

Statement by Ms Martha Newton, Deputy Director-General for Policy, International Labour Organization, to the G-24 Finance Ministers and Central Bank Governors' Meeting

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The COVID-19 pandemic is still taking a large human, social and economic toll on developed and developing countries and has been particularly severe for Emerging Market and Developing Countries (EMDCs). Global collective action is needed to support a human-centred response and for robust, inclusive and greener recovery.

The COVID-19 crisis has dramatically affected the world of work. National measures to contain the pandemic have required different types of workplace closures leading to high losses in working-hours. In the second quarter of 2020, 17.3 per cent of total working-hours were lost relative to the fourth quarter of 2019. This is the equivalent of 495 million jobs. Lower-middle-income countries have been hit the hardest and experienced an estimated decline in working hours of 23.3 per cent in the second quarter of the year, which is equivalent to 240 million jobs.

The working-hour losses are reflected in higher levels of unemployment and inactivity and have translated into substantial losses in labour income. The ILO estimates a global decline in labour income of 10.7 per cent during the first three quarters of 2020 compared to the corresponding period in 2019. This amounts to US\$3.5 trillion or 5.5 per cent of global GDP. Labour income losses are the highest in middle-income countries, reaching 15.1 per cent in lower-middle-income countries and 11.4 per cent in upper-middle-income countries.

The loss of labour incomes can lead to poverty in the absence of other sources of income, such as social protection transfers. Globally, 60 per cent of workers are informal and thus unlikely to be protected by social protection schemes and consequently very vulnerable to income losses and poverty. The relative poverty rate is expected to increase by almost 34 percentage points globally for informal workers, ranging from 21 percentage points in upper-middle-income countries to 56 percentage points in lower-middle-income economies.¹

As the Declaration of Philadelphia adopted by the ILO in 1944 states: “poverty anywhere constitutes a danger to prosperity everywhere” and is therefore one of the biggest obstacles to peace and social justice.² The risks of stalling recovery due to unsustainable financial conditions and debt levels and their consequences on poverty and inequality are raising concerns of contributing to escalating geopolitical tensions and social unrest.

The Debt Service Suspension Initiative, partly a response to COVID and the need for countries to have fiscal space and also a recognition that a debt crisis was underway for the poorest countries, enabled a fast and

¹ ILO, *ILO Monitor: COVID-19 and the world of work. Third edition. Updated estimates and analysis*. 29 April 2020, p. 7-9. Relative poverty is defined as the proportion of households with monthly earnings below half the median earnings in the population.

² [ILO's Declaration of Philadelphia: Declaration concerning the aims and purposes of the International Labour Organisation, 1944.](#)

coordinated response to provide additional fiscal space for the poorest countries in the world. But it will not be enough to meet the scale of the crisis, and needs to be broadened and extended through to the end of 2021 with participation of all private and public creditors.

Building back better implies restoring progress towards on the UN 2030 Agenda for Sustainable Development, its Sustainable Development Goals and the Addis Ababa Action Agenda to achieve a sustainable, inclusive, fairer and greener recovery. The key priorities are:

- strengthening measures and policies to reduce poverty and inequalities and ensure a fair share of the fruits of progress to all;
- making access to adequate social protection for all a reality, strengthening delivery systems and mobilising resources from diverse sources to finance those systems;
- significantly boosting public and private investment in women and men – their economic opportunity, productivity and security – in a coordinated effort;
- increasing investment in employment-intensive sustainable infrastructure – both physical and social – and sustainable enterprise, including digital infrastructure and green technology.

Global collective action is needed to support EMDCs. Global solidarity must create the fiscal space and liquidity necessary for the human and physical investment that is required to create full and productive employment and increase resilience to shocks.

The ILO is fully committed to support G24 efforts for a fairer, inclusive and sustainable recovery in collaboration with the IMF, the WBG, other MDBs and the UN System.