



# ► ILO Sectoral Brief

January 2021

## Impact of COVID-19 on the construction sector

The COVID-19 pandemic has devastated the world of work. Its impact, which varies across sectors, has been significant in the construction sector.<sup>1</sup> As construction is sensitive to economic cycles, construction enterprises and workers are particularly vulnerable to the drastic decline in economic activity resulting from the pandemic. Increased health risks associated with COVID-19 have exacerbated decent work deficits in the sector.<sup>2</sup> On the upside, however, construction has great potential to stimulate recovery, thanks to its ability to create jobs. In turn, recovery measures can support the sector's transformation to sustainability and digitalization.<sup>3</sup> Tripartite cooperation and social dialogue, together with the application of international labour standards, are key to promoting a human-centred recovery from the crisis. Governments, employers' and workers' organizations, and other sectoral stakeholders, are therefore responding to the COVID-19 pandemic swiftly, with an array of measures intended to support the construction sector.

Construction sector activities include the construction, renovation, maintenance and demolition of buildings (residential and non-residential), as well as work conducted in civil engineering projects such as roads and utility systems.<sup>4</sup> A variety of market segments are involved, including architecture and design, equipment and material manufacture, transportation, and energy and waste management. Value is added by transforming source materials into capital assets essential both for economic activity and the delivery of infrastructure services. Consequently, the sector activity can have a



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A Construction worker with a face mask.

significant impact on income generation and poverty reduction. Its significant job creation potential comes from its labour-intensive nature and strong links with other economic sectors.<sup>5</sup> While the construction industry can generate jobs for large numbers of people, these often come without job security, and the labour conditions vary widely around the world. Efforts to stimulate growth and productivity in the sector are important for promoting decent work and more sustainable building practices.

The construction industry covers a wide range of projects and products; the enterprises involved are

1 ILO. [Sectoral impact, responses and recommendations](#).

2 ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Points of consensus at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015. Thorsten Schulten and Karin Schulze-Buschoff. 2015, K. "Sector-level strategies against precarious employment in Germany: Evidence from construction, commercial cleaning, hospitals and temporary agency work", WSI-Diskussionspapier 197, Wirtschafts- und Sozialwissenschaftliches Institut, Hans-Böckler-Stiftung.

3 ILO. [Centenary Declaration for the Future of Work](#), 2019.

4 ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Issues paper for discussion at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

5 ILO. [Construction Sector](#). ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Issues paper for discussion at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

equally diverse. While the vast majority of construction companies are local, small and medium-sized enterprises (SMEs) working on smaller local projects, the industry also includes multinational enterprises working on larger projects. Even on large contracts, the sector typically involves a large number of intermediaries, subsidiaries and subcontractors working on any given construction site.<sup>6</sup> Building materials, plant and equipment are generally purchased or hired from other enterprises. Specialized services are supplied by subcontractors, and labour is supplied by labour agents. Design and engineering services are also provided by separate professional entities.

Over recent decades, construction has evolved rapidly, owing to changes in industrial structures and employment relationships, which have been influenced significantly by globalization, the declining role of the public sector as an employer, migration trends and environmental challenges.<sup>7</sup> Informality, occupational

safety and health (OSH) risks and skills shortages are among the sector's decent work deficits, although these vary according to country contexts and circumstances as well as type of construction project.<sup>8</sup>

There have been technological changes in the industry, notably the recent increasing use of environmentally-friendly technologies. Skills training and managerial training are needed for enterprises and workers to adapt to such changes. The construction sector also plays a key role in rebuilding efforts after crises. In response to a health crisis or outbreak, such as the COVID-19 pandemic, the construction sector is often tasked with building immediate emergency-related facilities. As the frequency of climate related disasters intensify, the construction sector is contributing to resilience plans by ensuring the quality of basic infrastructure, such as roads and transportation, as well as health care infrastructure and systems.<sup>9</sup>

## ► 1. The impact of COVID-19

Before the pandemic, the construction sector accounted for around 7.7 per cent of global employment,<sup>10</sup> with projections for 2020 indicating that it would contribute to 13.4 per cent of global GDP.<sup>11</sup> In the context of the current crisis, however, falling revenue and increasing project delivery challenges have led to the sector's contraction in most markets,<sup>12</sup> with a corresponding negative impact on the labour force.<sup>13</sup>

### Lockdowns have had an uneven sectoral impact across countries

Depending on the severity of the public health crisis, as well as the timing and strictness of confinement

measures, lockdowns impacting the construction sector have varied widely by location and project type. In some countries, construction activities were deemed essential. Timely construction of emergency facilities and hospitals, for example, was crucial in China<sup>14</sup> and Italy<sup>15</sup>. In other countries, containment measures involved total or partial shutdowns of construction sites. In South Africa, the maintenance of the country's national roads was declared an essential service.<sup>16</sup> In Eritrea, the construction sector, along with other major sectors deemed essential, was exempt from national lockdown.<sup>17</sup> Where construction sites had been shut down, they were among the first to re-open in the early phases of reactivation plans after the first wave, such as in Austria, Barbados and the Russian Federation.<sup>18</sup> In

6 ILO. [Construction Sector](#). Designing buildings Wiki "[Supply chains in construction](#)". Anders Segerstedt and Thomas Olofsson. 2010. "[Supply chains in the construction industry](#)", *Supply Chain Management: An International Journal*, Vol. 15 Iss 5 pp. 347–353.

7 ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Points of consensus at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

8 ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Points of consensus at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

9 Emlyn Witt, Kapil Sharma and Irene Lilla. 2014. "[Mapping Construction Industry Roles to the Disaster Management Cycle](#)". *Procedia Economics and Finance*, Vol. 18, pp. 103–110.

10 ILO. [ILO Monitor: COVID-19 and the world of work 2nd edition](#), 7 April 2020.

11 Global Construction Perspectives & Oxford Economics. 2015. [Global Construction 2030: A global forecast for the construction industry to 2030](#). London.

12 Engineering News Record. "[2020 Top 250 international contractors: Struggling with COVID-19](#)" 20 August 2020.

13 Global Construction Review. "[Can't see beyond three months: Survey shows COVID impact on construction around the world](#)" 20 May 2020.

14 The New York Times. "[China Pledged to Build a New Hospital in 10 Days. It's Close](#)" 7 February 2020; Global Construction Review "[Millions watch live as two emergency hospitals go up in virus-stricken Wuhan](#)" 29 February 2020.

15 World Economic Forum "[This hospital built from a shipping container could be a COVID-19 game-changer](#)" 30 April 2020.

16 CICA. "[COVID-19 Overview Week 38 Full](#)" 16 September 2020.

17 IMF. [Policy Responses to COVID-19](#).

18 IMF. [Policy Responses to COVID-19](#).

Honduras, the reopening of the sector was sequenced in four phases, starting with roads and airport projects,<sup>19</sup> while in Panama, projects with up to 500 workers were reopened first, subject to safety precautions and limitations on working hours.<sup>20</sup> This variety in responses at national, state and local levels has led to uneven impacts across the sector.<sup>21</sup>

The extent of the economic downturn's impact on existing and planned construction projects, future demand and on the sector at large, therefore remains uncertain.<sup>22</sup> On the one hand, lasting shifts in investment patterns, revenue losses for enterprises, and reduced incomes for households could have adverse effects on various segments of the property market. On the other, prospects are expected to improve as countries gradually lift lockdown measures. Moreover, the sector will recover more rapidly if supported by the unprecedented public relief packages offered, especially if these are followed by public investment programmes.<sup>23</sup>

## Impact on construction enterprises

The impact of the crisis on construction enterprises has been significant, with many facing liquidity problems. Reduced spending and consumption capacity, operating restrictions and fear of contagion have all contributed to this. Liquidity shortages threaten the sustainability of SMEs, especially in developing countries, and many may face bankruptcy if disruptions continue.<sup>24</sup> Enterprises of all sizes are looking at ways to manage the impacts on their projects, businesses and employees. Measures can include general contractual provisions and legal principles excusing liability for non-performance (force majeure), as well as specific contractual provisions that

allow for adjustments in time and financial resources.<sup>25</sup> Some financial institutions are working to support construction enterprises in managing COVID-19 related risks, such as repayment delays, which are particularly relevant for SMEs.<sup>26</sup> In the absence of stimulus or relief packages, these effects may have a long-term impact, as it will take time for construction activity to return to pre-COVID-19 levels in many countries.<sup>27</sup>

## Construction sites affected by supply chain disruptions

The pandemic and its disruption of global supply chains have increasingly affected construction activities, with shortages of raw materials and other inputs, contractors and subcontractors, and workers.<sup>28</sup> Some building material supply chains have suspended production and distribution.<sup>29</sup> Builders have reported delays and increasing costs for imported raw materials (steel, coils, tiles) and off-site construction components (cabinetry, internal fittings), as many factories have been closed for extended periods.<sup>30</sup> Limited transportation and travel bans have slowed project delivery, and equipment manufacturers and equipment rental companies may face problems with equipment left on inoperative sites.<sup>31</sup> Labour shortages have been a problem for the sector since the lockdowns were first imposed in response to the pandemic, as many migrant workers have asked to return home.<sup>32</sup>

Construction investors have been exposed to the impacts of the COVID-19 outbreak as delays in completion dates of construction projects may jeopardize project profitability.<sup>33</sup> Due to these disruptions, many contractors around the world have had to activate specific contractual provisions giving

19 Construir América Central y el Caribe. "Sector construcción retoma actividades en Honduras" 25 May 2020; El Periódico "CICH: Apoya la reapertura de la construcción pero de una forma inteligente y ordenada" 27 May 2020; El Heraldó "Gobierno anuncia reactivación de la construcción en cuatro fases" 19 Mayo 2020.

20 IMF. [Policy Responses to COVID-19](#).

21 The nature and extent of the impacts depend largely on the location of both the respective businesses and underlying projects. Direct impacts have ranged from a slowdown of available goods and labour to suspensions and, in some instances, terminations of parties or entire projects.

22 OECD. [Housing amid COVID-19: Policy responses and challenges](#) 22 July 2020.

23 McKinsey & Co. "How construction can emerge stronger after coronavirus" 8 May 2020; ILO. "The role of public employment programmes and employment guarantee schemes in COVID-19 policy responses" 29 May 2020; IMF. "Public Investment for the Recovery" IMF Blog 5 October 2020.

24 IOE. "Economic advocacy for SMEs to tackle COVID-19 crisis" 15 July 2020.

25 Example from the US: The National Law Review. "COVID-19's Impact on Construction: Is there a remedy? Time extensions, force majeure or more?" 3 April 2020.

26 PWC United States. "COVID-19: What it means for engineering and construction"; OECD. [Coronavirus \(COVID-19\): SME policy responses](#) 15 July 2020.

27 OECD. [Housing amid COVID-19: Policy responses and challenges](#) 22 July 2020.

28 Associated General Contractors of America. "Coronavirus has caused significant construction project delays and cancellations, yet demand for skilled labor is high, New survey finds" 2 September 2020; Engineering News Record. "Survey: Craft workers in short supply despite COVID-19 layoffs, project delays" 2 September 2020.

29 McKinsey & Co. "How construction can emerge stronger after coronavirus" 8 May 2020.

30 Consigli. "COVID-19 March: Impact to construction materials" 24 March 2020. William J. O'Brien, Carlos T. Formoso, Ruben Vrijhoef, Kerry A. London. 2009. *Construction Supply Chain Management Handbook*. London, CRC Press, Taylor and Francis.

31 European International Contractors. "COVID-19 and the global construction business"; CECE. "COVID-19 significantly impacting 60% of the European construction equipment industry" 2 April 2020.

32 Property Guru. "COVID-19 outbreak has taken toll on construction firms" 27 February 2020.

33 Deloitte. "The Impact of COVID-19 on infrastructure projects and assets" 27 May 2020.

entitlements to additional time and financial resources.<sup>34</sup> Guidance to assist with this process exists for many markets including Africa<sup>35</sup> and the United Kingdom.<sup>36</sup> Governments have also granted deadline leniency, for example in renewable energy projects in India,<sup>37</sup> Germany,<sup>38</sup> and the United States.<sup>39</sup> The pandemic's long-term impacts on construction supply chains may include a shift towards greater supplier diversity, use of regional suppliers, and increases in local inventories of critical components or materials, among others.<sup>40</sup>

## The potential of sustainable buildings remains untapped...

The implementation of energy- and environmentally efficient building projects and approaches has been increasing globally as concerns about climate change and energy efficiency are prioritized. According to estimates by the United Nations Environment Programme (UNEP) and the International Energy Agency (IEA), carbon dioxide emissions from the construction sector represent nearly 40 per cent of global energy and process-related emissions, making the sector essential for meeting carbon dioxide emission reduction targets.<sup>41</sup> Evidence shows that efforts to reduce emissions deliver significant economic and social benefits,<sup>42</sup> and are being considered a core element of COVID-19 response stimulus packages.<sup>43</sup> Investing in retrofits to improve the energy- and environmental efficiency of the sector can stimulate the economy and create jobs while positioning the construction sector to lead the wider economy in a just, sustainable transition in the wider economy.

## ..as well as that of Construction 4.0

Despite the potential for digital technologies to contribute to construction activities, digital adoption in the industry has so far been sluggish. Spending on research and development and on information technology solutions accounts for less than 1 per cent each of construction revenues.<sup>44</sup> COVID-19 is, however, inspiring accelerated digitalization of the sector. Building information modelling, a key feature of construction 4.0, has been used more widely during lockdowns because

it allows projects to continue in a digital and virtual environment, even without the enterprises involved meeting in person. Additionally, the existing trend for prefabrication of building components in factories has attracted attention: controlled factory settings are much easier to manage from an OSH perspective, which is a key priority during the pandemic for employers and workers alike. Prefabricated components also require minimal labour to install on site, which can be an important consideration in the context of social distancing requirements.<sup>45</sup>

## Impact on the construction workforce

Before the COVID-19 crisis, 64 per cent of workers in the construction sector were either own account workers or employed in microenterprises with fewer than 10 employees.<sup>46</sup> These operations are the most vulnerable to economic recession; they often lack access to credit, have few assets and are the least likely to benefit from financial stimulus measures without targeted support.<sup>47</sup> Access to social protection, including healthcare and income security, as well as support for implementing OSH measures, are some ways to mitigate the pandemic's negative effects on the construction workforce.<sup>48</sup>

## Prevailing coverage gaps in social protection can exacerbate construction workers' vulnerability

Many countries provide adequate social protection for workers in the construction sector, while in other countries, workers in some parts of the construction sector lack adequate social protection due to high levels of informality, high labour mobility, temporary and casual employment, subcontracting and migrant labour. Where labour and social security legislation is predominantly based on full-time employment, social protection benefits may not cover some categories of construction workers, such as temporary, seasonal

34 Construction Dive. "6 ways the coronavirus outbreak will affect construction" 13 March 2020.

35 Clyde & Co. "COVID-19 Africa: Legal considerations for construction site closures" 27 July 2020.

36 Designing Buildings Wiki UK. "Extension of time EOT in construction contracts" 27 August 2020.

37 India Times. "MNRE extends deadlines for projects under construction, issues blanket extension of five months" 14 August 2020.

38 Pinset Masons. "German electricity agency extends renewable project deadlines" 9 April 2020.

39 National Law Review. "IRS extends deadline for ITC and PTC projects" 28 May 2020.

40 ILO. [The effects of COVID-19 on trade and global supply chains](#) 3 June 2020.

41 UNEP and IEA. [Towards a zero-emission, efficient, and resilient buildings and construction sector. Global Status Report 2017 2017](#); UNEP. [Adopting decarbonization policies in the buildings & construction sector: Costs and Benefits](#) 11 June 2020.

42 UNEP. [Adopting decarbonization policies in the buildings & construction sector: Costs and Benefits](#) 11 June 2020.

43 Euroactiv. "The case for green buildings in the COVID-19 recovery" 26 May 2020.

44 McKinsey & Co. "Imagining construction's digital future" 24 June 2016.

45 World Economic Forum. "Here's how smart construction could transform home-building after COVID-19" 7 August 2020.

46 Own account workers = 38 percent, enterprises with 2-9 employees = 26 per cent. Source: ILO. [ILO Monitor: COVID-19 and the world of work 3rd edition](#) 29 April 2020.

47 ILO. [ILO Monitor: COVID-19 and the world of work 3rd edition](#) 29 April 2020.

48 ILO. [Policy Brief: Answering key questions around informality in micro and small enterprises during the COVID-19 crisis](#) 14 September 2020.

or casual workers. Additionally, minimum thresholds regarding the size of an enterprise, duration of employment, working time or wages, may exclude those workers who do not meet these legislative requirements.<sup>49</sup> In the context of the current pandemic, and given the prevalence of informality in parts of the sector, if additional efforts are not made to extend social protection, construction workers will be vulnerable. Expanding coverage to construction workers is particularly important for helping countries to be better equipped to deal with future crises.<sup>50</sup>

## Occupational safety and health in construction is essential

OSH risk control measures are essential to reduce risks generated by construction activities.<sup>51</sup> As well as adequate OSH risk control measures, this means providing appropriate welfare facilities, clean changing areas, rest areas and toilet facilities. Construction executives and officials who visit international or offshore operations may be at higher risk of exposure to the virus during travel and bringing the infection onto construction sites. Similarly, quarantine and travel bans may affect those needing to travel to and from construction sites.<sup>52</sup> Workers on remote construction sites may face health hazards while commuting, due to overcrowding on transport and the absence of risk control measures. In addition to physical wellness, there are concerns about mental health following reports of increased anxiety among workers.<sup>53</sup>

As SMEs and contractors have been particularly affected by the COVID-19 outbreak, prevention and control measures are particularly important to allow them to resume economic activity safely and in a manner that sustains the overall progress made in suppressing transmission.<sup>54</sup> COVID-19 related risk control includes day-to-day measures, such as enforcing social distancing, wearing masks, additional hand washing, temperature checking for workers and visitors, and information, instruction and training for workers, as

well as reduction of the on-site workforce through shift rotation, containment and contact tracing procedures for workers with suspected COVID-19 symptoms, and additional provisions for workers in highly concentrated workspaces, among others.<sup>55</sup> While teleworking is generally advised where possible, few construction jobs can be performed remotely.

## Construction workers in the informal economy are particularly affected

Informality is prevalent in parts of the construction industry.<sup>56</sup> Informal enterprises generally lack the capacity to provide safe working conditions. They create unfair competition with formal construction enterprises, and weaken the long-term financial sustainability of national social security and tax systems by remaining outside the tax base. Informal enterprises generally have low levels of productivity, low rates of savings and investment, and negligible capital accumulation. This makes them vulnerable to crises and shocks. Informal workers in the construction sector typically have low income and limited resources to withstand economic shocks. In order to survive, many informal economy workers have therefore had to keep working, putting themselves and their families at risk of contracting COVID-19. Additionally, informal workers do not have access to sick leave or information and resources related to protecting themselves from the virus. Finally, informal workers often cannot access social protection; they are not covered by policies that support enterprises or those targeting the poor.<sup>57</sup> The need to promote the transition from the informal to the formal economy in the construction sector is therefore urgent.

49 ILO. [Extending social protection to construction workers](#); ILO. [Extending Social Security Coverage to Workers in the Informal Economy: Lessons from International Experience](#), Geneva 2019.

50 ILO. 2020. "Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations", Social Protection Spotlight.

51 ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Issue paper for discussion at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

52 PWC Belgium. "Coronavirus – Impact on companies with an international workforce" 13 March 2020.

53 BWI. "Fighting for the living on COVID-19" 8 June 2020; Trades Union Congress. "Preparing for work outside the home: A trade union approach" 27 April 2020.

54 ILO. [Prevention and mitigation of COVID-19 at work for small and medium-sized enterprises ACTION CHECKLIST](#) 21 August 2020.

55 ILO. [Prevention and mitigation of COVID-19 at work ACTION CHECKLIST](#) 16 April 2020; ILO. [In the face of a pandemic: Ensuring safety and health at work](#) Report for World Day for Safety and Health at Work 2020. 28 April 2020; ILO. [Safe return to work: Guide for employers on COVID-19 prevention](#) 7 May 2020.

56 ILO. [COVID-19 action checklist for the construction industry](#) ILO. 20 December 2020. ILO. [Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects](#). Issue paper for discussion at the Global Dialogue Forum on Good Practices and Challenges Promoting Decent Work in Construction and Infrastructure Projects 19–20 November 2015.

57 ILO. [Policy Brief: Answering key questions around informality in micro and small enterprises during the COVID-19 crisis](#) 14 September 2020; ILO. [Policy Brief: COVID-19 crisis and the informal economy: Immediate responses and policy challenges](#) 5 May 2020.

## Migrant construction workers are among the most vulnerable

Migrant workers are facing significant uncertainty and economic hardship as a result of the pandemic.<sup>58</sup> Their living conditions, in which social distancing may not be feasible, have given cause for concern about the spread of the virus.<sup>59</sup> Restrictions on international travel have had a direct impact on workers' mobility, leading to difficult situations, such as recruitment delays, uncertain or irregular legal status in destination countries, and being prevented from returning to countries of origin. Furthermore, migrant workers are usually excluded from national response measures, such as wage subsidies, unemployment benefits or social security and social protection measures. Constantly changing travel and health requirements makes it difficult for recruitment agencies to protect workers during travel and after their arrival in destination countries, putting workers in vulnerable and sometimes dangerous situations. Migrants who have lost their jobs may be forced to return to countries already facing high unemployment and poverty,<sup>60</sup> while others stranded in destination countries may be at risk of exploitation and human rights abuses.<sup>61</sup> Loss of income is also resulting in a severe reduction in remittances sent home by migrant workers overall.<sup>62</sup> Finally, the crisis can ignite or exacerbate grievances, discrimination, mistrust and a sense of injustice over access to health services, decent jobs and livelihoods, which are all drivers of potential conflict.<sup>63</sup>



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A Construction worker.

58 ILO. [Protecting migrant workers during the COVID-19 pandemic: Recommendations for policy makers and constituents](#) 30 April 2020.

59 ILO. [Protecting migrant workers during the COVID-19 pandemic: Recommendations for policy makers and constituents](#) 30 April 2020.

60 ILO. ["ILO warns of COVID-19 migrant 'crisis within a crisis'"](#) 24 June 2020.

61 ILO. [Ensuring fair recruitment during the COVID-19 Pandemic](#) 23 June 2020.

62 ILO. [Protecting migrant workers during the COVID-19 pandemic: Recommendations for policy makers and constituents](#) 30 April 2020.

63 ILO. [Protecting the rights at work of refugees and other forcibly displaced persons during the COVID-19 pandemic: Recommendations for policy makers and constituents](#) 19 June 2020.

## ► 2. Responses by constituents and partners

Governments, employers' and workers' organizations, and other sectoral stakeholders have stepped up their efforts to address and mitigate both the short- and long-term challenges of COVID-19 and the consequent economic and social crises. Measures to support construction enterprises, jobs and incomes, and to implement guidance on the protection of workers' safety and health, are being pursued to reactivate the sector and harness its potential for kick-starting economies.<sup>64</sup>

### Stimulating the economy and employment

The construction sector is unique in that governments can stimulate demand and job creation directly through public infrastructure investment. Additionally, the diverse nature of the work allows the sector to absorb workers from other sectors and projects can target areas where support is most needed.

In May, Building and Wood Worker's International (BWI), the global union federation representing workers in the building, building materials, wood, forestry and allied sectors, launched its [COVID-19 Solidarity Initiative](#), which aims to provide support for organizers and educators, capacity-building measures, communication campaigns, support for migrant workers, emergency medical assistance, humanitarian aid, and "sustain the unions" solidarity activities. In May 2020, BWI adopted the [BWI COVID-19 Declaration](#), which calls for the universal recognition and respect for fundamental rights to freedom of association and the right to organize freely, OSH, as well as the inclusion of workers and their representatives in workplace risk assessments.<sup>1</sup>

On 5 May 2020, the European Construction Industry Federation (FIEC) issued a [joint press release](#) with the European Federation of Building and Woodworkers (EFBWW), calling for the negotiation of practical solutions for the continuation or restarting of construction activities, in line with national OSH measures, emphasizing that workers' health and safety should be the highest priority.

On 11 May, FIEC along with the European Builders Confederation and Construction Products Europe, wrote a [joint letter](#) to European Commissioner Thierry Breton highlighting the multiplier effect of investing in construction. The appeal states that in addition to the financial multiplier effect, investment in the sector would produce environmental, economic and social spill overs through job creation, local economic recovery and contributions to the European Green Deal growth strategy.

The Inter-American Development Bank (IADB) and the Federación Interamericana de la Industria de la Construcción (FIIC) released a [joint guidance document](#) on the reactivation of the sector in Latin America and the Caribbean in April 2020. This focuses on three aspects: a safe return to work; a viable return to activity for enterprises; and a long-term outlook.

In July 2020, the ILO Regional Office for Latin America and the Caribbean and the Federación Interamericana de la Industria de la Construcción (FIIC) signed a [Memorandum of Understanding](#) with the objective of promoting and developing joint projects and activities to foster decent work in construction and infrastructure development in Latin America. Some of the priority areas include OSH, formalization, strengthening employers' organizations, gender equality, capacity building and social dialogue.

1 BWI. "BWI Workers' Voices Webinar Series 2: Unions make work safer" 16 September 2020. Full list of OSH demands from the Declaration is available on the [event programme](#).

In some countries, timely, large-scale and coordinated policy efforts have been designed and implemented to mitigate the impact of COVID-19 on the construction sector. The following sections summarize some national policy responses in the construction sector, organized along the lines of the four pillars of the ILO framework for responding to the COVID-19 pandemic. Construction has significant forward and backward economic linkages, meaning that local businesses can benefit by supplying raw materials, transportation, accommodation, food, and other goods and services.<sup>65</sup> Stimulus measures targeted at the construction sector have been taken in countries including Bolivia,<sup>66</sup> Hungary,<sup>67</sup> and Sri Lanka.<sup>68</sup> Many lending facilities, preferential borrowing term adjustments, guarantees and lowered or fixed interest rate policies are designed to be accessed by any micro-, small or medium sized enterprises (MSMEs) in need, including those in the construction sector.

Given the close relationship between construction – particularly infrastructure – and public procurement, the sector is well positioned drive economic recovery. To kick start their economies, many countries (Antigua and Barbuda, Dominica, Hungary, Nepal, Peru and many others)<sup>69</sup> have invested in public infrastructure projects and provided financial incentives for private construction. In Australia, the national treasury announced the [HomeBuilder programme](#) which provides eligible owner-occupiers (as well as first home buyers) with a grant of 25,000 Australian dollars to substantially renovate an existing home or build a new one. The European Union's economic recovery plan and financial framework for 2021–2027 includes a call for swift implementation of investment projects, particularly in infrastructure. The Connecting Europe Facility will invest in updated and high-performance infrastructure in the transport, energy and digital sectors.<sup>70</sup> Moreover, investment in health infrastructure has been prioritized in places where the existing health infrastructure has struggled to meet the challenge of the crisis such as Barbados, Chad, Samoa, and Togo.<sup>71</sup> In India, as part of the Pradhan Mantri Gareeb

Kalyan Yojana package in response to the pandemic, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been allocated additional budget worth to increase MGNREGA wages.<sup>72</sup> MGNREGA is a public employment programme enacted in law in 2005, and may be instrumental in ensuring paid employment in the context of the crisis, especially for affected groups, such as women<sup>73</sup> and to migrant workers returning to rural areas. MGNREGA can contribute to build the infrastructure towards more resilient livelihoods in rural India, as there is great emphasis on infrastructure to help cope with drought.<sup>74</sup>

The sustainable reactivation of the sector can be encouraged by tying financial incentives for construction to retrofits to improve the sector's energy and environmental efficiency.<sup>75</sup> In France, €7.5 billion has been allocated to the construction sector within the framework of transitioning the country to a greener and low carbon energy economy.<sup>76</sup> On 16 September 2020, the European Commission referred to the construction sector's key role in the context of climate change.<sup>77</sup> In October 2020, the Commission adopted and published a strategic communication and action plan for the highly anticipated "Renovation Wave" initiative to pave the way for a decarbonized and energy efficient sector.<sup>78</sup> There is additional interest in the potential of sustainable building retrofits to serve as opportunities for adapting infrastructure to limit the transmission of the virus.<sup>79</sup>

## Supporting construction enterprises, jobs and incomes

Many countries have implemented policies to support enterprises, jobs and incomes, including in the construction sector, through the suspension or subsidization of taxes, fees and social security contributions. In some countries, governments are providing support to enterprises to retain employees through employment retention schemes and temporary

65 ILO. "The construction sector can help lead the economic recovery – Here's how" 11 May 2020.

66 Government of Bolivia. "Bolivia Segura Covid-19 - reactivación económica: crédito FOGAVISS para el acceso a la vivienda social y solidaria" 11 January 2021.

67 Economic Forum. "Hungary – Economy protection Action Plan" 26 May 2020.

68 Central Bank of Sri Lanka. "COVID-19 Relief Loan Schemes – Liquidity Facility to Contractors and Suppliers of the Government."

69 IMF. "Policy Responses to COVID-19" 11 September 2020.

70 European Council. "Special Meeting of the European Council (17, 18, 19, 20 and 21 July 2020) – Conclusions" 21 July 2020.

71 IMF. "Policy Responses to COVID-19" 11 September 2020.

72 ILO. "Country policy responses (COVID-19 and the world of work)" 16 December 2020. India Ministry of Minister of State for Finance & Corporate Affairs "Pradhan Mantri Garib Kalyan Package" 26 March 2020. Business Standard "FM allocates Rs 40,000 crore more for MGNREGA to support migrants" 18 May 2020.

73 ILO. "MGNREGA, paid work and women's empowerment" EMPLOYMENT working paper No. 230, December 2017. ECLAC, ILO & UN Geneva. "Building back better: Equality at the centre". Joint Op-Ed 16 July 2020.

74 ILO. "COVID-19: Job creation through employment-intensive public works programmes". 5 May 2020; ILO. "COVID-19: The role of public employment programmes and employment guarantee schemes in COVID-19 policy responses" 29 May 2020. Gentilini U., Almenfi, M., Dale, P., Blomquist, J., Natarajan, H., Galicia, G., Palacios, R. & Desai, V. "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures". World Bank 2020

75 ILO. "The construction sector can help lead the economic recovery – Here's how" 11 May 2020

76 BWI. "France: Construction sector benefits from government stimulus plan" 15 September 2020.

77 European Commission. "State of the Union Address by President von der Leyen at the European Parliamentary Plenary" 16 September 2020.

78 European Commission. "Renovation Wave."

79 Eco-Business. "Standing tall: How green buildings are adapting to the post-Covid era" 15 June 2020.

wage subsidies that can take many forms and have been widely applied to retain employment.<sup>80</sup> In France and Germany, short-time work or partial unemployment benefits (*chômage partiel*; *Kurzarbeit*) play a key role in preventing unemployment, including in the construction sector.<sup>81</sup>

Income support measures include wage subsidies, short-time work schemes and measures targeting the self-employed, such as the European Union's [SURE programme](#). Unemployment benefits have also been extended to self-employed, temporary, and informal workers in countries such as Colombia, Georgia, Panama and South Africa, at least on a temporary basis.<sup>82</sup> While these kinds of measures are not usually specific to construction, the prevalence of informality in parts of the sector means that these policies will have an impact on construction industries and workers, especially in countries with high levels of informality and a large construction workforce.

Some social protection measures specifically target informal economy and migrant workers in the construction sector; others are not limited specifically to the sector.<sup>83</sup> A cash transfer programme for construction workers has been implemented in India. Every construction worker aged between 18 and 60 who has been working in construction for at least 90 days in the past year, is eligible to receive a one-time cash benefit. By May 2020, 32 million registered construction workers had benefitted from the scheme.<sup>84</sup> Pakistan has provided cash transfers to daily wage workers and more than 12 million low-income families.<sup>85</sup> In Togo, the mobile cash transfer programme NOVISSI was set up to support informal workers and has over one million people registered.<sup>86</sup>

## Protecting workers on construction sites

The extension of paid sick leave and improved sickness benefits is a key feature of pandemic policy responses worldwide.<sup>87</sup> The Russian Federation provided quarantined people with sickness benefits and paid sick leave equal to at least the minimum wage until the end of 2020.<sup>88</sup> Other countries, such as Luxembourg, Norway and the United Kingdom supported access to paid sick leave, sickness benefits and additional services such as childcare.<sup>89</sup>

Even before the pandemic, weak risk management and poor safety and health outcomes had been a challenge in parts of the construction sector. Prioritizing OSH in design and planning processes and ensuring implementation, including through joint worker-management OSH committees, are essential to protect construction workers.<sup>90</sup> In case of imminent and serious danger to their safety or health, workers may remove themselves from danger and immediately inform their employer, so that remedial action can be taken.

Governments and employers' and workers' organizations have developed specific COVID-19 safety and health advice to promote OSH in construction. BWI's COVID-19 Declaration calls for specific COVID-19 safety and health actions in construction.<sup>91</sup> The European Agency for Safety and Health at Work has developed general guidance for going back to the workplace, and OSH guidelines have been created for construction at the national level in many European countries.<sup>92</sup> National pandemic OSH protocols for the construction sector have also been developed in Argentina, Barbados, Canada, the United Kingdom and many others.<sup>93</sup> The [Safe Work Australia](#) website is an online hub for OSH guidance and tools that workplaces can use to manage COVID-19 risks.

80 ILO. [Temporary Wage Subsidies – Fact Sheet](#) 22 May 2020; ILO. 2020. “Unemployment Protection in the COVID-19 Crisis: Country Responses and Policy Consideration”, Social Protection Spotlight.

81 ILO. 2020. “Unemployment Protection in the COVID-19 Crisis: Country Responses and Policy Consideration”, Social Protection Spotlight.

82 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

83 ILO. 2020. “Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations”, Social Protection Spotlight; ILO 2020. “Social Protection Responses to the COVID-19 Pandemic in Developing Countries: Strengthening Resilience by Building Universal Social Protection”, Social Protection Spotlight.

84 ILO. [Temporary Wage Subsidies – Fact Sheet](#) 22 May 2020.

85 Government of Pakistan. [Ehsaas Emergency Cash](#).

86 Government of Togo. [NOVISSI programme](#).

87 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020; ILO. 2020. “Sickness Benefits during Sick Leave and Quarantine: Country Responses and Policy Considerations in the Context of COVID-19”, Social Protection Spotlight.

88 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

89 IMF. [Policy Responses to COVID-19](#) 11 September 2020.

90 ILO. “[Global Dialogue Forum on Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects – Final report of the discussion](#)” 7 March 2016.

91 BWI. [BWI launches COVID-19 declaration and general secretary report](#).

92 EU OSHA. [COVID-19: Back to the workplace – Adapting workplaces and protecting workers OSH Wiki](#).

93 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

Testing and contact tracing are important for maintaining a safe worksite. In Singapore, the gradual resumption of construction activity began in June 2020, and the Government paid to test all workers in the sector by August. Workers were only allowed to return to site following a negative COVID-19 test, following which they were required to be tested every two weeks. Additionally, workers were required to download a contact tracing mobile application, and employers were required to establish a system to track the daily health status of workers and manage their social interactions on rest days.<sup>94</sup>

tracing and containment.<sup>98</sup> It is essential to ensure that social protection measures cover migrant workers.<sup>99</sup>

As economies recover from COVID-19, some governments, such as those of India, the Republic of Korea and Saudi Arabia, have strengthened their e-recruitment systems. These systems serve as models for promoting fair recruitment for migrant workers in the post COVID-19 context.<sup>100</sup>

#### International Safety and Health Construction Coordinators Organization Recommendations for pandemic prevention at construction sites<sup>1</sup>

Particular risk features of the construction industry are:

- many companies working on a single site;
- workers frequently changing working location;
- very frequent travel from residence to workplace (including border crossing);
- temporary, often provisional social rooms and infrastructure; and
- difficulty maintaining hygiene or distancing rules.

Recommendations for responding to the main risks are:

- identifying employees who have been infected or who are coming from risk zones, and limiting their presence at the site;
- providing WASH facilities (water, soap, paper towels, etc.); and
- allocating staff rooms large enough to allow for the recommended distance between people, especially at non-working times and meal times

1 ISHCCO. "Pandemic prevention – COVID-19 risk of infection specific aspects for SHCC at Construction Works" 13 April 2020.

## Ensuring migrant workers are not disadvantaged

In the construction sector, migrant workers face additional safety and health risks as they are commonly housed in large worker dormitories, where social distancing and isolation are difficult, if not impossible. Outbreaks linked to worker dormitories have occurred in Malaysia,<sup>95</sup> Singapore, and Thailand.<sup>96</sup> The Thai Ministry of Public Health worked to reduce infection rates in migrant workers' housing, with an initial focus on the construction sector.<sup>97</sup> In Singapore, the rostered routine testing regime required all foreign workers to have a swab test every 14 days and has been credited with catching asymptomatic cases and allowing for contact

## Relying on social dialogue for solutions

Social dialogue in the construction sector has focused on developing OSH protocols for the return to work. In Chile<sup>101</sup> and Grenada<sup>102</sup>, tripartite consultations were undertaken to develop guidelines and requirements for contractors and construction companies. In Argentina, the Unión Obrera de la Construcción and the Cámara de la Construcción reached a bipartite agreement to adopt a protocol of practical recommendations for the construction industry. The protocol contained guidelines for the resumption of construction activity and the preservation of worker safety and health.<sup>103</sup>

94 CICA. [COVID-19 Overview Week 38 Full](#) 16 September 2020.

95 ILO. [COVID-19: Impact on migrant workers and country responses in Malaysia](#) 8 May 2020.

96 ILO. [COVID-19: Impact on migrant workers and country responses in Thailand](#) 3 July 2020.

97 ILO. [COVID-19: Impact on migrant workers and country responses in Thailand](#) 3 July 2020.

98 CICA. [COVID-19 Overview Week 38 Full](#) 16 September 2020.

99 ILO. 2020. "[Social Protection for Migrant Workers: A Necessary Response to the Covid-19 Crisis](#)", Social Protection Spotlight.

100 ILO. [Ensuring Fair Recruitment during the COVID-19 Pandemic](#) 23 June 2020.

101 Government of Chile. [Plan Paso a Paso: Ministerio del trabajo recibe plan de Trabajo seguro en pandemia del foro trabajadores-empleadores](#) 27 July 2020.

102 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

103 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

In many European countries, construction activities resumed early, and social dialogue has been the key to protecting workers. In April 2020, construction sector social partners in Belgium reached an agreement on the resumption of activity. This included the prioritization of social distancing on site and prevention procedures monitored by the Committee for Prevention and Protection at Work or the trade union delegation. Workers also had the right to decline an employer's request to work if there are COVID-19 cases on site or if they are part of a risk group.<sup>104</sup> Through Uruguay's Consejos de Salarios specific to the construction sector, a bilateral agreement between workers and employers provided income support for

all construction workers affected by work stoppages during lockdown.<sup>105</sup>

In Australia, social dialogue was key to the development of the [JobKeeper](#) wage subsidy. The Government is continuing to work collaboratively on the national JobMaker plan, which includes many different sectoral approaches, such as fast-tracking several major infrastructure projects.<sup>106</sup> In Singapore, the social partners are consulted on all COVID-19 prevention and mitigation measures for businesses and the workplace. The tripartite National Wage Council has been active in developing guidelines for the crisis response.<sup>107</sup>

### ► 3. ILO tools and responses

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Together, the Decent Work Agenda, the [Centenary Declaration for the Future of Work](#) and other ILO instruments and tools are intended to provide a useful framework for human-centred responses to the pandemic, as well as for longer-term measures for the sustainable transformation of the construction sector.<sup>108</sup> Furthermore, international labour standards provide a tried and trusted foundation for any human-centred recovery.

Construction workers are covered by the ILO's fundamental principles and rights at work. Member States of the ILO have the duty to ensure that the fundamental principles and rights at work, and ratified international labour Conventions, are applied to all workers, including construction workers. In addition, the following Conventions and tools apply to the construction sector:<sup>109</sup>

OSH standards on construction are the [Safety and Health in Construction Convention, 1988 \(No. 167\)](#) and its accompanying [Recommendation \(No. 175\)](#).<sup>110</sup>

The [ILO Code of Practice on Safety and Health in Construction](#) provides practical guidelines for public

authorities, employers, workers, enterprises, and specialized occupational safety and health protection bodies. The [Labour Clauses \(Public Contracts\) Convention, 1949 \(No. 94\)](#) promotes decent work in public contracts in the construction sector and requires countries to ensure that government contracts for services and construction include clauses guaranteeing workers' wages, working hours and other labour conditions.

Guidance to strengthen access to social protection for construction workers, including essential health care and basic income security, is set out in the [Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\)](#) and the [Social Protection Floors Recommendation, 2012 \(No. 202\)](#). The [Transition from the Informal to the Formal Economy Recommendation, 2013 \(No. 204\)](#) is a useful tool in light of the sector's prevalent informality.

The [ILO's Guidelines for a just transition towards environmentally sustainable economies and societies for all](#) contain useful guidance on promoting a green recovery from the pandemic. It is of particular

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104 BWI. "Belgium: Social partners in construction sector conclude agreement during pandemic" 20 April 2020.

105 Government of Uruguay. "Consejos de salarios y negociación colectiva – Industria de la construcción y actividades complementarias" 23 March 2020.

106 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020. ABC News. "Scott Morrison outlines details of Government's JobMaker plan, including fast-tracking infrastructure projects" 14 June 2020.

107 ILO. [Country policy responses \(COVID-19 and the world of work\)](#) 17 September 2020.

108 All ILO resources related to the pandemic are available on its dedicated website on [COVID-19 and the world of work](#). For more information on International Labour Standards and COVID-19, see ILO. [ILO Standards and COVID-19 \(coronavirus\)](#) 29 May 2020.

109 ILO Fundamental Conventions: [Freedom of Association and Protection of the Right to Organise Convention](#), 1948 (No. 87); [Right to Organise and Collective Bargaining Convention](#), 1949 (No. 98); [Forced Labour Convention](#), 1930 (No. 29) and its 2014 Protocol; [The Abolition of Forced Labour Convention](#), 1957 (No. 105); [Minimum Age Convention](#), 1973 (No. 138); [Worst Forms of Child Labour Convention](#), 1999 (No. 182); [Equal Remuneration Convention](#), 1951 (No. 100); [Discrimination \(Employment and Occupation\) Convention](#), 1958 (No. 111).

110 Additional OSH conventions relevant to construction: [Occupational Safety and Health Convention](#), 1981 (No. 155), its accompanying [Recommendation \(No. 164\)](#), and its [Protocol of 2002](#); and the [Promotional Framework for Occupational Safety and Health Convention, 2006 \(No. 187\)](#), and its accompanying [Recommendation \(No. 197\)](#).

relevance to the sustainable reactivation of the construction sector.

The [Employment and Decent Work for Peace and Resilience Recommendation, 2017 \(No. 205\)](#), places employment and decent work at the centre of crisis responses as an effective means to bring people together and increase resilience through improved governance, social dialogue, employment protection and a rights-based approach.

Additional OSH documents and guidance on the safe return of workers to the workplace, relevant for the sector, include a report on ensuring safety and health at work during the pandemic,<sup>111</sup> a guide for employers,<sup>112</sup> as well as briefs<sup>113</sup> and checklists for the prevention and mitigation of COVID-19 in the workplace.<sup>114</sup> As the monitoring of workers' health status is important for identifying COVID-19 cases and contact tracing, the ILO's [Technical and ethical guidelines for workers' health surveillance](#) are also relevant.

ILO's Employment-Intensive Investment Programme (EIIP) links infrastructure development with employment creation, poverty reduction and local economic and social development. By using local

labour and resources, infrastructure development projects create much needed employment and income while increasing the capacity of local institutions. Through its dedicated [COVID-19 response website](#), the EIIP has published many notes and tools, including guidance on the role of public employment programmes and employment guarantee schemes in COVID-19 policy responses,<sup>115</sup> adjusting labour practices in employment intensive works,<sup>116</sup> and job creation through employment intensive public works programmes.<sup>117</sup>

The construction sector will play a key role in reinvigorating the global economy once the crisis is over. "Building back better" in the post-pandemic period could position the construction industry to further contribute to the Sustainable Development Goals and lead to a more energy and environmentally efficient, inclusive and resilient industry that provides decent work for all construction workers.

111 ILO. [In the face of a pandemic: Ensuring safety and health at work](#) Report for World Day for Safety and Health at Work 2020. 28 April 2020.

112 ILO. [Safe return to work: Guide for employers on COVID-19 prevention](#) 7 May 2020.

113 ILO. [A safe and healthy return to work during the COVID-19 pandemic](#) 21 May 2020.

114 ILO. [COVID-19 action checklist for the construction industry](#) ILO. 20 December 2020. [Prevention and mitigation of COVID-19 at work ACTION CHECKLIST](#) 16 April 2020. ILO. [Prevention and mitigation of COVID-19 at work for small and medium-sized enterprises ACTION CHECKLIST AND FOLLOW-UP](#) 21 August 2020.

115 ILO. [The role of public employment programmes and employment guarantee schemes in COVID-19 policy responses](#) 29 May 2020.

116 ILO. [Adjusting labour practices in employment intensive works in response to COVID-19](#) 15 April 2020.

117 ILO. [COVID-19 - Job creation through employment intensive public works programmes](#) 5 May 2020.

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