



International
Labour
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▶ **A quick reference guide
to common COVID-19
policy responses**



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► Preface

Employers' and business membership organizations (EBMOs) play a critical role in representing their enterprise and association members through policy advocacy with governments and relevant stakeholders on key labour and social issues that enable a competitive business environment. In addition, EBMOs need to provide information to their membership that enables them to make the right decisions to grow and sustain their businesses.

With the COVID-19 crisis putting extraordinary pressure on employers and private sector businesses to survive and continue to provide decent work, EBMOs have had to undertake rapid assessments of the impact of the pandemic on enterprise health and sustainability and feed this intelligence to governments with policy proposals so that economic stability and recovery measures are effective.

In response to those needs, a number of practical tools have been produced for EBMOs to use with their members, ranging from ways of dealing with COVID-related workplace issues, a business continuity tool, an enterprise survey tool and a back-to-work tool; and a number of issue-based policy guidance notes have been produced. Yet, there was still a need for a simple, easy to navigate overview of common policy measures implemented by governments in different parts of the world. This quick reference has been made available for EBMO in response to the COVID-19 pandemic with a focus on policy measures affecting business directly or indirectly. It assists EBMOs in their advocacy and policy work by providing examples of policy measures drawn from different regions, countries, sectors and development contexts with relevance to the Asia-Pacific region. The reference guide also includes a number of policy proposals advocated by EBMOs which have not yet been adopted.

In response to direct calls for this assistance from EBMOs in Asia-Pacific, this publication has been produced to provide a simple menu of common policy responses to the COVID-19 pandemic with a focus on policy measures affecting business directly or indirectly. While no analysis or evaluation is provided on the effectiveness of the policy measures referenced, the publication aims to assist EBMOs in their advocacy and policy work by providing examples drawn from different regions, countries, sectors and development contexts with relevance to the Asia-Pacific region.



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We extend our thanks also to ILO colleagues who provided peer review and made technical contributions. From the Bureau for Employers' Activities, Sanchir Tugschimeg, Gary Rynhart, Luis Gonzalez, and Vladimir Curovic supported this effort. ILO colleagues from the Decent Work Team (DWT) for East and South-East Asia and the Pacific also provided technical inputs that enriched this guide. We thank these colleagues for their time and important contributions.

Finally, we express deep appreciation to the ILO team that led and coordinated the research, in particular Wade Bromley and Dong Eung Lee, Senior Specialists on Employers' Activities with ILO DWT for East and South-East Asia and the Pacific, and Ravi Peiris, Senior Specialist on Employers' Activities, ILO Decent Work Technical Support Team, New Delhi Office.

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▶ Contents

Introduction	6
How to use this guide	6
Social dialogue and workplace cooperation	7
Survival phase	9
1. Employment measures	9
1.1 Wage subsidies	9
1.2 Job retention schemes	10
1.3 Work sharing or short-time work schemes	10
1.4 Layoffs, furloughs and redundancy	11
1.5 Payment of wages and wage freezes	11
1.6 Targeted public employment programmes	11
2. Extending social protection	12
3. Supporting and sustaining enterprises	13
3.1 Debt deferral	13
3.2 Direct loans and loan guarantees	13
3.3 Interest rate cuts	14
3.4 Tax relief and social contribution deferrals	14
3.5 Support for utilities, rental and other essential fixed costs	15
3.6 Investment incentives and facilitation for medical supplies and research	16
3.7 Minimum wage	16
3.8 Central resource for COVID-19 business information	16
4. Extending support to self-employed people and the informal economy	17
4.1 Self-employed income support	17
4.2 Supporting the self-employed in the informal economy	17
5. Facilitating temporary changes in work arrangements	18
5.1 Extended paid sick leave, care leave or family leave	18
5.2 Child care and child protection	19
5.3 Working from home and teleworking	19
6. Trade facilitation: export and import	20
Adjustment phase	21
1. Supporting the return to work	21
1.1 Reviewing work arrangements	21
1.2 Enhancing occupational safety and health at work	21
2. Training and skill development	22
2.1 Technical and vocational education and training	22
2.2 Training, reskilling and apprenticeships	22

3. Supporting the use of digital technology	23
3.1 Expanding digital infrastructure	23
3.2 Developing digital literacy and dexterity	24
4. Promoting entrepreneurship and innovation	24
5. Specific measures to support employment-intensive and/or growth industries	25
6. Supporting small-scale cross border trade	25
7. Public procurement	26
Recovery phase	27
1. Easing border control and protecting public health	27
2. Promoting investment	27
2.1 Attracting investment	27
2.2 Incentives and facilitation to restore international trade	27
2.3 Export credit insurance schemes	28
3. Promoting labour market flexibility	28
4. Investing in productivity	29
4.1 Productivity	29
4.2 Education and skill development	29
4.3 Research and development	29
4.4 Leveraging technology	29
5. Promoting business resilience	30
6. Greening the recovery	31
7. Revisiting social protection	31
8. Transitioning to the formal economy	31
9. Public-private partnerships	32
10. Improving public administration, coordination and transparency	32
10.1 Coordination across government and between sectors	32
10.2 Conduct scenario planning	32

► Introduction

The COVID-19 pandemic has devastated the world of work, affecting people's lives, health and well-being, and it has had a dramatic effect on enterprises, jobs and livelihoods throughout the world. This public health crisis has also generated massive economic and social disruption in every country.

Governments have taken unprecedented measures to combat the spread of the virus and to protect people's lives. Lockdowns and other restrictive measures, however, have had a deep impact on economies, job markets and societies, and the global economy is sliding into a recession. Supply chains are disintegrating, sectors are collapsing, enterprises are closing, and more and more workers are losing their incomes and livelihoods. Many micro and small enterprises are at risk of bankruptcy.

To ameliorate those detrimental consequences, most countries have deployed large-scale fiscal and monetary packages to stimulate the economy and protect people's income and well-being. Recognizing the importance of keeping business going, governments are helping enterprises cope by offering employment subsidies, cost subsidies, and tax payment delays as well as other measures to rebuild the economy and recover from the crisis.

The success of the recovery will depend critically on policies enacted during the crisis. Different phases of the pandemic require different policy responses, and governments must find the right policy balance. Interventions must be sustained and implemented on the right scale. Social dialogue at both the national and workplace levels, is critical at all stages of the pandemic to develop effective policy responses and sustainable solutions to the various issues emerging in the wake of COVID-19.

► How to use this guide

This reference guide provides a menu of common policy measures implemented by governments from different parts of the world in response to the COVID-19 pandemic with a focus on policy measures affecting business directly or indirectly. It assists employers' and business membership organizations (EBMOs) in their advocacy and policy work by providing examples of policy measures drawn from different regions, countries, sectors and development contexts with relevance to the Asia-Pacific region. This guide also includes a number of policy proposals advocated by EBMOs which have not yet been adopted.

For ease of reference, the policy measures have been arranged and categorized according to three phases of the pandemic response: survival, adjustment and recovery, although some policy measures are relevant in more than one phase. Given the rapid pace of developments, this guide is a living document, meaning it will be updated periodically and used by EBMOs themselves to track developments. For the latest policy developments and further examples organized by country, EBMOs can review the ILO COVID-19 country policy responses platform, the IMF COVID-19 policy tracker, or the OECD COVID-19 policy tracker.

For guidance and support on putting forward recommendations on COVID-19 to governments, unions and other stakeholders, EBMOs may review the COVID-19 EBMO public statement template.

► Social dialogue and workplace cooperation

Social dialogue and workplace cooperation can be drivers for economic and social resilience, competitiveness, stability and inclusive growth and development. Globally, EBMOs and workers' organizations contribute to achieving solutions and building social cohesion and rule of law. Partnerships between social partners can support good governance, and peace and stability, and they can boost economic and social progress. Even when countries experience disruptive situations, such as a pandemic, natural disaster, conflict or social unrest, the individual and collective efforts of social partners can contribute to improved stability and inclusive economic, social and political development.¹

Each country situation and each industry is different. There is no "one-size fits all" dialogue, and all forms and levels of social dialogue and workplace cooperation have a role to play.² At the national and sectoral levels, with the advances in technology and digital transformations that have resulted from COVID-19, policymakers can use video conferencing platforms and social media applications to engage social partners and other stakeholders. Support may also be required to assist EBMOs and workers' organizations to transition towards digital approaches to membership engagement, consultation and social dialogue.

In **Denmark**, to avoid large-scale redundancies, a tripartite agreement was concluded on 14 March 2020 between the Government, the Danish Confederation of Trade Unions and the Danish Employers' Confederation. It provides a State-financed temporary salary compensation scheme for employers at risk of large-scale redundancies. For employees at risk of redundancy, the State pays the employer 75 per cent of the monthly salary, and 90 per cent of hourly wages for every full-time employee, up to a maximum of DKK 30,000. Employees must take five days of holidays and/or time off during the salary compensation period. In return, their employment cannot be terminated.

Source: Mette Soested and Natalie Videbaek Munkholm, "COVID-19 and Labour Law: Denmark", *Italian Labour Law e-Journal*, Vol. 13 No. 1S, 2020.

In **Singapore**, the Ministry of Manpower, the National Trade Union Congress and the Singapore National Employers Federation signed a tripartite advisory statement on managing excess manpower and responsible retrenchment (updated in March 2020). The statement invites enterprises to use retrenchment as a last resort, only after all other options have been explored and deemed inapplicable. Alternatives to retrenchment include the training of employees to upgrade their skills; redeployment of employees to other parts of the enterprise; flexible work schedules and short workweeks; wage adjustments following social dialogues; and unpaid leave. The document indicates, "where there is a need to implement any of the measures, the principle of leadership by example, close consultation and transparency should prevail. Employers should engage and communicate with unions and employees. The measures should be regularly reviewed to assess whether they remain necessary and whether other measures are required". It further states that if an enterprise is unionized, the relevant union(s) should be consulted as early as possible on these measures. Then the Government allocated a "Resilience Budget" to support workers, stabilize enterprises and build resilience to social distancing measures and workplace closures.

Source: Ministry of Manpower, Singapore.

- In **Italy**, a tripartite "Joint Protocol for the regulation of measures to combat and contain the spread of COVID-19 at the workplace" was signed on 14 March 2020 between the Government and social partners, and it will be implemented in all enterprises and workplaces involving the participation of workers' representatives. The Protocol contains 13 action points including social safety nets, smart working arrangements and overall measures aimed at maintaining economic activity while ensuring a safe working environment. It also calls upon the social partners to further specify these measures by industry/sector.
- In the **Republic of Korea**, as early as 6 March 2020, the Government and social partners issued a tripartite declaration to overcome the COVID-19 crisis with measures to preserve employment and protect the workers

¹ ILO, "Managing Conflicts and Disasters: Exploring Collaboration between Employers' and Workers' Organizations", 2020.

² ILO, "The need for social dialogue in addressing the COVID-19 crisis", ILO brief, May 2020.

most exposed to the virus and also ease the tax burden on small enterprises. This was complemented by a “Health Care Sector Tripartite Agreement” signed on 19 March 2020. The agreement specifies obligations for labour and management to promote occupational safety and health and patient safety, stop the propagation of the virus, prevent exhaustion of medical staff, improve the working environment in health-care facilities and preserve employment in the sector.

- ▶ In **Sri Lanka**, a tripartite task force chaired by the Minister of Skills Development, Employment and Labour was formed in March 2020 to manage the labour market impacts of COVID-19. Through the task force dialogues, employers' organizations agreed to pay workers' full salaries in March and April 2020. A tripartite agreement was reached later to prorate wages in situations where workers cannot be simultaneously deployed due to health restrictions or operation limitations.

Source: ILO COVID-19 country policy responses platform.

► Survival phase

This section contains a suite of policy measures for immediate crisis response and short-term relief. In this phase it is particularly important to keep supply chains flowing, especially health care and food supplies, and prevent enterprise closures, protect against the loss of jobs and income and remove unnecessary barriers, including export restrictions and other trade barrier that could worsen the situation. Immediate stimulus packages are needed to strengthen the health sector while mitigating the impact on economies and labour markets through the provision of financial relief for enterprises and income support for workers.³

Interventions should build on existing institutions, while steering workers and enterprises to facilitate a sustainable recovery.⁴ Measures in support of formal enterprises should be executed alongside measures to help micro and small enterprises in the informal sector that have limited capacities and resilience.

Many countries have reacted promptly to the COVID-19 crisis with an unprecedented scope and scale of measures including investments in health care, income support, job retention schemes and business facilitation. The ILO reported that by the end of May 2020, over 90 countries had introduced or announced fiscal measures totalling over US\$10 trillion, while a similar number of countries have cut interest rates following the outbreak.⁵ The following are some of the common immediate and short-term measures implemented by countries around the globe.

1. Employment measures

Employment related policies and packages to support enterprises and protect workers from employment risks and boost new employment opportunities have been implemented by many countries as immediate response to the pandemic. Popular measures include employment or job retention schemes, wage subsidies, incentives for work sharing and shorter working hours, cash grants, the provision of low interest loans and the temporary suspensions of tax payments and social security contributions.

1.1 Wage subsidies

Wage subsidies are the most widely used employment protection measure. They are implemented through direct subsidies or reimbursements to enterprises for all or some portion of the worker's salary when revenue and profit are reduced by a crisis. Wage subsidies provide incentives to employers to keep workers on the payroll even as business activities decrease. Wage subsidies can be costly but tend to contribute to a faster recovery for enterprises by enabling them to retain a qualified workforce and minimizing their layoffs and rehiring costs.⁶ It is effective as a temporary and complementary measure to wider policy interventions in preserving jobs and stimulating the economy.

- In **New Zealand**, enterprises with a decline in actual or predicted revenue of 30 per cent or more per month due to COVID-19 are eligible to apply for the wage subsidy for up to 12 weeks per employee, with the condition that workers named in the application must be retained for the period of the subsidy. The subsidy is a flat rate of NZD 585.80 for employees working 20 hours or more per week before the crisis (full-time), and NZD 350 for employees working up to 20 hours per week (part-time).
- In **Botswana**, the wage subsidy programme was available for citizen employees from April until June 2020. Employers receiving the benefits were not allowed to retrench their employees. Eligible employers received a subsidy of 50 per cent of the employee's monthly wages, ranging from BWP 1,000 – BWP 2,000 per month.
- In **Cook Islands**, registered enterprises that demonstrate a 30 per cent decline in their business since 1 March 2020 could apply for the wage subsidy, equivalent to the minimum wage for a 35-hour work week for up to three months. The subsidy was provided on the condition that enterprise would keep the worker on the payroll.

Source: ILO, "Appendix: Country Examples", in Temporary Wage Subsidies, 2020.

³ ILO, "A policy framework for tackling the economic and social impact of the COVID-19 crisis", ILO brief, May 2020.

⁴ UN, "The World of Work and COVID-19", Policy Brief, June 2020.

⁵ ILO, "COVID-19 and the world of work", fifth edition, 2020.

⁶ ILO, "Temporary Wage Subsidies", 2020

1.2 Job retention schemes

Similar to wage subsidies, job retention schemes have been implemented by many countries to help employers to retain workers and continue to pay their salary during the COVID-19 crisis so they will be able to get back to work quickly after the pandemic. The aim is to prevent loss of income for workers who are already employed. The schemes provide cash grants, low-interest loans, or tax credits for all eligible enterprises that maintain payroll at the pre-COVID-19 level. Such measures are suitable for enterprises of all sizes and help to preserve employment relationships that will facilitate the recovery phase.⁷

Different countries have implemented the schemes in various ways: some countries do not allow employers to lay off or terminate workers during the assistance period while others allow employers to lay off workers temporarily and claim a cash grant to be distributed to the workers, with the guarantee that those workers will return to work when the situation improves.

In **Australia**, the Government has implemented the AUD 130 billion **Job Keeper Scheme** to enable enterprises significantly impacted by COVID-19 to continue paying their employees. This assistance supports enterprises to maintain their workforce and quickly restart when possible. Affected enterprises can claim a payment of AUD 1,500 per fortnight per eligible employee and they must pay at least this amount to each eligible employee.

Source: Employee Matters, "Federal Government Job Keeper Scheme Explained", 2020.

In **Malaysia**, the Government launched the **Employee Retention Programme** to provide financial assistance of 600 Malaysian ringgit per month (up to six months) to employees whose monthly salary is less than 4,000 ringgit and who agree to take up to six months unpaid leave (and at least 30 days) from 1 March 2020. The Government also launched the **Wage Subsidy Programme**, which provides subsidies of up to 1,200 ringgit a month to eligible employers for each employee earning 4,000 ringgit and below for a period of three months. An employer who receives the benefit must ensure there is no retrenchment, wage reduction or unpaid leave, and must agree to retain the employee for at least six months.

Source: Round Table Consultancy, "Employee Retention Programme (ERP) and Wage Subsidies Programme (WSP)", 16 April 2020.

1.3 Work sharing or short-time work schemes

Work sharing or short-time work is a reduction of an employee's working time to spread a reduced volume of work over the same number of workers to avoid layoffs. It is a government scheme that assists employers during temporary drops in demand or production or other economic difficulties by providing workers with a subsidy proportional to the reduction in hours. Short-time work schemes have been negotiated between social partners, and various European countries are implementing them in response to the pandemic⁸ to help stabilize employment and support workers' incomes.

In **Germany**, the *Kurzarbeit* (short-time work) scheme enables enterprises that were drastically affected by an economic downturn to either send their workers home or significantly reduce their hours without having to lay them off. The Government will pay 60 per cent of the salary workers received before the crisis, or 67 per cent if they have children.

In March 2020, the parliament expanded the short-time work scheme, making it available to enterprises if a minimum of 10 per cent of their workforce is affected, compared to the previous minimum of 30 per cent. The Government expects up to 2.35 million people to receive this benefit, costing the state at least €10 billion (US\$11.1 billion).

Source: Deutsche Welle, "Short-time work: A vital tool in Germany's economic armory against coronavirus", 2020.

⁷ ILO, "A policy framework for tackling the economic and social impact of the COVID-19 crisis", ILO brief, May 2020.

⁸ Ibid

Several industry-level collective agreements have been concluded between trade unions and employers' associations increasing the legal short-time work compensation. Examples include: film industry (100 per cent of net wages); metalworking 80–97 per cent); chemicals (90 per cent); automotive craft (KfZHandwerk) (90 per cent); systems-based food catering sector (Systemgastronomie) (90 per cent); textiles services (80 per cent); wood and plastics industry (75 per cent).

Source: European Trade Union Confederation, "Short Time Work Measures Across Europe", *ETUC Briefing Note*, 31 March 2020, p. 5.

1.4 Layoffs, furloughs and redundancy

To halt the spread of COVID-19, governments enacted restrictions such as curfews, movement controls and lockdowns, and many enterprises were unable to operate and struggled to retain their workers without financial assistance.

Despite the challenges of retaining workers, redundancy and termination should be the last resort for any enterprise. To assist and facilitate employers' efforts to retain workers and to ensure business continuity, a certain degree of flexibility may be needed so that employers can make workforce adjustments, at least temporarily, during the crisis when financial assistance is exhausted. This would enable employers to stand down workers, lay off or furlough them when enterprises are unable to operate due to lockdowns, restrictions or lack of demand, and they have exhausted all other avenues and have no alternative.

In **Australia**, temporary changes to workplace laws were made due to the impact of COVID-19. Some unions and employer's associations have applied to the Fair Work Commission to increase flexibility in some awards. As a result, the Commission has adjusted a number of provisions in those awards to give employers and employees extra flexibility to agree on alternative working arrangements, such as the extension of unpaid pandemic leave.

Source: Fair Work Ombudsman, Government of Australia, "Temporary changes to workplace laws during coronavirus", 30 March 2020.

1.5 Payment of wages and wage freezes

In protecting the interests of workers, most legislation is restrictive in terms of the payment of wages. Without government financial assistance, some enterprises would be unable to retain workers when they close their operations or operate below full capacity due to restrictions or decreased demand. In those circumstances, understanding and shared commitment between employers, unions and workers is most important. Legislation may need to be loosened to enable social partners to explore alternative arrangements for job preservation so that employers are able to keep workers and minimize layoffs or redundancy. Bipartite and tripartite social dialogue plays an essential role for achieving agreement on arrangement, such as temporary wage freezes, salary reductions, prorated wages, and deferred payments of wages and allowances, among others.

In **Sri Lanka**, the tripartite partners have reached an agreement for prorated wages for employees who cannot be at work due to health restrictions or business exigencies that have arisen as a result of the COVID-19 pandemic. The tripartite agreement was initially for three months, but it has been extended for another three months effective from 1 July 2020.

Source: Employers Federation of Ceylon.

1.6 Targeted public employment programmes

Cash for work schemes seek to provide immediate employment opportunities while developing infrastructure and supporting the delivery of government services to provide a better foundation for future growth. These common crisis response measures provide work and income for those who are mentally and physically able and willing, and it slows the further deterioration of the labour market. Examples of cash for work include routine road maintenance activities or the delivery of water/utilities, sanitation and health services. These employment programmes can offer adjustments to procurement and incentives to mobilize the capacity of the private sector, in particular construction enterprises that execute infrastructure and maintenance works.⁹

- ▶ In **India** the Government allocated an additional US\$5 billion to the National Rural Employment Guarantee Scheme, which provides 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.
- ▶ The public works programme in **South Africa** provides work in essential services and waste collection but also includes a new initiative to hire 20,000 people to distribute sanitizers and provide hygiene education and work in disinfection and sanitization.

Source: Kaleb Nygaard and Mallory Dreyer, "Countries provide support to workers in the informal economy", Yale School of Management, Program on Financial Stability, 22 May 2020.

In **Timor-Leste**, with support from the ILO, the Government has created almost 2,000 direct employment opportunities for poor and vulnerable people in rural areas through routine road maintenance activities.

Source: ILO Country Office for Indonesia and Timor-Leste.

2. Extending social protection

Social protection is an indispensable mechanism for delivering support to individuals during the COVID-19 crisis by providing access to health care and protecting against massive losses of income resulting from the deepest economic downturn since the Second World War.¹⁰ Many countries have been able to react quickly by mobilizing, expanding or adapting existing social protection mechanisms. According to the "ILO Social Protection Monitor on COVID-19", as of 17 April 2020, 108 countries had implemented social protection measures as part of their response to the COVID-19 crisis, especially in the areas of health protection, unemployment protection, sickness benefits and social assistance. This has helped to ensure inclusive and effective access to health care and income security, thereby supporting jobs, livelihoods and incomes, notably among those in a vulnerable situation.¹¹

- ▶ The Government of the **Philippines**, through the Emergency Subsidy Program, will provide 18 million households with 5,000–8,000 Philippine pesos a month for two months. On 22 May 2020, the Government announced that second tranche of the payment is mainly for those living in the Enhanced Community Quarantine.
- ▶ In **Thailand**, employees covered by national social insurance received unemployment compensation of 62 per cent of their daily wages with a maximum of THB 500 per day or THB 15,000 per month, for three months from March to May 2020. The Thai social security agency will cover all medical costs of those infected with COVID-19.
- ▶ In **Qatar**, all workers who are isolated or quarantined and who are receiving treatment will receive their basic salary and allowances regardless of whether they are entitled to sick leave.
- ▶ The Government of **Ukraine** allocated UAH 2.28 billion (US\$84.44 million) to the Social Insurance Fund to finance paid sick leave and one-off assistance for the families of doctors and medical workers who died from COVID-19. The Social Insurance Fund introduced temporary compensation for COVID-19 patients who lost income. All insured employees are eligible to receive 50 per cent of their average wage, regardless of seniority,

⁹ ILO, "The role of public employment programmes and employment guarantee schemes in COVID-19 policy responses". ILO brief, May 2020.

¹⁰ ILO, "Social protection responses to the COVID-19 pandemic in developing countries: Strengthening resilience by building universal social protection", ILO brief, May 2020.

¹¹ ILO, "The role of public employment programmes".

starting from the sixth day of the confirmed temporary incapacity to work (the first five days are financed by employers).

Source: Ugo Gentilini et al., “Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures”, Living papers, version 11, 12 June 2020.

3. Supporting and sustaining enterprises

3.1 Debt deferral

Governments, agencies and commercial banks have enacted measures for the temporary relief of enterprises affected by the crisis, including freezing or deferring financial obligations, such as loan repayments. They are also extending loan maturities, imposing debt moratoriums, temporarily freezing debtor ratings and temporarily increasing the threshold at which creditors can issue a statutory demand on an enterprise and the time enterprises have to respond to statutory demands they receive.

The **Dominican Republic** has introduced a temporary freeze of debtor ratings and provisioning to the prevailing levels as of 16 March 2020; overdue loans will be classified as current for a 60-day period; and debtors have been given 90 days to update loan guarantees.

Source: IMF, “Country Report No. 20/154: Dominican Republic”, 7 May 2020, p. 7.

Egypt has introduced a policy waiving marginal interest on debt under EGP 1 million if customers make a 50 per cent payment. Microlenders have been instructed to consider delays on a case-by-case basis, of up to 50 per cent of the value of monthly instalments for struggling clients. There has also been a suspension of credit score blacklists for irregular clients and a waiver of court cases for customers who defaulted on a debt.

Source: IMF, Chapter 1. Policies to support people during the COVID-19 pandemic, Annex 1.1. Fiscal Measures in Selected Economies in Response to the COVID-19 Pandemic, in *Fiscal Measures*, 2020, p. 37.

- ▶ In **Hungary**, payments on loans taken out before 18 March 2020 have been suspended until the end of 2020 for all private individuals and enterprises. Short-term business loans are prolonged until 30 July 2020. The annual percentage rate of new consumer loans has been maximized at the central bank prime rate plus 5 per cent.
- ▶ The **Central Bank of Malaysia** announced it requested a six-month moratorium of all bank loans affected by the outbreak, except credit card balances.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

3.2 Direct loans and loan guarantees

Many governments have introduced and extended measures to boost lending to small and medium-sized enterprises (SMEs) including direct credit provided by central banks and incentives for commercial banks, such as the provision of guarantees on loans or lifting reserve requirements for banks to allow them to increase their lending. Some governments are offering partial guarantees of up to 80 per cent to banks against losses on qualifying loans and now allow less stringent credit risk assessments.

Examples of support measures for SMEs

- ▶ In **Australia**, the Boosting Cash Flow for Employers scheme initially provided grants of up to AUD 25,000 to SMEs, with a minimum tax-free payment of AUD 2,000 for eligible enterprises (those with turnover under AUD 50 million that employ staff). A new government package announced on 22 March 2020 raised this tax-free cash payment to AUD 100,000 and expanded its eligibility criteria to include not-for-profit charities.
- ▶ The **Bank of Thailand** enacted measures to assist SMEs affected by COVID-19 and stabilize the corporate bond market. The measures enable SMEs to postpone debt payments for six months with a credit line up to THB 100 million; provide soft loans for SMEs with a credit limit of up to THB 500 million at a 2 per cent interest rate per annum for two years (no interest due in the first six months). SMEs can also claim deductions from the salary expenses of employees registered with social security.
- ▶ In **Brazil**, the state-owned **Federal Savings Bank** is currently offering US\$14.9 billion in credit lines to SMEs for working capital, and it is purchasing payroll loan portfolios from medium-sized banks and agribusiness. It has also cut interest rates on certain types of credit and offered clients a grace period of 60 days.

Source: OECD and ASEAN, *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to boost MSME resilience*, Policy Insight series, 2020.

3.3 Interest rate cuts

One of the immediate monetary policies implemented by most countries is slashing the interest rate. The action by the reserve banks to cut the interest rate has a direct and immediate effect on the economy. Commercial banks have subsequently cut variable and fixed interest rates on business loans to help support business in this challenging time and to boost the economy.

The **Central Bank of Myanmar** has dropped interest rates twice since the outbreak of COVID-19, initially at 0.5 per cent reduction in mid-March 2020, and subsequently dropped by an additional 1 per cent on 1 April 2020 to help the country's declining economy. The rate effective of 1 April 2020 is 8.5 per cent.

Source: Nan Lwin, "Myanmar Central Bank Cuts Interest Rates Another 1% to Aid Economy", *The Irrawaddy*, 25 March 2020.

In **Egypt**, the central bank has reduced the policy rate by 300 basis points. The preferential interest rate has been reduced from 10 per cent to 8 per cent on loans to tourism, industry, agriculture and construction sectors, as well as for housing for low-income and middle-class families.

Source: IMF COVID-19 policy tracker.

The **Reserve Bank of Australia** has cut official interest rates to a record low of 0.25 per cent as it forecasts "significant job losses" and attempts to shield the economy from the financial fallout of the coronavirus pandemic. The Governor Philip Lowe said the bank would hold the cash rate at 0.25 per cent "until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2 to 3 per cent target band".

Source: Shane Wright and Eryk Bagshaw, "Reserve Bank cuts rates to record low in emergency action", *The Sydney Morning Herald*, 19 March 2020.

3.4 Tax relief and social contribution deferrals

Tax relief includes fiscal policies implemented by governments to stimulate the economy and boost spending. Common policies are tax cuts, credits, waivers, postponing deadlines for annual tax declarations and payments, waivers of interest and penalties for deferred tax payments, deferral of social security and pension contributions, allowing payment plans so employers can pay past contributions in instalments, among others.

- ▶ The **Indonesian Employers Association** put forward proposals to the Finance Minister on relaxing the income tax and to the Chair of the Financial Services Authority on relaxing the rules on bank loan repayment.
- ▶ The **Japan Business Federation** put forward a proposal on 30 March 2020 to the Government to request the following tax support:
 - ▶ extend tax filing and payment deadlines and defer tax inspections based on extensions and payment deadlines without interest tax and local arrears penalties.
 - ▶ allow a two-year carry-back of losses for SMEs and specified large enterprises and enable refunds for interim tax returns.
 - ▶ expand the reduction of fixed asset taxes for SMEs.
 - ▶ implement tax refunds, exemptions and deferral for fixed asset taxes and aviation fuel tax for airlines, railway operators and tourism-related services.
 - ▶ take bold tax measures to support telecommuting at SMEs.
 - ▶ implement tax exemptions for stamp duty relating to special loans for enterprises affected by the pandemic.

Source: Indonesian Employers Association and Japan Business Federation, March 2020.

- ▶ In **Japan**, the Government has permitted enterprises that suffered falling revenue of more than 20 per cent to defer payment of tax and social security contributions. It also implemented a reduction or exemption of local property tax on machinery and building for affected SMEs.
- ▶ **Norway** has temporarily cut value added tax (VAT) nationwide to 8 per cent from 12 per cent, until 31 October 2020. Enterprises and individuals responsible for VAT had until June 14 2020 to make first quarter payments.
- ▶ In **South Africa**, the Government introduced a tax subsidy to employers of up to ZAR 500 per month for four months for private sector employees earning below ZAR 6,500 under the Employment Tax Incentive. It also introduced a four-month holiday for enterprise skills development levy contributions, a fast tracking of VAT refunds and a three-month delay for filing and first payment of the carbon tax. To assist a greater number of businesses, the turnover threshold for tax deferrals has increased to ZAR 100 million a year.

Source: ILO COVID-19 country policy responses platform.

3.5 Support for utilities, rental and other essential fixed costs

Despite the drastic fall in revenue and income, enterprises are still required to pay ongoing costs and expenses such as rental, mortgage and utilities, among others. Countries have introduced policies and guidance to temporarily help enterprises during this difficult period. Waivers of disconnection fees, deposit refunds, payment plans, prohibitions on eviction, rent subsidies or assistance and deadline extensions for real estate tax payments are some of the popular measures countries have implemented.

In **Thailand**, the Government began working with the Metropolitan Electricity Authority and the Provincial Electricity Authority on 25 March 2020 to refund electric meter insurance and deposits of THB 300–THB 6,000 to assist households and small enterprises.

Source: The Thaiger, “How to request a refund for electric meter deposits – starts tomorrow”, 24 March 2020.

Slovenia has temporarily freed small enterprises and households from the obligation to pay to support producers of power from renewable sources and high-efficiency co-generation.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

In **Singapore**, the parliament passed amendments to the COVID-19 regulations on 5 June 2020 requiring commercial property owners to waive the base rent for two months (June and July) for struggling SME tenants. Landlords of industrial and office properties are also required to grant eligible tenants a one-month base rent waiver for May 2020.

Source: CNA, “Amended COVID-19 laws passed requiring landlords to give SME tenants more rental waivers”, 2020.

3.6 Investment incentives and facilitation for medical supplies and research

A range of fiscal and financial policies have been implemented by governments in different regions of the world to support, facilitate and incentivise investments in the production of critical medical equipment related to COVID-19 and support research on vaccines or medication. Policies have created incentives to enhance contracted economic activities, convert production lines and authorize non-voluntary licensing to speed up research and development and improve access to medications.

- ▶ On 23 March 2020, the **Czech Republic** established a CZK 500 million investment subsidy scheme for medical devices, pharmaceuticals and biotechnology manufacturing.
- ▶ **Italy** created a €50 million programme to encourage manufacturers to convert to or expand their production of medical devices and supplies.
- ▶ The **Myanmar Investment Commission** announced on 11 April 2020 that it would accelerate approvals for investments in labour-intensive and infrastructure projects. The Commission will accelerate approvals for enterprises working on health care and medical equipment, including those involved in manufacturing supplies such as face masks, and prioritize pharmaceutical enterprises and health care service providers. A 50 per cent reduction of investment application fees was announced on 9 April 2020.

Source: United Nations Conference on Trade and Development, “Investment policy responses to the COVID-19 pandemic”, *Investment Policy Monitor*, Special issue No. 4, May 2020.

3.7 Minimum wage

Due to the exceptional circumstances surrounding COVID-19, some governments and social partners have considered deferring minimum wage adjustments to give enterprises additional time to recover from the extended closures and the significant economic losses many are experiencing. The decision to defer minimum wage adjustments and the difference in earnings it would represent could be offset by social protection measures. However, a few developed countries, including Australia, New Zealand and the United Kingdom, have recently announced minimum wage increases.

In the **Philippines**, the Regional Tripartite Wages and Productivity Board – National Capital Region has deferred stakeholder consultations and public hearing on pending minimum wage discussions until the majority of workers have been allowed to return to work.

3.8 Central resource for COVID-19 business information

One of the challenges for enterprises has been to keep abreast of changing COVID-19 policy measures and information about available resources. In the age of social media, a related challenge has been separating fact from fiction. Enterprises need accurate, up-to-date information from credible sources at all stages of the pandemic. Some countries have set up a central source for COVID-19 business information, with links to different departments and agencies.

The **Fiji Commerce and Employers Federation** has put forward a proposal to Government for the creation of a publicly funded Helpdesk for Business with a toll-free phone line to provide regular and reliable information, updates and guidance from the Government on policies and support.

Source: Fiji Commerce and Employers Federation, “COVID-19 impact assessment”, June 2020.

In **New Zealand**, the Government's central resource for COVID-19 business information was established to provide updates about COVID-19 and guidance to help enterprises, including financial support, work visas, leases and tenancies, exports and imports, working from home, etc.

Source: Government of New Zealand, COVID-19: Information for businesses.

In **Cook Islands**, the Business Support Office was established to provide information and support to businesses.

Source: Cook Island Chamber of Commerce.

4. Extending support to self-employed people and the informal economy

Self-employed individuals and enterprises operating in the informal economy make up an important part of the workforce today, and many have lost income or their job as a result of the COVID-19 pandemic. This includes workers in the gig economy, freelancers, professionals, owners of small enterprises, sole traders, independent contractors and so on. They usually have limited capacities and poor chances of survival during the crisis, and they need tailored support. Some countries have implemented measures to help self-employed people and enterprises to cover their fixed costs during the crisis.

4.1 Self-employed income support

Self-employed cash grant income support is one form of direct assistance, and other measures include tax relief, deferral of loan payments, small enterprise loan and credit, and so on (see section 3 above "Supporting and sustaining enterprises"). One-off grants or short-term cash assistance for microenterprises and sole traders will help them in these tough times and cushion them from the economic impact of COVID-19. A number of countries have offered this kind of support, including the United Kingdom, the Republic of Korea and Singapore.

The Government of the **United Kingdom** introduced the Self-Employed Income Support Scheme to support self-employed people or members of a partnership who lost income due to the COVID-19 crisis. The scheme is open to those who have annual profits of less than £50,000 and receive at least half their income from self-employment. Qualified self-employed people will receive up to 80 per cent of their average monthly trading profits for a period of three months starting in May 2020, capped at an overall maximum of £7,500. The scheme was extended for another three months from August 2020, with benefits up to 70 per cent of average monthly trading profits, capped at an overall maximum of £6,570.

Source: Association of Taxation Technicians, COVID-19: Self-Employed Income Support Scheme, 2020.

In **Singapore**, SGD 100 was extended to eligible self-employed individuals during the lockdown period. The country has developed other programmes to support self-employed workers which include the Self-Employed Person Income Relief Scheme, whereby eligible Singaporeans will receive SGD 1,000 a month for nine months, and the Point-to-Point Support Package, whereby taxi and private hire car drivers will receive SGD 300 per vehicle per month until the end of September 2020.

Source: OECD and ASEAN, *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to boost MSME resilience*, Policy Insight series, 2020.

4.2 Supporting the self-employed in the informal economy

According to the ILO, the informal employment represents 90 per cent of total employment in low-income countries, 67 per cent in middle-income countries and 18 per cent in high-income countries.¹² Support for the informal economy is an important component of the government policy response to COVID-19, but policymakers face additional challenges in designing policies for informal enterprises because they are not officially registered, making them harder to reach.

¹² ILO, "COVID-19 crisis and the informal economy: Immediate responses and policy challenges", ILO brief, May 2020.

In **Denmark**, self-employed people who are not registered in the Central Business Register may also apply for a compensation of 75 per cent of lost income, with the maximum capped at DKK 23,000.

Source: Mette Soested and Natalie Videbaek Munkholm, "COVID-19 and Labour Law: Denmark", *Italian Labour Law e-Journal*, Vol. 13 No. 1S, 2020.

- ▶ The Government of **Burkina Faso** has suspended fees charged on informal sector operators for rent, security and parking.
- ▶ In **Gabon**, the Government has a lending mechanism with approximately US\$375 million in funding to facilitate access to commercial bank financing for both formal and informal enterprises.

Source: Kaleb Nygaard and Mallory Dreyer, "Countries provide support to workers in the informal economy", Yale School of Management, Program on Financial Stability, 22 May 2020.

5. Facilitating temporary changes in work arrangements

5.1 Extended paid sick leave, care leave or family leave

The ILO reported that almost 50 per cent of the global labour force have no legal entitlement to sickness benefits. These workers must choose between staying at home when they are sick to protect their own health (and public health) and continuing to work to maintain their jobs and income, thereby placing their own and others' health at risk.¹³ Even when countries have legislation that provides paid sick leave and paid annual leave, workers may experience difficulty during the COVID-19 crisis if they experience prolonged illness, if quarantine is required or if they must care for family members who are sick. The need for paid sick leave, care or family leave has increased during the extended lockdown period when schools and day care facilities were required to close.

Financial provisions from the government are required for employers to introduce or extend paid sick leave, care leave or family leave arrangements for workers. Some countries have extended the coverage and adequacy of these benefits or adjusted their scope, for example by expanding coverage in cases of quarantine and self-isolation, or introducing special COVID-19 leave for eligible workers.

In **Seychelles**, Employment (Coronavirus Special Leave) (Temporary Measures) Regulations were introduced on 30 March 2020, requiring employers to provide paid "special leave" to eligible workers with young or school age children, single parents or workers whose spouse is in essential service or in isolation when child care or schools were closed by the directive of the authorities.

The Government also offers the Financial Assistance for Job Retention scheme to eligible employers. The Seychelles Chamber of Commerce and Industry requested the Government to review the special leave measures, as there was no definite timeline given, and the continuation of such leave is not practical nor cost-effective for both employers and Government, despite the job retention scheme. The Seychelles Chamber of Commerce and Industry suggested that a maximum number of days should be provided, and upon exhaustion of the special leave, workers should resort to sick leave or annual leave if they need to.

Source: Seychelles Chamber of Commerce and Industry.

- ▶ In **Denmark**, employers will be reimbursed completely by the Government from the first day that an employee becomes ill or enters quarantine due to coronavirus.
- ▶ In **Brazil**, the Government will pay for the first 15 days of leave for workers with COVID-19.
- ▶ In **Latvia**, the Government will cover 75 per cent of the costs of outbreak-induced sick leave or workers' downtime, or up to €700 per month, per worker.

¹³ ILO, "Sickness benefits during sick leave and quarantine: Country responses and policy considerations in the context of COVID-19", ILO brief, May 2020.

► In the **United Kingdom**, enterprises employing fewer than 250 people are entitled to government refunds on any sick pay they give to the employees in the first two weeks. Small enterprises will be able to reclaim the costs of 14 days of sick pay (under £200 per week) per employee.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

5.2 Child care and child protection

Social distancing and lockdown measures to contain COVID-19 may inadvertently increase the risk that children will be exposed to violence and it could push millions of vulnerable children into child labour. Already, there are an estimated 152 million children in child labour, 72 million of which are in hazardous work. These children are now at greater risk of hazardous working conditions and working longer hours.¹⁴ Ensuring decent employment and safe return-to-work policies for adults, and safe reopening of schools for children are of paramount importance, as are efforts to further adapt and strengthen child protection systems and social services, and social protection measures, such as cash transfers. For low-income families in particular, these are the fundamental measures to meet basic needs without resorting to child labour or other harmful practices that put children at risk.¹⁵ Additionally, the closure of schools has required many working parents to balance work from home arrangements with child care duties when schools and day care facilities were required to close.

In **Australia**, the Government made child-care services free during the pandemic with priority given to parents who had to continue working. Given the gendered burden of child care and gendered workforce in the sector, the policy measure has had a positive impact on enabling women to remain active and productive in the workforce.

Source: Parliament of Australia, "COVID-19 Economic response – free child care", 6 April 2020.

In **Wales**, free child care for children under age 5 is offered to parents in the key worker category, including doctors, nurses, paramedics, social workers, food production, the police and fire services.

Source: Welsh Government, "Coronavirus critical (key) workers: childcare and education provision", 27 March 2020.

In the **United States**, the Families First Coronavirus Response Act 2020 has increased funding for child nutrition programmes and allowed states increased flexibility. States may waive requirements for new applicants for food assistance to reduce the amount of information that must be verified and simplify the verification process.

Source: United States Department of Agriculture, Food and Nutrition Service, "FNS Actions to respond to COVID-19", accessed 10 August 2020.

5.3 Working from home and teleworking

During the COVID-19 pandemic, many enterprises have implemented remote working arrangements either as a preventive measure or in response to the order or directive of the government restricting face-to-face contact. Some countries have implemented measures and incentives to support and encourage enterprises to implement this alternative work arrangement.

In **Japan**, the Government introduced new subsidies for SMEs to cover costs for new electronic communication systems in order to introduce telework, and emergency loans for freelancers and self-employed people to promote telework at home.

Argentina introduced a financing line of €7.2 million for SMEs used exclusively for teleworking.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

¹⁴ ILO, "COVID-19: Protect Children from Child Labour, now more than ever!", 12 June 2020.

¹⁵ ILO and the United Nations Children's Fund (UNICEF), "COVID-19 and Child Labour: A time of Crisis, A time to act", 2020.

Chile enacted a law regulating teleworking in March 2020, granting legal certainties to both employers and workers in teleworking arrangements and specifying their rights and responsibilities.

Source: Dentons, "Chile Telework law", 2020.

6. Trade facilitation: export and import

Trade facilitation is critical in the current crisis to ensure the swift movement of essential medical, food and information technology supplies. In particular, trade facilitation measures are needed to do the following:

- ▶ remove bans, quantitative restrictions and taxes on exports.
- ▶ make boarder processes faster and safer such as automating, digitizing and streamlining border processes to speed up processing and reduce the need for physical contact between border agencies and traders.
- ▶ facilitating e-commerce, expedite formalities, simplify fees to ensure goods ordered online face fewer bottlenecks before reaching the recipients.
- ▶ implementing risk management to allow low-risk critical supplies to pass clearance controls speedily.
- ▶ ensure all formalities are transparent and accessible to all traders, especially micro, small and medium-sized enterprises (MSMEs).

- ▶ In the **Republic of Korea**, the customs administration has implemented several reforms to facilitate trade including the trade of critical supplies for inbound and outbound cargo. The Korean Customs Service introduced a Customs Clearance Support Centre for COVID-19 which facilitates the movement of critical raw materials into and out of the country.
- ▶ In **Chile**, customs issued resolutions to simplify importation and donation of critical supplies for the diagnosis and treatment of the COVID-19 (26 March 2020) and to simplify and ensure business continuity at ports, airports and border posts, with various practical measures.
- ▶ The **South African Revenue Service** has encouraged the use of electronic filing for all documents for clearance. It established a task force consisting of occupational health and safety, governance and operational staff to oversee operations to minimize the risk of COVID-19, and it established an 'employee wellness toll-free line' to deal with queries related to COVID-19.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

► Adjustment phase

As the lockdown and other restrictive measures are relaxed and normal activity slowly resumes, a suit of medium-term policy measures will be needed to help enterprises reopen and workers to safely return to work as soon as possible. In this phase, medium- to longer-term demand-led employment strategies will be required to recover jobs and incomes, restore a conducive business environment and reinvigorate productivity growth to prepare the economy and workforce for the recovery phase. This section contains an array of medium-term policy measures being implemented or advocated by the employers' and business membership organizations (EBMOs) in different parts of the world, with some naturally extending into and beyond the recovery phase.

1. Supporting the return to work

1.1 Reviewing work arrangements

Since the outbreak of the COVID-19 pandemic, most enterprises have implemented remote working, but not all jobs are suitable for remote working. As countries ease restrictions, workers are gradually returning to the workplace. Alternative work modalities; workplace adjustments; staggered work groups, working hours and breaks; and physical distancing at the workplace are some of the common policy responses in the adjusting phase.

The Government of **Singapore** is providing Work Life Grant of SGD 2,000 per local employee per year up to SGD 70,000 over two years as incentives to employers to implement flexible work arrangements such as flexi-load (part time work and job sharing arrangements), and flexi-time (compressed work week).

Source: Workforce Singapore.

In **Sri Lanka**, the Ministry of Labour issued the COVID-19 Prevention Guidelines on workplace health and hygiene practices for all industries, following discussion with social partners to promote safety and health at the workplace.

Source: ILO COVID-19 country policy responses platform.

1.2 Enhancing occupational safety and health at work

As workers gradually return to the workplace following the easing of restrictions, enhancing workplace safety and health takes on paramount importance. Employers generally have a duty of care for the safety and health of their workers. Policies and guidance on workplace hygiene and physical distancing to minimize the risk of infection are some of the essential measures that must be in place.

The **Bangladesh Employers' Federation** and the Metropolitan Chamber of Commerce and Industry, Dhaka, have jointly published the "Aide-Mémoire on Factory/Industrial Establishment Reopening Post COVID-19" to provide guidance to employers, management and workers when reopening factories and business operations. It aims to provide a checklist on what need to be done while formulating a factory and establishment reopening strategy.

Source: Bangladesh Employers' Federation and Metropolitan Chamber of Commerce and Industry, "Aide-Mémoire on Factory/Industrial Establishment Reopening Post COVID-19", 2020.

- ▶ In **Indonesia**, the Ministry of Manpower issued Circular No. M/3/HK.04/III/2020 concerning Worker Protection and Business Sustenance in the Context of Preventing and Control of COVID-19. The aim was to: (1) make efforts to prevent the spread and handling of COVID-19 related cases at work; and (2) implement wage protection for workers in relation to the COVID-19 pandemic.
- ▶ In the **Philippines**, the Department of Labour and Employment and the Department of Trade and Industry issued interim guidelines on workplace prevention and control of COVID-19 which mandates workers and employers in the private sector to observe strict health protocols as the enhanced community quarantine and general community quarantine remain in effect. The Department of Labour and Employment also issued guidelines on the COVID-19 prevention and control at the workplace. The guidelines cover entitlements of workers, which include leave of absence, hospitalization benefits and social security/employees compensation benefits.
- ▶ Source: ILO COVID-19 country policy responses platform.

2. Training and skill development

2.1 Technical and vocational education and training

Social distancing and lockdowns have caused substantial disruption to technical and vocational education and training and skills development. Many courses have been put on hold or converted to online learning. However, access to the Internet is limited, especially in developing countries and rural area. In this regard, governments can implement measures to improve Internet infrastructure, accessibility and affordability. Some countries have implemented measures to support providers to expand and enhance their online services provision, assist teachers and trainers to operate in the new online environment and strengthen systems to recognize and validate digital learning, and expand schemes which allow employers to access funding for staff development and training.

China is subsidizing training for SMEs, and offering free access to online training platforms. Technical knowhow and management lessons will be offered to SMEs free of charge during the pandemic via mobile platforms.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

The Government of **Ghana** together with other stakeholders in education enacted innovative measures to minimize the negative effect COVID-19 would have on teaching and learning. The Ghana Education Service regularly broadcasts various subject topics on a dedicated television channel called Ghana Learning (GL) TV. Joy Learning TV is also complementing the Government's efforts to keep students actively studying despite COVID-19.

Source: Kamal Deen Habib, "Ghana's coronavirus response: Let's not leave TVET behind", *GhanaWeb*, 7 June 2020.

2.2 Training, reskilling and apprenticeships

During this period, some workers are out of work due to redundancy, layoffs or furloughs, and others have been required to take paid or unpaid leave, and it is best if workers can use this time to acquire a new skill or try something different. Training and reskilling, including apprenticeships, are ways to assist workers to build skills and plan for the next stage of the job or career, especially for young people.

In addition, the COVID-19 crisis has accelerated the adoption of digitized approaches in both working and learning through live video or social sharing. Although most enterprises and workers took a "learn by doing" approach during the initial phase of the crisis when social distancing measures and lockdowns prevented face-to-face contact, continued remote working will probably pose an upskilling challenge. For example, sales forces will have to go beyond setting up video meetings to begin managing customer relationships effectively in remote settings.¹⁶ Upskilling and reskilling are necessary to enable both workers and enterprises to better prepare and adapt to changing needs in the economy.

¹⁶ McKinsey & Company, "To emerge stronger from the COVID-19 crisis, enterprises should begin reskilling their workforces now", 7 May 2020.

Government responses included incentives and support for training and reskilling, and collaboration with educational and training institution for innovative programmes such as online approaches to training.

- ▶ **Australia** is offering support for small enterprises to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wages for up to nine months from 1 January 2020 to 30 September 2020. Where a small enterprise is not able to retain an apprentice, the subsidy will be available to a new employer to host the apprentice.
- ▶ The Government of **Singapore** introduced a traineeship scheme to help new graduates amid a weakening job market due to the COVID-19 pandemic. Under the programme, traineeships hosted by enterprises will last up to 12 months. Trainees will get a monthly training allowance, based on the scope and skills required for the traineeship. The Government will fund 80 per cent of the allowance and the host enterprise will fund the remainder.
- ▶ In the **Philippines**, the Technical Education and Skills Development Authority has initiated a PHP 3 billion programme to upskill and reskill temporarily laid off workers, including through online courses.
- ▶ In **Ireland**, upskilling courses are offered to unemployed trainees, which are designed in partnership with enterprises to help jobseekers acquire skills that are in demand within the relevant sector or region. As an incentive for jobseekers to attend the training, unemployed people with an entitlement to a jobseeker's allowance or jobseeker's benefit payment from the Government may retain such payments while attending the training. This training is free and open to most unemployed people, subject to eligibility criteria.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

3. Supporting the use of digital technology

3.1 Expanding digital infrastructure

Expanded access to digital technology is important to accelerate the economic recovery, especially for people hardest hit by job losses. Since the outbreak, there has been a sharp rise in online business and the use of social media to promote, market and sell goods and services by both formal and informal enterprises. However, due to the lack of digital infrastructure, low reliability of services and high costs, enterprises in some areas are deprived of the opportunity. As a major force in the marketplace, governments can also drive or promote universal access and use, including the use of data to identify in-demand jobs and the skills required. Governments could gradually move all services online or provide incentives, such as faster processing time or cash incentives for filing online tax returns, to encourage the use of online services.

Selected proposals of the **Japan Business Federation** to the Government:

- ▶ expand equipment subsidy for the introduction of telecommuting. Offer support for information technology solutions and digitalization to facilitate telecommuting.
- ▶ expand subsidies for improvement of overtime work, etc. (telecommuting schemes, workplace awareness-raising schemes) (including purchase costs for computers, tablets and smartphones).
- ▶ promote telemedicine and ease relevant regulations (online diagnosis and medication guidance, including initial consultations), and support capital expenditure relating to telemedicine.

Source: Japan Business Federation.

- ▶ **China** has introduced measures to foster the adoption by enterprises of new technologies, business practices (e.g. unmanned retail, contactless delivery, standardized packages of fresh food) and business models (e.g. online shopping, online medical care, online education, online office, online services, digital entertainment).
- ▶ In **Italy**, the Ministry of Innovation and Digitalisations launched an initiative called “Digital Solidarity”. This includes a portal where enterprises (in particular SMEs and self-employed people) can register for free access to digital services from large private sector enterprises regarding smart work/teleworking, video conferencing, access to mobile data and cloud computing, among others, to enable them to cope with restrictions on movement and work.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

3.2 Developing digital literacy and dexterity

While expanding access to digital infrastructure, it is equally important to ensure that people can use the services and take advantage of the technology to acquire new skills or expand the market. Policy measures that incentivize and support related skills training are needed.

4. Promoting entrepreneurship and innovation

To compliment short-term measures, such as direct lending, loan guarantees and subsidies that support short-term liquidity and funding as listed in the previous section, policy interventions could also aim to provide the right conditions and incentives for innovative start-ups to expand, close and divert to other business goals. It is essential to have medium- to longer-term policies that support entrepreneurship and innovation, and that make it easier for potential entrepreneurs to innovate in response to market changes post-COVID-19 and to change their products, services and business model. Measures to promote entrepreneurship and innovation could do the following:

- ▶ reduce barriers to entrepreneurship, such as compliance cost.
- ▶ reduce administrative burdens for start-ups and simplify the procedures associated with business restructuring and closure, such as implementing simplified procedures, fast track approval process and accelerating transitions to e-government.
- ▶ boost entrepreneurial potential by promoting training, network development and so on.
- ▶ provide financial support and incentives.

Countries around the world have adopted different policy measures promoting and supporting entrepreneurship and innovation.

The **Fiji Commerce and Employers Federation** and the Fiji Trades Union Congress implemented a COVID-19 recovery initiative, called Transition to Business, to support redundant workers in microenterprises in the formal sector. Workers are identified who have started potentially scalable enterprises and the initiative builds their capacities to sustain their microenterprise and income. The medium- to long-term objective is for the targeted enterprises to potentially employ more workers and, through the private sector, contribute to economic recovery. The specific services the Transition to Business initiative will provide are business training, business advisory services and business mentoring.

Source: Fiji Commerce and Employers Federation.

- ▶ In the **Netherlands**, the Government announced Corona bridge loans for start-ups and scale-ups of between €50,000 and €2 million, for which €100 million will be available. Loans under €500,000 should be available 4–9 working days after requested.
- ▶ In **Belgium**, Flanders launched a €250 million package for start-ups, scale-ups and SMEs. Under the scheme, enterprises affected by the COVID-19 pandemic are eligible for subordinated loans of up to €800,000 over three years. The credits must fully cover the financing needs for at least 12 months. Enterprises pay an interest rate of 5 per cent.

► **New Zealand** launched a NZD 100 million redeployment package. Furthermore, the Government has offered NZD 25 million over the next 12 months for business consultancy support.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

In **Singapore**, a FinTech Solidarity Fund of SGD 6 million has been established through public-private collaboration to support FinTech firms in continuing innovation and pursuing growth strategies like SME lending. The grant has two components, a one-time Business Sustenance Grant of SGD 20,000 to cover daily operating and working capital expenses and a Business Growth Grant for up to 70 per cent of qualifying expenses, such as professional services, wage support and hardware and software expenditure.

Source: Singapore FinTech Association.

5. Specific measures to support employment-intensive and/or growth industries

Measures to tackle the spread of COVID-19 have hit certain sectors particularly hard, many countries have extended targeted support measures to their affected industries particularly tourism and hospitality, transportation and manufacturing, among others. However, in designing policies, it is important for policymakers to understand the specific constraints, issues and challenges in different sectors, therefore interactions between enterprises and regulating authorities are essential. For example, SMEs in the tourism sector could be hesitant to take a loan for fear of taking on additional debts, especially when the economic outlook for the industry is not promising in the near future.

In **Cambodia**, a six-month tax holiday has been announced for textile and garment factories, which have been particularly hit by the crisis, as well as a relief package for garment workers who are forced to take leave.

Source: OECD and ASEAN, *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to boost MSME resilience*, Policy Insight series, 2020.

Portugal introduced €3 billion in state-backed credit guarantees and a €200 million credit line to support the treasury needs of enterprises, with a credit line of €60 million available for microenterprises in the tourism sector.

Source: OECD, *Coronavirus (COVID-19): SME Policy Responses*, 2020.

6. Supporting small-scale cross border trade

The potential for small-scale cross border trade to contribute to food security, provide employment and allow inexpensive access to goods and services otherwise unavailable or in short supply is widely recognized, especially in many border communities and in landlocked or small island States. In response to the closing of borders and lockdown restrictions which have significantly impacted the livelihoods of thousands of people, governments could collaborate and implement support measures such as cooperative arrangements among small-scale cross border traders to organize their supply chains and remove unnecessary controls and procedures. This would enable business continuity, promote access to essential goods and services and preserve income.

The Southern African Development Community recently approved revised guidelines for cross border transportation of goods in response to the COVID-19 pandemic. The revised guidelines aim to structure smooth and harmonized processing of COVID-19 regulations among member States, including Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.

Source: Thando Mnkandhla, "SADC approves new cross-border rules", *The Southern Times*, 26 June 2020.

7. Public procurement

Public procurement could have a significant impact on local enterprises, especially in a time of crisis. Simplifying the public procurement rules and allowing institutions to bypass certain provisions of public procurement laws to facilitate government purchases from local community enterprises would help to expand market opportunities for MSMEs, provide a path for enterprise growth and local job creation and promote innovation. Governments can establish a coherent, comprehensive and coordinated legal and regulatory framework to support the functioning of the public procurement system as a whole.¹⁷

- ▶ In **Mexico**, a minimum of 35 per cent of the total value of goods, services, and public works procured by federal entities and districts must be contracted to SMEs, national departments and agencies must design and implement programs facilitating procurement from SMEs in all areas of frequent spending; and preferences for SMEs are established in situations where several bidders meet tender requirements and achieve the same tender scores.
- ▶ In **India**, it is mandatory that government agencies procure a minimum of 20 per cent of goods and services from micro and small enterprises.
- ▶ In **South Africa**, Preferential Procurement Regulations call for procuring entities to subcontract 30 per cent of the value of the contract to SMEs or designated disadvantaged groups.
- ▶ In the **Republic of Korea**, the Korean Public Procurement Service Authority has adopted several measures to increase small enterprise participation in government procurement, through the Korea On-line E-Procurement System.

Source: ILO, "Enabling Environment for Sustainable Enterprises and the Post COVID-19 Rapid Response", ILO brief, June 2020.

¹⁷ ILO, "Enabling Environment for Sustainable Enterprises and the Post COVID-19 Rapid Response", ILO brief, June 2020.

► Recovery phase

As governments relax restrictions, the goal of policy responses will shift from adjusting to the crisis to recovering from it. Therefore, in this longer-term phase of the response to COVID-19, the focus should shift to establishing a better foundation for the future and restoring business confidence. Targeted initiatives that buttress demand while promoting employment creation, economic diversification and structural transformation, productivity, skill development, leveraging digitalization and supporting investment for green growth are some of the essential policy aims for a sustained and inclusive recovery. It may include some of the medium-term policy measures that were described in the previous section on the adjustment phase. It is critical that the recovery phase anticipates continued but less disruptive waves of the pandemic with associated economic disruptions.

1. Easing border control and protecting public health

The key to economic recovery is to open borders and to resume full trade and economic activities. However, it is important that appropriate risk management and health controls are in place as open borders will bring commensurate associated risks of exposure to COVID-19. Some countries have categorized and identified “green zone” countries as those that are considered safe for reopening.

2. Promoting investment

2.1 Attracting investment

Investment policies play an important role in contributing to long-term recovery from the devastating economic and social effects of the COVID-19 pandemic. Many countries have taken measures to promote and support investments particularly in domestic industries. Some of the common policy measures that can be implemented to attract investment are as follows: reduce administrative burdens and bureaucratic obstacles for foreign direct investment, reduce corporate tax rates, step up public investment in infrastructure development, accelerate the use of online tools and e-platforms, remove bottlenecks in air, sea, rail and road transport to facilitate logistics and set up investment promotion agencies are some of the common policy measures that can be implemented to attract investment into the country.

- In **China**, the National Development and Reform Commission and the Ministry of Commerce would revise the Catalogue of Industries Encouraging Foreign Investment. Tariffs on self-use equipment imported for foreign investment projects encouraged by the Catalogue will continue to be waived, within the investment quota. For projects exceeding the investment quota, enterprises can apply to the Provincial Development and Reform Commission for tariff exemptions.
- In **Egypt**, the Government announced a reduction of nearly 20 per cent in the price of natural gas for industrial use and a cut of nearly 10 per cent in the price for electricity for heavy industries in the context of the pandemic. The Government also announced a freeze in electricity prices for other industries for at least three years.

Source: United Nations Conference on Trade and Development, “Investment policy responses to the COVID-19 pandemic”, *Investment Policy Monitor*, Special issue No. 4, May 2020.

2.2 Incentives and facilitation to restore international trade

There is a need to boost confidence in trade and global markets by improving the transparency of trade-related policy actions and intentions. Some measures that were implemented in the survival or adjustment phase could be continued in the recovery phase to further boost growth and diversify the economy. Those measures include securing international declarations in support of investment; negotiating tariff reductions and tariff elimination where possible; enhancing transparency, control and inspection; digitizing, automation and streamlining border processes; and expediting certification procedures to allow new products to be traded. The use of online services that allow traders to electronically submit applications for permits and licences and obtain the corresponding certificates from border

regulating agencies would eliminate physical interaction during the critical period of the crisis, and it would help to strengthen international trade and transport facilitation in the medium to long term.¹⁸

Proposals of the **Japan Business Federation** for trade facilitation:

- ▶ encourage the international community to temporarily abolish tariffs on medical goods, etc. set out by the World Customs Organization.
- ▶ facilitate the movement of natural persons required to increase production of medical supplies, etc. and to develop, test, manufacture, and distribute therapeutic drugs and vaccines.
- ▶ urge the international community to quickly remove trade restrictions adopted as COVID-19 countermeasures and ensure transparency in their trade measures.

Source: Japan Business Federation.

- ▶ The **European Union** has relaxed requirements for consignees to provide proof of empowerment of an agent to act on her/his behalf in the clearing of e-commerce shipments, to expedite customs decisions on critical commodities and to provide additional time for applicants to obtain and provide any additional information required by customs, to reduce fees and guarantees and to provide greater time for payments in certain hardship situations and other facilitation initiatives.
- ▶ In **Panama**, paperwork for the entry of goods, transshipment, transit, as well as any customs regime in ports, airports and land borders, are carried out on an electronic platform, the Customs Management Integrated System. The documents presented through the electronic platform are valid provided originals are subsequently presented.

2.3 Export credit insurance schemes

Policy measures to support and facilitate international trade include temporary measures, such as short-term credit guarantees, insurance for indirect export transactions, extensions of policy cover, export credit guarantees for existing loans, increased percentage of coverage of counter-guarantees and capital financing cover, cancellation of upfront deposits and fast track approval processes.

Botswana Export Credit Insurance has rolled out a BWP 1 billion loan guarantee scheme as part of the COVID-19 government fiscal policy measures to encourage lending to qualifying enterprises by offering a partial government guarantee of 80 per cent to commercial banks and banks established by Botswana legislation.

Source: Pauline Dikuelo, "BECI Rolls Out P1B Loan Guarantee Scheme", *The Monitor*, 29 June 2020.

3. Promoting labour market flexibility

During this crisis, legislative provisions in some countries may have prevented enterprises from pursuing some innovations that could have contributed to business continuity. Some governments and social partners have agreed on temporary measures to relax some legislated obligations to enable business to implement flexible work arrangement. The temporary measures would allow variation in the terms and conditions of employment or collective agreements. Legislative review is necessary and rigid labour laws and regulations may need to be reformed so that they promote employment creation, safeguard the rights of workers and align with trends in technology and digital disruption, while remaining relevant in crisis situations like the COVID-19 pandemic. For example, as work from home is likely to become a more common practice, there will be a need to assess the legal implications of workplace insurance and workers compensation schemes. The rationale for both is that at the employer has control over the workplace and so owes a duty of care to workers in the premises. When an employee works from home, the workplace

¹⁸ ILO, "Enabling Environment for Sustainable Enterprises and the Post COVID-19 Rapid Response", ILO brief, June 2020.

is not under the control of the employer. Tripartite committees should be established to review the existing regulations and make recommendations.

The **Cambodian Federation of Employers and Business Associations** and the **Employers' Confederation of Thailand** will put forward a proposal to review the existing laws and regulations to ensure they are in line with the current digital technology trends and relevant in times of crisis, such as the COVID-19 crisis.

4. Investing in productivity

4.1 Productivity

Productivity is important because it enables enterprises to thrive, grow, innovate and compete nationally and internationally. Governments need to recognize productivity as a critical driver of sustainable economic growth and recovery. It is also critical to shaping the world of work going forward. While productivity can be driven by technology, it also requires the right level of skills to be deployed to make it effective. Governments can encourage enterprises to invest in productivity enhancements through incentives, support for research and development, and schemes to support skills development and training, and by promoting models for skills- or performance-based pay systems and so on.

The **Japan Business Federation** and the **Korean Employers Federation** have been advocating for reform of their respective wage system from the existing system based on seniority to a system based on productivity and performance.

Source: Japan Business Federation and the Korean Employers Federation.

4.2 Education and skill development

The crisis has particularly highlighted the importance of skills agility and portability, within and between countries. Greater digitalization and automation will increase the need for digital literacy and skills. Proactive policies on upskilling, reskilling and promoting skill portability are essential in preparing the workforce to meet the changing demand in the economy, especially for young people and recent graduates. EBMOs have advocated for some longer-term policy measures, including adjustment phase policies that emphasized digital technologies and occupational safety and health and hygiene, increasing productivity in multiple work arrangements, addressing skills mismatches, connecting labour market needs with formal education systems and supporting effective formal and informal lifelong learning, including apprenticeships.


4.3 Research and development

Innovation and knowledge are the primary sources of long-term economic growth, and governments can support and encourage research and development and innovation. Policy measures to promote and support research and development through tax credits, grants, loans and equity finance are some of the common policies needed for a long-term sustainable recovery.

In **Malta**, the Government has introduced a direct grants scheme of €5.3 million to support investment in research and development.

4.4 Leveraging technology

The crisis has accelerated the adoption of digital technologies in many enterprises. Investments in technology, automation, digital skills and preparedness for digital changes are necessary to prepare the future workforce and enable greater flexibility for business during the pandemic to maximize efficiencies and productivity. Investments in measures to leverage technology can also ensure the gains made during the lockdown period are sustained and become a foundation upon which to build back better. Many countries have established incentives and training for enterprises on how to use e-commerce platforms, better promote and describe their products or services and adjust their business models.

 This recent crisis is showing that a more agile and flexible working environment can also bring about productivity growth. Measuring employee performance less on the number of hours worked each day, and more on achieving key deliverables or performance indicators is proving to be not just popular both with enterprises and employees but a critical contributor to rises in productivity. Adapting a more decentralized working environment is showing the potential to boost productivity, as well.

Mthunzi Mdwaba, International Organisation of Employers Vice-President to the ILO

Source: International Organisation of Employers, "What the pandemic has taught us about labour productivity", 2020.

- ▶ In **Singapore**, the Government has launched Food Delivery and E-Commerce Booster Packages, which aim to support local food and beverage establishments and retailers to bring their enterprises online and diversify revenue streams.
- ▶ In **Thailand**, the Government has helped develop an online platform that connects technology start-ups to pharmacies, in order to help local pharmacies provide virtual consultation.

Source: OECD and ASEAN, *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to boost MSME resilience*, Policy Insight series, 2020.

5. Promoting business resilience

Enterprises today face an unprecedented exposure to risk. Preparing for, mitigating and managing risk has become a key strategy in enhancing business resiliency. Governments can promote and support business continuity through incentives, such as providing subsidies or grants for training on business continuity plans, issuing clear guidance and templates, and working with financial institutions to provide incentives for the development of business continuity plans (i.e. favourable access to loans) to prepare enterprises for any unexpected crisis. Recognizing that insurance can improve risk management and increase business resilience, governments and the private sector can introduce a range of policy measures to improve the uptake of insurance.

In **Mongolia**, all new business license applications must be accompanied by a business continuity plan, with MSMEs obligated to produce a business continuity plan through one of two nationally certified providers: the Mongolian Employers Federation and the National Emergency Management Agency.

Source: Mongolian Employers Federation.

The **Central Bank of the Solomon Islands** plans to increase insurance penetration to at least 20 per cent, via the introduction of new products, such as microinsurance, and by potentially issuing insurance licenses to new service providers. In response to this, the Solomon Islands National Provident Fund is looking at participating directly in the insurance market or via a partnership or distribution agreement with an existing insurer to offer insurance products and schemes for its members.

Source: Pacific Financial Inclusion Programme.

6. Greening the recovery

The effect of climate change is being felt globally and the level of risk varies with the climactic conditions in different part of the world. The impact of COVID-19 has slowed down the economy, but it has also reduced emissions of carbon dioxide significantly. As economies across the world start to reopen and activities begin to pick up, carbon dioxide emissions will begin to increase unless green recovery policies are enacted to revive the economy and generate jobs while preserving the environment and addressing climate change adaptation. The possible measures include grants, subsidies, tax incentives and low interest loans for investments in energy efficient buildings, energy efficient bulbs, subsidies for the installation of solar panels, low interest rates for loans to support low carbon technologies, tax rebates for environmentally friendly cars, measures to increase energy efficiency in industry and agriculture, and support for environmental research and development, among others.

- ▶ The **Republic of Korea** has announced a "Green New Deal" which aims to create millions of jobs in renewable energy and help the economy recover from the coronavirus pandemic. It plans to invest US\$10.8 billion by 2022 to boost the green energy sector, and it aims to reduce its dependence on coal and increase renewable energy production to 20 per cent by 2030. The Republic of Korea the first country in East Asia to pledge to reach net zero emissions by 2050.
- ▶ **Germany** has planned a stimulus package worth US\$146 billion till June 2020, and about 38 per cent of the stimulus has been allocated for green plans which aim for energy transition for a sustainable path towards a "Future Friendly Germany".

Source: Fahmida Khatun, "Green economic recovery from corona pandemic", *The Daily Star*, 10 July 2020.

7. Revisiting social protection

Many developing countries have introduced temporary social protection measures in response to the pandemic to facilitate access to health care, protect jobs and mitigate income loss. To increase the chances that recovery will be sustained and future crises mitigated, countries may need to progressively build on or transform temporary relief measures into comprehensive and shock-responsive social protection systems, including social protection floors, in line with human rights and ILO social security standards, as well as the 2030 Agenda for Sustainable Development.¹⁹ This will require increasing and sustaining fiscal space for social protection, as well as political will. Enterprise sustainability and job protection must also be integral parts of the social protection scheme. In some Asian countries employers and workers bear the burden of contributing significantly while having no control over the management of funds which remain with governments, and many schemes are suffering from poor management of funds, low return on investment and inadequate benefits. Employers should be involved at different levels within social protection systems.

8. Transitioning to the formal economy

The COVID-19 pandemic has reinforced the need to make the transition from the informal to the formal economy a priority in national policies. Policy measures to support and facilitate the transition need to address infrastructure and institutional and economic constraints:

- ▶ Infrastructure – improve upon poor transportation, storage facilities, water, electricity, working premises, poorly developed physical markets.

¹⁹ ILO, "Social protection responses to the COVID-19 pandemic in developing countries: Strengthening resilience by building universal social protection", ILO brief, May 2020

- ▶ Institutions – improve access to formal training, formal schooling and illiteracy, access to land and property rights, access to formal finance and banking institutions; review restrictive or cumbersome taxation systems and labour laws, excessive government regulations related to enterprise start-ups and costly procedures for business registration.
- ▶ Economic issues – reduce excessive registration and transaction costs of starting or operating enterprises, provide opportunities for bulk purchase of inputs, develop solutions for the lack of funds for further investment and low and inconsistent household income.

In **Malaysia**, the Special Prihatin Grant has been designed to promote enterprise formalization and is also available for microenterprises. The grant provides one-off financial aid amounting to RM 3,000 to qualified microenterprises to ease the financial burden of the COVID-19 pandemic on their business.

Source: OECD and ASEAN, *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to boost MSME resilience*, Policy Insight series, 2020.

9. Public-private partnerships

The collaboration and partnership between governments and the private sector plays a critical role in reviving the economy from the impact of the COVID-19 crisis. In designing the post-COVID-19 policy strategy, governments need to understand the challenges enterprises are facing and their needs, while enterprises need the support of the government to enact policies to drive the economy, accelerate investment and create jobs. A number of countries have established a public-private sector task force or economic recovery committee.

The **Seychelles Chamber of Commerce and Industry** presented a recovery and prosperity plan to the President of Seychelles on 7 July 2020. Among other things, the plan proposed the establishment of Post COVID-19 Recovery and Prosperity Committee made up of civil servants and private sector actors to revive the economy.

Source: Seychelles Chamber of Commerce and Industry.

10. Improving public administration, coordination and transparency

An effective, well-coordinated and transparent public administration is not only essential to support and facilitate the execution of well-planned policies towards recovery but to restore business confidence. Enterprises need accurate, up-to-date information on market developments and policy changes, and time bound policy measures must be reviewed regularly to ensure they meet expectations and remain relevant. Policy information must be communicated to relevant audiences.

10.1 Coordination across government and between sectors

A holistic pandemic recovery requires the capability of governments to coordinate across various levels and agencies, as well as with health-care providers, insurers, suppliers, industries and academia. Governance structures and efforts to promote cross-boundary collaboration should be promoted and grown in the recovery phase.

10.2 Conduct scenario planning

Scenario planning can help governments to better prepare for a wide range of potential challenges during the recovery phase. The scenarios for potential future waves of COVID-19 should be developed in coordination with industry, academia and non-governmental organizations that can mobilize to support various recovery scenarios.

Taiwan, province of China, has successfully contained the spread of the virus without a large-scale lockdown of economic activities. The Central Epidemic Command Center was mobilized at an early stage of the outbreak to address needs and challenges, and it listed more than 124 action items, including identifying cases, quarantine measures, border control and supply chain security for essential goods and services.

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