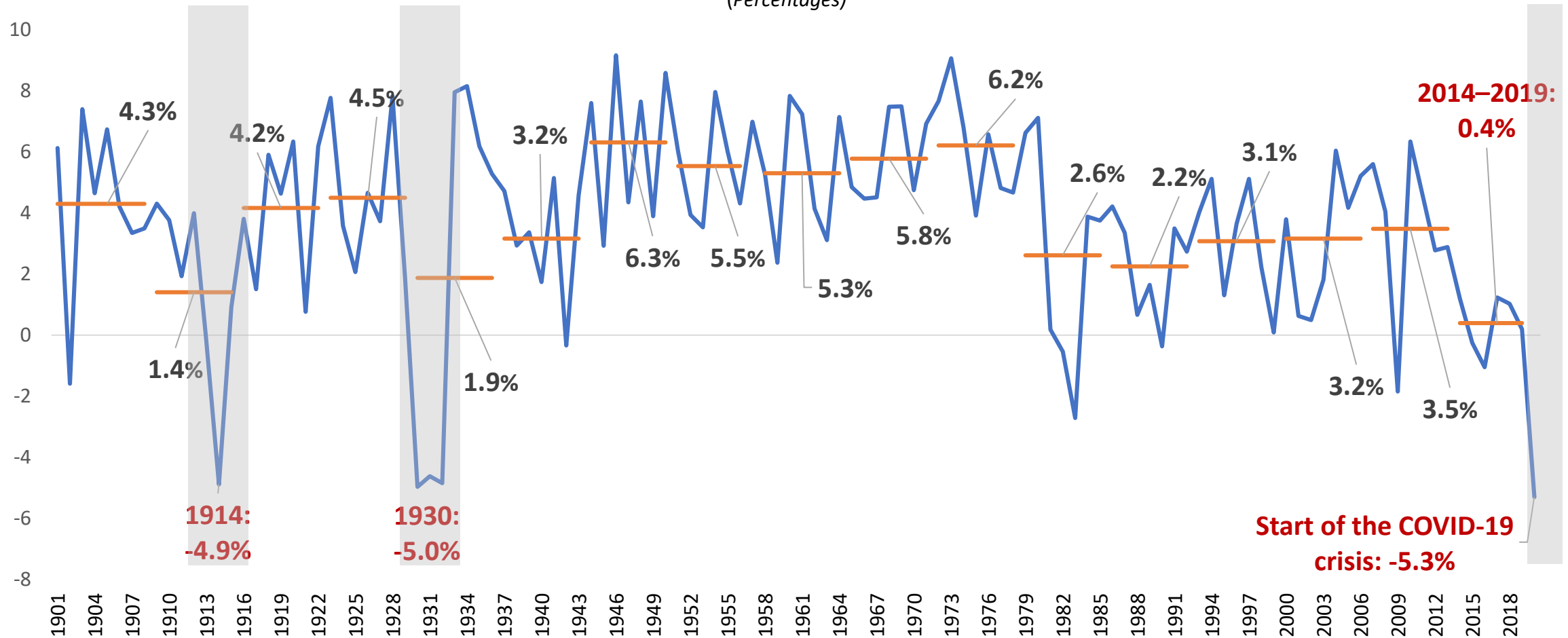


**COVID-19
RESPONSE**

**Employment Situation
in Latin America and
the Caribbean**

Latin America and the Caribbean was posting low growth before the pandemic and 2020 is expected to bring the worst economic contraction since 1930

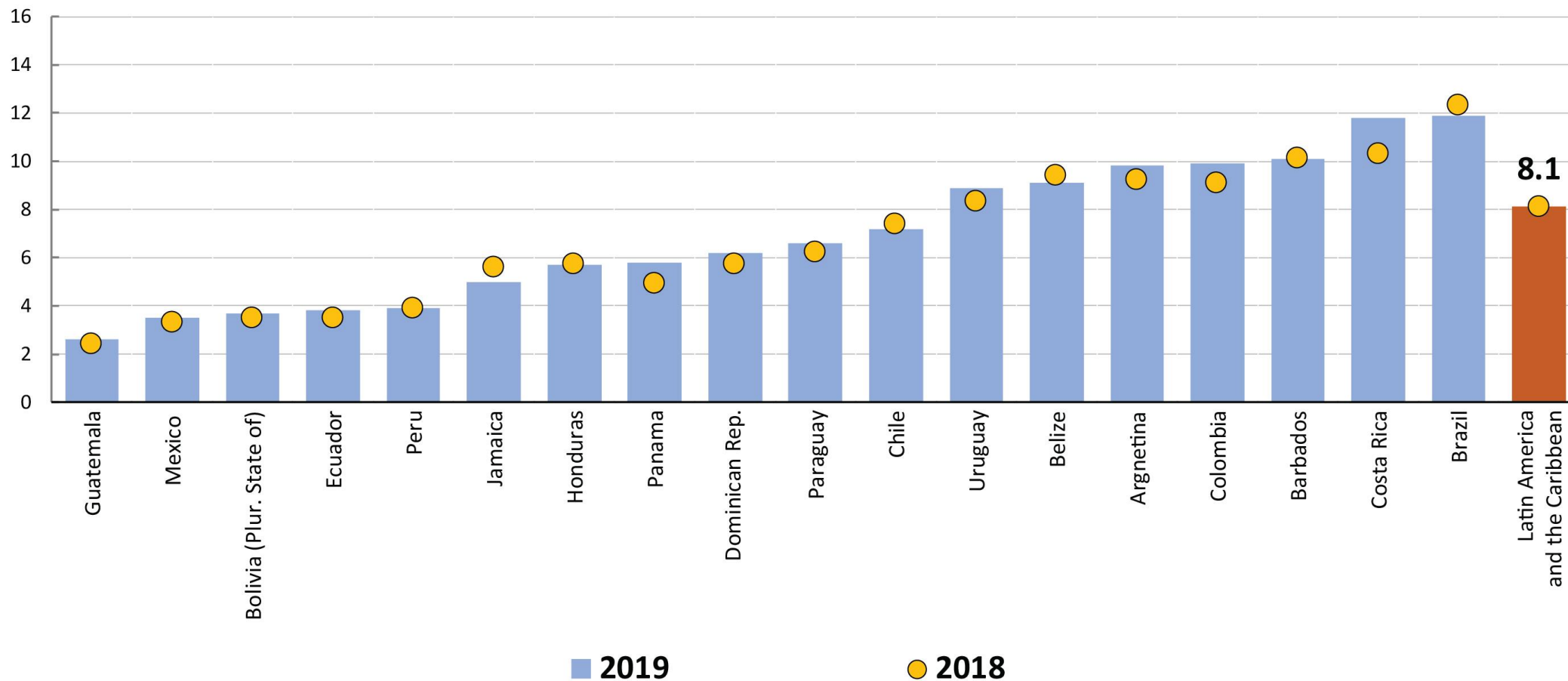
LATIN AMERICA AND THE CARIBBEAN: GDP VARIATION, SEVEN-YEAR AVERAGES, 1901–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from Maddison Project [online] <https://www.rug.nl/ggdc/historicaldevelopment/maddison/>.

The number of unemployed was rising and the unemployment rate reached 8.1% in 2019

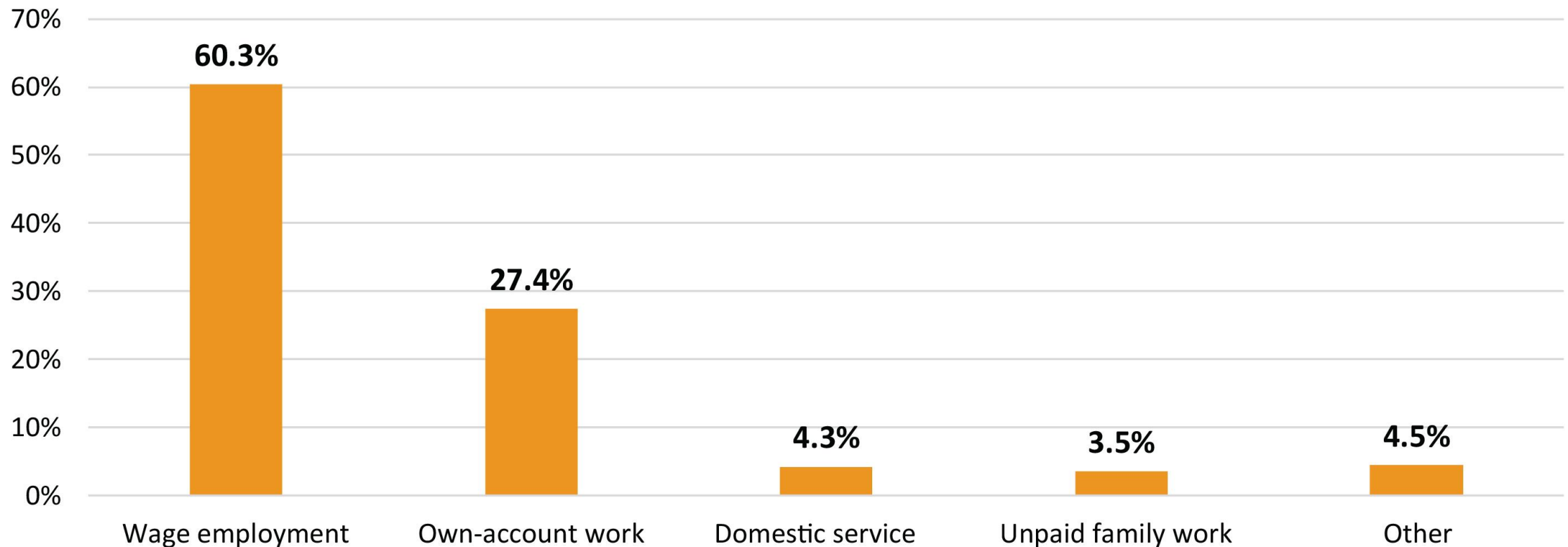
LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES): NATIONAL UNEMPLOYMENT RATES, 2018 AND 2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), “Work in times of pandemic: the challenges of the coronavirus disease (COVID-19)” Employment Situation in Latin America and the Caribbean, No. 22 (LC/TS.2020/46), Santiago, 2020.
 a Data for Argentina refer to urban areas.
 b Data for 2019 are preliminary.

Own-account work continued to be a major source of income generation and rose again in 2019

LATIN AMERICA AND THE CARIBBEAN (13 COUNTRIES):^a EMPLOYMENT CREATION BY CATEGORY OF WORK, 2019



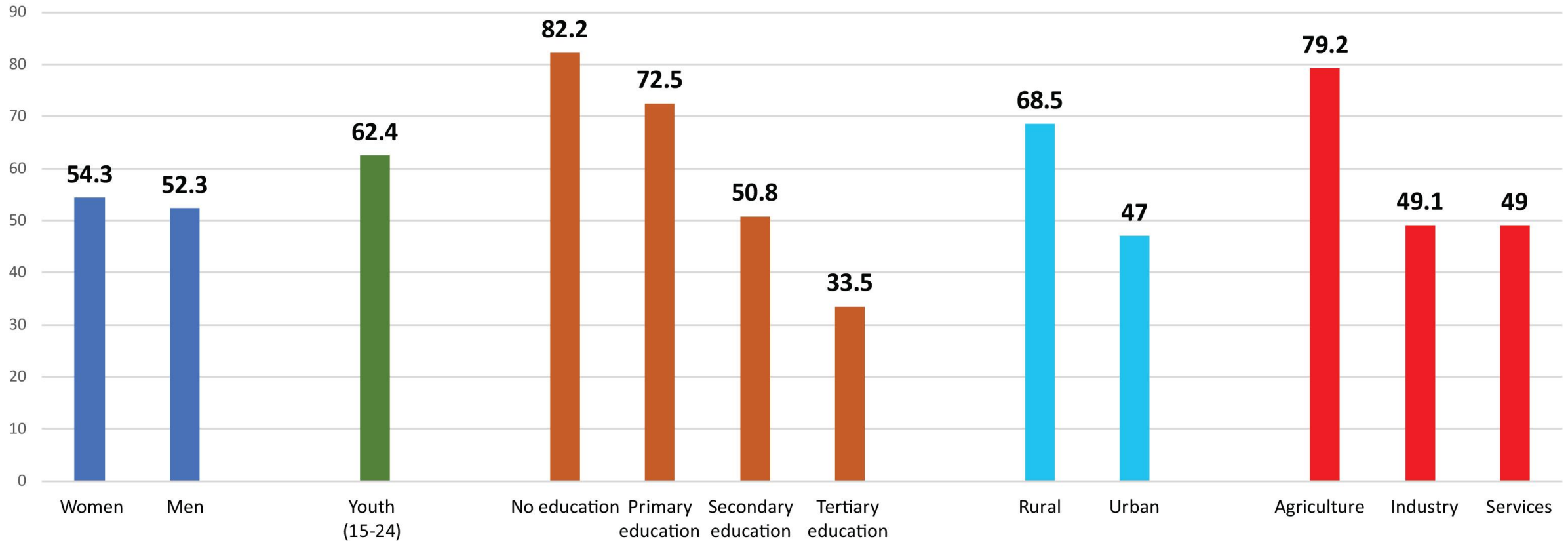
Source: Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), on the basis of official data from the countries.

^a Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay and Peru.

^b Data for 2019 are preliminary.

54% of workers in Latin America, especially the most vulnerable groups, are in informal work

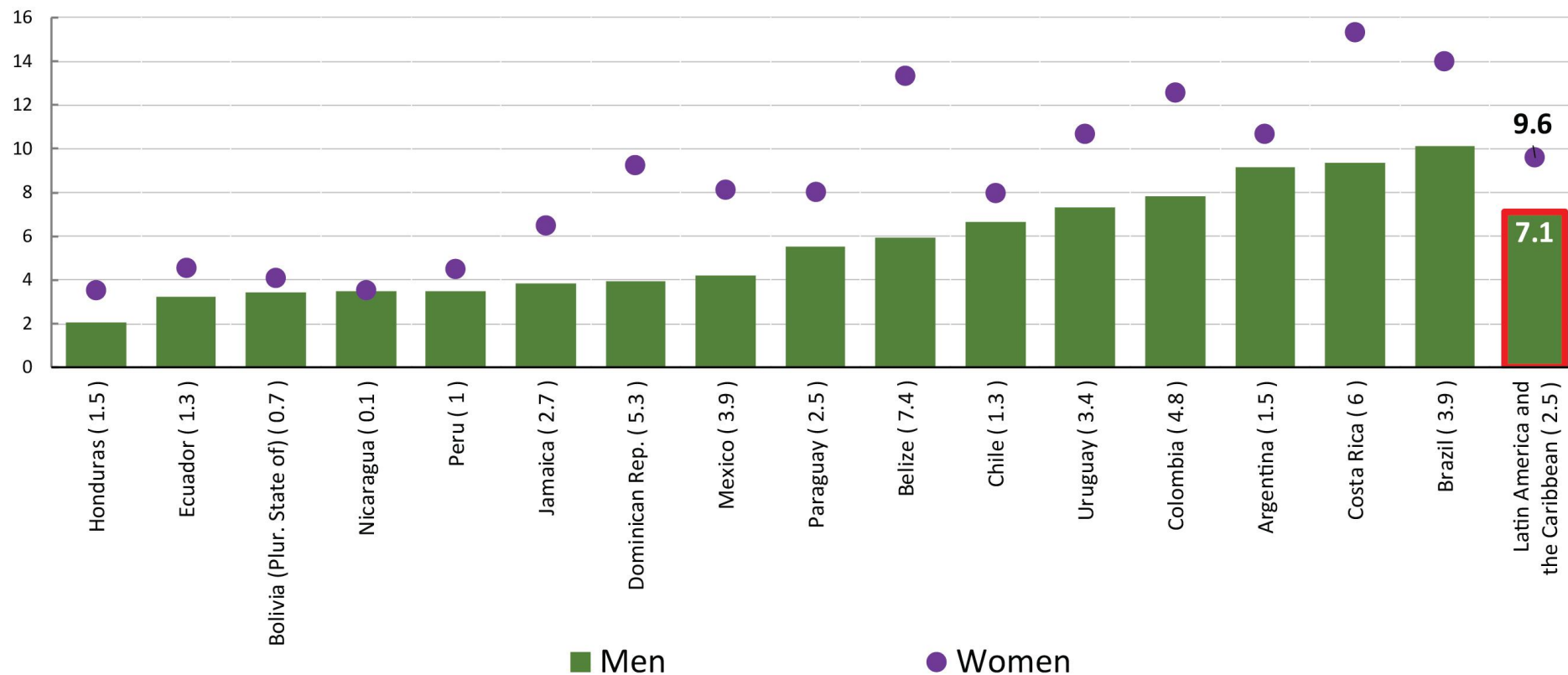
INFORMAL EMPLOYMENT BY SEX, AGE, LEVEL OF EDUCATION, RURAL STATUS AND ECONOMIC ACTIVITY
(Percentages)



Source: International Labour Organization (ILO), *Women and men in the informal economy: A statistical picture*, 2018.

Gender gaps remain in both access to employment and employment quality. Unemployment was 2.5 percentage points higher for women than for men in 2019

LATIN AMERICA AND THE CARIBBEAN (17 COUNTRIES): NATIONAL UNEMPLOYMENT RATES, BY SEX, 2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), “Work in times of pandemic: The challenges of the coronavirus disease (COVID-19)”, *Employment Situation in Latin America and the Caribbean*, No. 22 (LC/TS.2020/46), Santiago, 2020.
a The values in brackets show the gap between women’s and men’s unemployment rates, in percentage points.

Female workers are vulnerable to the situation for several reasons

- Greater probability of being informal workers
 - The region has almost 10 million wage domestic workers (mainly women)
 - Greater probability of being an unpaid family worker
 - Even among those in wage and own-account work, women are more likely to be informal workers
- Large participation in the health sector: affected by long working hours and exposure to the virus.
- Less probability of being able to work remotely (less likely to occupy professional positions and less access to technology).
- Excess workload owing to responsibility for the majority of care work.
- Many countries have reported increases in domestic violence.

The COVID-19 pandemic has severely affected the labour market

Formal work: cuts to hours, declines in wages, and layoffs

Informal work: drop in employment owing to distancing and prohibition of movement, reduced access to income compensation

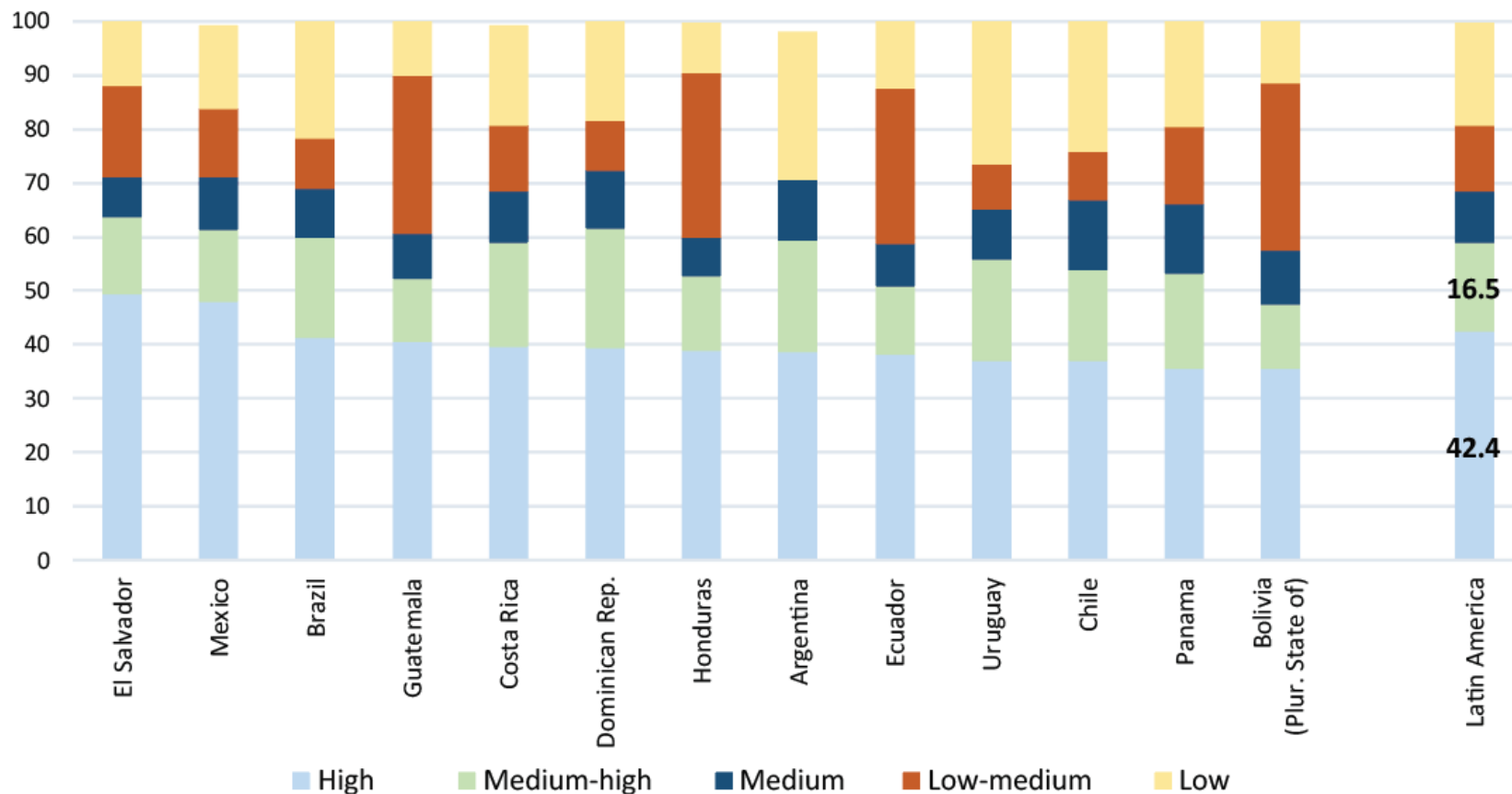
Working **women** are more vulnerable. Greater participation in the formal sector, lower wages, greater participation in health sector

Labour-intensive sectors that are severely affected: tourism, retail and wholesale, manufacturing, real estate, entertainment

Micro- and small enterprises account for 46.6% of total employment in the region and are at high risk of bankruptcy

It is estimated that 42.4% of employment is in sectors that are most affected by the physical distancing measures

Latin America (13 countries): workers in sectors at risk, 2018
(Percentages)



High risk: wholesale and retail trade; repair of motor vehicles and motorcycles; manufacturing; accommodation and food services; real estate, business and administrative activities.

Medium-high risk: transport and storage; information and communication; arts, entertainment and recreation; and other services.

Medium risk: mining and quarrying; financial and insurance activities; and construction.

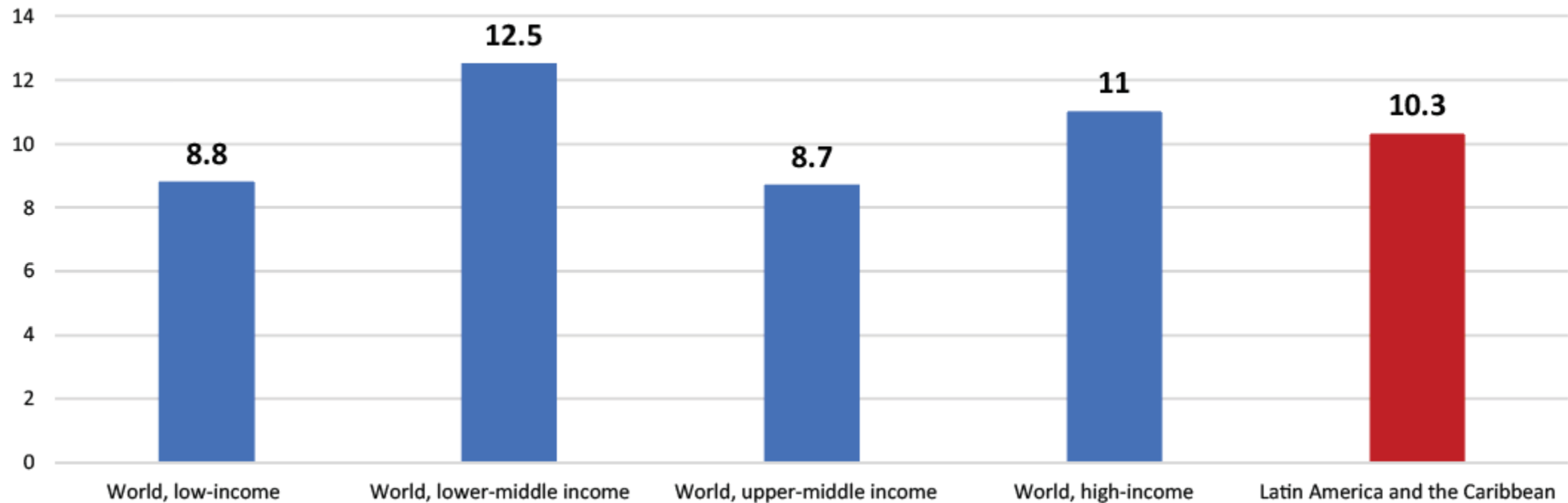
Low-medium risk: agriculture, forestry and fishing.

Low risk: health and social services; public administration and defence; compulsory social security; human health and social work activities; and education.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of risk factors identified by the International Labour Organization (ILO).

Working hours are expected to decline by around 10.3% in the second quarter of this year

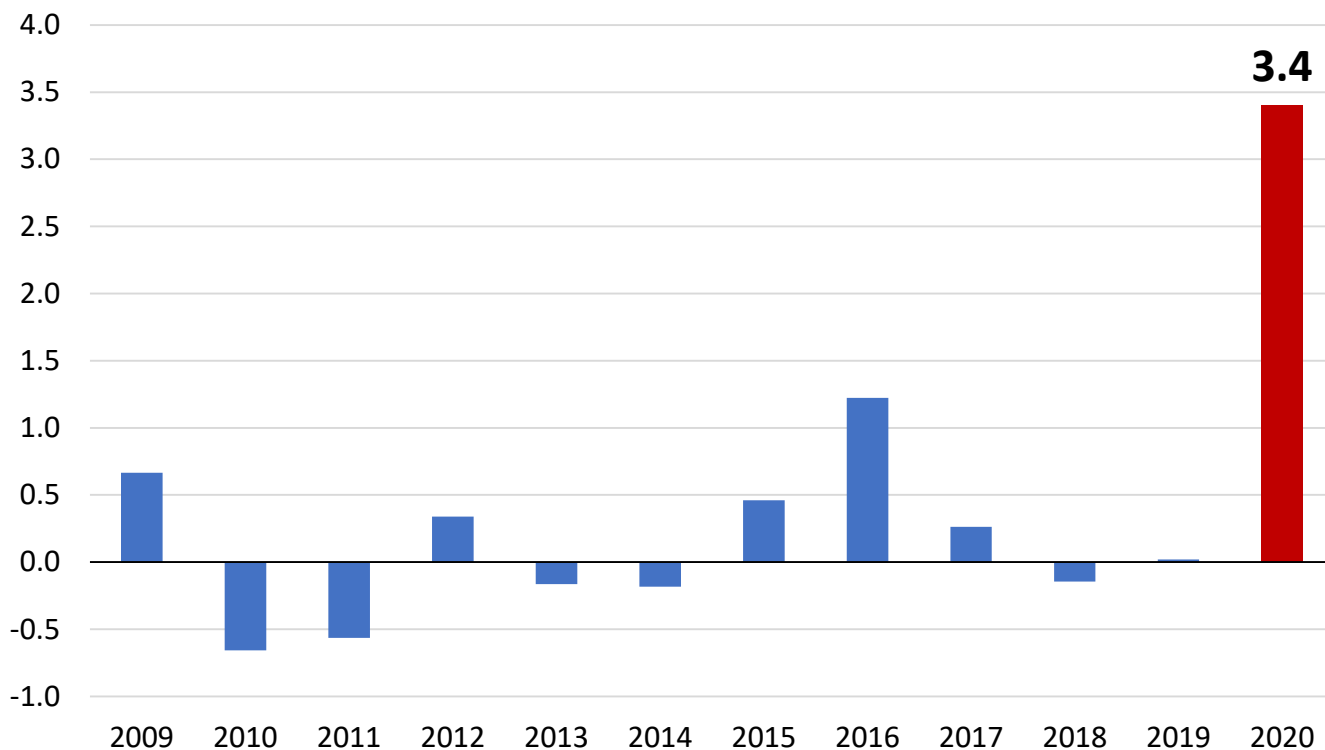
Decline in working hours
(Millions of hours)



Source: International Labour Organization (ILO), "ILO Monitor: COVID-19 and the world of work. Third edition", 29 April 2020 [online] https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf.

The unemployment rate is expected to reach at least 11.5%

Latin America: changes in the unemployment rate
(Percentage points)



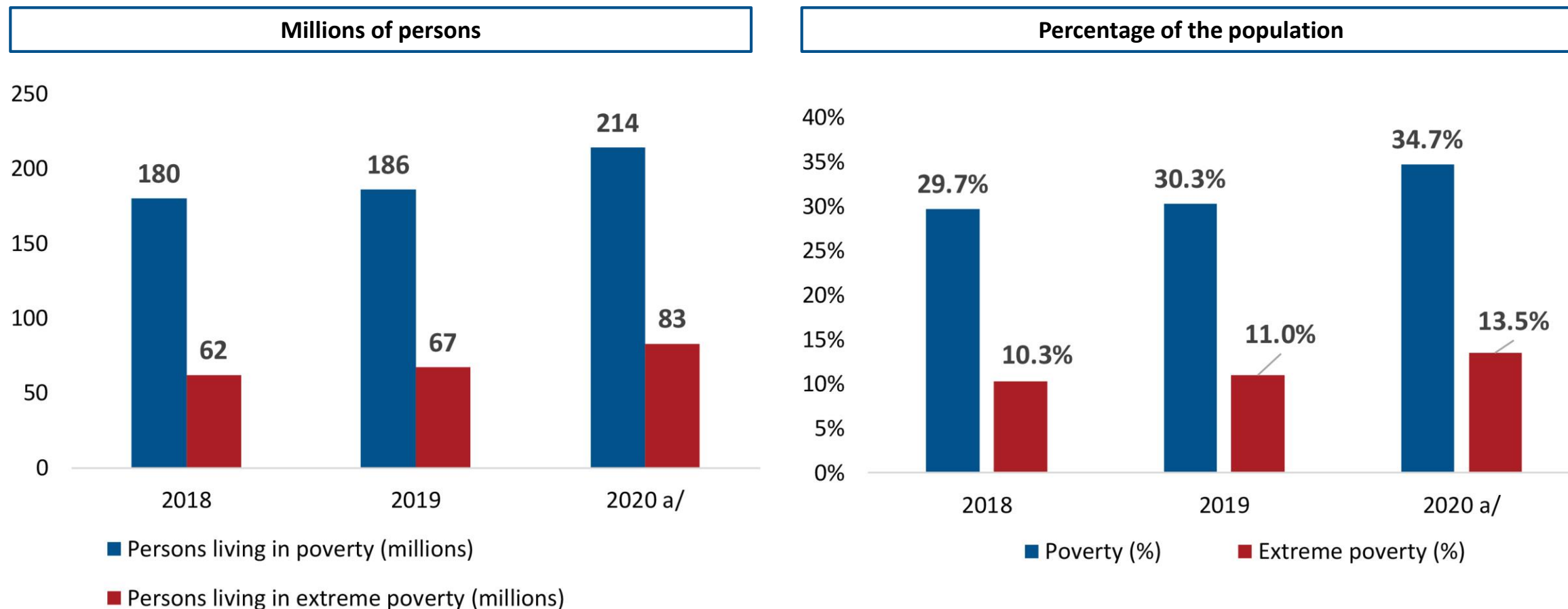
Latin America: economically active population, unemployed persons and unemployment rate
(Number of persons)

	2019	2020
Economically active population	322,421,908	326,849,019
Unemployed persons	26,148,377	37,719,817
Variation in unemployed persons	295,756	11,571,440
Unemployment rate %	8.1%	11.5%

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

The drop in GDP and rise in unemployment are expected to push almost 30 million people into poverty

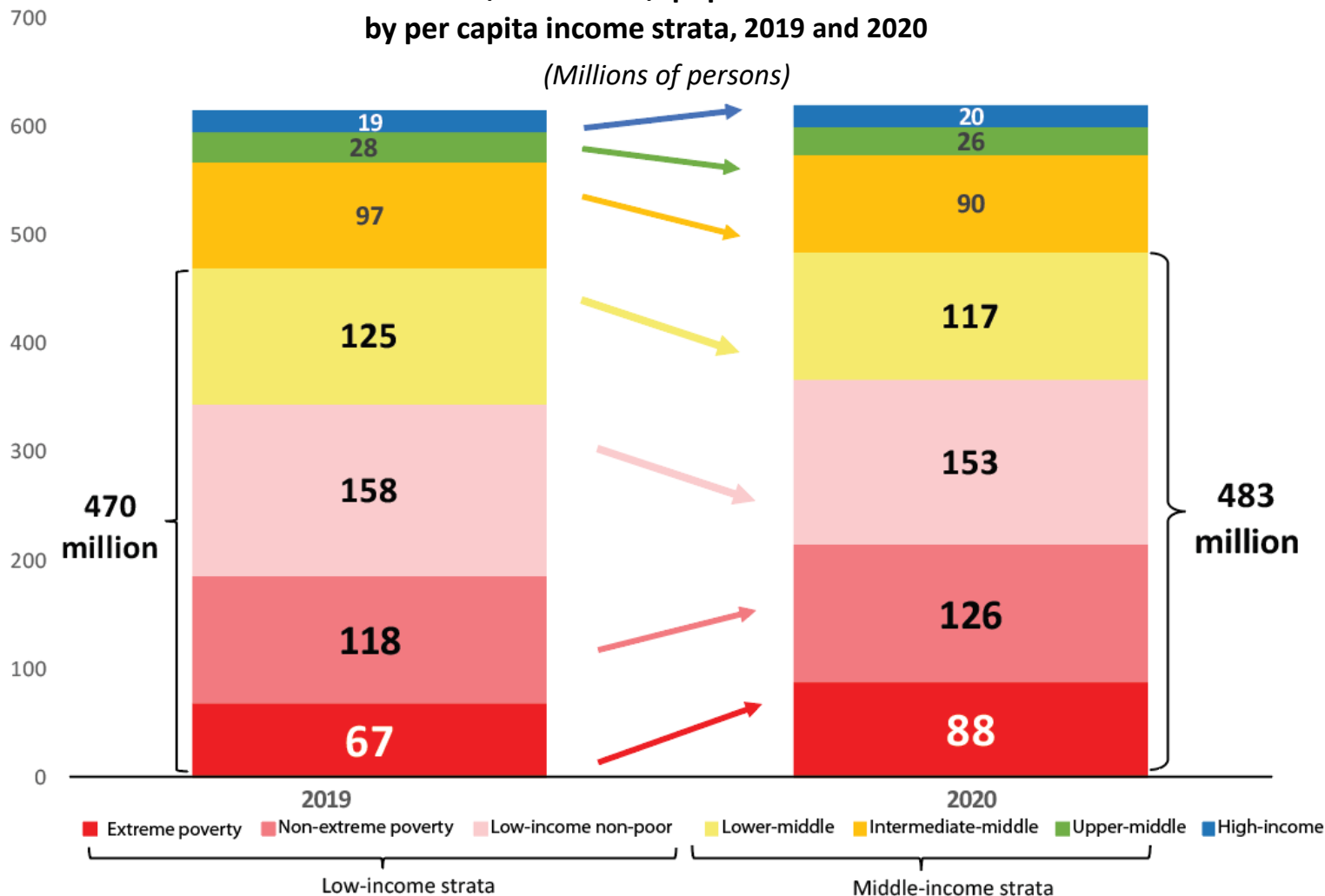
Latin America: poverty and extreme poverty in a scenario of a 5.3% decline in GDP and a rise of 3.7 percentage points in unemployment in 2020



Source: Economic Commission for Latin America and the Caribbean (ECLAC).

In addition to those living in poverty, large sections of the population are living with chronic financial insecurity and are exposed to loss of labour income

Latin America (18 countries): population size and trends by per capita income strata, 2019 and 2020

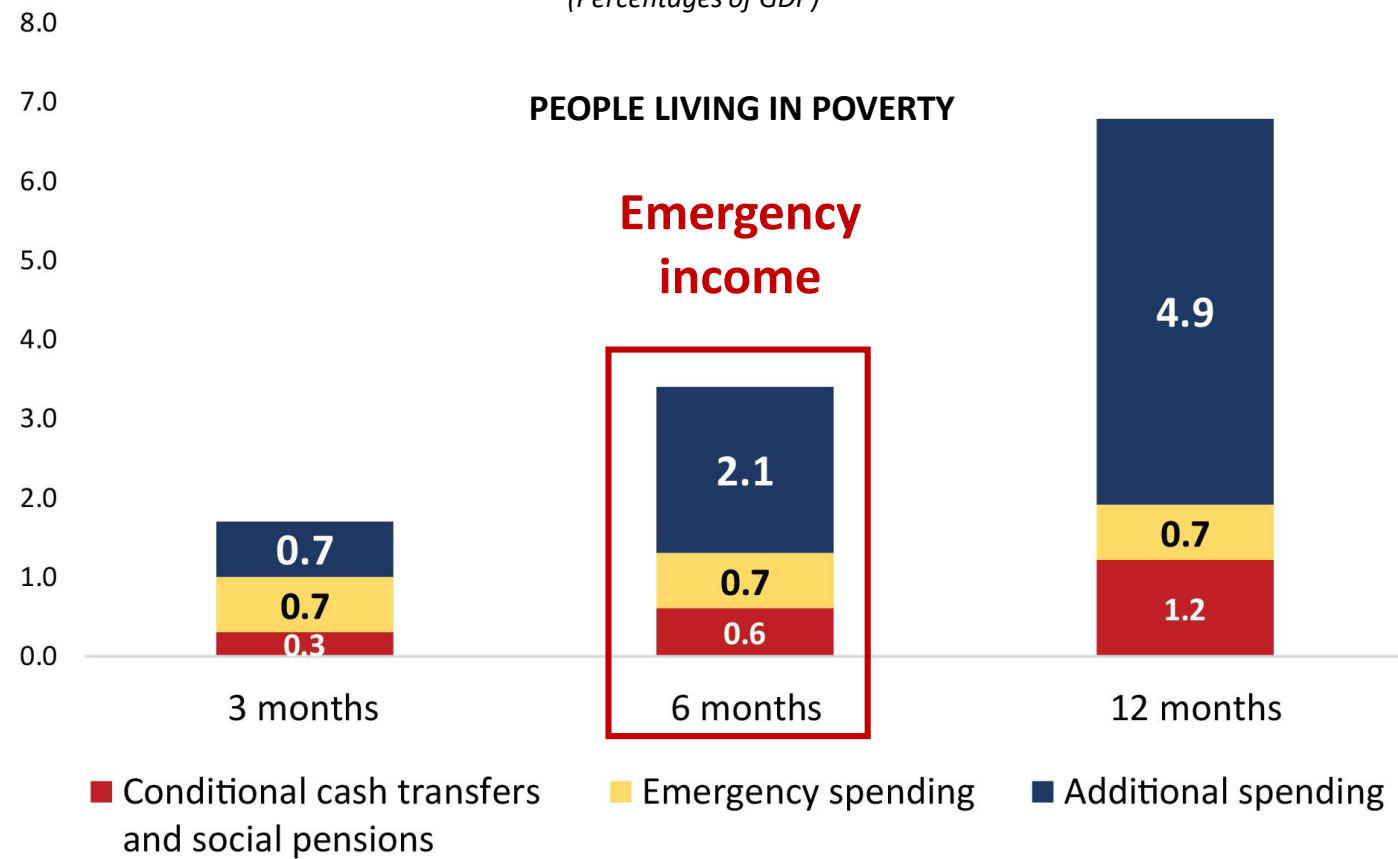


- **23.8 million people in the non-poor low-income strata (1 to 1.8 poverty lines per capita) would fall into poverty (15%)**
- **Severe worsening in middle-income strata**
- **16.7 million people in the lower-middle income strata are expected to drop into the low-income strata (15%)**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).

ECLAC proposes an emergency basic income equivalent to one poverty line for six months to meet basic needs and support household consumption

Latin America and the Caribbean (18 countries): estimated additional cost of cash transfers equivalent of one poverty line to address the impact of the COVID-19 pandemic, by duration^a
(Percentages of GDP)



- **Additional spending equivalent to 2.1% of GDP** to achieve coverage of all persons living in poverty in 2020.
- **Poverty line: US\$ 143 in 2010 dollars.**
- Does not take into account the cost of managing the transfers.
- The additional amount has been calculated to take into account spending on conditional cash transfers and social pensions, in addition to the emergency transfers issued.
- **Long-term strategic objective: gradual implementation of a universal basic income,** supported by sustainable, innovative financing mechanisms.

Source: ECLAC

^a Estimate based on a 5.3% fall in GDP in 2020 and a population living in poverty of 214.7 million in the same year. Does not take into account the administrative costs related to the transfers.

Social challenges are accompanied by significant challenges in the labour sphere

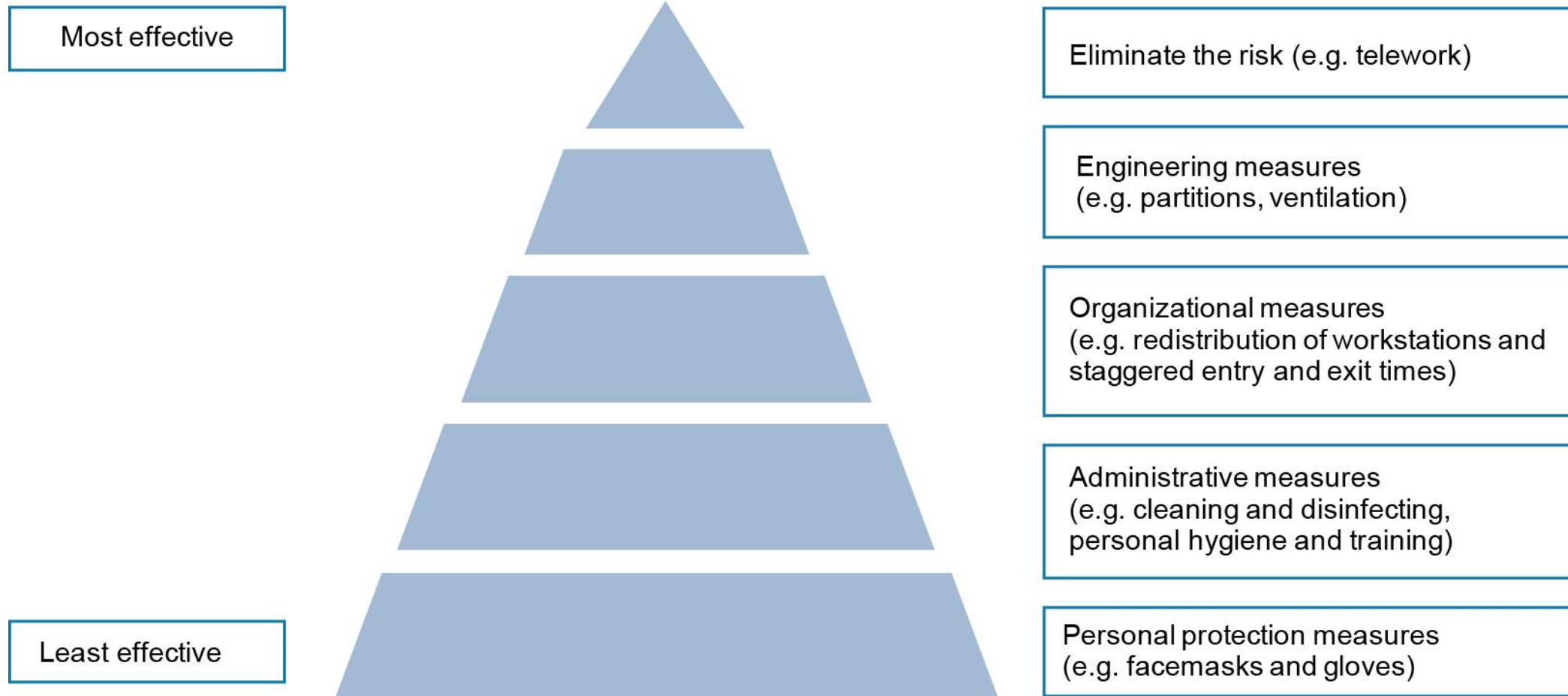
- Before COVID-19, labour market conditions were deteriorating in **Latin America and the Caribbean**.
- The crisis has led to income loss for large sections of the population due to rising unemployment and a deterioration in employment quality.
- In response to the crisis, the countries of the **region are implementing innovative policies** to prevent, as far as possible, breaking employment-worker relationships and to limit the number of business failures.

Occupational safety and health policies should be prioritized, so that the return to production and employment is safe and healthy

- High costs in terms of employment, workers' incomes and business sustainability drive countries to seek strategies for a gradual return to the workplace.
- Emphasis on sectors and groups of workers on which there is a high and medium-high impact, in a context of informality.
- Prioritization of the most effective prevention actions following a control hierarchy.
- Physical distancing is a proven measure to reduce transmission of the virus and must consider the conditions of workplaces and the movements to and from them, including both the company and its supply chain.

Labour policies must prioritize occupational health and safety

PYRAMID OF MEASURES TO PREVENT INFECTION IN THE WORKPLACE



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), “Work in times of pandemic: the challenges of the coronavirus disease (COVID-19)”, *Employment Situation in Latin America and the Caribbean*, No. 22 LC/TS.2020/46), Santiago, 2020.

Occupational safety and health policies should be prioritized, so that the return to production and employment is safe and healthy

- Extensive training and education in workplace safety and health will be required for all actors in the labour sphere.
- Increased institutional and budgetary resources needed to ensure compliance with occupational health and safety policies.
- Primordial: a participatory approach to managing health and safety, involving employers and workers, must underpin policies for a return to work.

Good occupational health and safety practices

- Agreement to resume activity in the construction sector, with the understanding that tasks are carried out in the open air under conditions that allow for relative distancing between workers.
- Occupational health and safety protocol, including staff induction.
 - Adoption of staggered entry and exit times to prevent crowding.
 - Disinfection routines and handwashing systems.
 - Mandatory use of facemasks.
 - Protocol to be followed if workers show symptoms.

Policies to protect workers' employment and income and limit the impact of businesses

- Unemployment benefits are making the access rules more flexible and benefiting from fiscal subsidies.
 - Cases that include workers whose firms have temporarily suspended activities
 - Strong State financing for unemployment insurance
- Formulas to adjust working hours and time banks.
- Subsidies are being provided to informal workers.
 - Amounts are relatively small
 - Short-term
 - Need to expand timespan of benefits

Policies to protect the employment and income of workers and limit the impact on businesses

- If the crisis continues, a new round of measures will be necessary, which will target:
 - Workers
 - Businesses
 - Focus on vulnerable groups: migrants in an irregular situation, female domestic workers and caregivers of the elderly, informal wage earners and self-employed workers in critical sectors and health workers in the front line of action against COVID-19.
- These innovations must also be strengthened from the institutional perspective so that they last beyond this crisis.

Policy lessons

- **Occupational safety and health policies should be prioritized so that the return to production and employment is safe and healthy.** Participatory management of occupational safety and health must be incorporated into policies determining the return to work.
- **The crisis has created an opportunity for lasting innovations in labour institutions and social protection** that must be leveraged for the future.
 - With a view to implementing public policies in response to the COVID-19 crisis, the countries of the region are innovating their labour institutions.
 - This includes, for example, ensuring access in the short term to a “basic income” to face the crisis, as part of a social protection floor.
 - And increasing capacity to analyse labour administration and social security records in real time and within the space of a few days.

A vision for the future

- **The crisis is beginning to forge numerous changes in the world of work that will become permanent: towards a “better normal”**
 - The crisis has shone a harsh light on the cost of informality and inequality in most of the region's labour markets.
 - Efforts should be geared towards building normative and institutional frameworks to afford workers, especially the most vulnerable, better social and labour protection.
 - International labour standards are useful for supporting these efforts.
 - Policies for the recovery must aim not for a “new normal” similar to the old one, but a “better normal” with greater labour formality, equity and social dialogue.

A road map for cooperation between ECLAC and ILO in Latin America and the Caribbean

- **Consolidate and strengthen collaboration to build an integrated and consistent response framework for a recovery with decent work:**
 - Social protection
 - Supply chains
 - The future of work
- **Areas and dimensions in which both agencies will intensify efforts to respond to the crisis of the pandemic and support the recovery:**
 - Gender and care
 - Social integration of youth
- **Strengthen and foster areas of intergovernmental discussion and collaboration and social actors for a recovery with decent work**

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Thank you!

