



# ► COVID-19, jobs and the future of work in the LDCs: A (disheartening) preliminary account

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## Abstract

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While the effects of the outbreak of the COVID-19 pandemic in the most advanced nations are receiving much attention, the Least Developed Countries (LDCs) are at risk of suffering the most severe economic and social damages. Plummeting exports and drops in tourism and remittances, coupled with even a few weeks of lockdown, are profoundly affecting labour markets in LDCs, not least because most people work informally, have little cash reserves, no paid sick leave, no access to teleworking and nothing to fall back on. At the same time, governments have limited fiscal space available to provide relief to individuals and enterprises. This paper provides an overview of the evolution of the health and labour market crises in the LDCs, drawing on a large set of available data and sources. It highlights how the outbreak is affecting jobs and incomes via multiple channels of transmission. It looks at policy responses so far and provides some suggestions for national employment and economic policies, as well as international support to help LDCs on their path to a job-rich recovery and future resilience.

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## Table of contents

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Abstract	01
About the authors	01
Introduction	05
<hr/>	
▶ 1 The tale of two pandemics? The public health effects of COVID-19 and the response in the LDCs	06
A subdued but growing public health impact	06
Timely and adaptable containment measures and “softer” workplace closures	09
<hr/>	
▶ 2 The impact on jobs and incomes	11
Preliminary evidence on employment and income losses	11
Multiple labour market shocks, with compounding effects	12
Domestic channels - Fragile urban and rural informal jobs	13
External channels - Losses of formal jobs	14
<hr/>	
▶ 3 Policy responses and challenges	18
Emergency economic responses so far	18
Current challenges - Return to work and restarting the economy	21
Doing more with less - Stronger employment policies	22
Stepping up international assistance	24
<hr/>	
Looking forward	26
Annex 1	29
References	35
Acknowledgements	41

## List of Figures

---

<b>Figure 1: Cases and deaths per million population</b>	<b>08</b>
<b>Figure 2: Share of workers with general workplace closures (as of 30 July 2020)</b>	<b>10</b>

## List of Tables

---

<b>Table 1: COVID-19 confirmed cases in the LDCs</b>	<b>06</b>
<b>Table 2: Economic and employment responses to COVID-19 in the LDCs</b>	<b>19</b>
<b>Table 3: List of Least Developed Countries (LDCs)</b>	<b>29</b>
<b>Table 4: The impact of COVID-19 on employment and income in the LDCs</b>	<b>30</b>

## Introduction

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*“The first thing when a pandemic hits is to save lives”*

Njuguna Ndung'u, Director of the African Economic Research Consortium (AERC) and former Governor of the Central Bank of Kenya

The global economy is in a state of crisis. Indeed, the outbreak of COVID-19 continues to endanger enterprises and jobs, devastating lives and threatening livelihoods across the world.

As the international community is struggling to address the economic and labour market impacts of the pandemic, it is becoming apparent that the damage will not be equally shared across nations. The consequences are likely to be more pronounced in countries at lower stages of economic development, this is especially the case when considering the least developed countries (LDCs) of the world.<sup>1</sup>

While LDCs represent approximately 13 per cent of the global population, with a median age of 20.3 years, they account for disproportionately less in terms of GDP (around 1.3 per cent).<sup>2</sup> These countries face a plethora of structural challenges and inequalities, ranging from hosting 40 per cent of the world's impoverished to battling critical environmental issues, as well as in some cases coping with fragility and conflict. In addition, less than 20 per cent of the population in LDCs have access to the internet.<sup>3</sup> With the weight of pre-existing factors limiting the ability of these countries to graduate from the LDC category, it is hardly surprising that the effects of the health and economic crises will be exceptionally acute.

So far, the public health impact of COVID-19 in the LDCs seems to have been restrained relative to the ravages experienced in more advanced economies. However, the numbers of cases and fatalities have been growing steadily and might go partly undetected. Aside from the direct and indirect effects on public health, the economic and employment consequences are of great concern. Largely informal urban and rural labour markets are severely affected by the containment measures adopted by LDC governments and the efforts at social distancing. Most LDCs, moreover, are largely reliant on tourism, export of light manufacturing, remittances from workers abroad or oil and agricultural commodity exports as their primary means of growth. Even without a single case of COVID-19, temporary disruptions in global supply chains and the fall in global demand are deeply affecting millions of workers in agriculture, manufacturing and services, with potentially very severe long-term scarring effects.

The remainder of the paper will go as follows. Section 1 offers a concise overview of the evolution of the health crisis and responses from LDCs. Section 2 highlights how the outbreak is affecting jobs and incomes, focusing on key channels of transmission. Section 3 addresses policy challenges and recommendations, while also offering a few reflections on prospects for jobs in the near and medium term. Any discussion of the economic and labour market impact of COVID-19 is bound to suffer from two main limitations. First, the crisis is unfolding rapidly, and relevant data are mostly available with a lag. This limitation is especially acute for the LDCs, as there exists sizable gaps in health, economic and labour market data. Fragmented, but as credible as possible, information is used in the study. Second, there remains considerable uncertainty about the future course of the virus. The LDCs themselves are a highly heterogeneous group, with large differences in resources, economic and governance structures, as well as geography, which account for idiosyncratic paths as the crisis unfolds.

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<sup>1</sup> In accordance with the United Nations' classifications, LDCs is a list of developing countries that exhibit the lowest indicators of socio-economic development in the world, which is determined by meeting three criteria pertaining to poverty, human resource weakness and economic vulnerability. As of December 2020, 46 countries compose the LDCs category, see table 3 in Annex 1.

<sup>2</sup> These statistics are based on UN population projections and World Bank national accounts data.

<sup>3</sup> ITU (2017).

## ► 1 The tale of two pandemics? The public health effects of COVID-19 and the response in the LDCs

### A subdued but growing public health impact

Cases of COVID-19 in the LDCs were recorded later than in more advanced regions and have remained relatively subdued, but they continue to increase steadily. As of December 3<sup>rd</sup> 2020, the LDCs came to account for a total of 1,193,709 confirmed cases, embodying 1.9 per cent of the global aggregate (table 1).

Close to 40 per cent of those cases, moreover, were accounted in one country alone – Bangladesh, with Nepal, Ethiopia, Myanmar, and Afghanistan together composing an additional 41 per cent. These figures are likely to be far less than the reality as a consequence of limited testing capacities. Although they increased their testing capacity by 19 times since early May, as of September 30<sup>th</sup>, LDCs altogether still accounted for 6,811 reported tests per million population. This is in contrast to 63,655 and 224,197 reported tests per million population in other developing countries and the developed world, respectively.<sup>4</sup>

► **Table 1: COVID-19 confirmed cases in the LDCs**

	25 March	3 April	3 May	3 June	3 July	3 August	3 September	3 October	3 November	3 December
Total number of cases	659	1,751	21,380	113,148	282,956	428,275	602,730	756,740	981,493	1,193,709
% of cases world-wide	0.1	0.2	0.6	1.8	2.6	2.4	2.3	2.2	2.1	1.9

Source: WHO Coronavirus Disease (COVID-19) Dashboard

The recorded number of COVID-19 related deaths – the most commonly used indicator of the public health impact of the pandemic – also seems to suggest that LDCs are relatively unscathed by the pandemic, as they accounted for 1.3 per cent of the global total as of December 3<sup>rd</sup> (19,654 vs. 1,488,126).<sup>5</sup>

Lack of testing is an obstacle to attribution of deaths, but there are other reasons for the lower death toll related to COVID-19 in the LDCs and in developing countries in general. The virus is more deadly among older people, and among them for those with co-morbidities, such as cardiovascular diseases, which are more prevalent in rich countries. A comprehensive quantitative review of the main factors contributing to the number of “COVID-19 deaths per million” found that, as of June 2020, the difference between advanced and developing economies could be mainly explained by two factors: the age of the population and the obesity rate (with little evidence supporting that the transmission of the virus was slower in warmer climates, see Goldberg and Reed, 2020). These conclusions would clearly apply to the LDCs, where a very small share of the population is over 60 years old and obesity rates are much lower compared to the richest economies.<sup>6</sup>

<sup>4</sup> Source: [COVID-19 testing in LDCs – status report of 30 Sep 2020](#).

<sup>5</sup> Since historical series are not available for the majority of the LDCs, there are no data on the number of excess deaths, which could be a way to deal with undercounting.

<sup>6</sup> The share of the population aged 60 or more ranges from 4 to 5 per cent of the total population in Ethiopia, Niger, Malawi, Rwanda, Senegal and Tanzania to over 24 per cent in France, Italy and Spain. Obesity rates average 9 per cent in low-income countries against 24 per cent in high-income countries (see Goldberg and Reed, 2020).

Those results brought the authors to suggest that the health effects of the pandemic in developing countries might not be as severe when compared to experiences in high-income economies. Notwithstanding their weak health systems, poorer nations could, therefore, be able to handle the pandemic with softer containment measures, thereby presenting less harm to the economy. In other words, the poorest nations of the world might be spared the worst (Pilling, 2020). This cautiously optimistic interpretation of the low COVID-19 death toll in lower-income economies - dubbed by some as the tale of two pandemics - has three main caveats.

First, as mentioned above, there is overall uncertainty about testing capacities and the quality of data. Simulations run by Schellekens and Sourrouille (2020) shed some doubts on the fact that low-income countries with large populations have remarkably few fatalities only because of their demographic structures.

Second, the indirect health impact can be quite significant. The pandemic is creating barriers for patients accessing essential care through restrictions on movement, lack of service provision, stigma and avoidance of care due to concerns over contracting the virus, delays in immunization campaigns and overall lower access to care because of impoverishment from loss of jobs and livelihoods. The short and long-term negative effects in developing countries are likely to be substantial, for instance, if they lead to fewer vaccinations among children or higher child and maternal mortality due to the disruption of health care services.<sup>7</sup>

Third, the pandemic might still have to run its full course in the developing economies of South Asia and Africa which were reached later.

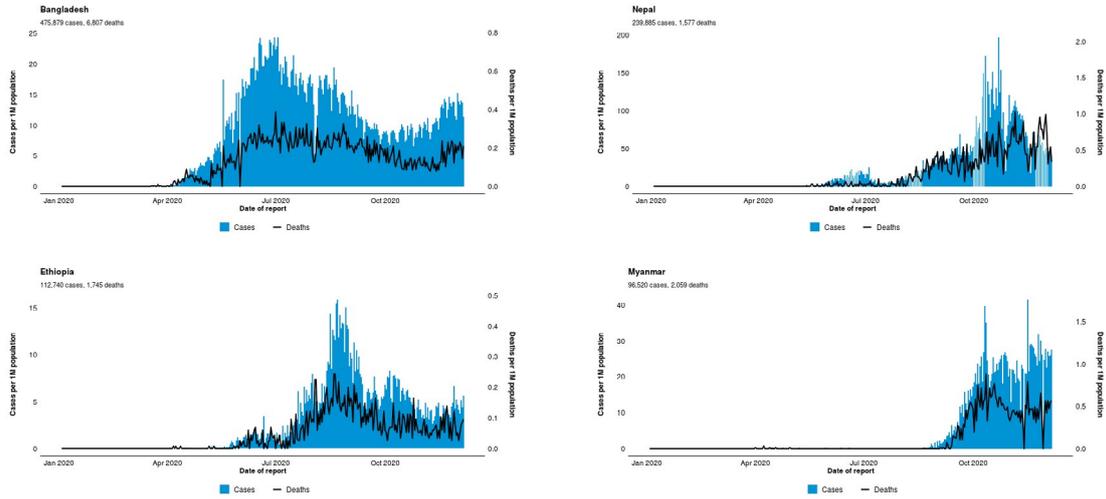
At first, most of the LDCs were shielded from the worst of the pandemic by their poor connectivity - less air links - and their largely rural, young and outdoor living populations. Several LDCs were also able to deploy pre-existing strategies and technologies that were used to counteract other infectious diseases, such as epidemic surveillance during the Sierra Leone Ebola outbreak, or rabies surveillance in Tanzania. Those factors helped flatten the COVID-19 contagion curve from the onset. However, more recently, the numbers of infections have increased and rates from the first wave remain high or continue to climb, especially in the LDCs in Asia (see figure 1, panel A). The pandemic has, in contrast, reached later stages in more developed countries, many of which have been exposed to multiple waves (figure 1, panel B).

Therefore, based on available data and lessons learnt from high-income countries, most of the lowest-income countries may still be at the beginning of their contagion curve and it is likely that further challenges remain ahead to flatten it. This future course of the pandemic, even when not considering possible second and third waves, is important for policy design to contain countries' economic and employment consequences, as discussed next.

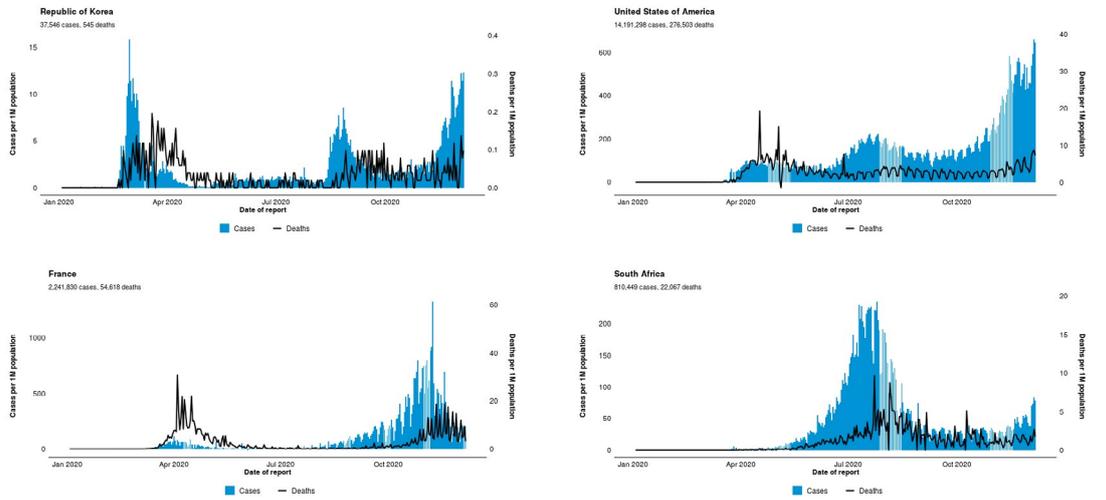
<sup>7</sup> According to the Financial Times, for instance, measles immunisation campaigns have been suspended in 27 African countries (FT, 2020). A comprehensive, *open access* inventory of accounts of indirect health effects of COVID-19 is made available by the Centre for Global Governance at: [https://docs.google.com/spreadsheets/d/1\\_MBh3FmuSZK-9UQsrBYaYtIHdCqnez9oqj8t216LkbE/edit#gid=484814669](https://docs.google.com/spreadsheets/d/1_MBh3FmuSZK-9UQsrBYaYtIHdCqnez9oqj8t216LkbE/edit#gid=484814669).

► **Figure 1: Cases and deaths per million population**

**Panel A: Least developed countries**



**Panel B: Advanced and emerging countries**



Source: WHO Coronavirus Disease (COVID-19) Dashboard<sup>8</sup>

<sup>8</sup> Panel A shows the evolution of COVID-19 infections (blue series) and deaths (black series) per million population in Bangladesh, Nepal, Ethiopia, and Myanmar, while Panel B displays those statistics in the Republic of Korea, U.S., France, and South Africa. It should also be noted that the Y-axes presented in Panel A and Panel B differ in accordance with series magnitude in the respective countries.

## Timely and adaptable containment measures and “softer” workplace closures

Despite limited resources, several poor economies were able to mount a successful health response by means of acting fast, learning from other countries, as well as from their experience with previous diseases. Uganda, for example, took its first action on January 20th, two months before its first confirmed case. Common early non-pharmaceutical interventions included closing airports, monitoring hubs and entry points for the infection, sealing off the capital to avoid spreading to rural areas, banning mass gatherings, and school and workplace closures.

Most LDCs introduced early lockdowns and mobility restrictions similar to those in advanced economies in order to contain the spread of the virus, in some cases with heavy-handed enforcement by the police and security forces. A few adopted lighter approaches, relying more on public campaigns and community networks for messages about wearing facemasks, hand-washing and social distancing, for various reasons, including concerns pertaining to inadequate social protection coverage or political opposition to complete or near-complete lockdowns (e.g. Benin, Burundi, Niger and Tanzania).<sup>9</sup> Many of those who had stricter measures, however, soon chose to amend and ease them recognising the grave economic damage caused for businesses, workers and poorer people.

Overall, during the period from early April to mid-May more than 30 LDCs had in place severe or very severe measures according to the Oxford Stringency index. This included 15 countries with required workplace closures for all except essential sectors and 17 with closures required for some sectors. The reversal from such extreme situations took place rapidly, possibly in response to the dire short-term consequences on employment and the economy at large. As of June 30<sup>th</sup>, only 3 LDCs had in place required workplace closures for all but key workers (i.e. Afghanistan, Eritrea and Sudan), while 19 had required closures for some sectors.<sup>10</sup> By July 30<sup>th</sup>, however, strict required closures were reintroduced in Bangladesh and Nepal.

ILO has put together estimates on the share of workers in countries with general workplace closures as a means to give some order of magnitude about the potential employment and labour market impact. As of June 15<sup>th</sup>, the vast majority of the world’s workers (93 per cent) resided in countries with some sort of workplace closure measure in place, with almost a third of the world’s workers in countries with required workplace closures for all but essential workplaces.<sup>11</sup> The timeline of the pandemic, the speed of the spread of the virus, the timing of government responses, and the type and duration of measures taken to contain the pandemic differed significantly across regions.

In the LDCs, as of July 30<sup>th</sup>, over 80 per cent of all workers resided in countries with some kind of workplace closures, which compares with a similar percentage in high-income economies, while just over 20 per cent were in countries with required workplace closures for all but essential workers. The latter was mainly due to the recent tightening in South Asia. LDCs in Africa and Pacific Islands had relatively milder regimes, as complete workplace closures had been uplifted since early May. Still, 50 per cent and 60 per cent of workers in the two sub-regions, respectively, resided in countries where workplaces were required to remain closed in some selected sectors, hampering many businesses from fully resuming their previous methods of operation.

Another important difference relates to the level of compliance with lockdown orders. There is some evidence that it decreased with the level of income and structure of the labour market. Based on GPS data, individual mobility in low-income countries was 30 per cent lower in April 2020 than in January 2020, while the equivalent figure was between 50 per cent and 60 per cent for middle and high-income countries. At a

<sup>9</sup> See INET (2020). In Malawi, a government’s planned lockdown was suspended by the high court, following a challenge by a civil society group that measures needed to be taken to prevent hunger when large food markets were closed (FT, 2020).

<sup>10</sup> UNDESA (2020b).

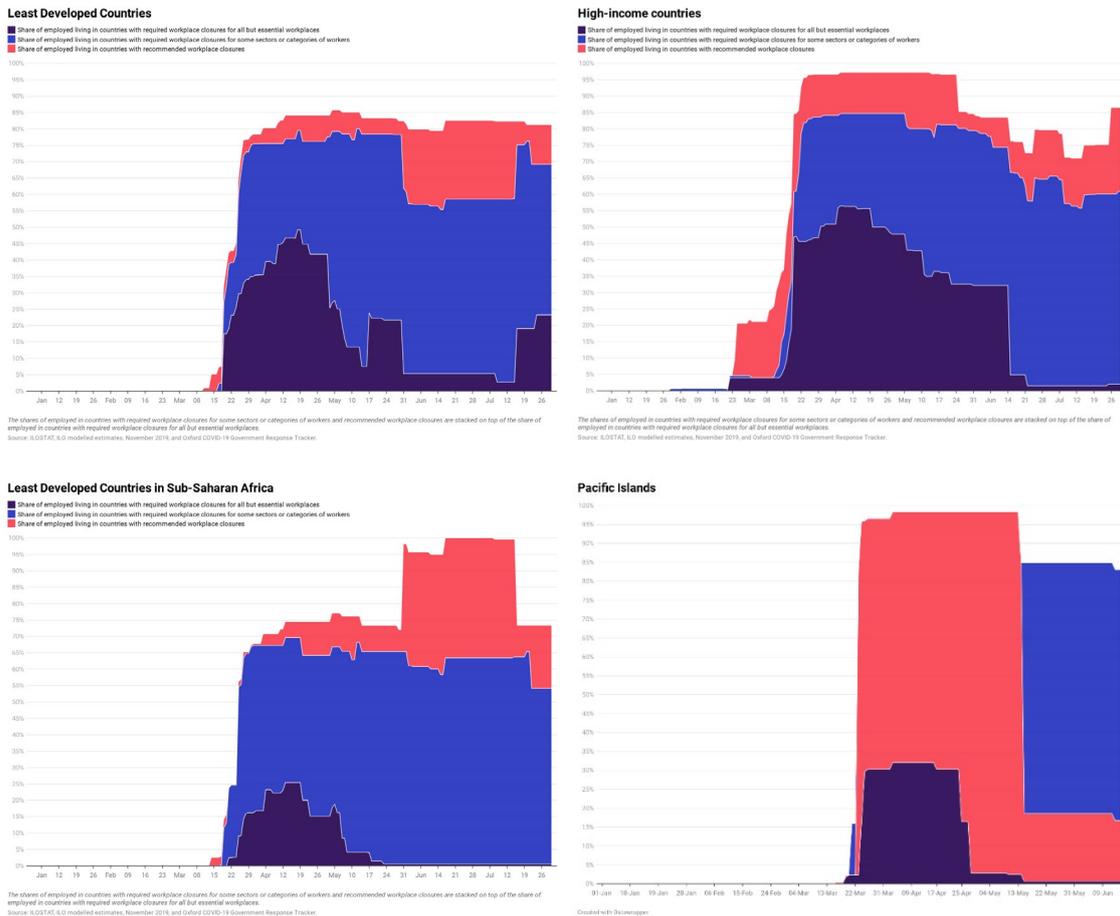
<sup>11</sup> ILO (2020a).

similar level of stringency, moreover, individual mobility decreased significantly less in countries that had higher levels of poverty, more vulnerable workers (own-account and unpaid family workers), and large shares of agricultural employment.<sup>12</sup> Continued mobility in spite of restriction has been especially true for the self-employed, daily wage labourers and low-skilled workers, not least because the nature of their work required physical proximity to others and they simply did not have the option from teleworking at home. Only about 20 per cent of the population in the LDCs, in fact, have access to the internet.

► **Figure 2: Share of workers with general workplace closures (as of 30 July 2020)**

### Share of workers in countries with general workplace closures

- Share of the world's employed living in countries with required workplace closures for all but essential workplaces
- Share of the world's employed living in countries with required workplace closures for some sectors or categories of workers
- Share of the world's employed living in countries with recommended workplace closures



<sup>12</sup> Maire (2020).

## ▶ 2 The impact on jobs and incomes

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### Preliminary evidence on employment and income losses

At this stage of the pandemic, it is difficult to measure the extent to which employment may suffer in developed and developing countries alike. Recent ILO estimates indicate a global decline in working hours of 17.3 per cent in the second quarter of 2020 (relative to the last quarter in 2019), equivalent to 495 million full-time jobs, of which 45 million are located in Sub-Saharan Africa alone.<sup>13</sup> As lockdowns are lifted and economic activities regain their normal pace, part of those losses will be recuperated but extensive gaps are likely to remain.

For low-income countries, the decline in working hours is estimated at 13.9 per cent, which is lower than the global average. In part, this is a reflection of the fact that out of economic necessity many workers in low-income countries were forced to maintain their working routines.

If the reduction in working hours was relatively lower and the direct impact on public health remains subdued or unseen, there are several ways wherein the COVID-19 pandemic is having a dramatic impact on jobs and incomes in the LDCs, as shown by a large albeit fragmented set of evidence.

Conventional labour market statistics in the LDCs are only available with a considerable delay, if available at all. A variety of *ex-ante* assessments, *ad hoc* household and business surveys and innovative methods have been introduced in order to track labour markets as the crisis unravels. ILO and other international organisations have been at the forefront in this regard, conducting several rapid labour market assessments to provide immediate, real-time support on assessing the employment and income impacts of COVID-19.

Table 4 in Annex 1 provides a summary of 26 existing available studies from a variety of different sources and methodologies in 19 LDCs (one of which recently graduated). The results are sparse, but point to significant employment losses in terms of millions of people affected, with considerable differences across countries. Figures from those surveys are also indicative of changes underway. Overall, they point to job losses disproportionately concentrated in low-skilled jobs. Although mainly in urban areas (i.e. in tourism, construction, manufacturing, restaurants, retail, and transport), rural jobs are also affected, such as those in agriculture and mining.

Modelled estimates of unemployment rates vary from an increase of 10 per cent in Mozambique, 5 per cent in Ethiopia, 3 per cent in Sudan, to almost no change in Senegal.<sup>14</sup> The unemployment rate, however, is an inefficient indicator of labour market slack in poor economies, which is made even more inefficient by COVID-19 since restrictions to mobility further constrain jobless people to actively search for jobs, thereby statistically classifying them as unemployed. Macroeconomic modelling, moreover, can hardly account for the interaction of demand and supply shocks that characterizes the COVID-19 crisis.

While there is evidence of women being disproportionately affected in many advanced and emerging economies, gender-disaggregated data are particularly scant in the studies in LDCs.<sup>15</sup> Only one survey in Samoa, a former LDC, highlighted that women have bared the brunt of job losses (64 per cent).<sup>16</sup> This is a major gap that should be addressed. Women are especially at risk since, on the one hand, they are overrepresented

<sup>13</sup> ILO (2020i).

<sup>14</sup> Mozambique labour market statistics differ from international definitions, which may explain the divergence.

<sup>15</sup> ILO (2020e).

<sup>16</sup> ILO (2020b).

in several labour intensive low-skilled activities, and, on the other, have heightened unpaid care obligations on the backdrop of school and child care closures.

A pertinent comparable result from national surveys and country assessments is that, overall, the crisis is leading to significant lost earnings and reduced incomes in LDCs, in some countries affecting as much as 80 to 90 per cent of surveyed respondents - e.g. Bangladesh, Senegal, Timor Leste, Uganda, and Yemen. It is also the case that the economic damage of the crisis is better captured by the income channel than employment. This is because, as mentioned earlier, large swaths of the LDCs' labour markets are composed of self-employed workers that are more likely to incur reduced incomes and/or working hours than become inactive or unemployed.

Finally, there are signs of "scarring" effects. Viable businesses, especially MSMEs and informal endeavours, can be forced to close. For workers and households, the risk is not just higher unemployment and inactivity, but also falling even deeper into informality, underconsumption, hunger and long-lasting poverty. The drops in incomes mentioned above are noteworthy insofar that they may be pushing many individuals into negative coping strategies, such as cutting down on consumption to the bare minimum, taking out predatory loans from informal moneylenders, or, in extreme cases, theft and other illicit activities. As shown in the case of Uganda, for instance, an additional 2.6 million poor people are expected to materialise in consequence. While in Bangladesh, one survey estimates climbing rates of extreme poverty, with 94.8 per cent and 34 per cent of respondents reporting insufficient access to food and clean water, respectively. The overall consequences could be devastating. Estimates based on growth projections from the World Bank suggest that COVID-19 could push an additional 71 million people into extreme poverty in 2020 under the baseline scenario and 100 million under the downside scenario, many of whom are in the LDCs.<sup>17</sup>

## Multiple labour market shocks, with compounding effects

It is essential to set those sparse pieces of evidence in a proper context, in order to fully understand the impact of the COVID-19 crisis. The fact is that labour markets in LDCs are suffering from simultaneous shocks on several fronts, with compounding effects.

Containment measures and social distancing are affecting directly domestic activities, hitting in particular urban informal activities that in earlier crises acted as a buffer. At the same time, even without a single case of infection, disruptions in the global economy are causing significant formal job losses in manufacturing, modern services, construction, tourism and mining.

Macroeconomic effects are also significant. If specific sectors and location are affected first and acutely by the pandemic, as incomes decline and uncertainty prevails, growth weakens, leading to job losses spreading throughout the whole economy. Given the lack of social protection systems that can act as automatic stabilizers and the limited capacity for countercyclical fiscal measures, those contractionary effects can be quite severe in LDCs.

And finally, the indirect effects of the pandemic on health, nutrition and education - because of school closures, fewer vaccinations among children, higher child and maternal mortality, disruption of health care services etc. - have long-term effects on growth.

The result is a genuine recessionary spiral, accounting for an unprecedented macroeconomic shock. It is a sad paradox that poor countries relatively less affected by the public health effects of COVID-19, will end up being the ones more likely to suffer the most economically and socially.

<sup>17</sup> World Bank (2020c).

## Domestic channels - Fragile urban and rural informal jobs

The immediate and most direct labour market impact is due to containment measures that have been adopted by almost all countries, as seen above in Figure 2. Even if those measures were relatively short-lived and halfway respected, a few weeks of shutdown can have severe economic implications for people who work informally, have little cash reserves, no paid sick leave, no access to teleworking and nothing to fall back on. In the LDCs, those people represent the majority of the workforce.

In earlier crises in LDCs, informal employment acted as a labour market adjustment mechanism, expanding to offer some precarious livelihoods to buffer the negative employment effects of a trade shock or budgetary restrictions due to fiscal consolidation. This time around, the crisis hit upfront the economic sectors wherein informal, low-productive urban employment is usually clustered – commerce, food, transportation, personal services and domestic work. In Malawi, for instance, a telephone survey in urban areas found that 88 per cent of businesses in the services sector reported lower or no sales revenues. Meanwhile, in Senegal, a qualitative assessment in the urban informal economy by the ILO and the Ministry of Commerce and SMEs found that 40 per cent of interviewed workers lost their jobs, while 62 per cent faced reduced incomes. Overall, as of April 2020, ILO estimated that 197 million informal workers in low-income countries – or 68 per cent of their total employment – were in economic sectors at significant risk from the COVID-19 pandemic such as, retailing, food and transportation in densely crowded urban areas.<sup>18</sup>

If throughout most countries, job and income losses seem to have been affected at first in cities, in the face of limited access to savings and contingency funds, many informal workers were also migrating back to their villages from urban centres, furthering impoverishment and hunger in rural areas, as well as accelerating the spread of the virus. In spite of its essential nature, with many activities remaining in operation even during lockdowns, the agricultural sector has not been spared. Restrictions in urban-rural mobility and disruptions on the supply side affected production and earnings for agricultural workers, which constitute the bulk of employment in LDCs (55 per cent in 2019).<sup>19</sup> Restrictions to mobility are also hampering inputs of fertilizers and seasonal movements of workers for harvesting and sowing for the next season, constraining agricultural productivity and future employment prospects.

In *Burkina Faso*, a survey conducted by Innovations for Poverty Action in collaboration with the Ministry of Employment showed that, as of July, 80 per cent of households working in agriculture have altered their operations because of restrictions linked to COVID-19. This has significantly impacted workers, with 50 per cent experiencing a fall in working time and 60 per cent facing reduced earnings.<sup>20</sup> In *Eritrea*, 25 per cent of jobs in the agriculture sector are at risk stemming from supply-side restrictions, translating into around 157,081 jobs, of which women occupy 80,111.<sup>21</sup> In *Zambia*, one scenario suggests that 122,206 (or 15 per cent) of agricultural jobs will be lost, most of which reside in the informal sector (108,153).<sup>22</sup>

This presents food security concerns: according to the 2020 Global Report on Food Crisis, for instance, 73 million people in Africa are severely food insecure. What is more, the combination of the COVID-19 pandemic and locust outbreak in East Africa is expected to worsen the situation. Overall, cutbacks in incomes and food consumption looks especially severe in countries with few cases and deaths relative to other parts of the world. Hence, in the poorest countries, the indirect impact of the coronavirus pandemic may prove substantially more severe than its direct death toll.

<sup>18</sup> ILO (2020k).

<sup>19</sup> This estimate was retrieved from ILOSTAT.

<sup>20</sup> IPA (2020).

<sup>21</sup> UN (2020b).

<sup>22</sup> UNDP (2020i).

## External channels - Losses of formal jobs

Even before registering any single case of contagion, most LDCs were suffering from the disruptions caused by COVID-19 to the global economy.

**Manufacturing**, in particular of textiles, clothing, leather, and footwear, is a prime example. Those industries have been key drivers of development in some LDCs, especially in Asia. Indeed, a sizeable share of (mainly) formal employment resides in these highly globalised industries, amounting to 8 per cent (or 4.9 million workers) and 12 per cent (or around 1 million workers) in Bangladesh and Cambodia, respectively.<sup>23</sup> The garment sector has been significantly affected by COVID-19. It is estimated that the public health crisis could cost global value chains \$US50 billion in exports.<sup>24</sup> On the supply side, transport controls and other measures put in place at the start of the year has had a ripple effect and led to raw material shortages in garment-exporting countries, drastically limiting production. In large part this can be explained by the temporary disconnecting of China from the global economy, a country that, in 2018, accounted for as much as 60.2 per cent of textile imports in South-East Asian countries. In addition, supply has also been restricted locally via temporary lockdowns and factory closures imposed by governments in attempt to keep contagion rates at bay.

Even if supply capacities were to return to pre-crisis levels, there still exists negative demand-side shocks impacting the profitability of these industries. The virus has resulted in a sharp decline in consumer spending, especially in Europe and Northern America. Consumers' loss of income and confidence, social distancing, and increased propensity to save during times of recession have led to a reduction in global demand for goods. While the repurposing of factory resources has had a mitigating effect in some countries – e.g. the mass production and exporting of face masks in Bangladesh, Cambodia, and Myanmar – those trade flows are hardly sufficient to offset contractions felt in the garment sector, and sizable job losses in the LDCs remain apparent.<sup>25</sup>

In *Bangladesh*, most factories closed their operations after the government declared a general holiday early on this year to reduce contagion risk. Even though there has been some exception for factories that have pending orders or have reached an OSH standard regarding personal protective equipment (PPE), as of April, an estimated US\$3.18 billion in orders has been lost, affecting 1,136 factories. In 2019, Bangladesh's garment sector accounted for 84 per cent of the country's total exports, reaching a value of \$US40.5 billion. The drop in demand is affecting more than 2.28 million garment workers, and, according to one study, close to one-in-three factories reported some worker lay-offs.<sup>26</sup>

In *Cambodia*, too, factories have experienced partial or full closures in response to the outbreak. As of June 30, 400 factories have been forced to suspend operations, resulting with over 150,000 workers (or 15 per cent of the country's garment workers) losing their jobs.<sup>27</sup> Looking forward, this number is expected to increase as numerous brands and retailers in Europe and Northern America have cancelled or delayed orders owing to the drop in retail sales.

In *Myanmar*, reports suggest that 44 out of 600 garment factories remain closed, leading to approximately 22,000 lost jobs.<sup>28</sup>

In *Haiti*, according to a business impact survey conducted by Better Work in April, most garment manufacturers are facing severe COVID-19-induced operational disruptions, with only 15 per cent of factories

<sup>23</sup> See ILO (2018); ILO (2017a).

<sup>24</sup> UNCTAD (2020a).

<sup>25</sup> ILO (2020j).

<sup>26</sup> Ibid.

<sup>27</sup> Khmer Times (2020).

<sup>28</sup> Peoples Dispatch (2020).

operating as usual, while half are completely closed.<sup>29</sup> In over 50 per cent of factories surveyed, managers claimed to have suspended a proportion of their workforce, in some cases amounting to over 500 employees. Furthermore, a significant subsample of interviewed managers confirmed that they have already, or are at least planning on, dismissing workers owing to COVID-19 (40 per cent).

In *Ethiopia*, from January to April, besides temporary closures to develop or enact preventive measures, factories have remained operational at large. Still, the business disruptions in the global garment supply chains have impacted workers. In one workers' survey, 59 per cent of respondents reported a decrease in their income, a loss mostly attributed to reduced working hours, fewer incentives and bonuses offered at the workplace.<sup>30</sup> Since the beginning of April, Hawassa Industrial Park - one of the largest industrial parks in the country in terms of production and employment (about 35,000 workers in direct production) - has closed up to 45 per cent of its operations.<sup>31</sup>

In many cases, these manufacturing jobs at risk created an opportunity for workers, predominantly female and unskilled, to obtain formalised jobs and receive regular wages. Health risks are another concern since garment workers often work in large, densely populated factories, which increases risk of contagion and, more broadly, regular outbreaks, thereby producing a vicious cycle.

Akin to garments, **tourism** is a predominant sector and a strong source of growth for many LDCs. In almost 90 per cent of LDCs, tourism is considered a key sector of the economy, composing, on average, 9.5 per cent of their GDP. Tourism is also a vital source of employment, representing 13.52 per cent and over 8 per cent in the LDCs situated in Asia and the Pacific, and Africa, respectively. Prevailing lockdown measures, travel restrictions, reductions in consumers' disposable income and low confidence levels have brought tourism to a standstill in many countries, affecting millions of workers directly and indirectly. In this regard, tourism does not only create jobs internally, it is also a vibrant source of formal and informal employment in other economic sectors, such as food, beverages and entertainment, as well as other sectors that supply goods and services travellers seek while on vacation.<sup>32</sup>

In *Vanuatu*, tourism represents approximately 75 per cent of total exports. It is estimated, however, that the Vanuatuan economy could shrink by 13.5 per cent as a result of the outbreak. With tourism accounting for 34 per cent of GDP and the dramatic drop in tourist arrivals - estimated to fall by 84,000 in 2020 - 21,000 jobs in the small country could be impacted.<sup>33</sup>

In *The United Republic of Tanzania*, too, tourism has been hit hard. The number of tourists visiting Serengeti per day, for instance, has fallen from 6,000 to 24. Accordingly, the national government expects 76 per cent of direct employment in tourism to be lost, amounting to 477,000 jobs.

In *Senegal*, according to a moderate scenario assuming an 8-month standstill of international tourism, Senegal will experience a 3 per cent decline in GDP, which would translate into a 7 per cent drop in unskilled employment and a reduction of 8 per cent in skilled workers' wages.<sup>34</sup>

In *Bhutan*, a rapid socio-economic impact assessment of 1,285 persons showed that almost two-thirds of households generate their income solely from tourism-related activities. Moreover, as of April, 36 per cent of respondents confirmed that they either had lost their job or been granted leave without pay, which has

<sup>29</sup> Better Work (2020).

<sup>30</sup> SIRAYE (2020).

<sup>31</sup> Deloitte (2020).

<sup>32</sup> Tourism jobs include occupations in accommodation for visitors, food and beverage serving activities, different types of passenger transport, transport equipment rental, travel agencies and other reservation services activities, as well as cultural activities, and sports and recreational activities.

<sup>33</sup> As of December 6th 2020, Vanuatu officially graduated out of the category of LDCs.

<sup>34</sup> UNCTAD (2020b).

led to 63 per cent of households incurring a loss of income by at least 50 per cent. Deprived respondents (over 60 per cent) reported that their households did not have enough food for three or more weeks.<sup>35</sup>

In *Nepal*, The Nepal Association of Tour and Travels Agents (NATTA) has experienced booking cancellations until the end of autumn. In consequence, the private sector expects a 25 per cent employment drop in the tourism sector alone. Job losses, as of April, stand at 1.5 million for those associated with trekking and mountaineering companies, and around 1,500 and 300 for professional guides and tourist bus drivers, respectively.<sup>36</sup>

In *Uganda*, according to a UNDP socio-economic impact assessment in April, following an immediate drop in occupancy rates, several large hotels have laid off more than 1,000 workers, with each expecting more layoffs in the near future.<sup>37</sup>

The majority of LDCs, in particular in Sub-Saharan Africa, are also reliant on the exporting of **commodities**, such as minerals, oil, gas and agricultural products. Oil exporting LDCs were especially affected as disagreement among major oil exporting countries caused oil prices to plunge by 50 per cent. Other commodities, such as metals and minerals, have declined by 20 per cent. Even though extractive industries are capital-intensive and account for a limited number of jobs, revenues from these industries often represent the bulk of government revenues. A decline affects urban formal employment via its effects on the numbers and wages of civil servants and workers in construction for public infrastructure. Indirectly, it reduces fiscal space available to provide support enterprises and incomes and mitigate the economic and employment damages of the COVID-19 crisis.

In *Zambia*, the extractive industry contributes to over 10 per cent of GDP, 80 per cent of exports and 29 per cent of government revenue. The Zambian finance minister estimates a 20 per cent shortfall in revenue for the country's 2020 budget. In addition, over 10,000 extractive sector jobs are set to be lost with the closure of just one company.

**Remittances** from workers living abroad represents a significant proportion of household income for millions of people living in LDCs, particularly in urban areas. At the macroeconomic level, remittances are also a major source of foreign exchange earnings, often playing a corrective role for these countries' trade balances. In 2019, for instance, they contributed, on average, 7 per cent of GDP in LDCs.<sup>38</sup> According to one report by the World Bank, the pandemic will produce the sharpest decline in global remittances in recent history, falling by around 20 per cent in 2020.<sup>39</sup> These effects will be particularly pronounced in countries such as Nepal, where remittances contribution to GDP is expected to decline from 27.3 per cent to 13 per cent.<sup>40</sup> For many households, decreasing remittances presents another channel that drags down private consumption, thereby exacerbating the demand-side shock and, in turn, limiting employment prospects.

**The movement of migrant workers back to their home countries** further stifles already weak, or absent, social protection systems, leaving a growing number of households with little to no income replacement or safety net. At the same time, growing populations as a result of repatriation carries the potential to exacerbate food shortages, as well place further pressure on already fragile health systems. According to IOM, for instance, hundreds of thousands of Bangladeshi migrants are expected to return home once countries relax restrictions and airlines resume flights.<sup>41</sup>

<sup>35</sup> UNDP (2020c).

<sup>36</sup> UNDP (2020d).

<sup>37</sup> UNDP (2020a).

<sup>38</sup> WTO (2020).

<sup>39</sup> World Bank (2020a).

<sup>40</sup> Ibid.

<sup>41</sup> IOM (2020).

**In sum**, with plummeting quantities and prices for exports and drops in tourism and remittances, LDCs are experiencing a sharp and unprecedented demand shock. The looming global recession is likely to intensify those damaging effects: 170 countries have entered negative economic growth since March 2020. As projected by the IMF, the global economy is likely to shrink by nearly 5 per cent GDP in 2020, with GDP growth becoming negative in low-income countries vis-à-vis an average of 5 per cent in 2019. A prolonged disconnection from the global economy may severely affect the limited pockets of formal employment which the most successful LDCs have been able to gain over the past two decades of globalization. This, in turn, may affect the prospects for further technological and organizational upgrading and structural transformation, a critical challenge for most LDCs.

## ► 3 Policy responses and challenges

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### Emergency economic responses so far<sup>42</sup>

The rapid introduction of large, unconventional fiscal and monetary measures by advanced economies has been a distinctive feature of the economic response to the COVID-19 crisis. Governments of LDCs acted similarly fast. Most LDCs rushed to adopt fiscal packages designed to tackle the health emergency, provide emergency lifelines to vulnerable households, and support businesses. Table 2 column 2 sets forth measures that were adopted during the immediate response phase of the pandemic in the main policy areas. The standard bundle included:

- i) targeted investments to strengthen the health system, in some cases within the frame of contingency plans coordinated with international organizations and donors;
- ii) the expansion of social assistance to the most vulnerable, mainly including cash-transfers and in-kind necessities to the poorest; and
- iii) supporting the private sector through tax relief, suspension of government fees and waived social contributions, with attention paid to highly exposed sectors, such as transportation, accommodation and tourism (e.g. Benin, Bangladesh, Burkina Faso, CAR, Guinea, Lesotho, Madagascar, Malawi, Mauritania, Mozambique, Sierra Leone, Senegal, Togo, and Uganda). In addition, subsidized access to agricultural inputs was provided in some cases (e.g. Gambia, Rwanda, and Togo). In other cases, medicine and medical equipment were exempted from paying import duties (e.g. Madagascar, and Malawi).

If the economic rationale for the interventions was the same as in advanced economies, the implementation modalities were adapted to the nature of the shock and each country's institutional features. To reach out to the large numbers of workers in the informal economy who were hit by the crisis was an overwhelming challenge. Most countries broadened and topped up existing cash transfers programmes, such as the Productive Safety Net Programme in Ethiopia and the Child Grant Programme in Lesotho. Some countries have used this time as an opportunity to reduce informality and have coupled access to emergency micro-loans with measures for formalisation of small economic units (e.g. Angola). For formal workers, wage subsidies were introduced in some cases, often conditional to employment retention (e.g. Bangladesh, Burundi, Haiti, Senegal, and Timor Leste), while a few countries made use of cash for work and labour-intensive public works programmes (e.g. Cambodia, Guinea, and Nepal). Innovative solutions were also searched for. A new mobile cash-transfer program, NOVISSI, was launched in Togo, for instance, and was able to register about 1.4 million informal workers.

A notable difference compared to advanced economies relates to the size of the fiscal engagement. Of the global fiscal support estimated at about \$10 trillion in June 2020, almost 90 per cent was accounted for by high-income economies and only 0.03 per cent by low-income economies.<sup>43</sup> Looking at averages by income groups, fiscal measures made up for 22.5 per cent and 6.5 per cent of GDP across advanced and emerging G20 economies, respectively. By comparison, economic support measures were estimated to average 3.4 per cent of GDP in Sub-Saharan Africa.<sup>44</sup> Looking only at (above-the-line) fiscal support, a similar pro-

<sup>42</sup> The IMF, World Bank and ILO policy trackers were the main sources of information for this section, together with selected national sources.

<sup>43</sup> ILO (2020a).

<sup>44</sup> World Bank (2020c).

file arises, with direct fiscal support averaging 7.9 per cent of GDP in advanced economies, 3.4 per cent in emerging economies and 1.4 per cent in low-income economies.<sup>45</sup>

Even within the LDCs, the size of economic support varied significantly. Overall, it was far below the average of other income groups. It ranged from less than 1 per cent of GDP (e.g. Angola, Burundi, Eritrea, Laos, Liberia, Malawi, Mali, Myanmar, Nepal, and Yemen), to 5-10 per cent (e.g. Bhutan, Cambodia, Lesotho, Mozambique, Senegal and Timor-Leste), with most other countries in between. In most cases, the fiscal packages provided by LDCs was lower than the expected decline in GDP in 2020, which for low-income countries has been estimated by the IMF to be between 5 and 6 per cent.

New discretionary expenditures, moreover, were just a portion of the budget allocated to the COVID-19 response in the LDCs. Many countries reallocated expenditures away from capital spending or reduced the public sector wage bill. In Togo, for instance, the 2020 budget allocations for capital spending have been reduced by 60 per cent to make space for COVID-19-related current expenditures.

► **Table 2: Economic and employment responses to COVID-19 in the LDCs**

Policy Areas	Phase 1: Emergency re- sponse	Phase 2: Return to work and job-rich recovery	Phase 3: Sustainable growth and resilience
<b>MAIN OBJECTIVE</b>	<b><i>Containing the pandemic, life- lines for vulnerable households and businesses</i></b>	<b><i>Opening up workplaces and re- starting economic activity</i></b>	<b><i>Investing in productive capac- ities, inclusive institutions and decent work</i></b>
<b>Health measures</b>	<ul style="list-style-type: none"> <li>• Lockdowns and other containment measures</li> <li>• Public information campaigns</li> <li>• Procurement of critical medical supplies</li> <li>• Protecting health care workers and services</li> </ul>	<ul style="list-style-type: none"> <li>• Temporally and geographically targeted containment measures</li> <li>• Capacity for testing, tracing, isolate and care at hub points</li> <li>• Clear messaging on social distancing and subsidized provision of masks, hand washing stations and sanitizers</li> <li>• OSH measures at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Large vaccination campaigns</li> <li>• Improved access to health care for all workers and their families</li> <li>• Ensure occupational safety and health (OSH) standards are respected in all workplaces</li> </ul>
<b>Macroeconomic support</b>	<ul style="list-style-type: none"> <li>• Emergency fiscal support for health and social protection</li> <li>• Reallocating public spending</li> <li>• Accommodative monetary policies</li> <li>• Solidarity and emergency funds</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain accommodative fiscal and monetary policies (eg higher tolerance for inflation and deficit targets)</li> <li>• Improve administrative efficiency and transparency of public expenditure</li> <li>• Enhance tax collection and broaden the tax base (including through formalization of informal businesses)</li> <li>• Capital and price controls, if necessary (eg foodstuffs or illicit capital flows)</li> </ul>	<ul style="list-style-type: none"> <li>• Macro policies for full employment and reasonable price stability</li> <li>• Public and private investments in infrastructure, skills development and innovation</li> <li>• Promote the participation in regional trade networks and supply chains</li> </ul>

<sup>45</sup> "Above the line" fiscal measures refer to increases in government expenditures and reductions in tax revenues—directly impacting economic activity via fiscal multipliers; Gurara et al. (2020).

Policy Areas	Phase 1: Emergency response	Phase 2: Return to work and job-rich recovery	Phase 3: Sustainable growth and resilience
<b>Sectoral policies and support to businesses</b>	<ul style="list-style-type: none"> <li>Grants, loan guarantees and financial support to businesses, targeting MSMEs and most-affected sectors (e.g. tourism)</li> <li>Tax waivers and postponement of payments</li> <li>Subsidize fertilizers and other key agricultural inputs</li> <li>Cash-less and mobile payment systems</li> </ul>	<ul style="list-style-type: none"> <li>Stimulate local sourcing of medical equipment and food supplies</li> <li>Help businesses adapt products and services to the requirements of social distancing (eg promoting e-commerce)</li> <li>Improve access to credit for MSMEs via development and commercial banks</li> <li>Assist informal businesses in transitioning to formalization</li> <li>Promote digital services, mobile payments and cash-less transactions</li> </ul>	<ul style="list-style-type: none"> <li>Support new and growing sectors, e.g. shift to green technologies, digital economy</li> <li>Business environment reforms and measures to improve productivity and working conditions in MSME, including for those in the informal economy</li> <li>Area-based employment and development programmes</li> <li>Invest in the care economy to create jobs and address gender inequalities</li> </ul>
<b>Income support for workers and households</b>	<ul style="list-style-type: none"> <li>Expansion of existing cash transfers schemes, in-kind support and other transfers to vulnerable households and workers including in the informal economy</li> <li>Waivers of electricity bills and other payments</li> </ul>	<ul style="list-style-type: none"> <li>Maintain support, including exceptional measures, to uphold incomes and consumption of the poorest groups</li> <li>Enhanced access to paid sick and care leave</li> </ul>	<ul style="list-style-type: none"> <li>Solid social protection floor, providing a minimum set of basic guarantees, with participatory mechanisms for design and accountability</li> </ul>
<b>ALMPs, skills and labour market institutions</b>	<ul style="list-style-type: none"> <li>Shift to online learning and exceptional measures to minimize disruptions to technical and vocational education and training and work-based learning</li> </ul>	<ul style="list-style-type: none"> <li>Employment-intensive public employment programmes (PEPs) and hiring subsidies to support those hard hit by the crisis (youth, women)</li> <li>Address key skills gaps in line with the reopening of workplaces and changes in demand</li> <li>Enhanced employment services, including via online services and facilities to re-employ return migrants</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a portfolio of scalable PEPs to target vulnerable groups and stand ready to respond to economic shocks</li> <li>Strengthen and scale up employment services</li> <li>Labour market institutions, including minimum wages, employment protection and telework regulations</li> <li>Reshaping skills development systems</li> </ul>
<b>International assistance and cooperation</b>	<ul style="list-style-type: none"> <li>Joint action to ramp up the production of medical equipment and supplies for wider access</li> <li>Increased humanitarian support</li> <li>Emergency financial assistance</li> <li>Debt suspensions</li> <li>Expand the use of Special Drawing Right (SDRs)</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 Vaccine Global Access Facility</li> <li>Global Partnership for Universal Social Protection</li> <li>Increase the concessional lending capacity of multilateral institutions and adapt conditionality</li> <li>Sovereign debt relief and debt restructuring multilateral mechanisms</li> <li>Staving off predatory risk premia</li> <li>Avoid unnecessary restrictions to trade and migration</li> <li>Safe corridors for international/regional tourism</li> </ul>	<ul style="list-style-type: none"> <li>Adequate access to development finance and capital markets in order to attain the SDGs</li> <li>Fight illicit capital flows</li> <li>Maintain an open and fair multilateral trade regime</li> <li>A global framework to govern migration</li> </ul>

Source: Authors, based on ILO, National employment policies for an inclusive, job-rich recovery from the COVID-19 crisis, Policy Brief, September 2020

Reductions in capital spending come at the cost of undermining prospects for recovery and future economic growth, while reallocations of current expenditures have a limited multiplier effect and can generate conflicts, making the delicate task of managing the political economy of the pandemic more difficult.

As it concerns the composition, relatively more was spent in the health sector: over 40 per cent of the direct fiscal package in the low-income countries against around 10 per cent in both advanced and emerging economies according to IMF estimates.<sup>46</sup> Another source sets the share of health spending at about 25 per cent of the fiscal package in a sample of 31 Sub-Saharan African countries, still higher than the equivalent share in richer economies, with another 25 per cent spent to support the most vulnerable.<sup>47</sup> The amount allocated to economic relief, outside the health sector, was therefore relatively modest.

Monetary policy responses were also fast and generally included reducing the policy rate, providing liquidity to the commercial banks, and relaxing reserve requirements or mandatory deposit limits. In some cases, commercial banks and micro-finance institutions or national development banks were used as a vehicle to help SMEs restructure their loans and access guarantees or moratoria on their debt service, for instance, in Bangladesh, Myanmar, Rwanda, Uganda, and Zambia. Here, too, innovative solutions were introduced, e.g. a refinancing scheme operated by Bangladesh Bank to pay furloughed workers through mobile financial services, or the waiving of fees on mobile money transactions to encourage cashless transactions in Uganda. Gaps and weaknesses in the financial and banking systems, however, made monetary and financial measures less effective particularly in reaching out to the smaller businesses and safeguarding them from irrevocable disruptions in production.

Countries explored new and unconventional avenues to mobilize resources for health and relief expenditures, by means of establishing national solidarity funds to include contributions from development partners and voluntary donations from the private sector and the diaspora (e.g. Togo), selling citizenship rights (e.g. Vanuatu), or redirecting the salaries of top civil servants to welfare programs (e.g. Rwanda). Despite the ingenuity of all those efforts, the lack of fiscal space remained a main constraint to an effective response to the employment and economic damage of the pandemic, a constraint made more severe as fiscal accounts were under pressure from the recession-induced decline in revenues, at the same time as lower foreign exchange earnings from exports and remittances were putting pressure on the balance of payments. As LDCs can hardly borrow in their own currencies, and are relying on imports of many essential goods and services, external constraints are particularly constrictive.

## Current challenges - Return to work and restarting the economy

In many countries, the immediate response to the COVID-19 pandemic and its economic fallout has been as strong as possible. Assessing the impact of those efforts is difficult. Health systems have received more resources but remain weak vis-à-vis the mounting direct and indirect sanitary consequences of the pandemic. Some basic assistance was provided to vulnerable groups of the population, helping alleviate social distress and prevent political turmoil. Vital businesses have received some backing. Yet, by and large, fiscal support remained well below the size of the economic shocks affecting households and enterprises, doing little in the way of preventing long-run scarring effects.

At the outbreak of the pandemic, the focus was on emergency measures to contain the spread of the virus and protect households and businesses from the economic damages. As described earlier, the main concern in the LDCs has been to lock the economy and deliver a minimum of economic assistance to as many vulnerable people as possible. As the crisis deepens, the challenge will be to increase capacity in hospitals and continue to provide essential income relief while acting to safeguard and strengthen the conditions for a fast job-rich recovery and a stable path to future resilience. The current stage, wherein the threats

<sup>46</sup> Ibid.

<sup>47</sup> Jain et al. (2020).

from COVID-19 remain rampant and uncertainty prevails, seems likely to be longer than initially expected, as the prospects for a vaccine and its availability worldwide remain unclear. If the task is to restart LDCs' economies in a smart manner, facilitating a fast and safe return to work, policy cannot just focus on protection via redistribution. It has to combine protection with stimuli to preserve and expanding productive capacities, create jobs and stabilize the labour market.

**What can LDCs do?** The responses will have to be comprehensive, to cope with the multiple dimensions of the COVID-19 crisis, and encompass a range of policy areas in a coherent and integrated manner in order to optimize limited fiscal space and improve policy delivery.

Table 2 provides examples and suggestions for measures that might help promote a steady transition from emergency to recovery in the LDCs. Lockdowns in targeted sectors and locations, together with sufficient capacity for testing, tracing and isolate at critical hubs, could help minimize the spreading of the virus while mitigating unacceptable economic damage. Clear messaging on social distancing should be accompanied with subsidies for hand sanitizers and facemasks. As infections easily spread at the workplace, occupational safety and health provisions will be essential in all sectors to improve confidence of consumers and investors. Such provision should apply to both formal and informal modes of business as far as possible, evidence has already emerged, for instance, suggesting that informal market vendors have higher rates of infections.

Fiscal space should be found for macroeconomic policies to remain accommodative in order to continue protecting incomes and support jobs and enterprises. Inflation should be addressed by means of price controls for basic foodstuffs and tackling bottlenecks in supply, not through narrow nominal targets. It will be essential to make sure that people benefit from cash transfers and tax waivers, as well as receive help to continue their smallholder agriculture activities or other businesses. It is also important that individuals are offered opportunities for new jobs and training, and options for social care or assistance materialise to incentivise parents to continue sending their children to school.

Well-designed sectoral policies, targeted subsidies and skills development could help trigger new opportunities. Local sourcing within food supply chains is one example, as seen in Cambodia with the development of start-up "Grocerdel", while the production of medical equipment with locally sourced inputs is another, as already operational in many garment-producing factories in Bangladesh and Myanmar.<sup>48</sup> Policy should also support business in reorienting and adapting to patterns of demand as they are shaped by fears about the pandemic. Several LDCs, indeed, have adopted new laws and regulations for e-commerce or have committed to do so in the near future (e.g. Cambodia, Myanmar, Tanzania, Tuvalu, and Uganda). There is some scope for entrepreneurship and micro-level innovation, fuelled by new technologies, which could be leveraged in many areas. In Uganda, for instance, an ecommerce platform called "SafeBoda" has recently been launched to connect market vendors with customers after the country went in lockdown to control the spread of the virus.<sup>49</sup> Given the importance of access to credit for most enterprises, central banks, development banks and microfinance institutions should take the lead in establishing new financial facilities and cashless platforms for wide access, including to informal endeavours. Development finance institutions, donors, and the private sector could also be supporting such new projects with funding, guarantees, and expertise.

## Doing more with less - Stronger employment policies

Recovery measures will differ across countries, and not in all LDCs it will be possible to achieve a smooth and fast transition out of the pandemic to sustainable jobs, resilience and prosperity. States in conflict and post-conflict situations may need large amounts of humanitarian assistance. Countries with a functioning

<sup>48</sup> UNCTAD (2020d); ILO (2020j).

<sup>49</sup> UNCTAD (2020e).

state, a burgeoning private sector and vibrant civil society might be better able - with appropriate international support - to make more progress.

Fiscal space will remain a major constraint, an even more binding one as tax revenues will be declining, export earnings and remittances will remain low, and external debt repayments will loom large. Faced with shrinking resources, countries will have to do more with less, improving the design and delivery of public support to the possible extent.

Focused and well-governed national plans for employment and economic recovery can help identify and take advantage of key opportunities for job creation, tailored to each country's circumstances. Currently, LDCs are revising their development strategies and national plans to cope with the new scenarios opened up by the pandemic. Rapid assessments of the impact of COVID-19 on the economy and the labour market – often carried out with the support of multilateral institutions – are underway in many countries and account for a first step. Several countries, moreover, have national employment policies already in place, or a strong employment component in their development plans. Reinvigorating those national plans could provide a suitable framework to cope with the current set of extraordinary challenges. Aside from the content of specific measures, an inclusive and effective policy process will be key. Four elements, based on the ILO experience in assisting LDCs and the initial lessons from the emergency response to the pandemic, require special attention:

1. The promotion of a **whole-of-government approach**, with national programmes encompassing and coordinating the contribution from different ministries and agencies in the key policy areas - creating synergies, critical mass and fiscal savings. Countries where employment promotion is set as a common responsibility of different ministries, as in Rwanda, are better positioned to avoid duplications of programmes and account for effective and efficient fiscal support.
2. **Reliable and timely information on the numbers and quality of jobs** will be essential for the success of the recovery packages. It helps identify critical labour market gaps. It creates political traction. It facilitates monitoring of progress, including to ensure women, youth and vulnerable groups are not excluded. One key task of the Job Creation Commission (JCC), established in 2018, to drive the national job agenda in Ethiopia is to strengthen labour market information. The Rapid Labour Force Survey conducted by the JCC has been one pillar of the response to the labour market impact of the pandemic in the country.
3. **Productive transformation is a critical underpinning** to higher productivity and better jobs. It should balance access to critical global inputs, technology and knowledge with targeted support to develop and upgrade local production capacities. Supporting productive transformation, including via a progressive transition out of informality, will work better through continuing adjustments and strategic interactions between public agencies and private enterprises, with networks of labour market policies and services, training and financial institutions in place to facilitate those interactions. One lesson LDCs are learning from the pandemic is the importance of reaching out and supporting informal, micro and small businesses, with digital means or by means of extending the scope of their employment and training services, e.g. in Malawi, Myanmar, Namibia, and Nepal.
4. **A broad and open participatory approach** to strategy design and policy implementation - involving social dialogue and collaboration between governments, employers, worker representatives, academia and civil society - can facilitate consensus on key priorities, gain buy-in to implementation and improve accountability. In Senegal, for instance, the national resilience plan prepared by the Minister of the Economy benefited from the involvement of academic experts and civil society, which brought practical value to understanding and addressing the COVID-19 crisis.

Over the long-run, once the pandemic is under control, the SDGs remain a vital transformative policy agenda, with SDG8 as a core element. Integrated and comprehensive national plans to promote a job-rich recovery from COVID-19 could provide a foundation to move forward and attain those goals by means of nurturing productive transformation, better infrastructure, strong investments in the capabilities of people and improvements in the institutions of economic and labour market governance.

Some among the LDCs are in especially fragile situations, exposed to natural disasters or affected by conflict. The economic ravages resulting from the pandemic can jeopardize existing social safety nets and coping mechanisms and increase tensions between communities and between the government and parts of the population, even fuelling further breakdown of social order. Fast-track public employment, training and income generation programmes can help alleviate those social strains and promote peaceful coexistence. It is not an automatic result. Successful interventions, including those with international support, should be designed taking careful consideration of the underlying factors of fragility and the overall security landscape. They should adapt to local realities and contain explicit conflict-sensitivity and peacebuilding components. Engaging social partners, local actors and communities from the outset is particularly important, to prevent and minimize perceptions of exclusion from service delivery. Short-term responses to COVID-19 should also be designed to lay the foundations to address the structural challenges behind fragility. A comprehensive set of general and practical recommendations for health and employment programmes and interventions responding to COVID-19 in conflict-affected countries is contained in ILO, WHO, PBSO and Interpeace (2020).

## Stepping up international assistance

Can LDCs make it on their own? As access to private capital markets is very narrow or non-existent for most LDCs, multilateral sources have been a primary initial source of financing in coping with the global crisis caused by COVID-19.

The World Bank has announced it is mobilizing \$160 billion for loans and grants as part of its operational response to COVID-19, reaching out to almost all the LDCs, while the IMF is making about \$250 billion available to member countries for COVID-19 financial assistance and debt service relief.<sup>50</sup> Currently, 31 LDCs are receiving emergency COVID-19 financial assistance under the IMF Rapid Financing Instrument (RFI) and/or Rapid Credit Facility (RCF), two lending instruments specifically designed to respond to external shocks in a timely manner. Six-month debt service relief is also granted to 27 LDCs under the IMF's Catastrophe Containment and Relief Trust (CCRT).<sup>51</sup> Emergency support to fight the pandemic in the most vulnerable and low-income countries - including 27 LDCs - is also available under the UN \$10.3 billion appeal for a coordinated global humanitarian response plan, of which \$ 2.2 billion were funded as of 20 August 2020, with gender-based violence, health and social protection as the main target areas.<sup>52</sup>

Those sources do help free up resources and alleviate the fiscal and balance of payments constraints of LDCs in meeting their immediate needs to respond to the pandemic. Unlike conventional IMF funding, the RFI and RCF loans are disbursed all at once after the borrower country outlines their intended policies, can be used support healthcare systems and sustain lifelines and do not include conditionality. The amount of funding, however, is limited to 100 per cent of the borrower's IMF quota.<sup>53</sup> Moreover, loans from the IMF and multilateral development banks, albeit at concessional terms, do add to the debt burden of receiving countries, making the external sustainability of public debt more vulnerable.

If the crisis drags on, far more bilateral and multilateral support and new financial facilities will be needed to help LDCs fund their responses.

First, it will be important to scale up official development assistance (ODA) to meet existing commitments, avoiding the reductions that may follow budget pressures across bilateral donor countries. ODA remains far more important for LDCs than for other groups.<sup>54</sup> If the health emergency deepens and the timing of a

<sup>50</sup> World Bank (2020d).

<sup>51</sup> IMF (2020b).

<sup>52</sup> OCHA (2020).

<sup>53</sup> IMF (2020b).

<sup>54</sup> UNDESA (2020c).

widely available medical solution remains uncertain, the need for a comprehensive humanitarian response will increase even further.

Second, given the already high levels of debt vulnerability, continued debt relief is needed in order to free up further resources and avoid to push poor countries “from recession to depression”. The Debt Service Suspension Initiative (DSSI) launched by the G20 leaders entails the suspension of debt service payments for 73 poorest countries from May to end of 2020. Over 40 countries have applied for benefits so far, amounting to an estimated \$5.3 billion of 2020 debt service to be deferred, but the contribution of private creditors is still uncertain.<sup>55</sup> The World Bank recently warned that the debt stand-still may need to be extended to 2021 and it should cover the stock not just the service of debt.<sup>56</sup> In a similar vein, UNCTAD has called for the establishment of an International Developing Country Debt Authority (IDCDA) to lay the institutional and regulatory foundations for a permanent international framework to guide sovereign debt relief and restructuring in the future.

Third, establishing new allocations of Special Drawing Rights by the IMF would be a direct channel to provide financial support to the most vulnerable countries, an option that has broad support from experts but meets with political obstacles.<sup>57</sup> A practical interim measure could be to reallocate to developing countries some of the existing SDRs that constitute part of the foreign exchange reserves of high-income countries.<sup>58</sup> Even a partial reallocation could be of great relief. After all, the situation of the LDCs is dire, but they are small in economic terms.<sup>59</sup>

Fourth, while the focus is currently on immediate financial support to the most vulnerable countries, as the health emergency gets under some control there will be a need to finance the recovery in jobs and incomes. LDCs with the greater chances of graduation (and the majority of the other developing and emerging economies) should be able to access capital markets at terms that are not inflated by perceived risks of default, that are not subject to short-term speculative financial movements and illicit capital flows, that do not come with the stigma of borrowing from the IMF, and that are not accompanied by tight policy conditionalities geared to rapidly attain achieve fiscal and balance of payments equilibrium. That would require broadening the lending capacities of the IMF and the multilateral development banks and, given the systemic nature of the current crisis and its circumstances, revisiting their adjustment requirements to facilitate and not hamper recovery from a shock that is exogenous and – scarring effects aside – largely self-correcting over the medium term.<sup>60</sup> Revisiting the modalities of the assessment of sovereign debt by the international rating agencies, as currently discussed at the G20 Framework Working Group, should also be part of the international policy response, to ensure there are no pro-cyclical effects that could limit access to private financing.

Finally, aside from financial measures, it will be critical to strengthen international cooperation on health-care and vaccines and avoid unnecessary restrictions and barriers to trade and migration. Interaction with higher-income economies will be essential to set in motion and sustain recovery in smaller and more vulnerable developing economies once the pandemic is under control.

<sup>55</sup> G20 (2020).

<sup>56</sup> World Bank (2020e); see also Guardian (2020).

<sup>57</sup> Gallagher, Ocampo and Voltz (2020); Main, Weisbrot and Jacobs (2020).

<sup>58</sup> Plant (2020).

<sup>59</sup> According to the World Bank, low-income countries owe a total of just over \$150 billion in public debt, against \$7.7 trillion owed by the middle-income countries; see Tooze (2020).

<sup>60</sup> Ahmed (2020); see also Fisher and Mazarei (2020).

## Looking forward

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There remains great uncertainty as to the future course of the pandemic. Successive waves of infections are making the return to work longer and more complex than expected. The time when a vaccine will be made available to all countries, including the poorest ones, is also uncertain. There leaves little doubt, however, that the world of work is being shaken by the COVID-19 pandemic and its economic fallout, with scarring effects that are likely to distress labour markets in all countries for many years to come and reverse decades of progress in the LDCs.

The aftermath of the pandemic is thus seeing a change in the debate on the future of work. One profound risk for LDCs - and for all countries, more generally - is a steep fall in demand for low-paid unskilled labour, a reduction disproportionately affecting women, youth, migrants and the least educated and trained workers, thereby exposing and widening deep-seated inequalities and vulnerabilities.

This is the likely result of major shifts in the global economy. It is, in part, cyclical since the looming global recession is generating a massive global jobs crisis beyond what was experienced in 2008-2009; this time affecting labour markets in emerging and developing economies upfront. Uncertainty remains as to when economies will start to stabilise, most forecasts expect it to happen by the end of 2021, but the lesson from the Great Recession is that it took years for the numbers of jobs to converge back to their pre-crisis levels.

Structural changes in production and distribution are also playing a part, acting as a catalyst for long-lived transformations in business models and labour market structures. Temporary shifts in jobs and investments away from labour-intensive social consumption services, such as food and accommodation, tourism, commerce, and travel, are a direct effect of the pandemic. At the same time, the crisis is accelerating structural changes that were already on-going as a result of technological advance. The longer the threat of the virus persists, and social distancing becomes the norm, the more enterprises are adapting to make their operations disease-proof by means of expanding remote working arrangements, engaging in e-commerce, investing in automation and artificial intelligence, and reshuffling their supply chains.

One widely documented global trend is the expansion of telework. It allows for business operations to become more resilient to potential lockdowns. It also reaps efficiency gains via reduced fixed and maintenance costs associated with office space and capital. In turn, reduced office occupancy and work commuting may induce territorial shifts out of densely populated urban centres, dampening demand for food services, cleaning, entertainment and other personal services that have created substantial employment among low-skilled urban workers. Digital platforms are also likely to become more common. This is particularly true for crowd-workers in the gig economy, where work is a web-based task or an activity which can be done from any location that allows for internet connectivity. In light of business uncertainty and the risk of further outbreaks, organisations may prefer to contract independent workers for short-term engagements rather than retaining workers as salaried staff. In addition, the use of emerging technologies- such as, artificial intelligence and robotics- to sustain output with less labour will also intensify.

Another relevant development is the trend of growing closures of MSMEs as the crisis prolongs. Smaller firms are strong generators of low-skilled employment. But they are inherently less resilient to economic shocks owing to less liquidity and limited access to credit markets. The greater resilience of larger dominant firms is speeding up the current trend of "winners take most" across many industries, leading to higher market concentration and polarized industrial structures.

Once adopted, those changes will maintain momentum even once the risk of infection diminishes, thereby birthing a permanent shift in production processes and business models. The impact on employment will

be diverse. Precarious delivery jobs, for instance, are increasing following the expansion of e-commerce. But the net effect will add to a lower appetite for unskilled work.<sup>61</sup>

Adapting to these global trends will be challenging for the LDCs. Poverty is widespread. There is insufficient ICT infrastructure. Few people have internet access. Firms are too often too small to harness new technologies to achieve economies of scale and specialize. Few of their workers have the relevant skills and knowledge. Moreover, as economies deglobalize, the labour-cost advantages of producing in developing countries will be further reduced. Unstable trade regimes will hamper investments, while restrictions to people crossing borders - professionally or leisurely- will account for a further hit.

If the road to future growth and resilience will be especially challenging, there is still some ground for optimism. Public and private sector responses to the COVID-19 crisis in the LDCs have shown much ingenuity and resourcefulness.

Looking beyond recovery, countries will need to take a hard look and review their development strategies, better targeting their policies to take advantage of employment opportunities within local and regional production systems, from IT-enabled innovation and from emerging sectors.

Given the small sizes of the LDCs' domestic markets, it will remain essential to maintain and upgrade vital connections with the global economy as global supply chains are being rearranged. Even a limited access to export market niches, such as the export of labour-intensive certified organic fruits or the use of digital platforms to bring work where semi-skilled and unskilled workers are (e.g. call centres or video surveillance services), can generate great benefit to a small poor economy. Similar attention should be paid to participate more and more broadly in regional markets and regional production networks and to take a fresh look at opportunities within local production systems, for instance through area-based employment and development programmes possibly leading to some economies of agglomeration.

Basic technological advances - internet, mobile phones, solar panels etc. - also provides opportunities for grassroots innovation and entrepreneurship, reduced energy costs and incremental increases in productivity across a wide range of domestic activities, from precision agriculture to greener industries and a variety of services, including health and care services. Digitalization can also help overcome bottlenecks in access to credit, facilitate a transition to more formal business operations, and make policy interventions more effective - e.g. via better targeting and coordination of measures, as well as greater transparency - thereby indirectly creating fiscal space.

The potential is there, and there are sprawling examples of the above happening in LDCs, as well as anecdotal evidence of their employment potential. What is missing are full-fledged accounts of how it can be better supported, and what lessons do apply to the different LDC settings - either commodity driven, diversified exporters or fragile and conflict-ridden. The exciting agenda ahead is to identify pockets of success, learn what works and where, and devise ways to help multiply and scale them up.

For a large-scale employment impact, public and private investments will be necessary. The call of the ILO Centenary Declaration on the Future of Work for investments in infrastructure, institutions and people's capabilities is especially relevant to the LDCs. Investments in broadband transmission, transportation and renewable energy will be critical facilitators. Inclusive institutions will make sure the labour market and economy are well run and public resources are used productively. Educated and trained people, including women and youth, will provide the engine to trigger positive change and, with proper social protection, boost resilience.

<sup>61</sup> Autor and Reynolds (2020); Spence (2020).

International assistance and partnership will have to play a role in supporting those national recovery plans, not just out of global solidarity. Supporting investments in the LDCs is an investment in building a better future of work for all. LDCs account for a large share of the world's youth. Based on current demographic trends, by 2030 one-in-five of the youth in the world (persons aged from 15 to 24 years old) will be born in an LDC. Those young women and men will be a tremendous asset. To provide them with education, training, opportunities and prospects will be challenging, but also a unique and unescapable source of growth and prosperity. It should start now.

## Annex 1

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► **Table 3: List of Least Developed Countries (LDCs)**

Africa	Asia and the Pacific	Americas	Arab States
Angola	Afghanistan	Haiti	Yemen
Benin	Bangladesh		
Burkina Faso	Bhutan		
Burundi	Cambodia		
Central African Republic	Kiribati		
Chad	Lao People's Democratic Republic		
Comoros	Myanmar		
Democratic Republic of the Congo	Nepal		
Djibouti	Solomon Islands		
Eritrea	Timor-Leste		
Ethiopia	Tuvalu		
Gambia	Vanuatu*		
Guinea			
Guinea-Bissau			
Lesotho			
Liberia			
Madagascar			
Malawi			
Mali			
Mauritania			
Mozambique			
Niger			
Rwanda			
Sao Tome and Principe			
Senegal			
Sierra Leone			
Somalia			
South Sudan			
Sudan			
Togo			
Uganda			
United Republic of Tanzania			
Zambia			

\*As of December 6th 2020, Vanuatu officially graduated out of the category of LDCs.

► **Table 4: The impact of COVID-19 on employment and income in the LDCs**

Country	Employment/ income impact	Type of assessment	Source(s)
Bangladesh	<ul style="list-style-type: none"> <li>Job postings from largest online matching sites fallen by 87% (compared to last year)</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of online job data from largest job portals</li> </ul>	<ul style="list-style-type: none"> <li>ABD (2020)</li> </ul>
	<ul style="list-style-type: none"> <li>June: Income drops for most interviewed households (89.6%)</li> <li>Majority have no or inadequate food access (94.8%) or no access to safe and clean water (34%)</li> </ul>	<ul style="list-style-type: none"> <li>Impact assessment using qualitative and quantitative methods: 4287 randomised interviews in rural and urban areas, as well as 272 key informant interviews</li> </ul>	<ul style="list-style-type: none"> <li>World Vision (2020)</li> </ul>
Bhutan	<ul style="list-style-type: none"> <li>Around 4.3% of total employment (or 13,000 workers) lost in March</li> </ul>	<ul style="list-style-type: none"> <li>Interview with Ministry of Labour and Human Resources</li> </ul>	<ul style="list-style-type: none"> <li>South Asia Monitor (2020)</li> </ul>
Burkina Faso	<ul style="list-style-type: none"> <li>As of August, around 11% of respondents reported losing their job, of which 27% attributed directly to COVID-19</li> <li>Majority of non-farm businesses (72.5%) experienced a reduction of income</li> <li>Around 25% of households reported they were unable to access basic food at some point during COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Rapid assessment using a high frequency telephone survey of workers (1,968 households)</li> </ul>	<ul style="list-style-type: none"> <li>Tsimpo Nkengne <i>et al.</i>, (2020)</li> </ul>
Chad	<ul style="list-style-type: none"> <li>288,607 workers in N'Djamena made redundant, hardest hit sectors include: non-food retail, urban transport, and education</li> </ul>	<ul style="list-style-type: none"> <li>An assessment of an inventory of enterprises in 10 districts of the city of N'Djamena</li> </ul>	<ul style="list-style-type: none"> <li>UNDP (2020f)</li> </ul>

Country	Employment/ income impact	Type of assessment	Source(s)
Ethiopia	<ul style="list-style-type: none"> <li>Monthly GDP loss of 2.59% at current lockdown measures</li> <li>Loss of 3million jobs (or 6% total employment) in 2020, 56% in informal sector</li> </ul>	<ul style="list-style-type: none"> <li>ILO rapid labour market assessment using an employment projections model</li> <li>Intermediate scenario</li> </ul>	<ul style="list-style-type: none"> <li>ILO (2020d)</li> </ul>
	<ul style="list-style-type: none"> <li>(April to May): 15% of firms in Addis Ababa reduced their workforce, while 5% hired workers</li> <li>40% reported zero revenues in last month, many expected to lay-off workers</li> <li>Employment rates declined by 7% (April), rebounded by 3% (May), and then stabilised at 86% (June)</li> <li>Job losses were mainly in transportation, construction and industry in urban areas, some recovery in self-employment and casual work in commerce and personal service as lockdowns were lifted</li> <li>Respondents reporting household income losses: 55% (April), 46% (May) and 40% (June)</li> </ul>	<ul style="list-style-type: none"> <li>Rapid assessments using high frequency telephone surveys of workers (over 3,000 households) and firms (645)</li> </ul>	<ul style="list-style-type: none"> <li>Tefera, Bundervoet and Wieser (2020)</li> <li>Wieser <i>et al.</i>, (2020)</li> </ul>
	<ul style="list-style-type: none"> <li>Unemployment rate jumped from 7% (baseline estimate in February) to 12% in August</li> <li>Mean net monthly earnings drop of 24% (from February to August)</li> <li>Low-skilled workers suffered much larger wage contractions than high-skilled workers and managers. E.g. -37% for blue collar, skilled agricultural, production and transportation workers, while -5% for technicians/ associate professionals</li> <li>Around 50% (48% and 45% in May and June, respectively) had experienced moderate or severe food insecurity</li> </ul>	<ul style="list-style-type: none"> <li>Phone survey conducted in August; data drawn from a randomly generated sample of 2,500 persons residing in urban centres (aged between 18-64)</li> </ul>	<ul style="list-style-type: none"> <li>ILO (2020g)</li> </ul>

Country	Employment/ income impact	Type of assessment	Source(s)
Malawi	<ul style="list-style-type: none"> <li>As of May, 1.5million were likely to lose their jobs</li> <li>35,000 of which were in hospitality industry</li> <li>Women were disproportionately affected</li> </ul>	<ul style="list-style-type: none"> <li>Qualitative labour market assessment based on Malawi Congress of Trade Unions interviews</li> </ul>	<ul style="list-style-type: none"> <li>ITUC-Africa (2020)</li> </ul>
	<ul style="list-style-type: none"> <li>One week prior to the interview, approximately 9% of respondents stopped lost their job or stopped working</li> <li>In urban areas 88% of businesses in the services sector reported lower or no sales revenue</li> <li>72% per cent of respondents experienced moderate to severe food insecurity</li> </ul>	<ul style="list-style-type: none"> <li>Rapid assessment using a high frequency telephone survey of workers (1,729 households)</li> </ul>	<ul style="list-style-type: none"> <li>Chikoti <i>et al.</i>, (2020)</li> </ul>
Mali	<ul style="list-style-type: none"> <li>As of June, 11% lost their job, against 12.7% in May</li> <li>70% of households had to reduce food intake because of reduced income</li> </ul>	<ul style="list-style-type: none"> <li>Telephone survey of approximately 2,000 households carried out by the national statistical office</li> </ul>	<ul style="list-style-type: none"> <li>Republique du Mali (2020)</li> </ul>
Mozambique	<ul style="list-style-type: none"> <li>As of June, at least 39,500 lost their jobs resulting from reduction of labour in 1,150 enterprises</li> <li>Unemployment rate expected to climb by 7-10% (from 20 to 27-30%); the rise attributed to contractions in trade, agriculture, mining and construction</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic impact analysis</li> </ul>	<ul style="list-style-type: none"> <li>UN (2020a)</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>6.9-7.3million jobs disrupted in 2020</li> <li>By industry: 3.5million in agriculture, 1.5million in wholesale and retail trade, 1.2million in manufacturing, and 400,000 in both construction and transport</li> <li>37% of pre-crisis baseline employment is at risk</li> </ul>	<ul style="list-style-type: none"> <li>Employment projections model based on COVID-19 sectoral risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>ILO (2020c)</li> </ul>
Nepal	<ul style="list-style-type: none"> <li>1.6-2million jobs likely to either be lost or reduced in terms of working time and wages</li> <li>Percentage of workers earning below half of median wage expected to increase by at least 50%</li> </ul>	<ul style="list-style-type: none"> <li>Quantitative scenarios using sectoral risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>ILO (2020h)</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>Employed population to fall from 3,405,877 to 2,400,594 (-30%) in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Modern scenario using GDP-employment elasticities</li> </ul>	<ul style="list-style-type: none"> <li>UNDP (2020g)</li> </ul>
Samoa <sup>1</sup>	<ul style="list-style-type: none"> <li>27% have lost their jobs, mostly women (64 per cent)</li> <li>Those still employment have reduced hours with income losses up to 50%</li> </ul>	<ul style="list-style-type: none"> <li>Firms, workers and household surveys, 119, 352, and 210 respondents, respectively</li> </ul>	<ul style="list-style-type: none"> <li>ILO (2020b)</li> </ul>

Country	Employment/ income impact	Type of assessment	Source(s)
Senegal	<ul style="list-style-type: none"> <li>40% of employment located in vulnerable sectors (retail, hotels, restaurants, and food and drink manufacturing)</li> <li>Overall unemployment rate might increase by 0.2% and 0.15% in 2020 and 2021, respectively</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic impact analysis</li> </ul>	<ul style="list-style-type: none"> <li>UNDP (2020b)</li> </ul>
	<ul style="list-style-type: none"> <li>86.8% experienced reduced incomes</li> </ul>	<ul style="list-style-type: none"> <li>Mobile phone survey of over 1,000 respondents</li> </ul>	<ul style="list-style-type: none"> <li>Nestour and Moscoviz (2020)</li> </ul>
Sierra Leone	<ul style="list-style-type: none"> <li>57% of surveyed employers reported laying-off workers and 37% reduced working hours</li> <li>As at June 2020, food insecure population reached 63% from 53.3 last year</li> </ul>	<ul style="list-style-type: none"> <li>Randomised phone-based survey rolled out in 195 towns and villages</li> </ul>	<ul style="list-style-type: none"> <li>UNDP (2020h)</li> </ul>
Sudan	<ul style="list-style-type: none"> <li>3% increase in unemployment rate to 25% in 2020</li> </ul>	<ul style="list-style-type: none"> <li>IMF projection</li> </ul>	<ul style="list-style-type: none"> <li>IMF (2020c)</li> </ul>
Timor Leste	<ul style="list-style-type: none"> <li>38.2% of respondents unemployed</li> <li>Around 25% of respondents lost their job because of COVID-19</li> <li>Employment rate particularly low for young people (12.3%)</li> <li>56.6% of households had no means of income, of those that retained work, 55% saw a decrease in earnings</li> <li>37.6% of responding households were affected by moderate or severe food insecurity</li> </ul>	<ul style="list-style-type: none"> <li>Assessment based of 437 households, 99 MSMEs, and 40 key informants</li> </ul>	<ul style="list-style-type: none"> <li>UN (2020d)</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>Short-term economic impacts will affect millions of workers, mostly informal (90 per cent)</li> <li>These effects are expected to increase the number of poor people by an additional 2.6million</li> </ul>	<ul style="list-style-type: none"> <li>Rapid assessment using integrated-SDG model</li> </ul>	<ul style="list-style-type: none"> <li>UNDP (2020e)</li> </ul>
	<ul style="list-style-type: none"> <li>As of June, around 30 per cent of respondents reported they were no longer working, of which half attributed to restrictions put in place in response to the pandemic</li> <li>Since the COVID-19 outbreak, 87% of households have reported reduced income (or no earnings) from at least one of their sources of livelihood</li> <li>In the last 30 days preceding the interview, 8% households experienced severe food insecurity while 42% experienced moderate or severe food insecurity</li> </ul>	<ul style="list-style-type: none"> <li>Rapid assessment using a high frequency telephone survey of workers (2,259 households)</li> </ul>	<ul style="list-style-type: none"> <li>Aguta <i>et al.</i>, (2020)</li> </ul>

Country	Employment/ income impact	Type of assessment	Source(s)
Yemen	<ul style="list-style-type: none"> <li>• 40% of formal workers lost their job</li> <li>• No informal workers reported job losses</li> <li>• 79% reported a reduction in their income of at least a fifth</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative and quantitative data collection</li> <li>• 450 respondents randomly selected located in 9 districts across 6 governorates</li> </ul>	<ul style="list-style-type: none"> <li>• Norwegian Refugee Council (2020)</li> </ul>
Zambia	<ul style="list-style-type: none"> <li>• 393,433 lost jobs (-87%) in 6 impacted sectors by end of 2020.</li> <li>• Mostly concentrated in informal sector (76%)</li> <li>• Poverty headcount ratio might increase from 60.3%-67.1%</li> </ul>	<ul style="list-style-type: none"> <li>• Socio-economic impact assessment</li> <li>• High restrictions scenario</li> </ul>	<ul style="list-style-type: none"> <li>• UNDP (2020i)</li> </ul>

<sup>1</sup> Samoa graduated in 2014 and is no longer an LDC.

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## ► Advancing social justice, promoting decent work

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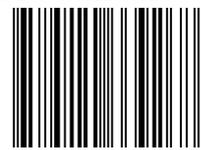
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