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**Statement by Mr. Ryder
International Labour Organization**

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Summary

- **The equivalent of an unprecedented 255 million jobs were lost** as a result of the COVID-19 pandemic. Global unemployment increased by 33 million in 2020, with the unemployment rate rising by 1.1 percentage points to 6.5 per cent while 81 million workers quit the ranks of the labour market altogether, and millions of enterprises were forced to close or sharply curtail their activities.
- **This led to a sharp increase in poverty and inequalities.** Global labour income declined by 8.3 per cent, which amounts to US\$3.7 trillion, or 4.4 per cent of global GDP. The number of working people in extreme poverty (i.e. earning less than US\$ 1.90 per day in PPP) increased by 31 million worldwide between 2019 and 2020, bringing the extreme working poverty rate to 7.8 per cent (up from 6.6 per cent in 2019).
- **The loss in labour income has been distributed unevenly between workers,** with youth, women and low-skilled workers seeing the sharpest drops in disposable income. The massive job losses in hard-hit sectors contrast deeply with the positive job growth evident in a number of higher skilled services sectors. This divergence increases inequality within countries, but also across countries depending on the severity of the employment impact on the hardest-hit sectors.
- **These differential effects of the crisis are likely to leave an enduring scar on the overall macroeconomic performance** of economies. If they persist for an extended period, lower labour force participation and productivity growth will reduce the growth potential of individual economies and the world economy as a whole.
- Given the uncertainties on the speed and quality of the economic recovery, ILO employment forecasts reveal **persistent global working-hour losses in 2021**, amounting to 3.0 per cent of total hours lost relative to the fourth quarter of 2019. This is equivalent to a forecasted loss of 90 million full-time jobs in 2021.
- **The world needs to invest in a human-centred recovery from the crisis and focus on achieving resilience through the pursuit of social justice.** This requires to invest in strengthening the capacities of all women and men to benefit from the opportunities of a changing world of work; strengthening the institutions of work to ensure adequate protection of all workers; and promoting full and productive employment through massive investments in the digital, green and care economies.
- **Social dialogue** between governments and employers' and workers' organizations will be essential to build the consensus needed to achieve a successful and sustainable recovery.
- **Climate change** is not only a macro-critical risk. It threatens people's livelihoods. With comprehensive and concerted policy action to address climate change, we can bring positive durable change to our well-being, create decent employment and safeguard our planet.

Economic and social outlook

An unprecedented 255 million full-time equivalent jobs lost as a result of the COVID-19 pandemic

At the start of 2020, 3 out of 4 workers were still affected by restriction measures to stop the spread of COVID-19 – close to the peak of 85 per cent reached in late July 2020. Furthermore over 430 million enterprises worldwide operate in the four economic sectors hardest hit by the crisis, and since the pandemic began have needed to cease or sharply curtail business activities for long periods.¹ As a result, 8.8 per cent of global working hours were lost in 2020 relative to the fourth quarter of 2019, the equivalent of 255 million full-time jobs. This decline in working hours translated into both employment losses – an unprecedented 114 million jobs were lost globally in 2020 relative to 2019 – and a reduction in working hours for those who remained employed, with significant variation across regions. Employment losses were highest in the Americas and lowest in Europe where job retention schemes supported reduced working hours while remaining employed. In relative terms, employment losses were higher for women than for men, and for young workers than for adult workers.²

These unprecedented employment losses translated in an increase in global unemployment by 33 million in 2020, with the unemployment rate rising by 1.1 percentage points to 6.5 per cent. But employment losses in 2020 translated mainly into inactivity, which increased by 81 million³, with the global labour force participation rate decreasing by 2.2 percentage points to 58.7 per cent.

A sharp increase in poverty and inequalities reversing progress made so far

Workers have suffered large reductions in the income they receive from work. Global labour income (referring to any income related to formal or informal employment undertaken for pay or profit, but without considering any government transfer and benefits) in 2020 is estimated to have declined by 8.3 per cent, which amounts to US\$3.7 trillion, or 4.4 per cent of global gross domestic product (GDP).⁴ The largest labour income loss was experienced by workers in the Americas (10.3 per cent).

Those sizeable labour income losses could push households into poverty in the absence of income support measures. The IMF estimates that by 2022, close to 90 million people will have fallen below the extreme poverty threshold since the pandemic started.⁵ The ILO estimates that the number of employed individuals in extreme poverty (i.e. earning less than US\$ 1.90 per day in PPP) has increased by 31 million worldwide between 2019 and 2020, bringing the extreme working poverty rate to 7.8 per cent (up from 6.6 per cent in 2019). The number of moderately poor workers (i.e. earning between US\$ 1.90 and 3.20) has increased by around 77 million (for a moderate working poverty rate of 14.2 per cent, up from 11.3 per cent in 2019).

The reduction in labour income has been distributed unevenly between workers, with youth, women and low-skilled workers seeing the sharpest drops in disposable income. In addition, the latest labour force survey data (up to the third quarter of 2020) reveal the contrast between massive job losses in hard-hit sectors (such as accommodation and food services, arts and culture, retail, and construction) and the positive job growth evident in a number of higher skilled services sectors (such as information and communication, and financial and insurance activities). This divergence will tend to increase inequality within countries. At the same time, there is considerable variation across countries with regard to the severity of the impact of the crisis on jobs in the hardest-hit sectors.

¹ ILO 2020. [Enabling Environment for Sustainable Enterprises and the Post-COVID-19 Rapid Response](#). *ILO Policy Brief* (Geneva).

² ILO 2021. [ILO Monitor: COVID-19 and the world of work. Seventh edition](#). Updated estimates and analysis. (Geneva).

³ Over and above the increase in inactivity due to the growth of the working-age population, which amounted to an additional 73 million inactive people in 2020.

⁴ Global GDP in 2019 using 2019 market exchange rates.

⁵ IMF 2021. *World Economic Outlook*. January update. (Washington DC).

This crisis, therefore, interacts with and exacerbates inequalities, both between and within countries. In this sense, it poses a risk of an additional dimension of economic and social scarring at the international level as manifested in slower and more uneven progress toward poverty reduction, a deceleration of convergence in income between developing and developed countries and greater obstacles to the achievement of the Sustainable Development Goals by 2030.

The differential effects of the crisis are likely to leave an enduring scar on the overall macroeconomic performance of economies as well. The crisis' disproportionate impact on youth, women, lower-skilled, and poorer workers, including with respect to their pace of skills acquisition and health status, implies a significant decrease in labour force participation and a reduction in productivity growth. If they persist for an extended period, lower labour force participation and productivity growth will reduce the growth potential of individual economies and the world economy as a whole.

The outlook for global labour markets

The IMF projected 2021 global growth at 5.5 percent⁶, but prospects of a stronger recovery are emerging – because of additional fiscal stimulus, especially in the U.S., and the prospects of broader vaccination.

However, given the still high uncertainty on the speed and quality of the recovery, ILO employment forecasts reveal persistent global working-hour losses in 2021, amounting to 3.0 per cent of total hours lost relative to the fourth quarter of 2019. This is equivalent to the loss of 90 million full-time jobs assuming a 48-hour working week.⁷

Labour force participation is projected to remain below 2019 levels through 2022 for countries at all levels of economic development. Productivity growth is also projected to remain lower for countries at all levels of economic development – less than half pre-crisis level. This deceleration is projected to be most pronounced in low-income and lower-middle-income countries – on the order of 2.5 and 3 percentage points, respectively.

A bridge to a human-centred recovery and achieving resilience

Without comprehensive and concerted policy efforts, there is a very real risk that the COVID-19 crisis will leave a legacy of widened inequality and social injustice.

Policy coherence among key international institutions is needed more than ever before to stop this from happening, building on the proposals in the ILO Centenary Declaration for the Future of Work. The ILO is developing a three-pronged approach to build a post-COVID-19 world that places human beings at its centre and within our planet's resource boundaries:

1. Investing in the creation of quality work, with improved productivity, to achieve full and productive employment
2. Equipping workers and those transitioning with skills and adequate social protection
3. Strengthening the institutions of work to ensure adequate protection of all workers

⁶ IMF 2021. [World Economic Outlook Update, January 2021](#) (Washington DC).

⁷ ILO 2021. [ILO Monitor: COVID-19 and the World of Work](#). Seventh edition (Geneva).

Investing in the creation of quality work, with improved productivity, through structural transformation to achieve full and productive employment

The global economy needs urgent measures and policies that reach the real economy, all workers, including the self-employed and non-permanent, casual and informal workers, and all sustainable businesses, especially small and medium-sized enterprises (SMEs). Maintaining accommodative macroeconomic policies for full and productive employment and promoting global solidarity through support for developing countries experiencing crisis-related reductions in fiscal and monetary policy space or unsustainable external debt obligations will be key in stimulating broad-based economic growth and employment creation. Similarly, countries should be given the space to provide financial support to maintain business continuity, particularly for SMEs and sectors hardest hit by the pandemic and preserve domestic and global supply chains, provide incentives to employers to retain workers despite crisis-related reduction of business activity, including work-sharing and shorter working weeks, supported by employment retention schemes and wage subsidies, measures to support their liquidity through the temporary suspension of tax and social security contributions, as well as access to other business support measures conditioned on retention of workers. Stimulus packages should also support the provision of public employment programmes and subsidies to sustain jobs and livelihoods through the crisis, especially in lower income countries, and the implementation of measures to assist workers and employers in informal micro and small enterprises, alongside support for formal enterprises.

Stimulating investment in employment-intensive sectors, including sustainable infrastructure, the green economy, the health and care economy, and the digital economy and closing the social protection financing gap are centrally important to achieve a human-centred recovery and build resilience. These investments in inclusive and sustainable growth need, however, to be supported by investments in people and their capacities to benefit from the opportunities of a changing world of work. The needs of people must be put before debt service and repayment. Countries must be given the fiscal space to invest in education and skills, reskilling and upskilling workers to equip them for their transitions into new sectors, better and higher paying jobs, in health and social protection systems that are comprehensive, covering all life-cycle risks – COVID-19 has demonstrated, for instance, the need for unemployment protection and sickness benefits – and provide adequate and predictable benefits to allow a life in dignity, to truly enable people to navigate their uncertain lives and to invest in their human capacities and capabilities.

Equipping workers and those transitioning with skills and adequate social protection

Skills and lifelong learning

Equal opportunity to access skills and lifelong learning is more than ever a key determinant of inclusive and sustainable development. The schools and training centres' closures and the broader economic impact of the crisis have deepened some of the existing inequalities or added new aspects. Infrastructural gaps further deepen inequality in access to education and training among young people within a country and internationally. The lack of internet and devices have made it impossible for disadvantaged groups to access learning and have limited their options to update or upgrade their skills; persons with disabilities, adult learners and other categories of learners report difficulties in using technology, digital content and resources, causing drop-out and jeopardising their employability. The digital divide therefore risks widening further. Economic hardship of families as a consequence of the pandemic might also increase drop-out with a risk of pushing children into child labour.⁸

⁸ ILO/UNICEF 2020. [COVID-19 and child labour](#) (Geneva).

Improving access and transitions for all requires coordination and integrated measures, on the basis of social dialogue between governments and employers' and workers' organizations. As transition pathways become more complex, policy responses need to expand to support people through a wider variety of options, such as inclusive training environments and programmes; flexible learning options, including information and communications technology, mobile and blended learning; career and vocational guidance and individually tailored training and pre- and post-training services; learning entitlements; active labour market policies; comprehensive and integrated social protection; and skills recognition services.

Identifying and delivering future skills is critically important to realise a human centred recovery. Addressing existing and emerging skills needs and increasing the capacity of systems to respond to them will be crucial for education and training systems to keep abreast of global challenges and turn them into opportunities. This implies rethinking and reshaping skills systems to more effectively adjust to challenges and seize opportunities. New solutions are needed to improve quality and responsiveness and ensure adequate learning opportunities throughout people's lives.

Effective models for equitable access to lifelong learning, recognition and utilization of skills need to be more actively promoted. Assessing and understanding the aspirations and potentials of individuals and the needs of vulnerable groups, promoting career guidance and outreach are valuable instruments to raise awareness about learning solutions, empower individuals to use them and for better targeting of training offers and incentives.

Financing mechanisms and incentive structures should be reviewed to ensure an integrated approach that links lifelong learning with social protection and macroeconomic and development policies to create more sustainable financing models. Non-financial incentives, technical and administrative support should be available to help enterprises make successful and strategic use of available financing and financial incentives. At the same time public and private training providers need to be accountable for the results of their programmes, through performance based financing that also encourages increased participation of social partners at sector level within their programmes.

Social protection

Reinforcing social protection systems is critical for an inclusive recovery. Policy discussions must focus on three areas:

1. Building social protection systems, including floors, to ensure universal access to comprehensive and adequate social protection. This requires using the momentum created by COVID 19 to transition from short term emergency measures to sustainable solutions to close gaps in social protection systems. This includes policy dialogues on extending social protection to those in the informal economy, ensuring that workers in all forms of employment have access to adequate health care and income security throughout their lives, which also helps to promote transitions from the informal to the formal economy and has significant social and economic pay-offs.⁹
2. Closing financing gaps and ensuring sustainable and equitable financing of social protection, alongside health and education, is of highest priority.¹⁰ It is essential to ensure that sectoral ministries are involved in financing discussions with Ministries of Finance; that Integrated National Financing Frameworks (INFFs) prioritize creating fiscal space for social protection; that the potential for the further expansion of contributory social protection schemes to complement tax-financed provision be harnessed; and that means be explored for financial assistance to boost (not replace) domestic resource mobilization.
3. Preparing for future shocks and transitions by reinforcing existing social protection systems to increase their capacity and resilience to respond quickly and adequately to future shocks, adapting them to ensure that they

⁹ ILO (2020) [Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations](#); ILO (2021) [Extending Social Security Coverage to Workers in the Informal Economy: Lessons from International Experience](#).

¹⁰ ILO (2020) Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of COVID-19 and Beyond; Durán Valverde, F., J. Pacheco-Jiménez, T. Muzaffar, and H. Elizondo-Barboza (2020) [Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of COVID-19 and Beyond](#).

can facilitate a just transition of the economy in the light of technological progress, digital transformations and climate change, including by strengthening support to workers who lost their employment through unemployment protection and other income support, facilitating re-skilling and the transition into new employment.

The consensus around the pressing need to effectively guarantee universal social protection has been reinforced in the wake of the crucial role played by social protection to cope with the consequences of the COVID-19 pandemic. We have an opportunity today to join forces around a common paradigm that recognizes both the value and the urgency of investing in comprehensive and adequate social protection systems.¹¹ Building resilience requires even greater commitment and collaboration on social protection at country level between ministries and institutions responsible for social protection, including ministries of social affairs, labour, economy and finance, sectoral ministries, as well as workers' and employers' organizations. Similarly, the ILO and the IMF have a shared responsibility to improve their collaboration and act together, while duly recognizing each partner's mandate, uniqueness and value added. This will be a determining factor in building back better and turning words and good intentions into a reality of social protection for all.

Strengthening the institutions of work to ensure adequate protection of all workers

Social dialogue and wages

Social dialogue and the fundamental rights to collective bargaining and freedom of association – key institutions of work - can help to ensure that in the future all receive a fair share of the fruits of progress. The economic and employment consequences of the COVID-19 crisis are likely to continue to inflict massive downward pressure on wages. But ILO research shows that improving the legal coverage and compliance with the minimum wage and raising the level, for example, up to two thirds of the median wage, have the potential to reduce income inequality, whatever the measure of inequality used¹². In navigating the crisis and planning for the new and better “normal” after the crisis, governments, employers and workers should therefore seek to strengthen social dialogue around wages. Appropriate wage adjustments – both minimum wages and wages above existing floors– will be required to safeguard jobs and at the same time protect the incomes of workers and their families to sustain demand and avoid deflationary situations.

Occupational Safety and Health at work

Strengthening occupational health and safety systems can save millions of lives and build resilience. More than 2.8 million people die as a result of occupational accidents or work-related diseases every year. Additionally, there are some 374 million non-fatal work-related injuries each year that result in an average of more than 4 days of absences from work. The human cost of poor occupational safety and health practices is vast and their economic cost is estimated at close to 4 per cent of global GDP each year. The COVID-19 crisis has highlighted the cardinal importance of protecting health and safety in the workplace. All development projects financed by the multilateral development banks must strive to establish sound prevention, reporting and inspection practices and to provide for maximum safety at work in line with international occupational safety and health instruments ([Convention No. 155](#), its [2002 Protocol](#) and [Convention No. 187](#)).

¹¹ USP2030 2019. [Together to Achieve Universal Social Protection by 2030 \(USP2030\) – A Call to Action](#) (Geneva).

¹² ILO 2020. [Global Wage Report 2020-21: Wages and minimum wages in times of COVID-19](#). (Geneva)

Climate action for Jobs

The International Monetary Fund has recently pledged to put climate change at the heart of its work. Managing Director Kristalina Georgieva said that “Climate resilience is a critical priority”.¹³ There is considerable potential for creation of decent work associated with the transition to a low-carbon sustainable development path, which will assist to minimize and manage the inevitable dislocation that will accompany it. As part of national and global policy processes, a [just transition framework](#) provides the key for adaptation measures and mitigation actions to unleash the job creation potential of a low-carbon economy.

The trillions of dollars deployed in the economic recovery process can be a driver for sustainability and decent work creation. Initial findings by the ILO and research partners¹⁴ indicate that a green recovery scenario with investments into renewable energies, building efficiency and green transport would add some 20.5 million jobs by 2030, far more than from a similarly sized stimulus based on cutting value-added taxes which would add only 3 million new jobs.

Inaction or uncoordinated action on climate change will put jobs and productivity at risk, both from the physical consequences of global warming, such as heat stress, and the lack of policy coherence between environmental, economic and social policies.

In this context, all partners should join the UN [Climate Action for Jobs Initiative](#). The Initiative unites global efforts on the environment and decent work and will facilitate an inclusive and sustainable recovery from the COVID-19 crisis. The Initiative aims to boost climate action by ensuring that employment and people’s well-being are at the centre of the transition to a carbon-neutral and climate-resilient economy. It brings policy, technical and programmatic support to assist countries in their commitments to a just transition to achieve ambitious climate change mitigation and adaptation goals, while enhancing quality employment creation and supporting those negatively affected, thus ensuring a transition that is fair, inclusive and productive. As governments around the world plan for recovery from the COVID-19 crisis, the Initiative can help them to build back better, fostering sustainable and resilient economies with decent work. It provides countries with tools for devising and assessing investment and policy options to maximize win-wins from ambitious climate actions. This includes skills development, which is a key to unlock the job potential of greener economies and to cushion its effect on displaced workers.

Achieving coherent multilateral action in support of a human-centred recovery

A global response is required to ensure that the economic and social recovery from the crisis is as human-centred in its impact as the effects of the crisis have been. Such a response should address pre-existing world of work challenges as well as the immediate impact of the pandemic with a view to building forward better. The [ILO Centenary Declaration for the Future of Work](#) provides an internationally agreed roadmap to build back more inclusive and more resilient societies. Sustained, increased effort and investment to accelerate the implementation of this roadmap should be made a top priority of public policy and international cooperation. The ILO will take all opportunities to harness the efforts of, and promote concrete cooperation with, other international organizations in support of a human-centred recovery in line with the Centenary Declaration. It will also contribute actively to the efforts of the UN system at the national and international level to ensure delivery of the 2030 Agenda and to promote all areas of multilateral cooperation in response to the COVID-19 pandemic.

¹³ [Remarks by IMF Managing Director at the Climate Adaptation Summit](#), January 25, 2021.

¹⁴ CAMECON & PAGE (forthcoming). Modelling a Global Inclusive Green Economy COVID-19 Recovery Programme. Cambridge Econometrics (Cambridge).